

CASS COUNTY.

December 31,

2015

**CASS
COUNTY**

NORTH DAKOTA

**POPULAR
REPORT**

**A Financial
Summary
for its Citizens**

Citizens of Cass County

It is with pleasure we present Cass County's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2015. This report is intended to present an accessible overview of the County's financial position and policies and its commitment to providing responsive services and programs in a fiscally responsible manner.

The Cass County Auditor's Office has generated this report using information from the 2015 Cass County Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with General Accepted Accounting Principles (GAAP) and was audited by the North Dakota State Auditor's Office. The CAFR is available at the Cass County Auditor's Office or on our web site, casscountynd.gov, for the reader who wants a more detailed look at county finances including the notes to the financial statements.

This report is not intended to replace the CAFR, but instead be presented to increase the public confidence in County government through easier, more user-friendly financial reporting. Unlike the CAFR, the PAFR was not prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was not audited.

As you review this report, I invite you to share your comments, concerns, questions, and recommendations on how we may better serve the needs of the citizens of Cass County.

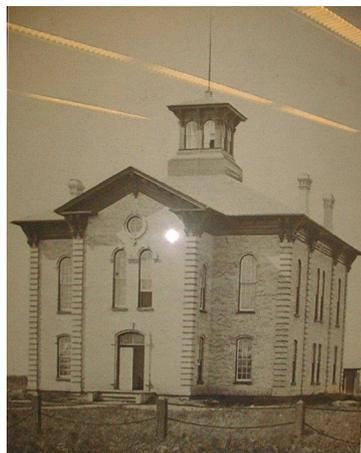
Michael Montplaisir, CPA
Cass County Auditor



On the eastern border of North Dakota lies the Red River Valley, a valley that has its origin in Glacial Lake Agassiz, an enormous ice dammed lake that developed at the end of the last ice age. As Glacial Lake Agassiz drained, it deposited clay rich soils that are among the richest in the world, supporting wheat, barley, sugar beets and sunflowers.



Encompassing 1,765 square miles in land and 3 square miles in water, **Cass County** is located in the heart of this valley. The county was organized in 1873 and named for George W. Cass, president of the Northern Pacific



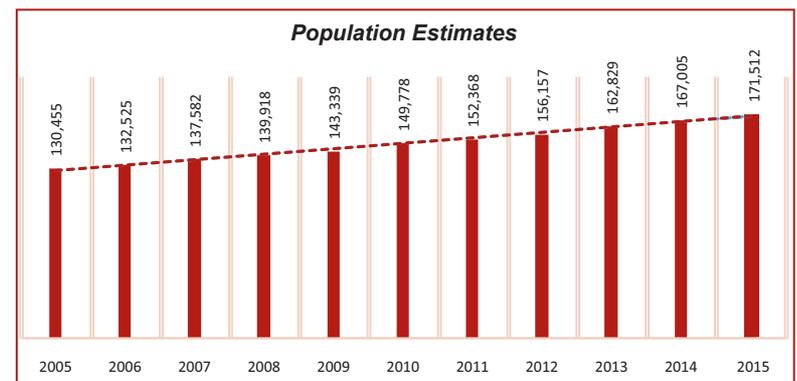
Railway Company. The first courthouse was built in 1874 at a total cost of \$15,000. This building was moved in 1886 and used as a YMCA and boarding house.

The second courthouse was built in 1884 at an estimated cost of \$50,000. This building was destroyed by fire in 1904. The third courthouse was built in 1906. The original building was 70 X 109 feet for a cost of



\$147,291. The courthouse has undergone three additions over the years. The north addition was built in 1981 at a cost of \$1.4 million. In 1985 the south addition was done in 1985 at a cost of \$2.3 million. The most recent addition was completed in 2011 at a total cost of \$16 million.

According to the 2010 census, 149,778 people call this valley home – an increase of over 20% since 2000; and, although agriculture is an important part of the economy, most of this increase is due to the growth in the metropolitan areas.



The Fargo/Cass County metro area is a thriving business area and a vital part of the economy of the county. The county seat and largest city in the county and state is Fargo.

National surveys have consistently ranked Cass County and Fargo as a good place to live and raise a family. The air and water are clean, the economy is active and the crime and unemployment rates are some of the lowest in the nation. This area, which includes our neighbor across the river in Minnesota, is home to two universities, a private college, a business school, a technical college and a skills and technology center providing higher education, so its citizens are well educated, with strong mid-western work ethics. Sanford Health, Essentia Health, Veterans Administration Medical Center and numerous other clinics in Cass County provide top quality medical care. There is a symphony and the opera, the Plains Art Museum, Fargo Theater, and Bonanzaville, big name entertainment in the Fargo Dome and a thriving, 'trendy' downtown area, college sports teams and the Red Hawks minor league baseball team.

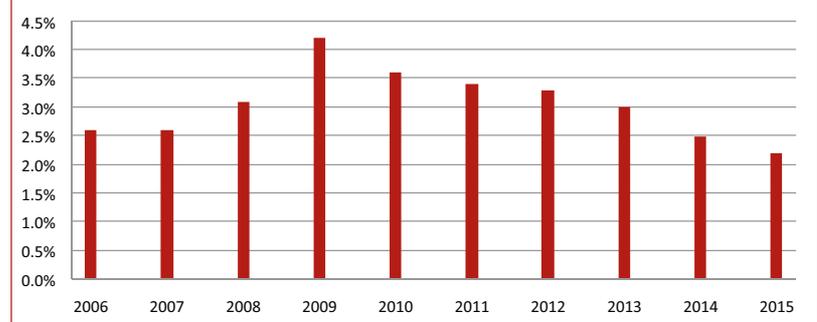
10 Largest Employers

Employer	2015	
	Number of Employees	Percentage of Total County Employment
Sanford Health	6,664	7.17%
North Dakota State University	4,232	4.55%
Essentia Health	3,167	3.41%
Fargo Public School District #1	1,816	1.95%
Noridian Health Care Solutions	1,666	1.79%
West Fargo Public Schools	1,432	1.54%
Fargo VA Health Care Systems	1,022	1.10%
Blue Cross Blue Shield of North Dakota	961	1.03%
U.S. Bank Service Center	955	1.03%
City of Fargo	881	0.95%
	22,796	24.53%

The taxable valuation in the county continues to increase, more than 8% in 2015. The growth in the tax base over the past five years has been over 20%. The unemployment rate is low at 2.2% in 2015. The average unemployment rate over the last ten years was 3.1%.

Governmental operations are those primarily supported by tax dollars for services such as law enforcement, social welfare and highways and bridges. The governmental category can be further subdivided between operations and capital activities. Capital project activities are dollars spent to construct, acquire or improve major facilities of the government.

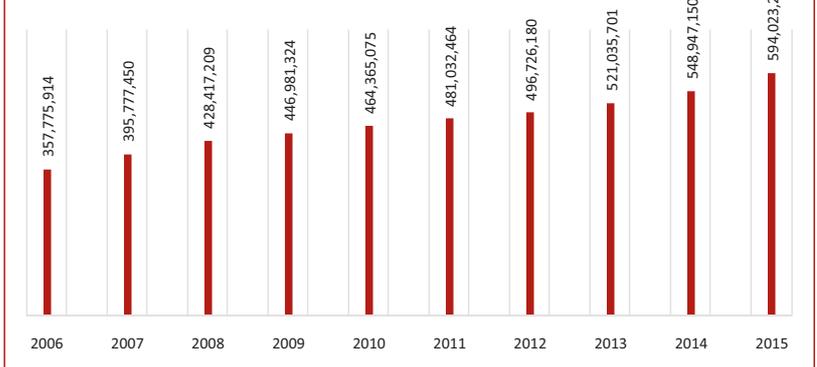
Unemployment Rates



This report includes a condensed statement of net position, condensed statements of revenues and expenditures, an overview of county functions and historical data. This report also includes financial information about the county's component units. The component units are the four Water Resource Districts: Southeast Cass, North Cass, Maple River and Rush River; and the Cass County Vector Control District and Noxious Weed District. The financial information for the component units includes a condensed statement of net assets and condensed statements of revenues and expenditures.

Complete financial information on the individual Water Resource Districts can be obtained at the Water Resource Districts Office, 1201 Main Ave West, West Fargo, ND 58078. Complete financial information for the Cass County Vector Control and Noxious Weed District can be obtained at the Cass County Auditor's Office, P.O. Box 2806, Fargo, ND 58108.

Taxable Valuations





Financial Position Statement

Summary

The Financial Position Statement, known in accounting terms as the “Statement of Net Position”, is designed to provide a picture of the County’s financial position as of the end of the year. The Primary Government is made up of all departments within Cass County Government. The Component Units consist of the four Water Resource Districts (Southeast Cass, North Cass, Maple River and Rush River), Cass County Vector Control District and Noxious Weed District.

Assets

Assets are the items owned by the County that will provide a benefit in the future. Cash is comprised of cash and investments held in County Treasury. Receivables are amounts owed to the county. Capital Assets are property and equipment that represent the furniture, equipment, vehicles, land, buildings, roads, bridges, and infrastructure.

Deferred Outflows of Resources

This category reflects pension activity that will be used in future periods.

Liabilities

Liabilities are amounts the county owes to individuals, companies, other governments and lenders. Non-current liabilities otherwise known as long-term debt, represents the amount of debt which the County has issued and still owes. It also includes the county’s share of net pension liabilities. This debt does not have to be paid off in one year, but the County makes yearly payments on these amounts. The county has a bond rating of Aa2. This bond rating indicates the county has a very strong capacity to meet its financial commitments. This bond rating also allowed the county to issue the general obligation bonds for the courthouse addition at a favorable interest rate.

Deferred Inflows of Resources

The deferred inflows of resources represent the property taxes and special assessments collected for the 2015 tax year in December 2015. These amounts are deferred and recognized as an inflow of resources in the 2016 fiscal year. It also includes pension activity that will be reflected in future periods.

Assets over Liabilities

This amount is the net of assets plus deferred outflows minus liabilities and deferred inflows, also known as “Net Position”. Net position decreased by \$25.9 million and increased by \$64.2 million for both the Primary Government and Component Units respectively over the prior year. The decrease in Primary Government is mainly due to implementing the new requirements to include pension related long term liabilities. The increase in Component Units is due to the purchase of properties needed for the construction of the Fargo Moorhead Diversion Authority project.



Cass County Financial Position Statement

	Primary Government		Component Units	
	2015	2014	2015	2014
Financial Assets				
Cash & Cash Equivalents	\$ 60,490,968	\$ 67,151,897	\$ 23,728,809	\$ 10,383,906
Receivables	5,281,071	6,451,318	3,126,969	542,665
Other Assets	980,621	825,202	8,131,589	7,449,931
Capital Assets	145,763,567	144,882,362	195,714,266	137,688,352
Total Financial Assets	\$ 212,516,226	\$ 219,310,779	\$ 230,701,628	\$ 156,064,851
Deferred Outflow of Resources	\$ 1,363,183		\$ 32,212	\$ -
Financial Liabilities				
Current payables	\$ 3,655,237	\$ 7,017,365	\$ 2,483,700	\$ 2,552,706
Non-current liabilities	73,160,708	53,185,300	24,449,362	13,976,037
Total Financial Liabilities	\$ 76,815,945	\$ 60,202,664	\$ 26,933,062	\$ 16,528,743
Deferred Inflows of Resources	\$ 13,063,877	\$ 9,153,723	\$ 339,871	\$ 259,259
Total Financial Assets Over Financial Liabilities and Deferred Inflows	\$ 123,999,587	\$ 149,954,392	\$ 203,460,909	\$ 139,276,855

Expenditures by Fund Primary Government

Fund	2015	2014	2013
General Fund	\$ 30,476,921	\$ 27,926,330	\$ 25,123,336
Special Revenue Funds:			
Human Service Fund	14,380,943	14,030,665	13,125,256
County Road & Bridge	18,866,846	21,256,711	17,344,493
Asset Forfeiture - Sheriff	162,847	244,613	60,136
Senior Citizens	1,023,421	947,596	867,852
911 Service	2,919,122	359,624	336,462
Asset Forfeiture - States Attorney	-	1,223	9,376
Emergency & Flood Mitigation	-	50,140	11,222
JAIBG Fund	2,748	3,723	9,612
24/7 Sobriety	411,277	265,129	53,353
Jail Commissary	162,361	146,960	131,113
Hazard Plan/Response	10,111	-	730
Valley Water Rescue	56,660	23,313	42,011
NDRIN	1,334,952	1,250,123	1,206,920
Document Preservation	26,733	200,121	192,959
Parenting Workshop	12,400	11,565	23,942
County Park	42,356	36,079	41,933
2009 Flood Fighting Fund	-	-	-
2009 Flood Recovery	-	80,278	-
Flood Mitigation	3,335,380	8,216,006	6,288,777
2010 Flood Recovery	102,033	103,243	99,380
2011 Flood Fighting Fund	-	-	-
2011 Flood Recovery	194,449	57,065	185,420
2013 Flood Emergency	-	8,262	659,777
BNSF Train Derailment	-	22	190
Debt Service Funds:			
Greyhawk Estates Subdivision	32,123	33,165	34,006
Round Hill Subdivision	-	-	-
Holmen's Subdivision	8,351	8,351	8,351
Grandberg/Amber Plains	34,340	35,317	36,221
2010 Bond Issue S&I	936,225	943,683	948,115
Capital Project Funds:			
Granberg/Amber Plains	-	-	-
Courthouse Addition	-	35,371	211,261
Flood Control Loan Fund	28,469,383	21,846,868	-
Flood Control Sales Tax	1,363,481	16,399,260	11,196,106
Total Primary Government	\$ 104,365,462	\$ 114,520,803	\$ 78,248,310

General Fund Expenditures by Department

	2015	2014	2013
General Government:			
County Commission	\$ 855,650	\$ 769,849	\$ 748,345
County Administrator	3,993,089	2,857,947	2,328,380
Information Technology	1,301,967	1,316,368	1,104,976
Auditor	1,215,258	1,194,454	877,092
Treasurer	372,091	356,802	343,748
County Recorder	601,962	611,350	606,496
Director of Tax Equalization	261,174	273,596	220,658
Veterans Service	282,131	251,860	211,289
County Planning	74,588	69,467	70,403
Total General Government	\$ 8,957,910	\$ 7,701,693	\$ 6,511,387
Public Safety:			
Emergency Management	\$ 244,334	\$ 209,643	\$ 335,012
County Sheriff	15,947,023	14,872,725	13,485,434
States Attorney	2,782,110	2,646,785	2,614,043
County Coroner	432,352	434,460	20,460
Cemetery	11,884	12,455	9,930
Total Public Safety	\$ 19,417,704	\$ 18,176,069	\$ 16,464,880
Conservation & Econ. Dev:			
County Extension Agent	\$ 484,031	\$ 461,182	\$ 477,237
Public Service Agencies	1,617,276	1,587,385	1,563,093
Total Conservation & Econ Dev	\$ 2,101,307	\$ 2,048,567	\$ 2,040,330
Debt Service:			
Principal	-	-	102,350
Interest	-	-	4,391
Total Debt Service	\$ -	\$ -	\$ 106,741
Total Expenditures	\$ 30,476,921	\$ 27,926,330	\$ 25,123,336

FTE'S By Department

	2015	2014	2013
County Commissioners	5.50	5.50	5.50
Administrator/Personnel	8.00	8.00	8.00
Information Technology	9.60	9.60	9.60
Auditor	8.25	8.25	8.25
Treasurer	4.00	4.00	4.00
Recorder	10.00	10.00	10.00
Tax Equalization	2.00	2.00	2.00
Veteran's Service	4.00	4.00	4.00
County Planning	1.00	1.00	1.00
Emergency Management	2.00	2.00	2.00
Sheriff	166.90	166.90	151.90
States Attorney	30.00	29.00	29.00
Extension	5.50	5.50	5.50
Human Service	145.00	144.00	138.00
Road & Bridge	30.25	30.25	30.25
Total	432.00	430.00	409.00





Revenues

Revenues are the amounts the County receives from a plethora of sources in order to pay for the services it provides. The chart depicts revenues by source as a percentage of the total revenues of the Primary Government for the year ended December 31, 2015.

Property taxes continue to be one of the main sources of revenue for Cass County. The Primary Government's revenues increased in 2015 mainly due to an increase in property taxes as a result of increased property tax valuations.

Sales tax is the collection of a half-cent sales tax which is designated for flood control projects.

Intergovernmental revenues are also a main source of county funding. Intergovernmental revenues are the combined resources received from grants and from the State of North Dakota. The main grants include the cost share reimbursements for the home buyout program for flood mitigation and reimbursements from the Federal Emergency Management Agency (FEMA) for road and bridge repairs from prior year floods.

Charges for Services are the revenues of various County departments and Agencies for fees paid to them by the public. Some examples are fees for recording deeds and transferring property.

Licenses, Permits, & Fees are the revenues from selling licenses and other items.

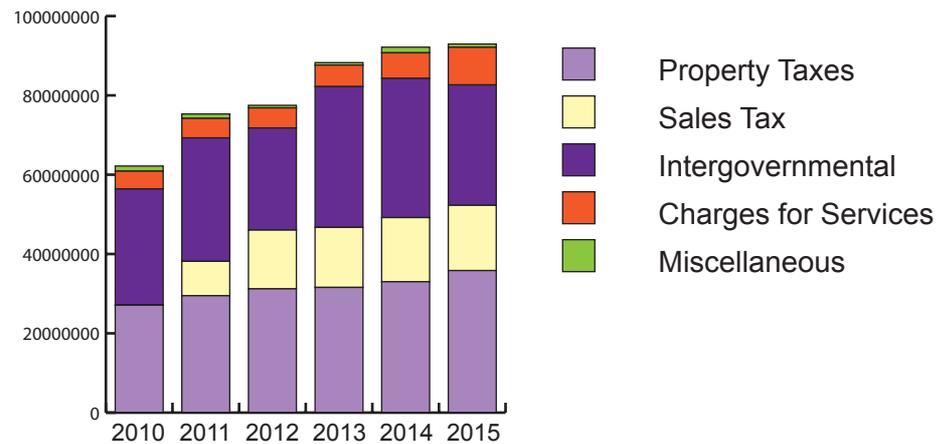


Revenues Modified Accrual Basis

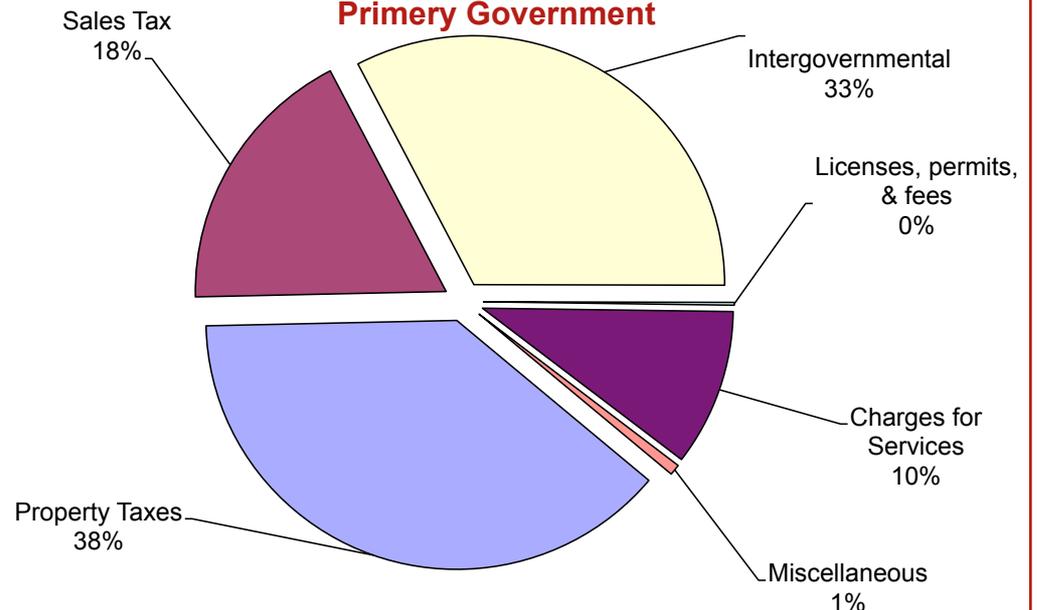
Primary Government	2015	2014	Change
Property Taxes	\$ 35,823,646	\$ 33,011,508	\$ 2,812,138
Sales Tax	16,449,060	16,164,464	284,596
Intergovernmental	30,378,356	35,102,540	(4,724,184)
Licenses, permits, & fees	166,711	211,419	(44,708)
Charges for Services	9,470,782	6,453,308	3,017,474
Miscellaneous	654,680	1,211,108	(556,428)
Total Primary Government	\$ 92,943,235	\$ 92,154,345	\$ 788,888

Component Units	2015	2014	Change
Southeast Cass Water Resource	\$ 68,925,127	\$ 25,346,435	\$ 43,578,692
Maple River Water Resource	7,859,272	1,352,668	6,506,604
North Cass Water Resource	712,537	731,900	(19,363)
Rush River Water Resource	1,962,392	795,103	1,167,289
Vector Control	1,054,085	915,728	138,357
Weed Control	445,138	410,967	34,171
Total Component Units	\$ 80,958,551	\$ 29,552,801	\$ 51,405,750

Revenues



Revenues by Source Primary Government



**Expenditures By Function
Modified Accrual Basis**

Primary Government	2015	2014	Change
General Government	\$ 10,319,594	\$ 9,151,938	\$ 1,167,656
Public Safety	23,142,829	19,220,676	3,922,153
Public Works	19,163,328	21,505,559	(2,342,231)
Human Service	14,380,943	14,030,665	350,278
Culture & Recreation	1,065,777	983,675	82,102
Conservation & Economic Development	5,449,088	10,326,277	(4,877,189)
Capital Outlay	29,832,863	38,281,498	(8,448,635)
Debt Service	1,011,040	1,020,515	(9,475)
Total Primary Government	\$ 104,365,462	\$ 114,520,803	\$ (10,155,341)

Component Units	2015	2014	Change
Southeast Cass Water Resource	\$ 66,030,119	\$ 26,182,118	\$ 39,848,001
Maple River Water Resource	7,969,148	3,653,475	4,315,673
North Cass Water Resource	851,101	585,400	265,701
Rush River Water Resource	1,430,054	1,207,570	222,484
Vector Control	1,091,592	937,323	154,269
Weed Control	445,564	444,550	1,014
Total Component Units	\$ 77,817,578	\$ 33,010,436	\$ 44,807,142

Expenditures are the amounts spent in order to provide services to citizens. The chart depicts expenditures by function as a percentage of the total expenditures of the Primary Government for the year ended December 31, 2015. The increase in expenditures was \$10,155,341.

Public Safety is a large county expense and includes the sheriff's department, county jail operations, states attorney's office and emergency management. This increased by \$3.9 million as a result of increased employee costs and vehicle purchases.

Public Works is also a large county expense and is made up of the county road and bridge operations. This decreased by over \$2 million due to a decrease in road and bridge repairs in 2015.

Conservation and economic development expenditures reflect the work that is done to stimulate the economic development in Cass County. The decrease of over \$4 million was for the purchase of 30 homes in 2014 to make way for future permanent flood control projects.

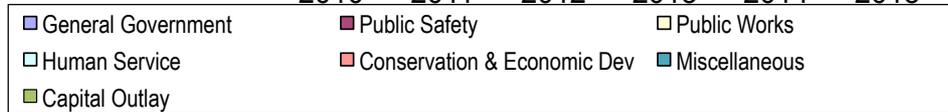
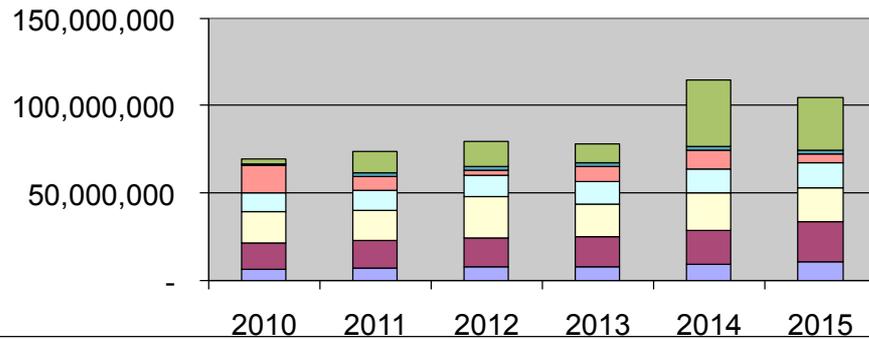
Human Service expenditures are combined program and administrative costs to provide assistance to the county's most vulnerable residents.

Capital Outlay expenditures decreased by \$8.4 million in 2015. The major projects include the planning and design for the FM Diversion project.

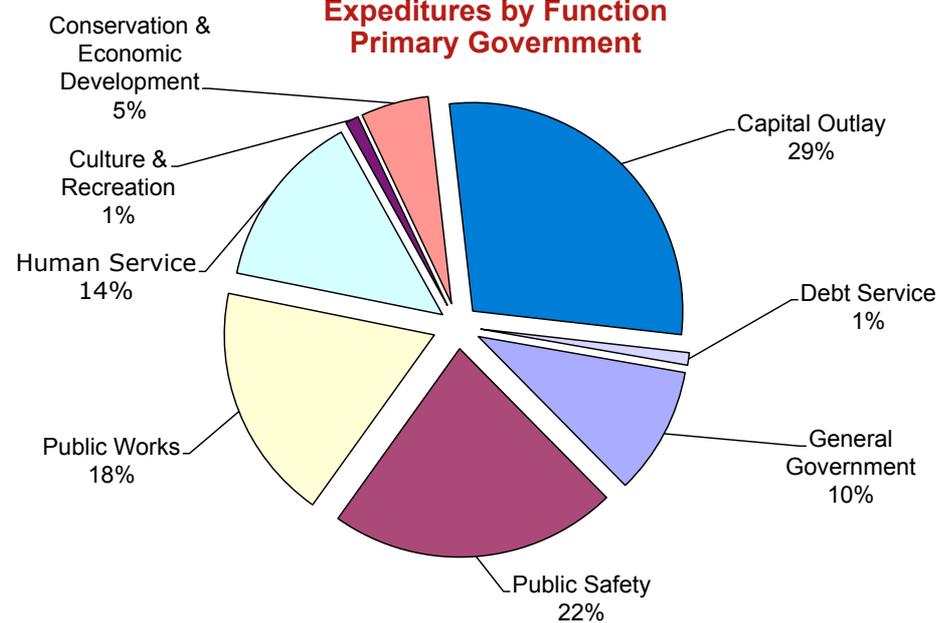
Debt Service expenditures are costs of paying interest and principal on county debt.

General Government includes the county commission and constitutional offices of the county auditor, county treasurer and county recorder. Also included in this category are other offices concerned with general operations of the county, such as tax equalization, information services, county administrator, and veteran's service.

Expenditures by Function



**Expenditures by Function
Primary Government**



Cass County Law Enforcement Center



The Cass County Sheriff's Office utilized rental property separate from the Cass County Courthouse to house the Patrol Division, Investigation Division, Sheriff's Reserve Unit and a Principal Secretary. This space was quite small and did not meet the current needs.



In October of 2015 the county purchased a building owned by the Fargo Airport Authority, which formerly housed the Army/ Navy Reserve Center, for \$1.2 million and agreed to a 25-year ground lease for the 4.42 acre site. Cass County will spend another \$1.3 million to renovate the facility to meet the needs of a modern law enforcement agency. The main building contains 25,500 square feet and a separate storage garage of 2,500 square feet. This facility will allow most of the Sheriff's Department to be located in one building, and being in one facility enhances intelligence sharing and better production of the office as a whole.

The new Law Enforcement Center (LEC) now houses:

1. Sheriff's Office Command Staff
2. Three Administrative Assistants
3. Patrol and Investigations
4. Special Projects
5. Administrative and Court Services
6. Training
7. Armory
8. Sheriff's Reserve Unit
9. School Resource Deputies
10. Quartermaster

The Civil/Warrant and Court Transport/Court Security Deputies along with the Administrative Assistants remained at the Cass County Courthouse for Sheriff Operations.

The LEC has a large gymnasium identified primarily for training for the Sheriff's Office and other local law enforcement agencies. In the event of an emergency or natural disaster that space will be converted into the T.O.C. (Tactical Operations Center) and the E.O.C. (Emergency Operations Center).

The facility has the following amenities:

1. Garage
2. Hard and Soft Interview Rooms
3. Media Conference Room
4. Small Photo Studio
5. Evidence Room
6. Evidence Lab
7. Two Classrooms
8. Armory and work station
9. Dry Ammunition Storage
10. Future offices

Cass County Government anticipates this space will serve the needs of the Cass County Sheriff's Office for many years.

