

FINANCIAL STATEMENTS  
NORTH DAKOTA PEACE OFFICERS  
STANDARDS AND TRAINING BOARD  
For the Years Ended  
December 31, 2018 and 2017

NORTH DAKOTA PEACE OFFICERS  
STANDARDS AND TRAINING BOARD  
Bismarck, North Dakota  
December 31, 2018 and 2017

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*Wonne M. Kubis*  
*Certified*  
*Public Accountant*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Dakota Peace Officers Standards & Training Board  
Bismarck, North Dakota

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Dakota Peace Officers Standards and Training Board, Bismarck, 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 board'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**

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits 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**

- 1 -



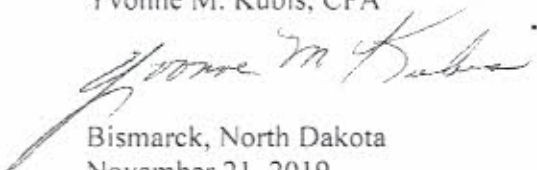
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the North Dakota Peace Officers Standards and Training Board 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 management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 12 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Yvonne M. Kubis, CPA



Bismarck, North Dakota  
November 21, 2019



## **Management's Discussion and Analysis**

The management of the Peace Officers Standards and Training Board offers the readers of the Peace Officers Standards and Training Board's financial statements this narrative overview and analysis of their financial activities for the years ended December 31, 2018 and 2017. I encourage readers to read the information presented here in conjunction with additional information that I have furnished in the Peace Officers Standards and Training Board's financial statements, which follow this narrative.

### **Financial Highlights**

- The Peace Officers Standards and Training Board's fund balance increased by \$54,214 to \$369,723 in the year ended December 31, 2018 as compared to the year ended December 31, 2017 and increased by \$1,713 in the year ended December 31, 2017 as compared to the year ended December 31, 2016. Capital assets for the Peace Officers Standards and Training Board, net of related debt did not increase in the year ended December 31, 2018 as compared to the year ended December 31, 2017 and did not increase in the year ended December 31, 2017 as compared to the year ended December 31, 2016.
- Total revenues for the Peace Officers Standards and Training Board are \$216,459 for the year ended December 31, 2018, and \$115,100 for the year ended December 31, 2017.
- Total expenditures for all the Peace Officers Standards and Training Board's programs were \$162,245 during the year ended December 31, 2018 and \$113,387 for the year ended December 31, 2017.

### **Overview of the Financial Statements**

The Peace Officers Standards and Training Board's basic financial statements consist of three components; 1) the Management's Discussion and Analysis (MD&A), 2) fund financial statements; and 3) notes to the financial statements. Because the Peace Officers Standards and Training Board is a special-purpose government, the financial statements are presented in accordance with paragraph 138 of Governmental Accounting Standards Board (GASB) Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Peace Officers Standards and Training Board. In addition to the management's discussion and analysis, management has prepared the Combined Statement of Assets, Liabilities and Changes in Fund Balance, and the Combined Statement of Revenue, Disbursements and Change in Fund Balance, following the MD&A.

### **Overview of the Board**

The Peace Officers Standards and Training Board's primary mission is to provide adequate training, administer public examinations for admission as a peace officer and collect license fees. The Peace Officers Standards and Training Board's operations are funded by fees and small grant income.

## Management's Discussion and Analysis (continued)

### Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Peace Officers Standards and Training Board's most significant activities by focusing on the individual activities of the major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Peace Officers Standards and Training Board, like all other government entities in North Dakota, uses fund accounting to ensure and reflect compliance, or non-compliance, with finance-related legal requirements, such as the General Statutes, the Peace Officers Standards and Training Board's budget, or applicable federal government guidelines. All of the funds are enterprise funds which use the modified accrual basis of accounting and account for the Peace Officers Standards and Training Board's activities in a manner similar to a for-profit business.

The Peace Officers Standards and Training Board adopts an annual budget. The budgetary statements demonstrate how well the Peace Officers Standards and Training Board complied with the budget and whether or not the Peace Officers Standards and Training Board succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language and classifications as the budget document. The budgetary statements are presented as supplementary information to demonstrate compliance with the adopted budget. To account for the difference between budgetary basis of accounting and modified cash basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statements.

### Notes to the Financial Statements

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 9 – 11 of this report. After the notes, supplemental information is provided to show details about the Peace Officers Standards and Training Board's individual funds.

### Other Information

In addition to the basic financial statements and accompanying notes, the report includes additional supplementary information.

### The Peace Officers Standards and Training Board's Total Assets

Figure 1

	December 31, 2018	December 31, 2015
Current and other assets	\$382,923	\$315,533
Capital assets	<u>0</u>	<u>0</u>
Total Assets	\$382,923	\$315,533

Management's Discussion and Analysis (continued)

	December 31, 2018	December 31, 2018
Fund Balances:		
Unassigned	<u>\$369,723</u>	<u>\$513,533</u>
Total Fund Balances	\$369,723	\$315,533

Total assets may serve over time as one useful indicator of a government's financial condition. The Peace Officers Standards and Training Board had \$13,200 in liabilities as of December 31, 2018. The Peace Officers Standards and Training Board's fund balance increased by \$54,214 for the year ended December 31, 2018. The largest portion of net assets reflects the Peace Officers Standards and Training Board's investment in cash accounts.

**Peace Officers Standards and Training Board's Changes in Fund Balance**

	<b>Governmental Activities</b>	
	December 31, 2018	December 31, 2017
Revenues		
Licensing	\$ 42,900	\$ 35,755
Psych Test	17,685	20,520
Grants	0	0
Late License Fees/Sidearms	8,000	7,000
Miscellaneous	13	13
General Fund ( Enforcement Training)	<u>147,775</u>	<u>51,750</u>
Total Revenues	\$ 216,373	\$ 115,038
Expenditures		
Training Out	\$ 10,100	\$ 0
Psych Test	18,900	21,735
Professional Development	16,467	17,865
Operating	7,327	10,199
Audit	0	1,750
General Fund Approp.	104,083	60,605
Administrative Hearing	5,330	1,195
Miscellaneous	<u>38</u>	<u>38</u>
Total Operating Expenditures	\$162,245	\$113,387
Excess (Deficiency) of Revenue over Expenditures	\$ 54,128	\$ 1,651
Interest Income	86	62
Net Change in Fund Balance	\$ 54,214	\$ 1,7013
Fund Balance January 1	\$315,509	\$313,796
Fund Balance December 31	\$369,723	\$315,509



## Management's Discussion and Analysis (continued)

### Capital Asset and Debt Administration

#### Capital Assets

The Peace Officers Standards and Training Board's investment in capital assets as of December 31, 2018 totals \$0 (net of accumulated depreciation) and as of December 31, 2017 totals \$0 (net of accumulated depreciation). These assets include equipment.

The Peace Officers Standards and Training Board did not purchase capital assets during the year and there were no demolitions or disposals.

Additional information of the Peace Officers Standards and Training Board's capital assets can be found in Note F of the Basic Financial Statements.

#### Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Peace Officers Standards and Training Board.

- The Peace Officers Standards and Training Board is a very stable entity.

#### Budget highlights for the year ending December 31, 2018

Budgeted general operating expenditures have decreased by 3.65% from 12-31-16 to 12-31-17 due to less fund appropriation from the ND Attorney General for Law Enforcement Training and increased by 5.42% from 12-31-17 to 12-31-18 due to an increase from the ND Attorney General for Law Enforcement Training.

#### Requests for Information

This report is designed to provide an overview of the Peace Officers Standards and Training Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed Duane Stanley, Peace Officers Standards and Training Board, P.O. Box 1054, Bismarck, ND 58502.



North Dakota Peace Officers Standards and Training Board  
Balance Sheet Governmental Funds  
as of December 31, 2018 and 2017

ASSETS	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current Assets:		
Cash and Cash Equivalents	\$ 348,336	\$ 312,238
Accounts Receivable	\$ 34,587	\$ 3,271
Total Current Assets	<u>\$ 382,923</u>	<u>\$ 315,509</u>
Non-Current Assets		
Equipment	\$ -	\$ -
Less Accumulated Depreciation	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 382,923</u>	<u>\$ 315,509</u>
 LIABILITIES		
Current Liabilities	\$ 13,200	\$ -
 FUND BALANCE		
Unassigned	\$ 369,723	\$ 315,509
Total Fund Balance	<u>\$ 369,723</u>	<u>\$ 315,509</u>
Total Liabilities and Fund Balance	<u>\$ 382,923</u>	<u>\$ 315,509</u>

See accountant's report and accompanying notes

North Dakota Peace Officers Standards and Training Board  
Statement of Revenue, Disbursements and Changes in Fund Balance  
For the Years Ended December 31, 2018 and 2017

REVENUE	December 31, 2018	December 31, 2017
Licensing	\$ 42,900	\$ 35,755
Psych Test	17,685	20,520
Miscellaneous	13	13
Late License Fees/Sidearms	8,000	7,000
General Fund (Enforcement Training)	147,775	51,750
Total Receipts	<u>\$ 216,373</u>	<u>\$ 115,038</u>
DISBURSEMENTS		
Training Out	\$ 10,100	\$ -
Psych Test	18,900	21,735
Professional Development	16,467	17,865
Operating	7,327	10,199
Audit	-	1,750
General Fund Approp	104,083	60,605
Administrative Hearing	5,330	1,195
Miscellaneous	38	38
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 162,245</u>	<u>\$ 113,387</u>
Interest Income	86	62
Net Change in Fund Balance	<u>\$ 54,214</u>	<u>\$ 1,713</u>
Fund Balance Beginning of Year	\$ 315,509	\$ 313,796
Fund Balance End of Year	\$ 369,723	\$ 315,509

See accountant's report and accompanying notes

PEACE OFFICERS STANDARDS AND TRAINING BOARD  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Dakota Peace Officers Standards and Training Board (Board) was created by North Dakota statute (NDCC 12-63-04) to carry out duties upon it by such statute. The main duties of the Board are administering public examinations for admission as a peace officer, ensure all peace officers are adequately trained, and collect license fees.

The North Dakota Peace Officers Standards and Training Board is a public entity governed by an eight member board appointed by the North Dakota Attorney General and two members who serve by statute

B. Description of North Dakota Peace Officers Standards and Training Board

The North Dakota Peace Officers Standards and Training Board receive funding from license fees, license exam fees, psych testing fees, and grant income. The financial statements include only the activity of the North Dakota Peace Officers Standards and Training Board.

C. Basis of Presentation – Fund Accounting

The accounts of the North Dakota Peace Officers Standards and Training Board are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, changes in fund balance, revenues and expenditures.

D. Basis of Accounting

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 Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

General capital asset acquisitions are reported as expenditures in *governmental funds*. *Acquisitions under capital leases are reported as other financing sources*.

The Board has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and related standards. These standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

The accounting and financial reporting requirement applied to a fund is determined by its measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of fund balance, which is the result of deducting the liabilities from all the assets. Total fund

## NOTES TO FINANCIAL STATEMENTS (continued)

balance is segregated into five classifications: (1) nonspendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned. Operating statements for this fund present increases (e.g., revenues) and decreases (e.g., expenditures) in net total fund balance.

### E. Budgetary Data

The North Dakota Peace Officers Standards and Training Board approved their operating budgets for the year 2017 on December 14, 2016 for the year 2018 on December 14, 2017 respectively. The budgets are a part of the supplementary information.

### F. Assets, Liabilities and Fund Balance

#### Cash and Cash Equivalents

The North Dakota Peace Officers Standards and Training Board consider unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents. The North Dakota Peace Officers Standards and Training Board has its cash funds in an interest bearing checking account and a savings account insured by F.D.I.C. The North Dakota Peace Officers Standards and Training Board has no other investments.

#### 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 the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Capital Assets

Capital assets are recorded at historical cost at the date of acquisition. Donated capital assets are stated at their fair market value on the date donated. This includes site acquisitions and improvements, structures and equipment. Minimum capitalization costs are as follows: building improvements, furniture and equipment \$250 and vehicles \$500. The cost of normal maintenance and repairs do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated on a straight-line basis over the following estimated useful life in years:

Buildings	30 years
Improvements	15 – 30 years
Furniture, fixtures and equipment	3 – 10 years
Automobiles	5 years



## NOTES TO FINANCIAL STATEMENTS (continued)

### Changes in Capital Assets

<u>Description</u>	<u>Balance at</u> <u>12-31-2016</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance at</u> <u>12-31-2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance at</u> <u>12-31-2018</u>
Capital Assets Being Depreciated:					
Equipment	\$ 0	0	\$ 0	0	\$ 0
Less Accumulated Depreciation	<u>0</u>		<u>0</u>		<u>0</u>
Total Capital Assets	\$ 0		\$ 0		\$ 0

Depreciation expense charges to the Peace Officers Standards and Training Board for 2017 is \$0 and for 2018 is \$0.

### Net Assets

Net assets are classified into three parts: as invested in capital assets-net of related debt, restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed (as by creditors, grantors, contributors, or laws or regulations of other governments), or imposed by the law.

### Risk Management

The North Dakota Peace Officers Standards and Training Board has coverage with North Dakota Fire and Tornado Fund. No Claims have exceeded insurance coverage in any other past three years.

### Subsequent Events

The North Dakota Peace Officers Standards and Training Board has evaluated subsequent events through November 21, 2019, the date which the financial statements were available to be issued.

	Original & Final Budget	2018 Actual	Variance Favorable (Unfavorable)	Original & Final Budget	2017 Actual	Variance Favorable (Unfavorable)
<u>Operating Revenues</u>						
C/O Checking	305,000	702	304,298	285,000	59	(284,941)
Savings	18,685	(12)	18,697	18,675	-	(18,675)
Interest	45	86	41	55	62	7
General Fund Training App.	112,500	147,775	35,275	112,500	51,750	(60,750)
Licensing	37,500	42,900	5,400	45,000	35,755	(9,245)
Miscellaneous	24	13	(11)	25	13	(12)
Psych Test	20,000	17,685	(2,315)	15,500	20,520	5,020
Late License Fees/Sidearms	6,500	8,000	1,500	6,300	7,000	700
Training	-	-	-	-	-	-
Total Operating Revenue	500,254	217,149	283,105	483,055	115,159	(367,896)
<u>Expenditures</u>						
Audit	-	-	-	1,750	1,750	- *
Administrative Hearing	5,000	5,330	330	8,500	1,195	7,305
Professional Development	20,000	16,467	(3,533)	13,000	17,865	(4,865)
General Fund Appropriation	112,500	104,083	(8,417)	112,500	60,605	51,895
Miscellaneous	50	38	(12)	-	38	(38)
Operating	9,000	7,327	(1,673)	6,000	10,198	(4,198)
Psych Test	20,000	18,900	(1,100)	15,500	21,735	(6,235)
Job Task Analysis	300	-	(300)	-	-	-
Training	-	10,100	10,100	-	-	-
Training Reserve (C/O)	-	-	-	-	-	-
Total Expenditures	166,850	162,245	-4,605	157,250	113,386	43,864
Net Revenue over (under) expenditures	333,404	54,904	278,500	325,805	1,773	324,032

Reconciliation of cash basis net income budget to modified accrual basis net income.

Equipment	-	-
Depreciation Expense	-	-
Change in net assets - modified accrual basis	54,904	1,773

\*Audit for 2016 paid in 2017.

*Wonne 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 Board of Directors  
North Dakota Peace Officers Standards  
and Training Board  
Bismarck, 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 governmental activities, the business-type activities, and the aggregate remaining fund information of the North Dakota Peace Officers Standards and Training Board as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the North Dakota Peace Officers Standards and Training Board's basic financial statements, and have issued my report thereon dated November 21, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audits of the financial statements, I considered North Dakota Peace Officers Standards and Training Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Peace Officers Standards and Training Board's internal control. Accordingly, I do not express an opinion on the effectiveness of the North Dakota Peace Officers Standards and Training Board'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 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.

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

**Compliance and Other Matters**



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BISMARCK, NORTH DAKOTA 58503

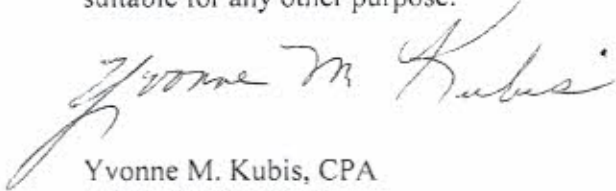
701-223-2929  
Fax: 701-221-5882



As part of obtaining reasonable assurance about whether the North Dakota Peace Officers Standards and Training Board's financial statements are free from material misstatements, 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 audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance 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.

A handwritten signature in cursive script, reading "Yvonne M. Kubis". The signature is written in dark ink and is positioned above the printed name and date.

Yvonne M. Kubis, CPA  
November 21, 2019