



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

*State Auditor Joshua C. Gallion*

## 2023 Annual Financial Report of **City of Des Lacs**





# TABLE OF CONTENTS

## INTRODUCTION

Basic Review Summary ..... 1

## REPORT

Annual Financial Report..... 2

Long-Term Debt Table ..... 3


Comments..... **Error! Bookmark not defined.**



### HAVE QUESTIONS? ASK US.

**NORTH DAKOTA STATE  
AUDITOR’S OFFICE**

600 E. Boulevard Ave. Dept 117  
Bismarck, North Dakota 58505

-  701-328-2241
-  [NDSAO@nd.gov](mailto:NDSAO@nd.gov)
-  [ND.gov/Auditor](http://ND.gov/Auditor)
-  [Facebook.com/NDStateAuditor](https://Facebook.com/NDStateAuditor)
-  [Linkedin.com/company/NDStateAuditor](https://Linkedin.com/company/NDStateAuditor)
-  [Youtube.com/@NDStateAuditor](https://Youtube.com/@NDStateAuditor)



### OFFICE OF GOOD GOVERNMENT

Free resources and support for local  
governments across North Dakota.

-  [ND.gov/Auditor/Office-Good-Government](http://ND.gov/Auditor/Office-Good-Government)





**NORTH DAKOTA OFFICE OF THE STATE AUDITOR**

State Capitol  
600 E. Boulevard Ave. Dept. 117  
Bismarck, ND 58505

[www.nd.gov/auditor](http://www.nd.gov/auditor)

[ndsao@nd.gov](mailto:ndsao@nd.gov)

## Basic Review Summary

We have reviewed the cash basis Annual Financial Report for Des Lacs for the year ended 2023. This review was done under the authority of North Dakota Century Code 54-10-14. These reviews are limited in scope and are not completed under the Auditing or Attestation standards issued by the American Institute of Certified Public Accountants.

This review was limited to verifying the following:

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

During the basic review, we identified that bank balances 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





## 2023

	Special		Debt Service		
	General Fund	Revenue Fund	Enterprise Fund	Fund	Total Funds
<b>Receipts</b>					
General Property Taxes	\$ 23,342.95	\$ -	\$ -	\$ -	\$ 23,342.95
Oil And Gas Taxes	252.29	-	-	-	252.29
Highway Taxes	-	11,506.20	-	-	11,506.20
All Other Taxes	<u>323.57</u>	<u>3,537.45</u>	-	-	<u>3,861.02</u>
Total Taxes	<u>23,918.81</u>	<u>15,043.65</u>	-	-	<u>38,962.46</u>
Licenses And Permits	638.57	-	-	-	638.57
Fees	<u>1,987.50</u>	-	-	-	<u>1,987.50</u>
Total Licenses And Permits, And Fees	<u>2,626.07</u>	-	-	-	<u>2,626.07</u>
Grants From Federal Government	-	-	4,844.80	-	4,844.80
Grants From State Government	-	27,846.75	-	-	27,846.75
State Aid Distribution	<u>18,510.23</u>	-	-	-	<u>18,510.23</u>
Total Intergovernmental	<u>18,510.23</u>	<u>27,846.75</u>	<u>4,844.80</u>	-	<u>51,201.78</u>
Municipal Utilities	-	-	38,460.08	-	38,460.08
Total Service Revenue	-	-	<u>38,460.08</u>	-	<u>38,460.08</u>
Interest And Dividends	62.74	-	-	-	62.74
All Other Miscellaneous Receipts	<u>1,082.30</u>	<u>1,797.09</u>	-	-	<u>2,879.39</u>
Total Miscellaneous Receipts	<u>1,145.04</u>	<u>1,797.09</u>	-	-	<u>2,942.13</u>
Total Receipts	<u>\$ 46,200.15</u>	<u>\$ 44,687.49</u>	<u>\$ 43,304.88</u>	<u>\$ -</u>	<u>\$134,192.52</u>
<b>Disbursements</b>					
Payroll And Benefits	\$ 11,894.61	\$ -	\$ -	\$ -	\$ 11,894.61
Insurance	1,124.00	-	-	-	1,124.00
Rent	1,884.67	-	-	-	1,884.67
Utilities	4,028.62	11,202.92	-	-	15,231.54
Other Operating	<u>4,964.96</u>	-	-	-	<u>4,964.96</u>
Total Personnel And Administrative	<u>23,896.86</u>	<u>11,202.92</u>	-	-	<u>35,099.78</u>
Equipment	8,000.00	-	-	-	8,000.00
Repairs And Maintenance	<u>2,648.58</u>	-	-	-	<u>2,648.58</u>
Total Capital And Infrastructure	<u>10,648.58</u>	-	-	-	<u>10,648.58</u>
Debt Payments	-	-	-	9,546.50	9,546.50
Total Debt	-	-	-	<u>9,546.50</u>	<u>9,546.50</u>
Municipal Utilities	-	-	27,529.14	-	27,529.14
Total Cost Of Service Revenue	-	-	<u>27,529.14</u>	-	<u>27,529.14</u>
Culture And Recreation	-	<u>3,299.63</u>	-	-	<u>3,299.63</u>
Total Functional	-	<u>3,299.63</u>	-	-	<u>3,299.63</u>
Total Disbursements	<u>\$ 34,545.44</u>	<u>\$ 14,502.55</u>	<u>\$ 27,529.14</u>	<u>\$ 9,546.50</u>	<u>\$ 86,123.63</u>
Beginning Fund Balance	\$ 83,079.29	\$ 122,170.74	\$ 30,193.14	\$(32,978.19)	\$202,464.98
Current Year Activity	<u>11,654.71</u>	<u>30,184.94</u>	<u>15,775.74</u>	<u>(9,546.50)</u>	<u>48,068.89</u>
Adjustment To Fund Balance (Sao Use)	274.21	-	-	-	274.21
Ending Fund Balance	<u>\$ 95,008.21</u>	<u>\$ 152,355.68</u>	<u>\$ 45,968.88</u>	<u>\$(42,524.69)</u>	<u>\$250,808.08</u>





## Long-Term Debt Table

2023	Long-Term Debt				Total	52,164.83
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	49,000.00	
Loans Payable	Rural Development Finance Corporation	Sewer Project Loan		30,275.00	3,164.83	





# Comments Letter

## **Inaccurate Reporting of Revenues and Expenditures (2023)**

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.

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

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

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

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

### **Suggested Change:**

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





Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505

 [ND.gov/Auditor](https://nd.gov/Auditor)

 [NDSAO@nd.gov](mailto:NDSAO@nd.gov)

 701-328-2241

 [Facebook.com/NDStateAuditor](https://Facebook.com/NDStateAuditor)

 [YouTube.com/@NDStateAuditor](https://YouTube.com/@NDStateAuditor)

 [Linkedin.com/company/NDStateAuditor](https://Linkedin.com/company/NDStateAuditor)