

# **AUDIT REPORT**

CITY OF SURREY  
Surrey, North Dakota

For the Years Ended December 31, 2024 and 2023

**RATH & MEHRER, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF SURREY  
Surrey, North Dakota

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CITY OF SURREY  
Surrey, North Dakota

CITY OFFICIALS  
December 31, 2024

Michael Thiesen	Mayor
Twila Grantzer	Council President
Steve Fennewald	Council Vice President
Jennifer Johns	Council Member
Brady Morgan	Council Member
Richard Napora	Council Member
Tiffany Wheeler	Council Member
Anita Trana	City Auditor

# Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA  
Bryce Fischer, CPA  
Todd Goehring, CPA

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
City of Surrey  
Surrey, North Dakota

### **Report on the Audit of Financial Statements**

#### **Opinions**

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Surrey, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the city'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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the city as of December 31, 2024 and 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

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*, 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 the city and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the city'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 an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

### Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The budgeting comparison information and the schedules of fund activity arising from cash transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgeting comparison information and the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2025 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the city's internal control over financial reporting and compliance.

*Rath and Mehrer*

Rath and Mehrer, P.C.

Bismarck, North Dakota

May 16, 2025



CITY OF SURREY  
Surrey, North Dakota

Statement of Net Position - Modified Cash Basis  
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash, Cash Equivalents and Investments	1,137,065.50	476,866.39	1,613,931.89
Advance to Surrey Rural Fire District	79,960.14		79,960.14
Capital Assets (net of accumulated depreciation):			
Land	300,000.00	6,900.00	306,900.00
Buildings and Infrastructure	4,940,843.00		4,940,843.00
Machinery and Vehicles	154,686.00		154,686.00
Total Capital Assets	5,395,529.00	6,900.00	5,402,429.00
 Total Assets	 6,612,554.64	 483,766.39	 7,096,321.03
<b>LIABILITIES:</b>			
Long-Term Liabilities:			
Due Within One Year:			
Special Assessment Bonds Payable	362,826.00		362,826.00
Due After One Year:			
Special Assessment Bonds Payable	1,837,826.00		1,837,826.00
Total Liabilities	2,200,652.00		2,200,652.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,194,877.00	6,900.00	3,201,777.00
Restricted for:			
Debt Service	65,354.15		65,354.15
Special Purposes	1,032,750.95		1,032,750.95
Unrestricted	118,920.54	476,866.39	595,786.93
 Total Net Position	 4,411,902.64	 483,766.39	 4,895,669.03
	=====		=====

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Net Position - Modified Cash Basis  
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash, Cash Equivalents and Investments	1,304,113.94	414,728.73	1,718,842.67
Advance to Surrey Rural Fire District	116,466.16		116,466.16
Capital Assets (net of accumulated depreciation):			
Land	300,000.00	6,900.00	306,900.00
Buildings and Infrastructure	5,025,827.00	1,875.00	5,027,702.00
Machinery and Vehicles	122,527.00		122,527.00
Total Capital Assets	5,448,354.00	8,775.00	5,457,129.00
Total Assets	6,868,934.10	423,503.73	7,292,437.83
<b>LIABILITIES:</b>			
Long-Term Liabilities:			
Due Within One Year:			
Special Assessment Bonds Payable	362,826.00		362,826.00
Due After One Year:			
Special Assessment Bonds Payable	2,200,652.00		2,200,652.00
Total Liabilities	2,563,478.00		2,563,478.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,884,876.00	8,775.00	2,893,651.00
Restricted for:			
Debt Service	135,448.42		135,448.42
Special Purposes	1,025,683.44		1,025,683.44
Unrestricted	259,448.24	414,728.73	674,176.97
Total Net Position	4,305,456.10	423,503.73	4,728,959.83
	=====		

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2024

				Net (Expense) Revenue and Changes in Net Position		
	Program Revenues			Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	380,188.49	28,034.06		(352,154.43)		(352,154.43)
Public Safety	318,650.87	34,663.69		(283,987.18)		(283,987.18)
Streets and Public Works	502,166.79		195,499.47	(306,667.32)		(306,667.32)
Other	26,594.89			(26,594.89)		(26,594.89)
Interest on Long-Term Debt	84,662.99		474,914.68	390,251.69		390,251.69
Total Governmental Activities	1,312,264.03	62,697.75	670,414.15	(579,152.13)		(579,152.13)
<u>Business-Type Activities:</u>						
Water	333,512.90	382,082.45	15,000.00		63,569.55	63,569.55
Sewer	250,478.78	194,585.52	65,000.00		9,106.74	9,106.74
Garbage	168,136.44	137,412.63			(30,723.81)	(30,723.81)
Total Business-Type Activities	752,128.12	714,080.60	80,000.00		41,952.48	41,952.48
Total Primary Government	2,064,392.15	776,778.35	750,414.15	(579,152.13)	41,952.48	(537,199.65)
=====						
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes				284,593.04		284,593.04
Cigarette taxes				2,171.29		2,171.29
City sales taxes				163,289.52		163,289.52
Oil and gas production taxes				1,286.95		1,286.95
Telecommunications taxes				1,723.84		1,723.84
Homestead credit taxes				7,542.27		7,542.27
Disabled veterans credit taxes				11,434.70		11,434.70
Intergovernmental revenue not restricted to specific programs				140,298.58		140,298.58
Earnings on investments and other revenue				73,258.48	18,310.18	91,568.66
Total General Revenues				685,598.67	18,310.18	703,908.85
Change in Net Position				106,446.54	60,262.66	166,709.20
Net Position - January 1				4,305,456.10	423,503.73	4,728,959.83
Net Position - December 31				4,411,902.64	483,766.39	4,895,669.03
=====						

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Business-Type Activities
					Total
<u>Functions/Programs</u>					
<u>Primary Government:</u>					
<u>Governmental Activities:</u>					
General Government	351,406.26	23,028.38		(328,377.88)	(328,377.88)
Public Safety	310,139.29	41,495.35		(268,643.94)	(268,643.94)
Streets and Public Works	617,065.79		302,469.46	(314,596.33)	(314,596.33)
Other	15,768.76			(15,768.76)	(15,768.76)
Interest on Long-Term Debt	96,047.14		512,689.79	416,642.65	416,642.65
Total Governmental Activities	1,390,427.24	64,523.73	815,159.25	(510,744.26)	(510,744.26)
<u>Business-Type Activities:</u>					
Water	428,090.83	346,914.63		(81,176.20)	(81,176.20)
Sewer	206,252.46	170,550.12		(35,702.34)	(35,702.34)
Garbage	123,902.27	129,501.52		5,599.25	5,599.25
Total Business-Type Activities	758,245.56	646,966.27		(111,279.29)	(111,279.29)
Total Primary Government	2,148,672.80	711,490.00	815,159.25	(510,744.26)	(622,023.55)
=====					
<u>General Revenues:</u>					
<u>Taxes:</u>					
Property taxes; levied for general purposes				299,107.11	299,107.11
Cigarette taxes				2,373.44	2,373.44
City sales taxes				136,424.26	136,424.26
Oil and gas production taxes				1,850.58	1,850.58
Telecommunications taxes				1,723.84	1,723.84
Homestead credit taxes				6,264.37	6,264.37
Intergovernmental revenue not restricted to specific programs				138,229.91	138,229.91
Earnings on investments and other revenue				58,929.73	72,170.80
Transfers				(61,967.13)	61,967.13
Total General Revenues and Transfers				582,936.11	658,144.31
Change in Net Position				72,191.85	36,120.76
Net Position - January 1				4,233,264.25	4,692,839.07
Net Position - December 31				4,305,456.10	4,728,959.83
=====					

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Balance Sheet - Modified Cash Basis  
Governmental Funds  
December 31, 2024

	Major Funds						Total Governmental Funds
	General	Highway	American Rescue Plan Act	Prairie Dog	City Sales Tax -Cap. Equip.	SID 2012-1 TIF District	
<b>ASSETS:</b>							
Cash, Cash Equivalents and Investments	300.00	169,250.31		425,261.04	335,993.20		1,137,065.50
Advance to Surrey Rural Fire District					79,960.14		79,960.14
<b>Total Assets</b>	300.00	169,250.31	-0-	425,261.04	415,953.34	-0-	1,217,025.64
<b>FUND BALANCES:</b>							
Nonspendable:					79,960.14		79,960.14
Advance to Surrey Rural Fire District							
Restricted for:							
Streets and Public Works		169,250.31					191,536.57
Infrastructure and Capital Improvements				425,261.04	335,993.20		761,254.24
Debt Service							65,354.15
Assigned to:							
Public Safety							64,520.61
Infrastructure							4,500.00
Equipment							43,599.93
Quasiquicentennial							6,000.00
Unassigned	300.00						300.00
<b>Total Fund Balances</b>	300.00	169,250.31	-0-	425,261.04	415,953.34	-0-	1,217,025.64

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Balance Sheet - Modified Cash Basis  
Governmental Funds  
December 31, 2023

	Major Funds						Total
	American Rescue Plan Act	Prairie Dog	City Sales Tax -Cap. Equip.	SID 2012-1 TIF District	District No. 34	Other Governmental Funds	Governmental Funds
<b>ASSETS:</b>							
Cash, Cash Equivalents and Investments	70,675.13	182,785.16	263,741.74	314,912.82	88,368.40	383,630.69	1,304,113.94
Advance to Surrey Rural Fire District			116,466.16				116,466.16
<b>Total Assets</b>	<b>70,675.13</b>	<b>182,785.16</b>	<b>263,741.74</b>	<b>431,378.98</b>	<b>88,368.40</b>	<b>383,630.69</b>	<b>1,420,580.10</b>
				-0-			
<b>FUND BALANCES:</b>							
Nonspendable:							
Advance to Surrey Rural Fire District				116,466.16			116,466.16
Restricted for:							
Streets and Public Works						147,777.56	147,777.56
Infrastructure and Capital Improvements				314,912.82			578,654.56
American Rescue Plan Act			263,741.74				182,785.16
Debt Service					88,368.40	47,080.02	135,448.42
Assigned to:							
Public Safety						102,455.36	102,455.36
Streets and Public Works						51,506.27	51,506.27
Infrastructure						27,054.35	27,054.35
Equipment						6,757.13	6,757.13
Quasiquinquennial						1,000.00	1,000.00
Unassigned	70,675.13						70,675.13
<b>Total Fund Balances</b>	<b>70,675.13</b>	<b>182,785.16</b>	<b>263,741.74</b>	<b>431,378.98</b>	<b>88,368.40</b>	<b>383,630.69</b>	<b>1,420,580.10</b>
				-0-			

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position - Modified Cash Basis  
December 31, 2024

Total Fund Balances for Governmental Funds	1,217,025.64
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Total net position reported for government 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.

Cost of Capital Assets	9,033,628.00	
Less Accumulated Depreciation	(3,638,099.00)	
Net Capital Assets		5,395,529.00

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2024 are:

Special Assessment Bonds Payable	(2,200,652.00)
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Total Net Position of Governmental Activities	4,411,902.64
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The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position - Modified Cash Basis  
December 31, 2023

Total Fund Balances for Governmental Funds		1,420,580.10
Total net position reported for government 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.		
Cost of Capital Assets	8,793,532.00	
Less Accumulated Depreciation	(3,345,178.00)	
Net Capital Assets		5,448,354.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2023 are:		
Special Assessment Bonds Payable		(2,563,478.00)
Total Net Position of Governmental Activities		4,305,456.10 =====

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances  
Modified Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2024

	Major Funds					Formerly Major Fund	Total Governmental Funds
	General	Highway	American Rescue Plan Act	Prairie Dog	City Sales Tax - Cap. Equip.	SID 2012-1 TIF District	
<b>Revenues:</b>							
Taxes	296,027.74				163,289.52	334,655.46	793,972.72
Special Assessments	28,034.06						140,259.22
Licenses, Permits and Fees	153,022.93	70,499.47		125,000.00			28,034.06
Intergovernmental							348,522.40
Charges for Services	24,166.05						10,497.64
Fines and Forfeits	21,472.80	3,655.30			16,838.13		24,166.05
Miscellaneous							31,292.25
<b>Total Revenues</b>	<b>522,723.58</b>	<b>74,154.77</b>		<b>125,000.00</b>	<b>180,127.65</b>	<b>334,655.46</b>	<b>1,418,710.57</b>
<b>Expenditures:</b>							
Current:							
General Government	367,781.14				2,467.32		9,054.35
Public Safety	285,714.98				45,555.43	93,319.96	8,629.57
Streets and Public Works		50,608.32	40,753.16				4,200.92
Other			142,032.00		32,724.00		26,594.89
Capital Outlay							65,340.00
Debt Service:							
Principal						170,000.00	192,826.00
Interest and Service Charges						71,335.50	13,327.49
<b>Total Expenditures</b>	<b>653,496.12</b>	<b>50,608.32</b>	<b>182,785.16</b>		<b>80,746.75</b>	<b>334,655.46</b>	<b>319,973.22</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(130,772.54)</b>	<b>23,546.45</b>	<b>(182,785.16)</b>	<b>125,000.00</b>	<b>99,380.90</b>		<b>(137,924.11)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers In	61,447.41	20,000.00		36,519.30	(114,806.54)		50,008.12
Transfers Out	(1,050.00)						(52,118.29)
<b>Total Other Financing Sources (Uses)</b>	<b>60,397.41</b>	<b>20,000.00</b>		<b>36,519.30</b>	<b>(114,806.54)</b>		<b>(2,110.17)</b>
<b>Net Change in Fund Balances</b>	<b>(70,375.13)</b>	<b>43,546.45</b>	<b>(182,785.16)</b>	<b>161,519.30</b>	<b>(15,425.64)</b>		<b>(140,034.28)</b>
<b>Fund Balance - January 1, as Previously Presented</b>	<b>70,675.13</b>		<b>182,785.16</b>	<b>263,741.74</b>	<b>431,378.98</b>	<b>88,368.40</b>	<b>1,420,580.10</b>
<b>Change Within Financial Reporting Entity - (Non-Major to Major Fund) - (Major to Non-Major Fund)</b>		125,703.86				(88,368.40)	(125,703.86)
<b>Fund Balance-January 1, as Restated</b>	<b>70,675.13</b>	<b>125,703.86</b>	<b>182,785.16</b>	<b>263,741.74</b>	<b>431,378.98</b>		<b>1,420,580.10</b>
<b>Fund Balance - December 31</b>	<b>300.00</b>	<b>169,250.31</b>	<b>-0-</b>	<b>425,261.04</b>	<b>415,953.34</b>	<b>-0-</b>	<b>206,260.95</b>
							<b>1,217,025.64</b>

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

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

	Major Funds						Total Governmental Funds
	American Rescue Plan Act	Prairie Dog	City Sales Tax - Cap. Equip.	SID 2012-1 TIF District	District No. 34	Other Governmental Funds	
<b>Revenues:</b>							
Taxes	299,107.11		136,424.26	339,974.33	138,937.90	33,777.56	775,505.70
Special Assessments	23,028.38						172,715.46
Licenses, Permits and Fees	150,442.14						23,028.38
Intergovernmental		209,082.03				93,387.43	452,911.60
Charges for Services						10,199.00	10,199.00
Fines and Forfeits	31,296.35						31,296.35
Miscellaneous	31,621.64		11,356.98			15,951.11	58,929.73
<b>Total Revenues</b>	<b>535,495.62</b>	<b>209,082.03</b>	<b>147,781.24</b>	<b>339,974.33</b>	<b>138,937.90</b>	<b>153,315.10</b>	<b>1,524,586.22</b>
<b>Expenditures:</b>							
Current:							
General Government	348,053.26					15,453.99	348,053.26
Public Safety	273,179.30		9,000.00			297,633.29	297,633.29
Streets and Public Works			56,234.01	64,661.83	4,200.00	82,087.66	348,016.79
Other						15,768.76	15,768.76
Capital Outlay			21,000.00				21,000.00
Debt Service:							
Principal				170,000.00	145,426.00	42,400.00	357,826.00
Interest and Service Charges				77,506.50	13,282.64	5,258.00	96,047.14
<b>Total Expenditures</b>	<b>621,232.56</b>	<b>137,813.29</b>	<b>86,234.01</b>	<b>312,168.33</b>	<b>162,908.64</b>	<b>160,968.41</b>	<b>1,484,345.24</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(85,736.94)</b>	<b>71,268.74</b>	<b>61,547.23</b>	<b>27,806.00</b>	<b>(23,970.74)</b>	<b>(7,653.31)</b>	<b>40,240.98</b>
<b>Other Financing Sources (Uses):</b>							
Transfers In	30,000.00		21,000.00			46,228.17	97,228.17
Transfers Out	(16,496.64)	(21,007.70)	(69,690.96)			(52,000.00)	(159,195.30)
<b>Total Other Financing Sources (Uses)</b>	<b>13,503.36</b>	<b>(21,007.70)</b>	<b>(48,690.96)</b>			<b>(5,771.83)</b>	<b>(61,967.13)</b>
<b>Net Change in Fund Balances</b>	<b>(72,233.58)</b>	<b>50,261.04</b>	<b>12,856.27</b>	<b>27,806.00</b>	<b>(23,970.74)</b>	<b>(13,425.14)</b>	<b>(21,726.15)</b>
<b>Fund Balance - January 1</b>	<b>142,908.71</b>	<b>185,805.16</b>	<b>213,480.70</b>	<b>418,522.71</b>	<b>(27,806.00)</b>	<b>112,339.14</b>	<b>1,442,306.25</b>
<b>Fund Balance - December 31</b>	<b>70,675.13</b>	<b>182,785.16</b>	<b>263,741.74</b>	<b>431,378.98</b>	<b>-0-</b>	<b>88,368.40</b>	<b>1,420,580.10</b>

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds (203,554.46)

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. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	240,096.00	
Current Year Depreciation Expense	(292,921.00)	(52,825.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	362,826.00	362,826.00

Change in Net Position of Governmental Activities		106,446.54
		=====

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	(21,726.15)
--	-------------

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. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	21,000.00	
Current Year Depreciation Expense	(284,908.00)	(263,908.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	357,826.00	357,826.00

Change in Net Position of Governmental Activities	72,191.85
	=====

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Net Position - Modified Cash Basis  
Proprietary Funds  
December 31, 2024

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	256,923.86	171,580.15	48,362.38	476,866.39
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depr):				
Land		6,900.00		6,900.00
Total Assets	256,923.86	178,480.15	48,362.38	483,766.39
	=====	=====	=====	=====
<u>NET POSITION</u>				
Net Investment in Capital Assets		6,900.00		6,900.00
Unrestricted	256,923.86	171,580.15	48,362.38	476,866.39
Total Net Position	256,923.86	178,480.15	48,362.38	483,766.39
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Net Position - Modified Cash Basis  
Proprietary Funds  
December 31, 2023

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	182,354.04	154,388.84	77,985.85	414,728.73
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depr):				
Land		6,900.00		6,900.00
Buildings and Infrastructure		1,875.00		1,875.00
Total Noncurrent Assets		8,775.00		8,775.00
Total Assets	182,354.04	163,163.84	77,985.85	423,503.73
=====				
<u>NET POSITION</u>				
Net Investment in Capital Assets		8,775.00		8,775.00
Unrestricted	182,354.04	154,388.84	77,985.85	414,728.73
Total Net Position	182,354.04	163,163.84	77,985.85	423,503.73
=====				

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds

For the Year Ended December 31, 2024

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water Collections	350,142.75			350,142.75
Sewer Collections		186,585.52		186,585.52
Garbage Collections			137,232.63	137,232.63
Other Fees and Charges	31,939.70	8,000.00	180.00	40,119.70
 Total Operating Revenues	 382,082.45	 194,585.52	 137,412.63	 714,080.60
<u>Operating Expenses:</u>				
Salaries and Benefits	100,768.15	77,611.71	63,303.16	241,683.02
Maintenance	24,710.05	97,694.99		122,405.04
North Prairie Rural Water	148,925.30			148,925.30
Utilities	9,749.59	9,463.83	1,126.64	20,340.06
Office Expense	4,946.26	3,192.50		8,138.76
NDIRF/Insurance	1,000.00	1,000.00		2,000.00
Water Meters	24,407.05			24,407.05
Garbage Service Contract			103,706.64	103,706.64
Depreciation		1,875.00		1,875.00
 Total Operating Expenses	 314,506.40	 190,838.03	 168,136.44	 673,480.87
 Operating Income (Loss)	 67,576.05	 3,747.49	 (30,723.81)	 40,599.73
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	11,000.27	6,209.57	1,100.34	18,310.18
PAR Grant	15,000.00	65,000.00		80,000.00
Engineering Fees	(19,006.50)	(23,239.50)		(42,246.00)
Sewer Imp. Dist. 2024		(36,401.25)		(36,401.25)
 Total Non-Operating Revenues (Expenses)	 6,993.77	 11,568.82	 1,100.34	 19,662.93
 Income (Loss) Before Transfers	 74,569.82	 15,316.31	 (29,623.47)	 60,262.66
Transfers In	10,000.00		3,500.00	13,500.00
Transfers Out	(10,000.00)		(3,500.00)	(13,500.00)
 Change in Net Position	 74,569.82	 15,316.31	 (29,623.47)	 60,262.66
 Net Position - January 1	 182,354.04	 163,163.84	 77,985.85	 423,503.73
 Net Position - December 31	 256,923.86	 178,480.15	 48,362.38	 483,766.39

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds

For the Year Ended December 31, 2023

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water Collections	329,810.97			329,810.97
Sewer Collections		163,405.33		163,405.33
Garbage Collections			129,441.52	129,441.52
Other Fees and Charges	17,103.66	7,144.79	60.00	24,308.45
<b>Total Operating Revenues</b>	<b>346,914.63</b>	<b>170,550.12</b>	<b>129,501.52</b>	<b>646,966.27</b>
<u>Operating Expenses:</u>				
Salaries and Benefits	141,673.83	113,535.65	21,953.65	277,163.13
Maintenance	98,468.06	70,183.54		168,651.60
North Prairie Rural Water	153,570.27			153,570.27
Utilities	9,753.34	9,548.17	1,240.67	20,542.18
Office Expense	8,618.83	7,550.85	32.16	16,201.84
NDIRF/Insurance	3,000.00	3,000.00		6,000.00
Water Deposit Refunds	8,552.00			8,552.00
Water Meters	2,579.00			2,579.00
Garbage Service Contract			100,675.79	100,675.79
Depreciation		1,875.00		1,875.00
<b>Total Operating Expenses</b>	<b>426,215.33</b>	<b>205,693.21</b>	<b>123,902.27</b>	<b>755,810.81</b>
<b>Operating Income (Loss)</b>	<b>(79,300.70)</b>	<b>(35,143.09)</b>	<b>5,599.25</b>	<b>(108,844.54)</b>
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	6,718.69	5,344.81	1,177.57	13,241.07
Engineering Fees	(1,875.50)	(559.25)		(2,434.75)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,843.19</b>	<b>4,785.56</b>	<b>1,177.57</b>	<b>10,806.32</b>
<b>Income (Loss) Before Transfers</b>	<b>(74,457.51)</b>	<b>(30,357.53)</b>	<b>6,776.82</b>	<b>(98,038.22)</b>
Transfers In	100,506.92	22,960.21		123,467.13
Transfers Out	(61,500.00)			(61,500.00)
<b>Change in Net Position</b>	<b>(35,450.59)</b>	<b>(7,397.32)</b>	<b>6,776.82</b>	<b>(36,071.09)</b>
<b>Net Position - January 1</b>	<b>217,804.63</b>	<b>170,561.16</b>	<b>71,209.03</b>	<b>459,574.82</b>
<b>Net Position - December 31</b>	<b>182,354.04</b>	<b>163,163.84</b>	<b>77,985.85</b>	<b>423,503.73</b>

The accompanying notes are an integral part of these financial statements.

CITY OF SURREY  
Surrey, North Dakota

Statement of Cash Flows - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2024

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Cash flows from operating activities:</u>				
Receipts from customers	382,082.45	194,585.52	137,412.63	714,080.60
Payments to employees	(100,768.15)	(77,611.71)	(63,303.16)	(241,683.02)
Payments to suppliers	(213,738.25)	(111,351.32)	(104,833.28)	(429,922.85)
Net cash provided (used) by operating activities	67,576.05	5,622.49	(30,723.81)	42,474.73
<u>Cash flows from noncapital financing activities:</u>				
Transfers in	10,000.00		3,500.00	13,500.00
Transfers out	(10,000.00)		(3,500.00)	(13,500.00)
Net cash provided (used) by noncapital financing activities				
<u>Cash flows from capital and related financing activities:</u>				
PAR grant	15,000.00	65,000.00		80,000.00
Engineering fees	(19,006.50)	(23,239.50)		(42,246.00)
Sewer Imp. Dist. 2024		(36,401.25)		(36,401.25)
Net cash provided (used) by capital and related financing activities	(4,006.50)	5,359.25		1,352.75
<u>Cash flows from investing activities:</u>				
Interest income	11,000.27	6,209.57	1,100.34	18,310.18
Net increase (decrease) in cash and cash equivalents	74,569.82	17,191.31	(29,623.47)	62,137.66
Cash and cash equivalents, January 1	182,354.04	154,388.84	77,985.85	414,728.73
Cash and cash equivalents, December 31	256,923.86	171,580.15	48,362.38	476,866.39
=====				
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	67,576.05	3,747.49	(30,723.81)	40,599.73
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense		1,875.00		1,875.00
Net cash provided (used) by operating activities	67,576.05	5,622.49	(30,723.81)	42,474.73
=====				

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Statement of Cash Flows - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2023

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Cash flows from operating activities:</u>				
Receipts from customers	346,914.63	170,550.12	129,501.52	646,966.27
Payments to employees	(141,673.83)	(113,535.65)	(21,953.65)	(277,163.13)
Payments to suppliers	(284,541.50)	(90,282.56)	(101,948.62)	(476,772.68)
Net cash provided (used) by operating activities	(79,300.70)	(33,268.09)	5,599.25	(106,969.54)
<u>Cash flows from noncapital financing activities:</u>				
Transfers in	100,506.92	22,960.21		123,467.13
Transfers out	(61,500.00)			(61,500.00)
Net cash provided (used) by noncapital financing activities	39,006.92	22,960.21		61,967.13
<u>Cash flows from capital and related financing activities:</u>				
Engineering fees	(1,875.50)	(559.25)		(2,434.75)
Net cash provided (used) by capital and related financing activities	(1,875.50)	(559.25)		(2,434.75)
<u>Cash flows from investing activities:</u>				
Interest income	6,718.69	5,344.81	1,177.57	13,241.07
Net increase (decrease) in cash and cash equivalents	(35,450.59)	(5,522.32)	6,776.82	(34,196.09)
Cash and cash equivalents, January 1	217,804.63	159,911.16	71,209.03	448,924.82
Cash and cash equivalents, December 31	182,354.04	154,388.84	77,985.85	414,728.73
=====				
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	(79,300.70)	(35,143.09)	5,599.25	(108,844.54)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense		1,875.00		1,875.00
Net cash provided (used) by operating activities	(79,300.70)	(33,268.09)	5,599.25	(106,969.54)
=====				

The accompanying notes are an integral part of these financial statements.



CITY OF SURREY  
Surrey, North Dakota

Notes to the Financial Statements  
December 31, 2024 and 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Surrey operates under a city council form of government. The financial statements of the city have been prepared on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government 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. Financial Reporting Entity

The accompanying financial statements present the activities of the city. The city has considered all potential component units for which the city is financially accountable and other organizations for which the nature and significance of their relationships with the city are such that exclusion would cause the city's financial statements to be misleading or incomplete. The Government 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 city 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 city.

Based on these criteria, there are no component units to be included within the City of Surrey as a reporting entity.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, the City of Surrey. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the city. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the city'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 program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the city's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The city reports the following major governmental funds:

*General Fund.* This is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Highway Fund.* This fund accounts for the state highway tax distribution used for street repairs and maintenance.

*American Rescue Plan Act.* This fund accounts for monies received as part of the American Rescue Plan Act legislation.

*Prairie Dog Fund.* This fund accounts for funds received from the state's Municipal Infrastructure Fund.

*City Sales Tax - Capital Equipment Fund.* This fund accounts for the city's sales tax collections, which are used for infrastructure and capital improvements.

*SID No. 2012-1 - TIF District Fund.* This fund is used to accumulate resources to pay the principal and interest payments of the Refunding Improvement Bonds, Series 2015B.

*District No. 34 Fund.* This fund is used to accumulate resources to pay the principal and interest payments of the Definitive Improvement Warrant, Series 2016.

The city reports the following major enterprise funds:

*Water Fund.* This fund accounts for the activities of the city's water distribution system. This fund also accounts for a \$75 utility charge, which is collected to set up a new residential water account. These funds are repaid upon termination of utility services.

*Sewer Fund.* This fund accounts for the activities of the city's sewage collection system.

*Garbage Fund.* This fund accounts for the activities of the city's garbage collection system.

#### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.



### Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-like and fiduciary fund activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the city utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

### 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 three months or less.

Investments consist of certificates of deposit stated at cost.

### E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column and the business-type activities column in the government-wide financial statements. Assets are also reported in the proprietary fund statements. Capital assets are defined by the city 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 is not capitalized.

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

Buildings and Infrastructure	25 to 75 years
Machinery and Vehicles	7 to 20 years

### F. 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. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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.

### G. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

**Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).



**Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.

**Assigned** - Fund balances are reported as assigned when amounts are constrained by the city's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the city council or by an official to which the city council delegates authority.

**Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The city reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

**Flow Assumptions** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the city's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the city's policy to use fund balance in the following order:

- \* Committed
- \* Assigned
- \* Unassigned

**Net Position** - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the city has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

#### H. Interfund Transactions

In the governmental and proprietary fund financial 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.

#### I. Use of Estimates

The preparation of financial statements in conformity with the special purpose framework (SPF) used by the city requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the city maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions 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 investments 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 any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2024 the city's carrying amount of deposits was \$1,613,932 and the bank balance was \$1,718,939. Of the bank balance, \$500,005 was covered by Federal Depository Insurance. The remaining balance of \$1,218,934 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2023 the city's carrying amount of deposits was \$1,718,843 and the bank balance was \$1,803,697. Of the bank balance, \$500,005 was covered by Federal Depository Insurance. The remaining balance of \$1,303,692 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

The city may invest idle funds as authorized in North Dakota Statutes, as follows:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2024 the city held certificates of deposit in the amount of \$824,202, which are all considered deposits.

At December 31, 2023 the city held certificates of deposit in the amount of \$570,042, which are all considered deposits.

Concentration of Credit Risk

The city does not have a limit on the amount the city may invest in any one issuer.



Note 3 PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and 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 on property taxes 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

Note 4 ADVANCE TO SURREY RURAL FIRE DISTRICT

This amount consists of loan from the city sales tax fund to purchase a fire truck. The loan is to be repaid in three annual installments of \$40,000 including interest at 3% on July 31, 2024, 2025 and 2026.

Note 5 CAPITAL ASSETS

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

	Balance January 1	<u>2024</u>		Balance December 31
		Increases	Decreases	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	300,000			300,000
Capital assets being depreciated:				
Buildings and Infrastructure	8,025,770	174,756		8,200,526
Machinery and Vehicles	467,762	65,340		533,102
Total	8,493,532	240,096		8,733,628
Less accumulated depreciation for:				
Buildings and Infrastructure	2,999,943	259,740		3,259,683
Machinery and Vehicles	345,235	33,181		378,416
Total	3,345,178	292,921		3,638,099
Total capital assets being depreciated, net	5,148,354	(52,825)		5,095,529
Governmental Activities Capital Assets, Net	5,448,354	(52,825)	-0-	5,395,529
	=====	=====	=====	=====

	<u>2023</u>			<u>Balance December 31</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	300,000			300,000
Capital assets being depreciated:				
Buildings and Infrastructure	8,025,770			8,025,770
Machinery and Vehicles	461,813	21,000	15,051	467,762
Total	8,487,583	21,000	15,051	8,493,532
Less accumulated depreciation for:				
Buildings and Infrastructure	2,744,571	255,372		2,999,943
Machinery and Vehicles	330,750	29,536	15,051	345,235
Total	3,075,321	284,908	15,051	3,345,178
Total capital assets being depreciated, net	5,412,262	(263,908)		5,148,354
Governmental Activities Capital Assets, Net	5,712,262	(263,908)	-0-	5,448,354
	=====	=====	=====	=====

	<u>2024</u>			<u>Balance December 31</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	6,900			6,900
Capital assets being depreciated:				
Buildings and Infrastructure	200,000			200,000
Less accumulated depreciation for:				
Buildings and Infrastructure	198,120	1,875		200,000
Total capital assets being depreciated, net	1,875	(1,875)		
Business-type Activities Capital Assets, Net	8,775	(1,875)	-0-	6,900
	=====	=====	=====	=====



		<u>2023</u>		
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>January 1</u>			<u>December 31</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	6,900			6,900
Capital assets being depreciated:				
Buildings and Infrastructure	200,000			200,000
Less accumulated depreciation for:				
Buildings and Infrastructure	196,250	1,875		198,125
Total capital assets being depreciated, net	3,750	(1,875)		1,875
Business-type Activities Capital Assets, Net	10,650	(1,875)	-0-	8,775
	=====	=====	=====	=====

Depreciation expense was charged to functions/programs of the city as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
<u>Governmental Activities:</u>		
General Government	3,353	3,353
Public Safety	21,839	12,506
Streets and Public Works	267,729	269,049
Total	292,921	284,908
	=====	=====
<u>Business-type Activities:</u>		
Sewer	1,875	1,875
	=====	=====

Note 6 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2024 and 2023, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2024</u>			
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Due Within</u>
	<u>January 1</u>			<u>December 31</u> <u>One Year</u>
Special Assessment Bonds Payable	2,563,478		362,826	2,200,652 362,826
	=====	=====	=====	=====

2023

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Special Assessment Bonds Payable	2,921,304		357,826	2,563,478	362,826
	=====	=====	=====	=====	=====

Outstanding debt at December 31, 2024 consists of the following:

Governmental Activities:

Special Assessment Debt. The city has issued special assessment bonds to provide funds for the construction and/or improvements of streets, water tower and water/sewer lines. Special assessment bonds outstanding at December 31, 2024, are as follows:

\$186,000.00 Refunding Improvement Bonds of 2011, due in annual installments of \$12,400.00 through May 1, 2026; interest is at 4.5%.	24,800.00
\$305,000.00 Refunding Improvement Bonds, Series 2015, due in annual installments of \$30,000.00 to \$35,000.00 through May 1, 2025; interest is at 2.6%.	35,000.00
\$3,270,000.00 Refunding Improvement Bonds, Series 2015B, due in annual installments of \$165,000.00 to \$170,000.00 through May 1, 2035; interest is at 3.63%.	1,850,000.00
\$1,454,260.00 Definitive Improvement Warrant, Series 2016 due in annual installments of \$145,426.00 through May 1, 2026; interest is at 2.62%.	290,852.00
Total	2,200,652.00 =====

The annual requirements to amortize the outstanding special assessment bond debt are as follows:

Year Ending December 31	Principal	Interest
2025	362,826	71,077
2026	327,826	60,082
2027	170,000	51,727
2028	170,000	45,557
2029	170,000	39,386
2030-2034	835,000	105,179
2035	165,000	2,995
Total	2,200,652 =====	376,003 =====

Note 7 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2024</u>		
General	45,052.97	
Covid 19		45,052.97
General	16,394.44	
Highway	20,000.00	
Prairie Dog	36,519.30	
Equipment	29,142.80	
City Sales Tax - Cap. Equip.		102,056.54
To subsidize expenditures.		
Police Vehicle Reserve	20,865.32	
General		1,050.00
Covid 19		7,065.32
City Sales Tax - Cap. Equip.		12,750.00
Water Reserve	10,000.00	
Water Operating		10,000.00
To set-aside funds for reserves.		
Garbage Operating	3,500.00	
Garbage Reserve		3,500.00
To close fund.		

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2023</u>		
General	30,000.00	
Covid 19		30,000.00
ND TAP Safe Route Sidewalks	9,224.40	
Equipment	6,757.13	
Water Operating	39,006.92	
Sewer Operating	1,952.51	
City Sales Tax - Cap. Equip.		56,940.96
Back the Blue	14,423.00	
General		14,423.00
Quascentennial	1,000.00	
City Sales Tax - Cap. Equip.	21,000.00	
Vector Control		22,000.00
Water Operating	1,500.00	
Water Reserve		1,500.00
Sewer Operating	21,007.70	
Prairie Dog		21,007.70
To subsidize expenditures.		



Police Vehicle Reserve	13,650.00	
General		900.00
City Sales Tax - Cap. Equip.		12,750.00
Water Reserve	60,000.00	
Water Operating		60,000.00

To set-aside funds for reserves.

Capital Building Improvement	1,173.64	
General		1,173.64

To set-aside funds for future projects.

#### Note 8 RISK MANAGEMENT

The City of Surrey is exposed to various risks of loss relating 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 city pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$311,914 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$1,082,901 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The city has worker's compensation with the Department of 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 9 PENSION PLAN

The city provides benefits for all of its full-time employees through the North Dakota Public Employees Retirement System (NDPERS).

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 NDPERS plan is financed through the contributions and investment earnings of the plan.

#### **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 years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

#### **Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

#### Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation. During the years ended December 31, 2024 and 2023, the city contributed \$19,702.28 and \$18,995.43 respectively.

#### Note 10 TAX ABATEMENTS

The city has not entered into any tax abatement agreements that would reduce the city's tax revenues for the years ended December 31, 2024 or 2023.

CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
General Fund  
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	348,786.99	296,027.74	(52,759.25)
Licenses, Permits and Fees	25,400.00	28,034.06	2,634.06
Intergovernmental	132,775.00	153,022.93	20,247.93
Fines and Forfeits	30,000.00	24,166.05	(5,833.95)
Miscellaneous	14,750.00	21,472.80	6,722.80
Total Revenues	551,711.99	522,723.58	(28,988.41)
<u>Expenditures:</u>			
Current:			
General Government	363,175.90	367,781.14	(4,605.24)
Public Safety	314,956.93	285,714.98	29,241.95
Total Expenditures	678,132.83	653,496.12	24,636.71
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,420.84)	(130,772.54)	(4,351.70)
<u>Other Financing Sources (Uses):</u>			
Transfers In	20,000.00	61,447.41	41,447.41
Transfers Out	(3,500.00)	(1,050.00)	2,450.00
Total Other Financing Sources (Uses)	16,500.00	60,397.41	43,897.41
Net Change in Fund Balance	(109,920.84)	(70,375.13)	39,545.71
Fund Balance - January 1	70,675.13	70,675.13	
Fund Balance - December 31	(39,245.71)	300.00	39,545.71
	=====		

CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
General Fund  
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	350,915.62	299,107.11	(51,808.51)
Licenses, Permits and Fees	45,550.00	23,028.38	(22,521.62)
Intergovernmental	130,375.00	150,442.14	20,067.14
Fines and Forfeits	30,000.00	31,296.35	1,296.35
Miscellaneous	7,650.00	31,621.64	23,971.64
Total Revenues	564,490.62	535,495.62	(28,995.00)
<u>Expenditures:</u>			
Current:			
General Government	328,738.11	348,053.26	(19,315.15)
Public Safety	293,165.56	273,179.30	19,986.26
Total Expenditures	621,903.67	621,232.56	671.11
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,413.05)	(85,736.94)	(28,323.89)
<u>Other Financing Sources (Uses):</u>			
Transfers In	42,530.00	30,000.00	(12,530.00)
Transfers Out		(16,496.64)	(16,496.64)
Total Other Financing Sources (Uses)	42,530.00	13,503.36	(29,026.64)
Net Change in Fund Balance	(14,883.05)	(72,233.58)	(57,350.53)
Fund Balance - January 1	142,908.71	142,908.71	
Fund Balance - December 31	128,025.66	70,675.13	(57,350.53)
	=====		



CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
City Sales Tax - Capital Equipment Fund  
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	125,000.00	163,289.52	38,289.52
Miscellaneous	8,000.00	16,838.10	8,838.10
Total Revenues	133,000.00	180,127.62	47,127.62
<u>Expenditures:</u>			
Current:			
Public Safety		2,467.32	(2,467.32)
Streets and Public Works	60,000.00	45,555.43	14,444.57
Capital Outlay	10,000.00	32,724.00	(22,724.00)
Total Expenditures	70,000.00	80,746.75	(10,746.75)
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,000.00	99,380.87	36,380.87
<u>Other Financing (Uses):</u>			
Transfers Out	(62,750.00)	(114,806.54)	(52,056.54)
Net Change in Fund Balance	250.00	(15,425.67)	(15,675.67)
Fund Balance - January 1	431,378.98	431,378.98	
Fund Balance - December 31	431,628.98	415,953.31	(15,675.67)

CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
City Sales Tax - Capital Equipment Fund  
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	120,000.00	136,424.26	16,424.26
Miscellaneous		11,356.98	11,356.98
Total Revenues	120,000.00	147,781.24	27,781.24
<u>Expenditures:</u>			
Current:			
Public Safety	9,000.00	9,000.00	
Streets and Public Works	74,000.00	56,234.01	17,765.99
Capital Outlay	21,000.00	21,000.00	
Total Expenditures	104,000.00	86,234.01	17,765.99
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,000.00	61,547.23	45,547.23
<u>Other Financing Sources (Uses):</u>			
Transfers In		21,000.00	21,000.00
Transfers Out	(41,500.00)	(69,690.96)	(28,190.96)
Total Other Financing Sources (Uses)	(41,500.00)	(48,690.96)	(7,190.96)
Net Change in Fund Balance	(25,500.00)	12,856.27	38,356.27
Fund Balance - January 1	418,522.71	418,522.71	
Fund Balance - December 31	393,022.71	431,378.98	38,356.27
	=====	=====	=====

CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
Highway Fund  
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Intergovernmental	68,000.00	70,499.47	2,499.47
Miscellaneous	1,400.00	3,655.30	2,255.30
Total Revenues	69,400.00	74,154.77	4,754.77
<u>Expenditures:</u>			
Current:			
Streets and Public Works	68,350.00	50,608.32	17,741.68
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,050.00	23,546.45	22,496.45
<u>Other Financing Sources:</u>			
Transfers In	20,000.00	20,000.00	
Net Change in Fund Balance	21,050.00	43,546.45	22,496.45
Fund Balance - January 1	125,703.86	125,703.86	
Fund Balance - December 31	146,753.86	169,250.31	22,496.45
			=====



CITY OF SURREY  
Surrey, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis  
American Rescue Plan Act Fund  
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>	-0-	-0-	
<u>Expenditures:</u>			
Current:			
Streets and Public Works		40,753.16	(40,753.16)
Capital Outlay	164,756.16	142,032.00	22,724.16
Total Expenditures	164,756.16	182,785.16	(18,029.00)
Net Change in Fund Balance	(164,756.16)	(182,785.16)	18,029.00
Fund Balance - January 1	182,785.16	182,785.16	
Fund Balance - December 31	18,029.00	-0-	18,029.00
	=====		

CITY OF SURREY  
Surrey, North Dakota

Notes to the Budgetary Comparison Schedules  
December 31, 2024 and 2023

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the city auditor prepares the preliminary budget. The city budget is prepared for the general, special revenue and debt service funds by function and activity on the cash basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the county auditor by October 10. No expenditure shall be made, or liability incurred, in excess of the total appropriation by fund except as authorized by North Dakota Century Code Section 40-40-18. However, the governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budget during the years ended December 31, 2024 or 2023.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the year ended December 31, 2024:

Special Revenue Funds

City Sales Tax - Capital Equipment	10,746.75
American Rescue Plan Act	18,029.00

No remedial action is anticipated or required by the city regarding these excess expenditures.

Note 3 Budgets were not adopted for the Prairie Dog fund for the years ending December 31, 2024 or 2023 or for the American Rescue Plan Act fund for the year ending December 31, 2023 and therefore budget to actual statements are not presented for these major governmental funds.

CITY OF SURREY  
Surrey, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2024

	Balance 1-1-24	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-24
<u>Major Governmental Funds</u>						
General	70,675.13	522,723.58	61,447.41	1,050.00	653,496.12	300.00
Highway	125,703.86	74,154.77	20,000.00		50,608.32	169,250.31
American Rescue Plan Act	182,785.16				182,785.16	
Prairie Dog	263,741.74	125,000.00	36,519.30			425,261.04
City Sales Tax - Cap. Equip.	314,912.82	216,633.67		114,806.54	80,746.75	335,993.20
SID No. 2012-1 - TIF District		334,655.46			334,655.46	
<b>Total Major Governmental Funds</b>	<b>957,818.71</b>	<b>1,273,167.48</b>	<b>117,966.71</b>	<b>115,856.54</b>	<b>1,302,291.81</b>	<b>930,804.55</b>
<u>Non-Major Governmental Funds</u>						
Infrastructure Deposit	18,000.00	12,000.00			25,500.00	4,500.00
Capital Building Improvement	9,054.35				9,054.35	
Quasiquicentennial	1,000.00	5,000.00				6,000.00
City Beautification	350.65				27.89	322.76
City Pride	100.00				25.00	75.00
Equipment	6,757.13	7,700.00	29,142.80			43,599.93
Legacy Highway	21,623.05	265.45				21,888.50
Covid 19	51,506.27	2,641.59		52,118.29	2,029.57	
Police Vehicle Reserve	68,105.58	2,593.26	20,865.32		65,340.92	26,223.24
Back The Blue	14,423.00				6,600.00	7,823.00
Police Asset Forfeiture	9,887.31	49.95				9,937.26
Vector Control	10,039.47	10,497.64				20,537.11
Holiday Giving		1,042.00			1,042.00	
District No. 29	12,245.35	3,808.55			10,447.62	5,606.28
District No. 30	12,372.49	1,302.40			3,347.38	10,327.51
District No. 34	88,368.40	108,526.08			159,098.49	37,795.99
District No. 35	22,462.18	26,622.19			37,460.00	11,624.37
<b>Total Non-Major Governmental Funds</b>	<b>346,295.23</b>	<b>182,049.11</b>	<b>50,008.12</b>	<b>52,118.29</b>	<b>319,973.22</b>	<b>206,260.95</b>
<b>Total Governmental Funds</b>	<b>1,304,113.94</b>	<b>1,455,216.59</b>	<b>167,974.83</b>	<b>167,974.83</b>	<b>1,622,265.03</b>	<b>1,137,065.50</b>
<u>Major Enterprise Funds</u>						
Water:						
Operating	80,475.55	389,241.17		10,000.00	299,105.85	160,610.87
Water Reserve	81,349.94	2,976.55	10,000.00			94,326.49
Water Meter	20,528.55	5,865.00			24,407.05	1,986.50
Sewer:						
Operating	48,081.49	253,506.61			212,202.53	89,385.57
Sewer Reserve	63,833.27	6,751.59				70,584.86
Wastewater Replacement	42,474.08	5,536.89				48,010.97
Sewer Imp. District 2024					36,401.25	(36,401.25)
Garbage:						
Operating	74,485.85	138,512.97	3,500.00		168,136.44	48,362.38
Garbage Reserve	3,500.00			3,500.00		
<b>Total Major Enterprise Funds</b>	<b>414,728.73</b>	<b>802,390.78</b>	<b>13,500.00</b>	<b>13,500.00</b>	<b>740,253.12</b>	<b>476,866.39</b>
<b>Total All Funds</b>	<b>1,718,842.67</b>	<b>2,257,607.37</b>	<b>181,474.83</b>	<b>181,474.83</b>	<b>2,362,518.15</b>	<b>1,613,931.89</b>



CITY OF SURREY  
Surrey, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2023

	Balance 1-1-23	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-23
<u>Major Governmental Funds</u>						
General	142,908.71	535,495.62	30,000.00	16,496.64	621,232.56	70,675.13
American Rescue Plan Act	185,805.16				3,020.00	182,785.16
Prairie Dog	213,480.70	209,082.03		21,007.70	137,813.29	263,741.74
City Sales Tax - Cap. Equip.	418,522.71	147,781.24	21,000.00	69,690.96	202,700.17	314,912.82
SID No. 2012-1 - TIF District	(27,806.00)	339,974.33			312,168.33	
District No. 34	112,339.14	138,937.90			162,908.64	88,368.40
Total Major Governmental Funds	1,045,250.42	1,371,271.12	51,000.00	107,195.30	1,439,842.99	920,483.25
<u>Non-Major Governmental Funds</u>						
Infrastructure Deposit	22,500.00	9,000.00			13,500.00	18,000.00
Capital Building Improvement	7,880.71		1,173.64			9,054.35
Quasquicentennial			1,000.00			1,000.00
Highway	124,205.68	74,361.44			72,863.26	125,703.86
City Beautification	364.41	1,275.00			1,288.76	350.65
City Pride	100.00					100.00
Equipment			6,757.13			6,757.13
Legacy Highway		21,623.05				21,623.05
Covid 19	89,615.20	1,026.93		30,000.00	9,135.86	51,506.27
Police Vehicle Reserve	53,428.65	1,026.93	13,650.00			68,105.58
Back The Blue			14,423.00			14,423.00
Police Asset Forfeiture	9,842.12	45.19				9,887.31
Vector Control	28,158.60	10,199.00		22,000.00	6,318.13	10,039.47
ND TAP Safe Route Sidewalks			9,224.40		9,224.40	
Holiday Giving		980.00			980.00	
District No. 29	17,889.44	5,082.53			10,726.62	12,245.35
District No. 30	14,439.93	1,558.94			3,626.38	12,372.49
District No. 35	28,631.09	27,136.09			33,305.00	22,462.18
Total Non-Major Governmental Funds	397,055.83	153,315.10	46,228.17	52,000.00	160,968.41	383,630.69
Total Governmental Funds	1,442,306.25	1,524,586.22	97,228.17	159,195.30	1,600,811.40	1,304,113.94
<u>Major Enterprise Funds</u>						
Water:						
Operating	170,067.07	336,861.39	40,506.92	60,000.00	406,959.83	80,475.55
Water Deposits	8,552.00				8,552.00	
Water Reserve	21,823.01	1,026.93	60,000.00	1,500.00		81,349.94
Water Meter	17,362.55	5,745.00			2,579.00	20,528.55
Sewer:						
Operating	62,630.74	166,868.00	22,960.21		204,377.46	48,081.49
Sewer Reserve	62,806.34	1,026.93				63,833.27
Wastewater Replacement	34,474.08	8,000.00				42,474.08
Garbage:						
Operating	67,709.03	130,679.09			123,902.27	74,485.85
Garbage Reserve	3,500.00					3,500.00
Total Major Enterprise Funds	448,924.82	650,207.34	123,467.13	61,500.00	746,370.56	414,728.73
Total All Funds	1,891,231.07	2,174,793.56	220,695.30	220,695.30	2,347,181.96	1,718,842.67

# Rath & Mehrer, P.C.

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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

Governing Board  
City of Surrey  
Surrey, 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Surrey, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated May 16, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the city's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control. Accordingly, we do not express an opinion on the effectiveness of the city'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the city'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 audits 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 findings and responses as items 2024-001 and 2024-002, that we consider to be significant deficiencies.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the city's financial statements are free of 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*.

## City's Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the city's response to the findings identified in our audits and described in the accompanying *Schedule of Findings and Responses*. The city's response was not subjected to the other auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

## 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 city's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rath and Mehrer, P.C.

Bismarck, North Dakota

May 16, 2025



CITY OF SURREY  
Surrey, North Dakota

Schedule of Findings and Responses  
For the Years Ended December 31, 2024 and 2023

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified-Modified Cash Basis
Business-Type Activities	Unmodified-Modified Cash Basis
Major Governmental Funds	Unmodified-Modified Cash Basis
Major Business-Type Funds	Unmodified-Modified Cash Basis
Aggregate Remaining Fund Information	Unmodified-Modified Cash Basis

Internal control over financial reporting:

\* Material weakness(es) identified?        Yes   X   No

\* Significant deficiency(ies) identified?   X   Yes        None Reported

Noncompliance Material to financial statements noted?        Yes   X   No

SECTION II - FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. 2024-001 Segregation of Duties

Criteria: To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting and reconciliation.

Condition: The city has one person responsible for most accounting functions. The employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare bank reconciliations.

Cause: The city does not have a large enough staff to properly segregate all duties.

Effect: A lack of segregation of duties leads to a limited degree of internal control.

Recommendation: We recommend that management and the governing board be aware of the lack of segregation of duties and implement controls whenever possible to mitigate this risk.

Views of Responsible Officials: The city is aware of the condition and segregates duties whenever possible.

2. 2024-002 Financial Statement Preparation

*Criteria:* A good system of internal controls requires the city to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the city must maintain knowledge of current accounting principles and required financial statement disclosures.

*Condition:* The city's financial statements, including the accompanying note disclosures, are prepared by the city's external auditors.

*Cause:* The city feels it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

*Effect:* Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

*Recommendation:* We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to distribution.

*Views of Responsible Officials:* The city will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.