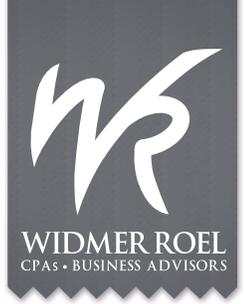


**CITY OF DICKINSON**

**SINGLE AUDIT REPORTS AND  
SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
DECEMBER 31, 2019**



4334 18th Avenue S.  
Ste 101  
Fargo, ND 58103-7414

Phone: 701.237.6022  
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the City Commission  
**City of Dickinson**  
Dickinson, 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, each major fund, and the aggregate remaining fund information of **City of Dickinson**, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **City of Dickinson’s** basic financial statements and have issued our report thereon dated April 16, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control 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 audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

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

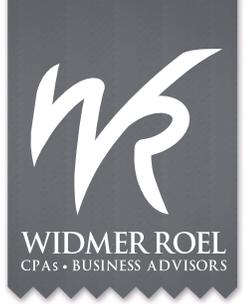
**City of Dickinson's** response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **City of Dickinson's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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



Fargo, North Dakota  
April 16, 2021



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE: AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the City Commission  
**City of Dickinson**  
Dickinson, North Dakota

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

We have audited **City of Dickinson’s** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **City of Dickinson’s** major federal programs for the year ended December 31, 2019. **City of Dickinson’s** major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of **City of Dickinson’s** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of Dickinson’s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, **City of Dickinson** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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

Management of **City of Dickinson** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **City of Dickinson's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City of Dickinson's** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Dickinson**, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **City of Dickinson's** basic financial statements. We issued our report thereon dated April 16, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "William Rowe". The signature is written in a cursive, flowing style with a large initial "W" and a distinct "R".

Fargo, North Dakota  
April 16, 2021

**CITY OF DICKINSON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Federal Grantor/ Pass- Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Homeland Security passed through North Dakota Department of Emergency Services			
Homeland Security	97.067	None	\$ <u>50,107</u>
U.S. Department of Transportation passed through North Dakota Department of Transportation Highway Safety Cluster			
State and Community Highway Safety	20.600	None	1,771
National Priority Safety Programs	20.616	None	<u>9,790</u>
Total Highway Safety Cluster			11,561
Subtotal Department of Transportation			<u>11,561</u>
U.S. Department of Justice passed through ND Attorney General			
Bulletproof Vest Partnership Program	16.607	None	13,730
Edward Bryne Memorial Justice Assistance Grant Program	16.738	None	<u>1,292</u>
Subtotal Department of Justice			<u>15,022</u>
U.S. Environmental Protection Agency passed through North Dakota Department of Health Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds			
State Revolving Funds	66.458	None	<u>836,312</u>
Total expenditures of federal awards			\$ <u><u>913,002</u></u>

## **CITY OF DICKINSON**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019**

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of City of Dickinson under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Dickinson, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Dickinson.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

**CITY OF DICKINSON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>  X  </u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u>  X  </u> reported
Type of auditor’s report issued on compliance for major programs:		
Capitalization Grants for Clean Water State Revolving Funds (66.458)	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?	_____ yes	<u>  X  </u> no

Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program</b>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs:     \$750,000    

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

**CITY OF DICKINSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

**2019-001 (SIGNIFICANT DEFICIENCY) – GENERAL FIXED ASSET FUND RECONCILIATION**

*Condition*

The City has a “general fixed assets fund” which is used to track the property and equipment for various government funds. This fund balance is not currently fully reconciled to the net government fund property and equipment balances.

*Criteria*

To ensure all City transactions are accounted for, all funds should be fully reconciled.

*Cause*

The “fund” is not separately presented in the financial statements, as it functions to serve as an offset for property and equipment, which is not presented at the government fund level.

*Effect*

If this “fund” is not fully reconciled, there is a risk that transactions which need to be presented in the fund financial statements could be misstated.

*Recommendation*

We recommend management develop a process for periodically reviewing the general fixed assets fund.

*Views of Responsible Officials*

“See responses in attached corrective action plan.”

**CITY OF DICKINSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2019-002 (SIGNIFICANT DEFICIENCY) – GAAP FINANCIAL STATEMENT PREPARATION**

***Condition***

Widmer Roel assists the City of Dickinson with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles (GAAP), including the Required Supplementary Information (RSI) and other supplementary information. In the course of assisting with preparation of the statements, we proposed audit adjustments related to material accounts and disclosures.

***Criteria***

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) elements of internal control, an organization’s internal control should include the capability to prepare financial statements and related note disclosures.

***Cause***

The City has determined it is more cost-effective to allocate its limited resources to areas other than preparation of financial statements and instead engage its third-party auditor to assist in this process.

***Effect***

Without assistance of auditors, the financial statements could be materially misstated or omit disclosures.

***Recommendation***

We recommend management carefully review the City’s financial statements and note disclosures and be able to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

***Views of Responsible Officials***

“See responses in attached corrective action plan.”

**SECTION II – MAJOR FEDERAL AWARD PROGRAM FINDINGS**

None reported

**CITY OF DICKINSON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**2018-001 (MATERIAL WEAKNESS) RECORDING OF TRANSACTIONS**

***Condition***

Prior Auditor identified misstatements in the City's financial statements causing them to propose material audit adjustments.

***Recommendation***

Prior auditor recommended that all general ledger accounts be reconciled in a timely manner.

***Current Status***

Audit adjustments were required during this audit. The finding remains open and is reported as part of 2019-002.

**2018-002 (MATERIAL WEAKNESS) PREPARATION OF FINANCIAL STATEMENTS**

***Condition***

The City does not have an internal control system designed to provide for the complete preparation of the financial statements and accompanying notes to the financial statements. Prior auditor was requested to draft the financial statements and accompanying notes to the financial statements.

***Recommendation***

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

***Current Status***

The finding remains open and is reported as 2019-002.

## **VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION**

The City of Dickinson respectfully submits the following views of responsible officials and planned corrective action for the year ended December 31, 2019.

Name and address of independent public accounting firm:

Widmer Roel PC  
4334 18<sup>th</sup> Avenue S, Suite 101  
Fargo, ND 58103-7414

Audit period: December 31, 2019

The findings from the December 31, 2019 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **FINDINGS – FINANCIAL STATEMENT AUDIT**

#### **2019-001 – GENERAL FIXED ASSET FUND RECONCILIATION**

##### **Finding**

The City has a “general fixed assets fund” which is used to track the property and equipment for various government funds. This fund balance is not currently fully reconciled to the net government fund property and equipment balances.

We recommend management develop a process for periodically reviewing the general fixed assets fund.

##### **Views of Responsible Officials and Planned Corrective Action**

**City will develop a quarterly review of the "general fixed assets fund" and reconcile the balance as we do all other governmental funds.**

#### **2019-002 – GAAP FINANCIAL STATEMENT PREPARATION**

##### **Finding**

Widmer Roel assists the City of Dickinson with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles (GAAP), including the Required Supplementary Information (RSI) and other supplementary information. In the course of assisting with preparation of the statements, we proposed audit adjustments related to material accounts and disclosures.

We recommend management carefully review the City’s financial statements and note disclosures and be able to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

##### **Views of Responsible Officials and Planned Corrective Action**

**The staff size and cost prohibit the city to take on the preparation of the financial statements and notes. The city staff will continue to provide supplemental information for the completion of the audit. The city does recognize and accept the degree of risk associated with having our auditors prepare the financial notes and statements.**

Sincerely yours,

A handwritten signature in cursive script that reads "Linda Carlson".

Linda Carlson  
Deputy City Administrator  
City of Dickinson