

**MINOT RURAL  
FIRE DISTRICT**

**Financial Statements**

December 31, 2017 and 2016

# MINOT RURAL FIRE DISTRICT

Minot, North Dakota  
December 31, 2017 and 2016

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	2
Statements of Activities	3
Fund Financial Statements	
Governmental Fund Types – Combined Balance Sheet	4
Reconciliation of the Government Funds Combined Balance to the Statement of Net Position	5
Combined Statement of Revenues, Expenses and Changes in Fund Balance – Governmental Funds	6
Reconciliation of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	8
Notes to Financial Statements	9-16
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing     Standards</i>	17-18

*Yvonne M. Kubis*  
*Certified*  
*Public Accountant*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Minot Rural Fire District  
Minot, North Dakota

I have audited the accompanying financial statements of the governmental activities and each major fund and the remaining fund information of the Minot Rural Fire District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.



## Opinions

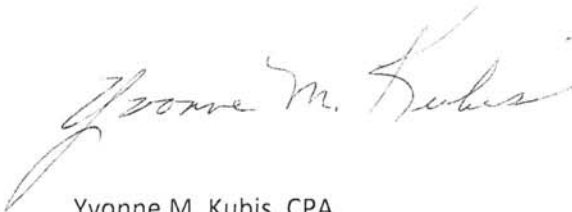
In my opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Minot Rural Fire District, as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Management has omitted the management's discussion and analysis supplementary information 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 basic financial statements in an appropriate operational, economic, or historical context. My opinions on the basic financial statements are not affected by the missing information.

## Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minot Rural Fire District's basic financial statement. The budgetary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary information has been subjected to the auditing procedures applied in the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinions, the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express opinions or provide any assurance on them.



Yvonne M. Kubis, CPA  
March 20, 2019

# Minot Rural Fire District

## Statement of Net Position December 31, 2017 and 2016

	Governmental Activities 2017	Governmental Activities 2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 370,068	\$ 485,102
Taxes receivable	543,640	525,930
Total Current Assets	\$ 913,708	\$ 1,011,032
Capital Assets		
Property and equipment, net	990,085	692,327
Total Assets	\$ 1,903,793	\$ 1,703,359
<b>LIABILITIES</b>		
Accounts payable	\$ 16,227	\$ 40,935
Long-term liabilities:		
Due within one year	150,154	72,620
Total Liabilities	\$ 166,381	\$ 113,555
Deferred inflow of taxes	461,906	497,135
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 839,931	\$ 619,707
Unrestricted	435,575	472,962
Total Net Position	\$ 1,275,506	\$ 1,092,669

See accompanying notes.

## Minot Rural Fire District

### Statement of Activities

December 31, 2017

	Expenses	Program Revenues Operating Grants and Contributions	Governmental Activites
Primary Government			
Governmental Activities			
Public Safety	\$ 610,753	\$ 1,636	\$ (609,117)
Total Primary Government	610,753	1,636	(609,117)
General Revenues			
Property Taxes			598,659
Investment Earnings			2,560
Miscellaneous			190,735
Total general revenues and transfers			791,954
INCREASE IN NET POSITION			182,837
NET POSITION - BEGINNING OF YEAR			1,092,669
NET POSITION - END OF YEAR			\$ 1,275,506

## Minot Rural Fire District

### Statement of Activities

December 31, 2016

	Expenses	Program Revenues Operating Grants and Contributions	Governmental Activites
Primary Government			
Governmental Activities			
Public Safety	\$ 651,106	\$ 170,310	\$ (480,796)
Total Primary Government	651,106	170,310	(480,796)
General Revenues			
Property Taxes			503,079
Investment Earnings			641
Miscellaneous			14,558
Total general revenues and transfers			518,278
INCREASE IN NET POSITION			37,482
NET POSITION - BEGINNING OF YEAR			1,055,187
NET POSITION - END OF YEAR			\$ 1,092,669

See accompanying notes.

**Minot Rural Fire District**  
**Governmental Fund Types**  
**Combined Balance Sheet**  
**December 31, 2017 and 2016**

	2017		2016			
	General Fund	Debt Service Fund	Totals	General Fund	Debt Service Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 370,068	\$ -	\$ 370,068	\$ 485,102		\$ 485,102
Taxes receivable	<u>519,552</u>	<u>24,088</u>	<u>543,640</u>	<u>501,832</u>	<u>24,098</u>	<u>525,930</u>
<b>Total Assets</b>	<b>\$ 889,620</b>	<b>\$ 24,088</b>	<b>\$ 913,708</b>	<b>\$ 986,934</b>	<b>\$ 24,098</b>	<b>\$ 1,011,032</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 16,227	\$ -	\$ 16,227	\$ 40,935	\$ -	\$ 40,935
Deferred Inflow of Taxes	437,818	24,088	461,906	473,037	24,098	497,135
<b>FUND BALANCE</b>						
Unrestricted in Fund Balance	<u>435,575</u>		<u>435,575</u>	<u>472,962</u>		<u>472,962</u>
<b>Total Fund Balance</b>	<b><u>435,575</u></b>		<b><u>435,575</u></b>	<b><u>472,962</u></b>		<b><u>472,962</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 889,620</b>	<b>\$ 24,088</b>	<b>\$ 913,708</b>	<b>\$ 986,934</b>	<b>\$ 24,098</b>	<b>\$ 1,011,032</b>

See accompanying notes.

## Minot Rural Fire District

### Reconciliation of Governmental Funds Combined Balance Sheet to the Statement of Net Position December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Total fund balances for governmental funds	435,575	472,962
Amounts reported for governmental activities in the statements of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Land	31,715	31,715
Building equipment and other depreciable assets	2,900,681	2,434,887
Accumulated depreciation	(1,942,311)	(1,774,275)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds	<u>150,154</u>	<u>72,620</u>
Net Position	1,275,506	1,092,669



**Combined Statement of Revenues, Expenses, and Changes In Fund Balance - Governmental Funds**  
**For the Year Ended December 31, 2017 and 2016**

	2017		2016		Totals
	General	Debt Service	General	Debt Service	
<b>REVENUES</b>					
Taxes	\$ 577,813	\$ 20,846	\$ 475,630	\$ 27,450	\$ 503,080
Interest	2,560		641		641
Grants	1,000		170,310		170,310
Insurance premium reimbursement	161,775		1,402		1,402
Miscellaneous	29,596		13,156		13,156
<b>TOTAL REVENUES</b>	<b>\$ 772,744</b>	<b>\$ 20,846</b>	<b>\$ 661,139</b>	<b>\$ 27,450</b>	<b>\$ 688,589</b>
<b>EXPENDITURES</b>					
Current					
New trucks, equipment repairs and replacement	66,276		368,815		368,815
Compensation	272,510		239,095		239,095
Insurance	8,985		10,131		10,131
Utilities	25,894		16,519		16,519
Building Expense	511,482		27,385		27,385
Miscellaneous	47,453		18,763		18,763
Principal		17,494		25,436	25,436
Interest		3,352		2,014	2,014
<b>TOTAL EXPENDITURES</b>	<b>932,600</b>	<b>20,846</b>	<b>680,708</b>	<b>27,450</b>	<b>708,158</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	122,469		147,643		147,643
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>(37,387)</b>	<b>0</b>	<b>128,074</b>	<b>0</b>	<b>128,074</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>472,962</b>	<b>0</b>	<b>344,888</b>	<b>0</b>	<b>344,888</b>
<b>FUND BALANCE END OF YEAR</b>	<b>\$435,575</b>		<b>\$472,962</b>	<b>0</b>	<b>\$472,962</b>

See notes to financial statements

## Minot Rural Fire District

### Reconciliation of Governmental Funds Combined Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For Years Ended December 31, 2017 and 2016

	2017	2016
NET CHANGE IN FUND BALANCES -		
GOVERNMENTAL FUNDS	\$ (166,460)	\$ (19,569)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Expenditures for capital assets	465,794	209,000
Less current depreciation	(168,036)      297,758	(168,894)      40,106

Loan proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

Loan Proceeds	171,000	126,100
Principal Payments	(119,461)      51,539	(109,155)      16,945

Some expenses reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds

Expenses per above	349,297	57,051
--------------------	---------	--------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 182,837	\$ 37,482
---	------------	-----------

See accompanying notes.

# Minot Rural Fire District

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For Years Ended December 31, 2017 and 2016

	Original & Final Budget 2016	Actual 2016	Variance Favorable (Unfavorable) 2016	Original & Final Budget 2017	Actual 2017	Variance Favorable (Unfavorable) 2017
<b>REVENUES</b>						
Taxes	\$ 344,000	\$ 503,080	\$ 159,080	\$ 429,000	\$ 598,659	\$ 169,659
Contract Services	5,000	6,238	1,238	5,000	6,413	1,413
Intergovernmental	75,000	2,937	(72,063)	75,000	161,775	86,775
Interest	1,000	642	(358)	1,000	2,560	1,560
Miscellaneous	-	5,382	5,382	-	23,183	23,183
Grants	-	170,310	170,310	-	1,000	1,000
<b>Total Revenues</b>	<b>\$ 425,000</b>	<b>\$ 688,589</b>	<b>\$ 263,589</b>	<b>\$ 510,000</b>	<b>\$ 793,590</b>	<b>\$ 283,590</b>
<b>EXPENDITURES</b>						
<b>PUBLIC SAFETY</b>						
Compensation	\$ 289,000	\$ 239,095	\$ 49,905	\$ 340,000	\$ 272,487	67,513
Insurance	20,000	10,131	9,869	15,000	8,985	6,015
Utilities	19,500	16,519	2,981	20,000	25,894	(5,894)
Building Expenses	20,000	493,179	(473,179)	46,000	45,688	312
Equipment Replace, Repair & Maintenance	61,000	159,815	(98,815)	62,000	275,276	(213,276)
Training and Education	11,500	8,735	2,765	11,500	4,199	7,301
Miscellaneous	13,700	20,237	(6,537)	15,500	2,878	12,622
Capital Outlay	-	-	-	-	-	-
Vehicle Purchase	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 434,700</b>	<b>\$ 947,711</b>	<b>\$ (513,011)</b>	<b>\$ 510,000</b>	<b>\$ 635,407</b>	<b>\$ (125,407)</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(9,700)</b>	<b>(259,122)</b>	<b>(249,422)</b>	<b>-</b>	<b>158,183</b>	<b>158,183</b>
<b>OTHER FINANCING SOURCES</b>						
Loan Proceeds		387,196	387,196		(195,570)	(195,570)
Comp Loss Cap Assets	-	-	-	-		
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>-</b>	<b>128,074</b>	<b>137,774</b>	<b>-</b>	<b>(37,387)</b>	<b>(37,387)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>344,888</b>	<b>344,888</b>		<b>472,962</b>	<b>472,962</b>	
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 335,188</b>	<b>\$ 472,962</b>	<b>\$ 137,774</b>	<b>\$ 472,962</b>	<b>\$ 435,575</b>	<b>\$ (37,387)</b>

See accompanying notes.

**Minot Rural Fire District**  
Minot, North Dakota  
Notes to the Financial Statements  
December 31, 2017 and 2016

**Note 1- Summary of Significant Accounting Policies**

The financial statements of the Minot Rural Fire District have been prepared in conformity with generally accepted accounting principles (GAAP) 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 Minot Rural Fire District is governed by an elected 8 member board. In accordance with Governmental Accounting Standards Board (GASB) No. 14, a reporting entity's financial statements should include all component-units. Based upon the criteria set forth in GASB No. 14, there are no component units to be included with the District as a reporting entity.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the District). 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. These statements distinguish between the governmental and business-type activities of the district. 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 segment of the business-type activities of the District and 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. Indirect expenses - expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting - are allocated to programs based on their percentage of total primary government expenses. Program revenues include (a) 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, including fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

Following is a list of the major funds:

<u>Governmental Funds</u>	<u>Description</u>
General Fund	The General Fund is the general operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

<u>Governmental Funds</u>	<u>Description</u>
Debt Service Fund	The debt service funds are used to account for the accumulation of resources for the future payment of long-term debt, principal and interest.

### Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the modified 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 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. Revenues from grants, entitlements, and donations are recognized in the fiscal year for which all eligibility requirements have been satisfied.

In the fund financial statements, the governmental funds are reported using the current financial resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for the principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental 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-reimbursements grants, categorical block 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, followed by general revenues.

The District reports deferred property tax revenues on its balance sheet. Deferred revenues arise when potential revenue meets both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria

are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

### Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

### Cash and Cash Equivalents

Cash consists of amounts in a demand deposit, certificates of deposit and a money market savings account. These accounts are deposited at the First Western Bank & Trust of Minot and Gate City Bank of Minot.

### Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015 and December 31, 2014, are recorded as prepaid items and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation. The Minot Rural Fire District has no prepaid items for 2015 and 2014.

### 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.

## **Note 2 - Deposits**

The Minot Rural Fire District maintains its deposits at First Western Bank & Trust of Minot and Gate City Bank of Minot respectively. As of December 31, 2017 and December 31, 2016, the District had the following deposits:

December 31, 2017	Cash & Savings	\$ 333,159	
	Certificate of Deposit	\$ 36,909	stated at market
December 31, 2016	Cash & Savings	\$ 448,193	
	Certificate of Deposit	\$ 36,909	stated at market

State statutes authorize the board to invest in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, organizations created by an Act of Congress.

2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
3. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
4. Obligations of the state.

Custodial and Concentration of Credit Risk

In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the District's deposits are uncollateralized and held by First Western Bank & Trust of Minot and Gate City Bank of Minot.

**Note 3 - Capital Assets**

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received. The District does not possess any infrastructure.

Capitalization policies (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building		Straight-line	40
Shop Equipment	\$ 5000	Straight-line	5 - 15
Vehicles	\$ 5000	Straight-line	5 - 10

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or legal limitations imposed on their use by Board legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

A summary of changes in capital assets for the years ended December 31, 2016 and 2017 is as follows:

Governmental Activities

	Balance 12-31-15	Additions	Deletions	Balance 12-31-16
Capital assets, not being depreciated				
Land	\$31,715	0	0	\$31,715
Total capital assets, not being depreciated	\$31,715	0	0	\$31,715
Capital assets, being depreciated				
Buildings	\$657,577	0	0	657,577

Equipment	281,362	0	95,495	185,867
Trucks	<u>1,382,444</u>	<u>209,000</u>	<u>0</u>	<u>1,591,444</u>
Total capital assets being depreciated	\$2,321,383	209,000	95,495	\$2,434,888
Less accumulated depreciation for				
Buildings	409,752	16,439	0	426,191
Equipment & Trucks	<u>1,195,628</u>	<u>152,455</u>	<u>0</u>	<u>1,348,083</u>
Total Accumulated Depreciation	1,605,380	168,894	0	1,774,274
Total capital assets being depreciated, net	747,718	40,106	95,495	692,329
Governmental type activity capital assets, net	\$747,718	\$40,106	95,495	\$692,329
Depreciation expense was charged to functions follows:				
Public Safety (2016)				\$168,894

	Balance 12-31-16	Additions	Deletions	Balance 12-31-17
Capital assets, not being depreciated				
Land	<u>\$ 31,715</u>	<u>0</u>	<u>0</u>	<u>\$31,715</u>
Total capital assets not being depreciated	\$ 31,715	0	0	\$31,715
Capital assets, being depreciated				
Buildings	\$657,577	465,794	0	1,123,371
Equipment	281,362	0	95,495	185,867
Trucks	<u>1,591,444</u>	<u>0</u>	<u>0</u>	<u>1,591,444</u>
Total capital assets being depreciated	\$2,530,383	465,794	95,495	\$2,900,682
Less accumulated depreciation for				
Buildings	426,191	18,380	0	444,571
Equipment and Trucks	<u>1,348,083</u>	<u>149,656</u>	<u>0</u>	<u>1,497,739</u>
Total accumulated depreciation	1,774,274	168,036	0	1,942,310
Total capital assets being depreciated, net	<u>756,109</u>	<u>297,758</u>	<u>0</u>	<u>958,372</u>
Governmental type activity capital assets, net	\$756,109	\$297,758	95,495	\$958,372
Depreciation expense was charged to functions follows:				
Public Safety (2017)				\$168,036



#### **Note 4 - Legal Compliance Budgets**

The District secretary-treasurer prepares an annual budget for the general fund. The budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next year. The District's governing board hold a public hearing where any District taxpayer may testify in favor of or against any proposed disbursements or tax levies. After the budget hearing, the board adopts the final budget. The final budget is sent to the county auditor.

The budget may be amended during the year for any receipts and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10. At year-end, the balance of each appropriation becomes a part of the unappropriated fund balance.

#### **Note 5 - Expenditures in Excess of Appropriations**

The Minot Rural fire District did not have any excess expenditures for 2017 and 2016.

#### **Note 6 - Taxes Receivable**

The taxes receivable consists of uncollected and collected but not remitted property taxes as of December 31, 2017 and December 31, 2016. No allowance has been established for estimated uncollectible taxes since amounts are considered unavailable and therefor have not met revenue recognition requirements and an offsetting deferred revenue account has been established for uncollected taxes.

Property taxes attach as an enforceable lien on property on January 1 of the following year. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 1 unless the first half of the taxes has been paid. Additional penalties are added October 15 if not paid. Taxes are collected by the county and remitted monthly to the entity.

#### **Note 7 - Non-Current Liabilities**

Long-term obligations represent the District's future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Minot Rural Fire Department has a long-term note payable to First Western Bank and Trust of \$150,154 for 2017 and \$72,620 for 2016. Long-term note payable for 2016 has Year 1 payment due of \$27,450 and Year 2 payment due of \$37,255.89.

#### **Note 8 - Risk Management**

The Minot Rural Fire Department participates in the North Dakota Fire and Tornado Fund. The District pays an annual premium for the Fire and Tornado Fund to cover property damage to buildings and business 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 twelve-month period.

The Minot Rural Fire Department participates in the North Dakota Insurance Reserve Fund. The District pays an annual premium for the North Dakota Insurance Reserve Fund to cover \$1,000,000 for losses arising out of an alleged error or omission on the part of the firemen or the Board of Directors. This policy also includes a \$1,000,000 personal injury and property damage liability.

The Minot Rural Fire Department participates in the North Dakota Workforce Safety Bureau, an Enterprise Fund of the State of North Dakota. The Bureau is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees insured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

#### **Note 9 - Pension Plan**

The Minot Rural Fire Department participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of the Minot Rural Fire Department. The plan provides retirement, disability, and death benefits. If an active employee dies with less than three years of credit service, a death benefit equal to the value of the employees' accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to either a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred, or monthly payments in an amount equal to the employee's accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0 % of their final average salary for each year of service beginning when the sum of age and years of credited service equals or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute required that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The Minot Rural Fire District has implemented a salary reduction agreement and is currently contributing the employee's share. The Minot Rural Fire District is required to contribute 14.12 percent of each participant's salary as the employer's share, the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. The Minot Rural Fire District's required and actual contributions to NDPERS for the fiscal years ending December 31, 2015, 2016 and 2017 was \$11,319, \$16,075 and \$17,618 respectively.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained in writing to NDPERS; 400 East Broadway, Suite 505; P. O. Box 1657, Bismarck, ND 58502-1657.

The District has evaluated subsequent events through March 20, 2019, the date which the financial statements were available to be issued.

*Yvonne M. Kubis*  
*Certified*  
*Public Accountant*

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

The Governing Board  
Minot Rural Fire District  
Minot, North Dakota

I 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 each major fund of the Minot Rural Fire District as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Minot Rural Fire District's basic financial statements, and have issued my report thereon dated March 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audits of the financial statements, I considered the Minot 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Minot Rural Fire District's internal control. Accordingly, I do not express opinions on the effectiveness of the Minot 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 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.

My 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



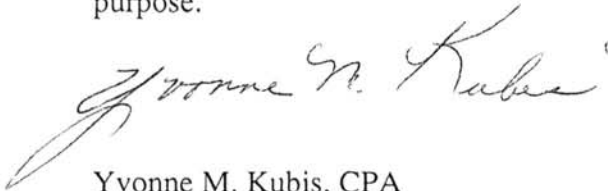
material weaknesses or, significant deficiencies. Given these limitations, during my audits I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Minot Rural Fire District's financial statements are free of material misstatement, I 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and 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 my 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.



Yvonne M. Kubis, CPA  
March 20, 2019

*Yvonne M. Kubis*  
*Certified*  
*Public Accountant*

March 20, 2019

Minot Rural Fire District  
400 31<sup>st</sup> Avenue SW  
Minot, North Dakota 58701

I have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the Minot Rural Fire District for the years ended December 31, 2017 and 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of my audits. Professional standards require that I communicate to you the following information related to my audits.

Significant Audit Matters

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Minot Rural Fire District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016 and 2017. I noted no transactions entered into by the Minot Fire District during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Minot Rural Fire District's financial statements was depreciation.

Management's estimate of depreciation is based on useful life and the straight-line method. I evaluated the key factors and assumptions used to develop the depreciation method, in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audits

I encountered no difficulties in dealing with management in performing and completing my audits.

Corrected and Uncorrected Misstatements



Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements detected. In addition, none of the misstatements detected as a result of audit procedures corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

#### Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audits.

#### Management Representations

I have requested certain representations from management that are included in the management representation letter dated March 20, 2019.

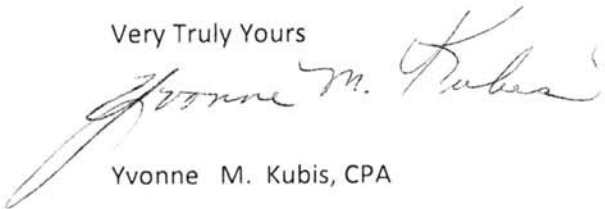
#### Other audit findings or Issues

I generally discuss a variety of matters, including the applications of principles and auditing standards, with management each biennium prior to retention as Minot Rural Fire District's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

#### Restriction on Use

This information is intended solely for the information and use of the board of directors charged with governance and management of the Minot Rural Fire District and is not intended to be, and should not be used by anyone other than these specified parties.

Very Truly Yours

A handwritten signature in cursive script that reads "Yvonne M. Kubis". The signature is written in black ink and is positioned to the left of the typed name.

Yvonne M. Kubis, CPA