



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Dickinson Law Enforcement Center

Dickinson, North Dakota

Audit Report for the Years Ended December 31, 2018 and 2017

Client Code: PS45061



Photo credit: North Dakota Tourism



Office of the
State Auditor

DICKINSON LAW ENFORCEMENT CENTER

Table of Contents

For the Years Ended December 31, 2018 and 2017

County Officials and Audit Staff	1
Independent Auditor's Report	2
Basic Financial Statements	
2018 Statements	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds.....	6
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities	9
2017 Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities	15
Notes to the Financial Statements	16
Required Supplementary Information	
Budgetary Comparison Schedules	20
Notes to the Required Supplementary Information	21
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	22
Summary of Auditor's Results.....	24
Schedule of Audit Findings	25
Governance Communication	26

DICKINSON LAW ENFORCEMENT CENTER

County Officials and Audit Personnel
December 31, 2018 and 2017

CENTER OFFICIALS

At December 31, 2018

Bill Fahlsing	Chairperson
Kay Haag	Vice Chairperson
Daryl Dukart	Board Member
Pete Kuntz	Board Member
Corey Lee	Board Member
Doris Songer	Board Member
Ken Zander	Board Member
Connie Monson	Financial Administrator

At December 31, 2017

Doris Songer	Chairperson
Pete Kuntz	Vice Chairperson
Bill Fahlsing	Board Member
Kay Haag	Board Member
Terry Oestrich	Board Member
Donna Scott	Board Member
Ken Zander	Board Member
Connie Monson	Financial Administrator

AUDIT PERSONNEL

Heath Erickson, CPA	Audit Manager
Michael Scherr	Audit In-Charge

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

ndsao@nd.gov

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dickinson Law Enforcement Center
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Dickinson Law Enforcement Center, North Dakota, as of and for the years ended December 31, 2018 and December 31, 2017, and the related notes to the financial statements, which collectively comprise Dickinson Law Enforcement Center'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 Dickinson Law Enforcement Center, North Dakota, as of December 31, 2018 and December 31, 2017, and the respective changes in financial position for the year 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 and notes to the required supplementary information* as listed in the table of contents 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 February 24, 2020 on our consideration of Dickinson 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 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 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 Dickinson Law Enforcement Center's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 24, 2020

DICKINSON LAW ENFORCEMENT CENTER

Statement of Net Position

December 31, 2018

	Governmental Activities
ASSETS	
Cash and Investments	\$ 159,888
Accounts Receivable	<u>39,431</u>
Total Assets	<u>\$ 199,319</u>
LIABILITIES	
Accounts Payable	<u>\$ 80,791</u>
NET POSITION	
Unrestricted	<u><u>\$ 118,528</u></u>

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

DICKINSON LAW ENFORCEMENT CENTER

Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program	Net (Expense) Revenue and Changes in Net Position
		Revenues Charges for Services	
Governmental Activities			
Public Safety	<u>\$ 434,193</u>	<u>\$ 452,127</u>	<u>\$ 17,934</u>
General Revenues			
Interest Income			\$ 274
Miscellaneous Income			<u>293</u>
Total General Revenues			<u>\$ 567</u>
Change in Net Position			<u>\$ 18,501</u>
Net Position - January 1			<u>\$ 100,027</u>
Net Position - December 31			<u><u>\$ 118,528</u></u>

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

DICKINSON LAW ENFORCEMENT CENTER

Balance Sheet – Governmental Funds

December 31, 2018

	<u>General</u>
ASSETS	
Cash and Investments	\$ 159,888
Accounts Receivable	<u>39,431</u>
 Total Assets	 <u><u>\$ 199,319</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	<u>\$ 80,791</u>
 Fund Balances	
Unassigned	<u>\$ 118,528</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 199,319</u></u>

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

DICKINSON LAW ENFORCEMENT CENTER

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2018

Total <i>Fund Balances</i> for Governmental Funds	<u>\$ 118,528</u>
--	--------------------------

Total <i>Net Position</i> of Governmental Activities	<u><u>\$ 118,528</u></u>
---	---------------------------------

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

DICKINSON LAW ENFORCEMENT CENTER

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2018

	<u>General</u>
REVENUES	
Charge for Services	\$ 452,127
Interest	274
Miscellaneous	<u>293</u>
Total Revenues	<u>\$ 452,694</u>
EXPENDITURES	
Current	
Public Safety	<u>\$ 434,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,501</u>
Fund Balance - January 1	<u>\$ 100,027</u>
Fund Balance - December 31	<u><u>\$ 118,528</u></u>

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

DICKINSON 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, 2018

Net Change in <i>Fund Balances</i> - Total Governmental Funds	<u>\$ 18,501</u>
--	-------------------------

Change in Net Position of Governmental Activities	<u><u>\$ 18,501</u></u>
--	--------------------------------

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

DICKINSON LAW ENFORCEMENT CENTER

Statement of Net Position

December 31, 2017

	Governmental Activities
ASSETS	
Cash and Investments	\$ 100,027
Accounts Receivable	<u>31,709</u>
Total Assets	<u>\$ 131,736</u>
LIABILITIES	
Accounts Payable	<u>\$ 31,709</u>
NET POSITION	
Unrestricted	<u><u>\$ 100,027</u></u>

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

DICKINSON LAW ENFORCEMENT CENTER

Statement of Activities

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
Governmental Activities		Charges for Services	
Public Safety	<u>\$ 471,596</u>	<u>\$ 489,085</u>	<u>\$ 17,489</u>
General Revenues			
Interest Income			<u>\$ 86</u>
Miscellaneous Income			<u>2,131</u>
Total General Revenues			<u>\$ 2,217</u>
Change in Net Position			<u>\$ 19,706</u>
Net Position - January 1			<u>\$ 92,088</u>
Prior Period Adjustment			<u>\$ (11,767)</u>
Net Position as Restated - January 1			<u>\$ 80,321</u>
Net Position - December 31			<u>\$ 100,027</u>

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

DICKINSON LAW ENFORCEMENT CENTER

Balance Sheet – Governmental Funds

December 31, 2017

	<u>General</u>
ASSETS	
Cash and Investments	\$ 100,027
Accounts Receivable	<u>31,709</u>
 Total Assets	 <u><u>\$ 131,736</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	<u>\$ 31,709</u>
 Fund Balances	
Unassigned	<u>\$ 100,027</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 131,736</u></u>

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

DICKINSON LAW ENFORCEMENT CENTER

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2017

Total <i>Fund Balances</i> for Governmental Funds	<u>\$ 100,027</u>
--	--------------------------

Total Net Position of Governmental Activities	<u><u>\$ 100,027</u></u>
--	---------------------------------

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

DICKINSON LAW ENFORCEMENT CENTER

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2017

	<u>General</u>
REVENUES	
Charge for Services	\$ 489,085
Interest	86
Miscellaneous	<u>2,131</u>
Total Revenues	<u>\$ 491,302</u>
EXPENDITURES	
Current	
Public Safety	<u>\$ 471,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,706</u>
Fund Balance - January 1	<u>\$ 92,088</u>
Prior Period Adjustment	<u>\$ (11,767)</u>
Fund Balance Restated - January 1	<u>\$ 80,321</u>
Fund Balance - December 31	<u><u>\$ 100,027</u></u>

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

DICKINSON 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, 2017

Net Change in <i>Fund Balances</i> - Total Governmental Funds	<u>\$ 19,706</u>
--	-------------------------

Change in Net Position of Governmental Activities	<u><u>\$ 19,706</u></u>
--	--------------------------------

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

DICKINSON LAW ENFORCEMENT CENTER

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Dickinson Law Enforcement Center (hereafter referred to as "Center") 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 Center. The Center 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 Center 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 Center 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 Center.

As required by generally accepted accounting principles, the financial statements of the reporting entity include only the Dickinson Law Enforcement Center (the primary government), as there are no component units. The Dickinson Law Enforcement Center is a joint venture of Southwest Multi-County Correctional Center and Stark County.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government. 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 charge for services, intergovernmental revenue, and miscellaneous revenue.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Center'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 Center'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 the major governmental fund.

The Center reports the following major governmental funds:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Non-exchange transactions, in which the Correctional Center gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less.

Fund Balances

Fund Balance Spending Policy. It is the policy of the Center 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.

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund.

Net Position

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

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Prior Period Errors

Beginning net position and fund balance adjustments were necessary due to an error being found in the calculation of the prior year receivable schedule.

Adjustments to beginning net position are as follows:

Governmental Activities	
Beginning Net Position, as previously reported	\$ 92,088
Adjustments to restate the January 1, 2017 Net Position Accounts Receivable	(11,767)
Net Position January 1, as restated	<u>\$ 80,321</u>

Adjustments to beginning fund balances are as follows:

Fund Balances	Amounts
Beginning Fund Balance, as previously reported	\$ 92,088
Adjustments to restate the January 1, 2017 Fund Balance Accounts Receivable	(11,767)
Net Position January 1, as restated	<u>\$ 80,321</u>

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 Center would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The Center 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 county, 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, 2018, the Center's carrying amount of deposits totaled \$159,888, and the bank balances totaled \$159,888. Of the bank balances, \$159,888 was covered by Federal Depository Insurance.

At year ended December 31, 2017, the Center's carrying amount of deposits totaled \$100,027, and the bank balances totaled \$109,992. Of the bank balances, \$109,992 was covered by Federal Depository Insurance.

NOTE 4 RISK MANAGEMENT

The Center 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 joined together to form the North Dakota Insurance Reserve Fund (NDRF), 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 Law Enforcement Center pays an annual premium to NDRF for its general liability, which is the same coverage plan as the Southwest Multi-County Correctional Center. Dickinson Law Enforcement Center reimburses the Southwest Multi-County Correctional Center for their portion of the premium. The coverage by NDRF is limited to losses of two million dollars per occurrence for general.

The Dickinson Law Enforcement Center also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Law Enforcement Center pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property through the Southwest Multi-County Correctional Center. 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.

DICKINSON LAW ENFORCEMENT CENTER

Budgetary Comparison Schedule – General Fund

For the Years Ended December 31, 2018 and 2017

	2018				2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Charge for Services	\$ 410,651	\$ 410,651	\$ 452,127	\$ 41,476	\$ 399,044	\$ 399,044	\$ 489,085	\$ 90,041
Interest	50	50	274	224	25	25	86	61
Miscellaneous	-	-	293	293	-	-	2,131	2,131
Total Revenues	\$ 410,701	\$ 410,701	\$ 452,694	\$ 41,993	\$ 399,069	\$ 399,069	\$ 491,302	\$ 92,233
EXPENDITURES								
Current								
Public Safety	\$ 410,701	\$ 410,701	\$ 434,193	\$ (23,492)	\$ 399,069	\$ 399,069	\$ 471,596	\$ (72,527)
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 18,501	\$ 18,501	\$ -	\$ -	\$ 19,706	\$ 19,706
Fund Balance - January 1	\$ 100,027	\$ 100,027	\$ 100,027	\$ -	\$ 92,088	\$ 92,088	\$ 92,088	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ -	\$ -	\$ (11,767)	\$ (11,767)	\$ (11,767)	\$ -
Restated Fund Balance - January 1	\$ 100,027	\$ 100,027	\$ 100,027	\$ -	\$ 80,321	\$ 80,321	\$ 80,321	\$ -
Fund Balance - December 31	\$ 100,027	\$ 100,027	\$ 118,528	\$ 18,501	\$ 80,321	\$ 80,321	\$ 100,027	\$ 19,706

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

DICKINSON LAW ENFORCEMENT CENTER

Notes to the Required Supplementary Information
For the Years Ended December 31, 2018 and 2017

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- The correctional center adopts an “appropriated budget” on the modified accrual basis of accounting.
- Each budget is controlled by the correctional center financial administrator at the revenue and expenditure function/object level.
- All appropriations lapse at year-end.

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

ndsao@nd.gov

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*

Independent Auditor's Report

Governing Board
Dickinson Law Enforcement Center
Dickinson, North Dakota

We have audited, 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, the financial statements of the governmental activities and the major fund of Dickinson Law Enforcement Center as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise Dickinson Law Enforcement Center's basic financial statements, and have issued our report thereon dated February 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson Law Enforcement Center'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 Dickinson Law Enforcement Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson 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 have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify 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 2018-001 to be a material weakness.

DICKINSON 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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickinson 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 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 matter that is required to be reported under *Government Auditing Standards*.

Dickinson Law Enforcement Center's Response to Findings

Dickinson Law Enforcement Center's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. Dickinson Law Enforcement Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
February 24, 2020

DICKINSON LAW ENFORCEMENT CENTER

Summary of Auditor's Results

For the Year Ended December 31, 2018

Financial Statements

Type of Report Issued?

Governmental Activities

Unmodified

Major Fund

Unmodified

Internal control over financial reporting

Material weaknesses identified?

 X Yes None Noted

Significant deficiencies identified not considered to be material weaknesses?

 Yes X None Noted

Noncompliance material to financial statements noted?

 Yes X None Noted

DICKINSON LAW ENFORCEMENT CENTER

Schedule of Audit Findings

For the Year Ended December 31, 2018

2018-001 ADJUSTING JOURNAL ENTRIES – MATERIAL WEAKNESS

Condition

Revenue and expenditure adjustments in the amounts of \$144,000 and \$142,000 in FY2018 and FY2017, respectively, were needed to correct material misstatements. Dickinson Law Enforcement Center increased revenues and expenditures when transferring funds between line items within the general ledger.

Criteria

Generally Accepted Accounting Principles (GAAP) requires financial statements to be presented free from material misstatements.

Cause

Management was not aware how to handle these types of transfers between line items in the general ledger in order to properly present them in accordance with GAAP.

Effect

Dickinson Law Enforcement Center's financial statements would be materially misstated without the adjusting entries.

Repeat Finding

No.

Recommendation

We recommend Dickinson Law Enforcement Center not record revenues and expenditures when transferring funds between line items within the general ledger.

Dickinson Law Enforcement Center's Response

We recognize and agree with the above referred entries. For future financial statement preparation, we will include adjustments to correctly reflect revenue and expenditures.

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

ndsao@nd.gov

GOVERNANCE COMMUNICATION

Board of County Commissioners
Dickinson Law Enforcement Center
Dickinson, North Dakota

We have audited the financial statements of the governmental activities and the major fund of the Dickinson Law Enforcement Center, North Dakota, for the years ended December 31, 2018 and 2017 which collectively comprise Dickinson Law Enforcement Center's basic financial statements, and have issued our report thereon dated February 24, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated January 9, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Dickinson Law Enforcement Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether Dickinson Law Enforcement Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, 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.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dickinson Law Enforcement Center are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2018 or 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented 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 financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management.

2018 Adjustments	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Activities						
Intergovernmental Receivable	39,431		-		39,431	-
Revenue		39,431		-		39,431
Revenue - Reclass Capital Improvements	-		144,000		144,000	
Expenditures - Reclass Capital Improvements		-		144,000		144,000

2017 Adjustments	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Activities						
PPA Fund Balance	31,709		-		31,709	-
PPA Fund Balance		31,709		-		31,709
Revenue - Reclass Capital Improvements	-		142,000		142,000	
Expenditures - Reclass Capital Improvements		-		142,000		142,000

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Commissioners and management of Dickinson Law Enforcement Center, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Dickinson Law Enforcement Center for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Dickinson Law Enforcement Center.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 24, 2020



NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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