



Financial Statements
December 31, 2018
City of Dickinson

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Elected

Scott Decker

President

Sarah Trustem

Commissioner

Jason Fridrich

Commissioner

Carson Steiner

Commissioner

Klayton Oltmanns

Commissioner
January - June 2018

Nicole Wolla

Commissioner
July - December 2018

Administration

Shawn Kessel

City Administrator
January - May 2018

Joseph Gaa

City Administrator
November - December 2018



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, 2018, 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 qualified and unmodified audit opinions.

Basis for Qualified Opinion on the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and Aggregate Remaining Funds.

As described in Note 14 to the financial statements, the actuarial valuation date for the total OPEB liability is January 1, 2016. The provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* require an actuarial valuation date within 30 months and one day of the current fiscal year end. Consequently, the actuarial valuation dated January 1, 2016 is not in accordance with accounting principles generally accepted in the United States of America. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and aggregate remaining funds has not been determined.

Qualified Opinion on the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and Aggregate Remaining Funds.

In our opinion, except for the effects of the matter as described in the “Basis for Qualified Opinion on the Governmental Activities and the Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste and aggregate remaining funds” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and aggregate remaining funds of the City of Dickinson, North Dakota, as of December 31, 2018, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the each major governmental fund of the City of Dickinson, North Dakota, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 19 to the financial statements, certain errors resulting in misstatements of amounts previously reported for accumulated depreciation, depreciation expense, construction in progress, and improvements other than buildings as of December 31, 2017, were discovered during the current year. Accordingly, adjustments have been made to beginning fund balance and net position as of January 1, 2018 to correct the errors. Our opinions are not modified with respect to these matters.

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 57 through 65 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. Although our opinion on the basic financial statements is not affected, the following material departures from the prescribed guidelines the Schedule of Changes in the City's Total OPEB Liability and Related Ratios were completed using an actuarial valuation that was more than 30 months and one day prior to the current fiscal year. We do not express an opinion on or provide any assurance on the information.

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 February 26, 2020 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed address and date.

Bismarck, North Dakota
February 26, 2020

City of Dickinson
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 61,388,366	\$ 6,452,347	\$ 67,840,713
Accounts receivable	342,696	1,112,658	1,455,354
Taxes receivable	12,352	-	12,352
Special assessments receivable	2,403,386	14,489	2,417,875
Intergovernmental receivable	4,521,645	-	4,521,645
Inventory	-	256,674	256,674
Restricted cash and investments	1,690,500	5,484,477	7,174,977
Capital assets not being depreciated			
Land	1,209,832	720,161	1,929,993
Construction in progress	4,137,312	3,057,799	7,195,111
Capital assets (net of accumulated depreciation)			
Buildings and improvements	63,972,777	36,498,622	100,471,399
Improvements other than buildings	132,058,940	80,686,623	212,745,563
Machinery and equipment	4,752,418	4,171,960	8,924,378
Total capital assets	<u>206,131,279</u>	<u>125,135,165</u>	<u>331,266,444</u>
Total assets	<u>276,490,224</u>	<u>138,455,810</u>	<u>414,946,034</u>
Deferred Outflows of Resources			
Derived from Pensions	<u>1,143,315</u>	<u>156,101</u>	<u>1,299,416</u>
Liabilities			
Accounts payable	570,927	413,540	984,467
Accrued payroll	598,225	114,429	712,654
Interest payable	119,804	420,208	540,012
Retainage payable	81,891	15,477	97,368
Non-current liabilities			
Due within one year			
Compensated absences	641,162	122,829	763,991
Bonds payable, net of premium	1,258,652	-	1,258,652
Notes payable	-	3,650,000	3,650,000
Capital leases payable	66,151	437,665	503,816
Due in more than one year			
Compensated absences	292,041	21,398	313,439
Bonds payable, net of premium	10,261,917	-	10,261,917
Notes payable	-	57,564,730	57,564,730
Capital leases payable	36,968	221,089	258,057
Net pension liability	9,533,476	2,191,674	11,725,150
Total OPEB obligation	1,650,188	412,547	2,062,735
Accrued closure and post-closure care costs	-	872,522	872,522
Total liabilities	<u>25,111,402</u>	<u>66,458,108</u>	<u>91,569,510</u>

City of Dickinson
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Derived from Pensions	277,181	-	277,181
Derived from OPEB	98,887	24,721	123,608
Total deferred inflows of resources	<u>376,068</u>	<u>24,721</u>	<u>400,789</u>
Net Position			
Net investment in capital assets	194,425,700	63,246,204	257,671,904
Restricted for special purposes	46,834,939	4,611,955	51,446,894
Unrestricted	<u>10,885,430</u>	<u>4,270,923</u>	<u>15,156,353</u>
Total net position	<u>\$ 252,146,069</u>	<u>\$ 72,129,082</u>	<u>\$ 324,275,151</u>

City of Dickinson
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 10,879,085	\$ 2,589,580	\$ -	\$ -	\$ (8,289,505)	\$ -	\$ (8,289,505)
Public safety	8,865,359	384,085	40,057	3,908,601	(4,532,616)	-	(4,532,616)
Public works	7,583,605	-	-	250,000	(7,333,605)	-	(7,333,605)
Culture and recreation	3,274,650	649,042	-	-	(2,625,608)	-	(2,625,608)
Urban and economic development	1,222,462	-	-	-	(1,222,462)	-	(1,222,462)
Other	3,171,628	-	-	-	(3,171,628)	-	(3,171,628)
Interest on long-term debt	503,088	-	-	-	(503,088)	-	(503,088)
Total governmental activities	35,499,877	3,622,707	40,057	4,158,601	(27,678,512)	-	(27,678,512)
Business-type activities							
Water distribution utility fund	7,523,522	5,681,134	-	-	-	(1,842,388)	(1,842,388)
Wastewater fund	7,546,542	3,609,948	-	-	-	(3,936,594)	(3,936,594)
Solid waste utility fund	4,770,611	4,059,894	-	-	-	(710,717)	(710,717)
Storm water utility fund	523,012	305,807	-	-	-	(217,205)	(217,205)
Total business-type activities	20,363,687	13,656,783	-	-	-	(6,706,904)	(6,706,904)
Total primary government	\$ 55,863,564	\$ 17,279,490	\$ 40,057	\$ 4,158,601	(27,678,512)	(6,706,904)	(34,385,416)
General revenues							
Taxes							
Property taxes levied for general purposes					5,391,619	-	5,391,619
City sales tax					9,110,618	-	9,110,618
Restaurant, lodging and occupancy taxes					1,373,675	-	1,373,675
Oil and gas production tax					13,839,221	-	13,839,221
State aid and revenues not restricted to specific programs					3,540,617	-	3,540,617
Unrestricted interest and investment income					718,930	-	718,930
Other revenue					177,124	1,104,926	1,282,050
Total general revenues					34,151,804	1,104,926	35,256,730
Transfers					(5,084,834)	5,084,834	-
Change in net position					1,388,458	(517,144)	871,314
Net Position - January 1, as restated					250,757,611	72,646,226	323,403,837
Net Position - December 31					\$ 252,146,069	\$ 72,129,082	\$ 324,275,151

City of Dickinson
Balance Sheet-Governmental Funds
December 31, 2018

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil Impact	Annual Street Project Fund		
Assets						
Cash and investments	\$ 16,380,626	\$ 8,322,847	\$ 23,791,656	\$ 1,877,308	\$ 10,491,194	\$ 60,863,631
Accounts receivable	96,797	-	-	-	245,899	342,696
Taxes receivable	12,352	-	-	-	-	12,352
Special assessments receivables	-	-	-	-	2,403,386	2,403,386
Intergovernmental receivables	629,034	1,094,305	2,026,155	-	772,151	4,521,645
Interfund receivables	328,926	-	-	-	-	328,926
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	1,690,500	1,690,500
Total assets	\$ 17,447,735	\$ 9,417,152	\$ 25,817,811	\$ 1,877,308	\$ 15,603,130	\$ 70,163,136
Liabilities						
Accounts payable	\$ 214,109	\$ 8,824	\$ -	\$ 193,690	\$ 76,716	\$ 493,339
Accrued payroll	551,651	-	-	-	31,862	583,513
Interfund payables	-	-	-	-	328,926	328,926
Retainage payable	-	-	-	81,891	-	81,891
Total liabilities	765,760	8,824	-	275,581	437,504	1,487,669
Deferred Inflows of Resources						
Unavailable property taxes	12,352	-	-	-	-	12,352
Unavailable special assessments	-	-	-	-	2,403,386	2,403,386
Total deferred inflows of resources	12,352	-	-	-	2,403,386	2,415,738
Fund Balances						
Restricted	-	9,408,328	25,817,811	-	11,608,800	46,834,939
Committed	-	-	-	-	838,537	838,537
Assigned	8,788,956	-	-	1,601,727	643,829	11,034,512
Unassigned	7,880,667	-	-	-	(328,926)	7,551,741
Total fund balances	16,669,623	9,408,328	25,817,811	1,601,727	12,762,240	66,259,729
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,447,735	\$ 9,417,152	\$ 25,817,811	\$ 1,877,308	\$ 15,603,130	\$ 70,163,136

Total Fund Balances - Governmental Funds		\$ 66,259,729
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	\$ 300,209,143	
Less accumulated depreciation	<u>(94,077,864)</u>	
Net capital assets		206,131,279
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.		
		2,415,738
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.		
		371,650
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
		763,539
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	(119,804)	
Compensated absences	(930,592)	
Bonds payable, net of premium	(11,520,569)	
Capital leases payable	(103,119)	
Net pension liability	(9,533,476)	
Total OPEB liability	<u>(1,588,306)</u>	
Total long-term liabilities		<u>(23,795,866)</u>
Total net position of governmental activities		<u>\$ 252,146,069</u>

City of Dickinson
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2018

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil Impact	Annual Street Project Fund		
Revenues						
Taxes	\$ 4,890,879	\$ 6,063,745	\$ -	\$ -	\$ 4,921,288	\$ 15,875,912
Licenses, permits and fees	507,530	-	-	-	-	507,530
Intergovernmental revenues	3,146,638	-	13,839,221	250,000	434,036	17,669,895
Charges for services	2,589,580	-	-	-	141,512	2,731,092
Fines and forfeits	369,536	-	-	-	14,549	384,085
Special assessments	31,410	-	-	24,192	1,364,069	1,419,671
Interest and investment income	718,930	-	-	-	-	718,930
Donations	-	-	-	-	281,399	281,399
Miscellaneous revenues	449,795	-	-	5,612	203,960	659,367
Total revenues	<u>12,704,298</u>	<u>6,063,745</u>	<u>13,839,221</u>	<u>279,804</u>	<u>7,360,813</u>	<u>40,247,881</u>
Expenditures						
Current						
General government	4,575,960	-	-	-	-	4,575,960
Public safety	7,995,311	-	-	-	46,350	8,041,661
Public works	2,428,970	-	-	334,028	-	2,762,998
Culture and recreation	526,753	-	-	-	1,579,817	2,106,570
Urban and economic development	-	1,063,865	-	-	158,597	1,222,462
Other	168,200	-	113,233	-	-	281,433
Debt service						
Principal	-	-	-	-	1,290,914	1,290,914
Interest and service charges	-	-	-	-	531,740	531,740
Capital outlay	568,303	1,111,699	-	2,912,260	337,439	4,929,701
Total expenditures	<u>16,263,497</u>	<u>2,175,564</u>	<u>113,233</u>	<u>3,246,288</u>	<u>3,944,857</u>	<u>25,743,439</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,559,199)</u>	<u>3,888,181</u>	<u>13,725,988</u>	<u>(2,966,484)</u>	<u>3,415,956</u>	<u>14,504,442</u>
Other Financing Sources (Uses)						
Transfers in	4,657,019	-	-	3,150,000	2,126,345	9,933,364
Transfers out	<u>(733,087)</u>	<u>(3,150,000)</u>	<u>(7,813,298)</u>	<u>-</u>	<u>(3,838,399)</u>	<u>(15,534,784)</u>
Total other financing sources and uses	<u>3,923,932</u>	<u>(3,150,000)</u>	<u>(7,813,298)</u>	<u>3,150,000</u>	<u>(1,712,054)</u>	<u>(5,601,420)</u>
Net Change in Fund Balances	<u>364,733</u>	<u>738,181</u>	<u>5,912,690</u>	<u>183,516</u>	<u>1,703,902</u>	<u>8,903,022</u>
Fund Balance - January 1	<u>16,304,890</u>	<u>8,670,147</u>	<u>19,905,121</u>	<u>1,418,211</u>	<u>11,058,338</u>	<u>57,356,707</u>
Fund Balance - December 31	<u>\$ 16,669,623</u>	<u>\$ 9,408,328</u>	<u>\$ 25,817,811</u>	<u>\$ 1,601,727</u>	<u>\$ 12,762,240</u>	<u>\$ 66,259,729</u>

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 8,903,022

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	\$ 4,929,701	
Current year depreciation expense	<u>(11,791,690)</u>	(6,861,989)

Capital assets contributed by other governmental agencies 3,908,601

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) decreases net position (2,882,104)

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	\$ 11,851	
Net increase in compensated absences	(1,539)	
Net decrease in net pension liability	(1,460,167)	
Net decrease in total OPEB liability	<u>15,651</u>	(1,434,204)

Changes to pension and OPEB related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds 667,124

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. 1,290,914

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. (2,183,313)

The net revenue of certain activities of the internal service funds is reported with governmental activities (48,245)

Change in net position of governmental activities \$ 1,388,458

City of Dickinson
Statement of Net Position – Proprietary Funds
December 31, 2018

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 2,940,857	\$ -	\$ 498,391	\$ 461,867	\$ 3,901,115	\$ 517,237
Investments	1,965,693	87,364	372,619	125,556	2,551,232	7,498
Accounts receivable	561,512	183,829	288,405	78,912	1,112,658	-
Interfund receivables	1,608,597	-	-	-	1,608,597	-
Inventory	220,224	24,511	-	11,939	256,674	-
Total current assets	7,296,883	295,704	1,159,415	678,274	9,430,276	524,735
Noncurrent assets						
Restricted cash and cash equivalents	-	4,611,955	872,522	-	5,484,477	-
Special assessments receivable	14,489	-	-	-	14,489	-
Capital assets not being depreciated						
Land	83,040	574,029	63,092	-	720,161	-
Construction in progress	371,334	1,067,860	1,586,346	32,259	3,057,799	-
Capital assets (net of accumulated depreciation)						
Buildings and improvements	2,108,596	33,903,534	486,492	-	36,498,622	-
Improvements other than buildings	26,723,994	53,066,336	864,108	32,185	80,686,623	-
Machinery and equipment	162,404	411,626	3,563,245	34,685	4,171,960	-
Total noncurrent assets	29,463,857	93,635,340	7,435,805	99,129	130,634,131	-
Total assets	36,760,740	93,931,044	8,595,220	777,403	140,064,407	524,735
Deferred Outflows of Resources						
Derived from Pensions	-	-	156,101	-	156,101	-
Liabilities						
Current liabilities						
Accounts payable	204,484	83,773	112,534	12,749	413,540	70,172
Accrued payroll	7,941	29,994	71,595	4,899	114,429	14,712
Interfund payables	-	1,608,597	-	-	1,608,597	-
Interest payable	-	420,208	-	-	420,208	-
Retainage payable	8,126	5,804	-	1,547	15,477	-
Compensated absences	10,805	23,879	85,852	2,293	122,829	2,611
Notes payable	-	3,650,000	-	-	3,650,000	-
Capital leases payable	-	86,739	350,926	-	437,665	-
Total current liabilities	231,356	5,908,994	620,907	21,488	6,782,745	87,495
Noncurrent liabilities						
Compensated absences	-	21,398	-	-	21,398	-
Notes payable	-	57,564,730	-	-	57,564,730	-
Capital leases payable	-	-	221,089	-	221,089	-
Accrued closure and post closure liability	-	-	872,522	-	872,522	-
Net pension liability	-	-	2,191,674	-	2,191,674	-
Total OPEB obligation	41,255	123,764	226,901	20,627	412,547	61,882
Total noncurrent liabilities	41,255	57,709,892	3,512,186	20,627	61,283,960	61,882
Total liabilities	272,611	63,618,886	4,133,093	42,115	68,066,705	149,377
Deferred Inflows of Resources						
Derived from Pensions	-	-	-	-	-	-
Derived from OPEB	2,472	7,416	13,597	1,236	24,721	3,708
Total deferred inflows of resources	2,472	7,416	13,597	1,236	24,721	3,708
Net Position						
Net investment in capital assets	29,441,242	27,716,112	5,991,268	97,582	63,246,204	-
Restricted for debt service	-	4,611,955	-	-	4,611,955	-
Unrestricted	7,044,415	(2,023,325)	(1,386,637)	636,470	4,270,923	371,650
Total net position	\$ 36,485,657	\$ 30,304,742	\$ 4,604,631	\$ 734,052	\$ 72,129,082	\$ 371,650

City of Dickinson
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended December 31, 2018

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund		
Operating revenues						
Sales	\$ 5,680,253	\$ 3,609,948	\$ 4,059,894	\$ 305,807	\$ 13,655,902	\$ 338,343
Charges for services	881	-	-	-	881	-
Total operating revenues	<u>5,681,134</u>	<u>3,609,948</u>	<u>4,059,894</u>	<u>305,807</u>	<u>13,656,783</u>	<u>338,343</u>
Operating expenses						
Salaries	211,422	703,713	1,332,000	84,500	2,331,635	-
Employment cost	67,977	195,719	902,876	29,802	1,196,374	(1,159)
Administrative and general	893,740	401,100	567,000	37,200	1,899,040	-
Supplies	176,262	199,249	557,050	104,346	1,036,907	849,678
Services	233,946	675,420	269,494	216,390	1,395,250	-
Maintenance	158,867	78,166	229,714	29,052	495,799	-
Water purchase	3,996,547	-	-	-	3,996,547	-
Inventory expense	116,791	158,376	-	-	275,167	-
Miscellaneous	3,871	6,709	10,074	-	20,654	-
Depreciation	1,633,072	3,508,800	767,094	12,321	5,921,287	-
Employee distributions	-	-	-	-	-	54,846
Total operating expenses	<u>7,492,495</u>	<u>5,927,252</u>	<u>4,635,302</u>	<u>513,611</u>	<u>18,568,660</u>	<u>903,365</u>
Operating loss	<u>(1,811,361)</u>	<u>(2,317,304)</u>	<u>(575,408)</u>	<u>(207,804)</u>	<u>(4,911,877)</u>	<u>(565,022)</u>
Nonoperating revenues (expenses)						
Interest and investment income	-	-	-	-	-	191
Interest expense and service charges	-	(1,617,966)	(13,432)	-	(1,631,398)	-
Closure and post closure costs	-	-	(121,877)	-	(121,877)	-
Meter and meter repairs sales	734	-	-	-	734	-
Miscellaneous revenue	167,997	634,331	217,164	84,700	1,104,192	-
Gain (loss) on disposal of fixed assets	(31,027)	(1,324)	-	(9,401)	(41,752)	-
Total nonoperating revenues (expenses)	<u>137,704</u>	<u>(984,959)</u>	<u>81,855</u>	<u>75,299</u>	<u>(690,101)</u>	<u>191</u>
Loss before transfers	<u>(1,673,657)</u>	<u>(3,302,263)</u>	<u>(493,553)</u>	<u>(132,505)</u>	<u>(5,601,978)</u>	<u>(564,831)</u>
Transfers in	-	5,750,000	-	-	5,750,000	516,586
Transfers out	(4,678)	(450,000)	(210,488)	-	(665,166)	-
Change in net position	<u>(1,678,335)</u>	<u>1,997,737</u>	<u>(704,041)</u>	<u>(132,505)</u>	<u>(517,144)</u>	<u>(48,245)</u>
Net position - January 1, as restated	<u>38,163,992</u>	<u>28,307,005</u>	<u>5,308,672</u>	<u>866,557</u>	<u>72,646,226</u>	<u>419,895</u>
Net position - December 31	<u>\$ 36,485,657</u>	<u>\$ 30,304,742</u>	<u>\$ 4,604,631</u>	<u>\$ 734,052</u>	<u>\$ 72,129,082</u>	<u>\$ 371,650</u>

City of Dickinson
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2018

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund		
Cash Flows from Operating Activities						
Cash received from customers and users	\$ 5,612,383	\$ 3,669,733	\$ 4,030,145	\$ 307,984	\$ 13,620,245	\$ 338,343
Cash paid to suppliers	(5,450,478)	(1,589,169)	(1,664,601)	(175,152)	(8,879,400)	(850,837)
Cash paid to employees	(277,648)	(909,693)	(1,804,264)	(112,757)	(3,104,362)	(56,966)
Net cash provided (used) by operating activities	<u>(115,743)</u>	<u>1,170,871</u>	<u>561,280</u>	<u>20,075</u>	<u>1,636,483</u>	<u>(569,460)</u>
Cash Flows from Noncapital Financing Activities						
Interfund receivables/payables	687,800	(687,800)	-	-	-	-
Transfers from other funds	-	5,750,000	-	-	5,750,000	516,586
Transfers to other funds	(4,678)	(450,000)	(210,488)	-	(665,166)	-
Nonoperating revenues	168,731	634,331	217,164	84,700	1,104,926	-
Net cash provided (used) by noncapital financing activities	<u>851,853</u>	<u>5,246,531</u>	<u>6,676</u>	<u>84,700</u>	<u>6,189,760</u>	<u>516,586</u>
Cash Flows from Capital and Related Financing Activities						
Principal payments on notes payable	-	(3,559,961)	-	-	(3,559,961)	-
Principal payments on capital leases	-	(119,069)	(646,760)	-	(765,829)	-
Interest payments	-	(1,617,966)	(13,432)	-	(1,631,398)	-
Purchase of capital assets	(465,821)	(516,662)	(797,209)	-	(1,779,692)	-
Net cash provided (used) by capital and related financing activities	<u>(465,821)</u>	<u>(5,813,658)</u>	<u>(1,457,401)</u>	<u>-</u>	<u>(7,736,880)</u>	<u>-</u>
Cash Flows from Investing Activities						
Net proceeds from (purchase of) investments	196,561	(87,364)	279,365	(6,032)	382,530	292,453
Interest and investment income	-	-	-	-	-	191
Net cash provided (used) by investing activities	<u>196,561</u>	<u>(87,364)</u>	<u>279,365</u>	<u>(6,032)</u>	<u>382,530</u>	<u>292,644</u>
Net Change in Cash and Cash Equivalents	<u>466,850</u>	<u>516,380</u>	<u>(610,080)</u>	<u>98,743</u>	<u>471,893</u>	<u>239,770</u>
Cash and Cash Equivalents, January 1, 2018	<u>2,474,007</u>	<u>4,095,575</u>	<u>1,980,993</u>	<u>363,124</u>	<u>8,913,699</u>	<u>277,467</u>
Cash and Cash Equivalents, December 31, 2018	<u>\$ 2,940,857</u>	<u>\$ 4,611,955</u>	<u>\$ 1,370,913</u>	<u>\$ 461,867</u>	<u>\$ 9,385,592</u>	<u>\$ 517,237</u>

City of Dickinson
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2018

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund		
Reconciliation to Statement of Net Position						
Unrestricted cash and cash equivalents	\$ 2,940,857	\$ -	\$ 498,391	\$ 461,867	\$ 3,901,115	\$ 517,237
Restricted cash and cash equivalents	-	4,611,955	872,522	-	5,484,477	-
Total cash and cash equivalents	<u>\$ 2,940,857</u>	<u>\$ 4,611,955</u>	<u>\$ 1,370,913</u>	<u>\$ 461,867</u>	<u>\$ 9,385,592</u>	<u>\$ 517,237</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities						
Operating loss	<u>\$ (1,811,361)</u>	<u>\$ (2,317,304)</u>	<u>\$ (575,408)</u>	<u>\$ (207,804)</u>	<u>\$ (4,911,877)</u>	<u>\$ (565,022)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities						
Depreciation expense	1,633,072	3,508,800	767,094	12,321	5,921,287	-
Disposal of construction in progress	-	-	-	200,509	200,509	-
Change in Assets and Liabilities						
Receivables	(68,751)	59,785	(29,749)	2,177	(36,538)	-
Deferred outflows	-	-	(75,393)	-	(75,393)	-
Compensated absences liability	1,836	(11,233)	9,519	557	679	(7,154)
Accounts payable	129,546	(70,149)	(31,269)	11,327	39,455	(1,159)
Accrued payroll	(2,151)	(5,224)	9,619	(44)	2,200	777
Deferred inflows	2,472	7,416	7,175	1,236	18,299	3,708
Net pension liability	-	-	481,928	-	481,928	-
Total OPEB obligation	(406)	(1,220)	(2,236)	(204)	(4,066)	(610)
Net cash provided (used) by operating activities	<u>\$ (115,743)</u>	<u>\$ 1,170,871</u>	<u>\$ 561,280</u>	<u>\$ 20,075</u>	<u>\$ 1,636,483</u>	<u>\$ (569,460)</u>
Non-Cash Disclosures						
Purchase of equipment in exchange for capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,971</u>	<u>\$ -</u>	<u>\$ 179,971</u>	<u>\$ -</u>

City of Dickinson
Statement of Fiduciary Net Position
December 31, 2018

	<u>City of Dickinson Pension Plans</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 206,228	\$ 858,401
Investments, at fair value		
Corporate bonds	1,609,680	-
Mutual funds	8,215,084	-
Equity dividend focus	1,900,835	-
Money market	869,953	-
Total investments	<u>12,595,552</u>	<u>-</u>
Total assets	<u>\$ 12,801,780</u>	<u>\$ 858,401</u>
Liabilities		
Due to other parties	<u>\$ -</u>	<u>\$ 858,401</u>
Net Position		
Held in trust for pension benefits	<u>12,801,780</u>	
Total net position	<u>\$ 12,801,780</u>	

City of Dickinson
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2018

	<u>City of Dickinson Pension Plans</u>
Additions	
Contributions	
Employer	\$ 1,317,654
Employee	529,032
Total contributions	<u>1,846,686</u>
Investment earnings	
Interest and dividends	<u>607,955</u>
Total additions	<u>2,454,641</u>
Deductions	
Administration expense	89,122
Benefits	2,024,980
Net decrease in fair value of investments	<u>1,587,141</u>
Total deductions	<u>3,701,243</u>
Change in Net Position	(1,246,602)
Net Position - January 1	<u>14,048,382</u>
Net Position - December 31	<u><u>\$ 12,801,780</u></u>

Note 1 - Principal Business Activity and Significant Accounting Policies

The City of Dickinson, North Dakota, operates under a Home Rule Charter. Except as noted in Note 14 – Postemployment Benefits, 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 Impact – 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, 2018, 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, 2018.

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."

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.

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

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 acquisition 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, 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 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.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. The total OPEB liability attributable to the business-type and internal service fund will be paid by the fund to which the liability is recorded.

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. This also applies to deficit fund balances in other funds.

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, 2018, the specific purposes of the fund balance classifications consisted of the following:

	General	One Percent Sales Tax	Oil Impact	Annual Street Project Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances						
Restricted for						
Debt, property tax reductions and infrastructure	\$ -	\$ 4,704,164	\$ -	\$ -	\$ 8,312,697	\$ 13,016,861
Urban and economic development	-	2,822,498	-	-	2,828,552	5,651,050
Job creation and senior citizen activities	-	1,881,666	-	-	-	1,881,666
Oil impacted operations	-	-	25,817,811	-	-	25,817,811
Grants	-	-	-	-	118,884	118,884
Building construction	-	-	-	-	275,827	275,827
Downtown districts	-	-	-	-	72,840	72,840
Total restricted	-	9,408,328	25,817,811	-	11,608,800	46,834,939
Committed for						
Visitor promotion	-	-	-	-	773,772	773,772
Wastewater backup reserve	-	-	-	-	21,271	21,271
Debt service	-	-	-	-	32,620	32,620
Hospitality	-	-	-	-	10,874	10,874
Total committed	-	-	-	-	838,537	838,537

City of Dickinson
Notes to Financial Statements
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	General	One Percent Sales Tax	Oil Impact	Annual Street Project Fund	Other Governmental Funds	Total Governmental Funds
Assigned for						
Future fund	7,616,405	-	-	-	-	7,616,405
Cemetery	321,137	-	-	-	-	321,137
Urban forestry	31,013	-	-	-	-	31,013
Street projects	-	-	-	1,601,727	-	1,601,727
Fire	139,208	-	-	-	-	139,208
Asset forfeiture	36,958	-	-	-	-	36,958
Historic preservation	1,107	-	-	-	-	1,107
Interest revenue	643,128	-	-	-	-	643,128
Museum	-	-	-	-	3,327	3,327
Library	-	-	-	-	508,712	508,712
Debt service	-	-	-	-	131,790	131,790
Total assigned	<u>8,788,956</u>	<u>-</u>	<u>-</u>	<u>1,601,727</u>	<u>643,829</u>	<u>11,034,512</u>
Unassigned	<u>7,880,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(328,926)</u>	<u>7,551,741</u>
Total fund balances	<u>\$ 16,669,623</u>	<u>\$ 9,408,328</u>	<u>\$ 25,817,811</u>	<u>\$ 1,601,727</u>	<u>\$ 12,762,240</u>	<u>\$ 66,259,729</u>

Restricted

Debt, property tax reductions and infrastructure	\$ 17,628,816
Urban and economic development	5,651,050
Job creation and senior citizen activities	1,881,666
Oil impacted operations	25,817,811
Grants	118,884
Building construction	275,827
Downtown districts	<u>72,840</u>
Total restricted net position	<u>\$ 51,446,894</u>

Implementation of GASB 75

As of January 1, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard are included in Note 14.

Note 2 - Legal Compliance

Deficit Fund Balances

At December 31, 2018, the following funds had a deficit balance:

2014 Water & Sales Tax Revenue Bonds	\$ (48,346)
Community Center Project	(280,580)

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, 2018, the City's carrying amount of deposits was \$53,431,167 and the agency fund's carrying amount of deposits were \$858,401 and the bank balance was \$54,495,796. 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, 2018 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	\$ 19,762,706	\$ -	\$ 9,583,234	\$ 9,414,214	\$ 765,258
Certificates of deposit	1,250,000	-	1,250,000	-	-
Mortgage backed securities	14,507	-	-	-	14,507
Mutual funds	391,414	391,414	-	-	-
Money market	165,896	165,896	-	-	-
Totals	\$ 21,584,523	\$ 557,310	\$ 10,833,234	\$ 9,414,214	\$ 779,765

As of December 31, 2018 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	\$ 19,762,706	\$ 1,890,397	\$ -	\$ 17,872,309	-	-	-
Certificates of deposit	1,250,000	1,250,000	-	-	-	-	-
Mortgage backed securities	14,507	-	14,507	-	-	-	-
Mutual funds	391,414	391,414	-	-	-	-	-
Money market	165,896	165,896	-	-	-	-	-
Totals	\$ 21,584,523	\$ 3,697,707	\$ 14,507	\$ 17,872,309	\$ -	\$ -	\$ -

As of December 31, 2018 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	\$ 1,609,680	\$ -	\$ 987,588	\$ 622,092	\$ -
Mutual funds	8,215,084	8,215,084	-	-	-
Equity dividend focus	1,900,835	1,900,835	-	-	-
Money market	869,953	869,953	-	-	-
Totals	\$ 12,595,552	\$ 10,985,872	\$ 987,588	\$ 622,092	\$ -

As of December 31, 2018 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	\$ 1,609,680	\$ 211,724	\$ -	\$ 249,696	\$ 683,029	\$ -	\$ 465,231
Mutual funds	8,215,084	8,215,084	-	-	-	-	-
Equity dividend focus	1,900,835	1,900,835	-	-	-	-	-
Money market	869,953	869,953	-	-	-	-	-
Totals	<u>\$ 12,595,552</u>	<u>\$ 11,197,596</u>	<u>\$ -</u>	<u>\$ 249,696</u>	<u>\$ 683,029</u>	<u>\$ -</u>	<u>\$ 465,231</u>

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, 2018 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, 2018:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
US government bonds	\$ 19,762,706	\$ -	\$ 19,762,706	\$ -
Certificates of deposit	1,250,000	-	1,250,000	-
Mortgage backed securities	14,507	-	14,507	-
Mutual funds	391,414	391,414	-	-
Money market	165,896	165,896	-	-
Totals	<u>\$ 21,584,523</u>	<u>\$ 557,310</u>	<u>\$ 21,027,213</u>	<u>\$ -</u>

The following table presents the City's Pension Trust Fund investments measured at fair value at December 31, 2018:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Corporate bonds	\$ 1,609,680	\$ -	\$ 1,609,680	\$ -
Mutual funds	8,215,084	8,215,084	-	-
Equity dividend focus	1,900,835	-	1,900,835	-
Money market	869,953	869,953	-	-
Totals	<u>\$ 12,595,552</u>	<u>\$ 9,085,037</u>	<u>\$ 3,510,515</u>	<u>\$ -</u>

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, 2018 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, 2018 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 and governmental fund statements. As of December 31, 2018 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, 2018 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 328,926
Water Distribution Utility Fund	Wastewater Fund	1,608,597
Total		<u>\$ 1,937,523</u>

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

Note 9 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	<u>January 1 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,209,832	\$ -	\$ -	\$ 1,209,832
Construction in progress	5,499,360	3,447,316	(4,809,364)	4,137,312
Total capital assets, not being depreciated	<u>6,709,192</u>	<u>3,447,316</u>	<u>(4,809,364)</u>	<u>5,347,144</u>
Capital assets, being depreciated				
Buildings and improvements	81,310,522	11,485	(13,937)	81,308,070
Improvements other than buildings	193,084,733	9,294,374	(3,261,082)	199,118,025
Machinery and equipment	14,386,449	894,491	(845,036)	14,435,904
Total capital assets, being depreciated	<u>288,781,704</u>	<u>10,200,350</u>	<u>(4,120,055)</u>	<u>294,861,999</u>
Less accumulated depreciation for				
Buildings and improvements	15,401,016	1,937,179	(2,902)	17,335,293
Improvements other than buildings	58,873,344	8,661,310	(475,569)	67,059,085
Machinery and equipment	9,247,495	1,193,201	(757,210)	9,683,486
Total accumulated depreciation	<u>83,521,855</u>	<u>11,791,690</u>	<u>(1,235,681)</u>	<u>94,077,864</u>
Total capital assets being depreciated, net	<u>205,259,849</u>	<u>(1,591,340)</u>	<u>(2,884,374)</u>	<u>200,784,135</u>
Governmental activities - capital assets, net	<u>\$ 211,969,041</u>	<u>\$ 1,855,976</u>	<u>\$ (7,693,738)</u>	<u>\$ 206,131,279</u>

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

Governmental Activities

General government	\$ 4,971,214
Public safety	823,698
Public works	4,820,607
Culture and recreation	1,168,080
Other	8,091
	<u>\$ 11,791,690</u>
Total depreciation expense - governmental activities	<u>\$ 11,791,690</u>

	Balance January 1	Increases	Decreases	Balance December 31
Business-type activities				
Capital assets not being depreciated				
Land	\$ 720,161	\$ -	\$ -	\$ 720,161
Construction in progress	2,671,996	586,312	(200,509)	3,057,799
Total capital assets, not being depreciated	<u>3,392,157</u>	<u>586,312</u>	<u>(200,509)</u>	<u>3,777,960</u>
Capital assets, being depreciated				
Buildings and improvements	45,396,874	106,772	(54,611)	45,449,035
Improvements other than buildings	106,799,348	333,048	(102,342)	107,030,054
Machinery and equipment	11,354,279	933,390	(286,540)	12,001,129
Total capital assets, being depreciated	<u>163,550,501</u>	<u>1,373,210</u>	<u>(443,493)</u>	<u>164,480,218</u>
Less accumulated depreciation for				
Buildings and improvements	8,050,838	941,046	(41,471)	8,950,413
Improvements other than buildings	22,281,825	4,135,336	(73,730)	26,343,431
Machinery and equipment	7,270,804	844,905	(286,540)	7,829,169
Total accumulated depreciation	<u>37,603,467</u>	<u>5,921,287</u>	<u>(401,741)</u>	<u>43,123,013</u>
Total capital assets being depreciated, net	<u>125,947,034</u>	<u>(4,548,077)</u>	<u>(41,752)</u>	<u>121,357,205</u>
Business-type activities - capital assets, net	<u>\$ 129,339,191</u>	<u>\$ (3,961,765)</u>	<u>\$ (242,261)</u>	<u>\$ 125,135,165</u>

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

Business-type Activities

Water distribution utility fund	\$ 1,633,072
Wastewater fund	3,508,800
Solid waste utility fund	767,094
Storm sewer utility fund	12,321
	<u>\$ 5,921,287</u>

Note 10 - Capital Leases

The assets acquired through capital leases are as follows:

Governmental Activities

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
2011 Cat 950H Wheel Ldr 0J5J01625	\$ 161,682	\$ 125,977	\$ 35,705
2011 Elgin Pelican Np21960 03699	162,719	126,785	35,934
Cat Motor Grader	227,847	195,606	32,241
Motor Grader	189,847	163,150	26,697
Wheel Load Skid steer	169,000	114,779	54,221
2014 S175 Aerial Ladder Fire Truck	669,951	315,247	354,704
2015 Johnston Sweeper	228,295	75,149	153,146
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,809,341</u>	<u>\$ 1,116,693</u>	<u>\$ 692,648</u>

Business-type Activities (Proprietary Funds)

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Sewer Relining Project	\$ 1,115,563	\$ 201,731	\$ 913,832
2012 Bomag Roller Compactor	568,500	260,563	307,937
Wheel Loader	265,169	190,985	74,184
Landfill Dozer-D6TXWWHA	381,819	340,455	41,364
Peterbilt Side Loader 2015 286227	225,158	130,002	95,156
Peterbilt Side Loader 2015 286228	245,358	141,665	103,693
Peterbilt Side Loader 2015 286229	238,258	137,566	100,692
Caterpillar Twin Engine Scraper	578,910	272,570	306,340
Roll Off Truck 5KKMAXDV2EPGA1273	168,400	80,691	87,709
Front Load Truck	213,887	97,140	116,747
Rear Load Truck	127,829	63,382	64,447
Cat Wheel Loader 950M	262,193	48,797	213,396
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,391,044</u>	<u>\$ 1,965,547</u>	<u>\$ 2,425,497</u>

Future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2018 were as follows:

<u>Year Ending December 31</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
2019	\$ 67,445	\$ 447,466
2020	37,272	105,935
2021	-	51,417
2022	-	38,510
2023	-	32,084
Total minimum lease payments	<u>104,717</u>	<u>675,412</u>
Less: amount representing interest	<u>(1,598)</u>	<u>(16,658)</u>
Present value of minimum lease payments	<u><u>\$ 103,119</u></u>	<u><u>\$ 658,754</u></u>

Note 11 - Long-Term Obligations

During the year ended December 31, 2018, the following changes occurred in long-term liabilities of the City:

Governmental Activities

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Compensated absences	\$ 938,818	\$ 660,649	\$ 666,264	\$ 933,203	\$ 641,162
Revenue bonds payable	12,505,000	-	1,185,000	11,320,000	1,230,000
Bond premium	229,221	-	28,652	200,569	28,652
Capital leases payable	<u>209,033</u>	<u>-</u>	<u>105,914</u>	<u>103,119</u>	<u>66,151</u>
Total governmental debt	<u><u>\$ 13,882,072</u></u>	<u><u>\$ 660,649</u></u>	<u><u>\$ 1,985,830</u></u>	<u><u>\$ 12,556,891</u></u>	<u><u>\$ 1,965,965</u></u>

Business-type Activities (Proprietary Funds)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Compensated absences	\$ 143,548	\$ 133,795	\$ 133,116	\$ 144,227	\$ 122,829
Notes payable	64,774,691	-	3,559,961	61,214,730	3,650,000
Capital leases payable	1,244,753	179,971	765,970	658,754	437,665
Total enterprise fund debt	\$ 66,162,992	\$ 313,766	\$ 4,459,047	\$ 62,017,711	\$ 4,210,494

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, 2018 (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.	<u>\$ 11,320,000</u>
	<u>\$ 11,320,000</u>

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 \$1,185,000 and interest payments of \$528,709 were made in the current year. The sales and use tax revenues in the current year were \$6,063,745 and the hospitality tax revenues were \$1,007,979.

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.	\$ 30,385,000
\$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>30,829,730</u>
	<u><u>\$ 61,214,730</u></u>

Debt service requirements on long-term debt at December 31, 2018 are as follows:

<u>Governmental Activities</u>	Revenue Bonds	
	Principal	Interest
Year Ending December 31		
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	1,425,000	285,600
2024-2026	<u>4,720,000</u>	<u>390,600</u>
	<u><u>\$ 11,320,000</u></u>	<u><u>\$ 2,341,930</u></u>
<u>Business-Type Activities</u>	Notes Payable	
	Principal	Interest
Year Ending December 31		
2019	\$ 3,650,000	\$ 1,312,800
2020	3,740,000	1,239,500
2021	3,835,000	1,164,500
2022	3,930,000	1,087,600
2023	4,025,000	1,008,800
2024-2028	21,693,000	3,792,000
2029-2033	<u>20,341,730</u>	<u>1,400,260</u>
	<u><u>\$ 61,214,730</u></u>	<u><u>\$ 11,005,460</u></u>

Note 12 - Restricted Net Position

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

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Debt, property tax reductions and infrastructure	\$ 13,016,861	\$ -	\$ 13,016,861
Urban and economic development	5,651,050	-	5,651,050
Job creation and senior citizen activities	1,881,666	-	1,881,666
Oil impacted operations	25,817,811	-	25,817,811
Building Construction	275,827	-	275,827
Grants	118,884	-	118,884
Downtown districts	72,840	-	72,840
Debt service	-	4,611,955	4,611,955
	<u>\$ 46,834,939</u>	<u>\$ 4,611,955</u>	<u>\$ 51,446,894</u>

Note 13 - 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 (NDIRF), 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 NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability and auto insurance and to \$10,229,461 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 Sanford Health 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 14 - Postemployment Benefits

Plan Description

The City operates a single-employer retiree benefit plan which provides health insurance benefits for retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75. The plan does not issue a stand-alone financial report.

The City’s latest actuarial valuation was dated January 1, 2016. The provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* require an actuarial valuation date within 30 months and one day of the current fiscal year end. Consequently, the actuarial valuation dated January 1, 2016 is not in accordance with Accounting principles generally accepted in the United States of America. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and aggregate remaining funds has not been determined.

OPEB Benefits

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:

Inactive employees or beneficiaries receiving benefit payments	9
Active employees	<u>160</u>
Total	<u><u>169</u></u>

Total OPEB Liability

The City’s total OPEB liability of \$2,062,735 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2016.

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method.

The discount rate used to measure the total OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds as of the measurement date.

The healthcare cost trend rate for 2018 is 18.00%. Increases in City premiums occur every two years. Consequently, the healthcare cost trend rate for 2019 and all odd years is 0.00%. The rate for even years decreases 1% each year to an ultimate biennial rate of 10.00%.

Mortality rates are from the RP-2014 generational mortality table using Scale MP-2015. 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. Husbands are assumed to be three years older than wives.

The retirement rates for police employees is 100% at earlier of age 55 or 30 years of service. The retirement rate for other employees is 100% at earlier of age 62 or 30 years of service.

The actuarial assumptions used were based on actual City experience at the actuarial valuation date of January 1, 2016 or the measurement date of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year, as Restated	\$ 2,083,061
Changes for the Year:	
Service Cost	177,493
Interest	75,503
Changes in Assumptions	(141,912)
Benefit Payments	(131,410)
	(20,326)
Net Changes	(20,326)
Total OPEB Liability End of Year	\$ 2,062,735

Changes of assumptions reflect a change in the discount rate from 3.44% at December 31, 2017 to 4.09% at December 31, 2018.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$ 2,286,122	\$ 2,062,735	\$ 1,866,561

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using biennial healthcare cost trend rates that are 1% lower (17.00%) or 1% higher (19.00%) than the current healthcare cost trend rates.

	1% Decrease (17.00% decreasing to 9.00%)	Healthcare Cost Trend Rates (18.00% decreasing to 10.00%)	1% Increase (19.00% decreasing to 11.00%)
Total OPEB Liability	\$ 1,761,837	\$ 2,062,735	\$ 2,433,539

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$234,692. At December 31, 2018, the City reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Changes in Assumptions	\$ (123,608)

The amount reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

Year Ending December, 31	Amount
2019	\$ (18,304)
2020	(18,304)
2021	(18,304)
2022	(18,304)
2023	(18,304)
Thereafter	(32,088)
Total	\$ (123,608)

Note 15 - 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, 2018 is as follows:

Assets	\$ 159,888
Liabilities	80,791
Equity	\$ 79,097
Total revenues	\$ 588,973
Total expenses	578,193
Net change in equity	\$ 10,780

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

Note 16 - 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. Separately issued financial statements are not prepared not available.

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, 2019, the date of the latest actuarial valuation:

	City Employee	Police	Volunteer Firemen
Retirees and beneficiaries receiving benefits	35	14	13
Terminated plan members entitled to but not yet receiving benefits	11	8	5
Active plan members	21	14	18
 Total	 67	 36	 36
 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 provided that prior to April 2006 all employees became 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.

Actuarial Assumptions

	<u>City Employee</u>	<u>Police</u>	<u>Volunteer Firemen</u>
Valuation date	January 1, 2019	January 1, 2019	January 1, 2019
Actuarial cost method	Level \$ closed 30 year period	Level \$ closed 30 year period	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period	Level \$ open 30 year period	Level \$ open 30 year period
Remaining amortization period	22 years	22 years	22 years
Asset valuation method	Smoothing of gains and losses	Smoothing of gains and losses	Smoothing of gains 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 Table using Scale MP-2018	RP-2014 Mortality Table using Scale MP-2018	RP-2014 Mortality Table using Scale MP-2018

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 plan’s asset allocation as of December 31, 2018 for the following plans:

City Employee Pension Plan

Asset Class	Target Allocation
Equity	67%
Fixed Income	33%
	100%

Volunteer Firemen Pension Plan

Asset Class	Target Allocation
Equity	66%
Fixed Income	34%
	100%

Police Pension Plan

Asset Class	Target Allocation
Equity	67%
Fixed Income	33%
	100%

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

Asset Class	Long-Term Expected Real Rate of Return
Equity	8%
Fixed Income	5%

Volunteer Firemen Pension Plan

Asset Class	Long-Term Expected Real Rate of Return
Equity	8%
Fixed Income	5%

Police Pension Plan

Asset Class	Long-Term Expected Real Rate of Return
Equity	8%
Fixed Income	5%

City Employee Pension Plan

Schedule of Net Pension Liability	2018
Total Pension Liability	\$ 19,256,105
Plan fiduciary net position	<u>6,852,607</u>
Net pension liability	<u>\$ 12,403,498</u>
Plan fiduciary net position as a percentage of the total pension liability	35.59%
Covered payroll	\$ 1,141,305
Net pension liability as a percentage of covered payroll	1086.78%
 Schedule of Changes in Total Pension Liability	 2018
Service Cost	\$ 186,691
Interest	1,144,348
Differences between expected and actual experience	(395,583)
Changes of assumptions	1,433,134
Benefit payments, including refunds of member contributions	<u>(1,062,309)</u>
Net change in total pension liability	1,306,281
Total Pension Liability--Beginning	<u>17,949,824</u>
Total Pension Liability--Ending (a)	<u>\$ 19,256,105</u>
 Schedule of Changes in Plan Fiduciary Net Position	
Contributions--employer	\$ 823,296
Contributions--member	79,903
Net investment income (loss)	(537,949)
Benefit payments, including refunds of member contributions	(1,062,309)
Administrative expense	<u>(43,163)</u>
Net change in plan fiduciary net position	(740,222)
Plan fiduciary net position--beginning	<u>7,592,829</u>
Plan fiduciary net position--ending (b)	<u>\$ 6,852,607</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 12,403,498</u>
 Discount Rate used to measure the Total Pension Liability	 5.5%
 Schedule of Investment Returns	 2018
Annual money-weighted rate of return, net of investment expenses	-7.0%

The discount rate used to measure the total pension liability was 6.5% for the year ended December 31, 2017, and it was changed to 5.5% for the year ended December 31, 2018, due to a projected crossover of plan assets. There were no other changes in the Plan provisions, cost allocation procedures, contribution allocation procedures, assumptions or methods from the previous measurement.

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 5.51 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:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
Total Pension Liability	\$ 20,962,114	\$ 19,256,105	\$ 17,793,697
Plan Fiduciary Net Position	6,852,607	6,852,607	6,852,607
Net Pension Liability	<u>\$ 14,109,507</u>	<u>\$ 12,403,498</u>	<u>\$ 10,941,090</u>
City Share	<u>\$ 7,985,619</u>	<u>\$ 7,020,062</u>	<u>\$ 6,192,376</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, 2018, the City of Dickinson reported a liability of \$7,020,062 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2019, 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, 2018, City of Dickinson's proportion was 56.597435 percent.

For the year ended December 31, 2018, the City of Dickinson recognized pension expense of \$1,380,784. At December 31, 2018, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ 500,002	\$ -
Total	<u>\$ 500,002</u>	<u>\$ -</u>

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

2019		\$	170,940
2020			121,201
2021			91,847
2022			116,014
			116,014
			\$ 500,002

Volunteer Firemen Pension Plan

Schedule of Net Pension Liability

	2018
Total Pension Liability	\$ 413,894
Plan fiduciary net position	319,891
Net pension liability	\$ 94,003
Plan fiduciary net position as a percentage of the total pension liability	77.29%
Covered payroll	N/A
Net pension liability as a percentage of covered payroll	N/A

Schedule of Changes in Total Pension Liability

	2018
Service Cost	\$ 10,783
Interest	28,559
Differences between expected and actual experience	(15,624)
Changes of assumptions	(425)
Benefit payments, including refunds of member contributions	(13,205)
Net change in total pension liability	10,088
Total Pension Liability--Beginning	403,806
Total Pension Liability--Ending (a)	\$ 413,894

Schedule of Changes in Plan Fiduciary Net Position

Contributions--employer	\$ 26,240
Net investment income	(23,243)
Benefit payments, including refunds of member contributions	(13,205)
Administrative expense	(2,664)
Net change in plan fiduciary net position	(12,872)
Plan fiduciary net position--beginning	332,763
Plan fiduciary net position--ending (b)	\$ 319,891
Net Pension Liability--ending (a) - (b)	\$ 94,003

Discount Rate used to measure the Total Pension Liability 7.00%

Schedule of Investment Returns 2018

Annual money-weighted rate of return, net of investment expenses -6.9%

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:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Total Pension Liability	\$ 455,952	\$ 413,894	\$ 378,168
Plan Fiduciary Net Position	<u>319,891</u>	<u>319,891</u>	<u>319,891</u>
Net Pension Liability	<u>\$ 136,061</u>	<u>\$ 94,003</u>	<u>\$ 58,277</u>

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

For the year ended December 31, 2018, the City of Dickinson recognized pension expense of \$19,825. At December 31, 2018, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,843	\$ (57,712)
Changes of assumptions	5,323	(1,189)
Net difference between projected and actual earnings on investments	<u>38,355</u>	<u>-</u>
Total	<u>\$ 52,521</u>	<u>\$ (58,901)</u>

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

2019		\$ 1,687
2020		(1,665)
2021		(1,770)
2022		1,730
2023		<u>(6,362)</u>
		<u>\$ (6,380)</u>

Police Pension Plan

Schedule of Net Pension Liability	<u>2018</u>
Total Pension Liability	\$ 10,240,367
Plan fiduciary net position	<u>5,629,282</u>
Net pension liability	<u>\$ 4,611,085</u>
Plan fiduciary net position as a percentage of the total pension liability	54.97%
Covered payroll	\$ 1,201,109
Net pension liability as a percentage of covered payroll	383.90%

Schedule of Changes in Total Pension Liability	<u>2018</u>
Service Cost	\$ 188,538
Interest	651,292
Differences between expected and actual experience	(143,883)
Changes of assumptions	(10,530)
Benefit payments, including refunds of member contributions	<u>(552,793)</u>
Net change in total pension liability	132,624
Total Pension Liability--Beginning	<u>10,107,743</u>
Total Pension Liability--Ending (a)	<u>\$ 10,240,367</u>

Schedule of Changes in Plan Fiduciary Net Position	
Contributions--employer	\$ 460,568
Contributions--member	60,179
Net investment income	(441,603)
Benefit payments, including refunds of member contributions	(552,793)
Administrative expense	<u>(35,945)</u>
Net change in plan fiduciary net position	(509,594)
Plan fiduciary net position--beginning	<u>6,138,876</u>
Plan fiduciary net position--ending (b)	<u>\$ 5,629,282</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 4,611,085</u>

Discount Rate used to measure the Total Pension Liability	6.50%
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Schedule of Investment Returns	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	-7.2%

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:

	<u>1% Decrease (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Total Pension Liability	\$ 11,292,860	\$ 10,240,367	\$ 9,349,962
Plan Fiduciary Net Position	<u>5,629,282</u>	<u>5,629,282</u>	<u>5,629,282</u>
Net Pension Liability	<u>\$ 5,663,578</u>	<u>\$ 4,611,085</u>	<u>\$ 3,720,680</u>

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

For the year ended December 31, 2018, the City of Dickinson recognized pension expense of \$642,725. At December 31, 2018, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,079	\$ (208,183)
Changes of assumptions	28,799	(10,097)
Net difference between projected and actual earnings on investments	<u>700,015</u>	<u>-</u>
Total	<u>\$ 746,893</u>	<u>\$ (218,280)</u>

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

2019	\$ 67,293
2020	165,245
2021	128,391
2022	<u>167,684</u>
	<u>\$ 528,613</u>

Combining Statement of Net Position

	City Employees Pension	Police Pension	Volunteer Fire Pension	Total
Assets				
Cash and cash equivalents	\$ 184,794	\$ 7,846	\$ 13,588	\$ 206,228
Investments, at fair value				
Corporate bonds	946,367	663,313	-	1,609,680
Mutual funds	4,262,066	3,711,883	241,135	8,215,084
Equity dividend focus	1,003,487	850,235	47,113	1,900,835
Money market	455,892	396,005	18,056	869,953
Total investments	<u>6,667,812</u>	<u>5,621,436</u>	<u>306,304</u>	<u>12,595,552</u>
Accounts receivable	-			-
Total assets	<u>\$ 6,852,606</u>	<u>\$ 5,629,282</u>	<u>\$ 319,892</u>	<u>\$ 12,801,780</u>
Liabilities				
	\$ -	\$ -	\$ -	\$ -
Net Position				
Held in trust for pension benefits	<u>6,852,606</u>	<u>5,629,282</u>	<u>319,892</u>	<u>12,801,780</u>
Total net position	<u>\$ 6,852,606</u>	<u>\$ 5,629,282</u>	<u>\$ 319,892</u>	<u>\$ 12,801,780</u>

Combining Statement of Changes in Net Position

	City Employees Pension	Police Pension	Volunteer Fire Pension	Total
Additions				
Employer	\$ 829,346	\$ 460,568	\$ 27,740	\$ 1,317,654
Employee	423,853	105,179	-	529,032
Total contributions	<u>1,253,199</u>	<u>565,747</u>	<u>27,740</u>	<u>1,846,686</u>
Investment earnings				
Interest and dividends	<u>322,922</u>	<u>269,913</u>	<u>15,120</u>	<u>607,955</u>
Total additions	<u>1,576,121</u>	<u>835,660</u>	<u>42,860</u>	<u>2,454,641</u>
Deductions				
Administration expense	50,618	35,945	2,559	89,122
Benefits	1,413,154	596,971	14,855	2,024,980
Net decrease in fair value of investments	<u>841,808</u>	<u>707,047</u>	<u>38,286</u>	<u>1,587,141</u>
Total deductions	<u>2,305,580</u>	<u>1,339,963</u>	<u>55,700</u>	<u>3,701,243</u>
Change in Net Position	<u>(729,459)</u>	<u>(504,303)</u>	<u>(12,840)</u>	<u>(1,246,602)</u>
Net Position - January 1	<u>7,582,065</u>	<u>6,133,585</u>	<u>332,732</u>	<u>14,048,382</u>
Net Position - December 31	<u>\$ 6,852,606</u>	<u>\$ 5,629,282</u>	<u>\$ 319,892</u>	<u>\$ 12,801,780</u>

Note 17 - 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 \$872,522 at December 31, 2018, which is based on 29% usage (filled) of municipal solid waste in the landfill and 33% usage (filled) of municipal solid waste and inert material combined in the landfill. It is estimated that an additional \$1,902,444 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 \$2,774,966 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, 2018. 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 18 - 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, 2018:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 4,657,019	\$ 733,087
One Percent Sales Tax	-	3,150,000
Oil Impact Fund	-	7,813,298
Annual Street Project Fund	3,150,000	-
Other Governmental Funds	2,126,345	3,838,399
Water Distribution Utility Fund	-	4,678
Wastewater Fund	5,750,000	450,000
Solid Waste Utility Fund	-	210,488
Internal Service Fund	516,586	-
	<u>\$ 16,199,950</u>	<u>\$ 16,199,950</u>
Total transfers		

The transfers in and out during 2018 were budgeted transfers.

Note 19 - Accounting Change and Correction of Error

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business-type activities were restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

Certain errors resulting in misstatements of amounts previously reported for accumulated depreciation, depreciation expense, construction in progress, and improvements other than buildings as of December 31, 2017 were discovered during the current year. Accordingly, adjustments have been made to beginning fund balance and net position as of January 1, 2018 to correct the errors. See below of the effects of the restatements.

	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund
Net position - December 31, 2017, as previously reported	\$ 38,205,653	\$ 28,431,989	\$ 5,537,809	\$ 887,388
Total OPEB liability measured under previous standards	-	-	-	-
Total OPEB liability at December 31, 2017	<u>(41,661)</u>	<u>(124,984)</u>	<u>(229,137)</u>	<u>(20,831)</u>
Net position - January 1, 2018, as restated	<u>\$ 38,163,992</u>	<u>\$ 28,307,005</u>	<u>\$ 5,308,672</u>	<u>\$ 866,557</u>
	Governmental Activities- Internal Service Funds	Government-Wide		
		Governmental Activities	Business-Type Activities	
Net position - December 31, 2017, as previously reported	\$ 465,896	\$ 222,751,883	\$ 73,062,839	
Total OPEB liability measured under previous standards	16,491	16,491	-	
Total OPEB liability at December 31, 2017	<u>(62,492)</u>	<u>(1,666,449)</u>	<u>(416,613)</u>	
Understatement of accumulated depreciation/depreciation expense	-	(545,296)	-	
Overstatement of construction in progress	-	(2,717,256)	-	
Understatement of improvements other than buildings	<u>-</u>	<u>32,918,238</u>	<u>-</u>	
Net position - January 1, 2018, as restated	<u>\$ 419,895</u>	<u>\$ 250,757,611</u>	<u>\$ 72,646,226</u>	

Note 20 - Commitments

The City of Dickinson had outstanding commitments for construction contracts totaling approximately \$4,035,000 as of the year ended December 31, 2018, of which approximately \$2,347,000 remains unpaid.

Note 21 - Subsequent Events

On September 17, 2019, the City of Dickinson approved a settlement agreement of \$400,000. At the September 17, 2019, meeting, the City of Dickinson also approved issuance of Series 2019 Sales Tax Revenue Bonds of \$2,730,000.



Required Supplementary Information
December 31, 2018

City of Dickinson

City of Dickinson
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget
Revenues				
Taxes	\$ 4,860,723	\$ 4,860,723	\$ 4,890,879	\$ 30,156
Licenses, permits and fees	254,550	254,550	507,530	252,980
Intergovernmental revenues	2,789,450	2,789,450	3,133,188	343,738
Charges for services	2,410,990	2,410,990	2,589,580	178,590
Fines and forfeits	480,200	480,200	369,536	(110,664)
Interest and investment income	43,000	43,000	4,234	(38,766)
Special assessments	-	-	31,410	31,410
Miscellaneous revenues	132,740	132,740	187,258	54,518
Total revenues	<u>10,971,653</u>	<u>10,971,653</u>	<u>11,713,615</u>	<u>741,962</u>
Expenditures				
Current				
General government	4,619,822	4,619,823	4,502,437	117,386
Public safety	7,776,226	7,776,226	7,988,711	(212,485)
Public works	2,886,098	2,886,098	2,428,970	457,128
Culture and recreation	504,756	504,756	525,039	(20,283)
Other	179,755	179,755	141,066	38,689
Capital outlay	332,000	332,000	292,465	39,535
Total expenditures	<u>16,298,657</u>	<u>16,298,658</u>	<u>15,878,688</u>	<u>419,970</u>
Excess (Deficiency) of Revenues over expenditures	<u>(5,327,004)</u>	<u>(5,327,005)</u>	<u>(4,165,073)</u>	<u>1,161,932</u>
Other Financing Sources (Uses)				
Transfers in	-	-	4,634,234	4,634,234
Transfers out	-	-	(469,151)	(469,151)
Total other financing sources and uses	<u>10,000</u>	<u>10,000</u>	<u>4,165,083</u>	<u>4,155,083</u>
Net Change in Fund Balances	<u>\$ (5,317,004)</u>	<u>\$ (5,317,005)</u>	<u>10</u>	<u>\$ 5,317,015</u>
Fund Balance - January 1			<u>7,880,657</u>	
Fund Balance - December 31			<u>\$ 7,880,667</u>	

City of Dickinson
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2018

Differences between budgetary and GAAP fund balance	
General fund	\$ 7,880,667
Asset forfeiture	36,958
Cemetery	321,137
Historic preservation	1,107
Fire	139,208
Future fund	7,616,405
Interest revenue	643,128
Urban forestry	<u>31,013</u>
GAAP fund balance (combined with General fund for GAAP presentation)	<u><u>\$ 16,669,623</u></u>

City of Dickinson
 Budgetary Comparison Schedule – One Percent Sales Tax Fund
 Year Ended December 31, 2018

	One Percent Sales Tax			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 5,190,672	\$ 5,190,672	\$ 6,063,745	\$ 873,073
Expenditures				
Current				
Urban and economic development	1,040,000	1,040,000	1,063,865	(23,865)
Capital outlay	1,525,000	1,525,000	1,111,699	413,301
Total expenditures	<u>2,565,000</u>	<u>2,565,000</u>	<u>2,175,564</u>	<u>389,436</u>
Excess of Revenues over Expenditures	<u>2,625,672</u>	<u>2,625,672</u>	<u>3,888,181</u>	<u>1,262,509</u>
Other Financing Uses				
Transfers out	-	-	(3,150,000)	(3,150,000)
Net change in fund balances	<u>\$ 2,625,672</u>	<u>\$ 2,625,672</u>	<u>738,181</u>	<u>\$ (1,887,491)</u>
Fund Balance - January 1			<u>8,670,147</u>	
Fund Balance - December 31			<u>\$ 9,408,328</u>	

City of Dickinson
 Budgetary Comparison Schedule – Oil & Gas Fund
 Year Ended December 31, 2018

	Oil Impact Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental revenues	<u>\$ 10,453,125</u>	<u>\$ 10,453,125</u>	<u>\$ 13,839,221</u>	<u>\$ 3,386,096</u>
Expenditures				
Current				
Other	<u>-</u>	<u>-</u>	<u>113,233</u>	<u>113,233</u>
Excess of Revenues over Expenditures	<u>10,453,125</u>	<u>10,453,125</u>	<u>13,725,988</u>	<u>3,499,329</u>
Other Financing Uses				
Transfers out	<u>-</u>	<u>-</u>	<u>(7,813,298)</u>	<u>(7,813,298)</u>
Net change in fund balances	<u><u>\$ 10,453,125</u></u>	<u><u>\$ 10,453,125</u></u>	<u>5,912,690</u>	<u><u>\$ (4,313,969)</u></u>
Fund Balance - January 1			<u>19,905,121</u>	
Fund Balance - December 31			<u><u>\$ 25,817,811</u></u>	

City of Dickinson
Required Supplementary Information – City Employee Pension Plan
Year Ended December 31, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	56.597435%	55.451851%	54.222060%	55.510180%	59.692893%
Employer's proportionate share of the net pension liability	\$ 7,020,062	\$ 5,743,145	\$ 5,771,804	\$ 5,552,647	\$ 5,157,267
Employer's covered payroll	\$ 1,141,305	\$ 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	615.09%	521.71%	474.34%	465.17%	349.86%
Plan fiduciary net position as a percentage of the total pension liability	35.59%	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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 959,130	\$ 943,145	\$ 899,949	\$ 817,871	\$ 854,400
Contributions in relation to the actuarially determined contribution	<u>823,296</u>	<u>814,789</u>	<u>814,740</u>	<u>840,574</u>	<u>823,620</u>
Contribution deficiency (excess)	<u>\$ 135,834</u>	<u>\$ 128,356</u>	<u>\$ 85,209</u>	<u>\$ (22,703)</u>	<u>\$ 30,780</u>
Employer's covered payroll	\$ 1,141,305	\$ 1,100,840	\$ 1,216,809	\$ 1,193,687	\$ 1,474,076
Contributions as a percentage of covered payroll	72.14%	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, 2019
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	22 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-2018

City of Dickinson
Required Supplementary Information – Volunteer Fireman Pension Plan
Year Ended December 31, 2018

Schedule of Net Pension Liability	2018	2017	2016	2015	2014
Total Pension Liability	\$ 413,894	\$ 403,806	\$ 384,902	\$ 413,002	\$ 376,696
Plan fiduciary net position	319,891	332,763	310,396	301,264	288,225
Net pension liability	<u>\$ 94,003</u>	<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	77.29%	82.41%	80.64%	72.94%	76.51%
Covered payroll	N/A	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	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	2018	2017	2016	2015	2014
Service Cost	\$ 10,783	\$ 13,568	\$ 15,479	\$ 14,870	\$ 14,918
Interest	28,559	26,729	29,031	27,059	26,248
Differences between expected and actual experience	(15,624)	12,381	(44,345)	(5,667)	(17,014)
Changes of assumptions	(425)	(513)	(747)	10,055	-
Benefit payments, including refunds of member contributions	<u>(13,205)</u>	<u>(33,261)</u>	<u>(27,518)</u>	<u>(10,011)</u>	<u>(15,028)</u>
Net change in total pension liability	10,088	18,904	(28,100)	36,306	9,124
Total Pension Liability--Beginning	403,806	384,902	413,002	376,696	367,572
Total Pension Liability--Ending (a)	<u>\$ 413,894</u>	<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	2018	2017	2016	2015	2014
Contributions--employer	\$ 26,240	\$ 26,241	\$ 26,241	\$ 27,408	\$ 27,447
Net investment income	(23,243)	32,424	13,771	(2,294)	14,756
Benefit payments, including refunds of member contributions	(13,205)	(33,261)	(27,518)	(10,011)	(15,028)
Administrative expense	(2,664)	(3,037)	(3,362)	(2,064)	(2,926)
Net change in plan fiduciary net position	<u>(12,872)</u>	<u>22,367</u>	<u>9,132</u>	<u>13,039</u>	<u>24,249</u>
Plan fiduciary net position--beginning	332,763	310,396	301,264	288,225	263,976
Plan fiduciary net position--ending (b)	<u>\$ 319,891</u>	<u>\$ 332,763</u>	<u>\$ 310,396</u>	<u>\$ 301,264</u>	<u>\$ 288,225</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 94,003</u>	<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	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 20,303	\$ 22,136	\$ 26,297	\$ 25,147	\$ 26,730
Contributions in relation to the actuarially determined contribution	26,240	26,241	26,241	27,408	27,447
Contribution deficiency (excess)	<u>\$ (5,937)</u>	<u>\$ (4,105)</u>	<u>\$ 56</u>	<u>\$ (2,261)</u>	<u>\$ (717)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	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, 2019
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	22 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-2018

City of Dickinson
Required Supplementary Information – Police Pension Plan
Year Ended December 31, 2018

Schedule of Net Pension Liability	2018	2017	2016	2015
Total Pension Liability	\$ 10,240,367	\$ 10,107,743	\$ 10,219,577	\$ 9,763,488
Plan fiduciary net position	<u>5,629,282</u>	<u>6,138,876</u>	<u>5,643,465</u>	<u>5,527,313</u>
Net pension liability	<u>\$ 4,611,085</u>	<u>\$ 3,968,867</u>	<u>\$ 4,576,112</u>	<u>\$ 4,236,175</u>
Plan fiduciary net position as a percentage of the total pension liability	54.97%	60.73%	55.22%	56.61%
Covered payroll	\$ 1,201,109	\$ 1,141,191	\$ 1,129,831	\$ 1,297,858
Net pension liability as a percentage of covered payroll	383.90%	347.78%	405.03%	326.40%

*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	2018	2017	2016	2015
Service Cost	\$ 188,538	\$ 205,099	\$ 192,323	\$ 216,356
Interest	651,292	659,621	629,158	571,205
Differences between expected and actual experience	(143,883)	(408,724)	72,319	330,967
Changes of assumptions	(10,530)	(14,496)	115,196	297,090
Benefit payments, including refunds of member contributions	<u>(552,793)</u>	<u>(553,334)</u>	<u>(552,907)</u>	<u>(447,090)</u>
Net change in total pension liability	132,624	(111,834)	456,089	968,528
Total Pension Liability--Beginning	<u>10,107,743</u>	<u>10,219,577</u>	<u>9,763,488</u>	<u>8,794,960</u>
Total Pension Liability--Ending (a)	<u>\$ 10,240,367</u>	<u>\$ 10,107,743</u>	<u>\$ 10,219,577</u>	<u>\$ 9,763,488</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	2018	2017	2016	2015
Contributions--employer	\$ 460,568	\$ 460,570	\$ 460,570	\$ 423,057
Contributions--member	60,179	61,961	68,391	72,282
Net investment income	(441,603)	561,154	173,154	(7,931)
Benefit payments, including refunds of member contributions	(552,793)	(553,334)	(552,907)	(447,090)
Administrative expense	<u>(35,945)</u>	<u>(34,940)</u>	<u>(33,056)</u>	<u>(33,723)</u>
Net change in plan fiduciary net position	(509,594)	495,411	116,152	6,595
Plan fiduciary net position--beginning	<u>6,138,876</u>	<u>5,643,465</u>	<u>5,527,313</u>	<u>5,520,718</u>
Plan fiduciary net position--ending (b)	<u>\$ 5,629,282</u>	<u>\$ 6,138,876</u>	<u>\$ 5,643,465</u>	<u>\$ 5,527,313</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 4,611,085</u>	<u>\$ 3,968,867</u>	<u>\$ 4,576,112</u>	<u>\$ 4,236,175</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	2018	2017	2016	2015
Actuarially determined contribution	\$ 471,202	\$ 509,608	\$ 472,890	\$ 446,886
Contributions in relation to the actuarially determined contribution	<u>460,568</u>	<u>460,570</u>	<u>460,570</u>	<u>423,057</u>
Contribution deficiency (excess)	<u>\$ 10,634</u>	<u>\$ 49,038</u>	<u>\$ 12,320</u>	<u>\$ 23,829</u>
Covered payroll	\$ 1,201,109	\$ 1,141,191	\$ 1,129,831	\$ 1,297,858
Contributions as a percentage of covered payroll	38.35%	40.36%	40.76%	32.60%

*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, 2019
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	22 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-2018

City of Dickinson
 Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes
 Year Ended December 31, 2018

	2018
Service Cost	\$ 177,493
Interest	75,503
Changes in Assumptions	(141,912)
Benefit Payments	(131,410)
Net Change in Total OPEB Liability	(20,326)
 Total OPEB Liability Beginning of year, as Restated	 2,083,061
Total OPEB Liability End of Year	\$ 2,062,735
 Covered-Employee Payroll	 \$ 9,800,000
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 21.0%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in benefit terms. There were no significant changes in benefit terms.

Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year Ended December 31, 2018	4.09%
Year Ended December 31, 2017	3.44%

GASB Statement No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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.



Supplementary Information
December 31, 2018

City of Dickinson

City of Dickinson
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 6,471,886	\$ 1,023,943	\$ 2,995,365	\$ 10,491,194
Accounts receivable	-	245,899	-	245,899
Special assessment receivables	-	-	2,403,386	2,403,386
Intergovernmental receivables	772,151	-	-	772,151
Restricted cash and investments	-	1,690,500	-	1,690,500
Total assets	<u>\$ 7,244,037</u>	<u>\$ 2,960,342</u>	<u>\$ 5,398,751</u>	<u>\$ 15,603,130</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 58,572	\$ -	\$ 18,144	\$ 76,716
Accrued payroll	31,862	-	-	31,862
Interfund payables	-	48,346	280,580	328,926
Total liabilities	<u>90,434</u>	<u>48,346</u>	<u>298,724</u>	<u>437,504</u>
Total deferred inflows of resources				
Unavailable revenue	-	-	2,403,386	2,403,386
Fund Balances				
Restricted	5,803,027	2,828,552	2,977,221	11,608,800
Committed	838,537	-	-	838,537
Assigned	512,039	131,790	-	643,829
Unassigned	-	(48,346)	(280,580)	(328,926)
Total fund balances	<u>7,153,603</u>	<u>2,911,996</u>	<u>2,696,641</u>	<u>12,762,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,244,037</u>	<u>\$ 2,960,342</u>	<u>\$ 5,398,751</u>	<u>\$ 15,603,130</u>

City of Dickinson
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2018

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve	Grant Fund	Museum	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Fund
Assets									
Cash and investments	\$ 72,840	\$ 5,065,039	\$ 612,330	\$ 23,825	\$ 115,261	\$ 3,327	\$ 537,759	\$ 41,505	\$ 6,471,886
Intergovernmental receivables	-	547,154	161,442	-	5,803	-	14,257	43,495	772,151
Total assets	\$ 72,840	\$ 5,612,193	\$ 773,772	\$ 23,825	\$ 121,064	\$ 3,327	\$ 552,016	\$ 85,000	\$ 7,244,037
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ 890	\$ -	\$ 2,554	\$ 2,092	\$ -	\$ 11,530	\$ 41,506	\$ 58,572
Accrued payroll	-	-	-	-	88	-	31,774	-	31,862
Total liabilities	-	890	-	2,554	2,180	-	43,304	41,506	90,434
Fund Balances									
Restricted	72,840	5,611,303	-	-	118,884	-	-	-	5,803,027
Committed	-	-	773,772	21,271	-	-	-	43,494	838,537
Assigned	-	-	-	-	-	3,327	508,712	-	512,039
Total fund balances	72,840	5,611,303	773,772	21,271	118,884	3,327	508,712	43,494	7,153,603
Total liabilities, deferred inflows of resources, and fund balances	\$ 72,840	\$ 5,612,193	\$ 773,772	\$ 23,825	\$ 121,064	\$ 3,327	\$ 552,016	\$ 85,000	\$ 7,244,037

City of Dickinson
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2018

	<u>2013 Sales Tax Revenue Bonds</u>	<u>2014 Water & Sales Tax Revenue Bonds</u>	<u>General Capital Leases</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets				
Cash and investments	\$ 892,153	\$ -	\$ 131,790	\$ 1,023,943
Restricted cash and investments	1,690,500	-	-	1,690,500
Accounts receivable	<u>245,899</u>	<u>-</u>	<u>-</u>	<u>245,899</u>
Total assets	<u><u>\$ 2,828,552</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 131,790</u></u>	<u><u>\$ 2,960,342</u></u>
Liabilities				
Interfund payables	<u>\$ -</u>	<u>\$ 48,346</u>	<u>\$ -</u>	<u>\$ 48,346</u>
Total liabilities	<u><u>-</u></u>	<u><u>48,346</u></u>	<u><u>-</u></u>	<u><u>48,346</u></u>
Fund Balances				
Restricted	2,828,552	-	-	2,828,552
Assigned	-	-	131,790	131,790
Unassigned	<u>-</u>	<u>(48,346)</u>	<u>-</u>	<u>(48,346)</u>
Total fund balances	<u><u>2,828,552</u></u>	<u><u>(48,346)</u></u>	<u><u>131,790</u></u>	<u><u>2,911,996</u></u>
Total liabilities, and fund balances	<u><u>\$ 2,828,552</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 131,790</u></u>	<u><u>\$ 2,960,342</u></u>

City of Dickinson
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2018

	<u>Community Center Project</u>	<u>Building Construction</u>	<u>Impact Fees Capital Projects</u>
Assets			
Cash and investments	\$ -	\$ 293,971	\$ 2,701,394
Special assessments	-	-	2,403,386
Total assets	<u>\$ -</u>	<u>\$ 293,971</u>	<u>\$ 5,104,780</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 18,144	\$ -
Interfund payables	280,580	-	-
Total liabilities	<u>280,580</u>	<u>18,144</u>	<u>-</u>
Total deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>2,403,386</u>
Fund Balances			
Restricted	-	275,827	2,701,394
Unassigned	(280,580)	-	-
Total fund balances	<u>(280,580)</u>	<u>275,827</u>	<u>2,701,394</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 293,971</u>	<u>\$ 5,104,780</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended December 31, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 4,921,288	\$ -	\$ -	\$ 4,921,288
Intergovernmental revenues	434,036	-	-	434,036
Charges for services	141,512	-	-	141,512
Fines and forfeits	14,549	-	-	14,549
Special assessments	292	-	1,363,777	1,364,069
Interest and investment income	-	-	-	-
Donations	-	281,399	-	281,399
Miscellaneous revenues	103,479	-	100,481	203,960
Total revenues	<u>5,615,156</u>	<u>281,399</u>	<u>1,464,258</u>	<u>7,360,813</u>
Expenditures				
Current				
Public safety	46,350	-	-	46,350
Culture and recreation	1,579,817	-	-	1,579,817
Urban and economic development	158,597	-	-	158,597
Capital outlay	34,088	-	303,351	337,439
Debt Service				
Principal	-	1,290,914	-	1,290,914
Interest and service charges	-	531,740	-	531,740
Total expenditures	<u>1,818,852</u>	<u>1,822,654</u>	<u>303,351</u>	<u>3,944,857</u>
Excess (Deficiency) of Revenues over expenditures	<u>3,796,304</u>	<u>(1,541,255)</u>	<u>1,160,907</u>	<u>3,415,956</u>
Other Financing Sources (Uses)				
Transfers in	-	1,844,946	281,399	2,126,345
Transfers out	(3,557,000)	(281,399)	-	(3,838,399)
Total other financing sources and uses	<u>(3,557,000)</u>	<u>1,563,547</u>	<u>281,399</u>	<u>(1,712,054)</u>
Net Change in Fund Balances	<u>239,304</u>	<u>22,292</u>	<u>1,442,306</u>	<u>1,703,902</u>
Fund Balance - January 1	<u>6,914,299</u>	<u>2,889,704</u>	<u>1,254,335</u>	<u>11,058,338</u>
Fund Balance - December 31	<u>\$ 7,153,603</u>	<u>\$ 2,911,996</u>	<u>\$ 2,696,641</u>	<u>\$ 12,762,240</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve	Grant Fund	Museum	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Funds
Revenues									
Taxes	\$ -	\$ 3,046,874	\$ 1,007,979	\$ -	\$ -	\$ -	\$ 500,738	\$ 365,697	\$ 4,921,288
Intergovernmental revenues	-	-	-	-	45,302	-	388,734	-	434,036
Charges for services	-	-	-	-	-	-	141,512	-	141,512
Fines and forfeits	-	-	-	-	-	-	14,549	-	14,549
Special assessments	292	-	-	-	-	-	-	-	292
Interest and investment income (loss)	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	56,323	10,341	36,815	-	103,479
Total revenues	292	3,046,874	1,007,979	-	101,625	10,341	1,082,348	365,697	5,615,156
Expenditures									
Current									
Public safety	-	-	-	-	46,350	-	-	-	46,350
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	183,000	-	-	9,284	1,025,187	362,346	1,579,817
Urban and economic development	-	158,597	-	-	-	-	-	-	158,597
Capital outlay	-	-	-	-	18,368	-	15,720	-	34,088
Total expenditures	-	158,597	183,000	-	64,718	9,284	1,040,907	362,346	1,818,852
Excess (Deficiency) of Revenues over Expenditures	292	2,888,277	824,979	-	36,907	1,057	41,441	3,351	3,796,304
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(2,750,000)	(807,000)	-	-	-	-	-	(3,557,000)
Total other financing sources and uses	-	(2,750,000)	(807,000)	-	-	-	-	-	(3,557,000)
Net Change in Fund Balances	292	138,277	17,979	-	36,907	1,057	41,441	3,351	239,304
Fund Balance - January 1	72,548	5,473,026	755,793	21,271	81,977	2,270	467,271	40,143	6,914,299
Fund Balance - December 31	\$ 72,840	\$ 5,611,303	\$ 773,772	\$ 21,271	\$ 118,884	\$ 3,327	\$ 508,712	\$ 43,494	\$ 7,153,603

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year Ended December 31, 2018

	2013 Sales Tax Revenue Bonds	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Debt Service Funds
Revenues				
Donations	\$ 281,399	\$ -	\$ -	\$ 281,399
Total revenues	<u>281,399</u>	<u>-</u>	<u>-</u>	<u>281,399</u>
Expenditures				
Debt Service				
Principal	1,185,000	-	105,914	1,290,914
Interest and service charges	528,709	-	3,031	531,740
Total expenditures	<u>1,713,709</u>	<u>-</u>	<u>108,945</u>	<u>1,822,654</u>
Deficiency of Revenues over expenditures	<u>(1,432,310)</u>	<u>-</u>	<u>(108,945)</u>	<u>(1,541,255)</u>
Other Financing Sources (Uses)				
Transfers in	1,700,000	-	144,946	1,844,946
Transfers out	<u>(281,399)</u>	<u>-</u>	<u>-</u>	<u>(281,399)</u>
Total other financing sources and uses	<u>1,418,601</u>	<u>-</u>	<u>144,946</u>	<u>1,563,547</u>
Net Change in Fund Balances	<u>(13,709)</u>	<u>-</u>	<u>36,001</u>	<u>22,292</u>
Fund Balance - January 1	<u>2,842,261</u>	<u>(48,346)</u>	<u>95,789</u>	<u>2,889,704</u>
Fund Balance - December 31	<u>\$ 2,828,552</u>	<u>\$ (48,346)</u>	<u>\$ 131,790</u>	<u>\$ 2,911,996</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects
 Funds
 Year Ended December 31, 2018

	Community Center Project	Building Construction	Impact Fee Capital Projects	Total Nonmajor Capital Projects Funds
Revenues				
Special assessments/ miscellaneous revenue	\$ -	\$ -	\$ 1,363,777	\$ 1,363,777
Miscellaneous revenues	-	100,481	-	100,481
Total revenues	<u>-</u>	<u>100,481</u>	<u>1,363,777</u>	<u>1,464,258</u>
Expenditures				
Capital outlay	-	303,351	-	303,351
Total expenditures	<u>-</u>	<u>303,351</u>	<u>-</u>	<u>303,351</u>
Excess (Deficiency) of Revenues over expenditures	<u>-</u>	<u>(202,870)</u>	<u>1,363,777</u>	<u>1,160,907</u>
Other Financing Sources (Uses)				
Transfers In	<u>281,399</u>	<u>-</u>	<u>-</u>	<u>281,399</u>
Net Change in Fund Balances	<u>281,399</u>	<u>(202,870)</u>	<u>1,363,777</u>	<u>1,442,306</u>
Fund Balance - January 1	<u>(561,979)</u>	<u>478,697</u>	<u>1,337,617</u>	<u>1,254,335</u>
Fund Balance - December 31	<u>\$ (280,580)</u>	<u>\$ 275,827</u>	<u>\$ 2,701,394</u>	<u>\$ 2,696,641</u>

City of Dickinson
Statement of Net Position – Nonmajor Enterprise Fund
Year Ended December 31, 2018

	Storm Sewer Utility Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 461,867
Investments	125,556
Accounts receivable	78,912
Inventory	11,939
Total current assets	678,274
Noncurrent assets	
Capital assets not being depreciated	
Construction in progress	32,259
Capital assets (net of accumulated depreciation)	
Improvements other than buildings	32,185
Machinery and equipment	34,685
Total noncurrent assets	99,129
Total assets	777,403
Liabilities	
Current liabilities	
Accounts payable	12,749
Accrued payroll	4,899
Compensated absences	2,293
Retainage payable	1,547
Total current liabilities	21,488
Noncurrent liabilities	
Total OPEB Liability	20,627
Total liabilities	42,115
Deferred Inflows of Resources	
Derived from OPEB	1,236
Net Position	
Net investment in capital assets	97,582
Unrestricted	636,470
Total net position	\$ 734,052

City of Dickinson
Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Fund
Year Ended December 31, 2018

	Storm Sewer Utility Fund
Operating revenues	
Sales	\$ 305,807
Total operating revenues	305,807
Operating expenses	
Salaries	84,500
Employment cost	29,802
Administrative and general	37,200
Supplies	104,346
Services	216,390
Maintenance	29,052
Depreciation	12,321
Total operating expenses	513,611
Operating loss	(207,804)
Nonoperating revenues (expenses)	
Miscellaneous revenue	84,700
Loss on disposal of capital assets	(9,401)
Total nonoperating revenues (expenses)	75,299
Change in net position	(132,505)
Net position - January 1, as restated	866,557
Net position - December 31	\$ 734,052

City of Dickinson
Statement of Cash Flows – Nonmajor Enterprise Fund
Year Ended December 31, 2018

	Storm Sewer Utility Fund
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 307,984
Cash paid to suppliers	(175,152)
Cash paid to employees	(112,757)
Net cash provided by operating activities	20,075
Cash Flows from Noncapital Financing Activities	
Nonoperating revenues	84,700
Cash Flows from Investing Activities	
Net purchase of investments	(6,032)
Net Change in Cash and Cash Equivalents	98,743
Cash and Cash Equivalents, January 1, 2018	363,124
Cash and Cash Equivalents, December 31, 2018	\$ 461,867

City of Dickinson
Statement of Cash Flows – Nonmajor Enterprise Fund
Year Ended December 31, 2018

	Storm Sewer Utility Fund
Reconciliation of Operating loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (207,804)
Adjustments to Reconcile Operating loss to Net Cash Provided by Operating Activities	
Disposal of CIP	200,509
Depreciation expense	12,321
Change in Assets and Liabilities	
Receivables	2,177
Compensated absences liability	557
Accounts payable	11,327
Accrued payroll	(44)
Deferred inflows	1,236
Total OPEB Liability	(204)
Net cash provided by operating activities	\$ 20,075

City of Dickinson
Combining Balance Sheet – Agency Funds
December 31, 2018

	General Transit	Payroll Clearing	Insurance Transit	Totals
Assets				
Cash and investments	\$ -	\$ 855,343	\$ 3,058	\$ 858,401
Accounts receivable	66,970	-	-	-
Total assets	<u>\$ 66,970</u>	<u>\$ 855,343</u>	<u>\$ 3,058</u>	<u>\$ 858,401</u>
Liabilities				
Due to other parties	\$ 66,970	\$ 855,343	\$ 3,058	\$ 858,401
Total liabilities	<u>\$ 66,970</u>	<u>\$ 855,343</u>	<u>\$ 3,058</u>	<u>\$ 858,401</u>



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, 2018, 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 February 26, 2020. We have made a qualification to the auditor’s report in the Governmental Activities, Business-Type Activities, Water Distribution Utility, Wastewater, Solid Waste, and aggregate remaining funds due to the OPEB valuation not being in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This statement requires an actuarial valuation date within 30 months and one day of the current fiscal year end.

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 first 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 2018-001 and 2018-002 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
February 26, 2020

Financial Statement Findings

**2018-001 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 5th 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.

2018-002 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.