

AUDIT REPORT

CITY OF WISHEK
Wishek, North Dakota

For the Years Ended December 31, 2017 and 2016

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WISHEK
Wishek, North Dakota

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CITY OF WISHEK
Wishek, North Dakota

CITY OFFICIALS

Leslie Otto	Mayor
Cody Cooper	Council Member
Brenda Dohn	Council Member
Mike Jacobson	Council Member
Whittney Lipp	Council Member
Katie Pinke	Council Member
Kathy Welder	Council Member
Mary Wald	Auditor

Rath & Mehler, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, North Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wishek, Wishek, North Dakota, as of and for the years ended December 31, 2017 and 2016, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 city'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 city'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 modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wishek, Wishek, North Dakota, as of December 31, 2017 and 2016, and the respective changes in modified cash basis financial position; and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The management's discussion and analysis, budgeting comparison information, schedule of employer's share of net pension liability and the schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis, budgeting comparison information, schedule of employer's share of net pension liability and the schedules of fund activity arising from cash transactions 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 audits 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 management's discussion and analysis, budgeting comparison information, schedule of employer's share of net pension liability and the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2018 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

July 13, 2018

CITY OF WISHEK

Management's Discussion and Analysis

December 31, 2017 and 2016

The Management's Discussion and Analysis (MD&A) of the City of Wishek's financial performance provides an overall review of the city's financial activities for the fiscal years ended December 31, 2017 and 2016. The intent of the MD&A is to look at the city's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is a new element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*". Certain comparative information between the current fiscal year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2017 are as follows:

- * Total net position of the city decreased \$139,429 as a result of the current year's operations. Net position of the governmental activities decreased \$98,799 and net position of the business-type activities decreased \$40,630.
- * Governmental net position totaled \$1,608,961 and business-type net position totaled \$695,367.
- * Total revenues from all sources were \$663,934 for governmental activities and \$312,930 for business-type activities.
- * Total expenses were \$769,762 for governmental activities and \$346,531 for business-type activities.
- * The city's general fund had \$278,786 in total revenues and \$331,278 in total expenditures. There was a total of \$7,029 received from other financing sources. Overall, the general fund balance decreased by \$45,462 for the year ended December 31, 2017.

Key financial highlights for the year ended December 31, 2016 are as follows:

- * Total net position of the city decreased \$53,050 as a result of the current year's operations. Net position of the governmental activities increased \$13,808 and net position of the business-type activities decreased \$66,858.
- * Governmental net position totaled \$1,707,760 and business-type net position totaled \$735,997.
- * Total revenues from all sources were \$647,325 for governmental activities and \$282,457 for business-type activities.
- * Total expenses were \$671,622 for governmental activities and \$311,210 for business-type activities.
- * The city's general fund had \$283,132 in total revenues and \$351,180 in total expenditures. There was a total of \$10,544 received from other financing sources. Overall, the general fund balance decreased by \$57,503 for the year ended December 31, 2016.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the city as a financial whole. The statements then proceed to provide an increasingly detailed look at financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole city, presenting both an aggregate view of the city's finances and a longer-term view of those finances. These statements present information as follows:

- * Governmental activities - this includes most of the city's basic services which are primarily supported by property taxes, user fees and intergovernmental revenues.
- * Business-type activities - this includes those services which are intended to recover all or a significant part of their costs through user fees.

Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Separate statements for each fund category - governmental and proprietary - 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.

REPORTING ON THE CITY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the city to provide programs and activities and attempt to answer the question "How did the city do financially during the years ended December 31, 2017 and 2016?"

The Statement of Net Position presents information on all the city's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The Statement of Activities presents information on how the city's net position changed during the fiscal year. This statement is presented using the modified cash basis of accounting. This basis recognizes revenues and expenses when they result from cash transactions with provisions for depreciation of capital assets, and issuance of and payments made on long-term debt issues.

These two statements report the city's net position and changes in that position. This change in net position is important because it tells the reader whether, for the city as a whole, the financial position of the city has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the city reports governmental and business-type activities. Governmental activities are the activities where most of the city's programs and services are reported including, but not limited to, general government, public safety and streets and public works. Business-type activities are where the city's enterprise services are reported including, but not limited to, water, sewer and garbage.

REPORTING ON THE CITY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

The city uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the city to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the city's major funds. Using the criteria established by GASB Statement No. 34, the city's general fund, highway tax distribution fund, ambulance fund, sales tax fund and street improvement 2013-1 fund are considered "major governmental funds". The city's water and sewer fund and garbage fund are considered "major enterprise funds".

The city's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds" and "Other Enterprise Fund".

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table I provides a summary of the city's net position as of December 31, 2017 and 2016. A comparative analysis of city-wide data is presented for both current years and prior year.

As indicated in the financial highlights above, the city's net position decreased by \$139,429 and \$53,050 for the years ended December 31, 2017 and 2016, respectively. Changes in net position may serve over time as a useful indicator of the city's financial position.

As of December 31, 2017, the city's net position of \$2,304,328 is segregated into three separate categories. Net investment in capital assets totals \$996,334. It should be noted that these assets are not available for future spending. The restricted component of net position is \$770,252 of the city's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$537,742 which includes (\$45,900) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$583,642 is available to meet the city's ongoing obligations.

Table I
 Net Position
 As of December 31, 2017

	<u>Governmental</u>	<u>Business- Type</u>
<u>Assets</u>		
Current Assets	897,786	456,108
Capital Assets (net of accumulated depreciation)	1,192,277	362,259
Total Assets	<u>2,090,063</u>	<u>818,367</u>
Deferred Outflows of Resources	<u>180,994</u>	<u>0</u>
<u>Liabilities</u>		
Current Liabilities	75,398	9,000
Long-Term Liabilities	359,804	114,000
Net Pension Liability	214,265	
Total Liabilities	<u>649,467</u>	<u>123,000</u>
Deferred Inflows of Resources	<u>12,629</u>	<u>0</u>
<u>Net Position</u>		
Net Investment in Capital Assets	757,075	239,259
Restricted	767,987	2,265
Unrestricted	83,899	453,843
Total Net Position	<u>1,608,961</u>	<u>695,367</u>

As of December 31, 2016, the city's net position of \$2,443,757 is segregated into three separate categories. Net investment in capital assets totals \$1,034,835. It should be noted that these assets are not available for future spending. The restricted component of net position is \$739,848 of the city's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$669,074 which includes (\$5,269) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$674,343 is available to meet the city's ongoing obligations.

Net Position
 As of December 31, 2016

	<u>Governmental</u>	<u>Business- Type</u>
<u>Assets</u>		
Current Assets	911,564	502,627
Capital Assets (net of accumulated depreciation)	1,310,863	365,370
Total Assets	<u>2,222,427</u>	<u>867,997</u>
Deferred Outflows of Resources	<u>57,734</u>	<u>0</u>
<u>Liabilities</u>		
Current Liabilities	74,197	9,000
Long-Term Liabilities	435,202	123,000
Net Pension Liability	51,400	
Total Liabilities	<u>509,398</u>	<u>132,000</u>
Deferred Inflows of Resources	<u>11,603</u>	<u>0</u>
<u>Net Position</u>		
Net Investment in Capital Assets	801,465	233,370
Restricted	736,303	3,545
Unrestricted	169,992	499,082
Total Net Position	<u>1,707,760</u>	<u>735,997</u>

Net Position
As of December 31, 2015

	<u>Governmental</u>	<u>Business- Type</u>
<u>Assets</u>		
Current Assets	890,740	550,165
Capital Assets (net of accumulated depreciation)	1,441,214	392,690
Total Assets	<u>2,331,954</u>	<u>942,855</u>
<u>Liabilities</u>		
Current Liabilities	128,597	8,000
Long-Term Liabilities	509,405	132,000
Total Liabilities	<u>638,002</u>	<u>140,000</u>
<u>Net Position</u>		
Net Investment in Capital Assets	803,212	252,690
Restricted	685,536	1,625
Unrestricted	205,204	548,540
Total Net Position	<u>1,693,952</u> =====	<u>802,855</u> =====

Table II shows the changes in net position for the fiscal years ended December 31, 2017 and 2016. A comparative analysis of city-wide data is presented for both current years and prior year.

Table II
Changes in Net Position
As of December 31, 2017

	<u>Governmental</u>	<u>Business- Type</u>
<u>Revenues</u>		
<u>Program Revenues:</u>		
Charges for Services	20,421	311,767
Operating Grants and Contributions	167,924	
<u>General Revenues:</u>		
Property Taxes	181,945	
Other Taxes	173,516	
Intergovernmental - Unrestricted	66,336	
Interest Earnings and Other Revenue	53,793	1,163
Total Revenues	<u>663,934</u>	<u>312,930</u>
<u>Expenses</u>		
General Government	156,198	
Public Safety	259,873	
Streets and Public Works	153,397	
Urban and Economic Development	84,389	
Culture and Recreation	69,965	
Other	34,178	
Interest on Long-Term Debt	11,763	
Water and Sewer		161,831
Garbage		155,971
Meter Deposits		1,720
Street Lights		27,009
Total Expenses	<u>769,762</u>	<u>346,531</u>
Net Change in Position Before Transfers	<u>(105,828)</u>	<u>(33,601)</u>
Transfers	<u>7,029</u>	<u>(7,029)</u>
Net Change in Position	<u>(98,799)</u> =====	<u>(40,630)</u> =====

Property taxes constituted 19%, other taxes 18%, unrestricted intergovernmental 7%, operating grants and contributions 17%, and charges for services made up 34% of the total revenues of all activities of the city for the fiscal year ended December 31, 2017.

General government constituted 14%, public safety 23%, streets and public works 14%, and enterprise 31% of total expenses for all activities during the fiscal year ended December 31, 2017.

Changes in Net Position
As of December 31, 2016

	<u>Governmental</u>	<u>Business- Type</u>
Revenues		
<u>Program Revenues:</u>		
Charges for Services	20,557	281,155
Operating Grants and Contributions	154,370	
<u>General Revenues:</u>		
Property Taxes	173,917	
Other Taxes	169,483	
Intergovernmental - Unrestricted	75,397	
Interest Earnings and Other Revenue	53,600	1,302
Total Revenues	<u>647,325</u>	<u>282,457</u>
Expenses		
General Government	98,504	
Public Safety	224,387	
Streets and Public Works	168,912	
Urban and Economic Development	80,140	
Culture and Recreation	66,522	
Other	20,018	
Interest on Long-Term Debt	13,138	
Water and Sewer		138,680
Garbage		147,102
Meter Deposits		100
Street Lights		25,329
Total Expenses	<u>671,622</u>	<u>311,210</u>
Net Change in Position		
Before Transfers	(24,297)	(28,753)
Transfers	<u>38,105</u>	<u>(38,105)</u>
Net Change in Position	<u>13,808</u>	<u>(66,857)</u>
	=====	=====

Property taxes constituted 19%, other taxes 18%, unrestricted intergovernmental 8%, operating grants and contributions 17%, and charges for services made up 32% of the total revenues of all activities of the city for the fiscal year ended December 31, 2016.

General government constituted 10%, public safety 23%, streets and public works 17%, and enterprise 32% of total expenses for all activities during the fiscal year ended December 31, 2016.

Changes in Net Position
As of December 31, 2015

	<u>Governmental</u>	<u>Business- Type</u>
Revenues		
<u>Program Revenues:</u>		
Charges for Services	49,530	250,890
Operating Grants and Contributions	170,985	
<u>General Revenues:</u>		
Property Taxes	163,742	
Other Taxes	164,949	
Intergovernmental - Unrestricted	114,271	
Interest Earnings and Other Revenue	78,973	830
Total Revenues	<u>742,450</u>	<u>251,720</u>
Expenses		
General Government	136,461	
Public Safety	205,706	
Streets and Public Works	212,883	
Urban and Economic Development	82,100	
Culture and Recreation	66,335	
Other	29,294	
Interest on Long-Term Debt	14,448	
Water and Sewer		131,059
Garbage		120,094
Meter Deposits		2,033
Total Expenses	<u>747,227</u>	<u>253,186</u>
Net Change in Position	<u>(4,777)</u>	<u>(1,466)</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services for governmental activities. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III

Total and Net Cost of Services
As of December 31, 2017

	Total Cost Year Ended <u>Dec. 31, 2017</u>	Net Cost Year Ended <u>Dec. 31, 2017</u>
General Government	156,198	131,178
Public Safety	259,873	201,375
Streets and Public Works	153,397	83,413
Urban and Economic Development	84,389	84,389
Culture and Recreation	69,965	69,965
Other	34,178	34,178
Interest on Long-Term Debt	11,763	(23,080)
Total Expenses	<u>769,762</u> =====	<u>581,417</u> =====

Total and Net Cost of Services
As of December 31, 2016

	Total Cost Year Ended <u>Dec. 31, 2016</u>	Net Cost Year Ended <u>Dec. 31, 2016</u>
General Government	98,504	79,211
Public Safety	224,387	219,598
Streets and Public Works	168,912	102,540
Urban and Economic Development	80,140	80,140
Culture and Recreation	66,522	66,522
Other	20,018	20,018
Interest on Long-Term Debt	13,138	(71,334)
Total Expenses	<u>671,622</u> =====	<u>496,695</u> =====

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the city's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the city's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified cash basis of accounting. The city's governmental funds had total revenue of \$663,934 and expenditures of \$684,741 for the year ended December 31, 2017. For the year ended December 31, 2016, the city's governmental funds had total revenue of \$647,325 and expenditures of \$664,606. As of December 31, 2017, the unassigned fund balance of the city's general fund was \$129,799. As of December 31, 2016, the unassigned fund balance of the city general fund was \$175,261.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal years 2017 and 2016, the city did not amend the general fund budgets.

Actual revenue for the year ended December 31, 2017 was \$2,541 more than budgeted. Actual expenditures for the year ended December 31, 2017 were under budget by \$52,487. This variance was due mainly to the city overestimating appropriations for general government purposes.

Actual revenue for the year ended December 31, 2016 was \$19,477 less than budgeted. Actual expenditures for the year ended December 31, 2016 were under budget by \$76,020. This variance was due mainly to the city overestimating appropriations for general government purposes.

CAPITAL ASSETS

As of December 31, 2017 and 2016, the city had \$1,554,536 and \$1,676,233, respectively, invested in capital assets. The following tables show the balances, for governmental activities, as of December 31, 2017, 2016 and 2015.

Table IV

Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2017

	<u>Governmental</u>	<u>Business- Type</u>
Buildings and Infrastructure	867,033	295,363
Machinery and Vehicles	325,244	66,896
Total (net of depreciation)	<u>1,192,277</u> =====	<u>362,259</u> =====

This total represents a decrease of \$121,697 in capital assets from January 1, 2017.

Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2016

	<u>Governmental</u>	<u>Business- Type</u>
Buildings and Infrastructure	934,366	310,985
Machinery and Vehicles	376,497	54,385
Total (net of depreciation)	<u>1,310,863</u> =====	<u>365,370</u> =====

This total represents a decrease of \$157,671 in capital assets from January 1, 2016.

Capital Assets
 (Net of Accumulated Depreciation)
 As of December 31, 2015

	<u>Governmental</u>	<u>Business- Type</u>
Buildings and Infrastructure	1,001,698	326,607
Machinery and Vehicles	439,516	66,083
Total (net of depreciation)	1,441,214	392,690

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 5 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2017, the city had \$558,202 in outstanding debt of which \$83,804 was due within one year. As of December 31, 2016, the city had \$641,398 in outstanding debt of which \$83,196 was due within one year. During fiscal years 2017 and 2016, the city did not issue any new long-term debt obligations.

For a detailed breakdown of the long-term debt, readers are referred to Note 6 to the audited financial statements which follow this analysis.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the city's finances and to show the city's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Mary Wald, City Auditor, Wishek, ND.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2017

	Primary Government		Component Units			
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	897,785.80	456,107.91	1,353,893.71	16,146.54	11,813.84	229,946.47
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	867,033.00	295,363.00	1,162,396.00			
Machinery and Vehicles	325,244.00	66,896.00	392,140.00		40,872.00	
Total Capital Assets	1,192,277.00	362,259.00	1,554,536.00		40,872.00	
Total Assets	2,090,062.80	818,366.91	2,908,429.71	16,146.54	52,685.84	229,946.47
DEFERRED OUTFLOWS OF RESOURCES:						
Changes in Resources Related to Pensions	180,994.00		180,994.00			
LIABILITIES:						
Long-term Liabilities:						
Due Within One Year:						
Loan Payable	19,804.00		19,804.00			
Special Assessments Bonds Payable	55,000.00		55,000.00			
Revenue Bonds Payable		9,000.00	9,000.00		40,000.00	
Due After One Year:						
Loan Payable	20,397.67		20,397.67			
Special Assessments Bonds Payable	340,000.00		340,000.00			
Revenue Bonds Payable		114,000.00	114,000.00			
Net Pension Liability	214,265.00		214,265.00			
Total Liabilities	649,466.67	123,000.00	772,466.67		40,000.00	
DEFERRED INFLOWS OF RESOURCES:						
Changes in Resources Related to Pensions	12,629.00		12,629.00			
NET POSITION:						
Net Investment in Capital Assets	757,075.33	259,259.00	996,334.33		40,872.00	
Restricted for:						
Meter Deposits		2,265.00	2,265.00			
Debt Service	274,381.14		274,381.14			
Special Purposes	493,606.00		493,606.00			
Unrestricted	83,898.66	453,842.91	537,741.57	16,146.54	(28,186.16)	229,946.47
Total Net Position	1,608,961.13	695,366.91	2,304,328.04	16,146.54	12,685.84	229,946.47

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	911,563.87	502,627.39	1,414,191.26	15,681.80	26,325.02	190,798.60
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	934,366.00	310,985.00	1,245,351.00		44,278.00	
Machinery and Vehicles	376,497.00	54,385.00	430,882.00			
Total Capital Assets	1,310,863.00	365,370.00	1,676,233.00		44,278.00	
Total Assets	2,222,426.87	867,997.39	3,090,424.26	15,681.80	70,603.02	190,798.60
DEFERRED OUTFLOWS OF RESOURCES:						
Changes in Resources Related to Pensions	57,734.00		57,734.00			
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Loan Payable	19,196.50		19,196.50			
Special Assessments Bonds Payable	55,000.00		55,000.00			
Revenue Bonds Payable		9,000.00	9,000.00			
Due After One Year:						
Loan Payable	40,201.67		40,201.67			
Special Assessment Bonds Payable	395,000.00		395,000.00			
Revenue Bonds Payable		123,000.00	123,000.00			
Net Pension Liability	51,400.00		51,400.00			
Total Liabilities	560,798.17	132,000.00	692,798.17			
DEFERRED INFLOWS OF RESOURCES:						
Changes in Resources Related to Pensions	11,603.00		11,603.00			
NET POSITION:						
Net Investment in Capital Assets	801,464.83	233,370.00	1,034,834.83		44,278.00	
Restricted for:						
Meter Deposits	352,144.78	3,545.00	355,690.00			
Debt Service	384,158.00		384,158.00			
Special Purposes	169,992.09	499,082.39	669,074.48			
Unrestricted				15,681.80	26,325.02	190,798.60
Total Net Position	1,707,759.70	735,997.39	2,443,757.09	15,681.80	70,603.02	190,798.60

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2017

Net (Expense) Revenue and Changes in Net Position

	Program Revenues			Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
<u>Functions/Programs</u>									
<u>Primary Government:</u>									
<u>Governmental Activities:</u>									
General Government	156,197.52	18,878.05	6,141.65	(131,177.82)		(131,177.82)			
Public Safety	259,872.58	1,543.00	56,954.80	(201,374.78)		(201,374.78)			
Streets and Public Works	153,397.06		69,984.51	(83,412.55)		(83,412.55)			
Urban and Economic Development	84,388.60			(84,388.60)		(84,388.60)			
Culture and Recreation	69,964.75			(69,964.75)		(69,964.75)			
Other	34,178.07			(34,178.07)		(34,178.07)			
Interest on Long-Term Debt	11,763.08		34,842.69	23,079.61		23,079.61			
Total Governmental Activities	769,761.66	20,421.05	167,923.65	(581,416.96)		(581,416.96)			
<u>Business-Type Activities:</u>									
Water and Sewer	161,830.66	148,075.46			(13,755.20)	(13,755.20)			
Garbage	155,971.40	135,788.05			(20,183.35)	(20,183.35)			
Meter Deposits	1,720.00	440.00			(1,280.00)	(1,280.00)			
Street Lights	27,008.74	27,463.38			454.64	454.64			
Total Business-Type Activities	346,530.80	311,766.89			(34,763.91)	(34,763.91)			
Total Primary Government	1,116,292.46	332,187.94	167,923.65	(581,416.96)	(34,763.91)	(616,180.87)			
<u>Component Units:</u>									
Library	7,564.58						(7,564.58)		
Airport Authority	296,516.80		192,966.74					(103,550.06)	(67,778.04)
Job Development Authority	67,778.04								(67,778.04)
Total Component Units	371,859.42		192,966.74						(67,778.04)

General Revenues:

Taxes:

Property taxes; levied for general purposes
 Property taxes; levied for special purposes
 City sales taxes
 Lodging taxes
 Cigarette taxes
 Intergovernmental revenue not restricted
 to specific programs
 Earnings on investments and other revenue
 Transfers

115,685.40	115,685.40	5,481.61	38,416.02	5,463.71
66,259.36	66,259.36			100,940.44
167,915.42	167,915.42			
2,717.72	2,717.72			
2,882.74	2,882.74			
66,335.74	66,335.74	1,002.00		
53,792.57	54,955.44	1,545.71	7,216.86	521.76
7,029.44	(7,029.44)			

Total General Revenues and Transfers

8,029.32 45,632.88 106,925.91

Change in Net Position

464.74 (57,917.18) 39,147.87

Net Position - January 1

15,681.80 70,603.02 190,798.60

Net Position - December 31

16,146.54 12,685.84 229,946.47

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2016

Net (Expense) Revenue and Changes in Net Position

Component Units

Primary Government

Program Revenues

Charges for Services

Operating Grants and Contributions

Governmental Activities

Business-Type Activities

Total

Wishek Library

Wishek Airport Authority

Wishek Job Dev. Authority

Functions/Programs

Primary Government:

Governmental Activities:

General Government
Public Safety
Streets and Public Works
Urban and Economic Development
Culture and Recreation
Other
Interest on Long-Term Debt

Total Governmental Activities

Business-Type Activities:

Water and Sewer
Garbage
Meter Deposits
Street Lights

Total Business-Type Activities

Total Primary Government

Component Units:

Library
Airport Authority
Job Development Authority

Total Component Units

98,504.45
224,387.11
168,911.89
80,140.27
66,522.44
20,017.75
13,138.36

19,293.90
1,263.00
3,526.30
66,372.00
84,472.14

(79,210.55)
(219,597.81)
(102,539.89)
(80,140.27)
(66,522.44)
(20,017.75)
71,333.78

(4,876.99)
(26,860.31)
1,920.00
(237.49)

(79,210.55)
(219,597.81)
(102,539.89)
(80,140.27)
(66,522.44)
(20,017.75)
71,333.78

(496,694.93)
(496,694.93)

(4,876.99)
(26,860.31)
1,920.00
(237.49)

(79,210.55)
(219,597.81)
(102,539.89)
(80,140.27)
(66,522.44)
(20,017.75)
71,333.78

(496,694.93)
(496,694.93)

(4,876.99)
(26,860.31)
1,920.00
(237.49)

(30,054.79)
(30,054.79)

(5,811.98)
(47,899.58)

(5,811.98)
(47,899.58)

(64,318.53)
(64,318.53)

(64,318.53)
(64,318.53)

General Revenues:

Taxes:

Property taxes; levied for general purposes
 Property taxes; levied for special purposes
 City sales taxes
 Lodging taxes
 Cigarette taxes
 Intergovernmental revenue not restricted
 to specific programs
 Earnings on investments and other revenue
 Transfers

111,941.56
 61,975.75
 164,430.48
 2,019.95
 3,032.69
 75,396.93
 53,600.31
 38,104.80

111,941.56
 61,975.75
 164,430.48
 2,019.95
 3,032.69
 75,396.93
 54,902.43

5,415.18

37,005.26

71,731.50

1,110.92

7,600.29

2,036.67

Total General Revenues and Transfers

510,502.47 (36,802.68) 473,699.79

78,257.49

44,605.55

7,451.85

Change in Net Position

13,807.54 (66,857.47) (53,049.93)

13,938.96

(3,294.03)

1,639.87

Net Position - January 1

1,693,952.16 802,854.86 2,496,807.02

176,859.64

73,897.05

14,041.93

Net Position - December 31

1,707,759.70 735,997.39 2,443,757.09

190,798.60

70,603.02

15,681.80

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2017

	Major Funds						Total Governmental Funds
	General	Highway Tax Dist.	Ambulance	Sales Tax	Street Imp. 2013-1	Other Governmental Funds	
<u>ASSETS:</u>							
Cash, Cash Equivalents and Investments	129,798.66	17,337.73	266,319.87	56,505.98	274,381.14	153,442.42	897,785.80
	=====	=====	=====	=====	=====	=====	=====
<u>FUND BALANCES:</u>							
Restricted for:							
Public Safety		17,337.73					266,319.87
Streets and Public Works				56,505.98		13,450.07	17,337.73
Urban and Economic Development					274,381.14	38,253.67	69,956.05
Cemetery							38,253.67
Debt Service						101,738.68	274,381.14
Other Purposes							101,738.68
Unassigned	129,798.66						129,798.66
	=====	=====	=====	=====	=====	=====	=====
Total Fund Balances	129,798.66	17,337.73	266,319.87	56,505.98	274,381.14	153,442.42	897,785.80
	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2016

	Major Funds						Total Governmental Funds
	General	Highway Tax Dist.	Ambulance	Sales Tax	Street Imp. 2013-1	Other Governmental Funds	
<u>ASSETS:</u>							
Cash, Cash Equivalents and Investments	175,261.09	7,102.05	216,991.29	45,236.30	304,977.04	161,996.10	911,563.87
<u>FUND BALANCES:</u>							
Restricted for:							
Public Safety		7,102.05					7,102.05
Streets and Public Works				45,236.30			56,401.76
Urban and Economic Development					304,977.04		38,510.30
Cemetery							352,144.78
Debt Service							65,152.60
Other Purposes							175,261.09
Unassigned	175,261.09						
Total Fund Balances	175,261.09	7,102.05	216,991.29	45,236.30	304,977.04	161,996.10	911,563.87

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds (13,778.07)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	13,450.00	
Current Year Depreciation Expense	(132,036.00)	(118,586.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	74,196.50	74,196.50

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

Net Increase to Pension Expense		(40,631.00)

Change in Net Position of Governmental Activities		(98,798.57)

The accompanying notes are an integral part of these financial statements.

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CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds 20,823.57

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	0.00	
Current Year Depreciation Expense	(130,351.00)	(130,351.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	128,603.97	128,603.97

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

Net Increase to Pension Expense		(5,269.00)

Change in Net Position of Governmental Activities		13,807.54

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	Major Funds						Total Governmental Funds
	General	Highway Tax Dist.	Ambulance	Sales Tax	Street Imp. 2013-1	Other Governmental Funds	
Revenues:							
Taxes	115,685.40		62,028.58	167,915.42		6,948.50	352,577.90
Special Assessments	1,049.00				31,773.34	2,020.35	34,842.69
Licenses, Permits and Fees	16,188.73						16,188.73
Intergovernmental	132,314.93	69,984.51					202,299.44
Charges for Services	2,689.32						2,689.32
Fines and Forfeits	1,543.00						1,543.00
Miscellaneous	9,315.41	15.00	27,300.00		2,502.01	14,660.15	53,792.57
Total Revenues	278,785.79	69,999.51	89,328.58	167,915.42	34,275.35	23,629.00	663,933.65
Expenditures:							
Current:							
General Government	113,324.52			882.00			114,206.52
Public Safety	184,106.58		40,000.00				224,106.58
Streets and Public Works	16,577.39	42,494.67		882.00			59,954.06
Urban and Economic Development				83,955.49		433.11	84,388.60
Culture and Recreation				69,964.75			69,964.75
Other				961.50		31,749.57	32,711.07
Capital Outlay	6,725.00	6,725.00					13,450.00
Debt Service:							
Principal Retirement	9,598.25	9,598.25			55,000.00		74,196.50
Interest and Service Charges	945.92	945.91			9,871.25		11,763.08
Total Expenditures	331,277.66	59,763.83	40,000.00	156,645.74	64,871.25	32,182.68	684,741.16
Excess (Deficiency) of Revenues Over Expenditures	(52,491.87)	10,235.68	49,328.58	11,269.68	(30,595.90)	(8,553.68)	(20,807.51)
Other Financing Sources (Uses):							
Transfers In	7,029.44					49,005.05	56,034.49
Transfers Out						(49,005.05)	(49,005.05)
Total Other Financing Sources (Uses)	7,029.44						7,029.44
Net Change in Fund Balances	(45,462.43)	10,235.68	49,328.58	11,269.68	(30,595.90)	(8,553.68)	(13,778.07)
Fund Balance - January 1	175,261.09	7,102.05	216,991.29	45,236.30	304,977.04	161,996.10	911,563.87
Fund Balance - December 31	129,798.66	17,337.73	266,319.87	56,505.98	274,381.14	153,442.42	897,785.80

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Highway Tax Dist.	Ambulance	Sales Tax	Street Imp. 2013-1		
Revenues:							
Taxes	169,251.62		57,483.66	107,120.42		6,512.04	340,367.74
Special Assessments	466.23				33,262.60	50,743.31	84,472.14
Licenses, Permits and Fees	14,645.30						14,645.30
Intergovernmental	81,955.92	66,372.00					148,327.92
Charges for Services	4,648.60						4,648.60
Fines and Forfeitures	1,263.00						1,263.00
Miscellaneous	10,901.48		25,200.00		2,756.80	14,742.03	53,600.31
Total Revenues	283,132.15	66,372.00	82,683.66	107,120.42	36,019.40	71,997.38	647,325.01
Expenditures:							
Current:							
General Government	91,875.45						91,875.45
Public Safety	166,335.11		20,000.00				186,335.11
Streets and Public Works	19,347.33	60,092.56					79,439.89
Urban and Economic Development	28,654.26			51,170.55		315.46	80,140.27
Culture and Recreation	23,879.19			42,643.25			66,522.44
Other				2,127.44		16,423.31	18,550.75
Debt Service:							
Principal Retirement	18,603.97				50,000.00	60,000.00	128,603.97
Interest and Service Charges	2,484.36				10,444.00	210.00	13,138.36
Total Expenditures	351,179.67	60,092.56	20,000.00	95,941.24	60,444.00	76,948.77	664,606.24
Excess (Deficiency) of Revenues Over Expenditures	(68,047.52)	6,279.44	62,683.66	11,179.18	(24,424.60)	(4,951.39)	(17,281.23)
Other Financing Sources (Uses):							
Transfers In	10,544.17					27,574.81	38,118.98
Transfers Out						(14.18)	(14.18)
Total Other Financing Sources (Uses)	10,544.17					27,560.63	38,104.80
Net Change in Fund Balances	(57,503.35)	6,279.44	62,683.66	11,179.18	(24,424.60)	22,609.24	20,823.57
Fund Balance - January 1	232,764.44	822.61	154,307.63	34,057.12	329,401.64	139,386.86	890,740.30
Fund Balance - December 31	175,261.09	7,102.05	216,991.29	45,236.30	304,977.04	161,996.10	911,563.87

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
For the Year Ended December 31, 2017

Total Fund Balances for Governmental Funds		897,785.80
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	2,941,299.00	
Less Accumulated Depreciation	(1,749,022.00)	
Net Capital Assets	1,192,277.00	1,192,277.00
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	180,994.00	
Total Deferred Inflows of Resources	(12,629.00)	
Net Deferred Outflows/Inflows of Resources	168,365.00	168,365.00
<p>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. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2017 are:</p>		
Loan Payable	(40,201.67)	
Special Assessment Bonds Payable	(395,000.00)	
Net Pension Liability	(214,265.00)	
Total Long-Term Liabilities	(649,466.67)	(649,466.67)
Total Net Position of Governmental Activities		1,608,961.13

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
For the Year Ended December 31, 2016

Total Fund Balances for Governmental Funds		911,563.87
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	2,943,349.00	
Less Accumulated Depreciation	(1,632,486.00)	
Net Capital Assets	1,310,863.00	1,310,863.00
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	57,734.00	
Total Deferred Inflows of Resources	(11,603.00)	
Net Deferred Outflows/Inflows of Resources	46,131.00	46,131.00
<p>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. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:</p>		
Loan Payable	(59,398.17)	
Special Assessment Bonds Payable	(450,000.00)	
Net Pension Liability	(51,400.00)	
Total Long-Term Liabilities	(560,798.17)	(560,798.17)
Total Net Position of Governmental Activities		1,707,759.70

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2017

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	372,562.19	83,545.72		456,107.91
Interfund Receivable	27,343.48			27,343.48
Total Current Assets	399,905.67	83,545.72		483,451.39
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depr):				
Buildings and Infrastructure	288,163.00	7,200.00		295,363.00
Machinery and Vehicles	15,491.00	51,405.00		66,896.00
Total Noncurrent Assets	303,654.00	58,605.00		362,259.00
Total Assets	703,559.67	142,150.72	-0-	845,710.39
=====				
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Interfund Payable			27,343.48	27,343.48
Revenue Bonds Payable	9,000.00			9,000.00
Total Current Liabilities	9,000.00		27,343.48	36,343.48
<u>Noncurrent Liabilities:</u>				
Revenue Bonds Payable	114,000.00			114,000.00
Total Liabilities	123,000.00		27,343.48	150,343.48
<u>NET POSITION</u>				
Net Investment in Capital Assets	180,654.00	58,605.00		239,259.00
Restricted for:				
Meter Deposits	2,265.00			2,265.00
Unrestricted	397,640.67	83,545.72	(27,343.48)	453,842.91
Total Net Position	580,559.67	142,150.72	(27,343.48)	695,366.91
=====				

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2016

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	390,061.20	112,566.19		502,627.39
Interfund Receivable	27,798.12			27,798.12
Total Current Assets	417,859.32	112,566.19		530,425.51
Noncurrent Assets:				
Capital Assets (net of accumulated depr):				
Buildings and Infrastructure	303,585.00	7,400.00		310,985.00
Machinery and Vehicles	5,260.00	49,125.00		54,385.00
Total Noncurrent Assets	308,845.00	56,525.00		365,370.00
Total Assets	726,704.32	169,091.19	-0-	895,795.51
=====				
LIABILITIES				
Current Liabilities:				
Interfund Payable			27,798.12	27,798.12
Revenue Bonds Payable	9,000.00			9,000.00
Total Current Liabilities	9,000.00		27,798.12	36,798.12
Noncurrent Liabilities:				
Revenue Bonds Payable	123,000.00			123,000.00
Total Liabilities	132,000.00		27,798.12	159,798.12
NET POSITION				
Net Investment in Capital Assets	176,845.00	56,525.00		233,370.00
Restricted for:				
Meter Deposits	3,545.00			3,545.00
Unrestricted	414,314.32	112,566.19	(27,798.12)	499,082.39
Total Net Position	594,704.32	169,091.19	(27,798.12)	735,997.39
=====				

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds

For the Year Ended December 31, 2017

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water and Sewer	146,241.10			146,241.10
Garbage Collection Charges		133,549.22		133,549.22
Garbage Surcharge		9.03		9.03
Meter Deposits	440.00			440.00
Street Lights			27,463.38	27,463.38
Miscellaneous Charges	1,834.36	2,229.80		4,064.16
Total Operating Revenues	148,515.46	135,788.05	27,463.38	311,766.89
<u>Operating Expenses:</u>				
Water and Sewer	139,229.66			139,229.66
Garbage		144,601.40		144,601.40
Meter Deposit Refunds	1,720.00			1,720.00
Street Lights			27,008.74	27,008.74
Depreciation	18,641.00	11,370.00		30,011.00
Total Operating Expenses	159,590.66	155,971.40	27,008.74	342,570.80
Operating Income (Loss)	(11,075.20)	(20,183.35)	454.64	(30,803.91)
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	890.55	272.32		1,162.87
Debt Service - Interest and Service Charges	(3,960.00)			(3,960.00)
Total Non-Operating Revenues (Expenses)	(3,069.45)	272.32		(2,797.13)
Income (Loss) Before Transfers	(14,144.65)	(19,911.03)	454.64	(33,601.04)
Transfers Out		(7,029.44)		(7,029.44)
Change in Net Position	(14,144.65)	(26,940.47)	454.64	(40,630.48)
Net Position - January 1	594,704.32	169,091.19	(27,798.12)	735,997.39
Net Position - December 31	580,559.67	142,150.72	(27,343.48)	695,366.91

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds

For the Year Ended December 31, 2016

	Major Enterprise Funds			Total Enterprise Funds
	Water and Sewer	Garbage	Other Enterprise Fund	
<u>Operating Revenues:</u>				
<u>Charges for Sales and Services:</u>				
Water and Sewer	129,463.62			129,463.62
Garbage Collection Charges		115,405.87		115,405.87
Garbage Surcharge		1,412.86		1,412.86
Meter Deposits	2,020.00			2,020.00
Street Lights			25,091.03	25,091.03
Miscellaneous Charges	4,339.12	3,422.72		7,761.84
Total Operating Revenues	135,822.74	120,241.45	25,091.03	281,155.22
<u>Operating Expenses:</u>				
Water and Sewer	117,184.73			117,184.73
Garbage		137,076.76		137,076.76
Meter Deposit Refunds	100.00			100.00
Street Lights			25,328.52	25,328.52
Depreciation	17,295.00	10,025.00		27,320.00
Total Operating Expenses	134,579.73	147,101.76	25,328.52	307,010.01
Operating Income (Loss)	1,243.01	(26,860.31)	(237.49)	(25,854.79)
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	1,062.84	239.28		1,302.12
Debt Service - Interest and Service Charges	(4,200.00)			(4,200.00)
Total Non-Operating Revenues (Expenses)	(3,137.16)	239.28		(2,897.88)
Income (Loss) Before Transfers	(1,894.15)	(26,621.03)	(237.49)	(28,752.67)
Transfers Out		(10,544.17)	(27,560.63)	(38,104.80)
Change in Net Position	(1,894.15)	(37,165.20)	(27,798.12)	(66,857.47)
Net Position - January 1	596,598.47	206,256.39	-0-	802,854.86
Net Position - December 31	594,704.32	169,091.19	(27,798.12)	735,997.39

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2017

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Cash flows from operating activities:</u>				
Receipts from customers	148,515.46	135,788.05	27,463.38	311,766.89
Payments to suppliers and employees	(140,949.66)	(144,601.40)	(27,008.74)	(312,559.80)
Net cash provided (used) by operating activities	7,565.80	(8,813.35)	454.64	(792.91)
<u>Cash flows from noncapital financing activities:</u>				
Interfund loan transactions	454.64		(454.64)	
Transfers out		(7,029.44)		(7,029.44)
Net cash provided (used) by noncapital financing activities	454.64	(7,029.44)	(454.64)	(7,029.44)
<u>Cash flows from capital and related financing activities:</u>				
Equipment purchase	(13,450.00)	(13,450.00)		(26,900.00)
Principal payments	(9,000.00)			(9,000.00)
Interest payments	(3,960.00)			(3,960.00)
Net cash provided (used) by capital and related financing activities	(26,410.00)	(13,450.00)		(39,860.00)
<u>Cash flows from investing activities:</u>				
Interest income	890.55	272.32		1,162.87
Net increase (decrease) in cash and cash equivalents	(17,499.01)	(29,020.47)		(46,519.48)
Cash and cash equivalents, January 1	390,061.20	112,566.19	-0-	502,627.39
Cash and cash equivalents, December 31	372,562.19	83,545.72	-0-	456,107.91
=====				
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	(11,075.20)	(20,183.35)	454.64	(30,803.91)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	18,641.00	11,370.00		30,011.00
Net cash provided (used) by operating activities	7,565.80	(8,813.35)	454.64	(792.91)
=====				

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2016

	Major Enterprise Funds			Total Enterprise Funds
	Water and Sewer	Garbage	Other Enterprise Fund	
<u>Cash flows from operating activities:</u>				
Receipts from customers	135,822.74	120,241.45	25,091.03	281,155.22
Payments to suppliers and employees	(117,284.73)	(137,076.76)	(25,328.52)	(279,690.01)
Net cash provided (used) by operating activities	18,538.01	(16,835.31)	(237.49)	1,465.21
<u>Cash flows from noncapital financing activities:</u>				
Interfund loan transactions	(27,798.12)		27,798.12	
Transfers out		(10,544.17)	(27,560.63)	(38,104.80)
Net cash provided (used) by noncapital financing activities	(27,798.12)	(10,544.17)	237.49	(38,104.80)
<u>Cash flows from capital and related financing activities:</u>				
Principal payments	(8,000.00)			(8,000.00)
Interest and service charges	(4,200.00)			(4,200.00)
Net cash provided (used) by capital and related financing activities	(12,200.00)			(12,200.00)
<u>Cash flows from investing activities:</u>				
Interest income	1,062.84	239.28		1,302.12
Net increase in cash and cash equivalents	(20,397.27)	(27,140.20)		(47,537.47)
Cash and cash equivalents, January 1	410,458.47	139,706.39	-0-	550,164.86
Cash and cash equivalents, December 31	390,061.20	112,566.19	-0-	502,627.39
=====				
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	1,243.01	(26,860.31)	(237.49)	(25,854.79)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	17,295.00	10,025.00		27,320.00
Net cash provided (used) by operating activities	18,538.01	(16,835.31)	(237.49)	1,465.21
=====				

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Notes to the Financial Statements
December 31, 2017 and 2016

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wishek operates under a city council form of government. The financial statements of the city have been prepared on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government 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.

A. Financial Reporting Entity

The accompanying financial statements present the activities of the city. 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 Government 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 city 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.

Based on these criteria, the component units discussed below are included within the city's reporting entity because of the significance of their operational or financial relationship with the city.

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the city's component units. These units are reported in separate columns to emphasize that they are legally separate from the city.

Wishek Library: The Wishek public library's governing board is appointed by the city's governing board. The city's governing body has the authority to disapprove, amend, or approve the library budget. The library has the authority to issue its own debt.

Wishek Airport Authority: The Wishek airport authority's governing board is appointed by the city's governing board. The city's governing body has the authority to disapprove, amend, or approve the airport authority budget. The airport authority has the authority to issue its own debt.

Wishek Job Development Authority: The Wishek job development authority's governing board is appointed by the city's governing board. The city's governing board has the authority to disapprove, amend, or approve the JDA budget. The JDA has the authority to issue its own debt.

The financial statement of the discretely presented component units are presented in the basic financial statements.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, the City of Wishek and its component units. These statements include the financial activities of the overall government. 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 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. Separate statements for each fund category - *governmental* and *proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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 investments earnings, result from nonexchange transactions or ancillary activities.

The city reports the following major governmental funds:

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

Highway Tax Distribution. This fund accounts for the state highway tax distribution used for street repairs and maintenance.

Ambulance Fund. This fund accounts for a special levy and the rentals charged to the Wishek Hospital for the use of the city's ambulance.

Sales Tax. This fund accounts for the city's sales tax collections, which are used for urban and economic development and other city projects.

Street Improvement 2013-1. The city issued the Refunding Improvement Bonds, Series 2014 to provide funds for a street project. This fund is used to accumulate resources to repay the principal and interest on the bonds.

The city reports the following major enterprise funds:

Water and Sewer. This fund accounts for the activities of the city's water distribution system and sewage collection system. The city also makes the principal and interest payments for the State Revolving Fund Loan Payable from water and sewer collections.

Garbage. This fund accounts for the activities of the city's garbage collection system.

The city reports the following fund type:

Agency Funds. These funds account for assets held by the city in a custodial capacity as an agent on behalf of others. The city's agency funds are used to account for various deposits of other governments.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the city utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of three months or less.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column and the business-type activities column in the government-wide financial statements. Assets are also reported in the proprietary fund 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. 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.

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

Buildings and Infrastructure	20 to 75 years
Machinery and Vehicles	5 to 20 years

F. Compensated Absences

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Vested or accumulated vacation leave is not reported in the government-wide statement of net position as it is considered immaterial.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt 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 are reported as debt service expenditures.

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the city's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The city reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the city's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the city's policy to use fund balance in the following order:

- * Committed
- * Assigned
- * Unassigned

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the city has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

I. Interfund Transactions

In the governmental and proprietary fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

J. Use of Estimates

The preparation of financial statements in conformity with the special purpose framework (SPF) used by the city requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 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 investments 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 any 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 other securities approved by the banking board.

At December 31, 2017 the city's carrying amount of deposits was \$1,353,894 and the bank balance was \$1,372,892. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,122,892 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2016 the city's carrying amount of deposits was \$1,414,191 and the bank balance was \$1,432,410. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,182,410 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

- (1) 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.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2017 the city held certificates of deposit in the amount of \$629,670, which are all considered deposits.

At December 31, 2016 the city held certificates of deposit in the amount of \$688,842, which are all considered deposits.

Concentration of Credit Risk

The city does not have a limit on the amount the city may invest in any one issuer.

Note 3 PROPERTY TAXES

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

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

Note 4 INTERFUND RECEIVABLE/PAYABLE

Interfund receivable/payable is created by a negative cash balance in the street lights fund. The amount shown as interfund payable represents the amount of negative cash in the fund. Interfund receivable/payable for the years ended December 31, 2017 and 2016 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2017</u>		
Water and Sewer	27,343.48	
Street Lights		27,343.48
<u>December 31, 2016</u>		
Water and Sewer	27,798.12	
Street Lights		27,798.12

Note 5 CAPITAL ASSETS

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

	<u>2017</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	765,599	13,450	15,500	763,549
Total	<u>2,943,349</u>	<u>13,450</u>	<u>15,500</u>	<u>2,941,299</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,243,384	67,333		1,310,717
Machinery and Vehicles	389,102	64,703	15,500	438,305
Total	<u>1,632,486</u>	<u>132,036</u>	<u>15,500</u>	<u>1,749,022</u>
Governmental Activities Capital Assets, Net	<u>1,310,863</u>	<u>(118,586)</u>	<u>-0-</u>	<u>1,192,277</u>
	=====	=====	=====	=====

2016

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i> <i>being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	794,099		28,500	765,599
Total	<u>2,971,849</u>		<u>28,500</u>	<u>2,943,349</u>
<i>Less accumulated</i> <i>depreciation for:</i>				
Buildings and Infrastructure	1,176,052	67,332		1,243,384
Machinery and Vehicles	354,583	63,019	28,500	389,102
Total	<u>1,530,635</u>	<u>130,351</u>	<u>28,500</u>	<u>1,632,486</u>
Governmental Activities Capital Assets, Net	<u>1,441,214</u>	<u>(130,351)</u>	<u>-0-</u>	<u>1,310,863</u>

2017

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Business-type Activities:				
<i>Capital assets</i> <i>being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	230,074	26,900		256,974
Total	<u>750,324</u>	<u>26,900</u>		<u>777,224</u>
<i>Less accumulated</i> <i>depreciation for:</i>				
Buildings and Infrastructure	209,265	15,622		224,887
Machinery and Vehicles	175,689	14,389		190,078
Total	<u>384,954</u>	<u>30,011</u>		<u>414,965</u>
Business-type Activities Capital Assets, Net	<u>365,370</u>	<u>(3,111)</u>	<u>-0-</u>	<u>362,259</u>

2016

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Business-type Activities:				
<i>Capital assets</i> <i>being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	230,074			230,074
Total	<u>750,324</u>			<u>750,324</u>
<i>Less accumulated</i> <i>depreciation for:</i>				
Buildings and Infrastructure	193,643	15,622		209,265
Machinery and Vehicles	163,991	11,698		175,689
Total	<u>357,634</u>	<u>27,320</u>		<u>384,954</u>
Business-type Activities Capital Assets, Net	<u>392,690</u>	<u>(27,320)</u>	<u>-0-</u>	<u>365,370</u>

2017

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Discretely Presented Component Units:				
<i>Capital assets</i> <i>being depreciated:</i>				
Buildings and Infrastructure	85,150			85,150
<i>Less accumulated</i> <i>depreciation for:</i>				
Buildings and Infrastructure	40,872	3,406		44,278
Discretely Presented Component Units Capital Assets, Net	<u>44,278</u>	<u>(3,406)</u>	<u>-0-</u>	<u>40,872</u>

2016

	Balance January 1	Increases	Decreases	Balance December 31
Discretely Presented Component Units:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	85,150			85,150
<hr/>				
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	37,466	3,406		40,872
<hr/>				
Discretely Presented Component Units				
Capital Assets, Net	47,684	(3,406)	-0-	44,278
	=====	=====	=====	=====

Depreciation expense was charged to functions/programs of the city as follows for the years ended December 31:

	2017	2016
<u>Governmental Activities:</u>		
General Government	1,360	1,360
Public Safety	35,766	38,052
Streets and Public Works	93,443	89,472
Other	1,467	1,467
Total	132,036	130,351
	=====	=====
<u>Business-type Activities:</u>		
Water and Sewer	18,641	17,295
Garbage	11,370	10,025
Total	30,011	27,320
	=====	=====

Depreciation expense was charged to functions/programs of the component units as follows for the years ended December 31:

	2017	2016
<u>Discretely Presented Component Unit:</u>		
Airport Authority	3,406	3,406
	=====	=====

Note 6 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2017 and 2016, the following changes occurred in liabilities reported in the long-term liabilities:

Governmental Activities

	<u>January 1</u>	<u>Increases</u>	<u>2017</u> <u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Loan Payable	59,398		19,196	40,202	19,804
Special Assessment Bonds	450,000		55,000	395,000	55,000
Total	509,398	-0-	74,196	435,202	74,804

	<u>January 1</u>	<u>Increases</u>	<u>2016</u> <u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Loan Payable	78,002		18,604	59,398	19,196
Special Assessment Bonds	560,000		110,000	450,000	55,000
Total	638,002	-0-	128,604	509,398	74,196

Business-type Activities

	<u>January 1</u>	<u>Increases</u>	<u>2017</u> <u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Revenue Bonds	132,000	-0-	9,000	123,000	9,000

	<u>January 1</u>	<u>Increases</u>	<u>2016</u> <u>Decreases</u>	<u>December 31</u>	<u>One Year</u>
Revenue Bonds	140,000	-0-	8,000	132,000	9,000

Outstanding debt at December 31, 2017 consists of the following:

Governmental Activities:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2017, is as follows:

Loan Payable. The city has entered into a loan agreement to provide funds for the purchase of a payloader.

\$96,040.00 Loan Payable with Security State Bank, due in annual installments of \$21,088.33 through October 15, 2019; interest is at 3.15%.	40,201.67
	=====

The annual requirements to amortize the outstanding loan payable are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	19,804	1,284
2019	20,398	690
Total	40,202	1,974

Special Assessment Debt. The city has issued special assessment bonds to provide funds for the construction and/or improvement of streets. Special assessment bonds outstanding at December 31, 2017, are as follows:

\$550,000.00 Refunding Improvement Bonds, Series 2014, due in annual installments of \$55,000.00 to \$60,000.00 through May 1, 2024; interest is at 1.65% to 2.4%.	395,000.00 =====
--	---------------------

The annual requirements to amortize the outstanding special assessment bond debt are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	55,000	9,510
2019	55,000	6,881
2020	55,000	5,974
2021	55,000	4,860
2022	55,000	3,540
2023-2024	120,000	4,320
Total	----- 395,000 =====	----- 35,085 =====

Business-type Activities:

Revenue Bonds. The city has issued bonds whereby the city pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2017 are as follows:

\$185,547 Sanitary Sewer Improvement Bonds of 2010, due in annual installments of \$9,000 to \$12,000 through September 1, 2029; interest is at 2.5%.	123,000.00 =====
---	---------------------

The annual requirements to amortize the outstanding revenue bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	9,000	3,075
2019	9,000	2,850
2020	9,000	2,625
2021	10,000	2,400
2022	10,000	2,150
2023-2027	53,000	6,925
2028-2029	23,000	850
Total	----- 123,000 =====	----- 20,875 =====

Component Unit Debt

Changes in Long-Term Liabilities. During the year ended December 31, 2017, the following changes occurred in liabilities reported in the long-term liabilities - Component Unit:

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable	-0-	40,000	-0-	40,000	40,000
	=====	=====	=====	=====	=====

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2017, is as follows:

Loan Payable. The airport authority has entered into a loan agreement with Security State Bank for the purpose of general operating expenses.

\$40,000 Bank Loan with Security State Bank, due in final installment of \$40,000 on June 15, 2018; interest is at 3.75%.	40,000.00
	=====

The annual requirements to amortize the outstanding loan payable are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	40,000	929
	=====	=====

Note 7 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:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2017</u>		
General	7,029.44	
Garbage		7,029.44
To subsidize debt service payment.		
Special Projects Reserve	49,005.05	
Street Improvement 2004-1		49,005.05
To close fund.		
<u>December 31, 2016</u>		
General	10,544.17	
Garbage		10,544.17
To subsidize debt service payment.		
General - Street Lights	27,560.63	
Enterprise - Street Lights		27,560.63
To reclassify fund as an enterprise fund.		
Special Projects Reserve	14.18	
Special Assessment Deficiency		14.18
To close fund.		

Note 8 DEFICIT FUND BALANCE

The following fund had a deficit balance for the years ending December 31:

	<u>2017</u>	<u>2016</u>
<u>Enterprise Fund</u>		
Street Lights	(27,343.48)	(27,798.12)

The city plans to eliminate this deficit with future revenue collections and/or transfers from other funds.

Note 9 RISK MANAGEMENT

The City of Wishek 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 pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$567,940 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$814,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The city has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 10 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS benefits program is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by active membership of the NDPERS system; and one member elected by the retired public employees.

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

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

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

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

At December 31, 2017, the City of Wishek reported a liability of \$214,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 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's proportion of the net pension liability was based on the city's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2016 the city's proportion was .021985 percent, which was an increase of .014426 from its proportion measured as of June 30, 2015.

For the year ended December 31, 2017 the city recognized pension expense of \$55,667. At December 31, 2017 the city 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	3,219	1,984
Changes in assumptions	19,753	10,645
Net difference between projected and actual earnings on pension plan investments	29,893	
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,773	
City contributions subsequent to the measurement date (see below)	16,356	
Total	<u>180,994</u> =====	<u>12,629</u> =====

\$16,356 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

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

Year ended June 30:	

2018	34,479
2019	34,479
2020	41,000
2021	35,873
2022	18,424
Thereafter	0

Actuarial assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses.
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Morality Table with ages set back one year for males (not set back for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2016, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
-----	-----	-----
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Equity Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
	-----	-----	-----
The city's proportionate share of the net pension liability	303,931	214,265	138,717

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

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	111,845.00	111,845.00	115,685.40	3,840.40
Special Assessments			1,049.00	1,049.00
Licenses, Permits and Fees	8,900.00	8,900.00	16,188.73	7,288.73
Intergovernmental	93,000.00	93,000.00	132,314.93	39,314.93
Charges for Services	29,000.00	29,000.00	2,689.32	(26,310.68)
Fines and Forfeits	700.00	700.00	1,543.00	843.00
Miscellaneous	32,800.00	32,800.00	9,315.41	(23,484.59)
Total Revenues	276,245.00	276,245.00	278,785.79	2,540.79
<u>Expenditures:</u>				
Current:				
General Government	176,100.00	176,100.00	113,324.52	62,775.48
Public Safety	175,165.00	175,165.00	184,106.58	(8,941.58)
Streets and Public Works	31,500.00	31,500.00	16,577.39	14,922.61
Other	1,000.00	1,000.00		1,000.00
Capital Outlay			6,725.00	(6,725.00)
Debt Service:				
Principal			9,598.25	(9,598.25)
Interest and Service Charges			945.92	(945.92)
Total Expenditures	383,765.00	383,765.00	331,277.66	52,487.34
Excess (Deficiency) of Revenues Over Expenditures	(107,520.00)	(107,520.00)	(52,491.87)	55,028.13
<u>Other Financing Sources:</u>				
Transfers In			7,029.44	7,029.44
Net Change in Fund Balances	(107,520.00)	(107,520.00)	(45,462.43)	62,057.57
Fund Balance - January 1	175,261.09	175,261.09	175,261.09	
Fund Balance - December 31	67,741.09	67,741.09	129,798.66	62,057.57

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	103,909.00	103,909.00	169,251.62	65,342.62
Special Assessments			466.23	466.23
Licenses, Permits and Fees	7,500.00	7,500.00	14,645.30	7,145.30
Intergovernmental	117,000.00	117,000.00	81,955.92	(35,044.08)
Charges for Services	26,000.00	26,000.00	4,648.60	(21,351.40)
Fines and Forfeitures	500.00	500.00	1,263.00	763.00
Miscellaneous	47,700.00	47,700.00	10,901.48	(36,798.52)
Total Revenues	302,609.00	302,609.00	283,132.15	(19,476.85)
<u>Expenditures:</u>				
Current:				
General Government	209,200.00	209,200.00	91,875.45	117,324.55
Public Safety	185,000.00	185,000.00	166,335.11	18,664.89
Streets and Public Works	32,000.00	32,000.00	19,347.33	12,652.67
Urban and Economic Development			28,654.26	(28,654.26)
Culture and Recreation			23,879.19	(23,879.19)
Other	1,000.00	1,000.00		1,000.00
Debt Service:				
Principal			18,603.97	(18,603.97)
Interest and Service Charges			2,484.36	(2,484.36)
Total Expenditures	427,200.00	427,200.00	351,179.67	76,020.33
Excess (Deficiency) of Revenues Over Expenditures	(124,591.00)	(124,591.00)	(68,047.52)	56,543.48
<u>Other Financing Sources:</u>				
Transfers In			10,544.17	10,544.17
Net Change in Fund Balances	(124,591.00)	(124,591.00)	(57,503.35)	67,087.65
Fund Balance - January 1	232,764.44	232,764.44	232,764.44	
Fund Balance - December 31	108,173.44	108,173.44	175,261.09	67,087.65

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Highway Tax Distribution
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	61,000.00	61,000.00	69,984.51	8,984.51
Charges for Services	500.00	500.00	15.00	(485.00)
Total Revenues	61,500.00	61,500.00	69,999.51	8,499.51
Expenditures:				
Current:				
Streets and Public Works	81,000.00	81,000.00	42,494.67	38,505.33
Capital Outlay			6,725.00	(6,725.00)
Debt Service:				
Principal			9,598.25	(9,598.25)
Interest and Service Charges			945.91	(945.91)
Total Expenditures	81,000.00	81,000.00	59,763.83	21,236.17
Net Change in Fund Balances	(19,500.00)	(19,500.00)	10,235.68	29,735.68
Fund Balance - January 1	7,102.05	7,102.05	7,102.05	
Fund Balance - December 31	(12,397.95)	(12,397.95)	17,337.73	29,735.68

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Highway Tax Distribution
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	90,000.00	90,000.00	66,372.00	(23,628.00)
Charges for Services	2,000.00	2,000.00		(2,000.00)
Total Revenues	92,000.00	92,000.00	66,372.00	(25,628.00)
<u>Expenditures:</u>				
Current:				
Streets and Public Works	116,000.00	116,000.00	60,092.56	55,907.44
Net Change in Fund Balances	(24,000.00)	(24,000.00)	6,279.44	30,279.44
Fund Balance - January 1	822.61	822.61	822.61	
Fund Balance - December 31	(23,177.39)	(23,177.39)	7,102.05	30,279.44

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	67,500.00	67,500.00	62,028.58	(5,471.42)
Miscellaneous	25,200.00	25,200.00	27,300.00	2,100.00
Total Revenues	92,700.00	92,700.00	89,328.58	(3,371.42)
<u>Expenditures:</u>				
Current:				
Public Safety	245,000.00	245,000.00	40,000.00	205,000.00
Net Change in Fund Balances	(152,300.00)	(152,300.00)	49,328.58	201,628.58
Fund Balance - January 1	216,991.29	216,991.29	216,991.29	
Fund Balance - December 31	64,691.29	64,691.29	266,319.87	201,628.58

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	61,250.00	61,250.00	57,483.66	(3,766.34)
Miscellaneous	25,200.00	25,200.00	25,200.00	
Total Revenues	86,450.00	86,450.00	82,683.66	(3,766.34)
<u>Expenditures:</u>				
Current:				
Public Safety	20,000.00	20,000.00	20,000.00	
Net Change in Fund Balances	66,450.00	66,450.00	62,683.66	(3,766.34)
Fund Balance - January 1	154,307.63	154,307.63	154,307.63	
Fund Balance - December 31	220,757.63	220,757.63	216,991.29	(3,766.34)

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	125,000.00	125,000.00	167,915.42	42,915.42
<u>Expenditures:</u>				
Current:				
General Government			882.00	(882.00)
Streets and Public Works			882.00	(882.00)
Urban and Economic Development	67,499.00	67,499.00	83,955.49	(16,456.49)
Culture and Recreation	52,083.00	52,083.00	69,964.75	(17,881.75)
Other	10,418.00	10,418.00	961.50	9,456.50
Total Expenditures	130,000.00	130,000.00	156,645.74	(26,645.74)
Net Change in Fund Balances	(5,000.00)	(5,000.00)	11,269.68	16,269.68
Fund Balance - January 1	45,236.30	45,236.30	45,236.30	
Fund Balance - December 31	40,236.30	40,236.30	56,505.98	16,269.68

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	145,000.00	145,000.00	107,120.42	(37,879.58)
<u>Expenditures:</u>				
Current:				
Urban and Economic Development	72,500.00	72,500.00	51,170.55	21,329.45
Culture and Recreation	60,500.00	60,500.00	42,643.25	17,856.75
Other	12,000.00	12,000.00	2,127.44	9,872.56
Total Expenditures	145,000.00	145,000.00	95,941.24	49,058.76
Net Change in Fund Balances			11,179.18	11,179.18
Fund Balance - January 1	34,057.12	34,057.12	34,057.12	
Fund Balance - December 31	34,057.12	34,057.12	45,236.30	11,179.18

CITY OF WISHEK
Wishek, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2017 and 2016

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the city auditor prepares the preliminary budget. The city budget is prepared for the general, special revenue and debt service funds by function and activity on the cash basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the county auditor by October 10. No expenditure shall be made, or liability incurred, in excess of the total appropriation by fund except as authorized by North Dakota Century Code Section 40-40-18. However, the governing board may amend the budget during the year for any revenues 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 official proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budgets during the years ended December 31, 2017 and 2016.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>Special Revenue Funds</u>		
Sales Tax	26,645.74	
Special Projects Reserve	6,729.87	
Armory	1.00	1.00

No remedial action is anticipated or required by the city regarding these excess expenditures.

CITY OF WISHEK
Wishek, North Dakota

Schedule of Employer's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2017	2016
City's proportion of the net pension liability	0.021985%	0.007559%
City's proportionate share of the net pension liability	214,265	51,400
City's covered-employee payroll	203,385	76,720
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	105.35%	67.00%
Plan fiduciary net position as a percentage of the total pension liability	70.46%	77.15%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2017	2016
Statutorily required contribution	14,481	5,462
Contributions in relation to the statutorily required contribution	(14,481)	(5,462)
Contribution deficiency (excess)	0	0
City's covered-employee payroll	203,385	76,720
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

* Complete data for this schedule is not available prior to 2015.

- For changes of assumptions, see Note 10 to the financial statements.

CITY OF WISHEK
 Wishek, North Dakota
 Schedule of Fund Activity Arising from Cash Transactions
 For the Year Ended December 31, 2017

	Balance 1-1-17	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-17
<u>Major Governmental Funds</u>						
General Fund	175,261.09	278,785.79	7,029.44		331,277.66	129,798.66
Highway Tax Distribution	7,102.05	69,999.51			59,763.83	17,337.73
Ambulance	216,991.29	89,328.58			40,000.00	266,319.87
Sales Tax	45,236.30	167,915.42			156,645.74	56,505.98
Street Improvement 2013-1	304,977.04	34,275.35			64,871.25	274,381.14
Total Major Governmental Funds	749,567.77	640,304.65	7,029.44		652,558.48	744,343.38
<u>Non-Major Governmental Funds</u>						
Lodging Tax	11,165.46	2,717.72			433.11	13,450.07
Special Projects Reserve	47,315.31	380.12	49,005.05		17,029.87	79,670.61
Armory		14,251.00			14,251.00	
Cemetery	38,510.30	212.07			468.70	38,253.67
Capital Improvements	17,837.29	4,230.78				22,068.07
Street Improvement 2004-1	47,167.74	1,837.31		49,005.05		
Total Non-Major Governmental Funds	161,996.10	23,629.00	49,005.05	49,005.05	32,182.68	153,442.42
Total Governmental Funds	911,563.87	663,933.65	56,034.49	49,005.05	684,741.16	897,785.80
<u>Major Enterprise Funds</u>						
Water and Sewer:						
Operating	414,314.32	148,966.01			165,639.66	397,640.67
Water Meter	3,545.00	440.00			1,720.00	2,265.00
Garbage	112,566.19	136,060.37		7,029.44	158,051.40	83,545.72
Total Major Enterprise Funds	530,425.51	285,466.38		7,029.44	325,411.06	483,451.39
<u>Non-Major Enterprise Fund</u>						
Street Lights	(27,798.12)	27,463.38			27,008.74	(27,343.48)
Total Enterprise Funds	502,627.39	312,929.76		7,029.44	352,419.80	456,107.91
<u>Agency Funds</u>						
Library		5,481.61			5,481.61	
Airport		5,692.58			5,692.58	
Job Development Authority		5,463.71			5,463.71	
Total Agency Funds		16,637.90			16,637.90	
Total Primary Government	1,414,191.26	993,501.31	56,034.49	56,034.49	1,053,798.86	1,353,893.71

(continued)

CITY OF WISHEK
 Wishek, North Dakota
 Schedule of Fund Activity Arising from Cash Transactions
 For the Year Ended December 31, 2017
 (continued)

	Balance 1-1-17	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-17
<u>Discretely Presented</u>						
<u>Component Units</u>						
Library	15,681.80	8,029.32			7,564.58	16,146.54
Airport	26,325.02	278,599.62			293,110.80	11,813.84
Job Development Authority	190,798.60	106,925.91			67,778.04	229,946.47
Total Discretely Presented Component Units	232,805.42	393,554.85			368,453.42	257,906.85
Total Reporting Entity	1,646,996.68	1,387,056.16	56,034.49	56,034.49	1,422,252.28	1,611,800.56

CITY OF WISHEK
 Wishek, North Dakota
 Schedule of Fund Activity Arising from Cash Transactions
 For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
<u>Major Governmental Funds</u>						
General Fund	232,764.44	283,132.15	10,544.17		351,179.67	175,261.09
Highway Tax Distribution	822.61	66,372.00			60,092.56	7,102.05
Ambulance	154,307.63	82,683.66			20,000.00	216,991.29
Sales Tax	34,057.12	107,120.42			95,941.24	45,236.30
Street Improvement District 2013-1	329,401.64	36,019.40			60,444.00	304,977.04
Total Major Governmental Funds	751,353.44	575,327.63	10,544.17		587,657.47	749,567.77
<u>Non-Major Governmental Funds</u>						
Special Assessment Deficiency	14.18			14.18		
Lodging Tax	9,460.97	2,019.95			315.46	11,165.46
Special Projects Reserve	46,100.89	1,532.92	14.18		332.68	47,315.31
Armory		14,251.00			14,251.00	
Street Lights	(27,560.63)		27,560.63			
Cemetery	40,132.88	217.05			1,839.63	38,510.30
Capital Improvements	13,345.20	4,492.09				17,837.29
Street Improvement District 2004-1	57,893.37	49,484.37			60,210.00	47,167.74
Total Non-Major Governmental Funds	139,386.86	71,997.38	27,574.81	14.18	76,948.77	161,996.10
Total Governmental Funds	890,740.30	647,325.01	38,118.98	14.18	664,606.24	911,563.87
<u>Major Enterprise Funds</u>						
Water and Sewer:						
Operating	408,833.47	134,865.58			129,384.73	414,314.32
Water Meter	1,625.00	2,020.00			100.00	3,545.00
Garbage	139,706.39	120,480.73		10,544.17	137,076.76	112,566.19
Total Major Enterprise Funds	550,164.86	257,366.31		10,544.17	266,561.49	530,425.51
<u>Non-Major Enterprise Fund</u>						
Street Lights		25,091.03		27,560.63	25,328.52	(27,798.12)
Total Enterprise Funds	550,164.86	282,457.34		38,104.80	291,890.01	502,627.39
<u>Agency Funds</u>						
Library		5,415.18			5,415.18	
Airport Authority		5,825.74			5,825.74	
Job Development Authority		5,415.07			5,415.07	
Total Agency Funds		16,655.99			16,655.99	
Total Primary Government	1,440,905.16	946,438.34	38,118.98	38,118.98	973,152.24	1,414,191.26

(continued)

CITY OF WISHEK
 Wishek, North Dakota
 Schedule of Fund Activity Arising from Cash Transactions
 For the Year Ended December 31, 2016
 (continued)

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
<u>Discretely Presented</u>						
<u>Component Units</u>						
Library	14,041.93	8,453.85			6,813.98	15,681.80
Airport Authority	26,213.05	47,836.18			47,724.21	26,325.02
Job Development Authority	176,859.64	78,257.49			64,318.53	190,798.60
Total Discretely Presented Component Units	217,114.62	134,547.52			118,856.72	232,805.42
Total Reporting Entity	1,658,019.78	1,080,985.86	38,118.98	38,118.98	1,092,008.96	1,646,996.68

Rath & Mehrer, P.C.

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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

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wishek, Wishek, North Dakota, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated July 13, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items II-1 and II-2, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the city's financial statements are free of 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 audits, 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's Response to Findings

The city's response to the findings identified in our audits are described in the accompanying *Schedule of Findings and Responses*. The city's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

July 13, 2018

CITY OF WISHEK
Wishek, North Dakota

Schedule of Findings and Responses
For the Year Ended December 31, 2017 and 2016

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified-Modified Cash Basis
Business-Type Activities	Unmodified-Modified Cash Basis
Discretely Presented Component Units	Unmodified-Modified Cash Basis
Major Governmental Funds	Unmodified-Modified Cash Basis
Major Business-Type Funds	Unmodified-Modified Cash Basis
Aggregate Remaining Fund Information	Unmodified-Modified Cash Basis

Internal control over financial reporting:

* Material weakness(es) identified? Yes X No

* Significant deficiency(ies) identified? X Yes None Reported

Noncompliance Material to financial
statements noted? Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. Segregation of Duties

Condition: The city has one person responsible for most accounting functions.

Criteria: There should be sufficient accounting personnel so duties of employees are segregated. The segregation of duties would provide better control over assets of the city.

Effect: There is no segregation of duties as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare financial statements. This increases the risk of misstatement of the city's financial condition.

Recommendation: Due to the size of the city, it is not feasible to obtain proper separation of duties and no recommendation will be made.

Client Response: No response is considered necessary.

2. Financial Statement Preparation

Condition: The city's financial statements as of December 31, 2017 and 2016 are prepared by the city's external auditors.

Criteria: A good system of internal controls requires the city to determine that the financial statements are prepared based on the modified cash basis of accounting. This means that the city must maintain knowledge of current accounting principles and required financial statement disclosures.

Effect: A control system is not in place to determine that the financial statements are properly stated and in compliance with the modified cash basis of accounting.

Recommendation: We recommend the city obtain the necessary knowledge of current accounting principles to prepare financial statements or outsource the preparation of its financial statements.

Client Response: It is not cost effective for the city to prepare its own financial statements.