

DICKINSON RURAL FIRE DISTRICT

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	2
Statements of Activities	3
Balance Sheets – Governmental Fund	4
Reconciliations of the Balance Sheets to the Statements of Net Position	5
Statements of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	6
Reconciliations of the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance – Government Fund to the Statements of Activities	7
Notes to the Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund	13
Notes to the Required Supplementary Information	14
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	15
Schedule of Findings and Questioned Costs	16



125 2ND AVE W | DICKINSON, ND 58601 | T: 701-483-1122 | F: 701-483-1123 | www.hr-pc.com

## 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, 2018 and 2017, 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, 2018 and 2017, 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 June 25, 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.

*Haernu Rodakowski, P.C.*

Dickinson, North Dakota  
June 25, 2020

DICKINSON RURAL FIRE DISTRICT  
 STATEMENTS OF NET POSITION  
 DECEMBER 31, 2018 and 2017

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 515,725	\$ 559,258
Other Receivables	774	3,355
Prepaid Expenses	<u>23,439</u>	<u>22,363</u>
TOTAL CURRENT ASSETS	539,938	584,976
CAPITAL ASSETS		
Capital Assets - not being depreciated	9,000	9,000
Capital Assets - being depreciated, net	<u>2,955,992</u>	<u>2,755,592</u>
TOTAL CAPITAL ASSETS	<u>2,964,992</u>	<u>2,764,592</u>
TOTAL ASSETS	<u>\$ 3,504,930</u>	<u>\$ 3,349,568</u>
LIABILITIES		
Payroll Liabilities Payable	<u>\$ 2,167</u>	<u>\$ 116</u>
TOTAL LIABILITIES	<u>2,167</u>	<u>116</u>
NET POSITION		
Net Investment in Capital Assets	2,964,992	2,764,592
Unrestricted	<u>537,771</u>	<u>584,860</u>
TOTAL NET POSITION	<u>\$ 3,502,763</u>	<u>\$ 3,349,452</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Function/Program	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<b>2018</b>					
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 575,394	\$ -	\$ 10,104	\$ 58,195	\$ (507,095)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 575,394</b>	<b>\$ -</b>	<b>\$ 10,104</b>	<b>\$ 58,195</b>	<b>\$ (507,095)</b>
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
<b>TOTAL GENERAL REVENUES</b>					
					<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>
<b>2017</b>					
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 495,736	\$ -	\$ 10,000	\$ 131,702	\$ (354,034)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 495,736</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 131,702</b>	<b>\$ (354,034)</b>
GENERAL REVENUES					
Taxes					
Property Taxes; levied for general purposes					
					\$ 721,453
Earnings on Investments					
					1,269
Miscellaneous Revenue					
					25
<b>TOTAL GENERAL REVENUES</b>					
					<u>722,747</u>
CHANGE IN NET POSITION					
					368,713
NET POSITION – JANUARY 1, 2017					
					<u>2,980,739</u>
NET POSITION DECEMBER 31, 2017					
					<u>\$ 3,349,452</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT  
 BALANCE SHEETS – GOVERNMENTAL FUND  
 DECEMBER 31, 2018 and 2017

	<u>2018</u>		<u>2017</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>
<b>ASSETS</b>				
Cash and Investments	\$ 515,725	\$ 515,725	\$ 559,258	\$ 559,258
Other Receivables	774	774	3,355	3,355
Prepaid Expenses	23,439	23,439	22,363	22,363
<b>TOTAL ASSETS</b>	<b>\$ 539,938</b>	<b>\$ 539,938</b>	<b>\$ 584,976</b>	<b>\$ 584,976</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>CURRENT LIABILITIES</b>				
Salaries and Benefits Payable	\$ 2,167	\$ 2,167	\$ 116	\$ 116
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,167</b>	<b>2,167</b>	<b>116</b>	<b>116</b>
<b>TOTAL LIABILITIES</b>	<b>2,167</b>	<b>2,167</b>	<b>116</b>	<b>116</b>
<b>FUND BALANCES</b>				
Nonspendable	23,439	23,439	22,363	22,363
Unassigned	514,332	514,332	562,497	562,497
<b>TOTAL FUND BALANCES</b>	<b>537,771</b>	<b>537,771</b>	<b>584,860</b>	<b>584,860</b>
<b>TOTAL LIABILITIES and FUND BALANCES</b>	<b>\$ 539,938</b>	<b>\$ 539,938</b>	<b>\$ 584,976</b>	<b>\$ 584,976</b>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total <i>Fund Balances</i> for Governmental Funds	\$ 537,771	\$ 584,860
Total <i>Net Position</i> Reported for Government Activities in the Statement of Net Positions Is Different Because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,964,992</u>	<u>2,764,592</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,502,763</u>	<u>\$ 3,349,452</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, 2018 and 2017

	<u>2018</u>		<u>2017</u>	
	<u>General</u>	<u>Total Governmental Funds</u>	<u>General</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 586,664	\$ 586,664	\$ 721,453	\$ 721,453
Donations	58,195	58,195	131,702	131,702
Grants	10,104	10,104	10,000	10,000
Interest Income	1,699	1,699	1,269	1,269
Gain on Sale of Capital Assets	72,000	72,000	-	-
Miscellaneous Revenue	43	43	25	25
<b>TOTAL REVENUES</b>	<b>728,705</b>	<b>728,705</b>	<b>864,449</b>	<b>864,449</b>
<b>EXPENDITURES</b>				
Fire Protection				
General Government				
Salaries and Benefits	66,930	66,930	58,643	58,643
Insurance	32,155	32,155	23,392	23,392
Office Expenses	4,028	4,028	3,937	3,937
Repairs and Maintenance	36,373	36,373	27,645	27,645
Communications	12,860	12,860	13,559	13,559
Supplies	59,238	59,238	70,379	70,379
Training and Travel	26,958	26,958	23,003	23,003
Professional Fees	75	75	6,000	6,000
Gas and Fuel	8,297	8,297	6,815	6,815
Inspection and Safety	13,870	13,870	7,424	7,424
Utilities	15,208	15,208	14,041	14,041
Dues, Licenses, and Miscellaneous	1,572	1,572	1,534	1,534
Capital Expenditures	498,230	498,230	677,894	677,894
<b>TOTAL EXPENDITURES</b>	<b>775,794</b>	<b>775,794</b>	<b>934,266</b>	<b>934,266</b>
Excess (Deficiency) of Revenues Over Expenditures	(47,089)	(47,089)	(69,817)	(69,817)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(47,089)</b>	<b>(47,089)</b>	<b>(69,817)</b>	<b>(69,817)</b>
<b>FUND BALANCE – JANUARY 1</b>	<b>584,860</b>	<b>584,860</b>	<b>654,677</b>	<b>654,677</b>
<b>FUND BALANCE – DECEMBER 31</b>	<b>\$ 537,771</b>	<b>\$ 537,771</b>	<b>\$ 584,860</b>	<b>\$ 584,860</b>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Net change in <i>Fund Balances</i> – Total Governmental Funds	\$ (47,089)	\$ (69,817)
The changes in Net Position reported for governmental activities in the Statement of Activities is different because:		
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	498,230	547,556
Depreciation expense	(297,830)	(239,778)
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>130,752</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 153,311</u>	<u>\$ 368,713</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review – Management has evaluated subsequent events through June 25, 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, 2018 and 2017

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, 2018 and 2017

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 2018 and 2017, respectively, as the board approved revised budgets equal to actual for both 2018 and 2017.

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, 2018 and 2017

At year ended December 31, 2018 the district's carrying amount of deposits was \$515,725 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 – 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, 2018 and 2017 are \$774 and \$3,355, respectively.

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets are as follows:

	Balance 12-31-17	Additions (Disposals)	Balance 12-31-18	Accumulated Depreciation	Net Book Value 12-31-18
Land	\$ 9,000	\$ -	\$ 9,000	\$ -	\$ 9,000
Land Improvements	34,014	-	34,014	3,590	30,424
Buildings	1,395,349	-	1,395,349	296,316	1,099,033
Building Improvements	-	11,950	11,950	-	11,950
Vehicles and Equipment	3,075,968	86,279	3,162,247	1,347,662	1,814,585
	<u>\$ 4,514,331</u>	<u>\$ 98,229</u>	<u>\$ 4,612,560</u>	<u>\$ 1,647,568</u>	<u>\$ 2,964,992</u>

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Depreciation expense was charged to functions as follows:

	<u>2018</u>	<u>2017</u>
Governmental Activities		
Public Safety	<u>\$ 297,830</u>	<u>\$ 239,778</u>

NOTE 6 – 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, 2018 and 2017

	2018				2017			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>								
Taxes	\$ 560,000	\$ 586,664	\$ 586,664	\$ -	\$ 620,000	\$ 721,453	\$ 721,453	\$ -
Interest Income	-	1,699	1,699	-	-	1,269	1,269	-
Donations	-	58,195	58,195	-	-	131,702	131,702	-
Grants	-	10,104	10,104	-	-	10,000	10,000	-
Charges for Services and Other Revenues	-	43	43	-	-	25	25	-
<b>TOTAL REVENUES</b>	<b>560,000</b>	<b>656,706</b>	<b>656,706</b>	<b>-</b>	<b>620,000</b>	<b>864,449</b>	<b>864,449</b>	<b>-</b>
<b>EXPENDITURES</b>								
Salaries and Benefits	80,000	66,930	66,930	-	75,000	58,643	58,643	-
Insurance	25,000	32,155	32,155	-	30,000	23,392	23,392	-
Utilities	20,000	15,208	15,208	-	29,000	14,041	14,041	-
Gas and Oil	10,000	8,297	8,297	-	11,000	6,815	6,815	-
Equipment Repairs and Maintenance	30,000	36,373	36,373	-	30,500	27,645	27,645	-
Health and Safety	9,800	13,870	13,870	-	3,000	7,424	7,424	-
Training and Travel	30,000	26,958	26,958	-	30,000	23,003	23,003	-
Office	5,500	4,028	4,028	-	4,500	3,937	3,937	-
Dues and Publications	600	1,572	1,572	-	800	1,534	1,534	-
Professional Fees	500	75	75	-	6,000	6,000	6,000	-
Miscellaneous	100	-	-	-	200	-	-	-
Supplies	26,000	59,238	59,238	-	17,000	70,379	70,379	-
Communications	12,000	12,860	12,860	-	27,500	13,559	13,559	-
Building Repair and Maintenance	-	-	-	-	-	-	-	-
Grounds Maintenance	-	-	-	-	5,000	-	-	-
Capital Expenditures	273,500	498,230	498,230	-	208,000	677,894	677,894	-
Equipment Purchases	37,000	-	-	-	42,500	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>560,000</b>	<b>775,794</b>	<b>775,794</b>	<b>-</b>	<b>520,000</b>	<b>934,266</b>	<b>934,266</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(119,089)	(119,089)	-	100,000	(69,817)	(69,817)	-
Other Financing Sources (Uses)	-	72,000	72,000	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(47,089)</b>	<b>(47,089)</b>	<b>-</b>	<b>100,000</b>	<b>(69,817)</b>	<b>(69,817)</b>	<b>-</b>
FUND BALANCE – JANUARY 1	754,677	584,860	584,860	-	654,677	654,677	654,677	-
<b>FUND BALANCE – DECEMBER 31</b>	<b>\$ 754,677</b>	<b>\$ 537,771</b>	<b>\$ 537,771</b>	<b>\$ -</b>	<b>\$ 754,677</b>	<b>\$ 584,860</b>	<b>\$ 584,860</b>	<b>\$ -</b>

See Accompanying Notes and Independent Auditor's Report



DICKINSON RURAL FIRE DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

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 7<sup>th</sup> 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.

See Independent Auditor's Report



125 2ND AVE W | DICKINSON, ND 58601 | 701-483-1122 | F: 701-483-1123 | www.hr-pc.com

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, 2018 and 2017, 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 June 25, 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  
June 25, 2020

DICKINSON RURAL FIRE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

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:

Due to the size of the District and staff, this is not an unusual issue. 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, 2018 and 2017

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:

Due to the size of the District staff, it is not feasible to pursue proper separation of duties and no recommendation will be made. 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.