



Financial Statements  
December 31, 2014  
**City of Dickinson**

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**Elected**

Dennis W. Johnson

President

Scott Decker

Commissioner

Gene Jackson

Commissioner

Carson Steiner

Commissioner

Klayton Oltmanns

Commissioner

**Administration**

Shawn Kessel

City Administrator



CPAs & BUSINESS ADVISORS

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota, as of December 31, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Correction of an Error**

As discussed in Note 24 to the financial statements, certain errors resulting in the improper treatment of retainage payable and understatement of long-term liabilities in regards to the net pension obligation were discovered during the current year. Accordingly, an adjustment has been made to beginning fund balance, capital assets, and net position as of January 1, 2014, to correct the errors. Our opinion is not modified with respect to the matter.

#### **Other Matters**

##### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and other postemployment benefit schedules on pages 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

##### **Other Information**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 2015 on our consideration of the City of Dickinson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dickinson's internal control over financial reporting and compliance.

*Ernst & Young LLP*

Bismarck, North Dakota  
July 15, 2015

City of Dickinson  
Statement of Net Position  
December 31, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 29,711,313	\$ 765,480	\$ 30,476,793
Accounts receivable	198,604	1,971,904	2,170,508
Taxes receivable	13,828	-	13,828
Special assessments receivable - current	1,254,131	-	1,254,131
Intergovernmental receivable	4,660,198	-	4,660,198
Internal balances	4,595,676	(4,595,676)	-
Note receivable	844,084	-	844,084
Inventory	-	254,897	254,897
Restricted cash and investments	2,333,286	556,428	2,889,714
Special assessments receivable - noncurrent portion	4,885,754	1,611	4,887,365
Capital assets not being depreciated			
Land	1,209,832	720,161	1,929,993
Construction in progress	33,636,352	79,812,537	113,448,889
Capital assets (net of accumulated depreciation)			
Buildings and improvements	37,965,571	1,455,296	39,420,867
Improvements other than buildings	28,591,179	14,081,539	42,672,718
Machinery and equipment	4,528,948	4,271,713	8,800,661
Total capital assets	<u>105,931,882</u>	<u>100,341,246</u>	<u>206,273,128</u>
<b>Total assets</b>	<u>\$ 154,428,756</u>	<u>\$ 99,295,890</u>	<u>\$ 253,724,646</u>
<b>Liabilities</b>			
Accounts payable	\$ 842,468	\$ 889,471	\$ 1,731,939
Accrued payroll	208,243	70,278	278,521
Unearned revenue	6,200	-	6,200
Interest payable	156,779	245,265	402,044
Net OPEB obligation	45,405	-	45,405
Retainage payable	1,586,719	1,562,731	3,149,450
Non-current liabilities			
Due within one year			
Compensated absences	285,578	82,263	367,841
Bonds payable, net of premium	1,111,265	-	1,111,265
Notes payable	-	3,314,000	3,314,000
Capital leases payable	254,650	610,589	865,239
Due in more than one year			
Compensated absences	412,227	76,317	488,544
Bonds payable, net of premium	16,152,179	-	16,152,179
Notes payable	-	45,596,538	45,596,538
Capital leases payable	772,634	2,228,394	3,001,028
Net pension obligation	556,260	-	556,260
Accrued closure and post-closure care costs	-	556,428	556,428
Total liabilities	<u>22,390,607</u>	<u>55,232,274</u>	<u>77,622,881</u>
<b>Net Position</b>			
Net investment in capital assets	79,416,639	47,028,994	126,445,633
Restricted for special purposes	22,709,815	-	22,709,815
Unrestricted	29,911,695	(2,965,378)	26,946,317
<b>Total net position</b>	<u>\$ 132,038,149</u>	<u>\$ 44,063,616</u>	<u>\$ 176,101,765</u>

See Notes to Financial Statements

City of Dickinson  
Statement of Activities  
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 5,531,415	\$ 2,055,913	\$ 62,861	\$ -	\$ (3,412,641)	\$ -	\$ (3,412,641)
Public safety	6,316,928	489,284	509,987	-	(5,317,657)	-	(5,317,657)
Public works	5,890,992	-	-	5,966,999	76,007	-	76,007
Culture and recreation	2,114,700	1,809,126	15,000	-	(290,574)	-	(290,574)
Urban and economic development	1,399,477	-	-	-	(1,399,477)	-	(1,399,477)
Other	216,234	-	-	-	(216,234)	-	(216,234)
Interest on long-term debt	790,665	-	-	-	(790,665)	-	(790,665)
<b>Total governmental activities</b>	<b>22,260,411</b>	<b>4,354,323</b>	<b>587,848</b>	<b>5,966,999</b>	<b>(11,351,241)</b>	<b>-</b>	<b>(11,351,241)</b>
Business-type activities							
Water distribution utility fund	6,978,031	7,585,062	6,652,776	-	-	7,259,807	7,259,807
Wastewater utility fund	2,875,345	2,393,417	1,046	-	-	(480,882)	(480,882)
Solid waste utility fund	3,912,573	4,812,018	2,898	-	-	902,343	902,343
Storm water utility fund	284,662	232,345	375	-	-	(51,942)	(51,942)
<b>Total business-type activities</b>	<b>14,050,611</b>	<b>15,022,842</b>	<b>6,657,095</b>	<b>-</b>	<b>-</b>	<b>7,629,326</b>	<b>7,629,326</b>
<b>Total primary government</b>	<b>\$ 36,311,022</b>	<b>\$ 19,377,165</b>	<b>\$ 7,244,943</b>	<b>\$ 5,966,999</b>	<b>(11,351,241)</b>	<b>7,629,326</b>	<b>(3,721,915)</b>
General revenues							
Taxes							
Property taxes levied for general purposes				4,679,013	-	4,679,013	
Property taxes levied for special purposes				2,711,180	-	2,711,180	
City sales tax				12,794,129	-	12,794,129	
Restaurant, lodging and occupancy taxes				2,041,094	-	2,041,094	
Oil and gas production tax				16,856,751	-	16,856,751	
State aid and revenues not restricted to specific programs				2,455,505	-	2,455,505	
Unrestricted interest and investment income				767,247	105,765	873,012	
Other revenue				681,606	934,122	1,615,728	
<b>Total general revenues</b>				<b>42,986,525</b>	<b>1,039,887</b>	<b>44,026,412</b>	
Gain on disposal of fixed assets				175,885	66,113	241,998	
Transfers				169,124	(169,124)	-	
Change in net position				31,980,293	8,566,202	40,546,495	
Net Position - January 1, as previously reported				100,531,959	35,497,414	136,049,373	
Restatement (Note 24)				(494,103)	-	(494,103)	
Net Position - January 1, as restated				100,037,856	35,497,414	135,535,270	
Net Position - December 31				<b>\$ 132,038,149</b>	<b>\$ 44,063,616</b>	<b>\$ 176,101,765</b>	

See Notes to Financial Statements



City of Dickinson  
Balance Sheet-Governmental Funds  
December 31, 2014

	Major Funds						2013 Sales Tax Revenue Bond	Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil & Gas Production	Community Center Project	Building Construction	Annual Street Project Fund			
<b>Assets</b>									
Cash and Investments	\$ 42,167	\$ 3,887,590	\$ -	\$ -	\$ 14,682,854	\$ -	\$ 8,024,241	\$ 2,675,398	\$ 29,312,252
Accounts receivable	84,683	-	-	-	-	108,003	-	5,918	198,604
Taxes receivable	12,352	-	-	-	-	-	-	1,476	13,828
Special assessments receivable	-	-	-	-	-	9,597	-	1,244,534	1,254,131
Intergovernmental receivables	778,217	798,741	2,426,494	-	-	-	-	656,746	4,601,198
Note receivable	844,084	-	-	-	-	-	-	-	844,084
Interfund receivables	12,739,925	4,595,676	-	-	-	-	-	9,556	17,365,157
Advances to other funds	3,000,000	-	-	-	-	-	-	-	3,000,000
Restricted cash and investments	-	-	-	-	-	-	1,690,500	642,786	2,333,286
<b>Total assets</b>	<b>\$ 17,521,428</b>	<b>\$ 9,282,007</b>	<b>\$ 2,426,494</b>	<b>\$ -</b>	<b>\$ 14,682,854</b>	<b>\$ 117,600</b>	<b>\$ 9,714,743</b>	<b>\$ 5,236,414</b>	<b>\$ 58,981,540</b>
<b>Liabilities</b>									
Accounts payable	\$ 130,816	\$ -	\$ -	\$ 858	\$ 688,386	\$ 5,159	\$ -	\$ 14,199	\$ 839,418
Accrued payroll	200,093	-	-	-	-	-	-	8,150	208,243
Interfund payables	-	-	854,012	8,223,657	-	3,682,256	-	9,556	12,769,481
Retainage payable	-	-	-	-	1,314,710	272,009	-	-	1,586,719
Advances from other funds	-	-	-	-	-	-	-	3,000,000	3,000,000
Unearned revenue	-	-	-	-	-	-	-	6,200	6,200
<b>Total liabilities</b>	<b>330,909</b>	<b>-</b>	<b>854,012</b>	<b>8,224,515</b>	<b>2,003,096</b>	<b>3,959,424</b>	<b>-</b>	<b>3,038,105</b>	<b>18,410,061</b>
<b>Deferred Inflows of Resources</b>									
Unavailable property taxes	12,352	-	-	-	-	-	-	1,476	13,828
Unavailable special assessment taxes	-	-	-	-	-	9,597	-	1,244,534	1,254,131
<b>Total deferred inflows of resources</b>	<b>12,352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,597</b>	<b>-</b>	<b>1,246,010</b>	<b>1,267,959</b>
<b>Fund Balances</b>									
Nonspendable	3,844,084	-	-	-	-	-	-	-	3,844,084
Restricted	-	9,282,007	1,572,482	-	-	-	9,714,743	2,140,583	22,709,815
Committed	-	-	-	-	-	-	-	1,150,058	1,150,058
Assigned	4,030,612	-	-	-	12,679,758	-	-	339,517	17,949,887
Unassigned	8,403,471	-	-	(8,224,515)	-	(3,851,421)	-	(2,672,859)	(6,350,324)
<b>Total fund balances</b>	<b>17,178,167</b>	<b>9,282,007</b>	<b>1,572,482</b>	<b>(8,224,515)</b>	<b>12,679,758</b>	<b>(3,851,421)</b>	<b>9,714,743</b>	<b>952,292</b>	<b>39,393,330</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,521,428</b>	<b>\$ 9,282,007</b>	<b>\$ 2,426,494</b>	<b>\$ -</b>	<b>\$ 14,682,854</b>	<b>\$ 117,600</b>	<b>\$ 9,714,743</b>	<b>\$ 5,236,414</b>	<b>\$ 58,981,540</b>

City of Dickinson  
 Reconciliation of the Governmental Funds –Balance Sheet to the Statement of Net Position  
 December 31, 2014

Total Fund Balances - Governmental Funds		\$ 39,303,520
Total net position reported for government activities in the statement of net position is different because		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds		
Cost of capital assets	\$ 159,336,516	
Less accumulated depreciation	<u>(53,404,634)</u>	
Net capital assets		105,931,882
Property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and are reported as deferred inflows in the funds. Uncertified special assessments are reported on the statement of net position		
		6,153,713
Internal service funds are used by management to charge the costs of certain activities as fuel services to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		
		350,606
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position. Balances at December 31, 2014 are		
Interest payable	(156,779)	
Compensated absences	(697,805)	
Bonds payable, net of premium	(17,263,444)	
Capital leases payable	(1,027,284)	
Net pension obligation	<u>(556,260)</u>	
Total long-term liabilities		<u>(19,701,572)</u>
Total net position of governmental activities		<u>\$ 132,038,149</u>

City of Dickinson  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended December 31, 2014

	Major Funds							Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil & Gas Production	Community Center Project	Building Construction	Annual Street Project Fund	2013 Sales Tax Revenue Bond		
<b>Revenues</b>									
Taxes	\$ 4,233,261	\$ 8,529,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,751,556	\$ 19,514,216
Licenses, permits and fees	1,705,050	-	-	-	-	-	-	-	1,705,050
Intergovernmental revenues	3,864,291	-	18,456,751	-	-	-	-	830,932	23,151,974
Charges for services	2,055,913	-	-	-	-	-	-	104,076	2,159,989
Fines and forfeits	478,280	-	-	-	-	-	-	11,004	489,284
Special assessments	-	-	-	-	-	483,901	-	1,992,798	2,476,699
Interest and investment income	577,280	120,152	-	1,196	-	25,098	-	43,281	767,247
Donations	-	-	-	-	-	1,659,333	1,049,970	-	2,689,303
Miscellaneous revenues	280,983	-	-	250,985	12,881	5,000	-	157,583	707,432
<b>Total revenues</b>	<b>13,195,058</b>	<b>8,649,571</b>	<b>18,456,751</b>	<b>252,181</b>	<b>12,881</b>	<b>2,153,332</b>	<b>1,049,970</b>	<b>9,891,470</b>	<b>53,661,214</b>
<b>Expenditures</b>									
<b>Current</b>									
General government	5,162,611	-	-	-	-	-	-	-	5,162,611
Public safety	5,866,238	-	-	-	-	-	-	198,531	6,064,769
Public works	2,419,485	-	-	-	62,218	34,649	-	44,861	2,561,213
Culture and recreation	354,543	-	-	-	-	-	-	1,114,391	1,468,934
Urban and economic development	-	1,387,827	-	-	-	-	-	11,650	1,399,477
Other	206,540	-	-	-	-	-	-	-	206,540
Debt service	-	-	-	-	-	-	1,050,000	259,554	1,309,554
Principal	-	-	-	-	-	-	-	165,769	838,528
Interest and service charges	-	-	-	-	-	-	672,759	-	672,759
Capital outlay	521,990	-	-	15,825,303	12,538,950	9,632,468	-	1,226,475	39,745,178
<b>Total expenditures</b>	<b>14,531,407</b>	<b>1,387,827</b>	<b>-</b>	<b>15,825,303</b>	<b>12,601,168</b>	<b>9,667,109</b>	<b>1,722,759</b>	<b>3,021,031</b>	<b>58,756,604</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,336,349)</b>	<b>726,744</b>	<b>18,456,751</b>	<b>(15,573,122)</b>	<b>(12,588,287)</b>	<b>(7,513,777)</b>	<b>(672,789)</b>	<b>6,870,439</b>	<b>(5,095,390)</b>
<b>Other Financing Sources (Uses)</b>									
Bonds issued	-	-	-	-	-	-	-	1,093,267	1,093,267
Capital lease additions	-	-	-	-	-	-	-	669,951	669,951
Sale of assets	182,369	-	-	-	-	-	-	-	182,369
Transfers in	2,495,612	-	-	-	27,737,125	2,350,000	7,572,000	100,977	40,255,714
Transfers out	(323,324)	(9,136,000)	(25,418,000)	-	-	-	-	(5,634,078)	(40,511,602)
<b>Total other financing sources and uses</b>	<b>2,354,457</b>	<b>(9,136,000)</b>	<b>(25,418,000)</b>	<b>-</b>	<b>27,737,125</b>	<b>2,350,000</b>	<b>7,572,000</b>	<b>(3,769,883)</b>	<b>1,639,699</b>
<b>Net Change in Fund Balances</b>	<b>1,018,108</b>	<b>(1,874,256)</b>	<b>(6,961,249)</b>	<b>(15,573,122)</b>	<b>15,148,838</b>	<b>(5,163,777)</b>	<b>6,899,211</b>	<b>3,100,556</b>	<b>(3,405,691)</b>
<b>Fund Balance - January 1, as previously reported</b>	<b>16,238,404</b>	<b>11,156,263</b>	<b>8,533,731</b>	<b>7,348,607</b>	<b>(1,619,497)</b>	<b>1,312,356</b>	<b>2,815,532</b>	<b>(2,148,257)</b>	<b>43,627,132</b>
<b>Restatement (Note 24)</b>	<b>(78,345)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(849,583)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(927,928)</b>
<b>Fund Balance - January 1, as restated</b>	<b>16,160,059</b>	<b>11,156,263</b>	<b>8,533,731</b>	<b>7,348,607</b>	<b>(2,469,080)</b>	<b>1,312,356</b>	<b>2,815,532</b>	<b>(2,148,257)</b>	<b>42,709,211</b>
<b>Fund Balance - December 31</b>	<b>\$ 17,178,167</b>	<b>\$ 9,282,007</b>	<b>\$ 1,572,482</b>	<b>\$ (8,224,515)</b>	<b>\$ 12,679,758</b>	<b>\$ (3,851,421)</b>	<b>\$ 9,714,743</b>	<b>\$ 952,299</b>	<b>\$ 39,303,520</b>

See Notes to Financial Statements

City of Dickinson  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended December 31, 2014

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Net Change in Fund Balances - Total Governmental Funds		\$ (3,405,691)
<p>The change in net position reported for governmental activities in the statement of activities is different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>		
Current year capital outlay	\$ 38,093,308	
Donated capital assets	1,651,870	
Current year depreciation expense	<u>(4,284,872)</u>	
		35,460,306
<p>The net effect of various sale transactions involving assets is to decrease net position. In the Statement of Activities, only the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of assets increase financial resources.</p>		
		(6,484)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>		
Net decrease in interest payable	8,789	
Net increase in compensated absences	(28,301)	
Net increase in net pension obligation	<u>(62,157)</u>	
		(81,669)
<p>The issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the statement of net position.</p>		
		(1,763,218)
<p>Government funds report the effect of bond premiums when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>		
		47,863
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,309,554
<p>Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes and special assessments receivable.</p>		
		234,481
<p>The net revenue of certain activities of the internal service funds is reported with governmental activities</p>		
		<u>185,151</u>
Change in net position of governmental activities		<u>\$ 31,980,293</u>

City of Dickinson  
Statement of Net Position -- Proprietary Funds  
December 31, 2014

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Other Proprietary Fund	Total	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,061
Investments	-	-	526,677	238,803	765,480	-
Accounts receivable	1,090,188	359,640	486,280	35,796	1,971,904	-
Interfund receivables	6,169,914	-	2,342,284	142,846	8,655,044	-
Inventory	223,195	19,889	-	11,813	254,897	-
<b>Total current assets</b>	<b>7,483,297</b>	<b>379,529</b>	<b>3,355,241</b>	<b>429,258</b>	<b>11,647,325</b>	<b>399,061</b>
<b>Noncurrent assets</b>						
Restricted investments	-	-	556,428	-	556,428	-
Special assessments receivable	1,611	-	-	-	1,611	-
<b>Capital assets not being depreciated</b>						
Land	83,040	574,029	63,092	-	720,161	-
Construction in progress	9,375,640	70,350,403	20,749	65,745	79,812,537	-
<b>Capital assets (net of accumulated depreciation)</b>						
Buildings and improvements	652,339	62,307	740,650	-	1,455,296	-
Improvements other than buildings	8,521,394	4,294,776	1,211,020	54,349	14,081,539	-
Machinery and equipment	172,990	748,792	3,305,662	44,269	4,271,713	-
<b>Total noncurrent assets</b>	<b>18,807,014</b>	<b>76,030,307</b>	<b>5,897,601</b>	<b>164,363</b>	<b>100,899,285</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 26,290,311</b>	<b>\$ 76,409,836</b>	<b>\$ 9,252,842</b>	<b>\$ 593,621</b>	<b>\$ 112,546,610</b>	<b>\$ 399,061</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 300,783	\$ 547,252	\$ 36,436	\$ 5,000	\$ 889,471	\$ 3,050
Accrued payroll	27,997	-	31,657	10,624	70,278	-
Interfund payables	-	13,250,720	-	-	13,250,720	-
Interest payable	-	245,265	-	-	245,265	-
Retainage payable	696,750	865,981	-	-	1,562,731	-
Compensated absences	16,982	16,797	45,535	2,949	82,263	-
Notes payable	-	3,314,000	-	-	3,314,000	-
Capital leases payable	17,877	103,283	489,429	-	610,589	-
Net OPEB obligation	-	-	-	-	-	45,405
<b>Total current liabilities</b>	<b>1,060,389</b>	<b>18,343,298</b>	<b>603,057</b>	<b>18,573</b>	<b>20,025,317</b>	<b>48,455</b>
<b>Noncurrent liabilities</b>						
Compensated absences	18,323	15,034	41,776	1,184	76,317	-
Notes payable	-	45,596,538	-	-	45,596,538	-
Capital leases payable	-	430,032	1,798,362	-	2,228,394	-
Accrued closure and postclosure liability	-	-	556,428	-	556,428	-
<b>Total noncurrent liabilities</b>	<b>18,323</b>	<b>46,041,604</b>	<b>2,396,566</b>	<b>1,184</b>	<b>48,457,677</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 1,078,712</b>	<b>\$ 64,384,902</b>	<b>\$ 2,999,623</b>	<b>\$ 19,757</b>	<b>\$ 68,482,994</b>	<b>\$ 48,455</b>
<b>Net Position</b>						
Net investment in capital assets	\$ 18,090,776	\$ 25,720,473	\$ 3,053,382	\$ 164,363	\$ 47,028,994	\$ -
Unrestricted	7,120,823	(13,695,539)	3,199,837	409,501	(2,965,378)	350,606
<b>Total net position</b>	<b>\$ 25,211,599</b>	<b>\$ 12,024,934</b>	<b>\$ 6,253,219</b>	<b>\$ 573,864</b>	<b>\$ 44,063,616</b>	<b>\$ 350,606</b>

City of Dickinson  
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds  
Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Other Proprietary Fund	Total	
Operating revenues						
Sales	\$ 7,582,282	\$ 2,392,072	\$ 4,812,018	\$ 232,345	\$ 15,018,717	\$ 117,212
Charges for services	2,780	1,345	-	-	4,125	-
Total operating revenues	7,585,062	2,393,417	4,812,018	232,345	15,022,842	117,212
Operating expenses						
Salaries	228,638	531,727	1,142,013	107,478	2,009,856	-
Employment cost	82,576	168,069	414,594	34,385	699,624	(97,038)
Administrative and general	703,000	228,000	458,000	24,000	1,413,000	-
Supplies	117,950	102,492	696,817	22,089	939,348	411,819
Services	210,572	341,176	207,823	35,045	794,616	-
Maintenance	172,236	144,392	439,203	24,697	780,528	-
Water purchase	4,553,083	-	-	-	4,553,083	-
Inventory expense	288,080	9,206	-	-	297,286	-
Miscellaneous	7,342	2,541	3,272	-	13,155	-
Depreciation	613,092	422,226	467,272	36,968	1,539,558	-
Employee distributions	-	-	-	-	-	49,502
Total operating expenses	6,976,569	1,949,829	3,828,994	284,662	13,040,054	364,283
Operating income (loss)	608,493	443,588	983,024	(52,317)	1,982,788	(247,071)
Nonoperating revenues (expenses)						
Interest and investment income	64,169	-	36,612	4,984	105,765	7,210
Interest expense and service charges	(1,462)	(925,516)	(28,050)	-	(955,028)	-
Closure and post closure costs	-	-	(55,529)	-	(55,529)	-
Meter and meter repairs sales	6,260	-	-	-	6,260	-
Intergovernmental revenue	6,652,776	1,046	2,898	375	6,657,095	-
Miscellaneous revenue	421,150	242,983	208,430	55,299	927,862	-
Gain (loss) on disposal of fixed assets	-	-	67,920	(1,807)	66,113	-
Total nonoperating revenues (expenses)	7,142,893	(681,487)	232,281	58,851	6,752,538	7,210
Income (loss) before transfers	7,751,386	(237,899)	1,215,305	6,534	8,735,326	(239,861)
Transfers in	-	-	-	-	-	425,012
Transfers out	(7,235)	(9,168)	(151,880)	(841)	(169,124)	-
Change in net position	7,744,151	(247,067)	1,063,425	5,693	8,566,202	185,151
Net position - January 1	17,467,448	12,272,001	5,189,794	568,171	35,497,414	165,455
Net position - December 31	\$ 25,211,599	\$ 12,024,934	\$ 6,253,219	\$ 573,864	\$ 44,063,616	\$ 350,606

See Notes to Financial Statements

City of Dickinson  
Statement of Cash Flows – Proprietary Funds  
Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Utility Fund	Solid Waste Fund	Other Proprietary Fund	Total	
<b>Cash Flows from Operating Activities</b>						
Cash received from customers and users	\$ 7,061,700	\$ 2,237,552	\$ 4,735,137	\$ 218,780	\$ 14,253,169	\$ 117,212
Cash paid to suppliers	(6,140,867)	(1,554,066)	(2,218,103)	(113,498)	(10,026,534)	(420,561)
Cash paid to employees	(285,288)	(713,861)	(1,566,772)	(132,879)	(2,698,800)	(50,625)
Net cash provided (used) by operating activities	635,545	(30,375)	950,262	(27,597)	1,527,835	(353,974)
<b>Cash Flows from Noncapital Financing Activities</b>						
Intergovernmental revenue	6,652,776	1,046	2,898	375	6,657,095	-
Interfund receivables/payables	(169,914)	6,088,702	(2,342,284)	(142,846)	3,433,658	-
Transfers from other funds	-	-	-	-	-	425,012
Transfers to other funds	(7,235)	(9,168)	(151,880)	(841)	(169,124)	-
Nonoperating revenues	427,410	242,983	276,350	55,299	1,002,042	-
Net cash provided (used) by noncapital financing activities	6,903,037	6,323,563	(2,214,916)	(88,013)	10,923,671	425,012
<b>Cash Flows from Capital and Related Financing Activities</b>						
Principal payments on notes payable	-	(1,666,001)	-	-	(1,666,001)	-
Proceeds from issuance of notes	-	34,169,831	-	-	34,169,831	-
Principal payments on capital leases	(54,253)	(121,890)	(326,938)	-	(503,081)	-
Interest payments	(1,462)	(939,683)	(28,050)	-	(969,195)	-
Purchase of capital assets	(8,038,509)	(37,735,445)	(94,250)	(36,957)	(45,905,161)	-
Net cash used by capital and related financing activities	(8,094,224)	(6,293,188)	(449,238)	(36,957)	(14,873,607)	-
<b>Cash Flows from Investing Activities</b>						
Proceeds from sales and maturities of investments	390,349	-	-	-	390,349	-
Purchase of investments	-	-	(468,999)	(79,926)	(548,925)	-
Interest and investment income	64,169	-	36,612	4,984	105,765	7,210
Net cash provided (used) by investing activities	454,518	-	(432,387)	(74,942)	(52,811)	7,210
<b>Net Change in Cash and Cash Equivalents</b>	(101,124)	-	(2,146,279)	(227,509)	(2,474,912)	78,248
<b>Cash and Cash Equivalents, 1/1/2014</b>	101,124	-	2,146,279	227,509	2,474,912	320,813
<b>Cash and Cash Equivalents, 12/31/2014</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,061

City of Dickinson  
Statement of Cash Flows – Proprietary Funds  
Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Utility Fund	Solid Waste Fund	Other Proprietary Fund		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ 608,493	\$ 443,588	\$ 983,024	\$ (52,317)	\$ 1,982,788	\$ (247,071)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Depreciation expense	613,092	422,226	467,272	36,968	1,539,558	-
<b>Change in Assets and Liabilities</b>						
Receivables	(523,362)	(155,865)	(76,881)	(13,565)	(769,673)	-
Inventories	(51,899)	2,553	-	(11,813)	(61,159)	-
Compensated absences liability	6,695	2,612	5,728	1,090	16,125	-
Accounts payable	(36,705)	(728,812)	(412,988)	4,146	(1,174,359)	(8,742)
Accrued payroll	19,231	(16,677)	(15,893)	7,894	(5,445)	-
Net OPEB obligation	-	-	-	-	-	(98,161)
Net cash provided (used) by operating activities	<u>\$ 635,545</u>	<u>\$ (30,375)</u>	<u>\$ 950,262</u>	<u>\$ (27,597)</u>	<u>\$ 1,527,835</u>	<u>\$ (353,974)</u>
<b>Non-Cash Disclosures</b>						
Purchase of equipment in exchange for capital lease	\$ -	\$ -	\$ 2,179,619	\$ -	\$ 2,179,619	\$ -

See Notes to Financial Statements



City of Dickinson  
Statement of Fiduciary Net Position  
December 31, 2014

	City of Dickinson Pension Plans	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 88,607	\$ 2,306,601
Investments, at fair value		
Corporate bonds	961,453	-
US government bonds	157,806	-
Mortgage backed securities	116	-
Mutual funds	7,650,701	-
Equity dividend focus	3,526,974	-
Money market	256,831	-
Total investments	12,553,881	-
Accounts receivable	-	85,078
Total assets	\$ 12,642,488	\$ 2,391,679
<b>Liabilities</b>		
Due to other parties	\$ -	\$ 2,391,679
<b>Net Position</b>		
Held in trust for pension benefits	12,642,488	-
Total net position	\$ 12,642,488	\$ 2,391,679

City of Dickinson  
Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2014

	<u>City of Dickinson Pension Plans</u>
Additions	
Contributions	
Employer	\$ 1,237,545
Employee	143,300
Total contributions	<u>1,380,845</u>
Investment earnings	
Net increase in fair value of investments	7,250
Interest and dividends	626,902
Total investment earnings	<u>634,152</u>
Total additions	<u>2,014,997</u>
Deductions	
Administration expense	74,722
Benefits	1,139,650
Total deductions	<u>1,214,372</u>
Change in Net Position	800,625
Net Position - January 1	<u>11,841,863</u>
Net Position - December 31	<u>\$ 12,642,488</u>

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

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

**Financial Reporting Entity**

The accompanying financial statements present the activities of the City of Dickinson. The City has considered all potential component units for which the City is financially accountable and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Dickinson to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of Dickinson.

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

**Government-Wide and Fund Financial Statements**

**Government-Wide Statements**

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the City's funds including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

#### **Financial Statement Presentation**

The City reports the following major governmental funds:

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

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

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

Community Center Project Fund – This fund is used to account for the expansion and improvement of the West River Community Center campus.

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

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

2013 Sales Tax Revenue Bond Fund – This fund is used to account for the bond debt service issued and debt service payments made for the City.

The City reports the following major enterprise funds:

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

Wastewater Utility Fund – This fund accounts for the operations of the sewer system for the City of Dickinson.

Solid Waste Utility Fund – This fund accounts for the activities of the solid waste collection and disposal system within the City of Dickinson.

Additionally, the City reports the following fund types:

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

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

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

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Special assessments, intergovernmental revenues, charges for services and investment income are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, and then to general revenues.

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

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

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

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

The investments of the City's governmental and enterprise funds, during the year ended December 31, 2014, consisted of bonds, money market accounts, mutual funds, and mortgage backed securities stated at fair value.

Investments of the pension trust funds consisted of bonds, mutual funds, money market accounts, and mortgage backed securities. The investments of the pension trust funds are stated at fair value at December 31, 2014.

#### **Receivables and Payables**

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

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

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

#### **Restricted Assets**

Certain resources set aside for debt service in the 2013 Sales Tax Revenue Bonds and 2014 Water and Sales Tax Revenue Bonds fund are classified as restricted assets because their use is limited by bond and loan covenants.

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

**Capital Assets**

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

**Compensated Absences**

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

**Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Equity**

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

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

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

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

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

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

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



City of Dickinson  
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December 31, 2014

As of December 31, 2014, the specific purposes of the fund balance classifications consisted of the following:

	General	One Percent Sales Tax	Oil & Gas Production	Community Center Project	Building Construction	Annual Street Project Fund	2013 Sales Tax Revenue Bond	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>									
<b>Nonspendable</b>									
Note receivable	\$ 844,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 844,084
Advances to other funds	3,000,800	-	-	-	-	-	-	-	3,000,800
<b>Total nonspendable</b>	<b>3,844,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,844,884</b>
<b>Restricted for</b>									
Debt, property tax reductions and infrastructure	-	4,641,003	-	-	-	-	-	1,010,435	5,651,438
Urban and economic development	-	2,784,602	-	-	-	-	9,714,743	950,764	13,450,109
Job creation and senior citizen activities	-	1,856,402	-	-	-	-	-	-	1,856,482
Oil impacted operations	-	-	1,572,482	-	-	-	-	-	1,572,482
Downtown districts	-	-	-	-	-	-	-	179,384	179,384
<b>Total restricted</b>	<b>-</b>	<b>9,282,007</b>	<b>1,572,482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,714,743</b>	<b>2,140,583</b>	<b>22,709,815</b>
<b>Committed for</b>									
Visitor promotion	-	-	-	-	-	-	-	581,690	581,690
Wastewater backup reserve	-	-	-	-	-	-	-	17,125	17,125
Debt service	-	-	-	-	-	-	-	413,432	413,432
Hospitality	-	-	-	-	-	-	-	137,811	137,811
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,150,058</b>	<b>1,150,058</b>
<b>Assigned for</b>									
Future fund	4,526,827	-	-	-	-	-	-	-	4,526,827
Cemetery	295,320	-	-	-	-	-	-	-	295,320
Urban forestry	91,610	-	-	-	-	-	-	-	91,610
Asset forfeiture	16,443	-	-	-	-	-	-	-	16,443
Historic preservation	412	-	-	-	-	-	-	-	412
Street projects	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	187,946	187,946
Debt service	-	-	-	-	-	-	-	135,021	135,021
Building construction	-	-	-	-	12,679,758	-	-	-	12,679,758
Elks project	-	-	-	-	-	-	-	10,529	10,529
Prairie outpost pavilion project	-	-	-	-	-	-	-	6,021	6,021
<b>Total assigned</b>	<b>4,930,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,679,758</b>	<b>-</b>	<b>-</b>	<b>339,517</b>	<b>17,949,887</b>
<b>Unassigned</b>	<b>8,403,471</b>	<b>-</b>	<b>-</b>	<b>(8,224,515)</b>	<b>-</b>	<b>(3,851,421)</b>	<b>-</b>	<b>(2,677,859)</b>	<b>(6,350,324)</b>
<b>Total fund balances</b>	<b>\$ 17,178,167</b>	<b>\$ 9,282,007</b>	<b>\$ 1,572,482</b>	<b>\$ (8,224,515)</b>	<b>\$ 12,679,758</b>	<b>\$ (3,851,421)</b>	<b>\$ 9,714,743</b>	<b>\$ 952,299</b>	<b>\$ 29,303,520</b>

**Note 2 - Legal Compliance**

**Expenditures over Appropriations**

At December 31, 2014, the following funds had expenditures that exceeded budgeted appropriations:

General fund	\$ (294,671)
Grant fund	(366,216)
2013 sales tax revenue bond fund	(150,759)
2014 water and sales tax revenue bond fund	(142,503)
Capital leases fund	(647,751)
Storm water fund	(25,419)
Wastewater treatment fund	(67,784)

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

**Deficit Fund Balances**

At December 31, 2014, the following funds had a deficit balance:

Community Center Project	\$(8,224,515)
Annual Street Project	(3,851,421)
Impact Fee Capital Projects	(2,677,859)

The Community Center Project deficit, Annual Street Project deficit, and Impact Fee Capital Project deficit will be eliminated by transfers from other funds as funding sources are decided for the community center building and street, sidewalk, and trail projects.

**Note 3 - Deposits and Investments**

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

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

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

At year end December 31, 2014, the City's carrying amount of deposits was \$16,275,518, the agency fund's carrying amount of deposits were \$2,306,601, the pension plan's carrying amount of deposits was \$88,607 and the bank balance was \$21,588,192. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

**Investments**

As of December 31, 2014 the City's general investments had the following investments and maturities:

	Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
US government bonds	\$ 11,527,267	\$ -	\$ 4,384,607	\$ 2,905,861	\$ 4,236,799
Mortgage backed securities	1,354,633	-	-	-	1,354,633
Mutual funds	125	125	-	-	-
Money market	4,208,964	4,208,964	-	-	-
<b>Totals</b>	<b>\$ 17,090,989</b>	<b>\$ 4,209,089</b>	<b>\$ 4,384,607</b>	<b>\$ 2,905,861</b>	<b>\$ 5,591,432</b>

As of December 31, 2014 the City's general investments had the following credit ratings:

	Market Value	Not Rated	S&P Rating				
			AAA	AA+	AA-	A	A-
US government bonds	\$ 11,527,267	\$ 3,638,731	\$ -	\$ 7,888,536	\$ -	\$ -	\$ -
Mortgage backed securities	1,354,633	-	1,354,633	-	-	-	-
Mutual funds	125	125	-	-	-	-	-
Money market	4,208,964	4,208,964	-	-	-	-	-
<b>Totals</b>	<b>\$ 17,090,989</b>	<b>\$ 7,847,820</b>	<b>\$ 1,354,633</b>	<b>\$ 7,888,536</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As of December 31, 2014 the City's Pension Trust Funds had the following investments and maturities:

	Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Corporate bonds	\$ 961,453	\$ -	\$ 682,053	\$ 279,400	\$ -
US government bonds	157,806	-	157,806	-	-
Mortgage backed securities	116	-	-	116	-
Mutual funds	7,650,701	7,650,701	-	-	-
Equity dividend focus	3,526,974	3,526,974	-	-	-
Money market	256,831	256,831	-	-	-
<b>Totals</b>	<b>\$ 12,553,881</b>	<b>\$ 11,434,506</b>	<b>\$ 839,859</b>	<b>\$ 279,516</b>	<b>\$ -</b>

As of December 31, 2014 the City's Pension Trust Funds had the following credit ratings:

	Market Value	Not Rated	S&P Rating					BBB
			AAA	AA+	AA-	A	A-	
Corporate bonds	\$ 961,453	\$ -	\$ -	\$ 279,400	\$ 256,035	\$ 250,299	\$ 175,719	\$ -
US government bonds	157,806	157,806	-	-	-	-	-	-
Mortgage backed securities	116	-	116	-	-	-	-	-
Mutual funds	7,650,701	7,650,701	-	-	-	-	-	-
Equity dividend focus	3,526,974	3,526,974	-	-	-	-	-	-
Money market	256,831	256,831	-	-	-	-	-	-
<b>Totals</b>	<b>\$12,553,881</b>	<b>\$11,592,312</b>	<b>\$ 116</b>	<b>\$ 279,400</b>	<b>\$ 256,035</b>	<b>\$ 250,299</b>	<b>\$ 175,719</b>	<b>\$ -</b>

**Interest Rate Risk**

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

**Credit Risk**

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

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- d) Obligations of the state.

Funds invested by the City at December 31, 2014 were in investments authorized by the North Dakota Statutes as identified above.

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

**Note 4 - Accounts Receivable**

Accounts receivable consists of amounts on open account from individuals for goods and services furnished by the City. An allowance has been established for all uncollectible accounts. As of December 31, 2014 all accounts are considered collectible.

**Note 5 - Taxes Receivable**

The taxes receivable represents the past three years of delinquent uncollected taxes. An allowance has been established for all uncollectible accounts. As of December 31, 2014 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. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments; the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

**Note 6 - Special Assessments Receivable**

Special assessments receivable consists of uncollected special assessments due to the City at December 31 and uncertified special assessments, which represents a long-term receivable in the government-wide financial statements. An allowance has been established for all uncollectible accounts. As of December 31, 2014 all accounts are considered collectible.

**Note 7 - Intergovernmental Receivable**

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

**Note 8 - Note Receivable**

The City provided the Dickinson Municipal Airport Authority a loan for capital improvements at the Airport Authority. The City agreed to loan up to a maximum of \$1,100,000 during the construction phases with no principal or interest due until the Airport Authority has drawn the full loan amount. Interest accrues at 4% and principal and interest payments are due in monthly installments for five years. The Airport Authority has drawn the full \$1,100,000 on the note as of December 31, 2014 and the outstanding balance of the note at December 31, 2014 was \$844,084.

**Note 9 - Interfund Receivable/Payable**

Interfund receivable/payable at December 31, 2014 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Center Project Fund	\$ 8,223,657
General Fund	Oil & Gas Production Fund	854,012
General Fund	Annual Street Project Fund	3,682,256
Other Governmental Funds	Other Governmental Funds	9,556
One Percent Sales Tax Fund	Wastewater Utility Fund	4,595,676
Solid Waste Utility Fund	Wastewater Utility Fund	2,342,284
Other Proprietary Fund	Wastewater Utility Fund	142,846
Water Distribution Utility Fund	Wastewater Utility Fund	6,169,914
Total		<u>\$26,020,201</u>

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

**Note 10 - Advances to/from Other Funds**

Advances to/from other funds at December 31, 2014 consist of the following:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
General Fund	Impact Fee Capital Projects	\$ 3,000,000
Total		<u>\$ 3,000,000</u>

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

**Note 11 - Inventory**

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

**Note 12 - Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2014:

	Balance January 1 (restated - Note 24)	Increases	Decreases	Balance December 31
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,209,832	\$ -	\$ -	\$ 1,209,832
Construction in progress	21,972,055	20,423,829	(8,759,532)	33,636,352
Total capital assets, not being depreciated	<u>23,181,887</u>	<u>20,423,829</u>	<u>(8,759,532)</u>	<u>34,846,184</u>
Capital assets, being depreciated				
Buildings and improvements	24,600,808	23,352,759	-	47,953,567
Improvements other than buildings	63,072,315	2,786,062	-	65,858,377
Machinery and equipment	8,806,150	1,942,060	(69,822)	10,678,388
Total capital assets, being depreciated	<u>96,479,273</u>	<u>28,080,881</u>	<u>(69,822)</u>	<u>124,490,332</u>
Less accumulated depreciation for				
Buildings and improvements	9,197,373	790,623	-	9,987,996
Improvements other than buildings	34,452,962	2,814,236	-	37,267,198
Machinery and equipment	5,532,765	680,013	(63,338)	6,149,440
Total accumulated depreciation	<u>49,183,100</u>	<u>4,284,872</u>	<u>(63,338)</u>	<u>53,404,634</u>
Total capital assets being depreciated, net	<u>47,296,173</u>	<u>23,796,009</u>	<u>(6,484)</u>	<u>71,085,698</u>
Governmental activities - capital assets, net	<u>\$ 70,478,060</u>	<u>\$ 44,219,838</u>	<u>\$ (8,766,016)</u>	<u>\$ 105,931,882</u>

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

**Governmental Activities**

General government	\$ 47,274
Public safety	252,159
Public works	3,329,779
Culture and recreation	645,966
Other	9,694
	<u>4,284,872</u>
Total depreciation expense - governmental activities	<u>\$ 4,284,872</u>

City of Dickinson  
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	Balance January 1	Increases	Decreases	Balance December 31
<b>Business-type activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 720,161	\$ -	\$ -	\$ 720,161
Construction in progress	34,122,952	46,915,434	(1,225,849)	79,812,537
Total capital assets, not being depreciated	<u>34,843,113</u>	<u>46,915,434</u>	<u>(1,225,849)</u>	<u>80,532,698</u>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	6,767,147	-	-	6,767,147
Improvements other than buildings	24,738,967	1,464,069	-	26,203,036
Machinery and equipment	7,861,945	2,493,693	(435,824)	9,919,814
Total capital assets, being depreciated	<u>39,368,059</u>	<u>3,957,762</u>	<u>(435,824)</u>	<u>42,889,997</u>
<b>Less accumulated depreciation for</b>				
Buildings and improvements	5,171,716	140,135	-	5,311,851
Improvements other than buildings	11,223,097	898,400	-	12,121,497
Machinery and equipment	5,581,259	501,023	(434,181)	5,648,101
Total accumulated depreciation	<u>21,976,072</u>	<u>1,539,558</u>	<u>(434,181)</u>	<u>23,081,449</u>
Total enterprise capital assets being depreciated, net	<u>17,391,987</u>	<u>2,418,204</u>	<u>(1,643)</u>	<u>19,808,548</u>
Business-type activities - capital assets, net	<u>\$ 52,235,100</u>	<u>\$ 49,333,638</u>	<u>\$ (1,227,492)</u>	<u>\$ 100,341,246</u>

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

**Business-type Activities**

Water distribution utility fund	\$ 613,092
Wastewater utility fund	422,226
Solid waste utility fund	467,272
Storm water utility fund	36,968
	<u>\$ 1,539,558</u>



**Note 13 - Capital Leases**

The assets acquired through capital leases are as follows:

**Governmental Activities**

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Sno Go MP-3D 9672	\$ 131,131	\$ 65,019	\$ 66,112
2011 Cat 950H Wheel Ldr OJ5J01625	161,682	61,304	100,378
2011 Elgin Pelican Np21960 03699	162,719	61,698	101,021
Cat Motor Grader	227,847	81,883	145,964
Motor Grader	189,847	68,226	121,621
Wheel Load Skidsteer	169,000	47,179	121,821
2014 S175 Aerial Ladder Fire Truck	669,951	47,427	622,524
<b>Total</b>	<b>\$ 1,712,177</b>	<b>\$ 432,736</b>	<b>\$ 1,279,441</b>

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

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Sewer Relining Project	\$ 1,115,563	\$ 112,486	\$ 1,003,077
H911 Traversing Trencher	165,895	76,726	89,169
2012 Bomag Roller Compactor	568,500	108,963	459,537
Landfill Dozer-D6TXWWHA	381,819	35,000	346,819
Peterbilt Side Loader 2015 286227	225,158	1,340	223,818
Peterbilt Side Loader 2015 286228	245,358	1,460	243,898
Peterbilt Side Loader 2015 286229	238,258	1,418	236,840
Caterpillar Twin Engine Scraper	578,910	41,006	537,904
Roll Off Truck 5KMAXDV2EPGA1273	168,400	13,332	155,068
Front Load Truck	213,887	11,586	202,301
Rear Load Truck	127,829	12,250	115,579
<b>Total</b>	<b>\$ 4,029,577</b>	<b>\$ 415,567</b>	<b>\$ 3,614,010</b>

Future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2014 were as follows:

<u>Year Ending December 31</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
2015	\$ 273,414	\$ 667,648
2016	217,695	667,243
2017	176,711	667,243
2018	163,310	667,243
2019	121,707	324,438
Thereafter	<u>127,575</u>	<u>-</u>
Total minimum lease payments	1,080,412	2,993,815
Less: amount representing interest	<u>(53,128)</u>	<u>(154,832)</u>
Present value of minimum lease payments	<u>\$ 1,027,284</u>	<u>\$ 2,838,983</u>

**Note 14 - Long-Term Obligations**

During the year ended December 31, 2014, the following changes occurred in long-term liabilities of the City:

**Governmental Activities**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Compensated absences	\$ 669,504	\$ 699,062	\$ 670,761	\$ 697,805	\$ 285,578
Revenue bonds payable	16,905,000	1,093,267	1,050,000	16,948,267	1,085,000
Bond premium	363,040	-	47,863	315,177	26,265
Capital leases payable	616,887	669,951	259,554	1,027,284	254,650
Net pension obligation	<u>494,103</u>	<u>454,390</u>	<u>392,233</u>	<u>556,260</u>	<u>-</u>
Total governmental debt	<u>\$19,048,534</u>	<u>\$ 2,916,670</u>	<u>\$ 2,420,411</u>	<u>\$19,544,793</u>	<u>\$ 1,651,493</u>

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

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Compensated absences	\$ 142,455	\$ 168,964	\$ 152,839	\$ 158,580	\$ 82,263
Notes payable	16,445,492	34,169,831	1,704,785	48,910,538	3,314,000
Capital leases payable	1,123,660	2,179,619	464,296	2,838,983	610,589
<b>Total enterprise fund debt</b>	<b>\$ 17,711,607</b>	<b>\$ 36,518,414</b>	<b>\$ 2,321,920</b>	<b>\$ 51,908,101</b>	<b>\$ 4,006,852</b>

Outstanding debt at December 31, 2014 (excluding compensated absences and capital leases) consisted of the following issues.

**Governmental Activities**

\$16,905,000 Sales Tax Revenue Bonds, Series 2013; due in annual installments of \$1,379,308 to \$3,321,000 through October 1, 2025; interest at 3% to 5% paid semi-annually.	\$ 15,855,000
\$15,000,000 Water and Sales Tax Revenue Bonds, Series 2014; \$1,093,267 advanced on bonds at December 31, 2014 with \$13,906,733 available to be drawn; due in annual installments of \$1,894,527 through June 1, 2024; interest at 2.77% paid semi-annually.	<u>1,093,267</u>
	<u>\$ 16,948,267</u>

Revenue bonds are issued to finance capital improvement projects in which revenue from operations of such improvement projects or revenue pledged from a designated revenue stream is used to pay the debt service. The City has committed thirty percent of its one percent sales and use tax and seventy-five percent of its one percent lodging and restaurant tax to pay the annual principal and interest requirements on the 2013 sales tax revenue bonds. Proceeds from the bonds provided financing for the expansion and improvement of the West River Community Center campus. The bonds are payable through 2025. The total principal and interest remaining to be paid on the bonds is \$20,506,339. Principal payments of \$1,050,000 and interest payments of \$660,445 were made in the current year. The sales and use tax revenues in the current year were \$8,529,419 and the lodging and restaurant tax revenues were \$1,217,854.

The City has committed one-half of the one and one-half percent sales and use tax revenues raised and collected to pay the annual principal and interest requirements on the 2014 water and sales tax revenue bonds. Proceeds from the bonds provided financing for City infrastructure projects. The bonds are payable through 2024. The City can issue up to \$15,000,000 in bonds, but only \$1,093,267 was advanced at December 31, 2014. Interest payments of \$14,453 were made during the year. No principal was paid in the current year. The sales tax and use tax revenues in the current year were \$4,264,710.

**Business-type Activities**

\$835,958 State Revolving Fund Loan; due in annual installments of \$39,958 to \$44,000 through September 1, 2029; interest at .5% paid semi-annually.	\$ 408,354
\$40,500,000 State Revolving Fund Loan; \$30,925,160 drawn on loan at December 31, 2014 with \$9,574,840 available to be drawn; due in annual installments of \$2,000,000 to \$2,592,840 through September 1, 2033; interest at 2% paid semi-annually.	30,925,160
\$42,108,000 State Revolving Fund Loan; \$17,577,024 drawn on loan at December 31, 2014 with \$24,530,976 available to be drawn; due in annual installments of \$2,269,080 to \$2,672,400 through September 1, 2034; interest at 2% paid semi-annually.	<u>17,577,024</u>
	<u>\$ 48,910,538</u>

Debt service requirements on long-term debt at December 31, 2014 are as follows:

<u>Governmental Activities</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending December 31		
2015	\$ 1,085,000	\$ 850,122
2016	2,208,267	624,848
2017	1,150,000	561,115
2018	1,185,000	526,615
2019	1,230,000	479,215
2020-2024	6,850,000	1,700,715
2025	3,240,000	162,000
	<u>\$ 16,948,267</u>	<u>\$ 4,904,630</u>

<u>Business-Type Activities</u>	Notes Payable	
	Principal	Interest
Year Ending December 31		
2015	\$ 3,314,000	\$ 948,055
2016	3,396,000	889,550
2017	3,476,000	795,546
2018	3,567,000	733,240
2019	3,662,000	669,330
2020-2024	17,341,354	2,331,900
2025-2029	14,154,184	669,312
	<u>\$ 48,910,538</u>	<u>\$ 7,036,933</u>

**Note 15 - Restricted Net Position**

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

<u>Purpose</u>	<u>Amount</u>
Debt, property tax reductions and infrastructure	\$ 5,651,438
Urban and economic development	13,450,109
Job creation and senior citizen activities	1,856,402
Downtown districts	179,384
Oil impacted operations	1,572,482
	<u>\$ 22,709,815</u>

**Note 16 - Risk Management**

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

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City of Dickinson pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of one million dollars per occurrence for general liability and auto insurance and to \$6,300,569 for inland marine insurance.

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

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

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

**Note 17 - Postemployment Benefits**

The City of Dickinson follows Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City of Dickinson engaged an actuary to determine the City's liability for post-employment benefits other than pensions. The actuary determined the obligation the City has to record as of December 31, 2014 is the difference between the Annual Required Contribution (ARC), defined as the normal cost plus an amortization for prior years unfunded liability, and the amount paid during the year. The City does not issue a separate financial report for the postemployment benefits.

**Plan Description**

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

Membership of the Other Post Retirement Benefit plan consisted of the following at January 1, 2013, the date of the latest actuarial valuation:

	City Employee	Police	Total
Retired participants	4	6	10
Active participants	76	44	120
Total	80	50	130

**Contributions Required and Made**

The funding policy of the plan through December 31, 2014 is a pay-as-you-go plan, contributing annually the amount necessary to pay benefits of retirees. Below are the actuarial methods and assumptions which were used in the actuary report and study conducted by Gallagher Benefit Services, Inc.:

Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Discount Rate	6.5%

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

<u>Fiscal Year</u>	<u>Trend Rates</u>
2015	0.00%
2016	18.00%
2017	0.00%
2018	17.00%
2019	0.00%
2020 +	0.00% - 16.00%

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

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

Annual required contributions	\$ 92,900
Interest on OPEB obligation	9,332
Adjustment to annual required contributions	<u>(8,158)</u>
Annual OPEB costs	94,074
Contributions made	<u>(192,235)</u>
Decrease in net OPEB obligation	(98,161)
Net OPEB obligations, beginning of year	<u>143,566</u>
Net OPEB obligations, end of year	<u>\$ 45,405</u>

**Funded Status and Funding Progress** – As of January 1, 2014, in the most recent actuarial valuation, the plan was 28% funded. The actuarial accrued liability for benefits projected as of January 1, 2014 was \$1,057,041 and the actuarial value of assets was \$291,085 resulting in an unfunded actuarial accrued liability (UAAL) of \$765,956.

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

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

**Note 18 - Joint Venture**

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

The following information as of and for the year ended December 31, 2014 is as follows:

Assets	\$ 103,309
Liabilities	93,686
Equity	\$ 9,623
Total revenues	\$ 514,944
Total expenses	536,084
Net change in equity	\$ (21,140)

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



**Note 19 - Pension Plans**

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

For the year ended December 31, 2014, the City implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*, which establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. As a result of implementing this statement the City provided enhanced note disclosures on the defined benefit pension plans. The actuarial valuations were done for the year ended December 31, 2014 and applied retroactively in order to provide relevant historical information.

**Summary of Significant Accounting Policies**

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

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

**Plan Descriptions and Contribution Information**

Membership of each plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

	City Employee	Police	Volunteer Firemen
Retirees and beneficiaries receiving benefits	30	12	8
Terminated plan members entitled to but not yet receiving benefits	11	6	3
Active plan members	28	19	27
<b>Total</b>	<b>69</b>	<b>37</b>	<b>38</b>
Number of participating employers	2	1	1

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

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

Contributions – City employee and police plan participants are required to contribute 5% of the employee’s monthly salary to the plan. The City is required to contribute the remaining amounts necessary to fund the plans on a sound actuarial basis. Administrative costs are financed through investment earnings. For the volunteer firemen’s plan, there are no required contributions as annual investment income is adequate to pay the annual pension cost. The net pension obligation as of December 31, 2014 for the police pension plan and volunteer firemen’s plan is \$523,739 and \$32,521, respectively.

**Schedule of Funding Progress**

Actuarial Valuation Date Dec 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (b)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>City employee</b>						
2012	5,058,444	13,992,181	8,933,737	36%	1,890,812	472%
2013	6,008,097	15,084,110	9,076,013	40%	1,957,159	464%
2014	6,668,414	15,484,616	8,816,202	43%	1,705,654	517%
<b>Police</b>						
2012	4,314,041	7,548,314	3,234,273	57%	1,256,476	257%
2013	4,942,296	8,442,942	3,500,646	59%	1,443,394	243%
2014	5,352,908	8,805,132	3,452,224	61%	1,280,884	270%
<b>Volunteer firemen</b>						
2012	204,373	344,173	139,800	59%	-	0%
2013	254,552	367,572	113,020	69%	-	0%
2014	284,620	376,696	92,076	76%	-	0%

City of Dickinson  
Notes to Financial Statements  
December 31, 2014

	City Employee	Police	Volunteer Firemen
Valuation date	January 1, 2015	January 1, 2015	January 1, 2015
Actuarial cost method	Level \$ closed 30 year period	Level \$ closed 30 year period	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period	Level \$ open 30 year period	Level \$ open 30 year period
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothing of gains and losses	Smoothing of gains and losses	Smoothing of gains and losses
<b>Actuarial Assumptions</b>			
Investment rate of return	6.5%	6.5%	7.0%
Projected salary increases	4%	4%	NA
Assumed inflation rate	4%	4%	4%
Post retirement cost of living adjustment	None	None	None
Mortality	1994 Group Annuity	1994 Group Annuity	1994 Group Annuity

The actuary does not determine the pension contribution rates; rather it is done by employer recommendations within the limits established by state statute. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources. Based on an actuarial valuation, contributions are providing for a closed amortization period of 30 years (29 years remaining as of January 1, 2015) respectively on the unfunded liability at January 1, 2015.

**Schedule of Contributions**

**City Employee**

	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 854,400	\$ 843,321	\$ 835,813	\$ 833,356	\$ 877,453	\$ 953,352
Contributions in relation to the actuarially determined contribution	823,620	862,694	851,379	711,945	560,962	343,412
Contribution deficiency (excess)	\$ 30,780	\$ (19,373)	\$ (15,566)	\$ 121,411	\$ 316,491	\$ 609,840
Covered-employee Payroll	1,705,654	1,957,159	1,890,812	1,977,526	2,091,475	2,271,761
Contributions as a percentage of covered-employee payroll	48.29%	44.08%	45.03%	36.00%	26.82%	15.12%

**Volunteer Firemen**

	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 26,730	\$ 26,562	\$ 31,367	\$ 30,464	\$ 31,984	\$ 36,303
Contributions in relation to the actuarially determined contribution	27,447	33,362	31,919	33,103	12,162	8,342
Contribution deficiency (excess)	\$ (717)	\$ (6,800)	\$ (552)	\$ (2,639)	\$ 19,822	\$ 27,961
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

**Police**

	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 430,831	\$ 386,961	\$ 376,144	\$ 338,831	\$ 331,034	\$ 471,021
Contributions in relation to the actuarially determined contribution	364,786	425,382	351,336	341,793	179,088	130,190
Contribution deficiency (excess)	\$ 66,045	\$ (38,421)	\$ 24,808	\$ (2,962)	\$ 151,946	\$ 340,831
Covered-employee Payroll	1,280,884	1,443,394	1,256,476	1,181,697	1,214,682	1,387,125
Contributions as a percentage of covered-employee payroll	28.48%	29.47%	27.96%	28.92%	14.74%	9.39%

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

The Board has partnered with American Trust Center for investment services.

The Board adopted a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2014 for the following plans:

City Employee Pension Plan

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

Volunteer Firemen Pension Plan

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

Police Pension Plan

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

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

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

City Employee Pension Plan

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

Volunteer Firemen Pension Plan

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

Police Pension Plan

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

In compliance with GASB No. 67, Financial Reporting for Pension Plans, presented below are the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Plan Fiduciary Net Position, Schedule of Investment Returns and Sensitivity of the Net Pension Liability to changes in the Discount Rate.

**City Employee Pension Plan**

Schedule of Changes in Net Pension Liability	2014	2013	2012	2011	2010	2009
Service Cost	\$ 239,558	\$ 248,760	\$ 286,488	\$ 322,566	\$ 311,109	\$ 398,080
Interest	972,699	900,393	850,030	797,887	835,051	879,059
Changes of benefit terms	-	-	-	-	(299,052)	-
Differences between expected and actual experience	(93,627)	632,141	218,204	200,735	385,910	(110,843)
Changes of assumptions	-	-	-	-	(17,353)	2,132,758
Benefit payments, including refunds of member contributions	(718,124)	(601,257)	(483,101)	(482,723)	(3,115,022)	(1,056,831)
Net change in total pension liability	400,506	1,180,037	871,621	838,465	(1,899,357)	2,242,223
Total Pension Liability--Beginning	15,084,110	13,904,073	13,032,452	12,193,987	14,093,344	11,851,121
Total Pension Liability--Ending (a)	\$ 15,484,616	\$ 15,084,110	\$ 13,904,073	\$ 13,032,452	\$ 12,193,987	\$ 14,093,344

Schedule of Net Pension Liability	2014	2013	2012	2011	2010	2009
Total Pension Liability	\$ 15,484,616	\$ 15,084,110	\$ 13,904,073	\$ 13,032,452	\$ 12,193,987	\$ 14,093,344
Plan fiduciary net position	6,844,949	6,350,031	5,274,620	4,404,247	4,025,123	6,017,971
Net pension liability (asset)	\$ 8,639,667	\$ 8,734,079	\$ 8,629,453	\$ 8,628,205	\$ 8,168,864	\$ 8,075,373
Plan fiduciary net position as a percentage of the total pension liability	44.20%	42.10%	37.94%	33.79%	33.01%	42.70%
Covered-employee Payroll	1,705,654	1,957,159	1,890,812	1,977,526	2,091,475	2,271,761
Net pension liability (asset) as a percentage of covered-employee payroll	506.53%	446.26%	456.39%	436.31%	390.58%	355.47%

Schedule of Investment Returns	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of investment expenses	5.2%	13.9%	9.7%	0.2%	10.5%	23.8%

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$16,755,367	\$15,484,616	\$14,378,255
Plan Fiduciary Net Position	6,844,949	6,844,949	6,844,949
Net Pension Liability	\$ 9,910,418	\$ 8,639,667	\$ 7,533,306

### Volunteer Firemen Pension Plan

#### Annual Pension Cost Components

	2014	2013	2012	2011	2010	2009	2008
Annual Required Contribution (ARC)	\$ 26,730	\$ 26,562	\$ 31,367	\$ 30,464	\$ 31,984	\$ 36,303	\$ 8,342
Interest on Net Pension Obligation (asset)	2,345	2,841	2,898	3,099	1,743	(228)	-
Adjustment to Annual Required Contribution*	(2,612)	(3,126)	(3,151)	(3,334)	(2,197)	418	-
Annual Pension Cost	<u>26,463</u>	<u>26,277</u>	<u>31,114</u>	<u>30,229</u>	<u>31,530</u>	<u>36,493</u>	<u>8,342</u>
Contributions Made	27,447	33,362	31,919	33,103	12,162	8,342	11,592
Increase (decrease) in Net Pension Obligation (asset)	(984)	(7,085)	(805)	(2,874)	19,368	28,151	(3,250)
Net Pension Obligation (asset) beginning of year	33,505	40,590	41,395	44,269	24,901	(3,250)	-
Net Pension Obligation (asset) end of year	<u>\$ 32,521</u>	<u>\$ 33,505</u>	<u>\$ 40,590</u>	<u>\$ 41,395</u>	<u>\$ 44,269</u>	<u>\$ 24,901</u>	<u>\$ (3,250)</u>

\* Beginning of Year Net Pension Obligation amortized over:  
2008 and 2009: average working lifetime of the active participants  
2010: 20 year closed period, level dollar, beginning January 1, 2010  
2011: 30 year closed period, level dollar, beginning January 1, 2011

#### Schedule of Net Position Liability

	2014	2013	2012	2011	2010	2009
Total Pension Liability	\$ 376,696	\$ 367,572	\$ 344,173	\$ 370,040	\$ 373,489	\$ 379,861
Plan fiduciary net position	<u>288,225</u>	<u>263,976</u>	<u>209,867</u>	<u>214,136</u>	<u>223,321</u>	<u>215,652</u>
Net pension liability (asset)	<u>\$ 88,471</u>	<u>\$ 103,596</u>	<u>\$ 134,306</u>	<u>\$ 155,904</u>	<u>\$ 150,168</u>	<u>\$ 164,209</u>
Plan fiduciary net position as a percentage of the total pension liability	76.51%	71.82%	60.98%	57.87%	59.79%	56.77%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

#### Schedule of Changes in Net Pension Liability

	2014	2013	2012	2011	2010	2009
Service Cost	\$ 14,918	\$ 13,797	\$ 16,218	\$ 16,274	\$ 16,237	\$ 15,263
Interest	26,248	24,839	25,130	26,010	26,750	25,057
Differences between expected and actual experience	(17,014)	(8,990)	(12,687)	(9,353)	(21,449)	10,237
Changes of assumptions	-	-	-	-	-	(10,044)
Benefit payments, including refunds of member contributions	(15,028)	(6,247)	(54,528)	(36,380)	(27,910)	(6,697)
Net change in total pension liability	<u>9,124</u>	<u>23,399</u>	<u>(25,867)</u>	<u>(3,449)</u>	<u>(6,372)</u>	<u>33,816</u>
Total Pension Liability--Beginning	367,572	344,173	370,040	373,489	379,861	346,045
Total Pension Liability--Ending (a)	<u>\$ 376,696</u>	<u>\$ 367,572</u>	<u>\$ 344,173</u>	<u>\$ 370,040</u>	<u>\$ 373,489</u>	<u>\$ 379,861</u>

#### Plan Fiduciary Net Position

	2014	2013	2012	2011	2010	2009
Contributions--employer	\$ 27,447	\$ 33,362	\$ 31,919	\$ 33,103	\$ 12,162	\$ 8,342
Net investment income	14,756	29,066	20,037	(2,652)	25,974	46,907
Benefit payments, including refunds of member contributions	(15,028)	(6,247)	(54,528)	(36,380)	(27,910)	(6,697)
Administrative expense	(2,926)	(2,072)	(1,697)	(3,256)	(2,557)	(4,895)
Net change in plan fiduciary net position	<u>24,249</u>	<u>54,109</u>	<u>(4,269)</u>	<u>(9,185)</u>	<u>7,669</u>	<u>43,657</u>
Plan fiduciary net position--beginning	263,976	209,867	214,136	223,321	215,652	171,995
Plan fiduciary net position--ending (b)	<u>\$ 288,225</u>	<u>\$ 263,976</u>	<u>\$ 209,867</u>	<u>\$ 214,136</u>	<u>\$ 223,321</u>	<u>\$ 215,652</u>
Net Pension Liability (asset)--ending (a) - (b)	<u>\$ 88,471</u>	<u>\$ 103,596</u>	<u>\$ 134,306</u>	<u>\$ 155,904</u>	<u>\$ 150,168</u>	<u>\$ 164,209</u>

#### Schedule of Investment Returns

	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of investment expenses	5.5%	13.1%	10.2%	-1.4%	12.6%	27.5%

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total Pension Liability	\$ 411,905	\$ 376,696	\$ 346,547
Plan Fiduciary Net Position	288,225	288,225	288,225
<b>Net Pension Liability</b>	<b>\$ 123,680</b>	<b>\$ 88,471</b>	<b>\$ 58,322</b>

**Police Pension Plan**

**Annual Pension Cost Components**

	2014	2013	2012	2011	2010	2009	2008
Annual Required Contribution (ARC)	\$ 430,831	\$ 386,961	\$ 376,144	\$ 338,831	\$ 331,034	\$ 471,021	\$ 130,186
Interest on Net Pension Obligation (asset)	34,545	37,629	35,931	36,290	25,305	(264)	-
Adjustment to Annual Required Contribution*	(37,449)	(40,326)	(38,103)	(38,111)	(30,787)	355	-
Annual Pension Cost	427,927	384,264	373,972	337,010	325,552	471,112	130,186
Contributions Made	364,786	425,382	351,336	341,793	179,088	130,190	133,709
Increase (decrease) in Net Pension Obligation (asset)	63,141	(41,118)	22,636	(4,783)	146,464	340,922	(3,523)
Net Pension Obligation (asset) beginning of year	460,598	501,716	479,080	483,863	337,399	(3,523)	-
<b>Net Pension Obligation (asset) end of year</b>	<b>\$ 523,739</b>	<b>\$ 460,598</b>	<b>\$ 501,716</b>	<b>\$ 479,080</b>	<b>\$ 483,863</b>	<b>\$ 337,399</b>	<b>\$ (3,523)</b>

\* Beginning of Year Net Pension Obligation amortized over:  
2008 and 2009: average working lifetime of the active participants  
2010: 20 year closed period, level dollar, beginning January 1, 2010  
2011: 30 year closed period, level dollar, beginning January 1, 2011

**Schedule of Net Position Liability**

	2014	2013	2012	2011	2010	2009
Total Pension Liability	\$ 8,794,960	\$ 8,432,714	\$ 7,539,304	\$ 6,947,570	\$ 6,382,140	\$ 6,983,560
Plan fiduciary net position	5,520,718	5,239,311	4,474,258	3,980,953	3,867,676	4,384,958
<b>Net pension liability (asset)</b>	<b>\$ 3,274,242</b>	<b>\$ 3,193,403</b>	<b>\$ 3,065,046</b>	<b>\$ 2,966,617</b>	<b>\$ 2,514,464</b>	<b>\$ 2,598,602</b>
Plan fiduciary net position as a percentage of the total pension liability	62.77%	62.13%	59.35%	57.30%	60.60%	62.79%
Covered-employee Payroll	1,280,884	1,443,394	1,256,476	1,181,697	1,214,682	1,387,125
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>255.62%</b>	<b>221.24%</b>	<b>243.94%</b>	<b>251.05%</b>	<b>207.01%</b>	<b>187.34%</b>



City of Dickinson  
Notes to Financial Statements  
December 31, 2014

Schedule of Changes in Net Pension Liability	2014	2013	2012	2011	2010	2009
Service Cost	\$ 210,610	\$ 184,533	\$ 203,696	\$ 199,425	\$ 193,348	\$ 247,966
Interest	548,605	490,889	455,694	418,313	429,560	482,006
Changes of benefit terms	-	-	-	-	(140,032)	-
Differences between expected and actual experience	9,528	561,396	213,512	239,651	55,802	147,425
Changes of assumptions	-	-	-	-	(3,525)	197,645
Benefit payments, including refunds of member contributions	(406,497)	(343,408)	(281,168)	(291,959)	(1,136,573)	(540,517)
Net change in total pension liability	362,246	893,410	591,734	565,430	(601,420)	534,525
Total Pension Liability--Beginning	8,432,714	7,539,304	6,947,570	6,382,140	6,983,560	6,449,035
Total Pension Liability--Ending (a)	<u>\$ 8,794,960</u>	<u>\$ 8,432,714</u>	<u>\$ 7,539,304</u>	<u>\$ 6,947,570</u>	<u>\$ 6,382,140</u>	<u>\$ 6,983,560</u>
<b>Plan Fiduciary Net Position</b>						
Contributions--employer	\$ 364,786	\$ 425,382	\$ 351,336	\$ 341,793	\$ 179,088	\$ 130,190
Contributions--member	71,151	71,008	67,696	66,838	66,582	78,771
Net investment income	284,155	642,113	382,406	22,290	401,676	905,944
Benefit payments, including refunds of member contributions	(406,497)	(343,408)	(281,168)	(291,959)	(1,136,573)	(540,517)
Administrative expense	(32,188)	(30,042)	(26,965)	(25,685)	(28,055)	(23,912)
Net change in plan fiduciary net position	281,407	765,053	493,305	113,277	(517,282)	550,476
Plan fiduciary net position--beginning	5,239,311	4,474,258	3,980,953	3,867,676	4,384,958	3,834,482
Plan fiduciary net position--ending (b)	<u>\$ 5,520,718</u>	<u>\$ 5,239,311</u>	<u>\$ 4,474,258</u>	<u>\$ 3,980,953</u>	<u>\$ 3,867,676</u>	<u>\$ 4,384,958</u>
Net Pension Liability (asset)--ending (a) - (b)	<u>\$ 3,274,242</u>	<u>\$ 3,193,403</u>	<u>\$ 3,065,046</u>	<u>\$ 2,966,617</u>	<u>\$ 2,514,464</u>	<u>\$ 2,598,602</u>
<b>Schedule of Investment Returns</b>						
Annual money-weighted rate of return, net of investment expenses	5.4%	14.2%	9.8%	0.5%	10.5%	24.1%

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 9,690,537	\$ 8,794,960	\$ 8,045,250
Plan Fiduciary Net Position	5,520,718	5,520,718	5,520,718
Net Pension Liability	<u>\$ 4,169,819</u>	<u>\$ 3,274,242</u>	<u>\$ 2,524,532</u>

**Note 20 - Closure and Postclosure Care Costs**

State and federal laws and regulations require that the City of Dickinson place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimate liability for landfill closure and postclosure care costs has a balance of \$556,428 at December 31, 2014, which is based on 22% usage (filled) of the landfill. It is estimated that an additional \$2,189,287 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$2,745,715 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, 2014. However, the actual cost of closure and postclosure care may be higher due to inflation, changes to technology, or changes in landfill laws and regulations.

**Note 21 - Transfers**

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2014:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 2,495,612	\$ 323,524
One Percent Sales Tax	-	9,136,000
Oil & Gas Production Fund	-	25,418,000
Building Construction	27,737,125	-
Annual Street Project Fund	2,350,000	-
2013 Sales Tax Revenue Bond Fund	7,572,000	-
Other Governmental Funds	100,977	5,634,078
Water Distribution Utility	-	7,235
Wastewater Utility	-	9,168
Solid Waste Utility	-	151,880
Other Proprietary Fund	-	841
Internal Service Fund	425,012	-
	<u>\$ 40,680,726</u>	<u>\$ 40,680,726</u>
Total transfers		

The transfers in and out during 2014 were budgeted transfers.

**Note 22 - Commitments**

The City of Dickinson had outstanding commitments for construction contracts totaling \$129,091,453 on December 31, 2014, of which \$114,007,979 has been paid. Subsequent to year end, the City entered into additional construction contracts totaling \$63,034,033.

**Note 23 - Subsequent Events**

Subsequent to year end the City approved the issuance of sales tax revenue bonds up to \$10,000,000 to finance wastewater utility system improvements.

The City has evaluated subsequent events through July 15, 2015, the date which the financial statements were available to be issued.

**Note 24 - Correction of Error**

Prior to January 1, 2014, the City had not been recording retainage payable in their financial statements in accordance with generally accepted accounting principles. The adjustment to the beginning balance of the fund balance is as follows:

	General	Building Construction
Fund balance - January 1, as previously reported	\$ 16,238,404	\$ (1,619,497)
Restatement to add prior year retainage payable	(78,345)	(849,583)
Fund balance - January 1, as restated	\$ 16,160,059	\$ (2,469,080)

The effect on beginning balance of capital assets after the restatement of retainage payable is as follows:

	Balance
Construction in progress - January 1, as previously reported	\$ 21,044,127
Restatement to add prior year retainage payable	927,928
Construction in progress - January 1, as restated	\$ 21,972,055

The beginning net position of the governmental activities has been restated to include the net pension obligation related to the Volunteer Firemen and Police Pension Plan's. In reviewing the guidance for the newly implemented and upcoming pension statements, it was determined that both plans are to be recorded as a net pension obligation on the City of Dickinson financial statements. The liability for these plans has been added to the government-wide statements. The effect of the restatement is as follows:

	<u>Government- Wide</u>
Net position - January 1, as previously reported	\$ 100,551,959
Restatement to add prior year net pension obligation	<u>(494,103)</u>
Net position - January 1, as restated	<u>\$ 100,057,856</u>



Required Supplementary Information  
December 31, 2014

# City of Dickinson

City of Dickinson  
 Budgetary Comparison Schedule – General Fund  
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 3,893,125	\$ 4,092,125	\$ 4,233,261	\$ 141,136
Licenses, permits and fees	1,351,718	1,801,718	1,705,050	(96,668)
Intergovernmental revenues	2,769,872	2,769,872	3,864,291	1,094,419
Charges for services	1,972,805	1,972,805	2,055,913	83,108
Fines and forfeits	355,000	445,000	478,280	33,280
Interest and investment income	40,500	40,500	145,757	105,257
Miscellaneous revenues	11,800	245,322	112,225	(133,097)
Total revenues	<u>10,394,820</u>	<u>11,367,342</u>	<u>12,594,777</u>	<u>1,227,435</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,545,657	3,573,657	5,161,697	(1,588,040)
Public safety	5,820,590	5,860,590	5,865,066	(4,476)
Public works	3,545,664	4,046,664	2,419,485	1,627,179
Culture and recreation	443,160	500,191	354,543	145,648
Other	170,000	170,000	122,992	47,008
Capital outlay	-	-	521,990	(521,990)
Total expenditures	<u>13,525,071</u>	<u>14,151,102</u>	<u>14,445,773</u>	<u>(294,671)</u>
Excess (Deficiency) of Revenues over expenditures	<u>(3,130,251)</u>	<u>(2,783,760)</u>	<u>(1,850,996)</u>	<u>932,764</u>
<b>Other Financing Sources (Uses)</b>				
Sale of assets	-	-	182,369	182,369
Transfers in	2,911,044	2,911,044	2,831,839	(79,205)
Transfers out	(1,246,431)	(1,246,431)	(527,697)	718,734
Total Other Financing Sources and Uses	<u>1,664,613</u>	<u>1,664,613</u>	<u>2,486,511</u>	<u>821,898</u>
Net Change in Fund Balances	<u>(1,465,638)</u>	<u>(1,119,147)</u>	<u>635,515</u>	<u>1,754,662</u>
Fund Balance - January 1, as previously reported	<u>7,846,301</u>	<u>7,846,301</u>	<u>7,846,301</u>	<u>-</u>
Restatement (Note 24)	<u>-</u>	<u>-</u>	<u>(78,345)</u>	<u>(78,345)</u>
Fund Balance - January, as restated	<u>7,846,301</u>	<u>7,846,301</u>	<u>7,767,956</u>	<u>(78,345)</u>
Fund Balance - December 31	<u>\$ 6,380,663</u>	<u>\$ 6,727,154</u>	<u>\$ 8,403,471</u>	<u>\$ 1,676,317</u>

City of Dickinson  
Budgetary Comparison Schedule – General Fund  
Year Ended December 31, 2014

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Differences between budgetary and GAAP fund balance	
General fund	\$ 8,403,471
Asset forfeiture	16,443
Cemetery	295,320
Historic preservation	412
Future fund	8,370,911
Urban forestry	<u>91,610</u>
GAAP fund balance (combined with General fund for GAAP presentation)	<u>\$ 17,178,167.</u>

City of Dickinson  
 Budgetary Comparison Schedule – One Percent Sales Tax Fund  
 Year Ended December 31, 2014

	One Percent Sales Tax			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 7,350,000	\$ 7,350,000	\$ 8,529,419	\$ 1,179,419
Interest and investment income	85,000	85,000	120,152	35,152
Total revenue	<u>7,435,000</u>	<u>7,435,000</u>	<u>8,649,571</u>	<u>1,214,571</u>
Expenditures				
Current				
Urban and economic development	10,016,000	10,016,000	1,387,827	8,628,173
Total expenditures	<u>10,016,000</u>	<u>10,016,000</u>	<u>1,387,827</u>	<u>8,628,173</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,581,000)</u>	<u>(2,581,000)</u>	<u>7,261,744</u>	<u>9,842,744</u>
Other Financing Uses				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(9,136,000)</u>	<u>(8,786,000)</u>
Net change in fund balances	<u>(2,931,000)</u>	<u>(2,931,000)</u>	<u>(1,874,256)</u>	<u>1,056,744</u>
Fund Balance - January 1	<u>11,156,263</u>	<u>11,156,263</u>	<u>11,156,263</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 8,225,263</u>	<u>\$ 8,225,263</u>	<u>\$ 9,282,007</u>	<u>\$ 1,056,744</u>



City of Dickinson  
 Budgetary Comparison Schedule – Oil & Gas Fund  
 Year Ended December 31, 2014

	Oil & Gas Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues	\$ 21,600,000	\$ 21,600,000	\$ 18,456,751	\$ (3,143,249)
Total revenue	<u>21,600,000</u>	<u>21,600,000</u>	<u>18,456,751</u>	<u>(3,143,249)</u>
Other Financing Uses				
Transfers out	(25,418,000)	(25,418,000)	(25,418,000)	-
Net change in fund balances	<u>(3,818,000)</u>	<u>(3,818,000)</u>	<u>(6,961,249)</u>	<u>(3,143,249)</u>
Fund Balance - January 1	<u>8,533,731</u>	<u>8,533,731</u>	<u>8,533,731</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,715,731</u>	<u>\$ 4,715,731</u>	<u>\$ 1,572,482</u>	<u>\$ (3,143,249)</u>

City of Dickinson  
 Other Postemployment Benefit Schedules  
 Year Ended December 31, 2014

**Schedule of Funding Progress**

Actuarial Valuation Date January 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UALL)	Funded Ratio
2012	\$ 47,387	\$ 1,223,999	\$ 1,176,612	3.9%
2013	184,108	1,022,383	838,275	18.0%
2014	291,085	1,057,041	765,956	27.5%

**Schedule of Employer Contributions**

Year Ended December 31	Annual OPEB Costs	City Contributions	Percentage Contributed
2012	\$ 129,494	\$ 127,827	98.7%
2013	97,756	175,625	179.7%
2014	94,074	192,235	204.3%

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

**Budgetary Information**

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

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

- On or before September 10th of the preceding fiscal year, the city prepares a preliminary budget for the next succeeding year beginning January 1st. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The governing board holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before October 1st, the board adopts the final budget.
- The final budget must be filed with the county auditor by October 10th.
- No disbursement shall be made or liability incurred in excess of the total appropriation by fund. However, the governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.
- All annual appropriations lapse at year-end.

**Note 2 - Actuarial Assumptions and Methods**

Unfunded actuarial accrued liabilities (UAAL) were amortized by level dollar contributions. The UAAL was determined using the funding value of assets, which equal \$291,085, and the actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment is the level dollar amount required to amortize the UAAL over a closed 30 year period.

Significant actuarial assumptions employed by the actuaries for funding purposes as of January 1, 2014, the date of the latest actuarial study are as follows:

Discount rate	6.50% per year
---------------	----------------

Monthly premiums as of  
January 1, 2013

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

The active employee premiums as of January 1, 2013 are as follows:

<u>Coverage</u>	
Single	\$456.16
Family	1,102.08

Health care trend rates

The following health care trend rates have been assumed:

<u>Fiscal Year</u>	<u>Trend Rates</u>
2015	0.00%
2016	18.00%
2017	0.00%
2018	17.00%
2019	0.00%
2020 +	0.00% - 16.00%

Expected monthly retiree  
medical costs

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

Participation rate

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

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

Retirement Age

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

Mortality	1994 Group Annuity Mortality Table														
Withdrawal	Table T-4 - rates varying by age. Sample withdrawal rates are as follows:														
	<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">5.29%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">5.06%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">4.70%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">4.19%</td> </tr> <tr> <td style="text-align: center;">45</td> <td style="text-align: center;">3.54%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">2.48%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	25	5.29%	30	5.06%	35	4.70%	40	4.19%	45	3.54%	50	2.48%
<u>Age</u>	<u>Rate</u>														
25	5.29%														
30	5.06%														
35	4.70%														
40	4.19%														
45	3.54%														
50	2.48%														
Disability	None														
<u>Actuarial Methods</u>															
Actuarial method	Projected Unit Credit with 30-year amortization of the unfunded liability.														
Calculation date	January 1, 2013														
Amortization of unfunded actuarial accrued liability	Amortized as a level dollar amount over 30 years														



Supplementary Information  
December 31, 2014  
**City of Dickinson**

City of Dickinson  
Combining Balance Sheet – Nonmajor Governmental Funds  
December 31, 2014

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,893,708	\$ 442,999	\$ 338,691	\$ 2,675,398
Accounts receivable	5,918	-	-	5,918
Taxes receivable	1,476	-	-	1,476
Special assessments receivable	11,235	-	1,233,299	1,244,534
Intergovernmental receivables	656,746	-	-	656,746
Interfund receivable	9,556	-	-	9,556
Restricted cash and investments	-	642,786	-	642,786
<b>Total assets</b>	<b>\$ 2,578,639</b>	<b>\$ 1,085,785</b>	<b>\$ 1,571,990</b>	<b>\$ 5,236,414</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 14,199	\$ -	\$ -	\$ 14,199
Accrued payroll	8,150	-	-	8,150
Interfund payables	9,556	-	-	9,556
Advances from other funds	-	-	3,000,000	3,000,000
Unearned revenue	6,200	-	-	6,200
<b>Total liabilities</b>	<b>38,105</b>	<b>-</b>	<b>3,000,000</b>	<b>3,038,105</b>
<b>Deferred Inflows of Resources</b>				
Deferred property taxes	1,476	-	-	1,476
Deferred special assessment taxes	11,235	-	1,233,299	1,244,534
<b>Total deferred inflows of resources</b>	<b>12,711</b>	<b>-</b>	<b>1,233,299</b>	<b>1,246,010</b>
<b>Fund Balances</b>				
Restricted	1,189,819	950,764	-	2,140,583
Committed	1,150,058	-	-	1,150,058
Assigned	187,946	135,021	16,550	339,517
Unassigned	-	-	(2,677,859)	(2,677,859)
<b>Total fund balances</b>	<b>2,527,823</b>	<b>1,085,785</b>	<b>(2,661,309)</b>	<b>952,299</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,578,639</b>	<b>\$ 1,085,785</b>	<b>\$ 1,571,990</b>	<b>\$ 5,236,414</b>

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve
<b>Assets</b>				
Cash and investments	\$ 179,384	\$ 611,065	\$ 454,057	\$ 11,207
Accounts receivable	-	-	-	5,918
Taxes receivable	-	-	-	-
Special assessments receivable	11,235	-	-	-
Intergovernmental receivables	-	399,370	127,633	-
Interfund receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 190,619</b>	<b>\$ 1,010,435</b>	<b>\$ 581,690</b>	<b>\$ 17,125</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Deferred property taxes	-	-	-	-
Deferred special assessment taxes	11,235	-	-	-
<b>Total deferred inflows of resources</b>	<b>11,235</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted	179,384	1,010,435	-	-
Committed	-	-	581,690	17,125
Assigned	-	-	-	-
<b>Total fund balances</b>	<b>179,384</b>	<b>1,010,435</b>	<b>581,690</b>	<b>17,125</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 190,619</b>	<b>\$ 1,010,435</b>	<b>\$ 581,690</b>	<b>\$ 17,125</b>



City of Dickinson  
Combining Balance Sheet – Nonmajor Special Revenue Funds  
December 31, 2014

Grant Fund	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Fund
\$ -	\$ 181,695	\$ 456,300	\$ 1,893,708
-	-	-	5,918
-	1,476	-	1,476
-	-	-	11,235
26,477	17,879	85,387	656,746
-	-	9,556	9,556
<u>\$ 26,477</u>	<u>\$ 201,050</u>	<u>\$ 551,243</u>	<u>\$ 2,578,639</u>
\$ 10,721	\$ 3,478	\$ -	\$ 14,199
-	8,150	-	8,150
9,556	-	-	9,556
6,200	-	-	6,200
<u>26,477</u>	<u>11,628</u>	<u>-</u>	<u>38,105</u>
-	1,476	-	1,476
-	-	-	11,235
<u>-</u>	<u>1,476</u>	<u>-</u>	<u>12,711</u>
-	-	-	1,189,819
-	-	551,243	1,150,058
-	187,946	-	187,946
<u>-</u>	<u>187,946</u>	<u>551,243</u>	<u>2,527,823</u>
<u>\$ 26,477</u>	<u>\$ 201,050</u>	<u>\$ 551,243</u>	<u>\$ 2,578,639</u>

City of Dickinson  
Combining Balance Sheet -- Nonmajor Debt Service Funds  
December 31, 2014

	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 307,978	\$ 135,021	\$ 442,999
Restricted cash and investments	642,786	-	642,786
<b>Total assets</b>	<b>\$ 950,764</b>	<b>\$ 135,021</b>	<b>\$ 1,085,785</b>
<b>Fund Balances</b>			
Restricted	\$ 950,764	\$ -	\$ 950,764
Assigned	-	135,021	135,021
<b>Total fund balances</b>	<b>\$ 950,764</b>	<b>\$ 135,021</b>	<b>\$ 1,085,785</b>

City of Dickinson  
Combining Balance Sheet – Nonmajor Capital Projects Funds  
December 31, 2014

	Impact Fees Capital Projects	Elks Building Project	Prairie Outpost Pavilion Project	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Cash and investments	\$ 322,141	\$ 10,529	\$ 6,021	\$ 338,691
Special assessments receivable	1,233,299	-	-	1,233,299
<b>Total assets</b>	<b>\$ 1,555,440</b>	<b>\$ 10,529</b>	<b>\$ 6,021</b>	<b>\$ 1,571,990</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Advances from other funds	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
<b>Total liabilities</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>
<b>Deferred Inflows of Resources</b>				
Deferred special assessment Taxes	1,233,299	-	-	1,233,299
<b>Total deferred inflows of resources</b>	<b>1,233,299</b>	<b>-</b>	<b>-</b>	<b>1,233,299</b>
<b>Fund Balances</b>				
Assigned	-	10,529	6,021	16,550
Unassigned	(2,677,859)	-	-	(2,677,859)
<b>Total fund balances</b>	<b>(2,677,859)</b>	<b>10,529</b>	<b>6,021</b>	<b>(2,661,309)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,555,440</b>	<b>\$ 10,529</b>	<b>\$ 6,021</b>	<b>\$ 1,571,990</b>

City of Dickinson  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds  
Year Ended December 31, 2014

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 6,751,556	\$ -	\$ -	\$ 6,751,556
Intergovernmental revenues	830,932	-	-	830,932
Charges for services	104,076	-	-	104,076
Fines and forfeits	11,004	-	-	11,004
Special assessments	18,988	-	1,973,810	1,992,798
Interest and investment income	43,332	-	189	43,521
Miscellaneous revenues	157,583	-	-	157,583
Total revenues	<u>7,917,471</u>	<u>-</u>	<u>1,973,999</u>	<u>9,891,470</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	198,531	-	-	198,531
Public works	44,861	-	-	44,861
Culture and recreation	1,114,191	-	-	1,114,191
Urban and economic development	11,650	-	-	11,650
Capital outlay	556,044	669,951	480	1,226,475
<b>Debt Service</b>				
Principal	-	259,554	-	259,554
Interest and service charges	-	165,769	-	165,769
Total expenditures	<u>1,925,277</u>	<u>1,095,274</u>	<u>480</u>	<u>3,021,031</u>
Excess (Deficiency) of Revenues over expenditures	<u>5,992,194</u>	<u>(1,095,274)</u>	<u>1,973,519</u>	<u>6,870,439</u>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	-	1,093,267	-	1,093,267
Capital lease additions	-	669,951	-	669,951
Transfers in	977	100,000	-	100,977
Transfers out	(5,634,078)	-	-	(5,634,078)
Total Other Financing Sources and uses	<u>(5,633,101)</u>	<u>1,863,218</u>	<u>-</u>	<u>(3,769,883)</u>
Net Change in Fund Balances	<u>359,093</u>	<u>767,944</u>	<u>1,973,519</u>	<u>3,100,556</u>
Fund Balance - January 1	<u>2,168,730</u>	<u>317,841</u>	<u>(4,634,828)</u>	<u>(2,148,257)</u>
Fund Balance - December 31	<u>\$ 2,527,823</u>	<u>\$ 1,085,785</u>	<u>\$ (2,661,309)</u>	<u>\$ 952,299</u>

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve
<b>Revenues</b>				
Taxes	\$ -	\$ 4,264,710	\$ 1,217,854	\$ -
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Special assessments	18,988	-	-	-
Interest and investment income	1,987	31,314	6,694	236
Miscellaneous revenues	-	-	-	55,202
<b>Total revenues</b>	<u>20,975</u>	<u>4,296,024</u>	<u>1,224,548</u>	<u>55,438</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	-	-	-	-
Public works	-	-	-	44,861
Culture and recreation	-	-	-	-
Urban and economic development	-	11,650	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>11,650</u>	<u>-</u>	<u>44,861</u>
<b>Excess of Revenues Over</b>				
<b>Expenditures</b>	<u>20,975</u>	<u>4,284,374</u>	<u>1,224,548</u>	<u>10,577</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	977	-	-	-
Transfers out	(2,500)	(4,610,250)	(878,058)	-
<b>Total Other Financing Sources and Uses</b>	<u>(1,523)</u>	<u>(4,610,250)</u>	<u>(878,058)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>19,452</u>	<u>(325,876)</u>	<u>346,490</u>	<u>10,577</u>
<b>Fund Balance - January 1</b>	<u>159,932</u>	<u>1,336,311</u>	<u>235,200</u>	<u>6,548</u>
<b>Fund Balance - December 31</b>	<u>\$ 179,384</u>	<u>\$ 1,010,435</u>	<u>\$ 581,690</u>	<u>\$ 17,125</u>

City of Dickinson  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds  
Year Ended December 31, 2014

Grant Fund	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Funds
\$ -	\$ 491,381	\$ 777,611	\$ 6,751,556
509,987	320,945	-	830,932
-	104,076	-	104,076
-	11,004	-	11,004
-	-	-	18,988
-	3,101	-	43,332
34,458	67,923	-	157,583
<u>544,445</u>	<u>998,430</u>	<u>777,611</u>	<u>7,917,471</u>
198,531	-	-	198,531
-	-	-	44,861
-	716,110	398,081	1,114,191
-	-	-	11,650
337,685	218,359	-	556,044
<u>536,216</u>	<u>934,469</u>	<u>398,081</u>	<u>1,925,277</u>
<u>8,229</u>	<u>63,961</u>	<u>379,530</u>	<u>5,992,194</u>
-	-	-	977
<u>(8,229)</u>	<u>(4,179)</u>	<u>(130,862)</u>	<u>(5,634,078)</u>
<u>(8,229)</u>	<u>(4,179)</u>	<u>(130,862)</u>	<u>(5,633,101)</u>
-	59,782	248,668	359,093
-	128,164	302,575	2,168,730
<u>\$ -</u>	<u>\$ 187,946</u>	<u>\$ 551,243</u>	<u>\$ 2,527,823</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds  
Year Ended December 31, 2014

	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Governmental Funds
Expenditures			
Capital outlay	\$ -	\$ 669,951	\$ 669,951
Debt Service			
Principal	-	259,554	259,554
Interest and service charges	142,503	23,266	165,769
Total expenditures	<u>142,503</u>	<u>952,771</u>	<u>1,095,274</u>
Deficiency of Revenues over expenditures	<u>(142,503)</u>	<u>(952,771)</u>	<u>(1,095,274)</u>
Other Financing Sources			
Bonds issued	1,093,267	-	1,093,267
Capital lease additions	-	669,951	669,951
Transfers in	-	100,000	100,000
Total Other Financing Sources	<u>1,093,267</u>	<u>769,951</u>	<u>1,863,218</u>
Net Change in Fund Balances	<u>950,764</u>	<u>(182,820)</u>	<u>767,944</u>
Fund Balance - January 1	<u>-</u>	<u>317,841</u>	<u>317,841</u>
Fund Balance - December 31	<u>\$ 950,764</u>	<u>\$ 135,021</u>	<u>\$ 1,085,785</u>

City of Dickinson  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects  
Funds  
Year Ended December 31, 2014

	Impact Fee Capital Projects	Elks Building Project	Prairie Outpost Pavilion Project	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Special assessments	\$ 1,973,810	\$ -	\$ -	\$ 1,973,810
Interest and investment income	-	120	69	189
<b>Total revenues</b>	<b>1,973,810</b>	<b>120</b>	<b>69</b>	<b>1,973,999</b>
<b>Expenditures</b>				
Capital outlay	480	-	-	480
<b>Total expenditures</b>	<b>480</b>	<b>-</b>	<b>-</b>	<b>480</b>
Excess (Deficiency) of Revenues over expenditures	1,973,330	120	69	1,973,519
<b>Net Change in Fund Balances</b>	<b>1,973,330</b>	<b>120</b>	<b>69</b>	<b>1,973,519</b>
Fund Balance - January 1	(4,651,189)	10,409	5,952	(4,634,828)
<b>Fund Balance - December 31</b>	<b>\$ (2,677,859)</b>	<b>\$ 10,529</b>	<b>\$ 6,021</b>	<b>\$ (2,661,309)</b>



City of Dickinson  
Combining Balance Sheet – Agency Funds  
December 31, 2014

	<u>General Transit</u>	<u>Emergency Shelter Grant</u>	<u>Payroll Clearing</u>	<u>Totals</u>
<b>Assets</b>				
Cash and investments	\$ 1,820	\$ 7,684	\$ 2,297,097	\$ 2,306,601
Accounts receivable	85,078	-	-	85,078
<b>Total assets</b>	<u>\$ 86,898</u>	<u>\$ 7,684</u>	<u>\$ 2,297,097</u>	<u>\$ 2,391,679</u>
<b>Liabilities</b>				
Due to other parties	<u>\$ 86,898</u>	<u>\$ 7,684</u>	<u>\$ 2,297,097</u>	<u>\$ 2,391,679</u>



Federal Awards  
December 31, 2014  
**City of Dickinson**

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> .....	1
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**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***

City Commissioners  
City of Dickinson  
Dickinson, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Dickinson as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Dickinson's basic financial statements, and have issued our report thereon dated July 15, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Dickinson's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Dickinson's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Dickinson's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as 2014-A and 2014-B to be material weaknesses.

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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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as 2014-C and 2014-D to be significant deficiencies.

**Compliance and Other Matters**

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

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

City of Dickinson's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Dickinson's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

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

*Eide Bailly LLP*

Bismarck, North Dakota  
July 15, 2015



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**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

City Commissioners  
City of Dickinson  
Dickinson, North Dakota

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

We have audited City of Dickinson's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Dickinson's major federal program for the year ended December 31, 2014. City of Dickinson's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance of City of Dickinson's major federal program based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Dickinson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of City of Dickinson's compliance.

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

In our opinion, City of Dickinson complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2014.

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

Management of City of Dickinson is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Dickinson's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dickinson's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Dickinson as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Dickinson's basic financial statements. We issued our report thereon dated July 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Eide Bailly LLP*

Bismarck, North Dakota  
July 15, 2015



City of Dickinson  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

<u>Grantor Passed Through Program</u>	<u>Pass Through Grant Number</u>	<u>CFDA #</u>	<u>Expenditures</u>
Department of Homeland Security			
North Dakota Attorney General			
FY2014 Homeland Security Fire	AOO436-001-2014-RQ	97.067	\$      8,072
FY2014 Homeland Security Police	AO-434-001-2014-RQ	97.067	53,153
Total Department of Homeland Security			<u>61,225</u>
Department of Housing and Urban Development			
North Dakota Department of Commerce			
Community Development Block Grants/ Heritage Hills	B-12-DC-38-0001	14.228	15,215
Total Department of Housing and Urban Development			<u>15,215</u>
Department of Justice			
North Dakota Highway Patrol			
Enforcing Underage Drinking Laws Program	2200	16.727	288
Total Department of Justice			<u>288</u>
Department of Transportation			
North Dakota Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	PHSP4021205-04-08	20.600	2,262
Alcohol Impaired Driving Countermeasures Incentive Grants	PHSP4021305-04-07	20.601	7,313
Highway Safety Cluster Total			<u>9,575</u>
National Priority Safety Program	HSPOP1408 & 1505	20.616	685
Total Department of Transportation			<u>10,260</u>

City of Dickinson  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2014

<u>Grantor Passed Through Program</u>	<u>Pass Through Grant Number</u>	<u>CFDA #</u>	<u>Expenditures</u>
Environmental Protection Agency			
North Dakota Department of Health			
Capitalization Grants for Clean Water			
State Revolving Funds	380933-02	66.458	14,108,522
	380933-03	66.458	<u>22,596,725</u>
			<u>36,705,247</u>
			<u>\$ 36,792,235</u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Dickinson, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. City of Dickinson received federal awards both directly from federal agencies and indirectly through pass-through entities.

**Note B - Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs during the year ended December 31, 2014 as determined based on the modified accrual basis of accounting. The amounts reported on the schedule have been reconciled to and are in material agreement with amounts recorded in the accounting records from which the financial statements have been reported.

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency	Yes
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over federal programs:	
Material weakness identified	No
Significant deficiency	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA number</u>
Capitalization Grants for Clean Water State Revolving Fund	66.458
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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**2014-A Recording of Transactions**  
**Material Weakness**

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

Condition – We identified misstatements in the City’s financial statements and schedule of expenditures of federal awards (SEFA) causing us to propose material audit adjustments.

Cause – Certain adjustments were overlooked in the closing process; equipment acquisitions, construction in progress expenditures, retainage payable amounts, expenditures that should be booked as accounts payable, and one federal program (SRF) was not properly recorded in the general ledger or on the SEFA.

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

Recommendation – We recommend that all general ledger adjustments, land, equipment, leases and federal program dollars are recorded in a timely manner for any differences noted.

Management Response – We have made modifications to our accounting procedures to be certain these types of adjustments will be included during our year-end processes.

**2014-B Preparation of Financial Statements**  
**Material Weakness**

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

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

- The SEFA was materially misstated when given to the auditors in draft form as the amount of expenditures shown for the State Revolving Loan Fund program were not correct for the fiscal year.

Cause – The City does not focus on providing training to employees to stay current with all accounting standards and applications in order to prepare complete financial statements and accompanying notes to the financial statements and SEFA. City personnel do prepare preliminary, draft financial statements and SEFA for the year-end audit, but the financial statements and SEFA do not include all of the required statements or notes to the financial statements.

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

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

Management Response – Our finance department prepares preliminary financial statements and a SEFA for the auditors in advance of their fieldwork which are then used by the auditors to produce the audited statements and accompanying footnotes. Due to the size of our staff, we expect this will continue in the near future with plans to address it for the long-term.

**2014-C Segregation of Duties  
Significant Deficiency**

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

Condition – The City has a lack of segregation of duties in certain areas due to a limited staff. Examples of specific transactions that are handled without adequate segregation of duties include the following:

- One individual receives cash receipts, enters the transactions in the accounting system, generates the deposit ticket and occasionally takes the deposit to the bank. The individual also has access to post and make changes to the transactions posted in the accounting software.
- One individual enters invoices in the accounting system, prints checks, can add new vendors to the accounting system and completes the bank reconciliations.
- The City does not have a consistent process related to the approval of invoices by the appropriate individuals in each department. Some individuals sign invoices indicating approval and some write or stamp the general ledger coding on the invoice to indicate approval but there is not always a clear indication of which employee is approving the invoice.
- Manual time cards are still being used to track employee hours. The accounting department has the responsibility of entering new hire information, termination information, employee compensation changes, processing payroll, and sending payroll information to the bank.

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

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

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

Management Response – We will review all aspects of our accounting functions to look for additional segregation possibilities and we continually strive to improve efficiency and effectiveness of our finance department.

**2014-D Department Controls over Cash  
Significant Deficiency**

Criteria – A good system of internal accounting controls contemplates an adequate audit paper trail and proper segregation of duties to mitigate abuse or fraud.

Condition – The City has a lack of effective internal controls related to the receipting process in various departments of the City.

Cause – The departments have limited staff available to properly segregate the duties related to the cash receipt process. The procedures followed for receipting cash also involve several manual steps which result in an inadequate audit trail.

Effect – Inadequate controls over cash receipts could affect the City's ability to detect errors or fraud.

Recommendation – We recommend the City eliminate as many manual procedures related to receipting cash as possible. We also recommend the City review the cash receipt procedures in all departments to determine if there are controls that can be implemented to adequately segregate the duties or to mitigate the risks due to limited staff in the departments.

Management Response - All receipt processes have been reviewed and we are implementing audit trail systems to better detect errors or fraud.

City of Dickinson  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2014

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

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None



City of Dickinson  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2014

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None