



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

2023 Annual Financial Report of **Grace City**



TABLE OF CONTENTS

INTRODUCTION

Basic Review Summary1

REPORT

Annual Financial Report.....2


Comments3



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
-  ND.gov/Auditor
-  Facebook.com/NDStateAuditor
-  Linkedin.com/company/NDStateAuditor
-  Youtube.com/@NDStateAuditor



OFFICE OF GOOD GOVERNMENT

Free resources and support for local
governments across North Dakota.

-  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

ndsao@nd.gov

Basic Review Summary

We have reviewed the cash basis Annual Financial Report for Grace City 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 Generally Accepted Auditing or Attestation standards issued by the American Institute of Certified Public Accountants. Therefore, we do not express an opinion over the financial information included in this report.

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
April 3, 2025



	General Fund	Special Revenue Fund	Capital Project Fund	Total Funds
Receipts				
General Property Taxes	\$ 8,526.20	\$ -	\$ -	\$ 8,526.20
Highway Taxes	-	4,620.98	-	4,620.98
All Other Taxes	<u>92.70</u>	<u>-</u>	<u>-</u>	<u>92.70</u>
Total Taxes	<u>8,618.90</u>	<u>4,620.98</u>	<u>-</u>	<u>13,239.88</u>
Grants From State Government	-	-	8,626.12	8,626.12
State Aid Distribution	<u>5,314.63</u>	<u>-</u>	<u>-</u>	<u>5,314.63</u>
Total Intergovernmental	<u>5,314.63</u>	<u>-</u>	<u>8,626.12</u>	<u>13,940.75</u>
Municipal Utilities	<u>3,708.54</u>	<u>-</u>	<u>-</u>	<u>3,708.54</u>
Total Service Revenue	<u>3,708.54</u>	<u>-</u>	<u>-</u>	<u>3,708.54</u>
Interest And Dividends	<u>181.70</u>	<u>-</u>	<u>-</u>	<u>181.70</u>
Total Miscellaneous Receipts	<u>181.70</u>	<u>-</u>	<u>-</u>	<u>181.70</u>
Total Receipts	<u>\$ 17,823.77</u>	<u>\$ 4,620.98</u>	<u>\$ 8,626.12</u>	<u>\$31,070.87</u>
Disbursements				
Payroll And Benefits	\$ 3,247.50	\$ -	\$ -	\$ 3,247.50
Insurance	1,210.00	-	-	1,210.00
Other Operating	<u>1,343.05</u>	<u>2,532.50</u>	<u>-</u>	<u>3,875.55</u>
Total Personnel And Administrative	<u>5,800.55</u>	<u>2,532.50</u>	<u>-</u>	<u>8,333.05</u>
Infrastructure	-	2,052.00	8,625.00	10,677.00
Repairs And Maintenance	<u>3,400.00</u>	<u>3,149.00</u>	<u>-</u>	<u>6,549.00</u>
Total Capital And Infrastructure	<u>3,400.00</u>	<u>5,201.00</u>	<u>8,625.00</u>	<u>17,226.00</u>
Municipal Utilities	<u>4,275.00</u>	<u>-</u>	<u>-</u>	<u>4,275.00</u>
Total Cost Of Service Revenue	<u>4,275.00</u>	<u>-</u>	<u>-</u>	<u>4,275.00</u>
Fire Protection	<u>600.00</u>	<u>-</u>	<u>-</u>	<u>600.00</u>
Total Functional	<u>600.00</u>	<u>-</u>	<u>-</u>	<u>600.00</u>
Total Disbursements	<u>\$ 14,075.55</u>	<u>\$ 7,733.50</u>	<u>\$ 8,625.00</u>	<u>\$30,434.05</u>
Beginning Fund Balance	\$ 36,429.11	\$ -	\$ 3.00	\$36,432.11
Current Year Activity	<u>3,748.22</u>	<u>(3,112.52)</u>	<u>1.12</u>	<u>636.82</u>
Adjustment To Fund Balance (Sao Use)	3.94	-	-	3.94
Ending Fund Balance	<u>\$ 40,181.27</u>	<u>\$ (3,112.52)</u>	<u>\$ 4.12</u>	<u>\$37,072.87</u>



Comments Letter

Municipal Infrastructure Fund not in Separate Fund (2023)

During the review of the annual financial review form, the city received Municipal Infrastructure Funds, also known as Prairie Dog funds, and did not record them in a Capital Projects Fund. After communicating with the city, our office created a Municipal Infrastructure Fund on the annual financial review form to reflect the city's intent, evidenced by the separate bank account opened for these funds.

GASB 54 states capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Suggested Change

The city of Grace should track revenues and expenditures related to the Municipal Infrastructure Funds in a Capital Projects Fund.

Missing Outstanding Items (2023)

During the review of the annual financial review form, outstanding checks as of December 31, 2023 were not included to show the proper bank balance per books and tie to the fund.

Suggested Change

The outstanding items were added to balance the books to the fund balance.

The city should include any outstanding items when completing their annual financial review form.



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

 701-328-2241

 Facebook.com/NDStateAuditor

 YouTube.com/@NDStateAuditor

 Linkedin.com/company/NDStateAuditor