OFFICE OF STATE AUDITOR

AUDIT REPORT

BURLEIGH COUNTY WATER RESOURCE DISTRICT
BISMARCK, NORTH DAKOTA

FOR THE YEAR ENDED DECEMBER 31, 2013

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2013

	Page(s)
District Officials	1
Indepdndent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9
Notes to the Financial Statements	10 - 17
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	18
Notes to the Required Supplementary Information	19
SUPPLEMENTARY INFORMATION	
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	20 - 21
Schedule of Findings and Questioned Costs	22

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

DISTRICT OFFICIALS

December 31, 2013

Terry A. Fleck	Chairman
Cary Backstrand	Vice Chairman
Gordon Weixel	Manager
Dennis Reep	Manager
Kathleen Jones	Manager & Secretary/Treasurer
David R. Bliss	Attorney
Michael Gunsch	Engineer
Mono Livdahl	Secretary

STATE AUDITOR
ROBERT R. PETERSON
Phone (701) 328-2241
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Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

Governing Board
Burleigh County Water Resource District
Bismarck, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Burleigh County Water Resource District, Bismarck, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Water Resource District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Burleigh County Water Resource District, Bismarck, North Dakota, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information* on page 18 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2014 on our consideration of Burleigh County Water Resource District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burleigh County Water Resource District's internal control over financial reporting and compliance.

Robert R. Peterson
State Auditor

Fargo, North Dakota
May 13, 2014

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	$ 297,811
Taxes Receivable	5,937
Due From County	1,138
Capital Assets (not being depreciated):	
Land	1,367,526
Capital Assets (net of depreciation):	
Infrastructure	11,800
Land Improvements	633,546
Building	54,859
Office Furniture & Equipment	26,493
Total Capital Assets	$ 2,094,224
Total Assets	$ 2,399,110
LIABILITIES:	
Accounts Payable	$ 33,642
Salaries Payable	10,125
Retainages Payable	9,055
Interest Payable	538
Long-Term Liabilities:	
Due Within One Year:	
Loans Payable	3,996
Due After One Year:	
Loans Payable	57,850
Total Liabilities	$ 115,206
NET POSITION:	
Net investment in capital assets	$ 2,094,224
Restricted for:	
Conservation of Natural Resources	189,680
Total Net Position	$ 2,283,904

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Conservation of Natural Resources	$ 1,065,742	$ 142,738	$ 941,283	$ 18,279
Interest Accrued on Long-Term Debt	538	-	-	(538)
Total Governmental Activities	$ 1,066,280	$ 142,738	$ 941,283	$ 17,741

General Revenues:	
Taxes	$ 591,430
Non-restricted Grants and Contributions	59,788
Interest Earnings	46
Miscellaneous Revenues	12,367
Total General Revenues	$ 663,631
Change in Net Position	$ 681,372
Net Position - January 1	$ 1,664,378
Prior Period Adjustment	(61,846)
Net Position - January 1, as restated	$ 1,602,532
Net Position - December 31	$ 2,283,904

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General
ASSETS	
Cash and Cash Equivalents	$ 297,811
Taxes Receivable	5,937
Due From County	1,138
Total Assets	$ 304,886
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts Payable	$ 33,642
Salaries Payable	10,125
Total Liabilities	$ 43,767
Deferred Inflows of Resources:	
Taxes Receivable	$ 5,937
Fund Balances:	
Restricted:	
Conservation of Natural Resources	$ 255,182
Total Fund Balances	$ 255,182
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 304,886

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total *Fund Balances* for Governmental Funds		$ 255,182
Total *net position* reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	$ 2,990,488	
Less Accumulated Depreciation	(896,264)	
Net Capital Assets		2,094,224
Property taxes & special assmts. receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows in the funds.		
Property Taxes Receivable		5,937
Long-term liabilities applicable to the Water District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Balances at December 31, 2013 are:		
Accrued Interest on Long-Term Debt	$ (538)	
Retainage Payable	(9,055)	
Loans Payable	(61,846)	
Total Long-Term Liabilities		(71,439)
Total Net Position - Governmental Activities		$ 2,283,904

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General
Revenues:	
Taxes	$ 594,615
Intergovernmental	1,143,809
Interest Income	46
Miscellaneous	12,367
Total Revenues	$ 1,750,837
Expenditures:	
Current:	
Conservation of Natural Resources	$ 993,434
Capital Outlay	1,282,169
Total Expenditures	$ 2,275,603
Excess (Deficiency) of Revenues Over Expenditures	$ (524,766)
Fund Balance - January 1	$ 779,948
Fund Balance - December 31	$ 255,182

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net Change in *Fund Balances* - Total Governmental Funds		$ (524,766)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays/additions exceeded depreciation in the current year.		
Capital Asset Additions	$ 1,282,169	
Current Year Depreciation Expense	(63,253)	1,218,916
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Increase in Retainage Payable	$ (9,055)	
Net Increase in Interest Payable	(538)	(9,593)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable.		(3,185)
Change in Net Position of Governmental Activities		$ 681,372

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burleigh County Water Resource District, Bismarck, North Dakota, a component unit of Burleigh County, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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. Reporting Entity

The accompanying financial statements present the activities of the Burleigh County Water Resource District, a component unit of Burleigh County. Using GASB Statement No. 61 criteria, the water resource district has considered all potential component units for which the water resource district is financially accountable and other organizations for which the nature and significance of their relationships with the water resource district such that exclusion would cause the water resource district's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria includes appointing a voting majority of an organization's governing body, and (1) the ability of the Burleigh County Water Resource District to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Burleigh County Water Resource District.

Based on these criteria, there are no component units to be included within the Burleigh County Water Resource District as a reporting entity, and the district is reported as a component unit of Burleigh County.

B. Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government, Burleigh County Water Resource District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues, including general taxes and interest, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's major fund. Separate statements for the major fund category-governmental–is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Typically, aggregated information for the remaining non-major governmental funds is reported in a single column in the fund financial statements; currently, however, the WRD maintains a single fund, the general fund, which is always considered a major fund.

The Water Resource District reports the following major governmental fund:

General Fund - this is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The obligated funds are used to account for the accumulation of resources to help finance a portion of costs of various projects within each member Water Resource District.

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

Government-wide Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year when all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are reported as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Water District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Water District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the Water District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits. Deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the uninsured balance.

E. Capital Assets

Capital assets which include property, plant and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Water Resource District as assets with an initial, individual cost of $5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method and the following estimated useful lives:

Assets	Years
Land Improvements	15 – 40 years
Buildings	40 years
Building Improvements	15 - 40 years
Machinery & Equipment	3 - 15 years
Infrastructure	40 - 50 years
Vehicles	3 – 10 years
Office Equipment	3 – 10 years

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. If amounts are not material, they are recognized in the current period.

In the fund financial statements, when applicable governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

G. Fund Balances / Net Position

GASB Statement No. 54 established fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

It is the policy of Burleigh County Water Resource District to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

CLASSIFICATION	***DEFINITION***	***EXAMPLES***
Non-spendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the governing board. Formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the business manager.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance	Available for any remaining general fund expenditure.

Burleigh County Water Resource District reports restricted fund balance at December 31, 2013 in the general fund.

Restricted Fund Balances – consist of the following items at December 31, 2013:

General Fund (major) – available for all expenditures related to the operation of the Water Resource District. The major primary sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

Net Position:

The Burleigh County Water Resource District implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position during the year ended December 31, 2013.

When both restricted and unrestricted resources are available for use, it is the Water District's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation and any related debt used to construct them. The resources needed to repay this related debt must be provided from other sources, since capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to a restricted tax levy and restricted Federal & State grants/reimbursements. Net position in the statement of net position is also shown by primary function for conservation of natural resources.

NOTE 2: DEPOSITS

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

Deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

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 deposit, 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 year ended December 31, 2013, the water resource district's carrying amount of deposits was $297,811 and the bank balance was $463,244 of the bank balance, $250,000 was covered by Federal Depository Insurance. The remaining bank balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

The water resource district may invest idle funds as authorized in North Dakota Statutes, as follows:

(a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
(b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
(c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
(d) Obligations of the state.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

Taxes receivable represent the past three years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes since any losses would be covered by the sale of the property.

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

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 4: DUE FROM COUNTY

Due from county represents the amount of taxes collected prior to year-end by Burleigh County that remain on hand at the county that are distributed to the water district shortly after December 31, 2013.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2013:

Governmental Activities:	**Balance January 1**	**Increases**	**Decreases**	**Balance December 31**
Capital assets not being depreciated:				
Land	$ 112,482	$1,255,044	$ -	$1,367,526
Capital assets, being depreciated:				
Infrastructure	$ 92,849	$ -	$ -	$ 92,849
Land Improvements	1,236,959	-	-	1,236,959
Building	160,536	27,124	-	187,660
Office Furniture & Equip.	105,495	-	-	105,495
Total Capital Assets, Being Depreciated	$1,595,838	$ 27,124	$ -	$1,622,963
Less accumulated depreciation for:				
Infrastructure	$ 78,921	$ 2,128	$ -	$ 81,049
Land Improvements	549,632	53,781	-	603,413
Building	129,088	3,712	-	132,801
Office Furniture & Equip.	75,370	3,632	-	79,002
Total Accumulated Depreciation	$ 833,011	$ 63,253	$ -	$ 896,264
Total Capital Assets Being Depreciated, Net	$ 762,827	$ (36,129)	$ -	$ 726,699
Governmental Activities-Capital Assets, Net	$ 875,309	$1,218,916	$ -	$2,094,224

Depreciation was charged to the Conservation of Natural Resources function in 2013.

NOTE 6: ACCOUNTS PAYABLE

Accounts payable consists of amounts owed for goods or services received prior to year-end and chargeable to the appropriations for the year then ended but paid subsequent to that date.

NOTE 7: SALARIES PAYABLE

Salaries payable consists of salaries and benefits owed to federal, state, and private agencies for amounts withheld from employee's salaries as of December 31, 2013.

NOTE 8: RETAINAGE PAYABLE

Retainage payable consists of a portion of the agreed upon contract price related to the Hogue Island clean-up project deliberately withheld until the work is substantially completed.

NOTE 9: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt outstanding at December 31, 2013.

NOTE 10: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2013, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
SRF Loan Payable #1	$ 5,627	$ -	$ -	$ 5,627	$ 627
SRF Loan Payable #2	56,219	-	-	56,219	3,369
Total Governmental Activities	$61,846	$ -	$ -	$61,846	$3,996

Outstanding debt at December 31, 2013 consists of the following individual loan issues:

Loans Payable:

$5,627 State Revolving Fund Loan with annual installments of $627 to $1,000, through September 1, 2019; interest of 2%.	$ 5,627
$56,219 State Revolving Fund Loan with annual installments of $2,402 to $3,603, through September 1, 2032; interest of 2.5%.	56,219
Total Debt Payable	$61,846

Debt service requirements on long-term debt at December 31, 2013 are as follows:

GOVERNMENTAL ACTIVITIES				
Year Ending	SRF Loan #1		SRF Loan #2	
December 31	Principal	Interest	Principal	Interest
2014	$ 627	$ 71	$ 3,369	$ 1,405
2015	1,000	100	2,402	1,321
2016	1,000	80	2,402	1,261
2017	1,000	60	2,402	1,201
2018	1,000	40	2,402	1,141
2019 - 2023	1,000	20	12,012	4,805
2024 - 2028	-	-	16,816	3,123
2029 - 3032	-	-	14,414	901
Total	$5,627	$371	$56,219	$15,158

NOTE 11: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the fund financial statements reported on the balance sheet consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable.

NOTE 12: COMMITMENTS

The Burleigh County Water Resource District had the following commitments for construction contracts as of December 31, 2013.

Project	Original Contract	Change Orders	Total Contract w/Change Orders	Total Completed	Retainage	Remaining Balance w/Retainages
Bohlman Trenching Service, Inc.	$164,093	$17,000	$181,093	$143,293	$9,055	$46,855

NOTE 13: PRIOR PERIOD ADJUSTMENTS

The prior period adjustments for the 2013 Statement of Activities consist of beginning balance adjustments to loans payable ($61,846). The effect of the prior period adjustments to beginning Net Position is as follows:

Governmental Activities	**Amounts**
Net Position, as previously reported	$1,664,378
Adjustments to restate the January 1, 2013 net position for the following:	
Loans Payable	(61,846)
Net Position January 1, 2013 as restated	$1,602,532

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 586,300	$ 586,300	$ 594,615	$ 8,315
Intergovernmental	5,689,773	5,689,773	1,143,809	(4,545,964)
Interest Income	1,000	1,000	46	(954)
Miscellaneous	6,000	6,000	12,367	6,367
Total Revenues	$ 6,283,073	$ 6,283,073	$ 1,750,837	$ (4,532,236)
Expenditures:				
Current:				
Conservation of Natural Resources	$ 6,602,510	$ 6,602,510	$ 993,434	$ 5,609,076
Capital Outlay	-	1,282,169	1,282,169	-
Total Expenditures	$ 6,602,510	$ 7,884,679	$ 2,275,603	$ 5,609,076
Excess (Deficiency) of Revenues Over Expenditures	$ (319,437)	$ (1,601,606)	$ (524,766)	$ 1,076,840
Fund Balance - January 1	$ 779,948	$ 779,948	$ 779,948	$ -
Fund Balance - December 31	$ 460,511	$ (821,658)	$ 255,182	$ 1,076,840

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

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The water resource board adopts an "appropriated budget" on a basis consistent with accounting principles generally accepted in the United States (GAAP) for the general fund.
- The budget includes proposed expenditures and means of financing them.
- The water resource board, on or before the October meeting shall determine the amount of taxes that shall be levied for member county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the water resource district secretary/treasurer at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

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STATE OF NORTH DAKOTA
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STATE CAPITOL
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Governing Board
Burleigh County Water Resource District
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Burleigh County Water Resource District, Bismarck, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Burleigh County Water Resource District's basic financial statements, and have issued our report thereon dated May 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burleigh County Water Resource District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burleigh County Water Resource District's internal control. Accordingly, we do not express an opinion on the effectiveness of Burleigh County Water Resource District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Burleigh County Water Resource District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robert R. Peterson
State Auditor

Fargo, North Dakota
May 13, 2014

BURLEIGH COUNTY WATER RESOURCE DISTRICT
Bismarck, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?

Governmental Activities	Unmodified
Major Governmental Fund	Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

Section II - Financial Statement Findings

No matters reported.