



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Cass Water Resource District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2023

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Office of the
State Auditor

NORTH CASS WATER RESOURCE DISTRICT

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NORTH CASS WATER RESOURCE DISTRICT

District Officials
December 31, 2023

DISTRICT OFFICIALS

Wesley Ecker
Robert Thompson
Ken Lougheed

Chairman
Vice Chairman
Manager

Melissa Hinkemeyer

Secretary-Treasurer

Sean M. Fredricks

Attorney

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund of North Cass Water Resource District, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise North Cass Water Resource District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of North Cass Water Resource District, North Dakota, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Cass Water Resource District's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Cass Water Resource District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *managements discussion and analysis, budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of North Cass Water Resource District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Cass Water Resource District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Cass Water Resource District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
June 6, 2024

NORTH CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis

December 31, 2023

The management's discussion and analysis (MD&A) of North Cass Water Resource District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2023. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is an element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year and the prior year is presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- Net position increased \$195,388 as a result of the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$7,519,915.
- Total revenues from all sources were \$592,934 on the government-wide statement of activities and \$587,865 on the modified accrual basis.
- Total expenses were \$397,547 on the government-wide statement of activities and total expenditures were \$274,837 on the modified accrual basis.
- The District's general fund had \$101,701 in total revenues and \$69,325 in total expenditures. Overall, the general fund balance increased by \$32,376 for the year ended December 31, 2023.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's general fund, maintenance fund, and debt service fund.

The table below, summarizes the major features of the district's financial statements, including portions of the District's activities covered and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the Government-Wide and Fund Financial Statements		
	Fund Financial Statements	
	Government-Wide Statements	Governmental
Scope	Entire District	The activities of the district
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, expenditures and changes in fund balance
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resource Focus	Modified accrual accounting and current financial resource focus
Type of Asset/Liability information	All assets and deferred outflows of resources, and liabilities and deferred inflows of resources, both financial and capital, short term and long term	Generally assets expected to be consumed and liabilities paid during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the District to provide programs and activities and attempt to answer the question “How did the District do financially during the year ended December 31, 2023?”

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information on how the District's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and special assessments, and earned but unused vacation leave).

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the statement of net position and the statement of activities, the District reports governmental activities. Governmental activities are the activities where all of the District's programs and services are reported including, but not limited to, conservation of natural resources, capital outlay and debt service.

REPORTING ON THE DISTRICT'S MOST SIGNIFICANT FUNDS

Balance Sheet – Governmental Funds

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and contributions). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. Using the criteria established by GASB Statement No. 34, general fund, maintenance fund, and debt service fund are considered “major funds”.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table I reflects significant changes in current assets, long-term assets, capital assets and current liabilities between the December 31, 2023 and December 31, 2022 fiscal years. Current assets increased during the year. The long-term assets decreased due to depreciation during the year. The current liabilities decreased during the year.

The District's net position of \$7,519,915 is segregated into three separate categories. Net position invested in capital assets represents 73% of the District's total net position. It should be noted that these assets are not available for future spending. Restricted net position represents 23% of the District's net position, while unrestricted net position represents 4% of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The unrestricted net position is available to meet the District's ongoing obligations.

	2023	2022
ASSETS		
Current and Other Assets	\$ 2,090,939	\$ 1,778,258
Capital Assets, Net	5,517,002	5,641,420
Total Assets	<u>\$ 7,607,941</u>	<u>\$ 7,419,678</u>
Deferred Outflows of Resources	<u>\$ 20,459</u>	<u>\$ 30,762</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 7,628,400</u>	<u>\$ 7,450,440</u>
LIABILITIES		
Current Liabilities	\$ 51,339	\$ 56,755
Long-Term Liabilities	32,804	49,652
Total Liabilities	<u>\$ 84,143</u>	<u>\$ 106,407</u>
Deferred Inflows of Resources	<u>\$ 24,342</u>	<u>\$ 19,505</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 108,485</u>	<u>\$ 125,912</u>
NET POSITION		
Net Investment in Capital Assets	\$ 5,517,002	\$ 5,630,054
Restricted	1,695,098	1,385,690
Unrestricted	307,815	308,784
Total Net Position	<u><u>\$ 7,519,915</u></u>	<u><u>\$ 7,324,527</u></u>

NORTH CASS WATER RESOURCE DISTRICT
Management's Discussion and Analysis – Continued

Table II shows the changes in net position for the fiscal years ended December 31, 2023 and 2022.

	2023	2022
REVENUES		
Program Revenues		
Operating Grants & Contributions	\$ 122,429	\$ 7,533
General Revenues		
Property Taxes	390,789	394,331
Non-restricted Grants and Contribution	6,563	1,493
Interest Earnings	71,154	11,986
Miscellaneous Revenue	2,000	2,726
Total Revenues	<u>\$ 592,934</u>	<u>\$ 418,069</u>
EXPENSES		
Conservation of Natural Resources	\$ 397,547	\$ 396,093
Total Expenses	<u>\$ 397,547</u>	<u>\$ 396,093</u>
Change in Net Position	<u>\$ 195,388</u>	<u>\$ 21,976</u>
Net Position – January 1	<u>\$ 7,324,527</u>	<u>\$ 7,302,551</u>
Net Position – December 31	<u><u>\$ 7,519,915</u></u>	<u><u>\$ 7,324,527</u></u>

Revenues and expenses were comprised of the following:

Revenues	
Property Taxes	65.91%
Operating and Non-Restricted Grants and Contributions	21.75%
Interest and Miscellaneous Revenue	12.34%

Expenses	
Conservation of Natural Resources	100.00%

NORTH CASS WATER RESOURCE DISTRICT
Management's Discussion and Analysis – Continued

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

TABLE III
TOTAL AND NET COST OF SERVICES
As of December 31, 2023 and 2022

	Total Cost For Year Ended Dec. 31, 2023	Net Cost For Year Ended Dec. 31, 2023	Total Cost For Year Ended Dec. 31, 2022	Net Cost For Year Ended Dec. 31, 2022
Conservation of Natural Resources	\$ 397,547	\$ (275,118)	\$ 396,093	\$ (388,560)
Total Expenses	\$ 397,547	\$ (275,118)	\$ 396,093	\$ (388,560)

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally can be used as a measure of the District's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The District's governmental funds had total revenue of \$587,865 and expenditures of \$274,837 for the year ended December 31, 2023. As of December 31, 2023, the unassigned fund balance of the District's general fund was \$(680), and total unassigned fund balance for the District's governmental funds was \$(28,227). The unassigned fund balance of the general fund increased during the year ended December 31, 2023 primarily due to the decrease in expenditures.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal year 2023 the District did not amend the general fund revenue and transfers in budget or the expenditures and transfers out budget.

Actual revenue and transfers in for the year ended December 31, 2023 was \$39,136 more than budgeted.

Actual expenditures and transfers out for the year ended December 31, 2023 were over budget by \$6,760.

CAPITAL ASSETS

As of December 31, 2023, the District had \$5,517,002 invested in capital assets, net of depreciation. Table IV shows the capital assets balances at December 31, 2023 and 2022.

TABLE IV
CAPITAL ASSETS
(Net of Accumulated Depreciation)
December 31, 2023 and 2022

	2023	2022
Land	\$ 1,321,877	\$ 1,321,877
Easements	8,950	8,950
Construction in Progress	438,437	391,988
Facilities	537,958	613,336
Projects	3,209,780	3,305,270
Total Net Capital Assets	\$ 5,517,002	\$ 5,641,420

This total represents an decrease of \$124,418 in capital assets from January 1, 2023. The decrease was due to less projects being done. For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 6 to the audited financial statements which follow this analysis.

LONG-TERM LIABILITIES

Table V shows the balances of long-term liabilities at December 31, 2023 and 2022.

TABLE V
LONG-TERM LIABILITIES
December 31, 2023 and 2022

	2023	2022
Compensated Absences	516	2,613
Net Pension Liability	30,372	44,934
Net OPEB Liability	1,916	2,106
Total Long-Term Liabilities	<u>\$ 32,804</u>	<u>\$ 49,652</u>

Of these amounts, \$516 was due within one year. Long-term debt increased by \$16,848 over the prior year due to net pension liability.

For a detailed breakdown of the long-term debt, readers are referred to Note 7 to the audited financial statements which follow analysis.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact the Secretary-Treasurer, North Cass Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

NORTH CASS WATER RESOURCE DISTRICT

Statement of Net Position

December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,081,806
Intergovernmental Receivable	1,421
Due from County	1,149
Taxes Receivable	6,563
Capital Assets, Net	<u>5,517,002</u>
 Total Assets	 <u>\$ 7,607,941</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	<u>\$ 20,459</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 7,628,400</u>
LIABILITIES	
Accounts Payable	\$ 47,123
Benefits Payable	4,216
Due Within One Year	
Compensated Absences	516
Due After One Year	
Net Pension Liability	30,372
Net OPEB Liability	<u>1,916</u>
 Total Liabilities	 <u>\$ 84,143</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from Pension and OPEB	<u>\$ 24,342</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 108,485</u>
NET POSITION	
Net Investment in Capital Assets	\$ 5,517,002
Restricted	
Conservation of Natural Resources	1,695,098
Unrestricted	<u>307,815</u>
 Total Net Position	 <u><u>\$ 7,519,915</u></u>

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

NORTH CASS WATER RESOURCE DISTRICT

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Governmental Activities
Governmental Activities			
Conservation of Natural Resources	\$ 397,547	\$ 122,429	\$ (275,118)
Total Governmental Activities	<u>\$ 397,547</u>	<u>\$ 122,429</u>	<u>\$ (275,118)</u>
General Revenues			
Property Taxes			\$ 390,789
Non-restricted Grants and Contributions			6,563
Interest Earnings			71,154
Miscellaneous Revenues			<u>2,000</u>
Total General Revenues			<u>\$ 470,505</u>
Change in Net Position			<u>\$ 195,388</u>
Net Position - January 1			<u>\$ 7,324,527</u>
Net Position - December 31			<u><u>\$ 7,519,915</u></u>

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

NORTH CASS WATER RESOURCE DISTRICT

Balance Sheet – Governmental Funds

December 31, 2023

	General Fund	Maintenance Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 345,977	\$ 1,735,829	\$ 2,081,806
Intergovernmental Receivable	1,421	-	1,421
Due from County	973	-	1,149
Due from Other Funds	-	27,547	27,547
Taxes Receivable	1,575	4,988	6,563
Total Assets	<u>\$ 349,947</u>	<u>\$ 1,768,540</u>	<u>\$ 2,118,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 10,368	\$ 36,755	\$ 47,123
Benefits Payable	4,216	-	4,216
Due to Other Funds	-	27,547	27,547
Total Liabilities	<u>\$ 14,584</u>	<u>\$ 64,302</u>	<u>\$ 78,886</u>
Deferred Inflows of Resources			
Taxes Receivable	<u>\$ 1,575</u>	<u>\$ 4,988</u>	<u>\$ 6,563</u>
Total Deferred Inflows of Resources	<u>\$ 1,575</u>	<u>\$ 4,988</u>	<u>\$ 6,563</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 16,159</u>	<u>\$ 69,290</u>	<u>\$ 85,449</u>
Fund Balances			
Restricted	\$ -	\$ 1,726,797	\$ 1,726,797
Committed	334,468	-	334,468
Unassigned	(680)	(27,547)	(28,227)
Total Fund Balances	<u>\$ 333,788</u>	<u>\$ 1,699,250</u>	<u>\$ 2,033,037</u>
Total Liabilities and Fund Balances	<u>\$ 349,947</u>	<u>\$ 1,768,540</u>	<u>\$ 2,118,486</u>

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

NORTH CASS WATER RESOURCE DISTRICT

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

December 31, 2023

Total *Fund Balances* for Governmental Funds \$ 2,033,037

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds. 5,517,002

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 6,563

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$ 20,459	
Deferred Inflows Related to Pensions and OPEB	<u>(24,342)</u>	(3,883)

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

Compensated Absences	\$ (516)	
Net Pension Liability	(30,372)	
Net OPEB Liability	<u>(1,916)</u>	<u>(32,804)</u>

Total Net Position - Governmental Activities \$ 7,519,915

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

NORTH CASS WATER RESOURCE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Maintenance Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 77,509	\$ 308,210	\$ 385,719
Intergovernmental	10,081	118,911	128,992
Interest Income	12,111	59,043	71,154
Miscellaneous	2,000	-	2,000
Total Revenues	<u>\$ 101,701</u>	<u>\$ 486,164</u>	<u>\$ 587,865</u>
EXPENDITURES			
Current			
Conservation of Natural Resources	\$ 69,325	\$ 190,344	\$ 259,668
Capital Outlay	-	15,169	15,169
Total Expenditures	<u>\$ 69,325</u>	<u>\$ 205,512</u>	<u>\$ 274,837</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,376</u>	<u>\$ 280,651</u>	<u>\$ 313,028</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 28,700	\$ -	\$ 28,700
Transfers Out	(28,700)	-	(28,700)
Net Change in Fund Balances	<u>\$ 32,376</u>	<u>\$ 280,651</u>	<u>\$ 313,028</u>
Fund Balance - January 1	<u>\$ 301,411</u>	<u>\$ 1,429,965</u>	<u>\$ 1,731,376</u>
Prior Period Adjustments/Restatements	<u>\$ -</u>	<u>\$ (11,367)</u>	<u>\$ (11,367)</u>
Restated Fund Balance - January 1	<u>\$ 301,411</u>	<u>\$ 1,418,598</u>	<u>\$ 1,720,009</u>
Fund Balance - December 31	<u><u>\$ 333,788</u></u>	<u><u>\$ 1,699,250</u></u>	<u><u>\$ 2,033,037</u></u>

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

NORTH CASS WATER RESOURCE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds To the Statement of Activities For the Year Ended December 31, 2023

Net Change in *Fund Balances* - Total Governmental Funds \$ 313,028

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Asset Additions	\$ 46,450	
Current Year Depreciation Expense	<u>(170,868)</u>	(124,418)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Decrease in Compensated Absences		2,097
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The net pension and OPEB liability, and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension and OPEB items do not involve current financial resources, and are not reported in the funds.

Decrease in Net Pension Liability	\$ 14,561	
Decrease in Net OPEB Liability	190	
Decrease in Deferred Outflows of Resources Related to Pensions and OPEB	(10,303)	
Increase in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(4,837)</u>	(388)

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

	<u>5,070</u>
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Change in Net Position of Governmental Activities	<u>\$ 195,388</u>
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The notes to the financial statements are an integral part of this statement.

NORTH CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Cass Water Resource District (District), West Fargo, North Dakota, a component unit of Cass County, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

Based on these criteria, there are no component units to be included within the District as a reporting entity. The District is a component unit within Cass County, North Dakota reporting entity.

B. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

General Fund - this is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Obligated funds are used to account for the accumulation of resources to help finance a portion of costs of the Maple River Dam capital project. Most of the joint project costs are being paid by the Southeast Cass Water Resource District.

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

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

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

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

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

D. Cash, Cash Equivalents and Investments

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

E. Capital Assets

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

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

Asset Type	Years
Facilities	50 years
Major Projects	50 years

F. Compensated Absences

Vested or accumulated vacation leave is payable upon separation from employment. 240 hours of vacation may be carried over at year-end. No liability is reported for accumulated sick leave as it is not the District's policy to pay for it when the employee separates from service. All vacation pay is accrued when incurred into the government-wide financial statements.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

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

H. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Fund Balances

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

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

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

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

K. Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt, to purchase or finance the capital assets. These assets are not available for future spending.

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

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

L. Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

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

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

NOTE 2: PRIOR PERIOD ADJUSTMENTS

Correction of Error

Drain Maintenance Fund Balance as of January 1, 2023 has also been restated for a retainage payable adjustment. The adjustments can be seen below:

	Total Governmental	Drain Maintenance Fund
Beginning Fund Balance, as previously reported	\$ 1,731,376	\$ 1,429,965
Adjustments to restate January 1, 2023 Fund Balance		
Retainage Payable	(11,367)	(11,367)
Fund Balance January 1, as restated	\$ 1,720,009	\$ 1,418,598

NOTE 3: DISTRICT ESTABLISHMENT

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

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

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

NOTE 4: DEPOSITS

Custodial Credit Risk

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds,

notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2023, the District's carrying amount of deposits and the bank balance was \$2,081,806. Of the bank balance, \$252,678 was covered by Federal Depository Insurance. The remaining bank balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 5: PROPERTY TAXES

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

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	Balance Jan 1	Increases	Decreases	Transfer	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 1,321,877	\$ -	\$ -	\$ -	\$ 1,321,877
Easements	8,950	-	-	-	8,950
Construction in Progress	391,988	46,450	-	-	438,437
Total Capital Assets Not Being Depreciated	\$ 1,722,815	\$ 46,450	\$ -	\$ -	\$ 1,769,264
Capital Assets Being Depreciated					
Facilities	\$ 3,768,900	\$ -	\$ -	\$ -	\$ 3,768,900
Projects	4,774,502	-	-	-	4,774,502
Total Capital Assets, Being Depreciated	\$ 8,543,402	\$ -	\$ -	\$ -	\$ 8,543,402
Less Accumulated Depreciation					
Facilities	\$ 3,155,564	\$ 75,378	\$ -	\$ -	\$ 3,230,942
Projects	1,469,233	95,490	-	-	1,564,723
Total Accumulated Depreciation	\$ 4,624,797	\$ 170,868	\$ -	\$ -	\$ 4,795,665
Total Capital Assets Being Depreciated, Net	\$ 3,918,606	\$ (170,868)	\$ -	\$ -	\$ 3,747,738
Total Capital Assets, Net	\$ 5,641,420	\$ (124,418)	\$ -	\$ -	\$ 5,517,002

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

NOTE 7: LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes occurred in liabilities reported in long-term liabilities:

	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	2,613	1,693	3,790	516	516
Net Pension Liability	44,934	-	14,561	30,372	-
Net OPEB Liability	2,106	-	190	1,916	-
Total Long-Term Liabilities	\$ 49,652	\$ 1,693	\$ 18,541	\$ 32,804	\$ 516

NOTE 8: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of 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 provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members 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 will be 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 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 contributions rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

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

At December 31, 2023, the District reported a liability of \$30,372 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the Districts' share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the District's proportion was .001575 percent, which was an increase of .000015 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$1,654. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 989	\$ 168
Changes of Assumptions	16,748	23,053
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	797	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	351	870
District Contributions Subsequent to the Measurement Date	711	-
Total	\$ 19,595	\$ 24,091

\$711 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

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

2024	\$ (663)
2025	(3,396)
2026	583
2027	(1,730)
2028	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

NORTH CASS WATER RESOURCE DISTRICT
Notes to the Financial Statements – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's Proportionate Share of the Net Pension Liability	\$ 41,876	\$ 30,372	\$ 20,829

Pension Plan Fiduciary Net Position

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

NOTE 9: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

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

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

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

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

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

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

At December 31, 2023, the District reported a liability of \$1,916 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the District's proportion was .001916 percent, which was an increase of .000162% from its proportion measured as of June 30, 2022.

NORTH CASS WATER RESOURCE DISTRICT
Notes to the Financial Statements – Continued

For the year ended December 31, 2023, the District recognized OPEB expense of \$384. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 36	\$ 22
Changes of Assumptions	409	159
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	138	-
Changes in Proportion and Differences Between District		
Contributions and Proportionate Share of Contributions	167	70
District Contributions Subsequent to the Measurement Date	114	-
Total	\$ 863	\$ 251

\$114 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

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

2024	\$ 163
2025	149
2026	227
2027	(40)
2028	-
Thereafter	-

Actuarial assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

NORTH CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements – Continued

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

Discount rate

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
District's Proportionate Share of the Net OPEB Liability	\$ 2,518	\$ 1,916	\$ 1,409

NOTE 10: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District is covered under Cass County's insurance policies and pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of three million dollars per occurrence.

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$662,156 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

NOTE 11: JOINT VENTURES

Under authorization of state statutes, the North Cass Water Resource District joined Southeast Cass Water Resource District, Rush River Water Resource District, Maple River Water Resource District, and the water resource districts of Richland County, Grand Forks County, Pembina County, Traill County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2023, which is the most current audited information available:

Total Assets	\$ 20,817,974
Total Liabilities	78,968
Net Position	\$ 20,739,007
Revenues	\$ 3,298,146
Expenses	1,177,517
Change in Net Position	\$ 2,120,629

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

NOTE 12: TRANSFERS

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

	Transfers In	Transfers Out
General Fund	\$ 28,700	\$ 28,700
Total Transfers	\$ 28,700	\$ 28,700

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

NORTH CASS WATER RESOURCE DISTRICT
Notes to the Financial Statements – Continued

NOTE 13: FUND BALANCES

The District classified fund balances within the governmental funds as follows at December 31, 2023

	General Fund	Maintenance Fund	Total
Fund Balances:			
Restricted for:			
Drain NC#1	\$ -	\$ 127,992.37	\$ 127,992.37
Drain NC#2	-	130,085	130,085
Drain #13	-	1,115,121	1,115,121
Drain #24C	-	95,357	95,357
Drain #24	-	101,551	101,551
Drain #26	-	41,694	41,694
Drain #55	-	115,409	115,409
Total Restricted	-	1,727,209	1,727,209
Committed to:			
North Cass WRD Obligated Funds	334,468	-	334,468
Unassigned:			
Drain #25	-	(413)	(413)
Drain #41	-	(27,547)	(27,547)
General Fund	(680)	-	(680)
Total Unassigned	(680)	(27,960)	(28,640)
Total Fund Balances	\$ 333,788	\$ 1,699,250	\$ 2,033,037

NORTH CASS WATER RESOURCE DISTRICT

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 79,640	\$ 79,640	\$ 77,509	\$ (2,131)
Intergovernmental	8,225	8,225	10,081	1,856
Interest	1,000	1,000	12,111	11,111
Miscellaneous	2,400	2,400	2,000	(400)
Total Revenues	<u>\$ 91,265</u>	<u>\$ 91,265</u>	<u>\$ 101,701</u>	<u>\$ 10,436</u>
EXPENDITURES				
Current				
Conservation of Natural Resources	\$ 91,265	\$ 91,265	\$ 69,325	\$ 21,940
Total Expenditures	<u>\$ 91,265</u>	<u>\$ 91,265</u>	<u>\$ 69,325</u>	<u>\$ 21,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,376</u>	<u>\$ 32,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 28,700	\$ 28,700
Transfers Out	-	-	(28,700)	(28,700)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,376</u>	<u>\$ 32,376</u>
Fund Balance - January 1	<u>\$ 301,411</u>	<u>\$ 301,411</u>	<u>\$ 301,411</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 301,411</u></u>	<u><u>\$ 301,411</u></u>	<u><u>\$ 333,788</u></u>	<u><u>\$ 32,376</u></u>

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

NORTH CASS WATER RESOURCE DISTRICT

Budgetary Comparison Schedule – Maintenance Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 314,500	\$ 483,100	\$ 308,210	\$ (174,890)
Interest Income	-	-	59,043	59,043
Total Revenues	\$ 314,500	\$ 483,100	\$ 486,164	\$ 3,064
EXPENDITURES				
Current				
Conservation of Natural Resources	\$ 435,000	\$ 451,800	\$ 190,344	\$ 261,456
Capital Outlay	-	-	15,169	(15,169)
Total Expenditures	\$ 435,000	\$ 451,800	\$ 205,512	\$ 246,288
Excess (Deficiency) of Revenues Over Expenditures	\$ (120,500)	\$ 31,300	\$ 280,651	\$ 249,351
Net Changes in Fund Balances	\$ (120,500)	\$ 31,300	\$ 280,651	\$ 249,351
Fund Balance - January 1	\$ 1,418,598	\$ 1,418,598	\$ 1,429,965	\$ 11,367
Prior Period Adjustments	\$ -	\$ -	\$ (11,367)	\$ (11,367)
Fund Balance - January 1 - Restated	\$ 1,418,598	\$ 1,418,598	\$ 1,418,598	(0.00)
Fund Balance - December 31	\$ 1,298,098	\$ 1,449,898	\$ 1,699,250	\$ 249,351

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

NORTH CASS WATER RESOURCE DISTRICT

Schedule of District's Share of Net Pension Liability and District Contributions

For the Year Ended December 31, 2023

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

	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.001575%	\$ 30,372	\$ 19,262	157.68%	65.31%
2022	0.001560%	44,934	18,111	248.10%	54.47%
2021	0.001545%	16,100	17,492	92.04%	78.26%
2020	0.002189%	48,507	17,008	285.19%	48.91%
2019	0.001901%	22,279	19,771	112.68%	71.66%
2018	0.001887%	31,850	19,388	164.27%	62.80%
2017	0.001904%	30,602	19,436	157.45%	61.98%
2016	0.001568%	15,280	15,800	96.71%	70.46%
2015	0.001804%	12,269	16,074	76.33%	77.15%
2014	0.001791%	11,365	15,083	75.35%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2023	\$ 1,635	\$ 1,422	\$ 213	\$ 22,965	6.19%
2022	1,364	1,290	75	18,557	6.95%
2021	1,290	1,348	(58)	17,665	7.63%
2020	1,204	1,127	77	17,008	6.63%
2019	1,440	1,408	32	19,771	7.12%
2018	1,428	1,367	61	19,388	7.05%
2017	1,409	1,486	(76)	19,436	7.64%
2016	1,144	1,225	(81)	15,800	7.75%
2015	1,221	1,199	22	16,074	7.46%
2014	1,074	1,074	-	15,083	7.12%

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

NORTH CASS WATER RESOURCE DISTRICT

Schedule of District's Share of Net OPEB Liability and District Contributions
For the Year Ended December 31, 2023

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

	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.001916%	\$ 1,916	\$ 19,262	9.95%	62.74%
2022	0.001754%	2,106	18,111	11.63%	56.28%
2021	0.001604%	892	17,492	5.10%	76.63%
2020	0.001492%	1,255	17,008	7.38%	63.38%
2019	0.001772%	1,423	19,771	7.20%	63.13%
2018	0.001772%	1,396	19,388	7.20%	61.89%
2017	0.001797%	1,421	19,436	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2023	\$ 262	\$ 228	\$ 34	\$ 22,965	0.99%
2022	220	206	14	18,557	1.11%
2021	210	216	(6)	17,665	1.22%
2020	200	180	19	17,008	1.06%
2019	230	225	5	19,771	1.14%
2018	227	219	9	19,388	1.13%
2017	226	238	(12)	19,436	1.22%

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

NORTH CASS WATER RESOURCE DISTRICT

Notes to the Required Supplementary Information

For the Year Ended December 31, 2023

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

- The District adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP) for the general fund, each maintenance fund and debt service fund of the district.
- The budget includes proposed expenditures and means of financing them.
- The District holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the District shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The District, on or before the October meeting shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- The District must file the budget with the county auditor by October 10th.
- Each budget is controlled by the District’s secretary-treasurer at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

NOTE 2: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The District managers amended the District budget for 2023 as follows:

Fund	REVENUES & TRANSFERS IN		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 91,265	\$ -	\$ 91,265
Maintenance Fund	314,500	168,600	483,100

Fund	EXPENDITURES & TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 91,265	\$ -	\$ 91,265
Maintenance Fund	435,000	16,800	451,800

NOTE 3: SCHEDULE OF DISTRICT PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

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

NOTE 4: CHANGES OF BENEFIT TERMS-PENSIONS AND OPEB

Pension

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

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

NOTE 5: CHANGES OF ASSUMPTIONS - PENSIONS AND OPEB

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

NORTH CASS WATER RESOURCE DISTRICT

Schedule of Fund Activity – Cash Basis
For the Year Ended December 31, 2023

	Balance 1-1-23	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-23
General Fund						
General Fund	\$ 3,268.97	\$ 101,366.56	\$ -	\$ 28,700.00	\$ 68,642.17	\$ 7,293.36
North Cass WRD Obligated Funds	305,767.63		28,700.00			334,467.63
Total General Fund	\$ 309,036.60	\$ 101,366.56	\$ 28,700.00	\$ 28,700.00	\$ 68,642.17	\$ 341,760.99
Maintenance Fund						
Drain NC-1	\$ 48,663.64	\$ 216,330.59	\$ -	\$ -	\$ 136,831.87	\$ 128,162.36
Drain NC-2	55,988.34	114,907.05	-	-	37,332.35	133,563.04
Drain #13	1,052,981.56	67,253.08	-	-	5,127.83	1,115,106.81
Drain #24C	93,102.92	3,212.12	-	-	957.95	95,357.09
Drain #24	97,092.02	5,790.38	-	-	1,331.36	101,551.04
Drain #25	17,100.17	13,624.55	-	-	1,137.23	29,587.49
Drain #26	44,986.95	26,601.54	-	-	26,821.63	44,766.86
Drain #41	(36,633.08)	10,774.07	-	-	1,688.16	(27,547.17)
Drain #55	89,063.13	27,494.20	-	-	1,276.29	115,281.04
Total Maintenance Fund	\$ 1,462,345.65	\$ 485,987.58	\$ -	\$ -	\$ 212,504.67	\$ 1,735,828.56
Total Governmental Funds	\$ 1,771,382.25	\$ 587,354.14	\$ 28,700.00	\$ 28,700.00	\$ 281,146.84	\$ 2,077,589.55

NORTH CASS WATER RESOURCE DISTRICT

Combining Balance Sheet – Maintenance Fund

For the Year Ended December 31, 2023

	Drain #NC-1	Drain #NC-2	Drain #13	Drain #24C	Drain #24	Drain #25	Drain #26	Drain #41	Drain #55	Total Maintenance Fund
ASSETS										
Cash and Cash Equivalents	\$ 128,162	\$ 133,563.04	\$ 1,115,107	\$ 95,357	\$ 101,551	\$ 29,587	\$ 44,767	\$ -	\$ 87,734	\$ 1,735,829
Taxes Receivable	1,720	2,185	279	-	1	635	160	-	7	4,988
Due from Other Funds	-	-	-	-	-	-	-	-	27,547	27,547
Total Assets	\$ 129,883	\$ 135,783	\$ 1,115,400	\$ 95,357	\$ 101,552	\$ 30,222	\$ 44,927	\$ -	\$ 115,415	\$ 1,768,540
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts Payable	\$ 30,170	\$ 3,513	\$ -	\$ -	\$ -	\$ -	\$ 3,073	\$ -	\$ -	\$ 36,755
Due to Other Funds	-	-	-	-	-	-	-	27,547	-	27,547
Total Liabilities	\$ 30,170	\$ 3,513	\$ -	\$ -	\$ -	\$ -	\$ 3,073	\$ 27,547	\$ -	\$ 64,302
Deferred Inflows of Resources										
Taxes Receivable	1,720	2,185	279	-	1	635	160	-	7	4,988
Total Liabilities and Deferred Inflows of Resources	\$ 31,890	\$ 5,698	\$ 279	\$ -	\$ 1	\$ 635	\$ 3,232	\$ 27,547	\$ 7	\$ 69,290
Fund Balances										
Restricted	\$ 97,992	\$ 130,085	\$ 1,115,121	\$ 95,357	\$ 101,551	\$ 29,587	\$ 41,694	\$ -	\$ 115,409	\$ 1,726,797
Unassigned	-	-	-	-	-	-	-	(27,547)	-	(27,547)
Total Fund Balances	\$ 97,992	\$ 130,085	\$ 1,115,121	\$ 95,357	\$ 101,551	\$ 29,587	\$ 41,694	\$ (27,547)	\$ 115,409	\$ 1,699,250
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 129,883	\$ 135,783	\$ 1,115,400	\$ 95,357	\$ 101,552	\$ 30,222	\$ 44,927	\$ -	\$ 115,415	\$ 1,768,540

NORTH CASS WATER RESOURCE DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Maintenance Fund For the Year Ended December 31, 2023

	Drain #NC-1	Drain #NC-2	Drain #13	Drain #24C	Drain #24	Drain #25	Drain #26	Drain #41	Drain #55	Total Maintenance Fund
REVENUES										
Taxes	\$ 98,417	\$ 109,949	\$ 30,327	\$ 31	\$ 2,401	\$ 12,657	\$ 19,799	\$ 10,774	\$ 23,855	\$ 308,210
Interest	3,938	4,993	36,940	3,182	3,390	967	1,867	-	3,767	59,043
Total Revenues	\$ 216,331	\$ 114,942	\$ 67,267	\$ 3,212	\$ 5,790	\$ 13,625	\$ 26,602	\$ 10,774	\$ 27,622	\$ 486,164
EXPENDITURES										
Current										
Conservation of Natural Resources	\$ 108,368	\$ 40,562	\$ 5,128	\$ 958	\$ 1,331	\$ 1,137	\$ 29,894	\$ 1,688	\$ 1,276	\$ 190,344
Capital Outlay	15,169	-	-	-	-	-	-	-	-	15,169
Total Expenditures	\$ 123,537	\$ 40,562	\$ 5,128	\$ 958	\$ 1,331	\$ 1,137	\$ 29,894	\$ 1,688	\$ 1,276	\$ 205,512
Excess (Deficiency) of Revenues Over Expenditures	\$ 92,794	\$ 74,379	\$ 62,139	\$ 2,254	\$ 4,459	\$ 12,487	\$ (3,293)	\$ 9,086	\$ 26,345	\$ 280,651
Net Change in Fund Balances	\$ 92,794	\$ 74,379	\$ 62,139	\$ 2,254	\$ 4,459	\$ 12,487	\$ (3,293)	\$ 9,086	\$ 26,345	\$ 280,651
Fund Balance - January 1	\$ 46,565	\$ 55,706	\$ 1,052,982	\$ 93,103	\$ 97,092	\$ (12,900)	\$ 44,987	\$ (36,633)	\$ 89,063	\$ 1,429,965
Prior Period Adjustment	\$ (11,367)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,367)
Restated Fund Balance - January 1	\$ 35,199	\$ 55,706	\$ 1,052,982	\$ 93,103	\$ 97,092	\$ (12,900)	\$ 44,987	\$ (36,633)	\$ 89,063	\$ 1,418,598
Fund Balance - December 31	\$ 127,992	\$ 130,085	\$ 1,115,121	\$ 95,357	\$ 101,551	\$ (413)	\$ 41,694	\$ (27,547)	\$ 115,409	\$ 1,699,250

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of North Cass Water Resource District as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise North Cass Water Resource District's basic financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2023-001 and 2023-002 to be a material weakness.

NORTH CASS WATER RESOURCE DISTRICT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Report on Compliance and Other Matters

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

North Cass Water Resource District's Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
June 6, 2024

NORTH CASS WATER RESOURCE DISTRICT
Summary of Auditor's Results
For the Year Ended December 31, 2023

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Major Funds	Unmodified

Internal control over financial reporting

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

NORTH CASS WATER RESOURCE DISTRICT

Schedule of Audit Findings

For the Year Ended December 31, 2023

2023-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes.

Recommendation

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

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

North Cass Water Resource District's Response

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

2023-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

North Cass Water Resource District does not have sufficient procedures in place to ensure an accurate listing of retainage payable which are used in the preparation of its financial statements.

Criteria

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

Repeat Finding

No.

Recommendation

We recommend North Cass Water Resource District review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

North Cass Water Resource District's Response

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



GOVERNANCE COMMUNICATION

June 6, 2024

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

We have audited the financial statements of the governmental activities, and each major fund of North Cass Water Resource District, North Dakota, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 28, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by North Cass Water Resource District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by North Cass Water Resource District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities financial statements were:

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management.

The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

	Audit Adjustments	
	Debit	Credit
Maintenance Fund		
<i><u>To Accrue Prior Period Adjustment for Retainage Payable</u></i>		
Maintenance Fund - Fund Balance	11,367	-
Expenditures	-	11,367

The below schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit.

General Fund

<i><u>To Adjust Intergovernmental Receivables</u></i>		
Revenue	630	-
Intergovernmental Receivables	-	630

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the North Cass Water Resource District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *management's discussion and analysis, budgetary comparison information, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of North Cass Water Resource District board members and management of North Cass Water Resource District, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of North Cass Water Resource District for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve North Cass Water Resource District.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
June 6, 2024



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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