



To the Board of City Commissioners
City of Williston
Williston, North Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williston for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 27, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Williston are described in Note 1 to the financial statements. As described in Note 1, the City of Williston changed accounting policies related to the classification of certain funds in accordance with Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Closure and Post Closure Landfill Liability – Management's estimate of the closure and post closure care liability represents the cumulative amount reported to date based on the use of the landfill to date of the estimated total capacity of the landfill.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed due to delays in receiving accurate schedules and information during the scheduled audit fieldwork dates which required additional audit procedures to be performed after the date of the scheduled audit fieldwork. Management was cooperative in providing the information requested to us, but the information was delayed and there were misstatements in the information due to the other work demands that management was handling based on the significant amount of activity in the City of Williston.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule also summarizes the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 3, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of City Commissioners and management of the City of Williston and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Bismarck, North Dakota
May 3, 2013

Uncorrected Misstatements

Other Governmental Funds

	<u>Debit</u>	<u>Credit</u>
Fund balance - January 1	\$ 34,932	
Expenditures		\$ 34,932
To record prior period adjustment for misstatements in the 2010 financial statements		

Corrected Misstatements

General Fund

Fund balance	282,900	
Expenditures	508,840	
Revenues	104,671	
Assets		467,104
Liabilities		429,307

Sales Tax Fund

Transfers out	104,323	
Revenues	355,760	
Assets		460,083

Water & Sewer P181 West

Expenditures	268,137	
Liabilities		268,137

Baker Hughes Sewer P190

Expenditures	678,007	
Liabilities		678,007

Other Governmental Funds

Fund balance	259,832	
Expenditures	871,027	
Assets		533,044
Liabilities		464,924
Revenues		28,568
Transfers in		104,323

Corrected Misstatements (continued)

	<u>Debit</u>	<u>Credit</u>
<u>Water Fund</u>		
Assets	664,865	
Net assets	3,637,325	
Liabilities		94,918
Revenues		4,207,272
<u>Sewer Fund</u>		
Assets	1,188,515	
Net assets	6,876,573	
Liabilities		98,700
Revenues		7,906,088
Expenses		60,300
<u>Landfill Fund</u>		
Expenses	227,486	
Assets		158,818
Liabilities		68,668
<u>Non Major Enterprise Funds</u>		
Assets	453,720	
Net assets	22,660	
Liabilities		64,800
Expenses		411,580
<u>Government-wide Activities</u>		
Invested in capital assets	3,012,667	
Assets		3,012,667