



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Killdeer Area Ambulance Service

Killdeer, North Dakota

Audit Report for the Years Ended December 31, 2020 and 2019

Client Code: PS13350



Photo credit: North Dakota Tourism



Office of the
State Auditor

KILLDEER AREA AMBULANCE SERVICE

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KILLDEER AREA AMBULANCE SERVICE

District Officials

December 31, 2020 and 2019

DISTRICT OFFICIALS

At December 31, 2020

Daryl Dukart	President
Tracey Dolezal	Vice President
Chris Jeske	Commissioner
Kirk Roll	Commissioner
Penny Lee	Commissioner
Tim Dvirnak	Commissioner
Donna Scott	Commissioner

At December 31, 2019

Daryl Dukart	President
Tracey Dolezal	Vice President
Chris Jeske	Commissioner
Kirk Roll	Commissioner
Penny Lee	Commissioner
Tim Dvirnak	Commissioner
Vacant	Commissioner

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Killdeer Area Ambulance Service Board
Killdeer Area Ambulance Service
Killdeer, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Killdeer Area Ambulance Service, Killdeer, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Killdeer Area Ambulance Service'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 the modified cash basis of accounting described in Note 1 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Killdeer Area Ambulance Service, Killdeer, North Dakota, as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. Killdeer Area Ambulance Service prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 on our consideration of the Killdeer Area Ambulance Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Killdeer Area Ambulance Service's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 8, 2022

KILLDEER AREA AMBULANCE SERVICE
Statement of Net Position – Modified Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 48,798
Capital Assets, Net	<u>1,079,032</u>
Total Assets	<u>\$ 1,127,830</u>
LIABILITIES	
Long-Term Liabilities	
Due After One Year	
Long-Term Debt	<u>\$ 79,800</u>
Total Liabilities	<u>\$ 79,800</u>
NET POSITION	
Net Investment in Capital Assets	\$ 999,232
Restricted	
Public Safety	<u>48,798</u>
Total Net Position	<u><u>\$ 1,048,030</u></u>

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

KILLDEER AREA AMBULANCE SERVICE
Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public Safety	\$ 1,400,884	\$ 431,177	\$ 472,457	\$ 70,000	(427,250)
Total Governmental Activities	<u>\$ 1,400,884</u>	<u>\$ 431,177</u>	<u>\$ 472,457</u>	<u>\$ 70,000</u>	<u>\$ (427,250)</u>
General Revenues					
Property Taxes					\$ 236,682
Miscellaneous Revenue					19,886
Gain (Loss) on Sale of Assets					<u>(58,400)</u>
Total General Revenues					<u>\$ 198,168</u>
Change in Net Position					<u>\$ (229,082)</u>
Net Position - January 1					<u>\$ 1,277,112</u>
Net Position - December 31					<u>\$ 1,048,030</u>

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

KILLDEER AREA AMBULANCE SERVICE
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2020

	<u>General Fund</u>
ASSETS	
Cash	<u>\$ 48,798</u>
FUND BALANCES	
Restricted	
Public Safety	<u>\$ 48,798</u>

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

KILLDEER AREA AMBULANCE SERVICE

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Modified Cash Basis
December 31, 2020

Total Fund Balances for Governmental Funds \$ 48,798

Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds. 1,079,032

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Loans Payable (79,800)

Total Net Position of Governmental Activities \$ 1,048,030

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

KILLDEER AREA AMBULANCE SERVICEStatement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2020

	<u>General Fund</u>
REVENUES	
Taxes	\$ 236,682
Intergovernmental Revenue	454,323
Charges for Services	431,177
Miscellaneous	<u>108,020</u>
Total Revenues	<u>\$ 1,230,202</u>
EXPENDITURES	
Current	
Administrative	\$ 37,778
Building & Grounds	36,273
Dispatch	24,320
Patient Care	68,079
Wages & Benefits	1,054,531
Vehicles	155,585
Debt Service	
Principal	<u>30,000</u>
Total Expenditures	<u>\$ 1,406,566</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (176,364)</u>
OTHER FINANCING SOURCES (USES)	
Line of Credit Proceeds	\$ 30,000
Loan Proceeds	<u>79,800</u>
Total Other Financing Sources (Uses)	<u>\$ 109,800</u>
Net Change in Fund Balances	<u>\$ (66,564)</u>
Fund Balance - January 1	<u>\$ 115,362</u>
Fund Balance - December 31	<u><u>\$ 48,798</u></u>

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

KILLDEER AREA AMBULANCE SERVICE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (66,564)

The change 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.

Capital Outlay	\$ 79,564	
Depreciation Expense	<u>(103,882)</u>	(24,318)

The proceeds of debt issuances are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Issuance	\$ (109,800)	
Repayment of Debt	<u>30,000</u>	(79,800)

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain (Loss) on Sale of Capital Assets		<u>\$ (58,400)</u>
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Change in Net Position of Governmental Activities \$ (229,082)

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

KILLDEER AREA AMBULANCE SERVICE
Statement of Net Position – Modified Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 115,362
Capital Assets, Net	<u>1,161,750</u>
Total Assets	<u>\$ 1,277,112</u>
NET POSITION	
Net Investment in Capital Assets Restricted	\$ 1,161,750
Public Safety	<u>115,362</u>
Total Net Position	<u><u>\$ 1,277,112</u></u>

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

KILLDEER AREA AMBULANCE SERVICE
Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public Safety	\$ 1,270,135	\$ 397,550	\$ 456,080	\$ 26,798	(389,707)
Total Governmental Activities	\$ 1,270,135	\$ 397,550	\$ 456,080	\$ 26,798	\$ (389,707)
General Revenues					
Property Taxes					\$ 258,450
Miscellaneous Revenue					38,135
Gain (Loss) on Sale of Assets					6,600
Total General Revenues					\$ 303,185
Change in Net Position					\$ (86,522)
Net Position - January 1					\$ 1,363,634
Net Position - December 31					\$ 1,277,112

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

KILLDEER AREA AMBULANCE SERVICE

Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2019

	<u>General Fund</u>
ASSETS	
Cash	<u>\$ 115,362</u>
FUND BALANCES	
Restricted	
Public Safety	<u>\$ 115,362</u>

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

KILLDEER AREA AMBULANCE SERVICE

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Modified Cash Basis
December 31, 2019

Total Fund Balances for Governmental Funds \$ 115,362

Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds. 1,161,750

Total Net Position of Governmental Activities \$ 1,277,112

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

KILLDEER AREA AMBULANCE SERVICE

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2019

	<u>General Fund</u>
REVENUES	
Taxes	\$ 258,450
Intergovernmental Revenue	403,361
Charges for Services	397,550
Miscellaneous	<u>117,652</u>
Total Revenues	<u>\$ 1,177,013</u>
EXPENDITURES	
Current	
Administrative	\$ 34,576
Building & Grounds	33,031
Dispatch	21,158
Patient Care	63,133
Wages & Benefits	974,330
Quick Response Units	160
Vehicles	41,065
Other	14,809
Debt Service	
Principal	<u>30,000</u>
Total Expenditures	<u>\$ 1,212,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,249)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from Sale of Capital Assets	\$ 15,000
Line of Credit Proceeds	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>\$ 45,000</u>
Net Change in Fund Balances	<u>\$ 9,751</u>
Fund Balance - January 1	<u>\$ 105,611</u>
Fund Balance - December 31	<u>\$ 115,362</u>

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

KILLDEER AREA AMBULANCE SERVICE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis
 For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 9,751

The change 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.

Capital Outlay	\$ 26,798	
Depreciation Expense	<u>(114,671)</u>	(87,873)

The proceeds of debt issuances are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Issuance	\$ (30,000)	
Repayment of Debt	<u>30,000</u>	-

In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain (Loss) on Sale of Capital Assets	\$ 6,600	
Proceeds from Sale of Capital Assets	<u>(15,000)</u>	<u>(8,400)</u>

Change in Net Position of Governmental Activities \$ (86,522)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Killdeer Area Ambulance Service ("District") have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. 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 Ambulance District's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the District. The District has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the District 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 body and (1) the ability of the 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 District.

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

Basis of Presentation

Government-Wide Financial Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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 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, 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 fund. Separate statements are provided for the governmental fund. The emphasis of fund financial statements is on the major governmental fund.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements. Only capital assets and long-term debt are recorded under the basis of accounting described above on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Cash and Investments

Cash includes amounts in demand deposit accounts.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and Infrastructure	25 - 100
Vehicles and Machinery	5 - 10
Land and Land Improvements	Indefinite
Furniture and Equipment	5 - 10

Fund Balances

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

It is the policy of the District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the District to spend unrestricted resources in the following order: committed, assigned, unassigned.

Net Position

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.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

NOTE 2 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The District does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

In accordance with North Dakota statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

KILLDEER AREA AMBULANCE SERVICE
Notes to the Financial Statements – Continued

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the state of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended December 31, 2020, the District’s carrying amount of deposits totaled \$48,798, and the bank balances totaled \$87,051. All deposits were covered by Federal Depository Insurance.

At year ended December 31, 2019, the District’s carrying amount of deposits totaled \$115,362, and the bank balances totaled \$118,290. All deposits were covered by Federal Depository Insurance.

NOTE 3 PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the District for the year ended December 31, 2020:

Primary Government 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31
Capital Assets, Not Being Depreciated				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital Assets Being Depreciated				
Buildings	\$ 961,000	\$ -	\$ -	\$ 961,000
Vehicles	516,507	73,019	146,000	443,526
Equipment	276,432	6,545	-	282,977
Total Capital Assets, Being Depreciated	\$ 1,753,939	\$ 79,564	\$ 146,000	\$ 1,687,503
Less Accumulated Depreciation				
Buildings	\$ 224,233	\$ 32,033	\$ -	\$ 256,266
Vehicles	274,442	44,353	87,600	231,195
Equipment	153,514	27,496	-	181,010
Total Accumulated Depreciation	\$ 652,189	\$ 103,882	\$ 87,600	\$ 668,471
Total Capital Assets Being Depreciated, Net	\$ 1,101,750	\$ (24,318)	\$ 58,400	\$ 1,019,032
Capital Assets, Net	\$ 1,161,750	\$ (24,318)	\$ 58,400	\$ 1,079,032

KILLDEER AREA AMBULANCE SERVICE
Notes to the Financial Statements – Continued

The following is a summary of changes in capital assets for the District for the year ended December 31, 2019:

Primary Government 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31
Capital Assets, Not Being Depreciated				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital Assets Being Depreciated				
Buildings	\$ 961,000	\$ -	\$ -	\$ 961,000
Vehicles	528,507	-	12,000	516,507
Equipment	249,633	26,798	-	276,431
Total Capital Assets, Being Depreciated	\$ 1,739,140	\$ 26,798	\$ 12,000	\$ 1,753,938
Less Accumulated Depreciation				
Buildings	\$ 192,200	\$ 32,033	\$ -	\$ 224,233
Vehicles	226,391	51,650	3,600	274,441
Equipment	122,526	30,988	-	153,514
Total Accumulated Depreciation	\$ 541,117	\$ 114,671	\$ 3,600	\$ 652,188
Total Capital Assets Being Depreciated, Net	\$ 1,198,023	\$ (87,873)	\$ 8,400	\$ 1,101,750
Capital Assets, Net	\$ 1,258,023	\$ (87,873)	\$ 8,400	\$ 1,161,750

Depreciation expense was charged to the Public Safety function.

NOTE 5 LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2020, the following changes occurred to long-term liabilities:

Primary Government 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ -	\$ 79,800	\$ -	\$ 79,800	\$ -
Line of Credit	-	30,000	30,000	-	-
Total Long-Term Debt	\$ -	\$ 109,800	\$ 30,000	\$ 79,800	\$ -

During the year ended December 31, 2019, the following changes occurred to long-term liabilities:

Primary Government 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Line of Credit	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -

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

Year Ending	Loans Payable	
	Principal	Interest
2021	\$ -	\$ -
2022	79,800	-
Total	\$ 79,800	\$ -

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), 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 NDRIF for its general liability, automobile insurance coverage, and inland marine. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile coverage and \$143,000 for property and equipment.

The District also participates in the North Dakota Fire and Tornado Fund. The County 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 \$2,000,000 per occurrence during a 12-month period.

NOTE 7 CONTINGENT LIABILITY

During 2020 and 2021, the Ambulance District applied for and received Paycheck Protection Program loans in the amount of \$79,800 and \$216,500 respectively. During 2021, both loans were forgiven. However, the Ambulance District was not eligible to receive these loans. These funds may have to be returned at the discretion of the Small Business Association.

NOTE 8 SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Ambulance District received Paycheck Protection Program loans for 2021 in the amount of \$216,500 which was forgiven in 2021. Subsequent to December 31, 2020, the Ambulance District in 2021 received an unrestricted donation in the amount of \$500,000 from a local citizen.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Killdeer Area Ambulance Service Board
Killdeer Area Ambulance Service
Killdeer, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of Killdeer Area Ambulance Service as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Killdeer Area Ambulance Service's basic financial statements, and have issued our report thereon dated December 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Killdeer Area Ambulance Service'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 Killdeer Area Ambulance Service's internal control. Accordingly, we do not express an opinion on the effectiveness of Killdeer Area Ambulance Service'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control as described in the accompanying *schedule of audit findings* as items 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, and 2021-008 that we consider to be material weaknesses.

KILLDEER AREA AMBULANCE SERVICE

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Killdeer Area Ambulance Service'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of audit findings as items 2020-002 and 2020-007.

Killdeer Area Ambulance Service's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 8, 2022

KILLDEER AREA AMBULANCE SERVICE
Summary of Auditor's Results
For the Years Ended December 31, 2020 and 2019

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Major Fund	Unmodified

Internal control over financial reporting

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Noted
Noncompliance material to financial statements noted?	<u> X </u> Yes	<u> </u> None Noted

KILLDEER AREA AMBULANCE SERVICE

Schedule of Audit Findings

For the Years Ended December 31, 2020 and 2019

2020-001 MATERIAL AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Service’s original annual financial statements were adjusted to correct unaccounted revenue, expenditures, capital assets and long-term debt. The following adjustments were proposed and accepted by management:

2020	Balances Before Adjustments	Adjustment Amount	Audited Balanes
Fund Level Adjustments			
General Fund			
Revenues			
Intergovernmental Revenue	\$ 534,123	\$ (79,800)	\$ 454,323
Miscellaneous	107,748	272	108,020
Total Revenue	\$ 1,309,730	\$ (79,528)	\$ 1,230,202
Expenditures			
Administrative	\$ 40,775	\$ (2,997)	\$ 37,778
Building & Grounds	36,308	(35)	36,273
Patient Care	68,096	(17)	68,079
Wages & Benefits	1,052,631	1,900	1,054,531
Vehicles	113,666	41,919	155,585
Total Expenditures	\$ 1,365,796	\$ 40,770	\$ 1,406,566
Other Financing Sources			
Loan Proceeds	\$ -	\$ 79,800	\$ 79,800
Total Other Financing Sources	\$ 30,000	\$ 79,800	\$ 109,800
Government Wide Adjustments			
Capital Assets, Net	\$ -	\$ 1,079,032	\$ 1,079,032
Loss on Sale of Assets	-	(58,400)	(58,400)
Long Term Debt			
Due Outside One Year	-	79,800	79,800
Entity Wide Revenue Reclass			
Capital Contributions	-	70,000	70,000
Operating Grants	542,457	(70,000)	472,457

2019	Balances Before Adjustments	Adjustment Amount	Audited Balanes
Fund Level Adjustments			
General Fund			
Revenues			
Intergovernmental Revenue	\$ 371,361	\$ 32,000	\$ 403,361
Charges for Services	406,671	(9,121)	397,550
Miscellaneous	130,836	(13,184)	117,652
Total Revenue	\$ 1,167,318	\$ 9,695	\$ 1,177,013
Expenditures			
Administrative	\$ 17,590	\$ 16,986	\$ 34,576
Building & Grounds	33,276	(245)	33,031
Patient Care	63,361	(228)	63,133
Wages & Benefits	942,117	32,213	974,330
Vehicles	40,493	572	41,065
Other	14,810	(1)	14,809
Total Expenditures	\$ 1,162,965	\$ 49,297	\$ 1,212,262
Other Financing Sources			
Sale of Capital Assets	-	15,000	15,000
Total Other Financing Sources	\$ 30,000	\$ 15,000	\$ 45,000
Government Wide Adjustments			
Capital Assets, Net	\$ -	\$ 1,161,750	\$ 1,161,750
Gain on Sale of Assets	-	6,600	6,600
Entity Wide Revenue Reclass			
Capital Contributions	-	26,798	26,798
Operating Grants	482,878	(26,798)	456,080

KILLDEER AREA AMBULANCE SERVICE

Schedule of Audit Findings - Continued

Effect

Killdeer Area Ambulance Service's financial statements would have been materially misstated without the audit adjustments.

Cause

Killdeer Area Ambulance Service did not have established policies and procedures for recording revenues, expenditures, capital assets, and long-term debt in its annual financial statements.

Criteria

Killdeer Area Ambulance Service is responsible for ensuring its annual financial statements, including revenues, expenditures, debt, and capital assets are reliable, appropriately classified, accurate, and free of material misstatement.

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Service establish policies and procedures for recording revenues, expenditures, capital assets, and long-term debt to ensure accurate reporting in its annual financial statements.

Killdeer Area Ambulance Service's Response

We agree, Killdeer Area Ambulance Service contracted a CPA in 2020 to ensure standard banking and accounting practices are followed. Policies have been adopted as advised by North Dakota Office of State Auditor to address these issues.

KILLDEER AREA AMBULANCE SERVICE

Schedule of Audit Findings - Continued

2020-002 PAYCHECK PROTECTION PROGRAM LOAN – MATERIAL WEAKNESS & MATERIAL NON COMPLIANCE

Condition

Killdeer Area Ambulance District Service applied for a Paycheck Protection Program (“PPP”) loan in the amount of \$79,800 for which they were ineligible.

Criteria

CARES Act, Public Law Nos. 116 through 136, Sections 1102 and 1106, provide that S Corporations, as described in Title 26 Subtitle A § 1361 of the Internal Revenue Code (IRC), business concerns of various types, veteran organizations, and tribal business concerns are eligible to receive PPP loans under certain circumstances. However, the Ambulance District is a governmental entity created pursuant to Chapter 11, Section 28.3 of the North Dakota Century Code.

Cause

Killdeer Area Ambulance District Service may not have been aware of the eligibility requirements for the PPP loan program.

Effect

Killdeer Area Ambulance District Service may have received funds for which they were ineligible and may have to return the funds to the U.S. Small Business Association (SBA).

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance District Service review the eligibility requirements for the Paycheck Protection Program and consult with the SBA to resolve its current situation.

Killdeer Area Ambulance Service’s Response

We agree, We will follow up with Regional SBA office in Fargo on the SBA loan.

2020-003 SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Service has limited staff members responsible for all of the accounting functions. A lack of segregation of duties exists because the limited staff is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general, and perform bank reconciliations.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates there should be sufficient accounting personnel so that duties of employees are properly segregated. Proper segregation of duties would provide better control over the assets of the Killdeer Area Ambulance Service.

Cause

Management has chosen to allocate its economic resources to other functions of Killdeer Area Ambulance Service.

Effect

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of Killdeer Area Ambulance Service's financial condition whether due to error of fraud.

Repeat Finding

No.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we will recommend the following:

- Expenditures, financial statements, bank reconciliations, credit memos, and payroll registers should be analyzed and reviewed by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Killdeer Area Ambulance Service's Response

We agree, A lack of resources to employ purely administrative staff limits the ability to truly segregate these functions. Financial functions were delegated to multiple individuals creating additional layers of security. If the board does hire more administrative personnel, duties will be further segregated to the fullest extent possible.

2020-004 BANK RECONCILIATIONS – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Service did not provide monthly bank reconciliations that were prepared on a timely basis and that balanced to the general ledger for the periods ending December 31, 2020 and 2019. Management of Killdeer Area Ambulance Service currently has monthly bank reconciliations that balance to the general ledger.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for the policies and procedures to ensure accurate and timely bank reconciliations.

Cause

Killdeer Area Ambulance Service did not have procedures in place to ensure monthly bank reconciliations were prepared and accurate on a timely basis.

Effect

There is an increased risk of material misstatement to Killdeer Area Ambulance Service 's financial statements whether due to error or fraud if monthly bank reconciliations are not complete and accurate on a timely basis.

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Service review its current procedures to ensure that all monthly bank reconciliations are complete and accurate on a timely basis.

Killdeer Area Ambulance Service's Response

We agree, Killdeer Area Ambulance Service contracted a CPA in 2020 to ensure standard banking and accounting practices are followed. Policies have been adopted as advised by North Dakota Office of State Auditor to address these issues. As of the current date, the bank reconciliations are complete and balance to the general ledger.

2020-005 LACK OF BOARD APPROVAL FOR EXPENDITURES – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Services was unable to provide evidence of governing board approval in 2020 and 2019 for 44 out of 90 expenses tested totaling \$119,395. In addition, the district was unable to provide evidence of approval by the governing board for all purchase card expenditures tested totaling \$2,976.

Effect

Without an adequate approval process of Killdeer Area Ambulance Service's expenditures, the District exposes itself to an increased risk of loss of assets, potential liabilities, and damage to the District's reputation, whether due to error or fraud.

Cause

Killdeer Area Ambulance Service does not have adequate procedures in place to ensure all expenditures are approved by the governing board.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to invoices to be paid by the district, management is responsible for adequate internal controls surrounding the review process.

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Services review its current procedures in place to ensure that expenditures are properly approved by the governing board.

Killdeer Area Ambulance Service's Response

We agree, The Board was aware of and approved every expense that was not specifically addressed in District By-Laws. Approval of financial transactions was verified by the existence of two signatures as denoted in Board minutes based on our internal procedure and by acceptance of monthly financial reports by majority vote at each regular meeting. Beginning September 2022, each expenditure is presented to the Board for approval.

2020-006 CAPITAL ASSET MAINTENANCE – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Service does not maintain a detailed capital asset listing that would include additions, deletions, depreciation, and construction in progress (CIP).

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the capital assets, management is responsible for adequate internal controls surrounding the review process and subsidiary ledger reconciliations.

Cause

Killdeer Area Ambulance Service is not tracking capital asset activities throughout the year in a capital asset listing to ensure all items are accurately reported during the preparation of the financial statements. Killdeer Area Ambulance Service does not have established policies and procedures in place to ensure the capital asset listing is accurate and recorded in the financial statements.

Effect

Killdeer Area Ambulance Service's financial statements would have been materially misstated without the audit adjustments.

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Service maintain and establish policies and procedures to ensure a detailed capital asset listing includes all additions, deletions, depreciation, and construction in progress.

Killdeer Area Ambulance Service's Response

We agree, Killdeer Area Ambulance Service adopted the Capital Asset Policy, Fund Balance Policy and Credit Card Use Policy that was recommended by North Dakota Office of State Auditor. Killdeer Area Ambulance Service will review the capital asset additions and deletions annually to ensure accuracy.

2020-007 BLANKET BOND COVERAGE – MATERIAL WEAKNESS AND MATERIAL NON-COMPLIANCE

Condition

Killdeer Area Ambulance Service did not have any blanket bond coverage through the State Bonding Fund for the years ending December 31, 2020 and 2019 as required in N.D.C.C. §26.1-21-10.

Effect

Without blanket bond coverage, the Killdeer Area Ambulance Service is not in compliance with N.D.C.C. §26.1-21-10 and the district exposes itself to an increased risk of loss of assets, potential liabilities, and damage to the District's reputation, whether due to error or fraud.

Cause

Killdeer Area Ambulance Service may not have been aware of the requirements stated in N.D.C.C. §26.1-21-10.

Criteria

N.D.C.C. §26.1-21-10 states "Each state agency and each political subdivision shall apply to be bonded in the fund no less often than on a biennial basis or when a change in coverage is requested, whichever occurs first."

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Service submit an application for blanket bond coverage to ensure they are in compliance with N.D.C.C. §26.1-21-10.

Killdeer Area Ambulance Service's Response

We agree, Coverage has been applied for through North Dakota Insurance Reserve Fund.

2020-008 FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition

Killdeer Area Ambulance Service did not prepare a fraud risk assessment of the entire entity.

Criteria

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

Cause

Killdeer Area Ambulance Service may not have considered preparing a fraud risk assessment.

Effect

If Killdeer Area Ambulance Service does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Repeat Finding

No.

Recommendation

We recommend Killdeer Area Ambulance Service prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Killdeer Area Ambulance Service's Response

We agree, Killdeer Area Ambulance Service has adopted the Fraud Prevention Policy and is currently working on the Fraud Risk Assessment Tool that was recommended by North Dakota Office of State Auditor.

STATE AUDITOR
Joshua C. Gallion



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GOVERNANCE COMMUNICATION

Killdeer Area Ambulance Service Board
Killdeer Area Ambulance Service
Killdeer, North Dakota

We have audited the financial statements of the governmental activities and the major fund of Killdeer Area Ambulance Service, Killdeer North Dakota, for the years ended December 31, 2020 and 2019 which collectively comprise Killdeer Area Ambulance Service's basic financial statements, and have issued our report thereon dated December 8, 2022. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated January 26, 2022, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

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

As part of obtaining reasonable assurance about whether Killdeer Area Ambulance Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Killdeer Area Ambulance Service are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2020 or 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

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

2020	Audit Adjustments	
	Debit	Credit
Fund Level Adjustments		
General Fund		
<u>To Record Corrections to Expenditures</u>		
Expenditures	40,770	
Cash		40,770
<u>To Reclass Revenue for Loan Issuance</u>		
Revenue - Intergovernmental	79,800	
Revenue - Other Financing Sources		79,800
Government Wide Adjustments		
<u>To Record Capital Assets from 2019</u>		
Capital Assets, Net	1,161,750	
Net Position		1,161,750
<u>To Record Capital Assets Adds and Deletes for 2020</u>		
Net Position	82,718	
Capital Assets, Net		82,718
<u>To Record Long Term Debt</u>		
Net Position	79,800	
Long Term Debt - Due Outside One Year		79,800
<u>To Reclass Capital Contributions</u>		
Revenue - Operating Grants	70,000	
Revenue - Capital Contributions		70,000
<u>To Reclass Capital Contributions</u>		
Revenues	58,400	
Expenses		58,400

KILLDEER AREA AMBULANCE SERVICE
 Governance Communication - Continued

2019	Audit Adjustments	
	Debit	Credit
Fund Level Adjustments		
General Fund		
<u>To Record Corrections to Revenue and Expenditures</u>		
Expenditures	49,297	
Cash		24,602
Revenue		24,695
 <u>To Reclass Revenue for Sale of Capital Assets</u>		
Revenue - Miscellaneous	15,000	
Revenue - Other Financing Sources		15,000
 Government Wide Adjustments		
<u>To Record Capital Assets from 2018</u>		
Capital Assets, Net	1,258,023	
Net Position		1,258,023
 <u>To Record Capital Assets Adds and Deletes for 2019</u>		
Net Position	96,273	
Capital Assets, Net		96,273
 <u>To Reclass Capital Contributions</u>		
Revenue - Operating Grants	26,798	
Revenue - Capital Contributions		26,798
 <u>To Record Gain on Sale of Assets</u>		
Revenue	6,600	
Expenses		6,600

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2022.

Management Consultations with Other Independent Accountants

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

Difficulties Encountered in Performing the Audit

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

Other Audit Findings or Issues

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

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

Thank you and the employees of Killdeer Area Ambulance Service for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Killdeer Area Ambulance Service.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 8, 2022



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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