



Financial Statements  
December 31, 2017  
City of Dickinson

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**Elected**

Scott Decker

Sarah Trustem

Jason Fridrich

Carson Steiner

Klayton Oltmanns

**Administration**

Shawn Kessel

**Position**

President

Commissioner

Commissioner

Commissioner

Commissioner

City Administrator



## Independent Auditor's Report

The Honorable Mayor and Board  
Of City Commissioners  
City of Dickinson  
Dickinson, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City'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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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 budgetary comparison schedules, pension plan schedules and other postemployment benefit schedules on pages 52 through 62 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.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dickinson, North Dakota's financial statements. The official directory and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The official directory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2019 on our consideration of the City of Dickinson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dickinson's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dickinson's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Bismarck, North Dakota  
May 31, 2019

City of Dickinson  
Statement of Net Position  
December 31, 2017

|  | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| <b>Assets</b>                                    |                            |                             |                       |
| Cash and investments                             | \$ 52,105,576              | \$ 7,001,241                | \$ 59,106,817         |
| Accounts receivable                              | 1,148,871                  | 1,081,825                   | 2,230,696             |
| Taxes receivable                                 | 12,352                     | -                           | 12,352                |
| Special assessments receivable                   | 4,586,699                  | 8,784                       | 4,595,483             |
| Intergovernmental receivable                     | 4,003,091                  | -                           | 4,003,091             |
| Inventory  | -                          | 256,674                     | 256,674               |
| Restricted cash and investments                  | 1,690,500                  | 4,846,220                   | 6,536,720             |
| Capital assets not being depreciated             |                            |                             |                       |
| Land   | 1,209,832                  | 720,161                     | 1,929,993             |
| Construction in progress                         | 5,499,361                  | 2,671,996                   | 8,171,357             |
| Capital assets (net of accumulated depreciation) |                            |                             |                       |
| Buildings and improvements                       | 65,909,506                 | 37,346,036                  | 103,255,542           |
| Improvements other than buildings                | 104,555,702                | 84,517,523                  | 189,073,225           |
| Machinery and equipment                          | 5,138,954                  | 4,083,475                   | 9,222,429             |
| Total capital assets                             | <u>182,313,355</u>         | <u>129,339,191</u>          | <u>311,652,546</u>    |
| Total assets                                     | <u>245,860,444</u>         | <u>142,533,935</u>          | <u>388,394,379</u>    |
| <b>Deferred Outflows of Resources</b>            |                            |                             |                       |
| Derived from Pensions                            | <u>507,675</u>             | <u>80,708</u>               | <u>588,383</u>        |
| <b>Liabilities</b>                               |                            |                             |                       |
| Accounts payable                                 | 581,483                    | 375,632                     | 957,115               |
| Accrued payroll                                  | 413,309                    | 112,229                     | 525,538               |
| Interest payable                                 | 131,655                    | 420,208                     | 551,863               |
| Net OPEB obligation                              | 16,491                     | -                           | 16,491                |
| Retainage payable                                | 106,657                    | 13,930                      | 120,587               |
| Non-current liabilities                          |                            |                             |                       |
| Due within one year                              |                            |                             |                       |
| Compensated absences                             | 634,268                    | 108,961                     | 743,229               |
| Bonds payable, net of premium                    | 1,213,652                  | -                           | 1,213,652             |
| Notes payable                                    | -                          | 3,560,000                   | 3,560,000             |
| Capital leases payable                           | 105,914                    | 760,361                     | 866,275               |
| Due in more than one year                        |                            |                             |                       |
| Compensated absences                             | 304,550                    | 34,587                      | 339,137               |
| Bonds payable, net of premium                    | 11,520,569                 | -                           | 11,520,569            |
| Notes payable                                    | -                          | 61,214,691                  | 61,214,691            |
| Capital leases payable                           | 103,119                    | 484,392                     | 587,511               |
| Net pension liability                            | 8,073,309                  | 1,709,746                   | 9,783,055             |
| Accrued closure and post-closure care costs      | -                          | 750,645                     | 750,645               |
| Total liabilities                                | <u>23,204,976</u>          | <u>69,545,382</u>           | <u>92,750,358</u>     |
| <b>Deferred Inflows of Resources</b>             |                            |                             |                       |
| Derived from Pensions                            | <u>411,260</u>             | <u>6,422</u>                | <u>417,682</u>        |
| <b>Net Position</b>                              |                            |                             |                       |
| Net investment in capital assets                 | 169,263,444                | 63,305,817                  | 232,569,261           |
| Restricted for special purposes                  | 38,382,697                 | 4,095,575                   | 42,478,272            |
| Unrestricted                                     | <u>15,105,742</u>          | <u>5,661,447</u>            | <u>20,767,189</u>     |
| Total net position                               | <u>\$ 222,751,883</u>      | <u>\$ 73,062,839</u>        | <u>\$ 295,814,722</u> |

See Notes to Financial Statements

City of Dickinson  
Statement of Activities  
Year Ended December 31, 2017

| Functions/Programs   | Program Revenues     |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                             | Total                 |
|--|----------------------|-------------------------|--|--|-----------------------------|-----------------------|
|  | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities |                       |
| <b>Primary Government</b>                                  |                      |                         |  |  |                             |                       |
| <b>Governmental activities</b>                             |                      |                         |  |  |                             |                       |
| General government   | \$ 8,821,448         | \$ 2,404,464            | \$ -                                     | \$ (6,416,984)                                       | \$ -                        | \$ (6,416,984)        |
| Public safety  | 7,863,454            | 376,751                 | 194,788                                  | (7,291,915)  | -                           | (7,291,915)           |
| Public works   | 7,690,588            | -                       | -  | (7,690,588)  | -                           | (7,690,588)           |
| Culture and recreation                                     | 3,408,443            | 759,196                 | -  | (2,649,247)  | -                           | (2,649,247)           |
| Urban and economic development                             | 1,602,119            | -                       | -  | (1,602,119)  | -                           | (1,602,119)           |
| Other  | 175,817              | -                       | -  | (175,817)  | -                           | (175,817)             |
| Interest on long-term debt                                 | 540,255              | -                       | -  | (540,255)  | -                           | (540,255)             |
| Total governmental activities                              | <u>30,102,124</u>    | <u>3,540,411</u>        | <u>194,788</u>                           | <u>(26,366,925)</u>                                  | <u>-</u>                    | <u>(26,366,925)</u>   |
| <b>Business-type activities</b>                            |                      |                         |  |  |                             |                       |
| Water distribution utility fund                            | 7,494,722            | 5,921,255               | 367,619                                  | -  | (1,205,848)                 | (1,205,848)           |
| Wastewater fund  | 8,451,185            | 4,815,176               | -  | -  | (3,636,009)                 | (3,636,009)           |
| Solid waste utility fund                                   | 4,062,791            | 3,848,181               | -  | -  | (214,610)                   | (214,610)             |
| Storm water utility fund                                   | 217,060              | 304,308                 | -  | -  | 87,248                      | 87,248                |
| Total business-type activities                             | <u>20,225,758</u>    | <u>14,888,920</u>       | <u>367,619</u>                           | <u>-</u>   | <u>(4,969,219)</u>          | <u>(4,969,219)</u>    |
| Total primary government                                   | <u>\$ 50,327,882</u> | <u>\$ 18,429,331</u>    | <u>\$ 562,407</u>                        | <u>(26,366,925)</u>                                  | <u>(4,969,219)</u>          | <u>(31,336,144)</u>   |
| <b>General revenues</b>                                    |                      |                         |  |  |                             |                       |
| <b>Taxes</b>   |                      |                         |  |  |                             |                       |
| Property taxes levied for general purposes                 |                      |                         |  | 5,227,175  | -                           | 5,227,175             |
| Property taxes levied for special purposes                 |                      |                         |  | 1,402,908  | -                           | 1,402,908             |
| City sales tax   |                      |                         |  | 8,415,222  | -                           | 8,415,222             |
| Restaurant, lodging and occupancy taxes                    |                      |                         |  | 1,278,924  | -                           | 1,278,924             |
| Oil and gas production tax                                 |                      |                         |  | 14,101,475   | -                           | 14,101,475            |
| State aid and revenues not restricted to specific programs |                      |                         |  | 3,399,805  | -                           | 3,399,805             |
| Unrestricted interest and investment income                |                      |                         |  | 447,997  | 61,927                      | 509,924               |
| Other revenue  |                      |                         |  | 1,667,225  | 694,374                     | 2,361,599             |
| Total general revenues                                     |                      |                         |  | <u>35,940,731</u>                                    | <u>756,301</u>              | <u>36,697,032</u>     |
| Loss on disposal of fixed assets                           |                      |                         |  | (82,765)   | -                           | (82,765)              |
| Transfers  |                      |                         |  | <u>(10,400,518)</u>                                  | <u>10,400,518</u>           | <u>-</u>              |
| Change in net position                                     |                      |                         |  | (909,477)  | 6,187,600                   | 5,278,123             |
| Net Position - January 1                                   |                      |                         |  | <u>223,661,360</u>                                   | <u>66,875,239</u>           | <u>290,536,599</u>    |
| Net Position - December 31                                 |                      |                         |  | <u>\$ 222,751,883</u>                                | <u>\$ 73,062,839</u>        | <u>\$ 295,814,722</u> |



City of Dickinson  
Balance Sheet-Governmental Funds  
December 31, 2017

|  | Major Funds          |                          |                         |                          |                               | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|-------------------------|--------------------------|-------------------------------|--------------------------------|--------------------------------|
|  | General              | One Percent<br>Sales Tax | Oil & Gas<br>Production | Building<br>Construction | Annual Street<br>Project Fund |                                |                                |
| <b>Assets</b>  |                      |                          |                         |                          |                               |                                |                                |
| Cash and investments   | \$ 14,228,099        | \$ 7,684,811             | \$ 18,161,563           | \$ 580,869               | \$ 716,320                    | \$ 10,156,496                  | \$ 51,528,158                  |
| Accounts receivable  | 190,651              | -                        | -                       | -                        | 840,887                       | 117,333                        | 1,148,871                      |
| Taxes receivable   | 12,352               | -                        | -                       | -                        | -                             | -                              | 12,352                         |
| Special assessments receivable   | -                    | -                        | -                       | -                        | -                             | 1,405,298                      | 1,405,298                      |
| Intergovernmental receivables  | 549,276              | 998,557                  | 1,743,558               | -                        | -                             | 711,700                        | 4,003,091                      |
| Interfund receivables  | 610,325              | -                        | -                       | -                        | -                             | -                              | 610,325                        |
| Advances to other funds  | 1,416,086            | -                        | -                       | -                        | -                             | -                              | 1,416,086                      |
| Restricted cash and investments  | -                    | -                        | -                       | -                        | -                             | 1,690,500                      | 1,690,500                      |
| <b>Total assets</b>  | <b>\$ 17,006,789</b> | <b>\$ 8,683,368</b>      | <b>\$ 19,905,121</b>    | <b>\$ 580,869</b>        | <b>\$ 1,557,207</b>           | <b>\$ 14,081,327</b>           | <b>\$ 61,814,681</b>           |
| <b>Liabilities</b>   |                      |                          |                         |                          |                               |                                |                                |
| Accounts payable   | \$ 313,134           | \$ 13,221                | \$ -                    | \$ 102,172               | \$ 32,339                     | \$ 49,286                      | \$ 510,152                     |
| Accrued payroll  | 376,413              | -                        | -                       | -                        | -                             | 22,961                         | 399,374                        |
| Interfund payables   | -                    | -                        | -                       | -                        | -                             | 610,325                        | 610,325                        |
| Retainage payable  | -                    | -                        | -                       | -                        | 106,657                       | -                              | 106,657                        |
| Advances from other funds  | -                    | -                        | -                       | -                        | -                             | 1,416,086                      | 1,416,086                      |
| <b>Total liabilities</b>   | <b>689,547</b>       | <b>13,221</b>            | <b>-</b>                | <b>102,172</b>           | <b>138,996</b>                | <b>2,098,658</b>               | <b>3,042,594</b>               |
| <b>Deferred Inflows of Resources</b>                                       |                      |                          |                         |                          |                               |                                |                                |
| Unavailable property taxes   | 12,352               | -                        | -                       | -                        | -                             | -                              | 12,352                         |
| Unavailable special assessments  | -                    | -                        | -                       | -                        | -                             | 1,405,298                      | 1,405,298                      |
| <b>Total deferred inflows of resources</b>                                 | <b>12,352</b>        | <b>-</b>                 | <b>-</b>                | <b>-</b>                 | <b>-</b>                      | <b>1,405,298</b>               | <b>1,417,650</b>               |
| <b>Fund Balances</b>   |                      |                          |                         |                          |                               |                                |                                |
| Nonspendable   | 1,416,086            | -                        | -                       | -                        | -                             | -                              | 1,416,086                      |
| Restricted   | -                    | 8,670,147                | 19,905,121              | -                        | -                             | 9,807,429                      | 38,382,697                     |
| Committed  | -                    | -                        | -                       | -                        | -                             | 817,207                        | 817,207                        |
| Assigned   | 7,008,147            | -                        | -                       | 478,697                  | 1,418,211                     | 563,060                        | 9,468,115                      |
| Unassigned   | 7,880,657            | -                        | -                       | -                        | -                             | (610,325)                      | 7,270,332                      |
| <b>Total fund balances</b>   | <b>16,304,890</b>    | <b>8,670,147</b>         | <b>19,905,121</b>       | <b>478,697</b>           | <b>1,418,211</b>              | <b>10,577,371</b>              | <b>57,354,437</b>              |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 17,006,789</b> | <b>\$ 8,683,368</b>      | <b>\$ 19,905,121</b>    | <b>\$ 580,869</b>        | <b>\$ 1,557,207</b>           | <b>\$ 14,081,327</b>           | <b>\$ 61,814,681</b>           |

City of Dickinson  
 Reconciliation of the Governmental Funds –Balance Sheet to the Statement of Net Position  
 December 31, 2017

|   |                     |                       |
|---|---------------------|-----------------------|
| Total Fund Balances - Governmental Funds  |                     | \$ 57,354,437         |
| 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  | \$ 265,289,915      |                       |
| Less accumulated depreciation   | <u>(82,976,560)</u> |                       |
| Net capital assets  |                     | 182,313,355           |
| Property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and are reported as deferred inflows in the funds. Uncertified special assessments are reported on the statement of net position.               |                     |                       |
|   |                     | 4,599,051             |
| Internal service funds are used by management to charge the costs of certain activities as fuel services to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.                                     |                     |                       |
|   |                     | 465,896               |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.  |                     |                       |
|   |                     | 96,415                |
| Long-term liabilities applicable to the City'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, 2017 are: |                     |                       |
| Interest payable  | (131,655)           |                       |
| Compensated absences  | (929,053)           |                       |
| Bonds payable, net of premium   | (12,734,221)        |                       |
| Capital leases payable  | (209,033)           |                       |
| Net pension liability   | <u>(8,073,309)</u>  |                       |
| Total long-term liabilities   |                     | <u>(22,077,271)</u>   |
| Total net position of governmental activities   |                     | <u>\$ 222,751,883</u> |

City of Dickinson  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended December 31, 2017

|  | Major Funds        |                          |                         |                          |                               | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|--------------------------|-------------------------|--------------------------|-------------------------------|--------------------------------|--------------------------------|
|  | General            | One Percent<br>Sales Tax | Oil & Gas<br>Production | Building<br>Construction | Annual Street<br>Project Fund |                                |                                |
| <b>Revenues</b>  |                    |                          |                         |                          |                               |                                |                                |
| Taxes  | \$ 4,733,431       | \$ 5,610,148             | \$ -                    | \$ -                     | \$ -                          | \$ 4,577,742                   | \$ 14,921,321                  |
| Licenses, permits and fees                                   | 608,939            | -                        | -                       | -                        | -                             | -                              | 608,939                        |
| Intergovernmental revenues                                   | 2,951,096          | -                        | 14,101,475              | -                        | -                             | 643,497                        | 17,696,068                     |
| Charges for services   | 2,404,464          | -                        | -                       | -                        | -                             | 150,257                        | 2,554,721                      |
| Fines and forfeits   | 362,018            | -                        | -                       | -                        | -                             | 14,733                         | 376,751                        |
| Special assessments  | 1,365              | -                        | -                       | -                        | 24,336                        | 1,557,775                      | 1,583,476                      |
| Interest and investment income                               | 209,741            | 40,404                   | 121,044                 | 7,576                    | 9,732                         | 59,500                         | 447,997                        |
| Donations  | -                  | -                        | -                       | -                        | -                             | 262,983                        | 262,983                        |
| Miscellaneous revenues                                       | 493,488            | -                        | -                       | -                        | 840,887                       | 69,867                         | 1,404,242                      |
| <b>Total revenues</b>  | <b>11,764,542</b>  | <b>5,650,552</b>         | <b>14,222,519</b>       | <b>7,576</b>             | <b>874,955</b>                | <b>7,336,354</b>               | <b>39,856,498</b>              |
| <b>Expenditures</b>  |                    |                          |                         |                          |                               |                                |                                |
| <b>Current</b>   |                    |                          |                         |                          |                               |                                |                                |
| General government   | 4,577,251          | -                        | -                       | -                        | -                             | -                              | 4,577,251                      |
| Public safety  | 7,029,638          | -                        | -                       | -                        | -                             | 21,888                         | 7,051,526                      |
| Public works   | 2,474,558          | -                        | -                       | -                        | 198,630                       | 43,928                         | 2,717,116                      |
| Culture and recreation                                       | 587,583            | -                        | -                       | -                        | -                             | 1,665,965                      | 2,253,548                      |
| Urban and economic development                               | -                  | 1,250,525                | -                       | -                        | -                             | 351,594                        | 1,602,119                      |
| Other  | 165,586            | -                        | -                       | -                        | -                             | -                              | 165,586                        |
| Debt service   |                    |                          |                         |                          |                               |                                |                                |
| Principal  | -                  | -                        | -                       | -                        | -                             | 1,432,400                      | 1,432,400                      |
| Interest and service charges                                 | -                  | -                        | -                       | -                        | -                             | 568,907                        | 568,907                        |
| Capital outlay   | 700,530            | 42,747                   | -                       | 853,783                  | 6,570,517                     | 179,890                        | 8,347,467                      |
| <b>Total expenditures</b>                                    | <b>15,535,146</b>  | <b>1,293,272</b>         | <b>-</b>                | <b>853,783</b>           | <b>6,769,147</b>              | <b>4,264,572</b>               | <b>28,715,920</b>              |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <b>(3,770,604)</b> | <b>4,357,280</b>         | <b>14,222,519</b>       | <b>(846,207)</b>         | <b>(5,894,192)</b>            | <b>3,071,782</b>               | <b>11,140,578</b>              |
| <b>Other Financing Sources (Uses)</b>                        |                    |                          |                         |                          |                               |                                |                                |
| Transfers in   | 5,309,371          | -                        | -                       | -                        | 7,138,729                     | 2,291,673                      | 14,739,773                     |
| Transfers out  | (869,351)          | (4,200,000)              | (16,823,892)            | (330,825)                | -                             | (3,356,766)                    | (25,580,834)                   |
| <b>Total other financing sources and uses</b>                | <b>4,440,020</b>   | <b>(4,200,000)</b>       | <b>(16,823,892)</b>     | <b>(330,825)</b>         | <b>7,138,729</b>              | <b>(1,065,093)</b>             | <b>(10,841,061)</b>            |
| <b>Net Change in Fund Balances</b>                           | <b>669,416</b>     | <b>157,280</b>           | <b>(2,601,373)</b>      | <b>(1,177,032)</b>       | <b>1,244,537</b>              | <b>2,006,689</b>               | <b>299,517</b>                 |
| Fund Balance - January 1                                     | 15,635,474         | 8,512,867                | 22,506,494              | 1,655,729                | 173,674                       | 8,570,682                      | 57,054,920                     |
| Fund Balance - December 31                                   | \$ 16,304,890      | \$ 8,670,147             | \$ 19,905,121           | \$ 478,697               | \$ 1,418,211                  | \$ 10,577,371                  | \$ 57,354,437                  |

See Notes to Financial Statements

City of Dickinson

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2017

|   |                     |
|---|---------------------|
| Net Change in Fund Balances - Total Governmental Funds  | \$ 299,517          |
| 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 outlays exceeded depreciation in the current year |                     |
| Current year capital outlay   | \$ 8,347,467        |
| Current year depreciation expense   | <u>(10,235,086)</u> |
|   | (1,887,619)         |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) decreases net position   | (82,765)            |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.   |                     |
| Net decrease in interest payable  | 8,624               |
| Net increase in compensated absences  | (160,676)           |
| Net decrease in net pension liability   | <u>701,839</u>      |
|   | 549,787             |
| Changes to pension related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds   | (867,627)           |
| Government funds report the effect of bond premiums when debt is first issued, whereas these amounts are amortized in the statement of activities.  | 28,652              |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.  | 1,432,400           |
| 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. This consists of the decrease in taxes and special assessments receivable.                                    | (180,568)           |
| The net revenue of certain activities of the internal service funds is reported with governmental activities  | <u>(201,254)</u>    |
| Change in net position of governmental activities   | <u>\$ (909,477)</u> |

City of Dickinson  
Statement of Net Position - Proprietary Funds  
December 31, 2017

|   | Business Type Activities - Enterprise Funds |                      |                             |                             | Total                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|----------------------|-----------------------------|-----------------------------|----------------------|--|
|   | Water<br>Distribution<br>Utility Fund       | Wastewater<br>Fund   | Solid Waste<br>Utility Fund | Other<br>Enterprise<br>Fund |                      |  |
| <b>Assets</b>   |   |                      |                             |                             |                      |  |
| <b>Current assets</b>                                   |   |                      |                             |                             |                      |  |
| Cash and cash equivalents                               | \$ 2,474,007                                | \$ -                 | \$ 1,230,348                | \$ 363,124                  | \$ 4,067,479         | \$ 277,467   |
| Investments   | 2,162,254                                   | -                    | 651,984                     | 119,524                     | 2,933,762            | 299,951  |
| Accounts receivable                                     | 498,466                                     | 243,614              | 258,656                     | 81,089                      | 1,081,825            | -  |
| Interfund receivables                                   | 2,296,397                                   | -                    | -                           | -                           | 2,296,397            | -  |
| Inventory   | 220,224                                     | 24,511               | -                           | 11,939                      | 256,674              | -  |
| <b>Total current assets</b>                             | <b>7,651,348</b>                            | <b>268,125</b>       | <b>2,140,988</b>            | <b>575,676</b>              | <b>10,636,137</b>    | <b>577,418</b>   |
| <b>Noncurrent assets</b>                                |   |                      |                             |                             |                      |  |
| Restricted cash and cash equivalents                    | -   | 4,095,575            | 750,645                     | -                           | 4,846,220            | -  |
| Special assessments receivable                          | 8,784                                       | -                    | -                           | -                           | 8,784                | -  |
| <b>Capital assets not being depreciated</b>             |   |                      |                             |                             |                      |  |
| Land  | 83,040                                      | 574,029              | 63,092                      | -                           | 720,161              | -  |
| Construction in progress                                | 345,334                                     | 551,199              | 1,542,695                   | 232,768                     | 2,671,996            | -  |
| <b>Capital assets (net of accumulated depreciation)</b> |   |                      |                             |                             |                      |  |
| Buildings and improvements                              | 2,120,455                                   | 34,676,451           | 549,130                     | -                           | 37,346,036           | -  |
| Improvements other than buildings                       | 27,860,085                                  | 55,656,949           | 956,052                     | 44,437                      | 84,517,523           | -  |
| Machinery and equipment                                 | 238,732                                     | 558,219              | 3,242,369                   | 44,155                      | 4,083,475            | -  |
| <b>Total noncurrent assets</b>                          | <b>30,656,430</b>                           | <b>96,112,422</b>    | <b>7,103,983</b>            | <b>321,360</b>              | <b>134,194,195</b>   | <b>-</b>   |
| <b>Total assets</b>                                     | <b>38,307,778</b>                           | <b>96,380,547</b>    | <b>9,244,971</b>            | <b>897,036</b>              | <b>144,830,332</b>   | <b>577,418</b>   |
| <b>Deferred Outflows of Resources</b>                   |   |                      |                             |                             |                      |  |
| Derived from Pensions                                   | -   | -                    | 80,708                      | -                           | 80,708               | -  |
| <b>Liabilities</b>                                      |   |                      |                             |                             |                      |  |
| <b>Current liabilities</b>                              |   |                      |                             |                             |                      |  |
| Accounts payable  | 74,938                                      | 153,922              | 143,803                     | 2,969                       | 375,632              | 71,331   |
| Accrued payroll   | 10,092                                      | 35,218               | 61,976                      | 4,943                       | 112,229              | 13,935   |
| Interfund payables                                      | -   | 2,296,397            | -                           | -                           | 2,296,397            | -  |
| Interest payable  | -   | 420,208              | -                           | -                           | 420,208              | -  |
| Retainage payable                                       | 8,126                                       | 5,804                | -                           | -                           | 13,930               | -  |
| Compensated absences                                    | 8,969                                       | 21,923               | 76,333                      | 1,736                       | 108,961              | 9,765  |
| Notes payable   | -   | 3,560,000            | -                           | -                           | 3,560,000            | -  |
| Capital leases payable                                  | -   | 119,069              | 641,292                     | -                           | 760,361              | -  |
| Net OPEB obligation                                     | -   | -                    | -                           | -                           | -                    | 16,491   |
| <b>Total current liabilities</b>                        | <b>102,125</b>                              | <b>6,612,541</b>     | <b>923,404</b>              | <b>9,648</b>                | <b>7,647,718</b>     | <b>111,522</b>   |
| <b>Noncurrent liabilities</b>                           |   |                      |                             |                             |                      |  |
| Compensated absences                                    | -   | 34,587               | -                           | -                           | 34,587               | -  |
| Notes payable   | -   | 61,214,691           | -                           | -                           | 61,214,691           | -  |
| Capital leases payable                                  | -   | 86,739               | 397,653                     | -                           | 484,392              | -  |
| Accrued closure and post closure liability              | -   | -                    | 750,645                     | -                           | 750,645              | -  |
| Net pension liability                                   | -   | -                    | 1,709,746                   | -                           | 1,709,746            | -  |
| <b>Total noncurrent liabilities</b>                     | <b>-</b>                                    | <b>61,336,017</b>    | <b>2,858,044</b>            | <b>-</b>                    | <b>64,194,061</b>    | <b>-</b>   |
| <b>Total liabilities</b>                                | <b>102,125</b>                              | <b>67,948,558</b>    | <b>3,781,448</b>            | <b>9,648</b>                | <b>71,841,779</b>    | <b>111,522</b>   |
| <b>Deferred Inflows of Resources</b>                    |   |                      |                             |                             |                      |  |
| Derived from Pensions                                   | -   | -                    | 6,422                       | -                           | 6,422                | -  |
| <b>Net Position</b>                                     |   |                      |                             |                             |                      |  |
| Net investment in capital assets                        | 30,639,520                                  | 27,030,544           | 5,314,393                   | 321,360                     | 63,305,817           | -  |
| Restricted for debt service                             | -   | 4,095,575            | -                           | -                           | 4,095,575            | -  |
| Unrestricted  | 7,566,133                                   | (2,694,130)          | 223,416                     | 566,028                     | 5,661,447            | 465,896  |
| <b>Total net position</b>                               | <b>\$ 38,205,653</b>                        | <b>\$ 28,431,989</b> | <b>\$ 5,537,809</b>         | <b>\$ 887,388</b>           | <b>\$ 73,062,839</b> | <b>\$ 465,896</b>  |

See Notes to Financial Statements

City of Dickinson  
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds  
Year Ended December 31, 2017

|  | Business Type Activities - Enterprise Funds |                      |                             |                             | Total                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|----------------------|-----------------------------|-----------------------------|----------------------|--|
|  | Water<br>Distribution<br>Utility Fund       | Wastewater<br>Fund   | Solid Waste<br>Utility Fund | Other<br>Enterprise<br>Fund |                      |  |
| Operating revenues                     |   |                      |                             |                             |                      |  |
| Sales                                  | \$ 5,920,925                                | \$ 4,815,176         | \$ 3,848,181                | \$ 304,308                  | \$ 14,888,590        | \$ 267,670   |
| Charges for services                   | 330   | -                    | -                           | -                           | 330                  | -  |
| Total operating revenues               | <u>5,921,255</u>                            | <u>4,815,176</u>     | <u>3,848,181</u>            | <u>304,308</u>              | <u>14,888,920</u>    | <u>267,670</u>   |
| Operating expenses                     |   |                      |                             |                             |                      |  |
| Salaries                               | 250,644                                     | 733,980              | 1,236,302                   | 91,371                      | 2,312,297            | -  |
| Employment cost                        | 76,112                                      | 230,621              | 572,302                     | 33,104                      | 912,139              | 49,001   |
| Administrative and general             | 786,689                                     | 346,260              | 486,600                     | 35,010                      | 1,654,559            | -  |
| Supplies                               | 167,307                                     | 503,391              | 320,864                     | 23,279                      | 1,014,841            | 796,359  |
| Services                               | 316,996                                     | 734,184              | 286,376                     | 7,799                       | 1,345,355            | -  |
| Maintenance                            | 4,635                                       | 108,574              | 384,216                     | 11,907                      | 509,332              | -  |
| Water purchase                         | 4,172,734                                   | -                    | -                           | -                           | 4,172,734            | -  |
| Inventory expense                      | 72,751                                      | 361,512              | -                           | -                           | 434,263              | -  |
| Miscellaneous                          | 7,001                                       | 5,375                | 3,528                       | -                           | 15,904               | -  |
| Depreciation                           | 1,639,853                                   | 3,524,590            | 718,958                     | 14,590                      | 5,897,991            | -  |
| Employee distributions                 | -   | -                    | -                           | -                           | -                    | 74,691   |
| Total operating expenses               | <u>7,494,722</u>                            | <u>6,548,487</u>     | <u>4,009,146</u>            | <u>217,060</u>              | <u>18,269,415</u>    | <u>920,051</u>   |
| Operating income (loss)                | <u>(1,573,467)</u>                          | <u>(1,733,311)</u>   | <u>(160,965)</u>            | <u>87,248</u>               | <u>(3,380,495)</u>   | <u>(652,381)</u>   |
| Nonoperating revenues (expenses)       |   |                      |                             |                             |                      |  |
| Interest and investment income         | 45,039                                      | -                    | 14,570                      | 2,318                       | 61,927               | 10,584   |
| Interest expense and service charges   | -   | (1,902,698)          | (24,973)                    | -                           | (1,927,671)          | -  |
| Closure and post closure costs         | -   | -                    | (28,672)                    | -                           | (28,672)             | -  |
| Meter and meter repairs sales          | 870   | -                    | -                           | -                           | 870                  | -  |
| Intergovernmental revenue              | 367,619                                     | -                    | -                           | -                           | 367,619              | -  |
| Miscellaneous revenue                  | 172,995                                     | 177,020              | 269,114                     | 74,375                      | 693,504              | -  |
| Total nonoperating revenues (expenses) | <u>586,523</u>                              | <u>(1,725,678)</u>   | <u>230,039</u>              | <u>76,693</u>               | <u>(832,423)</u>     | <u>10,584</u>  |
| Income (loss) before transfers         | <u>(986,944)</u>                            | <u>(3,458,989)</u>   | <u>69,074</u>               | <u>163,941</u>              | <u>(4,212,918)</u>   | <u>(641,797)</u>   |
| Transfers in                           | 33,336                                      | 10,551,168           | -                           | -                           | 10,584,504           | 440,543  |
| Transfers out                          | (6,468)                                     | (9,079)              | (167,861)                   | (578)                       | (183,986)            | -  |
| Change in net position                 | <u>(960,076)</u>                            | <u>7,083,100</u>     | <u>(98,787)</u>             | <u>163,363</u>              | <u>6,187,600</u>     | <u>(201,254)</u>   |
| Net position - January 1               | <u>39,165,729</u>                           | <u>21,348,889</u>    | <u>5,636,596</u>            | <u>724,025</u>              | <u>66,875,239</u>    | <u>667,150</u>   |
| Net position - December 31             | <u>\$ 38,205,653</u>                        | <u>\$ 28,431,989</u> | <u>\$ 5,537,809</u>         | <u>\$ 887,388</u>           | <u>\$ 73,062,839</u> | <u>\$ 465,896</u>  |

City of Dickinson  
Statement of Cash Flows – Proprietary Funds  
Year Ended December 31, 2017

|  | Business Type Activities - Enterprise Funds |                    |                             |                             | Total         | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|--------------------|-----------------------------|-----------------------------|---------------|--|
|  | Water<br>Distribution<br>Utility Fund       | Wastewater<br>Fund | Solid Waste<br>Utility Fund | Other<br>Enterprise<br>Fund |               |  |
| <b>Cash Flows from Operating Activities</b>                          |   |                    |                             |                             |               |  |
| Cash received from customers and users                               | \$ 8,421,854                                | \$ 4,780,514       | \$ 3,816,818                | \$ 234,660                  | \$ 17,253,846 | \$ 267,670   |
| Cash paid to suppliers   | (6,025,029)                                 | (2,261,035)        | (1,342,509)                 | (78,213)                    | (9,706,786)   | (785,993)  |
| Cash paid to employees   | (336,947)                                   | (946,895)          | (1,755,272)                 | (121,549)                   | (3,160,663)   | (75,928)   |
| Net cash provided (used) by operating activities                     | 2,059,878                                   | 1,572,584          | 719,037                     | 34,898                      | 4,386,397     | (594,251)  |
| <b>Cash Flows from Noncapital Financing Activities</b>               |   |                    |                             |                             |               |  |
| Intergovernmental revenue  | 367,619                                     | -                  | -                           | -                           | 367,619       | -  |
| Interfund receivables/payables                                       | 766,892                                     | (766,892)          | -                           | -                           | -             | -  |
| Transfers from other funds   | 33,336                                      | 10,551,168         | -                           | -                           | 10,584,504    | 440,543  |
| Transfers to other funds   | (6,468)                                     | (9,079)            | (167,861)                   | (578)                       | (183,986)     | -  |
| Nonoperating revenues  | 173,865                                     | 177,020            | 269,114                     | 74,375                      | 694,374       | -  |
| Net cash provided (used) by noncapital financing activities          | 1,335,244                                   | 9,952,217          | 101,253                     | 73,797                      | 11,462,511    | 440,543  |
| <b>Cash Flows from Capital and Related Financing Activities</b>      |   |                    |                             |                             |               |  |
| Principal payments on notes payable                                  | -   | (8,692,416)        | -                           | -                           | (8,692,416)   | -  |
| Proceeds from issuance of notes                                      | -   | 1,379,314          | -                           | -                           | 1,379,314     | -  |
| Principal payments on capital leases                                 | -   | (113,555)          | (672,661)                   | -                           | (786,216)     | -  |
| Interest payments  | -   | (2,500,060)        | (24,973)                    | -                           | (2,525,033)   | -  |
| Purchase of capital assets   | (376,644)                                   | (537,145)          | (368,778)                   | (50,590)                    | (1,333,157)   | -  |
| Net cash provided (used) by capital and related financing activities | (376,644)                                   | (10,463,862)       | (1,066,412)                 | (50,590)                    | (11,957,508)  | -  |
| <b>Cash Flows from Investing Activities</b>                          |   |                    |                             |                             |               |  |
| Net proceeds from (purchase of) investments                          | (983,713)                                   | -                  | 52,091                      | (18,051)                    | (949,673)     | (244,709)  |
| Interest and investment income                                       | 45,039                                      | -                  | 14,570                      | 2,318                       | 61,927        | 10,584   |
| Net cash provided (used) by investing activities                     | (938,674)                                   | -                  | 66,661                      | (15,733)                    | (887,746)     | (234,125)  |
| <b>Net Change in Cash and Cash Equivalents</b>                       | 2,079,804                                   | 1,060,939          | (179,461)                   | 42,372                      | 3,003,654     | (387,833)  |
| Cash and Cash Equivalents, 1/1/2017                                  | 394,203                                     | 3,034,636          | 1,409,809                   | 320,752                     | 5,159,400     | 665,300  |
| Cash and Cash Equivalents, 12/31/2017                                | \$ 2,474,007                                | \$ 4,095,575       | \$ 1,230,348                | \$ 363,124                  | \$ 8,163,054  | \$ 277,467   |

City of Dickinson  
Statement of Cash Flows – Proprietary Funds  
Year Ended December 31, 2017

|  | Business Type Activities - Enterprise Funds |                    |                             |                             |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|--------------------|-----------------------------|-----------------------------|----------------|--|
|  | Water<br>Distribution<br>Utility Fund       | Wastewater<br>Fund | Solid Waste<br>Utility Fund | Other<br>Enterprise<br>Fund | Total          |  |
| Reconciliation of Operating Income (Loss)<br>to Net Cash Provided (Used) by Operating<br>Activities        |   |                    |                             |                             |                |  |
| Operating income (loss)  | \$ (1,573,467)                              | \$ (1,733,311)     | \$ (160,965)                | \$ 87,248                   | \$ (3,380,495) | \$ (652,381)   |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities |   |                    |                             |                             |                |  |
| Depreciation expense   | 1,639,853                                   | 3,524,590          | 718,958                     | 14,590                      | 5,897,991      | -  |
| Change in Assets and Liabilities   |   |                    |                             |                             |                |  |
| Receivables  | 2,500,599                                   | (34,662)           | (31,363)                    | (69,648)                    | 2,364,926      | -  |
| Deferred outflows  | -   | -                  | 46,632                      | -                           | 46,632         | -  |
| Compensated absences liability   | (3,236)                                     | 11,774             | (51,990)                    | 777                         | (42,675)       | 5,939  |
| Accounts payable   | (496,916)                                   | (201,739)          | 139,075                     | (218)                       | (559,798)      | 10,366   |
| Accrued payroll  | (6,955)                                     | 5,932              | (10,204)                    | 2,149                       | (9,078)        | 101  |
| Deferred inflows   | -   | -                  | 6,422                       | -                           | 6,422          | -  |
| Net pension liability  | -   | -                  | 62,472                      | -                           | 62,472         | -  |
| Net OPEB obligation  | -   | -                  | -                           | -                           | -              | 41,724   |
| Net cash provided (used) by operating<br>activities  | \$ 2,059,878                                | \$ 1,572,584       | \$ 719,037                  | \$ 34,898                   | \$ 4,386,397   | \$ (594,251)   |



City of Dickinson  
Statement of Fiduciary Net Position  
December 31, 2017

|                                    | <u>City of Dickinson<br/>Pension Plans</u> | <u>Agency<br/>Funds</u> |
|------------------------------------|--|-------------------------|
| Assets                             |  |                         |
| Cash and cash equivalents          | \$ 1                                       | \$ 687,884              |
| Investments, at fair value         |  |                         |
| Corporate bonds                    | 1,641,252                                  | -                       |
| Mutual funds                       | 9,633,004                                  | -                       |
| Equity dividend focus              | 2,400,842                                  | -                       |
| Money market                       | 373,283                                    | -                       |
| Total investments                  | <u>14,048,381</u>                          | <u>-</u>                |
| Accounts receivable                | <u>-</u>                                   | <u>56,506</u>           |
| Total assets                       | <u>\$ 14,048,382</u>                       | <u>\$ 744,390</u>       |
| Liabilities                        |  |                         |
| Due to other parties               | <u>\$ -</u>                                | <u>\$ 744,390</u>       |
| Net Position                       |  |                         |
| Held in trust for pension benefits | <u>14,048,382</u>                          |                         |
| Total net position                 | <u>\$ 14,048,382</u>                       |                         |

City of Dickinson  
Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2017

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|   | <u>City of<br/>Dickinson<br/>Pension Plans</u> |
|---|--|
| Additions                                 |  |
| Contributions                             |  |
| Employer                                  | \$ 1,325,799                                   |
| Employee                                  | 119,827  |
| Total contributions                       | <u>1,445,626</u>                               |
| Investment earnings                       |  |
| Net increase in fair value of investments | 703,239  |
| Interest and dividends                    | 565,530  |
| Total investment earnings                 | <u>1,268,769</u>                               |
| Total additions                           | <u>2,714,395</u>                               |
| Deductions                                |  |
| Administration expense                    | 80,370   |
| Benefits                                  | 1,603,703                                      |
| Total deductions                          | <u>1,684,073</u>                               |
| Change in Net Position                    | 1,030,322                                      |
| Net Position - January 1                  | <u>13,018,060</u>                              |
| Net Position - December 31                | <u>\$ 14,048,382</u>                           |

## **Note 1 - Principal Business Activity and Significant Accounting Policies**

The City of Dickinson, North Dakota, operates under a Home Rule Charter. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### **Financial Reporting Entity**

The accompanying financial statements present the activities of the City of Dickinson. The City has considered all potential component units for which the City is financially accountable and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Dickinson 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 City of Dickinson.

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

### **Government-Wide and Fund Financial Statements**

#### **Government-Wide Statements**

The statement of net position and the statement of activities display information about the primary government, the City of Dickinson. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines 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 City's funds including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

### **Financial Statement Presentation**

The City reports the following major governmental funds:

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

One Percent Sales Tax Fund – This fund accounts for the use of the City sales tax for debt service, capital facility, job creation, RSVP and Eldercare within the City.

Oil & Gas Production Fund – This fund is used to account for the money received from the state and federal government that are directed to be used to alleviate the effects of oil impact in the area.

Building Construction Fund – This fund is used to account for capital projects throughout the City.

Annual Street Project Fund - This fund is used to account for the annual street, sidewalk, and trails projects throughout the City.

The City reports the following major enterprise funds:

Water Distribution Utility Fund – This fund accounts for the operations of the water distribution system for the City of Dickinson. This fund also accounts for the capital assets of the water treatment plant which benefits the Southwest Pipeline project which is operated by the Southwest Water Authority.

Wastewater Fund – This fund accounts for the operations and capital assets of the sewer system for the City of Dickinson.

Solid Waste Utility Fund – This fund accounts for the operations and capital assets of the solid waste system for the City of Dickinson.

Additionally, the City reports the following fund types:

Internal Service Fund – This fund accounts for providing fueling services provided to other departments of the City of Dickinson on a cost reimbursement basis. This fund is also used to charge the cost of the City mechanic to the individual funds.

Pension Trust Funds – These funds account for the activities of the City of Dickinson Employee’s Pension Plan, Police Pension Plan and the Firemen’s Pension Plan which accumulates resources for pension benefit payment to qualified city employees.

Agency Funds – These funds account for assets by the City in a custodial capacity as an agent on behalf of others.

#### **Measurement Focus, Basis of Accounting, and Non-Exchange Transactions**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City 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 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 City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Special assessments, intergovernmental revenues, charges for services and investment income are considered 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 City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, and then to general revenues.

As a general rule, the City has eliminated the effect of interfund activity from the government-wide financial statements. Exceptions to this rule are when various charges exist between different functions of government (i.e. water and sewer charges to other various functions of the City). Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Cash and Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits and highly liquid investments with an original maturity of three months or less.

The investments of the City's governmental and enterprise funds, during the year ended December 31, 2017, consisted of bonds, certificates of deposit, mutual funds, money market accounts, and mortgage backed securities stated at fair value.

Investments of the pension trust funds consisted of bonds, mutual funds, and money market accounts. The investments of the pension trust funds are stated at fair value at December 31, 2017.

#### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion) or "advances to/from other funds (non-current portion)." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

All real estate is assessed on current value as of February 1 of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date. A 5% reduction of taxes is allowed if taxes are paid in full by February 15. To avoid being delinquent, one-half of taxes due must be paid by March 1 and the remaining balance paid by October 15.

#### **Restricted Assets**

Certain resources set aside for debt service in the 2013 Sales Tax Revenue Bonds fund, and the Wastewater fund are classified as restricted assets because their use is limited by bond and loan covenants.

The City has restricted certain investments to be used for landfill closure in the Solid Waste Utility fund. The City will close the landfill at the end of its useful life and will use the restricted investments to pay for the cost of the closure and required monitoring.

### 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 City 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. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. 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 the construction phase of capital assets is not capitalized.

Property, plant and equipment are depreciated in the proprietary funds of the City using the straight-line method over the following estimated useful lives:

|                                   |             |
|-----------------------------------|-------------|
| Buildings and improvements        | 50 years    |
| Improvements other than buildings | 20-50 years |
| Machinery and equipment           | 5-20 years  |

### Compensated Absences

Full time employees are granted vacation benefits from 40 to 192 hours per year depending on tenure with the City. Employees can accrue up to a maximum of 240 hours of vacation at year end. Upon termination of employment, employees will be paid for vacation benefits that have accrued at the employee's rate of pay on their last day of employment. Sick leave benefits accrue at a rate of 8 hours per month. Unused sick leave benefits are allowed to accumulate indefinitely. Upon termination of employment or retirement, unused sick leave will be paid at a rate of 25% of the employee's hourly wage at the time of separation for all unused days. Vested or accumulated leave is reported in the long-term debt account group and in the enterprise funds.

### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the governmental funds and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pension, pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **Fund Equity**

In the fund financial statements, fund balance for governmental funds are reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent:

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

Restricted results when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (simple majority vote) of the City's highest level of decision-making authority (City Commission) and cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit the amounts.

Assigned consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, as expressed by the finance director to which the City's commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned is the residual classification for the general fund and represents the amount that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.



When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditures, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts unless the governing board has provided otherwise in its commitment or assignment actions.

As of December 31, 2017, the specific purposes of the fund balance classifications consisted of the following:

|   | General              | One Percent<br>Sales Tax | Oil & Gas<br>Production | Building<br>Construction | Annual Street<br>Project Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------|-------------------------|--------------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>Fund Balances</b>                                |                      |                          |                         |                          |                               |                                |                                |
| <b>Nonspendable</b>                                 |                      |                          |                         |                          |                               |                                |                                |
| Advances to other funds                             | \$ 1,416,086         | \$ -                     | \$ -                    | \$ -                     | \$ -                          | \$ -                           | \$ 1,416,086                   |
| Total nonspendable                                  | <u>1,416,086</u>     | <u>-</u>                 | <u>-</u>                | <u>-</u>                 | <u>-</u>                      | <u>-</u>                       | <u>1,416,086</u>               |
| <b>Restricted for</b>                               |                      |                          |                         |                          |                               |                                |                                |
| Debt, property tax reductions<br>and infrastructure | -                    | 4,335,074                | -                       | -                        | -                             | 6,810,643                      | 11,145,717                     |
| Urban and economic development                      | -                    | 2,601,044                | -                       | -                        | -                             | 2,842,261                      | 5,443,305                      |
| Job creation and senior citizen<br>activities       | -                    | 1,734,029                | -                       | -                        | -                             | -                              | 1,734,029                      |
| Oil impacted operations                             | -                    | -                        | 19,905,121              | -                        | -                             | -                              | 19,905,121                     |
| Grants  | -                    | -                        | -                       | -                        | -                             | 81,977                         | 81,977                         |
| Downtown districts                                  | -                    | -                        | -                       | -                        | -                             | 72,548                         | 72,548                         |
| Total restricted                                    | <u>-</u>             | <u>8,670,147</u>         | <u>19,905,121</u>       | <u>-</u>                 | <u>-</u>                      | <u>9,807,429</u>               | <u>38,382,697</u>              |
| <b>Committed for</b>                                |                      |                          |                         |                          |                               |                                |                                |
| Visitor promotion                                   | -                    | -                        | -                       | -                        | -                             | 755,793                        | 755,793                        |
| Wastewater backup reserve                           | -                    | -                        | -                       | -                        | -                             | 21,271                         | 21,271                         |
| Debt service  | -                    | -                        | -                       | -                        | -                             | 30,107                         | 30,107                         |
| Hospitality   | -                    | -                        | -                       | -                        | -                             | 10,036                         | 10,036                         |
| Total committed                                     | <u>-</u>             | <u>-</u>                 | <u>-</u>                | <u>-</u>                 | <u>-</u>                      | <u>817,207</u>                 | <u>817,207</u>                 |
| <b>Assigned for</b>                                 |                      |                          |                         |                          |                               |                                |                                |
| Future fund   | 6,388,188            | -                        | -                       | -                        | -                             | -                              | 6,388,188                      |
| Cemetery  | 306,219              | -                        | -                       | -                        | -                             | -                              | 306,219                        |
| Urban forestry                                      | 92,044               | -                        | -                       | -                        | -                             | -                              | 92,044                         |
| Street projects                                     | -                    | -                        | -                       | -                        | 1,418,211                     | -                              | 1,418,211                      |
| Fire  | 197,202              | -                        | -                       | -                        | -                             | -                              | 197,202                        |
| Asset forfeiture                                    | 21,673               | -                        | -                       | -                        | -                             | -                              | 21,673                         |
| Historic preservation                               | 2,821                | -                        | -                       | -                        | -                             | -                              | 2,821                          |
| Library   | -                    | -                        | -                       | -                        | -                             | 467,271                        | 467,271                        |
| Debt service  | -                    | -                        | -                       | -                        | -                             | 95,789                         | 95,789                         |
| Building construction                               | -                    | -                        | -                       | 478,697                  | -                             | -                              | 478,697                        |
| Total assigned                                      | <u>7,008,147</u>     | <u>-</u>                 | <u>-</u>                | <u>478,697</u>           | <u>1,418,211</u>              | <u>563,060</u>                 | <u>9,468,115</u>               |
| <b>Unassigned</b>                                   | <u>7,880,637</u>     | <u>-</u>                 | <u>-</u>                | <u>-</u>                 | <u>-</u>                      | <u>(610,325)</u>               | <u>7,270,332</u>               |
| <b>Total fund balances</b>                          | <u>\$ 16,304,890</u> | <u>\$ 8,670,147</u>      | <u>\$ 19,905,121</u>    | <u>\$ 478,697</u>        | <u>\$ 1,418,211</u>           | <u>\$ 10,577,371</u>           | <u>\$ 57,354,437</u>           |

**Note 2 - Legal Compliance**

**Expenditures over Appropriations**

At December 31, 2017, the following funds had expenditures that exceeded budgeted appropriations:

|                                |                |
|--------------------------------|----------------|
| Annual street improvement fund | \$ (1,999,087) |
| Gasoline transit fund          | (28,756)       |
| Building construction fund     | (103,783)      |

All funds with expenditures exceeding appropriations will be covered by excess revenues. No remedial action is anticipated or required.

**Deficit Fund Balances**

At December 31, 2017, the following funds had a deficit balance:

|                                      |             |
|--------------------------------------|-------------|
| 2014 Water & Sales Tax Revenue Bonds | \$ (48,346) |
| Community Center Project             | (561,979)   |

The Community Center Project deficit and the 2014 Water & Sales Tax Revenue Bonds deficit will be eliminated by transfers from other funds as funding sources are decided for the community center building and through special assessment collections.

**Note 3 - Deposits and Investments**

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

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

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

At year end December 31, 2017, the City's carrying amount of deposits was \$44,306,935 and the agency fund's carrying amount of deposits were \$687,884 and the bank balance was \$44,745,217. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

**Investments**

As of December 31, 2017 the City's general investments had the following investments and maturities:

|                            | Market Value         | Maturity          |                     |                      |                     |
|----------------------------|----------------------|-------------------|---------------------|----------------------|---------------------|
|                            |                      | Less than 1 Year  | 1-5 Years           | 6-10 Years           | More than 10 Years  |
| US government bonds        | \$ 19,036,768        | \$ 251,562        | \$ 5,002,077        | \$ 12,204,838        | \$ 1,578,291        |
| US treasury bonds          | 200,000              | -                 | -                   | 200,000              | -                   |
| Certificates of deposit    | 1,250,000            | -                 | 1,250,000           | -                    | -                   |
| Mortgage backed securities | 40,164               | -                 | -                   | -                    | 40,164              |
| Corporate bonds            | 497,976              | -                 | -                   | 497,976              | -                   |
| Mutual funds               | 218,595              | 218,595           | -                   | -                    | -                   |
| Money market               | 93,100               | 93,100            | -                   | -                    | -                   |
| <b>Totals</b>              | <b>\$ 21,336,603</b> | <b>\$ 563,257</b> | <b>\$ 6,252,077</b> | <b>\$ 12,902,814</b> | <b>\$ 1,618,455</b> |

As of December 31, 2017 the City's general investments had the following credit ratings:

|                            | Market Value         | S&P Rating          |                  |                      |             |             |             |
|----------------------------|----------------------|---------------------|------------------|----------------------|-------------|-------------|-------------|
|                            |                      | Not Rated           | AAA              | AA+                  | AA-         | A           | A-          |
| US government bonds        | \$ 19,036,768        | \$ 2,142,740        | \$ -             | \$ 16,894,028        | -           | -           | -           |
| US treasury bonds          | 200,000              | -                   | -                | 200,000              | -           | -           | -           |
| Certificates of deposit    | 1,250,000            | 1,250,000           | -                | -                    | -           | -           |             |
| Mortgage backed securities | 40,164               | -                   | 40,164           | -                    | -           | -           |             |
| Corporate bonds            | 497,976              | -                   | -                | 497,976              | -           | -           |             |
| Mutual funds               | 218,595              | 218,595             | -                | -                    | -           | -           |             |
| Money market               | 93,100               | 93,100              | -                | -                    | -           | -           |             |
| <b>Totals</b>              | <b>\$ 21,336,603</b> | <b>\$ 3,704,435</b> | <b>\$ 40,164</b> | <b>\$ 17,592,004</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

As of December 31, 2017 the City's Pension Trust Funds had the following investments and maturities:

|                       | Market Value         | Maturity             |                   |                   |                    |
|-----------------------|----------------------|----------------------|-------------------|-------------------|--------------------|
|                       |                      | Less than 1 Year     | 1-5 Years         | 6-10 Years        | More than 10 Years |
| Corporate bonds       | \$ 1,641,252         | \$ -                 | \$ 729,089        | \$ 912,163        | \$ -               |
| Mutual funds          | 9,633,004            | 9,633,004            | -                 | -                 | -                  |
| Equity dividend focus | 2,400,842            | 2,400,842            | -                 | -                 | -                  |
| Money market          | 373,283              | 373,283              | -                 | -                 | -                  |
| <b>Totals</b>         | <b>\$ 14,048,381</b> | <b>\$ 12,407,129</b> | <b>\$ 729,089</b> | <b>\$ 912,163</b> | <b>\$ -</b>        |

As of December 31, 2017 the City's Pension Trust Funds had the following credit ratings:

|                       | Market Value         | Not Rated            | S&P Rating  |                   |                   |                   |                   |
|-----------------------|----------------------|----------------------|-------------|-------------------|-------------------|-------------------|-------------------|
|                       |                      |                      | AAA         | AA                | A                 | BBB+              | BBB               |
| Corporate bonds       | \$ 1,641,252         | \$ 213,077           | \$ -        | \$ 254,160        | \$ 422,261        | \$ 276,824        | \$ 474,930        |
| Mutual funds          | 9,633,004            | 9,633,004            | -           | -                 | -                 | -                 | -                 |
| Equity dividend focus | 2,400,842            | 2,400,842            | -           | -                 | -                 | -                 | -                 |
| Money market          | 373,283              | 373,283              | -           | -                 | -                 | -                 | -                 |
| <b>Totals</b>         | <b>\$ 14,048,381</b> | <b>\$ 12,620,206</b> | <b>\$ -</b> | <b>\$ 254,160</b> | <b>\$ 422,261</b> | <b>\$ 276,824</b> | <b>\$ 474,930</b> |

**Interest Rate Risk**

The City does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates.

**Credit Risk**

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

- a) 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.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- d) Obligations of the state.

Funds invested by the City at December 31, 2017 were in investments authorized by the North Dakota Statutes as identified above.

**Concentration of Credit Risk**

The City does not have a limit on the amount the City may invest in any one issuer. The City does not have a formal investment policy that limits investments based on the investment credit ratings.

**Custodial Credit Risk**

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Fair Value Measurement**

The fair value measurements are categorized by the fair value hierarchy based on generally accepted accounting principles. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1 which is the highest priority to level 3 which is the lowest priority and are based on the following categories:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

The following table presents the City's general investments measured at fair value at December 31, 2017:

|                            | Total                | Quoted Prices<br>in Active Markets<br>(Level 1) | Other Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|----------------------------|----------------------|---|---|-------------------------------------|
| US government bonds        | \$ 19,036,768        | \$ -  | \$ 19,036,768                           | \$ -                                |
| US treasury bonds          | 200,000              | -   | 200,000                                 | -                                   |
| Certificates of deposit    | 1,250,000            | -   | 1,250,000                               | -                                   |
| Mortgage backed securities | 40,164               | -   | 40,164                                  | -                                   |
| Corporate bonds            | 497,976              | -   | 497,976                                 | -                                   |
| Mutual funds               | 218,595              | 218,595   | -                                       | -                                   |
| Money market               | 93,100               | 93,100  | -                                       | -                                   |
| <b>Totals</b>              | <b>\$ 21,336,603</b> | <b>\$ 311,695</b>                               | <b>\$ 21,024,908</b>                    | <b>\$ -</b>                         |

The following table presents the City's Pension Trust Fund investments measured at fair value at December 31, 2017:

|                       | Total                | Quoted Prices<br>in Active Markets<br>(Level 1) | Other Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|-----------------------|----------------------|---|---|-------------------------------------|
| Corporate bonds       | \$ 1,641,252         | \$ -  | \$ 1,641,252                            | \$ -                                |
| Mutual funds          | 9,633,004            | 9,633,004                                       | -                                       | -                                   |
| Equity dividend focus | 2,400,842            | -   | 2,400,842                               | -                                   |
| Money market          | 373,283              | 373,283   | -                                       | -                                   |
| <b>Totals</b>         | <b>\$ 14,048,381</b> | <b>\$ 10,006,287</b>                            | <b>\$ 4,042,094</b>                     | <b>\$ -</b>                         |

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

**Note 4 - Accounts Receivable**

Accounts receivable consists of amounts on open account from individuals for goods and services furnished by the City. Management has determined all accounts receivable are collectable as of December 31, 2017 and accordingly, no allowance for uncollectable accounts has been recorded.

**Note 5 - Taxes Receivable**

The taxes receivable represents the past three years of delinquent uncollected taxes. Management has determined all taxes receivable are collectable as of December 31, 2017 and accordingly, no allowance for uncollectable accounts has been recorded.

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

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments; the first installment includes one-half of the real estate taxes and all the special assessments; 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 5% discount on the property taxes.

**Note 6 - Special Assessments Receivable**

Special assessments receivable consists of uncollected special assessments due to the City at December 31 and uncertified special assessments, which represents a long-term receivable in the government-wide financial statements. An allowance has been established for all uncollectible accounts. As of December 31, 2017 all accounts are considered collectible.

**Note 7 - Intergovernmental Receivable**

Intergovernmental receivables consist of reimbursements due from the State Treasurer for city sales tax, hospitality tax, grants and state aid.

**Note 8 - Interfund Receivable/Payable**

Interfund receivable/payable at December 31, 2017 consists of the following:

| Receivable Fund                 | Payable Fund             | Amount       |
|---------------------------------|--------------------------|--------------|
| General Fund                    | Other Governmental Funds | \$ 610,325   |
| Water Distribution Utility Fund | Wastewater Fund          | 2,296,397    |
| Total                           |                          | \$ 2,906,722 |

The interfund payables will be eliminated when more loan funds are drawn down.

**Note 9 - Advances to/from Other Funds**

Advances to/from other funds at December 31, 2017 consist of the following:

| Advances to other funds | Advances from other funds   | Amount       |
|-------------------------|-----------------------------|--------------|
| General Fund            | Impact Fee Capital Projects | \$ 1,416,086 |
| Total                   |                             | \$ 1,416,086 |

The advance to the Impact Fee Capital Projects fund is due in monthly installments of \$31,820 through January 2023 and has a 5% interest rate.

**Note 10 - Inventory**

Inventories are valued at cost using the first-in/first out (FIFO) method. The consumption method is used for accounting for inventories. Under the consumption method, expenditures are recognized as the goods are used.

**Note 11 - Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2017:

|  | Balance<br>January 1  | Increases           | Decreases             | Balance<br>December 31 |
|--|-----------------------|---------------------|-----------------------|------------------------|
| Governmental activities                          |                       |                     |                       |                        |
| Capital assets not being depreciated             |                       |                     |                       |                        |
| Land   | \$ 1,209,832          | \$ -                | \$ -                  | \$ 1,209,832           |
| Construction in progress                         | 5,588,861             | 3,733,546           | (3,823,046)           | 5,499,361              |
| Total capital assets, not<br>being depreciated   | <u>6,798,693</u>      | <u>3,733,546</u>    | <u>(3,823,046)</u>    | <u>6,709,193</u>       |
| Capital assets, being depreciated                |                       |                     |                       |                        |
| Buildings and improvements                       | 81,001,919            | 308,603             | -                     | 81,310,522             |
| Improvements other than buildings                | 155,803,165           | 7,264,454           | (183,868)             | 162,883,751            |
| Machinery and equipment                          | 13,522,539            | 863,910             | -                     | 14,386,449             |
| Total capital assets, being<br>depreciated       | <u>250,327,623</u>    | <u>8,436,967</u>    | <u>(183,868)</u>      | <u>258,580,722</u>     |
| Less accumulated depreciation for                |                       |                     |                       |                        |
| Buildings and improvements                       | 13,466,891            | 1,934,125           | -                     | 15,401,016             |
| Improvements other than buildings                | 51,323,827            | 7,105,325           | (101,103)             | 58,328,049             |
| Machinery and equipment                          | 8,051,859             | 1,195,636           | -                     | 9,247,495              |
| Total accumulated depreciation                   | <u>72,842,577</u>     | <u>10,235,086</u>   | <u>(101,103)</u>      | <u>82,976,560</u>      |
| Total capital assets being<br>depreciated, net   | <u>177,485,046</u>    | <u>(1,798,119)</u>  | <u>(82,765)</u>       | <u>175,604,162</u>     |
| Governmental activities - capital<br>assets, net | <u>\$ 184,283,739</u> | <u>\$ 1,935,427</u> | <u>\$ (3,905,811)</u> | <u>\$ 182,313,355</u>  |

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

**Governmental Activities**

|  |                      |
|--|----------------------|
| General government                                   | \$ 3,284,560         |
| Public safety  | 811,928              |
| Public works   | 4,973,472            |
| Culture and recreation                               | 1,154,895            |
| Other  | <u>10,231</u>        |
| Total depreciation expense - governmental activities | <u>\$ 10,235,086</u> |



City of Dickinson  
Notes to Financial Statements  
December 31, 2017

|  | Balance<br>January 1  | Increases           | Decreases             | Balance<br>December 31 |
|--|-----------------------|---------------------|-----------------------|------------------------|
| Business-type activities                       |                       |                     |                       |                        |
| Capital assets not being depreciated           |                       |                     |                       |                        |
| Land   | \$ 720,161            | \$ -                | \$ -                  | \$ 720,161             |
| Construction in progress                       | 5,966,112             | 859,484             | (4,153,600)           | 2,671,996              |
| Total capital assets, not being depreciated    | <u>6,686,273</u>      | <u>859,484</u>      | <u>(4,153,600)</u>    | <u>3,392,157</u>       |
| Capital assets, being depreciated              |                       |                     |                       |                        |
| Buildings and improvements                     | 45,336,757            | 60,117              | -                     | 45,396,874             |
| Improvements other than buildings              | 102,626,158           | 4,185,037           | (11,847)              | 106,799,348            |
| Machinery and equipment                        | 11,045,867            | 404,012             | (95,600)              | 11,354,279             |
| Total capital assets, being depreciated        | <u>159,008,782</u>    | <u>4,649,166</u>    | <u>(107,447)</u>      | <u>163,550,501</u>     |
| Less accumulated depreciation for              |                       |                     |                       |                        |
| Buildings and improvements                     | 7,070,856             | 979,982             | -                     | 8,050,838              |
| Improvements other than buildings              | 18,157,868            | 4,128,874           | (4,917)               | 22,281,825             |
| Machinery and equipment                        | 6,572,119             | 789,135             | (90,450)              | 7,270,804              |
| Total accumulated depreciation                 | <u>31,800,843</u>     | <u>5,897,991</u>    | <u>(95,367)</u>       | <u>37,603,467</u>      |
| Total capital assets being depreciated, net    | <u>127,207,939</u>    | <u>(1,248,825)</u>  | <u>(12,080)</u>       | <u>125,947,034</u>     |
| Business-type activities - capital assets, net | <u>\$ 133,894,212</u> | <u>\$ (389,341)</u> | <u>\$ (4,165,680)</u> | <u>\$ 129,339,191</u>  |

Business-type activities depreciation expense by fund is as follows:

**Business-type Activities**

|                                 |                     |
|---------------------------------|---------------------|
| Water distribution utility fund | \$ 1,639,853        |
| Wastewater fund                 | 3,524,590           |
| Solid waste utility fund        | 718,958             |
| Storm sewer utility fund        | 14,590              |
|                                 | <u>\$ 5,897,991</u> |

**Note 12 - Capital Leases**

The assets acquired through capital leases are as follows:

**Governmental Activities**

| <u>Asset</u>                       | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Carrying<br/>Value</u> |
|------------------------------------|---------------------|-------------------------------------|---------------------------|
| 2011 Cat 950H Wheel Ldr 0J5J01625  | \$ 161,682          | \$ 109,809                          | \$ 51,873                 |
| 2011 Elgin Pelican Np21960 03699   | 162,719             | 110,513                             | 52,206                    |
| Cat Motor Grader                   | 227,847             | 167,325                             | 60,522                    |
| Motor Grader                       | 189,847             | 139,418                             | 50,429                    |
| Wheel Load Skid steer              | 169,000             | 97,879                              | 71,121                    |
| 2014 S175 Aerial Ladder Fire Truck | 669,951             | 248,412                             | 421,539                   |
| 2015 Johnston Sweeper              | 228,295             | 52,318                              | 175,977                   |
| <b>Total</b>                       | <b>\$ 1,809,341</b> | <b>\$ 925,674</b>                   | <b>\$ 883,667</b>         |

**Business-type Activities (Proprietary Funds)**

| <u>Asset</u>                      | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Carrying<br/>Value</u> |
|-----------------------------------|---------------------|-------------------------------------|---------------------------|
| Sewer Relining Project            | \$ 1,115,563        | \$ 179,420                          | \$ 936,143                |
| 2012 Bomag Roller Compactor       | 568,500             | 222,663                             | 345,837                   |
| Wheel Loader                      | 265,169             | 153,104                             | 112,065                   |
| Landfill Dozer-D6TXWWHA           | 381,819             | 264,092                             | 117,727                   |
| Peterbilt Side Loader 2015 286227 | 225,158             | 97,836                              | 127,322                   |
| Peterbilt Side Loader 2015 286228 | 245,358             | 106,613                             | 138,745                   |
| Peterbilt Side Loader 2015 286229 | 238,258             | 103,528                             | 134,730                   |
| Caterpillar Twin Engine Scraper   | 578,910             | 214,679                             | 364,231                   |
| Roll Off Truck 5KKMAXDV2EPGA1273  | 168,400             | 63,852                              | 104,548                   |
| Front Load Truck                  | 213,887             | 75,752                              | 138,135                   |
| Rear Load Truck                   | 127,829             | 50,599                              | 77,230                    |
| Cat Wheel Loader 950M             | 246,930             | 45,775                              | 201,155                   |
| <b>Total</b>                      | <b>\$ 4,375,781</b> | <b>\$ 1,577,913</b>                 | <b>\$ 2,797,868</b>       |

Future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2017 were as follows:

| <u>Year Ending December 31</u>          | <u>Governmental<br/>Funds</u> | <u>Enterprise<br/>Funds</u> |
|---|-------------------------------|-----------------------------|
| 2018                                    | \$ 108,774                    | \$ 780,498                  |
| 2019                                    | 67,445                        | 388,772                     |
| 2020                                    | 37,272                        | 89,536                      |
| 2021                                    | -                             | 12,907                      |
| 2022                                    | -                             | -                           |
| Total minimum lease payments            | <u>213,491</u>                | <u>1,271,713</u>            |
| Less: amount representing interest      | <u>(4,458)</u>                | <u>(26,960)</u>             |
| Present value of minimum lease payments | <u>\$ 209,033</u>             | <u>\$ 1,244,753</u>         |

**Note 13 - Long-Term Obligations**

During the year ended December 31, 2017, the following changes occurred in long-term liabilities of the City:

**Governmental Activities**

|                         | <u>Balance<br/>January 1</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance<br/>December 31</u> | <u>Due Within<br/>One Year</u> |
|-------------------------|------------------------------|-------------------|---------------------|--------------------------------|--------------------------------|
| Compensated absences    | \$ 772,203                   | \$ 793,916        | \$ 627,301          | \$ 938,818                     | \$ 634,268                     |
| Revenue bonds payable   | 13,655,000                   | -                 | 1,150,000           | 12,505,000                     | 1,185,000                      |
| Bond premium            | 257,873                      | -                 | 28,652              | 229,221                        | 28,652                         |
| Capital leases payable  | 491,433                      | -                 | 282,400             | 209,033                        | 105,914                        |
| Total governmental debt | <u>\$15,176,509</u>          | <u>\$ 793,916</u> | <u>\$ 2,088,353</u> | <u>\$ 13,882,072</u>           | <u>\$ 1,953,834</u>            |

**Business-type Activities (Proprietary Funds)**

|                               | Balance<br>January 1 | Additions           | Reductions          | Balance<br>December 31 | Due Within<br>One Year |
|-------------------------------|----------------------|---------------------|---------------------|------------------------|------------------------|
| Compensated absences          | \$ 186,223           | \$ 90,210           | \$ 132,885          | \$ 143,548             | \$ 108,961             |
| Notes payable                 | 72,087,793           | 1,379,314           | 8,692,416           | 64,774,691             | 3,560,000              |
| Capital leases payable        | 2,030,969            | -                   | 786,216             | 1,244,753              | 760,361                |
| Total enterprise fund<br>debt | <u>\$ 74,304,985</u> | <u>\$ 1,469,524</u> | <u>\$ 9,611,517</u> | <u>\$ 66,162,992</u>   | <u>\$ 4,429,322</u>    |

Compensated absences are liquidated in the fund in which the services is received, which would be the fund in which the employee's salary is charged. This includes the general fund, Dickinson Public Library fund, water distribution utility fund, wastewater fund, solid waste fund, storm sewer utility fund and the internal service fund.

Outstanding debt at December 31, 2017 (excluding compensated absences and capital leases) consisted of the following issues.

**Governmental Activities**

\$16,905,000 Sales and Hospitality Tax Revenue Bonds, Series 2013; due in annual installments of \$1,379,308 to \$3,321,000 through October 1, 2025; interest at 3% to 5% paid semi-annually.

\$ 12,505,000

\$ 12,505,000

Revenue bonds are issued to finance capital improvement projects in which revenue from operations of such improvement projects or revenue pledged from a designated revenue stream is used to pay the debt service. The City has committed thirty percent of its one percent sales and use tax and seventy-five percent of its one percent hospitality tax to pay the annual principal and interest requirements on the 2013 sales and hospitality tax revenue bonds. Proceeds from the bonds provided financing for the expansion and improvement of the West River Community Center campus. The bonds are payable through 2025. The total principal and interest remaining to be paid on the bonds is \$15,373,545. Principal payments of \$1,150,000 and interest payments of \$563,209 were made in the current year. The sales and use tax revenues in the current year were \$5,610,148 and the hospitality tax revenues were \$934,203.

**Business-type Activities**

|  |                      |
|--|----------------------|
| \$40,500,000 State Revolving Fund Loan; \$37,299,961 drawn on loan at December 31, 2017; due in annual installments of \$2,395,000 to \$2,599,195 through September 1, 2032; interest at 2% paid semi-annually.  | \$ 32,179,961        |
| \$42,108,000 State Revolving Fund Loan; \$37,252,730 drawn on loan at December 31, 2017 with \$4,855,270 available to be drawn; due in annual installments of \$2,269,080 to \$2,672,400 through September 1, 2034; interest at 2% paid semi-annually. | <u>32,594,730</u>    |
|  | <u>\$ 64,774,691</u> |

Debt service requirements on long-term debt at December 31, 2017 are as follows:

| Governmental Activities  | Revenue Bonds        |                      |
|--------------------------|----------------------|----------------------|
|                          | Principal            | Interest             |
| Year Ending December 31  |                      |                      |
| 2018                     | \$ 1,185,000         | \$ 526,615           |
| 2019                     | 1,230,000            | 479,215              |
| 2020                     | 1,270,000            | 440,065              |
| 2021                     | 1,310,000            | 399,425              |
| 2022                     | 1,365,000            | 347,025              |
| 2023-2025                | <u>6,145,000</u>     | <u>676,200</u>       |
|                          | <u>\$ 12,505,000</u> | <u>\$ 2,868,545</u>  |
|                          |                      |                      |
| Business-Type Activities | Notes Payable        |                      |
|                          | Principal            | Interest             |
| Year Ending December 31  |                      |                      |
| 2018                     | \$ 3,560,000         | \$ 1,384,200         |
| 2019                     | 3,650,000            | 1,313,000            |
| 2020                     | 3,740,000            | 1,239,700            |
| 2021                     | 3,840,000            | 1,164,700            |
| 2022                     | 3,930,000            | 1,087,700            |
| 2023-2027                | 21,170,000           | 4,216,700            |
| 2028-2032                | <u>24,884,691</u>    | <u>1,984,200</u>     |
|                          | <u>\$ 64,774,691</u> | <u>\$ 12,390,200</u> |

**Note 14 - Restricted Net Position**

The following details the net position restricted for special purposes as shown on the statement of net position:

| Purpose  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| Debt, property tax reductions and infrastructure | \$ 11,145,717              | \$ -                        | \$ 11,145,717        |
| Urban and economic development                   | 5,443,305                  | -                           | 5,443,305            |
| Job creation and senior citizen activities       | 1,734,029                  | -                           | 1,734,029            |
| Oil impacted operations                          | 19,905,121                 | -                           | 19,905,121           |
| Grants   | 81,977                     | -                           | 81,977               |
| Downtown districts                               | 72,548                     | -                           | 72,548               |
| Debt service                                     | -                          | 4,095,575                   | 4,095,575            |
|  | <u>\$ 38,382,697</u>       | <u>\$ 4,095,575</u>         | <u>\$ 42,478,272</u> |

**Note 15 - Risk Management**

The City of Dickinson 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.

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City of Dickinson pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of one million dollars per occurrence for general liability and auto insurance and to \$11,217,724 for inland marine insurance.

The City of Dickinson also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City of Dickinson pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the City of Dickinson with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City of Dickinson has workers compensation with the North Dakota Workforce, Safety and Insurance. The City provides health insurance plan through Blue Cross/Blue Shield of North Dakota for their employees through NDPERS. The City pays 80% of the cost of the plan, and the employee pays 20%.

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

**Note 16 - Postemployment Benefits**

The City of Dickinson follows Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City of Dickinson engaged an actuary to determine the City's liability for post-employment benefits other than pensions. The actuary determined the obligation the City has to record as of December 31, 2017 is the difference between the Annual Required Contribution (ARC), defined as the normal cost plus an amortization for prior years unfunded liability, and the amount paid during the year. The City does not issue a separate financial report for the postemployment benefits.

**Plan Description**

Any full-time city employee, who is at least 62 years old or who is at least 55 years old and has completed 25 years of service and retires from city employment is eligible for a benefit consisting of a subsidy of their actual monthly health insurance cost based on the type of benefit plan, whether a single or family, the retiree carried at the time of retirement from the date of retirement until the retiree is eligible for federal Medicare. The benefit will consist of a subsidy of 2% of the retiree's actual monthly health insurance cost for each full year of employment with the city to a maximum of 50% of the retiree's actual monthly health insurance cost. At no time will the monthly subsidy exceed the city's actual group premium cost for a comparable type of policy times the applicable percentage. If an employee covered by the city's group plan dies while employed by the city or a retiree covered by this subsection dies before attaining federal Medicare eligibility, the person(s) covered under the employee's or retiree's health insurance benefit at the time of death or the employee or retiree may continue to receive said benefit for the remainder of the employee's/retiree's benefit allowance period or three years whichever is less.

Membership of the Other Post Retirement Benefit plan consisted of the following at January 1, 2016, the date of the latest actuarial valuation:

|                      | City<br>Employee | Police | Total |
|----------------------|------------------|--------|-------|
| Retired participants | 4                | 5      | 9     |
| Active participants  | 107              | 53     | 160   |
| Total                | 111              | 58     | 169   |

**Contributions Required and Made**

The funding policy of the plan through December 31, 2017 is a pay-as-you-go plan, contributing annually the amount necessary to pay benefits of retirees. Below are the actuarial methods and assumptions which were used in the actuary report:

|                               |                       |
|-------------------------------|-----------------------|
| Valuation Date                | January 1, 2016       |
| Actuarial Cost Method         | Projected Unit Credit |
| Amortization Method           | Level Dollar          |
| Remaining Amortization Period | 30 years              |
| Actuarial Assumptions:        |                       |
| Discount Rate                 | 4.5%                  |

For subsequent years, the following health care trend rates have been assumed:

| Fiscal Year | Trend Rates    |
|-------------|----------------|
| 2016        | 9.79%          |
| 2017        | 0.00%          |
| 2018        | 18.00%         |
| 2019        | 0.00%          |
| 2020        | 17.00%         |
| 2021 +      | 0.00% - 16.00% |

Annual OPEB Cost and Net OPEB Obligation – The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

|   |                  |
|---|------------------|
| Annual required contributions               | \$ 177,807       |
| Interest on OPEB obligation                 | (1,135)          |
| Adjustment to annual required contributions | <u>(702)</u>     |
| Annual OPEB costs                           | 175,970          |
| Contributions made                          | <u>(134,246)</u> |
| Increase in net OPEB obligation             | 41,724           |
| Net OPEB obligations, beginning of year     | <u>(25,233)</u>  |
| Net OPEB obligations, end of year           | <u>\$ 16,491</u> |



**Funded Status and Funding Progress** – As of January 1, 2016, in the most recent actuarial valuation, the plan was 12% funded. The actuarial accrued liability for benefits projected as of January 1, 2017 was \$1,582,045 and the actuarial value of assets was \$199,894 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,382,151.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

**Actuarial Methods and Assumptions** – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit of costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Note 17 - Joint Venture**

The City of Dickinson entered into a joint venture for the maintenance of the Dickinson Law Enforcement Center with Stark County and the Southwest Multi-County Correction Center. Each entity appoints two members to the law enforcement center board. Each participating entity's share of the cost of operations is determined by the relative amount of space occupied by each.

The following information as of and for the year ended December 31, 2017 is as follows:

|                      |    |         |
|----------------------|----|---------|
| Assets               | \$ | 100,027 |
| Liabilities          |    | 31,709  |
| Equity               | \$ | 68,318  |
| Total revenues       | \$ | 675,287 |
| Total expenses       |    | 613,596 |
| Net change in equity | \$ | 61,691  |

Complete financial statements may be obtained from Southwest Multi-County Correction Center, 12th St W and Sims, Dickinson, ND 58601.

**Note 18 - Pension Plans**

The City of Dickinson administers three separate defined benefit pension plans – the City Employee Pension Plan, the Police Pension Plan and the Volunteer Firemen’s Pension Plan. All three plans are considered a part of the City of Dickinson’s reporting entity and are included in the City of Dickinson’s financial reports as Pension Trust Funds.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – All three pension plan financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Method Used to Value Investments** – Investments for all three pension plans are recorded at fair value.

**Plan Descriptions and Contribution Information**

Membership of each plan consisted of the following at January 1, 2018, the date of the latest actuarial valuation:

|  | City<br>Employee | Police    | Volunteer<br>Firemen |
|--|------------------|-----------|----------------------|
| Retirees and beneficiaries receiving benefits                      | 35               | 14        | 11                   |
| Terminated plan members entitled to but not yet receiving benefits | 10               | 7         | 3                    |
| Active plan members  | 23               | 15        | 20                   |
| <b>Total</b>   | <b>68</b>        | <b>36</b> | <b>34</b>            |
| Number of participating employers                                  | 2                | 1         | 1                    |

**Plan Description** – The City Employee Pension Plan is a multiple employer defined pension benefit plan. The Police Pension Plan and the Volunteer Firemen’s Pension Plans are single employer defined pension benefit plans which cover substantially all full-time employees. Each plan provides retirement, disability and death benefits to plan members and their beneficiaries. All benefit provisions and all requirements are established by city ordinance.

City ordinance provides that all employees will become participants upon employment. Benefits become fully vested after 7 years of service. Employees who retire at or after age 62 with 15 years of credited service or after 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.3 percent of the final average compensation multiplied by the number of full and remaining fractional years of service completed by the participant or by a monthly benefit equal to one-twelfth of 3.3 percent of the total basic compensation for each full year and completed month of service. The amount used is the greater of the two calculations.

Contributions – City employee and police plan participants are required to contribute 5% of the employee’s monthly salary to the plan. The City is required to contribute the remaining amounts necessary to fund the plans on a sound actuarial basis. Administrative costs are financed through investment earnings. For the volunteer firemen’s plan, there are no required contributions as annual investment income is adequate to pay the annual pension cost.

**Schedule of Contributions**

| <u>City Employee</u>   | <u>2017</u>       |
|--|-------------------|
| Actuarially determined contribution                                  | \$ 943,145        |
| Contributions in relation to the actuarially determined contribution | <u>814,789</u>    |
| Contribution deficiency (excess)                                     | <u>\$ 128,356</u> |
| Covered payroll  | \$ 1,100,840      |
| Contributions as a percentage of covered payroll                     | 74.02%            |
| <br><u>Volunteer Firemen</u>   | <br><u>2017</u>   |
| Actuarially determined contribution                                  | \$ 22,136         |
| Contributions in relation to the actuarially determined contribution | <u>26,241</u>     |
| Contribution deficiency (excess)                                     | <u>\$ (4,105)</u> |
| Covered payroll  | N/A               |
| Contributions as a percentage of covered payroll                     | N/A               |

| <u>Police</u>  | <u>2017</u>      |
|--|------------------|
| Actuarially determined contribution                                  | \$ 509,608       |
| Contributions in relation to the actuarially determined contribution | <u>460,570</u>   |
| Contribution deficiency (excess)                                     | <u>\$ 49,038</u> |
| Covered payroll  | \$ 1,141,191     |
| Contributions as a percentage of covered payroll                     | 40.36%           |

**Actuarial Assumptions**

|                               | <u>City<br/>Employee</u>                          | <u>Police</u>                                     | <u>Volunteer<br/>Firemen</u>                      |
|-------------------------------|---|---|---|
| Valuation date                | January 1, 2018                                   | January 1, 2018                                   | January 1, 2018                                   |
| Actuarial cost method         | Level \$ closed 30<br>year period                 | Level \$ closed 30<br>year period                 | Level \$ closed 30<br>year period                 |
| Amortization method           | Level \$ open 30<br>year period                   | Level \$ open 30<br>year period                   | Level \$ open 30<br>year period                   |
| Remaining amortization period | 23 years  | 23 years  | 23 years  |
| Asset valuation method        | Smoothing of gains<br>and losses                  | Smoothing of gains<br>and losses                  | Smoothing of gains<br>and losses                  |
| Investment rate of return     | 6.5%  | 6.5%  | 7.0%  |
| Projected salary increases    | 4%  | 4%  | N/A   |
| Assumed inflation rate        | 4%  | 4%  | 4%  |
| Mortality                     | RP-2014 Mortality<br>Table using Scale<br>MP-2017 | RP-2014 Mortality<br>Table using Scale<br>MP-2017 | RP-2014 Mortality<br>Table using Scale<br>MP-2017 |

The actuary does not determine the pension contribution rates; rather it is done by employer recommendations within the limits established by state statute. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources.

**Investments**

The investment policy and asset class allocations are established and may be amended by the Board of Trustees of the Pension Plan Trust by a majority vote of its members. It is the policy of the plan to pursue an investment strategy to improve the Plan's funding status to protect and sustain current and future benefits, minimize the employee and employer contributions needed to fund the Plan over the long-term, avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

The Board adopted a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2017 for the following plans:

City Employee Pension Plan

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Equity             | 67%                      |
| Fixed Income       | 33%                      |
|                    | <u>100%</u>              |

Volunteer Firemen Pension Plan

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Equity             | 66%                      |
| Fixed Income       | 34%                      |
|                    | <u>100%</u>              |

Police Pension Plan

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Equity             | 67%                      |
| Fixed Income       | 33%                      |
|                    | <u>100%</u>              |

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and using independent valuation service and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of the investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

The long-term expected rate of return on pension plan investments was determined by the Plan's investment advisor using a building-block method in which best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and market comparison) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available). The best estimates of expected future real rates of return were developed by American Trust Center in their annual meeting with the City of Dickinson Board of Trustees. The real rate of return is summarized in the following tables for each plan:

City Employee Pension Plan

| <u>Asset Class</u> | <u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</u> |
|--------------------|---|
| Equity             | 8%  |
| Fixed Income       | 5%  |

Volunteer Firemen Pension Plan

| <u>Asset Class</u> | <u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</u> |
|--------------------|---|
| Equity             | 8%  |
| Fixed Income       | 5%  |

Police Pension Plan

| <u>Asset Class</u> | <u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</u> |
|--------------------|---|
| Equity             | 8%  |
| Fixed Income       | 5%  |

**City Employee Pension Plan**

| <b>Schedule of Net Pension Liability</b>                                   | <u>2017</u>          |
|--|----------------------|
| Total Pension Liability  | \$ 17,949,824        |
| Plan fiduciary net position  | <u>7,592,829</u>     |
| Net pension liability  | <u>\$ 10,356,995</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 42.30%               |
| Covered payroll  | \$ 1,100,840         |
| Net pension liability as a percentage of covered payroll                   | 940.83%              |

| <b>Schedule of Changes in Total Pension Liability</b>       | <u>2017</u>          |
|---|----------------------|
| Service Cost  | \$ 182,256           |
| Interest  | 1,131,316            |
| Differences between expected and actual experience          | (53,161)             |
| Changes of assumptions                                      | (24,645)             |
| Benefit payments, including refunds of member contributions | <u>(1,017,108)</u>   |
| Net change in total pension liability                       | 218,658              |
| Total Pension Liability--Beginning                          | <u>17,731,166</u>    |
| Total Pension Liability--Ending (a)                         | <u>\$ 17,949,824</u> |

| <b>Schedule of Changes in Plan Fiduciary Net Position</b>   |                      |
|---|----------------------|
| Contributions--employer                                     | \$ 814,789           |
| Contributions--member                                       | 82,065               |
| Net investment income (loss)                                | 668,831              |
| Benefit payments, including refunds of member contributions | (1,017,108)          |
| Administrative expense                                      | <u>(42,163)</u>      |
| Net change in plan fiduciary net position                   | 506,414              |
| Plan fiduciary net position--beginning                      | <u>7,086,415</u>     |
| Plan fiduciary net position--ending (b)                     | <u>\$ 7,592,829</u>  |
| Net Pension Liability--ending (a) - (b)                     | <u>\$ 10,356,995</u> |
| Discount Rate used to measure the Total Pension Liability   | 6.50%                |

| <b>Schedule of Investment Returns</b>                            | <u>2017</u> |
|--|-------------|
| Annual money-weighted rate of return, net of investment expenses | 9.6%        |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City Employee pension plan calculated at a discount rate of 6.5 percent, as well as what the City Employee's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                             | <u>1% Decrease<br/>(5.5%)</u> | <u>Current<br/>Discount Rate<br/>(6.5%)</u> | <u>1%<br/>Increase<br/>(7.5%)</u> |
|-----------------------------|-------------------------------|---|-----------------------------------|
| Total Pension Liability     | \$ 19,438,323                 | \$ 17,949,824                               | \$ 16,660,687                     |
| Plan Fiduciary Net Position | <u>7,592,829</u>              | <u>7,592,829</u>                            | <u>7,592,829</u>                  |
| Net Pension Liability       | <u>\$ 11,845,494</u>          | <u>\$ 10,356,995</u>                        | <u>\$ 9,067,858</u>               |
| City Share                  | <u>\$ 6,568,546</u>           | <u>\$ 5,743,145</u>                         | <u>\$ 5,028,295</u>               |

**City's Share of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, the City of Dickinson reported a liability of \$5,743,145 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Dickinson's proportion of the net pension liability was based on the City of Dickinson's share of the present value of future payroll in the pension plan relative to the present value of future payroll of all participating employers. At December 31, 2017, City of Dickinson's proportion was 55.451851% percent.

For the year ended December 31, 2017, the City of Dickinson recognized pension expense of \$693,984. At December 31, 2017, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                  | \$ -  | \$ (14,739)                                  |
| Changes of assumptions  | -   | (6,833)                                      |
| Net difference between projected and actual earnings on investments | 98,207  | -  |
| Changes in proportionate share                                      | <u>116,778</u>                                | <u>(55,509)</u>                              |
| Total   | <u>\$ 214,985</u>                             | <u>\$ (77,081)</u>                           |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|      |                   |
|------|-------------------|
| 2018 | \$ 38,513         |
| 2019 | 115,083           |
| 2020 | 5,082             |
| 2021 | <u>(20,774)</u>   |
|      | <u>\$ 137,904</u> |



**Volunteer Firemen Pension Plan**

| <b>Schedule of Net Pension Liability</b>                                   | <u>2017</u>       |
|--|-------------------|
| Total Pension Liability  | \$ 403,806        |
| Plan fiduciary net position  | <u>332,763</u>    |
| Net pension liability  | <u>\$ 71,043</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 82.41%            |
| Covered payroll  | N/A               |
| Net pension liability as a percentage of covered payroll                   | N/A               |
| <br><b>Schedule of Changes in Total Pension Liability</b>                  | <br><u>2017</u>   |
| Service Cost   | \$ 13,568         |
| Interest   | 26,729            |
| Differences between expected and actual experience                         | 12,381            |
| Changes of assumptions   | (513)             |
| Benefit payments, including refunds of member contributions                | <u>(33,261)</u>   |
| Net change in total pension liability                                      | 18,904            |
| Total Pension Liability--Beginning   | <u>384,902</u>    |
| Total Pension Liability--Ending (a)  | <u>\$ 403,806</u> |
| <br><b>Schedule of Changes in Plan Fiduciary Net Position</b>              |                   |
| Contributions--employer  | \$ 26,241         |
| Net investment income  | 32,424            |
| Benefit payments, including refunds of member contributions                | (33,261)          |
| Administrative expense   | <u>(3,037)</u>    |
| Net change in plan fiduciary net position                                  | 22,367            |
| Plan fiduciary net position--beginning                                     | <u>310,396</u>    |
| Plan fiduciary net position--ending (b)                                    | <u>\$ 332,763</u> |
| Net Pension Liability--ending (a) - (b)                                    | <u>\$ 71,043</u>  |
| <br>Discount Rate used to measure the Total Pension Liability              | <br>7.00%         |
| <br><b>Schedule of Investment Returns</b>                                  | <br><u>2017</u>   |
| Annual money-weighted rate of return, net of investment expenses           | 10.7%             |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Volunteer Firemen pension plan calculated at a discount rate of 7 percent, as well as what the Volunteer Firemen's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                             | 1% Decrease<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1%<br>Increase<br>(8.0%) |
|-----------------------------|-----------------------|------------------------------------|--------------------------|
| Total Pension Liability     | \$ 437,920            | \$ 403,806                         | \$ 374,732               |
| Plan Fiduciary Net Position | 332,763               | 332,763                            | 332,763                  |
| Net Pension Liability       | \$ 105,157            | \$ 71,043                          | \$ 41,969                |

**Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City of Dickinson recognized pension expense of \$12,518. At December 31, 2017, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                  | \$ 10,724                            | \$ (57,345)                         |
| Changes of assumptions  | 6,506                                | (1,109)                             |
| Net difference between projected and actual earnings on investments | 5,469                                | -                                   |
| Total   | \$ 22,699                            | \$ (58,454)                         |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|            |             |
|------------|-------------|
| 2018       | \$ (5,230)  |
| 2019       | (5,018)     |
| 2020       | (8,370)     |
| 2021       | (8,475)     |
| 2022       | (4,974)     |
| Thereafter | (3,688)     |
|            | \$ (35,755) |

**Police Pension Plan**

| <b>Schedule of Net Pension Liability</b>                                   | <u>2017</u>          |
|--|----------------------|
| Total Pension Liability  | \$ 10,107,743        |
| Plan fiduciary net position  | <u>6,138,876</u>     |
| Net pension liability  | <u>\$ 3,968,867</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 60.73%               |
| Covered payroll  | \$ 1,141,191         |
| Net pension liability as a percentage of covered payroll                   | 347.78%              |
| <br><b>Schedule of Changes in Total Pension Liability</b>                  | <br><u>2017</u>      |
| Service Cost   | \$ 205,099           |
| Interest   | 659,621              |
| Differences between expected and actual experience                         | (408,724)            |
| Changes of assumptions   | (14,496)             |
| Benefit payments, including refunds of member contributions                | <u>(553,334)</u>     |
| Net change in total pension liability                                      | (111,834)            |
| Total Pension Liability--Beginning   | <u>10,219,577</u>    |
| Total Pension Liability--Ending (a)  | <u>\$ 10,107,743</u> |
| <br><b>Schedule of Changes in Plan Fiduciary Net Position</b>              |                      |
| Contributions--employer  | \$ 460,570           |
| Contributions--member  | 61,961               |
| Net investment income  | 561,154              |
| Benefit payments, including refunds of member contributions                | (553,334)            |
| Administrative expense   | <u>(34,940)</u>      |
| Net change in plan fiduciary net position                                  | 495,411              |
| Plan fiduciary net position--beginning                                     | <u>5,643,465</u>     |
| Plan fiduciary net position--ending (b)                                    | <u>\$ 6,138,876</u>  |
| Net Pension Liability--ending (a) - (b)                                    | <u>\$ 3,968,867</u>  |
| Discount Rate used to measure the Total Pension Liability                  | 6.50%                |
| <br><b>Schedule of Investment Returns</b>                                  | <br><u>2017</u>      |
| Annual money-weighted rate of return, net of investment expenses           | 10.1%                |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Police pension plan calculated at a discount rate of 6.5 percent, as well as what the Police's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                             | 1% Decrease<br>(5.5%) | Current<br>Discount Rate<br>(6.5%) | 1%<br>Increase<br>(7.5%) |
|-----------------------------|-----------------------|------------------------------------|--------------------------|
| Total Pension Liability     | \$ 11,139,274         | \$ 10,107,743                      | \$ 9,231,472             |
| Plan Fiduciary Net Position | 6,138,876             | 6,138,876                          | 6,138,876                |
| Net Pension Liability       | \$ 5,000,398          | \$ 3,968,867                       | \$ 3,092,596             |

**Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City of Dickinson recognized pension expense of \$617,315. At December 31, 2017, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                  | \$ 112,989                           | \$ (272,483)                        |
| Changes of assumptions  | 126,157                              | (9,664)                             |
| Net difference between projected and actual earnings on investments | 111,553                              | -                                   |
| Total   | \$ 350,699                           | \$ (282,147)                        |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|      |            |
|------|------------|
| 2018 | \$ 133,469 |
| 2019 | (23,185)   |
| 2020 | (2,439)    |
| 2021 | (39,293)   |
|      | \$ 68,552  |

**Note 19 - Closure and Postclosure Care Costs**

State and federal laws and regulations require that the City of Dickinson place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimate liability for landfill closure and postclosure care costs has a balance of \$750,645 at December 31, 2017, which is based on 26% usage (filled) of municipal solid waste in the landfill and 30% usage (filled) of municipal solid waste and inert material combined in the landfill. It is estimated that an additional \$1,851,072 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$2,601,717 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, changes to technology, or changes in landfill laws and regulations.

**Note 20 - 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, 2017:

| <u>Fund</u>                     | <u>Transfer In</u>   | <u>Transfer Out</u>  |
|---------------------------------|----------------------|----------------------|
| General Fund                    | \$ 5,309,371         | \$ 869,351           |
| One Percent Sales Tax           | -                    | 4,200,000            |
| Oil & Gas Production Fund       | -                    | 16,823,892           |
| Building Construction           | -                    | 330,825              |
| Annual Street Project Fund      | 7,138,729            | -                    |
| Other Governmental Funds        | 2,291,673            | 3,356,766            |
| Water Distribution Utility Fund | 33,336               | 6,468                |
| Wastewater Fund                 | 10,551,168           | 9,079                |
| Solid Waste Utility Fund        | -                    | 167,861              |
| Other Proprietary Fund          | -                    | 578                  |
| Internal Service Fund           | 440,543              | -                    |
|                                 | <u>\$ 25,764,820</u> | <u>\$ 25,764,820</u> |
| Total transfers                 |                      |                      |

The transfers in and out during 2017 were budgeted transfers.



Required Supplementary Information  
December 31, 2017  
**City of Dickinson**

City of Dickinson  
 Budgetary Comparison Schedule – General Fund  
 Year Ended December 31, 2017

|  | Original<br>Budget | Final<br>Budget    | Actual<br>(Budgetary<br>Basis) | Variance<br>With Final<br>Budget |
|--|--------------------|--------------------|--------------------------------|----------------------------------|
| <b>Revenues</b>                                      |                    |                    |                                |                                  |
| Taxes  | \$ 4,725,598       | \$ 4,725,598       | \$ 4,733,431                   | \$ 7,833                         |
| Licenses, permits and fees                           | 249,950            | 249,950            | 608,939                        | 358,989                          |
| Intergovernmental revenues                           | 2,718,500          | 2,718,500          | 2,938,546                      | 220,046                          |
| Charges for services                                 | 2,273,769          | 2,273,769          | 2,404,464                      | 130,695                          |
| Fines and forfeits                                   | 480,200            | 480,200            | 362,018                        | (118,182)                        |
| Interest and investment income                       | 43,000             | 43,000             | 38,242                         | (4,758)                          |
| Special assessments                                  | -                  | -                  | 1,365                          | 1,365                            |
| Miscellaneous revenues                               | 156,800            | 156,800            | 226,755                        | 69,955                           |
| Total revenues                                       | <u>10,647,817</u>  | <u>10,647,817</u>  | <u>11,313,760</u>              | <u>665,943</u>                   |
| <b>Expenditures</b>                                  |                    |                    |                                |                                  |
| <b>Current</b>                                       |                    |                    |                                |                                  |
| General government                                   | 4,843,674          | 4,900,675          | 4,553,284                      | 347,391                          |
| Public safety  | 6,924,392          | 6,934,417          | 7,029,638                      | (95,221)                         |
| Public works   | 2,722,637          | 2,722,637          | 2,474,558                      | 248,079                          |
| Culture and recreation                               | 481,649            | 481,649            | 586,957                        | (105,308)                        |
| Other  | 142,715            | 142,715            | 133,122                        | 9,593                            |
| Capital outlay                                       | 325,200            | 325,200            | 626,742                        | (301,542)                        |
| Total expenditures                                   | <u>15,440,267</u>  | <u>15,507,293</u>  | <u>15,404,301</u>              | <u>102,992</u>                   |
| Excess (Deficiency) of Revenues<br>over expenditures | <u>(4,792,450)</u> | <u>(4,859,476)</u> | <u>(4,090,541)</u>             | <u>768,935</u>                   |
| <b>Other Financing Sources (Uses)</b>                |                    |                    |                                |                                  |
| Transfers in   | 5,521,550          | 5,521,550          | 5,269,429                      | (252,121)                        |
| Transfers out  | <u>(729,100)</u>   | <u>(729,100)</u>   | <u>(468,216)</u>               | <u>260,884</u>                   |
| Total Other Financing Sources<br>and Uses            | <u>4,792,450</u>   | <u>4,792,450</u>   | <u>4,801,213</u>               | <u>8,763</u>                     |
| Net Change in Fund Balances                          | <u>\$ -</u>        | <u>\$ (67,026)</u> | <u>710,672</u>                 | <u>\$ 777,698</u>                |
| Fund Balance - January 1                             |                    |                    | <u>7,169,985</u>               |                                  |
| Fund Balance - December 31                           |                    |                    | <u>\$ 7,880,657</u>            |                                  |

City of Dickinson  
Budgetary Comparison Schedule – General Fund  
Year Ended December 31, 2017

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|   |                                 |
|---|---------------------------------|
| Differences between budgetary and GAAP fund balance                         |                                 |
| General fund  | \$ 7,880,657                    |
| Asset forfeiture  | 21,673                          |
| Cemetery  | 306,219                         |
| Historic preservation   | 2,821                           |
| Fire  | 197,202                         |
| Future fund   | 7,804,274                       |
| Urban forestry  | <u>92,044</u>                   |
| <br>GAAP fund balance (combined with General fund<br>for GAAP presentation) | <br><u><u>\$ 16,304,890</u></u> |



City of Dickinson  
 Budgetary Comparison Schedule – One Percent Sales Tax Fund  
 Year Ended December 31, 2017

|   | One Percent Sales Tax |                       |                     | Variance<br>With Final<br>Budget |
|---|-----------------------|-----------------------|---------------------|----------------------------------|
|   | Original<br>Budget    | Final<br>Budget       | Actual              |                                  |
| Revenues                                |                       |                       |                     |                                  |
| Taxes                                   | \$ 5,748,182          | \$ 5,748,182          | \$ 5,610,148        | \$ (138,034)                     |
| Interest and investment income          | 70,000                | 70,000                | 40,404              | (29,596)                         |
| Total revenue                           | <u>5,818,182</u>      | <u>5,818,182</u>      | <u>5,650,552</u>    | <u>(167,630)</u>                 |
| Expenditures                            |                       |                       |                     |                                  |
| Current                                 |                       |                       |                     |                                  |
| Urban and economic<br>development       | 1,010,000             | 1,010,000             | 1,250,525           | (240,525)                        |
| Capital outlay                          | 1,812,000             | 1,812,000             | 42,747              | 1,769,253                        |
| Total expenditures                      | <u>2,822,000</u>      | <u>2,822,000</u>      | <u>1,293,272</u>    | <u>1,528,728</u>                 |
| Excess of Revenues<br>over Expenditures | <u>2,996,182</u>      | <u>2,996,182</u>      | <u>4,357,280</u>    | <u>1,361,098</u>                 |
| Other Financing Uses                    |                       |                       |                     |                                  |
| Transfers out                           | <u>(4,200,000)</u>    | <u>(4,200,000)</u>    | <u>(4,200,000)</u>  | <u>-</u>                         |
| Net change in fund balances             | <u>\$ (1,203,818)</u> | <u>\$ (1,203,818)</u> | <u>157,280</u>      | <u>\$ 1,361,098</u>              |
| Fund Balance - January 1                |                       |                       | <u>8,512,867</u>    |                                  |
| Fund Balance - December 31              |                       |                       | <u>\$ 8,670,147</u> |                                  |

City of Dickinson  
 Budgetary Comparison Schedule – Oil & Gas Fund  
 Year Ended December 31, 2017

|                                | Oil & Gas Fund     |                 |               |                                  |
|--------------------------------|--------------------|-----------------|---------------|----------------------------------|
|                                | Original<br>Budget | Final<br>Budget | Actual        | Variance<br>With Final<br>Budget |
| Revenues                       |                    |                 |               |                                  |
| Intergovernmental revenues     | \$ 16,750,000      | \$ 16,750,000   | \$ 14,101,475 | \$ (2,648,525)                   |
| Interest and investment income | 30,000             | 30,000          | 121,044       | 91,044                           |
| Total revenue                  | 16,780,000         | 16,780,000      | 14,222,519    | (2,557,481)                      |
| Other Financing Uses           |                    |                 |               |                                  |
| Transfers out                  | (16,750,000)       | (16,750,000)    | (16,823,892)  | (73,892)                         |
| Net change in fund balances    | \$ 30,000          | \$ 30,000       | (2,601,373)   | \$ (2,631,373)                   |
| Fund Balance - January 1       |                    |                 | 22,506,494    |                                  |
| Fund Balance - December 31     |                    |                 | \$ 19,905,121 |                                  |

City of Dickinson  
 Required Supplementary Information – City Employee Pension Plan  
 Year Ended December 31, 2017

Schedule of the Employer's Proportionate Share of the Net Pension Liability

|  | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|
| Employer's proportion of the net pension liability   | 55.451851%   | 54.222060%   | 55.510180%   | 59.692893%   |
| Employer's proportionate share of the net pension liability                                    | \$ 5,743,145 | \$ 5,771,804 | \$ 5,552,647 | \$ 5,157,267 |
| Employer's covered payroll   | \$ 1,100,840 | \$ 1,216,809 | \$ 1,193,687 | \$ 1,474,076 |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll | 521.71%      | 474.34%      | 465.17%      | 349.86%      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 42.30%       | 39.97%       | 41.17%       | 44.20%       |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

Schedule of the Employer's Contributions

|  | 2017              | 2016             | 2015               | 2014             |
|--|-------------------|------------------|--------------------|------------------|
| Actuarially determined contribution                                  | \$ 943,145        | \$ 899,949       | \$ 817,871         | \$ 854,400       |
| Contributions in relation to the actuarially determined contribution | 814,789           | 814,740          | 840,574            | 823,620          |
| Contribution deficiency (excess)                                     | <u>\$ 128,356</u> | <u>\$ 85,209</u> | <u>\$ (22,703)</u> | <u>\$ 30,780</u> |
| Employer's covered payroll   | \$ 1,100,840      | \$ 1,216,809     | \$ 1,193,687       | \$ 1,474,076     |
| Contributions as a percentage of covered payroll                     | 74.02%            | 66.96%           | 70.42%             | 55.87%           |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

Notes to the Required Supplementary Information

|                               |   |
|-------------------------------|---|
| Valuation date                | January 1, 2018                             |
| Actuarial cost method         | Level \$ closed 30 year period              |
| Amortization method           | Level \$ open 30 year period                |
| Remaining amortization period | 23 years                                    |
| Asset valuation method        | Smoothing of gains and losses               |
| Investment rate of return     | 6.5%  |
| Projected salary increases    | 4%  |
| Assumed inflation rate        | 4%  |
| Mortality                     | RP-2014 Mortality Table using Scale MP-2017 |

City of Dickinson  
Required Supplementary Information – Volunteer Fireman Pension Plan  
Year Ended December 31, 2017

| Schedule of Net Pension Liability  | 2017             | 2016             | 2015              | 2014             |
|--|------------------|------------------|-------------------|------------------|
| Total Pension Liability  | \$ 403,806       | \$ 384,902       | \$ 413,002        | \$ 376,696       |
| Plan fiduciary net position  | 332,763          | 310,396          | 301,264           | 288,225          |
| Net pension liability  | <u>\$ 71,043</u> | <u>\$ 74,506</u> | <u>\$ 111,738</u> | <u>\$ 88,471</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.41%           | 80.64%           | 72.94%            | 76.51%           |
| Covered payroll  | N/A              | N/A              | N/A               | N/A              |
| Net pension liability as a percentage of covered payroll                   | N/A              | N/A              | N/A               | N/A              |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Changes in Total Pension Liability              | 2017              | 2016              | 2015              | 2014              |
|---|-------------------|-------------------|-------------------|-------------------|
| Service Cost  | \$ 13,568         | \$ 15,479         | \$ 14,870         | \$ 14,918         |
| Interest  | 26,729            | 29,031            | 27,059            | 26,248            |
| Differences between expected and actual experience          | 12,381            | (44,345)          | (5,667)           | (17,014)          |
| Changes of assumptions                                      | (513)             | (747)             | 10,055            | -                 |
| Benefit payments, including refunds of member contributions | (33,261)          | (27,518)          | (10,011)          | (15,028)          |
| Net change in total pension liability                       | <u>18,904</u>     | <u>(28,100)</u>   | <u>36,306</u>     | <u>9,124</u>      |
| Total Pension Liability--Beginning                          | <u>384,902</u>    | <u>413,002</u>    | <u>376,696</u>    | <u>367,572</u>    |
| Total Pension Liability--Ending (a)                         | <u>\$ 403,806</u> | <u>\$ 384,902</u> | <u>\$ 413,002</u> | <u>\$ 376,696</u> |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Changes in Plan Fiduciary Net Position          | 2017              | 2016              | 2015              | 2014              |
|---|-------------------|-------------------|-------------------|-------------------|
| Contributions--employer                                     | \$ 26,241         | \$ 26,241         | \$ 27,408         | \$ 27,447         |
| Net investment income                                       | 32,424            | 13,771            | (2,294)           | 14,756            |
| Benefit payments, including refunds of member contributions | (33,261)          | (27,518)          | (10,011)          | (15,028)          |
| Administrative expense                                      | (3,037)           | (3,362)           | (2,064)           | (2,926)           |
| Net change in plan fiduciary net position                   | <u>22,367</u>     | <u>9,132</u>      | <u>13,039</u>     | <u>24,249</u>     |
| Plan fiduciary net position--beginning                      | <u>310,396</u>    | <u>301,264</u>    | <u>288,225</u>    | <u>263,976</u>    |
| Plan fiduciary net position--ending (b)                     | <u>\$ 332,763</u> | <u>\$ 310,396</u> | <u>\$ 301,264</u> | <u>\$ 288,225</u> |
| Net Pension Liability--ending (a) - (b)                     | <u>\$ 71,043</u>  | <u>\$ 74,506</u>  | <u>\$ 111,738</u> | <u>\$ 88,471</u>  |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Contributions  | 2017              | 2016         | 2015              | 2014            |
|--|-------------------|--------------|-------------------|-----------------|
| Actuarially determined contribution                                  | \$ 22,136         | \$ 26,297    | \$ 25,147         | \$ 26,730       |
| Contributions in relation to the actuarially determined contribution | 26,241            | 26,241       | 27,408            | 27,447          |
| Contribution deficiency (excess)                                     | <u>\$ (4,105)</u> | <u>\$ 56</u> | <u>\$ (2,261)</u> | <u>\$ (717)</u> |
| Covered payroll  | N/A               | N/A          | N/A               | N/A             |
| Contributions as a percentage of covered payroll                     | N/A               | N/A          | N/A               | N/A             |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

**Notes to the Required Supplementary Information**

|                               |   |
|-------------------------------|---|
| Valuation date                | January 1, 2018                             |
| Actuarial cost method         | Level \$ closed 30 year period              |
| Amortization method           | Level \$ open 30 year period                |
| Remaining amortization period | 23 years                                    |
| Asset valuation method        | Smoothing of gains and losses               |
| Investment rate of return     | 7.00%                                       |
| Projected salary increases    | N/A   |
| Assumed inflation rate        | 4%  |
| Mortality                     | RP-2014 Mortality Table using Scale MP-2017 |

City of Dickinson  
Required Supplementary Information – Police Pension Plan  
Year Ended December 31, 2017

| Schedule of Net Pension Liability  | 2017                | 2016                | 2015                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability  | \$ 10,107,743       | \$ 10,219,577       | \$ 9,763,488        | \$ 8,794,960        |
| Plan fiduciary net position  | 6,138,876           | 5,643,465           | 5,527,313           | 5,520,718           |
| Net pension liability  | <u>\$ 3,968,867</u> | <u>\$ 4,576,112</u> | <u>\$ 4,236,175</u> | <u>\$ 3,274,242</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 60.73%              | 55.22%              | 56.61%              | 62.77%              |
| Covered payroll  | \$ 1,141,191        | \$ 1,129,831        | \$ 1,297,858        | \$ 1,225,358        |
| Net pension liability as a percentage of covered payroll                   | 347.78%             | 405.03%             | 326.40%             | 267.21%             |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Changes in Total Pension Liability              | 2017                 | 2016                 | 2015                | 2014                |
|---|----------------------|----------------------|---------------------|---------------------|
| Service Cost  | \$ 205,099           | \$ 192,323           | \$ 216,356          | \$ 210,610          |
| Interest  | 659,621              | 629,158              | 571,205             | 548,605             |
| Differences between expected and actual experience          | (408,724)            | 72,319               | 330,967             | 9,528               |
| Changes of assumptions                                      | (14,496)             | 115,196              | 297,090             | -                   |
| Benefit payments, including refunds of member contributions | (553,334)            | (552,907)            | (447,090)           | (406,497)           |
| Net change in total pension liability                       | (111,834)            | 456,089              | 968,528             | 362,246             |
| Total Pension Liability--Beginning                          | 10,219,577           | 9,763,488            | 8,794,960           | 8,432,714           |
| Total Pension Liability--Ending (a)                         | <u>\$ 10,107,743</u> | <u>\$ 10,219,577</u> | <u>\$ 9,763,488</u> | <u>\$ 8,794,960</u> |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Changes in Plan Fiduciary Net Position          | 2017                | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|---------------------|
| Contributions--employer                                     | \$ 460,570          | \$ 460,570          | \$ 423,057          | \$ 364,786          |
| Contributions--member                                       | 61,961              | 68,391              | 72,282              | 71,151              |
| Net investment income                                       | 561,154             | 173,154             | (7,931)             | 284,155             |
| Benefit payments, including refunds of member contributions | (533,334)           | (552,907)           | (447,090)           | (406,497)           |
| Administrative expense                                      | (34,940)            | (33,056)            | (33,723)            | (32,188)            |
| Net change in plan fiduciary net position                   | 495,411             | 116,152             | 6,595               | 281,407             |
| Plan fiduciary net position--beginning                      | 5,643,465           | 5,527,313           | 5,520,718           | 5,239,311           |
| Plan fiduciary net position--ending (b)                     | <u>\$ 6,138,876</u> | <u>\$ 5,643,465</u> | <u>\$ 5,527,313</u> | <u>\$ 5,520,718</u> |
| Net Pension Liability--ending (a) - (b)                     | <u>\$ 3,968,867</u> | <u>\$ 4,576,112</u> | <u>\$ 4,236,175</u> | <u>\$ 3,274,242</u> |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

| Schedule of Contributions  | 2017             | 2016             | 2015             | 2014             |
|--|------------------|------------------|------------------|------------------|
| Actuarially determined contribution                                  | \$ 509,608       | \$ 472,890       | \$ 446,886       | \$ 430,831       |
| Contributions in relation to the actuarially determined contribution | 460,570          | 460,570          | 423,057          | 364,786          |
| Contribution deficiency (excess)                                     | <u>\$ 49,038</u> | <u>\$ 12,320</u> | <u>\$ 23,829</u> | <u>\$ 66,045</u> |
| Covered payroll  | \$ 1,141,191     | \$ 1,129,831     | \$ 1,297,858     | \$ 1,225,358     |
| Contributions as a percentage of covered payroll                     | 40.36%           | 40.76%           | 32.60%           | 29.77%           |

\*Complete data for this schedule is not available prior to 2014. The information presented has a measurement date of December 31.

**Notes to the Required Supplementary Information**

|                               |   |
|-------------------------------|---|
| Valuation date                | January 1, 2018                             |
| Actuarial cost method         | Level \$ closed 30 year period              |
| Amortization method           | Level \$ open 30 year period                |
| Remaining amortization period | 23 years                                    |
| Asset valuation method        | Smoothing of gains and losses               |
| Investment rate of return     | 6.50%                                       |
| Projected salary increases    | 4%  |
| Assumed inflation rate        | 4%  |
| Mortality                     | RP-2014 Mortality Table using Scale MP-2017 |

City of Dickinson  
Other Postemployment Benefit Schedules  
Year Ended December 31, 2017

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**Schedule of Funding Progress**

| <u>Actuarial Valuation<br/>Date January 1,</u> | <u>Actuarial<br/>Value<br/>of Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability (AAL)</u> | <u>Unfunded<br/>AAL (UALL)</u> | <u>Funded<br/>Ratio</u> |
|--|--|--|--------------------------------|-------------------------|
| 2015   | \$ 402,906                               | \$ 1,075,231                                     | \$ 672,325                     | 37.5%                   |
| 2016   | 187,694                                  | 1,532,856  | 1,345,162                      | 12.2%                   |
| 2017   | 199,894                                  | 1,582,045  | 1,382,151                      | 12.6%                   |

**Schedule of Employer Contributions**

| <u>Year Ended<br/>December 31</u> | <u>Annual<br/>OPEB<br/>Costs</u> | <u>City<br/>Contributions</u> | <u>Percentage<br/>Contributed</u> |
|-----------------------------------|----------------------------------|-------------------------------|-----------------------------------|
| 2015                              | \$ 89,131                        | \$ 197,791                    | 221.9%                            |
| 2016                              | 171,973                          | 133,952                       | 77.9%                             |
| 2017                              | 175,970                          | 134,246                       | 76.3%                             |

**Note 1 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

The governing board adopts an annual budget on a basis consistent with GAAP for the general fund, each special revenue fund and each debt service fund of the municipality. The city is required to present the adopted and final amended revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- On or before September 10th of the preceding fiscal year, the city prepares a preliminary budget for the next succeeding year beginning January 1st. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The governing board holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before October 1st, the board adopts the final budget.
- The final budget must be filed with the county auditor by October 10th.
- No disbursement shall be made or liability incurred in excess of the total appropriation by fund. However, 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 proceedings of the board.
- All annual appropriations lapse at year-end.

**Note 2 - Actuarial Assumptions and Methods – Other Postemployment Benefits**

Unfunded actuarial accrued liabilities (UAAL) were amortized by level dollar contributions. The UAAL was determined using the funding value of assets and the actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment is the level dollar amount required to amortize the UAAL over a closed 30-year period.

Significant actuarial assumptions employed by the actuaries for funding purposes as of January 1, 2016, the date of the latest actuarial study are as follows:

|               |                |
|---------------|----------------|
| Discount rate | 4.50% per year |
|---------------|----------------|

Monthly premiums as of  
January 1, 2016

The benefits payable to retirees are a percentage of actual health premiums, but are limited to no more than the same percentage of the premiums paid by active employees. For purposes of this valuation, the projected active employee premium was used as the basis for projecting retiree health benefits.

The active employee premiums as of January 1, 2016 are as follows:

| <u>Coverage</u> |          |
|-----------------|----------|
| Single          | \$465.18 |
| Family          | 1,123.88 |

Health care trend rates

The following health care trend rates have been assumed:

| <u>Fiscal Year</u> | <u>Trend Rates</u> |
|--------------------|--------------------|
| 2016               | 9.79%              |
| 2017               | 0.00%              |
| 2018               | 18.00%             |
| 2019               | 0.00%              |
| 2020               | 17.00%             |
| 2021 +             | 0.00% - 16.00%     |

Expected monthly retiree  
medical costs

Because retirees are not included in the City's health insurance plan, and do not affect the premiums paid by the City, the actuary did not use age specific costs in the valuation of liabilities under the plan.

Participation rate

100% of employees with medical coverage are assumed to elect medical coverage in the plan at retirement, if eligible.

80% of employees with family coverage are assumed to be married and elect coverage for their spouse at retirement, if eligible.

Retirement Age

City employees: 100% retire at age 62 or 30 years of service; Police employees: 100% retire at age 55 or 30 years of service.



Mortality RP-2014 Generational Mortality (Scale MP-2015)

Withdrawal Table T-4 - rates varying by age. Sample withdrawal rates are as follows:

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 25         | 5.29%       |
| 30         | 5.07%       |
| 35         | 4.70%       |
| 40         | 4.19%       |
| 45         | 3.54%       |
| 50         | 2.48%       |

Disability None

Actuarial Methods

Actuarial method Projected Unit Credit with 30-year amortization of the unfunded liability.

Calculation date January 1, 2016

Amortization of unfunded actuarial accrued liability Amortized as a level dollar amount over 30 years



Supplementary Information  
December 31, 2017  
**City of Dickinson**

City of Dickinson  
Combining Balance Sheet – Nonmajor Governmental Funds  
December 31, 2017

|  | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-------------------------|------------------------------|--|
| <b>Assets</b>  |                             |                         |                              |  |
| Cash and investments   | \$ 6,272,576                | \$ 1,130,217            | \$ 2,753,703                 | \$ 10,156,496                              |
| Accounts receivable  | -                           | 117,333                 | -                            | 117,333                                    |
| Special assessments receivable   | -                           | -                       | 1,405,298                    | 1,405,298                                  |
| Intergovernmental receivables  | 711,700                     | -                       | -                            | 711,700                                    |
| Restricted cash and investments  | -                           | 1,690,500               | -                            | 1,690,500                                  |
| <b>Total assets</b>  | <b>\$ 6,984,276</b>         | <b>\$ 2,938,050</b>     | <b>\$ 4,159,001</b>          | <b>\$ 14,081,327</b>                       |
| <b>Liabilities and Fund Balances</b>                                       |                             |                         |                              |  |
| <b>Liabilities</b>   |                             |                         |                              |  |
| Accounts payable   | \$ 49,286                   | \$ -                    | \$ -                         | \$ 49,286                                  |
| Accrued payroll  | 22,961                      | -                       | -                            | 22,961                                     |
| Interfund payables   | -                           | 48,346                  | 561,979                      | 610,325                                    |
| Advances from other funds  | -                           | -                       | 1,416,086                    | 1,416,086                                  |
| <b>Total liabilities</b>   | <b>72,247</b>               | <b>48,346</b>           | <b>1,978,065</b>             | <b>2,098,658</b>                           |
| <b>Deferred Inflows of Resources</b>                                       |                             |                         |                              |  |
| Unavailable special assessments  | -                           | -                       | 1,405,298                    | 1,405,298                                  |
| <b>Total deferred inflows of resources</b>                                 | <b>-</b>                    | <b>-</b>                | <b>1,405,298</b>             | <b>1,405,298</b>                           |
| <b>Fund Balances</b>   |                             |                         |                              |  |
| Restricted   | 5,627,551                   | 2,842,261               | 1,337,617                    | 9,807,429                                  |
| Committed  | 817,207                     | -                       | -                            | 817,207                                    |
| Assigned   | 467,271                     | 95,789                  | -                            | 563,060                                    |
| Unassigned   | -                           | (48,346)                | (561,979)                    | (610,325)                                  |
| <b>Total fund balances</b>   | <b>6,912,029</b>            | <b>2,889,704</b>        | <b>775,638</b>               | <b>10,577,371</b>                          |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 6,984,276</b>         | <b>\$ 2,938,050</b>     | <b>\$ 4,159,001</b>          | <b>\$ 14,081,327</b>                       |

|  | Downtown<br>Improvement<br>District | Half Percent<br>Sales Tax | Hospitality<br>Tax | Wastewater<br>Backup<br>Reserve |
|--|-------------------------------------|---------------------------|--------------------|---------------------------------|
| <b>Assets</b>  |                                     |                           |                    |                                 |
| Cash and investments   | \$ 72,548                           | \$ 4,974,472              | \$ 601,116         | \$ 23,825                       |
| Intergovernmental receivables  | -                                   | 499,279                   | 154,705            | -                               |
| <b>Total assets</b>  | <b>\$ 72,548</b>                    | <b>\$ 5,473,751</b>       | <b>\$ 755,821</b>  | <b>\$ 23,825</b>                |
| <b>Liabilities and Fund Balances</b>   |                                     |                           |                    |                                 |
| <b>Liabilities</b>   |                                     |                           |                    |                                 |
| Accounts payable   | \$ -                                | \$ 725                    | \$ 28              | \$ 2,554                        |
| Accrued payroll  | -                                   | -                         | -                  | -                               |
| <b>Total liabilities</b>   | <b>-</b>                            | <b>725</b>                | <b>28</b>          | <b>2,554</b>                    |
| <b>Fund Balances</b>   |                                     |                           |                    |                                 |
| Restricted   | 72,548                              | 5,473,026                 | -                  | -                               |
| Committed  | -                                   | -                         | 755,793            | 21,271                          |
| Assigned   | -                                   | -                         | -                  | -                               |
| <b>Total fund balances</b>   | <b>72,548</b>                       | <b>5,473,026</b>          | <b>755,793</b>     | <b>21,271</b>                   |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ 72,548</b>                    | <b>\$ 5,473,751</b>       | <b>\$ 755,821</b>  | <b>\$ 23,825</b>                |

City of Dickinson  
 Combining Balance Sheet – Nonmajor Special Revenue Funds  
 December 31, 2017

| Grant<br>Fund    | Dickinson<br>Public<br>Library | Occupancy<br>Tax | Total<br>Nonmajor<br>Special<br>Revenue<br>Fund |
|------------------|--------------------------------|------------------|---|
| \$ 79,663        | \$ 486,882                     | \$ 34,070        | \$ 6,272,576                                    |
| 5,803            | 11,769                         | 40,144           | 711,700   |
| <u>\$ 85,466</u> | <u>\$ 498,651</u>              | <u>\$ 74,214</u> | <u>\$ 6,984,276</u>                             |
|                  |                                |                  |   |
| \$ 3,489         | \$ 8,419                       | \$ 34,071        | \$ 49,286                                       |
| -                | 22,961                         | -                | 22,961  |
| <u>3,489</u>     | <u>31,380</u>                  | <u>34,071</u>    | <u>72,247</u>                                   |
|                  |                                |                  |   |
| 81,977           | -                              | -                | 5,627,551                                       |
| -                | -                              | 40,143           | 817,207   |
| <u>-</u>         | <u>467,271</u>                 | <u>-</u>         | <u>467,271</u>                                  |
| <u>81,977</u>    | <u>467,271</u>                 | <u>40,143</u>    | <u>6,912,029</u>                                |
|                  |                                |                  |   |
| <u>\$ 85,466</u> | <u>\$ 498,651</u>              | <u>\$ 74,214</u> | <u>\$ 6,984,276</u>                             |

City of Dickinson  
 Combining Balance Sheet – Nonmajor Debt Service Funds  
 December 31, 2017

|   | 2013<br>Sales Tax<br>Revenue<br>Bonds | 2014<br>Water & Sales<br>Tax Revenue<br>Bonds | General<br>Capital<br>Leases | Total<br>Nonmajor<br>Debt Service<br>Funds |
|---|---------------------------------------|---|------------------------------|--|
| <b>Assets</b>                           |                                       |   |                              |  |
| Cash and investments                    | \$ 1,034,428                          | \$ -  | \$ 95,789                    | \$ 1,130,217                               |
| Restricted cash and investments         | 1,690,500                             | -   | -                            | 1,690,500                                  |
| Accounts receivable                     | <u>117,333</u>                        | <u>-</u>                                      | <u>-</u>                     | <u>117,333</u>                             |
| Total assets                            | <u>\$ 2,842,261</u>                   | <u>\$ -</u>                                   | <u>\$ 95,789</u>             | <u>\$ 2,938,050</u>                        |
| <b>Liabilities</b>                      |                                       |   |                              |  |
| Interfund payables                      | \$ -                                  | \$ 48,346                                     | \$ -                         | \$ 48,346                                  |
| Total liabilities                       | <u>-</u>                              | <u>48,346</u>                                 | <u>-</u>                     | <u>48,346</u>                              |
| <b>Fund Balances</b>                    |                                       |   |                              |  |
| Restricted                              | 2,842,261                             | -   | -                            | 2,842,261                                  |
| Assigned                                | -                                     | -   | 95,789                       | 95,789                                     |
| Unassigned                              | <u>-</u>                              | <u>(48,346)</u>                               | <u>-</u>                     | <u>(48,346)</u>                            |
| Total fund balances                     | <u>2,842,261</u>                      | <u>(48,346)</u>                               | <u>95,789</u>                | <u>2,889,704</u>                           |
| Total liabilities,<br>and fund balances | <u>\$ 2,842,261</u>                   | <u>\$ -</u>                                   | <u>\$ 95,789</u>             | <u>\$ 2,938,050</u>                        |

City of Dickinson  
Combining Balance Sheet – Nonmajor Capital Projects Funds  
December 31, 2017

|  | Community<br>Center<br>Project | Impact Fees<br>Capital<br>Projects | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|--------------------------------|------------------------------------|---|
| <b>Assets</b>  |                                |                                    |   |
| Cash and investments   | \$ -                           | \$ 2,753,703                       | \$ 2,753,703                                      |
| Special assessments<br>receivable  | -                              | 1,405,298                          | 1,405,298   |
| <b>Total assets</b>  | <b>\$ -</b>                    | <b>\$ 4,159,001</b>                | <b>\$ 4,159,001</b>                               |
| <b>Liabilities and Fund Balances</b>   |                                |                                    |   |
| <b>Liabilities</b>   |                                |                                    |   |
| Interfund payables   | \$ 561,979                     | \$ -                               | \$ 561,979  |
| Advances from other funds  | -                              | 1,416,086                          | 1,416,086   |
| <b>Total liabilities</b>   | <b>561,979</b>                 | <b>1,416,086</b>                   | <b>1,978,065</b>                                  |
| <b>Deferred Inflows of Resources</b>   |                                |                                    |   |
| Unavailable special assessments  | -                              | 1,405,298                          | 1,405,298   |
| <b>Total deferred inflows of<br/>resources</b>                                     | <b>-</b>                       | <b>1,405,298</b>                   | <b>1,405,298</b>                                  |
| <b>Fund Balances</b>   |                                |                                    |   |
| Restricted   | -                              | 1,337,617                          | 1,337,617   |
| Unassigned   | (561,979)                      | -                                  | (561,979)   |
| <b>Total fund balances</b>   | <b>(561,979)</b>               | <b>1,337,617</b>                   | <b>775,638</b>                                    |
| <b>Total liabilities, deferred<br/>inflows of resources,<br/>and fund balances</b> | <b>\$ -</b>                    | <b>\$ 4,159,001</b>                | <b>\$ 4,159,001</b>                               |

City of Dickinson  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds  
Year Ended December 31, 2017

|  | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-------------------------|------------------------------|--|
| <b>Revenues</b>  |                             |                         |                              |  |
| Taxes  | \$ 4,577,742                | \$ -                    | \$ -                         | \$ 4,577,742                               |
| Intergovernmental revenues                                   | 643,497                     | -                       | -                            | 643,497                                    |
| Charges for services   | 150,257                     | -                       | -                            | 150,257                                    |
| Fines and forfeits   | 14,733                      | -                       | -                            | 14,733                                     |
| Special assessments  | 634                         | -                       | 1,557,141                    | 1,557,775                                  |
| Interest and investment income                               | 32,790                      | 15,240                  | 11,470                       | 59,500                                     |
| Donations  | -                           | 262,983                 | -                            | 262,983                                    |
| Miscellaneous revenues                                       | 69,867                      | -                       | -                            | 69,867                                     |
| <b>Total revenues</b>  | <u>5,489,520</u>            | <u>278,223</u>          | <u>1,568,611</u>             | <u>7,336,354</u>                           |
| <b>Expenditures</b>  |                             |                         |                              |  |
| <b>Current</b>   |                             |                         |                              |  |
| Public safety  | 21,888                      | -                       | -                            | 21,888                                     |
| Public works   | 43,928                      | -                       | -                            | 43,928                                     |
| Culture and recreation                                       | 1,665,965                   | -                       | -                            | 1,665,965                                  |
| Urban and economic<br>development                            | 351,594                     | -                       | -                            | 351,594                                    |
| Capital outlay   | 179,890                     | -                       | -                            | 179,890                                    |
| <b>Debt Service</b>  |                             |                         |                              |  |
| Principal  | -                           | 1,432,400               | -                            | 1,432,400                                  |
| Interest and service charges                                 | -                           | 568,907                 | -                            | 568,907                                    |
| <b>Total expenditures</b>                                    | <u>2,263,265</u>            | <u>2,001,307</u>        | <u>-</u>                     | <u>4,264,572</u>                           |
| <b>Excess (Deficiency) of Revenues<br/>over expenditures</b> | <u>3,226,255</u>            | <u>(1,723,084)</u>      | <u>1,568,611</u>             | <u>3,071,782</u>                           |
| <b>Other Financing Sources (Uses)</b>                        |                             |                         |                              |  |
| Transfers in   | -                           | 2,028,690               | 262,983                      | 2,291,673                                  |
| Transfers out  | (3,093,783)                 | (262,983)               | -                            | (3,356,766)                                |
| <b>Total Other Financing Sources and Uses</b>                | <u>(3,093,783)</u>          | <u>1,765,707</u>        | <u>262,983</u>               | <u>(1,065,093)</u>                         |
| <b>Net Change in Fund Balances</b>                           | <u>132,472</u>              | <u>42,623</u>           | <u>1,831,594</u>             | <u>2,006,689</u>                           |
| <b>Fund Balance - January 1</b>                              | <u>6,779,557</u>            | <u>2,847,081</u>        | <u>(1,055,956)</u>           | <u>8,570,682</u>                           |
| <b>Fund Balance - December 31</b>                            | <u>\$ 6,912,029</u>         | <u>\$ 2,889,704</u>     | <u>\$ 775,638</u>            | <u>\$ 10,577,371</u>                       |



|  | Downtown<br>Improvement<br>District | Half Percent<br>Sales Tax | Hospitality<br>Tax | Wastewater<br>Backup<br>Reserve |
|--|-------------------------------------|---------------------------|--------------------|---------------------------------|
| Revenues   |                                     |                           |                    |                                 |
| Taxes  | \$ -                                | \$ 2,805,075              | \$ 934,203         | \$ -                            |
| Intergovernmental revenues                           | -                                   | -                         | -                  | -                               |
| Charges for services                                 | -                                   | -                         | -                  | -                               |
| Fines and forfeits                                   | -                                   | -                         | -                  | -                               |
| Special assessments                                  | 634                                 | -                         | -                  | -                               |
| Interest and investment income                       | 513                                 | 25,869                    | 3,096              | 114                             |
| Miscellaneous revenues                               | -                                   | -                         | -                  | -                               |
| Total revenues                                       | <u>1,147</u>                        | <u>2,830,944</u>          | <u>937,299</u>     | <u>114</u>                      |
| Expenditures   |                                     |                           |                    |                                 |
| Current  |                                     |                           |                    |                                 |
| Public safety  | -                                   | -                         | -                  | -                               |
| Public works   | 43,928                              | -                         | -                  | -                               |
| Culture and recreation                               | -                                   | -                         | 90,028             | -                               |
| Urban and economic development                       | -                                   | 351,594                   | -                  | -                               |
| Capital outlay                                       | -                                   | -                         | -                  | -                               |
| Total expenditures                                   | <u>43,928</u>                       | <u>351,594</u>            | <u>90,028</u>      | <u>-</u>                        |
| Excess (Deficiency) of Revenues over<br>Expenditures | <u>(42,781)</u>                     | <u>2,479,350</u>          | <u>847,271</u>     | <u>114</u>                      |
| Other Financing Sources (Uses)                       |                                     |                           |                    |                                 |
| Transfers out  | <u>-</u>                            | <u>(2,300,000)</u>        | <u>(790,000)</u>   | <u>-</u>                        |
| Total Other Financing Sources and Uses               | <u>-</u>                            | <u>(2,300,000)</u>        | <u>(790,000)</u>   | <u>-</u>                        |
| Net Change in Fund Balances                          | <u>(42,781)</u>                     | <u>179,350</u>            | <u>57,271</u>      | <u>114</u>                      |
| Fund Balance - January 1                             | <u>115,329</u>                      | <u>5,293,676</u>          | <u>698,522</u>     | <u>21,157</u>                   |
| Fund Balance - December 31                           | <u>\$ 72,548</u>                    | <u>\$ 5,473,026</u>       | <u>\$ 755,793</u>  | <u>\$ 21,271</u>                |

City of Dickinson  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
 Funds  
 Year Ended December 31, 2017

| Grant<br>Fund    | Dickinson<br>Public<br>Library | Occupancy<br>Tax | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|------------------|--------------------------------|------------------|--|
| \$ -             | \$ 493,743                     | \$ 344,721       | \$ 4,577,742                                     |
| 230,657          | 412,840                        | -                | 643,497  |
| -                | 150,257                        | -                | 150,257  |
| -                | 14,733                         | -                | 14,733   |
| -                | -                              | -                | 634  |
| -                | 3,198                          | -                | 32,790   |
| 38,120           | 31,747                         | -                | 69,867   |
| <u>268,777</u>   | <u>1,106,518</u>               | <u>344,721</u>   | <u>5,489,520</u>                                 |
| 21,888           | -                              | -                | 21,888   |
| -                | -                              | -                | 43,928   |
| -                | 1,017,960                      | 557,977          | 1,665,965  |
| -                | -                              | -                | 351,594  |
| 169,710          | 10,180                         | -                | 179,890  |
| <u>191,598</u>   | <u>1,028,140</u>               | <u>557,977</u>   | <u>2,263,265</u>                                 |
| <u>77,179</u>    | <u>78,378</u>                  | <u>(213,256)</u> | <u>3,226,255</u>                                 |
| -                | (3,783)                        | -                | (3,093,783)                                      |
| -                | (3,783)                        | -                | (3,093,783)                                      |
| <u>77,179</u>    | <u>74,595</u>                  | <u>(213,256)</u> | <u>132,472</u>                                   |
| <u>4,798</u>     | <u>392,676</u>                 | <u>253,399</u>   | <u>6,779,557</u>                                 |
| <u>\$ 81,977</u> | <u>\$ 467,271</u>              | <u>\$ 40,143</u> | <u>\$ 6,912,029</u>                              |

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds  
Year Ended December 31, 2017

|   | 2013<br>Sales Tax<br>Revenue<br>Bonds | 2014<br>Water & Sales<br>Tax Revenue<br>Bonds | General<br>Capital<br>Leases | Total<br>Nonmajor<br>Debt Service<br>Funds |
|---|---------------------------------------|---|------------------------------|--|
| <b>Revenues</b>                             |                                       |   |                              |  |
| Interest income                             | \$ 15,240                             | \$ -  | \$ -                         | \$ 15,240                                  |
| Donations                                   | 262,983                               | -   | -                            | 262,983                                    |
| Total revenues                              | <u>278,223</u>                        | <u>-</u>                                      | <u>-</u>                     | <u>278,223</u>                             |
| <b>Expenditures</b>                         |                                       |   |                              |  |
| <b>Debt Service</b>                         |                                       |   |                              |  |
| Principal                                   | 1,150,000                             | -   | 282,400                      | 1,432,400                                  |
| Interest and service charges                | 563,209                               | -   | 5,698                        | 568,907                                    |
| Total expenditures                          | <u>1,713,209</u>                      | <u>-</u>                                      | <u>288,098</u>               | <u>2,001,307</u>                           |
| Deficiency of Revenues<br>over expenditures | <u>(1,434,986)</u>                    | <u>-</u>                                      | <u>(288,098)</u>             | <u>(1,723,084)</u>                         |
| <b>Other Financing Sources (Uses)</b>       |                                       |   |                              |  |
| Transfers in                                | 1,710,000                             | -   | 318,690                      | 2,028,690                                  |
| Transfers out                               | (262,983)                             | -   | -                            | (262,983)                                  |
| Total Other Financing Sources and Uses      | <u>1,447,017</u>                      | <u>-</u>                                      | <u>318,690</u>               | <u>1,765,707</u>                           |
| Net Change in Fund Balances                 | <u>12,031</u>                         | <u>-</u>                                      | <u>30,592</u>                | <u>42,623</u>                              |
| Fund Balance - January 1                    | <u>2,830,230</u>                      | <u>(48,346)</u>                               | <u>65,197</u>                | <u>2,847,081</u>                           |
| Fund Balance - December 31                  | <u>\$ 2,842,261</u>                   | <u>\$ (48,346)</u>                            | <u>\$ 95,789</u>             | <u>\$ 2,889,704</u>                        |

City of Dickinson  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects  
Funds  
Year Ended December 31, 2017

|  | Community<br>Center<br>Project | Impact Fee<br>Capital<br>Projects | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|--------------------------------|-----------------------------------|---|
| Revenues   |                                |                                   |   |
| Special assessments                                  | \$ -                           | \$ 1,557,141                      | \$ 1,557,141                                      |
| Interest and investment income                       | -                              | 11,470                            | 11,470  |
| Total revenues                                       | <u>-</u>                       | <u>1,568,611</u>                  | <u>1,568,611</u>                                  |
| Expenditures   |                                |                                   |   |
| Capital outlay                                       | -                              | -                                 | -   |
| Total expenditures                                   | <u>-</u>                       | <u>-</u>                          | <u>-</u>  |
| Excess (Deficiency) of Revenues<br>over expenditures | <u>-</u>                       | <u>1,568,611</u>                  | <u>1,568,611</u>                                  |
| Other Financing Sources (Uses)                       |                                |                                   |   |
| Transfers In   | <u>262,983</u>                 | <u>-</u>                          | <u>262,983</u>                                    |
| Total Other Financing Sources<br>and Uses            | <u>262,983</u>                 | <u>-</u>                          | <u>262,983</u>                                    |
| Net Change in Fund Balances                          | <u>262,983</u>                 | <u>1,568,611</u>                  | <u>1,831,594</u>                                  |
| Fund Balance - January 1                             | <u>(824,962)</u>               | <u>(230,994)</u>                  | <u>(1,055,956)</u>                                |
| Fund Balance - December 31                           | <u>\$ (561,979)</u>            | <u>\$ 1,337,617</u>               | <u>\$ 775,638</u>                                 |

City of Dickinson  
Statement of Net Position – Nonmajor Enterprise Fund  
Year Ended December 31, 2017

|  | Storm<br>Sewer Utility<br>Fund |
|--|--------------------------------|
| Assets   |                                |
| Current assets                                   |                                |
| Cash and cash equivalents                        | \$ 363,124                     |
| Investments                                      | 119,524                        |
| Accounts receivable                              | 81,089                         |
| Inventory  | 11,939                         |
| Total current assets                             | 575,676                        |
| Noncurrent assets                                |                                |
| Construction in progress                         | 232,768                        |
| Capital assets (net of accumulated depreciation) |                                |
| Improvements other than buildings                | 44,437                         |
| Machinery and equipment                          | 44,155                         |
| Total noncurrent assets                          | 321,360                        |
| Total assets                                     | 897,036                        |
| Liabilities                                      |                                |
| Current liabilities                              |                                |
| Accounts payable                                 | 2,969                          |
| Accrued payroll                                  | 4,943                          |
| Compensated absences                             | 1,736                          |
| Total current liabilities                        | 9,648                          |
| Total liabilities                                | 9,648                          |
| Net Position                                     |                                |
| Net investment in capital assets                 | 321,360                        |
| Unrestricted                                     | 566,028                        |
| Total net position                               | \$ 887,388                     |

City of Dickinson  
Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Fund  
Year Ended December 31, 2017

|  | Storm<br>Sewer Utility<br>Fund |
|--|--------------------------------|
| Operating revenues                     |                                |
| Sales                                  | \$ 304,308                     |
| Total operating revenues               | 304,308                        |
| Operating expenses                     |                                |
| Salaries                               | 91,371                         |
| Employment cost                        | 33,104                         |
| Administrative and general             | 35,010                         |
| Supplies                               | 23,279                         |
| Services                               | 7,799                          |
| Maintenance                            | 11,907                         |
| Depreciation                           | 14,590                         |
| Total operating expenses               | 217,060                        |
| Operating income                       | 87,248                         |
| Nonoperating revenues (expenses)       |                                |
| Interest and investment income         | 2,318                          |
| Miscellaneous revenue                  | 74,375                         |
| Total nonoperating revenues (expenses) | 76,693                         |
| Income before transfers                | 163,941                        |
| Transfers out                          | (578)                          |
| Change in net position                 | 163,363                        |
| Net position - January 1               | 724,025                        |
| Net position - December 31             | \$ 887,388                     |

City of Dickinson  
Statement of Cash Flows – Nonmajor Enterprise Fund  
Year Ended December 31, 2017

|   | Storm<br>Sewer Utility<br>Fund |
|---|--------------------------------|
| Cash Flows from Operating Activities                      |                                |
| Cash received from customers and users                    | \$ 234,660                     |
| Cash paid to suppliers                                    | (78,213)                       |
| Cash paid to employees                                    | (121,549)                      |
| Net cash provided by operating activities                 | 34,898                         |
| Cash Flows from Noncapital Financing Activities           |                                |
| Transfers to other funds                                  | (578)                          |
| Nonoperating revenues                                     | 74,375                         |
| Net cash provided by noncapital financing activities      | 73,797                         |
| Cash Flows from Capital and Related Financing Activities  |                                |
| Purchase of capital assets                                | (50,590)                       |
| Net cash used by capital and related financing activities | (50,590)                       |
| Cash Flows from Investing Activities                      |                                |
| Net purchase of investments                               | (18,051)                       |
| Interest and investment income                            | 2,318                          |
| Net cash used by investing activities                     | (15,733)                       |
| Net Change in Cash and Cash Equivalents                   | 42,372                         |
| Cash and Cash Equivalents, January 1, 2017                | 320,752                        |
| Cash and Cash Equivalents, December 31, 2017              | \$ 363,124                     |

City of Dickinson  
Statement of Cash Flows – Nonmajor Enterprise Fund  
Year Ended December 31, 2017

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|  | Storm<br>Sewer Utility<br>Fund |
|--|--------------------------------|
| Reconciliation of Operating Income<br>to Net Cash Provided by Operating<br>Activities        |                                |
| Operating income   | \$ 87,248                      |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating<br>Activities |                                |
| Depreciation expense   | 14,590                         |
| Change in Assets and Liabilities   |                                |
| Receivables  | (69,648)                       |
| Compensated absences liability   | 777                            |
| Accounts payable   | (218)                          |
| Accrued payroll  | 2,149                          |
| Net cash provided by operating<br>activities   | \$ 34,898                      |



City of Dickinson  
Combining Balance Sheet – Agency Funds  
December 31, 2017

|                      | General<br>Transit | Emergency<br>Shelter<br>Grant | Payroll<br>Clearing | Insurance<br>Transit | Totals            |
|----------------------|--------------------|-------------------------------|---------------------|----------------------|-------------------|
| Assets               |                    |                               |                     |                      |                   |
| Cash and investments | \$ -               | \$ 14,677                     | \$ 670,149          | \$ 3,058             | \$ 687,884        |
| Accounts receivable  | <u>56,006</u>      | <u>500</u>                    | <u>-</u>            | <u>-</u>             | <u>56,506</u>     |
| Total assets         | <u>\$ 56,006</u>   | <u>\$ 15,177</u>              | <u>\$ 670,149</u>   | <u>\$ 3,058</u>      | <u>\$ 744,390</u> |
| Liabilities          |                    |                               |                     |                      |                   |
| Due to other parties | <u>\$ 56,006</u>   | <u>\$ 15,177</u>              | <u>\$ 670,149</u>   | <u>\$ 3,058</u>      | <u>\$ 744,390</u> |
| Total liabilities    | <u>\$ 56,006</u>   | <u>\$ 15,177</u>              | <u>\$ 670,149</u>   | <u>\$ 3,058</u>      | <u>\$ 744,390</u> |



CPAs & BUSINESS ADVISORS

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Honorable Mayor and Board  
of City Commissioners  
City of Dickinson  
Dickinson, North Dakota

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Dickinson’s basic financial statements and have issued our report thereon dated May 31, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dickinson’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 City of Dickinson’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dickinson’s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and as items 2017-A, 2017-B, and 2017-C that we consider to be material weaknesses.

**Compliance and Other Matters**

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

**City of Dickinson's Response to Findings**

The City of Dickinson's response to the findings identified in our audit are described in the accompanying schedule of findings. The City of Dickinson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Bismarck, North Dakota  
May 31, 2019

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**Financial Statement Findings**

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**2017-A Recording of Transactions**  
**Material Weakness**

Criteria - A good system of internal accounting control contemplates proper adjustments of all general ledger accounts.

Condition – We identified misstatements in the City’s financial statements causing us to propose material audit adjustments.

Cause – Certain adjustments were overlooked in the closing process and reconciliations of significant account balances were not completed for all financial statement areas at the end of the year.

Effect - Inadequate internal controls over recording of transactions affects the City’s ability to detect misstatements in amounts that would be material in relation to the financial statements.

Recommendation – We recommend that all general ledger accounts be reconciled in a timely manner.

Management Response – The City has hired a 5<sup>th</sup> person in the accounting department specifically to handle payroll and allow other staff to more fully focus on their responsibilities. The Staff person responsible for budgets, financial reporting and grants will review all year-end balance sheet account amounts and tie to supporting schedules. These schedules will be prepared by the staff person responsible for various accounts such as cash, receivables, payables and capital assets. All significant balance sheet accounts will be supported by schedules and/or reconciliations, sufficient to mitigate the need for an auditor to propose a material adjustment.

**2017-B Preparation of Financial Statements**  
**Material Weakness**

Criteria – A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and accompanying notes to the financial statements.

Condition – The City does not have an internal control system designed to provide for the complete preparation of the financial statements and accompanying notes to the financial statements. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – The City does not focus on providing training to employees to stay current with all accounting standards and applications in order to prepare complete financial statements and accompanying notes to the financial statements.

Effect – Inadequate control over financial reporting could result in a reasonable possibility that a material misstatement of the City’s financial statements and accompanying notes to the financial statements will not be prevented, or detected and corrected on a timely basis.

Recommendation – The circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management Response – The staff size and cost did not change from 2017 to 2018 so this will be a continuance of the auditors to assist in preparing our draft financial statements and notes in the near future, plans are to address this in the long-term.

**2017-C Segregation of Duties**  
**Material Weakness**

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and that there is proper approval of transactions.

Condition – The City has a lack of segregation of duties in certain areas due to a limited staff.

Cause – The City has not implemented internal control procedures to ensure there is adequate segregation of duties related to all transactions handled in the accounting office and there are a limited number of employees to segregate all of the duties.

Effect - Inadequate segregation of duties could adversely affect the City's ability to detect potential material misstatements to the financial statements or fraudulent activity in a timely manner.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible.

Management Response – The City has hired a 5th person in the accounting department specifically to handle payroll and allow other staff to more fully focus on their responsibilities. The City also is in the process of cross-training account department personnel, so an individual can perform another's duties if they are absent. All accounting department personnel are required to take at least one week off each year necessitating another staff person to perform their duties during that time. Also, certain routine internal control processes such as bank reconciliations and journal entries are now reviewed and initialed by a second person.

