

**CITY OF WILLISTON  
WILLISTON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

## TABLE OF CONTENTS

	Page
<b>OFFICIAL DIRECTORY (UNAUDITED)</b>	<b>1</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>2</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	7
Statement of Activities	8
<b>FUND FINANCIAL STATEMENTS</b>	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Sales Tax Fund	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Safety Sales Tax Fund	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Position - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to the Financial Statements	21
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of City Pension Contributions	52
Schedule of City's Share of Net Pension Liability	53

Schedule of Contributions to the OPEB Plan	54
Schedule of City's Share of the OPEB Liability	55
Notes to the Required Supplementary Information	56
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>57</b>
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>59</b>
Schedule of Expenditures of Federal Awards	62
Notes to the Schedule of Expenditures of Federal Awards	63
Schedule of Findings and Questioned Costs	64
Summary Schedule of Prior Audit Findings	70
Corrective Action Plan	75

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**CITY OF WILLISTON**  
**OFFICIAL DIRECTORY (UNAUDITED)**  
**AS OF DECEMBER 31, 2023**

<u>Names</u>	<u>Office</u>
Howard Klug	President
Brad Bekkedahl	Vice President
Tate Cymbaluk	City Commissioner
Deanette Piesek	City Commissioner
James Bervig	City Commissioner
Hercules Cummings	Finance Director
Shawn Wenko	City Administrator

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Commission  
City of Williston  
Williston, North Dakota

### Qualified and Unmodified Opinions

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 Williston, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
Water Fund	Qualified
Sewer Fund	Qualified
General Fund	Qualified
Sales Tax Fund	Unmodified
Public Safety Sales Tax Fund	Unmodified
2016 Refunding Improvement Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the Governmental Activities, Business-Type Activities, General Fund, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matters as described in the "Basis for Qualified Opinions on the Governmental Activities, Business-Type Activities, General Fund, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, General Fund, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information of the City of Williston as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Unmodified Opinions on the Sales Tax Fund, Public Safety Sales Tax Fund, 2016 Refunding Improvement Bond, and Capital Projects Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sales Tax Fund, Public Safety Sales Tax Fund, 2016 Refunding Improvement Fund, and Capital Projects Fund of the City of Williston, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparisons for the Sales Tax Fund and Public Safety Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 19 to the financial statements, the City has restated the prior period financial statements to properly reflect sales tax owed to other governments. Our opinion has not been modified with respect to this matter.

### **Basis for Qualified and Unmodified Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Williston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinions on the Governmental Activities, Business-Type Activities, General Fund, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information

The City has not recorded capital assets and related depreciation for infrastructure contributed to the City from developers. Accounting principles generally accepted in the United States of America require that the City record contributed capital for infrastructure contributed from third parties. The amount by which this departure would affect the assets, net position, revenues and expenses of the governmental activities, business-type activities, water fund, sewer fund, and aggregate remaining fund information has not been determined.

The City has not disclosed conduit debt balances as of December 31, 2023. The Governmental Accounting Standards Board (GASB) requires the City to disclose the aggregate amount of all conduit debt obligations outstanding at the balance sheet date. The amount by which this departure would affect the notes to the financial statements has not been determined.

The City has not recorded depreciation expense on infrastructure associated with its airport. Accounting principles generally accepted in the United States of America require that the City record depreciation on all capital assets once they are put into service. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Management has not adopted the provisions of Government Accounting Standards Board No. 87, *Leases*, and Government Accounting Standards Board No. 96, *SBITAs*, for the City. Accounting principles generally accepted in the United States of America require that GASB Statement No. 87 and GASB Statement No. 96 be adopted. The amount by which these departures would affect the assets, deferred inflows of resources, revenue, net position, and fund balance of the governmental activities business-type activities, water fund, sewer fund, general fund, and aggregate remaining fund have not been determined.

### **Responsibilities of Management 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.

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Williston's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Williston's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of City pension contributions, schedule of City's share of net pension liability, schedule of City's share of the OPEB liability, schedule of contributions to the OPEB plan, and notes as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williston's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.



The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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, except for the effects of the matters described in the "Basis of Qualified Opinions" section of our report, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included on page one. The other information comprises the Official Directory but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024 on our consideration of the City of Williston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 Williston's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

September 19, 2024

**CITY OF WILLISTON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 94,067,405	\$ 10,278,811	\$ 104,346,216
Accounts Receivable (Net)	4,842,681	2,577,885	7,420,566
Current Portion of Receivable from WAWSA	-	1,154,583	1,154,583
Intergovernmental Receivable	12,070,692	-	12,070,692
Taxes Receivable	123,095	-	123,095
Special Assessments Receivable	4,469,891	-	4,469,891
Internal Balances	1,000,000	(1,000,000)	-
Inventory	-	1,090,280	1,090,280
Total Current Assets	116,573,764	14,101,559	130,675,323
Restricted Cash and Cash Equivalents	5,270,930	7,699,873	12,970,803
Receivable from WAWSA - Net of Current Portion	-	2,185,000	2,185,000
Special Assessments Receivable - Unbilled	32,785,374	-	32,785,374
Other Assets	1,725,000	-	1,725,000
Cost Shared Infrastructure, Net	-	7,657,231	7,657,231
Capital Assets not being Depreciated:			
Land	15,172,496	457,470	15,629,966
Construction in Progress	278,012,136	11,535,205	289,547,341
Capital Assets (Net of Accumulated Depreciation):			
Buildings	56,697,265	163,137,713	219,834,978
Improvements other than Buildings and Infrastructure	165,701,219	158,000,088	323,701,307
Equipment	9,027,876	1,721,988	10,749,864
Total Capital Assets (Net of Accumulated Depreciation)	524,610,992	334,852,464	859,463,456
Total Non-Current Assets	564,392,296	352,394,568	916,786,864
Total Assets	680,966,060	366,496,127	1,047,462,187
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Cost Sharing Defined Benefit Pension Plan & OPEB	23,144,576	4,332,807	27,477,383
Total Deferred Outflows of Resources	23,144,576	4,332,807	27,477,383
<b>LIABILITIES</b>			
Accounts Payable	4,176,448	305,302	4,481,750
Escrow Payable	263,000	-	263,000
Retainage Payable	12,046	-	12,046
Salaries and Benefits Payable	1,431,402	84,571	1,515,973
Due to Other Governments	124,027	-	124,027
Deposits Payable	1,775	76,944	78,719
Grant Payable	50,000	-	50,000
Accrued Interest Payable	1,037,866	547,786	1,585,652
Long-Term Liabilities Due Within One Year	13,898,702	5,972,236	19,870,938
Current Portion of Liability for Cost Shared Infrastructure	-	448,868	448,868
Noncurrent Liabilities:			
Revenue Bonds Payable	177,568,363	80,680,000	258,248,363
Finance Purchase	2,074,705	-	2,074,705
Special Assessment Bonds Payable	39,680,000	-	39,680,000
Bond Discounts	(368,174)	-	(368,174)
Bond Premiums	278,059	-	278,059
Cost Shared Infrastructure	-	7,712,958	7,712,958
Landfill Closure Costs	-	1,293,013	1,293,013
Net Pension Liability & OPEB	25,971,261	5,919,249	31,890,510
Compensated Absences Payable	2,044,710	299,621	2,344,331
Less Amounts Due within One Year	(13,898,702)	(6,421,104)	(20,319,806)
Total Liabilities	254,345,488	96,919,444	351,264,932
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Cost Sharing Defined Benefit Pension Plan & OPEB	24,906,001	4,674,485	29,580,486
Deferred Inflows - Western Area Water Supply Authority	-	77,321,279	77,321,279
Total Deferred Inflows of Resources	24,906,001	81,995,764	106,901,765
<b>NET POSITION</b>			
Net Investment in Capital Assets	345,045,993	176,795,458	521,841,451
Restricted for:			
Urban and Economic Development	15,005,503	-	15,005,503
Culture and Recreation	927,747	-	927,747
Public Works	19,947	-	19,947
Airport	5,058,548	-	5,058,548
Public Safety	28,177,504	-	28,177,504
Health and Welfare	1,139,287	-	1,139,287
Capital Projects	4,217,454	-	4,217,454
Debt Service	80,115,241	7,699,873	87,815,114
Unrestricted	(54,848,077)	7,418,395	(47,429,682)
Total Net Position	\$ 424,859,147	\$ 191,913,726	\$ 616,772,873

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 13,503,409	\$ 3,035,654	\$ 10,000	\$ -	\$ (10,457,755)	\$ -	\$ (10,457,755)
Public Safety	30,744,197	3,436,708	12,000	89,701	(27,205,788)	-	(27,205,788)
Public Works	12,931,763	203,564	1,858,727	2,597,144	(8,272,328)	-	(8,272,328)
Health and Welfare	744,053	778,783	-	-	34,730	-	34,730
Culture and Recreation	12,521,057	247,147	53,389	-	(12,220,521)	-	(12,220,521)
Economic Development	2,828,779	-	-	-	(2,828,779)	-	(2,828,779)
Airport	10,725,930	3,579,984	11,593	1,571,732	(5,562,621)	-	(5,562,621)
Interest and Fees	7,754,158	-	-	-	(7,754,158)	-	(7,754,158)
Total Governmental Activities	91,753,346	11,281,840	1,945,709	4,258,577	(74,267,220)	-	(74,267,220)
Business-type Activities:							
Water	14,317,373	11,517,810	593	871,128	-	(1,927,842)	(1,927,842)
Sewer	8,400,953	2,949,992	533	-	-	(5,450,428)	(5,450,428)
Landfill	2,914,141	2,811,914	-	-	-	(102,227)	(102,227)
Refuse	2,668,352	3,104,208	1,224	-	-	437,080	437,080
Total Business-type Activities	28,300,819	20,383,924	2,350	871,128	-	(7,043,417)	(7,043,417)
Total Primary Government	\$ 120,054,165	\$ 31,665,764	\$ 1,948,059	\$ 5,129,705			
General Revenues:							
Property Taxes, Levied for General Purposes					5,036,608	-	5,036,608
Gross Production Tax					31,776,790	-	31,776,790
Other Taxes					9,148,620	-	9,148,620
City Sales Tax					36,895,316	-	36,895,316
Cable Franchise Tax					206,637	-	206,637
Unrestricted State Aid					2,742,562	-	2,742,562
Interest					3,264,284	-	3,264,284
Oil and Gas Royalties					1,979,995	-	1,979,995
Refunds and Reimbursements					3,526,026	-	3,526,026
Miscellaneous Revenue					293,606	-	293,606
Gain (Loss) on Sale of Capital Assets					(8,089,880)	-	(8,089,880)
Transfers					(8,986,927)	8,986,927	-
Total General Revenues and Transfers					77,793,637	8,986,927	86,780,564
Change in Net Position					3,526,417	1,943,510	5,469,927
Net Position - Beginning					422,191,094	189,970,216	612,161,310
Prior Period Restatement - See Note 19					(858,364)	-	(858,364)
Net Position - Beginning (Restated)					421,332,730	189,970,216	611,302,946
Net Position - Ending					\$ 424,859,147	\$ 191,913,726	\$ 616,772,873

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General	Sales Tax	Public Safety Sales Tax	2016 Refunding Improvement	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 27,375,029	\$ 7,868,743	\$ 13,306,235	\$ -	\$ -	\$ 45,517,398	\$ 94,067,405
Accounts receivable, net	3,031,700	59,963	76,198	-	476	1,674,344	4,842,681
Intergovernmental receivable	4,739,148	1,455,752	1,213,001	-	4,020,571	642,220	12,070,692
Taxes receivable	111,949	-	-	-	-	11,146	123,095
Special assessments receivable	116,373	-	-	12,181,777	267,283	24,689,832	37,255,265
Due from other funds	3,424,313	-	-	-	-	-	3,424,313
Interfund loans receivable	444,275	-	-	-	-	110,587	554,862
Restricted cash and investments	-	-	-	-	-	5,270,930	5,270,930
Other assets	-	-	-	-	-	1,725,000	1,725,000
Total Assets	<u>\$ 39,242,787</u>	<u>\$ 9,384,458</u>	<u>\$ 14,595,434</u>	<u>\$ 12,181,777</u>	<u>\$ 4,288,330</u>	<u>\$ 79,641,457</u>	<u>\$ 159,334,243</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 2,633,505	\$ 831,859	\$ -	\$ -	\$ 229,945	\$ 481,139	\$ 4,176,448
Escrow payable	263,000	-	-	-	-	-	263,000
Retainage payable	-	-	-	-	12,046	-	12,046
Salaries and benefits payable	1,374,153	-	-	-	-	57,249	1,431,402
Deposits payable	1,775	-	-	-	-	-	1,775
Due to other governments	67,984	-	-	-	-	56,043	124,027
Due to other funds	-	-	-	1,358,366	1,065,947	-	2,424,313
Interfund loans payable	110,587	-	-	-	-	444,275	554,862
Grant payable	-	-	-	-	-	50,000	50,000
Total Liabilities	<u>4,451,004</u>	<u>831,859</u>	<u>-</u>	<u>1,358,366</u>	<u>1,307,938</u>	<u>1,088,706</u>	<u>9,037,873</u>
Deferred Inflows of Resources							
Unavailable revenue - accounts receivable	1,785,901	-	-	-	-	-	1,785,901
Unavailable revenue - property taxes	111,949	-	-	-	-	11,146	123,095
Unavailable revenue - special assessments	76,511	-	-	11,992,158	221,027	23,684,759	35,974,455
Total Deferred Inflows of Resources:	<u>1,974,361</u>	<u>-</u>	<u>-</u>	<u>11,992,158</u>	<u>221,027</u>	<u>23,695,905</u>	<u>37,883,451</u>
<b>FUND BALANCES</b>							
Restricted	19,782,145	8,552,599	14,595,434	-	2,759,365	66,351,435	112,040,978
Assigned	302	-	-	-	-	4,312,031	4,312,333
Unassigned	13,034,975	-	-	(1,168,747)	-	(15,806,620)	(3,940,392)
Total Fund Balances	<u>32,817,422</u>	<u>8,552,599</u>	<u>14,595,434</u>	<u>(1,168,747)</u>	<u>2,759,365</u>	<u>54,856,846</u>	<u>112,412,919</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,242,787</u>	<u>\$ 9,384,458</u>	<u>\$ 14,595,434</u>	<u>\$ 12,181,777</u>	<u>\$ 4,288,330</u>	<u>\$ 79,641,457</u>	<u>\$ 159,334,243</u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

Total Governmental Funds Balances \$ 112,412,919

Amounts reported for the governmental activities in the statement of net position are different because:

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

Capital Assets	\$ 606,860,992	
Accumulated Depreciation	<u>(82,250,000)</u>	524,610,992

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

Accounts receivable	1,785,901	
Property taxes	123,095	
Special assessments	<u>35,974,455</u>	37,883,451

Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.

Deferred outflows	23,144,576	
Deferred inflows	<u>(24,906,001)</u>	(1,761,425)

Long-term liabilities are not due and payable in the current period and, therefore, are not included in the governmental funds:

Revenue bonds payable	(177,568,363)	
Special assessment bonds payable	(39,680,000)	
Finance Purchase	(2,074,705)	
Bond premiums	(278,059)	
Bond discounts	368,174	
Interest payable	(1,037,866)	
Net OPEB liability	(1,624,533)	
Net pension liability	(24,346,728)	
Compensated absences	<u>(2,044,710)</u>	<u>(248,286,790)</u>

Net Position of Governmental Activities \$ 424,859,147

**CITY OF WILLISTON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Sales Tax	Public Safety Sales Tax	2016 Refunding Improvement	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 37,781,449	\$ 19,427,333	\$ 17,467,983	\$ -	\$ -	\$ 8,387,205	\$ 83,063,970
Special assessments	-	-	-	991,937	67,579	2,535,938	3,595,454
Licenses, permits and fees	562,427	-	-	-	-	-	562,427
Intergovernmental	2,907,378	-	-	-	1,796,678	2,096,093	6,800,149
Intragovernmental	1,217,777	-	-	-	-	-	1,217,777
Charges for services	3,457,990	-	-	-	-	4,932,217	8,390,207
Fines, forfeitures and penalties	1,094,570	-	-	-	-	16,860	1,111,430
Interest	1,031,685	212,367	273,657	-	1,920	1,744,655	3,264,284
Oil and gas royalties	1,979,995	-	-	-	-	-	1,979,995
Refunds and reimbursements	2,243,583	-	-	-	10,800	1,137,029	3,391,412
Miscellaneous	244,484	-	-	-	-	49,121	293,605
Total Revenues	<u>52,521,338</u>	<u>19,639,700</u>	<u>17,741,640</u>	<u>991,937</u>	<u>1,876,977</u>	<u>20,899,118</u>	<u>113,670,710</u>
<b>EXPENDITURES</b>							
Current:							
General government	11,263,674	-	-	-	14,710	1,371,612	12,649,996
Public safety	19,573,999	-	-	-	-	4,815,381	24,389,380
Public works	8,154,884	-	-	-	61,471	623,290	8,839,645
Health and welfare	-	-	-	-	-	744,053	744,053
Culture and recreation	471,785	-	-	-	-	859,129	1,330,914
Urban and Economic development	411,989	11,101,333	-	-	-	2,415,128	13,928,450
Airport	5,891,793	-	-	-	-	-	5,891,793
Capital Outlay	1,275,281	-	-	-	7,372,902	3,279,074	11,927,257
Debt Service:							
Principal retirement	77,473	-	-	870,000	-	12,235,542	13,183,015
Interest and fees	55,447	-	-	533,970	41,368	7,035,243	7,666,028
Total Expenditures	<u>47,176,325</u>	<u>11,101,333</u>	<u>-</u>	<u>1,403,970</u>	<u>7,490,451</u>	<u>33,378,452</u>	<u>100,550,531</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>5,345,013</u>	<u>8,538,367</u>	<u>17,741,640</u>	<u>(412,033)</u>	<u>(5,613,474)</u>	<u>(12,479,334)</u>	<u>13,120,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of assets	2,532,157	-	-	-	2,224,176	366,471	5,122,804
Debt issued	-	-	-	-	1,270,000	-	1,270,000
Bond premiums (discounts)	-	-	-	-	(17,468)	-	(17,468)
Transfers in	27,896,871	-	-	-	6,758,162	22,290,780	56,945,813
Transfers out	(35,400,438)	(6,124,813)	(19,258,380)	-	-	(3,787,682)	(64,571,313)
Total other financing sources and uses	<u>(4,971,410)</u>	<u>(6,124,813)</u>	<u>(19,258,380)</u>	<u>-</u>	<u>10,234,870</u>	<u>18,869,569</u>	<u>(1,250,164)</u>
Net Change in Fund Balances	<u>373,603</u>	<u>2,413,554</u>	<u>(1,516,740)</u>	<u>(412,033)</u>	<u>4,621,396</u>	<u>6,390,235</u>	<u>11,870,015</u>
Fund Balances - Beginning	32,443,819	6,997,409	16,112,174	(756,714)	(1,862,031)	48,466,611	101,401,268
Prior Period Restatement - See Note 19	-	(858,364)	-	-	-	-	(858,364)
Fund Balances - Beginning as Restated	<u>32,443,819</u>	<u>6,139,045</u>	<u>16,112,174</u>	<u>(756,714)</u>	<u>(1,862,031)</u>	<u>48,466,611</u>	<u>100,542,904</u>
Fund Balances - Ending	<u>\$ 32,817,422</u>	<u>\$ 8,552,599</u>	<u>\$ 14,595,434</u>	<u>\$ (1,168,747)</u>	<u>\$ 2,759,365</u>	<u>\$ 54,856,846</u>	<u>\$112,412,919</u>

See Notes to the Financial Statements

## CITY OF WILLISTON

\$ 11,870,015

Amounts reported for governmental activities in the statement of activities are different because:

Capital Outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital Outlays	7,182,390
Depreciation Expense	(8,300,263)

(13,212,684)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Accounts Receivable	134,614
Property Taxes	40,217
Special Assessments	(1,488,975)

17,468

Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the Statement of Net Position. Loan proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the Statement of Net Position.

Principal Debt Payments	13,183,015
Amortization of bond premium & discounts	(17,004)
Loan Proceeds	(1,270,000)

12,384,458

(17,054,950)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued Vacation Payable	129,241
Interest	(71,125)

\$ 3,526,417

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 5,511,100	\$ 5,265,623	\$ (245,477)
Licenses, permits and fees	444,250	562,427	118,177
Intergovernmental	1,675,000	2,456,976	781,976
Intragovernmental	1,038,000	1,217,777	179,777
Charges for services	194,250	182,605	(11,645)
Fines, forfeitures and penalties	870,500	1,091,665	221,165
Interest	5,000	570,669	565,669
Oil and gas royalties	-	4,800	4,800
Refunds and reimbursements	140,000	2,243,583	2,103,583
Miscellaneous	64,600	83,568	18,968
Total Revenues	<u>9,942,700</u>	<u>13,679,693</u>	<u>3,736,993</u>
<b>EXPENDITURES</b>			
Current:			
General government	12,109,255	11,263,674	(845,581)
Public safety	19,818,651	19,536,243	(282,408)
Public works	7,732,251	8,152,531	420,280
Economic development	645,153	411,989	(233,164)
Capital Outlay	1,073,715	1,089,185	15,470
Debt Service:			
Principal Retirement	-	77,473	77,473
Interest and fees	7,390	55,446	48,056
Total Expenditures	<u>41,386,415</u>	<u>40,586,541</u>	<u>(799,874)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(31,443,715)</u>	<u>(26,906,848)</u>	<u>4,536,867</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	25,000	2,300	(22,700)
Transfers in	29,000,000	25,530,081	(3,469,919)
Transfers out	-	(909)	(909)
Total Other Financing Sources and Uses	<u>29,025,000</u>	<u>25,531,472</u>	<u>(3,493,528)</u>
Net Change in Fund Balances	(2,418,715)	(1,375,376)	1,043,339
Fund Balances - Beginning	<u>12,714,021</u>	<u>12,714,021</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 10,295,306</u>	<u>\$ 11,338,645</u>	<u>\$ 1,043,339</u>
General Fund in Addition to Fund 100:			
General fund		\$ 11,338,645	
Parking Authority		19,947	
City building		577,608	
Police Auction Forfeitures		274,519	
Williston Square		302	
Oil Royalty		1,696,330	
Airport		18,910,071	
Total General Fund		<u>\$ 32,817,422</u>	

See Notes to the Financial Statements



**CITY OF WILLISTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – SALES TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Sales taxes	\$ 14,875,000	\$ 19,427,333	\$ 4,552,333
Interest	7,000	212,367	205,367
Total Revenues	<u>14,882,000</u>	<u>19,639,700</u>	<u>4,757,700</u>
<b>EXPENDITURES</b>			
Current:			
Urban and Economic Development	7,330,000	11,101,333	3,771,333
Total Expenditures	<u>7,330,000</u>	<u>11,101,333</u>	<u>3,771,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,552,000</u>	<u>8,538,367</u>	<u>986,367</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(4,752,400)	(6,124,813)	(1,372,413)
Total Other Financing Sources and Uses	<u>(4,752,400)</u>	<u>(6,124,813)</u>	<u>1,372,413</u>
Net Change in Fund Balances	<u>2,799,600</u>	<u>2,413,554</u>	<u>(386,046)</u>
Fund Balances - Beginning	6,997,409	6,997,409	-
Restatements - See Note 19	-	(858,364)	858,364
Fund Balances - Ending	<u>\$ 9,797,009</u>	<u>\$ 8,552,599</u>	<u>\$ (1,244,410)</u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – PUBLIC SAFETY SALES TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Sales taxes	\$ 11,000,000	\$ 17,467,983	\$ 6,467,983
Interest	<u>12,000</u>	<u>273,657</u>	<u>261,657</u>
Total Revenues	<u>11,012,000</u>	<u>17,741,640</u>	<u>6,729,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(11,284,738)</u>	<u>(19,258,380)</u>	<u>(7,973,642)</u>
Total Other Financing Sources and Uses	<u>(11,284,738)</u>	<u>(19,258,380)</u>	<u>(7,973,642)</u>
 Net Change in Fund Balances	 <u>(272,738)</u>	 <u>(1,516,740)</u>	 <u>(1,244,002)</u>
 Fund Balances - Beginning	 <u>16,112,174</u>	 <u>16,112,174</u>	 <u>-</u>
 Fund Balances - Ending	 <u><u>\$ 15,839,436</u></u>	 <u><u>\$ 14,595,434</u></u>	 <u><u>\$ (1,244,002)</u></u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-Major	Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 999,588	\$ 592,911	\$ 8,686,312	\$ 10,278,811
Accounts receivable (net)	1,688,802	319,877	569,206	2,577,885
Current portion of receivable from WAWSA	1,154,583	-	-	1,154,583
Inventory	1,073,488	16,792	-	1,090,280
Total Current Assets	<u>4,916,461</u>	<u>929,580</u>	<u>9,255,518</u>	<u>15,101,559</u>
Non-Current Assets:				
Restricted cash and cash equivalents	1,135,500	5,271,360	1,293,013	7,699,873
Receivable from WAWSA - net of current portion	2,185,000	-	-	2,185,000
Cost shared infrastructure (net)	7,657,231	-	-	7,657,231
Capital assets:				
Land	377,956	-	79,514	457,470
Construction in progress	9,169,993	2,365,212	-	11,535,205
Capital assets (net of accumulated depreciation):				
Buildings	74,671,419	86,237,932	2,228,362	163,137,713
Improvements other than buildings	64,734,606	86,207,881	7,057,601	158,000,088
Equipment	278,028	329,058	1,114,902	1,721,988
Total Non-Current Assets	<u>160,209,733</u>	<u>180,411,443</u>	<u>11,773,392</u>	<u>352,394,568</u>
Total Assets	<u>165,126,194</u>	<u>181,341,023</u>	<u>21,028,910</u>	<u>367,496,127</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Cost Sharing Defined Benefit Pension Plan	1,637,470	942,791	1,752,546	4,332,807
Total Deferred Outflows of Resources	<u>1,637,470</u>	<u>942,791</u>	<u>1,752,546</u>	<u>4,332,807</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	93,101	88,364	123,837	305,302
Salaries and benefits payable	40,225	12,523	31,823	84,571
Deposits payable	76,944	-	-	76,944
Due to other funds	1,000,000	-	-	1,000,000
Accrued interest payable	27,183	520,603	-	547,786
Revenue bonds payable	1,050,000	4,690,000	-	5,740,000
Current portion of liability on cost shared infrastructure	448,868	-	-	448,868
Compensated absences	114,800	31,500	85,936	232,236
Total Current Liabilities	<u>2,851,121</u>	<u>5,342,990</u>	<u>241,596</u>	<u>8,435,707</u>
Non-Current Liabilities:				
Revenue bonds payable	2,185,000	72,755,000	-	74,940,000
Liability for cost shared infrastructure	7,264,090	-	-	7,264,090
Net pension liability	2,278,886	1,138,043	2,502,320	5,919,249
Accrued closure and postclosure liability	-	-	1,293,013	1,293,013
Compensated absences	33,106	14,837	19,442	67,385
Total Non-Current Liabilities	<u>11,761,082</u>	<u>73,907,880</u>	<u>3,814,775</u>	<u>89,483,737</u>
Total Liabilities	<u>14,612,203</u>	<u>79,250,870</u>	<u>4,056,371</u>	<u>97,919,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Cost Sharing Defined Benefit Pension Plan	1,771,512	1,099,848	1,803,125	4,674,485
Deferred Inflows - Western Area Water Supply Authority	77,321,279	-	-	77,321,279
Total Deferred Inflows of Resources	<u>79,092,791</u>	<u>1,099,848</u>	<u>1,803,125</u>	<u>81,995,764</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	68,619,996	97,695,083	10,480,379	176,795,458
Restricted	1,135,500	5,271,360	1,293,013	7,699,873
Unrestricted	3,303,174	(1,033,347)	5,148,568	7,418,395
Total Net Position	<u>\$ 73,058,670</u>	<u>\$ 101,933,096</u>	<u>\$ 16,921,960</u>	<u>\$ 191,913,726</u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds			Totals
	Water	Sewer	Non-Major	Current Year
OPERATING REVENUES:				
Charges for services	\$ 11,440,416	\$ 2,878,012	\$ 5,879,383	\$ 20,197,811
Miscellaneous	77,394	71,980	36,739	186,113
Total Operating Revenues	<u>11,517,810</u>	<u>2,949,992</u>	<u>5,916,122</u>	<u>20,383,924</u>
OPERATING EXPENSES:				
Salaries and benefits	2,070,187	1,048,589	2,347,592	5,466,368
Materials and supplies	6,965,996	1,002,547	1,878,640	9,847,183
Contractual services	688,497	163,104	423,589	1,275,190
Depreciation	3,746,076	4,134,368	894,636	8,775,080
Amortization	451,383	-	-	451,383
Miscellaneous	161,649	32,599	38,036	232,284
Total Operating Expenses	<u>14,083,788</u>	<u>6,381,207</u>	<u>5,582,493</u>	<u>26,047,488</u>
Operating Income (Loss)	<u>(2,565,978)</u>	<u>(3,431,215)</u>	<u>333,629</u>	<u>(5,663,564)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest and service charges	(233,585)	(2,019,746)	-	(2,253,331)
Federal grants	593	533	1,224	2,350
Amortization of WAWSA deferred inflows	871,128	-	-	871,128
Total Non-Operating Revenues (Expenses)	<u>638,136</u>	<u>(2,019,213)</u>	<u>1,224</u>	<u>(1,379,853)</u>
Income (Loss) before contributions and transfers	<u>(1,927,842)</u>	<u>(5,450,428)</u>	<u>334,853</u>	<u>(7,043,417)</u>
Capital contributions	772,010	589,417	-	1,361,427
Transfers in	-	7,625,500	-	7,625,500
Changes in Net Position	<u>(1,155,832)</u>	<u>2,764,489</u>	<u>334,853</u>	<u>1,943,510</u>
Total Net Position - Beginning	<u>74,214,502</u>	<u>99,168,607</u>	<u>16,587,107</u>	<u>189,970,216</u>
Total Net Position - Ending	<u>\$ 73,058,670</u>	<u>\$ 101,933,096</u>	<u>\$ 16,921,960</u>	<u>\$ 191,913,726</u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-Major Funds	Totals Current Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 10,465,039	\$ 2,897,873	\$ 5,903,318	\$ 19,266,230
Payments to Suppliers	(8,522,236)	(1,147,281)	(2,298,050)	(11,967,567)
Payments to Employees	(1,990,815)	(1,009,861)	(2,263,799)	(5,264,475)
Other Operating Revenue	77,394	71,980	36,739	186,113
Net Cash Provided (Used) by Operating Activities	29,382	812,711	1,378,208	2,220,301
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	-	7,625,500	-	7,625,500
Operating Subsidies from Federal Grants	593	533	1,224	2,350
Net Cash Provided by Noncapital Financing Activities	593	7,626,033	1,224	7,627,850
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(757,242)	(14,077)	(194,481)	(965,800)
Payment on Cost Shared Infrastructure Liability	(442,944)	-	-	(442,944)
Principal Payments on Long-Term Debt	(1,255,000)	(4,575,000)	-	(5,830,000)
Reimbursement from WAWSA for Debt Payments	1,252,500	-	-	1,252,500
Interest and Fiscal Charges on Debt	(244,130)	(2,050,500)	-	(2,294,630)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,446,816)	(6,639,577)	(194,481)	(8,280,874)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,416,841)	1,799,167	1,184,951	1,567,277
Cash and Cash Equivalents, January 1	3,551,929	4,065,104	8,794,374	16,411,407
Cash and Cash Equivalents, December 31	\$ 2,135,088	\$ 5,864,271	\$ 9,979,325	\$ 17,978,684
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>				
Cash	\$ 999,588	\$ 592,911	\$ 8,686,312	\$ 10,278,811
Restricted Cash	1,135,500	5,271,360	1,293,013	7,699,873
Total Cash and Restricted Cash	\$ 2,135,088	\$ 5,864,271	\$ 9,979,325	\$ 17,978,684
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (2,565,978)	\$ (3,431,215)	\$ 333,629	\$ (5,663,564)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	4,197,459	4,134,368	894,636	9,226,463
Changes in Assets and Liabilities:				
Accounts Receivable	(977,497)	19,861	23,935	(933,701)
Inventory	(174,416)	-	-	(174,416)
Deferred Pension Outflows	937,560	429,811	1,019,958	2,387,329
Accounts Payable	(531,678)	50,969	(88,090)	(568,799)
Deposits Payable	2,120	-	-	2,120
Salaries and Benefits Payable	86	(3,136)	(3,496)	(6,546)
Compensated Absences	(103)	4,023	2,046	5,966
Net Pension Liability	(1,238,491)	(566,266)	(1,348,500)	(3,153,257)
Deferred Pension Inflows	380,320	174,296	413,785	968,401
Closure/Post Closure Costs	-	-	130,305	130,305
Net Cash Provided (Used) by Operating Activities	\$ 29,382	\$ 812,711	\$ 1,378,208	\$ 2,220,301
<b>Noncash Investing, Capital, and Financing Activities</b>				
Contribution of Capital Assets from Capital Project Funds	\$ 772,010	\$ 589,417	\$ -	\$ 1,361,427
Cost Shared Infrastructure Acquired with Deferred Inflows of Resources	212,937	-	-	212,937

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 13,004
Receivables	<u>77</u>
Total Assets	<u>13,081</u>
<b>LIABILITIES</b>	
Due to Other Entities	<u>13,081</u>
Total Liabilities	<u>13,081</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Funds</u>
<b>ADDITIONS:</b>	
Amounts Collected for Other Entities	\$ <u>283</u>
<b>DEDUCTIONS:</b>	
Amounts Disbursed to Other Entities	<u>283</u>
Change in Net Position	<u>-</u>
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ -</u></u>

See Notes to the Financial Statements

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The accompanying financial statements present the activities of the City of Williston. 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. This criterion includes appointing a voting majority of an organization's governing body and (1) the ability of the City of Williston 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 Williston.

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

**Basis of Presentation**

Government-Wide Statements – The statement of net position and the statement of activities display information about the primary government, the City of Williston. 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.



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

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.

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.

Sales Tax Fund – This fund accounts for the financial resources of the City sales tax which is dedicated to city infrastructure replacement, city debt retirement and economic development.

Public Safety Sales Tax Fund – This fund accounts for the financial resources of the City sales tax which is dedicated to city debt retirement and public safety.

2016 Refunding Improvement Fund – This fund accounts for the repayment of special assessment debt.

Capital Projects Fund – This fund accounts for capital project activities of the City.

The City reports the following major enterprise funds:

Water Fund – This fund accounts for the activity of the Water Department. The department operates the water treatment plant and water distribution system in the City of Williston.

Sewer Fund – This fund accounts for the activities of the Sewer Department. This department operates the sewage treatment plant, sewage pumping stations and collection systems in the City of Williston.

Additionally, the City reports the following fund types:

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

**Measurement Focus and Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – 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. Nonexchange 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.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The 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 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 are charges to customers for sales and services. Operating expenses for enterprise 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Budgets**

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 except as noted in the following paragraph.

For budgetary purposes, the City has established separate "special revenue funds" that do not meet the definition of special revenue funds as set forth in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Due to this, these funds are reported as part of the general fund for financial reporting purposes but are not included with the general fund for budgetary purposes. The budgeted and actual amounts presented in the budget to actual statement for the general fund do not include the City's separately established "special revenue funds" which results in a budgetary to GAAP reconciliation on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

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

- On or before August 10<sup>th</sup> of the preceding fiscal year, the City prepares a preliminary budget for the next succeeding year beginning January 1<sup>st</sup>. 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 7<sup>th</sup>, the board adopts the final budget.
- The final budget must be filed with the county auditor by October 10<sup>th</sup>.
- 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.

**Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, money market accounts and CDs and treasury bills with an original maturity of six months or less.

**Taxes Receivable**

The taxes receivable represents the past two years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable. As of December 31, 2023, all accounts are considered collectible.

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<sup>st</sup>. The property taxes attach as an enforceable lien on property on January 1<sup>st</sup>. 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<sup>st</sup> and the second installment is due by October 15<sup>th</sup>. A 5% discount is allowed if all taxes and special assessments are paid by February 15<sup>th</sup>. After the due date, 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<sup>th</sup> and receive the 5% discount on the property taxes.

**Special Assessments Receivable**

Special assessments receivable consists of uncollected special assessments due to the City at December 31, 2023 and uncertified special assessments, which represents a long-term receivable in the financial statements. No allowance has been established for uncollectible special assessments. As of December 31, 2023, all accounts are considered collectible.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**Other Assets**

Other assets consist of limited partnership interests in entities owning real estate. The investments in the limited partnership interests are stated at cost. Distributions received are recorded as income.

**Capital Assets**

Capital assets include buildings, plant and equipment, land, improvements other than buildings, and construction in progress. 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. Donated capital assets are recorded at estimated 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 asset 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.

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

Buildings	50 Years
Plant and Equipment	5-30 Years
Improvements other than buildings	5-50 Years
Infrastructure	50 Years

**Inventories**

Inventories are valued at cost using the first in first out (FIFO) method. The costs of business fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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 a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The City has two items reported on the statement of net position. The *cost sharing defined benefit pension plan*, and *cost sharing defined benefit OPEB plan* represents actuarial differences within the North Dakota Employee Retirement System (NDPERS) pension plan and NDPERS OPEB plan as well as amounts paid to the plan after the measurement date.

In addition to liabilities, the statement of net 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from long-term receivables, property taxes and special assessments. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available. The City also has three items reported on the statement of net position. The

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

first items, the *cost sharing defined benefit pension plan and cost sharing defined benefit OPEB plan*, represents actuarial differences within the NDPERS pension plans and OPEB plan. The third, the *Western Area Water Supply Authority* represents the deferred inflows that result from a service concession arrangement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Compensated Absences**

Full-time non-fire department employees are granted vacation benefits from 1 to 2 days per month depending on tenure with the City. Fire department employees on 24-hour shifts earn 12-24 hours per month depending on the tenure with the City. Part-time employees working an established schedule of 20 or more hours per week are eligible for vacation benefits on a prorated basis. Full-time non-fire department employees can accrue up to a maximum of 240 hours of vacation at year end. Fire department employees can accrue up to a maximum of 288 hours of vacation at year end. Upon termination of employment, full-time non-fire department employees will be paid for vacation benefits that have been accrued to a maximum of 240 hours and fire department employees will be paid 288 hours.

For full-time non-fire department employees, sick leave benefits accrue at the rate of 8 hours per month. For fire department employees on 24-hour shifts, sick leave benefits accrue at the rate of 12 hours per month. Part-time employees working an established schedule of 20 or more hours per week are eligible for sick leave on a prorated basis. Unused sick leave benefits are allowed to accumulate to 480 hours. Each year in January, employees hired before December 31, 2018, are paid for one-half of accumulated sick leave in excess of the maximum carry over amount. Upon termination of employment or retirement for employees hired before December 31, 2018, unused sick leave will be paid at a rate of 50% of the employee's regular pay rate for unused days.

For non-exempt hourly employees eligible for the Public Safety Retirement Plan, compensatory time may carry over and is payable at termination of employment or retirement. The maximum accrual is 60 hours for sworn police officers. Fire department personnel working 24-hour shifts may accumulate compensatory time based on their hire dates. Those hired on or before December 31, 2018, may accrue a maximum of 480 hours. Personnel hired on or after January 1, 2019, may accrue a maximum of 280 hours.

### **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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**Sales Tax Revenue**

The City receives sales tax payments through the State for local purchases. The sales tax is subject to a refund cap which is performed at the state level. The sales tax refunds are not measurable by the City until the City is notified by the State as to the amount of the refunds and the refunds are recorded at that time. Proceeds of the sales tax payments are dedicated to property tax relief through debt reduction, to necessary infrastructure and to economic and community development.

**Fund Balance**

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints and the purposes for which resources can be used:

*Nonspendable* – consists of amounts that are not in spendable form, such as inventory and prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by law through constitutional provisions or enabling legislation.

*Committed* – consists of internally imposed constraints. These constraints are established by formal action of the City Commission. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Commission. The City Commission has delegated authority to assign fund balance to the Finance Director.

*Unassigned* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS fiduciary net position have been determined on the same basis as they are reported by NDPERS. 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.



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**Other Post Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2     LEGAL COMPLIANCE**

**Budget Amendments**

The City's governing board did not amend the City budgets for the year ended December 31, 2023.

**Excess of Actual Expenditures over Budget**

Expenditures exceeded budget in the following funds:

Sales Tax:	\$ 3,771,333
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No remedial action is anticipated or required by the city commission regarding these excess expenditures.

**Fund Deficits**

The following funds were in a deficit position at December 31, 2023:

Special Assess-City Property	\$ 1,666,049
Cemetery	54,390
911 Communications	28,331
Old Armory	55,583
Sidewalk Fund	140,478
2015 Refunding	746,772
2016 Refunding	1,168,747
2017A TIF Rev Bond	2,666,530
2017B TIF Rev Bond	6,056,787
2017 Refunding	1,662,699
2019 Refunding Bond	<u>2,729,001</u>
	<u>\$ 16,975,367</u>

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

The City will relieve the deficits with future sales tax, gas and oil tax, and special assessment collections, bond issuances or transfers from other funds.

**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 deposits within 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 December 31, 2023, the City's carrying amount of deposits was \$117,330,023 and the bank balance was \$118,331,809. The City's balances were fully collateralized as of December 31, 2023.

**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.

As of December 31, 2023, the City's cash and cash equivalents include amounts in demand deposits, certificates of deposits, and U.S. Treasury bills.



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 4     RESTRICTED CASH**

The City of Williston's grant/loan covenants require certain reservations of the City of Williston's net position. These amounts are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted portions are as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonmajor Governmental	Debt Service	\$ 5,270,930
Water Fund	Debt Service	1,135,500
Sewer Fund	Debt Service	5,271,360
Nonmajor Proprietary	Landfill Closure and Post-Closure Costs	1,293,013
		<u>\$ 12,970,803</u>

**NOTE 5     ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts on open account from individuals for goods and services furnished by the City. The carrying amount of the accounts receivable is reduced by an amount that reflects management's best estimates of the amounts that will not be collected. The City had allowances for uncollectible accounts totaling \$2,463,247 for governmental activities accounts receivable and \$63,511 for business-type activities accounts receivable recorded at December 31, 2023.

**NOTE 6     INTERGOVERNMENTAL RECEIVABLE**

Intergovernmental receivables consist of reimbursements due from various governments for gross production tax, city sales tax, hospitality tax, grants and other aid.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 7      CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>					
Capital Assets, Non-Depreciable:					
Land	\$ 18,230,546	\$ -	\$ 3,058,050	\$ -	\$ 15,172,496
Construction in progress	284,517,836	5,310,232	-	(11,815,932)	278,012,136
Total Non-Depreciable:	<u>302,748,382</u>	<u>5,310,232</u>	<u>3,058,050</u>	<u>(11,815,932)</u>	<u>293,184,632</u>
Capital Assets, Depreciable					
Buildings	79,119,324	53,834	11,192,953	-	67,980,205
Improvements other than buildings	7,839,133	151,636	123,985	-	7,866,784
Equipment	36,644,948	2,627,490	687,953	87,701	38,672,186
Infrastructure	187,198,992	178,802	-	11,779,400	199,157,194
<b>Total Capital Assets, being depreciated</b>	<u>310,802,397</u>	<u>3,011,762</u>	<u>12,004,891</u>	<u>11,867,101</u>	<u>313,676,369</u>
Less Accumulated Depreciation for:					
Buildings	11,270,069	1,364,990	1,352,119	-	11,282,940
Improvements other than buildings	1,625,437	410,997	30,979	-	2,005,455
Equipment	27,360,812	2,738,522	467,159	12,135	29,644,310
Infrastructure	35,531,550	3,785,754	-	-	39,317,304
<b>Total Accumulated Depreciation</b>	<u>75,787,868</u>	<u>8,300,263</u>	<u>1,850,257</u>	<u>12,135</u>	<u>82,250,009</u>
Total capital assets being depreciated, net	<u>235,014,529</u>	<u>(5,288,501)</u>	<u>10,154,634</u>	<u>11,854,966</u>	<u>231,426,360</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 537,762,911</u>	<u>\$ 21,731</u>	<u>\$ 13,212,684</u>	<u>\$ 39,034</u>	<u>\$ 524,610,992</u>
<b>Depreciation expense was charged to Governmental functions as follows:</b>					
General Government					\$ 385,432
Public Safety					2,281,546
Public Services					708,677
Culture and Recreation					88,810
Highways and Streets					4,834,137
Economic Development					1,661
<b>Total Depreciation Expense</b>					<u>\$ 8,300,263</u>

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b><u>Business-type Activities</u></b>					
Capital Assets, Non-Depreciable:					
Land	\$ 457,470	\$ -	\$ -	\$ -	\$ 457,470
Construction in Progress	9,415,579	2,119,626	-	-	11,535,205
Total Non-Depreciable	9,873,049	2,119,626	-	-	11,992,675
Capital Assets, Depreciable:					
Buildings	200,623,294	251,015	-	-	200,874,309
Improvements other than buildings	199,437,711	-	-	-	199,437,711
Equipment	15,005,036	208,557	13,050	(51,169)	15,149,374
<b>Total Capital Assets, being depreciated</b>	<b>415,066,041</b>	<b>459,572</b>	<b>13,050</b>	<b>(51,169)</b>	<b>415,461,394</b>
Less Accumulated Depreciation for:					
Buildings	33,724,626	4,011,970	-	-	37,736,596
Improvements other than buildings	37,471,859	3,965,764	-	-	41,437,623
Equipment	12,655,225	797,346	13,050	(12,135)	13,427,386
<b>Total Accumulated Depreciation</b>	<b>83,851,710</b>	<b>8,775,080</b>	<b>13,050</b>	<b>(12,135)</b>	<b>92,601,605</b>
Total capital assets being depreciated, net	331,214,331	(8,315,508)	-	(39,034)	322,859,789
<b>Total Business-type Activities Capital Assets, Net</b>	<b>\$ 341,087,380</b>	<b>\$ (6,195,882)</b>	<b>\$ -</b>	<b>\$ (39,034)</b>	<b>\$ 334,852,464</b>

**Depreciation expense was charged to Business Type functions as follows:**

Water	\$ 3,746,076
Sewer	4,134,368
Landfill	548,005
Refuse	346,631
<b>Total Depreciation Expense</b>	<b>\$ 8,775,080</b>

As of December 31, 2023, the City had outstanding commitments of approximately \$10.6 million related to construction projects.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 8      LONG-TERM DEBT**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Balance 01/01/23	Debt Issued	Retirements 2023	Balance 12/31/23	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Revenue Bonds	\$ 187,563,905	\$ -	\$ 9,995,542	\$ 177,568,363	\$ 10,537,153
Bond Premiums	296,558	-	18,499	278,059	(18,498)
Bond Discounts	(386,209)	(17,468)	(35,503)	(368,174)	36,172
Compensated Absences	2,173,951	1,819,133	1,948,374	2,044,710	-
Financed Equipment	973,540	1,178,638	77,473	2,074,705	178,875
Special Assessment	41,520,000	1,270,000	3,110,000	39,680,000	3,165,000
Governmental Activities Long-Term Liabilities	<u>\$ 232,141,745</u>	<u>\$ 4,250,303</u>	<u>\$ 15,114,385</u>	<u>\$ 221,277,663</u>	<u>\$ 13,898,702</u>
<b><u>Business-Type Activities:</u></b>					
Revenue Bonds	\$ 86,510,000	\$ -	\$ 5,830,000	\$ 80,680,000	\$ 5,740,000
WAWSA - Cost Shared Infrastructure	7,803,379	352,523	442,944	7,712,958	448,868
Landfill Closure Costs	1,162,708	130,305	-	1,293,013	-
Compensated Absences	293,655	243,770	237,804	299,621	232,236
Business-Type Activity Long-Term Liabilities	<u>\$ 95,769,742</u>	<u>\$ 726,598</u>	<u>\$ 6,510,748</u>	<u>\$ 89,985,592</u>	<u>\$ 6,421,104</u>

In the governmental activities, compensated absences and financed equipment are generally liquidated through the general fund or applicable nonmajor governmental fund.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Outstanding debt at December 31, 2023 (excluding compensated absences, cost-shared infrastructure, landfill post closure liability, OPEB, and net pension liability) consisted of the following issues:

	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 12/31/23	Amounts Due in 2024	
							Principal	Interest
<b><u>Governmental Activities:</u></b>								
Revenue Bonds:								
2017A TIF Revenue Bond	2017	4.75-6.00%	2028/35	\$ 10,280,000	\$ -	\$ 10,280,000	\$ -	\$ 570,138
2017B TIF Revenue Bond	2017	3.00-5.50%	2024/28	8,750,000	760,000	4,095,000	790,000	196,610
USDA XWA Airport Fire Rescue	2019	3.00%	2024/37	2,982,741	98,749	1,682,282	101,712	50,468
2020B USDA XWA	2020	3.71%	2024/50	19,000,000	379,771	17,872,070	392,258	659,123
2020A USDA XWA	2020	2.13%	2024/55	95,000,000	1,937,022	89,309,011	1,978,183	1,897,817
2022 PSST Refunding	2022	2.16%	2024/25	12,895,000	4,135,000	8,760,000	4,285,000	189,216
2022 Airport CST Refunding	2022	3.75%	2024/30	18,255,000	1,905,000	16,350,000	2,085,000	613,125
2022 COP PubWorksComplex	2022	5.05% - 6.37%	2024/42	30,000,000	780,000	29,220,000	905,000	1,720,876
					<u>\$ 9,995,542</u>	<u>\$ 177,568,363</u>	<u>\$ 10,537,153</u>	<u>\$ 5,897,373</u>
Special Assessment:								
	2014	2.00-5.00%	2024/33	4,490,000	\$ 235,000	\$ 2,280,000	\$ 235,000	\$ 73,150
	2014B	1.00-4.00%	2024/34	15,075,000	800,000	8,225,000	800,000	221,205
	2015	3.00-3.50%	2024/35	9,645,000	420,000	6,515,000	420,000	202,381
	2016	1.00-5.00%	2024/36	20,185,000	870,000	14,245,000	880,000	510,875
	2017	1.50-5.00%	2024/37	2,280,000	85,000	1,540,000	85,000	53,630
	2019	2.00-4.00%	2024/38	1,145,000	50,000	930,000	50,000	31,011
	2021	2.00-3.00%	2024/40	6,880,000	650,000	4,675,000	650,000	1,000,525
	2023	3.75-4.70%	2024/43	1,270,000	-	1,270,000	45,000	58,410
					<u>\$ 3,110,000</u>	<u>\$ 39,680,000</u>	<u>\$ 3,165,000</u>	<u>\$ 2,151,187</u>
Financed Equipment:								
Pierce Manufacturing - Enforcer Pumper	2022	4.98%	2024/32	973,540	\$ 77,473	\$ 896,067	\$ 81,331	\$ 44,624
Pierce Manufacturing - Enforcer Pumper	2023	6.49%	2024/33	1,178,638	-	1,178,638	97,544	64,807
					<u>\$ 77,473</u>	<u>\$ 2,074,705</u>	<u>\$ 178,875</u>	<u>\$ 109,431</u>
	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 12/31/23	Amounts Due in 2024	
							Principal	Interest
<b><u>Business-Type Activities:</u></b>								
Revenue Bonds:								
SRF Wastewater Treatment	2014	2.00%	2024/37	\$ 112,838,182	\$ 4,575,000	\$ 77,445,000	\$ 4,690,000	\$ 1,548,900
SRF Water Treatment	2003	2.50%	2023	3,408,344	230,000	-	-	-
SRF Water Treatment	2006	2.50%	2024/26	17,593,148	1,025,000	3,235,000	1,050,000	80,875
					<u>\$ 5,830,000</u>	<u>\$ 80,680,000</u>	<u>\$ 5,740,000</u>	<u>\$ 1,629,775</u>

## Revenue Bonds

Revenue bonds are issued to finance capital improvement projects in which revenue from operations of such improvement projects or revenue is pledged from a designated revenue stream is used to pay the debt service. The City has committed to appropriate each year, the portion of the City's one percent sales and use tax revenues necessary to pay the annual principal and interest requirements on the governmental revenue bonds. Proceeds from the bonds provided financing for the construction of infrastructure needs of the City. The bonds are payable through 2055.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

The City has pledged future revenues, net of specified operating expenses, and a portion of the City's one percent sales and use tax to repay the enterprise revenue bonds. Proceeds from the bonds provided financing for the construction and capital improvements to the City's water treatment plant and sanitary sewer system. The bonds are payable from water and sewer customer net revenues and through a portion of the City's public safety sales tax, other sales and use tax and oil and gas production tax revenues. The City has committed to appropriate each year, sales and use tax revenues sufficient to cover the annual principal, interest and minimum reserve requirements of the City's sales tax revenue bonds. The City has pledged their oil and gas production tax revenue each year, sufficient to cover the principal and interest requirements of the City's SRF and airport revenue bonds. The revenue bonds are payable through 2055 and the SRF bonds are payable through 2037.

Debt service requirements to maturity on the revenue bond issues are summarized below:

Year Ending December 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 10,537,153	\$ 5,897,373	\$ 5,740,000	\$ 1,629,775	\$ 16,277,153	\$ 7,527,148
2025	10,948,928	5,578,888	5,885,000	1,509,725	16,833,928	7,088,613
2026	6,710,455	5,245,564	6,030,000	1,386,625	12,740,455	6,632,189
2027	6,963,570	4,996,535	5,050,000	1,260,500	12,013,570	6,257,035
2028	7,216,633	4,739,258	5,175,000	1,159,500	12,391,633	5,898,758
2029-2033	31,986,490	19,699,136	27,885,000	4,192,200	59,871,490	23,891,336
2034-2038	29,278,784	13,650,331	24,915,000	1,261,100	54,193,784	14,911,431
2039-2043	26,871,684	8,267,404	-	-	26,871,684	8,267,404
2044-2048	20,174,992	4,461,911	-	-	20,174,992	4,461,911
2049-2053	19,411,862	1,995,786	-	-	19,411,862	1,995,786
2054-2058	7,467,812	238,389	-	-	7,467,812	238,389
Total	<u>\$ 177,568,363</u>	<u>\$ 74,770,575</u>	<u>\$ 80,680,000</u>	<u>\$ 12,399,425</u>	<u>\$ 258,248,363</u>	<u>\$ 87,170,000</u>

### Special Assessment

Special assessment debt was generally issued every three years, except annually in recent years, to provide funds for the cost of various improvement districts within the City. Special assessments on benefited property are used to pay for the improvement costs. The City is legally obligated to meet any deficiencies by levying an ad valorem tax.

Debt service requirements to maturity on the special assessment bond issues are summarized below:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 3,165,000	\$ 1,251,188
2025	3,040,000	1,143,614
2026	3,060,000	1,015,433
2027	3,095,000	906,811
2028	3,125,000	797,969
2029-2033	16,195,000	2,486,199
2034-2038	7,375,000	511,661
2039-2043	625,000	56,789
Total	<u>\$ 39,680,000</u>	<u>\$ 8,169,664</u>

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**Financed Equipment**

The City of Williston Acquired Two Enforcer Pumpers from Pierce Manufacturing under the provisions of Financed Purchase Agreements. For Financial reporting purposes, the total amount financed related to the vehicles have been capitalized. The purchased property under the agreements as of December 31, 2023 have a cost of \$973,540 and \$1,178,638, accumulated depreciation of \$0. The anticipated delivery date of the vehicles are May 2025 and December 2027, depreciation of the property will be included in depreciation expense in future years.

Debt service requirements to maturity on the Financed Purchase agreement are summarized below:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 178,875	\$ 109,431
2025	177,570	110,736
2026	187,806	100,500
2027	198,640	89,666
2028	210,112	78,194
2029-2033	<u>1,121,702</u>	<u>193,873</u>
Total	<u>\$ 2,074,705</u>	<u>\$ 682,400</u>

The City's bond documents include covenants that, in part, impose maintenance of certain reserve requirements and net operating revenues to debt service ratios. The City was in compliance with all financial covenants as of December 31, 2023.

**NOTE 9 CONDUIT DEBT**

**Municipal Industrial Development Bonds**

From time to time, the City has issued Municipal Industrial Development Act (MIDA) Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any matter for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023, there were four series of MIDA Bonds outstanding. The aggregate principal amount payable for the series could not be determined; however, their original issue amounts totaled \$56,879,624.

**NOTE 10 CLOSURE AND POST CLOSURE CARE COST**

State and federal laws and regulations require the City to place a final cover on its landfill site when closed and to 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 post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

recognition of these landfill closure and post closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post closure care costs has a balance of \$1,293,013 at December 31, 2023, which is based on usage (filled) of the landfill. The estimated total current cost of the landfill closure and post closure care 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, 2023. However, the actual cost of closure and post closure care may be higher due to inflation, changes to technology, or changes in landfill laws and regulations.

The cost of landfill closure and post closure care is allocated based on landfill capacity to date. At December 31, 2023, 51.55% of the landfill's total capacity has been used. At December 31, 2023, the estimated total obligation for landfill closure and post closure care costs yet to be recognized is \$1,215,256. The estimated remaining life is 34 years.

**NOTE 11      DEFINED BENEFIT PENSION PLANS - STATEWIDE**

Substantially, all employees of the City are required by state law to belong to pension plans administered by the North Dakota Public Employees Retirement System (NDPERS), which is administered on a statewide basis. Disclosures relating to this plan follow:

**North Dakota Public Employees' Retirement System**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was to be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of House Bill 1040. The closure of the plan will be effective January 1, 2025.



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

### **Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System or Law Enforcement System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

### **Refunds of Member Account Balance**

Upon termination, if a member is not vested (is not 65 for the Main System or 55 for the Law Enforcement system or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

### **Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation. Contribution rates for the Law Enforcement System are established as follows:

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Plan	Member Contribution Rate	Employer Contribution Rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At December 31, 2023, the City reported a liability of \$29,907,459 for its proportionate share of the net pension liability. The net pension liability consisted of \$20,595,933 to the Main System pension plan and \$9,311,526 to the Law Enforcement pension plan. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the Main System and Law Enforcement pension plan relative to the covered payroll of all participating Main System and Law Enforcement employers. At June 30, 2023, the City's proportion was 1.07% which was a decrease of 0.03% for the Main System and 15.37% which was a decrease of 1.00% for the Law Enforcement plan.

For the year ended December 31, 2023, the City recognized pension expense of \$1,485,904 for the Main System plan and \$5,108,895 for the Law Enforcement plan for a total pension expense of \$6,594,799. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For the Main System Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 670,465	\$ 113,585
Changes in actuarial assumptions	11,356,838	15,632,835
Difference between projected and actual investment earnings	540,400	-
Changes in proportion	670,421	1,440,557
Contributions paid to NDPERS subsequent to the measurement date	488,902	-
Total	<u>\$ 13,727,026</u>	<u>\$ 17,186,977</u>

For the Main System plan, \$488,902 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

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

<u>Year ending December 31</u>	<u>Pension Expense Amount</u>
2024	\$ (83,476)
2025	(2,608,148)
2026	(3,843)
2027	(1,253,386)

For the Law Enforcement Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,567,291	\$ 32,069
Changes in actuarial assumptions	8,196,741	11,271,570
Difference between projected and actual investment earnings	476,399	-
Changes in proportion	142,806	893,023
Contributions paid to NDPERS subsequent to the measurement date	536,494	-
Total	<u>\$ 12,919,731</u>	<u>\$ 12,196,662</u>

For the Law Enforcement plan, \$536,494 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

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

<u>Year ending December 31</u>	<u>Pension Expense Amount</u>
2024	\$ 544,729
2025	744,126
2026	19,048
2027	(442,140)
2028	(550,296)
Thereafter	(128,892)

### **Actuarial Assumptions**

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions for the Main System Plan and Law Enforcement Plan, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Investment rate of return      6.50%, net of investment expenses

Cost-of-living adjustments    None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	30.90%	6.25%
International Equity	20.10%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

#### **Discount Rate**

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the Main System NDPERS net pension liability:			
	\$ 28,396,844	\$ 20,595,933	\$ 14,124,473
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the Law Enforcement NDPERS net pension liability:			
	\$ 14,378,124	\$ 9,311,526	\$ 5,436,569

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At December 31, 2023, the City reported a liability of \$1,983,051 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the City's proportion was 1.98%, which was an increase of 0.00% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized OPEB expense of \$431,918. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 37,309	\$ 22,694
Changes of assumptions	422,939	164,221
Net difference between projected and actual earnings on OPEB plan investments	143,231	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,125	9,932
Employer contributions subsequent to the measurement date	132,022	-
Total	<u>\$ 830,626</u>	<u>\$ 196,847</u>



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

\$132,022 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<b>Year ending December 31:</b>	<b>OPEB Expense Amount</b>
2024	\$ 203,109
2025	158,629
2026	194,867
2027	(54,848)

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
S&P 500 Index	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2023 actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate***

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>4.75%</b>	<b>5.75%</b>	<b>6.75%</b>
Employer's proportionate share of the net OPEB liability	\$ 2,606,214	\$ 1,983,051	\$ 1,458,423

**NOTE 13 DEFERRED COMPENSATION PLAN**

The City offers its employees a retirement plan under deferred compensation plans created in accordance with Internal Revenue Code Section 457. The main provider of these plans is through Nationwide Retirement Solutions. For those employees who opted not to join North Dakota Public Employees' Retirement Systems (NDPERS) when the City switched to NDPERS in 2004, the City contributes 6% of employee's salaries into the plan. The City's contribution to the plan for the year ended December 31, 2023 was \$8,352, equal to the required contributions for the year. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

**NOTE 14 RISK MANAGEMENT**

The City of Williston is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, the 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 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 \$10,000,000 per occurrence for general liability, \$10,000,000 per occurrence for automobile liability coverage and approximately \$14 million for inland marine coverage.



**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

The City also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City 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 Fund currently provides the City with an aggregate coverage limit of approximately \$336 million with specific special limits varying from \$1,700 to \$82,000,000.

Commercial insurance is also purchased for airport general liability and fraud and theft coverage.

The City of Williston has workers compensation with the North Dakota Workforce Safety and Insurance. The City provides a health insurance plan through Sanford Health for their employees through NDPERS. The City pays 100% of the cost of the plan.

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

**NOTE 15 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2023 is as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,065,947
General Fund	2016 Refunding Improvement Fund	1,358,366
General Fund	Water Fund	1,000,000
		<u>\$ 3,424,313</u>

A loan was made from the Equipment Reserve Fund to the General Fund in 2003 for \$360,000 and carries an interest rate of 5 percent. Annual payments of \$25,543 are due through July 31, 2028. The balance at December 31, 2023 is \$110,587.

Noninterest loans were made from the General Fund to the Job Creation fund in 2021 and 2022 for \$540,000 and \$160,367, respectively. Annual payments of \$148,092 are due through January 1, 2026. The balance at December 31, 2023 is \$444,275.

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2023:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 27,896,871	\$ 35,400,438
Sales Tax Fund	-	6,124,813
Public Safety Sales Tax Fund	-	19,258,380
Capital Projects Fund	6,758,162	-
Sewer Fund	7,625,500	-
Nonmajor Funds	22,290,780	3,787,682
	<u>\$ 64,571,313</u>	<u>\$ 64,571,313</u>

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

Transfers are used to: move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 16 FUND BALANCE**

**A. Classifications**

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

	General	Sales Tax	Public Safety Sales Tax	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:						
Urban and economic development	\$ -	\$ 8,552,599	\$ -	\$ -	\$ 6,452,904	\$ 15,005,503
Culture and recreation	-	-	-	-	918,026	918,026
Public safety	8,585,737	-	14,595,434	-	4,996,333	28,177,504
Public works	19,947	-	-	-	-	19,947
Airport	5,058,548	-	-	-	37,786	5,096,334
Health and welfare	-	-	-	-	1,139,287	1,139,287
Capital projects	577,608	-	-	2,759,365	880,481	4,217,454
Debt service	5,540,305	-	-	-	51,926,618	57,466,923
Total Restricted	<u>\$19,782,145</u>	<u>\$ 8,552,599</u>	<u>\$ 14,595,434</u>	<u>\$ 2,759,365</u>	<u>\$66,351,435</u>	<u>\$112,040,978</u>
Assigned for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 4,312,031	\$ 4,312,031
Culture and Recreation	-	-	-	-	-	-
Economic Development	302	-	-	-	-	302
Total Assigned	<u>\$ 302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,312,031</u>	<u>\$ 4,312,333</u>

**B. Minimum Fund Balance Policy**

The City has adopted a general fund balance reserve of 15%.

**NOTE 17 JOINTLY GOVERNED ORGANIZATIONS**

Western Area Water Supply Authority (WAWSA) was formed to own, finance, construct, and operate the Western Area Water Supply Project. The project is a comprehensive water supply project largely utilizing the Missouri River water treated at the Williston Regional Water Treatment Plant and distributed to meet the municipal, rural and industrial water needs for all or part of McKenzie, Williams, Divide, Burke, and Mountrail counties. The project is financed by a series of loans issued by the State of North Dakota. The City holds two of ten seats on the board of WAWSA.

During 2012, the City entered into the following agreements with WAWSA:

Infrastructure Operating Agreement: Under this agreement, the City will be responsible for all repairs and maintenance of infrastructure owned by WAWSA as identified in the agreement. The City may also make approved capital expenditures with respect to the WAWSA infrastructure in accordance with an approved budget. The City will have the authority and

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

responsibility for the general management and operation of the identified infrastructure, establishing and implementing purchasing and administrative policies, programs and other operational matters. Under the agreement, the City is entitled to reimbursement for costs identified in the agreement and in accordance with an approved budget. WAWSA will bear the risk of loss to the infrastructure. The agreement is in effect until the earlier of: (i) repayment of all WAWSA debt or ii) 99 years after the effective date of the agreement.

**Access and Use Agreement:** This agreement sets forth the terms and conditions on which the Member will permit WAWSA to access and use identified infrastructure owned by the City. This includes infrastructure identified under sub-agreements with the cities of Ray, Stanley, and Tioga. The City will be responsible for all repairs and maintenance of the access infrastructure identified in the agreement. The City will have the authority and responsibility for the general management and operation of the identified infrastructure, establishing and implementing purchasing and administrative policies, ensuring compliance with applicable legal requirements, budgeting and accounting procedures, programs and other operational matters. The City retains ownership of the infrastructure unless a purchase option is exercised. As consideration of this agreement, WAWSA will make payments equal to the amount of debt service requirements on the City's water revenue bonds. The City is also entitled to reimbursement for costs identified in the agreement and in accordance with an approved budget. The City bears the risk of loss to the infrastructure. The term of the agreement continues until the earlier of: (i) repayment of all WAWSA debt or ii) 99 years after the effective date of the agreement.

**Water Supply Agreement:** Under this agreement, the City commits to purchasing water from WAWSA. Subject to a minimum monthly quantity, peak instantaneous flow, and minimum pressure limitation set forth in the agreement, WAWSA agrees to provide, pump, transmit and deliver treated water to the City. The City will pay for the water using an agreed-upon base rate plus supplemental rate as outlined in the agreement, which is subject to change. This agreement is not effective until WAWSA's water supply is connected at identified delivery points. The agreement remains in effect until all of WAWSA's debt is repaid.

**Output Agreement:** This agreement sets forth the terms and conditions on which the City will sell to WAWSA the entire output of the plant. As consideration for the entire output of the treated water from the plant to WAWSA, WAWSA will make payments equal to the debt service paid by the City during the term, approved operation and maintenance costs, capital expenditure reimbursements, and baseline 2010 industrial water sales revenue. Effective March 15, 2018, the agreement was amended to remove the requirement for WAWSA to accrue baseline sales as they do not have sufficient free cash flows to make the payments. The amendment also discharges WAWSA requirement to pay past accrued amounts.

As part of the above agreements, all industrial water sales will be for the benefit of WAWSA. The City will be reimbursed an amount as outlined in the agreements based on their 2010 industrial water sales revenue. As of January 1, 2016, these payments were suspended, however, WAWSA has resumed payment of baseline sales again in 2024.

During 2023, under the above agreements, the City received \$433,997 for sales of water to Western Area Water Supply Authority. Other reimbursements from WAWSA included principal debt payment reimbursements of \$1,255,000, interest and administrative fee reimbursements of \$131,563, operations and maintenance reimbursements of \$5,416,538 and capital expenditure reimbursements of \$212,937. The City also purchased water from WAWSA for a total of \$3,591,200.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

The deferred inflow of resources from WAWSA consists of the following items for the year ended December 31, 2023:

Debt reimbursement receivable as of December 31	\$ 3,339,583
Principal debt payment reimbursements	15,305,417
Accumulated capital expenditure reimbursements	66,538,897
Amortization	<u>(7,862,618)</u>
Deferred inflow of resources from WAWSA	<u>\$ 77,321,279</u>

**NOTE 18 COST SHARED INFRASTRUCTURE**

The City has entered into multiple agreements with Western Area Water Supply Authority to facilitate the development of water distribution infrastructure within the City's borders. Under the agreements, the City has agreed to re-pay a portion of the capital invested in the infrastructure over 20 to 30 years. In exchange, the City has the right to use the infrastructure installed over the period of the loan. As a result, upon entering into the agreements, the City has recognized right of use assets of \$10,230,505, and an offsetting liability on cost shared infrastructure for the same amount.

The right of use assets recognized under the agreements are being amortized over 20 to 30 years. The amortization expense recognized during the year ended December 31, 2023 was \$451,383. Accumulated amortization and net book value of this asset was \$2,573,277 and \$7,657,231 respectively, as of December 31, 2023.

The liability on the cost shared infrastructure is being repaid over 20 to 30 years at an interest rate of 1.50%. The liability requires varying monthly payments maturing January 2036 to September 2046. Expected future payments are as follows:

2024	\$ 448,868
2025	376,325
2026	382,303
2027	389,760
2028	395,796
2029-2033	2,091,928
2034-2038	1,722,282
2039-2043	1,358,832
2044-2048	<u>546,863</u>
	<u>\$ 7,712,957</u>

**NOTE 19 PRIOR PERIOD ADJUSTMENT**

Prior period adjustments were made to reduce Public Safety Sales Tax fund balance and net position of governmental activities by \$858,364 to properly reflect sales tax owed to other entities on December 31, 2022.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 20 NEW PRONOUNCEMENTS**

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

Management has not yet determined the effect these statements will have on its financial statements.

**NOTE 21 SUBSEQUENT EVENTS**

**TRENTON WATER USERS**

The City of Williston has a contract to provide water to the Trenton Water Users Association (TWUA), a North Dakota domestic cooperative association, that has been in effect since 1989. The infrastructure source that feeds the TWUA system indicated signs of failure that were confirmed in 2024 necessitating the need to take the source offline for a detailed assessment to determine if it should be repaired or permanently decommissioned. The area in which the TWUA system is geographically located lies within Northwest Rural Water's franchise area. Northwest Rural Water has an available alternative water source available to provide TWUA with service.

An initial cost analysis indicated that repairing the existing infrastructure would be more costly than tying the TWUA system into an alternative supply source. As such, the city enacted its termination clause for failed infrastructure, and an alternate supply source for the TWUA system was identified through Northwest Rural Water. Negotiations have been underway since March of 2024.

**CITY OF WILLISTON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**AIR SERVICE AGREEMENT – SUN COUNTRY AIRLINES**

Sun Country has published its proposed seasonal schedule of operations to Las Vegas from XWA. They will run service from September 12 – December 15, 2024.

This air service will require commission approval of a Minimum Revenue Guarantee (MRG) totaling \$365,642. This proposal is \$185,000 less than in 2023 and shows Sun Country's belief that this market is moving toward sustainability.

**SKYWEST DBA DELTA AIR LINES- MINIMUM REVENUE GUARANTEE AGREEMENT**

The City entered into agreements with SkyWest to continue serving XWA until June 30, 2024. A new agreement will be needed to maintain service through the end of 2024. The City has received the proposal from SkyWest to continue Delta Air Lines service from July 01 – December 31, 2024. This proposal requires the City to enter into a revenue guarantee agreement that estimates the shortfall to be \$1,317,952. Like previous agreements, the actual costs and revenues incurred will be shared with the City every month and reconciliation will be performed each quarter.

Additionally, the City has partnered with Williams and McKenzie County to financially support these air service initiatives as the airport supports the entire region. The City has received support from McKenzie County to provide up to \$300,000 or 15% and Williams County has committed up to \$600,000 or 30% for the 2024 calendar year.

These partnerships are intended to mitigate the financial risk of the air carrier when beginning a new service to build a sustainable business environment. This tool is not intended to remain in place in perpetuity. MRGs require transparency from the air carrier to provide actual information on their expenses (overhead, actual flight times, and actual fuel costs) and revenues (passenger numbers and fares paid). The air carrier forecasts these expenses and revenues for the period of the agreement and requests the City to cover the estimated shortfall if it occurs. If the expenses exceed the revenues received, the City is responsible for paying the air carrier the difference. If the revenues exceed expenses, no cost to the City is incurred. Revenues and expenses are reconciled every quarter.

**PUBLIC SAFETY SALES TAX EXTENSION**

On the June 11 Primary Election ballot, electors voted for an extension of the County's 1% sales tax (59% yes, 41% no). Sales Tax will extend from April 2025 to March 2035. Sales Tax receipts are equally divided between Williams County and the City of Williston. Revenue will be used by the City of Williston for Public Safety (operations, capital expenditures, possible pledging source for public safety-related bond payments) and Quality of Life.

Other than the events noted above, there were no significant events that occurred subsequent to the City's year end. Subsequent events have been evaluated through September 19, 2024, which is the date these financial statements were available to be issued.

**CITY OF WILLISTON**  
**SCHEDULE OF CITY PENSION CONTRIBUTIONS**  
**LAST TEN YEARS**

Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Main System:					
2023	\$ 1,044,503	\$ 1,044,503	\$ -	\$ 12,645,315	8.26%
2022	1,079,579	1,079,579	-	13,069,964	8.26%
2021	1,075,956	1,075,956	-	13,026,102	8.26%
2020	1,061,998	1,061,998	-	13,275,009	8.00%
2019	818,938	818,938	-	11,468,713	7.14%
2018	787,595	810,624	(23,029)	10,693,136	7.58%
2017	881,416	881,416	-	12,379,445	7.12%
2016	582,181	582,181	-	8,176,703	7.12%
2015	742,926	742,926	-	10,434,350	7.12%
Law Enforcement:					
2023	\$ 1,111,172	\$ 1,111,172	\$ -	\$ 11,326,929	9.81%
2022	1,068,757	1,068,757	-	10,894,567	9.81%
2021	1,034,099	1,034,099	-	10,541,274	9.81%
2020	1,073,623	1,073,623	-	10,944,169	9.81%
2019	756,300	756,300	-	7,951,913	9.51%
2018	640,757	619,402	21,355	6,965,475	8.89%
2017	431,106	431,106	-	4,394,554	9.81%
2016	159,271	159,271	-	1,623,553	9.81%
2015	266,802	266,802	-	2,719,693	9.81%

The amounts presented for each fiscal year were determined as of the City's year end which is December 31.

The City implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information



**CITY OF WILLISTON**  
**SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY**  
**LAST TEN YEARS**

Year Ended June 30	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Main System:					
2023	1.0681%	\$ 20,595,933	\$ 13,061,646	157.68%	65.31%
2022	1.0971%	31,597,038	12,735,473	248.10%	54.47%
2021	1.1856%	12,356,994	13,425,058	92.04%	78.26%
2020	1.0823%	34,071,129	11,946,701	285.19%	48.91%
2019	1.1026%	12,923,034	11,468,713	112.68%	71.66%
2018	1.0409%	17,565,985	10,693,136	164.27%	62.80%
2017	1.2647%	20,327,606	12,910,430	157.45%	61.98%
2016	1.1451%	11,160,944	11,540,763	96.71%	70.46%
2015	0.9433%	6,414,177	8,403,527	76.33%	77.15%
Law Enforcement:					
2023	15.3702%	\$ 9,311,526	\$ 10,998,177	84.66%	65.31%
2022	16.3744%	13,442,867	10,601,779	126.80%	57.48%
2021	16.8586%	2,793,729	10,373,704	26.93%	87.10%
2020	21.7128%	14,232,305	9,854,117	144.43%	53.12%
2019	19.7357%	2,347,140	7,951,913	29.52%	71.66%
2018	20.1775%	4,702,203	6,965,475	67.51%	62.80%
2017	10.8515%	2,389,079	3,121,498	76.54%	61.98%
2016	11.2730%	1,291,717	3,181,919	40.60%	70.46%
2015	15.1115%	918,100	2,079,158	44.16%	83.61%

The amounts presented for each fiscal year were determined as of the measurement date of the City's net pension liability which is June 30 of the previous year for NDPERS.

The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information



**CITY OF WILLISTON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB PLAN**  
**LAST TEN YEARS**

Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 270,177	\$ (270,177)	\$ -	\$ 23,699,731	1.14%
2022	278,038	(278,038)	-	24,389,298	1.14%
2021	272,910	(272,910)	-	23,939,474	1.14%
2020	276,099	(276,099)	-	24,219,183	1.14%
2019	225,863	(219,009)	6,854	19,420,626	1.16%
2018	207,126	(201,769)	5,357	17,658,611	1.17%
2017	186,360	(195,651)	(9,291)	16,031,928	1.16%

The amounts presented for each fiscal year were determined as of the City's year end which is December 31.

The City implemented GASB Statement No. 75 for its year ended December 31, 2017. Information for the prior years is not available.

See Notes to the Required Supplementary Information

**CITY OF WILLISTON**  
**SCHEDULE OF CITY'S SHARE OF THE OPEB LIABILITY**  
**LAST TEN YEARS**

Year Ended June 30	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	1.983544%	\$ 1,983,051	\$ 19,938,244	9.95%	62.74%
2022	1.989753%	2,388,320	20,542,313	11.63%	56.28%
2021	1.983022%	1,102,903	21,620,054	5.10%	76.63%
2020	1.854196%	1,559,745	21,137,284	7.38%	63.38%
2019	1.740422%	1,397,886	19,420,626	7.20%	63.13%
2018	1.613813%	1,270,988	17,658,611	7.20%	61.89%
2017	1.481912%	1,172,208	16,031,928	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the City's other postemployment benefit liability which is June 30 of the previous year.

The City implemented GASB Statement No. 75 for the year ended December 31, 2017. Information for the prior years is not available.

See Notes to the Required Supplementary Information

**CITY OF WILLISTON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF DECEMBER 31, 2023**

**NOTE 1. DEFINED BENEFIT PLANS**

***Changes of benefit terms.***

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on an actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

***Changes of assumptions.***

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**NOTE 2. OTHER POST EMPLOYMENT BENEFITS**

***Changes of benefit terms.***

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

***Changes of assumptions.***

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**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  
Members of the City Commission  
City of Williston  
Williston, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the City of Williston as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Williston's basic financial statements and have issued our report thereon dated September 19, 2024. See the Independent Auditor's Report for modifications on various opinion units as contributed capital assets, conduit debt obligations, depreciation on airport infrastructure, and leases and SBITAs have not been properly recorded and disclosed.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Williston's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, and 2023-004 to be material weaknesses.

## **Report on Compliance and Other Matters**

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

## **City of Williston's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Williston's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Williston's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

September 19, 2024

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and  
Members of the City Commission  
City of Williston  
Williston, North Dakota

### ***Report on Compliance for Each Major Federal Program***

#### ***Opinion on Each Major Federal Program***

We have audited City of Williston, North Dakota's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City of Williston, North Dakota's major federal programs for the year ended December 31, 2023. City of Williston, North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Williston, North Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Williston, North Dakota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Williston, North Dakota's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Williston, North Dakota's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Williston, North Dakota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Williston, North Dakota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Williston, North Dakota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Williston, North Dakota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Williston, North Dakota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal*

*control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

September 19, 2024



**CITY OF WILLISTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Program or Cluster Title	Federal AL Number	Pass-through Grantor Identifying Number	Passed Through to Subrecipients	Amount
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Community Facilities Loans and Grants Cluster	10.766		\$ -	\$ 111,278,905
Passed through North Dakota State University				
Cooperative Forestry Assistance	10.664	2022F-ATB-PD005	-	9,725
Total U.S. Department of Agriculture			-	111,288,630
<u>U.S. Department of Justice</u>				
Passed through ND Department of Attorney General				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22206	10,890	10,890
Total United States Department of Justice			10,890	10,890
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program	20.106		-	1,578,723
Passed through North Dakota Department of Transportation				
State and Community Highway Safety	20.600	PHSPOP2305-05-22	-	1,735
State and Community Highway Safety	20.600	PHSPOP2405-05-00	-	967
State and Community Highway Safety	20.600	PHSPSC2307-04-22	-	1,789
National Priority Safety Programs	20.616	PHSPID2310-02-19	-	2,503
Total Highway Safety Cluster			-	6,994
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PHSPID2410-02-00	-	203
Total U.S. Department of Transportation			-	1,585,920
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Assistance to Firefighters Grant	97.044		-	45,264
Assistance to Firefighters Grant	97.044		-	44,438
Passed through North Dakota Department of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4613-DR	-	8,533
Homeland Security Grant Program	97.067	EMW-2022-SS-00076	-	24,000
Homeland Security Grant Program	97.067	EMW-2021-SS-00063	-	20,995
Total U.S. Department of Homeland Security			-	143,230
Total Expenditures of Federal Awards			\$ 10,890	\$ 113,028,670

See Notes to the Schedule of Expenditures of Federal Awards

**CITY OF WILLISTON**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the accompanying schedule of expenditures of federal awards (the Schedule) are reported under the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2    INDIRECT COST RATE**

The City of Williston has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3    BASIS OF PRESENTATION**

The accompanying Schedule includes the federal award activity of the City of Williston, North Dakota under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Williston, North Dakota.

**NOTE 4    SUBRECIPIENTS**

During 2023, the City passed federal money to the following subrecipients:

Family Crisis Shelter	\$10,890
-----------------------	----------

**NOTE 5    OUTSTANDING LOAN**

The City has three outstanding federal loans as of December 31, 2023:

AL Number	Origination Date	Origination Amount	Funding Source	Maturity	Loan Balance
10.766	10/16/19	\$ 2,982,741	Department of Agriculture	10/16/2037	\$ 1,682,282
10.766	11/19/20	19,000,000	Department of Agriculture	11/19/2050	17,872,070
10.766	11/19/20	95,000,000	Department of Agriculture	11/19/2055	89,309,011

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**AS OF DECEMBER 31, 2023**

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

Financial Statements

Type of auditor's report issued:

Governmental Activities	<u>Qualified</u>
Business-Type Activities	<u>Qualified</u>
General Fund	<u>Qualified</u>
Sales Tax Fund	<u>Unmodified</u>
Public Safety Sales Tax Fund	<u>Unmodified</u>
2016 Refunding Improvement Bond	<u>Unmodified</u>
Capital Projects	<u>Unmodified</u>
Water Fund	<u>Qualified</u>
Sewer Fund	<u>Qualified</u>
Aggregate Remaining Fund Information	<u>Qualified</u>

Internal control over financial reporting:

Material weakness(es) identified?  
Significant deficiency(ies) identified?

X yes         no  
     yes    X none reported

Noncompliance material to financial  
statements noted?

     yes    X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?  
Significant deficiency(ies) identified?

     yes    X no  
     yes    X none reported

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance with  
2 CFR 200.516(a)?

     yes    X no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
---------------------	---

10.766	Community Facilities Loans and Grants Cluster
--------	---

Dollar threshold used to distinguish  
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

     yes    X no

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Section II – Financial Statement Findings**

**2023-001 ADJUSTING JOURNAL ENTRIES**

**Criteria**

A good system of internal accounting control includes the proper recording of all transactions in accordance with generally accepted accounting principles, proper reconciliations of all general ledger accounts and adjustments of those accounts to the reconciled balances.

**Condition**

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

**Cause**

There were transactions identified that were not recorded in accordance with generally accepted accounting principles.

**Effect**

Inadequate internal controls over recording of transactions affect the City's ability to detect misstatements in amounts that could be material in relation to the financial statements.

**Repeat Finding**

Yes

**Recommendation**

We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted. We also recommend the City review the recording of transactions and generally accepted accounting principles applicable to the transactions to ensure transactions are recorded correctly.

**Views of Responsible Officials**

Management will make a greater effort to reconcile and record these transactions. Internal control reviews are taking place in an effort to establish a better process.

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2023-002 FINANCIAL STATEMENT PREPARATION**

**Criteria**

An appropriate system of internal controls requires the City to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

**Condition**

The City's personnel prepare periodic financial information for internal use that meets the needs of management and the City Commission. However, the City currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The City has elected to have the auditors assist in the preparation of the financial statements and notes.

**Cause**

The City elected to not allocate resources for the preparation of the financial statements.

**Effect**

There is an increased risk of material misstatement to the City's financial statements.

**Repeat Finding**

Yes

**Recommendation**

We recommend the City consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control, the City should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

**Views of Responsible Officials**

The City agrees with the recommendation and will review on an annual basis.

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2023-003 CAPITAL ASSETS NOT REPORTED**

**Condition**

The City of Williston's financial statements do not include material capital assets and related depreciation donated to the City in prior years from private developers.

**Criteria**

Generally Accepted Accounting Principles (GAAP) requires the capitalization of costs associated with assets that meet the definition of a capital asset. If contributed capital is obtained and also meets the definition of a capital asset, it must be capitalized in the year of acquisition.

**Cause**

The City of Williston did not have the value of the contributed assets available for proper inclusion to the City's capital assets, resulting as a basis for a qualified opinion.

**Effect**

The failure to record material contributed capital from the private developers resulted in materially misstated financial statements and a qualified opinion on the government activities, business-type activities, water fund, sewer fund, and aggregate remaining fund.

**Repeat Finding**

Yes

**Recommendation**

We recommend the City of Williston include all capital assets in the financial statements and note disclosures that meet the criteria of a capital asset, whether it's financed with City funds or contributed capital.

**Views of Responsible Officials**

The City agrees with the recommendation. A requirement to provide costs for donated capital assets has been added to the development agreement for the future. It should be noted, the City has been dealing with activity volumes uncommon to a city of its size. Management has reached out to developers for information to record contributed infrastructure, however, developers are reluctant to share this information since it could be made available to competitors. The City will consider another approach, such as an estimation of cost.

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2023-004 CONDUIT DEBT**

**Condition**

The City of Williston is not reporting the outstanding balances of its conduit debt obligations as of December 31, 2023.

**Criteria**

The Governmental Accounting Standards Board (GASB) guidance on conduit debt Interpretation 2 states in part: Conduit debt obligations should be disclosed in the notes to the financial statements and should include the aggregate amount of all conduit debt obligations outstanding at the balance sheet date.

**Cause**

Management was aware of its obligation to report conduit debt obligations outstanding at the balance sheet date but was unable to obtain records for conduit debt obligations outstanding at the balance sheet date.

**Effect**

The City of Williston's note disclosure related to conduit debt is misstated by an undetermined amount resulting as a basis for a qualified opinion.

**Repeat Finding**

Yes

**Recommendation**

We recommend the City of Williston obtain and maintain records of conduit debt obligations outstanding at the balance sheet date.

**Views of Responsible Officials**

The City agrees with the recommendation. Thus far, the City has been unsuccessful in its attempts to obtain records to prepare the required footnote disclosures.

**CITY OF WILLISTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Section III – Federal Award Findings and Questioned Costs**

None.



**CITY OF WILLISTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AS OF DECEMBER 31, 2023**

**2022-001 ADJUSTING JOURNAL ENTRIES**

**Criteria**

A good system of internal accounting control includes the proper recording of all transactions in accordance with generally accepted accounting principles, proper reconcilements of all general ledger accounts and adjustments of those accounts to the reconciled balances.

**Condition**

We identified misstatements in the City's financial statements causing us to propose material audit adjustments. The City also has not recorded capital assets and related depreciation for infrastructure contributed to the City from developers.

**Cause**

There were transactions identified that were not recorded in accordance with generally accepted accounting principles.

**Effect**

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

**Repeat Finding**

Yes

**Recommendation**

We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted. We also recommend the City review the recording of transactions and generally accepted accounting principles applicable to the transactions to ensure transactions are recorded correctly.

**Corrective Action Taken**

See 2023-001

**CITY OF WILLISTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2022-002 FINANCIAL STATEMENT PREPARATION**

**Criteria**

An appropriate system of internal controls requires the City to prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Condition**

The City's personnel prepare periodic financial information for internal use that meets the needs of management and the City Commission. However, the City does not prepare full-disclosure financial statements required by GAAP for external reporting. The City has elected to have the auditors assist in the preparation of the financial statements and notes.

**Cause**

The City elected to have the auditors assist in the preparation of the financial statements for efficiency.

**Effect**

There is an increased risk of material misstatement to the City's financial statements.

**Repeat Finding**

Yes.

**Recommendation**

We recommend the City consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures. As a compensating control, the City should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

**Corrective Action Taken**

See 2023-002

**CITY OF WILLISTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2022-003 CAPITAL ASSETS NOT REPORTED**

**Condition**

The City of Williston's financial statements do not include material capital assets and related depreciation donated to the City in prior years from private developers.

**Criteria**

Generally Accepted Accounting Principles (GAAP) requires the capitalization of costs associated with assets that meet the definition of a capital asset. If contributed capital is obtained and also meets the definition of a capital asset, it must be capitalized in the year of acquisition.

**Cause**

The City of Williston did not have the value of the contributed assets available for proper inclusion to the City's capital assets, resulting as a basis for a qualified opinion.

**Effect**

The failure to record material contributed capital from the private developers resulted in materially misstated financial statements and a qualified opinion on the government activities, business-type activities, water fund, and the sewer fund.

**Repeat Finding**

Yes

**Recommendation**

We recommend the City of Williston include all capital assets in the financial statements and note disclosures that meet the criteria of a capital asset, whether it's financed with City funds or contributed capital.

**Corrective Action Taken**

See 2023-003

**CITY OF WILLISTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2022-004 CONDUIT DEBT**

**Condition**

The City of Williston is not reporting the outstanding balances of its conduit debt obligations as of December 31, 2022.

**Criteria**

The Governmental Accounting Standards Board (GASB) guidance on conduit debt Interpretation 2 states in part: Conduit debt obligations should be disclosed in the notes to the financial statements and should include the aggregate amount of all conduit debt obligations outstanding at the balance sheet date.

**Cause**

Management was aware of its obligation to report conduit debt obligations outstanding at the balance sheet date but was unable to obtain records for conduit debt obligations outstanding at the balance sheet date.

**Effect**

The City of Williston's note disclosure related to conduit debt is misstated by an undetermined amount resulting as a basis for a qualified opinion.

**Repeat Finding**

Yes

**Recommendation**

We recommend the City of Williston obtain and maintain records of conduit debt obligations outstanding at the balance sheet date.

**Corrective Action Taken**

See 2023-004

**CITY OF WILLISTON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**2022-005 REPORTING**

**Federal Program**

AL# 20.106: Airport Improvement Program

**Criteria**

The Uniform Guidance requires program reports to be filed accurately.

**Condition**

We tested four SF-425 reports and noted one with amounts reported that did not agree with supporting documentation.

**Questioned Costs**

None

**Cause**

Management Oversight

**Effect**

The City was not in compliance with program reporting requirements.

**Repeat Finding**

No

**Recommendation**

The City should implement policies and procedures to ensure all required reports are accurately submitted to the FAA.

**Views of Responsible Officials**

The City agrees with the recommendation.

**Corrective Action Taken**

SF-425 reports agreed with supporting documentation in the current year.



## **CORRECTIVE ACTION PLAN AS OF DECEMBER 31, 2023**

### **2023-001 FINDING**

Contact Person – Hercules Cummings, Finance Director

Corrective Action Plan – Management will make a greater effort to reconcile and record these transactions. Internal control reviews are taking place in an effort to establish a better process.

Completion Date – Ongoing.

### **2023-002 FINDING**

Contact Person – Hercules Cummings, Finance Director

Corrective Action Plan – Management will consider establishing a policy to document review of financial statements and notes.

Completion Date – Ongoing.

### **2023-003 FINDING**

Contact Person – Hercules Cummings, Finance Director

Corrective Action Plan – Developers have occasionally been unwilling to provide infrastructure cost data since they felt this would supply competition with their numbers. When this occurred, City engineering staff would provide estimates based on recent bid prices in place of actual costs. The City will continue to work with developers to collect these infrastructure costs where possible, though estimates may represent some of the cost totals when actual costs cannot be collected.

Completion Date – Ongoing.

### **2023-004 FINDING**

Contact Person – Hercules Cummings, Finance Director

Corrective Action Plan – The City will attempt to find and/or reach out to all conduit debt holders and then maintain records on outstanding balances of conduit debt.

Completion Date – Ongoing.