



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Southeast Cass Water Resource District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2024

*Client Code: PS9012*



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Office of the  
State Auditor

# SOUTHEAST CASS WATER RESOURCE DISTRICT

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For the Year Ended December 31, 2024

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# **SOUTHEAST CASS WATER RESOURCE DISTRICT**

District Officials  
December 31, 2024

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## **DISTRICT OFFICIALS**

Keith Weston  
David Branson  
Richard Steen

Chairman  
Vice Chairman  
Manager

Melissa Hinkemeyer

Secretary-Treasurer

Sean M. Fredricks

Attorney

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of District Commissioners  
Southeast Cass Water Resource District  
West Fargo, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Southeast Cass Water Resource District, North Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Southeast Cass Water Resource District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Southeast Cass Water Resource District, North Dakota, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southeast Cass Water Resource District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2023 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast Cass Water Resource District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southeast Cass Water Resource District's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast Cass Water Resource District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southeast Cass Water Resource District's basic financial statements. *The combining balance sheet - maintenance fund, and combining statement of revenues, expenditures, and changes in fund balances - maintenance fund* are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 balance sheet - maintenance fund, and combining statement of revenues, expenditures, and changes in fund balances - maintenance fund* is 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 23, 2025 on our consideration of Southeast Cass 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 solely 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 the effectiveness of Southeast Cass Water Resource District's 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 Southeast Cass Water Resource District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
June 23, 2025

# SOUTHEAST CASS WATER RESOURCE DISTRICT

## Statement of Net Position

December 31, 2024

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 31,560,603
Cash with Fiscal Agent	21,591,202
Due from County	24,791
Taxes Receivable	59,171
Special Assessments Receivable	823
Intergovernmental Receivable	1,156,458
Miscellaneous Receivables	531,459
Certified Special Assessments Receivable	64,240
Uncertified Special Assessments Receivable	272,010
Capital Assets	
Capital Assets, Depreciable Net	83,129,354
Capital Assets, Non-Depreciable	
Land	302,353,511
Intangible Assets	38,981,345
Construction in Progress	2,130,753
Total Assets	<u>\$ 481,855,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Derived from Pensions and OPEB	<u>57,034</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 481,912,753</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 742,642
Retainages Payable	40,955
Interest Payable	1,555,208
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	(230,714)
Due After One Year	
Long-Term Debt	179,751,429
Net Pension Liability	155,662
Net OPEB Liability	3,208
Total Liabilities	<u>\$ 182,018,390</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Derived from Pensions and OPEB	<u>\$ 137,249</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 182,155,639</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 245,559,995
Restricted	
Debt Service	22,210,920
Conservation of Natural Resources	14,497,727
Unrestricted	17,488,471
Total Net Position	<u>\$ 299,757,113</u>

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

# SOUTHEAST CASS WATER RESOURCE DISTRICT

## Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
Conservation of Natural Resources	\$ 10,490,361	\$ 3,198,314	\$ 66,508,357	\$ 45,358,672	\$ 104,574,982
Interest on Long-Term Debt	7,705,679	-	-	-	(7,705,679)
Total Governmental Activities	<u>\$ 18,196,041</u>	<u>\$ 3,198,314</u>	<u>\$ 66,508,357</u>	<u>\$ 45,358,672</u>	<u>\$ 96,869,303</u>
General Revenues					
Property Taxes					\$ 1,509,675
Non-restricted Grants and Contributions					187,786
Interest Earnings					2,113,944
Miscellaneous Revenue					<u>893,383</u>
Total General Revenues					<u>\$ 4,704,788</u>
Special Item					
Amount to Fiscal Agent/P3 Fund Deposit					<u>\$ (57,396,924)</u>
Change in Net Position					<u>\$ 44,177,166</u>
Net Position - January 1					<u><u>\$ 266,859,300</u></u>
Prior Period Adjustment					<u>\$ (11,279,353)</u>
Net Assets - January 1, as restated					<u>\$ 255,579,947</u>
Net Position - December 31					<u>\$ 299,757,113</u>

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



# SOUTHEAST CASS WATER RESOURCE DISTRICT

## Balance Sheet – Governmental Funds

December 31, 2024

	General Fund	Maintenance Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 17,325,538	\$ 13,952,420	\$ -	\$ 282,645	\$ 31,560,603
Cash with Fiscal Agent	-	-	-	21,591,202	21,591,202
Intergovernmental Receivable	1,156,458	-	-	-	1,156,458
Miscellaneous Receivable	531,459	-	-	-	531,459
Due from County	18,584	6,206	-	-	24,791
Due from Other Funds	226,216	853,171	-	-	1,079,387
Taxes Receivable	18,125	41,046	-	-	59,171
Special Assessments Receivable	-	-	-	823	823
Certified Special Assessments Receivable	-	-	-	64,240	64,240
Uncertified Special Assessments Receivable	-	-	-	272,010	272,010
Total Assets	\$ 19,276,379	\$ 14,852,843	\$ -	\$ 22,210,920	\$ 56,340,143
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 230,617	\$ 511,684	\$ 342	\$ -	\$ 742,642
Retainages Payable	-	40,955	-	-	40,955
Due to Other Funds	-	853,171	226,216	-	1,079,387
Total Liabilities	\$ 230,617	\$ 1,405,810	\$ 226,558	\$ -	\$ 1,862,984
<b>Deferred Inflows of Resources</b>					
Taxes Receivable	\$ 18,125	\$ 41,046	\$ -	\$ -	\$ 59,171
Special Assessments Receivable	-	-	-	823	823
Certified Special Assessments Receivable	-	-	-	64,240	64,240
Uncertified Special Assessments Receivable	-	-	-	272,010	272,010
Total Deferred Inflows of Resources	\$ 18,125	\$ 41,046	\$ -	\$ 337,073	\$ 396,244
Total Liabilities and Deferred Inflows of Resources	\$ 248,742	\$ 1,446,856	\$ 226,558	\$ 337,073	\$ 2,259,228
<b>Fund Balances</b>					
Restricted	\$ -	\$ 14,497,637	\$ -	\$ 21,873,847	\$ 36,371,483
Committed	17,541,393	-	-	-	17,541,393
Unassigned	1,486,244	(1,091,649)	(226,558)	-	168,038
Total Fund Balances	\$ 19,027,637	\$ 13,405,988	\$ (226,558)	\$ 21,873,847	\$ 54,080,914
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,276,379	\$ 14,852,843	\$ -	\$ 22,210,920	\$ 56,340,143

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

## SOUTHEAST CASS WATER RESOURCE DISTRICT

### Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

December 31, 2024

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Total <i>Fund Balances</i> for Governmental Funds	\$	54,080,915
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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.		426,594,963
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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 deferred revenues in the funds.

Taxes Receivable	\$	59,171	
Special Assessments Receivable		<u>65,063</u>	124,234

Long-term uncertified special assessments receivable are not reported in the funds because they are unavailable to pay the current period's expenditures.		272,010
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$	57,034	
Deferred Inflows Related to Pensions and OPEB		<u>(137,249)</u>	(80,215)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt and retainage payable is not accrued in governmental funds, but rather is recognized as an expense when due. All liabilities, both current and long-term, are reported in the statement of net position.

Long-Term Debt	\$	(180,000,000)	
Unamortized Bond Discount		739,286	
Loan Payable		(260,000)	
Interest Payable		(1,555,208)	
Net Pension Liability		(155,662)	
Net OPEB Liability		<u>(3,208)</u>	<u>(181,234,793)</u>

Total Net Position - Governmental Activities	\$	<u>299,757,114</u>
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The notes to the financial statements are an integral part of this statement.

# SOUTHEAST CASS WATER RESOURCE DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2024

	General Fund	Maintenance Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 1,502,577	\$ -	\$ 4,849	\$ -	\$ 1,507,426
Drain Maintenance Assessments	-	3,198,314	-	-	3,198,314
Special Assessments	-	-	-	72,976	72,976
Intergovernmental	45,715,076	192,267	156,395	65,982,541	112,046,279
Interest Income	497,270	671,006	-	945,668	2,113,944
Miscellaneous	728,226	165,157	-	-	893,383
<b>Total Revenues</b>	<b>\$ 48,443,149</b>	<b>\$ 4,226,745</b>	<b>\$ 161,244</b>	<b>\$ 67,001,185</b>	<b>\$ 119,832,323</b>
<b>EXPENDITURES</b>					
Current					
Conservation of Natural Resources	\$ 47,897,896	\$ 4,080,272	\$ 70,236	\$ -	\$ 52,048,404
Reclassify Negative Interest	-	18,764	-	-	18,764
Capital Outlay	1,246	-	-	-	1,246
Debt Service					
Principal	-	-	-	65,000	65,000
Interest	-	-	-	3,545,125	3,545,125
Service Fees	-	-	-	2,107,840	2,107,840
<b>Total Expenditures</b>	<b>\$ 47,899,142</b>	<b>\$ 4,099,036</b>	<b>\$ 70,236</b>	<b>\$ 5,717,965</b>	<b>\$ 57,786,379</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 544,007	\$ 127,709	\$ 91,008	\$ 61,283,220	\$ 62,045,944
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	\$ 8,210,922	\$ -	\$ -	\$ -	\$ 8,210,922
Proceeds of Refunding Bonds	-	-	-	180,000,000	180,000,000
Debt Bond Discount	-	-	-	(1,035,000)	(1,035,000)
Bond Issuance Costs	-	-	-	(176,500)	(176,500)
Amount to Fiscal Agent	-	-	-	(57,396,924)	(57,396,924)
Payment to Refunded Bond Escrow Agent	-	-	-	(180,000,000)	(180,000,000)
Transfers Out	(8,210,922)	-	-	-	(8,210,922)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 560,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (58,608,424)</b>	<b>\$ (58,048,202)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,104,229</b>	<b>\$ 127,709</b>	<b>\$ 91,008</b>	<b>\$ 2,674,796</b>	<b>\$ 3,997,742</b>
Fund Balance - January 1	\$ 29,138,137	\$ 13,278,279	\$ (317,565)	\$ 19,199,051	\$ 61,297,902
Prior Period Adjustments	\$ (11,214,729)	\$ -	\$ -	\$ -	\$ (11,214,729)
Restated Fund Balance - January 1	\$ 17,923,408	\$ 13,278,279	\$ (317,565)	\$ 19,199,051	\$ 50,083,173
Fund Balance - December 31	\$ 19,027,637	\$ 13,405,988	\$ (226,557)	\$ 21,873,847	\$ 54,080,915

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

# SOUTHEAST CASS WATER RESOURCE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2024

Net Change in <i>Fund Balances</i> - Total Governmental Funds	\$	3,997,742
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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.

Capital Asset Additions	\$	44,296,565	
Current Year Depreciation Expense		(2,754,578)	
Sale of Capital Assets		<u>(560,222)</u>	40,981,764

The proceeds of debt issuances provide current financial resources of governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds of Refunding Bonds	\$	(180,000,000)	
Payment to Refunded Bond Escrow Agent		180,000,000	
Repayment of Debt		<u>65,000</u>	65,000

Collections on uncertified special assessments is a revenue in the governmental funds, but the collection reduces the long-term receivable in the statement of net position. This is the amount of receivable collection. Issuance of uncertified special assessments increases a long-term receivable via a capital grant/contribution. The issuance of long-term special assessments are not reported in the funds as the assets are not available soon enough after year-end to pay current period expenditures.

Collection on Long-Term Receivable		(64,441)
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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 Decrease in Compensated Absences	\$	3,868	
Amortization of Bond Discounts		566,786	
Net Increase in Interest Payable		<u>(1,408,000)</u>	(837,347)

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

Decrease in Net Pension Liability	\$	72,130	
Decrease in Net OPEB Liability		11,161	
Decrease in Deferred Outflows of Resources Related to Pensions and OPEB		(96,407)	
Decrease in Deferred Inflows of Resources Related to Pensions and OPEB		<u>45,314</u>	32,198

Some revenues reported on the statement of activities are not reported as revenue in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable and special assessments receivable.

2,250

Change in Net Position of Governmental Activities	\$	<u>44,177,167</u>
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The notes to the financial statements are an integral part of this statement.

# **SOUTHEAST CASS WATER RESOURCE DISTRICT**

Notes to the Financial Statements

For the Year Ended December 31, 2024

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

The financial statements of the Southeast Cass Water Resource District ("District"), West Fargo, North Dakota, a component unit of Cass County, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government 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.

### **Reporting Entity**

The accompanying financial statements present the activities of the District, a component unit of Cass County, North Dakota. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District such that exclusion would cause the 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. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

Based on these criteria, there is one component unit to be included within the District as a reporting entity.

### **Component Units**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units, although legally separate entities, are, in substance, part of the government's operations and so data from this unit is combined with data from the primary government.

Cass County Joint Water Resource District ("Joint District") – The Joint District was formed between Southeast Cass Water Resource District, Maple River Water Resource District, North Cass Water Resource District, and Rush River Water Resource District. Members from each district serve as the board of the Joint District. The sole purpose of the Joint District is to regulate and control water for the prevention of floods and flood damages by deepening, widening, straightening or diking the channels or floodplains of any stream or watercourse with the District. The funds of the Joint District are included with the general fund of Southeast Cass Water Resource District.

Southeast Cass Water Resource District is a component unit within Cass County, North Dakota reporting entity.

### **Basis of Presentation**

*Government-wide statements.* The statement of net position and the statement of activities display information about the primary government. 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, intergovernmental revenues, and other non-exchange transactions.

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 program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the District's funds.

The District reports the following major governmental funds:

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 set aside for the Maple River Dam Project, other WRD projects and certain Red River Joint WRD projects. This fund also is used to account for expenditures related to the Maple River Dam capital project.

Maintenance Fund - this fund is used to account for yearly drain maintenance and improvements. Special assessments are levied to taxpayers in the applicable drain district and used for maintaining drains and improvement projects when necessary. The major source of revenue is a restricted tax levy.

Capital Project Fund – this fund is used to account for the resources accumulated and payments made for project costs related to construction projects.

Debt Service Fund – this fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-Wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property 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 within 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 principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

### **Cash and Investments**

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less.

### **Capital Assets**

Capital assets, which include land, equipment and infrastructure assets (drains, dams, channel improvements, etc.), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the 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

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

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projects are constructed. Interest incurred during the construction phase of capital assets in governmental funds is not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives (in years):

Asset Type	Years
Buildings	50 Years
Equipment	10 Years
Infrastructure	10 to 50 Years
Vehicles	5 Years
Office Equipment	3 Years
Major Projects	50 Years

### **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.

In the fund financial statements, 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.

### **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.

### **Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Fund Balances**

*Fund Balance Spending Policy.* It is the policy of the District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the District to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants and reimbursements).

*Committed Fund Balances.* Committed fund balances exists in the general function and is committed by the highest level of decision making authority (governing board).

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

**Net Position**

When both restricted and unrestricted resources are available for use, it is the 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, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted federal and state grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

**Interfund Transactions**

In the governmental fund statements, 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 reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

**NOTE 2 PRIOR PERIOD ADJUSTMENTS – ERROR CORRECTIONS**

Net Position and Fund Balance of the District as of January 1, 2024 has been restated for error corrections to Uncertified Special Assessments Receivable and to remove Loans Receivable as shown below. The results of the adjustments decreased Net Position and Fund Balance for the District.

**Government Wide**

<b>Beginning Net Position, as previously reported</b>	\$ 266,859,300
Adjustments to restate January 1, 2024 Net Position	
Uncertified Special Assessments Receivable	(64,147)
Certified Special Assessments Receivable	(477)
RIMP Loans Receivable	(11,214,729)
<b>Net Position January 1, as restated</b>	<b>\$ 255,579,947</b>

**General Fund**

<b>Beginning Fund Balance, as previously reported</b>	\$ 29,138,137
Adjustments to restate January 1, 2024 Fund Balance	
RIMP Loans Receivable	(11,214,729)
<b>Fund Balance January 1, as restated</b>	<b>\$ 17,923,408</b>

**Debt Service Fund**

<b>Beginning Fund Balance, as previously reported</b>	\$ 19,199,051
Adjustments to restate January 1, 2024 Fund Balance	
Uncertified Special Assessments Receivable - Deferred Inflows	64,147
Certified Special Assessments Receivable - Deferred Inflows	477
Uncertified Special Assessments Receivable	(64,147)
Certified Special Assessments Receivable	(477)
<b>Fund Balance January 1, as restated</b>	<b>\$ 19,199,051</b>



**NOTE 3 DISTRICT ESTABLISHMENT**

The legislature of the State of North Dakota abolished, effective July 1, 1981, the Cass County Drain Board that had authority over the legal drains in the county. The administrative and financial responsibilities were transferred to individual water resource districts. Since there were special assessment districts established and legal drains constructed in and through more than one water resource district, it was determined that it would be too cumbersome and expensive to administer and account for the finances of the legal drains based on the portion or part of tracts of land contained in the individual districts. An agreement was entered into dated May 27, 1982 between the North Cass, Maple River, Rush River, and Southeast Cass Water Resource Districts to set out the administrative and financial responsibilities that each of the water resource districts shall exercise over certain overlapping legal drains as follows:

- Maple River shall have administrative and financial control over legal drains #14, 35 and 36.
- Rush River shall have administrative and financial control over legal drains #29 and 52.
- North Cass shall have administrative and financial control over legal drain #13 with the following exceptions:
  - (a) Any maintenance expenditure for a sum of \$5,000 or more shall not be undertaken except with the consultation and expressed consent of the Southeast Cass Water Resource District.
  - (b) Any extension or additions to the drain shall not be undertaken except with the consultation and expressed consent of the Southeast Cass Water Resource District.
  - (c) No change in the legal status of the drain shall be undertaken except with the consultation and expressed consent of the Southeast Cass Water Resource District.

In the event of a termination, all funds deposited with the water resource district having administrative and financial control over legal drains shall be divided with respect to such legal drain among the water resource districts in whose district the special assessment district is located and shall be divided in such proportion as the physical area of the special assessment district located in each water resource district bears to the total area of such special assessment district.

**NOTE 4 DEPOSITS**

**Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The District does not have a formal policy regarding deposits that limit the amount it may invest in any one issuer.

In accordance with North Dakota Statutes, 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, 2024, the District's carrying amount of deposits was \$53,151,805 and the bank balance was \$53,230,105. Of the bank balance, \$327,398 was covered by Federal Depository Insurance, \$21,591,202 were held at the Bank of North Dakota, which is backed by the full faith of the State of North Dakota, while the remaining bank balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

**NOTE 5 PROPERTY TAXES**

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

**NOTE 6 CAPITAL ASSETS**

**Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2024 for the District:

	Balance Jan 1	Increases	Decreases	Transfer	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 268,902,294	\$ 33,451,217	\$ -	\$ -	\$ 302,353,511
Easements	30,343,516	\$ 8,637,829	\$ -	\$ -	\$ 38,981,345
Construction in Progress	965,852	1,689,574	42,278	(482,397)	2,130,752
Total Capital Assets Not Being Depreciated	\$ 300,211,662	\$ 43,778,621	\$ 42,278	\$ (482,397)	\$ 343,465,608
Capital Assets Being Depreciated					
Facilities	\$ 83,368,182	\$ -	\$ -	\$ -	\$ 83,368,182
Projects	52,827,287	482,397	-	-	53,309,684
Equipment	537,826	-	-	-	537,826
Total Capital Assets, Being Depreciated	\$ 136,733,296	\$ 482,396.52	\$ -	\$ -	\$ 137,215,692
Less Accumulated Depreciation					
Facilities	\$ 38,379,691	\$ 1,667,364	\$ -	\$ -	\$ 40,047,055
Projects	12,721,933	1,056,546	-	-	13,778,479
Equipment	230,135	30,669	-	-	260,804
Total Accumulated Depreciation	\$ 51,331,759	\$ 2,754,578	\$ -	\$ -	\$ 54,086,338
Total Capital Assets Being Depreciated,	\$ 85,401,536	\$ (2,272,182)	\$ -	\$ -	\$ 83,129,354
Total Capital Assets, Net	\$ 385,613,199	\$ 41,506,439	\$ 42,278	\$ (482,397)	\$ 426,594,963

Depreciation expense was charged to the conservation of natural resources function.

**NOTE 7 LONG-TERM LIABILITIES**

During the year ended December 31, 2024, the following changes occurred in liabilities reported in long-term liabilities:

	Bal Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 180,000,000		\$ -	\$ 180,000,000	\$ -
Bond Discount	(172,500)	(1,035,000)	(468,214)	(739,286)	(295,714)
Loans Payable	325,000		65,000	260,000	65,000
Total Long-Term Debt	\$ 180,152,500	\$ (1,035,000)	\$ (403,214)	\$ 179,520,714	\$ (230,714)
Net Pension Liability*	227,792	-	72,130	155,662	-
Net OPEB Liability*	14,368	-	11,161	3,208	-
Total Long-Term Liabilities	\$ 180,394,661	\$ (1,035,000)	\$ (319,923)	\$ 179,679,584	\$ (230,714)

\* The change in Net Pension & OPEB Liability is shown as a net change.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

The annual requirements to amortize all debt outstanding as of December 31, 2023 are as follows:

Year Ending Dec 31	Special Assessment Bonds Payable		Loans Payable		Bond Discount
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ 6,210,000	\$ 65,000	\$ 6,500	\$ (295,714)
2026	-	6,210,000	70,000	4,875	(295,714)
2027	180,000,000	3,105,000	25,000	3,125	(147,857)
2028	-	-	25,000	2,500	-
2029	-	-	25,000	1,875	-
2030-2034	-	-	50,000	1,875	-
TOTALS	\$ 180,000,000	\$ 15,525,000	\$ 260,000	\$ 20,750	\$ (739,286)

The \$180,000,000 principal payment is related to the Temporary Refunding Improvement Bond 2024A which will be paid largely by the assessment district formed by Fargo Moorhead Diversion Project. The interest rate of the debt is 3.65%. If the assessed district does not collect the expected revenue, sales tax revenue or an additional county levy could be used to satisfy the outstanding debt.

**Advanced Debt Refunding (Defeased Debt)**

On April 1, 2024, Cass County Joint Water Resource District issued \$180,000,000 Temporary Refunding Improvement Bonds, Series 2024A with a true interest cost of 3.65% to refund the remaining Temporary Refunding Improvement Bonds, Series 2021A which had a balance of \$180,000,000. There was no total cost savings or net present value savings (economic gain) over the remainder of the refunding bond as true interest cost rose to 3.65% from .048%. The 2021A issue is considered defeased and is not shown in the financial statements.

**NOTE 8 PENSION PLAN**

**General Information about the NDPERS Pension Plan**

***North Dakota Public Employees Retirement System (Main System)***

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 nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member 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 was 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. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 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 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 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 benefits 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 for disabled is set by the NDPERS in the North Dakota Administrative Code.

### **Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 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 reemployed, they have the option of repurchasing their previous service.

### **Member and Employer Contributions**

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 contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

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

At December 31, 2024, the District reported a liability of \$155,662 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the District's proportion was .008323 percent, which was an decrease of .003491 percent from its proportion measurement as of June 30, 2023.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

For the year ended December 31, 2024, the District recognized pension expense of (\$16,574). At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,391	\$ -
Changes of Assumptions	37,514	70,637
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	1,423
Changes in Proportion and Differences Between District		
Contributions and Proportionate Share of Contributions	1,663	58,730
District Contributions Subsequent to the Measurement Date	5,211	-
Total	\$ 51,779	\$ 130,790

\$5,211 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (35,558)
2026	(14,613)
2027	(26,961)
2028	(7,090)
2029	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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 expense 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 by 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:

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	31.9%	5.40%
International Equity	19.1%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
International Fixed Income	0%	0.00%
Global Real Assets	19%	6.10%
Cash Equivalents	0%	0.00%

**Discount Rate**

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 219,988	\$ 155,662	\$ 102,313

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued NDPERS financial report.

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

***North Dakota Public Employees Retirement System***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer

to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

### **OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2024, the District reported a liability of \$3,208 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the District's proportion was .0037122 percent, which was a decrease of .0095768 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the District recognized OPEB expense of (\$1,183). At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

## Notes to the Financial Statements – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 40	\$ 25
Changes of Assumptions	488	220
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	120
Changes in Proportion and Differences Between District		
Contributions and Proportionate Share of Contributions	825	6,095
District Contributions Subsequent to the Measurement Date	3,902	-
Total	\$ 5,255	\$ 6,460

\$3,902 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2025	\$ (1,486)
2026	(1,259)
2027	(1,951)
2028	(411)
2029	-
Thereafter	-

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment rate or return	5.75%, net of investment expenses
Cost of living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense 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 by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%



### Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
District's Proportionate Share of the Net OPEB Liability	\$ 4,384	\$ 3,208	\$ 2,217

### NOTE 10 TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2023:

	Transfers In	Transfers Out
General Fund - Account 1000	\$ -	\$ 7,848,654
General Fund - Account 1201	358,476	-
General Fund - Account 1205	7,483,423	263,080
General Fund - Account 1218	300,000	-
General Fund - Account 1221	62,541	-
General Fund - Account 1250	6,482	99,188
Total Transfers	\$ 8,210,922	\$ 8,210,922

Transfers are used to move unrestricted general revenue to finance programs that the water resource district accounts for in other funds in accordance with budget authority and to subsidize other programs.

### NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political 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 over 2,000 political subdivisions. The District is covered under Cass County's insurance policies and 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 three million dollars per occurrence.

The State Bonding Fund currently provides the District 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 District has workers compensation with the Workforce, Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

**NOTE 12 CONSTRUCTION COMMITMENTS**

The District had open constructions commitment as of December 31, 2024 as follows:

Location	Project	Contract Amount	Change Orders	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance
Drain #10	Channel Liner	\$ 4,046,389	\$ 107,290	\$ 4,153,679	\$ -	\$ -	\$ 4,153,679
Drain #10	Channel Liner Improvements	728,350	-	728,350	422,451	-	305,899
Drain #27	Slide Repairs	651,650	-	651,650	409,547	40,955	283,058
Drain #27	Channel Improvement	6,274,668	-	6,274,668	-	-	6,274,668
	Total	\$ 11,701,057	\$ 107,290	\$ 11,808,347	\$ 831,998	\$ 40,955	\$ 11,017,304

**NOTE 13 DEFICIT CASH FUND BALANCES**

The District had the following deficit cash fund balances at December 31, 2024:

Funds	Amounts
Capital Project Fund	\$ (226,216)

The District anticipates eliminating the deficits by reducing future disbursements in these funds, by issuing debt or transferring monies to relieve the deficits.

**NOTE 14 JOINT VENTURES**

**Red River Joint Water Resource District**

Under authorization of state statutes, the Southeast Cass Water Resource District joined North Cass Water Resource District, Rush River Water Resource District, Maple River Water Resource District, and 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 the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. 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 as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where 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, 2024, which is the most current audited information available:

Total Assets	\$ 22,998,993
Total Liabilities	847,454
Net Position	\$ 22,151,539
Revenues	\$ 4,064,393
Expenses	2,651,816
Change in Net Position	\$ 1,412,577

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Secretary-Treasurer's office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Notes to the Financial Statements – Continued

**Metro Flood Diversion Authority**

In June of 2011, the Cass County Joint Water Resource District, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN, Cass County of ND, 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.

This 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.

**NOTE 15 FUND BALANCES**

The District classified fund balances within the governmental funds as follows at December 31, 2024:

	General Fund	Maintenance Fund	Capital Projects Fund	Debt Service Fund	Total
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
SMFCD #1 Maintenance	\$ -	\$ 1,439,244	\$ -	\$ -	\$ 1,439,244
Drain #21M	-	1,038,184	-	-	1,038,184
Drain #21C	-	140,254	-	-	140,254
SC-1 (Drain #3M, #9M and #10M)	-	3,229,581	-	-	3,229,581
SC-2 (Drain #27M and #53M)	-	4,719,003	-	-	4,719,003
Drain #40M	-	2,450,117	-	-	2,450,117
Drain #45M	-	1,431,509	-	-	1,431,509
Country Acres Improvement 2001-6	-	29,923	-	-	29,923
Holmen's & Brink Drain	-	98	-	-	98
Harwood Township Improve No. 65	-	19,724	-	-	19,724
St. Benedict Prin & Int	-	-	-	43,304	43,304
Bakke Subdivision Sewer Impr. #2005-2	-	-	-	60,301	60,301
Round Hill Sanitary Sewer P & I	-	-	-	167,954	167,954
Wild Rice River Estates Bank Stabilization	-	-	-	11,086	11,086
Amount to Fiscal Agent	-	-	-	21,591,202	21,591,202
Total Restricted	-	14,497,637	-	21,873,847	36,371,483
<b>Committed to:</b>					
SE Cass WRD Obligated Funds	17,541,393	-	-	-	17,541,393
<b>Unassigned:</b>					
SMFCD #2 Maintenance	-	(492,928)	-	-	(492,928)
Maple River Dam Maintenance	-	(316,193)	-	-	(316,193)
Drain #35M	-	(33,380)	-	-	(33,380)
Drain #47M	-	(154,982)	-	-	(154,982)
Drain #50M	-	(10,962)	-	-	(10,962)
Drain #51M	-	(4,210)	-	-	(4,210)
Normanna Township Improve. No. 60	-	(35,182)	-	-	(35,182)
Lake Bertha Flood Control Project No. 75	-	(41,647)	-	-	(41,647)
Raymond-Mapleton Township Imp No. 76	-	(2,165)	-	-	(2,165)
Amber Plains Drainage	-	-	(342)	-	(342)
Commerce on I-29 Sewer Improvements	-	-	(52,202)	-	(52,202)
Round Hill Sewer Imp. District No. 2010-1	-	-	(1,477)	-	(1,477)
Bakke Sewer System	-	-	(13,540)	-	(13,540)
Wild Rice River Estates Bank Stabilz Constr.	-	-	(47,396)	-	(47,396)
Oxbow-Hickson-Bakke Ring Levee Constr.	-	-	(657)	-	(657)
Lake Bertha Flood Control Project No 75	-	-	(7,011)	-	(7,011)
Raymond-Mapleton Twp Imp District No 76	-	-	(78,613)	-	(78,613)
Sheldon Subdivision Ring Levee Project	-	-	(25,320)	-	(25,320)
General Fund	1,486,244	-	-	-	1,486,244
Total Unassigned	1,486,244	(1,091,649)	(226,557)	-	168,038
<b>Total Fund Balances</b>	<b>\$ 19,027,637</b>	<b>\$ 13,405,988</b>	<b>\$ (226,557)</b>	<b>\$ 21,873,847</b>	<b>\$ 54,080,915</b>

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

## Budgetary Comparison Schedule - General Fund

December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,430,875	\$ 1,430,875	\$ 1,502,577	\$ 71,702
Intergovernmental	601,220	601,220	45,715,076	45,113,856
Interest Income	100,000	100,000	497,270	397,270
Miscellaneous	10,000	10,000	728,226	718,226
Total Revenues	\$ 2,142,095	\$ 2,142,095	\$ 48,443,149	\$ 46,301,054
<b>EXPENDITURES</b>				
Current				
Conservation of Natural Resources	\$ 2,162,095	\$ 2,027,095	\$ 47,897,896	\$ (45,870,801)
Capital Outlay	-	-	1,246	(1,246)
Total Expenditures	\$ 2,162,095	\$ 2,027,095	\$ 47,899,142	\$ (45,872,047)
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,000)	\$ 115,000	\$ 544,007	\$ 429,007
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 8,210,922	\$ 8,210,922
Sale of Capital Assets	-	-	560,222	560,222
Transfers Out	-	-	(8,210,922)	(8,210,922)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 560,222	\$ 560,222
Net Changes in Fund Balances	(20,000)	115,000	1,104,229	989,229
Fund Balance - January 1	\$ 29,138,137	\$ 29,138,137	\$ 29,138,137	\$ -
Fund Balance - December 31	\$ 29,118,137	\$ 29,253,137	\$ 19,027,637	\$ (10,225,500)

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

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

## Budgetary Comparison Schedule - Maintenance Fund

December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Drain Maintenance Assessments	\$ 3,377,000	\$ 3,377,000	\$ 3,198,314	\$ (178,686)
Intergovernmental	-	-	192,267	192,267
Interest Income	-	-	671,006	671,006
Miscellaneous	-	-	165,157	165,157
Total Revenues	\$ 3,377,000	\$ 3,377,000	\$ 4,226,745	\$ 849,745
<b>EXPENDITURES</b>				
Current				
Conservation of Natural Resources	\$ 7,928,500	\$ 7,928,500	\$ 4,080,272	\$ 3,848,228
Reclassify Negative Interest	-	-	18,764	(18,764)
Capital Outlay	-	-	-	-
Total Expenditures	\$ 7,928,500	\$ 7,928,500	\$ 4,099,036	\$ 3,829,464
Excess (Deficiency) of Revenues Over Expenditures	(4,551,500)	(4,551,500)	127,709	4,679,209
Net Changes in Fund Balances	(4,551,500)	(4,551,500)	127,709	4,679,209
Fund Balance - January 1	\$ 12,942,338	\$ 12,977,119	\$ 13,278,279	\$ 301,160
Fund Balance - December 31	\$ 8,390,838	\$ 8,425,619	\$ 13,405,988	\$ 4,980,368

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

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

Schedule of Employer's Share of Net Pension and Employer Contributions  
For the Year Ended December 31, 2024

**Schedule of Employer's Share of Net Pension Liability  
ND Public Employee's Retirement System  
Last 10 Fiscal Years**

	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.008323%	\$ 155,662	\$ 109,175	142.58%	68.02%
2023	0.011813%	227,792	144,463	157.68%	65.31%
2022	0.011701%	337,003	135,832	248.10%	54.47%
2021	0.011585%	120,748	131,188	92.04%	78.26%
2020	0.016416%	363,800	127,562	285.19%	48.91%
2019	0.014256%	167,090	148,284	112.68%	71.66%
2018	0.014155%	238,874	145,412	164.27%	62.80%
2017	0.014279%	229,517	145,771	157.45%	61.98%
2016	0.011759%	114,601	118,501	96.71%	70.46%
2015	0.013532%	92,018	120,559	76.33%	77.15%
2014	0.014101%	89,500	118,779	75.35%	77.70%

**Schedule of District Contributions  
ND Public Employees Retirement System  
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 8,087	\$ 9,970	\$ (1,883)	\$ 113,577	8.78%
2023	12,263	10,662	1,601	172,238	6.19%
2022	10,231	9,671	559	139,174	6.95%
2021	9,674	10,111	(437)	132,489	7.63%
2020	9,032	8,455	578	127,562	6.63%
2019	10,796	10,558	239	148,284	7.12%
2018	10,710	10,250	460	145,412	7.05%
2017	10,570	11,144	(574)	145,771	7.64%
2016	8,579	9,190	(610)	118,501	7.75%
2015	9,157	8,992	165	120,559	7.46%
2014	8,457	8,457	-	118,779	7.12%

The notes to the required supplementary information are an integral part of this statement.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
For the Year Ended December 31, 2024

**Schedule of Employer's Share of Net OPEB Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years**

	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.003712%	\$ 3,208	\$ 38,485	8.33%	68.35%
2023	0.014372%	14,368	144,463	9.95%	62.74%
2022	0.013157%	15,792	135,832	11.63%	56.28%
2021	0.012033%	6,692	131,188	5.10%	76.63%
2020	0.011190%	9,413	127,562	7.38%	63.38%
2019	0.013289%	10,673	148,284	7.20%	63.13%
2018	0.013289%	10,466	145,412	7.20%	61.89%
2017	0.013474%	10,658	145,771	7.31%	59.78%

**Schedule of District Contributions  
ND Public Employees Retirement System  
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 547	\$ 547	\$ -	\$ 48,000	1.14%
2023	1,964	1,707	256	172,238	0.99%
2022	1,653	1,549	104	139,174	1.11%
2021	1,577	1,619	(41)	132,489	1.22%
2020	1,499	1,354	145	127,562	1.06%
2019	1,724	1,690	34	148,284	1.14%
2018	1,706	1,641	65	145,412	1.13%
2017	1,694	1,784	(90)	145,771	1.22%

The notes to the required supplementary information are an integral part of this statement.

## **SOUTHEAST CASS WATER RESOURCE DISTRICT**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2024

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### **NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgetary Information**

- The District adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP) for the general fund, each maintenance fund and debt service fund of the district.
- The budget includes proposed expenditures and means of financing them.
- The District holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the district shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The District, on or before the October meeting shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- The District must file the budget with the county auditor by October 10th.
- Each budget is controlled by the 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.

### **NOTE 2: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

### **NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB**

#### **Pension**

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

#### **OPEB**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.



**SOUTHEAST CASS WATER RESOURCE DISTRICT**Notes to the Required Supplementary Information - Continued

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**NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**NOTE 5: LEGAL COMPLIANCE - BUDGETS****Budget Amendments**

The District managers amended the District budget for 2024 as follows:

Fund	EXPENDITURES & TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 2,162,095	\$ (135,000)	\$ 2,027,095

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

## Combining Balance Sheet – Maintenance Fund

For the Year Ended December 31, 2024

	SMFCD #1 Maint	SMFCD #2 Maint	MR Dam Maint	Drain #21M	Drain #21C	SC-1 (Dr 3,9 & 10)	SC-2 (Dr 27 & 53)
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 960,870	\$ -	\$ (235,104)	\$ 1,066,733	\$ 158,972	\$ 3,251,767	\$ 4,802,117
Taxes Receivable	7,537	1,660	2,092	5,497	1,366	19,987	1,065
Due from County	801	898	606	97	-	3,615	166
Due from Other Funds	596,871		-	-	-	-	-
Total Assets	\$ 1,566,078	\$ 2,558	\$ (232,405)	\$ 1,072,327	\$ 160,338	\$ 3,275,369	\$ 4,803,348
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts Payable	\$ 119,298	\$ 132,060	\$ 81,695	\$ 28,646	\$ 18,718	\$ 25,801	\$ 42,325
Benefits Payable							
Retainages Payable	-	-	-	-	-	-	40,955
Due to Other Funds	-	361,767	-	-	-	-	-
Total Liabilities	\$ 119,298	\$ 493,827	\$ 81,695	\$ 28,646	\$ 18,718	\$ 25,801	\$ 83,280
Deferred Inflows of Resources							
Taxes Receivable	\$ 7,537	\$ 1,660	\$ 2,092	\$ 5,497	\$ 1,366	\$ 19,987	\$ 1,065
Total Liabilities and Deferred Inflows of Resources	\$ 126,835	\$ 495,487	\$ 83,787	\$ 34,143	\$ 20,084	\$ 45,788	\$ 84,345
Fund Balances							
Restricted	\$ 1,439,244	\$ -	\$ -	\$ 1,038,184	\$ 140,254	\$ 3,229,581	\$ 4,719,003
Unassigned	-	(492,928)	(316,193)	-	-	-	-
Total Fund Balances	\$ 1,439,244	\$ (492,928)	\$ (316,193)	\$ 1,038,184	\$ 140,254	\$ 3,229,581	\$ 4,719,003
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,566,078	\$ 2,558	\$ (232,405)	\$ 1,072,327	\$ 160,338	\$ 3,275,369	\$ 4,803,348

# SOUTHEAST CASS WATER RESOURCE DISTRICT

## Combining Balance Sheet – Maintenance Fund

For the Year Ended December 31, 2024

Drain #35M	Drain #40M	Drain #45M	Drain #47M	Drain #50M	Drain #51M	County Acres 2001-6	Normanna Twp. #60	Holmen's Storm- water	Harwood Twp. Impr. #65	Lake Bertha Flood Control District #75	Raymond- Mapleton Twp Imp #76	Total Maintenance Fund
\$ (27,910)	\$ 2,465,587	\$ 1,191,059	\$ -	\$ -	\$ 620	\$ 29,923	\$ (29,614)	\$ 98	\$ 24,674	\$ -	\$ -	\$ 13,659,792
-	1,658	117	-	-	-	66	-	-	-	-	-	41,046
-	24	-	-	-	-	-	-	-	-	-	-	6,206
-	-	256,300	-	-	-	-	-	-	-	-	-	853,171
<u>\$ (27,910)</u>	<u>\$ 2,467,269</u>	<u>\$ 1,447,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 29,989</u>	<u>\$ (29,614)</u>	<u>\$ 98</u>	<u>\$ 24,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,560,215</u>
\$ 5,470	\$ 15,493	\$ 15,850	\$ 5,150	\$ 5,830	\$ 4,830	\$ -	\$ 5,568	\$ -	\$ 4,950	\$ -	\$ -	\$ 511,684
-	-	-	-	-	-	-	-	-	-	-	-	40,955
-	-	-	149,832	5,132	-	-	-	-	-	41,647	2,165	560,543
<u>\$ 5,470</u>	<u>\$ 15,493</u>	<u>\$ 15,850</u>	<u>\$ 154,982</u>	<u>\$ 10,962</u>	<u>\$ 4,830</u>	<u>\$ -</u>	<u>\$ 5,568</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 41,647</u>	<u>\$ 2,165</u>	<u>\$ 1,113,182</u>
\$ -	\$ 1,658	\$ 117	\$ -	\$ -	\$ -	\$ 66	\$ -	\$ -	\$ -	\$ -	\$ -	41,046
<u>\$ 5,470</u>	<u>\$ 17,151</u>	<u>\$ 15,967</u>	<u>\$ 154,982</u>	<u>\$ 10,962</u>	<u>\$ 4,830</u>	<u>\$ 66</u>	<u>\$ 5,568</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 41,647</u>	<u>\$ 2,165</u>	<u>\$ 1,154,227</u>
\$ -	\$ 2,450,117	\$ 1,431,509	\$ -	\$ -	\$ -	\$ 29,923	\$ -	\$ -	\$ 19,724	\$ -	\$ -	\$ 14,497,539
(33,380)	-	-	(154,982)	(10,962)	(4,210)	-	(35,182)	98	-	(41,647)	(2,165)	(1,091,551)
<u>\$ (33,380)</u>	<u>\$ 2,450,117</u>	<u>\$ 1,431,509</u>	<u>\$ (154,982)</u>	<u>\$ (10,962)</u>	<u>\$ (4,210)</u>	<u>\$ 29,923</u>	<u>\$ (35,182)</u>	<u>\$ 98</u>	<u>\$ 19,724</u>	<u>\$ (41,647)</u>	<u>\$ (2,165)</u>	<u>\$ 13,405,987</u>
<u>\$ (27,910)</u>	<u>\$ 2,467,269</u>	<u>\$ 1,447,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 29,989</u>	<u>\$ (29,614)</u>	<u>\$ 98</u>	<u>\$ 24,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,560,215</u>

**SOUTHEAST CASS WATER RESOURCE DISTRICT****Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Maintenance Fund  
For the Year Ended December 31, 2024**

	SMFCD #1 Maint	SMFCD #2 Maint	MR Dam Maint	Drain #21M	Drain #21C	SC-1 (Dr 3,9 & 10)	SC-2 (Dr 27 & 53)
<b>REVENUES</b>							
Drain Maintenance Assessments	\$ 701,960	\$ 358,812	\$ 337,185	\$ 249,698	\$ 51,797	\$ 1,084,243	\$ 135,122
Intergovernmental	-	-	-	-	7,278	-	-
Miscellaneous	2,410	114,604	39,281	-	-	-	-
Interest Income	67,742	(7,202)	(2,787)	46,772	9,322	159,498	239,493
Total Revenues	\$ 772,111	\$ 466,214	\$ 373,679	\$ 296,470	\$ 68,397	\$ 1,243,741	\$ 374,615
<b>EXPENDITURES</b>							
Current							
Conservation of Natural Resources	\$ 422,234	\$ 659,022	\$ 518,279	\$ 143,715	\$ 96,854	\$ 878,792	\$ 1,025,088
Reclassify Negative interest income	-	7,202	2,787	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Service Fees	-	-	-	-	-	-	-
Total Expenditures	\$ 422,234	\$ 666,224	\$ 521,067	\$ 143,715	\$ 96,854	\$ 878,792	\$ 1,025,088
Excess (Deficiency) of Revenues Over Expenditures	\$ 349,877	\$ (200,010)	\$ (147,387)	\$ 152,755	\$ (28,457)	\$ 364,950	\$ (650,473)
Net Change in Fund Balances	\$ 349,877	\$ (200,010)	\$ (147,387)	\$ 152,755	\$ (28,457)	\$ 364,950	\$ (650,473)
Fund Balance - January 1	\$ 1,089,366	\$ (292,918)	\$ (168,805)	\$ 885,429	\$ 168,711	\$ 2,864,631	\$ 5,369,477
Fund Balance - December 31	\$ 1,439,244	\$ (492,928)	\$ (316,193)	\$ 1,038,184	\$ 140,254	\$ 3,229,581	\$ 4,719,003

**SOUTHEAST WATER RESOURCE DISTRICT**Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Maintenance Fund  
For the Year Ended December 31, 2024

Drain #35M	Drain #40M	Drain #45M	Drain #47M	Drain #50M	Drain #51M	County Acres 2001-6	Normanna Twp #60	Holmen's Stormwater	Harwood Twp Imp #65	Lake Bertha Flood Control District #75	Raymond- Mapleton Twp Imp #76	Total Maintenance Fund
\$ 22,476	\$ 171,089	\$ 31,114	\$ 18,890	\$ 5,081	\$ 18,382	\$ 653	\$ 7,173	\$ 98	\$ 530	\$ 4,012	\$ -	\$ 3,198,314
-	173,778	-	-	4,199	7,011	-	-	-	-	-	-	192,267
589	-	-	6,527	-	157	-	-	-	-	1,502	88	165,157
(589)	100,116	63,845	(6,527)	285	(157)	1,292	415	-	1,078	(1,502)	(88)	671,006
\$ 22,476	\$ 444,983	\$ 94,958	\$ 18,890	\$ 9,565	\$ 25,393	\$ 1,945	\$ 7,588	\$ 98	\$ 1,608	\$ 4,012	\$ -	\$ 4,226,745
\$ 55,730	\$ 93,903	\$ 70,540	\$ 9,806	\$ 21,872	\$ 11,093	\$ -	\$ 58,135	\$ -	\$ 5,494	\$ 9,375	\$ 341	\$ 4,080,272
589	-	-	6,527	-	157	-	-	-	-	1,502	-	18,764
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
\$ 56,319	\$ 93,903	\$ 70,540	\$ 16,332	\$ 21,872	\$ 11,251	\$ -	\$ 58,135	\$ -	\$ 5,494	\$ 10,877	\$ 341	\$ 4,099,036
\$ (33,842)	\$ 351,081	\$ 24,419	\$ 2,558	\$ (12,307)	\$ 14,142	\$ 1,945	\$ (50,546)	\$ 98	\$ (3,886)	\$ (6,865)	\$ (341)	\$ 127,709
\$ (33,842)	\$ 351,081	\$ 24,419	\$ 2,558	\$ (12,307)	\$ 14,142	\$ 1,945	\$ (50,546)	\$ 98	\$ (3,886)	\$ (6,865)	\$ (341)	\$ 127,709
\$ 462	\$ 2,099,036	\$ 1,407,091	\$ (157,540)	\$ 1,345	\$ (18,352)	\$ 27,978	\$ 15,365	\$ -	\$ 23,610	\$ (34,782)	\$ (1,824)	\$ 13,278,279
\$ (33,380)	\$ 2,450,117	\$ 1,431,509	\$ (154,982)	\$ (10,962)	\$ (4,210)	\$ 29,923	\$ (35,182)	\$ 98	\$ 19,724	\$ (41,647)	\$ (2,165)	\$ 13,405,988

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STATE AUDITOR  
Joshua C. Gallion



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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*

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### Independent Auditor's Report

Board of District Commissioners  
Southeast Cass Water Resource District  
West Fargo, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Southeast Cass Water Resource District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Southeast Cass Water Resource District's basic financial statements, and have issued our report thereon dated June 23, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeast Cass Water Resource District's internal control over financial reporting (internal control) as a basis for designing 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 Southeast Cass Water Resource District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast Cass 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2024-001 and 2024-002 to be material weaknesses.

## **SOUTHEAST CASS WATER RESOURCE DISTRICT**

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

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeast Cass Water Resource District's financial statements are free from 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 financial statements. 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.

### **Southeast Cass Water Resource District's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on Southeast Cass Water Resource District's response to the findings identified in our audit and described in the accompanying *schedule of audit findings*. Southeast Cass Water Resource District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 results 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.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
June 23, 2025

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**SOUTHEAST CASS WATER RESOURCE DISTRICT**  
Summary of Auditor’s Results  
For the Year Ended December 31, 2024

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**Financial Statements**

Type of Report Issued:	
Governmental Activities	Unmodified
Major Funds	Unmodified

**Internal control over financial reporting**

Material weaknesses identified?	<u>  X  </u> Yes	<u>      </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None Noted
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None Noted



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## **SOUTHEAST CASS WATER RESOURCE DISTRICT**

Schedule of Audit Findings

For the Year Ended December 31, 2024

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### **2024-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS**

#### **Condition**

The Southeast Cass Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

#### **Effect**

The lack of segregation of duties increases the risk of material misstatement to the Southeast Cass Water Resource District's financial condition, whether due to error or fraud.

#### **Cause**

Management has chosen to allocate economic resources to other functions of the Southeast Cass Water Resource District.

#### **Criteria**

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the district.

#### **Repeat Finding**

Yes.

#### **Recommendation**

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.
- Include the board in reviewing bank reconciliations, credit memos, manual adjustments, etc.

#### **Southeast Cass Water Resource District's Response**

We Agree. Southeast Cass Water Resource District will segregate duties when it becomes feasible.

**SOUTHEAST CASS WATER RESOURCE DISTRICT**

Schedule of Audit Findings – Continued

For the Year Ended December 31, 2024

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**2024-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS****Condition**

During the audit of Southeast Cass Water Resource District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

**Effect**

There is an increased risk of material misstatement to the Southeast Cass Water Resource District's financial statements even though the errors were corrected by management during the audit.

**Cause**

Southeast Cass Water Resource District may not have a proper review process in place to ensure the financial statements are complete and accurate.

**Criteria**

Southeast Cass Water Resource District is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

**Repeat Finding**

Yes.

**Recommendation**

We recommend Southeast Cass Water Resource District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

**Southeast Cass Water Resource District's Response**

We Agree. Southeast Cass Water Resource District will review the adjustments needed for presentation in the financial statements.



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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