



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Lake Region Law Enforcement Center

Devils Lake, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: PS36102*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# LAKE REGION LAW ENFORCEMENT CENTER

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For the Year Ended December 31, 2023

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# LAKE REGION LAW ENFORCEMENT CENTER

Law Enforcement Officials

December 31, 2023

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## LAW ENFORCEMENT CENTER OFFICIALS

Jeff Frith	Chairman - LEC, Ramsey County Commission Representative
Blaine Volk	Chairman, Ramsey County Commissioner (E-911)
Cody Johnson	Commissioner, Nelson County Commission Representative
Lisa Uhlenkamp	Commissioner, City of Devils Lake Representative
Jason Pierce	Commissioner, City of Devils Lake Representative
David Gertz	Commissioner, Eddy County Commission Representative
Tammy Kuk	Commissioner, Benson County Commission Representative
Starr Klemetsrud	Director
Jessica Hjelden	Finance Administrator

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of Law Enforcement Center Commissioners  
Lake Region Law Enforcement Center  
Devils Lake, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Region Law Enforcement Center, Devils Lake, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lake Region Law Enforcement Center'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Region Law Enforcement Center, Devils Lake, North Dakota, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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 (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 Lake Region Law Enforcement Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Lake Region Law Enforcement Center'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 our 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 audit 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 Lake Region Law Enforcement Center'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 Lake Region Law Enforcement Center'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules and notes to the required supplementary information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025 on our consideration of Lake Region Law Enforcement Center'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 Lake Region Law Enforcement Center'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 Lake Region Law Enforcement Center's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 18, 2025

**LAKE REGION LAW ENFORCEMENT CENTER**

## Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 267,739	\$ 1,045,310	\$ 1,313,049
Accounts Receivable	9,336	230,591	239,927
Capital Assets			
Nondepreciable	-	159,703	159,703
Depreciable, Net	54,095	2,086,599	2,140,694
Amortized, Net	-	53,125	53,125
Total Assets	\$ 331,170	\$ 3,575,328	\$ 3,906,498
<b>LIABILITIES</b>			
Accounts Payable	\$ 10,192	\$ -	\$ 10,192
Salaries Payable	16,521	111,955	128,476
Interest Payable	2,459	-	2,459
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	53,311	-	53,311
Compensated Absences Payable	5,640	23,011	28,651
Due Outside One Year			
Long-Term Debt	110,205	-	110,205
Compensated Absences Payable	22,559	91,101	113,660
Total Liabilities	\$ 220,887	\$ 226,067	\$ 446,954
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ (109,421)	\$ 2,299,426	\$ 2,190,005
Restricted for			
Public Safety	195,421	363,668	559,089
Capital Projects	24,283	-	24,283
Unrestricted	-	686,167	686,167
Total Net Position	\$ 110,283	\$ 3,349,261	\$ 3,459,544

The notes to the financial statements are an integral part of this statement.

# LAKE REGION LAW ENFORCEMENT CENTER

## Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>Governmental Activities</b>						
Public Safety	\$ 1,073,772	\$ 1,212,603	\$ -	\$ 138,831	\$ -	\$ 138,831
Interest	4,852	-	-	(4,852)	-	(4,852)
Total Governmental Activities	\$ 1,078,624	\$ 1,212,603	\$ -	\$ 133,979	\$ -	\$ 133,979
<b>Business-Type Activities</b>						
Law Enforcement Center	\$ 3,064,312	\$ 3,133,115	\$ 47,257	\$ -	\$ 116,060	\$ 116,060
Residential Reentry Center	755,242	712,772	-	-	(42,470)	(42,470)
Jail Operating Account	210,518	-	-	-	(210,518)	(210,518)
Total Business Type Activities	\$ 4,030,072	\$ 3,845,887	\$ 47,257	\$ -	\$ (136,928)	\$ (136,928)
Total Primary Government	\$ 5,108,696	\$ 5,058,490	\$ 47,257	\$ 133,979	\$ (136,928)	\$ (2,949)
Interest Income				\$ 163	\$ 2,030	\$ 2,193
Phone Commission				-	43,987	43,987
Commissary Income				-	200	200
Bond Proceeds				-	140,310	140,310
Miscellaneous Revenue				-	228,061	228,061
Total General Revenues				\$ 163	\$ 414,588	\$ 414,751
Change in Net Position				\$ 134,142	\$ 277,660	\$ 411,802
Net Position - January 1				\$ 333,986	\$ 3,062,175	\$ 3,396,161
Prior Period Adjustment				\$ (357,845)	\$ 9,426	\$ (348,419)
Net Position - January 1, as restated				\$ (23,859)	\$ 3,071,601	\$ 3,047,742
Net Position - December 31				\$ 110,283	\$ 3,349,261	\$ 3,459,544

The notes to the financial statements are an integral part of this statement.



**LAKE REGION LAW ENFORCEMENT CENTER**

Balance Sheet – Governmental Funds

December 31, 2023

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	E-911 Fund	Capital Project Fund	Total
<b>ASSETS</b>			
Cash	\$ 243,456	\$ 24,283	\$ 267,739
Accounts Receivable	9,336	-	9,336
Total Assets	<u>\$ 252,792</u>	<u>\$ 24,283</u>	<u>\$ 277,075</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 10,192	\$ -	\$ 10,192
Salaries Payable	16,521	-	16,521
Total Liabilities	<u>\$ 26,713</u>	<u>\$ -</u>	<u>\$ 26,713</u>
<b>FUND BALANCES</b>			
Restricted For			
Public Safety	\$ 226,079	\$ -	\$ 226,079
Capital Projects	-	24,283	24,283
Total Fund Balances	<u>\$ 226,079</u>	<u>\$ 24,283</u>	<u>\$ 250,362</u>
Total Liabilities and Fund Balances	<u>\$ 252,792</u>	<u>\$ 24,283</u>	<u>\$ 277,075</u>

The notes to the financial statements are an integral part of this statement.

## LAKE REGION LAW ENFORCEMENT CENTER

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
December 31, 2023

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<b>Total Fund Balance for Governmental Fund</b>	<b>\$ 250,362</b>
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Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	54,095
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Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities- both current and long-term- are reported in the statement of net position.

Long-Term Debt	(163,516)	
Interest Payable	(2,459)	
Compensated Absences	<u>(28,199)</u>	<u>(194,174)</u>

<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 110,283</u></u></b>
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The notes to the financial statements are an integral part of this statement.

**LAKE REGION LAW ENFORCEMENT CENTER**

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

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	E-911 Fund	Capital Projects Fund	Total
<b>REVENUES</b>			
911 Assessments	\$ 1,131,510	\$ -	\$ 1,131,510
Intergovernmental Revenue	57,809	23,283	81,092
Interest	163	-	163
Total Revenues	<u>\$ 1,189,482</u>	<u>\$ 23,283</u>	<u>\$ 1,212,765</u>
<b>EXPENDITURES</b>			
Current			
Public Safety	\$ 1,073,345	\$ -	\$ 1,073,345
Debt Service			
Principal	52,148	-	52,148
Interest	4,852	-	4,852
Total Expenditures	<u>\$ 1,130,345</u>	<u>\$ -</u>	<u>\$ 1,130,345</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,137</u>	<u>\$ 23,283</u>	<u>\$ 82,420</u>
Net Change in Fund Balances	<u>\$ 59,137</u>	<u>\$ 23,283</u>	<u>\$ 82,420</u>
Fund Balance - January 1	<u>\$ 166,942</u>	<u>\$ 1,000</u>	<u>\$ 167,942</u>
Fund Balance - December 31	<u><u>\$ 226,079</u></u>	<u><u>\$ 24,283</u></u>	<u><u>\$ 250,362</u></u>

The notes to the financial statements are an integral part of this statement.

## LAKE REGION LAW ENFORCEMENT CENTER

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

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<b>Net Change in <i>Fund Balance</i> - Total Governmental Fund</b>	<b>\$ 82,420</b>
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The change in net position reported for governmental activities in the statement of activities is different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	4,759	
Net Change in Interest Payable	<u>(1,025)</u>	3,734

Governmental funds report capital outlays as expenditures. However, in the statement activities, the cost of those assets is allocated over their estimated useful lives and as depreciation expense.

Depreciation Expense	(4,160)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Issuance of debt is an other financing source in the Governmental Funds which increases the long term liabilities in the Statement of Net Position. This is the amount of debt issuance and debt repayment.

Repayment of Debt	<u>52,148</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 134,142</u></u></b>
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The notes to the financial statements are an integral part of this statement.

# LAKE REGION LAW ENFORCEMENT CENTER

Statement of Net Position – Proprietary Funds

For the Year Ended December 31, 2023

	Business-Type Activities			Total
	Law Enforcement	Re-Entry	Jail Operating Account	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 727,171	\$ 178,506	\$ 139,633	\$ 1,045,310
Accounts Receivable	129,080	101,511	-	230,591
Total Current Assets	\$ 856,251	\$ 280,017	\$ 139,633	\$ 1,275,901
Noncurrent Assets				
Capital Assets				
Nondepreciable	\$ 159,703	\$ -	\$ -	\$ 159,703
Depreciable, Net	2,086,599	-	-	2,086,599
Amortized, Net	53,124	-	-	53,124
Total Noncurrent Assets	\$ 2,299,426	\$ -	\$ -	\$ 2,299,426
Total Assets	\$ 3,155,677	\$ 280,017	\$ 139,633	\$ 3,575,327
<b>LIABILITIES</b>				
Current Liabilities				
Salaries Payable	\$ 84,359	\$ 27,596	\$ -	\$ 111,955
Compensated Absences Payable	17,334	5,676	-	23,010
Total Current Liabilities	\$ 101,693	\$ 33,272	\$ -	\$ 134,965
Noncurrent Liabilities				
Compensated Absences Payable	\$ 68,391	\$ 22,710	\$ -	\$ 91,101
Total Noncurrent Liabilities	\$ 68,391	\$ 22,710	\$ -	\$ 91,101
Total Liabilities	\$ 170,084	\$ 55,982	\$ -	\$ 226,066
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 2,299,426	\$ -	\$ -	\$ 2,299,426
Restricted for				
Public Safety	-	224,035	139,633	363,668
Unrestricted	686,167	-	-	686,167
Total Net Position	\$ 2,985,593	\$ 224,035	\$ 139,633	\$ 3,349,261

The notes to the financial statements are an integral part of this statement.

# LAKE REGION LAW ENFORCEMENT CENTER

## Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund For the Year Ended December 31, 2023

	Business-Type Activities			Total
	Law Enforcement	Re Entry	Jail Operating Account	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,133,115	\$ 712,772	\$ -	\$ 3,845,887
Phone Commission	-	-	43,987	43,987
Commissary Income	-	-	200	200
Miscellaneous Income	-	-	4,806	4,806
Bonds Received	-	-	140,310	140,310
Total Operating Income	\$ 3,133,115	\$ 712,772	\$ 189,303	\$ 4,035,190
<b>OPERATING EXPENSES</b>				
Group Insurance Benefits	\$ 292,396	\$ 120,326	\$ -	\$ 412,722
Retirement	27,677	4,375	-	32,052
Payroll	1,452,540	419,391	9,553	1,881,484
Utilities	101,360	16,112	-	117,472
Medical	12,237	836	-	13,073
Phone	14,104	-	-	14,104
Kitchen & Laundry	309,916	69,615	-	379,531
Supplies	63,765	12,885	-	76,650
Professional Fees	24,270	-	-	24,270
Insurance	25,756	-	-	25,756
Training	30,663	-	-	30,663
Other Operating Expenses	179,674	88,665	12,391	280,730
Inmate Betterment	-	-	48,264	48,264
Capital/Maintenance	102,161	23,037	-	125,198
Vehicle Expense	7,947	-	-	7,947
Reimbursable Expenses	3,870	-	-	3,870
Uncategorized Expense	284,078	-	-	284,078
Bonds Paid Out	-	-	140,310	140,310
Depreciation	131,898	-	-	131,898
Total Operating Expenses	\$ 3,064,312	\$ 755,242	\$ 210,518	\$ 4,030,072
Operating Income (Loss)	\$ 68,803	\$ (42,470)	\$ (21,215)	\$ 5,118
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant Income	\$ 47,257	\$ -	\$ -	\$ 47,257
Interest Income	2,030	-	-	2,030
Rent Income	161,044	-	-	161,044
Reimbursement	951	-	-	951
SCRAM/Monitoring Revenue (RRC)	-	61,260	-	61,260
Total Non-Operating Revenues (Expenses)	\$ 211,282	\$ 61,260	\$ -	\$ 272,542
Income (Loss) Before Transfers	\$ 280,085	\$ 18,790	\$ (21,215)	\$ 277,660
Change in Net Position	\$ 280,085	\$ 18,790	\$ (21,215)	\$ 277,660
Net Position - January 1	\$ 2,696,082	\$ 205,245	\$ 160,848	\$ 3,062,175
Prior Period Adjustment	\$ 9,426	\$ -	\$ -	\$ 9,426
Net Position - January 1, as restated	\$ 2,705,508	\$ 205,245	\$ 160,848	\$ 3,071,601
Net Position - December 31	\$ 2,985,593	\$ 224,035	\$ 139,633	\$ 3,349,261

The notes to the financial statements are an integral part of this statement.

# LAKE REGION LAW ENFORCEMENT CENTER

## Statement of Cash Flows— Proprietary Fund

For the Year Ended December 31, 2023

	Business-Type Activities			Total
	Law Enforcement	Re Entry	Jail Operating Account	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from Customers	\$ 3,134,890	\$ 698,331	\$ -	\$ 3,833,221
Received from Commissary	-	-	200	200
Received from Commissions	-	-	48,794	48,794
Received from Bonds	-	-	140,310	140,310
Payments to Bonds	-	-	(140,310)	(140,310)
Payments to Suppliers for Goods and Services	(1,159,801)	(219,841)	(60,656)	(1,440,298)
Payments to Employees	(1,738,830)	(538,591)	(9,553)	(2,286,974)
Net Cash Provided by Operating Activities	\$ 236,259	\$ (60,101)	\$ (21,215)	\$ 154,943
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Other Non-Operating Proceeds	\$ 209,252	\$ 61,261	\$ -	\$ 270,513
Net Cash Provided by Non-capital Financing Activities	\$ 209,252	\$ 61,261	\$ -	\$ 270,513
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	\$ (63,749)	\$ -	\$ -	\$ (63,749)
Interest Income	2,030	-	-	2,030
Net Cash Used by Investing Activities	\$ (61,719)	\$ -	\$ -	\$ (61,719)
Net Increase in Cash and Cash Equivalents	\$ 383,792	\$ 1,160	\$ (21,215)	\$ 363,737
Cash and Cash Equivalents - January 1	\$ 343,379	\$ 177,346	\$ 160,848	\$ 681,573
Cash and Cash Equivalents - December 31	\$ 727,171	\$ 178,506	\$ 139,633	\$ 1,045,310
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 68,803	\$ (42,470)	\$ (21,215)	\$ 5,118
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Depreciation	\$ 131,898	\$ -	\$ -	\$ 131,898
Change in Assets and Liabilities				
Accounts Receivable	1,775	(14,441)	-	(12,666)
Accounts Payable	-	(8,691)	-	(8,691)
Salaries Payable	22,949	(1,725)	-	21,224
Compensated Absences	10,834	7,226	-	18,060
Total Adjustments	\$ 167,456	\$ (17,631)	\$ -	\$ 149,825
Net Cash Provided by Operating Activities	\$ 236,259	\$ (60,101)	\$ (21,215)	\$ 154,943

The notes to the financial statements are an integral part of this statement.

## LAKE REGION LAW ENFORCEMENT CENTER

Statement of Fiduciary Net Position – Fiduciary Funds

For the Year Ended December 31, 2023

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	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 44,572
Accounts Receivable	7,379
Total Assets	<u>51,951</u>
<b>LIABILITIES</b>	
Liabilities	
Funds Held for Inmates	\$ 2,417
Accounts Payable	54,327
Total Liabilities	<u>\$ 56,744</u>
<b>NET POSITION</b>	
Restricted	
Funds Held for Inmates	\$ (4,793)
Total Net Position	<u>\$ (4,793)</u>

The notes to the financial statements are an integral part of this statement.



## LAKE REGION LAW ENFORCEMENT CENTER

Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
December 31, 2023

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	Custodial Funds
<b>ADDITIONS</b>	
Inmate Trust Account Collections	\$ 146,368
Miscellaneous Collections	<u>4,193</u>
Total Additions	<u>\$ 150,561</u>
<b>DEDUCTIONS</b>	
Commissary Disbursements	\$ 70,126
Inmate Trust Account Disbursements	<u>85,940</u>
Total Deductions	<u>\$ 156,066</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (5,505)</u>
Net Position - Beginning	<u>\$ 712</u>
Net Position - Ending	<u><u>\$ (4,793)</u></u>

The notes to the financial statements are an integral part of this statement.

## LAKE REGION LAW ENFORCEMENT CENTER

Notes to the Financial Statements

For the Year Ended December 31, 2023

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lake Region Law Enforcement Center ("LEC") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental 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.

#### Reporting Entity

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

As required by generally accepted accounting principles, the financial statements of the reporting entity include only the LEC (the primary government), as there are no component units. The LEC is a joint venture of Benson, Eddy, Nelson, Ramsey County, and the City of Devils Lake formed under the provisions of North Dakota Century Code Chapter 12-44.1.

#### Basis of Presentation

*Government-wide statements.* The statement of net position and the statement of activities display information about the primary government, the LEC. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the LEC'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, interest, and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the LEC's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column.

The Law Enforcement Center reports the following major governmental funds:

*E-911 Fund* - This fund accounts for activity of the Law Enforcement Centers Emergency 911 operations for land lines and cellular phones. Restricted revenue includes billings for E-911 services.

*Capital Projects Fund.* This fund accounts for activity of a capital asset project and also activity for a loan that was used to pay for the capital project.

The Law Enforcement Center reports the following major business-type funds:

*Law Enforcement Center.* This is the LEC's primary operating fund. It accounts for all financial resources of the law enforcement enterprise, except those required to be accounted for in another fund.

*Re-entry Center Fund.* This is the Residential Re-entry Center Fund. It accounts for the financial resources of the law enforcement's Re-entry activity.

*Jail Operating Account.* This is the Jail Operating Account. It accounts for the financial resources of the jail commissary, commission from phone cards, and inmate salary.

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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Additionally, the Law Enforcement Center reports the following fund type:

*Custodial Fund.* This fund accounts for assets held by the LEC in a custodial capacity as an agent on behalf of others. The LEC's custodial fund is used to account for activity at the jail commissary.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-Wide, Proprietary Fund & Fiduciary Fund Financial Statements.* The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide proprietary and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the LEC gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The LEC considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the LEC funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the LEC's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the LEC's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Cash and Investments**

Cash and cash equivalents include amounts in demand deposits and money market accounts.

### **Capital Assets**

Capital assets, which include property, buildings, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the LEC are depreciated using the straight-line method over the following estimated useful lives (in years):

<b>Assets</b>	<b>Years</b>
Buildings	50
Office Equipment	3-5
Equipment	5-15
Vehicles	5

### **Compensated Absences**

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. An unlimited number of sick leave hours may be carried over and employees are paid for 25% of their accumulated sick, to a maximum of 240 hours of leave, at retirement. When intent to terminate employment is submitted, the employee must have 5 continuous years of service to be eligible for monetary compensation. Vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

Vacation leave is earned as follows:

<b>Years of Service</b>	<b>Hours per Month</b>
0 through 48 Months	8
49 through 96 Months	10
97 through 180 Months	12
181 Months and Over	16

### **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.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

### **Fund Balances**

*Fund Balance Spending Policy.* It is the policy of the LEC to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3<sup>rd</sup> parties (state and federal governments for various grants & reimbursements).

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

### **Net Position**

When both restricted and unrestricted resources are available for use, it is the LEC's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restrictions in state law as to how E-911 funds are to be used.

Unrestricted net position is primarily unrestricted amounts related to the LEC enterprise fund. The unrestricted net position is available to meet the entity's ongoing obligations.

### **Interfund Transactions**

In the governmental fund 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.

### **Subscription-Based Information Technology Arrangements (SBITA)**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA. SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract commencement date. The District has made an accounting policy election to use a risk-free rate based on US Treasury T-bill rate as of the SBITA contract commencement.

The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The amortizable life of SBITA assets is limited to the shorter of the expected agreement term or the useful life of the underlying asset.

As of December 31, 2023 the LEC entered into a SBITA agreement for a new Computer Aided Design (CAD) software and hardware equipment for the LEC's 911 and jail systems. There is no liability that will be recognized as the costs were paid at implementation, but the SBITA asset will be included as an addition to capital assets as of December 31, 2023. The total cost of this asset is stated at \$63,749.

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Governmental Activities Net Position as of January 1, 2023 has been restated to remove construction in progress in the prior period:

<b>Governmental Activities</b>	<b>Amounts</b>
<b>Beginning Net Position, as Previously Reported</b>	\$ 333,986
Adjustments to restate the January 1, 2023 Net Position	
Capital Assets Non-Depreciable, Net	(357,845)
<b>Net Position January 1, as restated</b>	<b>\$ (23,859)</b>

Business-Type Activities Net Position as of January 1, 2023 has been restated due to adding in missing Capital Assets from the prior period:

<b>Business Type Activities</b>	<b>Amounts</b>
<b>Beginning Net Position, as Previously Reported</b>	\$ 3,062,175
Adjustments to restate the January 1, 2023 Net Position	
Capital Assets, Net	9,426
<b>Net Position January 1, as restated</b>	<b>\$ 3,071,601</b>

**NOTE 3 DEPOSITS**

**Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the LEC would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The LEC does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

In accordance with North Dakota Statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution 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 investment 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 LEC, city, township, school district, park district, or 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 such other securities approved by the banking board.

At year ended December 31, 2023, the LEC's carrying amount of deposits totaled \$1,325,608 and the bank balances totaled \$1,400,950. Of the bank balances, \$524,283 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**LAKE REGION LAW ENFORCEMENT CENTER**  
Notes to the Financial Statements – Continued

**NOTE 4 CAPITAL ASSETS**

**Government Activities**

The following is a summary of changes in capital assets for the year ended December 31, 2023 for the LEC:

<b>Governmental Activities</b>	<b>Restated Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers to Enterprise Activities</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated					
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated					
Equipment	\$ 77,935	\$ -	\$ -	\$ -	\$ 77,935
Less Accumulated Depreciation					
Equipment	\$ 19,679	\$ 4,161	\$ -	\$ -	\$ 23,840
Governmental Activities Capital Assets, Net	\$ 58,256	\$ (4,161)	\$ -	\$ -	\$ 54,095

Depreciation expense for governmental activities was charged to the public safety function.

**Business-Type Activities**

The following is a summary of changes in capital assets for the year ended December 31, 2023:

<b>Law Enforcement Center Fund</b>	<b>Restated Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers from Governmental Activities</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 159,703	\$ -	\$ -	\$ -	\$ 159,703
Capital Assets Being Depreciated					
Buildings	\$ 2,973,928	\$ -	\$ -	\$ -	\$ 2,973,928
Building Improvements	306,473	-	-	-	306,473
Vehicles	23,405	-	-	-	23,405
Equipment	918,545	-	-	-	918,545
Total Capital Assets, Being Depreciated	\$ 4,222,351	\$ -	\$ -	\$ -	\$ 4,222,351
Less Accumulated Depreciation					
Buildings	\$ 1,581,745	\$ 43,144	\$ -	\$ -	\$ 1,624,889
Building Improvements	145,906	14,054	-	-	159,960
Vehicles	20,043	1,681	-	-	21,724
Equipment	266,784	62,395	-	-	329,179
Total Accumulated Depreciation	\$ 2,014,478	\$ 121,274	\$ -	\$ -	\$ 2,135,752
Total Capital Assets Being Depreciated, Net	\$ 2,207,873	\$ (121,274)	\$ -	\$ -	\$ 2,086,600
Capital Assets, Being Amortized					
SBITA right-of-use software	\$ -	\$ 63,749	\$ -	\$ -	\$ 63,749
Less Amortization					
SBITA right-of-use software	\$ -	\$ 10,625	\$ -	\$ -	\$ 10,625
Capital Assets Being Amortized, Net	\$ -	\$ 53,124	\$ -	\$ -	\$ 53,124
Business-type Activities Capital Assets, Net	\$ 5,181,801	\$ (68,150)	\$ -	\$ -	\$ 2,299,427

Depreciation and amortization expense for the business-type activity was charged as an operating expense to the law enforcement center fund and activity.

**NOTE 5 LONG-TERM LIABILITIES**

**Government Activities**

During the year ended December 31, 2023, the following changes occurred in governmental activities long-term liabilities:

<b>Governmental Activities</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long-Term Debt					
Loan Payable	\$ 215,664	\$ -	\$ 52,148	\$ 163,516	\$ 53,311
Compensated Absences Payable	\$ 32,958	\$ 20,640	\$ 25,399	\$ 28,199	\$ 5,640
Total Long-Term Liabilities	\$ 248,622	\$ 20,640	\$ 77,547	\$ 191,715	\$ 58,951

**LAKE REGION LAW ENFORCEMENT CENTER**  
Notes to the Financial Statements – Continued

Debt service requirements on long-term debt is as follows:

<b>Governmental Activities</b>		
<b>Year Ending December 31</b>	<b>Loan Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2024	53,311	3,689
2025	54,520	2,480
2026	55,685	1,256
2027	-	-
<b>Total</b>	<b>\$ 163,516</b>	<b>\$ 7,425</b>

**Business-Type Activities**

During the year ended December 31, 2023, the following changes occurred in business-type activities long-term liabilities

<b>Law Enforcement Center Fund</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences Payable	\$ 74,891	\$ 69,307	\$ 58,473	\$ 85,725	\$ 17,334

<b>Residential Reentry Center Fund</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences Payable	\$ 21,159	\$ 19,899	\$ 12,671	\$ 28,387	\$ 5,677

**NOTE 6 RISK MANAGEMENT**

The LEC is exposed to various risks of loss related 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 LEC pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile insurance coverage.

The LEC also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The LEC 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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the LEC with blanket fidelity bond coverage in the amount of \$1,168,469 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The Law Enforcement Center has worker's compensation with the 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 years.

**NOTE 7 RETIREMENT PLAN**

The LEC participates in a deferred compensation plan from Nationwide Retirement Solutions. Employees are obligated to contribute a minimum of 4% of their gross salary up to IRS allowed maximums, and the LEC will match up to 5%. The LEC's contributions to Nationwide Retirement Solutions for the years ending December 31, 2023, 2022, and 2021 were \$45,735, \$40,309, and \$31,506 respectively, equal to the required contributions for the year.



**LAKE REGION LAW ENFORCEMENT CENTER**

Budgetary Comparison Schedule – E-911 Fund

December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
911 Assessments	\$ 1,143,563	\$ 1,108,274	\$ 1,131,510	\$ 23,236
SIRN/Console Project	57,809	57,809	57,809	-
Interest	200	163	163	-
Miscellaneous Income	500	-	-	-
Total Revenues	\$ 1,202,072	\$ 1,166,246	\$ 1,189,482	\$ 23,236
<b>EXPENDITURES</b>				
Current				
Public Safety	\$ 1,202,070	\$ 1,141,651	\$ 1,073,345	\$ 68,306
Debt Service				
Principal	-	-	52,148	(52,148)
Interest	-	-	4,852	(4,852)
Total Expenditures	\$ 1,202,070	\$ 1,141,651	\$ 1,130,345	\$ 11,306
Excess (Deficiency) of Revenues Over Expenditures	\$ 2	\$ 24,595	\$ 59,137	\$ 34,542
Net Change in Fund Balances	\$ 2	\$ 24,595	\$ 59,137	\$ 34,542
Fund Balance - January 1	\$ 166,942	\$ 166,942	\$ 166,942	\$ -
Fund Balance - December 31	\$ 166,944	\$ 191,537	\$ 226,079	\$ 34,542

The accompanying required supplementary information notes are an integral part of this schedule.

## LAKE REGION LAW ENFORCEMENT CENTER

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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### NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

- The law enforcement center adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP) for the E-911 fund.
- The budget includes proposed expenditures and means of financing them.
- The budget is controlled by the operations coordinator at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

### NOTE 2 LEGAL COMPLIANCE – BUDGETS

#### Budgetary Amendments

The LEC amended the 2023 budget for the E-911 fund as follows:

	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
Revenues	\$ 1,202,072	\$ (35,827)	\$ 1,166,245
Expenditures	1,202,070	(60,418)	1,141,652



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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*

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### Independent Auditor's Report

Board of Law Enforcement Center Commissioners  
Lake Region Law Enforcement Center  
Devils Lake, 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 Lake Region Law Enforcement Center as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lake Region Law Enforcement Center's basic financial statements, and have issued our report thereon dated March 18, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lake Region Law Enforcement Center's internal control over financial reporting (internal control) as a basis for designing 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 Lake Region Law Enforcement Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lake Region Law Enforcement Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *schedule of audit findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of audit findings*, as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying *schedule of audit findings*, as item 2023-003 to be a significant deficiency.

## **LAKE REGION LAW ENFORCEMENT CENTER**

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* - Continued

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Region Law Enforcement Center's financial statements are free from 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.

### **Lake Region Law Enforcement Center's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on Lake Region Law Enforcement Center's response to the findings identified in our audit and described in the accompanying *schedule of audit findings*. Lake Region Law Enforcement Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 18, 2025

**LAKE REGION LAW ENFORCEMENT CENTER**

Summary of Auditor's Results

For the Year Ended December 31, 2023

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**Financial Statements**

Type of Report Issued:

Governmental Activities

Unmodified

Business-Type Activities

Unmodified

Major Funds

Unmodified

Aggregate Remaining Fund Information

Unmodified

**Internal control over financial reporting**

Material weaknesses identified?

  X   Yes        None NotedSignificant deficiencies identified not considered  
to be material weaknesses?  X   Yes        None NotedNoncompliance material to financial statements  
noted?       Yes   X   None Noted

## **LAKE REGION LAW ENFORCEMENT CENTER**

Schedule of Audit Findings

For the Year Ended December 31, 2023

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### **2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

#### **Condition**

During the audit of Lake Region LEC, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

#### **Effect**

There is an increased risk of material misstatement to the Lake Region LEC's financial statements.

#### **Cause**

Lake Region LEC may not have procedures in place to ensure the financial statements are complete and accurate.

#### **Criteria**

Lake Region LEC is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

#### **Repeat Finding**

Yes.

#### **Recommendation**

We recommend Lake Region LEC review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

#### **Lake Region Law Enforcement Center's Response**

Agree. Lake Region Law Enforcement Center will review all entries to ensure they are free of material misstatements.

**2023-002 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS**

**Condition**

Lake Region Law Enforcement Center has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

**Effect**

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the component unit's financial condition, whether due to error or fraud.

**Cause**

Management has chosen to allocate its economic resources to other functions of the component units.

**Criteria**

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the districts.

**Repeat Finding**

Yes.

**Recommendation**

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements and credit memos should be reviewed by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

**Lake Region Law Enforcement Center's Response**

Agree. Lake Region Law Enforcement Center agrees and will segregate duties as it becomes feasible.

**2023-003 – FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY**

**Condition**

Lake Region Law Enforcement Center does not currently prepare a fraud risk assessment of the entire entity.

**Effect**

If Lake Region Law Enforcement Center does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

**Cause**

Lake Region Law Enforcement Center has limited economic resources and decided to not implement the formal fraud risk assessment at this moment.

**Criteria**

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

**Repeat Finding**

Yes.

**Recommendation**

We recommend Lake Region Law Enforcement Center prepare a fraud risk assessment in order to identify areas of concern within entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

**Lake Region Law Enforcement Center's Response**

Agree. The Lake Region Law Enforcement Center has various policies and procedures to mitigate the risk of fraud. However, we have not put a formal fraud risk assessment together but will be performing a formal risk assessment in 2025.





Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

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