



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

2022 Annual Financial Report of **City of Forest River**



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HAVE QUESTIONS? ASK US.

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Basic Review Summary

We have reviewed the cash basis Annual Financial Report for the city of Forest River for the year ended 2022. This review was done under the authority of North Dakota Century Code 54-10-14. These reviews are limited in scope and are not completed under the Auditing or Attestation standards issued by the American Institute of Certified Public Accountants.

This review was limited to verifying the following:

- Fund balances submitted on the Annual Financial Report agreed to the balances held at the bank.
- Long-term debt reported agrees to debt statements.
- Required fund breakouts are reported.

During the basic review, we identified that bank balances didn't agree to total balances reported on the Annual Financial Report.

Additional procedures for the bank balances were completed. We received a listing of outstanding checks and deposits at the year end. These were verified with accounting records to ensure they were an outstanding item that would impact the Annual Financial Report. There were additional differences identified.

We determined the total amount of revenue and expenditures from bank records. We performed a comparison between the bank records and the accounting records and identified the transactions that were not recorded to the accounting ledger. Finally, we reviewed the support for those transactions to ensure nothing appeared unusual.

Any comments from the Basic Review are included at the back of the report.

North Dakota State Auditor's Office
Bismarck, North Dakota
August 5, 2025



	General Fund	Enterprise Fund	Total Funds
Receipts			
General Property Taxes	\$ 10,135	\$ -	\$ 10,135
Highway Taxes	6,296	-	6,296
All Other Taxes	208	-	208
Total Taxes	<u>16,639</u>	<u>-</u>	<u>16,639</u>
Licenses And Permits	1,000	-	1,000
Total Licenses And Permits, And Fees	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Grants From Federal Government	9,632	-	9,632
State Aid Distribution	10,162	-	10,162
Total Intergovernmental	<u>19,794</u>	<u>-</u>	<u>19,794</u>
Municipal Utilities	39,066	-	39,066
Total Service Revenue	<u>39,066</u>	<u>-</u>	<u>39,066</u>
Interest And Dividends	55	92	147
Donations	500	-	500
Charitable Gaming And Fundraising	3,180	-	3,180
Insurance Proceeds	467	-	467
Loan Proceeds	36,770	-	36,770
All Other Miscellaneous Receipts	6,049	-	6,049
Total Miscellaneous Receipts	<u>47,022</u>	<u>92</u>	<u>47,114</u>
Total Receipts	<u>\$ 123,521</u>	<u>\$ 92</u>	<u>\$ 123,612</u>

	General Fund	Enterprise Fund	Total Funds
Disbursements			
Payroll And Benefits	\$ 5,400	\$ -	\$ 5,400
Insurance	2,726	-	2,726
Utilities	6,328	-	6,328
Other Operating	1,436	-	1,436
Total Personnel And Administrative	<u>15,890</u>	<u>-</u>	<u>15,890</u>
Equipment	3,645	-	3,645
Infrastructure	35,520	-	35,520
Repairs And Maintenance	18,431	-	18,431
Total Capital And Infrastructure	<u>57,596</u>	<u>-</u>	<u>57,596</u>
Debt Payments	5,831	-	5,831
Total Debt	<u>5,831</u>	<u>-</u>	<u>5,831</u>
Municipal Utilities	37,925	-	37,925
Other	4,732	-	4,732
Total Cost Of Service Revenue	<u>42,657</u>	<u>-</u>	<u>42,657</u>
Culture And Recreation	712	-	712
Fire Protection	3,689	-	3,689
Police Protection	1,962	-	1,962
Total Functional	<u>6,363</u>	<u>-</u>	<u>6,363</u>
Total Disbursements	<u>\$ 128,338</u>	<u>\$ -</u>	<u>\$ 128,338</u>
Transfers In	\$ -	\$ 5,025	\$ 5,025
Transfers Out	5,025	-	5,025
Total Transfers	<u>(5,025)</u>	<u>5,025</u>	<u>-</u>
Beginning Fund Balance	\$ 78,259	\$ 29,571	\$ 107,829
Current Year Activity	(4,817)	92	(4,725)
Adjustment To Fund Balance (Sao Use)	(89)	-	(89)
Ending Fund Balance	<u>\$ 68,328</u>	<u>\$ 34,688</u>	<u>\$ 103,015</u>



Comments Letter

Highway Tax Dollars - Not in its own Fund (2022)

During review of the annual financial report, Highway tax revenue was received and deposited into the General Fund.

North Dakota Century Code 54-27-19(5) requires all highway tax funds to be deposited into a separate fund by cities.

Suggested Change:

The entity should track revenues and expenditures related to highway tax revenue in a Highway Tax Fund.

Enterprise Funds Reported in the General Fund (2022)

Municipal utility fund revenues and expenditures were reported in the General Fund.

Under GASB Statement 34, enterprise funds are used to report activities where fees are charged to external users for goods or services, and the costs of providing those services.

Suggested Change:

An enterprise fund should be created to track revenues and expenditures of municipal utility services provided.

Inaccurate Reporting of Revenues and Expenditures (2022)

It is noted that the annual report submitted for the entity does not tie to the bank statements at the end of the year, nor are revenues or expenditures recorded accurately.

Suggested Change:

Adjustments were made to the annual financial report to reflect the missing revenues and/or expenditures. The entity should record all revenues and expenditures throughout the year to ensure the accuracy of the annual financial report.



Office of the
State Auditor

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