

# **OFFICE OF STATE AUDITOR**

## **AUDIT REPORT**

**CASS COUNTY GOVERNMENT  
FARGO, NORTH DAKOTA**

**FOR THE YEAR ENDED DECEMBER 31, 2012**



CASS COUNTY GOVERNMENT  
Fargo, North Dakota

Audit Report  
For the Year Ended December 31, 2012

TABLE OF CONTENTS

	<u>Page(s)</u>
County Officials	1
Organizational Chart	3
Independent Auditor's Report	4 – 5
Management's Discussion and Analysis	6 – 14
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16 – 17
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	18 – 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	22 – 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Human Service Fund	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – County Road and Bridge Fund	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2009 Flood Recovery Fund	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2010 Flood Recovery Fund	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2011 Flood Fund	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2011 Flood Recovery Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Flood Mitigation Fund	32

	<u>Page(s)</u>
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	37
Statement of Net Position – Component Units	38 – 39
Statement of Activities – Component Units	40 – 41
Notes to the Financial Statements	42 - 70
<b>Supplementary Information:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	
Special Revenue Funds	72 – 74
Debt Service Funds	75
Capital Projects Funds	76
Combining Balance Sheet – All Nonmajor Governmental Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	
Special Revenue Funds	78 – 81
Debt Service Funds	82 – 83
Capital Projects Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Nonmajor Governmental Funds	85
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	
Special Revenue Funds	86 – 96
Debt Service Funds	98 - 102
Combining Statement of Net Position – Internal Service Funds	103
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	104
Combining Statement of Cash Flows – Internal Service Funds	105
Schedule of Expenditures of Federal Awards	106-107
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	108-109
Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	110-111
Schedule of Findings and Questioned Costs	112-113

# CASS COUNTY GOVERNMENT COUNTY OFFICIALS

## Current Officials

Commissioners: Vern Bennett, Chairman  
Darrell Vanyo  
Kenneth Pawluk  
Mary Scherling  
Chad M. Peterson

Auditor: Michael Montplaisir

Treasurer: Charlotte Sandvik

Sheriff: Paul Laney

Recorder: Jewel Spies

States Attorney: Birch Burdick

## 2012 Officials

Commissioners: Scott Wagner, Chairman  
Darrell Vanyo  
Kenneth Pawluk  
Robyn Sorum  
Vern Bennett

Auditor: Michael Montplaisir

Treasurer: Charlotte Sandvik

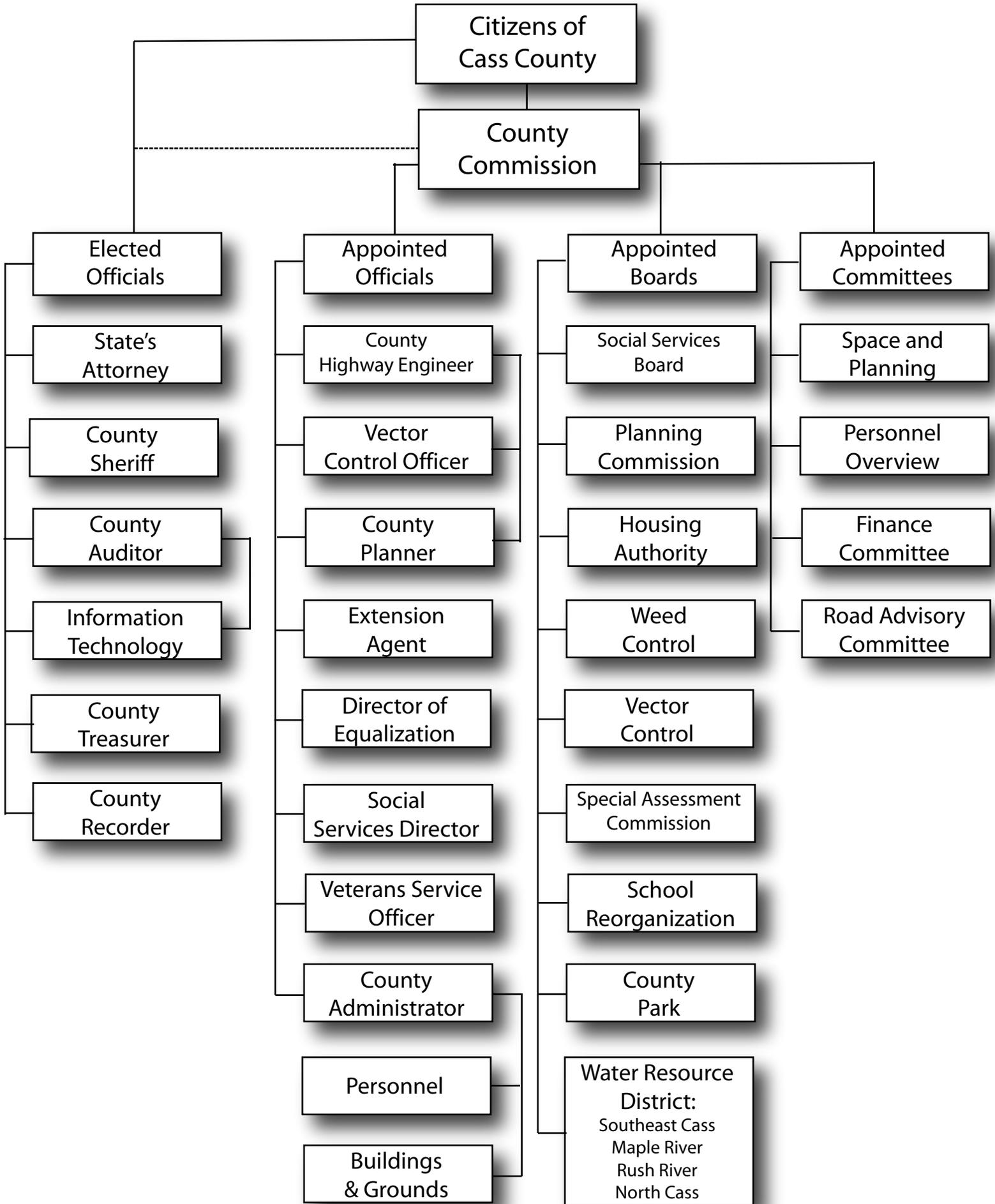
Sheriff: Paul Laney

Recorder: Jewel Spies

States Attorney: Birch Burdick

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

# Cass County Government Organizational Chart



**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

---

**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED  
SUPPLEMENTARY INFORMATION AND OTHER INFORMATION**

---

Independent Auditor's Report

Board of County Commissioners  
Cass County  
Fargo, 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 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 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 Cass County, Fargo, North Dakota, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, the human service fund, the county road and bridge fund, the 2009 flood recovery fund, the 2010 flood recovery fund, the 2011 flood fund, the 2011 flood recovery fund, and the flood mitigation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## CASS COUNTY

### Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information - Continued

---

#### **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 6-14 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 Cass County's basic financial statements. The *combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balance – budget and actual – nonmajor governmental funds (special revenue and debt service funds), and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balance – budget and actual – nonmajor governmental funds (special revenue and debt service funds), and schedule of expenditures of federal awards* are the responsibility of management and were derived from and relate 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 *combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balance – budget and actual – nonmajor governmental funds (special revenue and debt service funds), and schedule of expenditures of federal awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **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'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's internal control over financial reporting and compliance.



Robert R. Peterson  
State Auditor

June 18, 2013

**CASS COUNTY GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The County's management discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in the financial statements and notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- At December 31, 2012, the assets of Cass County Government exceeded liabilities and deferred inflows by \$153,835,385 (net position). Net investment in capital assets (net of depreciation and related debt) accounted for 85% of this amount, with a value of \$130,868,984. Of the remaining net position, \$6,062,258 is restricted for special purposes, and \$16,904,145 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors, without legal restriction.
- At December 31, 2012, the County's governmental funds reported combined ending fund balances of \$22,887,579, for a decrease of \$1,632,795 over the previous year.
- At December 31, 2012, the unassigned fund balance for the General Fund was \$8,476,106 or 35% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the County'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 the County's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the County 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 and earned but unused vacation leave will be included in the Statement of Activities as revenues 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 County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, highways and streets, conservation and economic development, relief and charities, and culture and recreation.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate component units: Southeast Cass Water Resource District, Maple River Water Resource District, North Cass Water Resource District, Rush River Water Resource District, Cass County Vector Control District, and Cass County Noxious Weed District. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-17 of this report.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

### **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. 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 County maintains thirty-six individual governmental funds. 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, Human Services, County Road and Bridge, 2009 Flood Recovery Fund, 2010 Flood Recovery Fund, 2011 Flood Fund, 2011 Flood Recovery Fund, Flood Mitigation Fund, Future Building, Courthouse West Addition Funds, and Flood Control Sales Tax Fund which are considered to be major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The County adopts an annual appropriated budget for its general, special revenue, and debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 18-37 of this report. Combining component unit statements can be found on pages 38-41.

### **Proprietary Funds**

The county maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its health insurance, dental insurance, telephone trust, and motor pool. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 37 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 42-70 of this report.

## OTHER INFORMATION

The combining statements referred to on page 8 in connection with non-major governmental funds and internal service funds are presented in the supplementary information section of this report. Combining and individual fund schedules can be found on pages 72-105 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. At the close of the fiscal year ended December 31, 2012, Cass County's assets exceeded liabilities and deferred inflows by \$153,835,385.

#### Statement of Net Position December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Current and Other Assets	\$ 39,699,784	\$ 40,422,836
Capital Assets	138,444,811	132,548,359
Total Assets	\$ 178,144,594	\$ 172,971,195
Long-Term Liabilities	\$ 7,278,103	\$ 8,145,295
Other Liabilities	7,356,049	16,142,313
Total Liabilities	\$ 14,634,152	\$ 24,287,608
Deferred Inflows of Resources		
Unavailable Revenue	\$ 9,675,057	
Net Position:		
Net Investment in Capital Assets	\$ 130,868,984	\$ 124,072,749
Restricted	6,062,258	11,215,260
Unrestricted	16,904,145	13,395,579
Total Net Position	\$ 153,835,385	\$ 148,683,588

The largest portion of the County's net position (85%), reflects its investment in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County'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.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$16,904,145 may be used to meet the government's ongoing obligations to its citizens and creditors. Total net position increased by over \$5 million. The main reason for the increase was the increase in state shared revenues and the increase in county sales tax.

## STATEMENT OF CHANGES IN NET POSITION

Governmental activities increased the County's net position by \$5,151,803. Key elements in changes in net position are shown in the following table.

	Governmental Activities	
	2012	2011
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 5,331,749	\$ 5,116,003
Operating Grants and Contributions	19,815,439	23,866,995
Capital Grants and Contributions	354,695	5,028,844
General Revenues:		
Property Taxes	31,046,541	29,258,876
Sales Tax	14,812,160	8,663,697
State Share Revenues	7,384,069	5,513,777
Other	359,481	824,168
<b>Total Revenues</b>	<b>\$ 79,104,134</b>	<b>\$ 78,272,360</b>
<b>Expenses:</b>		
General Government	\$ 15,302,368	\$ 10,850,881
Public Safety	17,152,771	16,210,286
Highways and Streets	25,619,469	22,920,416
Relief and Charities	12,238,254	11,756,349
Conservation Economic Development	2,463,396	3,247,937
Culture and Recreation	866,399	806,552
Interest on Long-Term Debt	309,675	351,614
<b>Total Expenses</b>	<b>\$ 73,952,333</b>	<b>\$ 66,144,036</b>
Increase in Net Position	\$ 5,151,803	\$ 12,128,325
Net Position – January 1	148,683,587	136,555,267
Net Position – December 31	<b>\$ 153,835,385</b>	<b>\$ 148,683,587</b>

Total revenues for 2012 were \$79,104,134 which is an increase of \$831 thousand over 2011. Property tax revenue accounted for 39% of total revenues; the increase over 2011 was \$1.7 million as a result of increased property valuations and additional mills added for the emergency flood mitigation fund. Sales tax accounted for 18% an increase of 6.1 million over 2011, operating grants accounted for 25%, and the remaining 18% came from capital grants, charges for services, state shared revenues and interest income. Total expense increased by over \$7 million over 2011. The highways and streets expense increased by over \$2 million as a result of repairing roads from prior year floods

of 2011, 2010 and 2009. The county also incurred \$8.3 million in expenses for the planning phase of the F/M Diversion project. The remaining increase was the result of cost of living raises for employees.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has three fund categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

### **GOVERNMENTAL FUNDS**

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the 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 County's governmental funds reported combined ending fund balances of \$22,887,579, a decrease of \$1,632,794 compared with the previous year. The General, Human Services, County Road and Bridge, 2009 Flood Recovery Fund, 2010 Flood Recovery Fund, 2011 Flood Fund, 2011 Flood Recovery Fund, Flood Mitigation Fund, Future Building, Courthouse West Addition Fund, and Flood Control Sales Tax Fund is reported as major funds.

The General Fund is the chief operating fund of the County. At the end of the fiscal year 2012, unassigned fund balance of the General Fund was \$8,476,106, while total fund balance was \$8,759,719. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 35% of total General Fund expenditures.

The County's General Fund balance increased by \$2,265,462 during 2012 as a result of the county's governing board efforts to closely match revenues with expenses each year. The County Commission has a policy of maintaining a cash reserve of approximately 10% of budgeted expenditures. When the reserve is greater than 10%, the County Commission adjusts tax rates to decrease revenue and bring the reserve closer to the 10% goal.

The Human Service Fund balance at December 31, 2012 was \$1,925,754, a decrease of \$346,357 over December 2011.

The fund balance of the County Road and Bridge Fund at December 31, 2012 was \$1,793,204. This was a decrease of \$5,676,974 over 2011 and was the result of an increase in construction projects.

The 2009 Flood Recovery Fund had an ending fund balance of \$(710,675). This fund was established to repair the damaged county roads and bridges as a result of the 2009 flood. These road projects are still on-going.

The 2010 Flood Recovery Fund had an ending fund balance of \$(1,325,016). This fund was established to repair the damaged county roads and bridges as a result of the 2010 flood. These road projects are still on-going.

The 2011 Flood Recovery Fund had an ending fund balance of \$(2,792,004). This fund was established to repair the damaged county roads and bridges as a result of the 2011 flood. These road projects are still on-going.

The Flood Mitigation Fund had an ending balance of \$(63,222). The County transferred funds from the Future Building Fund to cover the initial expenses incurred to start the program.

The Future Building Fund is funded by estate tax collections and as such, the revenue is extremely unpredictable. The fund is used for building renovations and minor construction projects. The fund balance at December 31, 2012 was \$311,751; a decrease of \$5,057,324 over December 2011. Transfers were made to the Flood Mitigation Fund for the local share of the buyout grants. Transfers were also made to the Courthouse West Addition Fund to cover the cost of construction in excess of the bond issue.

The Courthouse West Addition Fund had an ending fund balance of \$(222,808). During the year construction was completed on the courthouse addition. The county issued \$8.9 million in general obligation bonds to fund the project and the remaining will be funded by the Building Fund reserves.

The Flood Control Sales Tax Fund had an ending fund balance of \$11,951,297. This fund is used to account for the one-half cent sales tax approved by the voters of Cass County for flood control projects.

### **General Fund Budgetary Highlights**

Differences between the General Fund's original budget and the final amended budget were \$112,975 in revenues and \$181,076 in expenditures. The budgeted revenues and expenditures increased due to various grants that were awarded after the original budget was approved.

The General Fund's actual revenue was \$3,274,767 over the final budget; the variance is a result of an increase in state aid. The actual expenditures were \$715,629 less than the final budget. The variance is a result of the departments under spending their budgets.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

As of December 31, 2012, the County's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$138,444,811. This investment in capital assets includes, land, buildings,

improvements other than buildings, machinery and equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was \$5,896,452.

Major capital asset events during the current fiscal year included the following:

- Flood Mitigation buyout properties
- Courthouse west addition
- Replacement of sheriff vehicles and heavy equipment for the road department

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

	Governmental Activities	
	2012	2011
Land	\$ 29,118,881	\$ 28,690,429
Construction in Progress		9,617,991
Buildings	38,664,521	21,061,344
Improvements Other than Buildings	1,942,266	1,851,787
Machinery and Equipment	3,128,446	3,084,115
Infrastructure	65,590,697	68,242,693
Total	\$ <u>138,444,811</u>	\$ <u>132,548,359</u>

Additional information on the County's capital assets can be found in Note 7 on page 57-60 of this report.

### LONG-TERM DEBT

At the end of fiscal year 2012, the County had total debt outstanding of \$9,745,278. Of this amount, \$464,183 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The county issued \$8.9 million in general obligation bonds for the courthouse addition construction with a remaining balance of 7.4 million. The remainder of the County's debt consists of special assessments payable, leases payable, and compensated absences.

The following is a schedule of the outstanding long-term debt as of December 31, 2012 and 2011:

	Governmental Activities	
	2012	2011
Special Assessment Bonds	\$ 464,183	\$ 543,802
General Obligation Bonds	7,447,890	8,123,194
Special Assessments Payable	105,285	109,033
Leases Payable	127,937	250,610
Compensated Absences	1,599,983	1,514,137
Total	\$ <u>9,745,278</u>	\$ <u>10,540,777</u>

Additional information on the County's debt can be found in Note 9 on pages 60-68 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The unemployment rate for the County at December 31, 2012 was 3.3%.
- The taxable value of all property located in the county has increased by over 3.2% in each year for the last five years.
- The taxable sales in the county increased by 8% from the prior fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County'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 58108-2806.

**CASS COUNTY GOVERNMENT**  
**Statement of Net Position**  
**December 31, 2012**

	Primary Government	
	Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and cash equivalents	\$ 33,358,714	\$ 4,606,021
Receivables (net of allowance for uncollectibles):		
Accounts	59,584	15,076
Due From Primary Government	-	54,948
Delinquent Tax	431,673	79,436
Due From Other Governments	4,895,423	2,361,605
Special Assessments	-	18,058
Loans	50,853	-
Inventories	141,022	48,119
Prepays	340,518	10,457
Uncertified Special Assessments Receivable	421,996	6,467,796
Capital Assets Not Being Depreciated:		
Land	29,118,881	14,434,248
Construction in progress	-	11,784,551
Capital assets (net of accumulated depreciation):		
Buildings	38,664,521	19,706
Improvements other than buildings	1,942,266	-
Machinery and equipment	3,128,446	100,868
Infrastructure	65,590,697	87,406,961
Total assets	\$ 178,144,594	\$ 127,407,846
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,666,074	\$ 318,591
Benefits Payable	-	35,072
Retainages Payable	462,275	198,032
Interest Payable	52,491	38,663
Deposits	348,338	-
IBNR Claims	330,938	-
Due to Inmates/Permits	28,758	-
Noncurrent liabilities:		
Due within one year	2,467,175	1,595,370
Due in more than one year	7,278,103	8,816,785
Total liabilities	\$ 14,634,152	\$ 11,002,513
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes	\$ 9,647,861	\$ 277,328
Unavailable Revenue - Special Assessments	27,196	-
Total Deferred Inflows of Resources	\$ 9,675,057	\$ 277,328
<b>NET POSITION</b>		
Net Investment in capital assets	\$ 130,868,984	\$ 103,365,554
Restricted for:		
General Government	2,334,250	-
Highway and Streets	1,539,369	-
Relief and Charities	1,475,527	-
Culture and Recreation	104,553	-
Conservation of Natural Resources	-	3,554,260
Debt Service	608,559	4,070,810
Capital Projects	-	4,279,390
Unrestricted	16,904,145	857,995
Total Net Position	\$ 153,835,385	\$ 116,128,007

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

**CASS COUNTY GOVERNMENT**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 15,302,368	\$ 2,343,679	\$ 420,770	\$ -
Public safety	17,152,771	2,278,942	871,054	-
Highways and streets	25,619,469	499,846	13,494,047	-
Relief and charities	12,238,254	119,219	3,206,771	-
Conservation & economic development	2,463,396	80,360	1,461,876	354,695
Culture and recreation	866,399	9,703	360,921	-
Interest on long-term debt	309,675	-	-	-
Total primary government	<u>\$ 73,952,333</u>	<u>\$ 5,331,749</u>	<u>\$ 19,815,439</u>	<u>\$ 354,695</u>
<b>Component units:</b>				
Southeast Cass Water Resource District	\$ 4,897,616	\$ 3,344,998	\$ 337,458	\$ -
North Cass Water Resource District	429,874	194,834	197,307	-
Maple River Water Resource District	1,229,364	-	330,774	170,719
Rush River Water Resource District	299,227	393,645	1,558,026	-
Noxious weed	435,768	5,808	38,080	-
Vector control	764,149	243,929	-	-
Total component units	<u>\$ 8,055,998</u>	<u>\$ 4,183,213</u>	<u>\$ 2,461,645</u>	<u>\$ 170,719</u>

General revenues:  
Property taxes  
Sales taxes  
Unrestricted State Shared Revenues  
Unrestricted investment earnings  
Miscellaneous Revenue

Total general revenues  
Changes in net position  
Net position - beginning  
Prior Period Adjustment  
Net position - ending

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

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>		<b>Component Units</b>
\$ (12,537,919)	\$	-
(14,002,776)		-
(11,625,575)		-
(8,912,264)		-
(566,465)		-
(495,776)		-
(309,675)		-
<u>\$ (48,450,449)</u>	<u>\$</u>	<u>-</u>
\$ -	\$	(1,215,159)
-		(37,733)
-		(727,872)
-		1,652,443
-		(391,881)
-		(520,220)
<u>\$ -</u>	<u>\$</u>	<u>(1,240,420)</u>
\$ 31,046,541	\$	5,879,159
14,812,160		-
7,384,069		229,107
187,373		32,952
172,108		181,503
<u>\$ 53,602,253</u>	<u>\$</u>	<u>6,322,720</u>
5,151,803		5,082,301
148,683,587		111,378,854
		(333,148)
<u>\$ 153,835,385</u>	<u>\$</u>	<u>116,128,007</u>

**CASS COUNTY GOVERNMENT**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General	Human Services	County Road and Bridge	2009 Flood Recovery	2010 Flood Recovery
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 10,280,879	\$ 4,821,840	\$ 50	\$ -	\$ -
Receivables:					
Taxes	219,692	118,871	57,307	-	-
Accounts	6,463	7,426	7,385	-	-
Loans	50,853	-	-	-	-
Due From Other Governments	2,066,261	309,326	1,125,831	-	-
Due From Other Funds	931,082	-	2,525,590	-	-
Inventory	-	-	124,860	-	-
Inventory of supplies, at cost	16,162	-	-	-	-
Prepaid Items	265,020	19,001	36,513	-	-
<b>Total Assets</b>	<b>13,836,411</b>	<b>5,276,464</b>	<b>3,877,537</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>					
Accounts Payable	410,282	197,060	609,231	-	86,391
Retainages Payable	-	-	84,043	-	9,064
Unearned Revenues	46,853	-	-	-	-
Due to Inmates/Permits	-	-	2,000	-	-
Due to Other Funds	-	-	-	710,675	1,229,561
<b>Total Liabilities</b>	<b>457,135</b>	<b>197,060</b>	<b>695,274</b>	<b>710,675</b>	<b>1,325,016</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	4,619,556	3,153,651	1,389,059	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>4,619,556</b>	<b>3,153,651</b>	<b>1,389,059</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>					
Nonspendable	281,181	19,001	161,373	-	-
Restricted	-	1,906,753	1,631,831	-	-
Committed	-	-	-	-	-
Assigned	2,432	-	-	-	-
Unassigned	8,476,106	-	-	(710,675)	(1,325,016)
<b>Total Fund Balances (Deficits)</b>	<b>8,759,719</b>	<b>1,925,754</b>	<b>1,793,204</b>	<b>(710,675)</b>	<b>(1,325,016)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 13,836,411</b>	<b>\$ 5,276,464</b>	<b>\$ 3,877,537</b>	<b>\$ -</b>	<b>\$ -</b>

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

2011 Flood Recovery	Flood Mitigation	Future Building	Courthouse West Addition	Flood Control Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 311,751	\$ 144,738	\$ 12,667,278	\$ 3,041,354	\$ 31,267,889
-	-	-	-	-	35,803	431,673
-	-	-	-	-	38,123	59,397
-	-	-	-	-	-	50,853
-	-	-	-	1,367,490	26,515	4,895,423
-	-	-	-	-	1,240,827	4,697,499
-	-	-	-	-	-	124,860
-	-	-	-	-	-	16,162
-	-	-	-	-	19,384	339,918
-	-	311,751	144,738	14,034,768	4,402,007	41,883,674
96,340	-	-	-	2,083,471	171,207	3,653,981
1,623	-	-	367,545	-	-	462,275
-	-	-	-	-	-	46,853
-	-	-	-	-	26,758	28,758
2,694,041	63,222	-	-	-	-	4,697,499
2,792,004	63,222	-	367,545	2,083,471	197,965	8,889,366
-	-	-	-	-	917,267	10,079,533
-	-	-	-	-	27,196	27,196
-	-	-	-	-	944,463	10,106,729
-	-	-	-	-	19,384	480,940
-	-	-	-	-	2,859,922	6,398,505
-	-	311,751	-	11,951,297	378,665	12,641,714
-	-	-	-	-	-	2,432
(2,792,004)	(63,222)	-	(222,808)	-	1,606	3,363,988
(2,792,004)	(63,222)	311,751	(222,808)	11,951,297	3,259,578	22,887,579
\$ -	\$ -	\$ 311,751	\$ 144,738	\$ 14,034,768	\$ 4,402,007	\$ 41,883,674

**CASS COUNTY GOVERNMENT**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds**  
**To the Statement of Net Position**  
**December 31, 2012**

Amounts reported for governmental activities in the statement of net position (Page 15) are different because:

Total fund balances - governmental funds (page 19)		\$ 22,887,579
Add - Capital Assets	\$ 217,414,654	
Deduct - accumulated depreciation	<u>(79,037,371)</u>	
Net Assets		138,377,283
Property taxes and special assessments receivable will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are reported as unearned revenues in the funds.		431,673
Loans receivable will be collected over the next three years; thus they are not available to pay for the current period's expenditures and therefore, are reported as unearned revenues in the funds.		46,853
Long-term uncertified special assessments receivable are not reported in the funds because they are unavailable to pay the current period's expenditures.		421,996
Internal service funds are used by management to charge the costs of certain equipment usage and self-insurance to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Add - net assets of governmental activities accounted for in the internal service funds		1,467,770
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(1,599,983)	
Leases payable	(127,937)	
Special assessments payable	(105,285)	
Special assessments bonds payable	(479,674)	
GO Bonds Payable	(7,540,000)	
Unamortized Bond Discount	62,578	
Unamortized Bond Issuance Costs	45,023	
Interest Payable	<u>(52,491)</u>	
Total long term liabilities		<u>(9,797,769)</u>
Net position of governmental activities		<u>\$ 153,835,385</u>

The accompanying notes are an integral part of these financial statements

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

**CASS COUNTY GOVERNMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2012**

	General Fund	Human Services	County Road and Bridge	2009 Flood Recovery	2010 Flood Recovery	2011 Flood Fund
<b><u>REVENUES</u></b>						
Taxes:						
Property	\$ 15,718,433	\$ 8,515,560	\$ 4,107,258	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-
Licenses, permits and fees	46,982	13,425	67,540	-	-	-
Intergovernmental revenues	8,044,627	3,206,771	10,595,858	30,168	33,221	198,455
Charges for services	2,654,237	105,394	432,306	-	-	-
Miscellaneous revenues	247,040	20,241	47,919	-	-	-
<b>Total Revenues</b>	<b>26,711,319</b>	<b>11,861,391</b>	<b>15,250,881</b>	<b>30,168</b>	<b>33,221</b>	<b>198,455</b>
<b><u>EXPENDITURES</u></b>						
Current:						
General government	6,525,293	-	-	-	-	-
Public Safety	15,771,918	-	-	-	-	-
Highways and streets	-	-	20,964,737	740,842	471,332	29,789
Relief and charities	-	12,207,748	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation & economic development	1,892,017	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	98,139	-	24,535	-	-	-
Interest	8,601	-	2,150	-	-	-
Fiscal charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>24,295,969</b>	<b>12,207,748</b>	<b>20,991,422</b>	<b>740,842</b>	<b>471,332</b>	<b>29,789</b>
Excess (deficiency) of revenues over (under) expenditures	2,415,350	(346,357)	(5,740,541)	(710,674)	(438,111)	168,666
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers in	-	-	3,885	-	-	126,760
Transfers out	(165,000)	-	-	-	(3,885)	(11,672)
Sale of capital assets	15,113	-	59,682	-	-	-
<b>Total of other financing sources and uses</b>	<b>(149,888)</b>	<b>-</b>	<b>63,567</b>	<b>-</b>	<b>(3,885)</b>	<b>115,088</b>
Net change in fund balances	2,265,462	(346,357)	(5,676,974)	(710,675)	(441,996)	283,754
Fund balances (deficit) - beginning	6,494,258	2,272,111	7,470,177	-	(883,019)	(283,754)
<b>Fund balances (deficit) - ending</b>	<b>\$ 8,759,719</b>	<b>\$ 1,925,754</b>	<b>\$ 1,793,204</b>	<b>\$ (710,675)</b>	<b>\$ (1,325,016)</b>	<b>\$ 0</b>

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

2011 Flood Recovery	Flood Mitigation	Future Building	Courthouse West Addition	Flood Control Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,876,014	\$ 31,217,265
-	-	-	-	14,812,160	-	14,812,160
-	-	-	-	-	-	127,947
869,283	354,695	-	300,000	1,427,154	701,897	25,762,129
-	-	-	-	-	1,864,316	5,056,253
-	59	9,430	1,791	37,696	151,904	516,079
<u>869,283</u>	<u>354,754</u>	<u>9,430</u>	<u>301,791</u>	<u>16,277,010</u>	<u>5,594,131</u>	<u>77,491,833</u>
-	-	-	-	-	1,106,056	7,631,349
-	-	-	-	-	947,682	16,719,600
948,643	-	-	-	-	423,501	23,578,843
-	-	-	-	-	-	12,207,748
-	-	-	-	-	859,916	859,916
-	386,243	-	-	-	183,884	2,462,144
-	-	-	5,558,916	8,987,187	-	14,546,103
-	-	-	-	-	766,478	889,152
-	-	-	-	-	291,008	301,759
-	-	-	-	-	2,808	2,808
<u>948,643</u>	<u>386,243</u>	<u>-</u>	<u>5,558,916</u>	<u>8,987,187</u>	<u>4,581,333</u>	<u>79,199,422</u>
<u>(79,360)</u>	<u>(31,489)</u>	<u>9,430</u>	<u>(5,257,125)</u>	<u>7,289,823</u>	<u>1,012,798</u>	<u>(1,707,589)</u>
11,672	41,754	-	5,025,000	-	610,709	5,819,780
-	-	(5,066,754)	-	-	(572,468)	(5,819,780)
-	-	-	-	-	-	74,795
<u>11,672</u>	<u>41,754</u>	<u>(5,066,754)</u>	<u>5,025,000</u>	<u>-</u>	<u>38,240</u>	<u>74,794</u>
<u>(67,688)</u>	<u>10,265</u>	<u>(5,057,324)</u>	<u>(232,125)</u>	<u>7,289,823</u>	<u>1,051,038</u>	<u>(1,632,795)</u>
<u>(2,724,316)</u>	<u>(73,487)</u>	<u>5,369,076</u>	<u>9,318</u>	<u>4,661,475</u>	<u>2,208,541</u>	<u>24,520,379</u>
<u>\$ (2,792,004)</u>	<u>\$ (63,222)</u>	<u>\$ 311,751</u>	<u>\$ (222,808)</u>	<u>\$ 11,951,297</u>	<u>\$ 3,259,579</u>	<u>\$ 22,887,579</u>

**CASS COUNTY GOVERNMENT**  
**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 activities in the statement of activities (page 16-17) are different because:

Net change in fund balances - total governmental funds (page 22-23) \$ (1,632,795)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 20,105,005	
Current year depreciation expense	<u>(4,467,655)</u>	15,637,351

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	(10,037,395)	
Accumulated depreciation on retired assets	<u>323,396</u>	(9,713,999)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in Taxes Receivable	(90,180)	
Decrease in Uncertified Special Assessments	(57,510)	
Decrease in Loans Receivable	<u>(7,072)</u>	(154,762)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of 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 by which proceeds exceeded repayments.

Repayment of bonds	766,478	
Repayment of leases	122,674	
Repayment of specials	<u>3,748</u>	892,901

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 interest payable	6,447	
Amortization of Bond Discounts	(6,659)	
Amortization of Bond Issuance Costs	(4,896)	
Net increase in compensated absences	<u>(85,845)</u>	(90,953)

Internal service funds are used by management to charge the costs of the motor pool, employee health insurance and the telephone system to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

214,058

Change in net position of governmental activities \$ 5,151,803

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

**CASS COUNTY GOVERNMENT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 15,606,282	\$ 15,606,282	\$ 15,718,433	\$ 112,151
Licenses, Permits and Fees	38,500	38,500	46,982	8,482
Intergovernmental Revenues	5,304,730	5,417,705	8,044,627	2,626,922
Charges for Services	2,212,635	2,212,635	2,654,237	441,602
Miscellaneous Revenues	161,430	161,430	247,040	85,610
<b>Total Revenues</b>	<b>23,323,577</b>	<b>23,436,552</b>	<b>26,711,319</b>	<b>3,274,767</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
County Commission	788,218	788,218	684,281	103,937
County Administrator	2,745,552	2,745,552	2,308,160	437,392
Information Technology	1,116,507	1,116,507	1,043,385	73,122
Auditor	1,125,229	1,125,229	1,070,551	54,678
Treasurer	344,123	344,123	323,543	20,580
County Recorder	574,957	574,957	565,091	9,866
Director of Tax Equalization	248,417	248,417	192,992	55,425
Veterans Service	264,276	264,276	251,534	12,742
County Planning	86,290	86,290	85,757	533
<b>Total General Government</b>	<b>7,293,569</b>	<b>7,293,569</b>	<b>6,525,293</b>	<b>768,275</b>
<b>Public Safety:</b>				
Emergency Management	230,717	359,393	356,478	2,915
County Sheriff	12,836,018	12,880,418	12,920,453	(40,035)
States Attorney	2,526,282	2,526,282	2,482,802	43,480
Cemetery	13,308	13,308	12,186	1,122
<b>Total Public Safety</b>	<b>15,606,325</b>	<b>15,779,401</b>	<b>15,771,918</b>	<b>7,483</b>
<b>Conservation &amp; Econ. Development:</b>				
County Extension Agent	490,780	498,780	467,740	31,040
Public Service Agencies	1,439,849	1,439,849	1,424,277	15,572
<b>Total Conservation &amp; Econ Dev</b>	<b>1,930,629</b>	<b>1,938,629</b>	<b>1,892,017</b>	<b>46,612</b>
<b>Debt Service:</b>				
Principal	-	-	98,139	(98,139)
Interest	-	-	8,601	(8,601)
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>106,740</b>	<b>(106,740)</b>
<b>Total Expenditures</b>	<b>24,830,523</b>	<b>25,011,599</b>	<b>24,295,969</b>	<b>715,629</b>
Excess (deficiency) of revenues over (Under) expenditures	(1,506,946)	(1,575,047)	2,415,350	3,990,396
<b>Other Financing Sources (Uses):</b>				
Sale of Property	10,000	10,000	15,113	5,113
Operating Transfers Out	(50,000)	(50,000)	(165,000)	(115,000)
<b>Total Other Financing Sources and (Uses)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(149,888)</b>	<b>(109,887)</b>
<b>Net change in fund balances</b>	<b>(1,546,946)</b>	<b>(1,615,047)</b>	<b>2,265,462</b>	<b>3,880,509</b>
Fund Balance - Beginning	6,494,258	6,494,258	6,494,258	-
<b>Fund Balance - Ending</b>	<b>\$ 4,947,312</b>	<b>\$ 4,879,211</b>	<b>\$ 8,759,719</b>	<b>\$ 3,880,509</b>

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

**CASS COUNTY GOVERNMENT**  
**Human Service**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 8,468,711	\$ 8,468,711	\$ 8,515,560	\$ 46,849
Licenses, Permits and Fees	15,000	15,000	13,425	(1,575)
Intergovernmental Revenues	2,956,798	2,956,798	3,206,771	249,973
Charges for Services	121,445	121,445	105,394	(16,051)
Miscellaneous Revenues	17,428	17,428	20,241	2,813
<b>Total Revenues</b>	<b>11,579,382</b>	<b>11,579,382</b>	<b>11,861,391</b>	<b>282,009</b>
<u>Expenditures:</u>				
Current:				
Relief and Charities	12,078,864	12,078,864	12,207,748	(128,884)
<b>Total Expenditures</b>	<b>12,078,864</b>	<b>12,078,864</b>	<b>12,207,748</b>	<b>(128,884)</b>
Excess (deficiency) of revenues over (under) expenditures	(499,482)	(499,482)	(346,358)	153,126
Fund Balance - Beginning	2,272,111	2,272,111	2,272,111	-
Fund Balance - Ending	<u>\$ 1,772,629</u>	<u>\$ 1,772,629</u>	<u>\$ 1,925,754</u>	<u>\$ 153,126</u>

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

**CASS COUNTY GOVERNMENT**  
**County Road and Bridge**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 4,257,845	\$ 4,257,845	\$ 4,107,258	\$ (150,587)
Licenses, Permits and Fees	35,000	35,000	67,540	32,540
Intergovernmental Revenues	10,461,158	10,461,158	10,595,858	134,700
Charges for Services	12,417	12,417	432,306	419,889
Miscellaneous Revenues	18,790	18,790	47,919	29,129
<b>Total Revenues</b>	<b>14,785,210</b>	<b>14,785,210</b>	<b>15,250,881</b>	<b>465,671</b>
<u>Expenditures:</u>				
Current:				
Highways and Streets	21,325,852	21,325,852	20,964,737	361,115
Debt Service :				
Principal	24,535	24,535	24,535	-
Interest	2,151	2,151	2,150	1
<b>Total Expenditures</b>	<b>21,352,538</b>	<b>21,352,538</b>	<b>20,991,422</b>	<b>361,116</b>
Excess (deficiency) of revenues over (under) expenditures	(6,567,328)	(6,567,328)	(5,740,541)	826,788
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	3,885	3,885
Sale of Property	20,000	20,000	59,682	39,682
<b>Total Other Financing Sources and (Uses)</b>	<b>20,000</b>	<b>20,000</b>	<b>63,567</b>	<b>43,567</b>
<b>Net change in fund balances</b>	<b>(6,547,328)</b>	<b>(6,547,328)</b>	<b>(5,676,974)</b>	<b>870,355</b>
Fund Balance - Beginning	7,470,177	7,470,177	7,470,177	-
<b>Fund Balance - Ending</b>	<b>\$ 922,849</b>	<b>\$ 922,849</b>	<b>\$ 1,793,204</b>	<b>\$ 870,355</b>

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

**CASS COUNTY GOVERNMENT**  
**2009 Flood Recovery**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	30,168	30,168	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	-	30,168	30,168	-
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	744,829	740,842	3,987
Total Expenditures	-	744,829	740,842	3,987
Excess (deficiency) of revenues over (under) expenditures	-	(714,661)	(710,675)	3,988
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Total Other Financing Sources and (Uses)	-	-	-	-
Net change in fund balances	-	(714,661)	(710,675)	3,986
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ (714,661)	\$ (710,675)	\$ 3,986

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

**CASS COUNTY GOVERNMENT**  
**2010 Flood Recovery**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	27,000	33,221	6,221
Charges for Services	-	-	-	-
Total Revenues	-	27,000	33,221	6,221
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	640,908	471,332	169,576
Total Expenditures	-	640,908	471,332	169,576
Excess (deficiency) of revenues over (under) expenditures	-	(613,908)	(438,111)	175,798
<u>Other Financing Sources (Uses):</u>				
Transfers Out	-	-	(3,885)	(3,885)
Total Other Financing Sources and (Uses)	-	-	(3,885)	(3,885)
Net change in fund balances	-	(613,908)	(441,996)	171,913
Fund Balance - Beginning	-	(883,019)	(883,019)	-
Fund Balance - Ending	\$ -	\$ (1,496,927)	\$ (1,325,016)	\$ 171,913

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

**CASS COUNTY GOVERNMENT**  
**2011 Flood Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	198,501	198,455	(46)
Charges for Services	-	-	-	-
Miscellaneous Revenues	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>198,501</b>	<b>198,455</b>	<b>(46)</b>
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	45,000	29,789	15,211
<b>Total Expenditures</b>	<b>-</b>	<b>45,000</b>	<b>29,789</b>	<b>15,211</b>
Excess (deficiency) of revenues over (under) expenditures	-	153,501	168,667	15,165
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	126,800	126,760	(40)
Transfers Out	-	-	(11,672)	(11,672)
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>126,800</b>	<b>115,088</b>	<b>(11,712)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>280,301</b>	<b>283,754</b>	<b>3,453</b>
Fund Balance - Beginning	-	(283,754)	(283,754)	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ (3,453)</b>	<b>\$ -</b>	<b>\$ 3,453</b>

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

**CASS COUNTY GOVERNMENT**  
**2011 Flood Recovery Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	815,000	869,283	54,283
Miscellaneous Revenues	-	-	-	-
Total Revenues	-	815,000	869,283	54,283
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	1,106,064	948,643	157,421
Total Expenditures	-	1,106,064	948,643	157,421
Excess (deficiency) of revenues over (under) expenditures	-	(291,064)	(79,360)	211,705
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	12,000	11,672	(328)
Total Other Financing Sources and (Uses)	-	12,000	11,672	(328)
Net change in fund balances	-	(279,064)	(67,688)	211,377
Fund Balance - Beginning	-	(2,724,316)	(2,724,316)	-
Fund Balance - Ending	\$ -	\$ (3,003,380)	\$ (2,792,004)	\$ 211,377

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

**CASS COUNTY GOVERNMENT**  
**Flood Mitigation**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2012**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	25,611	354,695	329,084
Miscellaneous Revenues	-	59	59	-
Total Revenues	-	25,670	354,754	329,084
<u>Expenditures:</u>				
Current:				
Conservation & Economic Development	-	384,574	386,243	(1,669)
Total Expenditures	-	384,574	386,243	(1,669)
Excess (deficiency) of revenues over (under) expenditures	-	(358,904)	(31,489)	327,415
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	14,077	41,754	27,677
Total Other Financing Sources and (Uses)	-	14,077	41,754	27,677
Net change in fund balances	-	(344,827)	10,265	355,092
Fund Balance - Beginning	-	(73,487)	(73,487)	-
Fund Balance - Ending	\$ -	\$ (418,314)	\$ (63,222)	\$ 355,092

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

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

**CASS COUNTY GOVERNMENT**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2012**

	Governmental Activities
	Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash and Investments	\$ 2,090,825
Accounts Receivable	187
Prepaid Items	600
Total Current Assets	2,091,612
Noncurrent Assets:	
Capital Assets	296,318
Less: Accumulated Depreciation	(228,790)
Total Noncurrent Assets	67,528
Total Assets	\$ 2,159,140
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 12,093
Deposits	348,338
IBNR Claims	330,938
Total Liabilities	\$ 691,369
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 67,528
Unrestricted	1,400,242
Total Net Position	\$ 1,467,770

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

**CASS COUNTY GOVERNMENT**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Proprietary Fund Types**  
**For the Year Ended December 31, 2012**

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues:</u>	
Premiums	\$ 3,720,645
Charges for Services	239,083
Miscellaneous	23,416
Total Operating Revenues	3,983,144
<u>Operating Expenses:</u>	
Premiums	492,168
Medical Services	7,818
Telephone Service	165,558
Administrative Fees	177,033
Collision Repair/Replacement	22,323
Benefit Payments	2,551,955
IBNR Claims	330,938
Depreciation Expense	26,985
Total Operating Expenses	3,774,778
Operating Income	208,366
<u>Nonoperating Revenues (Expenses):</u>	
Interest Income	7,211
Loss on Disposal of Capital Assets	(1,519)
Total Nonoperating Revenues (Expenses)	5,692
Change in Net Position	214,058
Total Net Position Beginning	1,253,712
Total Net Position Ending	\$ 1,467,770

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

**CASS COUNTY GOVERNMENT**  
**Statement of Cash Flows**  
**Proprietary Fund Types**  
**For the Year Ended December 31, 2012**

	Governmental Activities
	Internal Service Funds
<u>Cash Flows From Operating Activities:</u>	
Receipts from customers	\$ 3,959,311
Payments to suppliers	(863,525)
Claims paid	(2,798,410)
Other receipts	23,416
	320,792
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Purchase of capital assets	(1,603)
	(1,603)
<u>Cash Flows From Investing Activities:</u>	
Interest income	7,211
	326,400
Cash and cash equivalents - beginning of the year	1,764,425
	2,090,825
<u>Reconciliation of Operating Income to net cash provided by operating activities:</u>	
Operating income	208,365
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	26,985
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	184
(Increase) decrease in prepaid items	(600)
Increase (decrease) in accounts payable	1,374
Increase (decrease) in premium deposit funds	46,570
Increase (decrease) in IBNR claims	37,913
Net cash provided by operating activities	\$ 320,792

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

**CASS COUNTY GOVERNMENT**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**December 31, 2012**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 58,475,192</u>
Total Assets	<u><u>\$ 58,475,192</u></u>
<u>LIABILITIES</u>	
Accounts Payable	245,553
Due to Component Units	54,948
Deposits	<u>58,174,691</u>
Total Liabilities	<u><u>\$ 58,475,192</u></u>

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

**CASS COUNTY GOVERNMENT**  
**Statement of Net Position**  
**Component Units**  
**December 31, 2012**

	Southeast Cass WRD	North Cass WRD	Maple River WRD
<u>Assets:</u>			
Cash and Cash Equivalents	\$ 2,679,786	\$ 382,466	\$ 115,207
Receivables:			
Accounts Receivable	-	-	-
Delinquent Tax	55,937	3,002	4,751
Due From Other Governments	2,352,804	1,974	4,910
Special Assessments	16,408	6	104
Due From Primary Government	12,124	1,816	1,204
Inventory	-	-	-
Prepays	-	-	-
Long-Term Receivables:			
Uncertified Special Assessments Receivable	3,930,320	81,935	192,853
Capital Assets Not Being Depreciated:			
Land	9,059,071	1,048,154	1,868,306
Construction in Progress	9,787,194	-	506,452
Capital Assets (Net of Accumulated Depreciation)			
Buildings	-	-	-
Equipment	-	-	-
Infrastructure	68,947,968	3,954,504	9,745,974
Total Assets	<u>96,841,611</u>	<u>5,473,857</u>	<u>12,439,761</u>
<u>Liabilities:</u>			
Accounts Payable	94,057	21,348	192,433
Benefits Payable	19,713	2,739	4,892
Retainages Payable	182,045	-	-
Interest Payable	28,790	1,136	3,126
Noncurrent Liabilities:			
Due within one year	1,164,364	84,834	175,011
Due in more than one year	6,055,451	75,000	266,667
Total Liabilities	<u>7,544,420</u>	<u>185,057</u>	<u>642,129</u>
<u>Deferred Inflows of Resources:</u>			
Unavailable Revenue - Property Taxes	-	-	-
<u>Net Position</u>			
Net Investment in Capital Assets	80,588,190	4,845,119	11,683,645
Restricted For:			
Conservation of Natural Resources	2,908,974	362,612	150,650
Debt Service	1,096,134	82,880	266,164
Capital Projects	3,930,320	-	-
Unrestricted	773,574	(1,811)	(302,826)
Total Net Position	<u>\$ 89,297,192</u>	<u>\$ 5,288,800</u>	<u>\$ 11,797,633</u>

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

Rush River WRD	Weed Control	Vector Control	Totals
\$ 794,655	\$ 396,094	\$ 237,813	\$ 4,606,021
-	3,530	11,546	15,076
3,713	5,079	6,954	79,436
1,917	-	-	2,361,605
1,540	-	-	18,058
39,804	-	-	54,948
-	-	48,119	48,119
-	1,284	9,173	10,457
2,262,688	-	-	6,467,796
2,458,717	-	-	14,434,248
1,490,905	-	-	11,784,551
-	19,706	-	19,706
-	30,398	70,470	100,868
4,758,515	-	-	87,406,961
<u>11,812,453</u>	<u>456,090</u>	<u>384,074</u>	<u>127,407,846</u>
9,265	261	1,226	318,591
7,728	-	-	35,072
15,987	-	-	198,032
5,611	-	-	38,663
162,739	1,576	6,846	1,595,370
<u>2,419,667</u>	<u>-</u>	<u>-</u>	<u>8,816,785</u>
<u>2,620,997</u>	<u>1,837</u>	<u>8,072</u>	<u>11,002,513</u>
-	121,692	155,636	277,328
6,128,026	50,104	70,470	103,365,554
132,024	-	-	3,554,260
2,625,632	-	-	4,070,810
349,070	-	-	4,279,390
(43,296)	282,457	149,896	857,995
<u>\$ 9,191,456</u>	<u>\$ 332,561</u>	<u>\$ 220,365</u>	<u>\$ 116,128,007</u>

**CASS COUNTY GOVERNMENT**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended December 31, 2012**

<u>Functions/Programs</u>	Program Revenues			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Component units:</b>				
Southeast Cass Water Resource District	\$ 4,897,616	\$ 3,344,998	\$ 337,458	\$ -
Maple River Water Resource District	1,229,364		330,774	170,719
North Cass Water Resource District	429,874	194,834	197,307	-
Rush River Water Resource District	299,227	393,645	1,558,026	-
Noxious weed	435,768	5,808	38,080	-
Vector control	764,149	243,929	-	-
Total component units	\$ 8,055,998	\$ 4,183,213	\$ 2,461,645	\$ 170,719

General revenues:  
Property taxes  
Unrestricted State Shared Revenue  
Unrestricted investment earnings  
Miscellaneous Revenue

Total general revenues  
Changes in net position  
Net position - beginning  
Prior period adjustment  
Net position - ending

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

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Southeast Cass WRD</b>	<b>North Cass WRD</b>	<b>Maple River WRD</b>	<b>Rush River WRD</b>	<b>Weed Control</b>	<b>Vector Control</b>	<b>Total</b>
\$ (1,215,161)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,215,161)
-	-	(727,870)	-	-	-	(727,870)
-	(37,733)	-	-	-	-	(37,733)
-	-	-	1,652,444	-	-	1,652,444
-	-	-	-	(391,881)	-	(391,881)
-	-	-	-	-	(520,220)	(520,220)
<u>\$ (1,215,161)</u>	<u>\$ (37,733)</u>	<u>\$ (727,870)</u>	<u>\$ 1,652,444</u>	<u>\$ (391,881)</u>	<u>\$ (520,220)</u>	<u>\$ (1,240,421)</u>
\$ 4,331,343	\$ 131,291	\$ 340,081	\$ 271,045	\$ 320,519	\$ 484,880	\$ 5,879,159
133,178	3,008	21,855	7,482	21,135	42,449	229,107
24,380	1,740	2,196	2,119	1,742	774	32,952
153,961	1,502	9,720	15,511	26	782	181,503
<u>\$ 4,642,862</u>	<u>\$ 137,541</u>	<u>\$ 373,852</u>	<u>\$ 296,156</u>	<u>\$ 343,422</u>	<u>\$ 528,886</u>	<u>\$ 6,322,720</u>
3,427,700	99,808	(354,019)	1,948,600	(48,459)	8,666	5,082,300
86,202,639	5,188,991	12,151,650	7,242,855	381,020	211,699	111,378,854
(333,148)	-	-	-	-	-	(333,148)
<u>\$ 89,297,192</u>	<u>\$ 5,288,800</u>	<u>\$ 11,797,633</u>	<u>\$ 9,191,456</u>	<u>\$ 332,561</u>	<u>\$ 220,365</u>	<u>\$ 116,128,007</u>

**CASS COUNTY GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012**

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

Cass County operates under a Home Rule Charter passed by the voters in 1994. The financial statements of the County have been prepared in conformity with accounting principles generally 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**

For financial reporting purposes, Cass County has included all funds and has considered all potential component units for which Cass County is financially accountable, and other organizations for which the nature and significance of their relationship with Cass County are such that exclusion would cause Cass County'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 Cass 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 Cass County.

Based on these criteria, Cass County has included six discretely presented component units within Cass County's reporting entity.

**B. Individual Component Unit Disclosures**

**Discretely Presented Component Units.** The component units' column in the combined financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County. The county board appoints the governing bodies of all of these component units.

The component units consist of the four Water Resource Districts: Southeast Cass, North Cass, Maple River, and Rush River; the Cass County Vector Control District and the Cass County Noxious Weed District.

The Water Resource Districts have jurisdiction over the management of the water resources within their respective boundaries. The County's governing body has the authority to modify or approve the budgets of these districts.

Complete financial statements of the individual Water Resource Districts can be obtained at Water Resource Districts, 1201 Main Avenue West, West Fargo, North Dakota 58078.

The primary responsibilities of the Cass County Vector Control District and Cass County Noxious Weed District are to provide vector and weed control, respectively, on public land. The County Engineer is responsible for the management of the Vector Control District. Board members are appointed by the County Board of Commissioners for each District. The Cass County Board of Commissioners has the authority to modify or approve the budgets of these districts. Both districts are located at the Cass County Highway Department. Complete financial statements of the Cass County Noxious Weed District and Cass County Vector Control District can be obtained at Cass County Auditor's Office, Box 2806, Fargo, ND 58108-2806.

### C. Joint Ventures

Under authorization of state statutes, the Cass County Water Resource Districts have joined the water resource districts of Richland County, Grand Forks County, Pembina County, Traill County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for water management within the Red River Valley. Known as the Red River Valley Joint Water Resource Board, the agreement was established for mutual advantage of the governments. Each government appoints one member to the Board of Directors. 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 due to lack of provision being made for this in the joint venture agreement and the fact that each government's contribution each year depends on where the Red River Joint Water Resource Board projects are being undertaken.

The following is summary financial information on the joint venture as of and for the year ended December 31, 2012, which is the most current audited information available:

Total Assets	\$ 6,082,576
Total Liabilities	37,515
Total Net Position	<u>6,045,061</u>
Revenues	2,105,063
Expenses	<u>585,461</u>
Change in Net Position	<u>\$ 1,519,601</u>

Complete financial statements can be obtained from the Treasurer's Office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

D. 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 and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and used between governmental functions. Elimination of these would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities are supported by taxes and intergovernmental revenues.

The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are charged based upon a county-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. 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 operational 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, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

E. 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources 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. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Human Service Fund** – This fund is used to account for the County Social Service operations; this department is designated by law to provide relief to the poor and related services to the citizens of the County. The majority of the services/programs offered by the County are done in conjunction with state and federal agencies, mainly the North Dakota Department of Human Services.
- **County Road and Bridge Fund** – This fund is used for the normal maintenance of county roads and the operation of the road shops. Most of the revenues for this fund are derived from the highway tax distribution fund.
- **2009 Flood Recovery** – This fund was established to account for the costs of repairing roads damaged by the 2009 spring flood. Some of these costs are reimbursed by the federal and state government.
- **2010 Flood Recovery** – This fund was established to account for the costs of repairing roads damaged by the 2010 spring flood. Some of these costs are reimbursed by the federal and state government.
- **2011 Flood Fund** – This fund was established to account for the costs associated with fighting the spring flood of 2011. Some of these costs are reimbursed by the federal and state government.

- **2011 Flood Recovery** – This fund was established to account for the costs of repairing roads damaged by the 2011 spring flood. Some of these costs are reimbursed by the federal and state government.
- **Flood Mitigation** – This fund was established to account for a federal grant to buy out homes to make way for future flood protection.
- **Future Building Fund** – This fund is used to provide for the future construction of county buildings and major remodeling projects.
- **Courthouse West Addition Fund** – This fund is used to provide for the construction of an addition to the courthouse. Revenues are derived from an \$8.9 million bond issue and county reserves.
- **Flood Control Sales Tax Fund** – This fund is used to provide for the county share of costs incurred by the Flood Diversion Authority as well as any county costs for permanent flood control projects.

Additionally, the County reports the following fund types:

## PROPRIETARY FUNDS

Internal Service Funds - Internal service funds are used to account for services provided to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The following Internal Service Funds are used by the county:

**Health Insurance Trust** - This fund accounts for a self-funded comprehensive health insurance plan for county employees, administered by an outside firm. Costs are recovered by monthly premiums charged to each department.

**Dental Insurance Trust** - This fund accounts for a self-funded dental insurance plan for county employees, administered by an outside firm. Costs are recovered by monthly premiums charged to each department.

**Telephone Trust** - This fund provides for the operation of the County's telephone system. Monthly user fees are charged to departments.

**Motor Pool** - This fund provides for uses and repairs to county-owned vehicles. Departments are charged a per mile fee for the use of county-owned vehicles.

## FIDUCIARY FUNDS

Agency Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of

operations. The following types of agency funds are used by the County:

**County Funds** - These funds provide clearing facilities for items to be apportioned to other county funds.

**Tax Collection Funds** - These funds are used by the County in its role as tax collector to record property tax receipts awaiting apportionment to other governmental units and recipient County funds, and their periodic distribution.

**Funds of Other Governmental Units** - The County Treasurer provides fiscal services for various other governmental entities. These funds represent the assets, primarily cash and investments, of these entities in the Treasurer's custody and the related liability of the county to disburse these monies on demand.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### F. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. 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.

#### G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid investments with an original maturity of three months or less.

Investments consist of demand deposits and certificates of deposit with maturities greater than three months. These investments are stated at cost.

H. Receivables

Receivables in the County's governmental funds consist primarily of tax revenues. Receivables also include amounts due for services to individuals performed by the County and not received by December 31, 2012.

Due from other governments consist primarily of receivables due from state government for reimbursements from various state departments, the federal government and other local governments for grants and prisoner board fees.

I. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. The inventory is offset within the nonspendable classification of fund balance in the fund financial statements which indicates that inventory does not constitute "available spending resources" even though it is a component of net current assets.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items. Prepaid items are offset within the nonspendable classification of fund balance in the fund financial statements.

K. Uncertified Special Assessments

This represents a long-term receivable in the government-wide financial statements showing the amount of uncertified/uncollected debt service fund special assessments over the life of the special assessment bonds.

L. Capital Assets

Capital assets including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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.

In the case of the initial capitalization of general infrastructure assets the county chose to include all such items regardless of their acquisition date.

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 (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Improvements Other Than Buildings	50
Vehicles	5
Machinery and Equipment	10
Infrastructure	15-60

#### M. 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.

#### N. Retainages Payable

Retainages payable consists of amounts owed to contractors on open construction contracts for the courthouse addition project and various road construction projects not yet completed at year-end.

#### O. Interest Payable

Interest payable represents the amount payable on all special assessment bonds, general obligation bonds, and leases interest at year-end.

#### P. 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.

#### Q. Deferred Inflows of Resources

The statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) 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 two sources: property taxes and special

assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### R. IBNR Claims - Self Insurance

The IBNR (Incurred But Not Reported) claims are an estimate of the health insurance and dental insurance claims, for which the County is liable, incurred prior to December 31, but not processed and paid until the following year.

The County is self-insured for a comprehensive group health insurance plan and dental insurance plan. The County records estimated liabilities for such claims filed or estimated to be filed for incidents that have occurred in the related Internal Service Funds. Premiums are collected from County departments and employees, and claims are paid in the related Internal Service Funds.

#### Reconciliation of Claims Liability:

Employee Health	2012	2011
Balance January 1	\$ 281,694	\$ 243,577
Incurred Claims Including IBNR's and Changes in Estimates	2,339,857	2,471,441
Less Claims Payments	2,303,851	2,433,324
Balance December 31	\$ 317,700	\$ 281,694

Employee Dental	2012	2011
Balance January 1	\$ 11,331	\$ 10,859
Incurred Claims Including IBNR's and Changes in Estimates	250,011	220,790
Less Claims Payments	248,104	220,318
Balance December 31	\$ 13,238	\$ 11,331

#### S. Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. For new bond issuance after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premium received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

T. Fund Balances

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 County 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.
- Restricted – These are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed - These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority. The County Commission is the highest level of decision-making authority for the government that can, by a motion with a majority voting in approval to commit fund balance. Once approved, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation
- Assigned – Amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The county commission may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- Unassigned – The residual classification for the general fund.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

U. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

V. Interfund Transactions

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 a reduction of expenditures in the fund that is reimbursed. All other transactions, except reimbursements, are reported as transfers.

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

Chapter 11-23 of the North Dakota Century Code governs county government in North Dakota. The Century Code chapter and the Home Rule Charter passed by the county voters in 1994 are the basis for the legal level of budgetary control in Cass County.

Each department completes its budget and delivers it to the county auditor who then files it with the board of county commissioners. The county auditor prepares a preliminary county budget for the general, special revenue, and debt service funds on the modified accrual basis of accounting. The preliminary budget includes proposed expenditures and the means of financing them. The board of county commissioners holds a public hearing where any taxpayer may testify in favor of or against any proposed expenditure or tax levy. The board of county commissioners may not approve the budget until after the public budget hearing, but must adopt the final budget on or before October 1<sup>st</sup>. For the year ending December 31, 2012, the County complied with the applicable budget laws except as noted below:

Chapter 11-23 of the North Dakota Century Code sets the legal level of budgetary control at the fund level, no expenditure or commitment of funds may exceed the appropriation for the fund as a whole. In addition, it is the policy of Cass County to control budgets at the departmental level. In the General Fund, departments consist of the various county offices. In the Special Revenue and Debt Service Funds, the departments are comprised of the various individual funds.

Management may approve transfers of appropriations within departments without formal approval by the board of county commissioners. The board of county commissioners must approve all appropriation transfers between departments, or any supplemental appropriation. All supplemental appropriations must be approved by the board of county commissioners at the fund level and may only be done within additional revenues or reserves that were not anticipated at the time the original budget was adopted. During the year, several supplementary appropriations were necessary. At year-end, the balance of each appropriation becomes a part of the unappropriated fund balance.

During 2012 expenditures exceed appropriations in the following funds:

Special Revenue Funds:

Human Service Fund	\$ 128,884
Flood Mitigation	1,669
Hazardous Plan/Response	444
911 Service	120,806
24/7 Sobriety Program	198

These excess expenditures over appropriations were the result of unforeseen expenditures at the time the final budget was approved.

### **NOTE 3: DEPOSITS AND INVESTMENTS**

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

Deposits must 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.

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 deposits, 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 December 31, 2012, the County's carrying amount of deposits was \$89,897,366 and the bank balance was \$90,887,149. Of the bank balances, \$4,329,775 was covered by federal depository insurance. Of the remaining bank balances, \$86,531,529 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances totaling \$25,644 are not collateralized since the funds are held at the Bank of North Dakota, which does not carry FDIC insurance and is not required to provide security pledges.

#### Credit Risk:

The County may invest idle funds as authorized in North Dakota Statutes, as follows:

- (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.

As of December 31, 2012, the county held certificates of deposit in the amount of \$2,525,000, which are all considered deposits.

#### Concentration of Credit Risk:

The county does not have a limit on the amount it may invest in any one issuer.

#### Component Units

Deposits: At December 31, 2012, the deposits of the Water Resource Districts were entirely covered by federal depository insurance or by collateral held by the district's custodial bank in the district's name. For the purpose of risk analysis, certificates of deposits are classified as deposits.

Deposits of the Cass County Noxious Weed Control and Cass County Vector Control were pooled with the County's funds and held in the County's custodial bank in the County's name. The Weed and Vector Control deposits were covered by federal depository insurance or by collateral held by the County's agent in the County's name.

**NOTE 4: TAXES AND SPECIAL ASSESSMENTS RECEIVABLE**

The taxes and special assessments receivable represent the past four years of delinquent uncollected tax levies and billings. No allowance has been established for uncollectible taxes and assessments receivable.

Property that is subject to taxation is assessed on February 1 of each year to determine its 'true and full value'. Property that is under construction is assessed on the percentage of completion as of February 1. Property owners have the opportunity to appeal their assessment through a County Board of Equalization in June of each year.

Property tax mill levies must be approved by the County Commission on or before October 1 of each year. Levies are expressed in terms of one thousandth of a dollar or 'mills'. The property tax for each taxed property is computed by the Cass County Auditor and certified for collection to the County Treasurer by December 10. Before computing the tax, the true and full value is reduced by 50 percent to arrive at an 'assessed value'. The assessed value is further reduced to 10 percent of assessed value for commercial and agricultural property and 9 percent of assessed value for residential property. The result is the 'taxable value' and is used when applying the mill levy to the property.

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 five percent discount is allowed if all taxes and special assessments are paid by February 15. Penalties of 3 percent on the first installment are assessed on March 2, May 1, July 1, and October 16. Penalties of 6 percent are assessed on the second installment on October 16.

Two years after the property tax has become due, the County will start the process of foreclosing on the tax lien. The property owner has until October 1 of the third year to satisfy the tax lien at which time the County is entitled to a tax deed. The County, upon receiving a tax deed, will set a minimum sales price on the property and offer it for sale at a public auction.

**NOTE 5: DUE TO/ DUE FROM OTHER FUNDS**

The composition of inter-fund balances as of December 31, 2012 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Flood Mitigation	63,222
County Road & Bridge	2009 Flood Recovery	710,675
County Road & Bridge	2010 Flood Recovery	1,229,561
General Fund	2011 Flood Recovery	867,859
County Road & Bridge	2011 Flood Recovery	585,355
Emergency Fund	2011 Flood Recovery	1,240,827
<b>Total</b>		<b>4,697,499</b>

The above amounts represent the amounts the payable funds have borrowed from pooled cash.

**NOTE 6: TRANSFERS**

The following is the transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2012:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
County Road & Bridge	2010 Flood Recovery	3,885
911 Service	General Fund	165,000
2009 Flood Fund	Emergency & Flood Mitigation	423,501
Flood Mitigation	Future Building Fund	41,754
2011 Flood Recovery	2011 Flood Fund	11,672
2011 Flood Fund	Emergency & Flood Mitigation	126,760
Round Hill Sub. Debt Serv.	Special Assm. Deficiency	11,104
Round Hill Sub. Debt Serv.	Round Hill Sub – Capital Proj.	11,104
Courthouse Addition	Future Building	5,025,000
<b>Total Transfers</b>		<b>5,819,780</b>

Transfers are used to move unrestricted general revenue to close out projects as they are completed and to subsidize other programs in accordance with county commission authority.

**NOTE 7: CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the year ended December 31, 2012:

**Primary Government Capital Assets**

	Balance 1/1/2012	Increases	Decreases	Balance 12/31/2012
Capital Assets, not being depreciated:				
Land	\$ 28,690,429	\$ 428,452	\$ -	\$ 29,118,881
Construction in Progress	9,617,991	-	9,617,991	-
<b>Total Capital Assets not being depreciated</b>	<b>\$ 38,308,420</b>	<b>\$ 428,452</b>	<b>\$ 9,617,991</b>	<b>\$ 29,118,881</b>
Capital Assets, being depreciated:				
Buildings	\$ 31,929,960	\$ 18,540,561	\$ -	\$ 50,470,521
Improvements other than buildings	2,691,971	159,600	-	2,851,571
Machinery and Equipment	9,443,238	977,995	496,538	9,924,695
Infrastructure	125,345,303	-	-	125,345,303
<b>Total Capital Assets, being depreciated</b>	<b>\$ 169,410,472</b>	<b>\$ 19,678,156</b>	<b>\$ 496,538</b>	<b>\$ 188,592,090</b>
Less accumulated depreciation for:				
Buildings	\$ 10,868,616	\$ 937,385	\$ -	\$ 11,806,000
Improvements other than buildings	840,184	69,122	-	909,305
Machinery and Equipment	6,359,123	836,137	399,011	6,796,250
Infrastructure	57,102,611	2,651,996	-	59,754,606
<b>Total Accumulated Depreciation</b>	<b>\$ 75,170,533</b>	<b>\$ 4,494,639</b>	<b>\$ 399,011</b>	<b>\$ 79,266,161</b>
<b>Net Capital Assets, being Depreciated</b>	<b>\$ 94,239,939</b>	<b>\$ 15,183,517</b>	<b>\$ 97,527</b>	<b>\$ 109,325,929</b>
<b>Net Governmental Activities Capital Assets</b>	<b>\$ 132,548,359</b>	<b>\$ 15,611,969</b>	<b>\$ 9,715,519</b>	<b>\$ 138,444,811</b>

Depreciation expense was charged to functions/programs of primary government as follows:

Governmental Activities:	
General Government	\$ 508,727
Public Safety	783,911
Highways and Streets	3,085,828
Relief and Charities	80,272
Culture and Recreation	6,503
Conservation and Econ. Development	2,413
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 4,467,655</b>
Depreciation of Internal Service Funds	26,985
<b>Total Depreciation Expense</b>	<b>\$ 4,494,639</b>

During the year ended December 31, 2012, the following changes occurred in the capital assets of:

<b>Southeast Cass Water Resource District</b>				
	Balance 1/1/2012	Increases	Transfer	Balance 12/31/12
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 9,059,071	\$ -	\$ -	\$ 9,059,071
Construction in Progress	11,528,905	1,788,590	(3,530,301)	9,787,194
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 20,587,976</b>	<b>\$ 1,788,590</b>	<b>\$ (3,530,301)</b>	<b>\$ 18,846,265</b>
Facilities	\$ 70,906,732	\$ 174,228	\$ 644,250	\$ 71,725,210
Projects	19,276,790	450,586	2,886,051	22,613,427
Equipment	40,000	-	-	40,000
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 90,223,522</b>	<b>\$ 624,814</b>	<b>\$ 3,530,301</b>	<b>\$ 94,378,637</b>
Less Accumulated Depreciation for:				
Facilities	\$ 19,998,915	\$ 1,434,504	\$ -	\$ 21,433,419
Projects	3,566,657	390,595	-	3,957,252
Equipment	40,000	-	-	40,000
<b>Total Accumulated Depreciation</b>	<b>\$ 23,605,572</b>	<b>\$ 1,825,099</b>	<b>\$ -</b>	<b>\$ 25,430,671</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 66,617,950</b>	<b>\$ (1,200,285)</b>	<b>\$ 3,530,301</b>	<b>\$ 68,947,967</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 87,205,926</b>	<b>\$ 588,305</b>	<b>\$ -</b>	<b>\$ 87,794,232</b>

<b>Maple River Water Resource District</b>				
	Balance 1/1/2012	Increases	Decreases	Balance 12/31/2012
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,868,306	\$ -	\$ -	\$ 1,868,306
Construction in Progress	505,682	770	-	506,452
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 2,373,988</b>	<b>\$ 770</b>	<b>\$ -</b>	<b>\$ 2,374,758</b>
Capital Assets Being Depreciated:				
Facilities	\$ 10,550,637	\$ -	\$ -	\$ 10,550,637
Projects	6,657,469	-	-	6,657,469
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 17,208,106</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,208,106</b>
Less Accumulated Depreciation for:				
Facilities	\$ 6,682,438	\$ 187,013	\$ -	\$ 6,869,451
Projects	459,531	133,149	-	592,680
<b>Total Accumulated Depreciation</b>	<b>\$ 7,141,969</b>	<b>\$ 320,162</b>	<b>\$ -</b>	<b>\$ 7,462,131</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 10,066,137</b>	<b>\$ (320,162)</b>	<b>\$ -</b>	<b>\$ 9,745,975</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 12,440,125</b>	<b>\$ (319,392)</b>	<b>\$ -</b>	<b>\$ 12,120,733</b>

## North Cass Water Resource District

	Balance 1/1/2012	Increases	Transfers	Balance 12/31/2012
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,048,154	\$ -	\$ -	\$ 1,048,154
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,048,154</b>	<b>-</b>	<b>-</b>	<b>1,048,154</b>
Capital Assets Being Depreciated:				
Facilities	\$ 3,768,900	\$ -	\$ -	\$ 3,768,900
Projects	3,223,844	-	-	3,223,844
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 6,992,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,992,744</b>
Less Accumulated Depreciation for:				
Facilities	\$ 2,326,406	\$ 75,378	\$ -	\$ 2,401,784
Projects	571,979	64,477	-	636,456
<b>Total Accumulated Depreciation</b>	<b>\$ 2,898,385</b>	<b>\$ 139,855</b>	<b>\$ -</b>	<b>\$ 3,038,240</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 4,094,359</b>	<b>\$ (139,855)</b>	<b>\$ -</b>	<b>\$ 3,954,504</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 5,142,513</b>	<b>\$ (139,855)</b>	<b>\$ -</b>	<b>\$ 5,002,658</b>

## Rush River Water Resource District

	Balance 1/1/2012	Increases	Transfers	Balance 12/31/2012
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,992,357	\$ 466,360	\$ -	\$ 2,458,717
Construction in Progress	-	1,490,905	-	1,490,905
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 1,992,357</b>	<b>\$ 1,957,265</b>	<b>\$ -</b>	<b>\$ 3,949,622</b>
Capital Assets Being Depreciated:				
Facilities	\$ 22,267,672	\$ -	\$ -	\$ 22,267,672
Projects	449,400	-	-	449,400
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 22,717,072</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,717,072</b>
Less Accumulated Depreciation for:				
Facilities	\$ 17,601,700	\$ 271,354	\$ -	\$ 17,873,054
Projects	76,516	8,988	-	85,504
<b>Total Accumulated Depreciation</b>	<b>\$ 17,678,216</b>	<b>\$ 280,342</b>	<b>\$ -</b>	<b>\$ 17,958,558</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 5,038,856</b>	<b>\$ (280,342)</b>	<b>\$ -</b>	<b>\$ 4,758,514</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 7,031,213</b>	<b>\$ 1,676,923</b>	<b>\$ -</b>	<b>\$ 8,708,136</b>

## Noxious Weed Control

	Balance 1/1/2012	Increases	Decreases	Balance 12/31/2012
Capital Assets, Being Depreciated:				
Buildings	\$ 41,054	\$ -	\$ -	\$ 41,054
Machinery & Equipment	69,350	25,678	19,990	75,038
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 110,404</b>	<b>\$ 25,678</b>	<b>\$ 19,990</b>	<b>\$ 116,092</b>
Less Accumulated Depreciation:				
Buildings	\$ (20,527)	\$ (821)	\$ -	\$ (21,348)
Machinery & Equipment	(53,211)	(9,420)	(17,991)	(44,640)
<b>Total Accumulated Depreciation</b>	<b>\$ (73,738)</b>	<b>\$ (10,241)</b>	<b>\$ (17,991)</b>	<b>\$ (65,988)</b>
<b>Total Capital Assets Net of Depreciation</b>	<b>\$ 36,666</b>	<b>\$ 15,437</b>	<b>\$ 1,999</b>	<b>\$ 50,104</b>

	Vector Control			Balance 12/31/2012
	Balance 1/1/2012	Increases	Decreases	
Capital Assets, Being Depreciated:				
Machinery & Equipment	\$ 336,955	\$ 30,764	\$ -	\$ 367,719
Less Accumulated Depreciation				
Machinery & Equipment	(265,188)	(32,062)	-	(297,249)
<b>Total Capital Assets Net of Depreciation</b>	<b>\$ 71,767</b>	<b>\$ (1,298)</b>	<b>\$ -</b>	<b>\$ 70,470</b>

**NOTE 8: LEASES**

**Capital Leases** - The County has entered into a lease agreement as lessee for financing the construction of a building addition to the county highway shop. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments in the government-wide financial statements.

The assets acquired through the capital leases are as follows:

Asset	Capital Asset
Building	\$ 900,000
Less: Accumulated Depreciation	(144,000)
<b>Total</b>	<b>\$ 756,000</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

Year Ending December 31	Long-Term Debt
2013	133,425
Total minimum lease payments	\$ 133,425
Less: Amount Representing Interest	(5,489)
<b>Present value of minimum lease payments</b>	<b>\$ 127,937</b>

**NOTE 9: LONG-TERM DEBT****Special Assessment Bonds**

Cass County issues special assessment bonds for construction in various subdivisions. The original amount of special assessment bonds issued in prior years was \$830,000. These bonds will be repaid from the debt service funds by amounts levied against the property owners benefited by this construction. As of December 31, 2012, the County had funds of \$60,267 available for payment on the special assessment bonds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds are received. The County may levy general taxes to make up

deficiencies in special assessment funds. Special assessments on property must be paid at the same time property taxes are paid.

Special assessment bonds at December 31, 2012, are comprised of the following individual issues:

Special Assessment Bonds:

\$380,000 Refunding Improvement Bonds of 2005 for construction in the Greyhawks Estates Subdivision due in annual installments of \$25,000 through 2020 with interest at 4.15% to 4.40%.	200,000
\$365,000 Refunding Improvement Bonds of 2007 due in annual installments of \$25,000 through 2022 with interest at 3.90% to 4.45%.	250,000
\$85,000 Refunding Improvement Bonds of 2001 for construction in the Holmen's 3 <sup>rd</sup> Subdivision due in annual installments of \$6,478 to \$8,024 through 2016 with interest at 5.42%.	<u>29,674</u>
Total Special Assessment Bonds	<u>\$ 479,674</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

<b>Special Assessment Bonds</b>		
Year Ending December 31	Principal	Interest
2013	\$ 56,834	\$ 19,661
2014	57,210	17,273
2015	57,606	14,827
2016	58,024	12,321
2017	50,000	9,875
2018-2022	200,000	18,825
Total	\$ 479,674	\$ 92,782

General Obligation Bonds

During the year ended December 31, 2010 the county issued \$8,900,000 in Recovery Zone Economic Development bonds. These bonds were issued to finance the construction of the west addition to the Cass County Courthouse. The bonds are collateralized by the faith, credit and taxing power of the County.

General Obligation bonds at December 31, 2012, are comprised of the following individual issues:

\$8,900,000 General Obligation Bonds of 2010 due in annual installments of \$685,000 to \$840,000 through 2022 with interest at 1.85% to 4.7%.

\$7,540,000

<b>General Obligation Bonds</b>		
Year Ending December 31	Principal	Interest
2013	\$ 690,000	\$ 257,715
2014	700,000	243,283
2015	710,000	225,825
2016	725,000	205,361
2017	735,000	182,178
2018-2022	3,980,000	453,115
Total	\$ 7,540,000	\$ 1,567,476

#### Special Assessments Payable

Special assessments payable consists of specials levied by the City of Fargo against the County for the County's share of the benefit derived from City-funded improvements. Special assessments levied against County owned property are paid through a general tax levy. The amount to be paid each year is certified to the County and included in the General Fund budget. State statute does allow an unlimited levy for the payment of the County's share of special assessments.

Special Assessments payable at December 31, 2012, are comprised of the following individual issues:

#### Special Assessments:

Special Assessment taxes levied by the City of Fargo, North Dakota against the County for the County's share of the benefit derived from city-funded improvements

\$ 105,285

Annual debt service requirements to maturity for special assessment payable are as follows:

<b>Governmental Activities</b>		
Year Ending	Principal	Interest
December 31		
2013	\$ 3,976	\$ 6,396
2014	4,218	6,154
2015	4,474	5,898
2016	4,746	5,626
2017	5,035	5,337
2018-2022	30,162	21,699
2023-2027	40,531	11,330
2028-2029	12,142	865
<b>Total</b>	<b>\$ 105,285</b>	<b>\$ 63,305</b>

During the year ended December 31, 2012, the following changes occurred in liabilities reported in long-term debt.

	Balance 1/1/12	Additions	Reductions	Balance 12/31/12	Due Within One Year
Special Assessment Bonds	\$ 561,152	\$ -	\$ (81,478)	\$ 479,674	\$ 56,834
Less Deferred:					
Bond Discount	\$ 7,137	\$ -	\$ (745)	\$ 6,392	\$ 745
Issuance Costs	10,213	-	(1,114)	9,099	1,114
<b>Total Deferred</b>	<b>\$ 17,350</b>	<b>\$ -</b>	<b>\$ (1,859)</b>	<b>\$ 15,491</b>	<b>\$ 1,859</b>
<b>Total Special Assessment Bonds</b>	<b>\$ 543,802</b>	<b>\$ -</b>	<b>\$ (79,619)</b>	<b>\$ 464,183</b>	<b>\$ 54,975</b>
General Obligation Bonds	\$ 8,225,000	\$ -	\$ (685,000)	\$ 7,540,000	\$ 690,000
Less Deferred:					
Bond Discount	\$ 62,100	\$ -	\$ (5,914)	\$ 56,186	\$ 5,914
Issuance Costs	39,706	-	(3,782)	35,924	3,782
<b>Total Deferred</b>	<b>\$ 101,806</b>	<b>\$ -</b>	<b>\$ (9,696)</b>	<b>\$ 92,110</b>	<b>\$ 9,696</b>
<b>Total General Obligation Bonds</b>	<b>\$ 8,123,194</b>	<b>\$ -</b>	<b>\$ (675,304)</b>	<b>\$ 7,447,890</b>	<b>\$ 680,304</b>
Lease Payable	\$ 250,610	\$ -	\$ (122,674)	\$ 127,935	\$ 127,935
Special Assessments	109,033	-	(3,748)	105,285	3,976
Compensated Absences	1,514,137	1,617,323	(1,531,478)	1,599,983	1,599,983
<b>Total</b>	<b>\$ 10,540,777</b>	<b>\$ 1,617,323</b>	<b>\$ (2,412,824)</b>	<b>\$ 9,745,278</b>	<b>\$ 2,467,175</b>

The County is subject to a statutory limitation by the State of North Dakota for indebtedness payable principally from property taxes. At December 31, 2012, the statutory limit for the County was \$260,468,939. The County has general obligation bonds and leases payable that are subject to this limitation. The general obligation bonds and leases payable at December 31, 2012 were \$7,540,000 and \$127,935, respectively. The legal debt margin at December 31, 2012 is \$252,801,004. The compensated absences are generally liquidated as follows: 55% from the General Fund, 35% from Human Service Fund, and 10% from County Road and Bridge Fund.

During the year ended December 31, 2012, the following changes occurred in the long-term debt of the Water Resource Districts:

<b>Southeast Cass Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	
	<b>1-1-12</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-12</b>	<b>Due Within One Year</b>
Bonds Payable	\$ 7,445,000	\$ -	\$ (1,045,000)	\$ 6,400,000	\$ 1,105,000
Less Deferred Amounts:					
Bond Discount	97,518	-	(16,121)	81,397	16,122
Bond Issuance Costs	51,784	-	(8,287)	43,497	8,287
<b>Total Bonds Payable</b>	<b>\$ 7,295,698</b>	<b>\$ -</b>	<b>\$ (1,020,592)</b>	<b>\$ 6,275,106</b>	<b>\$ 1,080,591</b>
Loans Payable	980,426	82,041	(131,531)	930,936	70,000
Compensated Absences	12,007	8,768	(7,002)	13,773	13,773
<b>TOTAL</b>	<b>\$ 8,288,131</b>	<b>\$ 90,809</b>	<b>\$ (1,159,125)</b>	<b>\$ 7,219,815</b>	<b>\$ 1,164,364</b>

<b>Maple River Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	
	<b>1-1-12</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-12</b>	<b>Due Within One Year</b>
Bonds Payable	\$ 473,333	\$ -	\$ (153,333)	\$ 320,000	\$ 158,333
Less Deferred Amounts:					
Bond Discount	1,723	-	(783)	940	940
Bond Issuance Costs	4,451	-	(2,478)	1,973	1,973
<b>Total Bonds Payable</b>	<b>\$ 467,159</b>	<b>\$ -</b>	<b>\$ (150,072)</b>	<b>\$ 317,087</b>	<b>\$ 155,420</b>
Loan Payable	135,000	-	(15,000)	120,000	15,000
Compensated Absences	4,002	3,346	(2,757)	4,591	4,591
<b>TOTAL</b>	<b>\$ 606,161</b>	<b>\$ 3,346</b>	<b>\$ (167,829)</b>	<b>\$ 441,678</b>	<b>\$ 175,011</b>

<b>North Cass Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	
	<b>1-1-12</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-12</b>	<b>Due Within One Year</b>
Bonds Payable	\$ 404,250	\$ -	\$ (245,700)	\$ 158,550	\$ 83,550
Less Deferred Amounts:					
Bond Discount	2,526	-	(2,156)	370	370
Bond Issuance Costs	5,679	-	(5,038)	641	641
<b>Total Bonds Payable</b>	<b>396,045</b>	<b>-</b>	<b>(238,506)</b>	<b>157,539</b>	<b>82,539</b>
Compensated Absences	2,001	1,673	(1,379)	2,295	2,295
<b>TOTAL</b>	<b>\$ 398,046</b>	<b>\$ 1,673</b>	<b>\$ (239,885)</b>	<b>\$ 159,834</b>	<b>\$ 84,834</b>

<b>Rush River Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	
	<b>1-1-12</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-12</b>	<b>Due Within One Year</b>
Bonds Payable	\$ 895,000	\$ 1,825,000	\$ (85,000)	\$ 2,635,000	\$ 165,000
Less Deferred Amounts:					
Bond Discount	12,562	27,375	(1,838)	38,099	2,751
Bond Issuance Costs	13,687	4,750	(1,647)	16,789	1,805
<b>Total Bonds Payable</b>	<b>\$ 868,751</b>	<b>\$ 1,792,875</b>	<b>\$ (81,515)</b>	<b>\$ 2,580,112</b>	<b>\$ 160,444</b>
Compensated Absences	2,001	1,673	(1,379)	2,295	2,295
<b>TOTAL</b>	<b>\$ 870,752</b>	<b>\$ 1,794,548</b>	<b>\$ (82,894)</b>	<b>\$ 2,582,407</b>	<b>\$ 162,739</b>

Long-term debt of the Water Resource Districts at December 31, 2012, is comprised of the following special assessment bonds:

Southeast Cass Water Resource District:

\$3,345,000 2011 Improvement Bonds, Series B, due in annual installments of \$500,000 to 775,000 through 2017; interest at .75% to 1.75%. \$2,825,000

\$780,000 2011 Improvement Bonds, Series A, due in annual installments of \$140,000 to \$145,000 through 2017; interest at .75% to 1.75%. 715,000

\$2,320,000 2008 Refunding Improvement Bonds, due in annual installments of \$65,000 to \$270,000 through 2018; with interest at 2.80% to 3.5%. 1,160,000

\$1,880,000 2011 Improvement Bonds due in annual installments of \$195,000 to \$235,000 through 2020; interest at 1.10% to 2.7%. 1,700,000

Total Southeast Cass Special Assessment Bonds and Warrants Payable \$6,400,000

Loans Payable:

\$460,000 State Revolving Loan Fund loan drawdown. Due in annual installments of \$20,000 to \$30,000 through 2031; interest at 2.5%. There is no current set payment schedule until all monies have been drawn. \$ 333,656

\$214,000 1998 State Revolving Loan Fund Municipal Bond Bank, due in annual installments of \$10,000 to \$15,000 through 2018; interest at 2.5%. 74,000

\$738,279 State Revolving Loan Fund drawdown. Maximum drawdown amount is up to \$850,000. Due in annual installments of \$40,000 to \$55,000 through 2026; with interest at 2.5%. There is no current set payment schedule until all the monies have been drawn. \$ 523,280

Total Loans Payable \$ 930,936

Total Southeast Cass Long-term Debt (excluding Compensated Absences) \$7,330,936

Maple River District Bonds and Warrants Payable:

\$200,000 Improvement Bonds of 2009, due in annual installments of \$33,333 through 2015; interest at 4.65%.	\$ 100,000
\$375,000 Improvement Bonds of 2009, due in annual installments of \$105,000 to \$110,000 through 2013; interest at 1.25% to 2.25%.	110,000
\$228,000 Improvement Bonds of 2005, due in annual installments of \$15,000 to \$16,000 through 2019; interest at 4.9%.	<u>\$ 110,000</u>
Total Maple River Bonds Payable	\$ 320,000

Loans Payable:

\$225,000 2005 State Bank & Trust Loan, due in annual installments of \$15,000 through 2020; interest at 5.25%.	<u>\$ 120,000</u>
Total Maple River Long-Term Debt (excluding Compensated Absences)	<u>\$ 440,000</u>

Rush River District Bonds and Warrants Payable:

\$800,000 2005 Improvement Bonds, due in annual installments of \$10,000 to \$70,000 through 2019, with interest at 3.7% to 4.35%.	\$ 370,000
\$1,825,000 2012 Improvement Bonds, due in annual installments of \$75,000 to \$115,000 through 2032; interest at 3.25% to 4.65%.	1,825,000
\$560,000 2008 Improvement Bonds, due in annual installments of \$35,000 to \$45,000 through 2023, with interest at 3.25% to 4.65%.	<u>440,000</u>
Total Rush River Long-Term Debt (excluding Compensated Absences)	<u>\$ 2,635,000</u>

North Cass District Bonds Payable:

\$215,000 2003 Improvement Bonds, due in annual installments of \$15,000 through 2018, with interest at 4.0% to 5.0% \$ 90,000

\$260,000 2009 Improvement Bonds, due in annual installments of \$50,000 to \$60,000 through 2014; with interest at 2.1% 60,000

\$85,000 2005 Improvement Bonds, due in one annual installment of \$19,250 in 2013; interest at 4.8% 8,550

Total North Cass Special Assessment Bonds and Warrants Payable \$ 158,550

Water Resource Districts' long term debt service requirements to maturity are as follows:

Southeast Cass Water Resource Districts Bonds Payable:

GOVERNMENTAL ACTIVITIES				
Year Ending December 31	SA Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2013	\$ 1,105,000	\$ 113,372	\$ 70,000	\$ 24,206
2014	1,110,000	97,585	70,000	22,706
2015	1,110,000	79,004	70,000	21,206
2016	1,125,000	56,974	75,000	19,706
2017	1,200,000	32,880	75,000	18,207
2018 - 2022	750,000	29,285	349,000	67,285
2023 - 2027			218,279	27,164
2028 - 2032	-	-	3,557	7,375
Total	\$ 6,400,000	\$ 409,100	\$ 930,836	\$ 207,855

Maple River Water Resource Districts Bonds Payable:

GOVERNMENTAL ACTIVITIES				
Year Ending December 31	SA Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2013	\$ 158,333	\$ 10,135	\$ 15,000	\$ 5,900
2014	48,333	6,613	15,000	5,116
2015	49,333	4,303	15,000	4,328
2016	16,000	2,744	15,000	3,543
2017	16,000	1,960	15,000	2,752
2018 - 2022	32,000	1,568	45,000	3,535
Total	\$ 320,000	\$ 27,323	\$ 120,000	\$ 25,174

North Cass Water Resource Districts Bonds Payable:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Spec. Assess. Bonds Payable	
	Principal	Interest
2013	\$ 83,550	\$ 7,397
2014	15,000	3,375
2015	15,000	2,625
2016	15,000	1,875
2017	15,000	1,125
2018 - 2022	15,000	375
Total	\$ 158,550	\$ 16,772

Rush River Water Resource Districts Bonds Payable:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Spec. Assess. Bonds Payable	
	Principal	Interest
2013	\$ 165,000	\$ 84,307
2014	170,000	69,865
2015	170,000	65,720
2016	180,000	61,118
2017	185,000	55,955
2018 - 2022	705,000	210,923
2023 - 2027	515,000	121,461
2028 - 2032	545,000	43,012
Total	\$ 2,635,000	\$ 712,361

The County is secondarily liable for the payment of principal and interest on water resource district bonds. These special assessment bonds are paid from the debt service funds that are funded by annual payments made by property owners directly benefiting from each project. The water resource district may reassess properties in the improvement district or may use general tax levies to cover deficiencies. In the event the water resource district is not able to generate funds to meet principal and interest payments, the County is also obligated to levy general tax levies to fund the deficiencies.

**NOTE 10: CONDUIT DEBT OBLIGATIONS**

From time to time, the County has issued Industrial Revenue Bonds and Community Development Block Grants to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the county, nor state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, there were 38 series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$227,075,512.

**NOTE 11: PENSION PLANS**

The County contributes to the North Dakota Public Employees' Retirement System (NDPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. NDPERS provides for retirement disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, PO Box 1214, Bismarck, North Dakota, 58502-1214.

Plan members are required to contribute 5% of their annual covered salary. The County is required to contribute 6.26% of the employees' salary, which consists of 5.12% for employee and 1.14% for the retiree health benefits fund. The County has agreed to pay 80% of the member assessments in lieu of a salary increase. The contribution requirements of plan members and the County are established and may be amended by the state legislature. The County's contributions to NDPERS for the years ending December 31, 2012, 2011, and 2010 were 2,177,471, \$1,719,412, and \$1,642,175, respectively, equal to the required contributions for the year.

**NOTE 12: RISK MANAGEMENT**

The County 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 subdivisions 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. The County 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.

The 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 one million dollars per occurrence during a 12-month period.

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

The County participates in the North Dakota Worker's Compensation Bureau. The County has retained risk for employee health and accident up to a maximum of \$65,000 per individual and up to 120% of actuarially expected claims. The County has purchased a stop loss policy for amounts in excess of \$65,000 per employee and 120% of actuarially expected claims. The County has sufficient reserves in the self-insurance fund to fund the retained risk. A liability for incurred but not reported claims is included on the balance sheet.

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

#### **NOTE 13: CONTINGENT LIABILITIES**

The County is a defendant in various lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

#### **NOTE 14: CONSTRUCTION COMMITMENTS**

The County has the following open construction contracts with balances owing at December 31, 2012:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
County 11 Grading - Mapleton	\$ 693,090	\$ 693,090	\$ 34,655	\$ 34,655
Grading Site 89	568,253	425,453	1,623	144,423
Clifton Township Site 94	89,569	87,264	873	3,178
Maple River Site 84	409,555	334,132	8,191	83,614
Round Hill Demo	86,650	79,122	1,582	9,111
Hwy 26	2,170,431	1,872,223	18,722	316,930
Highway Storage Building	290,835	290,835	29,084	29,084
Courthouse West Addition	14,732,456	14,572,695	367,545	527,306
<b>Total Construction Commitments</b>	<b>\$ 19,040,839</b>	<b>\$ 18,354,813</b>	<b>\$ 462,275</b>	<b>\$ 1,148,301</b>

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**December 31, 2012**

	<u>Parenting Workshop</u>	<u>Sheriff Asset Forfeiture</u>	<u>JAIBG Fund</u>	<u>Jail Commissary</u>
<u>Assets:</u>				
Cash and cash equivalents	\$ 35,178	\$ 41,397	\$ 61,585	\$ 223,262
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Due From Other Funds	-	-	-	-
Prepaid Items	-	-	-	232
Due From Other Governments	-	-	-	-
Total Assets	<u>35,178</u>	<u>41,397</u>	<u>61,585</u>	<u>223,495</u>
<u>Liabilities:</u>				
Accounts Payable	-	12,284	-	5,516
Due to Other Funds	-	-	-	-
Due to Inmates	-	-	-	26,758
Total Liabilities	<u>-</u>	<u>12,284</u>	<u>-</u>	<u>32,274</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable Revenue - Property Taxes	-	-	-	-
<u>Fund Balance:</u>				
Nonspendable	-	-	-	232
Restricted	-	29,113	61,585	-
Committed	35,178	-	-	190,988
Unassigned	-	-	-	-
Total Fund Balances	<u>35,178</u>	<u>29,113</u>	<u>61,585</u>	<u>191,221</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 35,178</u>	<u>\$ 41,397</u>	<u>\$ 61,585</u>	<u>\$ 223,495</u>

<u>Hazardous Plan/ Response</u>	<u>Valley Water Rescue</u>	<u>St. Att'y Asset Forfeiture</u>	<u>Senior Citizens</u>	<u>911 Service</u>	<u>Emergency &amp; Flood Mitigation</u>
\$ 21,371	\$ 17,169	\$ 101,781	\$ 207,766	\$ 98,541	\$ (0)
-	-	-	6,954	-	16,338
-	-	-	-	30,941	-
-	-	-	-	-	1,240,827
-	-	-	-	-	-
-	-	23,430	-	-	-
<u>21,371</u>	<u>17,169</u>	<u>125,211</u>	<u>214,720</u>	<u>129,482</u>	<u>1,257,164</u>
3,012	-	406	-	127,876	8,660
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,012</u>	<u>-</u>	<u>406</u>	<u>-</u>	<u>127,876</u>	<u>8,660</u>
-	-	-	162,590	-	483,232
-	-	-	-	-	-
18,358	-	124,805	52,130	-	765,272
-	17,169	-	-	-	-
-	-	-	-	1,606	-
<u>18,358</u>	<u>17,169</u>	<u>124,805</u>	<u>52,130</u>	<u>1,606</u>	<u>765,272</u>
<u>\$ 21,371</u>	<u>\$ 17,169</u>	<u>\$ 125,211</u>	<u>\$ 214,720</u>	<u>\$ 129,482</u>	<u>\$ 1,257,164</u>

Continued on next page

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**December 31, 2012**

	NDRIN County Recorder Project	Document Preservation ROD	County Park	24/7 Sobriety Program	Total Nonmajor Special Revenue Funds
<u>Assets:</u>					
Cash and cash equivalents	\$ 1,234,741	\$ 319,685	\$ 61,802	\$ 31,201	\$ 2,455,479
Receivables:					
Taxes	-	-	292	-	23,584
Accounts	7,182	-	-	-	38,123
Due From Other Funds	-	-	-	-	1,240,827
Prepaid Items	19,152	-	-	-	19,384
Due From Other Governments	-	1,317	1,768	-	26,515
<b>Total Assets</b>	<b>1,261,075</b>	<b>321,002</b>	<b>63,862</b>	<b>31,201</b>	<b>3,803,912</b>
<u>Liabilities:</u>					
Accounts Payable	10,287	-	87	3,078	171,207
Due to Other Funds	-	-	-	-	-
Due to Inmates	-	-	-	-	26,758
<b>Total Liabilities</b>	<b>10,287</b>	<b>-</b>	<b>87</b>	<b>3,078</b>	<b>197,965</b>
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue - Property Taxes	-	-	10,219	-	656,041
<u>Fund Balances:</u>					
Nonspendable	19,152	-	-	-	19,384
Restricted	1,231,637	321,002	53,556	28,123	2,685,579
Committed	-	-	-	-	243,336
Unassigned	-	-	-	-	1,606
<b>Total Fund Balances</b>	<b>1,250,788</b>	<b>321,002</b>	<b>53,556</b>	<b>28,123</b>	<b>2,949,906</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b>\$ 1,261,075</b>	<b>\$ 321,002</b>	<b>\$ 63,862</b>	<b>\$ 31,201</b>	<b>\$ 3,803,912</b>

Continued from previous page

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - All Debt Service Funds**  
**December 31, 2012**

	<u>Holmen's Third Subdivision</u>	<u>Greyhawk Estates Subdivision</u>	<u>Granberg Amber Plains</u>	<u>2010 Bond S&amp;I</u>	<u>Special Assessment Deficiency</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Assets:</b>						
Cash and Investments	\$ 8,045	\$ 56,500	\$ 22,918	\$ 363,083	\$ 11,102	\$ 461,648
Receivables:						
Taxes	-	-	-	12,219	-	12,219
Total Assets	<u>8,045</u>	<u>56,500</u>	<u>22,918</u>	<u>375,303</u>	<u>11,102</u>	<u>473,867</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenue - Property Taxes	-	-	-	261,226	-	261,226
Unavailable Revenue - Special Assessments	1,478	12,448	13,271	-	-	27,196
Total Deferred Inflows of Resources	<u>1,478</u>	<u>12,448</u>	<u>13,271</u>	<u>261,226</u>	<u>-</u>	<u>288,422</u>
<b>Fund Balances:</b>						
Restricted	6,568	44,052	9,647	114,076	-	174,343
Committed	-	-	-	-	11,102	11,102
Total Fund Balances	<u>6,568</u>	<u>44,052</u>	<u>9,647</u>	<u>114,076</u>	<u>11,102</u>	<u>185,445</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,045</u>	<u>\$ 56,500</u>	<u>\$ 22,918</u>	<u>\$ 375,303</u>	<u>\$ 11,102</u>	<u>\$ 473,867</u>

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**December 31, 2012**

	Forest River Subdivision	Round Hill Subdivision	Greyhawk Estates Subdivision	Granberg Amber Plains	Total Nonmajor Capital Projects Funds
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 29,379	\$ 27,263	\$ 30,735	\$ 36,851	\$ 124,228
Accounts Receivable	-	-	-	-	-
<b>Total Assets</b>	<b><u>29,379</u></b>	<b><u>27,263</u></b>	<b><u>30,735</u></b>	<b><u>36,851</u></b>	<b><u>124,228</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	-	-	-	-	-
Retainage Payable	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Fund Balances:</u></b>					
Committed	29,379	27,263	30,735	36,851	124,228
<b>Total Fund Balances</b>	<b><u>29,379</u></b>	<b><u>27,263</u></b>	<b><u>30,735</u></b>	<b><u>36,851</u></b>	<b><u>124,228</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 29,379</u></b>	<b><u>\$ 27,263</u></b>	<b><u>\$ 30,735</u></b>	<b><u>\$ 36,851</u></b>	<b><u>\$ 124,228</u></b>

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**All Nonmajor Governmental Funds**  
**December 31, 2012**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,455,479	\$ 461,648	\$ 124,228	\$ 3,041,354
Receivables:				
Taxes	23,584	12,219	-	35,803
Accounts	38,123	-	-	38,123
Due From Other Governments	26,515	-	-	26,515
Due From Other Funds	1,240,827	-	-	1,240,827
Prepaid Items	19,384	-	-	19,384
Total Assets	<u>3,803,912</u>	<u>473,867</u>	<u>124,228</u>	<u>4,402,007</u>
<b>Liabilities:</b>				
Accounts Payable	171,207	-	-	171,207
Due To Inmates	26,758	-	-	26,758
Total Liabilities	<u>197,965</u>	<u>-</u>	<u>-</u>	<u>197,965</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue - Property Taxes	656,041	261,226	-	917,267
Unavailabel Revenue - Special Assessments	-	27,196	-	27,196
Total Deferred Inflows of Resources	<u>656,041</u>	<u>288,422</u>	<u>-</u>	<u>944,463</u>
<b>Fund Balances:</b>				
Nonspendable	19,384	-	-	19,384
Restricted	2,685,579	174,343	-	2,859,922
Committed	243,336	11,102	124,228	378,665
Unassigned	1,606	-	-	1,606
Total Fund Balances	<u>2,949,906</u>	<u>185,445</u>	<u>124,228</u>	<u>3,259,578</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,803,912</u>	<u>\$ 473,867</u>	<u>\$ 124,228</u>	<u>\$ 4,402,007</u>

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Parenting Workshop	Sheriff Asset Forfeiture	JAIBG Fund
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	209,459	-
Charges for Services	42,524	-	-
Miscellaneous Revenues	97	54,738	7,455
<b>Total Revenues</b>	<b>42,621</b>	<b>264,197</b>	<b>7,455</b>
<u>Expenditures:</u>			
Current:			
General Government	-	-	-
Public Safety	-	258,260	3,545
Highway and Streets	-	-	-
Culture and Recreation	-	-	-
Conservation & Econ. Development	26,483	-	-
<b>Total Expenditures</b>	<b>26,483</b>	<b>258,260</b>	<b>3,545</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	16,138	5,937	3,910
<u>Other Financing Sources (Uses):</u>			
Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>16,138</b>	<b>5,937</b>	<b>3,910</b>
Fund Balance - Beginning	19,040	23,176	57,675
<b>Fund Balance - Ending</b>	<b>\$ 35,178</b>	<b>\$ 29,113</b>	<b>\$ 61,585</b>

Jail Commissary	Hazardous Plan/ Response	Valley Water Rescue	St. Atty Asset Forfeiture	Senior Citizens	911 Service
\$ -	\$ -	\$ -	\$ -	\$ 485,876	\$ -
-	-	-	-	360,774	-
227,568	-	-	-	-	282,225
795	6,158	33,780	36,142	301	-
<u>228,363</u>	<u>6,158</u>	<u>33,780</u>	<u>36,142</u>	<u>846,952</u>	<u>282,225</u>
-	-	-	-	-	-
184,682	7,844	24,038	8,777	-	443,739
-	-	-	-	-	-
-	-	-	-	811,834	-
-	-	-	-	-	-
<u>184,682</u>	<u>7,844</u>	<u>24,038</u>	<u>8,777</u>	<u>811,834</u>	<u>443,739</u>
<u>43,681</u>	<u>(1,686)</u>	<u>9,742</u>	<u>27,366</u>	<u>35,118</u>	<u>(161,513)</u>
-	-	-	-	-	165,000
-	-	-	-	-	-
-	-	-	-	-	165,000
<u>43,681</u>	<u>(1,686)</u>	<u>9,742</u>	<u>27,366</u>	<u>35,118</u>	<u>3,487</u>
<u>147,540</u>	<u>20,045</u>	<u>7,427</u>	<u>97,439</u>	<u>17,012</u>	<u>(1,880)</u>
<u>\$ 191,221</u>	<u>\$ 18,358</u>	<u>\$ 17,169</u>	<u>\$ 124,805</u>	<u>\$ 52,130</u>	<u>\$ 1,606</u>

Continued on next page

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Emergency & Flood Mitigation	NDRIN - County Recorders	Document Preservation Fund
<u>Revenues:</u>			
Property Taxes	\$ 1,440,826	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Charges for Services	-	1,111,769	163,984
Miscellaneous Revenues	4,032	5,132	1,006
	<hr/>	<hr/>	<hr/>
Total Revenues	1,444,857	1,116,901	164,990
<u>Expenditures:</u>			
Current:			
General Government	-	1,060,156	45,900
Public Safety	-	-	-
Highway and Streets	-	-	-
Culture and Recreation	-	-	-
Conservation & Econ. Development	157,402	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	157,402	1,060,156	45,900
Excess (deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>
	1,287,456	56,745	119,090
<u>Other Financing Sources (Uses):</u>			
Transfers In	-	-	-
Transfers Out	(550,261)	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and (Uses)	(550,261)	-	-
Net change in fund balances	<hr/>	<hr/>	<hr/>
	737,195	56,745	119,090
Fund Balance - Beginning	<hr/>	<hr/>	<hr/>
	28,077	1,194,043	201,912
Fund Balance - Ending	<hr/>	<hr/>	<hr/>
	\$ 765,272	\$ 1,250,788	\$ 321,002

Continued from previous page

County Park	24/7 Sobriety Program	2009 Flood Fund	Total Nonmajor Special Revenue Funds
\$ 21,197	\$ -	\$ -	\$ 1,947,899
6,418	-	-	576,651
9,703	26,542	-	1,864,316
268	100	-	150,004
<u>37,585</u>	<u>26,643</u>	<u>-</u>	<u>4,538,870</u>
-	-	-	1,106,056
-	16,798	-	947,682
-	-	423,501	423,501
48,082	-	-	859,916
-	-	-	183,884
<u>48,082</u>	<u>16,798</u>	<u>423,501</u>	<u>3,521,039</u>
<u>(10,497)</u>	<u>9,845</u>	<u>(423,501)</u>	<u>1,017,830</u>
-	-	423,501	588,501
-	-	-	(550,261)
-	-	423,501	38,240
<u>(10,497)</u>	<u>9,845</u>	<u>-</u>	<u>1,056,071</u>
<u>64,053</u>	<u>18,278</u>	<u>-</u>	<u>1,893,836</u>
<u>\$ 53,556</u>	<u>\$ 28,123</u>	<u>\$ -</u>	<u>\$ 2,949,906</u>

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds - Debt Service Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Round Hill Subdivision	Holmen's Third Subdivision	Greyhawk Estates Subdivision
<u>Revenues:</u>			
Property Taxes	\$ -	\$ 6,630	\$ 39,773
Intergovernmental Revenues	-	-	-
Miscellaneous Revenues	3	39	175
Total Revenues	<u>3</u>	<u>6,669</u>	<u>39,949</u>
<u>Expenditures:</u>			
Debt Service:			
Principal	25,000	6,478	25,000
Interest	650	1,873	9,019
Fiscal Charges	592	-	779
Total Expenditures	<u>26,242</u>	<u>8,351</u>	<u>34,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,239)</u>	<u>(1,682)</u>	<u>5,151</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	22,208	-	-
Transfers Out	-	-	-
Total Other Financing Sources and (Uses)	<u>22,208</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(4,032)</u>	<u>(1,682)</u>	<u>5,151</u>
Fund Balance - Beginning	<u>4,032</u>	<u>8,249</u>	<u>38,901</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 6,568</u>	<u>\$ 44,052</u>

Granberg Amber Plains	Special Assessment Deficiency	2010 Bond S&I	Total Nonmajor Debt Service Funds
\$ 38,616	\$ -	\$ 843,096	\$ 928,116
-	-	125,246	125,246
61	59	1,050	1,387
<u>38,677</u>	<u>59</u>	<u>969,392</u>	<u>1,054,749</u>
25,000	-	685,000	766,478
11,088	-	268,379	291,008
1,037	-	400	2,808
<u>37,125</u>	<u>-</u>	<u>953,779</u>	<u>1,060,294</u>
1,553	59	15,614	(5,545)
-	-	-	22,208
-	(11,104)	-	(11,104)
-	(11,104)	-	11,104
1,553	(11,045)	15,614	5,558
8,094	22,147	98,463	179,886
<u>\$ 9,647</u>	<u>\$ 11,102</u>	<u>\$ 114,076</u>	<u>\$ 185,445</u>

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues , Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Forest River Subdivision	Round Hill Subdivision	Greyhawk Estates Subdivision	Granberg Amber Plains	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>					
Intergovernmental Revenues	-	-	-	-	-
Miscellaneous Revenues	\$ 118	\$ 124	\$ 123	\$ 148	\$ 513
Total Revenues	118	124	123	148	513
<u>Expenditures:</u>					
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	118	124	123	148	513
<u>Other Financing Sources:</u>					
Transfer Out	-	(11,104)	-	-	(11,104)
Total Other Financing Sources	-	(11,104)	-	-	(11,104)
Revenues and Other Financing Sources over Expenditures	118	(10,980)	123	148	(10,591)
Fund Balance - Beginning	29,261	38,243	30,612	36,703	134,819
Fund Balance - Ending	\$ 29,379	\$ 27,263	\$ 30,735	\$ 36,851	\$ 124,228

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Nonmajor Governmental Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 1,947,899	\$ 928,116	\$ -	\$ 2,876,014
Intergovernmental revenues	576,651	125,246	-	701,897
Charges for services	1,864,316	-	-	1,864,316
Miscellaneous revenues	150,004	1,387	513	151,904
<b>Total Revenues</b>	<b>4,538,870</b>	<b>1,054,749</b>	<b>513</b>	<b>5,594,131</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	1,106,056	-	-	1,106,056
Public Safety	947,682	-	-	947,682
Highways and streets	423,501	-	-	423,501
Culture and recreation	859,916	-	-	859,916
Conservation & economic development	183,884	-	-	183,884
Debt service:				
Principal retirement	-	766,478	-	766,478
Interest	-	291,008	-	291,008
Fiscal charges	-	2,808	-	2,808
<b>Total Expenditures</b>	<b>3,521,039</b>	<b>1,060,294</b>	<b>-</b>	<b>4,581,333</b>
Excess (deficiency) of revenues over (under) expenditures	1,017,830	(5,545)	513	1,012,798
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	588,501	22,208	-	610,709
Transfers out	(550,261)	(11,104)	(11,104)	(572,468)
<b>Total of other financing uses</b>	<b>38,240</b>	<b>11,104</b>	<b>(11,104)</b>	<b>38,240</b>
Net change in fund balances	1,056,071	5,558	(10,591)	1,051,038
Fund Balances - Beginning	1,893,836	179,886	134,819	2,208,541
<b>Fund Balances - Ending</b>	<b>\$ 2,949,906</b>	<b>\$ 185,445</b>	<b>\$ 124,228</b>	<b>\$ 3,259,579</b>

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Parenting Workshop			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	23,400	23,400	42,524	19,124
Miscellaneous Revenues	-	-	97	97
<b>Total Revenues</b>	<b>23,400</b>	<b>23,400</b>	<b>42,621</b>	<b>19,221</b>
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	24,000	27,000	26,483	517
<b>Total Expenditures</b>	<b>24,000</b>	<b>27,000</b>	<b>26,483</b>	<b>517</b>
Excess (deficiency) of revenues over (under) expenditures	(600)	(3,600)	16,138	19,738
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(600)	(3,600)	16,138	19,738
Fund Balance - Beginning	19,040	19,040	19,040	-
Fund Balance - Ending	<b>\$ 18,440</b>	<b>\$ 15,440</b>	<b>\$ 35,178</b>	<b>\$ 19,738</b>

Sheriff Asset Forfeiture				JAIBG Fund			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
119,800	210,000	209,459	(541)	-	-	-	-
-	-	-	-	-	-	-	-
52,200	54,300	54,738	438	8,300	8,300	7,455	(845)
172,000	264,300	264,197	(103)	8,300	8,300	7,455	(845)
-	-	-	-	-	-	-	-
169,800	266,800	258,260	8,540	5,000	5,000	3,545	1,455
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169,800	266,800	258,260	8,540	5,000	5,000	3,545	1,455
2,200	(2,500)	5,937	8,437	3,300	3,300	3,910	610
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,200	(2,500)	5,937	8,437	3,300	3,300	3,910	610
23,176	23,176	23,176	-	57,675	57,675	57,675	-
\$ 25,376	\$ 20,676	\$ 29,113	\$ 8,437	\$ 60,975	\$ 60,975	\$ 61,585	\$ 610

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Jail Commissary			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	200,000	200,000	227,568	27,568
Miscellaneous Revenues	1,000	1,000	795	(206)
<b>Total Revenues</b>	<b>201,000</b>	<b>201,000</b>	<b>228,363</b>	<b>27,362</b>
<b>Expenditures:</b>				
Current:				
General Government	-	-	-	-
Public Safety	259,339	259,339	184,682	74,657
Highways and Streets	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
<b>Total Expenditures</b>	<b>259,339</b>	<b>259,339</b>	<b>184,682</b>	<b>74,657</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,339)</u>	<u>(58,339)</u>	<u>43,681</u>	<u>102,020</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(58,339)</u>	<u>(58,339)</u>	<u>43,681</u>	<u>102,020</u>
Fund Balance - Beginning	<u>147,540</u>	<u>147,540</u>	<u>147,540</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 89,201</u>	<u>\$ 89,201</u>	<u>\$ 191,221</u>	<u>\$ 102,020</u>

Continued from previous page

Hazardous Plan/Response				Valley Water Rescue			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,100	6,100	6,158	58	33,973	33,973	33,780	(193)
6,100	6,100	6,158	58	33,973	33,973	33,780	(193)
-	-	-	-	-	-	-	-
7,400	7,400	7,844	(444)	34,290	34,290	24,038	10,252
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,400	7,400	7,844	(444)	34,290	34,290	24,038	10,252
(1,300)	(1,300)	(1,686)	(387)	(317)	(317)	9,742	10,059
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,300)	(1,300)	(1,686)	(387)	(317)	(317)	9,742	10,059
20,045	20,045	20,045	-	7,427	7,427	7,427	-
\$ 18,745	\$ 18,745	\$ 18,358	\$ (387)	\$ 7,110	\$ 7,110	\$ 17,169	\$ 10,059

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	States Attorney Asset Forfeiture			
	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous Revenues	15,500	15,500	36,142	20,642
<b>Total Revenues</b>	<b>15,500</b>	<b>15,500</b>	<b>36,142</b>	<b>20,642</b>
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	3,000	10,000	8,777	1,223
Highways and Streets	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
<b>Total Expenditures</b>	<b>3,000</b>	<b>10,000</b>	<b>8,777</b>	<b>1,223</b>
Excess (deficiency) of revenues over (under) expenditures	12,500	5,500	27,365	21,866
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	12,500	5,500	27,365	21,866
Fund Balance - Beginning	97,439	97,439	97,439	-
Fund Balance - Ending	<b>\$ 109,939</b>	<b>\$ 102,939</b>	<b>\$ 124,805</b>	<b>\$ 21,866</b>

Continued from previous page

Senior Citizens				911 Service			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 483,964	\$ 483,964	\$ 485,876	\$ 1,913	\$ -	\$ -	\$ -	\$ -
360,774	360,774	360,774	-	-	-	-	-
-	-	-	-	270,000	270,000	282,225	12,225
207	207	301	94	-	-	-	-
<u>844,945</u>	<u>844,945</u>	<u>846,952</u>	<u>2,007</u>	<u>270,000</u>	<u>270,000</u>	<u>282,225</u>	<u>12,225</u>
-	-	-	-	-	-	-	-
-	-	-	-	322,933	322,933	443,739	(120,806)
-	-	-	-	-	-	-	-
811,834	811,834	811,834	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>811,834</u>	<u>811,834</u>	<u>811,834</u>	<u>-</u>	<u>322,933</u>	<u>322,933</u>	<u>443,739</u>	<u>(120,806)</u>
<u>33,111</u>	<u>33,111</u>	<u>35,118</u>	<u>2,007</u>	<u>(52,933)</u>	<u>(52,933)</u>	<u>(161,514)</u>	<u>(108,581)</u>
-	-	-	-	50,000	50,000	165,000	115,000
-	-	-	-	-	-	-	-
-	-	-	-	50,000	50,000	165,000	115,000
<u>33,111</u>	<u>33,111</u>	<u>35,118</u>	<u>2,007</u>	<u>(2,933)</u>	<u>(2,933)</u>	<u>3,487</u>	<u>6,419</u>
<u>17,012</u>	<u>17,012</u>	<u>17,012</u>	<u>-</u>	<u>(1,880)</u>	<u>(1,880)</u>	<u>(1,880)</u>	<u>-</u>
<u>\$ 50,123</u>	<u>\$ 50,123</u>	<u>\$ 52,130</u>	<u>\$ 2,007</u>	<u>\$ (4,813)</u>	<u>\$ (4,813)</u>	<u>\$ 1,606</u>	<u>\$ 6,419</u>

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Emergency /Flood Mitigation Fund			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 1,444,641	\$ 1,444,641	\$ 1,440,826	\$ (3,815)
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous Revenues	706	706	4,032	3,326
<b>Total Revenues</b>	<b>1,445,347</b>	<b>1,445,347</b>	<b>1,444,857</b>	<b>(489)</b>
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	1,486,386	1,486,386	157,402	1,328,984
<b>Total Expenditures</b>	<b>1,486,386</b>	<b>1,486,386</b>	<b>157,402</b>	<b>1,328,984</b>
Excess (deficiency) of revenues over (under) expenditures	(41,039)	(41,039)	1,287,455	1,328,495
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	(550,261)	(550,261)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(550,261)</b>	<b>(550,261)</b>
Net change in fund balances	(41,039)	(41,039)	737,194	778,234
Fund Balance - Beginning	28,077	28,077	28,077	-
Fund Balance - Ending	<b>\$ (12,962)</b>	<b>\$ (12,962)</b>	<b>\$ 765,272</b>	<b>\$ 778,234</b>

Continued from previous page

NDRIN - County Recorder Project				Document Preservation - ROD			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,350,000	1,350,000	1,111,769	(238,231)	142,100	142,100	163,984	21,884
7,500	7,500	5,132	(2,368)	1,000	1,000	1,006	6
<u>1,357,500</u>	<u>1,357,500</u>	<u>1,116,901</u>	<u>(240,599)</u>	<u>143,100</u>	<u>143,100</u>	<u>164,990</u>	<u>21,890</u>
1,160,000	1,160,000	1,060,156	99,844	55,824	55,824	45,900	9,924
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,160,000</u>	<u>1,160,000</u>	<u>1,060,156</u>	<u>99,844</u>	<u>55,824</u>	<u>55,824</u>	<u>45,900</u>	<u>9,924</u>
<u>197,500</u>	<u>197,500</u>	<u>56,745</u>	<u>(140,755)</u>	<u>87,276</u>	<u>87,276</u>	<u>119,090</u>	<u>31,814</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>197,500</u>	<u>197,500</u>	<u>56,745</u>	<u>(140,755)</u>	<u>87,276</u>	<u>87,276</u>	<u>119,090</u>	<u>31,814</u>
<u>1,194,043</u>	<u>1,194,043</u>	<u>1,194,043</u>	<u>-</u>	<u>201,912</u>	<u>201,912</u>	<u>201,912</u>	<u>-</u>
<u>\$ 1,391,543</u>	<u>\$ 1,391,543</u>	<u>\$ 1,250,788</u>	<u>\$ (140,755)</u>	<u>\$ 289,188</u>	<u>\$ 289,188</u>	<u>\$ 321,002</u>	<u>\$ 31,814</u>

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	County Park			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 20,999	\$ 20,999	\$ 21,197	\$ 198
Intergovernmental Revenues	24,070	24,070	6,418	(17,652)
Charges for Services	6,500	6,500	9,703	3,203
Miscellaneous Revenues	400	400	268	(132)
<b>Total Revenues</b>	<b>51,969</b>	<b>51,969</b>	<b>37,585</b>	<b>(14,383)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Culture and Recreation	69,180	69,180	48,082	21,098
Conservation & Econ. Develop	-	-	-	-
<b>Total Expenditures</b>	<b>69,180</b>	<b>69,180</b>	<b>48,082</b>	<b>21,098</b>
Excess (deficiency) of revenues over (under) expenditures	(17,211)	(17,211)	(10,497)	6,714
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(17,211)</b>	<b>(17,211)</b>	<b>(10,497)</b>	<b>6,714</b>
Fund Balance - Beginning	64,053	64,053	64,053	-
Fund Balance - Ending	<b>\$ 46,842</b>	<b>\$ 46,842</b>	<b>\$ 53,556</b>	<b>\$ 6,714</b>

Continued from previous page

24/7 Sobriety Program				2009 Flood Fund			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
14,000	25,000	26,542	1,542	-	-	-	-
40	40	100	60	-	-	-	-
14,040	25,040	26,643	1,602	-	-	-	-
-	-	-	-	-	-	-	-
500	16,600	16,798	(198)	-	-	-	-
-	-	-	-	-	423,501	423,501	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	16,600	16,798	(198)	-	423,501	423,501	-
13,540	8,440	9,845	1,405	-	(423,501)	(423,501)	-
-	-	-	-	-	423,501	423,501	-
-	-	-	-	-	-	-	-
-	-	-	-	-	423,501	423,501	-
13,540	8,440	9,845	1,405	-	-	-	-
18,278	18,278	18,278	-	-	-	-	-
\$ 31,818	\$ 26,718	\$ 28,123	\$ 1,405	\$ -	\$ -	\$ -	\$ -

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2012**

	Total Nonmajor Budgeted Special Revenue Funds			
	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 1,949,604	\$ 1,949,604	\$ 1,947,899	\$ (1,705)
Intergovernmental Revenues	504,644	594,844	576,651	(18,193)
Charges for Services	2,006,000	2,017,000	1,864,316	(152,684)
Miscellaneous Revenues	126,926	129,026	150,003	20,977
<b>Total Revenues</b>	<b>4,587,174</b>	<b>4,690,474</b>	<b>4,538,869</b>	<b>(151,605)</b>
<b>Expenditures:</b>				
Current:				
General Government	1,215,824	1,215,824	1,106,056	109,768
Public Safety	802,262	922,362	947,682	(25,320)
Highways and Streets	-	423,501	423,501	-
Culture and Recreation	881,014	881,014	859,916	21,098
Conservation & Econ. Development	1,510,386	1,513,386	183,884	1,329,502
<b>Total Expenditures</b>	<b>4,409,486</b>	<b>4,956,087</b>	<b>3,521,040</b>	<b>1,435,048</b>
Excess (deficiency) of revenues over (under) expenditures	177,688	(265,613)	1,017,830	1,283,443
<b>Other Financing Sources (Uses):</b>				
Transfers In	50,000	473,501	588,501	115,000
Transfers Out	-	-	(550,261)	(550,261)
<b>Total Other Financing Sources (Uses)</b>	<b>50,000</b>	<b>473,501</b>	<b>38,240</b>	<b>(550,261)</b>
<b>Net change in fund balances</b>	<b>227,688</b>	<b>207,888</b>	<b>1,056,070</b>	<b>848,182</b>
Fund Balance - Beginning	1,893,836	1,893,836	1,893,836	-
<b>Fund Balance - Ending</b>	<b>\$ 2,121,524</b>	<b>\$ 2,101,724</b>	<b>\$ 2,949,906</b>	<b>\$ 848,182</b>

Continued from previous page

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Debt Service Funds**  
**For the Fiscal Year Ended December 31, 2012**

	<b>Round Hill Subdivision</b>			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Miscellaneous Revenues	100	100	3	(97)
Total Revenues	100	100	3	(97)
<u>Expenditures:</u>				
Debt Service:				
Principal	25,000	25,000	25,000	-
Interest	650	650	650	-
Fiscal Charges	500	592	592	-
Total Expenditures	26,150	26,242	26,242	-
Excess (deficiency) of revenues over (under) expenditures	(26,050)	(26,142)	(26,239)	(97)
<u>Other Financing Sources (Uses):</u>				
Transfers In	22,324	22,324	22,208	116
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	22,324	22,324	22,208	116
Net Change in Fund Balances	(3,726)	(3,818)	(4,032)	(214)
Fund Balance - Beginning	4,032	4,032	4,032	-
Fund Balance - Ending	\$ 306	\$ 214	\$ -	\$ (214)

<b>Holmen's Third Sudvidison</b>				<b>Greyhawk Estates Subdivision</b>			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 6,615	\$ 6,615	\$ 6,630	\$ 15	\$ 34,995	\$ 34,995	\$39,773	\$ 4,778
-	-	-	-	-	-	-	-
100	100	39	(61)	200	200	175	(25)
6,715	6,715	6,669	(46)	35,195	35,195	39,949	4,754
6,480	6,480	6,478	2	25,000	25,000	25,000	-
1,875	1,875	1,873	2	9,020	9,020	9,019	-
-	-	-	-	1,000	1,000	779	221
8,355	8,355	8,351	4	35,020	35,020	34,798	221
(1,640)	(1,640)	(1,682)	(41)	175	175	5,151	4,976
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,640)	(1,640)	(1,682)	(41)	175	175	5,151	4,976
8,249	8,249	8,249	-	38,901	38,901	38,901	-
\$ 6,609	\$ 6,609	\$ 6,568	\$ (41)	\$ 39,076	\$ 39,076	\$44,052	\$ 4,976

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Debt Service Funds**  
**For the Fiscal Year Ended December 31, 2012**

	<b>Granberg Amber Plains</b>			
	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 37,097	\$ 37,097	\$ 38,616	\$ 1,519
Intergovernmental Revenues	-	-	-	-
Miscellaneous Revenues	100	100	61	(39)
<b>Total Revenues</b>	<b>37,197</b>	<b>37,197</b>	<b>38,677</b>	<b>1,480</b>
<u>Expenditures:</u>				
Debt Service:				
Principal	25,000	25,000	25,000	-
Interest	11,088	11,088	11,088	-
Fiscal Charges	1,500	1,500	1,037	463
<b>Total Expenditures</b>	<b>37,588</b>	<b>37,588</b>	<b>37,125</b>	<b>463</b>
Excess (deficiency) of revenues over (under) expenditures	(391)	(391)	1,553	1,944
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(391)</b>	<b>(391)</b>	<b>1,553</b>	<b>1,944</b>
Fund Balance - Beginning	8,094	8,094	8,094	-
<b>Fund Balance - Ending</b>	<b>\$ 7,703</b>	<b>\$ 7,703</b>	<b>\$ 9,647</b>	<b>\$ 1,944</b>

Continued from previous page

<b>Special Assessment Deficiency</b>				<b>2010 Bond S&amp;I</b>			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final		Original	Final			
\$ -	\$ -	\$ -	\$ -	\$ 838,866	\$ 838,866	\$ 843,096	\$ 4,230
-	-	-	-	124,612	124,612	125,246	634
-	-	59	59	2,000	2,000	1,050	(950)
-	-	59	59	965,478	965,478	969,392	3,915
-	-	-	-	685,000	685,000	685,000	-
-	-	-	-	268,379	268,379	268,379	-
-	-	-	-	2,000	2,000	400	1,600
-	-	-	-	955,379	955,379	953,779	1,600
-	-	59	59	10,099	10,099	15,614	5,514
-	-	-	-	-	-	-	-
-	(11,104)	(11,104)	-	-	-	-	-
-	(11,104)	(11,104)	-	-	-	-	-
-	(11,104)	(11,045)	59	10,099	10,099	15,614	5,514
22,147	22,147	22,147	-	98,463	98,463	98,463	-
<u>\$ 22,147</u>	<u>\$ 11,043</u>	<u>\$11,102</u>	<u>\$ 59</u>	<u>\$ 108,562</u>	<u>\$ 108,562</u>	<u>\$ 114,076</u>	<u>\$ 5,514</u>

Continued

**CASS COUNTY GOVERNMENT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Debt Service Funds**  
**For the Fiscal Year Ended December 31, 2012**

	<b>Total Nonmajor Debt Service Funds</b>			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 917,573	\$ 917,573	\$ 928,116	\$ 10,543
Intergovernmental Revenues	124,612	124,612	125,246	634
Miscellaneous Revenues	2,500	2,500	1,387	(1,113)
<b>Total Revenues</b>	<b>1,044,685</b>	<b>1,044,685</b>	<b>1,054,749</b>	<b>10,064</b>
<u>Expenditures:</u>				
Debt Service:				
Principal	766,480	766,480	766,478	2
Interest	291,012	291,011	291,008	3
Fiscal Charges	5,000	5,092	2,808	2,284
<b>Total Expenditures</b>	<b>1,062,492</b>	<b>1,062,583</b>	<b>1,060,294</b>	<b>2,289</b>
Excess (deficiency) of revenues over (under) expenditures	(17,807)	(17,898)	(5,545)	12,353
<u>Other Financing Sources (Uses):</u>				
Transfers In	22,324	22,324	22,208	(116)
Transfers Out	-	(11,103)	(11,104)	-
<b>Total Other Financing Sources and (Uses)</b>	<b>22,324</b>	<b>11,221</b>	<b>11,104</b>	<b>(116)</b>
<b>Net Change in Fund Balances</b>	<b>4,517</b>	<b>(6,677)</b>	<b>5,558</b>	<b>12,236</b>
Fund Balance - Beginning	179,886	179,886	179,886	-
<b>Fund Balance - Ending</b>	<b>\$ 184,403</b>	<b>\$ 173,209</b>	<b>\$ 185,445</b>	<b>\$ 12,236</b>

Continued from previous page

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2012**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool Operating	Total
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 1,760,592	\$ 230,674	\$ 47,557	\$ 52,001	\$ 2,090,825
Accounts Receivable	-	-	187	-	187
Prepaid Items	-	-	600	-	600
Total Current Assets	<u>1,760,592</u>	<u>230,674</u>	<u>48,344</u>	<u>52,001</u>	<u>2,091,612</u>
Noncurrent Assets:					
Capital Assets	-	-	162,822	133,497	296,318
Less: Accumulated Depreciation	-	-	(109,024)	(119,767)	(228,790)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>53,798</u>	<u>13,730</u>	<u>67,528</u>
Total Assets	<u><u>1,760,592</u></u>	<u><u>230,674</u></u>	<u><u>102,142</u></u>	<u><u>65,731</u></u>	<u><u>2,159,140</u></u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	3,071	192	7,768	1,063	12,093
Deposits	323,565	24,773	-	-	348,338
IBNR Claims	317,700	13,238	-	-	330,938
	-	-	-	-	-
Total Liabilities	<u>644,336</u>	<u>38,203</u>	<u>7,768</u>	<u>1,063</u>	<u>691,369</u>
Net Position:					
Net Investment in Capital Assets	-	-	53,798	13,730	67,528
Unrestricted	1,116,257	192,471	40,576	50,938	1,400,242
Total Net Position	<u><u>\$ 1,116,257</u></u>	<u><u>\$ 192,471</u></u>	<u><u>\$ 94,375</u></u>	<u><u>\$ 64,668</u></u>	<u><u>\$ 1,467,770</u></u>

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2012**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool	Total
<u>Operating Revenues:</u>					
Premiums	\$ 3,422,577	\$ 298,067	\$ -	\$ -	\$ 3,720,645
Charges for Services	-	-	198,153	40,930	239,083
Miscellaneous	23,416	-	-	-	23,416
Total Operating Revenues	<u>3,445,994</u>	<u>298,067</u>	<u>198,153</u>	<u>40,930</u>	<u>3,983,144</u>
<u>Operating Expenses:</u>					
Premiums	492,168	-	-	-	492,168
Medical Services	7,818	-	-	-	7,818
Telephone Service	-	-	165,558	-	165,558
Administrative Fees	161,627	15,406	-	-	177,033
Maintenance and Repairs	-	-	-	22,323	22,323
Benefit Payments	2,303,851	248,104	-	-	2,551,955
IBNR Claims	317,700	13,238	-	-	330,938
Depreciation Expense	-	-	13,254	13,730	26,985
Total Operating Expenses	<u>3,283,163</u>	<u>276,749</u>	<u>178,813</u>	<u>36,053</u>	<u>3,774,778</u>
Operating Income	<u>162,831</u>	<u>21,318</u>	<u>19,340</u>	<u>4,877</u>	<u>208,366</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest Income	6,134	842	73	163	7,211
Loss/Gain on Disposal of Capital Assets	-	-	(1,519)	-	(1,519)
Total Nonoperating Revenues (Expenses)	<u>6,134</u>	<u>842</u>	<u>(1,447)</u>	<u>163</u>	<u>5,692</u>
Change in Net Position	<u>168,965</u>	<u>22,160</u>	<u>17,893</u>	<u>5,040</u>	<u>214,058</u>
Total Net Position Beginning	<u>947,293</u>	<u>170,310</u>	<u>76,481</u>	<u>59,628</u>	<u>1,253,712</u>
Total Net Position Ending	<u>\$ 1,116,257</u>	<u>\$ 192,471</u>	<u>\$ 94,375</u>	<u>\$ 64,668</u>	<u>\$ 1,467,770</u>

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2012**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool	Total
<u>Cash Flows From Operating Activities:</u>					
Receipts from customers	\$ 3,422,577	\$ 298,067	\$ 197,737	\$ 40,930	\$ 3,959,311
Payments to Suppliers	(658,570)	(15,215)	(168,482)	(21,260)	(863,525)
Claims Paid	(2,539,427)	(258,983)	-	-	(2,798,410)
Other Receipts	23,416	-	-	-	23,416
Net Cash provided by operating activities	<u>247,997</u>	<u>23,869</u>	<u>29,255</u>	<u>19,670</u>	<u>320,792</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>					
Purchase of Capital Assets	-	-	(1,603)	-	(1,603)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(1,603)</u>	<u>-</u>	<u>(1,603)</u>
<u>Cash Flows From Investing Activities:</u>					
Interest Income	6,134	842	73	163	7,211
Net Increase in cash and cash equivalents	254,131	24,712	27,725	19,833	326,400
Balances -Beginning of the Year	1,506,461	205,962	19,834	32,168	1,764,425
Balances - End of the Year	<u>1,760,592</u>	<u>230,674</u>	<u>47,557</u>	<u>52,001</u>	<u>2,090,825</u>
<u>Reconciliation of Operating Income to net cash provided by operating activities:</u>					
Operating Income (Loss)	162,831	21,318	19,340	4,877	208,365
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation	-	-	13,254	13,730	26,985
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	-	-	184	-	184
(Increase)Decrease in Prepaid Items	-	-	(600)	-	(600)
Increase (Decrease) in Accounts Payable	3,043	192	(2,923)	1,063	1,374
Increase (Decrease) in Premium Deposit Funds	46,118	452	-	-	46,570
Increase (Decrease) in IBNR Claims	36,006	1,907	-	-	37,913
Net Cash Provided by Operating Activities	<u>\$ 247,998</u>	<u>\$ 23,869</u>	<u>\$ 29,255</u>	<u>\$ 19,670</u>	<u>\$ 320,792</u>

CASS COUNTY GOVERNMENT  
 Fargo, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF THE TREASURY:</u></b>		
<u>Direct Assistance:</u>		
Community Development Financial Institutions Program	21.020	\$ 120,770
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>		
<u>Direct Assistance:</u>		
Public Safety Partnership and Community Policing Grants	16.710	238,719
Edward Byrne Memorial Justice Assistance Grant	16.738	173,290
State Criminal Alien Assistance Program	16.606	12,069
<u>Passed Through State Penitentiary:</u>		
Crime Victim Assistance	16.575	19,504
<u>Passed Through State's Attorney General:</u>		
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.803	24,999
Edward Byrne Memorial Justice Assistance Grant	16.738	
<u>Passed Through North Dakota Association of Counties:</u>		
Juvenile Accountability Block Grants	16.523	6,968
Juvenile Justice and Delinquency Prevention	16.540	4,418
<u>Passed Through North Dakota Highway Patrol:</u>		
Enforcing Underage Drinking Laws Program	16.727	5,775
Total U.S. Department of Justice		<u>\$ 485,741</u>
U.S. DEPARTMENT OF AGRICULTURE		
<u>Passed Through State Department of Human Services:</u>		
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	\$ 108.80
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<u>Passed Through State Department of Human Services:</u>		
Foster Care Title IV-E	93.658	** \$ 567,878
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	48,195
Maternal and Child Health Services Block Grant to the States	93.994	15,632
Children's Health Insurance Program	93.767	11,957
Adoption Assistance	93.659	8,635
Promoting Safe and Stable Families	93.556	43,180
Child Care and Development Block Grant	93.575	873
Children's Justice Grants	93.643	1,565
Child Welfare Services State Grants	93.645	9,988
Temporary Assistance for Needy Families	93.558	** 1,027,492
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	7,700
Money Follows the Person Rebalancing Demonstration	93.791	89,911
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	79,282
Child Support Enforcement	93.563	14,905
Total U.S. Department of Health and Human Services		<u>\$ 1,927,192</u>

Continued on next page....

CASS COUNTY GOVERNMENT  
 Fargo, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number		Expenditures
<b>CONTINUED</b>			
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<u>Passed Through State Department of Emergency Services:</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	**	943,704
Flood Mitigation Assistance	97.029		22,598
Hazard Mitigation Grant	97.039		266,825
Emergency Management Performance Grants	97.042		158,893
Homeland Security Grant	97.067		<u>51,782</u>
Total U.S. Federal Management Agency			<u>\$ 1,443,802</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>			
<u>Passed Through State Highway Department</u>			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		\$ 9,250
State and Community Highway Safety	20.600		8,505
Highway Planning and Construction	20.205		<u>145,276</u>
Total U.S. Department of Transportation			<u>\$ 163,031</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,140,646</u></u>

\*\* - major program

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cass County under programs of the federal government for the year ended December 31, 2012. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Cass County, it is not intended to and does not present the financial position or changes in net position of Cass County.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

## 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*

---

#### Independent Auditor's Report

Board of County Commissioners  
Cass County  
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information 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'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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass 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*.

**CASS 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 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

**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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

---

Independent Auditor's Report

Board of County Commissioners  
Cass County  
Fargo, North Dakota

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

We have audited Cass County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cass County's major federal programs for the year ended December 31, 2012. Cass County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Cass County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cass County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cass County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Cass County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **CASS COUNTY**

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 - Continued

---

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

Management of Cass County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cass County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Cass County as of and for the year ended December 31, 2012, and have issued our report thereon dated June 18, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson  
State Auditor

June 18, 2013

CASS COUNTY  
 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 Report Issued?

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified
Budgetary Comparisons	Unmodified

Internal Control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ X No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ X	
Noncompliance material to financial statements noted?	_____ Yes	_____ X No	

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ X No	
Reportable conditions identified not considered to be material weaknesses?	_____ Yes	_____ X	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ X No	

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
93.658	Foster Care-Title IV-E (Recovery)
93.558	Temporary Assistance for Needy Families
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and B programs:

\$300,000

Auditee qualified as low-risk auditee?	_____ X Yes	_____ No	
--	-------------	----------	--

**Section II - Financial Statement Findings**

---

---

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

---

---

No matters were reported.