

DICKINSON RURAL FIRE DISTRICT
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dickinson Rural Fire District
Dickinson, North Dakota 58601

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Dickinson Rural Fire District, Dickinson, North Dakota, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Dickinson Rural Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Dickinson Rural Fire District, Dickinson, North Dakota, as of December 31, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 13 and 14 be presented to supplement the basic financial statements. Such 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. 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 December 17, 2020 on our consideration of the Dickinson Rural Fire District'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 Dickinson Rural Fire District'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 Dickinson Rural Fire District's internal control over financial reporting and compliance.

Hoerner Rodakowski, P.C.

Dickinson, North Dakota
December 17, 2020

DICKINSON RURAL FIRE DISTRICT
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2019 and 2018

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 497,440	\$ 515,725
Taxes Receivable	3,590	-
Other Receivables	-	774
Prepaid Expenses	<u>28,636</u>	<u>23,439</u>
TOTAL CURRENT ASSETS	529,666	539,938
CAPITAL ASSETS		
Capital Assets - not being depreciated	79,578	9,000
Capital Assets - being depreciated, net	<u>3,018,622</u>	<u>2,955,992</u>
TOTAL CAPITAL ASSETS	<u>3,098,200</u>	<u>2,964,992</u>
TOTAL ASSETS	<u>\$ 3,627,866</u>	<u>\$ 3,504,930</u>
LIABILITIES		
Accounts Payable	\$ 3,532	\$ -
Payroll Liabilities Payable	<u>2,228</u>	<u>2,167</u>
TOTAL LIABILITIES	<u>5,760</u>	<u>2,167</u>
NET POSITION		
Net Investment in Capital Assets	3,098,200	2,964,992
Unrestricted	<u>523,906</u>	<u>537,771</u>
TOTAL NET POSITION	<u>\$ 3,622,106</u>	<u>\$ 3,502,763</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

2019	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Function/Program					Governmental Activities
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 536,157	\$ -	\$ 17,417	\$ 1,200	\$ (517,540)
TOTAL PRIMARY GOVERNMENT	<u>\$ 536,157</u>	<u>\$ -</u>	<u>\$ 17,417</u>	<u>\$ 1,200</u>	<u>\$ (517,540)</u>
GENERAL REVENUES					
Taxes					
Property Taxes; levied for general purposes					
					\$ 600,485
Earnings on Investments					
					2,968
Gain on Sale of Capital Assets					
					20,000
Miscellaneous Revenue					
					13,430
TOTAL GENERAL REVENUES					
					<u>636,883</u>
CHANGE IN NET POSITION					
					119,343
NET POSITION – JANUARY 1, 2019					
					<u>3,502,763</u>
NET POSITION DECEMBER 31, 2019					
					<u>\$ 3,622,106</u>
2018	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Function/Program					Governmental Activities
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 575,394	\$ -	\$ 10,104	\$ 58,195	\$ (507,095)
TOTAL PRIMARY GOVERNMENT	<u>\$ 575,394</u>	<u>\$ -</u>	<u>\$ 10,104</u>	<u>\$ 58,195</u>	<u>\$ (507,095)</u>
GENERAL REVENUES					
Taxes					
Property Taxes; levied for general purposes					
					\$ 586,664
Earnings on Investments					
					1,699
Gain on Sale of Capital Assets					
					72,000
Miscellaneous Revenue					
					43
TOTAL GENERAL REVENUES					
					<u>660,406</u>
CHANGE IN NET POSITION					
					153,311
NET POSITION – JANUARY 1, 2018					
					<u>3,349,452</u>
NET POSITION DECEMBER 31, 2018					
					<u>\$ 3,502,763</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 BALANCE SHEETS – GOVERNMENTAL FUND
 DECEMBER 31, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Major Fund</u>		<u>Major Fund</u>	
	<u>General</u>	<u>Total Governmental Funds</u>	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 497,440	\$ 497,440	\$ 515,725	\$ 515,725
Taxes Receivable	3,590	3,590	-	-
Other Receivables	-	-	774	774
Prepaid Expenses	28,636	28,636	23,439	23,439
TOTAL ASSETS	<u>\$ 529,666</u>	<u>\$ 529,666</u>	<u>\$ 539,938</u>	<u>\$ 539,938</u>
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,532	\$ 3,532	\$ -	\$ -
Salaries and Benefits Payable	2,228	2,228	2,167	2,167
Deferred Revenue	3,590	3,590	-	-
TOTAL CURRENT LIABILITIES	<u>9,350</u>	<u>9,350</u>	<u>2,167</u>	<u>2,167</u>
TOTAL LIABILITIES	9,350	9,350	2,167	2,167
FUND BALANCES				
Nonspendable	28,636	28,636	23,439	23,439
Unassigned	491,680	491,680	514,332	514,332
TOTAL FUND BALANCES	<u>520,316</u>	<u>520,316</u>	<u>537,771</u>	<u>537,771</u>
TOTAL LIABILITIES and FUND BALANCES	<u>\$ 529,666</u>	<u>\$ 529,666</u>	<u>\$ 539,938</u>	<u>\$ 539,938</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 RECONCILIATIONS OF THE BALANCE SHEETS
 TO THE STATEMENTS OF NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total <i>Fund Balances</i> for Governmental Funds	\$ 520,316	\$ 537,771
Total <i>Net Position</i> Reported for Government Activities in the Statement of Net Positions Is Different Because:		
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds	3,590	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>3,098,200</u>	<u>2,964,992</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,622,106</u>	<u>\$ 3,502,763</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 STATEMENTS OF REVENUES, EXPENDITURES and
 CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>General</u>	<u>Total Governmental Funds</u>	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 596,895	\$ 596,895	\$ 586,664	\$ 586,664
Donations	1,200	1,200	58,195	58,195
Grants	17,417	17,417	10,104	10,104
Interest Income	2,968	2,968	1,699	1,699
Gain on Sale of Capital Assets	20,000	20,000	72,000	72,000
Miscellaneous Revenue	13,430	13,430	43	43
TOTAL REVENUES	651,910	651,910	728,705	728,705
EXPENDITURES				
Fire Protection				
General Government				
Salaries and Benefits	60,318	60,318	66,930	66,930
Insurance	23,519	23,519	32,155	32,155
Office Expenses	3,526	3,526	4,028	4,028
Repairs and Maintenance	22,838	22,838	36,373	36,373
Communications	12,124	12,124	12,860	12,860
Supplies	22,487	22,487	59,238	59,238
Training and Travel	33,758	33,758	26,958	26,958
Professional Fees	-	-	75	75
Gas and Fuel	7,562	7,562	8,297	8,297
Inspection and Safety	7,736	7,736	13,870	13,870
Utilities	14,580	14,580	15,208	15,208
Dues, Licenses, and Miscellaneous	686	686	1,572	1,572
Capital Expenditures	460,231	460,231	498,230	498,230
TOTAL EXPENDITURES	669,365	669,365	775,794	775,794
Excess (Deficiency) of Revenues Over Expenditures	<u>(17,455)</u>	<u>(17,455)</u>	<u>(47,089)</u>	<u>(47,089)</u>
NET CHANGE IN FUND BALANCES	(17,455)	(17,455)	(47,089)	(47,089)
FUND BALANCE – JANUARY 1	<u>537,771</u>	<u>537,771</u>	<u>584,860</u>	<u>584,860</u>
FUND BALANCE – DECEMBER 31	<u>\$ 520,316</u>	<u>\$ 520,316</u>	<u>\$ 537,771</u>	<u>\$ 537,771</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 RECONCILIATIONS OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENT FUND
 TO THE STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net change in <i>Fund Balances</i> – Total Governmental Funds	\$ (17,455)	\$ (47,089)
The changes in Net Position reported for governmental activities in the Statement of Activities is different because:		
Some revenues reported on the Statement of Activities are not reported as revenue in the government funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable		
	3,590	-
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 capital outlays exceeded depreciation in the current period.		
Capital expenditures	460,231	498,230
Depreciation expense	(327,023)	(297,830)
The net effect of various miscellaneous transactions involving capital assets and other (sales, trade-ins, and donations) is to decrease net position.		
	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 119,343</u>	<u>\$ 153,311</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review – Management has evaluated subsequent events through December 17, 2020 the date on which the financial statements were available to be issued.

The financial statements of the Dickinson Rural Fire District 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.

Financial Reporting Entity

The accompanying financial statements present the activities of Dickinson Rural Fire District. The district has considered all potential component units for which the district is financially accountable and other organizations for which the nature and significance of their relationships with the district are such that exclusion would cause the district's 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 include appointing a voting majority of an organization's governing body and (1) the ability of Dickinson Rural Fire District to impose its will on that organization for (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Dickinson Rural Fire District.

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

Basis of Presentation

Government-wide statements: The statements of net position and the statements of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for service, and other non-exchange transactions.

The statements of activities present a comparison between direct expenses and program revenues for each function of the district'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 district's funds. A separate statement for the fund category-governmental is presented. The emphasis of fund financial statements is on major governmental funds.

The District Reports the Following Major Governmental Fund:

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

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide: The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 district gives (or receives) value without directly receiving (or giving) equal values in exchange, including 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 are 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 district 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 susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principle and interest on general long-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in government funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the district 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 district'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 district's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

Cash includes amount in demand deposits, money market accounts and liquid short-term investments with original maturities of three months or less.

Capital Assets

Capital assets include all land, buildings, equipment, and other elements of the fire district's infrastructure having an individual cost of \$5,000 or more. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value. Depreciation is calculated over the estimated useful lives of the capital assets using the straight line method as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Land	Nondepreciable	N/A
Land Improvements	Straight-Line	15 Years
Buildings	Straight-Line	39 Years
Building Improvements	Straight-Line	15 - 39 Years
Vehicles and Equipment	Straight-Line	3 - 10 Years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized but shown in the financial statements as repairs and maintenance expense.

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

Net Position Balances

The government-wide financial statements report information on all activities of the District. The state of net assets presents the following net asset classifications:

Net investment in capital assets: This classification consists of capital assets, net of accumulated depreciation

Unrestricted net position: This classification consists of net position that does not meet the definition of the preceding category.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

The fire district spent the general fund budget for 2019 and 2018, respectively, as the board approved revised budgets equal to actual for both 2019 and 2018.

NOTE 3 – DEPOSITS

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

Deposits must be either deposited with the Bank of North Dakota or in other financial institutions situation 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, and 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 county, city, township, school, unit, park unit, 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 any other state of the United States or such other securities approved by the banking board.

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

At year ended December 31, 2019 the district's carrying amount of deposits was \$497,440 and the bank balance was \$520,425. Of the bank balances, up to \$250,000 was covered by Federal Depository Insurance and the remaining bank balance was covered by collateral held by the pledging bank in the District's name.

Credit Risk

The district may invest idle funds as authorized in North Dakota Statues, as follows:

- (a) Bonds, Treasury bills and notes, or other securities that are direct obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
- (d) Obligations of the State.

Concentration of Credit Risk

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

NOTE 4 – TAXES RECEIVABLE

The taxes receivable represents the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable.

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 5 – OTHER RECEIVABLES

Other receivables consist of reimbursements due to the district from various agencies for expenses incurred on behalf of the district. The amounts due to the district on December 31, 2019 and 2018 are \$0 and \$774, respectively.

DICKINSON RURAL FIRE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets are as follows:

	Balance 12-31-18	Additions (Disposals)	Balance 12-31-19	Accumulated Depreciation	Net Book Value 12-31-19
Land	\$ 9,000	\$ -	\$ 9,000	\$ -	\$ 9,000
Land Improvements	34,014	-	34,014	5,858	28,156
Buildings	1,395,349	70,578	1,465,927	326,903	1,139,024
Building Improvements	11,950	35,870	47,820	1,937	45,883
Vehicles and Equipment	3,162,247	353,784 (300,000)	3,216,031	1,339,894	1,876,137
	<u>\$ 4,612,560</u>	<u>\$ 160,232</u>	<u>\$ 4,772,792</u>	<u>\$ 1,674,592</u>	<u>\$ 3,098,200</u>

Depreciation expense was charged to functions as follows:

	<u>2019</u>	<u>2018</u>
Governmental Activities		
Public Safety	<u>\$ 327,023</u>	<u>\$ 297,830</u>

NOTE 7 – RISK MANAGEMENT

Dickinson Rural Fire District 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. The district pays an annual premium for its general insurance coverage. The coverage by is limited to losses of three million dollars per occurrence for general liability, three million for personal injury, \$500,000 property damage liability, and \$80,000 for inland marine.

Dickinson Rural Fire District continues to carry commercial insurance for all other risks of loss, including workers' compensation.

Settlement claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES								
Taxes	\$ 560,000	\$ 596,895	\$ 596,895	\$ -	\$ 560,000	\$ 586,664	\$ 586,664	\$ -
Interest Income	-	2,968	2,968	-	-	1,699	1,699	-
Donations	-	1,200	1,200	-	-	58,195	58,195	-
Grants	-	17,417	17,417	-	-	10,104	10,104	-
Charges for Services and Other Revenues	-	13,430	13,430	-	-	43	43	-
TOTAL REVENUES	560,000	631,910	631,910	-	560,000	656,705	656,705	-
EXPENDITURES								
Salaries and Benefits	76,500	60,318	60,318	-	80,000	66,930	66,930	-
Insurance	30,000	23,519	23,519	-	25,000	32,155	32,155	-
Utilities	18,000	14,580	14,580	-	20,000	15,208	15,208	-
Gas and Oil	10,000	7,562	7,562	-	10,000	8,297	8,297	-
Equipment Repairs and Maintenance	35,000	22,838	22,838	-	30,000	36,373	36,373	-
Health and Safety	8,500	7,736	7,736	-	9,800	13,870	13,870	-
Training and Travel	30,000	33,758	33,758	-	30,000	26,958	26,958	-
Office	4,000	3,526	3,526	-	5,500	4,028	4,028	-
Dues and Publications	600	686	686	-	600	1,572	1,572	-
Professional Fees	6,000	-	-	-	500	75	75	-
Miscellaneous	100	-	-	-	100	-	-	-
Supplies	26,000	22,487	22,487	-	26,000	59,238	59,238	-
Communications	13,900	12,124	12,124	-	12,000	12,860	12,860	-
Building Repair and Maintenance	-	-	-	-	-	-	-	-
Grounds Maintenance	-	-	-	-	-	-	-	-
Capital Expenditures	266,400	460,231	460,231	-	273,500	498,230	498,230	-
Equipment Purchases	35,000	-	-	-	37,000	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	560,000	669,365	669,365	-	560,000	775,794	775,794	-
Excess (Deficiency) of Revenues Over Expenditures	-	(37,455)	(37,455)	-	-	(119,089)	(119,089)	-
Other Financing Sources (Uses)	-	20,000	20,000	-	-	72,000	72,000	-
NET CHANGE IN FUND BALANCES	-	(17,455)	(17,455)	-	-	(47,089)	(47,089)	-
FUND BALANCE – JANUARY 1	754,677	537,771	537,771	-	754,677	584,860	584,860	-
FUND BALANCE – DECEMBER 31	\$ 754,677	\$ 520,316	\$ 520,316	\$ -	\$ 754,677	\$ 537,771	\$ 537,771	\$ -

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The board of directors adopts an “appropriated budget” on the modified cash basis of accounting.

The preliminary budget includes the estimated revenues and appropriations for the general fund of the fire district.

On or before October 7th the final budget is completed.

The budget is controlled by the board of directors and fire chief 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 appropriation not anticipated at the time the budget was prepared. NDCC 57-15-31.1.

All appropriations lapse at year-end.

INDEPENDENT AUDITOR'S 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

To the Board of Directors
Dickinson Rural Fire District
Dickinson, North Dakota 58601

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 and the major fund of Dickinson Rural Fire District as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Dickinson Rural Fire District's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dickinson Rural Fire District's internal control over financial reporting (internal control) to determine 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 Dickinson Rural Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Dickinson Rural Fire District'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 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. 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 1.1 and 1.2 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dickinson Rural Fire District'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 determination of financial statement amounts. 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*.

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.

Hoerner Rodakowski, P.C.

Dickinson, North Dakota
December 17, 2020

DICKINSON RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

1.1 PREPARATION OF FINANCIAL STATEMENTS

Condition:

The Dickinson Rural Fire District does not have an internal control system designed to provide for the preparation of the financial statements. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Criteria:

A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Cause:

Due to cost and lack of staff, the District has requested we draft the financial statements and related footnotes.

Effect:

This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Client response:

The District will continue to have the auditors draft the financial statements and accompanying notes to the financial statements.

DICKINSON RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1.2 SEGREGATION OF DUTIES

Condition:

The Dickinson Rural Fire District has one financial officer responsible for most all accounting functions. The bookkeeper takes full responsibility for this function. This results in a lack of segregation of duties.

Criteria:

Sufficient accounting personnel should allow duties of employees to be segregated. The segregation of duties would provide better control over the assets of the District.

Cause:

Due to cost constraints, the District does not maintain an appropriate amount of staff to properly segregate duties.

Effect:

Only one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements into computer accounting software, and reconcile accounts. This increases the risk of misstatement of the District's financial condition.

Recommendation:

The current size of the District staff may not be large enough for complete segregation of duties but the board should continue to review and approve appropriate accounting activity such as bank reconciliations and bills prior to payment.

Client response:

No response is considered necessary.