

**Big Lake Fire Department Joint Powers  
Sherburne County, Minnesota**

**Regulatory Financial Statements**

**December 31, 2024**

**Big Lake Fire Department Joint Powers  
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**Big Lake Fire Department Joint Powers  
Joint Powers Board Members  
December 31, 2024**

<u>Officials</u>	<u>Joint Powers Position</u>
Bruce Aubol Board Chair, Town of Big Lake	Board Chair
Kim Noding City Council Member, City of Big Lake	Board Vice Chair
Paul Knier Mayor, City of Big Lake	Board Member
Dean Brenteson Supervisor, Town of Big Lake	Board Member



## Independent Auditor's Report

Honorable Joint Powers Board Members  
Big Lake Fire Department Joint Powers  
Big Lake, Minnesota

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of each major fund of Big Lake Fire Department Joint Powers as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Big Lake Fire Department Joint Powers' regulatory financial statements as listed in the Table of Contents. We have also audited the additional supplementary information as listed in the Table of Contents for the year ended December 31, 2024.

#### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash balances of each major fund of the Big Lake Fire Department Joint Powers, Big Lake, Minnesota, as of December 31, 2024, and the respective changes in cash balances for the year then ended in accordance with the regulatory basis of accounting as discussed in Note 1. In addition, in our opinion, the additional supplementary information referred to in the first paragraph presents fairly, in all material respects, the accounts payable and accounts receivable balances of the Department's funds as of December 31, 2024, in conformity with the regulatory basis of accounting discussed in Note 1.

#### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Big Lake Fire Department Joint Powers, Big Lake, Minnesota, as of December 31, 2024, and the respective changes in financial position for the year then ended.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Lake Fire Department Joint Powers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As described in Note 1 of the financial statements, the financial statements are prepared by the Department on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Responsibilities of Management for the Financial Statements**

The Big Lake Fire Department Joint Powers' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Lake Fire Department Joint Powers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Big Lake Fire Department Joint Powers' ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Big Lake Fire Department Joint Powers' regulatory financial statements. The Supplementary Information as indicated in the Table of Contents is presented for purposes of additional analysis and is not a required part of the regulatory financial statements.

**Supplementary Information (Continued)**

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the regulatory 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 May 5, 2025, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Department's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota  
May 5, 2025

**REGULATORY BASIS FINANCIAL STATEMENTS**

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**Big Lake Fire Department Joint Powers Agreement  
Statement of Balances Arising from Cash Transactions -  
Governmental Funds  
December 31, 2024**

	General Fund (100)	Special Revenue Donation Fund (210)	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 177,993	\$ 31,723	\$ 209,716
<b>Cash Fund Balances</b>			
Restricted	-	13,200	13,200
Committed	-	18,523	18,523
Unassigned	177,993	-	177,993
 Total fund balances	 \$ 177,993	 \$ 31,723	 \$ 209,716

**Big Lake Fire Department Joint Powers Agreement  
Statement of Cash Receipts, Disbursements, and  
Changes in Cash Fund Balances - Governmental Funds  
Year Ended December 31, 2024**

	General Fund (100)	Special Revenue Donation Fund (210)	Total Governmental Funds
<b>Receipts</b>			
Special fire protection services	\$ 514,769	\$ -	\$ 514,769
Investment and other interest income	9,987	-	9,987
Contributions and donations	-	17,075	17,075
Miscellaneous	11,105	-	11,105
Total receipts	<u>535,861</u>	<u>17,075</u>	<u>552,936</u>
<b>Disbursements</b>			
<b>Current</b>			
Fire administration	82,000	-	82,000
Fire fighting	325,358	17,625	342,983
Fire prevention	6,379	-	6,379
Fire training	30,680	-	30,680
Fire communication	13,129	-	13,129
Fire repair services	26,167	-	26,167
Medical services	5,200	-	5,200
Fire stations and buildings	32,447	-	32,447
<b>Capital outlay</b>			
Fire fighting	-	1,661	1,661
Fire stations and buildings	1,500	-	1,500
Total disbursements	<u>522,860</u>	<u>19,286</u>	<u>542,146</u>
Excess of receipts over (under) disbursements	13,001	(2,211)	10,790
<b>Cash Fund Balances</b>			
Beginning of year	<u>164,992</u>	<u>33,934</u>	<u>198,926</u>
End of year	<u>\$ 177,993</u>	<u>\$ 31,723</u>	<u>\$ 209,716</u>

**Big Lake Fire Department Joint Powers  
Notes to Regulatory Basis Financial Statements**

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

**A. Reporting Entity**

The Big Lake Fire Department Joint Powers is a special district established on January 1, 2018, under a joint powers agreement between the City of Big Lake and the Town of Big Lake. The Department is governed by four board members, of which two members are appointed from the City of Big Lake and two members are appointed from the Town of Big Lake. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The Big Lake Fire Department was created to provide fire services to the residents of the City, the Town of Big Lake and the Town of Orrock, Minnesota. The City of Big Lake and the Town of Big Lake each currently fund approximately 50% of the Fire Department's budget.

The Department is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Department.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Related Organization - The relationship of the Department with the entity is disclosed.

**B. Big Lake Volunteer Fire Relief Association**

The Big Lake Volunteer Fire Relief Association (the "Association") is organized as a nonprofit organization, legally separate from the Department, by its members to provide pension and other benefits to such members in accordance with *Minnesota Statutes*. The Association's Board of Trustees is appointed by the membership of the Association and not by the Big Lake Fire Department Joint Powers Board. All funding is conducted in accordance with *Minnesota Statutes*, whereby state aid flows to the Association, tax levies are determined by the Association and the Association pays benefits directly to its members. The Association may certify tax levies to Sherburne County directly if the City does not carry out this function. Because the Association is fiscally independent of the Department, the financial statements of the Association have not been included within the Department's reporting entity.

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

The accounts of the Department are maintained, and the accompanying financial statements have been prepared on a regulatory basis of accounting prescribed by the Minnesota Office of the State Auditor. The regulatory basis allows revenues to be recognized when received rather than when earned, and expenditures to be recognized when paid rather than when the obligations are incurred.

**Description of Funds:**

**Major Governmental Funds:**

General Fund - This fund is the Department's primary operating fund. It accounts for all financial resources of the general Department, except those required to be accounted for in another fund.

**Big Lake Fire Department Joint Powers  
Notes to Regulatory Basis Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

Major Governmental Funds: (Continued)

Donation Fund - This special revenue fund accounts for the balance of funds remaining in the City and Town Fire Department funds when the joint powers agreement was established, along with other donations provided to the Department.

**D. Cash and Investments**

Cash and Investments include all balances from all funds that are combined and invested to the extent available in various securities as authorized by state law.

*Minnesota Statutes* authorizes the Department to invest in various investments including, obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool (4M) Securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations of withdrawals from the 4M Liquid Asset Fund.

**E. Budgetary Information**

The Department submits a proposed budget to the City of Big Lake and Town of Big Lake by July 15. The annual Department operating budget must be approved by an affirmative vote of the majority of each party's governing body. The parties governing bodies vote on the proposed budget by September 15. If any dispute arises concerning approval of the Department operating budget, the parties and the Department shall hold a joint meeting or series of joint meetings in September and October. In the event the parties and the Department are unable to resolve the dispute following said meeting(s), the parties and the Department will submit the dispute to the Board of the Minnesota Bureau of Mediation Service for mediation and binding arbitration.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Minnesota Statutes* requires all deposits with financial institutions are collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance. In accordance with applicable *Minnesota Statutes*, the Department maintains deposits at depository banks authorized by the governing board.

The Department does not have formal policies in place to address interest rate risk, credit risk, concentration of credit risk or custodial credit risk for investments or deposits.

**Big Lake Fire Department Joint Powers  
Notes to Regulatory Basis Financial Statements**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits**

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the Department's deposits may not be returned to it. As of December 31, 2024, the Department's bank balance was not exposed to custodial credit risk because it was fully insured through FDIC.

Checking	<u>\$ 17,686</u>
Investments	
4M Fund	<u>\$ 192,030</u>

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The 4M Fund is a pooled asset money market fund.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2024, the Department's investments in the 4M Fund are unrated.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to the changes in market value interest rates. The Investment Advisor and Subadvisor, as applicable, have implemented processes to make sound and prudent investment decisions for the 4M Funds.

Custodial Credit Risk - Investments: This is the risk in the event of the failure of the counterparty the Department will not be able to recover the value of its investments or collateral securities that in the possession of an outside party. US Bank serves as Custodian for each Fund pursuant to a Custodian Agreement with the Trust. The Custodian acts as a safekeeping agent for each Fund's investment portfolio and serves as the depository in connection with the direct investment and withdrawals of each Fund.

Summary of cash, deposits, and investments as of December 31, 2024:

Deposits	\$ 17,686
Investments	<u>192,030</u>
Total deposits and investments	<u>\$ 209,716</u>

Cash, deposits, and investments are presented in the December 31, 2024, regulatory basis financial statements as follows:

Statement of balances arising from cash transactions - governmental funds

Cash and investments	<u>\$ 209,716</u>
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At December 31, 2024, \$1,000 is restricted for a Ladder Truck, \$200 is restricted for fire prevention, \$12,000 is restricted for a CPR unit and \$18,523 is committed by the Fire Departments Board for future needs.

**Big Lake Fire Department Joint Powers  
Notes to Regulatory Basis Financial Statements**

**NOTE 3 - RISK MANAGEMENT**

The Department purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The Department pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The Department is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

**SUPPLEMENTARY INFORMATION**

**Big Lake Fire Department Joint Powers Agreement  
 Budgetary Comparison Schedule -  
 Regulatory Basis - General Fund  
 Year Ended December 31, 2024**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
<b>Receipts</b>			
Special fire protection services	\$ 513,438	\$ 514,769	\$ 1,331
Miscellaneous	1,100	11,105	10,005
Investment income	500	9,987	9,487
Total receipts	515,038	535,861	20,823
<b>Disbursements</b>			
Current			
Fire administration	38,812	82,000	43,188
Fire fighting	334,489	325,358	(9,131)
Fire prevention	7,000	6,379	(621)
Fire training	24,900	30,680	5,780
Fire communication	16,200	13,129	(3,071)
Fire repair services	43,500	26,167	(17,333)
Medical services	7,000	5,200	(1,800)
Fire stations and buildings	41,537	32,447	(9,090)
Total disbursements	513,438	522,860	9,422
Excess of receipts over disbursements	\$ 1,600	13,001	\$ 11,401
<b>Cash Fund Balances</b>			
Beginning of year		164,992	
End of year		\$ 177,993	

**ADDITIONAL SUPPLEMENTARY INFORMATION**

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**Big Lake Fire Department Joint Powers Agreement  
Schedule of Accounts Payable  
Year Ended December 31, 2024**

Fund	Vendor Name	Item and Purpose	Amount
General	Old National Bank	Stop payment fee	\$ 32
General	Old National Bank	Direct deposit monthly service fee	22
General	Kiel Ruberg	R15 window sealant	25
General	Holiday Division of Circle K	December car washes	16
General	Minnesota Department of Revenue	2024 Q4 Per 3 Dec withholdings	397
General	EFTPS	2024 Q4 Per 3 Dec federal tax payment	2,968
General	Eric Rosa	Reimbursements - supplies	248
General	Amazon Capital Services	Stretcher basket & bull horn for R15	475
General	Wex Bank - Circle K	Dec 7 - Jan 6 fuel	372
General	Heiman Inc	Wildland coats hydrant & spanner set	3,459
General	City of Big Lake	Repair on E22 - Hogleund bus passthrough bill	257
General	Central Hydraulics, Inc	Rubber hosing	155
General	Monticello Plumbing Heating & Air	Cleaned flame sensor and replaced one	247
General	Three Sons Hardware LLC	Fish tape for tool box	18
General	Connexus Energy	Nov 11 - Dec 12 usage	452
General	CenterPoint Energy	Nov 29 - Dec 28 usage	1,819
General	Sara Freiday	Dec fire hall cleaning	375
General	City of Big Lake	Nov and Dec water bill	129
General			
	Total		<u>\$ 11,466</u>

**Big Lake Fire Department Joint Powers Agreement  
Schedule of Accounts Receivable  
Year Ended December 31, 2024**

Fund	Source	Purpose	Amount
Total			<u>\$ -</u>



**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**

Honorable Joint Powers Board Members  
Big Lake Fire Department Joint Powers  
Big Lake, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major fund of the Big Lake Fire Department Joint Powers, Big Lake, Minnesota as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Department's regulatory financial statements, and have issued our report thereon dated May 5, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department'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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency, audit finding 2024-001.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**Management's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Management's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota  
May 5, 2025



## Minnesota Legal Compliance

### Independent Auditor's Report

Honorable Joint Powers Board Members  
Big Lake Fire Department Joint Powers  
Big Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund of the Big Lake Fire Department Joint Powers, Big Lake, Minnesota as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Department's regulatory basis financial statements, and have issued our report thereon dated May 5, 2025.

In connection with our audit, we noted that the Department failed to comply with provisions of the claims and disbursements of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses as items 2024-002. Also in connection with our audit, nothing came to our attention that caused us to believe that the Department failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions, sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Department's noncompliance with the above referenced provisions.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Department's response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*BerganKDV, Ltd.*

St. Cloud, Minnesota  
May 5, 2025

**Big Lake Fire Department Joint Powers  
Schedule of Findings and Responses**

**CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS:**

**Significant Deficiency:**

**Audit Finding 2024-001 - Lack of Segregation of Accounting Duties**

During the year ended December 31, 2024, the Department had a lack of segregation of accounting duties. In order to have appropriate segregation of duties the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions and financial information, and custody of assets. The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

**Management's Response:**

The Department will review current segregation of accounting duties to determine if further segregation is possible.

**CURRENT YEAR LEGAL COMPLIANCE FINDING:**

**Audit Finding 2024-002 - Timeliness of Payments**

*Minnesota Statutes* § 471.425, Subdivision 2 states joint power organizations must pay each vendor obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period unless the joint power organization in good faith disputes the obligation. Standard payment period is defined as follows: for joint powers organizations organized under section 471.59, the standard payment period is within 45 days of the date of receipt.

During our audit, we noted two invoices selected for testing that were paid past the 45-day deadline for standard payments.

**Management's Response:**

The Department will review current procedures to determine if invoices are being paid within the standard payment period.



**Big Lake Fire Department Joint Powers  
Sherburne County, Minnesota**

**Communications Letter**

**December 31, 2024**

**Big Lake Fire Department Joint Powers  
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## Report on Matters Identified as a Result of the Audit of Regulatory Basis Financial Statements

Honorable Joint Powers Board Members  
Big Lake Fire Department Joint Powers  
Big Lake, Minnesota

In planning and performing our audit of the regulatory basis financial statements of each major fund, and the additional supplementary information of the Big Lake Fire Department Joint Powers, Big Lake, Minnesota, as of and for the year ended December 31, 2024, 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, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Department's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The purpose of this communication, which is an integral part of our audit, is to describe for the Members of the Joint Powers Board and management and others within the Department and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota  
May 5, 2025

## **Big Lake Fire Department Joint Powers Significant Deficiency**

### **Lack of Segregation of Accounting Duties**

During the year ended December 31, 2024, the Department had a lack of segregation of accounting duties. In order to have appropriate segregation of duties the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions and financial information, and custody of assets. The lack of adequate segregation of accounting duties could adversely affect the Department's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

## **Big Lake Fire Department Joint Powers Required Communication**

We have audited the regulatory basis financial statements of each major fund and the additional supplementary information of the Department for the year ended December 31, 2024. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the regulatory basis financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the regulatory basis financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the regulatory basis financial statements are free of material misstatement. An audit of the regulatory basis financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our responsibility for the supplementary information accompanying the regulatory basis financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the regulatory basis financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

### **Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the regulatory basis financial statements are free of material misstatement, we performed tests of the Department's 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 regulatory basis financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## Big Lake Fire Department Joint Powers Required Communication

### Significant Risks Identified

We have identified the following significant risks of material misstatement:

- Misappropriation of Assets Through Improper Disbursements
- Management Override of Controls - Overall Financial Statements
- Improper Revenue Recognition

### Qualitative Aspects of the Department's Significant Accounting Practices

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in the notes to the regulatory basis financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the regulatory basis financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the regulatory basis financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the regulatory basis financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain regulatory basis financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The regulatory basis financial statement disclosures are neutral, consistent, and clear.

### Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the regulatory basis financial statements taken as a whole and each applicable opinion unit.

## **Big Lake Fire Department Joint Powers Required Communication**

### **Uncorrected and Corrected Misstatements (Continued)**

Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's regulatory basis financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during that year, operating and regulatory conditions affecting the Department, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditor.