



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

2023 Annual Financial Report of **City of Arthur**



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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 Arthur for the year ended 2023. 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 did agree to total balances reported on the Annual Financial Report.

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

North Dakota State Auditor's Office
Bismarck, North Dakota
May 15, 2025



	Special Revenue			Debt Service		Capital Project		
	General Fund	Fund	Enterprise Fund	Fund	Fund	Custodial Fund	Total Funds	
Receipts								
General Property Taxes	\$ 78,975.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,975.88	
Highway Taxes	-	20,400.19	-	-	-	-	20,400.19	
All Other Taxes	573.69	-	-	-	-	-	573.69	
Total Taxes	79,549.57	20,400.19	-	-	-	-	99,949.76	
Licenses And Permits	320.00	-	-	-	-	-	320.00	
Total Licenses And Permits, And Fees	320.00	-	-	-	-	-	320.00	
Grants From Local Governments	9,200.00	-	-	-	-	-	9,200.00	
State Aid Distribution	84,680.47	10,908.62	-	-	-	-	95,589.09	
Total Intergovernmental	93,880.47	10,908.62	-	-	-	-	104,789.09	
Municipal Utilities	-	-	242,516.07	13,225.52	-	-	255,741.59	
Other	283.00	7,000.00	-	28,386.96	-	-	35,669.96	
Total Service Revenue	283.00	7,000.00	242,516.07	41,612.48	-	-	291,411.55	
Interest And Dividends	652.83	179.06	406.75	164.33	-	5.22	1,408.19	
All Other Miscellaneous Receipts	15,674.64	-	11,771.80	-	-	-	27,446.44	
Total Miscellaneous Receipts	16,327.47	179.06	12,178.55	164.33	-	5.22	28,854.63	
Total Receipts	\$ 190,360.51	\$ 38,487.87	\$ 254,694.62	\$ 41,776.81	\$ -	\$ 5.22	\$ 525,325.03	
Disbursements								
Payroll And Benefits	\$ 49,956.45	\$ 5,430.85	\$ 49,611.96	\$ -	\$ -	\$ -	\$ 104,999.26	
Insurance	5,674.44	-	-	-	-	-	5,674.44	
Utilities	7,003.91	8,753.94	8,343.57	-	-	-	24,101.42	
Other Operating	38,577.99	-	2,590.46	658.69	-	-	41,827.14	
Total Personnel And Administrative	101,212.79	14,184.79	60,545.99	658.69	-	-	176,602.26	
Equipment	-	-	-	-	6,000.00	-	6,000.00	
Infrastructure	-	11,605.69	-	-	-	-	11,605.69	
Repairs And Maintenance	9,816.21	17,425.00	10,503.73	-	-	-	37,744.94	
Total Capital And Infrastructure	9,816.21	29,030.69	10,503.73	-	6,000.00	-	55,350.63	
Debt Payments	-	-	-	100,499.35	-	-	100,499.35	
Total Debt	-	-	-	100,499.35	-	-	100,499.35	
Municipal Utilities	-	-	76,143.53	-	-	-	76,143.53	
Recreational	3,920.02	-	-	-	-	-	3,920.02	
Total Cost Of Service Revenue	3,920.02	-	76,143.53	-	-	-	80,063.55	
Culture And Recreation	13,049.07	-	-	-	-	-	13,049.07	
Total Functional	13,049.07	-	-	-	-	-	13,049.07	
Custodial Pass-Through	-	-	-	-	-	3,803.98	3,803.98	
Total Miscellaneous	-	-	-	-	-	3,803.98	3,803.98	
Total Disbursements	\$ 127,998.09	\$ 43,215.48	\$ 147,193.25	\$ 101,158.04	\$ 6,000.00	\$ 3,803.98	\$ 429,368.84	
Transfers In	\$ -	\$ -	\$ -	\$ 68,486.70	\$ 103.54	\$ 3,803.98	\$ 72,394.22	
Transfers Out	4,916.92	-	67,397.76	54.54	25.00	-	72,394.22	
Total Transfers	(4,916.92)	-	(67,397.76)	68,432.16	78.54	3,803.98	-	
Beginning Fund Balance	\$ 163,224.66	\$ 42,182.97	\$ 202,349.86	\$ 112,284.30	\$ 53,689.86	\$ 7,375.92	\$ 581,107.57	
Current Year Activity	62,362.42	(4,727.61)	107,501.37	(59,381.23)	(6,000.00)	(3,798.76)	95,956.19	
Ending Fund Balance	\$ 220,670.16	\$ 37,455.36	\$ 242,453.47	\$ 121,335.23	\$ 47,768.40	\$ 7,381.14	\$ 677,063.76	



Long-Term Debt Table

Long-Term Debt					Total	1,651,468.00
Type	Bank/Institution	Purpose of Debt	Maturity Date	Original Amount	Balance Amount	
Loans Payable	BND	Storm Sewer Replacement	9/1/2040	115,263.00	57,000.00	
Loans Payable	USDA	Water Main Replacement	12/13/2056	1,687,000.00	1,474,468.00	
Bonds Payable	Dougherty & Compnay LLC	Rufudning Improvement Bonds of 2016	5/1/2027	265,000.00	120,000.00	



Comments Letter

Municipal Infrastructure Fund - Not in its own Fund (2023)

During review of the annual financial report, the entity received Municipal Infrastructure Funds, also known as Prairie Dog funds, and did not record them in a Capital Projects Fund.

HB 1066 from the 66th Legislative Assembly during the 2019 Legislative Session allocated Prairie Dog Funds for "essential infrastructure projects". "Essential infrastructure projects" are defined as capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of a city.

GASB 54 state capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

Suggested Change:

The entity should track revenues and expenditures related to the Municipal Infrastructure Funds in a Capital Project Fund.

Unallowable Transfer Out of Capital Projects Fund (2023)

There were transfers out of a Capital Projects Fund that were not done to close out the fund.

According to the Government Accounting Standards Board, the only transfers out of a Capital Projects Fund should occur when closing out the fund.

Suggested Change:

The entity should not transfer out of a Capital Projects Fund unless it is to close out the fund. In the future, any transfers should come from other allowable sources.

Unallowable Transfer Out of Debt Service Fund (2023)

There were transfers out of a Debt Service Fund that were not done to close out the fund.

According to the Government Accounting Standards Board, the only transfers out of a Debt Service Fund should occur when closing out the fund.

Suggested Change:

The entity should not transfer out of a Debt Service Fund unless it is to close out the fund. In the future, any transfers should come from other allowable sources.

Unallowable Transfer out of Municipal Utilities Fund (2023)

During the review of the annual financial report, there were unallowable transfers out of the Municipal Utilities Fund to the other funds. The transfers were in excess of 20% of the revenues received in those funds for the year.

Per NDCC 40-33-12, any transfer of surplus from the municipal utilities fund cannot exceed 20% of revenue received for the year.

Suggested Change:

The entity should ensure transfers from the Municipal Utilities Fund do not exceed 20% of revenue received for the year.



Office of the
State Auditor

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