

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2020

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
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Year Ended December 31, 2020

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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Governing Board
Jamestown Rural Fire District
Jamestown, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of **JAMESTOWN RURAL FIRE DISTRICT**, Jamestown, North Dakota as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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.

Auditors' 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 of 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 auditors' 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 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 **JAMESTOWN RURAL FIRE DISTRICT**, Jamestown, North Dakota, as of December 31, 2020 and the respective changes in financial position thereof 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 budgetary comparison information on page 16 through 17 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 requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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 October 7, 2021, on our consideration of the **JAMESTOWN 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 **JAMESTOWN 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 **JAMESTOWN RURAL FIRE DISTRICT**'s internal control over financial reporting and compliance.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants
Jamestown, North Dakota
October 7, 2021

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 515,419
Due from other governmental agencies	212,863
Capital assets	
Land	62,500
Building	2,989,573
Equipment	884,219
Vehicles	1,151,792
Less: accumulated depreciation	(1,448,042)
Total Capital Assets	3,640,042
Total Assets	\$ 4,368,324
 LIABILITIES	
Long-term liabilities	
Due within one year	\$ 60,548
Due in more than one year	2,675,181
Total Liabilities	2,735,729
 NET POSITION	
Net investment in capital assets	904,313
Unrestricted	728,282
Total Net Position	1,632,595
Total Liabilities Net Position	\$ 4,368,324

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT

Jamestown, North Dakota

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government				
Public Safety	499,295	\$	\$7,827	(491,468)
Total Governmental Activities	\$ 499,295	\$	\$ 7,827	(491,468)
General revenues:				
Property taxes				386,019
Insurance premium reimbursement				85,910
State aid				9,478
Unrestricted investment earnings				185
Miscellaneous				9,340
<i>Special Item - gain on sale of assets</i>				294,435
Total general revenues and special items				785,367
Change in net position				293,899
Net position:				
Beginning of year				1,338,696
Net position - ending				\$ 1,632,595

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT

**Jamestown, North Dakota
BALANCE SHEET
Governmental Funds
December 31, 2020**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 515,419
Taxes receivable, net	63,965
Receivable from other governments	<u>148,898</u>
 Total Assets	 <u><u>\$ 728,282</u></u>
 FUND BALANCES	
Fund balances:	
Unassigned	<u>728,282</u>
Total Fund Balances	<u>728,282</u>
 Total Fund Balances	 <u><u>\$ 728,282</u></u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2020

Total fund balance, governmental funds	\$	728,282
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		3,640,042
Some liabilities (such as Notes Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		<u>(2,735,729)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>1,632,595</u></u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT

Jamestown, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended December 31, 2020

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 386,019
Insurance premium reimbursement	85,910
State aid	9,478
Grants	7,827
Investment earnings	185
Miscellaneous	9,340
Total Revenues	<u>498,759</u>
EXPENDITURES	
Public Safety	
Compensation	51,555
Fire department	42,951
Building, equipment, tools	52,127
Insurance	23,024
Fuel	2,830
Repair and maintenance	55,497
Utilities	12,259
Training	6,161
Office expense, dues and fees	7,518
Retention	42,951
Professional fees	220
Property taxes	2,673
Miscellaneous	6,309
Debt Service:	
Principal	64,271
Interest and other charges	77,521
Capital Outlay	252,678
Total Expenditures	<u>700,545</u>
Excess of revenues over (under) expenditures	(201,786)
OTHER FINANCING SOURCES	
Loan proceeds	<u>363,287</u>
SPECIAL ITEM	
Proceeds from the disposition of assets	<u>294,435</u>
Net change in fund balance	455,936
Fund balance - beginning	<u>272,346</u>
Fund balance - ending	<u>\$ 728,282</u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
Year Ended December 31, 2020

Net change in fund balances - total governmental funds: \$ 455,936

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay \$238,903 exceeded depreciation \$101,924 in the current period. 136,979

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The liability is accrued in the Statement of Net Position. This is the amount by which proceeds exceeded repayments. (299,016)

Change in net position of governmental activities \$ 293,899

The accompanying notes are an integral part of these financial statements.

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

1. Summary of Significant Accounting Policies

The financial statements of the **Jamestown 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.

A. Reporting Entity

The **JAMESTOWN RURAL FIRE DISTRICT** operates the rural fire department for 24 townships and cities.

The accompanying financial statements present the activities of the fire district. The fire district has considered all potential component units for which the fire district is financially accountable and other organizations for which the nature and significance of their relationships with the fire district 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 criterion includes appointing a voting majority of an organization's governing board and (1) the ability of the fire district 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 fire district.

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

B. Basis of Presentation

Government –Wide Statements: The statement of net position and statement of activities display information about the District. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the fire 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 included 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) 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 district's funds. A separate statement for the fund category- governmental is presented.

Funds are organized as major funds or non-major funds within the governmental statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Following is a list of the major funds:

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

B. Basis of Presentation – continued

Governmental Funds

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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 60 days after year-end. All revenues are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

All revenues are considered to be susceptible to accrual and so have been recorded as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

D. 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.

E. Deposits and Investments

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 District would not be able to recover the deposits or collateralized securities that are in the possession of outside parties. The District does not have a formal policy regarding deposits that limit 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 institutions 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

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

E. Deposits and Investments - continued

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 any other state of the United States or such other securities approved by the banking board.

At December 31, 2020, the District's carrying amount of deposits was \$515,419 and the bank balances were \$515,420, which are fully insured by Federal Depository Insurance or collateralized with securities held by the financial institution in the District's name.

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The District does not have a formal deposit policy that limits maturities as a means of managing exposure to potential fair value losses arising from increasing interest rates.

As authorized in North Dakota Statutes, idle funds may be invested as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
4. Obligations of the state.
5. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

The District has no cash and cash equivalents other than demand and time deposits.

F. Capital Assets

Capital assets include buildings and equipment. Assets are reported in the governmental activities' column in the government-wide financial statements but are not reported as assets in the fund financial statements. Capital assets are defined by the District as assets and are capitalized if total cost exceeds \$2,500. All capital assets are recorded at cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

F. Capital Assets - continued

capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

The District's construction in progress is capitalized but not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Building and improvements	50 years
Equipment and vehicles	10 - 25 years

G. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Issuance costs are reported as debt service expenditures.

I. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.
2. Restricted net position - consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
3. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

I. Equity Classifications - continued

Fund Balances

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the Board.

Assigned - consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

2. Taxes Receivable

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

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

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

3. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

<i>Governmental Activities</i>	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital assets not being depreciated				
Land	\$ 62,500	\$	\$	\$ 62,500
Building not in service	562,500		562,500	
Construction in progress	2,188,170	238,903	2,427,073	
Total Capital Assets, Not Being Depreciated	<u>2,813,170</u>	<u>238,903</u>	<u>2,989,573</u>	<u>62,500</u>
Capital Assets Being Depreciated				
Buildings		2,989,573		2,989,573
Equipment	884,219			884,219
Vehicles	1,151,792			1,151,792
Total Capital Assets Being Depreciated	<u>2,036,011</u>	<u>2,989,573</u>		<u>5,025,584</u>
Less Accumulated Depreciation for				
Building		49,826		49,826
Equipment	786,847	16,057		802,904
Vehicles	559,271	36,041		595,312
Total Accumulated Depreciation	<u>1,346,118</u>	<u>101,924</u>		<u>1,448,042</u>
Total Capital Assets Being Depreciated, Net	<u>689,893</u>	<u>2,887,649</u>		<u>3,577,542</u>
Net Capital Assets	<u>\$ 3,503,063</u>	<u>\$ 3,126,552</u>	<u>\$ 2,989,573</u>	<u>\$ 3,640,042</u>

Depreciation was charged to functions as follows:

Public Safety	<u>\$ 101,924</u>
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4. Long-Term Obligations

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20	Amounts Due Within One Year
USDA	<u>\$2,436,713</u>	<u>\$ 363,287</u>	<u>\$ 64,271</u>	<u>\$2,735,729</u>	<u>\$ 60,548</u>

3% real estate mortgage dated December 17, 2019, due in monthly installments of \$11,816 (including principal and interest) to December 20, 2049, secured by Lot 7, Block 1, Dunstan's Second Addition to Jamestown, Stutsman County, North Dakota, together with the east half of the vacated alley lying adjacent thereto. It is also secured by all of the revenue and income, all present and future contract rights, rents, accounts receivables, general intangibles whatsoever in nature, inventory, equipment, supplies, goods, furniture and fixtures and appliances, now owned or hereafter acquired, together with all replacements, substitutions, and addition thereto.

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2020

4. Long-Term Obligations - continued

Debt service requirements on long-term debt is as follows:

Year Ending	Principal	Interest
2021	\$ 60,548	\$ 81,244
2022	62,390	79,402
2023	64,287	77,505
2024	66,243	75,549
2025	68,258	73,534
2026 - 2030	373,722	335,238
2031 - 2035	434,122	274,838
2036 - 2040	504,283	204,677
2041 - 2044	585,784	123,176
2045 - 2049	516,092	31,099
	<u>\$ 2,735,729</u>	<u>\$ 1,356,262</u>

5. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, or 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 (NDIRF), 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 District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$250 million dollars per occurrence.

The District also participates in the North Dakota Fire and Tornado Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period.

The District participates in the North Dakota Workforce Safety and Insurance.

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

REQUIRED SUPPLEMENTARY INFORMATION

JAMESTOWN RURAL FIRE DISTRICT
 Jamestown, North Dakota
BUDGET AND ACTUAL (With Variances)
 General Fund
 Year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>	
REVENUES						
Taxes	\$ 363,959	\$ 363,959		\$ 386,019	\$ 386,019	\$ 22,060
State aid	9,000	9,000		9,478	9,478	478
Insurance premium reimbursement	60,000	60,000		85,910	85,910	25,910
Grants				7,827	7,827	7,827
Investment earnings	35	35		185	185	150
Miscellaneous	730	730		9,340	9,340	8,610
Total Revenues	<u>433,724</u>	<u>433,724</u>		<u>498,759</u>	<u>498,759</u>	<u>65,035</u>
EXPENDITURES						
Public Safety						
Compensation	57,600	57,600		51,555	51,555	6,045
Fire department	20,000	20,000		42,951	42,951	(22,951)
Building, equipment, tools				52,127	52,127	(52,127)
Insurance	15,000	15,000		23,024	23,024	(8,024)
Fuel	9,000	9,000		2,830	2,830	6,170
Repair and maintenance	40,000	40,000		55,497	55,497	(15,497)
Utilities	11,486	11,486		12,259	12,259	(773)
Training	15,000	15,000		6,161	6,161	8,839
Office expense, dues and fees	10,000	10,000		7,518	7,518	2,482
Retention	35,000	35,000		42,951	42,951	(7,951)
Professional fees	16,750	16,750		220	220	16,530
Property taxes	3,000	3,000		2,673	2,673	327
Miscellaneous				6,309	6,309	(6,309)
Debt service						
Principal	186,259	186,259		64,271	64,271	121,988
Interest and other charges				77,521	77,521	(77,521)
Capital outlay	60,000	60,000		252,678	252,678	(192,678)
Total Expenditures	<u>479,095</u>	<u>479,095</u>		<u>700,545</u>	<u>700,545</u>	<u>(221,450)</u>
Excess of revenues over (under) expenditures	(45,371)	(45,371)		(201,786)	(201,786)	(156,415)
Other financing sources						
Loan proceeds				363,287	363,287	363,287
Proceeds from the disposition of assets				294,435	294,435	294,435
Fund balances - beginning	272,346	272,346		272,346	272,346	
Fund balances - ending	<u>\$ 226,975</u>	<u>\$ 226,975</u>		<u>\$ 728,282</u>	<u>\$ 728,282</u>	<u>\$ 501,307</u>

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Budget and Actual (with variances)
Notes to RSI - General Fund
Year Ended December 31, 2020

Note A – Budgets and Budgetary Accounting

1. The governing board prepares a preliminary budget annually on or before September 10th. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the cash basis of accounting.
2. On or before October 7th, the Board adopts the final budget. The final budget must be filed with the county auditor by October 10th.
3. No disbursements shall be made or liability incurred in excess of the total appropriations by the fund. However, the governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.
3. All appropriations lapse at the close of the District's fiscal year.

Note B - Excess of Expenditures Over Appropriations

Expenditures in the General fund exceeded appropriations by \$221,450. All expenditures were approved by the Fire District. These expenditures were all funded by available fund balances.

OTHER SUPPLEMENTARY INFORMATION

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
OFFICIALS
December 31, 2020

Officials

Richard Klose
Bob Lulay
Shirly Krapp
Richard Brown
Russell Carlson
Casey Aldinger
Kenneth Daugs
Richard Huebner
Ryan Huebner
Roger Jung
Jack Lueck
Michael Schwartz
LaRell Peckham
Wendell Perleberg
George Quigley
Allan Allmaras
Darrel Roorda
Keith Struble
Tyler Michel
Tracey Trapp
Blake Krapp
Brian Paulson
Rick Woehl

Office

President
Vice-president
Secretary/Treasurer
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Chief
Assistant Chief

As of December 31, 2020

Schauer & Associates, P.C.

Certified Public Accountants

**INDEPENDENT AUDITORS' 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***

Board of Directors
JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota

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 **JAMESTOWN RURAL FIRE DISTRICT**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the **JAMESTOWN RURAL FIRE DISTRICT's** basic financial statements and have issued our report thereon dated October 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **JAMESTOWN 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 **JAMESTOWN RURAL FIRE DISTRICT's** internal control. Accordingly, we do not express an opinion on the effectiveness of **JAMESTOWN 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 2020-001 and 2020-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **JAMESTOWN 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

INDEPENDENT AUDITORS' 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 2


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*.

JAMESTOWN RURAL FIRE DISTRICT's Response to Findings

JAMESTOWN RURAL FIRE DISTRICT's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. JAMESTOWN RURAL FIRE DISTRICT'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.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
October 7, 2021

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
SCHEDULE OF FINDINGS
Year Ended December 31, 2020

2020-001 Preparation of Financial Statements – Material Weakness

Criteria: A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and accompanying notes to the financial statements.

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

Cause: Due to cost and other considerations, the Fire District has requested that 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: The circumstance is not unusual for a district of your size. 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.

Management's Response: President Richard Klose states that the District has operated in this fashion for a long period of time and has taken the responsibility to accept the degree of risk associated with this condition because of cost. They feel that all documents requested as well as the financial information for the District as entered into a Quicken program for the period were provided.

2020-002 Segregation of Duties – Material Weakness

Criteria: A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: One employee collects monies, deposits monies, issues checks, send checks to vendors, records receipts and disbursements in journals, maintains the general ledger and prepares financial statements.

Cause: The Fire District has one person responsible for most accounting functions making complete segregation of duties difficult.

Effect: Inadequate segregation of duties provides an opportunity for fraud to occur and for increased errors and misstatements. It would affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period.

Recommendation: While we recognize that the staff of the District may not be large enough to permit complete segregation of duties, the involvement of the officers and board in reviewing and approving transactions would help mitigate some of the risks.

Management's Response: The District has deposits done electronically with only receiving maybe 3 checks a year to deposit in the bank. At each of the 4 meetings held, a treasurer's report is given based on checking balances and savings accounts and the reports that are made available from the assistant clerk. Invoices are reviewed by Richard before payment is made for all statements when received. The District has a 2nd person on the payroll, so Shirley is not the only person to be responsible for all transactions. Eileen

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
SCHEDULE OF FINDINGS - continued
Year Ended December 31, 2020

Clemens is considered the assistant clerk for the District. She reviews the monthly bank statements and verifies invoices against checks issued monthly. She enters the information into a Quicken program and prints out statements/balance sheets to use to prepare the reports given to the District Board at the meetings. This is also used for the year end balances and to categorize expenses for the year.

The District Board does not feel that this is a weakness within the organization. Based on the size of the organization, as the office of secretary/treasurer is not a full-time position, Richard Klose, District president, feels that the bookkeeping/financial practices that are in practice are sufficient. All checks require 2 signatures for payments to be allowed. Again, invoices are reviewed by Richard Klose and approved before payment is made for all statements when received.

The Board has discussed this in the past and at each yearly meeting, a motion is made to allow the officers, consisting of the president, vice-president and secretary/treasurer to handle all invoices and payments needed to ensure they can continue to operate without calling a monthly meeting to authorize payments for invoices.

The Board does not feel meeting monthly would be a wise use of time and based on the Century Code, they are required to hold at least 4 meetings a year, trying to hold one each quarter to discuss the needs of the department and major expenditures that are needed to keep the department operational, having the financial reports given so that they are aware of how the finances are, to allow expenditures and in the past 4 years to plan and be kept abreast of the new fire hall building project.