

**DICKINSON RURAL FIRE DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**With Independent Auditor's Report**

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Dickinson Rural Fire District  
Dickinson, North Dakota

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Officers

Jeffrey Hondl  
George Sykora  
Mike Wolf

President  
Vice President  
Secretary - Treasurer

Directors

Delmar Ficek  
Frank Hatzenbuhler  
Rob Kudrna  
Tom Messer  
Eugene Sickler

Board Member  
Board Member  
Board Member  
Board Member  
Board Member

Key Employees

Todd Ehresmann  
Kim Moser

Administrative Chief  
Bookkeeper

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**Dickinson Rural Fire District**

Dickinson, North Dakota

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**GALLEON FINANCIAL SERVICES LLC**  
**PO Box 1205 - 3721 114th Avenue SW**  
**Dickinson, ND 58602-1205**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities and the major fund of the Dickinson Rural Fire District, Dickinson, North Dakota, as of and for the years ended December 31, 2016 and 2015, which collectively comprise the Dickinson Rural Fire District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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. 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.


**Basis for Qualified Opinion**

The Dickinson Rural Fire District does not maintain a detailed listing of long-lived assets nor account for depreciation of those assets over their estimated useful lives. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America. In our opinion, disclosure of this information is required.

The Dickinson Rural Fire District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplements, although not required to be part of the basic financial statements.

**Qualified Opinion Arising from Departures from Accounting Principles Generally Accepted in the United States of America**

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities and major fund of the Dickinson Rural Fire District as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Galleon Financial Services LLC  
December 15, 2017

**Dickinson Rural Fire District**  
Dickinson, North Dakota

STATEMENTS OF NET POSITION  
As of December 31, 2016 and 2015

	Primary Government	
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash and investments	\$ 627,891	\$ 507,620
Accounts receivable	2,582	-
Taxes receivable	4,154	3,487
Due from County Treasurer	-	-
Prepaid expenses	21,388	3,403
Earnest money deposit	5,000	-
<b>Total Assets</b>	<u>\$ 661,015</u>	<u>\$ 514,510</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ 186,385
Payroll liabilities payable	2,184	1,895
Note payable	-	125,000
<b>Total Liabilities</b>	<u>2,184</u>	<u>313,280</u>
<b>NET POSITION:</b>		
Unrestricted	658,831	201,230
Restricted	-	-
<b>Total Net Position</b>	<u>\$ 658,831</u>	<u>\$ 201,230</u>

The Notes to Financial Statements are an integral part of these statements.

**Dickinson Rural Fire District**

Dickinson, North Dakota

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016 and 2015

Function/Program	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<u>2016</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
Fire Protection	\$ 521,268	\$ -	\$ 82,675	\$ 258,709		\$ (179,884)
Total Primary Government	\$ 521,268	\$ -	\$ 82,675	\$ 258,709		\$ (179,884)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes						\$ 634,383
Earnings on Investments						402
Miscellaneous Revenue						2,700
Total General Revenues						\$ 637,485
Change in Net Position						\$ 457,601
Net Position- January 1, 2016						\$ 201,230
Net Position- December 31, 2016						\$ 658,831
<u>2015</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
Fire Protection	\$ 1,414,946	\$ -	\$ 57,331	\$ 717,056		\$ (640,559)
Total Primary Government	\$ 1,414,946	\$ -	\$ 57,331	\$ 717,056		\$ (640,559)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes						\$ 480,265
Earnings on Investments						451
Miscellaneous Revenue						38,007
Total General Revenues						\$ 518,723
Change in Net Position						\$ (121,836)
Net Position- January 1, 2015						\$ 323,066
Net Position- December 31, 2015						\$ 201,230

The Notes to the Financial Statements are an integral part of these statements.

**Dickinson Rural Fire District**

Dickinson, North Dakota

**BALANCE SHEETS - GOVERNMENTAL FUND**  
As of December 31, 2016 and 2015

	2016		2015	
	Major Fund	Total Governmental Funds	Major Fund	Total Governmental Funds
	General		General	
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 627,891	\$ 627,891	\$ 507,620	\$ 507,620
Grant Receivable	2,582	2,582	-	-
Taxes Receivable	4,154	4,154	3,487	3,487
Due from County Treasurer	-	-	-	-
Prepaid Expenses	21,388	21,388	3,403	3,403
Earnest money deposit	5,000	5,000	-	-
<b>Total Assets</b>	<b>\$ 661,015</b>	<b>\$ 661,015</b>	<b>\$ 514,510</b>	<b>\$ 514,510</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ -	\$ 186,385	\$ 186,385
Salaries and Benefits Payable	2,184	2,184	1,895	1,895
Long-term Debt - Due Within One Year	-	-	-	-
Deferred Revenue	4,154	4,154	3,487	3,487
Current Liabilities	6,338	6,338	191,767	191,767
Long-term Debt - Net of Current Portion	-	-	125,000	125,000
<b>Total Liabilities</b>	<b>6,338</b>	<b>6,338</b>	<b>316,767</b>	<b>316,767</b>
<b><u>Fund Balances:</u></b>				
Restricted	-	-	-	-
Unrestricted, reported in:				
General Fund	654,677	654,677	197,743	197,743
<b>Total Fund Balances</b>	<b>654,677</b>	<b>654,677</b>	<b>197,743</b>	<b>197,743</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 661,015</b>	<b>\$ 661,015</b>	<b>\$ 514,510</b>	<b>\$ 514,510</b>

The Notes to the Financial Statements are an integral part of these statements.

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**Dickinson Rural Fire District**

Dickinson, North Dakota

RECONCILIATIONS OF BALANCE SHEETS  
TO THE STATEMENTS OF NET POSITION

December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
Total <i>Fund Balances</i> for Governmental Funds	\$ 654,677	\$ 197,743
Total <i>net position</i> reported for government activities in the statement of net position 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.	<u>4,154</u>	<u>3,487</u>
Total Net Position of Governmental Activities	<u>\$ 658,831</u>	<u>\$ 201,230</u>

The Notes to Financial Statements are an integral part of this statement.



**Dickinson Rural Fire District**

Dickinson, North Dakota

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUND

For the Years Ended December 31, 2016 and 2015

	2016		2015	
	General	Total Governmental Funds	General	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 633,716	\$ 633,716	\$ 478,455	\$ 478,455
Donations	82,675	82,675	57,331	57,331
Charges for Service	-	-	-	-
Grants	258,709	258,709	717,056	717,056
Interest Income	402	402	451	451
Miscellaneous Revenue	2,700	2,700	38,007	38,007
<b>Total Revenues</b>	<b>978,202</b>	<b>978,202</b>	<b>1,291,300</b>	<b>1,291,300</b>
<b>Expenditures:</b>				
<b>Fire Protection:</b>				
<b>General Government:</b>				
Salaries and benefits	56,648	56,648	46,216	46,216
Insurance	25,992	25,992	28,640	28,640
Office Expenses	5,497	5,497	3,537	3,537
Repairs and maintenance	15,060	15,060	25,010	25,010
Communications	3,583	3,583	4,093	4,093
Supplies	8,249	8,249	15,920	15,920
Training, travel, and miscellaneous	29,490	29,490	32,513	32,513
Equipment	121,772	121,772	301,973	301,973
Building renovations	241,249	241,249	937,822	937,822
Utilities	12,336	12,336	13,397	13,397
	519,876	519,876	1,409,121	1,409,121
<b>Debt Service:</b>				
Interest	1,392	1,392	5,826	5,826
<b>Total Expenditures</b>	<b>521,268</b>	<b>521,268</b>	<b>1,414,947</b>	<b>1,414,947</b>
<b>Excess(Deficiency) of Revenues Over Expenditures</b>	<b>456,934</b>	<b>456,934</b>	<b>(123,647)</b>	<b>(123,647)</b>
<b>Other Financing Sources (Uses):</b>				
<b>Net Change in Fund Balances</b>	<b>456,934</b>	<b>456,934</b>	<b>(123,647)</b>	<b>(123,647)</b>
<b>Fund Balance- January 1</b>	<b>197,743</b>	<b>197,743</b>	<b>321,390</b>	<b>321,390</b>
<b>Fund Balance- December 31</b>	<b>\$ 654,677</b>	<b>\$ 654,677</b>	<b>\$ 197,743</b>	<b>\$ 197,743</b>

The Notes to Financial Statements are an integral part of these statements.

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**Dickinson Rural Fire District**

Dickinson, North Dakota

**RECONCILIATIONS OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

For the Years Ended December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
Net change in <i>Fund Balances</i> - Total Governmental Funds	\$ 456,934	\$ (123,647)
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 decrease in taxes receivable		
	<u>667</u>	<u>1,811</u>
Change in Net Position of Governmental Activities	\$ <u>\$ 457,601</u>	\$ <u>(121,836)</u>

The Notes to Financial Statements are an integral part of these statements.

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**Dickinson Rural Fire District**

Dickinson, North Dakota

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Dickinson Rural Fire District have been prepared in conformity with accounting principles generally accepted in the United State 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. 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 includes 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 or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Dickinson Rural Fire District.

B. Basis of Presentation

*Government-wide statements:* The statements of net assets 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 required to be accounted for in another fund.

**C. 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. Nonexchange transactions, in which the district gives (or receives) value without directly receiving (or giving) equal value 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 to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal 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 governmental 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.

**D. Cash and Investments**

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

**E. Capital Assets**

The Fire District has not accounted for long-lived property in its financial statements, in which the district would account for assets with an initial, individual cost of \$5,000 or more and a useful life of at least three years. Such assets would be recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets would be recorded at estimated fair market value. Depreciation would be calculated over the estimated useful lives of the capital assets. Current additions are recorded as capital expenditures in the financial statements. This is a departure from generally accepted accounting principles.

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

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

The fire district spent the general fund budget for 2016 and 2015, respectively, as the board approved revised budgets equal to actual for both 2016 and 2015.

**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 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 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 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.

At year ended December 31, 2016, the district's carrying amount of deposits was \$627,891 and the bank balance was \$666,391. Of the bank balances, up to \$250,000 was covered by Federal Depository Insurance.

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: DUE FROM COUNTY TREASURER**

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the district as of year end.

**NOTE 6: DEFERRED REVENUE**

Deferred revenue consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

**NOTE 7: LONG-TERM DEBT**

Dickinson Rural Fire District had long-term debt to American Bank Center, Dickinson, North Dakota. The balance as of December 31, 2016 and 2015 was \$-0- and \$125,000, respectively. The note required interest only payments until July 2016, monthly payments of \$4,475 beginning August 2016, bore interest at 2.65%, maturing July 1, 2035, and secured by the North Fire Hall real estate. Year end balances were all long-term. Interest expense for the year was \$5,826 and \$1,392 for 2016 and 2015, respectively.

**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.

**NOTE 9: SUBSEQUENT EVENT**

The Fire District has evaluated subsequent events through December 15, 2017, the date which financial statements were available to be issued.

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**Dickinson Rural Fire District**  
Dickinson, North Dakota

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - Budget to Actual**  
**GENERAL FUND**  
For the Years Ended December 31, 2016 and 2015

	2016				2015			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>								
Taxes	\$ 500,000	\$ 633,716	\$ 633,716	\$ -	\$ 379,000	\$ 478,455	\$ 478,455	\$ -
Interest Income	-	402	402	-	-	451	451	-
Donations	-	82,675	82,675	-	-	57,331	57,331	-
Grants	-	258,709	258,709	-	-	717,056	717,056	-
Charges for services and other revenue	-	2,700	2,700	-	-	38,007	38,007	-
<b>Total Revenues</b>	<b>\$ 500,000</b>	<b>\$ 978,202</b>	<b>\$ 978,202</b>	<b>\$ -</b>	<b>\$ 379,000</b>	<b>\$ 1,291,300</b>	<b>\$ 1,291,300</b>	<b>\$ -</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Salaries and benefits	63,000	56,648	56,648	-	60,000	46,216	46,216	-
Insurance	30,000	25,992	25,992	-	22,500	28,640	28,640	-
Utilities	20,000	12,336	12,336	-	20,000	13,397	13,397	-
Gas and oil	12,000	5,969	5,969	-	10,000	5,626	5,626	-
Equipment repairs/maintenance	69,000	13,785	13,785	-	40,000	12,762	12,762	-
Health and safety	3,500	1,312	1,312	-	3,600	2,306	2,306	-
Training and travel	30,000	21,197	21,197	-	18,000	18,266	18,266	-
Office	5,700	5,497	5,497	-	2,800	3,537	3,537	-
Dues and publications	300	365	365	-	300	135	135	-
Professional fees	-	75	75	-	4,000	5,800	5,800	-
Miscellaneous	-	572	572	-	1,300	380	380	-
Supplies	5,000	8,249	8,249	-	10,000	15,920	15,920	-
Communications	34,000	3,583	3,583	-	13,500	4,093	4,093	-
Building repairs/maintenance	35,000	435	435	-	35,000	5,110	5,110	-
Grounds maintenance	10,000	840	840	-	10,000	7,138	7,138	-
Building renovations	-	241,249	241,249	-	-	937,822	937,822	-
Equipment purchases	82,500	121,772	121,772	-	55,000	301,973	301,973	-
Interest	-	1,392	1,392	-	8,000	5,826	5,826	-
<b>Total Expenditures</b>	<b>\$ 400,000</b>	<b>\$ 521,268</b>	<b>\$ 521,268</b>	<b>\$ -</b>	<b>\$ 314,000</b>	<b>\$ 1,414,947</b>	<b>\$ 1,414,947</b>	<b>\$ -</b>
<b>Excess (Deficiency) of Revenues</b>								
Over Expenditures	\$ 100,000	\$ 456,934	\$ 456,934	\$ -	\$ 65,000	\$ (123,647)	\$ (123,647)	\$ -
<b>Other Financing (Sources) Uses:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Fund Balance</b>	<b>\$ 100,000</b>	<b>\$ 456,934</b>	<b>\$ 456,934</b>	<b>\$ -</b>	<b>\$ 65,000</b>	<b>\$ (123,647)</b>	<b>\$ (123,647)</b>	<b>\$ -</b>
<b>Fund Balance- January 1</b>	<b>\$ 197,743</b>	<b>\$ 197,743</b>	<b>\$ 197,743</b>	<b>\$ -</b>	<b>\$ 321,390</b>	<b>\$ 321,390</b>	<b>\$ 321,390</b>	<b>\$ -</b>
<b>Fund Balance- December 31</b>	<b>\$ 297,743</b>	<b>\$ 654,677</b>	<b>\$ 654,677</b>	<b>\$ -</b>	<b>\$ 386,390</b>	<b>\$ 197,743</b>	<b>\$ 197,743</b>	<b>\$ -</b>

The accompanying required supplementary information notes are an integral part of these schedules.

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**Dickinson Rural Fire District**  
Dickinson, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2016

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**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information:

- 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.



**GALLEON FINANCIAL SERVICES LLC**  
**PO Box 1205 - 3721 114th Avenue SW**  
**Dickinson, ND 58602-1205**

**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  
Dickinson Rural Fire District  
Dickinson, North Dakota

We have audited the financial statements of the governmental activities and each major fund of the Dickinson Rural Fire District, Dickinson, North Dakota, as of and for the years ended December 31, 2016 and 2015, which collectively comprise the fire district's basic financial statements and have issued our report thereon dated December 15, 2017. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Dickinson Rural Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Dickinson Rural Fire District's internal control over financial reporting.

Our consideration on internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement to the district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. [2009-01]

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the district's internal control.

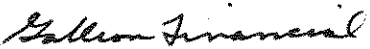
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above is considered to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dickinson Rural Fire District's financial statements are free of 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 findings and responses as item 2008-01.

We noted certain matters that we reported to management of the Dickinson Rural Fire District in a separate letter dated December 15, 2017.

This report is intended solely for the information and use of management, Board of Directors, and others within the district, and is not intended to be and should not be used by anyone other than these specified parties.

  
Galleon Financial Services  
December 15, 2017

Dickinson Rural Fire District  
Dickinson, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Years Ended December 31, 2016 and 2015

**Section I - Summary of Auditor's Results**

Financial Statements

Type of Report Issued?

Governmental Activities  
Each Major Governmental Funds

Qualified  
Qualified

Internal Control over financial reporting:

material weaknesses?     X     Yes            No

Reportable conditions identified not considered to be  
material weaknesses?            Yes     X     No

Noncompliance material to financial statements noted?            Yes     X     No

**Section II - Financial Statement Findings**

**2009-01 - 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.

**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 fire district.

**Effect:**

No segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements into computer accounting software, reconcile accounts, and prepare financial statements. This increases the risk of misstatement of the district's financial condition.

**Recommendation:**

Due to the size of the fire district staff, it is not feasible to pursue proper separation of duties and no recommendation will be made. The board should continue to review and approve bills prior to payment. A board member or an officer should continue to review bank reconciliations, initialing and dating to document the review and approval.

**Client response:**

No response is considered necessary.

*GALLEON FINANCIAL SERVICES LLC*  
PO Box 1205 - 3721 114th Avenue SW  
Dickinson, ND 58602-1205

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

My audit of the financial records of Dickinson Rural Fire District, for the years ended December 31, 2016 and 2015, has disclosed opportunities for improvements in the operations of the Fire District. Items which we believe should be brought to your attention are set forth below:

Segregation of Duties

Due to the limited number of staff, it is not possible to have segregation of duties. Because of the size of the Fire District, it is not cost feasible to employ additional staff.

Fire District should establish a policy for capitalization of fixed assets which should include dollar and useful life limits, additions for labor and materials, donated equipment, and definitions of capital expenditures. Additionally, prior capitalization information should be developed to properly account for long-lived assets.

Fire District should contemporaneously amend its budget when revenues or expenditures are significantly changed from events that were not anticipated when the budget was originally prepared.

This report is intended for the information and use of the District, management, and others within the administration.

  
Galleon Financial Services LLC  
December 15, 2017