



Financial Statements
December 31, 2015
City of Dickinson

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Elected

Gene Jackson

President

Scott Decker

Commissioner

Joe Frenzel

Commissioner

Carson Steiner

Commissioner

Klayton Oltmanns

Commissioner

Administration

Shawn Kessel

City Administrator



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota (the City) as of and for the year ended December 31, 2015, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dickinson, North Dakota, as of December 31, 2015, 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.

Restatement and Adoption of New Standard

As discussed in Note 23 to the financial statements, certain errors resulting in the improper treatment of previously stated intergovernmental receivables and revenues were discovered during the current year. Accordingly, an adjustment has been made to beginning fund balance and net position as of January 1, 2015 to correct the errors. Also, as discussed in Notes 1 and 23 to the financial statements, the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of January 1, 2015. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, pension plan schedules and other postemployment benefit schedules on pages 53 through 63 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 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 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 December 21, 2017 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 the effectiveness of the City of Dickinson's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dickinson's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
December 21, 2017

City of Dickinson
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 44,303,784	\$ 4,565,147	\$ 48,868,931
Accounts receivable	198,538	7,370,400	7,568,938
Taxes receivable	13,828	-	13,828
Special assessments receivable	4,927,579	3,356	4,930,935
Intergovernmental receivable	5,659,383	-	5,659,383
Note receivable	449,924	-	449,924
Inventory	-	256,674	256,674
Restricted cash and investments	2,325,500	2,599,833	4,925,333
Capital assets not being depreciated			
Land	1,209,832	720,161	1,929,993
Construction in progress	4,377,728	8,720,347	13,098,075
Capital assets (net of accumulated depreciation)			
Buildings and improvements	67,973,509	37,069,461	105,042,970
Improvements other than buildings	63,678,594	75,661,473	139,340,067
Machinery and equipment	5,720,437	4,277,652	9,998,089
Total capital assets	<u>142,960,100</u>	<u>126,449,094</u>	<u>269,409,194</u>
Total assets	<u>200,838,636</u>	<u>141,244,504</u>	<u>342,083,140</u>
Deferred Outflows of Resources			
Derived from Pensions	<u>1,314,230</u>	<u>161,509</u>	<u>1,475,739</u>
Liabilities			
Accounts payable	\$ 1,695,633	\$ 1,062,081	\$ 2,757,714
Accrued payroll	338,156	93,076	431,232
Interest payable	411,468	698,937	1,110,405
Net OPEB obligation	(63,255)	-	(63,255)
Retainage payable	2,042,205	1,413,640	3,455,845
Non-current liabilities			
Due within one year			
Compensated absences	251,182	64,226	315,408
Bonds payable, net of premium	2,220,666	-	2,220,666
Notes payable	-	3,962,972	3,962,972
Capital leases payable	248,522	676,400	924,922
Due in more than one year			
Compensated absences	503,121	128,453	631,574
Bonds payable, net of premium	13,915,260	-	13,915,260
Notes payable	-	65,196,721	65,196,721
Capital leases payable	496,164	1,746,654	2,242,818
Net pension liability	8,396,815	1,503,745	9,900,560
Accrued closure and post-closure care costs	-	626,136	626,136
Total liabilities	<u>30,455,937</u>	<u>77,173,041</u>	<u>107,628,978</u>
Deferred Inflows of Resources			
Derived from Pensions	<u>333,882</u>	<u>2,346</u>	<u>336,228</u>
Net Position			
Net investment in capital assets	126,079,488	53,452,707	179,532,195
Restricted for special purposes	31,479,207	1,973,697	33,452,904
Unrestricted	<u>13,804,352</u>	<u>8,804,222</u>	<u>22,608,574</u>
Total net position	<u>\$ 171,363,047</u>	<u>\$ 64,230,626</u>	<u>\$ 235,593,673</u>

City of Dickinson
Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 12,703,818	\$ 2,363,912	\$ 10,000	\$ -	\$ (10,329,906)	\$ -	\$ (10,329,906)
Public safety	7,227,713	459,424	548,392	-	(6,219,897)	-	(6,219,897)
Public works	7,423,831	-	-	-	(7,423,831)	-	(7,423,831)
Culture and recreation	2,784,048	1,231,437	15,000	-	(1,537,611)	-	(1,537,611)
Urban and economic development	1,142,322	-	-	-	(1,142,322)	-	(1,142,322)
Other	192,205	-	-	-	(192,205)	-	(192,205)
Interest on long-term debt	630,862	-	-	-	(630,862)	-	(630,862)
Total governmental activities	<u>32,104,799</u>	<u>4,054,773</u>	<u>573,392</u>	<u>-</u>	<u>(27,476,634)</u>	<u>-</u>	<u>(27,476,634)</u>
Business-type activities							
Water distribution utility fund	6,510,713	6,042,734	7,391,488	-	-	6,923,509	6,923,509
Wastewater fund	8,420,330	3,126,954	4,017,720	2,512,752	-	1,237,096	1,237,096
Solid waste utility fund	3,886,593	4,330,090	23,932	-	-	467,429	467,429
Storm water utility fund	215,723	218,977	311	-	-	3,565	3,565
Total business-type activities	<u>19,033,359</u>	<u>13,718,755</u>	<u>11,433,451</u>	<u>2,512,752</u>	<u>-</u>	<u>8,631,599</u>	<u>8,631,599</u>
Total primary government	<u>\$ 51,138,158</u>	<u>\$ 17,773,528</u>	<u>\$ 12,006,843</u>	<u>\$ 2,512,752</u>	<u>(27,476,634)</u>	<u>8,631,599</u>	<u>(18,845,035)</u>
General revenues							
Taxes							
Property taxes levied for general purposes					4,943,187	-	4,943,187
Property taxes levied for special purposes					93,411	-	93,411
City sales tax					10,595,751	-	10,595,751
Restaurant, lodging and occupancy taxes					1,625,922	-	1,625,922
Oil and gas production tax					17,270,362	-	17,270,362
State aid and revenues not restricted to specific programs					48,166,096	-	48,166,096
Unrestricted interest and investment income					395,288	40,714	436,002
Other revenue					836,710	903,714	1,740,424
Total general revenues					<u>83,926,727</u>	<u>944,428</u>	<u>84,871,155</u>
Gain on disposal of fixed assets					661,903	33,576	695,479
Transfers					<u>(11,771,130)</u>	<u>11,771,130</u>	<u>-</u>
Change in net position					45,340,866	21,380,733	66,721,599
Net Position - January 1, as previously reported					<u>132,038,149</u>	<u>44,063,616</u>	<u>176,101,765</u>
Restatement - (Note 23)					<u>(6,015,968)</u>	<u>(1,213,723)</u>	<u>(7,229,691)</u>
Net Position - January 1, as restated					<u>126,022,181</u>	<u>42,849,893</u>	<u>168,872,074</u>
Net Position - December 31					<u>\$ 171,363,047</u>	<u>\$ 64,230,626</u>	<u>\$ 235,593,673</u>

City of Dickinson
Balance Sheet-Governmental Funds
December 31, 2015

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil & Gas Production	Building Construction	Annual Street Project Fund		
Assets							
Cash and investments	\$ 13,722,059	\$ 9,769,500	\$ 9,737,588	\$ 2,524,015	\$ 1,304,411	\$ 6,746,125	\$ 43,803,698
Accounts receivable	141,068	-	-	-	-	57,470	198,538
Taxes receivable	12,352	-	-	-	-	1,476	13,828
Special assessments receivable	-	-	-	-	3,194	1,155,446	1,158,640
Intergovernmental receivables	616,270	946,494	3,322,498	-	-	774,121	5,659,383
Note receivable	449,924	-	-	-	-	-	449,924
Interfund receivables	1,355,026	-	-	-	-	-	1,355,026
Advances to other funds	1,416,086	-	-	-	-	-	1,416,086
Restricted cash and investments	-	-	-	-	-	2,325,500	2,325,500
Total assets	\$ 17,712,785	\$ 10,715,994	\$ 13,060,086	\$ 2,524,015	\$ 1,307,605	\$ 11,060,138	\$ 56,380,623
Liabilities							
Accounts payable	\$ 262,046	\$ 68,094	\$ -	\$ 252,346	\$ 1,039,447	\$ 36,343	\$ 1,658,276
Accrued payroll	315,223	-	-	-	-	14,458	329,681
Interfund payables	-	-	-	-	-	1,355,026	1,355,026
Retainage payable	-	-	-	304,144	1,738,061	-	2,042,205
Advances from other funds	-	-	-	-	-	1,416,086	1,416,086
Total liabilities	577,269	68,094	-	556,490	2,777,508	2,821,913	6,801,274
Deferred Inflows of Resources							
Unavailable property taxes	12,352	-	-	-	-	1,476	13,828
Unavailable special assessments	-	-	-	-	3,194	1,155,446	1,158,640
Total deferred inflows of resources	12,352	-	-	-	3,194	1,156,922	1,172,468
Fund Balances							
Nonspendable	1,866,010	-	-	-	-	-	1,866,010
Restricted	-	10,647,900	13,060,086	-	-	7,771,221	31,479,207
Committed	-	-	-	-	-	1,358,916	1,358,916
Assigned	6,872,674	-	-	1,967,525	-	620,635	9,460,834
Unassigned	8,384,480	-	-	-	(1,473,097)	(2,669,469)	4,241,914
Total fund balances	17,123,164	10,647,900	13,060,086	1,967,525	(1,473,097)	7,081,303	48,406,881
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,712,785	\$ 10,715,994	\$ 13,060,086	\$ 2,524,015	\$ 1,307,605	\$ 11,060,138	\$ 56,380,623

City of Dickinson
 Reconciliation of the Governmental Funds –Balance Sheet to the Statement of Net Position
 December 31, 2015

Total Fund Balances - Governmental Funds		\$ 48,406,881
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	\$ 202,111,711	
Less accumulated depreciation	<u>(59,151,611)</u>	
Net capital assets		142,960,100
Property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and are reported as deferred inflows in the funds. Uncertified special assessments are reported on the statement of net position		
		4,941,407
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.		
		517,509
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
		980,348
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, 2015 are		
Interest payable	(411,468)	
Compensated absences	(754,303)	
Bonds payable, net of premium	(16,135,926)	
Capital leases payable	(744,686)	
Net pension liability	<u>(8,396,815)</u>	
Total long-term liabilities		<u>(26,443,198)</u>
Total net position of governmental activities		<u><u>\$ 171,363,047</u></u>

City of Dickinson
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2015

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	One Percent Sales Tax	Oil & Gas Production	Building Construction	Annual Street Project Fund		
Revenues							
Taxes	\$ 4,464,514	\$ 7,063,834	\$ -	\$ -	\$ -	\$ 5,636,512	\$ 17,164,860
Licenses, permits and fees	1,085,348	-	-	-	-	-	1,085,348
Intergovernmental revenues	3,730,202	-	61,270,362	-	115,654	893,632	66,009,850
Charges for services	2,363,912	-	-	-	-	146,089	2,510,001
Fines and forfeits	444,237	-	-	-	-	15,187	459,424
Special assessments	-	-	-	-	46,274	1,259,443	1,305,717
Interest and investment income	170,472	42,861	130,753	19,673	5,345	26,184	395,288
Donations	-	-	-	-	-	298,834	298,834
Miscellaneous revenues	175,200	-	-	-	251,736	110,940	537,876
Total revenues	12,433,885	7,106,695	61,401,115	19,673	419,009	8,386,821	89,767,198
Expenditures							
Current							
General government	5,125,808	-	-	-	7,339,131	-	12,464,939
Public safety	6,796,478	-	-	-	-	87,099	6,883,577
Public works	2,800,486	-	-	-	-	75,252	2,875,738
Culture and recreation	568,835	-	-	-	-	1,332,634	1,901,469
Urban and economic development	-	1,130,715	-	-	-	11,607	1,142,322
Other	178,744	-	-	-	-	-	178,744
Debt service							
Principal	-	-	-	-	-	1,609,759	1,609,759
Interest and service charges	-	-	-	-	-	659,514	659,514
Capital outlay	1,408,100	250,000	-	10,731,906	29,511,339	979,521	42,880,866
Total expenditures	16,878,451	1,380,715	-	10,731,906	36,850,470	4,755,386	70,596,928
Excess (Deficiency) of Revenues over Expenditures	(4,444,566)	5,725,980	61,401,115	(10,712,233)	(36,431,461)	3,631,435	19,170,270
Other Financing Sources (Uses)							
Capital lease additions	-	-	-	-	-	228,295	228,295
Sale of assets	661,903	-	-	-	-	-	661,903
Transfers in	4,726,802	-	-	-	38,809,785	9,396,058	52,932,645
Transfers out	(999,142)	(5,136,000)	(49,913,511)	-	-	(9,131,388)	(65,180,041)
Total other financing sources and uses	4,389,563	(5,136,000)	(49,913,511)	-	38,809,785	492,965	(11,357,198)
Net Change in Fund Balances	(55,003)	589,980	11,487,604	(10,712,233)	2,378,324	4,124,400	7,813,072
Fund Balance - January 1, as previously reported	17,178,167	9,282,007	1,572,482	12,679,758	(3,851,421)	2,442,527	39,303,520
Restatement - (Note 23)	-	775,913	-	-	-	514,376	1,290,289
Fund Balance - January 1, as restated	17,178,167	10,057,920	1,572,482	12,679,758	(3,851,421)	2,956,903	40,593,809
Fund Balance - December 31	\$ 17,123,164	\$ 10,647,900	\$ 13,060,086	\$ 1,967,525	\$ (1,473,097)	\$ 7,081,303	\$ 48,406,881

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, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ 7,813,072
<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	\$ 42,880,866	
Current year depreciation expense	<u>(5,852,648)</u>	37,028,218
<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 increase in interest payable	(254,689)	
Net increase in compensated absences	(56,498)	
Net increase in net pension liability	<u>(534,298)</u>	(845,485)
<p>Changes to pension related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds</p>		
		980,348
<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>		
		(228,295)
<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>		
		28,652
<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>		
		1,609,759
<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 decrease in taxes and special assessments receivable.</p>		
		(1,212,306)
<p>The net revenue of certain activities of the internal service funds is reported with governmental activities</p>		
		<u>166,903</u>
Change in net position of governmental activities		<u><u>\$ 45,340,866</u></u>

City of Dickinson
Statement of Net Position – Proprietary Funds
December 31, 2015

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Other Enterprise Funds		
Assets					
Current assets					
Cash and cash equivalents	\$ 329,497	\$ -	\$ 2,596,267	\$ 2,925,764	\$ 401,376
Investments	151,746	-	1,487,637	1,639,383	98,710
Accounts receivable	2,914,011	4,190,308	266,081	7,370,400	-
Interfund receivables	8,694,948	-	-	8,694,948	-
Inventory	220,224	24,511	11,939	256,674	-
Total current assets	12,310,426	4,214,819	4,361,924	20,887,169	500,086
Noncurrent assets					
Restricted cash and cash equivalents	-	1,973,697	-	1,973,697	-
Restricted investments	-	-	626,136	626,136	-
Special assessments receivable	3,356	-	-	3,356	-
Capital assets not being depreciated					
Land	83,040	574,029	63,092	720,161	-
Construction in progress	4,004,000	4,526,613	189,734	8,720,347	-
Capital assets (net of accumulated depreciation)					
Buildings and improvements	581,604	35,811,328	676,529	37,069,461	-
Improvements other than buildings	23,300,864	51,167,220	1,193,389	75,661,473	-
Machinery and equipment	270,699	764,906	3,242,047	4,277,652	-
Total noncurrent assets	28,243,563	94,817,793	5,990,927	129,052,283	-
Total assets	40,553,989	99,032,612	10,352,851	149,939,452	500,086
Deferred Outflows of Resources					
Derived from Pensions	-	-	161,509	161,509	-
Liabilities					
Current liabilities					
Accounts payable	565,857	460,745	35,479	1,062,081	37,357
Accrued payroll	10,554	27,827	54,695	93,076	8,475
Interfund payables	-	8,694,948	-	8,694,948	-
Interest payable	-	698,937	-	698,937	-
Retainage payable	361,590	1,052,050	-	1,413,640	-
Compensated absences	13,046	12,421	38,759	64,226	-
Notes payable	-	3,962,972	-	3,962,972	-
Capital leases payable	-	108,297	568,103	676,400	-
Net OPEB obligation	-	-	-	-	(63,255)
Total current liabilities	951,047	15,018,197	697,036	16,666,280	(17,423)
Noncurrent liabilities					
Compensated absences	26,091	24,844	77,518	128,453	-
Notes payable	-	65,196,721	-	65,196,721	-
Capital leases payable	-	319,364	1,427,290	1,746,654	-
Accrued closure and postclosure liability	-	-	626,136	626,136	-
Net pension liability	-	-	1,503,745	1,503,745	-
Total noncurrent liabilities	26,091	65,540,929	3,634,689	69,201,709	-
Total liabilities	977,138	80,559,126	4,331,725	85,867,989	(17,423)
Deferred Inflows of Resources					
Derived from Pensions	-	-	2,346	2,346	-
Net Position					
Net investment in capital assets	27,878,617	22,204,692	3,369,398	53,452,707	-
Restricted for debt service	-	1,973,697	-	1,973,697	-
Unrestricted	11,698,234	(5,704,903)	2,810,891	8,804,222	517,509
Total net position	\$ 39,576,851	\$ 18,473,486	\$ 6,180,289	\$ 64,230,626	\$ 517,509

City of Dickinson
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Wastewater	Other	Total	
	Distribution Utility Fund	Fund	Enterprise Funds		
Operating revenues					
Sales	\$ 6,041,141	\$ 3,109,980	\$ 4,549,067	\$ 13,700,188	\$ 295,424
Charges for services	1,593	16,974	-	18,567	-
Total operating revenues	<u>6,042,734</u>	<u>3,126,954</u>	<u>4,549,067</u>	<u>13,718,755</u>	<u>295,424</u>
Operating expenses					
Salaries	258,863	719,407	1,271,741	2,250,011	-
Employment cost	94,979	244,135	621,321	960,435	(109,359)
Administrative and general	695,000	529,000	518,000	1,742,000	-
Supplies	155,933	311,884	383,745	851,562	664,257
Services	226,283	3,245,833	198,764	3,670,880	-
Maintenance	45,054	-	299,891	344,945	-
Water purchase	4,126,703	-	-	4,126,703	-
Inventory expense	153,406	187,253	-	340,659	-
Miscellaneous	4,859	354	5,605	10,818	-
Depreciation	749,444	1,961,105	699,110	3,409,659	-
Employee distributions	-	-	-	-	50,780
Total operating expenses	<u>6,510,524</u>	<u>7,198,971</u>	<u>3,998,177</u>	<u>17,707,672</u>	<u>605,678</u>
Operating income (loss)	<u>(467,790)</u>	<u>(4,072,017)</u>	<u>550,890</u>	<u>(3,988,917)</u>	<u>(310,254)</u>
Nonoperating revenues (expenses)					
Interest and investment income	20,659	-	20,055	40,714	567
Interest expense and service charges	(189)	(1,221,359)	(34,431)	(1,255,979)	-
Closure and post closure costs	-	-	(69,708)	(69,708)	-
Meter and meter repairs sales	8,257	-	-	8,257	-
Intergovernmental revenue	7,391,488	4,017,720	24,243	11,433,451	-
Miscellaneous revenue	367,718	341,974	185,765	895,457	324
Gain (loss) on disposal of fixed assets	28,262	(10,641)	15,955	33,576	-
Total nonoperating revenues (expenses)	<u>7,816,195</u>	<u>3,127,694</u>	<u>141,879</u>	<u>11,085,768</u>	<u>891</u>
Income (loss) before contributions and transfers	<u>7,348,405</u>	<u>(944,323)</u>	<u>692,769</u>	<u>7,096,851</u>	<u>(309,363)</u>
Capital contributions	-	2,512,752	-	2,512,752	-
Transfers in	7,023,665	4,945,355	-	11,969,020	476,266
Transfers out	(6,818)	(8,209)	(182,863)	(197,890)	-
Change in net position	<u>14,365,252</u>	<u>6,505,575</u>	<u>509,906</u>	<u>21,380,733</u>	<u>166,903</u>
Net position - January 1, as previously reported	<u>25,211,599</u>	<u>11,967,911</u>	<u>6,884,106</u>	<u>44,063,616</u>	<u>350,606</u>
Restatement - (Note 23)	<u>-</u>	<u>-</u>	<u>(1,213,723)</u>	<u>(1,213,723)</u>	<u>-</u>
Net position - January 1, as restated	<u>25,211,599</u>	<u>11,967,911</u>	<u>5,670,383</u>	<u>42,849,893</u>	<u>350,606</u>
Net position - December 31	<u>\$ 39,576,851</u>	<u>\$ 18,473,486</u>	<u>\$ 6,180,289</u>	<u>\$ 64,230,626</u>	<u>\$ 517,509</u>

City of Dickinson
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Other Enterprise Funds	Total	
Cash Flows from Operating Activities					
Cash received from customers and users	\$ 4,217,166	\$ (692,953)	\$ 4,794,301	\$ 8,318,514	\$ 295,424
Cash paid to suppliers	(5,474,353)	(4,179,384)	(1,412,088)	(11,065,825)	(629,950)
Cash paid to employees	(367,453)	(938,631)	(1,716,606)	(3,022,690)	(41,606)
Net cash provided (used) by operating activities	<u>(1,624,640)</u>	<u>(5,810,968)</u>	<u>1,665,607</u>	<u>(5,770,001)</u>	<u>(376,132)</u>
Cash Flows from Noncapital Financing Activities					
Intergovernmental revenue	7,391,488	4,017,720	24,243	11,433,451	-
Interfund receivables/payables	(2,525,034)	(4,615,206)	2,544,564	(4,595,676)	-
Transfers from other funds	7,023,665	4,945,355	-	11,969,020	476,266
Transfers to other funds	(6,818)	(8,209)	(182,863)	(197,890)	-
Nonoperating revenues	404,237	331,333	201,720	937,290	324
Net cash provided by noncapital financing activities	<u>12,287,538</u>	<u>4,670,993</u>	<u>2,587,664</u>	<u>19,546,195</u>	<u>476,590</u>
Cash Flows from Capital and Related Financing Activities					
Principal payments on notes payable	-	(3,364,834)	-	(3,364,834)	-
Proceeds from issuance of notes	-	23,613,989	-	23,613,989	-
Principal payments on capital leases	(17,877)	(105,654)	(557,567)	(681,098)	-
Interest payments	(189)	(767,687)	(34,431)	(802,307)	-
Purchase of capital assets	(10,184,248)	(16,262,142)	(293,196)	(26,739,586)	-
Net cash provided (used) by capital and related financing activities	<u>(10,202,314)</u>	<u>3,113,672</u>	<u>(885,194)</u>	<u>(7,973,836)</u>	<u>-</u>
Cash Flows from Investing Activities					
Net proceeds from (purchase of) investments	(151,746)	-	(791,865)	(943,611)	(98,710)
Interest and investment income	20,659	-	20,055	40,714	567
Net cash used by investing activities	<u>(131,087)</u>	<u>-</u>	<u>(771,810)</u>	<u>(902,897)</u>	<u>(98,143)</u>
Net Change in Cash and Cash Equivalents	<u>329,497</u>	<u>1,973,697</u>	<u>2,596,267</u>	<u>4,899,461</u>	<u>2,315</u>
Cash and Cash Equivalents, 1/1/2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,061</u>
Cash and Cash Equivalents, 12/31/2015	<u>\$ 329,497</u>	<u>\$ 1,973,697</u>	<u>\$ 2,596,267</u>	<u>\$ 4,899,461</u>	<u>\$ 401,376</u>

City of Dickinson
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Other Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (467,790)	\$ (4,072,017)	\$ 550,890	\$ (3,988,917)	\$ (310,254)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation expense	749,444	1,961,105	699,110	3,409,659	-
Change in Assets and Liabilities					
Receivables	(1,825,568)	(3,819,907)	245,234	(5,400,241)	-
Inventories	2,971	(4,622)	(126)	(1,777)	-
Deferred outflows	-	-	(161,509)	(161,509)	-
Compensated absences liability	3,832	5,434	24,833	34,099	-
Accounts payable	(70,086)	99,562	(5,957)	23,519	34,307
Accrued payroll	(17,443)	19,477	20,764	22,798	8,475
Deferred inflows	-	-	2,346	2,346	-
Net pension liability	-	-	290,022	290,022	-
Net OPEB obligation	-	-	-	-	(108,660)
Net cash provided (used) by operating activities	<u>\$ (1,624,640)</u>	<u>\$ (5,810,968)</u>	<u>\$ 1,665,607</u>	<u>\$ (5,770,001)</u>	<u>\$ (376,132)</u>
Non-Cash Disclosures					
Purchase of equipment in exchange for capital lease	\$ -	\$ -	\$ 265,169	\$ 265,169	\$ -
Contribution of capital assets	\$ -	\$ 2,512,752	\$ -	\$ 2,512,752	\$ -

City of Dickinson
Statement of Fiduciary Net Position
December 31, 2015

	<u>City of Dickinson Pension Plans</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ -	\$ 422,639
Investments, at fair value		
Corporate bonds	1,332,017	-
Mutual funds	7,998,890	-
Equity dividend focus	3,254,826	-
Money market	227,739	-
Total investments	<u>12,813,472</u>	<u>-</u>
Accounts receivable	<u>-</u>	<u>100,482</u>
Total assets	<u>\$ 12,813,472</u>	<u>\$ 523,121</u>
Liabilities		
Due to other parties	<u>\$ -</u>	<u>\$ 523,121</u>
Net Position		
Held in trust for pension benefits	<u>12,813,472</u>	<u>-</u>
Total net position	<u>\$ 12,813,472</u>	<u>\$ 523,121</u>

City of Dickinson
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2015

	<u>City of Dickinson Pension Plans</u>
Additions	
Contributions	
Employer	\$ 1,317,178
Employee	139,388
Total contributions	<u>1,456,566</u>
Investment earnings (losses)	
Net decrease in fair value of investments	(586,450)
Interest and dividends	578,198
Total investment earnings (losses)	<u>(8,252)</u>
Total additions	<u>1,448,314</u>
Deductions	
Administration expense	76,474
Benefits	1,200,856
Total deductions	<u>1,277,330</u>
Change in Net Position	170,984
Net Position - January 1	<u>12,642,488</u>
Net Position - December 31	<u>\$ 12,813,472</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.

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

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

The City reports the following major enterprise funds:

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

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

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, 2015, consisted of bonds, certificates of deposit, money market accounts, and mortgage backed securities stated at fair value.

Investments of the pension trust funds consisted of bonds, mutual funds, and money market accounts. The investments of the pension trust funds are stated at fair value at December 31, 2015.

Receivables and Payables

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

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

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

Restricted Assets

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

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

Capital Assets

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

Pensions

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

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of January 1, 2015 the City of Dickinson adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 23 and the additional disclosures required by these standards are included in Note 19.

Deferred Outflows and Inflows of Resources

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

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

Fund Equity

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

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

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

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

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

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

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

As of December 31, 2015, the specific purposes of the fund balance classifications consisted of the following:

	General	One Percent Sales Tax	Oil & Gas Production	Building Construction	Annual Street Project Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable							
Note receivable	\$ 449,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,924
Advances to other funds	1,416,086	-	-	-	-	-	1,416,086
Total nonspendable	1,866,010	-	-	-	-	-	1,866,010
Restricted for							
Debt, property tax reductions and infrastructure	-	5,323,950	-	-	-	3,892,009	9,215,959
Urban and economic development	-	3,194,370	-	-	-	3,700,139	6,894,509
Job creation and senior citizen activities	-	2,129,580	-	-	-	-	2,129,580
Oil impacted operations	-	-	13,060,086	-	-	-	13,060,086
Grants	-	-	-	-	-	456	456
Downtown districts	-	-	-	-	-	178,617	178,617
Total restricted	-	10,647,900	13,060,086	-	-	7,771,221	31,479,207
Committed for							
Visitor promotion	-	-	-	-	-	809,072	809,072
Wastewater backup reserve	-	-	-	-	-	10,997	10,997
Debt service	-	-	-	-	-	404,135	404,135
Hospitality	-	-	-	-	-	134,712	134,712
Total committed	-	-	-	-	-	1,358,916	1,358,916
Assigned for							
Future fund	6,463,340	-	-	-	-	-	6,463,340
Cemetery	290,354	-	-	-	-	-	290,354
Urban forestry	94,025	-	-	-	-	-	94,025
Asset forfeiture	21,539	-	-	-	-	-	21,539
Historic preservation	3,416	-	-	-	-	-	3,416
Library	-	-	-	-	-	286,516	286,516
Debt service	-	-	-	-	-	334,119	334,119
Building construction	-	-	-	1,967,525	-	-	1,967,525
Total assigned	6,872,674	-	-	1,967,525	-	620,635	9,460,834
Unassigned	8,384,480	-	-	-	(1,473,097)	(2,669,469)	4,241,914
Total fund balances	\$ 17,123,164	\$ 10,647,900	\$ 13,060,086	\$ 1,967,525	\$ (1,473,097)	\$ 7,081,303	\$ 48,406,881

Note 2 - Legal Compliance

Expenditures over Appropriations

At December 31, 2015, the following funds had expenditures that exceeded budgeted appropriations:

Grant fund	\$ (403,111)
Internal service fund	(177,359)
Wastewater treatment fund	(50,843)

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, 2015, the following funds had a deficit balance:

Annual Street Project	\$ (1,473,097)
Community Center Project	(1,123,194)
Impact Fee Capital Projects	(1,546,275)

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 and through special assessment collections.

Note 3 - Deposits and Investments

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

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

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

At year end December 31, 2015, the City's carrying amount of deposits was \$34,880,818 and the agency fund's carrying amount of deposits were \$422,639 and the bank balance was \$33,384,584. 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, 2015 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	\$ 16,533,043	\$ 3,007,800	\$ 4,027,038	\$ 7,531,645	\$ 1,966,560
Certificates of deposit	1,251,305	-	1,251,305	-	-
Mortgage backed securities	971,581	-	-	-	971,581
Money market	157,517	157,517	-	-	-
Totals	\$ 18,913,446	\$ 3,165,317	\$ 5,278,343	\$ 7,531,645	\$ 2,938,141

As of December 31, 2015 the City's general investments had the following credit ratings:

	Market Value	S&P Rating					
		Not Rated	AAA	AA+	AA-	A	A-
US government bonds	\$ 16,533,043	\$ 3,230,045	\$ -	\$ 13,302,998	\$ -	\$ -	\$ -
Certificates of deposit	1,251,305	1,251,305	-	-	-	-	-
Mortgage backed securities	971,581	-	971,581	-	-	-	-
Money market	157,517	157,517	-	-	-	-	-
Totals	\$ 18,913,446	\$ 4,638,867	\$ 971,581	\$ 13,302,998	\$ -	\$ -	\$ -

As of December 31, 2015 the City's Pension Trust Funds had the following investments and maturities:

	Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Corporate bonds	\$ 1,332,017	\$ -	\$ 905,675	\$ 426,342	\$ -
Mutual funds	7,998,890	7,998,890	-	-	-
Equity dividend focus	3,254,826	3,254,826	-	-	-
Money market	227,739	227,739	-	-	-
Totals	\$ 12,813,472	\$ 11,481,455	\$ 905,675	\$ 426,342	\$ -

As of December 31, 2015 the City's Pension Trust Funds had the following credit ratings:

	Market Value	S&P Rating					
		Not Rated	AAA	AA	A	BBB+	BBB
Corporate bonds	\$ 1,332,017	\$ -	\$ -	\$ 257,798	\$ 279,458	\$ 647,877	\$ 146,884
Mutual funds	7,998,890	7,998,890	-	-	-	-	-
Equity dividend focus	3,254,826	3,254,826	-	-	-	-	-
Money market	227,739	227,739	-	-	-	-	-
Totals	<u>\$12,813,472</u>	<u>\$11,481,455</u>	<u>\$ -</u>	<u>\$ 257,798</u>	<u>\$ 279,458</u>	<u>\$ 647,877</u>	<u>\$ 146,884</u>

Interest Rate Risk

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

Credit Risk

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

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

Funds invested by the City at December 31, 2015 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, 2015 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, 2015 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, 2015 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, 2015 and the outstanding balance of the note at December 31, 2015 was \$449,924.

Note 9 - Interfund Receivable/Payable

Interfund receivable/payable at December 31, 2015 consists of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 1,355,026
Water Distribution Utility Fund	Wastewater Fund	8,694,948
Total		\$ 10,049,974

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, 2015 consist of the following:

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

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

Note 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, 2015:

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,209,832	\$ -	\$ -	\$ 1,209,832
Construction in progress	<u>33,636,352</u>	<u>42,064,881</u>	<u>(71,323,505)</u>	<u>4,377,728</u>
Total capital assets, not being depreciated	<u>34,846,184</u>	<u>42,064,881</u>	<u>(71,323,505)</u>	<u>5,587,560</u>
Capital assets, being depreciated				
Buildings and improvements	47,953,567	31,567,557	-	79,521,124
Improvements other than buildings	65,858,377	38,450,619	-	104,308,996
Machinery and equipment	<u>10,678,388</u>	<u>2,121,314</u>	<u>(105,671)</u>	<u>12,694,031</u>
Total capital assets, being depreciated	<u>124,490,332</u>	<u>72,139,490</u>	<u>(105,671)</u>	<u>196,524,151</u>
Less accumulated depreciation for				
Buildings and improvements	9,987,996	1,559,619	-	11,547,615
Improvements other than buildings	37,267,198	3,363,204	-	40,630,402
Machinery and equipment	6,149,440	929,825	(105,671)	6,973,594
Total accumulated depreciation	<u>53,404,634</u>	<u>5,852,648</u>	<u>(105,671)</u>	<u>59,151,611</u>
Total capital assets being depreciated, net	<u>71,085,698</u>	<u>66,286,842</u>	<u>-</u>	<u>137,372,540</u>
Governmental activities - capital assets, net	<u>\$ 105,931,882</u>	<u>\$ 108,351,723</u>	<u>\$ (71,323,505)</u>	<u>\$ 142,960,100</u>

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

Governmental Activities

General government	\$ 64,379
Public safety	344,136
Public works	4,548,093
Culture and recreation	882,579
Other	<u>13,461</u>
Total depreciation expense - governmental activities	<u>\$ 5,852,648</u>

	Balance January 1	Increases	Decreases	Balance December 31
Business-type activities				
Capital assets not being depreciated				
Land	\$ 720,161	\$ -	\$ -	\$ 720,161
Construction in progress	79,812,537	21,003,457	(92,095,647)	8,720,347
Total capital assets, not being depreciated	<u>80,532,698</u>	<u>21,003,457</u>	<u>(92,095,647)</u>	<u>9,440,508</u>
Capital assets, being depreciated				
Buildings and improvements	6,767,147	35,759,356	(12,775)	42,513,728
Improvements other than buildings	26,203,036	64,120,815	-	90,323,851
Machinery and equipment	9,919,814	740,027	(222,320)	10,437,521
Total capital assets, being depreciated	<u>42,889,997</u>	<u>100,620,198</u>	<u>(235,095)</u>	<u>143,275,100</u>
Less accumulated depreciation for				
Buildings and improvements	5,311,851	145,191	(12,775)	5,444,267
Improvements other than buildings	12,121,497	2,540,881	-	14,662,378
Machinery and equipment	5,648,101	723,587	(211,819)	6,159,869
Total accumulated depreciation	<u>23,081,449</u>	<u>3,409,659</u>	<u>(224,594)</u>	<u>26,266,514</u>
Total capital assets being depreciated, net	<u>19,808,548</u>	<u>97,210,539</u>	<u>(10,501)</u>	<u>117,008,586</u>
Business-type activities - capital assets, net	<u>\$ 100,341,246</u>	<u>\$ 118,213,996</u>	<u>\$ (92,106,148)</u>	<u>\$ 126,449,094</u>

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

Business-type Activities

Water distribution utility fund	\$ 749,444
Wastewater fund	1,961,105
Solid waste utility fund	673,791
Storm sewer utility fund	25,319
	<u>\$ 3,409,659</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>
2011 Cat 950H Wheel Ldr 0J5J01625	\$ 161,682	\$ 77,472	\$ 84,210
2011 Elgin Pelican Np21960 03699	162,719	77,970	84,749
Cat Motor Grader	227,847	110,364	117,483
Motor Grader	189,847	91,957	97,890
Wheel Load Skidsteer	169,000	64,079	104,921
2014 S175 Aerial Ladder Fire Truck	669,951	114,422	555,529
2015 Johnston Sweeper	228,295	6,659	221,636
Total	<u>\$ 1,809,341</u>	<u>\$ 542,923</u>	<u>\$ 1,266,418</u>

Business-type Activities (Proprietary Funds)

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Sewer Relining Project	\$ 1,115,563	\$ 134,797	\$ 980,766
2012 Bomag Roller Compactor	568,500	146,863	421,637
Wheel Loader	265,169	77,341	187,828
Landfill Dozer-D6TXWWHA	381,819	111,364	270,455
Peterbilt Side Loader 2015 286227	225,158	33,505	191,653
Peterbilt Side Loader 2015 286228	245,358	36,511	208,847
Peterbilt Side Loader 2015 286229	238,258	35,455	202,803
Caterpillar Twin Engine Scraper	578,910	98,897	480,013
Roll Off Truck 5KKMAXDV2EPGA1273	168,400	30,172	138,228
Front Load Truck	213,887	32,975	180,912
Rear Load Truck	127,829	25,033	102,796
Total	<u>\$ 4,128,851</u>	<u>\$ 762,913</u>	<u>\$ 3,365,938</u>

Future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2015 were as follows:

<u>Year Ending December 31</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
2016	\$ 265,390	\$ 722,478
2017	224,406	722,478
2018	196,823	722,478
2019	67,396	352,651
2020	29,725	-
Total minimum lease payments	<u>783,740</u>	<u>2,520,085</u>
Less: amount representing interest	<u>(39,054)</u>	<u>(97,031)</u>
Present value of minimum lease payments	<u>\$ 744,686</u>	<u>\$ 2,423,054</u>

Note 14 - Long-Term Obligations

During the year ended December 31, 2015, 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	\$ 697,805	\$ 563,307	\$ 506,809	\$ 754,303	\$ 251,182
Revenue bonds payable	16,948,267	-	1,098,866	15,849,401	2,194,401
Bond premium	315,177	-	28,652	286,525	26,265
Capital leases payable	<u>1,027,284</u>	<u>228,295</u>	<u>510,893</u>	<u>744,686</u>	<u>248,522</u>
Total governmental debt	<u>\$18,988,533</u>	<u>\$ 791,602</u>	<u>\$ 2,145,220</u>	<u>\$ 17,634,915</u>	<u>\$ 2,720,370</u>

Business-type Activities (Proprietary Funds)

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Compensated absences	\$ 158,580	\$ 180,540	\$ 146,441	\$ 192,679	\$ 64,226
Notes payable	48,910,538	23,613,989	3,364,834	69,159,693	3,962,972
Capital leases payable	2,838,983	265,169	681,098	2,423,054	676,400
 Total enterprise fund debt	 <u>\$51,908,101</u>	 <u>\$24,059,698</u>	 <u>\$ 4,192,373</u>	 <u>\$ 71,775,426</u>	 <u>\$ 4,703,598</u>

Outstanding debt at December 31, 2015 (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.	\$ 14,770,000
\$15,000,000 Water and Sales Tax Revenue Bonds, Series 2014; \$1,093,267 advanced on bonds at December 31, 2015 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>1,079,401</u>
	<u>\$ 15,849,401</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 \$18,794,225. Principal payments of \$1,085,000 and interest payments of \$629,250 were made in the current year. The sales and use tax revenues in the current year were \$7,063,834 and the lodging and restaurant tax revenues were \$1,104,629.

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, 2015. Principal payments of \$13,866 and interest payments of \$17,496 were made in the current year. The sales tax and use tax revenues in the current year were \$3,531,917. No additional funds were drawn on these bonds and the outstanding balance of the bonds was paid in full subsequent to year-end.

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.	\$ 380,000
\$40,500,000 State Revolving Fund Loan; \$36,360,948 drawn on loan at December 31, 2015 with \$4,139,052 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.	34,695,948
\$42,108,000 State Revolving Fund Loan; \$29,891,357 drawn on loan at December 31, 2015 with \$12,216,643 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.	28,633,357
\$3,226,943 note payable; due in annual installments equal to wastewater sales to lender until balance is paid in full; interest at 6% accruing annually	2,813,463
\$2,636,925 note payable; due in annual installments equal to industrial water sales to lender until balance is paid in full; interest at 6% accruing annually	2,636,925
	\$ 69,159,693

Debt service requirements on long-term debt at December 31, 2015 are as follows:

Governmental Activities	Revenue Bonds	
	Principal	Interest
Year Ending December 31		
2016	\$ 2,194,401	\$ 655,193
2017	1,150,000	561,115
2018	1,185,000	526,615
2019	1,230,000	479,215
2020	1,270,000	440,065
2021-2025	8,820,000	1,422,650
	\$ 15,849,401	\$ 4,084,853

<u>Business-Type Activities</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending December 31		
2016	\$ 3,962,972	\$ 1,556,900
2017	8,327,416	1,489,675
2018	3,550,000	1,420,850
2019	3,645,000	1,350,225
2020	3,730,000	1,277,700
2021-2025	20,095,000	5,237,300
2026-2030	21,016,357	3,135,940
2031-2034	4,832,948	248,880
	<u>\$ 69,159,693</u>	<u>\$ 15,717,470</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	\$ 9,215,959
Urban and economic development	6,894,509
Job creation and senior citizen activities	2,129,580
Oil impacted operations	13,060,086
Grants	456
Downtown districts	178,617
Debt service	1,973,697
	<u>\$ 33,452,904</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 (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City of Dickinson pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability and auto insurance and to \$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, 2015 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, 2015 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	\$ 89,791
Interest on OPEB obligation	2,951
Adjustment to annual required contributions	<u>(3,611)</u>
Annual OPEB costs	89,131
Contributions made	<u>(197,791)</u>
Decrease in net OPEB obligation	(108,660)
Net OPEB obligations, beginning of year	<u>45,405</u>
Net OPEB obligations, end of year	<u><u>\$ (63,255)</u></u>

Funded Status and Funding Progress – As of January 1, 2013, in the most recent actuarial valuation, the plan was 28% funded. The actuarial accrued liability for benefits projected as of January 1, 2015 was \$1,075,231 and the actuarial value of assets was \$402,906 resulting in an unfunded actuarial accrued liability (UAAL) of \$672,325.

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, 2015 is as follows:

Assets	\$ 93,056
Liabilities	29,415
Equity	\$ 63,641
Total revenues	\$ 544,592
Total expenses	490,574
Net change in equity	\$ 54,018

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.

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, 2016, the date of the latest actuarial valuation:

	City Employee	Police	Volunteer Firemen
Retirees and beneficiaries receiving benefits	32	13	7
Terminated plan members entitled to but not yet receiving benefits	10	6	5
Active plan members	27	18	28
Total	69	37	40
Number of participating employers	2	1	1

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

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

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

Schedule of Contributions

<u>City Employee</u>	<u>2015</u>
Actuarially determined contribution	\$ 817,871
Contributions in relation to the actuarially determined contribution	<u>840,574</u>
Contribution deficiency (excess)	<u>\$ (22,703)</u>
Covered-employee Payroll	\$ 1,869,771
Contributions as a percentage of covered-employee payroll	44.96%
 <u>Volunteer Firemen</u>	 <u>2015</u>
Actuarially determined contribution	\$ 25,147
Contributions in relation to the actuarially determined contribution	<u>27,408</u>
Contribution deficiency (excess)	<u>\$ (2,261)</u>
Covered-employee Payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A

<u>Police</u>	<u>2015</u>
Actuarially determined contribution	\$ 446,886
Contributions in relation to the actuarially determined contribution	<u>423,057</u>
Contribution deficiency (excess)	<u>\$ 23,829</u>
Covered-employee Payroll	\$ 1,337,000
Contributions as a percentage of covered-employee payroll	31.64%

Actuarial Assumptions

	<u>City Employee</u>	<u>Police</u>	<u>Volunteer Firemen</u>
Valuation date	January 1, 2016	January 1, 2016	January 1, 2016
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	25 years	25 years	25 years
Asset valuation method	Smoothing of gains and losses	Smoothing of gains and losses	Smoothing of gains and losses
Investment rate of return	6.5%	6.5%	7.0%
Projected salary increases	4%	4%	N/A
Assumed inflation rate	4%	4%	4%
Mortality	RP-2014 Mortality Table using Scale MP-2015	RP-2014 Mortality Table using MP-2015	RP-2014 Mortality Table using Scale MP-2015

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

Investments

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

The Board adopted a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2015 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>	Long-Term Expected Real Rate of Return
Equity	8%
Fixed Income	5%

Volunteer Firemen Pension Plan

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

Police Pension Plan

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

City Employee Pension Plan

Schedule of Net Pension Liability	2015
Total Pension Liability	\$ 17,004,434
Plan fiduciary net position	<u>7,001,500</u>
Net pension liability	<u>\$ 10,002,934</u>
Plan fiduciary net position as a percentage of the total pension liability	41.17%
Covered-employee Payroll	\$ 1,869,771
Net pension liability as a percentage of covered-employee payroll	534.98%

Schedule of Changes in Total Pension Liability	2015
Service Cost	\$ 195,152
Interest	995,017
Differences between expected and actual experience	652,387
Changes of assumptions	420,898
Benefit payments, including refunds of member contributions	<u>(743,636)</u>
Net change in total pension liability	1,519,818
Total Pension Liability--Beginning	<u>15,484,616</u>
Total Pension Liability--Ending (a)	<u>\$ 17,004,434</u>

Schedule of Changes in Plan Fiduciary Net Position	
Contributions--employer	\$ 840,574
Contributions--member	93,244
Net investment income (loss)	10,279
Benefit payments, including refunds of member contributions	(743,636)
Administrative expense	<u>(43,910)</u>
Net change in plan fiduciary net position	156,551
Plan fiduciary net position--beginning	<u>6,844,949</u>
Plan fiduciary net position--ending (b)	<u>\$ 7,001,500</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 10,002,934</u>

Discount Rate used to measure the Total Pension Liability	6.50%
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Schedule of Investment Returns	2015
Annual money-weighted rate of return, net of investment expenses	0.1%

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 11,438,283	\$ 17,004,434	\$ 8,763,261
Plan Fiduciary Net Position	7,001,500	7,001,500	7,001,500
Net Pension Liability	\$ 4,436,783	\$ 10,002,934	\$ 1,761,761
City Share	\$ 2,462,866	\$ 5,552,647	\$ 977,957

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

At December 31, 2015, the City of Dickinson reported a liability of \$5,552,647 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Dickinson's proportion of the net pension liability was based on the City of Dickinson's share of the present value of future payroll in the pension plan relative to the present value of future payroll of all participating employers. At December 31, 2015, City of Dickinson's proportion was 55.510180% percent.

For the year ended December 31, 2015, the City of Dickinson recognized pension expense of \$801,160. At December 31, 2015, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,693	\$ (8,662)
Changes of assumptions	122,383	-
Net difference between projected and actual earnings on investments	119,774	-
Changes in proportionate share	94,418	(283,669)
Total	\$ 526,268	\$ (292,331)

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

2016	\$ 84,932
2017	42,253
2018	57,969
2019	48,783
	\$ 233,937

Volunteer Firemen Pension Plan

Schedule of Net Pension Liability	2015
Total Pension Liability	\$ 413,002
Plan fiduciary net position	<u>301,264</u>
Net pension liability	<u>\$ 111,738</u>
Plan fiduciary net position as a percentage of the total pension liability	72.94%
Covered-employee Payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A
 Schedule of Changes in Total Pension Liability	 2015
Service Cost	\$ 14,870
Interest	27,059
Differences between expected and actual experience	(5,667)
Changes of assumptions	10,055
Benefit payments, including refunds of member contributions	<u>(10,011)</u>
Net change in total pension liability	36,306
Total Pension Liability--Beginning	<u>376,696</u>
Total Pension Liability--Ending (a)	<u>\$ 413,002</u>
 Schedule of Changes in Plan Fiduciary Net Position	
Contributions--employer	\$ 27,408
Net investment income	(2,294)
Benefit payments, including refunds of member contributions	(10,011)
Administrative expense	<u>(2,064)</u>
Net change in plan fiduciary net position	13,039
Plan fiduciary net position--beginning	<u>288,225</u>
Plan fiduciary net position--ending (b)	<u>\$ 301,264</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 111,738</u>
 Discount Rate used to measure the Total Pension Liability	 7.00%
 Schedule of Investment Returns	 2015
Annual money-weighted rate of return, net of investment expenses	-0.8%

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total Pension Liability	\$ 451,382	\$ 413,002	\$ 380,402
Plan Fiduciary Net Position	301,264	301,264	301,264
Net Pension Liability	\$ 150,118	\$ 111,738	\$ 79,138

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

For the year ended December 31, 2015, the City of Dickinson recognized pension expense of \$20,991. At December 31, 2015, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,362	\$ (41,362)
Changes of assumptions	8,872	(2,316)
Net difference between projected and actual earnings on investments	14,262	-
Total	\$ 25,496	\$ (43,678)

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

2016	\$ (5,900)
2017	(4,721)
2018	(511)
2019	(299)
2020	(3,650)
Thereafter	(3,101)
	\$ (18,182)

Police Pension Plan

Schedule of Net Pension Liability

	2015
Total Pension Liability	\$ 9,763,488
Plan fiduciary net position	5,527,313
Net pension liability	\$ 4,236,175
Plan fiduciary net position as a percentage of the total pension liability	56.61%
Covered-employee Payroll	\$ 1,337,000
Net pension liability as a percentage of covered-employee payroll	316.84%

Schedule of Changes in Total Pension Liability

	2015
Service Cost	\$ 216,356
Interest	571,205
Differences between expected and actual experience	330,967
Changes of assumptions	297,090
Benefit payments, including refunds of member contributions	(447,090)
Net change in total pension liability	968,528
Total Pension Liability--Beginning	8,794,960
Total Pension Liability--Ending (a)	\$ 9,763,488

Schedule of Changes in Plan Fiduciary Net Position

Contributions--employer	\$ 423,057
Contributions--member	72,282
Net investment income	(7,931)
Benefit payments, including refunds of member contributions	(447,090)
Administrative expense	(33,723)
Net change in plan fiduciary net position	6,595
Plan fiduciary net position--beginning	5,520,718
Plan fiduciary net position--ending (b)	\$ 5,527,313
Net Pension Liability--ending (a) - (b)	\$ 4,236,175

Discount Rate used to measure the Total Pension Liability	6.50%
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Schedule of Investment Returns

	2015
Annual money-weighted rate of return, net of investment expenses	-0.2%

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

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 10,802,013	\$ 9,763,488	\$ 8,880,736
Plan Fiduciary Net Position	5,527,313	5,527,313	5,527,313
Net Pension Liability	\$ 5,274,700	\$ 4,236,175	\$ 3,353,423

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

For the year ended December 31, 2015, the City of Dickinson recognized pension expense of \$855,309. At December 31, 2015, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 515,881	\$ -
Changes of assumptions	243,432	(219)
Net difference between projected and actual earnings on investments	164,662	-
Total	\$ 923,975	\$ (219)

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

2016		\$ 379,266
2017		240,938
2018		230,102
2019		73,450
		\$ 923,756

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 \$626,136 at December 31, 2015, which is based on 25% usage (filled) of the landfill. It is estimated that an additional \$1,968,811 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 \$2,594,947 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, 2015. 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, 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 4,726,802	\$ 999,142
One Percent Sales Tax	-	5,136,000
Oil & Gas Production Fund	-	49,913,511
Annual Street Project Fund	38,809,785	-
Other Governmental Funds	9,396,058	9,131,388
Water Distribution Utility Fund	7,023,665	6,818
Wastewater Fund	4,945,355	8,209
Other Proprietary Fund	-	182,863
Internal Service Fund	476,266	-
	<u>476,266</u>	<u>-</u>
Total transfers	<u>\$ 65,377,931</u>	<u>\$ 65,377,931</u>

The transfers in and out during 2015 were budgeted transfers.

Note 22 - Subsequent Events

Subsequent to year end, the City drew additional funds on the State Revolving Fund Loans that were outstanding at December 31, 2015 (see Note 14) of \$8,300,385.

Note 23 - Restatement and Adoption of New Standard

During 2015, the City identified misstatements to the 2014 financial statements related to the understatement of intergovernmental revenues and receivables. The City restated fund balance and net position at January 1, 2015 to reflect the misstatements of the balances reported in the 2014 financial statements.

As of January 1, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability.

	One Percent Sales Tax	Other Governmental Funds	Other Enterprise Funds	Government-Wide	
				Governmental Activities	Business-Type Activities
Fund balance/net position - January 1, as previously reported	\$ 9,282,007	\$ 2,442,527	\$ 6,884,106	\$ 132,038,149	\$ 44,063,616
Restatements					
Understatement of intergovernmental receivables	775,913	514,376	-	1,290,289	-
Net pension liability at December 31, 2014	-	-	(1,213,723)	(7,306,257)	(1,213,723)
Fund balance/net position - January 1, as restated	<u>\$ 10,057,920</u>	<u>\$ 2,956,903</u>	<u>\$ 5,670,383</u>	<u>\$ 126,022,181</u>	<u>\$ 42,849,893</u>



Required Supplementary Information
December 31, 2015

City of Dickinson

City of Dickinson
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget
Revenues				
Taxes	\$ 4,368,613	\$ 4,468,613	\$ 4,464,514	\$ (4,099)
Licenses, permits and fees	1,505,175	855,175	1,085,348	230,173
Intergovernmental revenues	3,858,353	3,858,353	3,730,202	(128,151)
Charges for services	2,536,289	2,536,289	2,363,912	(172,377)
Fines and forfeits	453,498	453,498	444,237	(9,261)
Interest and investment income	40,500	40,500	44,785	4,285
Miscellaneous revenues	12,129	12,129	152,082	139,953
Total revenues	<u>12,774,557</u>	<u>12,224,557</u>	<u>12,285,080</u>	<u>60,523</u>
Expenditures				
Current				
General government	5,506,366	5,596,366	5,125,808	470,558
Public safety	6,614,987	6,884,987	6,785,326	99,661
Public works	2,783,461	3,143,461	2,800,486	342,975
Culture and recreation	370,864	605,864	568,835	37,029
Other	152,895	152,895	142,650	10,245
Capital outlay	1,848,700	2,269,700	1,408,100	861,600
Total expenditures	<u>17,277,273</u>	<u>18,653,273</u>	<u>16,831,205</u>	<u>1,822,068</u>
Excess (Deficiency) of Revenues over expenditures	<u>(4,502,716)</u>	<u>(6,428,716)</u>	<u>(4,546,125)</u>	<u>1,882,591</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	661,903	661,903
Transfers in	5,038,206	5,038,206	5,061,672	23,466
Transfers out	(551,558)	(719,554)	(1,196,441)	(476,887)
Total Other Financing Sources and Uses	<u>4,486,648</u>	<u>4,318,652</u>	<u>4,527,134</u>	<u>208,482</u>
Net Change in Fund Balances	<u>(16,068)</u>	<u>(2,110,064)</u>	<u>(18,991)</u>	<u>2,091,073</u>
Fund Balance - January 1	<u>8,403,471</u>	<u>8,403,471</u>	<u>8,403,471</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 8,387,403</u>	<u>\$ 6,293,407</u>	<u>\$ 8,384,480</u>	<u>\$ 2,091,073</u>

City of Dickinson
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2015

Differences between budgetary and GAAP fund balance	
General fund	\$ 8,384,480
Asset forfeiture	21,539
Cemetery	290,354
Historic preservation	3,416
Future fund	8,329,350
Urban forestry	<u>94,025</u>
 GAAP fund balance (combined with General fund for GAAP presentation)	 <u><u>\$ 17,123,164</u></u>

City of Dickinson
 Budgetary Comparison Schedule – One Percent Sales Tax Fund
 Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 8,000,000	\$ 7,500,000	\$ 7,063,834	\$ (436,166)
Interest and investment income	87,000	87,000	42,861	(44,139)
Total revenue	<u>8,087,000</u>	<u>7,587,000</u>	<u>7,106,695</u>	<u>(480,305)</u>
Expenditures				
Current				
Urban and economic development	1,078,000	1,078,000	1,130,715	(52,715)
Capital outlay	1,036,000	1,036,000	250,000	786,000
Total expenditures	<u>2,114,000</u>	<u>2,114,000</u>	<u>1,380,715</u>	<u>733,285</u>
Excess of Revenues over Expenditures	<u>5,973,000</u>	<u>5,473,000</u>	<u>5,725,980</u>	<u>252,980</u>
Other Financing Uses				
Transfers out	<u>(4,350,000)</u>	<u>(4,350,000)</u>	<u>(5,136,000)</u>	<u>(786,000)</u>
Net change in fund balances	<u>1,623,000</u>	<u>1,123,000</u>	<u>589,980</u>	<u>(533,020)</u>
Fund Balance - January 1, as previously reported	<u>9,282,007</u>	<u>9,282,007</u>	<u>9,282,007</u>	<u>-</u>
Restatement - (Note 23)	<u>775,913</u>	<u>775,913</u>	<u>775,913</u>	<u>-</u>
Fund Balance - January 1, as restated	<u>10,057,920</u>	<u>10,057,920</u>	<u>10,057,920</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 11,680,920</u>	<u>\$ 11,180,920</u>	<u>\$ 10,647,900</u>	<u>\$ (533,020)</u>

City of Dickinson
 Budgetary Comparison Schedule – Oil & Gas Fund
 Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues	\$ 91,000,000	\$ 91,000,000	\$ 61,270,362	\$ (29,729,638)
Interest and investment income	-	-	130,753	130,753
Total revenue	<u>91,000,000</u>	<u>91,000,000</u>	<u>61,401,115</u>	<u>(29,598,885)</u>
Other Financing Uses				
Transfers out	<u>(91,000,000)</u>	<u>(49,913,511)</u>	<u>(49,913,511)</u>	-
Net change in fund balances	<u>-</u>	<u>41,086,489</u>	<u>11,487,604</u>	<u>(29,598,885)</u>
Fund Balance - January 1	<u>1,572,482</u>	<u>1,572,482</u>	<u>1,572,482</u>	-
Fund Balance - December 31	<u>\$ 1,572,482</u>	<u>\$ 42,658,971</u>	<u>\$ 13,060,086</u>	<u>\$ (29,598,885)</u>

City of Dickinson
 Required Supplementary Information – City Employee Pension Plan
 Year Ended December 31, 2015

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

	2015	2014
Employer's proportion of the net pension liability	55.510180%	59.692893%
Employer's proportionate share of the net pension liability	\$ 5,552,647	\$ 5,157,267
Employer's covered employee payroll	\$ 1,037,913	\$ 1,018,154
Employer's proportionate share of the net pension liability as a percentage of covered-employee payroll	534.98%	506.53%
Plan fiduciary net position as a percentage of the total pension liability	41.17%	44.20%

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

Schedule of the Employer's Contributions

	2015	2014
Actuarially determined contribution	\$ 817,871	\$ 854,400
Contributions in relation to the actuarially determined contribution	<u>840,574</u>	<u>823,620</u>
Contribution deficiency (excess)	<u>\$ (22,703)</u>	<u>\$ 30,780</u>
Employer's covered-employee payroll	\$ 1,037,913	\$ 1,018,154
Contributions as a percentage of covered-employee payroll	80.99%	80.89%

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2016
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	25 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	6.5%
Projected salary increases	4%
Assumed inflation rate	4%
Mortality	RP-2014 Mortality Table using Scale MP-2015

City of Dickinson
Required Supplementary Information – Volunteer Fireman Pension Plan
Year Ended December 31, 2015

Schedule of Net Pension Liability	2015	2014
Total Pension Liability	\$ 413,002	\$ 376,696
Plan fiduciary net position	301,264	288,225
Net pension liability	<u>\$ 111,738</u>	<u>\$ 88,471</u>
Plan fiduciary net position as a percentage of the total pension liability	72.94%	76.51%
Covered-employee Payroll	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A

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

Schedule of Changes in Total Pension Liability	2015	2014
Service Cost	\$ 14,870	\$ 14,918
Interest	27,059	26,248
Differences between expected and actual experience	(5,667)	(17,014)
Changes of assumptions	10,055	-
Benefit payments, including refunds of member contributions	(10,011)	(15,028)
Net change in total pension liability	<u>36,306</u>	<u>9,124</u>
Total Pension Liability--Beginning	<u>376,696</u>	<u>367,572</u>
Total Pension Liability--Ending (a)	<u>\$ 413,002</u>	<u>\$ 376,696</u>

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

Schedule of Changes in Plan Fiduciary Net Position	2015	2014
Contributions--employer	\$ 27,408	\$ 27,447
Net investment income	(2,294)	14,756
Benefit payments, including refunds of member contributions	(10,011)	(15,028)
Administrative expense	(2,064)	(2,926)
Net change in plan fiduciary net position	<u>13,039</u>	<u>24,249</u>
Plan fiduciary net position--beginning	<u>288,225</u>	<u>263,976</u>
Plan fiduciary net position--ending (b)	<u>\$ 301,264</u>	<u>\$ 288,225</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 111,738</u>	<u>\$ 88,471</u>

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

Schedule of Contributions	2015	2014
Actuarially determined contribution	\$ 25,147	\$ 26,730
Contributions in relation to the actuarially determined contribution	27,408	27,447
Contribution deficiency (excess)	<u>\$ (2,261)</u>	<u>\$ (717)</u>
Covered-employee Payroll	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2016
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	25 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	7.00%
Projected salary increases	N/A
Assumed inflation rate	4%
Mortality	RP-2014 Mortality Table using Scale MP-2015

City of Dickinson
Required Supplementary Information – Police Pension Plan
Year Ended December 31, 2015

Schedule of Net Pension Liability	2015	2014
Total Pension Liability	\$ 9,763,488	\$ 8,794,960
Plan fiduciary net position	<u>5,527,313</u>	<u>5,520,718</u>
Net pension liability	<u>\$ 4,236,175</u>	<u>\$ 3,274,242</u>
Plan fiduciary net position as a percentage of the total pension liability	56.61%	62.77%
Covered-employee Payroll	\$ 1,337,000	\$ 1,280,884
Net pension liability as a percentage of covered-employee payroll	316.84%	255.62%

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

Schedule of Changes in Total Pension Liability	2015	2014
Service Cost	\$ 216,356	\$ 210,610
Interest	571,205	548,605
Differences between expected and actual experience	330,967	9,528
Changes of assumptions	297,090	-
Benefit payments, including refunds of member contributions	<u>(447,090)</u>	<u>(406,497)</u>
Net change in total pension liability	968,528	362,246
Total Pension Liability--Beginning	<u>8,794,960</u>	<u>8,432,714</u>
Total Pension Liability--Ending (a)	<u>\$ 9,763,488</u>	<u>\$ 8,794,960</u>

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

Schedule of Changes in Plan Fiduciary Net Position	2015	2014
Contributions--employer	\$ 423,057	\$ 364,786
Contributions--member	72,282	71,151
Net investment income	(7,931)	284,155
Benefit payments, including refunds of member contributions	(447,090)	(406,497)
Administrative expense	<u>(33,723)</u>	<u>(32,188)</u>
Net change in plan fiduciary net position	6,595	281,407
Plan fiduciary net position--beginning	<u>5,520,718</u>	<u>5,239,311</u>
Plan fiduciary net position--ending (b)	<u>\$ 5,527,313</u>	<u>\$ 5,520,718</u>
Net Pension Liability--ending (a) - (b)	<u>\$ 4,236,175</u>	<u>\$ 3,274,242</u>

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

Schedule of Contributions	2015	2014
Actuarially determined contribution	\$ 446,886	\$ 430,831
Contributions in relation to the actuarially determined contribution	<u>423,057</u>	<u>364,786</u>
Contribution deficiency (excess)	<u>\$ 23,829</u>	<u>\$ 66,045</u>
Covered-employee Payroll	\$ 1,337,000	\$ 1,280,884
Contributions as a percentage of covered-employee payroll	31.64%	28.48%

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2016
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	25 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	6.50%
Projected salary increases	4%
Assumed inflation rate	4%
Mortality	RP-2014 Mortality Table using Scale MP-2015

Schedule of Funding Progress

<u>Actuarial Valuation Date January 1,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UALL)</u>	<u>Funded Ratio</u>
2013	\$ 184,108	\$ 1,022,383	\$ 838,275	18.0%
2014	291,085	1,057,041	765,956	27.5%
2015	402,906	1,075,231	672,325	37.5%

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Annual OPEB Costs</u>	<u>City Contributions</u>	<u>Percentage Contributed</u>
2013	\$ 97,756	\$ 175,625	179.7%
2014	94,074	192,235	204.3%
2015	89,131	197,791	221.9%

Note 1 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Note 2 - Actuarial Assumptions and Methods – Other Postemployment Benefits

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

Significant actuarial assumptions employed by the actuaries for funding purposes as of January 1, 2013, 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>
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:

<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

Actuarial Methods

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, 2015
City of Dickinson

City of Dickinson
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 5,092,350	\$ 1,653,775	\$ -	\$ 6,746,125
Accounts receivable	2,487	54,983	-	57,470
Taxes receivable	1,476	-	-	1,476
Special assessments receivable	5,307	-	1,150,139	1,155,446
Intergovernmental receivables	774,121	-	-	774,121
Restricted cash and investments	-	2,325,500	-	2,325,500
Total assets	\$ 5,875,741	\$ 4,034,258	\$ 1,150,139	\$ 11,060,138
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 36,343	\$ -	\$ -	\$ 36,343
Accrued payroll	14,458	-	-	14,458
Interfund payables	101,643	-	1,253,383	1,355,026
Advances from other funds	-	-	1,416,086	1,416,086
Total liabilities	152,444	-	2,669,469	2,821,913
Deferred Inflows of Resources				
Unavailable property taxes	1,476	-	-	1,476
Unavailable special assessments	5,307	-	1,150,139	1,155,446
Total deferred inflows of resources	6,783	-	1,150,139	1,156,922
Fund Balances				
Restricted	4,071,082	3,700,139	-	7,771,221
Committed	1,358,916	-	-	1,358,916
Assigned	286,516	334,119	-	620,635
Unassigned	-	-	(2,669,469)	(2,669,469)
Total fund balances	5,716,514	4,034,258	(2,669,469)	7,081,303
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,875,741	\$ 4,034,258	\$ 1,150,139	\$ 11,060,138

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve
Assets				
Cash and investments	\$ 178,617	\$ 3,419,817	\$ 672,341	\$ 18,182
Accounts receivable	-	-	-	2,487
Taxes receivable	-	-	-	-
Special assessments receivable	5,307	-	-	-
Intergovernmental receivables	-	473,247	136,731	-
Total assets	<u>\$ 183,924</u>	<u>\$ 3,893,064</u>	<u>\$ 809,072</u>	<u>\$ 20,669</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 1,055	\$ -	\$ 9,672
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Total liabilities	<u>-</u>	<u>1,055</u>	<u>-</u>	<u>9,672</u>
Deferred Inflows of Resources				
Unavailable property taxes	-	-	-	-
Unavailable special assessments	5,307	-	-	-
Total deferred inflows of resources	<u>5,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	178,617	3,892,009	-	-
Committed	-	-	809,072	10,997
Assigned	-	-	-	-
Total fund balances	<u>178,617</u>	<u>3,892,009</u>	<u>809,072</u>	<u>10,997</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 183,924</u>	<u>\$ 3,893,064</u>	<u>\$ 809,072</u>	<u>\$ 20,669</u>

City of Dickinson
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2015

Grant Fund	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Fund
\$ -	\$ 307,503	\$ 495,890	\$ 5,092,350
-	-	-	2,487
-	1,476	-	1,476
-	-	-	5,307
<u>107,106</u>	<u>13,815</u>	<u>43,222</u>	<u>774,121</u>
<u>\$ 107,106</u>	<u>\$ 322,794</u>	<u>\$ 539,112</u>	<u>\$ 5,875,741</u>
\$ 5,007	\$ 20,344	\$ 265	\$ 36,343
-	14,458	-	14,458
<u>101,643</u>	<u>-</u>	<u>-</u>	<u>101,643</u>
<u>106,650</u>	<u>34,802</u>	<u>265</u>	<u>152,444</u>
-	1,476	-	1,476
-	-	-	5,307
<u>-</u>	<u>1,476</u>	<u>-</u>	<u>6,783</u>
456	-	-	4,071,082
-	-	538,847	1,358,916
<u>-</u>	<u>286,516</u>	<u>-</u>	<u>286,516</u>
<u>456</u>	<u>286,516</u>	<u>538,847</u>	<u>5,716,514</u>
<u>\$ 107,106</u>	<u>\$ 322,794</u>	<u>\$ 539,112</u>	<u>\$ 5,875,741</u>

City of Dickinson
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2015

	2013 Sales Tax Revenue Bonds	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 1,032,896	\$ 286,760	\$ 334,119	\$ 1,653,775
Restricted cash and investments	1,690,500	635,000	-	2,325,500
Accounts receivable	<u>54,983</u>	<u>-</u>	<u>-</u>	<u>54,983</u>
Total assets	<u>\$ 2,778,379</u>	<u>\$ 921,760</u>	<u>\$ 334,119</u>	<u>\$ 4,034,258</u>
Fund Balances				
Restricted	\$ 2,778,379	\$ 921,760	\$ -	\$ 3,700,139
Assigned	<u>-</u>	<u>-</u>	<u>334,119</u>	<u>334,119</u>
Total fund balances	<u>\$ 2,778,379</u>	<u>\$ 921,760</u>	<u>\$ 334,119</u>	<u>\$ 4,034,258</u>

City of Dickinson
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2015

	Community Center Project	Impact Fees Capital Projects	Elks Building Project	Prairie Outpost Pavilion Project	Total Nonmajor Capital Projects Funds
Assets					
Special assessments receivable	\$ -	\$ 1,150,139	\$ -	\$ -	\$ 1,150,139
Total assets	<u>\$ -</u>	<u>\$ 1,150,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150,139</u>
Liabilities and Fund Balances					
Liabilities					
Interfund payables	\$ 1,123,194	\$ 130,189	\$ -	\$ -	\$ 1,253,383
Advances from other funds	-	1,416,086	-	-	1,416,086
Total liabilities	<u>1,123,194</u>	<u>1,546,275</u>	<u>-</u>	<u>-</u>	<u>2,669,469</u>
Deferred Inflows of Resources					
Unavailable special assessments	-	1,150,139	-	-	1,150,139
Total deferred inflows of resources	<u>-</u>	<u>1,150,139</u>	<u>-</u>	<u>-</u>	<u>1,150,139</u>
Fund Balances					
Assigned	-	-	-	-	-
Unassigned	(1,123,194)	(1,546,275)	-	-	(2,669,469)
Total fund balances	<u>(1,123,194)</u>	<u>(1,546,275)</u>	<u>-</u>	<u>-</u>	<u>(2,669,469)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 1,150,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150,139</u>

City of Dickinson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds
Year Ended December 31, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 5,636,512	\$ -	\$ -	\$ 5,636,512
Intergovernmental revenues	893,632	-	-	893,632
Charges for services	146,089	-	-	146,089
Fines and forfeits	15,187	-	-	15,187
Special assessments	14,392	-	1,245,051	1,259,443
Interest and investment income	14,660	9,731	1,793	26,184
Donations	-	298,834	-	298,834
Miscellaneous revenues	109,940	-	1,000	110,940
Total revenues	<u>6,830,412</u>	<u>308,565</u>	<u>1,247,844</u>	<u>8,386,821</u>
Expenditures				
Current				
Public safety	87,099	-	-	87,099
Public works	75,252	-	-	75,252
Culture and recreation	1,332,634	-	-	1,332,634
Urban and economic development	11,607	-	-	11,607
Capital outlay	636,012	228,295	115,214	979,521
Debt Service				
Principal	-	1,609,759	-	1,609,759
Interest and service charges	-	659,514	-	659,514
Total expenditures	<u>2,142,604</u>	<u>2,497,568</u>	<u>115,214</u>	<u>4,755,386</u>
Excess (Deficiency) of Revenues over expenditures	<u>4,687,808</u>	<u>(2,189,003)</u>	<u>1,132,630</u>	<u>3,631,435</u>
Other Financing Sources (Uses)				
Capital lease additions	-	228,295	-	228,295
Transfers in	978	2,294,759	7,100,321	9,396,058
Transfers out	(2,014,471)	(7,100,321)	(16,596)	(9,131,388)
Total Other Financing Sources and Uses	<u>(2,013,493)</u>	<u>(4,577,267)</u>	<u>7,083,725</u>	<u>492,965</u>
Net Change in Fund Balances	<u>2,674,315</u>	<u>(6,766,270)</u>	<u>8,216,355</u>	<u>4,124,400</u>
Fund Balance - January 1, as previously reported	<u>2,527,823</u>	<u>10,800,528</u>	<u>(10,885,824)</u>	<u>2,442,527</u>
Restatement (Note 23)	<u>514,376</u>	<u>-</u>	<u>-</u>	<u>514,376</u>
Fund Balance - January 1, as restated	<u>3,042,199</u>	<u>10,800,528</u>	<u>(10,885,824)</u>	<u>2,956,903</u>
Fund Balance - December 31	<u>\$ 5,716,514</u>	<u>\$ 4,034,258</u>	<u>\$ (2,669,469)</u>	<u>\$ 7,081,303</u>

	Downtown Improvement District	Half Percent Sales Tax	Hospitality Tax	Wastewater Backup Reserve
Revenues				
Taxes	\$ -	\$ 3,531,917	\$ 1,104,629	\$ -
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Special assessments	14,392	-	-	-
Interest and investment income	772	9,308	2,872	108
Miscellaneous revenues	-	-	-	54,607
Total revenues	<u>15,164</u>	<u>3,541,225</u>	<u>1,107,501</u>	<u>54,715</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	14,409	-	-	60,843
Culture and recreation	-	-	20,000	-
Urban and economic development	-	11,607	-	-
Capital outlay	-	-	150,000	-
Total expenditures	<u>14,409</u>	<u>11,607</u>	<u>170,000</u>	<u>60,843</u>
Excess of Revenues Over (Under)				
Expenditures	<u>755</u>	<u>3,529,618</u>	<u>937,501</u>	<u>(6,128)</u>
Other Financing Sources (Uses)				
Transfers in	978	-	-	-
Transfers out	<u>(2,500)</u>	<u>(1,036,000)</u>	<u>(798,000)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(1,522)</u>	<u>(1,036,000)</u>	<u>(798,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(767)</u>	<u>2,493,618</u>	<u>139,501</u>	<u>(6,128)</u>
Fund Balance - January 1, as previously reported	<u>179,384</u>	<u>1,010,435</u>	<u>581,690</u>	<u>17,125</u>
Restatement (Note 23)	<u>-</u>	<u>387,956</u>	<u>87,881</u>	<u>-</u>
Fund Balance - January 1, as restated	<u>179,384</u>	<u>1,398,391</u>	<u>669,571</u>	<u>17,125</u>
Fund Balance - December 31	<u>\$ 178,617</u>	<u>\$ 3,892,009</u>	<u>\$ 809,072</u>	<u>\$ 10,997</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year Ended December 31, 2015

Grant Fund	Dickinson Public Library	Occupancy Tax	Total Nonmajor Special Revenue Funds
\$ -	\$ 477,665	\$ 522,301	\$ 5,636,512
548,392	345,240	-	893,632
-	146,089	-	146,089
-	15,187	-	15,187
-	-	-	14,392
-	1,600	-	14,660
25,175	30,158	-	109,940
<u>573,567</u>	<u>1,015,939</u>	<u>522,301</u>	<u>6,830,412</u>
87,099	-	-	87,099
-	-	-	75,252
-	914,398	398,236	1,332,634
-	-	-	11,607
486,012	-	-	636,012
<u>573,111</u>	<u>914,398</u>	<u>398,236</u>	<u>2,142,604</u>
<u>456</u>	<u>101,541</u>	<u>124,065</u>	<u>4,687,808</u>
-	-	-	978
-	(2,971)	(175,000)	(2,014,471)
-	(2,971)	(175,000)	(2,013,493)
<u>456</u>	<u>98,570</u>	<u>(50,935)</u>	<u>2,674,315</u>
-	187,946	551,243	2,527,823
-	-	38,539	514,376
-	187,946	589,782	3,042,199
<u>\$ 456</u>	<u>\$ 286,516</u>	<u>\$ 538,847</u>	<u>\$ 5,716,514</u>

City of Dickinson

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year Ended December 31, 2015

	2013 Sales Tax Revenue Bonds	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Governmental Funds
Revenues				
Interest income	\$ 7,373	\$ 2,358	\$ -	\$ 9,731
Donations	298,834	-	-	298,834
Total revenues	<u>306,207</u>	<u>2,358</u>	<u>-</u>	<u>308,565</u>
Expenditures				
Capital outlay	\$ -	\$ -	\$ 228,295	\$ 228,295
Debt Service				
Principal	1,085,000	13,866	510,893	1,609,759
Interest and service charges	629,250	17,496	12,768	659,514
Total expenditures	<u>1,714,250</u>	<u>31,362</u>	<u>751,956</u>	<u>2,497,568</u>
Deficiency of Revenues over expenditures	<u>(1,408,043)</u>	<u>(29,004)</u>	<u>(751,956)</u>	<u>(2,189,003)</u>
Other Financing Sources (Uses)				
Capital lease additions	-	-	228,295	228,295
Transfers in	1,572,000	-	722,759	2,294,759
Transfers out	(7,100,321)	-	-	(7,100,321)
Total Other Financing Sources and Uses	<u>(5,528,321)</u>	<u>-</u>	<u>951,054</u>	<u>(4,577,267)</u>
Net Change in Fund Balances	<u>(6,936,364)</u>	<u>(29,004)</u>	<u>199,098</u>	<u>(6,766,270)</u>
Fund Balance - January 1	<u>9,714,743</u>	<u>950,764</u>	<u>135,021</u>	<u>10,800,528</u>
Fund Balance - December 31	<u>\$ 2,778,379</u>	<u>\$ 921,760</u>	<u>\$ 334,119</u>	<u>\$ 4,034,258</u>

City of Dickinson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects
Funds
Year Ended December 31, 2015

	Community Center Project	Impact Fee Capital Projects	Elks Building Project	Prairie Outpost Pavilion Project	Total Nonmajor Capital Projects Funds
Revenues					
Special assessments	\$ -	\$ 1,245,051	\$ -	\$ -	\$ 1,245,051
Interest and investment income	-	1,747	29	17	1,793
Miscellaneous revenues	1,000	-	-	-	1,000
Total revenues	1,000	1,246,798	29	17	1,247,844
Expenditures					
Capital outlay	-	115,214	-	-	115,214
Total expenditures	-	115,214	-	-	115,214
Excess (Deficiency) of Revenues over expenditures	1,000	1,131,584	29	17	1,132,630
Other Financing Sources (Uses)					
Transfers In	7,100,321	-	-	-	7,100,321
Transfers Out	-	-	(10,558)	(6,038)	(16,596)
Total Other Financing Sources and Uses	7,100,321	-	(10,558)	(6,038)	7,083,725
Net Change in Fund Balances	7,101,321	1,131,584	(10,529)	(6,021)	8,216,355
Fund Balance - January 1	(8,224,515)	(2,677,859)	10,529	6,021	(10,885,824)
Fund Balance - December 31	\$ (1,123,194)	\$ (1,546,275)	\$ -	\$ -	\$ (2,669,469)

City of Dickinson
Combining Statement of Net Position – Nonmajor Enterprise Funds
Year Ended December 31, 2015

	Solid Waste Utility Fund	Storm Sewer Utility Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,317,690	\$ 278,577	\$ 2,596,267
Investments	1,358,990	128,647	1,487,637
Accounts receivable	254,640	11,441	266,081
Inventory	-	11,939	11,939
Total current assets	<u>3,931,320</u>	<u>430,604</u>	<u>4,361,924</u>
Noncurrent assets			
Restricted investments	626,136	-	626,136
Capital assets not being depreciated			
Land	63,092	-	63,092
Construction in progress	38,199	151,535	189,734
Capital assets (net of accumulated depreciation)			
Buildings and improvements	676,529	-	676,529
Improvements other than buildings	1,142,344	51,045	1,193,389
Machinery and equipment	3,202,162	39,885	3,242,047
Total noncurrent assets	<u>5,748,462</u>	<u>242,465</u>	<u>5,990,927</u>
Total assets	<u>9,679,782</u>	<u>673,069</u>	<u>10,352,851</u>
Deferred Outflows of Resources			
Derived from Pensions	<u>161,509</u>	<u>-</u>	<u>161,509</u>
Liabilities			
Current liabilities			
Accounts payable	32,292	3,187	35,479
Accrued payroll	51,901	2,794	54,695
Compensated absences	38,151	608	38,759
Capital leases payable	568,103	-	568,103
Total current liabilities	<u>690,447</u>	<u>6,589</u>	<u>697,036</u>
Noncurrent liabilities			
Compensated absences	76,301	1,217	77,518
Capital leases payable	1,427,290	-	1,427,290
Accrued closure and postclosure liability	626,136	-	626,136
Net pension liability	1,503,745	-	1,503,745
Total noncurrent liabilities	<u>3,633,472</u>	<u>1,217</u>	<u>3,634,689</u>
Total liabilities	<u>4,323,919</u>	<u>7,806</u>	<u>4,331,725</u>
Deferred Inflows of Resources			
Derived from Pensions	<u>2,346</u>	<u>-</u>	<u>2,346</u>
Net Position			
Net investment in capital assets	3,126,933	242,465	3,369,398
Unrestricted	<u>2,388,093</u>	<u>422,798</u>	<u>2,810,891</u>
Total net position	<u>\$ 5,515,026</u>	<u>\$ 665,263</u>	<u>\$ 6,180,289</u>

City of Dickinson

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
Year Ended December 31, 2015

	Solid Waste Utility Fund	Storm Sewer Utility Fund	Total
Operating revenues			
Sales	\$ 4,330,090	\$ 218,977	\$ 4,549,067
Total operating revenues	<u>4,330,090</u>	<u>218,977</u>	<u>4,549,067</u>
Operating expenses			
Salaries	1,188,462	83,279	1,271,741
Employment cost	597,016	24,305	621,321
Administrative and general	492,000	26,000	518,000
Supplies	367,045	16,700	383,745
Services	194,408	4,356	198,764
Maintenance	264,127	35,764	299,891
Miscellaneous	5,605	-	5,605
Depreciation	673,791	25,319	699,110
Total operating expenses	<u>3,782,454</u>	<u>215,723</u>	<u>3,998,177</u>
Operating income	<u>547,636</u>	<u>3,254</u>	<u>550,890</u>
Nonoperating revenues (expenses)			
Interest and investment income	18,169	1,886	20,055
Interest expense and service charges	(34,431)	-	(34,431)
Closure and post closure costs	(69,708)	-	(69,708)
Intergovernmental revenue	23,932	311	24,243
Miscellaneous revenue	156,361	29,404	185,765
Gain on disposal of fixed assets	15,955	-	15,955
Total nonoperating revenues (expenses)	<u>110,278</u>	<u>31,601</u>	<u>141,879</u>
Income before transfers	<u>657,914</u>	<u>34,855</u>	<u>692,769</u>
Transfers out	<u>(182,384)</u>	<u>(479)</u>	<u>(182,863)</u>
Change in net position	<u>475,530</u>	<u>34,376</u>	<u>509,906</u>
Net position - January 1, as previously reported	<u>6,253,219</u>	<u>630,887</u>	<u>6,884,106</u>
Restatement - (Note 23)	<u>(1,213,723)</u>	<u>-</u>	<u>(1,213,723)</u>
Net position - January 1, as restated	<u>5,039,496</u>	<u>630,887</u>	<u>5,670,383</u>
Net position - December 31	<u>\$ 5,515,026</u>	<u>\$ 665,263</u>	<u>\$ 6,180,289</u>

City of Dickinson
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended December 31, 2015

	Solid Waste Utility Fund	Storm Sewer Utility Fund	Total
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 4,561,730	\$ 232,571	\$ 4,794,301
Cash paid to suppliers	(1,327,329)	(84,759)	(1,412,088)
Cash paid to employees	(1,607,234)	(109,372)	(1,716,606)
Net cash provided by operating activities	<u>1,627,167</u>	<u>38,440</u>	<u>1,665,607</u>
Cash Flows from Noncapital Financing Activities			
Intergovernmental revenue	23,932	311	24,243
Interfund receivables/payables	2,342,284	202,280	2,544,564
Transfers to other funds	(182,384)	(479)	(182,863)
Nonoperating revenues	172,316	29,404	201,720
Net cash provided by noncapital financing activities	<u>2,356,148</u>	<u>231,516</u>	<u>2,587,664</u>
Cash Flows from Capital and Related Financing Activities			
Principal payments on notes payable	-	-	-
Proceeds from issuance of notes	-	-	-
Principal payments on capital leases	(557,567)	-	(557,567)
Interest payments	(34,431)	-	(34,431)
Purchase of capital assets	(189,775)	(103,421)	(293,196)
Net cash used by capital and related financing activities	<u>(781,773)</u>	<u>(103,421)</u>	<u>(885,194)</u>
Cash Flows from Investing Activities			
Net proceeds from (purchase of) investments	(902,021)	110,156	(791,865)
Interest and investment income	18,169	1,886	20,055
Net cash provided (used) by investing activities	<u>(883,852)</u>	<u>112,042</u>	<u>(771,810)</u>
Net Change in Cash and Cash Equivalents	<u>2,317,690</u>	<u>278,577</u>	<u>2,596,267</u>
Cash and Cash Equivalents, 1/1/2015	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, 12/31/2015	<u>\$ 2,317,690</u>	<u>\$ 278,577</u>	<u>\$ 2,596,267</u>

City of Dickinson
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended December 31, 2015

	Solid Waste Fund	Storm Sewer Utility Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 547,636	\$ 3,254	\$ 550,890
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation expense	673,791	25,319	699,110
Change in Assets and Liabilities			
Receivables	231,640	13,594	245,234
Inventories	-	(126)	(126)
Deferred outflows	(161,509)	-	(161,509)
Compensated absences liability	27,141	(2,308)	24,833
Accounts payable	(4,144)	(1,813)	(5,957)
Accrued payroll	20,244	520	20,764
Deferred inflows	2,346	-	2,346
Net pension liability	290,022	-	290,022
Net cash provided by operating activities	<u>\$ 1,627,167</u>	<u>\$ 38,440</u>	<u>\$ 1,665,607</u>
Non-Cash Disclosures			
Purchase of equipment in exchange for capital lease	<u>\$ 265,169</u>	<u>\$ -</u>	<u>\$ 265,169</u>

City of Dickinson
Combining Balance Sheet – Agency Funds
December 31, 2015

	<u>General Transit</u>	<u>Emergency Shelter Grant</u>	<u>Payroll Clearing</u>	<u>Insurance Transit</u>	<u>Totals</u>
Assets					
Cash and investments	\$ 3,328	\$ 500	\$ 414,819	\$ 3,992	\$ 422,639
Accounts receivable	<u>67,932</u>	<u>16,492</u>	<u>-</u>	<u>16,058</u>	<u>100,482</u>
Total assets	<u>\$ 71,260</u>	<u>\$ 16,992</u>	<u>\$ 414,819</u>	<u>\$ 20,050</u>	<u>\$ 523,121</u>
Liabilities					
Due to other parties	<u>\$ 71,260</u>	<u>\$ 16,992</u>	<u>\$ 414,819</u>	<u>\$ 20,050</u>	<u>\$ 523,121</u>



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2015

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 *Government Auditing Standards*..... 1

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 the Uniform Guidance 3

Schedule of Expenditures of Federal Awards..... 6

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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, 2015, 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 December 21, 2017.

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 have not been 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 2015-A and 2015-B to be material weaknesses.

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 2015-C and 2015-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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, professional style.

Bismarck, North Dakota
December 21, 2017



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 the Uniform Guidance

City Commissioners
City of Dickinson
Dickinson, North Dakota

Report on Compliance for the Major Federal Program

We have audited City of Dickinson’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Dickinson’s major federal program for the year ended December 31, 2015. The 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on the 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, 2015.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2015, 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 December 21, 2017, 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 the Uniform Guidance 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
December 21, 2017

City of Dickinson
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

<u>Federal Grant/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass Through Grant Number</u>	<u>CFDA #</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>			
Solid Waste Management Grants		10.762	\$ 20,600
Total Department of Agriculture			<u>20,600</u>
<u>Department of Homeland Security</u>			
Passed through North Dakota Attorney General			
Homland Security Grant Program	AO436, A10000, AO434	97.067	<u>109,863</u>
Total Department of Homeland Security			<u>109,863</u>
<u>Department of Justice</u>			
Passed through North Dakota Attorney General			
Edward Byrne Memorial Justice	14201, 13502	16.738	<u>6,802</u>
Total Department of Justice			<u>6,802</u>
<u>Department of Transportation</u>			
Passed through North Dakota Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	PHSPOP 1405-05-07	20.600	1,085
Alcohol Impaired Driving Countermeasures Incentive Grants	PHSPID1410-03-08	20.601	6,543
Seatbelt Enforcement Grant		20.609	<u>1,073</u>
Highway Safety Cluster Total			<u>8,701</u>
Total Department of Transportation			<u>8,701</u>
<u>Environmental Protection Agency</u>			
Passed through North Dakota Department of Health			
Capitalization Grants for Clean Water State Revolving Funds	380933-02, 380933-03	66.458	<u>9,481,354</u>
Total Environmental Protection Agency			<u>9,481,354</u>
Total			<u>\$ 9,627,320</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 the Uniform Guidance. City of Dickinson received federal awards both directly from federal agencies and indirectly through pass-through entities. The City of Dickinson has not provided any federal financial assistance to subrecipients.

Note B - Significant Accounting Policies

Governmental fund types account for the City of Dickinson's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City of Dickinson's summary of significant accounting policies is presented in Note 1 in the City of Dickinson's basic financial statements.

The City does not draw for indirect administrative expenses.

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 the Uniform Guidance 2 CFR 200.516	No
Identification of major programs:	
<u>Name of Federal Program</u>	<u>CFDA number</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

2015-A Recording of Transactions
Material Weakness

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

Condition – We identified misstatements in the City’s financial statements causing us to propose material audit adjustments, including a restatement to prior periods.

Cause – Certain adjustments were overlooked in the closing process such as equipment acquisitions, construction in progress expenditures, retainage payable amounts, expenditures that should be booked as accounts payable and receivables.

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

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

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

2015-B Preparation of Financial Statements
Material Weakness

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

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

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

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

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

Management Response – The staff size and cost did not change from 2014 to 2015 so this will be a continuance of the auditors to assist in preparing our draft financial statements and notes in the near future, plans are to address this in the long-term.

**2015-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 – The City has hired a 5th person in the accounting department specifically to handle payroll and allow other staff to more fully focus on their responsibilities. The City also is in the process of cross-training account department personnel so an individual can perform another's duties if they are absent. All accounting department personnel are required to take at least one week off each year necessitating another staff person to perform their duties during that time. Also, certain routine internal control processes such as bank reconciliations and journal entries are now reviewed and initialed by a second person.

**2015-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 – The City is in the process of documenting the flow of receipt transactions through our accounting system to better detect and correct errors and to mitigate the risk of fraud. For example, there is documentation of a secure document, such as a utility payment, tracing into a bank deposit and also being posted to a customer’s utility account and then posted to the general ledger. The flow of our various receipt cycles is documented to show that more than one person is involved in the cycle and that any discrepancies can easily be traced back to its origin.

Section III – Federal Award Findings and Questioned Costs

None