



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

2021 Annual Financial Report of **City of Des Lacs**



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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 Des Lacs for the year ended 2021. This review was done under the authority of North Dakota Century Code 54-10-14. These reviews are limited in scope and are not completed under the Auditing or Attestation standards issued by the American Institute of Certified Public Accountants.

This review was limited to verifying the following:

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

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

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

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

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

North Dakota State Auditor's Office
Bismarck, North Dakota
June 9, 2025



2021

| | Special | | Debt Service | | |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | General Fund | Revenue Fund | Enterprise Fund | Fund | Total Funds |
| Receipts | | | | | |
| General Property Taxes | \$ 21,128.71 | \$ 1,381.37 | \$ - | \$ - | \$ 22,510.08 |
| Oil And Gas Taxes | 300.79 | - | - | - | 300.79 |
| Highway Taxes | - | 13,338.74 | - | - | 13,338.74 |
| All Other Taxes | <u>446.90</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>446.90</u> |
| Total Taxes | <u>21,876.40</u> | <u>14,720.11</u> | <u>-</u> | <u>-</u> | <u>36,596.51</u> |
| Licenses And Permits | <u>1,357.48</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,357.48</u> |
| Total Licenses And Permits, And Fees | <u>1,357.48</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,357.48</u> |
| Grants From Federal Government | - | - | 15,779.35 | - | 15,779.35 |
| State Aid Distribution | <u>18,245.61</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,245.61</u> |
| Total Intergovernmental | <u>18,245.61</u> | <u>-</u> | <u>15,779.35</u> | <u>-</u> | <u>34,024.96</u> |
| Municipal Utilities | - | - | 41,963.10 | - | 41,963.10 |
| Recreational | <u>-</u> | <u>2,400.00</u> | <u>-</u> | <u>-</u> | <u>2,400.00</u> |
| Total Service Revenue | <u>-</u> | <u>2,400.00</u> | <u>41,963.10</u> | <u>-</u> | <u>44,363.10</u> |
| Interest And Dividends | <u>118.10</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>118.10</u> |
| Total Miscellaneous Receipts | <u>118.10</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>118.10</u> |
| Total Receipts | <u>\$ 41,597.59</u> | <u>\$ 17,120.11</u> | <u>\$ 57,742.45</u> | <u>\$ -</u> | <u>\$116,460.15</u> |
| Disbursements | | | | | |
| Payroll And Benefits | \$ 11,936.43 | \$ - | \$ - | \$ - | \$ 11,936.43 |
| Insurance | 1,316.00 | - | - | - | 1,316.00 |
| Rent | 1,824.85 | - | - | - | 1,824.85 |
| Utilities | 3,472.28 | 4,547.80 | - | - | 8,020.08 |
| Other Operating | <u>19,593.69</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,593.69</u> |
| Total Personnel And Administrative | <u>38,143.25</u> | <u>4,547.80</u> | <u>-</u> | <u>-</u> | <u>42,691.05</u> |
| Debt Payments | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,995.97</u> | <u>10,995.97</u> |
| Total Debt | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,995.97</u> | <u>10,995.97</u> |
| Municipal Utilities | <u>-</u> | <u>-</u> | <u>78,923.99</u> | <u>-</u> | <u>78,923.99</u> |
| Total Cost Of Service Revenue | <u>-</u> | <u>-</u> | <u>78,923.99</u> | <u>-</u> | <u>78,923.99</u> |
| Culture And Recreation | <u>-</u> | <u>2,585.41</u> | <u>-</u> | <u>-</u> | <u>2,585.41</u> |
| Total Functional | <u>-</u> | <u>2,585.41</u> | <u>-</u> | <u>-</u> | <u>2,585.41</u> |
| Total Disbursements | <u>\$ 38,143.25</u> | <u>\$ 7,133.21</u> | <u>\$ 78,923.99</u> | <u>\$ 10,995.97</u> | <u>\$135,196.42</u> |
| Beginning Fund Balance | \$ 81,149.91 | \$ 116,733.34 | \$ 58,828.46 | \$(11,121.97) | \$245,589.74 |
| Current Year Activity | <u>3,454.34</u> | <u>9,986.90</u> | <u>(21,181.54)</u> | <u>(10,995.97)</u> | <u>(18,736.27)</u> |
| Adjustment To Fund Balance (Sao Use) | 160.30 | - | - | - | 160.30 |
| Ending Fund Balance | <u>\$ 84,764.55</u> | <u>\$ 126,720.24</u> | <u>\$ 37,646.92</u> | <u>\$(22,117.94)</u> | <u>\$227,013.77</u> |



Long-Term Debt Table

| 2021 | Long-Term Debt | | | | Total | 68,400.84 |
|---------------|---------------------------------------|----------------------|---------------|-----------------|----------------|-----------|
| Type | Bank/Institution | Purpose of Debt | Maturity Date | Original Amount | Balance Amount | |
| Loans Payable | Bank of North Dakota | Rip Rap Lagoon Cells | | 97,403.00 | 59,000.00 | |
| Loans Payable | Rural Development Finance Corporation | Sewer Project Loan | | 30,275.00 | 9,400.84 | |



Comments Letter

Inaccurate Reporting of Revenues and Expenditures (2021)

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

Suggested Change:

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



Office of the
State Auditor

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