

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2021

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
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Year Ended December 31, 2021

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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Governing Board
Jamestown Rural Fire District
Jamestown, North Dakota

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the contents.

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 **JAMESTOWN RURAL FIRE DISTRICT**, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **JAMESTOWN RURAL FIRE DISTRICT**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Jamestown Rural Fire District's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free

INDEPENDENT AUDITORS' REPORT - continued

from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **Jamestown Rural Fire District's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Jamestown Rural Fire District's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 17 through 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

INDEPENDENT AUDITORS' REPORT – continued

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 June 17, 2022, 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.

SCHAUER & ASSOCIATES, P.C.

Certified Public Accountants

Jamestown, North Dakota

June 17, 2022

JAMESTOWN RURAL FIRE DISTRICT

Jamestown, North Dakota
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 437,395
Due from other governmental agencies	244,318
Capital assets	
Land	62,500
Building	2,989,573
Equipment	972,304
Vehicles	1,151,792
Less: accumulated depreciation	<u>(1,566,573)</u>
Total Capital Assets	<u>3,609,596</u>
Total Assets	<u>\$ 4,291,309</u>
LIABILITIES	
Long-term liabilities	
Due within one year	\$ 62,390
Due in more than one year	2,612,789
Total Liabilities	<u>2,675,179</u>
Deferred Inflows of Resources	
Deferred revenues in custody of other governments	<u>44,659</u>
NET POSITION	
Net investment in capital assets	934,417
Unrestricted	637,054
Total Net Position	<u>1,571,471</u>
Total Liabilities & Net Position	<u>\$ 4,291,309</u>

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, 2021

<u>Functions/Programs</u>	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions
	Governmental Activities		
Primary government			
Public Safety	\$ 534,136	\$	\$ 25,000
Total Governmental Activities	\$ 534,136	\$	\$ 25,000
General revenues:			
Property taxes			343,003
Insurance premium reimbursement			88,782
State aid			10,287
Unrestricted investment earnings			407
Miscellaneous			5,533
Total general revenues and special items			448,012
Change in net position			(61,124)
Net position:			
Beginning of year			1,632,595
Net position - ending			\$ 1,571,471

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

JAMESTOWN RURAL FIRE DISTRICT

Jamestown, North Dakota
BALANCE SHEET
Governmental Funds
December 31, 2021

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 437,395
Taxes receivable, net	120,213
Receivable from other governments	<u>124,105</u>
Total Assets	<u>\$ 681,713</u>
 FUND BALANCES	
Deferred inflows of resources:	
Unavailable revenue	<u>\$ 44,659</u>
Fund balances:	
Unassigned	<u>637,054</u>
Total Fund Balances	<u>637,054</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 681,713</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, 2021

Total fund balance, governmental funds	\$ 637,054
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.	3,609,596
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>(2,675,179)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 1,571,471</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, 2021

	General Fund
REVENUES	
Property taxes	343,003
Insurance premium reimbursement	88,782
State aid	10,287
Grants	25,000
Investment earnings	407
Miscellaneous	5,533
Total Revenues	473,012
EXPENDITURES	
Public Safety	
Compensation	102,501
Building, equipment, tools	114,217
Insurance	7,487
Fuel	9,487
Repair and maintenance	46,802
Utilities	12,885
Training	1,575
Office expense, dues and fees	6,737
Retention	88,782
Professional fees	25,800
Property taxes	1,217
Miscellaneous	4,959
Debt Service:	
Principal	60,550
Interest and other charges	81,241
Total Expenditures	564,240
Net change in fund balance	(91,228)
Fund balance - beginning	728,282
Fund balance - ending	\$ 637,054

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, 2021

Net change in fund balances - total governmental funds: \$ (91,228)

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 depreciation \$118,531 exceeded capital outlay \$88,085 in the current period. (30,446)

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. 60,550

Change in net position of governmental activities \$ (61,124)

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, 2021

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, 2021

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, 2021

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, 2021, the District's carrying amount of deposits was \$437,395 and the bank balances were \$440,682, 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, 2021

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	5 - 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 and payments 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, 2021

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, 2021

3. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

<i>Governmental Activities</i>	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital assets not being depreciated				
Land	\$ 62,500	\$	\$	\$ 62,500
Total Capital Assets, Not Being Depreciated	62,500			62,500
Capital Assets Being Depreciated				
Building	2,989,573			2,989,573
Equipment	884,219	88,085		972,304
Vehicles	1,151,792			1,151,792
Total Capital Assets Being Depreciated	5,025,584	88,085		5,113,669
Less Accumulated Depreciation for				
Building	49,826	59,792		109,618
Equipment	802,904	22,699		825,603
Vehicles	595,312	36,040		631,352
Total Accumulated Depreciation	1,448,042	118,531		1,566,573
Total Capital Assets Being Depreciated, Net	3,577,542	(30,446)		3,547,096
Net Capital Assets	\$ 3,640,042	\$ (30,446)	\$	\$ 3,609,596

Depreciation was charged to functions as follows:

Public Safety	\$ 118,531
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4. Long-Term Obligations

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21	Amounts Due Within One Year
USDA	\$2,735,729	\$	\$ 60,550	\$2,675,179	\$ 62,390

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, 2021

4. Long-Term Obligations - continued

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

Year Ending	<u>Principal</u>	<u>Interest</u>
2022	\$ 62,390	\$ 79,402
2023	64,287	77,505
2024	66,243	75,549
2025	68,258	73,534
2026	70,334	71,458
2027 - 2031	385,089	323,871
2032 - 2036	447,326	261,634
2037 - 2041	519,621	189,339
2042 - 2046	603,601	105,359
2047 - 2049	388,030	17,367
	<u>\$ 2,675,179</u>	<u>\$ 1,275,018</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 (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, and inland marine insurance coverage. The coverage by NDRIF 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, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 365,911	\$ 365,911	\$ 343,003	\$ (22,908)
State aid	9,000	9,000	10,287	1,287
Insurance premium reimbursement	70,000	70,000	88,782	18,782
Grants			25,000	25,000
Investment earnings	35	35	407	372
Miscellaneous	700	700	5,533	4,833
Total Revenues	445,646	445,646	473,012	27,366
EXPENDITURES				
Public Safety				
Compensation	58,000	58,000	102,501	(44,501)
Fire department	35,000	35,000		35,000
Building, equipment, tools	70,000	70,000	114,217	(44,217)
Insurance	15,000	15,000	7,487	7,513
Fuel	9,000	9,000	9,487	(487)
Repair and maintenance	40,000	40,000	46,802	(6,802)
Utilities	13,988	13,988	12,885	1,103
Training	15,000	15,000	1,575	13,425
Office expense, dues and fees	5,000	5,000	6,737	(1,737)
Retention	35,000	35,000	88,782	(53,782)
Professional fees	5,000	5,000	25,800	(20,800)
Property taxes	5,000	5,000	1,217	3,783
Miscellaneous			4,959	(4,959)
Debt service				
Principal	155,971	155,971	60,550	95,421
Interest and other charges			81,241	(81,241)
Total Expenditures	461,959	461,959	564,240	(102,281)
Excess of revenues over (under) expenditures	(16,313)	(16,313)	(91,228)	(74,915)
Fund balances - beginning	728,282	728,282	728,282	
Fund balances - ending	\$ 711,969	\$ 711,969	\$ 637,054	\$ (74,915)

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Budget and Actual (with variances)
Notes to RSI - General Fund
Year Ended December 31, 2021

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.
4. 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 \$102,281. All expenditures were approved by the Fire District. These expenditures were all funded by available fund balances.

OTHER SUPPLEMENTARY INFORMATION

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, 2021, 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 June 17, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be a significant deficiency.

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
June 17, 2022

JAMESTOWN RURAL FIRE DISTRICT
Jamestown, North Dakota
SCHEDULE OF FINDINGS and RESPONSES
Year Ended December 31, 2021

2021-001 Preparation of Financial Statements – Significant Deficiency

Criteria: An appropriate system of internal control requires the organization to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition: The Fire District personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the District does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause: The District elected to not allocate resources for the preparation of the financial statements.

Effect: There is an increased risk of material misstatement to the District's financial statements.

Recommendation: We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures. As a compensating control, the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions: Due to the small size of the District, it is not cost effective for the District to properly address this weakness.