

# Cass County Government

Fargo, North Dakota

## Audit Report

For the Year Ended December 31, 2016

**JOSHUA C. GALLION**  
STATE AUDITOR

Office of the State Auditor  
Division of Local Government

**CASS COUNTY GOVERNMENT**  
**Fargo, North Dakota**

**Audit Report**  
**For the Year Ended December 31, 2016**

**TABLE OF CONTENTS**

	Page(s)
County Officials	1
Organizational Chart	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis	5-15
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17-18
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Human Service Fund	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – County Road and Bridge Fund	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Emergency & Flood Mitigation	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2013 Flood Emergency Fund	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Flood Mitigation Fund	31
Statement of Net Position – Proprietary Funds	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Statement of Fiduciary Assets and Liabilities – Agency Funds	35
Statement of Net Position – Component Units	37-38
Statement of Activities – Component Units	39-40
Notes to the Financial Statements	41-80

<b>Required Supplementary Information Other Than MD&amp;A:</b>	<b>Page(s)</b>
Schedule of the Proportionate Share of the Net Pension Liability	81
Schedule of Employer Pension Contributions	82
<b>Other Supplementary Information:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	
Special Revenue Funds	83-85
Debt Service Funds	86
Capital Projects Funds	87
Combining Balance Sheet – All Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	
Special Revenue Funds	89-91
Debt Service Funds	92
Capital Projects Funds	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	
Special Revenue Funds	95-104
Debt Service Funds	105-108
Combining Statement of Net Position – Internal Service Funds	109
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	110
Combining Statement of Cash Flows – Internal Service Funds	111
Statement of Fiduciary Assets and Liabilities – Agency Funds	112
Statement of Changes in Fiduciary Assets and Liabilities	113
Schedule of Expenditures of Federal Awards	114-115
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	116-117
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 Uniform Guidance	118-119
Schedule of Findings and Questioned Costs	120-121
Management's Letter	122-123

# **CASS COUNTY GOVERNMENT COUNTY OFFICIALS**

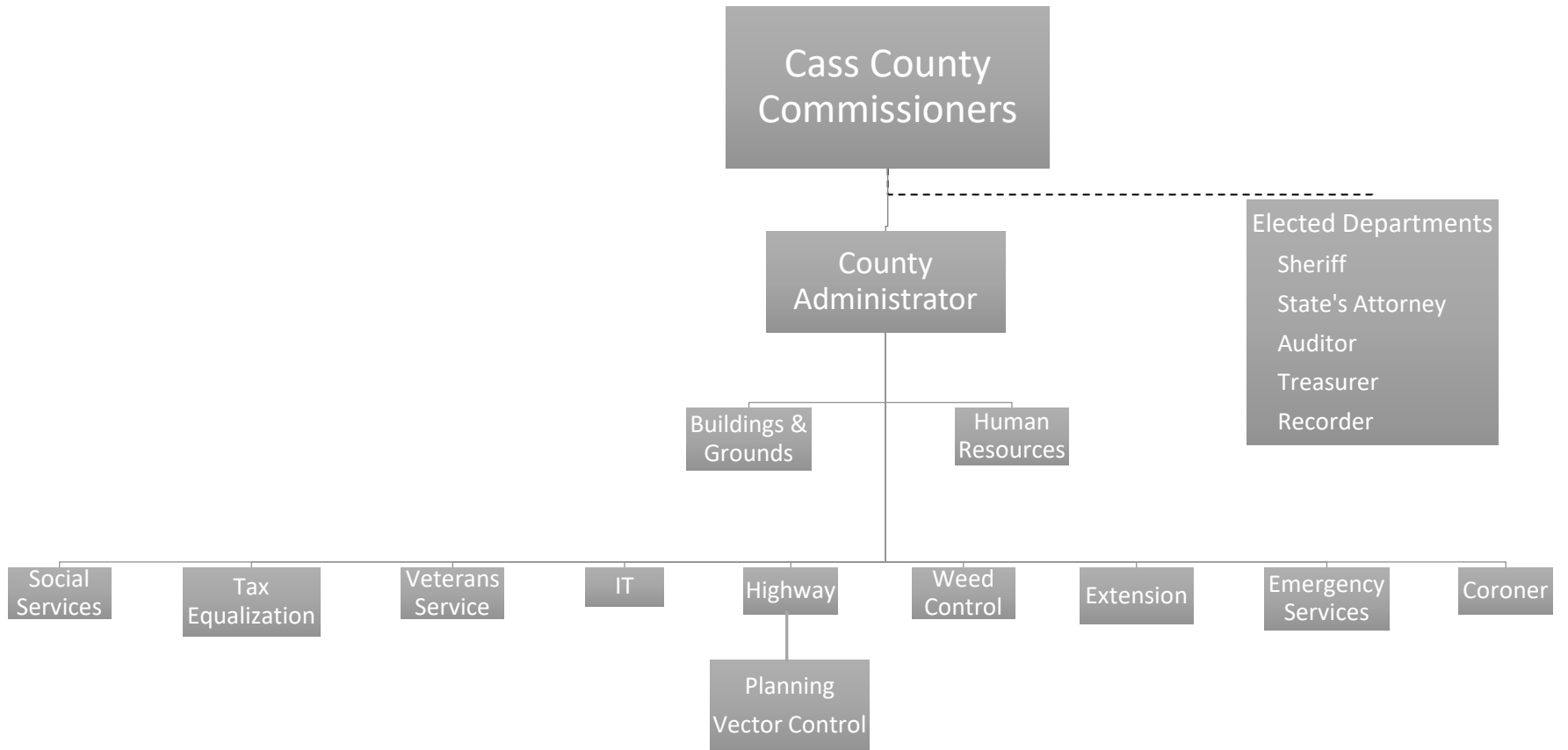
## **Current Officials**

Commissioners:	Chad M. Peterson, Chairman Rick Steen Arland H. Rasmussen Chad M. Peterson Vern Bennett
Auditor:	Michael Montplaisir
Treasurer:	Charlotte Sandvik
Sheriff:	Paul Laney
Recorder:	Jewel Spies
States Attorney:	Birch Burdick

## **2016 Officials**

Commissioners:	Mary Scherling, Chairwoman Rick Steen Arland H. Rasmussen Chad M. Peterson Kenneth Pawluk
Auditor:	Michael Montplaisir
Treasurer:	Charlotte Sandvik
Sheriff:	Paul Laney
Recorder:	Jewel Spies
States Attorney:	Birch Burdick

**Cass County Government**  
**Organizational Chart**  
Adopted February 21, 2017



## STATE AUDITOR

JOSHUA C. GALLION  
Phone (701) 328-2241  
Fax (701) 328-1406



Local Government Division:

FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252 Fax: (701) 239-7251

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

---

### INDEPENDENT AUDITOR'S REPORT

---

Board of County Commissioners  
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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective statement of revenues, expenditures and changes in fund balance for the general fund, the human service fund, the county road and bridge fund, the emergency & flood mitigation fund, the 2013 flood emergency 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

### Independent Auditor's Report - Continued

---

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and the schedules of the proportionate share of the net pension liability and employer pension contributions* on pages 5-15 and 81-82 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.

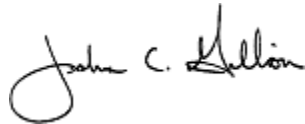
##### *Other Information*

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), combining internal service fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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), combining internal service fund financial statements, and schedule of expenditures of federal awards* is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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), combining internal service fund statements, 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 19, 2017 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.



Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
June 19, 2017

**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, 2016. 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, 2016, the assets and deferred outflows of Cass County Government exceeded liabilities and deferred inflows by \$40,600,704 (net position). Net investment in capital assets (net of depreciation and related debt) was at \$133,225,720. Unrestricted net position decreased by \$52.8 million from the prior year and ended at \$(109.8) million.
- A special item was reported for the loss on donated flood buyout property to the Fargo Park District in the amount of \$(6.3) million. See Note 7 for more detailed information.
- At December 31, 2016, the County's governmental funds reported combined ending fund balances of \$22,128,000, for a decrease of \$27,093,841 over the previous year.
- At December 31, 2016, the unassigned fund balance for the General Fund was \$2,538,761 or 7.8% 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 2016. 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 2016.

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 16-18 of this report.

The table below summarizes the major features of the county's financial statements, including portions of the county's activities covered and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the Government-Wide and Fund Financial Statements				
		Fund Financial Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities of the Internal Service Funds	Instances in which the county administers resources on behalf of someone else, such as other governments
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Assets and Liabilities</li> </ul>
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resource Focus	Modified accrual accounting and current financial resource focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability information	All assets and deferred outflows of resources, and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be consumed and liabilities paid during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **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-one 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, Emergency & Flood Mitigation, 2013 Flood Emergency Fund, Flood Mitigation Fund, Flood Control Loan Fund, and Flood Control Sales Tax Fund which are considered to be major funds. Data from the other twenty-three 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 19-35 of this report. Combining component unit statements can be found on pages 37-40.

**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 32-34 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 statement can be found on page 35 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 41-80 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 83-113 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, 2016, Cass County's assets and deferred outflows exceeded liabilities and deferred inflows by \$40,600,704.

#### Statement of Net Position December 31, 2016 and 2015

	Governmental Activities	
	2016	2015
Current and Other Assets	\$ 40,907,889	\$ 66,752,660
Capital Assets	137,908,190	145,763,567
Total Assets	<u>\$ 178,816,080</u>	<u>\$ 212,516,226</u>
Deferred Outflows of Resources	<u>\$ 7,398,901</u>	<u>\$ 1,363,183</u>
Long-Term Liabilities	\$ 71,650,377	\$ 70,675,585
Other Liabilities	56,904,500	6,140,360
Total Liabilities	<u>\$ 128,554,877</u>	<u>\$ 76,815,945</u>
Deferred Inflows of Resources	<u>\$ 17,059,400</u>	<u>\$ 13,063,877</u>
Net Position:		
Net Investment in Capital Assets	\$ 133,225,720	\$ 140,362,009
Restricted	17,217,641	40,648,438
Unrestricted	(109,842,657)	(57,010,859)
Total Net Position	<u><u>\$ 40,600,704</u></u>	<u><u>\$ 123,999,587</u></u>

The largest portion of the County's net position 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. Total net position decreased by over \$83.3 million. The main reason for the decrease was the result of the loss on donated assets to the Fargo Park District and the increased funding for the FM Diversion Authority.

## STATEMENT OF CHANGES IN NET POSITION

Governmental activities decreased the County's net position by \$83,398,886. Key elements in changes in net position are shown in the following table.

	Governmental Activities	
	2016	2015
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 9,606,030	\$ 9,769,238
Operating Grants and Contributions	17,200,455	18,512,865
Capital Grants and Contributions	26,585	4,515,419
General Revenues:		
Property Taxes	37,741,395	35,718,426
Sales Tax	16,112,224	16,449,060
State Share Revenues	5,664,187	7,361,938
Other	837,375	506,547
<b>Total Revenues</b>	<b>\$ 87,188,251</b>	<b>\$ 92,833,493</b>
<b>Expenses:</b>		
General Government	\$ 10,427,951	\$ 10,351,235
Public Safety	23,670,341	21,987,295
Highways and Streets	21,563,531	21,422,780
Relief and Charities	12,003,373	14,179,753
Conservation & Economic Development	94,618,770	32,612,490
Culture and Recreation	1,143,624	1,064,697
Interest on Long-Term Debt	812,755	263,219
<b>Total Expenses</b>	<b>\$ 164,240,346</b>	<b>\$ 101,881,469</b>
Special Item – Loss on Donated Assets	\$ (6,346,790)	-
(Decrease)/Increase in Net Position	\$ (83,398,886)	\$ (9,047,976)
Net Position – January 1, as previously stated	123,999,587	149,954,392
Cumulative Effect of Change in Accounting Principal	-	(16,906,831)
Net Position – January 1, as restated	\$ 123,999,587	\$ 133,047,561
Net Position – December 31	\$ 40,600,704	\$ 123,999,587

Total revenues for 2016 were \$87,188,251 which is a decrease of \$5,645,242 over 2015. Property tax revenue accounted for 43% of total revenues; the increase over 2015 was \$2 million as a result of increased property valuations. Sales tax accounted for 18%, a decrease of \$336,836 over 2015. Operating grants accounted for 19.7%, a decrease of \$1.3 million over 2015 as a result of decreased state and federal reimbursements for road projects. Capital grants accounted for less than 1%, a decrease of \$4.4 million over 2016. The grants were from state and federal sources to obtain land buyouts for flood protection projects. The remaining 19.3% came from charges for services, state shared revenues and interest income. Total expense increased by over \$62 million over 2015. The

increase was the result of increased funding related to the county share of the diversion project.

## **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 2016, the County's governmental funds reported combined ending fund balances of \$22,128,000, a decrease of \$27,093,841 compared with the previous year. The General, Human Services, County Road and Bridge, Emergency & Flood Mitigation, 2013 Flood Emergency Fund, Flood Mitigation Fund, Flood Control Loan Fund, and Flood Control Sales Tax Fund are reported as major funds.

The General Fund is the chief operating fund of the County. At the end of the fiscal year 2016, unassigned fund balance of the General Fund was \$2,538,761, while total fund balance was \$2,944,248. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7.8% of total General Fund expenditures.

The County's General Fund balance decreased by \$3,789,819 during 2016. The general state aid funding decreased by \$1.69 million over 2015 as a result of the decrease in oil production in the western part of the state. The County Sheriff's Office moved into a new Law Enforcement Center in the spring of 2016 and the county incurred \$1.2 million in remodeling costs on the new facility. The public safety expense incurred \$663,918 in additional overtime as a result of the County Sheriff's Office sending personnel to help patrol the Dakota Access Pipeline Protest in western North Dakota. The county expects to receive some reimbursements for the additional costs incurred from Morton County and the North Dakota Department of Emergency Services. The County Commission has a policy of maintaining a cash reserve of approximately 10% of budgeted expenditures.

The Human Service Fund balance at December 31, 2016 was \$2,525,588 for an increase of \$335,521 over December 2015.

The fund balance of the County Road and Bridge Fund at December 31, 2016 was \$3,879,180. This was an increase of \$205,822 over 2015 and was the result of a decrease in road construction projects.

The fund balance of the Emergency & Flood Mitigation Fund at December 31, 2016 was \$4,158,324, an increase of \$1,874,633. This fund collects property taxes to be reserved for future emergency situations and to provide resources to various flood mitigation projects throughout the county not related to the F/M Diversion project.

The Flood Control Loan Fund was established to account for the Loan Proceeds for the F/M Diversion project. The county obtained a \$100 million loan of which \$50 million was used to repay the prior year loan and \$50 million was expended on the planning phase of the F/M Diversion project.

The Flood Control Sales Tax Fund had an ending fund balance of \$4,855,031. This fund is used to account for the one-half cent sales tax approved by the voters of Cass County for flood control projects. The county is using 91% of the sales tax dollars to fund the F/M Diversion project. The remaining is being used on various county projects.

### **General Fund Budgetary Highlights**

Differences between the General Fund's original budget and the final amended budget were \$(1,731,077) in revenues and \$393,637 in expenditures. The budgeted revenues decreased as a result of the state aid funding. The various county departments were asked to decrease their budgeted expenditures to offset the reduction in state aid. The reduction resulted in a total savings of \$1.17 million; however, the budget adjustment needed for the new Law Enforcement Center resulted in the total increase in budgeted expenditures.

The General Fund's actual revenue was \$1,168,575 under the final budget; the variance is a result of a decrease in state aid from the state. The actual expenditures were \$672,996 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, 2016, the County's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$137,908,190. This investment in capital assets includes, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total decrease in the County's investment in capital assets for the current fiscal year was \$7,855,376.

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

- Donation of Flood Buyout Properties
- Replacement of sheriff vehicles and heavy equipment for the road department
- Remodeling of the Law Enforcement Building



The following is a schedule of capital assets net of accumulated depreciation as of December 31, 2016 and 2015:

	Governmental Activities	
	2016	2015
Land	\$ 38,324,994	\$ 44,633,974
Buildings	37,457,379	37,072,734
Improvements Other than Buildings	2,246,034	2,231,260
Machinery and Equipment	3,287,273	3,149,314
Infrastructure	56,592,510	58,676,285
Total	\$ 137,908,190	\$ 145,763,566

Additional information on the County's capital assets can be found in Note 7 on page 56-58 of this report.

### LONG-TERM LIABILITIES

At the end of fiscal year 2016, the County had total long-term liabilities outstanding of \$124,277,694. Of this amount, \$246,588 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 \$4.715 million. The county took out a \$100 million loan for funding the costs of the F/M Diversion project. The remainder of the County's long-term liabilities consists of net pension liability and compensated absences.

The following is a schedule of the outstanding long-term debt as of December 31, 2016 and 2015:

	Governmental Activities	
	2016	2015
Special Assessment Bonds	\$ 246,588	\$ 303,867
General Obligation Bonds	4,682,472	5,401,557
Loans Payable	100,000,000	50,000,000
Net Pension Liability	17,499,659	15,746,526
Compensated Absences	1,848,975	1,708,758
Total	\$ 124,277,694	\$ 73,160,709

Additional information on the County's long-term liabilities can be found in Note 8 on pages 58-66 of this report.

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

- The unemployment rate for the County at December 31, 2016 was 2.3%.
- 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 decreased by 5.76% 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, 2016**

	Primary Government Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and cash equivalents	\$ 35,086,019	\$ 25,992,895
Receivables (net of allowance for uncollectibles):		
Accounts	439,073	9,356
Due From Primary Government	-	23,092
Delinquent Tax	281,096	70,386
Due From Other Governments	4,141,795	3,095,883
Special Assessments	-	5,205
Loans	67,356	-
Inventories	226,709	79,809
Prepaid Items	452,330	8,459
Uncertified Special Assessments Receivable	213,511	7,054,376
Capital Assets Not Being Depreciated:		
Land	38,324,994	118,467,953
Construction in progress	-	15,882,632
Capital assets (net of accumulated depreciation):		
Buildings	37,457,379	16,422
Improvements other than buildings	2,246,034	-
Machinery and equipment	3,287,273	498,228
Infrastructure	56,592,510	106,014,444
Total assets	<u>\$ 178,816,080</u>	<u>\$ 277,219,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources Related to Pensions	\$ 6,347,107	\$ 106,890
Pension Contributions Made Subsequent to Measurement Date	1,051,794	8,715
Total Deferred Outflows of Resources	<u>\$ 7,398,901</u>	<u>\$ 115,605</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,248,717	\$ 1,638,335
Benefits Payable	-	44,270
Retainages Payable	189,472	88,297
Interest Payable	34,482	101,593
Premium Deposits	435,347	-
IBNR Claims	302,868	-
Due to Inmates/Permits/Drug Cases	66,298	-
Noncurrent liabilities:		
Due within one year	52,627,316	2,540,438
Due in more than one year	54,150,718	18,615,942
Net Pension Liability	17,499,659	370,955
Total liabilities	<u>\$ 128,554,877</u>	<u>\$ 23,399,830</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year- Property Taxes	\$ 10,689,823	\$ 324,742
Property Taxes Levied for Subsequent Year - Special Assessments	21,782	-
Deferred Inflows of Resources Related to Pensions	6,347,795	104,250
Total Deferred Inflows of Resources	<u>\$ 17,059,400</u>	<u>\$ 428,992</u>
<b>NET POSITION</b>		
Net Investment in capital assets	\$ 133,225,720	\$ 219,782,905
Restricted for:		
General Government	6,265,153	-
Highway and Streets	3,551,129	-
Relief and Charities	1,888,124	-
Culture and Recreation	295,561	-
Conservation of Natural Resources	4,855,030	8,183,860
Debt Service	362,644	7,201,588
Capital Projects	-	10,381,145
Unrestricted	(109,842,657)	7,956,423
Total Net Position	<u>\$ 40,600,704</u>	<u>\$ 253,505,917</u>

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, 2016**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 10,427,951	\$ 2,565,815	\$ 86,085	\$ -
Public safety	23,670,341	6,239,764	580,119	-
Highways and streets	21,563,531	476,037	12,753,978	-
Relief and charities	12,003,373	287,077	3,236,367	-
Conservation & economic development	94,618,770	17,477	24,135	26,585
Culture and recreation	1,143,624	19,861	519,770	-
Interest on long-term debt	812,755	-	-	-
Total primary government	<u>\$ 164,240,346</u>	<u>\$ 9,606,030</u>	<u>\$ 17,200,455</u>	<u>\$ 26,585</u>
<b>Component units:</b>				
Southeast Cass Water Resource District	\$ 11,117,410	\$ -	\$ 1,438,287	\$ 49,780,509
North Cass Water Resource District	226,197	-	15,407	2,656
Maple River Water Resource District	1,116,666	-	2,967,667	150,206
Rush River Water Resource District	555,932	-	80,734	123,826
Noxious weed	484,849	4,537	50,120	-
Vector control	1,048,194	364,637	-	-
Total component units	<u>\$ 14,549,249</u>	<u>\$ 369,174</u>	<u>\$ 4,552,215</u>	<u>\$ 50,057,197</u>

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

Total general revenues  
Special Item - Loss on Donated Flood Buyout Properties

Changes in net position

Net position - January 1 as previously stated

Prior Period Adjustment

Net Position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities		Component Units
\$ (7,776,052)	\$ -	
(16,850,458)	-	
(8,333,516)	-	
(8,479,929)	-	
(94,550,574)	-	
(603,993)	-	
(812,755)	-	
<u>\$ (137,407,277)</u>	<u>\$ -</u>	
\$ -	\$ 40,101,386	
-	(208,134)	
-	2,001,206	
-	(351,372)	
-	(430,192)	
-	(683,557)	
<u>\$ -</u>	<u>\$ 40,429,337</u>	
\$ 37,741,395	\$ 8,460,193	
16,112,224	-	
5,664,187	219,048	
143,659	46,059	
693,716	827,595	
<u>\$ 60,355,180</u>	<u>\$ 9,552,895</u>	
<u>\$ (6,346,790)</u>	<u>\$ -</u>	
<u>\$ (83,398,886)</u>	<u>\$ 49,982,232</u>	
\$ 123,999,587	\$ 203,460,915	
	62,776	
<u>\$ 123,999,587</u>	<u>\$ 203,523,686</u>	
<u>\$ 40,600,704</u>	<u>\$ 253,505,917</u>	

**CASS COUNTY GOVERNMENT**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

	General	Human Services	County Road and Bridge
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,209,035	\$ 4,207,116	\$ 5,018,362
Receivables:			
Taxes	139,328	70,845	45,878
Accounts	54,831	14,559	66,606
Loans	67,356	-	-
Due From Other Governments	1,508,523	398,696	956,914
Due From Other Funds	412,455	-	-
Inventory	-	-	209,500
Inventory of supplies, at cost	17,209	-	-
Prepaid Items	375,747	18,493	37,802
Total Assets	<u>9,784,484</u>	<u>4,709,709</u>	<u>6,335,063</u>
<b>Liabilities:</b>			
Accounts Payable	472,113	87,153	188,410
Retainages Payable	-	-	189,472
Unearned Revenues	67,356	-	-
Due to Inmates/Permits	-	-	6,000
Due to Other Funds	-	-	-
Total Liabilities	<u>539,469</u>	<u>87,153</u>	<u>383,882</u>
Deferred Inflows of Resources			
Taxes Receivable	139,328	70,845	45,878
Property Taxes Levied for Subsequent Year	6,161,439	2,026,123	2,026,123
Special Assessments Levied for Subsequent Year	-	-	-
Total Deferred Inflows of Resources	<u>6,300,767</u>	<u>2,096,968</u>	<u>2,072,001</u>
<b>Fund Balances (Deficits):</b>			
<b>Nonspendable:</b>			
Inventory	17,209	-	209,500
Prepaid Items	375,747	18,493	37,802
<b>Restricted:</b>			
Sheriff Asset Forfeiture	-	-	-
JAIBG Funds			
Hazardous Planning			
State's Attorney Asset Forfeiture			
24/7 Sobriety			
Relief and Charities	-	2,507,095	-
Highways and Streets	-	-	3,631,878
Senior Citizens	-	-	-
Flood Control Projects	-	-	-
Document Preservation	-	-	-
County Park	-	-	-
Special Assessment Debt	-	-	-
General Obligation Debt	-	-	-
<b>Committed:</b>			
Jail Commissary	-	-	-
Valley Water Rescue			
Parenting Workshop	-	-	-
Flood Control Projects	-	-	-
Special Assessment Projects	-	-	-
<b>Assigned:</b>			
SWAT Vehicle Replacement	12,531	-	-
Unassigned	2,538,761	-	-
Total Fund Balances (Deficits)	<u>2,944,248</u>	<u>2,525,589</u>	<u>3,879,179</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 9,784,484</u>	<u>\$ 4,709,709</u>	<u>\$ 6,335,063</u>

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

Emergency & Flood Mitigation	Flood Control Loan Fund	Flood Control Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ 4,208,977	\$ -	\$ 5,920,167	\$ 4,508,582	\$ 31,072,239
13,932	-	-	11,113	281,096
-	-	-	302,892	438,888
-	-	-	-	67,356
-	84,536	1,167,496	25,630	4,141,795
-	-	-	-	412,455
-	-	-	-	209,500
-	-	-	-	17,209
-	-	-	20,288	452,330
<u>4,222,909</u>	<u>84,536</u>	<u>7,087,663</u>	<u>4,868,505</u>	<u>37,092,868</u>
-	84,536	2,232,633	171,741	3,236,586
-	-	-	-	189,472
-	-	-	-	67,356
-	-	-	60,298	66,298
-	-	-	412,455	412,455
-	<u>84,536</u>	<u>2,232,633</u>	<u>644,494</u>	<u>3,972,167</u>
13,932	-	-	11,113	281,096
50,653	-	-	425,485	10,689,823
-	-	-	21,782	21,782
<u>64,585</u>	<u>-</u>	<u>-</u>	<u>458,380</u>	<u>10,992,701</u>
-	-	-	-	226,709
-	-	-	20,288	452,330
-	-	-	78,696	78,696
-	-	-	67,333	67,333
-	-	-	21,255	21,255
-	-	-	252,528	252,528
-	-	-	125,010	125,010
-	-	-	-	2,507,095
-	-	-	-	3,631,878
-	-	-	202,586	202,586
4,158,324	-	-	-	4,158,324
-	-	-	2,240,585	2,240,585
-	-	-	97,038	97,038
-	-	-	56,025	56,025
-	-	-	86,866	86,866
-	-	-	511,214	511,214
-	-	-	9,079	9,079
-	-	-	39,837	39,837
-	-	4,855,030	-	4,855,030
-	-	-	125,516	125,516
-	-	-	-	12,531
-	-	-	(168,225)	2,370,536
<u>4,158,324</u>	<u>-</u>	<u>4,855,030</u>	<u>3,765,631</u>	<u>22,128,001</u>
<u>\$ 4,222,909</u>	<u>\$ 84,536</u>	<u>\$ 7,087,663</u>	<u>\$ 4,868,505</u>	<u>\$ 37,092,868</u>

**CASS COUNTY GOVERNMENT**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds**  
**To the Statement of Net Position**  
**December 31, 2016**

Amounts reported for governmental activities in the statement of net position (Page 23) are different because:

Total fund balances - governmental funds (page 29)		\$ 22,128,001
Add - Capital Assets	\$ 230,738,075	
Deduct - accumulated depreciation	<u>(92,922,777)</u>	
Net Capital Assets		137,815,298
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.		281,096
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.		67,356
Long-term uncertified special assessments receivable are not reported in the funds because they are unavailable to pay the current period's expenditures.		213,511
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 position of governmental activities accounted for in the internal service funds		3,356,513
Net pension obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.		(17,499,659)
Deferred outflows and inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	6,347,107	
Pension Contributions made subsequent to the measurement date	1,051,794	
Deferred Inflows of Resources Related to Pensions	<u>(6,347,795)</u>	
		1,051,106
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	(1,848,975)	
Special assessments bonds payable	(250,000)	
GO Bonds Payable	(4,715,000)	
Loan Payable	(100,000,000)	
Unamortized Bond Discount	35,941	
Interest Payable	<u>(34,482)</u>	
Total long term liabilities		<u>(106,812,516)</u>
Net position of governmental activities		<u>\$ 40,600,704</u>

The accompanying notes are an integral part of the 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, 2016**

	General Fund	Human Services	County Road and Bridge	Emergency & Flood Mitigation
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 18,933,217	\$ 8,991,590	\$ 6,444,823	\$ 1,890,592
Sales	-	-	-	-
Licenses, permits and fees	66,379	13,599	82,150	-
Intergovernmental revenues	6,134,769	3,236,367	12,753,205	-
Charges for services	3,467,582	273,248	393,887	-
Miscellaneous revenues	50,064	13,053	29,077	9,429
Total Revenues	28,652,011	12,527,858	19,703,142	1,900,021
<b><u>EXPENDITURES</u></b>				
Current:				
General government	9,220,077	-	-	-
Public Safety	20,966,265	-	-	-
Highways and streets	-	-	19,560,000	-
Relief and charities	-	12,192,337	-	-
Culture and recreation	-	-	-	-
Conservation & economic development	2,178,171	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total Expenditures	32,364,512	12,192,337	19,560,000	-
Excess (deficiency) of revenues over (under) expenditures	(3,712,501)	335,521	143,142	1,900,021
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	774
Transfers out	(130,018)	-	-	(26,161)
Issuance of Debt	-	-	-	-
Sale of capital assets	52,700	-	62,680	-
Total of other financing sources and uses	(77,318)	-	62,680	(25,388)
Net change in fund balances	(3,789,819)	335,521	205,822	1,874,633
Fund balances (deficit) - beginning	6,734,067	2,190,067	3,673,357	2,283,691
Fund balances (deficit) - ending	\$ 2,944,248	\$ 2,525,588	\$ 3,879,180	\$ 4,158,324

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

2013 Flood Emergency	Flood Mitigation	Flood Control Loan Fund	Flood Control Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,533,748	\$ 37,793,970
-	-	-	16,112,224	-	16,112,224
-	-	-	-	-	162,128
774	26,585	-	-	698,212	22,849,912
-	-	-	-	5,055,641	9,190,358
-	-	677,752	56,744	251,666	1,087,786
774	26,585	677,752	16,168,968	7,539,267	87,196,378
-	-	-	-	1,200,229	10,420,306
-	-	-	-	3,860,483	24,826,748
-	-	-	-	-	19,560,000
-	-	-	-	-	12,192,337
-	-	-	-	1,133,929	1,133,929
-	48,996	-	-	9,702	2,236,868
-	-	50,030,000	42,185,988	168,225	92,384,213
-	-	50,000,000	-	783,024	50,783,024
-	-	647,752	-	217,683	865,435
-	-	-	-	2,739	2,739
-	48,996	100,677,752	42,185,988	7,376,014	214,405,599
774	(22,412)	(100,000,000)	(26,017,020)	163,253	(127,209,221)
-	26,161	-	-	133,083	160,018
(774)	-	-	-	(3,065)	(160,018)
-	-	100,000,000	-	-	100,000,000
-	-	-	-	-	115,380
(774)	26,161	100,000,000	-	130,018	100,115,382
-	3,749	-	(26,017,020)	293,271	(27,093,840)
-	(3,750)	-	30,872,051	3,472,358	49,221,841
\$ -	\$ -	\$ -	\$ 4,855,031	\$ 3,765,630	\$ 22,128,000

**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, 2016**

Amounts reported for governmental activities in the statement of activities (page 24-25) are different because:

Net change in fund balances - total governmental funds (page 32-33) \$ (27,093,840)

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 2,642,518	
Current year depreciation expense	<u>(4,003,850)</u>	(1,361,332)

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	(859,604)	
Donated Land	(6,346,790)	
Accumulated depreciation on retired assets	<u>734,984</u>	(6,471,410)

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

Increase in Taxes Receivable	2,897	
Decrease in Uncertified Special Assessments	(48,181)	
Increase in Loans Receivable	<u>37,156</u>	(8,128)

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.

Issuance of Loan Payable	(100,000,000)	
Repayment of bonds	783,024	
Repayment of loans	<u>50,000,000</u>	(49,216,976)

The net pension liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve financial resources, and are not reported in the funds.

Increase in Net Pension Liability	(1,753,133)	
Increase in Deferred Outflows of Resources	6,035,718	
Increase in Deferred Inflows of Resources	<u>(4,010,698)</u>	271,887

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	62,078	
Amortization of Bond Issuance Costs	(6,659)	
Net increase in compensated absences	<u>(140,216)</u>	(84,798)

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.

565,714

Change in net position of governmental activities \$ (83,398,886)

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, 2016**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 18,949,929	\$ 18,949,929	\$ 18,933,217	\$ (16,712)
Licenses, Permits and Fees	57,500	57,500	66,379	8,879
Intergovernmental Revenues	8,883,805	7,152,728	6,134,769	(1,017,959)
Charges for Services	3,582,154	3,582,154	3,467,582	(114,572)
Miscellaneous Revenues	78,200	78,200	49,989	(28,211)
<b>Total Revenues</b>	<b>31,551,588</b>	<b>29,820,511</b>	<b>28,651,936</b>	<b>(1,168,575)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government:				
County Commission	944,603	827,103	835,532	(8,429)
County Administrator	3,047,359	4,201,570	3,863,979	337,591
Information Technology	1,600,786	1,447,892	1,395,146	52,746
Auditor	1,350,199	1,326,099	1,297,760	28,339
Treasurer	393,424	391,724	369,430	22,294
County Recorder	638,761	637,361	623,711	13,650
Director of Tax Equalization	510,901	510,901	465,158	45,743
Veterans Service	299,559	298,713	285,713	13,000
County Planning	93,803	93,803	83,648	10,155
Total General Government	8,879,395	9,735,166	9,220,077	515,089
Public Safety:				
Emergency Management	238,020	215,272	211,920	3,352
County Sheriff	17,714,328	17,257,258	17,312,439	(55,181)
States Attorney	3,191,264	3,218,603	3,160,744	57,859
County Coroner	289,840	295,185	266,877	28,308
Cemetery	13,446	13,446	14,286	(840)
Total Public Safety	21,446,898	20,999,764	20,966,265	33,499
Conservation & Econ. Development:				
County Extension Agent	531,596	516,596	481,168	35,428
Public Service Agencies	1,785,983	1,785,983	1,697,003	88,980
Total Conservation & Econ Dev	2,317,579	2,302,579	2,178,171	124,408
<b>Total Expenditures</b>	<b>32,643,872</b>	<b>33,037,509</b>	<b>32,364,512</b>	<b>672,996</b>
Excess (deficiency) of revenues over (under) expenditures	(1,092,284)	(3,216,998)	(3,712,576)	(495,579)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Sale of Property	18,000	18,000	52,775	34,775
Transfers Out	(61,072)	(61,072)	(130,018)	(68,946)
<b>Total Other Financing Sources and (Uses)</b>	<b>(43,072)</b>	<b>(43,072)</b>	<b>(77,243)</b>	<b>(34,171)</b>
<b>Net change in fund balances</b>	<b>(1,135,356)</b>	<b>(3,260,070)</b>	<b>(3,789,819)</b>	<b>(529,748)</b>
Fund Balance - Beginning	6,734,067	6,734,067	6,734,067	-
Fund Balance - Ending	\$ 5,598,711	\$ 3,473,997	\$ 2,944,248	\$ (529,748)

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, 2016**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$ 8,989,088	\$ 8,989,088	\$ 8,991,590	\$ 2,502
Licenses, Permits and Fees	13,000	13,000	13,599	599
Intergovernmental Revenues	3,472,316	3,279,055	3,236,367	(42,688)
Charges for Services	31,700	31,700	273,248	241,548
Miscellaneous Revenues	13,200	13,200	13,053	(147)
Total Revenues	12,519,304	12,326,043	12,527,858	201,814
<u>Expenditures:</u>				
Current:				
Relief and Charities	12,501,955	12,480,325	12,192,337	287,988
Total Expenditures	12,501,955	12,480,325	12,192,337	287,988
Excess (deficiency) of revenues over (under) expenditures	17,349	(154,282)	335,521	489,803
Fund Balance - Beginning	2,190,067	2,190,067	2,190,067	-
Fund Balance - Ending	<u>\$ 2,207,416</u>	<u>\$ 2,035,785</u>	<u>\$ 2,525,589</u>	<u>\$ 489,803</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, 2016**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$ 6,468,536	\$ 6,468,536	\$ 6,444,823	\$ (23,713)
Licenses, Permits and Fees	47,000	47,000	82,150	35,150
Intergovernmental Revenues	16,299,225	14,379,196	12,753,205	(1,625,991)
Charges for Services	-	-	393,887	393,887
Miscellaneous Revenues	44,575	44,575	29,077	(15,498)
Total Revenues	22,859,336	20,939,307	19,703,142	(1,236,165)
<u>Expenditures:</u>				
Current:				
Highways and Streets	25,043,232	20,575,229	19,560,000	1,015,229
Total Expenditures	25,043,232	20,575,229	19,560,000	1,015,229
Excess (deficiency) of revenues over (under) expenditures	(2,183,896)	364,078	143,142	(220,935)
<u>Other Financing Sources (Uses):</u>				
Sale of Property	20,000	20,000	62,680	42,680
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	20,000	20,000	62,680	42,680
Net change in fund balances	(2,163,896)	384,078	205,822	(178,256)
Fund Balance - Beginning	3,673,357	3,673,357	3,673,357	-
Fund Balance - Ending	\$ 1,509,461	\$ 4,057,435	\$ 3,879,179	\$ (178,256)

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

**CASS COUNTY GOVERNMENT**  
**Emergency & Flood Mitigation Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2016**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$ 1,895,217	\$ 1,895,217	\$ 1,890,592	\$ (4,625)
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous Revenues	7,074	7,074	9,429	2,355
Total Revenues	1,902,291	1,902,291	1,900,021	(2,270)
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,902,291	1,902,291	1,900,021	(2,270)
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	774	774
Transfers Out	(2,000,000)	(2,000,000)	(26,161)	1,973,839
Total Other Financing Sources and (Uses)	(2,000,000)	(2,000,000)	(25,388)	1,974,613
Net change in fund balances	(97,709)	(97,709)	1,874,633	1,972,343
Fund Balance - Beginning	2,283,691	2,283,691	2,283,691	-
Fund Balance - Ending	\$ 2,185,982	\$ 2,185,982	\$ 4,158,324	\$ 1,972,343

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



**CASS COUNTY GOVERNMENT**  
**2013 Flood Emergency Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended December 31, 2016**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	774	774
Charges for Services	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	-	-	774	774
<u>Expenditures:</u>				
Current:				
Highways and Streets	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	774	774
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	(774)	(774)
Total Other Financing Sources and (Uses)	-	-	(774)	(774)
Net change in fund balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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, 2016**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	26,585	26,585	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	-	26,585	26,585	-
<u>Expenditures:</u>				
Current:				
Conservation & Economic Development	-	48,997	48,996	1
Total Expenditures	-	48,997	48,996	1
Excess (deficiency) of revenues over (under) expenditures	-	(22,412)	(22,411)	1
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	26,162	26,161	(1)
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	-	26,162	26,161	(1)
Net change in fund balances	-	3,750	3,751	-
Fund Balance - Beginning	-	(3,750)	(3,750)	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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

**CASS COUNTY GOVERNMENT**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2016**

	Governmental Activities <u>Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 4,013,781
Accounts Receivable	185
Prepaid Items	<u>-</u>
Total Current Assets	<u>4,013,966</u>
Noncurrent Assets:	
Capital Assets	388,692
Less: Accumulated Depreciation	<u>(295,799)</u>
Total Noncurrent Assets	<u>92,893</u>
Total Assets	<u><u>\$ 4,106,859</u></u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 12,131
Premium Deposits	435,347
IBNR Claims	<u>302,868</u>
Total Liabilities	<u>\$ 750,346</u>
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 92,893
Unrestricted	<u>3,263,621</u>
Total Net Position	<u><u>\$ 3,356,513</u></u>

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, 2016**

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues:</u>	
Premiums	\$ 5,338,019
Charges for Services	287,470
Miscellaneous	58,959
	<hr/>
Total Operating Revenues	5,684,448
	<hr/>
<u>Operating Expenses:</u>	
Premiums	853,595
Medical Services	24,986
Telephone Service	211,904
Administrative Fees	334,417
Collision Repair/Replacement	15,614
Benefit Payments	3,346,436
IBNR Claims	302,868
Depreciation Expense	37,532
	<hr/>
Total Operating Expenses	5,127,352
	<hr/>
Operating Income	557,096
	<hr/>
<u>Nonoperating Revenues (Expenses):</u>	
Interest Income	8,618
Gain on Disposal of Capital Assets	-
	<hr/>
Total Nonoperating Revenues (Expenses)	8,618
	<hr/>
Change in Net Position	565,714
	<hr/>
Total Net Position Beginning	2,790,799
	<hr/>
Total Net Position Ending	<u><u>\$ 3,356,514</u></u>

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, 2016**

	Governmental Activities
	Internal Service Funds
<u>Cash Flows From Operating Activities:</u>	
Receipts from customers	\$ 5,626,656
Payments to suppliers	(1,440,730)
Claims paid	(3,686,041)
Other receipts	58,959
	<hr/>
Net cash provided by operating activities	558,844
	<hr/>
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Purchase of capital assets	(14,900)
Proceeds on Sale of Capital Assets	-
	<hr/>
Net Cash Used in Capital and Related Financing Activities	(14,900)
	<hr/>
<u>Cash Flows From Investing Activities:</u>	
Interest income	8,618
	<hr/>
Net Increase in cash and cash equivalents	552,562
Cash and cash equivalents - beginning of the year	3,461,218
	<hr/>
Cash and cash equivalents - end of the year	4,013,780
	<hr/> <hr/>
<u>Reconciliation of Operating Income to net cash provided by operating activities:</u>	
Operating income	557,094
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	37,532
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	106
Increase (decrease) in accounts payable	(215)
Increase (decrease) in premium deposit funds	(4,516)
Increase (decrease) in IBNR claims	(32,220)
	<hr/>
Net cash provided by operating activities	\$ 558,842
	<hr/> <hr/>
 <b>Schedule of non-cash capital and related financing activities:</b>	
Disposal of Capital Assets	\$ (3,839)
	<hr/> <hr/>

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

**CASS COUNTY GOVERNMENT**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**December 31, 2016**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 62,598,433
Accounts Receivable	<u>-</u>
Total Assets	<u><u>\$ 62,598,433</u></u>
<u>LIABILITIES</u>	
Accounts Payable	359,002
Due to Component Units	23,093
Deposits	<u>62,216,338</u>
Total Liabilities	<u><u>\$ 62,598,433</u></u>

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

**THIS PAGE HAS BEEN RESERVED FOR NOTES**

**CASS COUNTY GOVERNMENT**  
**Statement of Net Position**  
**Component Units**  
**December 31, 2016**

	Southeast Cass WRD	North Cass WRD	Maple River WRD
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 12,057,853	\$ 1,310,304	\$ 10,161,039
Receivables:			
Accounts Receivable	-	-	-
Delinquent Tax	52,951	2,592	6,086
Due From Other Governments	3,084,833	1,357	8,375
Special Assessments	4,346	-	285
Due From Primary Government	17,109	4,551	1,129
Inventory	-	-	-
Prepaid Items	-	-	-
Long-Term Receivables:			
Uncertified Special Assessments Receivable	1,826,091	27,312	2,875,775
Capital Assets Not Being Depreciated:			
Land	111,590,149	1,265,494	2,691,293
Construction in Progress	14,853,072	179,358	768,815
Capital Assets (Net of Accumulated Depreciation)			
Buildings	-	-	-
Equipment	199,135	-	-
Infrastructure	73,656,248	4,241,737	20,615,712
Total Assets	<u>217,341,786</u>	<u>7,032,704</u>	<u>37,128,508</u>
<b>Deferred Outflows of Resources:</b>			
Differences Between Expected & Actual Experience	37,495	4,999	12,498
Pension Contributions Made Subsequent to Measurement Date	-	-	-
Total Deferred Outflows of Resources	<u>37,495</u>	<u>4,999</u>	<u>12,498</u>
<b>Liabilities:</b>			
Accounts Payable	1,400,739	90,957	124,726
Benefits Payable	27,037	4,213	7,894
Retainages Payable	72,912	5,402	9,983
Interest Payable	21,328	1,921	61,319
Noncurrent Liabilities:			
Due within one year	1,596,751	165,666	379,128
Due in more than one year	4,280,283	443,800	10,864,194
Net Pension Liability	114,601	15,280	38,200
Total Liabilities	<u>7,513,650</u>	<u>727,240</u>	<u>11,485,444</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes Levied for Subsequent Year	-	-	-
Deferred Inflows of Resources Related to Pensions	17,060	2,275	5,687
Total Deferred Inflows of Resources	<u>17,060</u>	<u>2,275</u>	<u>5,687</u>
<b>Net Position</b>			
Net Investment in Capital Assets	194,442,210	5,079,875	12,839,379
Restricted For:			
Conservation of Natural Resources	5,396,781	1,161,882	1,137,948
Debt Service	1,281,719	30,378	2,909,127
Capital Projects	1,753,180	-	8,052,077
Unrestricted	6,974,681	36,055	711,344
Total Net Position	<u>\$ 209,848,570</u>	<u>\$ 6,308,190</u>	<u>\$ 25,649,874</u>

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



Rush River WRD	Weed Control	Vector Control	Totals
\$ 1,859,588	\$ 402,743	\$ 201,368	\$ 25,992,895
-	2,427	6,929	9,356
722	3,588	4,448	70,386
1,318	-	-	3,095,883
574	-	-	5,205
303	-	-	23,092
-	-	79,809	79,809
-	1,347	7,113	8,459
2,325,198	-	-	7,054,376
2,921,017	-	-	118,467,953
81,387	-	-	15,882,632
-	16,422	-	16,422
-	17,819	281,274	498,228
7,500,747	-	-	106,014,444
14,690,854	444,344	580,940	277,219,136
7,499	15,052	29,347	106,890
-	2,943	5,772	8,715
7,499	17,995	35,119	115,605
17,733	3,305	876	1,638,335
5,126	-	-	44,270
-	-	-	88,297
17,025	-	-	101,593
373,687	2,053	23,154	2,540,438
3,027,665	-	-	18,615,942
22,920	61,006	118,948	370,955
3,464,156	66,363	142,977	23,399,830
-	122,130	202,612	324,742
3,412	25,702	50,114	104,250
3,412	147,832	252,726	428,992
7,105,926	34,241	281,274	219,782,905
487,249	-	-	8,183,860
2,980,364	-	-	7,201,588
575,888	-	-	10,381,145
81,357	213,904	(60,919)	7,956,423
\$ 11,230,784	\$ 248,145	\$ 220,355	\$ 253,505,918

**CASS COUNTY GOVERNMENT**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended December 31, 2016**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Component units:</b>				
Southeast Cass Water Resource District	\$ 11,117,410	\$ -	\$ 1,438,287	\$ 49,780,509
Maple River Water Resource District	1,116,666	-	2,967,667	150,206
North Cass Water Resource District	226,197	-	15,407	2,656
Rush River Water Resource District	555,932	-	80,734	123,826
Noxious weed	484,849	4,537	50,120	-
Vector control	1,048,194	364,637	-	-
Total component units	<u>\$ 14,549,249</u>	<u>\$ 369,174</u>	<u>\$ 4,552,215</u>	<u>\$ 50,057,197</u>

General revenues:

- Property taxes
- Unrestricted State Shared Revenue
- Unrestricted investment earnings
- Miscellaneous Revenue

Total general revenues

Changes in net position

Net position - January 1 as previously stated

Prior Period Adjustment

Net Position - January 1 as restated

Net position - ending

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

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

<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>
\$ 40,101,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,101,386
-	-	2,001,206	-	-	-	2,001,206
-	(208,134)	-	-	-	-	(208,134)
-	-	-	(351,372)	-	-	(351,372)
-	-	-	-	(430,192)	-	(430,192)
-	-	-	-	-	(683,557)	(683,557)
<u>\$ 40,101,386</u>	<u>\$ (208,134)</u>	<u>\$ 2,001,206</u>	<u>\$ (351,372)</u>	<u>\$ (430,192)</u>	<u>\$ (683,557)</u>	<u>\$ 40,429,337</u>
\$ 5,279,423	\$ 611,119	\$ 1,229,958	\$ 340,316	\$ 408,261	\$ 591,115	\$ 8,460,193
138,761	2,592	16,738	6,307	22,918	31,732	219,048
19,524	2,477	19,122	3,371	1,171	395	46,059
765,480	6,922	53,607	743	91	752	827,595
<u>\$ 6,203,187</u>	<u>\$ 623,110</u>	<u>\$ 1,319,425</u>	<u>\$ 350,737</u>	<u>\$ 432,441</u>	<u>\$ 623,994</u>	<u>\$ 9,552,895</u>
\$ 46,304,574	\$ 414,976	\$ 3,320,631	\$ (634)	\$ 2,249	\$ (59,563)	\$ 49,982,232
163,543,997	5,893,214	22,266,467	11,231,419	245,895	279,918	203,460,915
-	-	62,776	-	-	-	62,776
<u>\$ 163,543,997</u>	<u>\$ 5,893,214</u>	<u>\$ 22,329,242</u>	<u>\$ 11,231,420</u>	<u>\$ 245,895</u>	<u>\$ 279,918</u>	<u>\$ 203,523,686</u>
<u>\$ 209,848,571</u>	<u>\$ 6,308,190</u>	<u>\$ 25,649,873</u>	<u>\$ 11,230,786</u>	<u>\$ 248,144</u>	<u>\$ 220,355</u>	<u>\$ 253,505,918</u>

**CASS COUNTY GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**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 a summary of financial information on the joint venture as of and for the year ended December 31, 2016, which is the most current audited information available:

Total Assets	\$ 7,233,622
Total Liabilities	43,309
Total Net Position	<u>7,190,314</u>
Revenues	2,649,394
Expenses	<u>3,125,522</u>
Change in Net Position	<u>\$ (476,128)</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. Joint Powers AgreementsMetro Flood Diversion Authority

In June of 2010, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN, Cass County of ND, the Cass County Joint Water Resource District, and the Buffalo Red River Watershed District entered into a joint powers agreement for the purpose of building and operating a flood diversion channel along the Red River of the North to reduce the flood risk of the stakeholder communities and counties. The Diversion Authority and its members worked with the United States Army Corps of Engineers on the FM Metro Flood Risk Management Feasibility Study to develop the flood diversion channel project plan.

In June of 2016, the joint powers agreement was revised to exclude the Buffalo Red River Watershed District.

The joint powers agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members to this agreement. Additional information regarding the authority may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108.

E. 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.

#### F. 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.
- **Emergency & Flood Mitigation** – This fund was established to account for the property tax collections which are designated to be reserved for the use in an emergency and/or to be used for various flood control mitigation projects other than the F/M Diversion project.
- **2013 Flood Emergency** – This fund was established to account for the costs associated with fighting the spring flood of 2013. 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.
- **Flood Control Loan Fund** – This fund is used to provide for the construction cost incurred by the Flood Diversion Authority.
- **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.

## G. 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.

H. 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.

I. 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, 2016.

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.

J. 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.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items. Prepaid items are accounted for using the consumption method. Prepaid items are offset within the nonspendable classification of fund balance in the fund financial statements.

L. 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.

M. 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

#### N. 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, 2016.

#### O. Retainages Payable

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

#### P. Interest Payable

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

#### Q. 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. The entire portion of accumulated

unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminate their service with the County or with the use of annual leave throughout the year.

#### R. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. See additional information regarding this item in Note 11 to the financial statements.

#### S. 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 multiple items 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. The County also reports deferred inflows of resources related to pensions. See additional information regarding this item in Note 11 to the financial statements.

#### T. 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	2016	2015
Balance January 1	\$ 321,126	\$ 375,900
Incurred Claims Including IBNR's and Changes in Estimates	2,988,817	2,516,514
Less Claims Payments	3,023,185	2,571,288
Balance December 31	\$ 286,758	\$ 321,126

Employee Dental	2016	2015
Balance January 1	\$ 13,962	\$ 13,962
Incurred Claims Including IBNR's and Changes in Estimates	325,399	317,846
Less Claims Payments	323,251	317,846
Balance December 31	\$ 16,110	\$ 13,962

#### U. 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 position. Bond premiums and discounts 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 recognize bond premiums and discounts 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.

#### V. Pension

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

#### W. 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 resolutions passed by the board of county commissioners. The county commission is the highest level of decision-making authority for the government. 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 – Represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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.

#### X. 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 position are available.

#### Y. 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, 2014, 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 2016 expenditures exceeded appropriations in the following funds:

Special Revenue Funds:

Jail Commissary	\$12,962
24/7 Sobriety Program	37,034

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

### **NOTE 3: DEPOSITS**

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, 2016, the County's carrying amount of deposits was \$94,782,725 and the bank balance was \$95,444,701. Of the bank balances, \$4,410,960 was covered by federal depository insurance. Of the remaining bank balances, \$91,008,045 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances totaling \$25,696 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, 2016, the County held certificates of deposit in the amount of \$875,000, which are all considered deposits.

Concentration of Credit Risk:

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

Component Units

Deposits: At December 31, 2016, 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 the 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, 2016 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Wild Rice River Estates	\$ 168,225
General	911 Fund	244,230
<b>Total</b>		<b>\$ 412,455</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, 2016:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
Emergency & Flood Mitigation	2013 Flood Emergency	\$ 774
911 Service	General Fund	110,018
County Park	General Fund	20,000
Flood Mitigation	Emergency & Flood Mitigation	26,161
Holmen's Third Subdivision	Special Assessment Deficiency	3,065
<b>Total Transfers</b>		<b>\$ 160,018</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, 2016:

**Primary Government Capital Assets**

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Capital Assets, not being depreciated:				
Land	\$ 44,633,974	\$ 37,811	\$ 6,346,790	\$ 38,324,994
Total Capital Assets not being depreciated	\$ 44,633,974	\$ 37,811	\$ 6,346,790	\$ 38,324,994
Capital Assets, being depreciated:				
Buildings	\$ 51,714,521	\$ 1,375,660	\$ -	\$ 53,090,180
Improvements other than buildings	3,368,611	96,160	-	3,464,771
Machinery and Equipment	10,617,174	1,147,787	863,443	10,901,518
Infrastructure	125,345,303	-	-	125,345,303
Total Capital Assets, being depreciated	\$ 191,045,609	\$ 2,619,607	\$ 863,443	\$ 192,801,773
Less accumulated depreciation for:				
Buildings	\$ 14,641,786	\$ 991,015	\$ -	\$ 15,632,802
Improvements other than buildings	1,137,351	81,386	-	1,218,737
Machinery and Equipment	7,467,860	885,207	738,822	7,614,245
Infrastructure	66,669,019	2,083,774	-	68,752,793
Total Accumulated Depreciation	\$ 89,916,016	\$ 4,041,382	\$ 738,822	\$ 93,218,576
Net Capital Assets, being Depreciated	\$ 101,129,593	\$ (1,421,775)	\$ 124,621	\$ 99,583,197
Net Governmental Activities Capital Assets	\$ 145,763,566	\$ (1,383,964)	\$ 6,471,411	\$ 137,908,192

The County Commission approved donating \$6.3 Million in land to the Fargo Park District for a nature park. The land was purchased in 1997 and 2009 from Federal grants. The County did receive approval from FEMA and the North Dakota Department of Emergency Services. This donation is reported as a special item on the government-wide financial statements.

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

<b>Governmental Activities:</b>	
General Government	\$ 457,388
Public Safety	851,135
Highways and Streets	2,602,895
Relief and Charities	79,985
Culture and Recreation	11,442
Conservation and Econ. Development	1,005
Total Depreciation Expense - Governmental Activities	\$ 4,003,850
Depreciation of Internal Service Funds	37,532
Total Depreciation Expense	\$ 4,041,382

**Component Units**

During the year ended December 31, 2016, the following changes occurred in the capital assets of:

## Southeast Cass Water Resource District

	Balance 1/1/2016	Increases	Decreases	Transfers	Balance 12/31/2016
<b>Governmental Activities:</b>					
Capital Assets not being depreciated:					
Land	\$ 69,064,593	\$ 42,525,556	\$ -	\$ -	\$ 111,590,149
Construction in Progress	12,265,780	3,554,290	-	(966,998)	14,853,072
Total Capital Assets Not Being Depreciated	\$ 81,330,373	\$ 46,079,846	\$ -	\$ (966,998)	\$ 126,443,221
Facilities	\$ 71,725,211	\$ -		\$ -	\$ 71,725,211
Projects	34,597,087	-		966,998	35,564,085
Equipment	60,000	208,135	27,000	-	241,135
Total Capital Assets, Being Depreciated	\$ 106,382,298	\$ 208,135	\$ 27,000	\$ 966,998	\$ 107,530,431
Less Accumulated Depreciation for:					
Facilities	\$ 25,736,932	\$ 1,434,504		\$ -	\$ 27,171,436
Projects	5,769,670	691,942		-	6,461,612
Equipment	41,000	1,000		-	42,000
Total Accumulated Depreciation	\$ 31,547,602	\$ 2,127,446	\$ -	\$ -	\$ 33,675,048
Total Capital Assets Being Depreciated, Net	\$ 74,834,696	\$ (1,919,311)	\$ 27,000	\$ 966,998	\$ 73,855,383
Governmental Activities Capital Assets, Net	\$ 156,165,069	\$ 44,160,535	\$ 27,000	\$ -	\$ 200,298,603

## Maple River Water Resource District

	Balance 1/1/2016	Increases	Transfers	Balance 12/31/2016
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 2,627,168	\$ 64,125	\$ -	\$ 2,691,293
Construction in Progress	7,684,694	1,532,942	(8,448,822)	768,813
Total Capital Assets Not Being Depreciated	\$ 10,311,862	\$ 1,597,067	\$ (8,448,822)	\$ 3,460,106
Capital Assets Being Depreciated:				
Facilities	\$ 13,566,231	\$ -	\$ 7,763,164	\$ 21,329,395
Projects	7,440,224	-	685,658	8,125,882
Total Capital Assets, Being Depreciated	\$ 21,006,455	\$ -	\$ 8,448,822	\$ 29,455,277
Less Accumulated Depreciation for:				
Facilities	\$ 7,490,801	\$ 187,013	\$ -	\$ 7,677,813
Projects	1,015,410	146,340		1,161,750
Total Accumulated Depreciation	\$ 8,506,211	\$ 333,353	\$ -	\$ 8,839,564
Total Capital Assets Being Depreciated, Net	\$ 12,500,244	\$ (333,353)	\$ 8,448,822	\$ 20,615,714
Governmental Activities Capital Assets, Net	\$ 22,812,106	\$ 1,263,714	\$ -	\$ 24,075,821

## North Cass Water Resource District

	Balance 1/1/2016	Increases	Transfers	Balance 12/31/2016
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,240,454	\$ 25,040	\$ -	\$ 1,265,494
Construction in Progress	172,058	177,215	(169,915)	179,358
Total Capital Assets Not Being Depreciated	1,412,512	202,255	(169,915)	1,444,852
Capital Assets Being Depreciated:				
Facilities	\$ 3,768,900	\$ -	\$ -	\$ 3,768,900
Projects	3,943,777	-	169,915	4,113,692
Total Capital Assets, Being Depreciated	\$ 7,712,677	\$ -	\$ 169,915	\$ 7,882,592
Less Accumulated Depreciation for:				
Facilities	\$ 2,627,918	\$ 75,378	\$ -	\$ 2,703,296
Projects	858,683	78,875		937,558
Total Accumulated Depreciation	\$ 3,486,601	\$ 154,253	\$ -	\$ 3,640,854
Total Capital Assets Being Depreciated, Net	\$ 4,226,075	\$ (154,253)	\$ 169,915	\$ 4,241,738
Governmental Activities Capital Assets, Net	\$ 5,638,587	\$ 48,002	\$ -	\$ 5,686,590

Rush River Water Resource District				
	Balance 1/1/2016	Increases	Transfers	Balance 12/31/2016
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 2,921,017	\$ -	\$ -	\$ 2,921,017
Construction in Progress	187,809	53,604	(160,026)	81,387
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,108,826</b>	<b>53,604</b>	<b>(160,026)</b>	<b>3,002,404</b>
Capital Assets Being Depreciated:				
Facilities	\$ 25,577,370	\$ -	\$ -	\$ 25,577,370
Projects	1,026,392	-	160,026	1,186,418
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 26,603,762</b>	<b>\$ -</b>	<b>\$ 160,026</b>	<b>\$ 26,763,788</b>
Less Accumulated Depreciation for:				
Facilities	\$ 18,783,163	\$ 337,547	\$ -	\$ 19,120,710
Projects	121,803	20,528	-	142,331
<b>Total Accumulated Depreciation</b>	<b>\$ 18,904,966</b>	<b>\$ 358,075</b>	<b>\$ -</b>	<b>\$ 19,263,041</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 7,698,795</b>	<b>\$ (358,075)</b>	<b>\$ 160,026</b>	<b>\$ 7,500,747</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 10,807,621</b>	<b>\$ (304,471)</b>	<b>\$ -</b>	<b>\$ 10,503,151</b>

Noxious Weed Control				
	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Buildings	\$ 41,054	\$ -	\$ -	\$ 41,054
Machinery & Equipment	78,554	9,605	7,572	80,588
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 119,608</b>	<b>\$ 9,605</b>	<b>\$ 7,572</b>	<b>\$ 121,642</b>
Less Accumulated Depreciation:				
Buildings	\$ 23,811	\$ 821	\$ -	\$ 24,632
Machinery & Equipment	60,239	10,102	7,572	62,768
<b>Total Accumulated Depreciation</b>	<b>\$ 84,050</b>	<b>\$ 10,923</b>	<b>\$ 7,572</b>	<b>\$ 87,400</b>
<b>Total Capital Assets Net of Depreciation</b>	<b>\$ 35,559</b>	<b>\$ (1,318)</b>	<b>\$ 15,144</b>	<b>\$ 34,241</b>
Vector Control				
	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery & Equipment	\$ 602,432	\$ 109,233	\$ 9,500	\$ 702,165
Less Accumulated Depreciation				
Machinery & Equipment	347,110	83,282	9,500	420,891
<b>Total Capital Assets Net of Depreciation</b>	<b>\$ 255,322</b>	<b>\$ 25,951</b>	<b>\$ -</b>	<b>\$ 281,274</b>

**NOTE 8: LONG-TERM LIABILITIES**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 \$745,000. 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, 2016, the County had funds of \$47,873 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, 2016, 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 4.40%. \$ 100,000

\$365,000 Refunding Improvement Bonds of 2007 due in annual installments of \$25,000 through 2022 with interest at 4.20% to 4.45%. 150,000

---

Total Special Assessment Bonds \$ 250,000

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

<b>Special Assessment Bonds</b>		
Year Ending December 31	Principal	Interest
2017	\$ 50,000	\$ 9,875
2018	50,000	7,725
2019	50,000	5,544
2020	50,000	3,331
2021	25,000	1,669
2022-2023	25,000	556
Total	\$ 250,000	\$ 28,700

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, 2016, are comprised of the following individual issues:

\$8,900,000 General Obligation Bonds of 2010 due in annual installments of \$710,000 to \$840,000 through 2022 with interest at 3.30 to 4.7%. \$4,715,000

<b>General Obligation Bonds</b>		
Year Ending December 31	Principal	Interest
2017	\$ 735,000	\$ 182,178
2018	755,000	156,083
2019	775,000	126,228
2020	795,000	93,248
2021	815,000	57,818
2022	840,000	19,740
Total	\$ 4,715,000	\$ 635,293

### Loan Payable

During the year ended December 31, 2014 the County entered into a loan agreement with U.S. Bank National Association with authorized principal at \$50,000,000. This loan was repaid on September 8, 2016 with the issuance of \$100,000,000 from a Wells Fargo loan agreement. The additional \$50,000,000 loan agreement is to fund the flood control project undertaken by the Fargo/Moorhead Diversion Authority, including ring levees around the communities of Oxbow, Hickson and Bakke, North Dakota, in addition to a 20,000 cubic feet per second, 36-mile long 1,500 foot- wide diversion channel on the North Dakota side of the Red River, with 32,500 acres of upstream staging located in both Cass and Clay Counties. The loan is backed by 91% of the county's sales tax and 100% of the City of Fargo sales tax. Interest is payable monthly at the libor rate (a per annum rate of interest equal to .5% per annum plus the product of the libor index multiplied by 70%). \$50,000,000 Matures on July 31, 2017 and the remaining \$50,000,000 matures on July 31, 2018.

During the year ended December 31, 2016, the following changes occurred in liabilities reported in noncurrent liabilities.

	Balance 1/1/16	Additions	Reductions	Balance 12/31/16	Due Within One Year
Special Assessment Bonds	\$ 308,024	\$ -	\$ (58,024)	\$ 250,000	\$ 50,000
Less Deferred:					
Bond Discount	\$ 4,157	\$ -	\$ (745)	\$ 3,412	\$ 745
Total Deferred	\$ 4,157	\$ -	\$ (745)	\$ 3,412	\$ 745
Total Special Assessment Bonds	\$ 303,867	\$ -	\$ (57,279)	\$ 246,588	\$ 49,255
General Obligation Bonds	\$ 5,440,000	\$ -	\$ (725,000)	\$ 4,715,000	\$ 735,000
Less Deferred:					
Bond Discount	\$ 38,443	\$ -	\$ (5,914)	\$ 32,528	\$ 5,914
Total Deferred	\$ 38,443	\$ -	\$ (5,914)	\$ 32,528	\$ 5,914
Total General Obligation Bonds	\$ 5,401,557	\$ -	\$ (719,086)	\$ 4,682,472	\$ 729,086
Loan Payable	\$ 50,000,000	\$ 100,000,000	\$ (50,000,000)	\$ 100,000,000	\$ 50,000,000
Net Pension Liability	15,746,526	1,753,133		17,499,659	
Compensated Absences	1,708,758	1,904,250	(1,764,034)	1,848,975	1,848,974
Total	\$ 73,160,708	\$ 103,657,383	\$ (52,540,398)	\$ 124,277,693	\$ 52,627,317

The County is subject to a statutory limitation by the State of North Dakota for indebtedness payable principally from property taxes. At December 31, 2016,

the statutory limit for the County was \$349,254,299. The County has general obligation bonds payable and loan payable that are subject to this limitation. The general obligation bonds and loan payable at December 31, 2016 were \$4,682,472 and \$100,000,000, respectively. The legal debt margin at December 31, 2016 is \$244,571,827. 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.

### Component Units

During the year ended December 31, 2016, the following changes occurred in the long-term liabilities of the Component Units:

<b>Southeast Cass Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Bonds Payable	\$ 6,695,000	\$ -	\$ (1,560,000)	\$ 5,135,000	\$ 1,520,000
Less Deferred Amounts:					
Bond Discount	79,441	-	(14,956)	64,485	19,712
Bond Premium	(38,819)	-	1,941	(36,878)	(5,822)
Total Bonds Payable	\$ 6,654,378	\$ -	\$ (1,546,985)	\$ 5,107,393	\$ 1,506,110
Loans Payable	814,000	-	(65,000)	749,000	70,000
Net Pension Liability	92,018	22,583		114,601	
Compensated Absences	15,758	11,923	(7,040)	20,641	20,641
<b>TOTAL</b>	<b>\$ 7,576,154</b>	<b>\$ 34,506</b>	<b>\$ (1,619,025)</b>	<b>\$ 5,991,635</b>	<b>\$ 1,596,751</b>

<b>Maple River Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Bonds Payable	\$ 12,194,000	\$ 920,000	\$ (1,761,000)	\$ 11,353,000	\$ 371,000
Less Deferred Amounts:					
Bond Discount	174,594	13,800	(11,836)	176,558	13,753
Total Bonds Payable	\$ 12,019,406	\$ 906,200	\$ (1,749,164)	\$ 11,176,442	\$ 357,247
Loan Payable	75,000	-	(15,000)	60,000	15,000
Net Pension Liability	30,673	7,527		38,200	
Compensated Absences	5,253	3,974	(2,347)	6,880	6,880
<b>TOTAL</b>	<b>\$ 12,130,332</b>	<b>\$ 917,701</b>	<b>\$ (1,766,511)</b>	<b>\$ 11,281,522</b>	<b>\$ 379,127</b>

<b>North Cass Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Bonds Payable	\$ 780,000	\$ -	\$ (165,000)	\$ 615,000	\$ 165,000
Less Deferred Amounts:					
Bond Discount	10,371	-	(2,086)	8,285	2,086
Total Bonds Payable	\$ 769,629	\$ -	\$ (162,914)	\$ 606,715	\$ 162,914
Net Pension Liability	\$ 12,269	\$ 3,011		\$ 15,280	
Compensated Absences	2,101	1,590	(939)	2,752	2,752
<b>TOTAL</b>	<b>\$ 783,999</b>	<b>\$ 4,601</b>	<b>\$ (163,853)</b>	<b>\$ 624,747</b>	<b>\$ 165,666</b>



<b>Rush River Water Resource District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Bonds Payable	\$ 3,675,000	\$ -	\$ (325,000)	\$ 3,350,000	\$ 325,000
Less Deferred Amounts:					
Bond Discount	58,216	-	(5,441)	52,775	5,441
Total Bonds Payable	\$ 3,616,784	\$ -	\$ (319,559)	\$ 3,297,225	\$ 319,559
Loans Payable	150,000	-	(50,000)	100,000	50,000
Net Pension Liability	18,404	4,516		22,920	
Compensated Absences	3,151	2,385	(1,408)	4,128	4,128
<b>TOTAL</b>	<b>\$ 3,788,339</b>	<b>\$ 6,901</b>	<b>\$ (370,967)</b>	<b>\$ 3,424,273</b>	<b>\$ 373,687</b>
<b>Noxious Weed Control District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Net Pension Liability	49,142	11,864		61,006	
Compensated Absences	4,623	5,471	(8,041)	2,053	2,053
<b>TOTAL</b>	<b>\$ 53,765</b>	<b>\$ 17,335</b>	<b>\$ (8,041)</b>	<b>\$ 63,059</b>	<b>\$ 2,053</b>
<b>Vector Control District</b>					
	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>1-1-16</b>	<b>Increases</b>	<b>Decreases</b>	<b>12-31-16</b>	<b>One Year</b>
Net Pension Liability	95,464	23,484		118,948	
Compensated Absences	21,309	14,297	(12,452)	23,155	23,155
<b>TOTAL</b>	<b>\$ 116,773</b>	<b>\$ 37,781</b>	<b>\$ (12,452)</b>	<b>\$ 142,103</b>	<b>\$ 23,155</b>

Long-term liabilities of the Water Resource Districts at December 31, 2016, 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 \$405,000 to \$525,000 through 2017; interest at 1.55% to 1.75%. \$ 405,000

\$780,000 2011 Improvement Bonds, Series A, due in annual installments of \$145,000 through 2017; interest at 1.60% to 1.75%. 145,000

\$910,000 2013 Refunding Improvement Bonds, due in annual installments of \$60,000 to \$250,000 through 2018; with interest at .65% to .85%. 125,000

\$3,995,000 2015 Improvement Bonds, due in annual installments of \$430,000 to \$740,000 through 2021; interest at .50% to 2.00%. 3,565,000

\$1,880,000 2011 Improvement Bonds due in annual installments of \$210,000 to \$235,000 through 2020; interest at 2.7%. 895,000

Total Southeast Cass Special Assessment Bonds Payable \$ 5,135,000

Loans Payable:

\$408,755 State Revolving Loan Fund loan drawdown. Due in annual installments of \$15,000 to \$25,000 through 2031; interest at 2.5%. \$ 340,000

\$214,000 1998 State Revolving Loan Fund Municipal Bond Bank, due in annual installments of \$14,000 to \$15,000 through 2018; interest at 2.5%. 29,000

\$443,299 State Revolving Loan Fund drawdown. Due in annual installments of \$30,000 to \$45,000 through 2026; with interest at 2.5%. 380,000

Total Loans Payable \$ 749,000

Total Southeast Cass Long-term Liabilities (excluding Compensated Absences and Net Pension Liability) \$5,884,000

Maple River Water Resource District:

\$3,330,000 Improvement Bonds of 2013, due in annual installments of \$145,000 to \$245,000 through 2033; interest at .85% to 4.5%. \$1,430,000

\$7,960,000 Improvement Bonds of 2015, Series B, due in annual installments of \$605,000 to \$865,000 through 2030; interest at 3.25% to 4.00%. 7,960,000

\$995,000 Improvement Bonds of 2015, Series A, due in annual installments of \$60,000 to \$85,000 through 2030; interest at 1.50% to 3.50%. 995,000

\$920,000 Improvement Bonds of 2016, due in annual installments of \$145,000 to \$160,000 through 2022; interest at .90% to 1.45%. 920,000

\$228,000 Improvement Bonds of 2005, due in annual installments of \$16,000 through 2019; interest at 4.9%. 48,000

Total Maple River Special Assessment Bonds Payable \$11,353,000

Loans Payable:

\$225,000 2005 State Bank & Trust Loan, due in annual installments of \$15,000 through 2020; interest at 5.25%.	\$ 60,000
---	-----------

Total Maple River Long-Term Liabilities (excluding Compensated Absences and Net Pension Liability)	<u>\$11,413,000</u>
--	---------------------

Rush River Water Resource District:

\$800,000 2005 Improvement Bonds, due in annual installments of \$10,000 to \$70,000 through 2019; with interest at 4.1% to 4.35%.	\$ 145,000
--	------------

\$1,825,000 2012 Improvement Bonds, due in annual installments of \$80,000 to \$115,000 through 2032; interest at 1.25% to 3.10%.	1,510,000
---	-----------

\$1,620,000 2013 Improvement Bonds, due in annual installments of \$50,000 to \$75,000 through 2033; interest at .900% to 4.25%.	1,000,000
--	-----------

\$590,000 2014 Improvement Bonds, due in annual installments of \$95,000 to \$100,000 through 2020; interest at .75% to 1.55%.	400,000
--	---------

\$560,000 2008 Improvement Bonds, due in annual installments of \$40,000 to \$45,000 through 2023; with interest at 4.00% to 4.65%.	<u>\$ 295,000</u>
---	-------------------

Total Rush River Special Assessment Bonds Payable	<u>\$3,350,000</u>
---	--------------------

Loans Payable:

\$150,000 2015 Loan Payable, due in annual installments of \$48,117 to \$53,041 through 2018; interest at 2.26%.	<u>\$100,000</u>
--	------------------

Total Rush River Long-Term Liabilities (excluding Compensated Absences and Net Pension Liability)	<u>\$ 3,450,000</u>
---	---------------------

North Cass Water Resource District:

\$215,000 2003 Improvement Bonds, due in annual installments of \$15,000 through 2018; with interest at 5.0%.	\$ 30,000
---	-----------

\$240,000 2015 Improvement Bonds, due in annual installments of \$30,000 to \$85,000 through 2021; interest at 1.50% to 2.00%.	210,000
--	---------

\$1,100,000 2013 Improvement Bonds, due in annual installments of \$120,000 to \$130,000 through 2019; interest at 1.30% to 1.85%. 375,000

Total North Cass Special Assessment Bonds Payable \$ 615,000

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

Southeast Cass Water Resource District Bonds Payable:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	SA Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2017	\$ 1,520,000	\$ 79,985	\$ 70,000	\$ 18,725
2018	975,000	62,755	69,000	16,975
2019	940,000	45,850	55,000	15,250
2020	960,000	25,223	55,000	13,875
2021	740,000	7,400	55,000	12,500
2022 - 2026	-	-	320,000	40,250
2027 - 2031	-	-	125,000	9,375
Total	\$ 5,135,000	\$ 221,213	\$ 749,000	\$ 126,950

Maple River Water Resource District Bonds Payable:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	SA Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2017	\$ 371,000	\$ 374,513	\$ 15,000	\$ 2,752
2018	366,000	368,675	15,000	1,965
2019	371,000	362,609	15,000	1,178
2020	970,000	346,406	15,000	392
2021	1,005,000	318,851	-	-
2022 - 2026	4,670,000	1,130,774	-	-
2027 - 2031	3,600,000	291,450	-	-
Total	\$ 11,353,000	\$ 3,193,278	\$ 60,000	\$ 6,287

North Cass Water Resource District Bonds Payable:

<b>GOVERNMENTAL ACTIVITIES</b>			
<b>Year Ending December 31</b>	<b>Spec. Assess. Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	
2017	\$ 165,000	\$ 10,148	
2018	170,000	7,011	
2019	160,000	3,827	
2020	35,000	2,050	
2021	85,000	850	
Total	\$ 615,000	\$ 23,886	

Rush River Water Resource District Bonds Payable:

<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Year Ending December 31</b>	<b>Spec. Assess. Bonds Payable</b>		<b>Loans Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2017	\$ 335,000	\$ 95,980	\$ 50,000	\$ 1,770	
2018	340,000	88,075	50,000	572	
2019	280,000	80,855	-	-	
2020	275,000	74,377	-	-	
2021	180,000	68,426	-	-	
2022 - 2026	825,000	261,555	-	-	
2027 - 2031	850,000	126,463	-	-	
2032 - 2036	265,000	8,157	-	-	
Total	\$ 3,350,000	\$ 803,888	\$ 100,000	\$ 2,342	

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 9: 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, 2016, there were 38 series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$252,103,647.

**NOTE 10: PENSION PLANS****General Information about the NDPERS Pension Plan (Main and Law Enforcement Systems).****North Dakota Public Employees Retirement System (Main & Law Enforcement Systems)**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

**Pension Benefits****Main System**

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

**Law Enforcement System**

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

**Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main and Law Enforcement System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main and Law Enforcement System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

Upon termination, if a member is not vested (is not 65 for the Main System and is not 55 for the Law Enforcement System or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently re-employed, they have the option of repurchasing their previous service.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

**Member and Employer Contributions****Main System**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contributions rates are 7.12% of covered compensation.

**Law Enforcement System**

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Member contribution rates are 5.5% and employer contribution rates are 9.81% of covered compensation.

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

At December 31, 2016, the County and its component units reported a liability for its proportionate share of net pension liability. The net pension liability was measured as of June

30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of covered payroll in the Main System and the Law Enforcement System pension plan relative to the covered payroll of all participating employers.

The table shows the primary government and the component units Net Pension Liability and the proportion share.

#### Main System

	Net Pension Liability	Proportion Share	Change in Proportion Share
<b>Primary Government:</b>			
County	\$14,603,841	1.49755%	(.81817)%
<b>Component Units:</b>			
Southeast Cass WRD	114,601	.011759%	(.001774)%
Maple River WRD	38,200	.00392%	(.000591)%
North Cass WRD	15,280	.001568%	(.000236)%
Rush River WRD	22,920	.002352%	(.000355)%
Noxious Weed Control	61,006	.00626%	(.00097)%
Vector Control	118,948	.0122%	(.00184)%

#### Law Enforcement System

The County joined the Law Enforcement System Pension Plan effective January 1, 2016, thus there is no change in proportion share to report as of December 31, 2016.

	Net Pension Liability	Proportion Share
<b>Primary Government:</b>		
County	\$2,895,818	25.272%

For the year ended December 31, 2016, the county and its component units recognized pension expense as follows:

#### Main System

	Pension Expense
<b>Primary Government:</b>	
County	\$826,907
<b>Component Units:</b>	
Southeast Cass WRD	13,187
Maple River WRD	4,396
North Cass WRD	1,758
Rush River WRD	2,637
Noxious Weed Control	3,454
Vector Control	6,735

#### Law Enforcement System

	Pension Expense
<b>Primary Government:</b>	
County	\$651,290



At December 31, 2016, the county and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

### Main System

#### Primary Government:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 219,381	\$ 135,220
Change of Assumptions	1,346,287	725,518
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,037,447	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		5,291,937
Contributions Subsequent to the Measurement Date	653,111	-
Total	\$ 4,256,226	\$ 6,152,674

#### Component Units:

##### Southeast Cass Water Resource District

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,721	\$ 1,061
Change of Assumptions	10,565	5,693
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	15,988	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	398	10,306
Contributions Subsequent to the Measurement Date	8,823	-
Total	\$ 37,495	\$ 17,060

##### Maple River Water Resource District

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 574	\$ 354
Change of Assumptions	3,522	1,898
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5,329	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	133	3,435
Contributions Subsequent to the Measurement Date	2,941	-
Total	\$ 12,498	\$ 5,687

**North Cass Water Resource District**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 230	\$ 142
Change of Assumptions	1,409	759
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,132	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	53	1,374
Contributions Subsequent to the Measurement Date	1,176	-
Total	\$ 4,999	\$ 2,275

**Rush River Water Resource District**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 344	\$ 212
Change of Assumptions	2,113	1,139
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,198	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	80	2,061
Contributions Subsequent to the Measurement Date	1,765	-
Total	\$ 7,499	\$ 3,412

**Noxious Weed Control District**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 916	\$ 565
Change of Assumptions	5,624	3,030
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	8,512	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	22,107
Contributions Subsequent to the Measurement Date	2,943	-
Total	\$ 17,995	\$ 25,702

**Vector Control District**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,787	\$ 1,101
Change of Assumptions	10,966	5,909
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	16,595	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	43,103
Contributions Subsequent to the Measurement Date	5,772	-
Total	\$ 35,119	\$ 50,114

**Law Enforcement System****Primary Government:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,016,394	\$ -
Change of Assumptions	100,472	195,121
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	533,627	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,093,499	-
Contributions Subsequent to the Measurement Date	398,683	-
Total	\$ 3,142,675	\$ 195,121

The contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows.

**Main System****Primary Government:**

2017	\$ (617,182)
2018	(617,182)
2019	(172,719)
2020	(507,138)
2021	(635,339)
Total	\$ (2,549,559)

**Component Units:****Southeast Cass Water Resource District**

2017	\$ 3,878
2018	3,878
2019	7,366
2020	4,722
2021	1,634
Total	\$ 21,478

**Maple River Water Resource District**

2017	\$ 1,293
2018	1,293
2019	2,455
2020	1,574
2021	545
Total	\$ 7,160

**North Cass Water Resource District**

2017	\$ 517
2018	517
2019	982
2020	630
2021	218
Total	\$ 2,864

**Rush River Water Resource District**

2017	\$ 776
2018	776
2019	1,473
2020	944
2021	327
Total	\$ 4,296

**Noxious Weed Control District**

2017	\$ (2,578)
2018	(2,578)
2019	(722)
2020	(2,119)
2021	(2,654)
Total	\$ (10,650)

**Vector Control District**

2017	\$ (5,027)
2018	(5,027)
2019	(1,407)
2020	(4,131)
2021	(5,175)
Total	\$ (20,766)

**Law Enforcement System****Primary Government:**

2017	\$ 500,878
2018	510,914
2019	608,307
2020	552,115
2021	376,657
Total	\$ 2,548,871

**Actuarial Assumptions**

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.50% per annum
Salary Increase	4.50% per annum
Investment Rate of Return	8.00%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back 2 years for males and 3 years for females, projected generationally using the SSA 2014 Intermediate Cost Scale from 2014. For disabled

retirees, mortality rates are based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in May 2015. They are the same as the assumptions used in the July 1, 2016 funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

### **Discount Rate**

The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

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

**Main System**

		Current	
District's Proportionate Share of the Net	1%	Discount	1%
Pension Liability	Decrease (7%)	Rate (8%)	Increase (9%)
Primary Government	\$ 20,715,267	\$ 14,603,841	\$ 9,454,648
Component Units:			
Southeast Cass Water Resource District	162,559	114,601	74,194
Maple River Water Resource District	54,186	38,200	24,731
North Cass Water Resource District	21,675	15,280	9,892
Rush River Water Resource District	32,512	22,920	14,839
Noxious Weed Control District	86,536	61,006	39,496
Vector Control District	168,726	118,948	77,008

**Law Enforcement System**

		Current	
District's Proportionate Share of the Net	1%	Discount	1%
Pension Liability	Decrease (7%)	Rate (8%)	Increase (9%)
Primary Government	\$ 4,753,286	\$ 2,895,818	\$ 1,362,897

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued NDPERS financial report. It is located in the North Dakota Public Employees Retirement System Comprehensive Annual Financial report for the fiscal year ended June 30, 2015. The supporting actuarial information is included in the July 1, 2015, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for each retirement plan. Additional financial and actuarial information is available on their website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers), or may be obtained by contacting the agency at: North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

**NOTE 11: 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 12: 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.

##### **Metro Flood Diversion Authority Project**

The U.S. Senate and the House of Representatives has signed the Water Resource Reform and Development Act (WRRDA) which is needed to acquire federal funding for the Metro Flood Diversion project. The project will build permanent flood protection for approximately 200,000 people in North Dakota and Minnesota.

WRRDA authorizes \$846 million in federal funding for the Diversion Project. The State of North Dakota has already committed \$304 million to the Project, in addition to legislative intent for an additional \$266 million over the next four biennium's. Voters in the City of Fargo and Cass County have overwhelmingly approved two dedicated local sales taxes to help fund the Project. With modest growth, the sales taxes are expected to jointly raise \$700 million over the life of the tax.

The Diversion Authority is working on securing funding to begin construction of the Diversion Project. Federal funding is expected to be appropriated over time. Funding from the State of North Dakota can only be used for the Diversion once federal funding for construction is received.

#### **NOTE 13: CONSTRUCTION COMMITMENTS**

The County has the following open construction contracts with balances owing at December 31, 2016:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
C3 & C4 Bit Overlay	2,257,045	2,185,312	43,706	115,439
C31 Overlay	1,614,514	1,393,590	27,872	248,796
C28 Overlay	995,532	995,532	19,911	19,911
Seal Coat	688,374	657,276	13,146	44,243
C15 Overlay	1,813,745	1,759,617	35,192	89,320
Highway 17 Bit Overlay	5,471,452	5,471,452	109,429	109,429
Tower Twp Bridge	328,923	328,923	3,289	3,289
Total Construction Commitments	\$ 13,169,585	\$ 12,791,704	\$ 252,545	\$ 630,426

#### **NOTE 14: TAX ABATEMENTS**

Cass County and political subdivisions within the county can negotiate property tax abatement agreements with individuals and various commercial entities/businesses. Cass County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2016.

Cass County will state individually the parties whom received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

##### **New and Expanding Business:**

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1-03) and the guidelines stated below. The following criteria are only guidelines.

General criteria — The governing body of the city or county may grant a partial or complete exemption from ad valorem taxation on all buildings, structure, fixtures, and improvements used in or necessary to the operation of a project for period not exceeding five years from the date of commencement of project operations. The governing body may also grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements used in or necessary to the operation of a project that produces or



manufactures a product from agricultural commodities for all or part of the sixth year through the tenth year from the date of commencement of project operations.

Exemption Criteria:

The governing body must have received the certification of the department of commerce division of economic development and finance that the project is a primary sector business.

The governing body must have approval from a majority of the qualified electors to grant property tax exemptions. Additionally the governing body must require:

- Evaluation of the potential positive or adverse consequences for existing retail sector businesses.
- Evaluation of the short-term and long-term effects for other property taxpayers.
- A written agreement with the project operator, including performance requirements for which the exemption may be terminated.
- Evaluation of whether the project operator would locate the project within the boundaries without the exemption.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$208,510

**Public Charity Exemption:**

Public Charities are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(8)) and the guidelines stated below. The following criteria are only guidelines.

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

Exemption criteria:

Property exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

**2016 Reduction in Taxes – Other Entities:**

Total program reduction in taxes – \$1,005,054

**Single Family Residence:**

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)).

General Criteria -- Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all the following conditions are met:

- a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

**2016 Reduction in Taxes – Other Entities:**

Total Program Reduction in taxes – \$508,900

**Childhood Service Exemption:**

A governing body may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under NDCC 50-11.1 or used primarily as an adult day care center. (NDCC 57-02-08(36)).

This exemption is not available for property used as a residence.

**2016 Reduction in Taxes – Other Entities:**

Total Program Reduction in taxes – \$31,808

**Commercial and Residential:**

Commercial and Residential property are eligible for property tax incentives if they meet state requirements (NDCC 57-05.2-03) and the guidelines stated below. The following criteria are only guidelines.

Under NDCC 57-02.2-03 improvements to commercial and residential buildings and structures as defined in this chapter may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements, if the exemption is approved by the governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city or county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which is over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor a certificate setting out the facts upon which the claim for exemption is based. The assessor shall determine whether the improvements qualify for the exemption based on the resolution of the governing body of the city or county, and if the assessor determines that the exemption should apply, upon approval of the governing body, the exemption is valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners. If the certificate is not filed as herein provided, the assessor shall regard the improvements as nonexempt and shall assess them as such.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$33,988

# Cass County Government

## Schedule of Proportionate Share of the Net Pension Liability and Related Ratios ND Public Employees Retirement System Last Ten Fiscal Years

Year Ended *	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability(Asset)	Member Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
<b>Primary Government - Main System</b>					
12/31/2016	1.49755%	\$ 14,603,841	\$ 15,100,827	96.71%	70.46%
12/31/2015	2.31570%	15,746,526	20,630,293	76.33%	77.15%
12/31/2014	2.41223%	15,310,961	20,320,152	75.35%	77.70%
<b>Primary Government - Law Enforcement System</b>					
12/31/2016	25.27232%	\$ 2,895,818	\$ 7,133,332	40.60%	78.73%
<b>Component Units:</b>					
<b>Southeast Cass Water Resource District</b>					
12/31/2016	0.01176%	\$ 114,601	\$ 118,501	96.71%	70.46%
12/31/2015	0.01353%	92,018	120,559	76.33%	77.15%
12/31/2014	0.01343%	85,238	113,123	75.35%	77.70%
<b>Maple River Water Resource District</b>					
12/31/2016	0.00392%	\$ 38,200	\$ 39,500	96.71%	70.46%
12/31/2015	0.00451%	30,673	40,186	76.33%	77.15%
12/31/2014	0.00448%	28,413	37,708	75.35%	77.70%
<b>North Cass Water Resource District</b>					
12/31/2016	0.00157%	\$ 15,280	\$ 15,800	96.71%	70.46%
12/31/2015	0.00180%	12,269	16,074	76.33%	77.15%
12/31/2014	0.00179%	11,365	15,083	75.35%	77.70%
<b>Rush River Water Resource District</b>					
12/31/2016	0.00235%	\$ 22,920	\$ 23,700	96.71%	70.46%
12/31/2015	0.00271%	18,404	24,112	76.33%	77.15%
12/31/2014	0.00269%	17,048	22,625	75.35%	77.70%
<b>Noxious Weed Control District</b>					
12/31/2016	0.00626%	\$ 61,006	\$ 63,082	96.71%	70.46%
12/31/2015	0.00723%	49,142	64,384	76.33%	77.15%
12/31/2014	0.00753%	47,783	63,416	75.35%	77.70%
<b>Vector Control District</b>					
12/31/2016	0.01220%	\$ 118,948	\$ 122,996	96.71%	70.46%
12/31/2015	0.01404%	95,464	125,072	76.33%	77.15%
12/31/2014	0.01462%	92,824	123,192	75.35%	77.70%

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Cass County Government**

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

Year Ended *	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
<b>Primary Government - Main System</b>					
12/31/2016	\$ 1,075,179	\$ 1,075,179	\$ -	\$ 15,100,827	7.12%
12/31/2015	1,468,877	1,468,877	-	20,630,293	7.12%
12/31/2014	1,446,795	1,446,795	-	20,320,152	7.12%
<b>Primary Government - Law Enforcement System</b>					
12/31/2016	\$ 602,517	\$ 304,343	\$ 298,174	\$ 7,133,332	9.81%
<b>Component Units:</b>					
<b>Southeast Cass Water Resource District</b>					
12/31/2016	\$ 8,437	\$ 8,437	\$ -	\$ 118,501	7.12%
12/31/2015	8,584	8,584	-	120,559	7.12%
12/31/2014	8,054	8,054	-	113,123	7.12%
<b>Maple River Water Resource District</b>					
12/31/2016	\$ 2,812	\$ 2,812	\$ -	\$ 39,500	7.12%
12/31/2015	2,861	2,861	-	40,186	7.12%
12/31/2014	2,865	2,865	-	37,708	7.12%
<b>North Cass Water Resource District</b>					
12/31/2016	\$ 1,125	\$ 1,125	\$ -	\$ 15,800	7.12%
12/31/2015	1,145	1,145	-	16,074	7.12%
12/31/2014	1,074	1,074	-	15,083	7.12%
<b>Rush River Water Resource District</b>					
12/31/2016	\$ 1,687	\$ 1,687	\$ -	\$ 23,700	7.12%
12/31/2015	1,717	1,717	-	24,112	7.12%
12/31/2014	1,611	1,611	-	22,625	7.12%
<b>Noxious Weed Control District</b>					
12/31/2016	\$ 4,491	\$ 4,491	\$ -	\$ 63,082	7.12%
12/31/2015	4,584	4,584	-	64,384	7.12%
12/31/2014	4,515	4,515	-	63,416	7.12%
<b>Vector Control District</b>					
12/31/2016	\$ 8,757	\$ 8,757	\$ -	\$ 122,996	7.12%
12/31/2015	\$ 8,905	\$ 8,905	\$ -	\$ 125,072	7.12%
12/31/2014	8,771	8,771	-	123,192	7.12%

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**December 31, 2016**

	Parenting Workshop	Sheriff Asset Forfeiture	JAIBG Fund	Jail Commissary
<b>Assets:</b>				
Cash and cash equivalents	\$ 39,837	\$ 104,642	\$ 67,333	\$ 567,472
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Prepaid Items	-	-	-	239
Due From Other Governments	-	8,592	-	-
Total Assets	39,837	113,235	67,333	567,711
<b>Liabilities:</b>				
Accounts Payable	-	23,673	-	6,826
Due to Other Funds	-	-	-	-
Due to Inmates/Permits/Drug Cases	-	10,866	-	49,432
Total Liabilities	-	34,539	-	56,258
<b>Deferred Inflows of Resources:</b>				
Taxes Receivable	-	-	-	-
Property Taxes Levied for Subsequent Year	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<b>Fund Balance:</b>				
<b>Nonspendable:</b>				
Prepaid Items	-	-	-	239
<b>Restricted:</b>				
Sheriff Asset Forfeiture	-	78,696	-	-
JAIBG Funds	-	-	67,333	-
Hazardous Planning	-	-	-	-
States Attorney Asset Forfeiture	-	-	-	-
24/7 Sobriety	-	-	-	-
Senior Citizens	-	-	-	-
Document Preservation	-	-	-	-
County Park	-	-	-	-
<b>Committed:</b>				
Jail Commissary	-	-	-	511,214
Valley Water Rescue	-	-	-	-
Parenting Workshop	39,837	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	39,837	78,696	67,333	511,452
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 39,837	\$ 113,235	\$ 67,333	\$ 567,711

Hazardous Plan/ Response	Valley Water Rescue	St. Att'y Asset Forfeiture	Senior Citizens	911 Service
\$ 21,255	\$ 11,454	\$ 235,967	\$ 405,198	\$ -
-	-	-	4,836	-
-	-	-	-	294,597
-	-	-	-	-
-	-	16,560	-	-
21,255	11,454	252,528	410,034	294,597
-	2,376	-	-	50,367
-	-	-	-	244,230
-	-	-	-	-
-	2,376	-	-	294,597
-	-	-	4,836	-
-	-	-	202,612	-
-	-	-	207,449	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,255	-	-	-	-
-	-	252,528	-	-
-	-	-	-	-
-	-	-	202,586	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	9,079	-	-	-
-	-	-	-	-
-	-	-	-	-
21,255	9,079	252,528	202,586	-
\$ 21,255	\$ 11,454	\$ 252,528	\$ 410,034	\$ 294,597

Continued on next page

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**December 31, 2016**

	NDRIN County Recorder Project	Document Preservation ROD	County Park	24/7 Sobriety Program	Total Nonmajor Special Revenue Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,861,563	\$ 428,199	\$ 97,219	\$ 155,380	\$ 3,995,520
Receivables:					
Taxes	-	-	35	-	4,871
Accounts	8,295	-	-	-	302,892
Prepaid Items	550	18,748	-	751	20,288
Due From Other Governments	-	477	-	-	25,630
Total Assets	1,870,408	447,424	97,254	156,131	4,349,201
<b>Liabilities:</b>					
Accounts Payable	57,949	-	180	30,370	171,741
Due to Other Funds	-	-	-	-	244,230
Due to Inmates/Permits/Drug Cases	-	-	-	-	60,298
Total Liabilities	57,949	-	180	30,370	476,269
<b>Deferred Inflows of Resources:</b>					
Taxes Receivable	-	-	35	-	4,871
Property Taxes Levied for Subsequent Year	-	-	-	-	202,612
Total Deferred Inflows of Resources	-	-	35	-	207,483
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid Items	550	18,748	-	751	20,288
<b>Restricted:</b>					
Sheriff Asset Forfeiture	-	-	-	-	78,696
JAIBG Funds	-	-	-	-	67,333
Hazardous Planning	-	-	-	-	21,255
States Attorney Asset Forfeiture	-	-	-	-	252,528
24/7 Sobriety	-	-	-	125,010	125,010
Senior Citizens	-	-	-	-	202,586
Document Preservation	1,811,909	428,676	-	-	2,240,585
County Park	-	-	97,038	-	97,038
<b>Committed:</b>					
Jail Commissary	-	-	-	-	511,214
Valley Water Rescue	-	-	-	-	9,079
Parenting Workshop	-	-	-	-	39,837
Unassigned	-	-	-	-	-
Total Fund Balances	1,812,459	447,424	97,038	125,761	3,665,449
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 1,870,408	\$ 447,424	\$ 97,254	\$ 156,131	\$ 4,349,201

Continued from previous page



**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - All Debt Service Funds**  
**December 31, 2016**

	Greyhawk Estates Subdivision	Granberg Amber Plains	2010 Bond S&I	Special Assessment Deficiency	Total Nonmajor Debt Service Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 48,440	\$ 21,215	\$ 309,739	\$ 8,152	\$ 387,546
Receivables:					
Taxes	-	-	6,242	-	6,242
Total Assets	<u>48,440</u>	<u>21,215</u>	<u>315,981</u>	<u>8,152</u>	<u>393,788</u>
<b>Deferred Inflows of Resources:</b>					
Taxes Receivable	-	-	6,242	-	6,242
Property Taxes Levied for Subsequent Year	-	-	222,873	-	222,873
Special Assessments Levied for Subsequent Year	<u>9,279</u>	<u>12,503</u>	<u>-</u>	<u>-</u>	<u>21,782</u>
Total Deferred Inflows of Resources	<u>9,279</u>	<u>12,503</u>	<u>229,115</u>	<u>-</u>	<u>250,897</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Special Assessment Debt	39,162	8,711	-	8,152	56,025
General Obligation Debt	<u>-</u>	<u>-</u>	<u>86,866</u>	<u>-</u>	<u>86,866</u>
Total Fund Balances	<u>39,162</u>	<u>8,711</u>	<u>86,866</u>	<u>8,152</u>	<u>142,891</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,440</u>	<u>\$ 21,215</u>	<u>\$ 315,981</u>	<u>\$ 8,152</u>	<u>\$ 393,788</u>

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**December 31, 2016**

	Forest River Subdivision	Round Hill Subdivision	Greyhawk Estates Subdivision	Granberg Amber Plains	Wild Rice River Estates Subdivision	Total Nonmajor Capital Projects Funds
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 29,683	\$ 27,545	\$ 31,054	\$ 37,234	\$ -	\$ 125,516
Accounts Receivable	-	-	-	-	-	-
Total Assets	<u>29,683</u>	<u>27,545</u>	<u>31,054</u>	<u>37,234</u>	<u>-</u>	<u>125,516</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b><u>Liabilities:</u></b>						
Accounts Payable	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	168,225	168,225
Total Liabilities	-	-	-	-	168,225	168,225
<b><u>Fund Balances:</u></b>						
<b><u>Committed:</u></b>						
Special Assessment Projects	29,683	27,545	31,054	37,234	-	125,516
Unassigned	-	-	-	-	(168,225)	(168,225)
Total Fund Balances	<u>29,683</u>	<u>27,545</u>	<u>31,054</u>	<u>37,234</u>	<u>(168,225)</u>	<u>(42,709)</u>
Total Liabilities and Fund Balances	<u>\$ 29,683</u>	<u>\$ 27,545</u>	<u>\$ 31,054</u>	<u>\$ 37,234</u>	<u>\$ -</u>	<u>\$ 125,516</u>

**CASS COUNTY GOVERNMENT**  
**Combining Balance Sheet**  
**All Nonmajor Governmental Funds**  
**December 31, 2016**

	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	\$ 3,995,520	\$ 387,546	\$ 125,516	\$ 4,508,582
Receivables:				
Taxes	4,871	6,242	-	11,113
Accounts	302,892	-	-	302,892
Due From Other Governments	25,630	-	-	25,630
Prepaid Items	20,288	-	-	20,288
<b>Total Assets</b>	<b>4,349,201</b>	<b>393,788</b>	<b>125,516</b>	<b>4,868,505</b>
<b>Liabilities:</b>				
Accounts Payable	171,741	-	-	171,741
Due to Other Funds	244,230	-	168,225	412,455
Due To Inmates/Permits/Drug Cases	60,298	-	-	60,298
<b>Total Liabilities</b>	<b>476,269</b>	<b>-</b>	<b>168,225</b>	<b>644,494</b>
<b>Deferred Inflows of Resources:</b>				
Taxes Receivable	4,871	6,242	-	11,113
Property Taxes Levied for Subsequent Year	202,612	222,873	-	425,485
Special Assessments Levied for Subsequent Year	-	21,782	-	21,782
<b>Total Deferred Inflows of Resources</b>	<b>207,483</b>	<b>250,897</b>	<b>-</b>	<b>458,380</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid Items	20,288	-	-	20,288
<b>Restricted:</b>				
Sheriff Asset Forfeiture	78,696	-	-	78,696
JAIBG Funds	67,333			67,333
Hazardous Planning	21,255			21,255
State's Attorney Asset Forfeiture	252,528			252,528
24/7 Sobriety	125,010			125,010
Senior Citizens	202,586	-	-	202,586
Document Preservation	2,240,585	-	-	2,240,585
County Park	97,038	-	-	97,038
Special Assessment Debt	-	56,025	-	56,025
General Obligation Debt	-	86,866	-	86,866
<b>Committed:</b>				
Jail Commissary	511,214	-	-	511,214
Valley Water Rescue	9,079			9,079
Parenting Workshop	39,837	-	-	39,837
Special Assessment Projects	-	-	125,516	125,516
Unassigned	-	-	(168,225)	(168,225)
<b>Total Fund Balances</b>	<b>3,665,449</b>	<b>142,891</b>	<b>(42,709)</b>	<b>3,765,631</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,349,201</b>	<b>\$ 393,788</b>	<b>\$ 125,516</b>	<b>\$ 4,868,505</b>

**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, 2016**

	Parenting Workshop	Sheriff Asset Forfeiture	JAIBG Fund	Jail Commissary
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	84,266	-	-
Charges for Services	6,404	-	-	257,778
Miscellaneous Revenues	100	112,335	5,707	1,245
Total Revenues	6,504	196,600	5,707	259,022
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	-	164,345	4,710	188,081
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	9,702	-	-	-
Total Expenditures	9,702	164,345	4,710	188,081
Excess (deficiency) of Revenues Over (Under) Expenditures	(3,198)	32,256	997	70,941
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	-	-	-	-
Net change in fund balances	(3,198)	32,256	997	70,941
Fund Balance - Beginning	43,035	46,440	66,336	440,511
Fund Balance - Ending	\$ 39,837	\$ 78,696	\$ 67,333	\$ 511,452

Hazardous Plan/ Response	Valley Water Rescue	St. Atty Asset Forfeiture	Senior Citizens	911 Service	NDRIN - County Recorders
\$ -	\$ -	\$ -	\$ 656,394	\$ -	\$ -
-	-	-	519,770	-	-
-	-	-	-	2,847,197	1,285,874
7,886	42,697	74,670	428	-	4,030
7,886	42,697	74,670	1,176,592	2,847,197	1,289,904
-	-	-	-	-	1,025,165
21,631	40,547	5,313	-	2,961,257	-
-	-	-	1,103,589	-	-
-	-	-	-	-	-
21,631	40,547	5,313	1,103,589	2,961,257	1,025,165
(13,745)	2,150	69,356	73,003	(114,061)	264,739
-	-	-	-	110,018	-
-	-	-	-	-	-
-	-	-	-	110,018	-
(13,745)	2,150	69,356	73,003	(4,043)	264,739
35,001	6,929	183,171	129,583	4,043	1,547,720
\$ 21,255	\$ 9,079	\$ 252,528	\$ 202,586	\$ -	\$ 1,812,459

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, 2016**

	Document Preservation Fund	County Park	24/7 Sobriety Program	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Property Taxes	\$ -	\$ 220	\$ -	\$ 656,614
Intergovernmental Revenues	-	292	-	604,328
Charges for Services	175,605	19,861	462,924	5,055,641
Miscellaneous Revenues	863	222	409	250,589
Total Revenues	176,468	20,595	463,333	6,567,173
<u>Expenditures:</u>				
Current:				
General Government	175,064	-	-	1,200,229
Public Safety	-	-	474,599	3,860,483
Culture and Recreation	-	30,340	-	1,133,929
Conservation & Econ. Development	-	-	-	9,702
Total Expenditures	175,064	30,340	474,599	6,204,342
Excess (deficiency) of Revenues Over (Under) Expenditures	1,404	(9,745)	(11,266)	362,830
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	20,000	-	130,018
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	-	20,000	-	130,018
Net change in fund balances	1,404	10,255	(11,266)	492,848
Fund Balance - Beginning	446,021	86,784	137,027	3,172,600
Fund Balance - Ending	\$ 447,424	\$ 97,038	\$ 125,761	\$ 3,665,449

Continued from previous page

**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, 2016**

	Holmen's Third Subdivision	Greyhawk Estates Subdivision	Granberg Amber Plains	Special Assessment Deficiency	2010 Bond S&I	Total Nonmajor Debt Service Funds
<u>Revenues:</u>						
Property Taxes	\$ 5,486	\$ 26,672	\$ 31,115	\$ -	\$ 813,862	\$ 877,135
Intergovernmental Revenues	-	-	-	-	93,883	93,883
Miscellaneous Revenues	4	112	44	27	593	779
Total Revenues	5,490	26,784	31,158	27	908,338	971,797
<u>Expenditures:</u>						
Debt Service:						
Principal	8,024	25,000	25,000	-	725,000	783,024
Interest	328	4,919	7,075	-	205,361	217,683
Fiscal Charges	-	1,128	1,211	-	400	2,739
Total Expenditures	8,351	31,047	33,286	-	930,761	1,003,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,861)	(4,263)	(2,128)	27	(22,423)	(31,648)
<u>Other Financing Sources (Uses):</u>						
Transfers In	3,065	-	-	-	-	3,065
Transfers Out	-	-	-	(3,065)	-	(3,065)
Total Other Financing Sources and (Uses)	3,065	-	-	(3,065)	-	-
Net Change in Fund Balances	204	(4,263)	(2,128)	(3,038)	(22,423)	(31,648)
Fund Balance - Beginning	(204)	43,425	10,839	11,190	109,288	174,539
Fund Balance - Ending	\$ -	\$ 39,162	\$ 8,711	\$ 8,152	\$ 86,866	\$ 142,891

**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, 2016**

	<u>Forest River Subdivision</u>	<u>Round Hill Subdivision</u>	<u>Greyhawk Estates Subdivision</u>	<u>Granberg Amber Plains</u>	<u>Wild Rice River Estates Subdivision</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>						
Intergovernmental Revenues	-	-	-	-	-	-
Miscellaneous Revenues	\$ 70	\$ 65	\$ 74	\$ 88	\$ -	\$ 298
Total Revenues	<u>70</u>	<u>65</u>	<u>74</u>	<u>88</u>	<u>-</u>	<u>298</u>
<u>Expenditures:</u>						
Capital Outlay	-	-	-	-	168,225	168,225
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,225</u>	<u>168,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70</u>	<u>65</u>	<u>74</u>	<u>88</u>	<u>(168,225)</u>	<u>(167,927)</u>
<u>Other Financing Sources:</u>						
Transfer Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources over Expenditures	<u>70</u>	<u>65</u>	<u>74</u>	<u>88</u>	<u>(168,225)</u>	<u>(167,927)</u>
Fund Balance - Beginning	<u>29,613</u>	<u>27,480</u>	<u>30,980</u>	<u>37,145</u>	<u>-</u>	<u>125,219</u>
Fund Balance - Ending	<u>\$ 29,683</u>	<u>\$ 27,545</u>	<u>\$ 31,054</u>	<u>\$ 37,234</u>	<u>\$ (168,225)</u>	<u>\$ (42,709)</u>



**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Nonmajor Governmental Funds**  
**For the Fiscal Year Ended December 31, 2016**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Taxes:				
Property	\$ 656,614	\$ 877,135	\$ -	\$ 1,533,748
Intergovernmental Revenues	604,328	93,883	-	698,212
Charges for Services	5,055,641	-	-	5,055,641
Miscellaneous Revenues	250,589	779	298	251,666
Total Revenues	6,567,173	971,797	298	7,539,267
<u>Expenditures</u>				
Current:				
General Government	1,200,229	-	-	1,200,229
Public Safety	3,860,483	-	-	3,860,483
Culture and Recreation	1,133,929	-	-	1,133,929
Conservation & Economic Development	9,702	-	-	9,702
Capital outlay	-	-	168,225	168,225
Debt Service:				
Principal Retirement	-	783,024	-	783,024
Interest	-	217,683	-	217,683
Fiscal Charges	-	2,739	-	2,739
Total Expenditures	6,204,342	1,003,445	168,225	7,376,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	362,830	(31,648)	(167,927)	163,253
<u>Other Financing Sources (Uses)</u>				
Transfers In	130,018	3,065	-	133,083
Transfers Out	-	(3,065)	-	(3,065)
Total of Other Financing Uses	130,018	-	-	130,018
Net Change in Fund Balances	492,848	(31,648)	(167,927)	293,271
Fund Balances - Beginning	3,172,600	174,539	125,219	3,472,358
Fund Balances - Ending	\$ 3,665,449	\$ 142,891	\$ (42,709)	\$ 3,765,631

**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, 2016**

	Parenting Workshop			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	14,500	14,500	6,404	(8,096)
Miscellaneous Revenues	30	30	100	70
Total Revenues	14,530	14,530	6,504	(8,026)
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	20,000	20,000	9,702	10,298
Total Expenditures	20,000	20,000	9,702	10,298
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,470)	(5,470)	(3,198)	2,272
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(5,470)	(5,470)	(3,198)	2,272
Fund Balance - Beginning	43,035	43,035	43,035	-
Fund Balance - Ending	\$ 37,565	\$ 37,565	\$ 39,837	\$ 2,272

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
143,452	143,452	84,266	(59,186)	-	-	-	-
-	-	-	-	-	-	-	-
35,100	104,026	112,335	8,309	4,100	5,980	5,707	(273)
178,552	247,478	196,600	(50,877)	4,100	5,980	5,707	(273)
-	-	-	-	-	-	-	-
182,114	251,040	164,345	86,695	4,000	5,200	4,710	490
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
182,114	251,040	164,345	86,695	4,000	5,200	4,710	490
(3,562)	(3,562)	32,255	35,818	100	780	997	218
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(3,562)	(3,562)	32,255	35,818	100	780	997	218
46,440	46,440	46,440	-	66,336	66,336	66,336	-
\$ 42,878	\$ 42,878	\$ 78,696	\$ 35,818	\$ 66,436	\$ 67,116	\$ 67,333	\$ 218

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, 2016**

	Jail Commissary			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	160,000	241,225	257,778	16,553
Miscellaneous Revenues	600	1,025	1,245	220
Total Revenues	160,600	242,250	259,022	16,773
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	140,814	175,119	188,081	(12,962)
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
Total Expenditures	140,814	175,119	188,081	(12,962)
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,786	67,131	70,941	3,812
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	19,786	67,131	70,941	3,812
Fund Balance - Beginning	440,511	440,511	440,511	-
Fund Balance - Ending	\$ 460,297	\$ 507,642	\$ 511,452	\$ 3,812

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	7,700	7,886	186	42,706	42,706	42,697	(10)
6,000	7,700	7,886	186	42,706	42,706	42,697	(10)
-	-	-	-	-	-	-	-
6,000	21,700	21,631	69	43,500	43,500	40,547	2,953
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	21,700	21,631	69	43,500	43,500	40,547	2,953
-	(14,000)	(13,745)	255	(794)	(794)	2,150	2,943
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(14,000)	(13,745)	255	(794)	(794)	2,150	2,943
35,001	35,001	35,001	-	6,929	6,929	6,929	-
\$ 35,001	\$ 21,001	\$ 21,255	\$ 255	\$ 6,135	\$ 6,135	\$ 9,079	\$ 2,943

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, 2016**

	States Attorney Asset Forfeiture			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous Revenues	15,400	57,987	74,670	16,683
<b>Total Revenues</b>	<b>15,400</b>	<b>57,987</b>	<b>74,670</b>	<b>16,683</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	-	-	-	-
Public Safety	500	43,087	5,313	37,774
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
<b>Total Expenditures</b>	<b>500</b>	<b>43,087</b>	<b>5,313</b>	<b>37,774</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,900	14,900	69,357	54,457
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Net Change in Fund Balances	 14,900	 14,900	 69,357	 54,457
Fund Balance - Beginning	183,171	183,171	183,171	-
Fund Balance - Ending	<u>\$ 198,071</u>	<u>\$ 198,071</u>	<u>\$ 252,528</u>	<u>\$ 54,457</u>

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		
\$ 658,019	\$ 658,019	\$ 656,394	\$ (1,625)	\$ -	\$ -	\$ -	\$ -
519,770	519,770	519,770	-	-	-	-	-
-	-	-	-	2,950,000	2,950,000	2,847,197	(102,803)
282	282	428	146	-	-	-	-
<u>1,178,071</u>	<u>1,178,071</u>	<u>1,176,592</u>	<u>(1,478)</u>	<u>2,950,000</u>	<u>2,950,000</u>	<u>2,847,197</u>	<u>(102,803)</u>
-	-	-	-	-	-	-	-
-	-	-	-	2,991,072	2,991,072	2,961,257	29,815
1,103,589	1,103,589	1,103,589	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,103,589</u>	<u>1,103,589</u>	<u>1,103,589</u>	<u>-</u>	<u>2,991,072</u>	<u>2,991,072</u>	<u>2,961,257</u>	<u>29,815</u>
<u>74,482</u>	<u>74,482</u>	<u>73,003</u>	<u>(1,478)</u>	<u>(41,072)</u>	<u>(41,072)</u>	<u>(114,060)</u>	<u>(72,988)</u>
-	-	-	-	41,072	41,072	110,018	68,946
-	-	-	-	-	-	-	-
-	-	-	-	41,072	41,072	110,018	68,946
<u>74,482</u>	<u>74,482</u>	<u>73,003</u>	<u>(1,478)</u>	<u>-</u>	<u>-</u>	<u>(4,043)</u>	<u>(4,043)</u>
<u>129,583</u>	<u>129,583</u>	<u>129,583</u>	<u>-</u>	<u>4,043</u>	<u>4,043</u>	<u>4,043</u>	<u>-</u>
<u>\$ 204,065</u>	<u>\$ 204,065</u>	<u>\$ 202,586</u>	<u>\$ (1,478)</u>	<u>\$ 4,043</u>	<u>\$ 4,043</u>	<u>\$ -</u>	<u>\$ (4,043)</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, 2016**

	NDRIN - County Recorder Project			Variance With Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	1,380,000	1,380,000	1,285,874	(94,126)
Miscellaneous Revenues	2,000	2,000	4,030	2,030
Total Revenues	1,382,000	1,382,000	1,289,904	(92,096)
<b>Expenditures:</b>				
Current:				
General Government	1,072,000	1,072,000	1,025,165	46,835
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
Total Expenditures	1,072,000	1,072,000	1,025,165	46,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	310,000	310,000	264,739	(45,262)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	310,000	310,000	264,739	(45,262)
Fund Balance - Beginning	1,547,720	1,547,720	1,547,720	-
Fund Balance - Ending	\$ 1,857,720	\$ 1,857,720	\$ 1,812,459	\$ (45,262)

Continued from previous page



Document Preservation - ROD				County Park			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220	\$ 220
-	-	-	-	-	-	292	292
140,000	140,000	175,605	35,605	7,500	7,500	19,861	12,361
-	-	863	863	-	-	222	222
140,000	140,000	176,468	36,468	7,500	7,500	20,595	13,095
236,667	236,667	175,064	61,603	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	54,480	40,400	30,340	10,060
-	-	-	-	-	-	-	-
236,667	236,667	175,064	61,603	54,480	40,400	30,340	10,060
(96,667)	(96,667)	1,404	98,071	(46,980)	(32,900)	(9,745)	23,156
-	-	-	-	20,000	20,000	20,000	-
-	-	-	-	-	-	-	-
-	-	-	-	20,000	20,000	20,000	-
(96,667)	(96,667)	1,404	98,071	(26,980)	(12,900)	10,255	23,156
446,021	446,021	446,021	-	86,784	86,784	86,784	-
\$ 349,354	\$ 349,354	\$ 447,424	\$ 98,071	\$ 59,804	\$ 73,884	\$ 97,038	\$ 23,156

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, 2016**

	24/7 Sobriety Program			Variance With
	Budget		Actual	Final Budget
	Original	Final		Positive
				(Negative)
<u>Revenues:</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Charges for Services	350,000	470,000	462,924	(7,076)
Miscellaneous Revenues	150	350	409	59
Total Revenues	350,150	470,350	463,333	(7,017)
<u>Expenditures:</u>				
Current:				
General Government	-	-	-	-
Public Safety	310,850	437,565	474,599	(37,034)
Culture and Recreation	-	-	-	-
Conservation & Econ. Development	-	-	-	-
Total Expenditures	310,850	437,565	474,599	(37,034)
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,300	32,785	(11,266)	(44,051)
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	39,300	32,785	(11,266)	(44,051)
Fund Balance - Beginning	137,027	137,027	137,027	-
Fund Balance - Ending	\$ 176,327	\$ 169,812	\$ 125,761	\$ (44,051)

Continued from previous page

Total Nonmajor Budgeted Special Revenue Funds			
Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 658,019	\$ 658,019	\$ 656,614	\$ (1,405)
663,222	663,222	604,328	(58,894)
5,002,000	5,203,225	5,055,641	(147,584)
106,368	222,086	250,589	28,503
6,429,609	6,746,552	6,567,173	(179,379)
1,308,667	1,308,667	1,200,229	108,438
3,678,850	3,968,283	3,860,483	107,800
1,158,069	1,143,989	1,133,929	10,060
20,000	20,000	9,702	10,298
6,165,586	6,440,939	6,204,343	236,596
264,023	305,613	362,830	57,217
61,072	61,072	130,018	68,946
-	-	-	-
61,072	61,072	130,018	68,946
325,095	366,685	492,847	126,161
3,172,600	3,172,600	3,172,600	-
\$ 3,497,695	\$ 3,539,285	\$ 3,665,449	\$ 126,161

**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, 2016**

	<b>Holmen's Third Subdivision</b>			
	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$ 5,486	\$ 5,486	\$ 5,486	\$ 0
Intergovernmental Revenues	-	-	-	-
Miscellaneous Revenues	-	-	4	4
Total Revenues	5,486	5,486	5,490	4
<u>Expenditures:</u>				
Debt Service:				
Principal	8,024	8,024	8,024	-
Interest	328	328	328	-
Fiscal Charges	-	-	-	-
Total Expenditures	8,352	8,352	8,351	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,866)	(2,866)	(2,861)	4
<u>Other Financing Sources (Uses):</u>				
Transfers In	3,070	3,070	3,065	(5)
Transfers Out	-	-	-	-
Total Other Financing Sources and (Uses)	3,070	3,070	3,065	(5)
Net Change in Fund Balances	204	204	204	-
Fund Balance - Beginning	(204)	(204)	(204)	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Greyhawk Estates Subdivision				Granberg Amber Plains			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 26,494	\$ 26,561	\$26,672	\$ 111	\$ 31,077	\$ 31,077	\$ 31,115	\$ 38
-	-	-	-	-	-	-	-
75	100	112	12	50	50	44	(6)
26,569	26,661	26,784	123	31,127	31,127	31,158	32
25,000	25,000	25,000	-	25,000	25,000	25,000	-
4,919	4,919	4,919	1	7,075	7,075	7,075	-
1,000	1,128	1,128	-	1,500	1,500	1,211	289
30,919	31,047	31,047	1	33,575	33,575	33,286	289
(4,350)	(4,386)	(4,263)	124	(2,448)	(2,448)	(2,128)	322
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(4,350)	(4,386)	(4,263)	124	(2,448)	(2,448)	(2,128)	322
43,425	43,425	43,425	-	10,839	10,839	10,839	-
\$ 39,075	\$ 39,039	\$39,162	\$ 124	\$ 8,391	\$ 8,391	\$ 8,711	\$ 322

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, 2016**

	<b>Special Assessment Deficiency</b>			Variance With
	Budget		Actual	Final Budget
	Original	Final		Positive
				(Negative)
<b><u>Revenues:</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-
Miscellaneous Revenues	-	-	27	27
Total Revenues	-	-	27	27
<b><u>Expenditures:</u></b>				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	27	27
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	-	-	-	-
Transfers Out	(3,070)	(3,070)	(3,065)	-
Total Other Financing Sources and (Uses)	(3,070)	(3,070)	(3,065)	-
Net Change in Fund Balances	(3,070)	(3,070)	(3,038)	27
Fund Balance - Beginning	11,190	11,190	11,190	-
Fund Balance - Ending	\$ 8,120	\$ 8,120	\$ 8,152	\$ 27

Continued from previous page

2010 Bond S&I				Total Nonmajor Debt Service Funds			
Budget		Actual	Variance With Final Budget Positive (Negative)	Budget		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 816,289	\$ 816,289	\$ 813,862	\$ (2,427)	\$ 879,346	\$ 879,413	\$ 877,135	\$ (2,278)
92,023	92,023	93,883	1,860	92,023	92,023	93,883	1,860
484	484	593	109	609	634	779	145
908,796	908,796	908,338	(457)	971,978	972,070	971,797	(273)
725,000	725,000	725,000	-	783,024	783,024	783,024	-
205,361	205,361	205,361	-	217,683	217,682	217,683	-
400	400	400	-	2,900	3,028	2,739	289
930,761	930,761	930,761	-	1,003,607	1,003,734	1,003,445	289
(21,965)	(21,965)	(22,423)	(458)	(31,629)	(31,664)	(31,648)	16
-	-	-	-	3,070	3,070	3,065	(5)
-	-	-	-	(3,070)	(3,070)	(3,065)	-
-	-	-	-	-	-	-	(5)
(21,965)	(21,965)	(22,423)	(458)	(31,629)	(31,664)	(31,648)	11
109,288	109,288	109,288	-	174,539	174,539	174,539	-
\$ 87,323	\$ 87,323	\$ 86,866	\$ (458)	\$ 142,910	\$ 142,875	\$ 142,891	\$ 11

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2016**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool Operating	Total
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 3,549,383	\$ 279,532	\$ 133,543	\$ 51,323	\$ 4,013,781
Accounts Receivable	-	-	185	-	185
Prepaid Items	-	-	-	-	-
Total Current Assets	<u>3,549,383</u>	<u>279,532</u>	<u>133,727</u>	<u>51,323</u>	<u>4,013,966</u>
Noncurrent Assets:					
Capital Assets	-	-	218,211	170,481	388,692
Less: Accumulated Depreciation	-	-	(161,784)	(134,015)	(295,799)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>56,428</u>	<u>36,465</u>	<u>92,893</u>
Total Assets	<u><u>3,549,383</u></u>	<u><u>279,532</u></u>	<u><u>190,155</u></u>	<u><u>87,789</u></u>	<u><u>4,106,859</u></u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	-	-	12,099	32	12,131
Premium Deposits	405,551	29,796	-	-	435,347
IBNR Claims	286,758	16,110	-	-	302,868
Total Liabilities	<u>692,309</u>	<u>45,906</u>	<u>12,099</u>	<u>32</u>	<u>750,346</u>
Net Position:					
Net Investment in Capital Assets	-	-	56,428	36,465	92,893
Unrestricted	2,857,074	233,627	121,628	51,292	3,263,621
Total Net Position	<u><u>\$ 2,857,074</u></u>	<u><u>\$ 233,627</u></u>	<u><u>\$ 178,056</u></u>	<u><u>\$ 87,757</u></u>	<u><u>\$ 3,356,514</u></u>



**CASS COUNTY GOVERNMENT**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2016**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool	Total
<u>Operating Revenues:</u>					
Premiums	\$ 4,932,224	\$ 405,794	\$ -	\$ -	\$ 5,338,019
Charges for Services	-	-	244,950	42,520	287,470
Miscellaneous	58,959			-	58,959
Total Operating Revenues	4,991,183	405,794	244,950	42,520	5,684,448
<u>Operating Expenses:</u>					
Premiums	853,595	-	-	-	853,595
Medical Services	24,986	-	-	-	24,986
Telephone Service	-	-	211,904	-	211,904
Administrative Fees	309,304	25,113	-	-	334,417
Maintenance and Repairs	-	-	-	15,614	15,614
Benefit Payments	3,023,185	323,251	-	-	3,346,436
IBNR Claims	286,758	16,110	-	-	302,868
Depreciation Expense	-	-	21,149	16,383	37,532
Total Operating Expenses	4,497,828	364,474	233,053	31,997	5,127,352
Operating Income	493,355	41,320	11,897	10,523	557,096
<u>Nonoperating Revenues (Expenses):</u>					
Interest Income	7,747	615	170	85	8,618
Loss/Gain on Disposal of Capital Assets	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	7,747	615	170	85	8,618
Change in Net Position	501,102	41,935	12,067	10,608	565,714
Total Net Position Beginning	2,355,971	191,691	165,988	77,149	2,790,799
Total Net Position Ending	\$ 2,857,074	\$ 233,626	\$ 178,056	\$ 87,757	\$ 3,356,514

**CASS COUNTY GOVERNMENT**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2016**

	Health Insurance Trust	Dental Insurance Trust	Telephone Trust	Motor Pool	Total
<u>Cash Flows From Operating Activities:</u>					
Receipts from customers	\$ 4,932,224	\$ 405,794	\$ 246,118	\$ 42,520	\$ 5,626,656
Payments to Suppliers	(1,187,885)	(25,113)	(212,121)	(15,612)	(1,440,730)
Claims Paid	(3,345,322)	(340,718)	-	-	(3,686,041)
Other Receipts	58,959	-	-	-	58,959
Net Cash provided by operating activities	457,976	39,963	33,997	26,908	558,844
<u>Cash Flows From Capital and Related Financing Activities:</u>					
Purchase of Capital Assets	-	-	(14,900)	-	(14,900)
Proceeds on Sale of Capital Assets	-	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	-	-	(14,900)	-	(14,900)
<u>Cash Flows From Investing Activities:</u>					
Interest Income	7,747	615	170	85	8,618
Net Increase in cash and cash equivalents	465,723	40,578	19,267	26,993	552,562
Balances - Beginning of the Year	3,083,659	238,953	114,274	24,331	3,461,218
Balances - End of the Year	3,549,383	279,533	133,542	51,324	4,013,780
<u>Reconciliation of Operating Income to net cash provided by operating activities:</u>					
Operating Income (Loss)	493,355	41,320	11,897	10,523	557,094
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation	-	-	21,149	16,383	37,532
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	-	-	106	-	106
(Increase)Decrease in Prepaid Items	-	-	1,061	-	1,061
Increase (Decrease) in Accounts Payable	-	-	(217)	2	(215)
Increase (Decrease) in Premium Deposit Funds	(1,011)	(3,505)	-	-	(4,516)
Increase (Decrease) in IBNR Claims	(34,368)	2,148	-	-	(32,220)
Net Cash Provided by Operating Activities	\$ 457,976	\$ 39,963	\$ 33,997	\$ 26,907	\$ 558,843
<u>Schedule of non-cash capital and related financing activities:</u>					
Disposal of Capital Assets	\$ -	\$ -	\$ (3,839)	\$ -	\$ (3,839)

**CASS COUNTY GOVERNMENT**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**December 31, 2016**

	County Funds	Tax Collection Funds	Funds of Other Governmental Units	Agency Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 440,781	\$ 62,143,074	\$ 14,578	\$ 62,598,433
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 440,781</u>	<u>\$ 62,143,074</u>	<u>\$ 14,578</u>	<u>\$ 62,598,433</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 357,802	\$ -	\$ 1,200	\$ 359,002
Due to Component Units	-	23,093	-	23,093
Deposits	82,979	62,119,981	13,378	62,216,338
Total Liabilities	<u>\$ 440,781</u>	<u>\$ 62,143,074</u>	<u>\$ 14,578</u>	<u>\$ 62,598,433</u>

**CASS COUNTY GOVERNMENT**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2016**

	Balance 1/1/2016	Additions	Deductions	Balance 12/31/16
<b><u>COUNTY FUNDS</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 405,359	\$ 2,599,111	\$ 2,563,689	\$ 440,781
Accounts Receivable	-	-	-	-
Total Assets	<u>405,359</u>	<u>2,599,111</u>	<u>2,563,689</u>	<u>440,781</u>
<b>Liabilities</b>				
Accounts Payable	332,935	357,802	332,935	357,802
Funds Held for County Departments	72,422	2,241,309	2,230,754	82,977
Total Liabilities	<u>405,357</u>	<u>2,599,111</u>	<u>2,563,689</u>	<u>440,780</u>
<b><u>TAX COLLECTION FUNDS</u></b>				
<b>Assets</b>				
Cash and Investments	58,564,552	248,332,766	244,754,246	62,143,072
Total Assets	<u>58,564,552</u>	<u>248,332,766</u>	<u>244,754,246</u>	<u>62,143,072</u>
<b>Liabilities</b>				
Due to Component Units	27,812	23,093	27,812	23,093
Accounts Payable	-	-	-	-
Tax Collections Due to Other Governmental Units	58,536,740	248,309,674	244,726,434	62,119,979
Total Liabilities	<u>58,564,552</u>	<u>248,332,766</u>	<u>244,754,246</u>	<u>62,143,072</u>
<b><u>FUNDS OF OTHER GOVERNMENTAL UNITS</u></b>				
<b>Assets</b>				
Cash and Investments	799,035	1,418,459	2,202,915	14,579
Total Assets	<u>799,035</u>	<u>1,418,459</u>	<u>2,202,915</u>	<u>14,579</u>
<b>Liabilities</b>				
Accounts Payable	-	1,200	-	1,200
Funds Held for Other Governmental Units	799,035	1,417,259	2,202,915	13,379
Total Liabilities	<u>799,035</u>	<u>1,418,459</u>	<u>2,202,915</u>	<u>14,579</u>
<b>TOTALS:</b>				
<b>Assets</b>				
Cash and Investments	59,768,947	252,350,337	249,520,850	62,598,432
Accounts Receivable	-	-	-	-
Total Assets	<u>59,768,946</u>	<u>252,350,337</u>	<u>249,520,851</u>	<u>62,598,432</u>
<b>Liabilities</b>				
Accounts Payable	332,935	359,002	332,935	359,002
Due To Component Units	27,812	23,093	27,812	23,093
Funds Held for Other Governmental Units	59,335,775	249,726,933	246,929,349	62,133,358
Funds Held for County Government	72,422	2,241,309	2,230,754	82,977
Total Liabilities	<u>\$ 59,768,944</u>	<u>\$ 252,350,336</u>	<u>\$ 249,520,850</u>	<u>\$ 62,598,431</u>

CASS COUNTY GOVERNMENT  
 Fargo, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2016

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	\$ 86,085
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>		
<u>Direct Assistance:</u>		
Public Safety Partnership and Community Policing Grants	16.710	
Joint Law Enforcement Operations Grant	16.111	18,699
Edward Byrne Memorial Justice Assistance Grant	16.803	58,569
State Criminal Alien Assistance Program	16.606	27,329
<u>Passed Through State Penitentiary:</u>		
Crime Victim Assistance	16.575	54,894
<u>Passed Through North Dakota Department of Health:</u>		
Stop Violence Against Women Formula Grant	16.588	13,062
Total U.S. Department of Justice		\$ 172,553
U.S. DEPARTMENT OF AGRICULTURE		
<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	\$ 643,643
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	198,263
Maternal and Child Health Services Block Grant to the States	93.994	10,907
Adoption Assistance	93.659	12,596
Promoting Safe and Stable Families	93.556	22,656
Child Care and Development Block Grant	93.575	429
Children's Justice Grants	93.643	352
Child Welfare Services State Grants	93.645	19,286
Temporary Assistance for Needy Families	93.558	861,849
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	107,908
Total U.S. Department of Health and Human Services		\$ 1,877,890

Continued on next page....

CASS COUNTY GOVERNMENT  
Fargo, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016

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	683
Hazard Mitigation Grant	97.039	307,247
Emergency Management Performance Grants	97.042	129,187
Homeland Security Grant	97.067	19,627
Total U.S. Federal Management Agency		<u>\$ 456,743</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>		
<u>Passed Through State Highway Department</u>		
National Priority Safety Program	20.616	<u>14,603</u>
<u>Passed Through State Parks and Recreation Department</u>		
Recreational Trails Program	20.219	200,000
Total U.S. Department of Transportation		<u>\$ 214,603</u>
Total Expenditures of Federal Awards		<u><u>\$ 2,807,873</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, 2016. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of Cass County, it is not intended to be 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 Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

## STATE AUDITOR

JOSHUA C. GALLION  
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, 2016, 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 19 2017.

#### **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*.

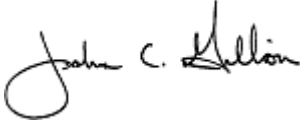
**CASS COUNTY**

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.



Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
June 19, 2017



**STATE AUDITOR**

JOSHUA C. GALLION  
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 THE UNIFORM GUIDANCE**

---

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 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

## **CASS COUNTY**

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance - 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

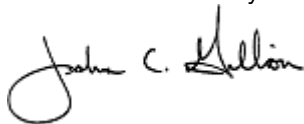
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Cass County as of and for the year ended December 31, 2016, and have issued our report thereon dated June 19, 2017, 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 the Uniform Guidance 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.



Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
June 19, 2017

CASS COUNTY  
Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016

**Section I - Summary of Auditor's Results**

Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Aggregate 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	<u>X</u> _____ None reported
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>X</u> _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	<u>X</u> _____ None reported

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	<u>X</u> _____ None reported
Reportable conditions identified not considered to be material weaknesses?	_____ Yes	<u>X</u> _____ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	_____ Yes	<u>X</u> _____ None

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
93.558	Temporary Assistance for Needy Families

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes

\_\_\_\_\_ No

**CASS COUNTY**

Schedule of Findings and Questioned Costs - Continued

---

**Section II - Financial Statement Findings**

---

---

No matters were reported.

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

---

---

No matters were reported.

## STATE AUDITOR

JOSHUA C. GALLION  
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

Board of County Commissioners  
Cass County  
Fargo, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cass County for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2017. Professional standards require that we provide you with the following information related to our audit.

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE**

As stated in our engagement letter dated April 20, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered Cass County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each of Cass County's major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

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 grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Cass County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Cass County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Cass County's compliance with those requirements.

**SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cass County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

**CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

**DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated June 19, 2017.

**MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the county's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

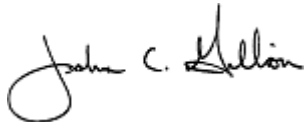
We encountered no significant difficulties in dealing with management in performing and completing our audit.

**OTHER AUDIT FINDINGS OR ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Cass County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Cass County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Cass County.



Joshua C. Gallion  
State Auditor

Fargo, North Dakota  
June 19, 2017

You may obtain audit reports on the internet at:

[www.nd.gov/auditor/](http://www.nd.gov/auditor/)

or by contacting the  
Division of Local Government Audit

Office of the State Auditor  
600 East Boulevard Avenue – Department 117  
Bismarck, ND 58505-0060

(701) 328-2220