

# **AUDIT REPORT**

**ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.**  
**Enderlin, North Dakota**

**For the Year Ended December 31, 2016**

**RATH & MEHRER, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

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ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

BOARD OF DIRECTORS

Gary Geske	President
Kurt Gruba	Vice-President
Dan Spiekermier	Secretary
Ethan Bartholomay	Director
Kyle Geske	Director
Rick Glarum	Director
Terry Hanson	Director
Nathan Spiekermier	Director
Jeremy Worrell	Director
Deb Robertson	Treasurer

# Rath & Mehrer, P.C.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Enderlin Rural Fire Protection District, Inc.  
Enderlin, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Enderlin Rural Fire Protection District, Inc., Enderlin, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 fire district'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 fire district's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Enderlin Rural Fire Protection District, Inc., Enderlin, North Dakota, as of December 31, 2016, 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.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgeting comparison information on pages 4 through 8 and 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the fire district's basic financial statements. The schedule of fund activity arising from cash transactions is presented for additional analysis and is not a required part of the basic financial statements.

The schedule of fund activity arising from cash transactions is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fund activity arising from cash transactions is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the fire district's internal control over financial reporting and compliance.

*Rath and Mehrer*

Rath and Mehrer, P.C.

Bismarck, North Dakota

September 29, 2017

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.

Management's Discussion and Analysis

December 31, 2016

The Management's Discussion and Analysis (MD&A) of the Enderlin Rural Fire Protection District's financial performance provides an overall review of the fire district's financial activities for the fiscal year ended December 31, 2016. The intent of the MD&A is to look at the fire district's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is a new element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*". Certain comparative information between the current fiscal year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2016 are as follows:

- \* Net position of the fire district increased \$20,031 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$423,763.
- \* Total revenues from all sources were \$168,527.
- \* Total expenses were \$148,497.
- \* The fire district's general fund had \$136,591 in total revenues and \$347,427 in total expenditures. Overall, the general fund balance decreased by \$22,749 for the year ended December 31, 2016.

**USING THIS ANNUAL REPORT**

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the fire district as a financial whole. The statements then proceed to provide an increasingly detailed look at financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole fire district, presenting both an aggregate view of the fire district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the fire district's general fund, gaming fund and gaming trust fund.

## REPORTING ON THE FIRE DISTRICT AS A WHOLE

### Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the fire district to provide programs and activities and attempt to answer the question "How did the fire district do financially during the year ended December 31, 2016?"

The Statement of Net Position presents information on all the district's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the fire district is improving or deteriorating.

The Statement of Activities presents information on how the fire district's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and/or vacation leave).

These two statements report the fire district's net position and changes in that position. This change in net position is important because it tells the reader whether, for the fire district as a whole, the financial position of the fire district has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the fire district reports governmental activities. Governmental activities are the activities where most of the fire district's programs and services are reported including, but not limited to, public safety and gaming.

## REPORTING ON THE FIRE DISTRICT'S MOST SIGNIFICANT FUNDS

### Balance Sheet - Governmental Funds

The fire district uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the fire district to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the fire district's major funds. Using the criteria established by GASB Statement No. 34, the fire district's general fund, gaming fund and gaming trust fund are considered "major funds".

**FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE**

Table I provides a summary of the fire district's net position as of December 31, 2016. A comparative analysis of district-wide data is presented for both current and prior year.

As indicated in the financial highlights above, the fire district's net position increased by \$20,031 for the year ended December 31, 2016. Changes in net position may serve over time as a useful indicator of the fire district's financial position.

The fire district's net position of \$423,763 is segregated into three separate categories. Net investment in capital assets represents 56% of the fire district's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position represents 6% of the fire district's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 38% of the fire district's net position and is available to meet the fire district's ongoing obligations.

Table I  
 Net Position  
 December 31, 2016  
 (With comparative totals for December 31, 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current Assets	221,612	221,612
Capital Assets (net of accumulated depreciation)	195,110	195,110
<b>Total Assets</b>	<b>416,722</b>	<b>416,722</b>
<u>Liabilities</u>		
Current Liabilities	17,870	
Long-Term Liabilities	178,418	
<b>Total Liabilities</b>	<b>196,288</b>	<b>0</b>
<u>Deferred Inflows of Resources</u>		
Unavailable Revenue	11,384	12,990
<u>Net Position</u>		
Net Investment in Capital		
Assets	235,428	195,110
Restricted	23,452	20,377
Unrestricted	164,883	188,246
<b>Total Net Position</b>	<b>423,763</b>	<b>403,732</b>

Table II shows the changes in net position for the fiscal year ended December 31, 2016. A comparative analysis of district-wide data is presented for both current and prior year.



Table II  
 Changes in Net Position  
 As of December 31, 2016  
 (With comparative totals for December 31, 2015)

	2016	2015
<b>Revenues</b>		
<u>Program Revenues:</u>		
Charges for Services	36,823	39,539
Operating Grants and Contributions	61,862	71,502
<u>General Revenues:</u>		
Property Taxes	69,092	68,391
Interest Earnings and Other Revenue	750	11,732
<b>Total Revenues</b>	168,527	191,163
<b>Expenses</b>		
Public Safety	124,963	116,199
Gaming	23,533	29,806
<b>Total Expenses</b>	148,497	146,005
<b>Net Change in Position</b>	20,031	45,159

Property taxes constituted 41%, operating grants and contributions 37% and charges for services made up 22% of the total revenues of governmental activities of the fire district for the fiscal year ended December 31, 2016.

Public safety constituted 84% and gaming 16% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III  
 Total and Net Cost of Services  
 As of December 31, 2016

	Total Cost Year Ended Dec. 31, 2016	Net Cost Year Ended Dec. 31, 2016
Public Safety	124,963	58,813
Gaming	23,533	(9,002)
<b>Total Expenses</b>	148,497	49,811

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The purpose of the fire district's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the fire district's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The fire district's governmental funds had total revenue of \$169,140 and expenditures of \$385,103 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the fire district's general fund was \$112,374.

**GENERAL FUND BUDGET HIGHLIGHTS**

During the course of fiscal year 2016, the fire district did not amend the general fund budget.

Actual revenue for the year ended December 31, 2016 was \$33,930 more than budgeted. This budget variance is due to the district not including a budget amount for contributions and donations. Actual expenditures for the year ended December 31, 2016 were over budget by \$268,227. This variance was due to the district underestimating the budget for capital outlay.

**CAPITAL ASSETS**

As of December 31, 2016, the fire district had \$431,716 invested in capital assets. Table IV shows the balances as of December 31, 2016.

Table IV  
Capital Assets  
(Net of Accumulated Depreciation)  
As of December 31, 2016  
(With comparative totals for December 31, 2015)

	<u>2016</u>	<u>2015</u>
Buildings	60,260	63,120
Machinery and Vehicles	371,456	131,990
Total (net of depreciation)	<u>431,716</u> =====	<u>195,110</u> =====

This total represents an increase of \$236,606 in capital assets from January 1, 2016. The increase in machinery and vehicles is due to the purchase of a new pumper truck. For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 5 to the audited financial statements which follow this analysis.

**DEBT ADMINISTRATION**

As of December 31, 2016, the fire district had \$196,288 in outstanding debt, of which \$17,870 was due within one year. During fiscal year 2016, the fire district issued one new long-term debt obligation:

Bank Loan Payable in the amount of \$196,288. The fire district obtained this financing to fund the purchase of a Rosenbauer FX Pumper/Tanker with 2016 Freightliner M-2106 Chassis. This loan will have a final payment on October 15, 2021.

**CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, creditors and other interested parties with a general overview of the fire district's finances and to show the fire district's accountability for the money it receives to provide fire protection for local residents. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Deb Robertson, Treasurer, Enderlin Rural Fire Protection District, Inc., Enderlin, ND 58027.

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Statement of Net Position  
December 31, 2016

	Governmental Activities
<b><u>ASSETS:</u></b>	
Cash	187,535.26
Taxes Receivable	781.69
Due from County Treasurer	11,401.83
Capital Assets (net of accumulated depreciation):	
Buildings	60,260.00
Machinery and Vehicles	371,456.00
Total Capital Assets	431,716.00
 Total Assets	 631,434.78
 <b><u>LIABILITIES:</u></b>	
Long-Term Liabilities:	
Due Within One Year:	
Loan Payable	17,870.26
Due After One Year:	
Loan Payable	178,417.74
Total Liabilities	196,288.00
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Unavailable Revenue	11,383.81
 <b><u>NET POSITION:</u></b>	
Net Investment in Capital Assets	235,428.00
Restricted for:	
Special Purposes	23,451.64
Unrestricted	164,883.33
Total Net Position	423,762.97

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

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Statement of Activities  
For the Year Ended December 31, 2016

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>				
Public Safety	124,963.14	36,823.39	29,327.00	(58,812.75)
Gaming	23,533.46		32,535.00	9,001.54
<hr/>				
Total Governmental Activities	148,496.60	36,823.39	61,862.00	(49,811.21)
<hr style="border-top: 1px dashed black;"/>				
<u>General Revenues:</u>				
Taxes:				
Property taxes; levied for general purposes				69,091.63
Earnings on investments and other revenue				750.32
<hr/>				
Total General Revenues				69,841.95
<hr/>				
Change in Net Position				20,030.74
<hr/>				
Net Position - January 1				403,732.23
<hr/>				
Net Position - December 31				423,762.97
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The accompanying notes are an integral part of these financial statements.

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2016

	Major Funds			Total Governmental Funds
	General	Gaming	Gaming Trust	
<b>ASSETS:</b>				
Cash	164,083.62	8,415.37	15,036.27	187,535.26
Taxes Receivable	781.69			781.69
Due from County Treasurer	11,401.83			11,401.83
<hr/>				
Total Assets	176,267.14	8,415.37	15,036.27	199,718.78
<hr style="border-top: 1px dashed black;"/>				
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	12,165.50			12,165.50
<hr/>				
<b>Fund Balances:</b>				
Restricted for:				
Public Safety			15,036.27	15,036.27
Gaming		8,415.37		8,415.37
Assigned to:				
New Truck/Equipment	51,727.83			51,727.83
Unassigned	112,373.81			112,373.81
<hr/>				
Total Fund Balances	164,101.64	8,415.37	15,036.27	187,553.28
<hr/>				
Total Deferred Inflows of Resources and Fund Balances	176,267.14	8,415.37	15,036.27	199,718.78
<hr style="border-top: 1px dashed black;"/>				

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

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended December 31, 2016

Total Fund Balances for Governmental Funds	187,553.28
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Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	1,011,181.00	
Less Accumulated Depreciation	(579,465.00)	
		431,716.00
Net Capital Assets		

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 unavailable revenue in the funds.	781.69
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Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:

Loan Payable	(196,288.00)
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Total Net Position of Governmental Activities	<u>423,762.97</u> =====
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The accompanying notes are an integral part of these financial statements.

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2016

	Major Funds			Total Governmental Funds
	General	Gaming	Gaming Trust	
<b>Revenues:</b>				
Property Taxes	69,704.67			69,704.67
<b>Miscellaneous:</b>				
Gaming Proceeds		32,535.00		32,535.00
Insurance Premium Tax Distribution	36,823.39			36,823.39
Contributions	27,500.00			27,500.00
Donations	1,827.00			1,827.00
Interest	170.24	1.93	12.50	184.67
Other	565.65			565.65
<b>Total Revenues</b>	<b>136,590.95</b>	<b>32,536.93</b>	<b>12.50</b>	<b>169,140.38</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	61,923.23		14,141.91	76,065.14
Gaming		23,533.46		23,533.46
Capital Outlay	285,504.00			285,504.00
<b>Total Expenditures</b>	<b>347,427.23</b>	<b>23,533.46</b>	<b>14,141.91</b>	<b>385,102.60</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(210,836.28)</b>	<b>9,003.47</b>	<b>(14,129.41)</b>	<b>(215,962.22)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In		8,201.00	22,601.00	30,802.00
Transfers Out	(8,201.00)	(22,601.00)		(30,802.00)
Proceeds from Bank Loan	196,288.00			196,288.00
<b>Total Other Financing Sources (Uses)</b>	<b>188,087.00</b>	<b>(14,400.00)</b>	<b>22,601.00</b>	<b>196,288.00</b>
<b>Net Change in Fund Balances</b>	<b>(22,749.28)</b>	<b>(5,396.53)</b>	<b>8,471.59</b>	<b>(19,674.22)</b>
<b>Fund Balance - January 1</b>	<b>186,850.92</b>	<b>13,811.90</b>	<b>6,564.68</b>	<b>207,227.50</b>
<b>Fund Balance - December 31</b>	<b>164,101.64</b>	<b>8,415.37</b>	<b>15,036.27</b>	<b>187,553.28</b>

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

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds (19,674.22)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Current Year Capital Outlay	285,504.00	
Current Year Depreciation Expense	(48,898.00)	236,606.00

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

Debt Proceeds	(196,288.00)	
Repayment of Debt	0.00	(196,288.00)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Decrease in Taxes Receivable		(613.04)

Change in Net Position of Governmental Activities		20,030.74

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



ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Notes to the Financial Statements  
December 31, 2016

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Enderlin Rural Fire Protection District, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government 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 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 the fire district's financial statements to be misleading or incomplete. The Government 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 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 Financial Statements:* The statement of net position and the statement of activities display information about the primary government, Enderlin Rural Fire Protection District, Inc. 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, and other nonexchange 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 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 fire district's funds. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column.

The fire district reports the following major governmental funds:

*General Fund.* This is the fire 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.

*Gaming Fund.* This fund is used by the fire district to account for the gaming proceeds and related costs associated with the gaming sites, overseen by the fire district.

*Gaming Trust Fund.* This fund is used by the fire district to account for a portion of the gaming proceeds, required to be set aside for specific expenditures related to fire protection.

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

*Government-wide Financial Statements:* The government-wide financial statements are reported using the economic resources measurement focus. These 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 fire district gives (or receives) value without directly receiving (or giving) equal value in exchange, include 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 is 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 fire 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 asset 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 fire district funds certain programs by a combination of specific cost-reimbursements 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 fire district's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

D. Cash

Cash includes amounts in demand deposits and money market accounts.

#### E. Capital Assets

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

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

Buildings	50 years
Machinery and Vehicles	4 to 20 years

#### F. Compensated Absences

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Vested or accumulated vacation leave is not reported in the government-wide statement of net position as it is considered immaterial.

#### G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the fire district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

**Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the fire district or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

**Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the governing board through the adoption of a resolution. The governing board also may modify or rescind the commitment.

**Assigned** - Fund balances are reported as assigned when amounts are constrained by the fire district's intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The fire district reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

**Flow Assumptions** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the fire district's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the fire district's policy to use fund balance in the following order:

- \* Committed
- \* Assigned
- \* Unassigned

**Net Position** - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the fire district has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

#### I. Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

#### J. 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 (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the fire 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 investments 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 any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2016 the fire district's carrying amount of deposits was \$183,235 and the bank balance was \$185,510. Of the bank balance, \$185,510 was covered by Federal Depository Insurance.

Credit Risk

The fire district may invest idle funds as authorized in North Dakota Statutes, 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 the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

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 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 4 DUE FROM COUNTY TREASURER

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the fire district at December 31.

Note 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	143,000			143,000
Machinery & Vehicles	582,677	285,504		868,181
<b>Total</b>	<u>725,677</u>	<u>285,504</u>		<u>1,011,181</u>
<i>Less accumulated depreciation for:</i>				
Buildings	79,880	2,860		82,740
Machinery & Vehicles	450,687	46,038		496,725
<b>Total</b>	<u>530,567</u>	<u>48,898</u>		<u>579,465</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>195,110</u>	<u>236,606</u>	<u>-0-</u>	<u>431,716</u>

Depreciation expense was charged to functions/programs of the fire district as follows:

Public Safety	48,898.00
	=====

Note 6 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements 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 and include taxes receivable and prepaid property taxes.

Unavailable revenue on the government-wide statements consists of the current years taxes, included in the amount due from county treasurer.

Note 7 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the year ended December 31, 2016, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bank Loan Payable	-0-	196,288	-0-	196,288	17,870
	=====	=====	=====	=====	=====

Outstanding debt at December 31, 2016 consists of the following:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2016, is as follows:

Bank Loan Payable. The district has entered into the following loan payable to provide funds for the acquisition of a pumper truck.

\$196,288 bank loan with First State Bank of Enderlin, due in semi-annual installments of \$21,678.25, including interest at 3.6%, through October 15, 2021.	196,288.00
	=====

The annual requirements to amortize the outstanding bank loan payable is as follows:

Year Ending June 30	Principal	Interest
2017	36,283.47	7,073.03
2018	37,859.76	5,496.74
2019	39,254.25	4,102.25
2020	40,691.66	2,664.84
2021	42,198.86	1,157.64
Total	196,288.00	20,494.50
	=====	=====

Note 8 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2016:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Gaming	8,201.00	
General Fund		8,201.00
To subsidize expenditures		
Gaming Trust	22,601.00	
Gaming		22,601.00
To transfer required share of gaming proceeds.		

Note 9 RISK MANAGEMENT

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

The fire district participates in the North Dakota State Bonding Fund. The State Bonding Fund provided the fire district with a blanket fidelity bond coverage in the amount of \$46,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The fire district has worker's compensation with the Department of Workforce Safety and Insurance and purchases commercial insurance for general liability, commercial property, automobile and public assets insurance coverage.

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



ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	72,561.00	72,561.00	69,704.67	(2,856.33)
Miscellaneous:				
Insurance Premium Tax Distribution	30,000.00	30,000.00	36,823.39	6,823.39
Contributions			27,500.00	27,500.00
Donations			1,827.00	1,827.00
Interest	100.00	100.00	170.24	70.24
Other			565.65	565.65
<b>Total Revenues</b>	<b>102,661.00</b>	<b>102,661.00</b>	<b>136,590.95</b>	<b>33,929.95</b>
<b>Expenditures:</b>				
Current:				
Public Safety	49,200.00	49,200.00	61,923.23	(12,723.23)
Capital Outlay	30,000.00	30,000.00	285,504.00	(255,504.00)
<b>Total Expenditures</b>	<b>79,200.00</b>	<b>79,200.00</b>	<b>347,427.23</b>	<b>(268,227.23)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>23,461.00</b>	<b>23,461.00</b>	<b>(210,836.28)</b>	<b>(234,297.28)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out			(8,201.00)	(8,201.00)
Proceeds from Bank Loan			196,288.00	196,288.00
<b>Total Other Financing Sources (Uses)</b>			<b>188,087.00</b>	<b>188,087.00</b>
<b>Net Change in Fund Balances</b>	<b>23,461.00</b>	<b>23,461.00</b>	<b>(22,749.28)</b>	<b>(46,210.28)</b>
<b>Fund Balance - January 1</b>	<b>186,850.92</b>	<b>186,850.92</b>	<b>186,850.92</b>	
<b>Fund Balance - December 31</b>	<b>210,311.92</b>	<b>210,311.92</b>	<b>164,101.64</b>	<b>(46,210.28)</b>

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Budgetary Comparison Schedule  
Gaming Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Miscellaneous:				
Gaming Proceeds	35,000.00	35,000.00	32,535.00	(2,465.00)
Interest	100.00	100.00	1.93	(98.07)
<b>Total Revenues</b>	<b>35,100.00</b>	<b>35,100.00</b>	<b>32,536.93</b>	<b>(2,563.07)</b>
<u>Expenditures:</u>				
Current:				
Gaming	33,495.00	33,495.00	23,533.46	9,961.54
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,605.00</b>	<b>1,605.00</b>	<b>9,003.47</b>	<b>7,398.47</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In			8,201.00	8,201.00
Transfers Out			(22,601.00)	(22,601.00)
<b>Total Other Financing Sources (Uses)</b>			<b>(14,400.00)</b>	<b>(14,400.00)</b>
<b>Net Change in Fund Balances</b>	<b>1,605.00</b>	<b>1,605.00</b>	<b>(5,396.53)</b>	<b>(7,001.53)</b>
<b>Fund Balance - January 1</b>	<b>13,811.90</b>	<b>13,811.90</b>	<b>13,811.90</b>	
<b>Fund Balance - December 31</b>	<b>15,416.90</b>	<b>15,416.90</b>	<b>8,415.37</b>	<b>(7,001.53)</b>

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Notes to the Budgetary Comparison Schedule  
December 31, 2016

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the treasurer prepares the fire district budget. Budgets are prepared for the general fund and the gaming fund on the modified accrual basis of accounting. The fire district does not prepare a budget for the gaming trust fund, as state law does not require fire districts to budget for funds unless the fund levies taxes. Since a budget was not prepared for the gaming trust fund, the statement comparing budget to actual results could not be prepared. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing, the board adopts the final budget. The final budget must be filed with the county auditor by June 30. The governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budget for the year ending ended December 31, 2016.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the general fund by \$268,227.23 for the year ending December 31, 2016. No remedial action is anticipated or required by the fire district regarding these excess expenditures.

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
 Enderlin, North Dakota

Schedule of Fund Activity  
 Arising from Cash Transactions  
 For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
General Fund	186,812.40	332,899.45		8,201.00	347,427.23	164,083.62
<u>Special Revenue Funds:</u>						
Gaming Fund	13,811.90	32,536.93	8,201.00	22,601.00	23,533.46	8,415.37
Gaming Trust Fund	6,564.68	12.50	22,601.00		14,141.91	15,036.27
Total Special Revenue Funds	20,376.58	32,549.43	30,802.00	22,601.00	37,675.37	23,451.64
Total All Funds	207,188.98	365,448.88	30,802.00	30,802.00	385,102.60	187,535.26

# Rath & Mehler, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Governing Board  
Enderlin Rural Fire Protection District, Inc.  
Enderlin, 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 each major fund of the Enderlin Rural Fire Protection District, Inc., Enderlin, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the fire district's basic financial statements, and have issued our report thereon dated September 29, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 fire district's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the fire district'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items II-1 and II-2, that we consider to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Fire District's Response to Findings

The fire district's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Responses*. The 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 fire district's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the fire district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rath and Mehrer*

Rath and Mehrer, P.C.

Bismarck, North Dakota

September 29, 2017

ENDERLIN RURAL FIRE PROTECTION DISTRICT, INC.  
Enderlin, North Dakota

Schedule of Findings and Responses  
For the Year Ended December 31, 2016

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified
Major Governmental Funds	Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	___ Yes	___ X No
* Significant deficiency(ies) identified?	___ X Yes	___ None Reported
Noncompliance Material to financial statements noted?	___ Yes	___ X No

SECTION II - FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. Segregation of Duties

*Condition:* The district has one person responsible for most accounting functions.

*Criteria:* There should be sufficient accounting personnel so duties of employees are segregated. The segregation of duties would provide better control over assets of the district.

*Effect:* There is no segregation of duties as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare financial statements. This increases the risk of misstatement of the district's financial condition.

*Recommendation:* Due to the size of the district, it is not feasible to obtain proper separation of duties and no recommendation will be made.

*Client Response:* No response is considered necessary.

## 2. Financial Statement Preparation

*Condition:* The district's financial statements as of December 31, 2016 are prepared by the district's external auditors.

*Criteria:* A good system of internal controls requires the district to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the district must maintain knowledge of current accounting principles and required financial statement disclosures.

*Effect:* A control system is not in place to determine that the financial statements are properly stated and in compliance with accounting principles generally accepted in the United States of America.

*Recommendation:* We recommend the district obtain the necessary knowledge of current accounting principles to prepare financial statements or outsource the preparation of its financial statements.

*Client Response:* It is not cost effective for the district to prepare its own financial statements.



# Rath & Mehrer, P.C.

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Governing Board  
Enderlin Rural Fire Protection District, Inc.  
Enderlin, North Dakota

Our audit of the financial records of the Enderlin Rural Fire Protection District, Inc., Enderlin, North Dakota, for the year ended December 31, 2016 have 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:

\* \* \* \* \*

#### INTERNAL CONTROLS

During the course of the audit, it came to our attention that gaming funds were collected and deposited by the same person. The North Dakota Administrative Code chapter 99-01.3-03-10 (4) requires a second person be involved with making the deposit of gaming proceeds that is not involved with collecting these funds. We recommend that the district comply with this section of the North Dakota Administrative Code and require a second person, not involved with the collection of gaming funds, to make the deposit.

\* \* \* \* \*

We would like to acknowledge all the assistance and many courtesies extended to us by the personnel of the district during our audit.

This letter is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this letter which, upon acceptance by the Governing Board, is a matter of public record.



Rath and Mehrer, P.C.

September 29, 2017