



Financial Statements
December 31, 2023

Garrison Diversion Conservancy District

Garrison Diversion Conservancy District

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Garrison Diversion Conservancy District
Board of Directors by County (Unaudited)
December 31, 2023

County	Name	Address	Term Expires	
			2024	2026
Barnes	Bischoff, Greg	1290 N Central Ave Valley City, ND 58072	12-31	
Benson	Johnson, David B.	5880 42nd St NE Minnewaukan, ND 58351		12-31
Bottineau	Rogers, Kenny	8874 18th Avenue NW Maxbass, ND 58760	12-31	
Burleigh	Kassian, Larry	1243 Territory Drive Bismarck, ND 58503	12-31	
Cass	LeDoux, Jeff	4442 Carrie Rose Ln S Fargo, ND 58104		12-31
Dickey	Zimbleman, Donald	8538 97th Ave SE Fullerton, ND 58441	12-31	
Eddy	Tweed, Michael	2693 94th Ave NE Tolna, ND 58380	12-31	
Foster	Metzger, Steve	140 Second Avenue North Carrington, ND 58421	12-31	
Grand Forks	Vein, Ken	1200 S Columbia Road Grand Forks, ND 58206	12-31	
Griggs	Boote, Nikke	10281 County Rd 5 Binford, ND 58416	12-31	
LaMoure	Klein, Bruce	9944 76th St SE LaMoure, ND 58458	12-31	
McHenry	Hanretty, Cliff	847 68th Drive NE Towner, ND 58788		12-31
McKenzie	Cayko, Richard	3691 158th Avenue NW Fairview, MT 59221	12-31	
McLean	Knorr, Margo	2979 16w St NW Coleharbor, ND 58531		12-31

Garrison Diversion Conservancy District

Board of Directors by County (Unaudited)

December 31, 2023

County	Name	Address	Term Expires	
			2024	2026
Nelson	Forde, Steve	10401 Hwy 15 Pekin, ND 58361	12-31	
Pierce	Anderson, Dave	6590 30th Ave NE Rugby, ND 58368		12-31
Ramsey	Blanchfield, Kyle	1012 Woodland Drive Devils Lake, ND 58301		12-31
Ransom	Anderson, Jay	6357 Hwy 32 Lisbon, ND 58054	12-31	
Renville	Cook, Mark	10220 56th Ave NW Kenmare, ND 58746		12-31
Richland	Klosterman, Kelly	7825 County Road 1 Mooreton, ND 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, ND 58401		12-31
Traill	Siegert, Jason	168 167th Ave NE Hillsboro, ND 58045		12-31
Ward	Walter, Alan	805 Bavaria Drive Minot 58703		12-31
Wells	Ongstad, Bill	4135 25th Street NE Harvey, ND 58341		12-31
Williams	Koeser, E. Ward	1306 4th Avenue East Williston, ND 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, 2023, 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, 2023, 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.

Emphasis of Matter - 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 described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 rise 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 statement of revenues, expenditures, and changes in fund balance - modified cash basis - budget and actual - General Fund (Administrative); statement 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 GAAS. In our opinion, the statement of revenues, expenditures, and changes in fund balance - modified cash basis - budget and actual - General Fund (Administrative); statement 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 on the basis of accounting described in Note 1.

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 June 24, 2024, 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.

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

Fargo, North Dakota
June 24, 2024

Garrison Diversion Conservancy District

Statement of Net Position - Modified Cash Basis

December 31, 2023

	Primary Government Governmental Activities
Assets	
Cash	\$ 8,951,907
Certificates of deposit	14,878,455
Capital assets not being depreciated	
Land	341,176
Construction in progress	87,683,712
Capital assets, net of accumulated depreciation	
Land improvements	446,626
Buildings	1,046,551
Equipment	1,030,172
Pumping equipment	1,623,639
Intake equipment	55,735
Pipeline	11,679,056
Discharge structure	2,878,852
Total assets	<u>130,615,881</u>
Liabilities	
Long-term liabilities	
Portion due within one year	
Bond payable	606,490
Notes payable	11,363
Portion due after one year	
Bond payable	12,480,066
Notes payable	10,842
Total liabilities	<u>13,108,761</u>
Net Position	
Net investment in capital assets	93,676,758
Restricted	
Operations and maintenance emergency	750,000
Deficiency	750,000
Project development	915,593
Operations and maintenance and replacement	473,268
Unrestricted	<u>20,941,501</u>
Total net position	<u>\$ 117,507,120</u>

Garrison Diversion Conservancy District

Statement of Activities - Modified Cash Basis

Year Ended December 31, 2023

	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses					
Administration	\$ 3,655,799	\$ -	\$ -	\$ 224,247	\$ (3,431,552)
Municipal, rural, and industrial	19,024,245	-	19,037,012	-	12,767
Operations, maintenance, and replacement	4,075,532	548,922	3,736,509	402,188	612,087
Red River Valley water supply	504,356	-	504,356	24,313,794	24,313,794
Irrigation	628,820	-	469,019	18,769	(141,032)
Total governmental activities	<u>\$ 27,888,752</u>	<u>\$ 548,922</u>	<u>\$ 23,746,896</u>	<u>\$ 24,958,998</u>	<u>21,366,064</u>
General Revenues					
Taxes					4,583,060
Interest on investments					343,120
Miscellaneous					<u>178,063</u>
Total general revenues					<u>5,104,243</u>
Change in Net Position					26,470,307
Net Position, Beginning of Year					<u>91,036,813</u>
Net Position, End of Year					<u>\$ 117,507,120</u>

Garrison Diversion Conservancy District
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2023

	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	\$ 6,235,058	\$ 5,492	\$ 798,323	\$ 1,458,391	\$ 454,643	\$ 8,951,907
Certificates of deposit	14,878,455	-	-	-	-	14,878,455
Due from other funds	2,442,854	-	-	-	-	2,442,854
Total assets	\$ 23,556,367	\$ 5,492	\$ 798,323	\$ 1,458,391	\$ 454,643	\$ 26,273,216
Liabilities and Fund Balance						
Liabilities						
Due to other funds	\$ -	\$ -	325,055	1,647,853	469,946	\$ 2,442,854
Fund Balance (deficit)						
Restricted						
Deficiency	750,000	-	-	-	-	750,000
Operations and maintenance emergency	750,000	-	-	-	-	750,000
Project development	915,593	-	-	-	-	915,593
Operations, maintenance and replacement	-	-	473,268	-	-	473,268
Committed						
Operating reserve	5,711,376	-	-	-	-	5,711,376
Assigned						
Municipal, rural and industrial working	-	5,492	-	-	-	5,492
Unassigned	15,429,398	-	-	(189,462)	(15,303)	15,224,633
Total fund balance (deficit)	23,556,367	5,492	473,268	(189,462)	(15,303)	23,830,362
Total liabilities and fund balance	\$ 23,556,367	\$ 5,492	\$ 798,323	\$ 1,458,391	\$ 454,643	\$ 26,273,216

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, 2023

Total Fund Balances for Governmental Funds	\$ 23,830,362
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	87,683,712
Land improvements, net of accumulated depreciation	446,626
Buildings, net of accumulated depreciation	1,046,551
Equipment, net of accumulated depreciation	1,030,172
Pumping Equipment, net of accumulated depreciation	1,623,639
Intake Equipment, net of accumulated depreciation	55,735
Pipeline, net of accumulated depreciation	11,679,056
Discharge structure, net of accumulated depreciation	2,878,852
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	(13,086,556)
Notes Payable	(22,205)
Total Net Position of Governmental Activities	<u>\$ 117,507,120</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	\$ 4,583,060	\$ -	\$ -	\$ -	\$ -	\$ 4,583,060
Interest on investments	336,678	897	1,545	-	4,000	343,120
Non-project income	143,695	-	548,922	-	-	692,617
Contract revenue	80,552	19,037,012	-	24,818,150	487,788	44,423,502
Bureau of Reclamation	-	-	4,138,697	-	-	4,138,697
Miscellaneous	4,532	-	173,167	-	364	178,063
Total revenues	5,148,517	19,037,909	4,862,331	24,818,150	492,152	54,359,059
Expenditures						
Current						
Directors	271,960	-	-	-	-	271,960
Personnel	1,194,280	74,556	2,285,521	-	-	3,554,357
Contractual services	465,440	18,892,631	325,869	376,137	-	20,060,077
Irrigation development	230,780	-	-	-	-	230,780
Maintenance	52,724	-	1,002,586	-	206,996	1,262,306
GDCD recreation grant program	805,891	-	-	-	-	805,891
DWRA recreation program	6,077	-	-	-	-	6,077
Water Supply Projects	224,683	-	-	-	-	224,683
Other charges	309,441	57,058	94,911	-	-	461,410
Capital outlay	724,944	-	402,188	31,219,060	18,769	32,364,961
Debt service						
Principal	-	-	-	534,764	178,384	713,148
Interest and fiscal charges	-	-	-	128,219	38,384	166,603
Total expenditures	4,286,220	19,024,245	4,111,075	32,258,180	442,533	60,122,253
Revenues Over (under) Expenditures	862,297	13,664	751,256	(7,440,030)	49,619	(5,763,194)
Other Financing Sources (uses)						
Debt issuance	-	-	-	7,148,577	-	7,148,577
Transfers in	499,556	-	-	1,628,156	-	2,127,712
Transfers out	(1,311,851)	(12,767)	(486,790)	-	(316,304)	(2,127,712)
Total other financing sources (uses)	(812,295)	(12,767)	(486,790)	8,776,733	(316,304)	7,148,577
Net Change in Fund Balance	50,002	897	264,466	1,336,703	(266,685)	1,385,383
Fund Balances (deficit), Beginning of Year	23,506,365	4,595	208,802	(1,526,165)	251,382	22,444,979
Fund Balances (deficit), End of Year	\$ 23,556,367	\$ 5,492	\$ 473,268	\$ (189,462)	\$ (15,303)	\$ 23,830,362

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 1,385,383
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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. In the current period,
these amounts are:

Capital outlay	\$ 32,364,961	
Depreciation expense	(844,608)	
Excess of capital outlay over depreciation expense		31,520,353

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	\$ (7,148,577)	
Debt repayment	<u>713,148</u>	<u>(6,435,429)</u>

Change in Net Position of Governmental Activities	<u>\$ 26,470,307</u>
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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. Donated capital assets are valued at their acquisition value on the date received.

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
Discharge structure	75-80 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, 2023, the following fund had a deficit balance:

Red River Valley Water Supply Fund	\$	(189,462)
Irrigation Fund	\$	(15,303)

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. The Irrigation Fund deficit will be eliminated by future contracts with the Irrigators.

Excess of Disbursements Over Appropriations

Excess of Disbursements Over Appropriations - For the year ended December 31, 2023, disbursements exceed appropriations in the Red River Valley Supply Fund by \$458,180. These over disbursements were funded by debt proceeds and transfers in.

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, 2023, 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.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Per the District's investment policy, investments shall be made solely in the interest of the District and the long-term reserve funds, shall be made with the same judgement and care which person of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering safety of their principal as well as probable income to be derived, investment of these funds shall be so diversified as to minimize risk of large losses, and cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity and return. As of December 31, 2023, the District's deposits were either fully insured or properly collateralized, were held in the District's name, and have no custodial credit risk.

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, 2023, 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, 2023:

	Fair Value	Less Than 1 Year	1-5 Years
Cash			
Bank of North Dakota	\$ 3,268,133	\$ 3,268,133	\$ -
Bremer Bank	2,716,748	2,716,748	-
First International Bank & Trust	2,966,876	2,966,876	-
Petty Cash	150	150	-
Certificates of Deposit			
Bremer Bank	4,845,057	4,211,857	633,200
First International Bank & Trust	10,033,398	4,903,862	5,129,536
	<u>\$ 23,830,362</u>	<u>\$ 18,067,626</u>	<u>\$ 5,762,736</u>

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

Cash	\$ 8,951,907
Certificates of deposit	<u>14,878,455</u>
Total	<u>\$ 23,830,362</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, 2023 consisted of the following:

	Due From Other Funds	Due To Other Funds
General	\$ 2,442,854	\$ -
Operations, Maintenance and Replacement	-	325,055
Red River Valley Water Supply	-	1,647,853
Irrigation	-	469,946
	<u>\$ 2,442,854</u>	<u>\$ 2,442,854</u>

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

Garrison Diversion Conservancy District

Notes to Financial Statements

December 31, 2023

Note 6 - Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being depreciated				
Land	\$ 341,176	\$ -	\$ -	\$ 341,176
Construction in progress	68,441,706	31,587,681	12,345,675	87,683,712
Total capital assets not being depreciated	68,782,882	31,587,681	12,345,675	88,024,888
Capital Assets, Being Depreciated				
Land improvements	862,334	330,051	-	1,192,385
Buildings	1,795,498	63,604	-	1,859,102
Equipment	9,383,971	396,960	400,442	9,380,489
Pumping equipment	2,865,555	18,769	-	2,884,324
Intake structure	332,434	-	-	332,434
Pipeline	3,640,000	9,418,636	-	13,058,636
Discharge structure	-	2,894,935	-	2,894,935
Total capital assets being depreciated	18,879,792	13,122,955	400,442	31,602,305
Less Accumulated Depreciation				
Land improvements	704,132	41,627	-	745,759
Buildings	753,832	58,719	-	812,551
Equipment	8,373,140	377,619	400,442	8,350,317
Pumping equipment	1,128,721	131,964	-	1,260,685
Intake structure	254,537	22,162	-	276,699
Pipeline	1,183,146	196,434	-	1,379,580
Discharge structure	-	16,083	-	16,083
Total accumulated depreciation	12,397,508	844,608	400,442	12,841,674
Total Capital Assets Being Depreciated Net	\$ 75,265,166	\$ 43,866,028	\$ 12,345,675	\$ 106,785,519

Garrison Diversion Conservancy District

Notes to Financial Statements

December 31, 2023

Depreciation expense was charged to the following functions and programs of the District for the year ending December 31, 2023:

Governmental Activities	
Administration	\$ 94,523
Irrigation	383,440
Operations, maintenance, and replacement	<u>366,645</u>
Total depreciation expense - governmental activities	<u>\$ 844,608</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, 2023, the following changes occurred in long-term liabilities of the District:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
Bonds Payable	\$ 6,640,279	\$ 7,148,577	\$ 702,300	\$ 13,086,556	\$ 606,490
Notes Payable	<u>33,053</u>	<u>-</u>	<u>10,848</u>	<u>22,205</u>	<u>11,363</u>
Total	<u>\$ 6,673,332</u>	<u>\$ 7,148,577</u>	<u>\$ 713,148</u>	<u>\$ 13,108,761</u>	<u>\$ 617,853</u>

Garrison Diversion Conservancy District

Notes to Financial Statements

December 31, 2023

Outstanding debt at December 31, 2023, consisted of the following:

Year Ended December 31,	Notes Payable		
	Principal	Interest	Total
2024	\$ 11,363	\$ 552	\$ 11,915
2025	10,842	272	11,114
	<u>\$ 22,205</u>	<u>\$ 824</u>	<u>\$ 23,029</u>

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, 2023.

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, 2023, \$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, 2023, \$12,510,616 was drawn down and \$5,704,384 is available for financing.

The District has been approved for \$60,000,000 in available financing through the issuance of the series 2023A and 2023B Revenue Bonds. At December 31, 2023, no funds have been drawn on this available financing.

Garrison Diversion Conservancy District

Notes to Financial Statements

December 31, 2023

Notes Payable

\$100,000 Note payable, due in annual payments of \$12,468 due May 1 of each year with a maturity of May 1, 2025; interest at 4.75%; liquidated out of the Irrigation Fund.

\$ 22,205

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

Debt service requirements on the debt payable at December 31, 2023, are as follows:

Year Ended December 31,	Bonds Payable		
	Principal	Interest	Total
2024	\$ 606,490	\$ 261,662	\$ 868,152
2025	623,216	251,376	874,592
2026	475,971	234,991	710,962
2027	484,875	225,428	710,303
2028	494,937	215,685	710,622
2029-2033	2,592,546	926,366	3,518,912
2034-2038	2,839,045	672,328	3,511,373
2039-2043	2,910,149	600,424	3,510,573
2044-2048	2,059,327	356,592	2,415,919
	<u>\$ 13,086,556</u>	<u>\$ 3,744,852</u>	<u>\$ 16,831,408</u>

Year Ended December 31,	Notes Payable		
	Principal	Interest	Total
2024	\$ 11,363	\$ 552	\$ 11,915
2025	10,842	272	11,114
	<u>\$ 22,205</u>	<u>\$ 824</u>	<u>\$ 23,029</u>

Note 9 - Lease Commitments

The entity leases office equipment under various noncancelable leases.

Future minimum lease payments under noncancelable operating leases at December 31, 2023, are as follows:

2024	\$	6,054
2025		6,054
2026		6,054
2027		6,054
2027		505
		<hr/>
Total	\$	<u>24,721</u>

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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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 Contribution

During the year ended December 31, 2023, the District made employer cash contributions for the pension plans totaling \$296,295.

Note 11 - Other Post-Employment Benefits

Plan Description

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. 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 Contributions

During the year ended December 31, 2023, the District made employer cash contributions for the pension OPEB plans totaling \$24,966.

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, 2023:

	Transfers In	Transfers Out
General	\$ 499,556	\$ 1,311,851
Municipal, Rural, and Industrial	-	12,767
Operations, Maintenance, and Replacement	-	486,790
Red River Valley Water Supply	1,628,156	-
Irrigation	-	316,304
	<u>\$ 2,127,712</u>	<u>\$ 2,127,712</u>
Total transfers		

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, 2023, the District spent \$67,171 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, 2023

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes levied by counties	\$ 4,583,060	\$ 4,583,060	\$ 4,583,060	\$ -
Interest on investments	343,000	343,000	336,678	(6,322)
Non-Project Revenue	-	-	143,695	143,695
Contract revenue	80,552	80,552	80,552	-
Miscellaneous	4,896	4,896	4,532	(364)
Total revenues	5,011,508	5,011,508	5,148,517	137,009
Expenditures				
Current				
Directors	272,000	272,000	271,960	40
Personnel services	1,423,000	1,423,000	1,194,280	228,720
Contractual services	853,000	853,000	465,440	387,560
Irrigation development	269,875	269,875	230,780	39,095
Maintenance	53,606	53,606	52,724	882
GDCD recreation grant program	850,000	850,000	805,891	44,109
DWRA recreation program	14,000	14,000	6,077	7,923
Water Assist Grant	300,000	300,000	224,683	75,317
Other charges	350,500	350,500	309,441	41,059
Irrigation districts	2,000	2,000	-	2,000
Capital outlay	778,394	778,394	724,944	53,450
Total expenditures	5,166,375	5,166,375	4,286,220	880,155
Revenues Over (under) Expenditures	(154,867)	(154,867)	862,297	1,017,164
Other Financing Sources (uses)				
Transfers in	943,000	943,000	499,556	(443,444)
Transfers out	-	-	(1,311,851)	(1,311,851)
Total other financing sources (uses)	943,000	943,000	(812,295)	(1,755,295)
Net Change in Fund Balance	\$ 788,133	\$ 788,133	50,002	\$ (738,131)
Fund Balance, Beginning of Year			23,506,365	
Fund Balance, End of Year			\$ 23,556,367	

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, 2023

Municipal, Rural and Industrial Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Contract income	\$ 19,037,012	\$ 19,037,012	\$ 19,037,012	\$ -
Interest on investments	25	25	897	872
Total revenues	<u>19,037,037</u>	<u>19,037,037</u>	<u>19,037,909</u>	<u>872</u>
Expenditures				
Personnel services	82,000	82,000	74,556	7,444
Contractual services	<u>20,153,000</u>	<u>20,153,000</u>	<u>18,949,689</u>	<u>1,203,311</u>
Total expenditures	<u>20,235,000</u>	<u>20,235,000</u>	<u>19,024,245</u>	<u>1,210,755</u>
Revenues Over (under) expenditures	(1,197,963)	(1,197,963)	13,664	1,211,627
Other Financing Uses				
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	<u>(12,767)</u>	<u>10,233</u>
Net Change in Fund Balance	<u>\$ (1,220,963)</u>	<u>\$ (1,220,963)</u>	897	<u>\$ 1,221,860</u>
Fund Balance, Beginning of Year			<u>4,595</u>	
Fund Balance, End of Year			<u>\$ 5,492</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, 2023

Operations, Maintenance and Replacement Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest on investments	\$ -	\$ -	\$ 1,545	\$ 1,545
Non-project income	692,617	692,617	548,922	(143,695)
Bureau of Reclamation	4,138,697	4,138,697	4,138,697	-
Miscellaneous	173,167	173,167	173,167	-
Total revenues	5,004,481	5,004,481	4,862,331	(142,150)
Expenditures				
Personnel	2,290,799	2,290,799	2,285,521	5,278
Maintenance	1,215,000	1,215,000	1,002,586	212,414
Engineering and survey	326,000	326,000	325,869	131
Other charges	103,000	103,000	94,911	8,089
Capital outlay	402,188	402,188	402,188	-
Total expenditures	4,336,987	4,336,987	4,111,075	225,912
Revenues Over Expenditures	667,494	667,494	751,256	83,762
Other Financing Uses				
Transfers out	(920,000)	(920,000)	(486,790)	433,210
Net Change in Fund Balance	\$ (252,506)	\$ (252,506)	264,466	\$ 516,972
Fund Balance (deficit), Beginning of Year			208,802	
Fund Balance (deficit), End of Year			\$ 473,268	

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, 2023

Red River Valley Water Supply Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Contract revenue	<u>\$ 31,966,727</u>	<u>\$ 31,966,727</u>	<u>\$ 24,818,150</u>	<u>\$ (7,148,577)</u>
Expenditures				
Contractual services	31,800,000	31,800,000	376,137	31,423,863
Construction In Progress	-	-	31,219,060	(31,219,060)
Debt service				
Principal	-	-	534,764	(534,764)
Interest	<u>-</u>	<u>-</u>	<u>128,219</u>	<u>(128,219)</u>
Total expenditures	<u>31,800,000</u>	<u>31,800,000</u>	<u>32,258,180</u>	<u>(458,180)</u>
Revenues Over (under)				
Expenditures	166,727	166,727	(7,440,030)	(7,606,757)
Other Financing Sources				
Debt Proceeds	-	-	7,148,577	7,148,577
Transfers In	<u>-</u>	<u>-</u>	<u>1,628,156</u>	<u>1,628,156</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>8,776,733</u>	<u>8,776,733</u>
Net Change in Fund Balance	<u><u>\$ 166,727</u></u>	<u><u>\$ 166,727</u></u>	1,336,703	<u><u>\$ 1,169,976</u></u>
Fund Balance (deficit), Beginning of Year			<u>(1,526,165)</u>	
Fund Balance (deficit), End of Year			<u><u>\$ (189,462)</u></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, 2023

Irrigation Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest on investments	\$ 95	\$ 95	\$ 4,000	\$ 3,905
Miscellaneous income	-	-	364	364
Contract income	487,788	487,788	487,788	-
Total revenues	487,883	487,883	492,152	4,269
Expenditures				
Contractual services	427,100	427,100	206,996	220,104
Capital outlay	19,000	19,000	18,769	231
Debt service				
Principal	316,000	316,000	178,384	137,616
Interest	67,000	67,000	38,384	28,616
Total expenditures	829,100	829,100	442,533	386,567
Revenues Over (under) Expenditures	(341,217)	(341,217)	49,619	390,836
Other Financing Uses				
Transfer out	-	-	(316,304)	(316,304)
Net Change in Fund Balance	\$ (341,217)	\$ (341,217)	(266,685)	\$ 74,532
Fund Balance (deficit), Beginning of Year			251,382	
Fund Balance (deficit), End of Year			\$ (15,303)	

Garrison Diversion Conservancy District
Schedule of Taxes Received - Modified Cash Basis
Year Ended December 31, 2023

<u>County</u>	
Barnes	\$ 95,204
Benson	40,744
Bottineau	68,472
Burleigh	630,031
Cass	1,167,272
Dickey	51,217
Eddy	18,753
Foster	38,190
Grand Forks	349,461
Griggs	23,601
LaMoure	48,537
McHenry	54,253
McKenzie	416,225
McLean	93,976
Nelson	30,304
Pierce	38,481
Ramsey	72,238
Ransom	40,916
Renville	28,254
Richland	110,668
Sargent	44,278
Sheridan	21,334
Steele	33,957
Stutsman	148,416
Trail	67,003
Ward	374,012
Wells	49,487
Williams	427,776
	<hr/>
Tax revenue	\$ 4,583,060

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget - Modified Cash Basis
Year Ended December 31, 2023

General Fund (Administrative)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Directors				
Per diem	\$ 133,000	\$ 133,000	\$ 132,989	\$ 11
Expenses	139,000	139,000	138,971	29
	<u>272,000</u>	<u>272,000</u>	<u>271,960</u>	<u>40</u>
Personal Services				
Employee salaries	897,000	897,000	788,482	108,518
Employee expenses	95,444	95,444	43,960	51,484
Payroll taxes and benefits	430,556	430,556	361,838	68,718
	<u>1,423,000</u>	<u>1,423,000</u>	<u>1,194,280</u>	<u>228,720</u>
Contractual Services				
Professional services	853,000	853,000	465,440	387,560
Irrigation Development	269,875	269,875	230,780	39,095
Maintenance	53,606	53,606	52,724	882
GDCD Recreation Grant Program	850,000	850,000	805,891	44,109
DWRA Recreation Program	14,000	14,000	6,077	7,923
Water Assistance Grant	300,000	300,000	224,683	75,317
Other Charges				
Postage	6,000	6,000	3,977	2,023
Communications	14,000	14,000	13,023	977
Utilities	36,000	36,000	35,560	440
Data processing	46,000	46,000	45,701	299
Office supplies	14,000	14,000	11,155	2,845
Dues	14,000	14,000	12,937	1,063
Insurance	18,000	18,000	17,232	768
Meetings and events	30,000	30,000	26,714	3,286
Subscriptions	6,000	6,000	4,694	1,306
Employee recruiting	5,000	5,000	3,635	1,365
Independent audit	31,500	31,500	30,650	850
Public education	107,000	107,000	81,523	25,477
Small equipment	23,000	23,000	22,640	360
	<u>350,500</u>	<u>350,500</u>	<u>309,441</u>	<u>41,059</u>
Irrigation Districts	2,000	2,000	-	2,000
Capital Outlay				
Office equipment	18,900	18,900	5,450	13,450
Vehicle	40,000	40,000	-	40,000
Land and buildings	719,494	719,494	719,494	-
	<u>778,394</u>	<u>778,394</u>	<u>724,944</u>	<u>53,450</u>
Total expenditures	<u>\$ 5,166,375</u>	<u>\$ 5,166,375</u>	<u>\$ 4,286,220</u>	<u>\$ 880,155</u>

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget - Modified Cash Basis
Year Ended December 31, 2023

Special Revenue Fund - Operations, Maintenance and Replacement

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Personnel Costs				
Employee salaries	\$ 1,461,799	\$ 1,461,799	\$ 1,476,484	\$ (14,685)
Payroll taxes and benefits	738,300	738,300	719,899	18,401
Travel/training	33,000	33,000	31,467	1,533
Safety	57,700	57,700	57,671	29
	<u>2,290,799</u>	<u>2,290,799</u>	<u>2,285,521</u>	<u>5,278</u>
Maintenance				
Supplies	458,500	458,500	458,464	36
Materials	325,000	325,000	307,042	17,958
Equipment lease	50,000	50,000	-	50,000
Small equipment purchases	11,000	11,000	-	11,000
Equipment	370,500	370,500	237,080	133,420
	<u>1,215,000</u>	<u>1,215,000</u>	<u>1,002,586</u>	<u>212,414</u>
Engineering and Survey	<u>326,000</u>	<u>326,000</u>	<u>325,869</u>	<u>131</u>
Other Charges				
Utilities	84,000	84,000	76,751	7,249
Miscellaneous	19,000	19,000	18,160	840
	<u>103,000</u>	<u>103,000</u>	<u>94,911</u>	<u>8,089</u>
Capital Outlay				
Buildings and equipment	<u>402,188</u>	<u>402,188</u>	<u>402,188</u>	<u>-</u>
Total expenditures	<u>\$ 4,336,987</u>	<u>\$ 4,336,987</u>	<u>\$ 4,111,075</u>	<u>\$ 225,912</u>

Garrison Diversion Conservancy District
Schedule of Expenditures Compared to Budget - Modified Cash Basis
Year Ended December 31, 2023

Special Revenue Fund - Red River Valley Water Supply

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Contractual Services				
Professional services	\$ 31,800,000	\$ 31,800,000	\$ 376,137	\$ 31,423,863
Capital Outlay				
Construction in progress	-	-	31,219,060	(31,219,060)
Debt Service				
Principal	-	-	534,764	(534,764)
Interest	-	-	128,219	(128,219)
Total expenditures	<u>\$ 31,800,000</u>	<u>\$ 31,800,000</u>	<u>\$ 32,258,180</u>	<u>\$ (458,180)</u>

Irrigation Fund

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Contractual Services	\$ 427,100	\$ 427,100	\$ 206,996	\$ 220,104
Capital Outlay	19,000	19,000	18,769	231
Debt Service				
Principal	316,000	316,000	178,384	137,616
Interest	67,000	67,000	38,384	28,616
Total expenditures	<u>\$ 829,100</u>	<u>\$ 829,100</u>	<u>\$ 442,533</u>	<u>\$ 386,567</u>



Other Reports
December 31, 2023

Garrison Diversion Conservancy District



**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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 24, 2024.

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. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
June 24, 2024



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 Each Major Federal Program

Opinion on Each 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 each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs 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 each of its major federal programs for the year ended December 31, 2023.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
June 24, 2024

Garrison Diversion Conservancy District
Schedule of Expenditures of Federal Awards - Modified Cash Basis
Year Ended December 31, 2023

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	\$ 19,037,012	\$ 18,914,984
Operations, Maintenance, and Replacement Program	15.518	1-FC-60-01790	820,827	-
Total United States Department of Interior			19,857,839	18,914,984
<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		62,629	-
Total Federal Financial Assistance			\$ 19,920,468	\$ 18,914,984

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, 2023. 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 - Note 4 - Loan Programs

Expenditures reported in the schedule for the Capitalization Grants for Clean Water - State Revolving Fund (SRF) (Federal Financial Assistance # 66.458) consist of loan advances made during the year. The outstanding balance at December 31, 2023, was \$836,459.

Garrison Diversion Conservancy District
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

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	Yes
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 Operations, Maintenance, and Replacement Program	15.518 15.518
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee	Yes

Section II - Financial Statement Findings

**2023-001 Preparation of Financial Statements
Significant Deficiency**

Condition - The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This included formulating the proposal of necessary adjusting journal entries to convert the fund financial statements in accordance with GASB Statement No. 34.

Criteria - A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Effect - This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Cause - The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Recommendation -It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

View of Responsible Officials - Due to cost constraints, the District will continue to have the auditor's draft the financial statements and accompanying notes to the financial statements.

Section III - Federal Award Findings and Questioned Costs

None