



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Southeast Cass Water Resource District

West Fargo, North Dakota

Audit Report for the Year Ended December 31, 2023

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Office of the
State Auditor

SOUTHEAST CASS WATER RESOURCE DISTRICTS

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SOUTHEAST CASS WATER RESOURCE DISTRICT

District Officials

December 31, 2023

DISTRICT OFFICIALS

Keith Weston
David Branson
Richard Steen

Chairman
Vice Chairman
Manager

Melissa Hinkemeyer

Secretary-Treasurer

Sean M. Fredricks

Attorney

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 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 Southeast Cass Water Resource District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *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 Southeast Cass Water Resource District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeast Cass Water Resource District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Cass Water Resource District's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
June 6, 2024

SOUTHEAST CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis

December 31, 2023

The management's discussion and analysis (MD&A) of Southeast 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 by \$55,382,008 as a result of the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$266,859,300.
- Total revenues from all sources were \$130,614,180 on the government-wide statement of activities and \$130,619,604 on the modified accrual basis.
- Total expenses were \$13,456,286 on the government-wide statement of activities and total expenditures were \$68,324,023 on the modified accrual basis.
- The District's general fund had \$61,051,310 in total revenues and \$62,570,922 in total expenditures. Overall, the general fund balance increased by \$3,286,841 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, capital project 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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis - Continued

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 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, the District's general fund, maintenance fund, capital project fund, and debt service fund are considered "major funds".

SOUTHEAST CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis - Continued

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table I reflects significant changes in current assets, long-term assets, capital assets, current liabilities, and long-term liabilities between the December 31, 2023 and December 31, 2022 fiscal years. Current assets increased and current liabilities decreased. Capital assets increased in 2023 due to more construction on various projects. Long-term liabilities increased.

The District's net position of \$266,297,168 is segregated into three separate categories. Net investment in capital assets represents 76.99% of the District's total net position. It should be noted that these assets are not available for future spending. Restricted net position represents 12.56% of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position represents 10.45% of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

TABLE I
NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current and Other Assets	\$ 62,516,391	\$ 58,270,159
Capital Assets, Net	385,613,200	335,206,701
Total Assets	<u>\$ 448,129,590</u>	<u>\$ 393,476,860</u>
Deferred Outflows of Resources	<u>\$ 153,441</u>	<u>\$ 230,711</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 448,283,031</u>	<u>\$ 393,707,571</u>
LIABILITIES		
Current Liabilities	\$ 842,639	\$ 1,919,832
Long-Term Liabilities	180,398,528	180,239,889
Total Liabilities	<u>\$ 181,241,167</u>	<u>\$ 182,159,721</u>
Deferred Inflows of Resources	<u>\$ 182,564</u>	<u>\$ 146,288</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 181,423,731</u>	<u>\$ 182,306,010</u>
NET POSITION		
Net Investment in Capital Assets	\$ 205,460,700	\$ 155,299,241
Restricted	33,504,563	31,070,509
Unrestricted	27,894,037	25,031,811
Total Net Position	<u><u>\$ 266,859,300</u></u>	<u><u>\$ 211,401,562</u></u>

SOUTHEAST CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis - Continued

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

TABLE II
CHANGE IN NET POSITION
As of December 31, 2023 and 2022

	2023	2022
REVENUES		
Program Revenues		
Capital Grants & Contributions	\$ 56,849,056	\$ 45,516,740
Operating Grants & Contributions	65,867,208	61,739,706
General Revenues		
Property Taxes & Drain Taxes	5,825,109	6,063,015
Non-restricted Grants and Contribution	202,104	180,619
Net Gain on Sale of Capital Assets	70,680	-
Interest Earnings	937,636	154,182
Miscellaneous Revenue	862,387	782,569
Total Revenues	<u>\$ 130,614,180</u>	<u>\$ 114,436,830</u>
EXPENSES		
Conservation of Natural Resources	\$ 10,043,914	\$ 9,759,384
Interest and Service Charges	3,412,372	2,596,010
Total Expenses	<u>\$ 13,456,286</u>	<u>\$ 12,355,394</u>
SPECIAL ITEM		
Amount to Fiscal Agent/P3 Fund Deposit	<u>\$ (61,775,886)</u>	<u>\$ (56,536,270)</u>
Change in Net Position	<u>55,382,008</u>	<u>45,545,166</u>
Net Position – January 1	\$ 211,401,562	\$ 165,198,535
Prior Period Adjustment	75,730	657,860
Net Position – January 1, as restated	<u>\$ 211,477,292</u>	<u>\$ 165,856,395</u>
Net Position – December 31	<u>\$ 266,859,300</u>	<u>\$ 211,401,562</u>

Revenues and expenses were comprised of the following:

Revenues	
Property Taxes	4.46%
Capital Grants & Contributions	43.52%
Net Loss on Sale of Capital Assets	0.05%
Operating and Non-Restricted Grants and Contributions	50.58%
Interest and Miscellaneous Revenue	1.38%

Expenses	
Conservation of Natural Resources	74.64%
Interest and Service Charges	25.36%

SOUTHEAST 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	\$ 10,043,914	\$ 112,672,350	\$ 9,759,384	\$ 97,497,062
Interest and Service Charges	3,412,372	(3,412,372)	2,596,010	(2,596,010)
Total Expenses	<u>\$ 13,456,286</u>	<u>\$ 109,259,978</u>	<u>\$ 12,355,394</u>	<u>\$ 94,901,052</u>

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 \$130,619,604 and expenditures of \$68,324,023 for the year ended December 31, 2023. The general fund had revenues of \$61,051,310 and expenditures of \$62,570,922 while transfers in totaled \$6,763,635 and transfers out were \$6,761,285 causing a net increase in the general fund of \$3,286,841. As of December 31, 2023, the unassigned fund balance of the District's general fund was \$8,229,423 and the total unassigned fund balance for the entire District's governmental funds was \$7,237,636. Restricted fund balances totaled \$33,151,552, non-spendable totaled \$11,214,729 and committed fund balances totaled \$9,693,985.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal year 2023, the District amended (increased) the general fund revenue and transfers in budget by \$66,386,300 due to intergovernmental cost share reimbursements received from the State Water Commission and the City of Fargo. The general fund expenditure and transfers out budget was amended (increased) by \$72,879,000 due to more spent on construction.

Actual revenue and transfers in for the year ended December 31, 2023 was \$1,367,561 less than budgeted due to the decrease in revenue. Actual expenditures and transfers out for the year ended December 31, 2023 were under budget by \$6,342,998 due to the adjustment of expenditures.

CAPITAL ASSET

As of December 31, 2023, District had \$385,613,199 invested in capital assets, net of depreciation. Table IV shows the balances as of December 31, 2023 and 2022.

	2023	2022
Land	\$ 268,902,294	\$ 236,338,683
Easements	30,343,516	10,961,154
Construction in Progress	965,852	1,168,327
Facilities	44,988,491	46,655,855
Projects	40,105,355	39,998,228
Equipment	307,691	84,454
Total Net Capital Assets	<u>\$ 385,613,200</u>	<u>\$ 335,206,701</u>

SOUTHEAST CASS WATER RESOURCE DISTRICT

Management's Discussion and Analysis - Continued

This total represents an increase of \$50,406,497 (15%) in net capital assets from January 1, 2023 primarily due to land purchases and easements for the Metro Flood Diversion Project. For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 8 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
Long-Term Debt		
Special Assessment Bonds	\$ 180,000,000	\$ 180,000,000
Bond Discount	(172,500)	(517,500)
Loans Payable	325,000	385,000
Total Long-Term Debt	<u>\$ 180,152,500</u>	<u>\$ 179,867,500</u>
Compensated Absences	3,868	19,595
Net Pension Liability	227,792	337,003
Net OPEB Liability	14,368	15,792
Total Long-Term Liabilities	<u><u>\$ 180,398,528</u></u>	<u><u>\$ 180,239,889</u></u>

Of these amounts, \$179,896,368 was due within one year. Long-term liabilities increased by \$158,639 over the prior year due to a decrease in bond discount.

For a detailed breakdown of the long-term debt readers are referred to Note 9 to the audited financial statements which follow this analysis.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the Districts' 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 Melissa Hinkemeyer, Secretary-Treasurer, Southeast Cass Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

SOUTHEAST CASS WATER RESOURCE DISTRICT

Statement of Net Position

December 31, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 23,221,945
Cash with Fiscal Agent	18,926,567
Due from County	31,652
Taxes Receivable	57,735
Special Assessments Receivable	8
Intergovernmental Receivable	7,784,155
Miscellaneous Receivables	649,784
Deposits with Clerk of Court	164,500
Certified Special Assessments Receivable	64,624
Uncertified Special Assessments Receivable	400,691
RIMP Loans	11,214,729
Capital Assets, Net	385,613,199
Total Assets	<u>\$ 448,129,589</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pensions and OPEB	<u>153,441</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 448,283,030</u>
LIABILITIES	
Accounts Payable	\$ 694,973
Benefits Payable	458
Interest Payable	147,208
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	179,892,500
Compensated Absences Payable	3,868
Due After One Year	
Long-Term Debt	260,000
Net Pension Liability	227,792
Net OPEB Liability	14,368
Total Liabilities	<u>\$ 181,241,167</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from Pensions and OPEB	<u>182,564</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 181,423,731</u>
NET POSITION	
Net Investment in Capital Assets	\$ 205,460,699
Restricted	
Debt Service	19,517,166
Conservation of Natural Resources	13,987,397
Unrestricted	<u>27,894,037</u>
Total Net Position	<u>\$ 266,859,299</u>

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Conservation of Natural Resources	\$ 10,043,914	\$ 65,867,208	\$ 56,849,056	\$ 112,672,350
Interest on Long-Term Debt	3,412,372	-	-	(3,412,372)
Total Governmental Activities	<u>\$ 13,456,286</u>	<u>\$ 65,867,208</u>	<u>\$ 56,849,056</u>	<u>\$ 109,259,978</u>
General Revenues				
Property Taxes				\$ 5,825,109
Non-restricted Grants and Contributions				202,104
Gain on Sale of Capital Assets				70,680
Interest Earnings				937,636
Miscellaneous Revenue				<u>862,387</u>
Total General Revenues				<u>\$ 7,897,915</u>
Special Item				
Amount to Fiscal Agent/P3 Fund Deposit				<u>\$ (61,775,886)</u>
Change in Net Position				<u>\$ 55,382,008</u>
Net Position - January 1				<u>\$ 211,401,562</u>
Prior Period Adjustment				<u>\$ 75,730</u>
Net Assets - January 1, as restated				<u>\$ 211,477,292</u>
Net Position - December 31				<u>\$ 266,859,300</u>

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Balance Sheet – Governmental Funds

December 31, 2023

	General Fund	Maintenance Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,382,341	\$ 13,567,120	\$ -	\$ 272,484	\$ 23,221,945
Cash with Fiscal Agent	-	-	-	18,926,567	18,926,567
Intergovernmental Receivable	7,784,155	-	-	-	7,784,155
Miscellaneous Receivable	636,846	-	12,938	-	649,784
Deposits with Clerk of Court	164,500	-	-	-	164,500
RIMP Loans	11,214,729	-	-	-	11,214,729
Due from County	21,688	9,964	-	-	31,652
Due from Other Funds	325,217	489,735	-	-	814,951
Taxes Receivable	18,971	38,764	-	-	57,735
Special Assessments Receivable	-	-	-	8	8
Certified Special Assessment Receivable	-	-	-	64,624	64,624
Uncertified Special Assessments Receivable	-	-	-	400,691	400,691
Total Assets	\$ 29,548,447	\$ 14,105,583	\$ 12,938	\$ 19,664,374	\$ 63,331,342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 390,881	\$ 298,805	\$ 5,287	\$ -	\$ 694,973
Benefits Payable	458	-	-	-	458
Due to Other Funds	-	489,735	325,217	-	814,951
Total Liabilities	\$ 391,339	\$ 788,540	\$ 330,503	\$ -	\$ 1,510,382
Deferred Inflows of Resources					
Taxes Receivable	\$ 18,971	\$ 38,764	\$ -	\$ -	\$ 57,735
Special Assessments Receivable	-	-	-	8	8
Certified Special Assessment Receivable	-	-	-	64,624	64,624
Uncertified Special Assessments Receivable	-	-	-	400,691	400,691
Total Deferred Inflows of Resources	\$ 18,971	\$ 38,764	\$ -	\$ 465,323	\$ 523,058
Total Liabilities and Deferred Inflows of Resources	\$ 410,310	\$ 827,304	\$ 330,503	\$ 465,323	\$ 2,033,440
Fund Balances					
Restricted	\$ -	\$ 13,952,500	\$ -	\$ 19,199,051	\$ 33,151,551
Non-spendable	11,214,729	-	-	-	11,214,729
Committed	9,693,985	-	-	-	9,693,985
Unassigned	8,229,423	(674,222)	(317,565)	-	7,237,636
Total Fund Balances	\$ 29,138,137	\$ 13,278,279	\$ (317,565)	\$ 19,199,051	\$ 61,297,901
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,548,447	\$ 14,105,583	\$ 12,938	\$ 19,664,374	\$ 63,331,341

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

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

December 31, 2023

Total <i>Fund Balances</i> for Governmental Funds	\$	61,297,902
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Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	385,613,199
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Property taxes and special assessments receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.

Taxes Receivable	\$	57,735	
Special Assessments Receivable		<u>8</u>	57,743

Long-term uncertified special assessments receivable are not reported in the funds because they are unavailable to pay the current period's expenditures.	465,315
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$	153,441	
Deferred Inflows Related to Pensions and OPEB		<u>(182,564)</u>	(29,123)

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

Long-Term Debt	\$	(180,000,000)	
Unamortized Bond Discount		172,500	
Loan Payable		(325,000)	
Interest Payable		(147,208)	
Compensated Absences		(3,868)	
Net Pension Liability		(227,792)	
Net OPEB Liability		<u>(14,368)</u>	(180,545,737)

Total Net Position - Governmental Activities	\$	<u>266,859,299</u>
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The notes to the financial statements are an integral part of this statement.

SOUTHEAST CASS WATER RESOURCE DISTRICT

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

For the Year Ended December 31, 2023

	General Fund	Maintenance Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 2,123,511	\$ 3,691,678	\$ 4,899	\$ -	\$ 5,820,087
Special Assessments	-	-	-	83,159	83,159
Intergovernmental	57,756,395	267,764	66,694	64,825,482	122,916,335
Interest Income	345,775	475,565	-	116,296	937,636
Miscellaneous	825,630	36,757	-	-	862,387
Total Revenues	\$ 61,051,310	\$ 4,471,764	\$ 71,593	\$ 65,024,937	\$ 130,619,604
EXPENDITURES					
Current					
Conservation of Natural Resources	\$ 62,567,483	\$ 1,867,263	\$ 108,957	\$ -	\$ 64,543,703
Reclassify Negative Interest	-	3,831	-	-	3,831
Capital Outlay	3,439	611,178	34,500	-	649,117
Debt Service					
Principal	-	-	-	60,000	60,000
Interest	-	-	-	873,625	873,625
Service Fees	-	-	-	2,193,747	2,193,747
Total Expenditures	\$ 62,570,922	\$ 2,482,272	\$ 143,457	\$ 3,127,372	\$ 68,324,023
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,519,612)	\$ 1,989,492	\$ (71,864)	\$ 61,897,565	\$ 62,295,581
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 6,763,635	\$ -	\$ 10,982	\$ -	\$ 6,774,617
Sale of Capital Assets	4,804,104	-	-	-	4,804,104
Amount to Fiscal Agent	-	-	-	(91,040,507)	(91,040,507)
Receipt of P3 Reserve Fund Deposit	-	-	-	29,264,621	29,264,621
Transfers Out	(6,761,285)	-	-	(13,332)	(6,774,617)
Total Other Financing Sources (Uses)	\$ 4,806,453	\$ -	\$ 10,982	\$ (61,789,217)	\$ (56,971,782)
Net Change in Fund Balances	\$ 3,286,841	\$ 1,989,492	\$ (60,882)	\$ 108,348	\$ 5,323,799
Fund Balance - January 1	\$ 25,851,296	\$ 11,288,787	\$ (256,683)	\$ 19,090,703	\$ 55,974,102
Fund Balance - December 31	\$ 29,138,137	\$ 13,278,279	\$ (317,565)	\$ 19,199,051	\$ 61,297,902

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

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

Net Change in <i>Fund Balances</i> - Total Governmental Funds	\$	5,323,799
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital Asset Additions	\$	57,914,468	
Current Year Depreciation Expense		(2,774,546)	
Gain on Sale of Capital Assets		70,680	
Sale of Capital Assets		<u>(4,804,104)</u>	50,406,497

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

Repayment of Debt	60,000.00
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Collections on uncertified special assessments is a revenue in the governmental funds, but the collection reduces the long-term receivable in the statement of net position. This is the amount of receivable collection. Issuance of uncertified special assessments increases a long-term receivable via a capital grant/contribution. The issuance of long-term special assessments are not reported in the funds as the assets are not available soon enough after year-end to pay current period expenditures.

Collection on Long-Term Receivable	(81,107)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Decrease in Compensated Absences	\$	15,727	
Amortization of Bond Discounts		(345,000)	

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	\$	109,210	
Decrease in Net OPEB Liability		1,424	
Decrease in Deferred Outflows of Resources Related to Pensions and OPEB		(77,270)	
Increase in Deferred Inflows of Resources Related to Pensions and OPEB		<u>(36,275)</u>	(2,912)

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

	<u>5,003</u>
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Change in Net Position of Governmental Activities	\$	<u>55,382,008</u>
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The notes to the financial statements are an integral part of this statement.

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Southeast Cass Water Resource District (District), West Fargo, North Dakota, a component unit of Cass County, have been prepared in conformity with accounting principles generally accepted in the United States of America (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 is one component unit to be included within the District as a reporting entity.

Component Units

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

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

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

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

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

Maintenance Fund - this fund is used to account for yearly drain maintenance and improvements. Special assessments are levied to 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.

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

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

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 are 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.

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

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

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

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).

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

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 ADJUSTMENT

Correction of Error

Net Position/Fund Balance as of January 1, 2023 has been restated for an adjustment related to certified special assessments receivable. The results of the adjustment increases Net Position and did not change governmental fund balance as a corresponding change in deferred inflows is recognized. The adjustment can be seen below:

	Government Wide	Total Governmental	Debt Service Fund
Beginning Net Position/Fund Balance, as previously reported	\$ 211,401,562	\$ 55,974,102	\$ 19,090,703
Adjustments to restate January 1, 2023 Net Position			
Certified Special Assessments Receivable	75,730	75,730	75,730
Deferred Inflows - Special Assessment Receivable	-	(75,730)	(75,730)
Net Position/Fund Balance January 1, as restated	\$ 211,477,292	\$ 55,974,102	\$ 19,090,703

NOTE 3: DISTRICT ESTABLISHMENT

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

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

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

NOTE 4: DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2023, the District's carrying amount of deposits was \$42,148,512 and the bank balance was \$42,156,839. Of the bank balance, \$310,315 was covered by Federal Depository Insurance, \$18,926,567 were held at the Bank of North Dakota, which is backed by the full faith of the State of North Dakota, while the remaining bank balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 5: DEPOSITS WITH CLERK OF COURT

The Water Resource District is responsible for acquiring properties relating to the Metro Flood Diversion Project. At times, the Water Resource District may exercise its eminent domain powers to acquire properties. The financial statements account for these transactions in the 'Deposits with Clerk of Court' line item, which is an asset.

NOTE 6: RURAL IMPACT MITIGATION PROGRAM (RIMP)

The Water Resource District is responsible for acquiring properties relating to the Metro Flood Diversion Project. Relocation benefits required by the Uniform Relocation Act (the "URA") (and its state-level equivalents) are different for residential properties and business properties. Residential properties are eligible under the URA for the costs to acquire a substitute property, up to a certain amount. There is no similar URA benefit for commercial properties. The differences between treatment of residential and commercial properties under the URA created challenges in negotiating with the owners of active farmsteads and rural businesses. Since these active farmsteads and rural businesses were each unique, the Rural Impact Mitigation Program (RIMP) was developed. The RIMP is a 10-year forgivable loan for active farmsteads and rural businesses being displaced by the project. The RIMP is a voluntary program being implemented by the Cass County Joint Water Resource District but is funded by the Metro Flood Diversion Authority. The financial statements account for these transactions in the 'RIMP Loans' line item, which is an asset. The following table shows the expected asset value by year, after accounting for loan forgiveness.

RIMP Loan	
2023	\$ 11,214,729
2024	11,214,729
2025	11,214,729
2026	10,793,169
2027	9,823,857
2028	7,580,911
2029	5,337,965
2030	3,516,579
2031	1,821,386
2032	1,273,634
2033	-

NOTE 7: 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.

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

NOTE 8: 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	\$ 236,338,683	\$ 37,367,715	\$ 4,804,104	\$ -	\$ 268,902,294
Easements	10,961,154	19,382,362	-	-	30,343,516
Construction in Progress	1,168,327	938,380	-	(1,140,854)	965,852
Total Capital Assets Not Being Depreciated	\$ 248,468,164	\$ 57,688,457	\$ 4,804,104	\$ (1,140,854)	\$ 300,211,662
Capital Assets Being Depreciated					
Facilities	\$ 83,368,182	\$ -	\$ -	\$ -	\$ 83,368,182
Projects	51,686,433	-	-	1,140,854	52,827,287
Equipment	241,135	296,691	-	-	537,826
Total Capital Assets, Being Depreciated	\$ 135,295,750	\$ 296,691.00	\$ -	\$ 1,140,854	\$ 136,733,296
Less Accumulated Depreciation					
Facilities	\$ 36,712,328	\$ 1,667,364	\$ -	\$ -	\$ 38,379,691
Projects	11,688,204	1,033,728	-	-	12,721,932
Equipment	156,681	73,454	-	-	230,135
Total Accumulated Depreciation	\$ 48,557,213	\$ 2,774,545	\$ -	\$ -	\$ 51,331,758
Total Capital Assets Being Depreciated, Net	\$ 86,738,537	\$ (2,477,854)	\$ -	\$ 1,140,854	\$ 85,401,537
Total Capital Assets, Net	\$ 335,206,701	\$ 55,210,602	\$ 4,804,104	\$ -	\$ 385,613,200

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

NOTE 9: 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
Long-Term Debt					
Bonds Payable	\$ 180,000,000	\$ -	\$ -	\$ 180,000,000	\$ 180,000,000
Bond Discount	(517,500)	-	(345,000)	(172,500)	(172,500)
Loans Payable	385,000	-	60,000	325,000	65,000
Total Long-Term Debt	\$ 179,867,500	\$ -	\$ (285,000)	\$ 180,152,500	\$ 179,892,500
Compensated Absences	19,595	12,695	28,422	3,868	3,868
Net Pension Liability	337,003	-	109,210	227,792	-
Net OPEB Liability	15,792	-	1,424	14,368	-
Total Long-Term Liabilities	\$ 180,239,889	\$ 12,695	\$ (145,944)	\$ 180,398,528	\$ 179,896,368

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

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

Year Ending Dec 31	Special Assessment Bonds Payable		Loans Payable		Bond Discount
	Principal	Interest	Principal	Interest	
2024	\$ 180,000,000	\$ 432,000	\$ 65,000	\$ 8,125	\$ (172,500)
2025	-	-	65,000	6,500	-
2026	-	-	70,000	4,875	-
2027	-	-	25,000	3,125	-
2028	-	-	25,000	2,500	-
2029 – 2033	-	-	75,000	3,750	-
2034 – 2038	-	-	-	-	-
TOTALS	\$ 180,000,000	\$ 432,000	\$ 325,000	\$ 28,875	\$ (172,500)

The \$180,000,000 principal payment is related to the Temporary Refunding Improvement Bond 2021A which will be paid largely by the assessment district formed by Fargo Moorhead Diversion Project. The interest rate of the debt is 0.48%. If the assessed district does not collect the expected revenue, sales tax revenue or an additional county levy could be used to satisfy the outstanding debt. Additionally, the debt is expected to be refinanced after year end.

NOTE 10: 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 \$227,792 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 .011813 percent, which was an increase of .000112 percent from its proportion measurement as of June 30, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$12,402. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,417	\$ 1,256
Changes of Assumptions	125,607	172,900
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5,977	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,634	6,528
District Contributions Subsequent to the Measurement Date	5,331	-
Total	\$ 146,965	\$ 180,685

\$5,331 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	\$ (4,973)
2025	(25,472)
2026	4,373
2027	(12,978)
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.

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%
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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	\$ 314,071	\$ 227,792	\$ 156,217

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 11: 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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements – Continued

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 \$14,368 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 District'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 .01437180 percent, which was an increase of .00108280 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the District recognized OPEB expense of \$2,879. 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	\$ 271	\$ 164
Changes of Assumptions	3,064	1,190
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	1,038	-
Changes in Proportion and Differences Between District		
Contributions and Proportionate Share of Contributions	1,249	525
District Contributions Subsequent to the Measurement Date	854	-
Total	\$ 6,476	\$ 1,879

\$854 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.

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

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	\$ 1,221
2025	1,119
2026	1,705
2027	(302)
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.

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	\$ 18,883	\$ 14,368	\$ 10,567

NOTE 12: DEFICIT CASH FUND BALANCES

The District had the following deficit cash fund balances at December 31, 2023:

Funds	Amounts
Capital Project Fund	\$ (325,217)

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

NOTE 13: JOINT VENTURES

Red River Joint Water Resource District

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

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

Total Assets	\$ 20,817,974
Total Liabilities	78,968
Net Position	\$ 20,739,006
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.

Metro Flood Diversion Authority

In June of 2011, the Cass County Joint Water Resource District, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN, Cass County of ND, and the Buffalo Red River Watershed District entered into a joint powers agreement for the purpose of building and operating a flood diversion channel along the Red River of the North to reduce the flood

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Financial Statements – Continued

risk of the stakeholder communities and counties. The Diversion Authority and its members worked with the United States Army Corps of Engineers on the FM Metro Flood Risk Management Feasibility Study to develop the flood diversion channel project plan.

This joint powers agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members to this Agreement. Additional information regarding the authority may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108.

NOTE 14: RISK MANAGEMENT

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

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

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

NOTE 15: CONSTRUCTION COMMITMENTS

The District had the open construction contracts with balances owing at December 31, 2023.

Location	Project	Contract Amount	Total Completed	Retainage	Liquidated Damages	Remaining Balance
Drain # 3 and #10	Improvement Project	\$ 600,000	\$ 291,000	\$ -	\$ -	\$ 309,000
Drain #27	Improvement Project	270,000	135,000	-	-	135,000
	Total	\$ 870,000	\$ 426,000	\$ -	\$ -	\$ 444,000

NOTE 16: 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	\$ 6,763,635	\$ 6,761,285
Capital Project Fund	10,982	-
Debt Service Fund	-	13,332
Total Transfers	\$ 6,774,617	\$ 6,774,617

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.

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

NOTE 17: SUBSEQUENT EVENTS

The District refunded the Temporary Refunding Improvement Bonds Series 2024A in the original aggregate principal amount of \$180,000,000 on March 14, 2024. Estimated interest payments until 2027 are estimates at \$6,210,000 annually with the principal payment of \$180,000,000 due on April 1, 2027. The \$180,000,000 principal payment will be paid largely by the assessment district formed by Fargo Moorhead Diversion Project. If the assessed district does not collect the expected revenue, sales tax revenue or an additional county levy could be used to satisfy the outstanding debt.

NOTE 18: FUND BALANCES

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

	General Fund	Maintenance Fund	Capital Projects Fund	Debt Service Fund	Total
Fund Balances:					
Restricted for:					
SMFCD #1 Maintenance	\$ -	\$ 1,089,366.42	\$ -	\$ -	\$ 1,089,366
Drain #21M	-	885,429	-	-	885,429
Drain #21C	-	168,711	-	-	168,711
SC-1 (Drain #3M, #9M and #10M)	-	2,864,631	-	-	2,864,631
SC-2 (Drain #27M and #53M)	-	5,369,477	-	-	5,369,477
Drain #35M	-	462	-	-	462
Drain #40M	-	2,099,036	-	-	2,099,036
Drain #45M	-	1,407,091	-	-	1,407,091
Drain #50M	-	1,345	-	-	1,345
Country Acres Improvement 2001-6	-	27,978	-	-	27,978
Normanna Township Improve. No. 60	-	15,365	-	-	15,365
Harwood Township Improve No. 65	-	23,610	-	-	23,610
St. Benedict Prin & Int	-	-	-	43,304	43,304
Bakke Subdivision Sewer Impr. #2005-2	-	-	-	64,055	64,055
Round Hill Sanitary Sewer P & I	-	-	-	161,489	161,489
Wild Rice River Estates Bank Stabilization	-	-	-	3,636	3,636
Amount to Fiscal Agent	-	-	-	18,926,566	18,926,566
Total Restricted	-	13,952,501	-	19,199,050	33,151,551
Nonspendable to:					
General Fund - RIMP Loans	11,214,729	-	-	-	11,214,729
Committed to:					
SE Cass WRD Obligated Funds	9,693,985	-	-	-	9,693,985
Unassigned:					
SMFCD #2 Maintenance	-	(292,918)	-	-	(292,918)
Maple River Dam Maintenance	-	(168,805)	-	-	(168,805)
Drain #47M	-	(157,540)	-	-	(157,540)
Drain #51M	-	(18,352)	-	-	(18,352)
Lake Bertha Flood Control Project No. 75	-	(34,782)	-	-	(34,782)
Raymond-Mapleton Township Imp No. 76	-	(1,824)	-	-	(1,824)
Commerce on I-29 Sewer Improvements	-	-	(51,266)	-	(51,266)
Round Hill Sewer Imp. District No. 2010-1	-	-	(1,477)	-	(1,477)
Bakke Sewer System	-	-	(13,540)	-	(13,540)
Wild Rice River Estates Bank Stablz Constr.	-	-	(47,396)	-	(47,396)
Oxbow-Hickson-Bakke Ring Levee Constr.	-	-	(3,278)	-	(3,278)
Lake Bertha Flood Control Project No 75	-	-	(11,330)	-	(11,330)
Raymond-Mapleton Twp Imp District No 76	-	-	(79,143)	-	(79,143)
Sheldon Subdivision Ring Levee Project	-	-	(110,135)	-	(110,135)
General Fund	8,229,423	-	-	-	8,229,423
Total Unassigned	8,229,423	(674,222)	(317,565)	-	7,237,636
Total Fund Balances	\$ 29,138,137	\$ 13,278,279	\$ (317,565)	\$ 19,199,050	\$ 61,297,901

SOUTHEAST 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	\$ 2,015,150	\$ 2,015,150	\$ 2,123,511	\$ 108,361
Intergovernmental	686,055	58,833,355	57,756,395	(1,076,960)
Interest Income	65,000	65,000	345,775	280,775
Miscellaneous	30,000	1,530,000	825,630	(704,370)
Total Revenues	\$ 2,796,205	\$ 62,443,505	\$ 61,051,310	\$ (1,392,195)
EXPENDITURES				
Current				
Conservation of Natural Resources	\$ 2,796,205	\$ 70,596,205	\$ 62,567,483	\$ 8,028,722
Capital Outlay	-	-	3,439	(3,439)
Total Expenditures	\$ 2,796,205	\$ 70,596,205	\$ 62,570,922	\$ 8,025,283
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (8,152,700)	\$ (1,519,612)	\$ 6,633,088
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 6,739,000	\$ 6,763,635	\$ 24,635
Sale of Capital Assets	-	-	4,804,104	4,804,104
Transfers Out	-	(5,079,000)	(6,761,285)	(1,682,285)
Total Other Financing Sources (Uses)	\$ -	\$ 1,660,000	\$ 4,806,453	\$ 3,146,453
Net Changes in Fund Balances	-	(6,492,700)	3,286,841	9,779,541
Fund Balance - January 1	\$ 25,851,296	\$ 25,851,296	\$ 25,851,296	\$ -
Fund Balance - December 31	\$ 25,851,296	\$ 19,358,596	\$ 29,138,137	\$ 9,779,541

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

SOUTHEAST 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	\$ 3,759,275	\$ 4,298,170	\$ 3,691,678	\$ (606,492)
Intergovernmental	-	-	267,764	267,764
Interest Income	-	-	475,565	475,565
Miscellaneous	-	-	36,757	36,757
Total Revenues	\$ 3,759,275	\$ 4,298,170	\$ 4,471,764	\$ 173,594
EXPENDITURES				
Current				
Conservation of Natural Resources	\$ 8,614,200	\$ 3,536,300	\$ 1,867,263	\$ 1,669,037
Reclassify Negative Interest	-	-	3,831	(3,831)
Capital Outlay	-	-	611,178	(611,178)
Total Expenditures	\$ 8,614,200	\$ 3,536,300	\$ 2,482,272	\$ 1,054,028
Excess (Deficiency) of Revenues Over Expenditures	(4,854,925)	761,870	1,989,492	1,227,622
Net Changes in Fund Balances	(4,854,925)	761,870	1,989,492	1,227,622
Fund Balance - January 1	\$ 10,991,223	\$ 10,986,609	\$ 11,288,787	\$ 302,178
Fund Balance - December 31	\$ 6,136,298	\$ 11,748,479	\$ 13,278,279	\$ 1,529,800

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

SOUTHEAST 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	0.011813%	\$ 227,792	\$ 144,463	157.68%	65.31%
2022	0.011701%	337,003	135,832	248.10%	54.47%
2021	0.011585%	120,748	131,188	92.04%	78.26%
2020	0.016416%	363,800	127,562	285.19%	48.91%
2019	0.014256%	167,090	148,284	112.68%	71.66%
2018	0.014155%	238,874	145,412	164.27%	62.80%
2017	0.014279%	229,517	145,771	157.45%	61.98%
2016	0.011759%	114,601	118,501	96.71%	70.46%
2015	0.013532%	92,018	120,559	76.33%	77.15%
2014	0.014101%	89,500	118,779	75.35%	77.70%

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

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

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Schedule of 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	0.014372%	\$ 14,368	\$ 144,463	9.95%	62.74%
2022	0.013157%	15,792	135,832	11.63%	56.28%
2021	0.012033%	6,692	131,188	5.10%	76.63%
2020	0.011190%	9,413	127,562	7.38%	63.38%
2019	0.013289%	10,673	148,284	7.20%	63.13%
2018	0.013289%	10,466	145,412	7.20%	61.89%
2017	0.013474%	10,658	145,771	7.31%	59.78%

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

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

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Required Supplementary Information

For the Year Ended December 31, 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 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	\$ 2,796,205	\$ 66,386,300	\$ 69,182,505
Maintenance Fund	3,759,275	538,895	4,298,170
Capital Project Fund	4,710	79,080	83,790

Fund	EXPENDITURES & TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 2,796,205	\$ 72,879,000	\$ 75,675,205
Maintenance Fund	8,614,200	(5,077,900)	3,536,300
Capital Project Fund	-	155,800	155,800
Debt Service Fund	79,700	5,200	84,900

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.

SOUTHEAST CASS WATER RESOURCE DISTRICT

Notes to the Required Supplementary Information - Continued

For the Year Ended December 31, 2023

NOTE 4: CHANGES OF BENEFIT TERMS - PENSION AND OPEB**Pension**

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

OPEB

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

NOTE 5: CHANGES OF ASSUMPTIONS - PENSION AND OPEB

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Schedule of Fund Activity – Cash Basis

For the Year Ended December 31, 2023

	Balance 1-1-23	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-23
General Fund							
General Fund	\$ 1,866.59	\$ 65,326,321.45	\$ 5,258,799.50	\$ -	\$ 1,504,835.00	\$ 69,069,037.82	\$ 13,114.72
SE Cass WRD Obligated Funds	13,445,884.14	-	1,504,835.00	-	5,256,450.00	284.50	9,693,984.64
Total General Fund	\$ 13,447,750.73	\$ 65,326,321.45	\$ 6,763,634.50	\$ -	\$ 6,761,285.00	\$ 69,069,322.32	\$ 9,707,099.36
Maintenance Fund							
SMFCD #1 Maintenance	\$ 477,067.36	\$ 1,064,634.91	\$ -	\$ -	\$ -	\$ 420,110.44	\$ 1,121,591.83
SMFCD #2 Maintenance	503,903.26	242,816.59	-	-	-	1,025,804.52	(279,084.67)
Maple River Dam Maintenance	332,087.15	367,270.00	-	-	-	691,291.56	8,065.59
Drain #21M	682,571.92	254,511.65	-	-	-	39,457.57	897,626.00
Drain #21C	200,604.29	61,138.41	-	-	-	91,318.26	170,424.44
SC-1 (Drain #3M, #9M and #10M)	2,150,503.61	1,167,807.80	-	-	-	418,847.04	2,899,464.37
SC-2 (Drain #27M and #53M)	5,167,545.10	449,741.33	-	-	-	242,242.86	5,375,043.57
Drain #35M	34,269.28	22,612.78	-	-	-	55,910.05	972.01
Drain #40M	1,505,511.60	668,505.59	-	-	-	71,234.99	2,102,782.20
Drain #45M	1,346,329.83	110,345.61	-	-	-	45,243.58	1,411,431.86
Drain #47M	10,155.32	21,454.79	-	-	-	189,150.29	(157,540.18)
Drain #50M	13,192.32	8,928.02	-	-	-	19,620.08	2,500.26
Drain #51M	(16,949.11)	17,619.79	-	-	-	17,174.46	(16,503.78)
Country Acres Improvement 2001-6	26,400.61	1,576.80	-	-	-	-	27,977.41
Normanna Township Improve. No. 60	49,178.31	7,873.58	-	-	-	41,687.05	15,364.84
Harwood Township Improve No. 65	22,800.21	1,322.76	-	-	-	512.50	23,610.47
Lake Bertha Flood Control Project No. 75	4,614.55	2,620.85	-	-	-	42,017.18	(34,781.78)
Raymond-Mapleton Township Imp No. 76	(1,490.66)	-	-	-	-	333.45	(1,824.11)
Total Maintenance Fund	\$ 12,508,294.95	\$ 4,470,781.26	\$ -	\$ -	\$ -	\$ 3,411,955.88	\$ 13,567,120.33
Capital Projects Fund							
Commerce on I-29 Sewer Improvements	\$ (32,406)	\$ -	\$ -	\$ -	\$ -	\$ 17,322.16	\$ (49,728.44)
Round Hill Sewer Imp. District No. 2010-1	(1,477.28)	-	-	-	-	-	(1,477.28)
Bakke Sewer System	(13,539.90)	-	-	-	-	-	(13,539.90)
Wild Rice River Estates Bank Stabiliz Cons	(58,378.33)	-	10,982.03	-	-	-	(47,396.30)
Oxbow-Hickson-Bakke Ring Levee Constr.	(2,897.01)	68,193.55	-	-	-	65,154.05	142.49
Lake Bertha Flood Control Project No 75	(15,698.48)	4,368.71	-	-	-	-	(11,329.77)
Raymond-Mapleton Twp Imp District No 76	(79,673.14)	529.91	-	-	-	-	(79,143.23)
Sheldon Subdivision Ring Levee Project	(49,343.49)	-	-	-	-	73,401	(122,744.11)
Total Capital Project Fund	\$ (253,413.91)	\$ 73,092.17	\$ 10,982.03	\$ -	\$ -	\$ 155,876.83	\$ (325,216.54)
Debt Service Fund							
St. Benedict Prin & Int	\$ 43,303.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,303.80
Bakke Subdivision Sewer Impr. #2005-2	67,058.47	41,946.81	-	-	-	44,950.00	64,055.28
Round Hill Sanitary Sewer P & I	151,802.31	36,286.86	-	-	-	26,600.00	161,489.17
Wild Rice River Estates Bank Stabilization	3,143.47	13,823.99	-	-	13,331.53	-	3,635.93
Amount to Fiscal Agent	18,825,395	64,932,879.28	-	-	-	64,831,707.44	18,926,566.74
Refinanced Debt	-	-	-	-	-	-	-
Total Debt Service Fund	\$ 19,090,702.95	\$ 65,024,936.94	\$ -	\$ -	\$ 13,331.53	\$ 64,903,257.44	\$ 19,199,050.92
Total Governmental Funds	\$ 44,793,334.72	\$ 134,895,131.82	\$ 6,774,616.53	\$ -	\$ 6,774,616.53	\$ 137,540,412.47	\$ 42,148,054.07

SOUTHEAST CASS WATER RESOURCE DISTRICT

Combining Balance Sheet – Maintenance Fund

For the Year Ended December 31, 2023

	SMFCD #1 Maint	SMFCD #2 Maint	MR Dam Maint	Drain #21M	Drain #21C	SC-1 (Dr 3,9 & 10)	SC-2 (Dr 27 & 53)
ASSETS							
Cash and Cash Equivalents	\$ 842,507	\$ -	\$ 8,066	\$ 897,626	\$ 170,424	\$ 2,899,464	\$ 5,375,044
Taxes Receivable	10,556	1,633	2,517	3,517	973	15,504	2,148
Due from County	2,524	831	907	-	-	3,293	642
Due from Other Funds	279,085	-	-	-	-	-	-
Total Assets	<u>\$ 1,134,672</u>	<u>\$ 2,464</u>	<u>\$ 11,490</u>	<u>\$ 901,143</u>	<u>\$ 171,398</u>	<u>\$ 2,918,261</u>	<u>\$ 5,377,834</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 34,750	\$ 14,664	\$ 177,778	\$ 12,197	\$ 1,714	\$ 38,126	\$ 6,210
Due to Other Funds	-	279,085	-	-	-	-	-
Total Liabilities	<u>\$ 34,750</u>	<u>\$ 293,749</u>	<u>\$ 177,778</u>	<u>\$ 12,197</u>	<u>\$ 1,714</u>	<u>\$ 38,126</u>	<u>\$ 6,210</u>
Deferred Inflows of Resources							
Taxes Receivable	10,556	1,633	2,517	3,517	973	15,504	2,148
Total Liabilities and Deferred Inflows of Resources	<u>\$ 45,306</u>	<u>\$ 295,382</u>	<u>\$ 180,296</u>	<u>\$ 15,714</u>	<u>\$ 2,687</u>	<u>\$ 53,630</u>	<u>\$ 8,358</u>
Fund Balances							
Restricted	\$ 1,089,366	\$ -	\$ -	\$ 885,429	\$ 168,711	\$ 2,864,631	\$ 5,369,477
Unassigned	-	(292,918)	(168,805)	-	-	-	-
Total Fund Balances	<u>\$ 1,089,366</u>	<u>\$ (292,918)</u>	<u>\$ (168,805)</u>	<u>\$ 885,429</u>	<u>\$ 168,711</u>	<u>\$ 2,864,631</u>	<u>\$ 5,369,477</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,134,672</u>	<u>\$ 2,464</u>	<u>\$ 11,490</u>	<u>\$ 901,143</u>	<u>\$ 171,398</u>	<u>\$ 2,918,261</u>	<u>\$ 5,377,834</u>

SOUTHEAST CASS WATER RESOURCE DISTRICT
Combining Balance Sheet – Maintenance Fund – Continued

Drain #35M	Drain #40M	Drain #45M	Drain #47M	Drain #50M	Drain #51M	County Acres 2001-6	Normanna Twp. #60	Holmen's Storm- water	Harwood Twp. Impr. #65	Lake Bertha Flood Control District #75	Raymond- Mapleton Twp Imp #76	Total Maintenance Fund
\$ 972	\$ 2,102,782	\$ 1,200,782	\$ -	\$ 2,500	\$ -	\$ 27,977	\$ 15,365	\$ -	\$ 23,610	\$ -	\$ -	\$ 13,567,120
-	1,484	282	26	-	-	113	-	-	-	9	-	38,764.36
-	810	956	-	-	-	-	-	-	-	-	-	9,963
-	-	210,650	-	-	-	-	-	-	-	-	-	489,735
\$ 972	\$ 2,105,076	\$ 1,412,670	\$ 26	\$ 2,500	\$ -	\$ 28,090	\$ 15,365	\$ -	\$ 23,610	\$ 9	\$ -	\$ 14,105,583
\$ 510	\$ 4,556	\$ 5,298	\$ -	\$ 1,155	\$ 1,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,805
-	-	-	157,540	-	16,504	-	-	-	-	34,782	1,824	489,735
\$ 510	\$ 4,556	\$ 5,298	\$ 157,540	\$ 1,155	\$ 18,352	\$ -	\$ -	\$ -	\$ -	\$ 34,782	\$ 1,824	\$ 788,540
-	1,484	282	26	-	-	113	-	-	-	9	-	38,764
\$ 510	\$ 6,040	\$ 5,580	\$ 157,566	\$ 1,155	\$ 18,352	\$ 113	\$ -	\$ -	\$ -	\$ 34,791	\$ 1,824	\$ 827,304
\$ 462	\$ 2,099,036	1,407,091	\$ -	\$ 1,345	\$ -	\$ 27,977	\$ 15,365	\$ -	\$ 23,610	\$ -	\$ -	\$ 13,952,500
-	-	-	(157,540)	-	(18,352)	-	-	-	-	(34,782)	(1,824)	(674,222)
\$ 462	\$ 2,099,036	\$ 1,407,091	\$ (157,540)	\$ 1,345	\$ (18,352)	\$ 27,977	\$ 15,365	\$ -	\$ 23,610	\$ (34,782)	\$ (1,824)	\$ 13,278,279
\$ 972	\$ 2,105,076	\$ 1,412,670	\$ 26	\$ 2,500	\$ -	\$ 28,090	\$ 15,365	\$ -	\$ 23,610	\$ 9	\$ -	\$ 14,105,583

SOUTHEAST CASS WATER RESOURCE DISTRICT

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

	SMFCD #1 Maint	SMFCD #2 Maint	MR Dam Maint	Drain #21M	Drain #21C	SC-1 (Dr 3, 9 & 10)	SC-2 (Dr 27 & 53)
REVENUES							
Taxes	\$ 1,017,877	\$ 239,923	\$ 336,386	\$ 223,087	\$ 52,027	\$ 1,069,700	\$ 268,867
Intergovernmental	-	-	-	-	2,593	-	-
Miscellaneous	4,964	6,382	24,769	-	-	-	-
Interest Income	40,973	(3,246)	6,864	29,963	6,518	98,772	181,116
Total Revenues	\$ 1,063,815	\$ 243,060	\$ 368,018	\$ 253,050	\$ 61,138	\$ 1,168,471	\$ 449,984
EXPENDITURES							
Current							
Conservation of Natural Resources	\$ 397,349	\$ 270,079	\$ 731,261	\$ 51,655	\$ 37,802	\$ 149,929	\$ 70,295
Reclassify Negative interest income	-	3,246	-	-	-	-	-
Capital Outlay	-	-	-	-	-	279,551	160,519
Total Expenditures	\$ 397,349	\$ 273,325	\$ 731,261	\$ 51,655	\$ 37,802	\$ 429,481	\$ 230,813
Excess (Deficiency) of Revenues Over Expenditures	\$ 666,466	\$ (30,265)	\$ (363,243)	\$ 201,395	\$ 23,336	\$ 738,991	\$ 219,170
Net Change in Fund Balances	666,466	(30,265)	(363,243)	201,395	23,336	738,991	219,170
Fund Balance - January 1	\$ 422,901	\$ (262,653)	\$ 194,437	\$ 684,034	\$ 145,375	\$ 2,125,640	\$ 5,150,306
Fund Balance - December 31	\$ 1,089,366	\$ (292,918)	\$ (168,805)	\$ 885,429	\$ 168,711	\$ 2,864,631	\$ 5,369,477

SOUTHEAST CASS WATER RESOURCE DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Maintenance Fund – Continued

Drain #35M	Drain #40M	Drain #45M	Drain #47M	Drain #50M	Drain #51M	County Acres 2001-6	Normanna Twp #60	Holmen's Stormwater	Harwood Twp Imp #65	Lake Bertha Flood Control District #75	Raymond- Mapleton Twp Imp #76	Total Maintenance Fund
\$ 22,488	\$ 345,458	\$ 63,765	\$ 21,203	\$ 5,533	\$ 14,490	\$ 651	\$ 7,287	\$ -	\$ 530	\$ 2,406	\$ -	\$ 3,691,678
-	258,825	-	-	3,216	3,129	-	-	-	-	-	-	267,764
-	-	-	-	-	586	-	-	-	-	-	56	36,757
124	64,633	47,537	252	179	(586)	926	587	-	793	215	(56)	475,565
\$ 22,613	\$ 668,916	\$ 111,302	\$ 21,455	\$ 8,928	\$ 17,620	\$ 1,577	\$ 7,874	\$ -	\$ 1,323	\$ 2,621	\$ -	\$ 4,471,764
\$ 4,485	\$ 23,643	\$ 49,370	\$ 18,799	\$ 9,142	\$ 5,710	\$ -	\$ 4,881	\$ -	\$ 513	\$ 42,017	\$ 333	\$ 1,867,263
-	-	-	-	-	586	-	-	-	-	-	-	3,831
-	3,623	-	167,485	-	-	-	-	-	-	-	-	611,178
\$ 4,485	\$ 27,266	\$ 49,370	\$ 186,284	\$ 9,142	\$ 6,295	\$ -	\$ 4,881	\$ -	\$ 513	\$ 42,017	\$ 333	\$ 2,482,272
\$ 18,128	\$ 641,650	\$ 61,932	\$ (164,829)	\$ (214)	\$ 11,325	\$ 1,577	\$ 2,993	\$ -	\$ 810	\$ (39,396)	\$ (333)	\$ 1,989,492
18,128	641,650	61,932	(164,829)	(214)	11,325	1,577	2,993	-	810	(39,396)	(333)	1,989,492
\$ (17,666)	\$ 1,457,387	\$ 1,345,159	\$ 7,289	\$ 1,559	\$ (29,676)	\$ 26,401	\$ 12,372	\$ -	\$ 22,800	\$ 4,615	\$ (1,491)	\$ 11,288,787
\$ 462	\$ 2,099,036	\$ 1,407,091	\$ (157,540)	\$ 1,345	\$ (18,352)	\$ 27,978	\$ 15,365	\$ -	\$ 23,610	\$ (34,782)	\$ (1,824)	\$ 13,278,279

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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
Southeast Cass Cass Water Resource District
West Fargo, North Dakota

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

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

SOUTHEAST CASS WATER RESOURCE DISTRICT

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

Report on Compliance and Other Matters

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

Southeast Cass Water Resource District's Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
June 6, 2024

SOUTHEAST 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

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

Effect

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

Cause

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

Criteria

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

.

Repeat Finding

Yes.

Recommendation

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

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

Southeast Cass Water Resource District's Response

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

SOUTHEAST CASS WATER RESOURCE DISTRICT

Schedule of Audit Findings – Continued

For the Year Ended December 31, 2023

2023-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**Condition**

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

Effect

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

Cause

Southeast Cass Water Resource District does not have sufficient procedures in place to ensure an accurate listing of special assessments receivable and capital assets which include retainage payable which are used in the preparation of its financial statements.

Criteria

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

Repeat Finding

No.

Recommendation

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

Southeast Cass Water Resource District's Response

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

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GOVERNANCE COMMUNICATION

June 6, 2024

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

We have audited the financial statements of the governmental activities, and each major fund of Southeast 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 Southeast 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 Southeast 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.

SOUTHEAST CASS WATER RESOURCE DISTRICT

Governance Communication – Continued

For the Year Ended December 31, 2023

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

	Audit Adjustments	
	Debit	Credit
General Fund		
<u>To remove Deposits with Clerk of Court Refund</u>		
Expenditures	3,222,800	-
Other Financing Sources	-	3,222,800
Debt Service Fund		
<u>To record adjustment for Certified Special Assessment Receivable</u>		
Certified Special Assessment Receivable	64,624	-
Deferred Inflows - Certified Special Assessments	-	64,624
Government Wide Adjustments		
<u>To Record Prior Period Adjustment for Certified Special Assessment Receivable</u>		
Certified Special Assessment Receivable	75,730	-
Net Position	-	75,730
<u>To record change in Certified Special Assessment Receivable</u>		
Net Position	11,106	-
Certified Special Assessment Receivable	-	11,106
<u>To Record Capital Assets, Net</u>		
Capital Assets, Net	123,600	-
Net Position	-	123,600
<u>To remove Deposits with Clerk of Court Refund</u>		
Revenue	3,222,800	-
Expenditures	-	3,222,800
<u>To record Gain on Sale of Capital Assets</u>		
Revenue	70,680	-
Expenditures	-	70,680

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 FundTo Adjust Intergovernmental Receivables

Revenue	12,105	-
Intergovernmental Receivable	-	12,105

SOUTHEAST CASS WATER RESOURCE DISTRICT

Governance Communication – Continued

For the Year Ended December 31, 2023

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 Southeast 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 Southeast Cass Water Resource District board members and management of Southeast 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 Southeast 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 Southeast 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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