

DICKINSON RURAL FIRE DISTRICT

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dickinson Rural Fire District
Dickinson, North Dakota 58601

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Dickinson Rural Fire District as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Dickinson Rural Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Dickinson Rural Fire District, as of December 31, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 the Dickinson 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 the 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 the Dickinson 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.

Auditor's 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 the Dickinson 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 the Dickinson 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 the budgetary comparison information on pages 15 and 16 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2022, on our consideration of the Dickinson Rural Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dickinson Rural Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson Rural Fire District's internal control over financial reporting and compliance.

Hoerner Rodakowski, P.C.

Dickinson, North Dakota
July 1, 2022

DICKINSON RURAL FIRE DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 and 2020

	Primary Government	
	Governmental Activities	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 990,233	\$ 660,615
Taxes Receivable	7,686	2,909
Prepaid Expenses	<u>30,086</u>	<u>28,777</u>
TOTAL CURRENT ASSETS	1,028,005	692,301
CAPITAL ASSETS		
Capital Assets - Not Being Depreciated	9,000	1,097,115
Capital Assets - Being Depreciated, Net	<u>3,427,716</u>	<u>2,718,837</u>
TOTAL CAPITAL ASSETS	<u>3,436,716</u>	<u>3,815,952</u>
TOTAL ASSETS	<u>\$ 4,464,721</u>	<u>\$ 4,508,253</u>
LIABILITIES		
Accounts Payable	\$ 19,873	\$ -
Payroll Liabilities Payable	17	2,478
Accrued Interest Payable	12,540	5,180
Noncurrent Liabilities:		
Due Within One Year	28,596	38,113
Due in More Than One Year	<u>739,283</u>	<u>768,230</u>
TOTAL LIABILITIES	<u>800,309</u>	<u>814,001</u>
NET POSITION		
Net Investment in Capital Assets	2,668,837	3,009,609
Unrestricted	<u>995,575</u>	<u>684,643</u>
TOTAL NET POSITION	<u>\$ 3,664,412</u>	<u>\$ 3,694,252</u>

See Accompanying Notes and Independent Auditor's Report

					Net (Expenses) Revenue and Changes in Net Position
<u>2021</u>		Program Revenues			
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 676,302	\$ -	\$ -	\$ 700	\$ (675,602)
Interest on Long-Term Debt	25,924	-	-	-	(25,924)
TOTAL PRIMARY GOVERNMENT	<u>\$ 702,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ (701,526)</u>
GENERAL REVENUES					
Taxes					
Property Taxes; levied for general purposes					\$ 619,072
Earnings on Investments					1,906
Miscellaneous Revenue					<u>53,163</u>
TOTAL GENERAL REVENUES					674,141
Loss on Sale of Equipment					(2,455)
CHANGE IN NET POSITION					(29,840)
NET POSITION – JANUARY 1, 2021					<u>3,694,252</u>
NET POSITION DECEMBER 31, 2021					<u>\$ 3,664,412</u>
					Net (Expenses) Revenue and Changes in Net Position
<u>2020</u>		Program Revenues			
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES					
Fire Protection	\$ 556,192	\$ -	\$ -	\$ 250	\$ (555,942)
Interest on Long-Term Debt	5,180	-	-	-	(5,180)
TOTAL PRIMARY GOVERNMENT	<u>\$ 561,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ (561,122)</u>
GENERAL REVENUES					
Taxes					
Property Taxes; levied for general purposes					\$ 606,895
Earnings on Investments					1,959
Gain on Sale of Capital Assets					23,870
Miscellaneous Revenue					<u>544</u>
TOTAL GENERAL REVENUES					633,268
CHANGE IN NET POSITION					72,146
NET POSITION – JANUARY 1, 2020					<u>3,622,106</u>
NET POSITION DECEMBER 31, 2020					\$ 3,694,252

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DICKINSON RURAL FIRE DISTRICT
BALANCE SHEETS – GOVERNMENTAL FUND
DECEMBER 31, 2021 and 2020

	<u>2021</u>		<u>2020</u>	
	<u>Major Fund</u>		<u>Major Fund</u>	
	<u>General</u>	<u>Total Governmental Funds</u>	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 990,233	\$ 990,233	\$ 660,615	\$ 660,615
Taxes Receivable	7,686	7,686	2,909	2,909
Prepaid Expenses	30,086	30,086	28,777	28,777
TOTAL ASSETS	<u>\$ 1,028,005</u>	<u>\$ 1,028,005</u>	<u>\$ 692,301</u>	<u>\$ 692,301</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 19,873	\$ 19,873	\$ -	\$ -
Salaries and Benefits Payable	17	17	2,478	2,478
TOTAL LIABILITIES	<u>19,890</u>	<u>19,890</u>	<u>2,478</u>	<u>2,478</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	7,686	7,686	2,909	2,909
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,686</u>	<u>7,686</u>	<u>2,909</u>	<u>2,909</u>
FUND BALANCES				
Nonspendable	30,086	30,086	28,777	28,777
Unassigned	970,343	970,343	658,137	658,137
TOTAL FUND BALANCES	<u>1,000,429</u>	<u>1,000,429</u>	<u>686,914</u>	<u>686,914</u>
TOTAL LIABILITIES and FUND BALANCES	<u>\$ 1,028,005</u>	<u>\$ 1,028,005</u>	<u>\$ 692,301</u>	<u>\$ 692,301</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
RECONCILIATIONS OF THE BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Total <i>Fund Balances</i> for Governmental Funds	\$ 1,000,429	\$ 686,914
Total <i>Net Position</i> Reported for Government Activities in the Statement of Net Positions Is Different Because:		
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds	7,686	2,909
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,436,716	3,815,952
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position		
Interest Payable	(12,540)	(5,180)
Notes Payable	<u>(767,879)</u>	<u>(806,343)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,664,412</u>	<u>\$ 3,694,252</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>		<u>2020</u>	
	General	Total Governmental Funds	General	Total Governmental Funds
REVENUES				
Taxes	\$ 614,295	\$ 614,295	\$ 607,575	\$ 607,575
Donations	700	700	250	250
Interest Income	1,906	1,906	1,959	1,959
Gain on Sale of Capital Assets	-	-	-	-
Miscellaneous Revenue	53,163	53,163	544	544
TOTAL REVENUES	670,064	670,064	610,328	610,328
EXPENDITURES				
Fire Protection				
General Government				
Salaries and Benefits	72,685	72,685	64,217	64,217
Insurance	41,209	41,209	30,938	30,938
Office Expenses	1,561	1,561	3,656	3,656
Repairs and Maintenance	87,390	87,390	21,150	21,150
Communications	21,495	21,495	12,360	12,360
Supplies	32,039	32,039	24,960	24,960
Training and Travel	5,259	5,259	8,941	8,941
Professional Fees	5,200	5,200	12,815	12,815
Gas and Fuel	9,822	9,822	5,632	5,632
Inspection and Safety	10,538	10,538	11,045	11,045
Utilities	17,216	17,216	13,201	13,201
Dues, Licenses, and Miscellaneous	1,212	1,212	774	774
Capital Expenditures	-	-	234,041	234,041
Debt Service				
Principal	38,464	38,464	-	-
Interest	18,563	18,563	-	-
TOTAL EXPENDITURES	362,653	362,653	443,730	443,730
Excess (Deficiency) of Revenues Over Expenditures	307,411	307,411	166,598	166,598
Other Financing Sources (Uses)	6,104	6,104	-	-
NET CHANGE IN FUND BALANCES	313,515	313,515	166,598	166,598
FUND BALANCE – JANUARY 1	686,914	686,914	520,316	520,316
FUND BALANCE – DECEMBER 31	\$ 1,000,429	\$ 1,000,429	\$ 686,914	\$ 686,914

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
RECONCILIATIONS OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENT FUND
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net change in <i>Fund Balances</i> – Total Governmental Funds	\$ 313,515	\$ 166,598
The changes in Net Position reported for governmental activities in the Statement of Activities is different because:		
Some revenues reported on the Statement of Activities are not reported as revenue in the government funds since they do not represent available resources to pay current expenditures. This consists of the increase (decrease) in taxes receivable		
	4,777	(681)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital expenditures	-	234,041
Depreciation expense	(370,679)	(346,502)
The net effect of various miscellaneous transactions involving capital assets and other (sales, trade-ins, and donations) is to decrease net position.		
	(8,557)	23,870
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		
	38,464	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net increase in interest payable	<u>(7,360)</u>	<u>(5,180)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (29,840)</u>	<u>\$ 72,146</u>

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review – Management has evaluated subsequent events through July 1, 2022 the date on which the financial statements were available to be issued.

The financial statements of the Dickinson Rural Fire District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

The accompanying financial statements present the activities of Dickinson Rural Fire District. The district has considered all potential component units for which the district is financially accountable and other organizations for which the nature and significance of their relationships with the district are such that exclusion would cause the district's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria include appointing a voting majority of an organization's governing body and (1) the ability of Dickinson Rural Fire District to impose its will on that organization for (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Dickinson Rural Fire District.

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

Basis of Presentation

Government-wide statements: The statements of net position and the statements of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for service, and other non-exchange transactions.

The statements of activities present a comparison between direct expenses and program revenues for each function of the district's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the district's funds. A separate statement for the fund category-governmental is presented. The emphasis of fund financial statements is on major governmental funds.

The District Reports the Following Major Governmental Fund:

General Fund: This is the district's primary operating fund. It accounts for all financial resources of the general government, except those requires to be accounted for in another fund.

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide: The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the district gives (or receives) value without directly receiving (or giving) equal values in exchange, including property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The district considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principle and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in government funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the district funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

Cash includes amount in demand deposits, money market accounts and liquid short-term investments with original maturities of three months or less.

Capital Assets

Capital assets include all land, buildings, equipment, and other elements of the fire district's infrastructure having an individual cost of \$5,000 or more. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value. Depreciation is calculated over the estimated useful lives of the capital assets using the straight line method as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Land	Nondepreciable	N/A
Land Improvements	Straight-Line	15 Years
Buildings	Straight-Line	39 Years
Building Improvements	Straight-Line	15 - 39 Years
Vehicles and Equipment	Straight-Line	3 - 10 Years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized but shown in the financial statements as repairs and maintenance expense.

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

Net Position Balances

The government-wide financial statements report information on all activities of the District. The state of net assets presents the following net asset classifications:

Net investment in capital assets: This classification consists of capital assets, net of accumulated depreciation

Unrestricted net position: This classification consists of net position that does not meet the definition of the preceding category.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

The fire district spent the general fund budget for 2021 and 2020, respectively, as the board approved revised budgets equal to actual for both 2021 and 2020.

NOTE 3 – DEPOSITS

In accordance with North Dakota statutes, the district maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

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

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

At year ended December 31, 2021 the district's carrying amount of deposits was \$990,233 and the bank balance was \$990,233. Of the bank balances, up to \$250,000 was covered by Federal Depository Insurance and the remaining bank balance was covered by collateral held by the pledging bank in the District's name.

Credit Risk

The district may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, Treasury bills and notes, or other securities that are direct obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
- (d) Obligations of the State.

Concentration of Credit Risk

The district does not have a limit on the amount they may invest in any one issuer.

NOTE 4 – TAXES RECEIVABLE

The taxes receivable represents the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and 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 on property taxes 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

NOTE 5 – OTHER RECEIVABLES

Other receivables consist of reimbursements due to the district from various agencies for expenses incurred on behalf of the district. The amounts due to the district on December 31, 2021 and 2020 are \$0 and \$0, respectively.

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets are as follows:

	Balance 12-31-20	Additions (Disposals)	Balance 12-31-21	Accumulated Depreciation	Net Book Value 12-31-21
Land	\$ 9,000	\$ -	\$ 9,000	\$ -	\$ 9,000
Land Improvements	34,014	-	34,014	10,393	23,621
Buildings	2,483,465	(9,400)	2,474,065	408,016	2,066,049
Building Improvements	47,820	-	47,820	7,192	40,628
Vehicles and Equipment	3,226,445	-	3,226,445	1,929,027	1,297,418
	<u>\$ 5,800,744</u>	<u>\$ (9,400)</u>	<u>\$ 5,791,344</u>	<u>\$ 2,354,628</u>	<u>\$ 3,436,716</u>

Depreciation expense was charged to functions as follows:

	<u>2021</u>	<u>2020</u>
Governmental Activities		
Public Safety	<u>\$ 370,679</u>	<u>\$ 346,502</u>

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 7 – LONG-TERM DEBT

During the years ended December 31, 2021 and 2020, the following changes occurred in liabilities reported in the long-term liabilities for governmental activities:

December 31, 2021	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes Payable	<u>\$ 806,343</u>	<u>\$ -</u>	<u>\$ 38,464</u>	<u>\$ 767,879</u>	<u>\$ 28,596</u>
December 31, 2020	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes Payable	<u>\$ -</u>	<u>\$ 806,343</u>	<u>\$ -</u>	<u>\$ 806,343</u>	<u>\$ 38,113</u>

Notes payable outstanding in the District's governmental activities at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Note payable initiated July 2, 2020 with a 3.65% interest rate over 20 years in order to expand the south building location with additional garage bays, restrooms, offices, and exercise room. Payments will be made annually in the amount of \$57,026.26. The note matures June 10, 2040.	<u>\$ 767,879</u>	<u>\$ 806,343</u>

The annual requirements to amortize the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 28,596	\$ 28,430	\$ 57,026
2023	29,655	27,372	57,027
2024	30,680	26,346	57,026
2025	31,887	25,139	57,026
2026-2030	177,973	107,159	285,132
2031-2035	213,448	71,683	285,131
2036-2040	255,640	29,141	284,781
	<u>\$ 767,879</u>	<u>\$ 315,270</u>	<u>\$ 1,083,149</u>

NOTE 8 – RISK MANAGEMENT

Dickinson Rural Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district pays an annual premium for its general insurance coverage. The coverage by is limited to losses of three million dollars per occurrence for general liability, three million for personal injury, \$500,000 property damage liability, and \$80,000 for inland marine.

Dickinson Rural Fire District continues to carry commercial insurance for all other risks of loss, including workers' compensation.

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

See Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021				2020			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES								
Taxes	\$ 600,274	\$ 614,295	\$ 614,295	\$ -	\$ 585,000	\$ 607,575	\$ 607,575	\$ -
Interest Income	1,320	1,906	1,906	-	-	1,959	1,959	-
Donations	-	700	700	-	-	250	250	-
Grants	-	-	-	-	-	-	-	-
Charges for Services and Other Revenues	-	53,163	53,163	-	-	544	544	-
TOTAL REVENUES	601,594	670,064	670,064	-	585,000	610,328	610,328	-
EXPENDITURES								
Salaries and Benefits	60,000	72,685	72,685	-	76,500	64,217	64,217	-
Insurance	30,000	41,209	41,209	-	30,000	30,938	30,938	-
Utilities	15,000	17,216	17,216	-	18,000	13,201	13,201	-
Gas and Oil	7,000	9,822	9,822	-	10,000	5,632	5,632	-
Equipment Repairs and Maintenance	37,000	87,390	87,390	-	42,000	21,150	21,150	-
Health and Safety	13,500	10,538	10,538	-	10,500	11,045	11,045	-
Training and Travel	25,000	5,259	5,259	-	30,000	8,941	8,941	-
Office	4,250	1,561	1,561	-	4,000	3,656	3,656	-
Dues and Publications	1,050	1,212	1,212	-	500	774	774	-
Professional Fees	5,000	5,200	5,200	-	6,000	12,815	12,815	-
Miscellaneous	-	-	-	-	-	-	-	-
Supplies	39,294	32,039	32,039	-	58,000	24,960	24,960	-
Communications	22,000	21,495	21,495	-	14,000	12,360	12,360	-
Building Repair and Maintenance	-	-	-	-	-	-	-	-
Capital Expenditures	340,000	-	-	-	285,500	234,041	234,041	-
Debt Service								
Principal	-	38,464	38,464	-	-	-	-	-
Interest	2,500	18,563	18,563	-	-	-	-	-
TOTAL EXPENDITURES	601,594	362,653	362,653	-	585,000	443,730	443,730	-
Excess (Deficiency) of Revenues Over Expenditures	-	307,411	307,411	-	-	166,598	166,598	-
Other Financing Sources (Uses)	-	6,104	6,104	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	313,515	313,515	-	-	166,598	166,598	-
FUND BALANCE – JANUARY 1	754,677	686,914	686,914	-	754,677	520,316	520,316	-
FUND BALANCE – DECEMBER 31	\$ 754,677	\$ 1,000,429	\$ 1,000,429	\$ -	\$ 754,677	\$ 686,914	\$ 686,914	\$ -

See Accompanying Notes and Independent Auditor's Report

DICKINSON RURAL FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The board of directors adopts an “appropriated budget” on the modified cash basis of accounting.

The preliminary budget includes the estimated revenues and appropriations for the general fund of the fire district.

On or before October 7th the final budget is completed.

The budget is controlled by the board of directors and fire chief at the revenue and expenditure function/object level.

The current budget, except for property taxes, may be amended during the year for any revenues and appropriation not anticipated at the time the budget was prepared. NDCC 57-15-31.1.

All appropriations lapse at year-end.

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

To the Board of Directors
Dickinson Rural Fire District
Dickinson, North Dakota 58601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Dickinson Rural Fire District as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Dickinson Rural Fire District's basic financial statements, and have issued our report thereon dated July 1, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dickinson Rural Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dickinson Rural Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Dickinson Rural Fire District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 1.1 and 1.2 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dickinson Rural Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoerner Rodakowski, P.C.

Dickinson, North Dakota
July 1, 2022

DICKINSON RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

1.1 PREPARATION OF FINANCIAL STATEMENTS

Condition:

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

Criteria:

A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Cause:

Due to cost and lack of staff, the District has requested we draft the financial statements and related footnotes.

Effect:

This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Client response:

The District will continue to have the auditors draft the financial statements and accompanying notes to the financial statements.

DICKINSON RURAL FIRE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

1.2 SEGREGATION OF DUTIES

Condition:

The Dickinson Rural Fire District has one financial officer responsible for most all accounting functions. The bookkeeper takes full responsibility for this function. This results in a lack of segregation of duties.

Criteria:

Sufficient accounting personnel should allow duties of employees to be segregated. The segregation of duties would provide better control over the assets of the District.

Cause:

Due to cost constraints, the District does not maintain an appropriate amount of staff to properly segregate duties.

Effect:

Only one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements into computer accounting software, and reconcile accounts. This increases the risk of misstatement of the District's financial condition.

Recommendation:

The current size of the District staff may not be large enough for complete segregation of duties but the board should continue to review and approve appropriate accounting activity such as bank reconciliations and bills prior to payment.

Client response:

No response is considered necessary.