

Financial Statements
December 31, 2022

Garrison Diversion Conservancy District

Garrison Diversion Conservancy District

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December 31, 2022

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Garrison Diversion Conservancy District
Board of Directors by County (Unaudited)
December 31, 2022

County	Name	Address	Term Expires	
			2022	2024
Barnes	Bischoff, Greg	1290 N Central Ave Valley City, ND 58072		12-31
Benson	Johnson, David B.	5880 42nd St NE Minnewaukan 58351		12-31
Bottineau	Rogers, Kenny	8874 18th Avenue NW Maxbass 58760		12-31
Burleigh	Kassian, Larry	1243 Territory Drive Bismarck 58503		12-31
Cass	Fenstad, Roger	3415 46th Ave S Fargo, 58104	12-31	
Dickey	Zimbleman, Donald	8538 97th Ave SE Fullerton, ND 58441		12-31
Eddy	Tweed, Michael	2693 94th Ave NE Tolna 58380		12-31
Foster	Metzger, Steve	140 Second Avenue North Carrington 58421		12-31
Grand Forks	Vein, Ken	1200 S Columbia Road Grand Forks 58206-6002		12-31
Griggs	Boote, Nikke	10281 County Rd 5 Binford 58416		12-31
LaMoure	Klein, Bruce	9944 76th St SE LaMoure 58458		12-31
McHenry	Hanretty, Cliff	847 68th Drive NE Towner 58788	12-31	
McKenzie	Cayko, Richard	3691 158th Avenue NW Fairview, MT 59221		12-31
McLean	Anderson, Rick	980 26th Avenue NW Coleharbor 58531-9479		12-31

Garrison Diversion Conservancy District
Board of Directors by County (Unaudited)
December 31, 2022

County	Name	Address	Term Expires	
			2022	2024
Nelson	Marquart, Nancy	206 5th St E Lakota, ND 58344		12-31
Pierce	Anderson, Dave	6590 30th Ave NE Rugby 58368	12-31	
Ramsey	Blanchfield, Kyle	1012 Woodland Drive Devils Lake, ND 58301	12-31	
Ransom	Anderson, Jay	6357 Hwy 32 Lisbon 58054		12-31
Renville	Cook, Mark	10220 56th Ave NW Kenmare 58746	12-31	
Richland	Klosterman, Kelly	7825 County Road 1 Mooreton 58061	12-31	
Sargent	Orn, Brian	12224 Highway 13 Stirum, ND 58069		12-31
Sheridan	Pellman, Jim	PO Box 314 McClusky, ND 58463		12-31
Steele	Krueger, Brandon	12663 6th St SE Hope, ND 58046		12-31
Stutsman	Kaiser, Geneva	708 Evergreen Circle Jamestown 58401	12-31	
Traill	Krivarchka, Dr. Bill	40 Westwood Drive Mayville 58257	12-31	
Ward	Walter, Alan	805 Bavaria Drive Minot 58703	12-31	
Wells	Ongstad, Bill	4135 25th Street NE Harvey 58341	12-31	
Williams	Koeser, E. Ward	1306 4th Avenue East Williston 58801		12-31



Independent Auditor's Report

To the Board of Directors
Garrison Diversion Conservancy District
Carrington, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and each major fund of Garrison Diversion Conservancy District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the 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 the District, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1 to the financial statements.

Basis for Opinions

We conducted our audit 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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 the 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 opinion. 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 an 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 the 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – modified cash basis – budget and actual – General Fund (Administrative), schedule of revenues, expenditures, and changes in fund balance – modified cash basis – budget and actual – Major Special Revenue Funds, schedule of taxes received – modified cash basis, schedule of expenditures compared to budget – modified cash basis, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 schedule of revenues, expenditures, and changes in fund balance – modified cash basis – budget and actual – General Fund (Administrative), schedule of revenues, expenditures, and changes in fund balance – modified cash basis – budget and actual – Major Special Revenue Funds, schedule of taxes received – modified cash basis, schedule of expenditures compared to budget – modified cash basis, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of Board of Directors by County but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023, on our consideration of the 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 the 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 the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
May 3, 2023

Garrison Diversion Conservancy District
Statement of Net Position – Modified Cash Basis
December 31, 2022

	Primary Government Governmental Activities
<hr/>	
Assets	
Cash	\$ 9,569,886
Certificates of deposit	12,875,093
Capital assets not being depreciated	
Land	341,176
Construction in progress	68,441,706
Capital assets, net of accumulated depreciation	
Land improvements	158,202
Buildings	1,041,666
Equipment	1,010,831
Pumping equipment	1,736,834
Intake equipment	77,897
Pipeline	2,456,854
	<hr/>
Total assets	97,710,145
	<hr/>
Liabilities	
Long-term liabilities:	
Portion due within one year	
Bond payable	729,249
Notes payable	10,848
Portion due after one year	
Bond payable	5,911,030
Notes payable	22,205
Total liabilities	6,673,332
	<hr/>
Net Position	
Net investment in capital assets	68,591,834
Restricted	
Operations and maintenance emergency	750,000
Deficiency	750,000
Project development	915,593
Operations and maintenance and replacement	208,802
Irrigation Fund	251,382
Unrestricted	19,569,202
	<hr/>
Total net position	\$ 91,036,813
	<hr/>

Garrison Diversion Conservancy District
Statement of Activities – Modified Cash Basis
Year Ended December 31, 2022

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Expenses					
Administration	\$ 3,749,552	\$ -	\$ -	\$ 67,074	\$ (3,682,478)
Municipal, rural, and industrial	25,421,500	-	25,441,811	-	20,311
Operations, maintenance, and replacement	6,031,603	266,468	5,738,945	296,614	270,424
Red River Valley water supply	536,773	-	536,773	20,579,827	20,579,827
Irrigation	605,383	-	616,039	261,007	271,663
Total governmental activities	<u>\$ 36,344,811</u>	<u>\$ 266,468</u>	<u>\$ 32,333,568</u>	<u>\$ 21,204,522</u>	<u>17,459,747</u>
General Revenues					
Taxes					4,338,295
Interest on investments					66,318
Leases					2,303
Miscellaneous					6,588
Total general revenues					<u>4,413,504</u>
Change in Net Position					<u>21,873,251</u>
Net Position, Beginning of Year					<u>69,163,562</u>
Net Position, End of Year					<u>\$ 91,036,813</u>

Garrison Diversion Conservancy District
Balance Sheet – Modified Cash Basis – Governmental Funds
December 31, 2022

	General Fund (Administrative)	Municipal, Rural and Industrial Working Fund	Operations, Maintenance and Replacement Fund	Red River Valley Water Supply Fund	Irrigation Fund	Total
Assets						
Cash	\$ 8,320,327	\$ 4,595	\$ 533,907	\$ 249,723	\$ 461,334	\$ 9,569,886
Certificates of deposit	12,875,093	-	-	-	-	12,875,093
Due from other funds	2,310,945	-	-	-	-	2,310,945
 Total assets	 \$ 23,506,365	 \$ 4,595	 \$ 533,907	 \$ 249,723	 \$ 461,334	 \$ 24,755,924
Liabilities and Fund Balance						
Liabilities						
Due to other funds	\$ -	\$ -	\$ 325,105	\$ 1,775,888	\$ 209,952	\$ 2,310,945
Total liabilities	-	-	325,105	1,775,888	209,952	2,310,945
Fund Balance						
Restricted						
Deficiency	750,000	-	-	-	-	750,000
Operations and maintenance emergency	750,000	-	-	-	-	750,000
Project development	915,593	-	-	-	-	915,593
Operations, maintenance and replacement	-	-	208,802	-	-	208,802
Irrigation Fund	-	-	-	-	251,382	251,382
Committed						
Operating reserve	5,587,228	-	-	-	-	5,587,228
Assigned						
Municipal, rural and industrial working	-	4,595	-	-	-	4,595
Unassigned	15,503,544	-	-	(1,526,165)	-	13,977,379
Total fund balance	23,506,365	4,595	208,802	(1,526,165)	251,382	22,444,979
Total liabilities and fund balance	\$ 23,506,365	\$ 4,595	\$ 533,907	\$ 249,723	\$ 461,334	\$ 24,755,924

See Notes to Financial Statements

Garrison Diversion Conservancy District
Reconciliation of the Governmental Funds Balance Sheet – Modified Cash Basis to the Statement of Net Position
– Modified Cash Basis
December 31, 2022

Total fund balances for governmental funds	\$ 22,444,979
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 therefore are not reported in the funds. Those assets consist of	
Land	341,176
Construction in Progress	68,441,706
Land improvements, net of accumulated depreciation	158,202
Buildings, net of accumulated depreciation	1,041,666
Equipment, net of accumulated depreciation	1,010,831
Pumping Equipment, net of accumulated depreciation	1,736,834
Intake Equipment, net of accumulated depreciation	77,897
Pipeline, net of accumulated depreciation	2,456,854
Long-term liabilities applicable to the District's governmental activities are not reported as fund liabilities. Long-term liabilities are reported in the statement of net position. The long-term liabilities are as follows	
Bond Payable	(6,640,279)
Notes Payable	(33,053)
Total net position of governmental activities	<u>\$ 91,036,813</u>

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
– Governmental Funds
Year Ended December 31, 2022

	General Fund (Administrative)	Municipal, Rural and Industrial Working Fund	Operations, Maintenance and Replacement Fund	Red River Valley Water Supply	Irrigation Fund	Total
Revenues						
Taxes	\$ 4,338,295	\$ -	\$ -	\$ -	\$ -	\$ 4,338,295
Interest on investments	64,010	561	433	-	1,314	66,318
Non-project income	624	-	266,468	-	-	267,092
Contract revenue	66,452	25,441,811	-	21,116,600	877,046	47,501,909
Bureau of Reclamation	-	-	6,035,559	-	-	6,035,559
Leases	2,303	-	-	-	-	2,303
Miscellaneous	4,877	-	-	-	1,711	6,588
Total revenues	<u>4,476,561</u>	<u>25,442,372</u>	<u>6,302,460</u>	<u>21,116,600</u>	<u>880,071</u>	<u>58,218,064</u>
Expenditures						
Current						
Directors	235,482	-	-	-	-	235,482
Personnel	1,167,594	71,839	2,110,931	-	-	3,350,364
Contractual services	383,817	25,292,603	2,004,988	513,483	-	28,194,891
Irrigation development	881,347	-	-	-	-	881,347
Maintenance	83,481	-	828,673	-	275,054	1,187,208
GDCCD recreation grant program	541,990	-	-	-	-	541,990
DWRA recreation program	4,512	-	-	-	-	4,512
Water Supply Projects	98,614	-	-	-	-	98,614
Other charges	302,058	57,058	94,401	-	-	453,517
Capital outlay	371,241	-	296,614	28,012,221	261,006	28,941,082
Debt service						
Principal	-	-	-	308,201	172,283	480,484
Interest and fiscal charges	-	-	-	23,290	45,367	68,657
Total expenditures	<u>4,070,136</u>	<u>25,421,500</u>	<u>5,335,607</u>	<u>28,857,195</u>	<u>753,710</u>	<u>64,438,148</u>
Revenues over (under) expenditures	406,425	20,872	966,853	(7,740,595)	126,361	(6,220,084)
Other Financing Sources (Uses)						
Debt issuance	-	-	-	5,670,240	-	5,670,240
Transfers in	906,969	-	-	1,368,042	1,000	2,276,011
Transfers out	(1,369,042)	(20,311)	(886,658)	-	-	(2,276,011)
Total other financing sources (uses)	<u>(462,073)</u>	<u>(20,311)</u>	<u>(886,658)</u>	<u>7,038,282</u>	<u>1,000</u>	<u>5,670,240</u>
Net Change in Fund Balance	(55,648)	561	80,195	(702,313)	127,361	(549,844)
Fund Balances (Deficit), Beginning of Year	23,562,013	4,034	128,607	(823,852)	124,021	22,994,823
Fund Balances (Deficit), End of Year	<u>\$ 23,506,365</u>	<u>\$ 4,595</u>	<u>\$ 208,802</u>	<u>\$ (1,526,165)</u>	<u>\$ 251,382</u>	<u>\$ 22,444,979</u>

Garrison Diversion Conservancy District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis of Governmental Funds to the Statement of Activities – Modified Cash Basis Year Ended December 31, 2022

Net change in fund balances - total governmental funds \$ (549,844)

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. In the current period,
these amounts are:

Capital outlay	\$ 28,946,066	
Depreciation expense	(1,328,229)	
Loss on Disposal	(4,984)	
Excess of capital outlay over depreciation expense		27,612,853

The proceeds of debt issuances are reported as financing sources
in governmental funds and thus contribute to the change in fund
balance. In the statement of net position, issuing debt increases
long-term liabilities and does not affect the statement of activities.
Repayment of long-term debt principal is an expenditure in
the governmental funds, but the repayment reduces
long-term liabilities in the statement of net position. In the current
period, these amounts are:

Debt issuance	\$ (5,670,240)	
Debt repayment	480,482	(5,189,758)

Changes in net position of governmental activities \$ 21,873,251

Note 1 - Principal Activity and Significant Accounting Policies

Principal Activity

Garrison Diversion Conservancy District is a governmental entity created pursuant to North Dakota Century Code Chapter 61-24. The District aids and promotes the construction, maintenance and operation of the Garrison Diversion Unit of the Missouri River Basin Project.

Government-Wide and Fund Financial Statements

Government-Wide Statements

The statement of net position displays information on the financial activities of the District. Reporting of the internal activities has been eliminated to avoid duplication on the statements. The statements show the governmental activities, which are normally financed through taxes and intergovernmental revenues.

The statement of activities compares the direct expenses and program revenues for the governmental activities of the District. Direct expenses are clearly identifiable with a specific function. Program revenues consist of operating grants and contributions. General revenues, including taxes, are those revenues that are not classified as program revenue.

Fund Financial Statements

The fund financial statements provide detailed information for governmental funds. The fund statement's emphasis is on major governmental funds. All of the District's governmental funds are reported as major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable and accrued expenses are not included in the financial statements.

Only capital assets and long-term debt recorded under the basis of accounting described above are included on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable and accrued expenses are not included in the financial statements. Only current assets and current liabilities, other than those excluded previously, are recorded under the basis of accounting described above on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Reporting Entity

The Garrison Diversion Conservancy District has included all funds and has considered all potential component units for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are 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 Garrison Diversion Conservancy 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. Garrison Diversion Conservancy District has no component units.

The District reports the following major governmental funds:

General Fund (Administrative)

Accounts for all financial transactions not properly accounted for in another fund. Included in this fund are all general district transactions.

Municipal, Rural and Industrial Working Fund

Accounts for all financial transactions that provide for the planning, design, and construction of municipal, rural, and industrial water systems.

Operations, Maintenance and Replacement Fund

Accounts for all financial transactions that provide for the operation, maintenance, and replacement functions of the Garrison Diversion Unit.

Red River Valley Water Supply Project Fund

Accounts for all financial transactions that provide for municipal, rural, and industrial water, fish, wildlife, and other natural resource conservation and development, recreation, augmented stream flows, and ground water recharge in the Red River Valley.

Irrigation Fund

Accounts for all financial transactions related to the right-of-way acquisition, design, construction, operation and maintenance of irrigation facilities using water from the McClusky Canal (the "Canal"), including pumps, pipelines, intakes and power supply and control system components between the Canal and each irrigator's property line.

The District follows the pronouncements of the Governmental Accounting Standards Board (GASB), to the extent that the pronouncements apply to the modified cash basis of accounting.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The general manager, administrative officer, district engineer, and communications director prepare the District budget. The budget includes proposed expenditures and the means of financing them. The budget includes the General Fund, Operations, Maintenance and Replacement Fund, Municipal, Rural and Industrial Fund, the Red River Valley Water Supply Project Fund, and the Irrigation Fund of the special revenue funds.
2. The District Board reviews the budget, may make revisions and approves it on or before July 31. The budget must be filed with the county auditor of each county in the District no later than October 1.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 1.
4. The balance of each appropriation becomes a part of the unappropriated balance at year end.

Budgets are adopted on a basis consistent with the cash basis described above. Annual appropriated budgets are adopted for the general, Red River valley water supply, the operations, maintenance and replacement, the municipal, rural and industrial, and the irrigation funds. All annual appropriations lapse at year-end.

For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year.

Cash and Certificates of Deposit

Cash includes amounts in demand deposits, money market accounts, and certificates of deposit with a maturity date within three months of the date acquired by the District. These amounts must be deposited in a financial institution situated and doing business within North Dakota.

State statutes authorize the District to invest in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress; b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above; c) Certificates of deposit fully insured by the federal deposit insurance corporation or by the state; d) Obligations of the state. Certificates of deposit are stated at cost.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined as having an individual cost of \$5,000 or more and have a useful life in excess of two years. Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Facility Improvements	9 years
Buildings	40 years
Equipment	5 years
Pumping equipment	7-20 years
Intake structure	15 years
Pipeline	30 years

The District also maintains an operation and maintenance fund balance designation available for the purpose of emergency repairs and extraordinary maintenance of the water supply and distribution works, including the replacement or purchase of major facilities and equipment.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to the General Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for Other Capital Projects that are to be used for the repair and replacement of equipment.

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Long-Term Obligations

In the government-wide modified cash basis financial statements, long term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position when the initial transactions arose from cash transactions or events. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year incurred. 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. Payments on debt are recognized as debt service expenditures. 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.

Note 2 - Legal Compliance

Deficit Fund Balances

At December 31, 2022, the following fund had a deficit balance:

Red River Valley Water Supply Fund	<u>\$ (1,526,165)</u>
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The Red River Valley Water Supply fund deficit will be eliminated by future collections from North Dakota State Water Commission and Lake Agassiz Water Authority.

Note 3 - Cash and Deposits

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

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 another state of the United States or such other securities approved by the banking board.

At year end December 31, 2022, the District's carrying amount of deposits was properly collateralized with securities held by the pledging financial institution's agent in the District's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy that specifically addresses credit risk. At December 31, 2022, the District did not have any investments that are rated.

Concentration of Credit Risk

In the case of cash and deposits, this is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Cash and deposits consisted of the following as of December 31, 2022:

	Fair Value	Less than 1 year	1-5 years
Cash			
Bank of North Dakota	\$ 4,835,783	\$ 4,835,783	\$ -
Bremer Bank	1,249,459	1,249,459	-
First International Bank & Trust	3,484,494	3,484,494	-
Petty Cash	150	150	-
Certificates of deposit			
Bremer Bank	2,845,057	2,421,857	423,200
First International Bank & Trust	10,030,036	7,830,036	2,200,000
	<u>\$ 22,444,979</u>	<u>\$ 19,821,779</u>	<u>\$ 2,623,200</u>

Cash and deposits were recorded on the statement of net position as follows:

Cash	\$ 9,569,886
Certificates of deposit	<u>12,875,093</u>
Total	<u>\$ 22,444,979</u>

Note 4 - Property Tax

The District's property tax received is levied by each county in the district each January 1 on the assessed value listed as of the prior January 1 for all real property located in the District. Assessed values are established by the County Board of Equalization. A revaluation of all property is required to be completed every year. The property taxes levied on January 1 are due in two equal installments on the March 1 and October 15 following the levy date. Property taxes are recorded when received.

Note 5 - Due From/To Other Funds

Due from/to other funds at December 31, 2022 consisted of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,310,945	\$ -
Operations, Maintenance and Replacement	-	325,105
Red River Valley Water Supply	-	1,775,888
Irrigation	-	209,952
	<u>\$ 2,310,945</u>	<u>\$ 2,310,945</u>

Funds were provided to the Operation, Maintenance and Replacement, Irrigation and Red River Valley Water Supply fund due to the time lag between the dates that expenditures were incurred and reimbursement for the expenditures from other governmental agencies involved.

Note 6 - Capital Assets

	Balance Beginning of Year	Additions	(Deletions)	Balance End of Year
Capital assets, not being depreciated				
Land	\$ 341,176	\$ -	\$ -	\$ 341,176
Construction in progress	40,392,936	28,048,770	-	68,441,706
Total	<u>40,734,112</u>	<u>28,048,770</u>	<u>-</u>	<u>68,782,882</u>
Capital assets, being depreciated				
Land improvements	862,334	-	-	862,334
Buildings	1,725,648	69,850	-	1,795,498
Equipment	8,990,104	566,439	(172,572)	9,383,971
Pumping equipment	2,727,323	138,232	-	2,865,555
Intake structure	332,434	-	-	332,434
Pipeline	3,517,225	122,775	-	3,640,000
Total	<u>18,155,068</u>	<u>897,296</u>	<u>(172,572)</u>	<u>18,879,792</u>
Less accumulated depreciation				
Land improvements	663,915	40,217	-	704,132
Buildings	701,421	52,411	-	753,832
Equipment	7,590,090	950,638	(167,588)	8,373,140
Pumping equipment	1,001,101	127,620	-	1,128,721
Intake structure	232,374	22,163	-	254,537
Pipeline	1,047,966	135,180	-	1,183,146
Total	<u>11,236,867</u>	<u>1,328,229</u>	<u>(167,588)</u>	<u>12,397,508</u>
Total governmental activities capital assets, net	<u>\$ 47,652,313</u>	<u>\$ 27,617,837</u>	<u>\$ (4,984)</u>	<u>\$ 75,265,166</u>

Depreciation expense was charged to the following functions and programs of the District for the year ending December 31, 2022:

Governmental activities	
Administration	\$ 50,657
Irrigation	284,962
Operations, maintenance, and replacement	<u>992,610</u>
Total depreciation expense - governmental activities	<u>\$ 1,328,229</u>

Note 7 - Commitments

Capital Outlay

Since the inception of the Conservancy District, the District has entered into projects and commitments for various capital outlays for continuing development of recreation land, development and other related projects. The uncertainties inherent in such projects may result in curtailment, postponement or cost escalation of some of these projects. The District's understanding with other governmental agencies involved, such as the Bureau of Reclamation, local governmental units, and other agencies, is that the District will be reimbursed for these expenditures. Because of the legal and other complexities involved the ultimate reimbursement to be received for past, present and future outlays are not presently determinable.

Note 8 - Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities of the District:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
Bonds payable	\$ 1,439,163	\$ 5,670,240	\$ 469,124	\$ 6,640,279	\$ 729,249
Notes payable	44,411	-	11,358	33,053	10,848
Total	<u>\$ 1,483,574</u>	<u>\$ 5,670,240</u>	<u>\$ 480,482</u>	<u>\$ 6,673,332</u>	<u>\$ 740,097</u>

Outstanding debt at December 31, 2022 Consisted of the following:

Bonds Payable

\$5,670,240 Series 2022 revenue bond, semi-annual payments of \$331,491 due April 1 and October 1 of each year with a maturity of April 1, 2062; interest at 2.0%. liquidated out of the Red River Valley Water Supply Fund.	\$ 5,362,039
\$1,500,000 Series 2011A revenue bonds, annual payments of \$141,652 due April and October of each year with a maturity of December 15, 2025; interest at 4.77%; liquidated out of the Irrigation Fund.	396,781
\$877,318 Series 2018A Improvement Bond, annual payments \$39,700 due September of each year with a maturity of September 1, 2048; interest at 1.5%; Admin Fee .5% liquidated out of the Irrigation Fund.	785,098
\$36,993 Series 2018B Improvement Bond, annual payments \$4,600 due September of each year with a maturity of September 1, 2028; interest at 1.5%; Admin Fee .5% liquidated out of the Irrigation Fund.	23,980
\$95,134 Series 2018C Improvement Bond, annual payments \$15,200 due September of each year with a maturity of September 1, 2025; interest at 1.5%; Admin Fee .5% liquidated out of the Irrigation Fund.	40,381
\$38,061 Series 2020A Facilities Revenue Bond, annual payments \$3,900 due September of each year with maturity of September 1, 2030; interest at 1.5%;Admin Fee .5% liquidated out of the Irrigation Fund.	32,000
Total	<u>\$ 6,640,279</u>

Garrison Diversion Conservancy District
Notes to Financial Statements
December 31, 2022

The 2011A bond agreement includes covenants that, in part, impose the Irrigation Fund to maintain and collect the rates and charges for the project and its operations. The District was in compliance with covenants at December 31, 2022

The District has been approved for \$5,000,000 in available financing through the issuance of the series 2018A, 2018B, and 2018C Improvement Bonds. At December 31, 2022, \$1,009,445 was drawn down and \$3,990,555 is available for financing.

The District has been approved for \$18,215,000, in available financing through the State Water Infrastructure Revolving Loan Fund through issuance of a Water Revenue Bond Series 2022. At December 31, 2022, \$5,670,240 was drawn down and \$12,544,760 is available for financing.

Notes Payable

\$100,000 Note payable, due in annual payments of \$12,468.17 due May 1 of each year with a maturity of May 1, 2025; interest at 4.75%; liquidated out of the Irrigation Fund.

\$ 33,053

This debt has no covenants in place that the District must follow.

Debt service requirements on the debt payable at December 31, 2022 are as follows:

Year ended December 31,	Bonds Payable		
	Principal	Interest	Total
2023	\$ 729,249	\$ 138,227	\$ 867,476
2024	744,813	122,764	867,577
2025	770,224	104,202	874,426
2026	625,934	85,150	711,084
2027	637,852	72,571	710,423
2028-2032	2,602,109	170,842	2,772,951
2033-2037	149,000	47,440	196,440
2038-2042	164,000	31,940	195,940
2043-2047	182,000	14,860	196,860
2048	35,098	760	35,858
	<u>\$ 6,640,279</u>	<u>\$ 788,756</u>	<u>\$ 7,429,035</u>

Year ended December 31,	Notes Payable		
	Principal	Interest	Total
2023	\$ 10,848	\$ 1,620	\$ 12,468
2024	11,363	1,105	12,468
2025	10,842	568	11,410
	<u>\$ 33,053</u>	<u>\$ 3,293</u>	<u>\$ 36,346</u>

Note 9 – Lease Commitments

The entity leases office equipment under various noncancelable operating leases.

Future minimum lease payments under noncancelable operating leases at December 31, 2022, are as follows:

2023	<u>\$ 4,533</u>
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Note 10-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.

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.

Pension Contribution

During the year ended December 31, 2022, the District made employer cash contributions for the pension OPEB plans totaling \$283,919.

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Note 11 – Other Post-Employment Benefits (OPEB)

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 use 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 Changed 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 use 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 employees, 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 Contributions

During the year ended December 31, 2022, the District made employer cash contributions for the pension OPEB plans totaling \$24,040.

Note 12 - Risk Management

Garrison Diversion Conservancy 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 for which the District carries commercial insurance except for the following funds/pools established by the State for risk management issues:

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 over 2,000 State agencies and political subdivisions. The Garrison Diversion Conservancy District 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 \$1,000,000 per occurrence.

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The agency pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the 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 participates in the North Dakota Workforce Safety and Insurance Fund (WSI), an Enterprise Fund of the State of North Dakota. Workforce Safety and Insurance is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 13 -Transfers

The accompanying statement of revenues, expenditures, and changes in fund balance – modified cash basis presents internal administrative overhead charges and expenditures paid for on behalf of another fund as transfers between the special revenue funds and the general administrative fund. The following shows the transfers in and transfers out for the year ended December 31, 2022:

<u>Transfers Out</u>	<u>Transfers In</u> <u>General</u> <u>Fund</u>
Municipal, rural and industrial	\$ 20,311
Operations, maintenance and replacement	886,658
	<u>\$ 906,969</u>
	<u>Transfers Out</u> <u>General</u> <u>Fund</u>
<u>Transfers In</u>	
Irrigation	\$ 1,000
Red River Valley Water Supply	1,368,042
	<u>\$ 1,369,042</u>

Note 14 - Related Party

In accordance with North Dakota Century Code 61-39-04, the District is required to provide administrative, technical, and legal support for Lake Agassiz Water Authority. For the year ended December 31, 2022, the District spent \$65,640 on behalf of Lake Agassiz Water Authority for these types of expenditures.

Note 15-Subsequent Events

The State of Missouri recently sued Reclamation, the U.S. Army Corps of Engineers (USACE), and Garrison Diversion, along with various political officials in their official capacity, alleging Reclamation and the USACE, a cooperating agency under NEPA, failed to consider impacts to the State of Missouri during Reclamation's environmental review and subsequent FONSI for the CNDWSP.

The District Court held that Missouri's challenges to the CND Project's environmental review were without merit, entering judgment in favor of the Bureau of Reclamation, State of ND and Garrison Diversion. Missouri appealed to the 8th Circuit Court of Appeals, where a briefing has been presented and Garrison is awaiting the judgement on the appeal.

Supplementary Information

December 31, 2022

Garrison Diversion Conservancy District

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual
– General Fund (Administrative)
Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes levied by counties	\$ 3,790,000	\$ 3,790,000	\$ 4,338,295	\$ 548,295
Interest on investments	34,000	34,000	64,010	30,010
Non-Project Revenue	-	-	624	624
Contract revenue	44,000	44,000	66,452	22,452
Leases	-	-	2,303	2,303
Miscellaneous	2,000	2,000	4,877	2,877
Total revenues	3,870,000	3,870,000	4,476,561	606,561
Expenditures				
Current				
Directors	270,000	270,000	235,482	34,518
Personnel services	1,341,000	1,341,000	1,167,594	173,406
Contractual services	869,000	839,000	383,817	455,183
Irrigation development	259,500	911,200	881,347	29,853
Maintenance	75,000	86,000	83,481	2,519
GDCCD recreation				
grant program	525,000	600,000	541,990	58,010
DWRA recreation program	10,000	10,000	4,512	5,488
Water Assist Grant	300,000	300,000	98,614	201,386
Other charges	325,500	370,340	302,058	68,282
Irrigation districts	2,000	2,000	-	2,000
Capital outlay	95,000	381,000	371,241	9,759
Total expenditures	4,072,000	5,110,540	4,070,136	1,040,404
Revenues over (under) expenditures	(202,000)	(1,240,540)	406,425	1,646,965
Other Financing Sources (Uses)				
Transfers in	994,340		906,969	906,969
Transfers out		(457,161)	(1,369,042)	(911,881)
Total other financing (Uses)	994,340	(457,161)	(462,073)	(4,912)
Net Change in Fund Balance	792,340	(1,697,701)	(55,648)	1,642,053
Fund Balance, Beginning of Year	23,562,013	23,562,013	23,562,013	-
Fund Balance, End of Year	<u>\$ 24,354,353</u>	<u>\$ 21,864,312</u>	<u>\$ 23,506,365</u>	<u>\$ 1,642,053</u>

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual
– Major Special Revenue Funds
Year Ended December 31, 2022

Municipal, Rural and Industrial Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Contract income	\$ 15,198,810	\$ 27,198,810	\$ 25,441,811	\$ (1,756,999)
Interest on investments	25	25	561	536
Total revenues	<u>15,198,835</u>	<u>27,198,835</u>	<u>25,442,372</u>	<u>(1,756,463)</u>
Expenditures				
Personnel Services	73,000	73,000	71,839	1,161
Contractual services	<u>15,103,835</u>	<u>27,103,835</u>	<u>25,349,661</u>	<u>1,754,174</u>
Total expenditures	<u>15,176,835</u>	<u>27,176,835</u>	<u>25,421,500</u>	<u>1,755,335</u>
Revenues over (under) expenditures	<u>22,000</u>	<u>22,000</u>	<u>20,872</u>	<u>(1,128)</u>
Other Financing Uses				
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(20,311)</u>	<u>1,689</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>561</u>	<u>561</u>
Fund Balance, Beginning of Year	<u>4,034</u>	<u>4,034</u>	<u>4,034</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,034</u>	<u>\$ 4,034</u>	<u>\$ 4,595</u>	<u>\$ 561</u>

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual
– Major Special Revenue Funds
Year Ended December 31, 2022

Operations, Maintenance and Replacement Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest on investments	\$ -	\$ -	\$ 433	\$ 433
Non-project income	146,000	146,000	266,468	120,468
Bureau of Reclamation	5,414,946	6,811,171	6,035,559	(775,612)
Total revenues	5,560,946	6,957,171	6,302,460	(654,711)
Expenditures				
Personnel	2,332,366	2,332,366	2,110,931	221,435
Maintenance	1,482,240	1,092,240	828,673	263,567
Engineering and survey	280,000	2,066,225	2,004,988	61,237
Other charges	109,000	109,000	94,401	14,599
Capital outlay	385,000	385,000	296,614	88,386
Total expenditures	4,588,606	5,984,831	5,335,607	649,224
Revenues over expenditures	972,340	972,340	966,853	(5,487)
Other Financing Uses				
Transfers out	(972,340)	(972,340)	(886,658)	85,682
Net Change in Fund Balance	-	-	80,195	80,195
Fund Balance (Deficit), Beginning of Year	128,607	128,607	128,607	-
Fund Balance (Deficit), End of Year	\$ 128,607	\$ 128,607	\$ 208,802	\$ 80,195

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual
– Major Special Revenue Funds
Year Ended December 31, 2022

Red River Valley Water Supply Fund

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Contract revenue	\$ 25,400,000	\$ 27,440,000	\$ 21,116,600	\$ (6,323,400)
Expenditures				
Contractual services	400,000	520,000	513,483	6,517
Construction In Progress	25,000,000	28,040,000	28,012,221	27,779
Debt service				
Principal	-	308,201	308,201	-
Interest	-	23,290	23,290	-
Total expenditures	<u>25,400,000</u>	<u>28,891,491</u>	<u>28,857,195</u>	<u>34,296</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,451,491)</u>	<u>(7,740,595)</u>	<u>(6,289,104)</u>
Other Financing Sources (Uses)				
Debt Proceeds	-	-	5,670,240	-
Transfers In	-	1,451,491	1,368,042	(83,449)
Total other financing sources (Uses)	<u>-</u>	<u>1,451,491</u>	<u>7,038,282</u>	<u>(83,449)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(702,313)</u>	<u>(6,372,553)</u>
Fund (Deficit) Balance, Beginning of Year	<u>(823,852)</u>	<u>(823,852)</u>	<u>(823,852)</u>	<u>-</u>
Fund (Deficit) Balance, End of Year	<u>\$ (823,852)</u>	<u>\$ (823,852)</u>	<u>\$ (1,526,165)</u>	<u>\$ (702,313)</u>

Garrison Diversion Conservancy District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual
– Major Special Revenue Funds
Year Ended December 31, 2022

Irrigation Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest on investments	\$ 145	\$ 145	\$ 1,314	\$ 1,169
Miscellaneous income	-	-	1,711	1,711
Contract income	649,655	939,655	877,046	(62,609)
Total revenues	649,800	939,800	880,071	(59,729)
Expenditures				
Contractual services	432,800	432,800	275,054	157,746
Capital outlay	-	290,000	261,006	28,994
Debt service				
Principal	172,000	171,630	172,283	(653)
Interest	45,000	45,370	45,367	3
Total expenditures	649,800	939,800	753,710	186,090
Revenues over (under) expenditures	-	-	126,361	126,361
Other Financing Sources				
Transfer in	-	-	1,000	1,000
Net Change in Fund Balance	-	-	127,361	127,361
Fund (Deficit) Balance, Beginning of Year	124,021	124,021	124,021	-
Fund (Deficit) Balance, End of Year	\$ 124,021	\$ 124,021	\$ 251,382	\$ 127,361

Garrison Diversion Conservancy District
Schedule of Taxes Received – Modified Cash Basis
Year Ended December 31, 2022

County

Barnes	\$ 91,318
Benson	39,191
Bottineau	66,426
Burleigh	578,932
Cass	1,069,979
Dickey	49,975
Eddy	17,778
Foster	36,874
Grand Forks	335,454
Griggs	23,919
LaMoure	49,021
McHenry	53,496
McKenzie	392,584
McLean	92,575
Nelson	28,944
Pierce	36,928
Ramsey	69,334
Ransom	39,612
Renville	27,164
Richland	105,989
Sargent	41,699
Sheridan	20,501
Steele	32,902
Stutsman	142,333
Traill	63,140
Ward	357,653
Wells	48,096
Williams	414,346
Subtotal	<u>4,326,163</u>
Interest and penalties	<u>12,132</u>
 Tax revenue	 <u><u>\$ 4,338,295</u></u>

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget – Modified Cash Basis
Year Ended December 31, 2022

General Fund (Administrative)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Directors				
Per diem	\$ 130,000	\$ 130,000	\$ 120,037	\$ 9,963
Expenses	140,000	140,000	115,445	24,555
	<u>270,000</u>	<u>270,000</u>	<u>235,482</u>	<u>34,518</u>
Personal services				
Employee salaries	822,000	822,000	780,874	41,126
Employee expenses	113,000	113,000	54,004	58,996
Payroll taxes and benefits	406,000	406,000	332,716	73,284
	<u>1,341,000</u>	<u>1,341,000</u>	<u>1,167,594</u>	<u>173,406</u>
Contractual services				
Professional services	869,000	839,000	383,817	455,183
Irrigation development	259,500	911,200	881,347	29,853
Maintenance	75,000	86,000	83,481	2,519
GD CD recreation grant program	525,000	600,000	541,990	58,010
DWRA recreation program	10,000	10,000	4,512	5,488
Water Assistance Grant	300,000	300,000	98,614	201,386
Other charges				
Postage	7,000	7,000	3,057	3,943
Communications	31,000	31,000	14,124	16,876
Utilities	31,000	34,000	31,989	2,011
Data processing	20,000	23,000	20,269	2,731
Office supplies	18,000	18,000	10,135	7,865
Dues	15,000	15,000	11,528	3,472
Insurance	13,000	15,800	15,509	291
Meetings and events	10,000	10,000	8,602	1,398
Subscriptions	6,000	6,000	5,849	151
Employee recruiting	5,000	5,000	-	5,000
Independent audit	36,500	33,500	31,118	2,382
Public education	107,000	151,840	135,407	16,433
Small equipment	20,000	14,200	10,886	3,314
Miscellaneous	6,000	6,000	3,585	2,415
	<u>325,500</u>	<u>370,340</u>	<u>302,058</u>	<u>68,282</u>
Irrigation districts	2,000	2,000	-	2,000
Capital outlay				
Office equipment	20,000	181,000	177,157	3,843
Vehicle	40,000	60,000	57,786.00	2,214
Yard equipment	20,000	30,000	29,899.00	101
Land and buildings	15,000	110,000	106,399	3,601
	<u>95,000</u>	<u>381,000</u>	<u>371,241</u>	<u>9,759</u>
Total expenditures	<u>\$ 4,072,000</u>	<u>\$ 5,110,540</u>	<u>\$ 4,070,136</u>	<u>\$ 1,040,404</u>

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget – Modified Cash Basis
Year Ended December 31, 2022

Special Revenue Fund - Operations, Maintenance and Replacement

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Personnel costs				
Employee salaries	\$ 1,446,050	\$ 1,446,050	\$ 1,382,785	\$ 63,265
Payroll taxes and benefits	801,217	801,217	687,370	113,847
Travel/training	26,114	26,114	7,099	19,015
Safety	58,985	58,985	33,677	25,308
	<u>2,332,366</u>	<u>2,332,366</u>	<u>2,110,931</u>	<u>221,435</u>
Maintenance				
Supplies	652,000	624,000	552,791	71,209
Materials	417,000	232,000	79,073	152,927
Equipment lease	112,000	-	-	-
Small equipment purchases	15,000	-	-	-
Equipment	286,240	236,240	196,809	39,431
	<u>1,482,240</u>	<u>1,092,240</u>	<u>828,673</u>	<u>263,567</u>
Engineering and survey	<u>280,000</u>	<u>2,066,225</u>	<u>2,004,988</u>	<u>61,237</u>
Other charges				
Utilities	87,000	87,000	79,965	7,035
Miscellaneous	22,000	22,000	14,436	7,564
	<u>109,000</u>	<u>109,000</u>	<u>94,401</u>	<u>14,599</u>
Capital outlay				
Buildings and equipment	385,000	385,000	296,614	88,386
Total expenditures	<u>\$ 4,588,606</u>	<u>\$ 5,984,831</u>	<u>\$ 5,335,607</u>	<u>\$ 649,224</u>

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget – Modified Cash Basis
Year Ended December 31, 2022

Special Revenue Fund - Red River Valley Water Supply

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Contractual services				
Professional services	\$ 400,000	\$ 520,000	\$ 513,483	\$ 6,517
Capital outlay				
Construction in progress	25,000,000	28,040,000	28,012,221	27,779
Debt service				
Principal	-	308,201	308,201	-
Interest	-	23,290	23,290	-
Total expenditures	<u>\$ 25,400,000</u>	<u>\$ 28,891,491</u>	<u>\$ 28,857,195</u>	<u>\$ 34,296</u>



**Independent Auditor's 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**

To the Board of Directors
Garrison Diversion Conservancy District
Carrington, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of Garrison Diversion Conservancy District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
May 3, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Garrison Diversion Conservancy District
Carrington, North Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Garrison Diversion Conservancy District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2022. The District's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Fargo, North Dakota
May 3, 2023

Garrison Diversion Conservancy District
Schedule of Expenditures of Federal Awards – Modified Cash Basis
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>United States Department of the Interior</u>				
Passed through the Bureau of Reclamation				
Municipal, Rural and Industrial Water System Project	15.518	6-FC-60-00210	\$ 25,441,812	\$ 25,292,603
Operations, Maintenance, and Replacement Program	15.518	1-FC-60-01790	2,974,687	-
Total United States Department of Interior			28,416,499	25,292,603
<u>Environmental Protection Agency</u>				
Passed through the North Dakota Department of Health				
Clean Water State Revolving Funds Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458		\$ 62,509	\$ -
Total Federal Financial Assistance			\$ 28,479,008	\$ 25,292,603

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards – modified cash basis (the schedule) includes the federal award activity of Garrison Diversion Conservancy District, under programs of the federal government for the year ended December 31, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Garrison Diversion Conservancy District, it is not intended to and does not present the financial position, changes in net position or fund balance of Garrison Diversion Conservancy District.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified cash basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Garrison Diversion Conservancy District has not elected to use the 10% de minimis cost rate.

Note 4 – Loan Programs

Expenditures reported in the schedule for the Capitalization Grants for Clean Water – State Revolving Fund (SRF) (CFDS # 66.458) consist of loan advances made during the year. The outstanding balance at December 31, 2022 was \$881,459.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Municipal Rural, & Industrial Water System Project	15.518
Operations, Maintenance, and Replacement Program	15.518
Dollar threshold used to distinguish between Type A and Type B programs:	\$854,370
Auditee qualified as low-risk auditee	Yes

Garrison Diversion Conservancy District
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None