

CITY OF DICKINSON

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

WITH INDEPENDENT AUDITOR'S REPORT

CITY OF DICKINSON
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FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF DICKINSON
CITY OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2020

Current

Scott Decker	President
Jason Fridrich	Vice President
Suzi Sobolik	Commissioner
John Odermann	Commissioner
Nicole Wolla	Commissioner



4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

INDEPENDENT AUDITOR'S REPORT

City Commission
City of Dickinson
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **City of Dickinson (City)**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the **City of Dickinson**, as of December 31, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2020, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Budgetary Comparison Schedule – General Fund, Schedule of Employer’s proportionate Share of Net Pension Liability, Schedule of Employer Contributions, and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Dickinson’s** basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of the **City of Dickinson's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Dickinson's** internal control over financial reporting and compliance.



Fargo, North Dakota
November 18, 2021

CITY OF DICKINSON
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 70,613,478	\$ 14,142,802	\$ 84,756,280
Accounts receivable	178,745	992,561	1,171,306
Special assessment receivable	1,038,535	-	1,038,535
Intergovernmental receivable	3,846,867	-	3,846,867
Inventory	-	256,674	256,674
Restricted cash	-	3,725,335	3,725,335
Capital assets, not being depreciated			
Land	1,209,832	720,161	1,929,993
Construction in progress	7,217,623	2,036,926	9,254,549
Capital assets, net of accumulated depreciation			
Buildings	59,954,459	36,819,991	96,774,450
Improvements other than buildings	127,614,470	74,966,331	202,580,801
Machinery and equipment	4,668,364	4,495,550	9,163,914
	<u>276,342,373</u>	<u>138,156,331</u>	<u>414,498,704</u>
DEFERRED OUTFLOWS OF RESOURCES			
Derived from pensions	9,822,411	3,326,278	13,148,689
Derived from OPEB	932,004	191,085	1,123,089
	<u>10,754,415</u>	<u>3,517,363</u>	<u>14,271,778</u>
Total deferred outflows of resources	<u>10,754,415</u>	<u>3,517,363</u>	<u>14,271,778</u>
Total assets and deferred outflows of resources	<u>\$ 287,096,788</u>	<u>\$ 141,673,694</u>	<u>\$ 428,770,482</u>
LIABILITIES			
Accounts payable	\$ 761,994	\$ 878,346	\$ 1,640,340
Accrued expenses	380,564	-	380,564
Accrued payroll	208,214	37,928	246,142
Deposit liability	13,626	-	13,626
Interest payable	99,856	420,208	520,064
Retainage payable	57,000	-	57,000
Non current liabilities			
Due within one year			
Compensated absences	165,007	27,348	192,355
Bonds payable, net of premium	1,338,652	-	1,338,652
Notes payable	-	3,685,166	3,685,166
Capital leases payable	285,025	395,074	680,099
Due in more than one year			
Compensated absences	1,405,658	205,752	1,611,410
Bond payable, net of premium	7,624,613	-	7,624,613
Notes payable	-	53,474,874	53,474,874
Capital leases payable	757,763	1,349,974	2,107,737
Net pension liability	17,827,801	5,693,371	23,521,172
Net OPEB liability	3,224,643	723,285	3,947,928
Accrued closure and post-closure care costs	-	1,112,321	1,112,321
	<u>34,150,416</u>	<u>68,003,647</u>	<u>102,154,063</u>
Total liabilities	<u>34,150,416</u>	<u>68,003,647</u>	<u>102,154,063</u>
DEFERRED INFLOWS OF RESOURCES			
Derived from pensions	2,000,414	552,614	2,553,028
Derived from OPEB	118,359	24,383	142,742
	<u>2,118,773</u>	<u>576,997</u>	<u>2,695,770</u>
Total deferred inflows of resources	<u>2,118,773</u>	<u>576,997</u>	<u>2,695,770</u>
NET POSITION			
Net investment in fixed assets	190,658,695	60,133,871	250,792,566
Restricted for special purposes	55,725,252	-	55,725,252
Unrestricted	4,443,652	12,959,179	17,402,831
	<u>250,827,599</u>	<u>73,093,050</u>	<u>323,920,649</u>
Total net position	<u>250,827,599</u>	<u>73,093,050</u>	<u>323,920,649</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 287,096,788</u>	<u>\$ 141,673,694</u>	<u>\$ 428,770,482</u>

CITY OF DICKINSON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 15,842,112	\$ -	\$ 3,274,650	\$ -	\$ (12,567,462)	\$ -	\$ (12,567,462)
Public safety	9,466,828	-	16,572	-	(9,450,256)	-	(9,450,256)
Public works	4,809,583	-	-	-	(4,809,583)	-	(4,809,583)
Culture and recreation	2,433,144	-	7,845	-	(2,425,299)	-	(2,425,299)
Other	1,403,797	-	592,234	-	(811,563)	-	(811,563)
Interest on long-term debt	146,897	-	-	-	(146,897)	-	(146,897)
Total governmental activities	<u>34,102,361</u>	<u>-</u>	<u>3,891,301</u>	<u>-</u>	<u>(30,211,060)</u>	<u>-</u>	<u>(30,211,060)</u>
BUSINESS-TYPE ACTIVITIES							
Water distribution utility	9,317,645	6,907,534	-	-	-	(2,410,111)	(2,410,111)
Wastewater	6,189,092	3,101,673	-	-	-	(3,087,419)	(3,087,419)
Solid waste utility	4,929,042	4,547,347	-	-	-	(381,695)	(381,695)
Storm water utility	238,825	314,276	-	-	-	75,451	75,451
Total business-type activities	<u>20,674,604</u>	<u>14,870,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,803,774)</u>	<u>(5,803,774)</u>
Total primary government	\$ <u>54,776,965</u>	\$ <u>14,870,830</u>	\$ <u>3,891,301</u>	\$ <u>-</u>	<u>(30,211,060)</u>	<u>(5,803,774)</u>	<u>(36,014,834)</u>
GENERAL REVENUES							
Property taxes; levied for general purposes					5,179,608	-	5,179,608
State aid revenue					2,580,560	-	2,580,560
City sales tax					8,367,533	-	8,367,533
Occupancy tax					865,718	-	865,718
Oil and gas tax					10,734,521	-	10,734,521
Interest expense and service charges					-	(1,461,743)	(1,461,743)
Investment income and other revenue					7,667,022	-	7,667,022
Miscellaneous revenues					-	1,082,125	1,082,125
Other nonoperating expenses					-	(314,872)	(314,872)
Total general revenues					<u>35,394,962</u>	<u>(694,490)</u>	<u>34,700,472</u>
Transfers					<u>(8,286,504)</u>	<u>8,286,504</u>	<u>-</u>
Change in net position					<u>(3,102,602)</u>	<u>1,788,240</u>	<u>(1,314,362)</u>
Net position - January 1					<u>253,930,201</u>	<u>71,304,810</u>	<u>325,235,011</u>
Net position - December 31					\$ <u>250,827,599</u>	\$ <u>73,093,050</u>	\$ <u>323,920,649</u>

See Notes to Financial Statements

CITY OF DICKINSON
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>Major Funds</u>				<u>Other Governmental Funds</u>	<u>Total Government Funds</u>
	<u>General Fund</u>	<u>One Percent Sales Tax</u>	<u>Oil Impact</u>	<u>Annual Street Project Fund</u>		
ASSETS						
Cash and investments	\$ 18,488,689	\$ 11,155,773	\$ 24,298,125	\$ 2,461,020	\$ 13,526,976	\$ 69,930,583
Accounts receivable	157,609	-	-	-	21,135	178,744
Special assessment receivable	-	-	-	82,550	955,985	1,038,535
Intergovernmental receivables	<u>547,428</u>	<u>836,598</u>	<u>1,881,447</u>	<u>(18,384)</u>	<u>599,776</u>	<u>3,846,865</u>
Total assets	<u>\$ 19,193,726</u>	<u>\$ 11,992,371</u>	<u>\$ 26,179,572</u>	<u>\$ 2,525,186</u>	<u>\$ 15,103,872</u>	<u>\$ 74,994,727</u>
LIABILITIES						
Accounts payable	\$ 266,643	\$ 14,484	\$ -	\$ 304,972	\$ 56,810	\$ 642,909
Accrued payroll	190,781	-	-	-	11,585	202,366
Accrued interest	-	-	-	-	380,564	380,564
Deposit liability	13,626	-	-	-	-	13,626
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,000</u>	<u>-</u>	<u>57,000</u>
Total liabilities	<u>471,050</u>	<u>14,484</u>	<u>-</u>	<u>361,972</u>	<u>448,959</u>	<u>1,296,465</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>(2,668)</u>	<u>-</u>	<u>-</u>	<u>82,550</u>	<u>955,985</u>	<u>1,035,867</u>
Total deferred inflows of resources	<u>(2,668)</u>	<u>-</u>	<u>-</u>	<u>82,550</u>	<u>955,985</u>	<u>1,035,867</u>
FUND BALANCES						
Restricted	3,302,270	11,977,887	26,179,572	2,080,664	12,184,859	55,725,252
Committed	-	-	-	-	979,104	979,104
Assigned	-	-	-	-	534,965	534,965
Unassigned	<u>15,423,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,423,074</u>
Total fund balances	<u>18,725,344</u>	<u>11,977,887</u>	<u>26,179,572</u>	<u>2,080,664</u>	<u>13,698,928</u>	<u>72,662,395</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,193,726</u>	<u>\$ 11,992,371</u>	<u>\$ 26,179,572</u>	<u>\$ 2,525,186</u>	<u>\$ 15,103,872</u>	<u>\$ 74,994,727</u>

See Notes to Financial Statements

CITY OF DICKINSON
RECONCILIATION OF GOVERNMENTAL FUNDS –
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total fund balances for governmental funds		\$ 72,662,395
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds		
Cost of capital assets	\$ 314,294,401	
Less accumulated depreciation	<u>(113,629,653)</u>	
Net capital assets		200,664,748
Property taxes and special assessments will be collected after year-end, but not available soon enough to pay for the current period's expenditures and are reported as deferred inflows in the funds. Uncertified special assessments are reported on the statement of net position.		
		1,035,867
Internal service funds are used by management to charge the costs of certain activities as fuel services to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		
Current assets		682,894
Current liabilities		(124,929)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows		10,754,415
Deferred inflows		(2,118,773)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position. Balances at December 31, 2020 are:		
Interest payable	(99,856)	
Compensated absences	(1,570,665)	
Bonds payable, net premium	(8,963,265)	
Capital leases payable	(1,042,788)	
Net pension liability	(17,827,801)	
Total OPEB liability	<u>(3,224,643)</u>	
Total long-term liabilities		<u>(32,729,018)</u>
Total net position of governmental activities		\$ <u><u>250,827,599</u></u>

CITY OF DICKINSON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Major Funds</u>				<u>Other Governmental Funds</u>	<u>Total Government Funds</u>
	<u>General</u>	<u>One Percent Sales Tax</u>	<u>Oil Impact</u>	<u>Annual Street Project Fund</u>		
REVENUES						
Taxes	\$ 4,763,282	\$ 5,578,356	\$ 10,734,521	\$ -	\$ 4,373,260	\$ 25,449,419
Licenses, permits and fees	699,096	-	-	-	-	699,096
Intergovernmental revenues	6,193,025	-	-	-	806,008	6,999,033
Charges for services	3,025,151	-	-	-	148,920	3,174,071
Fines and forfeits	404,239	-	-	-	7,257	411,496
Special assessments	-	-	-	45,659	826,100	871,759
Interest and investment income	1,318,831	-	-	-	-	1,318,831
Donations	7,263	-	-	-	299,277	306,540
Miscellaneous	190,509	-	-	-	307,096	497,605
Proceeds from sale of assets	70,844	-	-	-	-	70,844
Total revenues	<u>16,672,240</u>	<u>5,578,356</u>	<u>10,734,521</u>	<u>45,659</u>	<u>6,767,918</u>	<u>39,798,694</u>
EXPENDITURES						
Current						
General government	4,716,849	1,642,298	-	-	332,024	6,691,171
Public safety	8,708,319	-	-	-	327,338	9,035,657
Public works	4,071,788	-	-	-	380,564	4,452,352
Culture and recreation	794,508	-	-	-	1,318,365	2,112,873
Other	(84,621)	-	-	-	(1,662)	(86,283)
Debt service:						
Principal	-	-	-	-	1,519,101	1,519,101
Interest and fees	-	-	-	-	441,160	441,160
Capital outlay	471,709	135,126	111,608	7,270,281	1,110,634	9,099,358
Total expenditures	<u>18,678,552</u>	<u>1,777,424</u>	<u>111,608</u>	<u>7,270,281</u>	<u>5,427,524</u>	<u>33,265,389</u>
Excess (deficiency) of revenues over expenditures	<u>(2,006,312)</u>	<u>3,800,932</u>	<u>10,622,913</u>	<u>(7,224,622)</u>	<u>1,340,394</u>	<u>6,533,305</u>
Other financing sources and uses						
Transfers in	3,948,445	-	-	7,610,618	2,572,937	14,132,000
Lease proceeds	-	-	-	-	625,657	625,657
Transfers out	(1,321,770)	(3,029,715)	(14,628,118)	-	(4,140,674)	(23,120,277)
Total other financing sources and uses	<u>2,626,675</u>	<u>(3,029,715)</u>	<u>(14,628,118)</u>	<u>7,610,618</u>	<u>(942,080)</u>	<u>(8,362,620)</u>
Net change in fund balances	<u>620,363</u>	<u>771,217</u>	<u>(4,005,205)</u>	<u>385,996</u>	<u>398,314</u>	<u>(1,829,315)</u>
FUND BALANCES - JANUARY 1	<u>18,104,981</u>	<u>11,206,670</u>	<u>30,184,777</u>	<u>1,694,668</u>	<u>13,300,614</u>	<u>74,491,710</u>
FUND BALANCES - DECEMBER 31	<u>\$ 18,725,344</u>	<u>\$ 11,977,887</u>	<u>\$ 26,179,572</u>	<u>\$ 2,080,664</u>	<u>\$ 13,698,928</u>	<u>\$ 72,662,395</u>

See Notes to Financial Statements

CITY OF DICKINSON

**RECONCILIATION OF THE GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds \$ (1,829,315)

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 capital outlays exceeded depreciation in the current year.

Current year disposals	\$ -	
Current year capital outlay	12,923,760	
Depreciation expense	<u>(12,459,815)</u>	
		463,945

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 decrease in interest payable	16,510	
Net increase in compensated absences	(189,430)	
Net increase in net pension liability	(7,374,278)	
Net increase in total OPEB liability	<u>(507,268)</u>	
		(8,054,466)

Changes to pension and OPEB related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in deferred outflows	6,081,050	
Net change in deferred inflows - pensions	1,765	
Net change in deferred inflows - OPEB	<u>(16,459)</u>	
		6,066,356

Government funds report the effect of bond premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. 28,652

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,270,000

Government funds report liability from new leases as lease proceeds and repayments on lease principal as expenditures. Issuances and repayment of lease liabilities are increases or decreases in liabilities on the statement of net position. (376,556)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes and special assessments receivable. (734,341)

The net revenue of certain activities of the internal service funds is reported with governmental activities. 63,123

Change in net position of governmental activities. **\$ (3,102,602)**

CITY OF DICKINSON
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Business Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Distribution Utility Fund</u>	<u>Wastewater Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total</u>	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 6,361,889	\$ 4,266,447	\$ 2,623,111	\$ 891,355	\$ 14,142,802	\$ 445,903
Investments	-	-	-	-	-	236,991
Accounts receivable	555,248	168,020	252,699	16,594	992,561	-
Inventory	220,223	24,512	-	11,939	256,674	-
Total current assets	<u>7,137,360</u>	<u>4,458,979</u>	<u>2,875,810</u>	<u>919,888</u>	<u>15,392,037</u>	<u>682,894</u>
Noncurrent assets						
Restricted cash and cash equivalents	-	3,725,335	-	-	3,725,335	-
Capital assets not being depreciated						
Land	83,040	574,029	63,092	-	720,161	-
Construction in progress	499,954	1,505,187	31,785	-	2,036,926	-
Capital assets (net of accumulated depreciation)						
Buildings and improvements	1,857,260	34,499,357	463,374	-	36,819,991	-
Improvements other than buildings	24,267,722	48,572,704	2,057,444	68,461	74,966,331	-
Machinery and equipment	92,612	217,666	4,146,480	38,792	4,495,550	18,482
Total noncurrent assets	<u>26,800,588</u>	<u>89,094,278</u>	<u>6,762,175</u>	<u>107,253</u>	<u>122,764,294</u>	<u>18,482</u>
Total assets	<u>33,937,948</u>	<u>93,553,257</u>	<u>9,637,985</u>	<u>1,027,141</u>	<u>138,156,331</u>	<u>701,376</u>
DEFERRED OUTFLOWS OF RESOURCES						
Derived from pensions	364,675	817,756	2,011,238	132,609	3,326,278	-
Derived from OPEB	20,824	48,616	113,013	8,632	191,085	-
Total deferred outflows of resources	<u>385,499</u>	<u>866,372</u>	<u>2,124,251</u>	<u>141,241</u>	<u>3,517,363</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 34,323,447</u>	<u>\$ 94,419,629</u>	<u>\$ 11,762,236</u>	<u>\$ 1,168,382</u>	<u>\$ 141,673,694</u>	<u>\$ 701,376</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 440,343	\$ 340,407	\$ 57,005	\$ 40,591	\$ 878,346	\$ 119,085
Accrued payroll	3,810	7,560	25,195	1,363	37,928	5,848
Interest payable	-	420,208	-	-	420,208	-
Notes payable	-	3,685,166	-	-	3,685,166	-
Capital lease payable	-	-	395,074	-	395,074	-
Total current liabilities	<u>444,153</u>	<u>4,453,341</u>	<u>477,274</u>	<u>41,954</u>	<u>5,416,722</u>	<u>124,933</u>
Noncurrent liabilities						
Compensated absences	23,347	37,627	157,555	14,571	233,100	79,404
Notes payable	-	53,474,874	-	-	53,474,874	-
Capital lease payable	-	-	1,349,974	-	1,349,974	-
Accrued closure and post closure liability	-	-	1,112,321	-	1,112,321	-
Net pension liability	431,167	966,860	4,138,556	156,788	5,693,371	-
Net OPEB Liability	75,097	202,523	410,477	35,188	723,285	61,882
Total noncurrent liabilities	<u>529,611</u>	<u>54,681,884</u>	<u>7,168,883</u>	<u>206,547</u>	<u>62,586,925</u>	<u>141,286</u>
Total liabilities	<u>973,764</u>	<u>59,135,225</u>	<u>7,646,157</u>	<u>248,501</u>	<u>68,003,647</u>	<u>266,219</u>
DEFERRED INFLOWS OF RESOURCES						
Derived from pensions	60,060	134,679	336,035	21,840	552,614	-
Derived from OPEB	2,712	5,852	14,559	1,260	24,383	3,708
Total deferred inflows of resources	<u>62,772</u>	<u>140,531</u>	<u>350,594</u>	<u>23,100</u>	<u>576,997</u>	<u>3,708</u>
NET POSITION						
Net investment in capital assets	26,800,588	28,208,903	5,017,127	107,253	60,133,871	18,482
Unrestricted	<u>6,486,323</u>	<u>6,934,970</u>	<u>(1,251,642)</u>	<u>789,528</u>	<u>12,959,179</u>	<u>412,967</u>
Total net position	<u>33,286,911</u>	<u>35,143,873</u>	<u>3,765,485</u>	<u>896,781</u>	<u>73,093,050</u>	<u>431,449</u>
Total liabilities, deferred inflows, and net position	<u>\$ 34,323,447</u>	<u>\$ 94,419,629</u>	<u>\$ 11,762,236</u>	<u>\$ 1,168,382</u>	<u>\$ 141,673,694</u>	<u>\$ 701,376</u>

CITY OF DICKINSON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business Type Activities - Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Distribution Utility Fund</u>	<u>Wastewater Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Other Enterprise Fund</u>		
OPERATING REVENUES						
Charges for services	\$ 6,907,534	\$ 3,101,673	\$ 4,547,347	\$ 314,276	\$ 14,870,830	\$ 210,900
Total operating revenues	<u>6,907,534</u>	<u>3,101,673</u>	<u>4,547,347</u>	<u>314,276</u>	<u>14,870,830</u>	<u>210,900</u>
OPERATING EXPENSES						
Salaries	274,199	458,022	1,418,211	77,486	2,227,918	367,328
Employment cost	193,718	368,742	1,021,621	56,613	1,640,694	94,651
Administrative and general	1,052,242	568,500	640,350	47,400	2,308,492	-
Supplies	69,094	197,146	234,590	3,599	504,429	277,183
Services	162,003	555,993	365,326	18,928	1,102,250	14,627
Maintenance	28,860	149,893	297,000	18,431	494,184	-
Inventory expense	80,882	404,779	-	-	485,661	-
Miscellaneous	5,749,387	(4,423)	2,450	-	5,747,414	-
Depreciation	1,707,260	3,490,440	949,494	16,368	6,163,562	2,518
Employee distributions	-	-	-	-	-	64,153
Total operating expenses	<u>9,317,645</u>	<u>6,189,092</u>	<u>4,929,042</u>	<u>238,825</u>	<u>20,674,604</u>	<u>820,460</u>
Operating income (loss)	<u>(2,410,111)</u>	<u>(3,087,419)</u>	<u>(381,695)</u>	<u>75,451</u>	<u>(5,803,774)</u>	<u>(609,560)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	-	-	-	-	-	11,011
Interest expense and service charges	-	(1,461,743)	-	-	(1,461,743)	-
Miscellaneous revenue	175,175	730,520	169,282	7,148	1,082,125	-
Other nonoperating expenses	(214,371)	(32,926)	(67,575)	-	(314,872)	(56,067)
Gain (loss) on disposal of fixed assets	-	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>(39,196)</u>	<u>(764,149)</u>	<u>101,707</u>	<u>7,148</u>	<u>(694,490)</u>	<u>(45,056)</u>
Net income (loss) before transfers	<u>(2,449,307)</u>	<u>(3,851,568)</u>	<u>(279,988)</u>	<u>82,599</u>	<u>(6,498,264)</u>	<u>(654,616)</u>
Transfers in	1,250,000	7,446,021	-	-	8,696,021	704,218
Transfers out	(17,067)	(183,027)	(196,702)	(12,721)	(409,517)	(2,446)
Change in net position	<u>(1,216,374)</u>	<u>3,411,426</u>	<u>(476,690)</u>	<u>69,878</u>	<u>1,788,240</u>	<u>47,156</u>
Net position - January 1	<u>34,503,285</u>	<u>31,732,447</u>	<u>4,242,175</u>	<u>826,903</u>	<u>71,304,810</u>	<u>384,293</u>
Net position - December 31	<u>\$ 33,286,911</u>	<u>\$ 35,143,873</u>	<u>\$ 3,765,485</u>	<u>\$ 896,781</u>	<u>\$ 73,093,050</u>	<u>\$ 431,449</u>

CITY OF DICKINSON
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Distribution Utility Fund	Wastewater Fund	Solid Waste Utility Fund	Other Enterprise Fund	Total	
Cash flows from operating activities						
Cash received from customers and users	\$ 6,921,445	\$ 3,129,627	\$ 4,590,506	\$ 316,404	\$ 14,957,982	\$ 210,900
Cash paid to suppliers	(6,890,072)	(1,813,497)	(1,001,585)	(10,342)	(9,715,496)	(313,318)
Cash paid to employees	(489,265)	(829,773)	(2,504,271)	(131,661)	(3,954,970)	(530,284)
Net cash provided (used) by operating activities	<u>(457,892)</u>	<u>486,357</u>	<u>1,084,650</u>	<u>174,401</u>	<u>1,287,516</u>	<u>(632,702)</u>
Cash flows from noncapital financing activities						
Transfers from other funds	1,250,000	7,446,021	-	-	8,696,021	704,218
Transfers to other funds	(17,067)	(183,027)	(196,702)	(12,721)	(409,517)	(2,446)
Nonoperating revenues (expenses)	(39,196)	697,594	101,707	7,148	767,253	(56,067)
Net cash provided (used) by noncapital financing activities	<u>1,193,737</u>	<u>7,960,588</u>	<u>(94,995)</u>	<u>(5,573)</u>	<u>9,053,757</u>	<u>645,705</u>
Cash flows from capital and related financing activities						
Proceeds from issuance of notes payable	-	2,226,208	-	-	2,226,208	-
Principal payments on notes payable	-	(3,560,000)	-	-	(3,560,000)	-
Proceeds from capital leases	-	-	1,783,266	-	1,783,266	-
Principal payments on capital lease	-	6,341	(342,512)	-	(336,171)	-
Interest payments	-	(1,461,743)	-	-	(1,461,743)	-
Purchase of capital assets	(611,980)	(2,540,172)	(1,839,751)	(21,024)	(5,012,927)	-
Net cash provided (used) by capital and related financing activities	<u>(611,980)</u>	<u>(5,329,366)</u>	<u>(398,997)</u>	<u>(21,024)</u>	<u>(6,361,367)</u>	<u>-</u>
Cash flows from investing activities						
Purchase of investments	-	-	-	-	-	(14,925)
Interest and investment income	-	-	-	-	-	11,011
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,914)</u>
Net change in cash and cash equivalents	<u>123,865</u>	<u>3,117,579</u>	<u>590,658</u>	<u>147,804</u>	<u>3,979,906</u>	<u>9,089</u>
Cash and cash equivalents January 1, 2020	<u>6,238,024</u>	<u>4,874,203</u>	<u>2,032,453</u>	<u>743,551</u>	<u>13,888,231</u>	<u>436,814</u>
Cash and cash equivalents December 31, 2020	<u>\$ 6,361,889</u>	<u>\$ 7,991,782</u>	<u>\$ 2,623,111</u>	<u>\$ 891,355</u>	<u>\$ 17,868,137</u>	<u>\$ 445,903</u>
Reconciliation to the statement on net position						
Unrestricted cash and cash equivalents	\$ 6,361,889	\$ 4,266,447	\$ 2,623,111	\$ 891,355	\$ 14,142,802	\$ 445,903
Restricted cash and cash equivalents	<u>-</u>	<u>3,725,335</u>	<u>-</u>	<u>-</u>	<u>3,725,335</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 6,361,889</u>	<u>\$ 7,991,782</u>	<u>\$ 2,623,111</u>	<u>\$ 891,355</u>	<u>\$ 17,868,137</u>	<u>\$ 445,903</u>
Reconciliation of operating loss to net cash provided (used) by operating activities						
Operating income (loss)	\$ (2,410,111)	\$ (3,087,419)	\$ (381,695)	\$ 75,451	\$ (5,803,774)	\$ (609,560)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities						
Depreciation expense	1,707,260	3,490,440	949,494	16,368	6,163,562	2,518
Change in assets and liabilities						
Receivables	13,911	27,954	43,159	2,128	87,152	-
Compensated absences liability	(8,515)	9,410	(12,871)	5,428	(6,548)	8,635
Accounts payable	144,596	(171,695)	7,357	40,330	20,588	(21,508)
Accrued payroll	(12,833)	(12,419)	(15,847)	(2,990)	(44,089)	(12,787)
Pension and OPEB liabilities, inflows and outflows	107,800	230,086	495,053	37,686	870,625	-
Net cash provided (used) by operating activities	<u>\$ (457,892)</u>	<u>\$ 486,357</u>	<u>\$ 1,084,650</u>	<u>\$ 174,401</u>	<u>\$ 1,287,516</u>	<u>\$ (632,702)</u>

CITY OF DICKINSON
STATEMENT IN FIDUCIARY NET POSITION
DECEMBER 31, 2020

	<u>City of Dickinson Pension Plans</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,580,479	\$ 1,046,615
Due from other government	<u>-</u>	<u>482,007</u>
Total assets	<u>\$ 15,580,479</u>	<u>\$ 1,528,622</u>
LIABILITIES		
Due to other parties	<u>\$ -</u>	<u>\$ 1,528,622</u>
NET POSITION		
Held in trust for pension benefits	<u>15,580,479</u>	
Total net position	<u>\$ 15,580,479</u>	

CITY OF DICKINSON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>City of Dickinson Pension Plans</u>	<u>Custodial Funds</u>
Additions		
Contributions	\$ 1,456,673	\$ 854,799
Investment earnings	<u>1,349,388</u>	<u>-</u>
Total additions	<u>2,806,061</u>	<u>854,799</u>
Deductions		
Administration expense	84,649	854,799
Benefits	<u>1,753,925</u>	<u>-</u>
Total deductions	<u>1,838,574</u>	<u>854,799</u>
Change in net position	<u>967,487</u>	<u>-</u>
Net position - January 1	<u>14,612,992</u>	<u>-</u>
Net position - December 31	\$ <u><u>15,580,479</u></u>	\$ <u><u>-</u></u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Dickinson (City) have been prepared in conformity with 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.

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 GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing board 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 imposed specific financial burdens on the City of Dickinson.

Based on these criteria, there are no component units discussed below that are included within the City's reporting entity.

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 Dickinson. These statements include the financial activities of the overall government, except for financial activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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 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 including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

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

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

The City reports the following major enterprise funds:

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

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

Solid Waste Utility Fund: This fund accounts for the operations and capital assets of the solid waste system for the City of Dickinson.

Additionally, the City reports the following fund type:

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

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

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

Change in Accounting Principle

During the year ended December 31, 2020, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Cash and Investments

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

The investments of the City's governmental and enterprise funds, during the year ended December 31, 2020, consisted of bonds, certificates of deposit, mutual funds, and money market accounts stated at fair value.

Investments of the pension trust funds consisted of bonds, mutual funds, and money market accounts. The investments of the pension trust funds are stated at fair value at December 31, 2020.

Property Taxes

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

Restricted Assets

Certain resources set aside for debt service in the Wastewater fund are classified as restricted assets because their use is limited by bond and loan covenants.

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

Inventory

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Capital Assets

Capital assets include property, plant and equipment. Assets are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the city as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life 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:

Building and improvements	50 years
Improvements other than building	20 to 50 years
Machinery and equipment	5 to 20 years

Compensated Absences

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

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.

Pension

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS), and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

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

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

Fund Equity

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:

Non-spendable – Fund balances are reported as non-spendable 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 law 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 commission through the adoption of a resolution. The City commission 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.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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:

1. Committed
2. Assigned
3. Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for 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.

Interfund Transactions

In the governmental 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reporting amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, 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 another financial institution 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 of 110% of the deposits not covered by insurance or bonds.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

At year ended December 31, 2020, the City's carrying amount of deposits was \$65,902,933 and the bank balances were \$66,083,709. Of the bank balance, \$35,267,787 was covered by Federal Depository Insurance. The remaining balance of \$30,815,922 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Investments

As of December 31, 2020 the City's non-pension investments had the following investments and maturities:

	Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
US government bonds	\$ 20,812,729	\$ 304,874	\$ 1,831,573	\$ 15,429,170	\$ 3,247,112
Mutual funds	2,435,347	2,435,347	-	-	-
Money market	133,072	133,072	-	-	-
Totals	\$ 23,381,148	\$ 2,873,293	\$ 1,831,573	\$ 15,429,170	\$ 3,247,112

As of December 31, 2020 the City's non-pension investments had the following credit ratings:

	Market Value	S&P Rating					
		Not Rated	AA+	AA	A	BBB+	BBB
US government bonds	\$ 20,812,729	\$ 3,247,267	\$ 17,565,462	\$ -	\$ -	\$ -	\$ -
Mutual funds	2,435,347	2,435,347	-	-	-	-	-
Money market	133,072	133,072	-	-	-	-	-
Totals	\$ 23,381,148	\$ 5,815,686	\$ 17,565,462	\$ -	\$ -	\$ -	\$ -

As of December 31, 2020 the City's Pension Trust Funds had the following investments and maturities:

	Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Corporate bonds	\$ 1,572,551	\$ -	\$ 1,052,948	\$ 519,603	\$ -
Municipal bonds	279,507	-	-	279,507	-
Mutual funds	4,248,023	4,248,023	-	-	-
Money market	356,023	356,023	-	-	-
Totals	\$ 6,456,104	\$ 4,604,046	\$ 1,052,948	\$ 799,110	\$ -

(Continued)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

As of December 31, 2020 the City's Pension Trust Funds had the following credit ratings:

	Market Value	S&P Rating					Not Rated	BBB-
		AA	A-	BBB+	BBB			
Corporate bonds	\$ 1,572,551	\$ -	\$ 124,131	\$ 298,412	\$ 615,545	\$ 315,013	\$ 219,450	
Municipal bonds	279,507	-	279,507	-	-	-	-	
Mutual funds	4,248,023	4,248,023	-	-	-	-	-	
Money market	356,023	356,023	-	-	-	-	-	
Totals	\$ 6,456,104	\$ 4,604,046	\$ 403,638	\$ 298,412	\$ 615,545	\$ 315,013	\$ 219,450	

Interest Rate Risk

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

Credit Risk

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

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

Funds invested by the City at December 31, 2020 were in investments authorized by the North Dakota Statutes as identified above.

Concentration of Credit Risk

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

Custodial Credit Risk

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

Fair Value Measurement

The fair value measurements are categorized by the fair value hierarchy based on generally accepted accounting principles. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1 which is the highest priority to level 3 which is the lowest priority and are based on the following categories:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Level 2: Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

The following table presents the City's non-pension investments measured at fair value at December 31, 2020:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
US government bonds	\$ 20,812,729	\$ -	\$ 20,812,729	\$ -
Mutual funds	2,435,347	2,435,347	-	-
Money market	<u>133,072</u>	<u>133,072</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 23,381,148</u>	<u>\$ 2,568,419</u>	<u>\$ 20,812,729</u>	<u>\$ -</u>

The following table presents the City's Pension Trust Fund investments measured at fair value at December 31, 2020:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Corporate bonds	\$ 1,572,551	\$ -	\$ 1,572,551	\$ -
Municipal bonds	279,507	279,507	-	-
Mutual funds	4,248,023	4,248,023	-	-
Money market	<u>356,023</u>	<u>356,023</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,456,104</u>	<u>\$ 4,883,553</u>	<u>\$ 1,572,551</u>	<u>\$ -</u>

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

NOTE 3 – TAXES RECEIVABLE AND SPECIAL ASSESSMENTS RECEIVABLE

Taxes and special assessments receivable represent the past three years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessments receivable.

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 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 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 1,209,832	\$ -	\$ -	\$ -	\$ 1,209,832
Construction in progress	1,492,679	11,818,970	(6,094,026)	-	7,217,623
Total capital assets not being depreciated	<u>2,702,511</u>	<u>11,818,970</u>	<u>(6,094,026)</u>	<u>-</u>	<u>8,427,455</u>
Capital assets, being depreciated					
Buildings and improvements	81,133,016	-	194,014	-	81,327,030
Improvements other than buildings	202,807,356	40,720	5,900,012	-	208,748,088
Machinery and equipment	14,757,008	1,064,070	-	29,250	15,791,828
Total capital assets, being depreciated	<u>298,697,380</u>	<u>1,104,790</u>	<u>6,094,026</u>	<u>29,250</u>	<u>305,866,946</u>
Less accumulated depreciation for					
Buildings and improvements	19,273,440	2,099,131	-	-	21,372,571
Improvements other than buildings	71,939,043	9,194,575	-	-	81,133,618
Machinery and equipment	9,986,605	1,166,109	-	29,250	11,123,464
Total accumulated depreciation	<u>101,199,088</u>	<u>12,459,815</u>	<u>-</u>	<u>29,250</u>	<u>113,629,653</u>
Total capital assets, being depreciated, net	<u>197,498,292</u>	<u>(11,355,025)</u>	<u>6,094,026</u>	<u>-</u>	<u>192,237,293</u>
Governmental activities capital assets, net	\$ <u>200,200,803</u>	\$ <u>463,945</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>200,664,748</u>

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

Governmental Activities	
General government	\$ 6,043,794
Public safety	836,293
Public works	4,422,340
Culture and recreation	<u>1,157,388</u>
Total depreciation expense - governmental activities	<u>\$ 12,459,815</u>

(Continued)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 720,161	\$ -	\$ -	\$ -	\$ 720,161
Construction in progress	<u>1,631,617</u>	<u>681,399</u>	<u>(276,090)</u>	<u>-</u>	<u>2,036,926</u>
Total capital assets not being depreciated	<u>2,351,778</u>	<u>681,399</u>	<u>(276,090)</u>	<u>-</u>	<u>2,757,087</u>
Capital assets, being depreciated					
Buildings and improvements	45,513,558	2,144,921	-	-	47,658,479
Improvements other than buildings	109,170,052	253,921	276,090	-	109,700,063
Machinery and equipment	<u>12,102,453</u>	<u>2,157,450</u>	<u>-</u>	<u>1,029,154</u>	<u>13,230,749</u>
Total capital assets, being depreciated	<u>166,786,063</u>	<u>4,556,292</u>	<u>276,090</u>	<u>1,029,154</u>	<u>170,589,291</u>
Less accumulated depreciation for					
Buildings and improvements	9,861,781	964,218	-	-	10,825,999
Improvements other than buildings	30,540,325	4,295,285	-	-	34,835,610
Machinery and equipment	<u>8,526,137</u>	<u>905,682</u>	<u>-</u>	<u>786,013</u>	<u>8,645,806</u>
Total accumulated depreciation	<u>48,928,243</u>	<u>6,165,185</u>	<u>-</u>	<u>786,013</u>	<u>54,307,415</u>
Total capital assets, being depreciated, net	<u>117,857,820</u>	<u>(1,608,893)</u>	<u>276,090</u>	<u>243,141</u>	<u>116,281,876</u>
Business-type activities - capital assets, net	<u>\$ 120,209,598</u>	<u>\$ (927,494)</u>	<u>\$ -</u>	<u>\$ 243,141</u>	<u>\$ 119,038,963</u>

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

Business-type Activities

Water distribution utility fund	\$ 1,707,258
Wastewater fund	3,490,438
Solid waste utility fund	951,124
Storm sewer utility fund	<u>16,365</u>
	<u>\$ 6,165,185</u>

NOTE 5 – INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2020.

NOTE 6 – UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxed receivable and special assessments receivable.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – LONG-TERM DEBT

Changes in Long-Term Liabilities

Government Activities

During the year ended December 31, 2020, the following changes occurred in liabilities reported in the long-term liabilities for governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 10,090,000	\$ -	\$ 1,270,000	\$ 8,820,000	\$ 1,310,000
Bond premium	171,917	-	28,652	143,265	28,652
Compensated absences	1,381,235	710,453	521,023	1,570,665	165,007
Capital leases payable	<u>666,232</u>	<u>625,657</u>	<u>249,101</u>	<u>1,042,788</u>	<u>285,025</u>
Total	<u>\$ 12,309,384</u>	<u>\$ 1,336,110</u>	<u>\$ 2,068,776</u>	<u>\$ 11,576,718</u>	<u>\$ 1,788,684</u>

The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of increases and decreases.

Revenue Bonds

Revenue bonds payable outstanding in the City’s governmental activities at December 31, 2020 are as follows:

\$16,905,000 Sales and Hospitality Tax Revenue Bonds, Series 2013; due in annual installments of \$1,379,308 to \$3,321,000 through October 1, 2025; interest at 3% to 5% paid semi-annually.	<u>\$ 8,820,000</u>
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Revenue bonds are issued to finance capital improvement projects in which revenue from operations of such improvement projects or revenue pledged from a designated revenue stream is used to pay the debt service. The City has committed thirty percent of its one percent sales and use tax and seventy-five percent of its one percent hospitality tax to pay the annual principal and interest requirements on the 2013 sales and hospitality tax revenue bonds.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,310,000	\$ 440,065	\$ 1,750,065
2022	1,365,000	399,425	1,764,425
2023	1,425,000	347,025	1,772,025
2024	1,480,000	285,600	1,765,600
2025	<u>3,240,000</u>	<u>162,000</u>	<u>3,402,000</u>
	<u>\$ 8,820,000</u>	<u>\$ 1,634,115</u>	<u>\$ 10,454,115</u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Business-type Activities

During the year ended December 31, 2020, the following changes occurred in liabilities reported in the long-term liabilities for business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 58,493,832	\$ 2,226,208	\$ 3,560,000	\$ 57,160,040	\$ 3,685,166
Compensated absences	239,648	98,572	105,120	233,100	27,348
Capital leases payable	<u>304,294</u>	<u>1,783,266</u>	<u>342,512</u>	<u>1,745,048</u>	<u>395,074</u>
Total	<u>\$ 59,037,774</u>	<u>\$ 4,108,046</u>	<u>\$ 4,007,632</u>	<u>\$ 59,138,188</u>	<u>\$ 4,107,588</u>

Notes Payable

Notes payable outstanding in the City's business-type activities at December 31, 2020 are as follows:

\$40,500,000 State Revolving Fund Loan due in annual installments of \$1,840,000 to \$2,530,000 through September 1, 2032; interest at 2% paid semi-annually.	\$ 26,660,000
\$42,108,000 State Revolving Fund Loan due in annual installments of \$1,615,000 to \$2,275,000 through September 1, 2034; interest at 2% paid semi-annually.	27,635,000
\$2,370,000 State Revolving Fund Loan; \$1,872,770 drawn on loan at December 31, 2020 with \$497,230 available to be drawn; due in annual installments of \$60,000 to \$105,000 through September 1, 2049; interest at 1.5% paid semi-annually.	1,872,770
\$1,500,000 State Revolving Fund Loan; \$992,270 drawn on loan at December 31, 2020 with \$507,730 available to be drawn; due in annual installments of \$35,000 to \$65,000 through September 1, 2050; interest at 1.5% paid semi-annually.	<u>992,270</u>
	<u>\$ 57,160,040</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,685,166	\$ 1,114,627	\$ 4,799,793
2022	3,775,000	1,066,325	4,841,325
2023	3,865,000	991,300	4,856,300
2024	3,960,000	914,475	4,874,475
2025	4,065,000	835,750	4,900,750
2026-2030	21,860,000	2,927,200	24,787,200
2031-2035	14,650,000	800,350	15,450,350
2036-2040	635,000	132,600	767,600
2041-2045	444,598	82,950	527,548
2046-2050	<u>220,276</u>	<u>28,200</u>	<u>248,476</u>
	<u>\$ 57,160,040</u>	<u>\$ 8,893,777</u>	<u>\$ 66,053,817</u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 – CAPITAL LEASES

The following represent the debt service requirements on capital leases as of December 31, 2020:

<u>Year Ending December 31</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
2021	\$ 312,835	\$ 442,099
2022	221,374	429,191
2023	213,060	429,191
2024	200,929	425,379
2025	144,920	136,729
2026	25,881	-
Total minimum lease payments	1,118,999	1,862,589
Less: amounts representing interest	76,211	117,541
Present value of minimum lease payments	<u>\$ 1,042,788</u>	<u>\$ 1,745,048</u>

NOTE 9 – 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, 2020:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,948,445	\$ 1,321,770
Annual Street Project Fund	7,610,618	-
One Percent Sales Tax Fund	-	3,029,715
Oil Impact Fund	-	14,628,118
Half Percent Sales Tax Fund	250,564	3,234,874
Hospitality Tax Fund	-	875,000
Museum Fund	5,899	-
Wastewater Backup Reserve Fund	-	21,271
Grant Fund	-	1,850
Dickinson Public Library Fund	84,874	7,679
Emergency Shelter Fund	15,177	-
2013 Sales Tax Revenue Bonds Fund	1,700,000	-
General Capital Leases Fund	263,325	-
Building Construction Fund	253,098	-
Water Distribution Utility Fund	1,250,000	17,067
Wastewater Fund	7,446,021	183,027
Solid Waste Utility Fund	-	196,702
Storm Sewer Utility Fund	-	12,721
Internal Service Fund	704,219	2,446
Total	<u>\$ 23,532,240</u>	<u>\$ 23,532,240</u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 – RISK MANAGEMENT

The City 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, the state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$6,854,966 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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City 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 11 – CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City of Dickinson's management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 12 – OPEB PLANS

North Dakota Public Employees Retirement System OPEB Plan

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit Other Post Employment Benefits (OPEB) plan that covers members receiving retirement benefits from the NDPERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance funded on an actuarially determined basis.

CITY OF DICKINSON
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Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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 the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the NDPERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund ("RHIC"). Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the NDPERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the City reported a liability of \$524,020 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the City's proportion was 0.622945 percent, which was an increase of 0.10977 from its proportion measured as of June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS
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For the year ended December 31, 2020, the City recognized OPEB expense of \$137,269. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,637	\$ 12,563
Changes of assumptions	70,261	-
Net difference between projected and actual earnings on pension plan investments	18,020	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	308,836	-
Employer contributions subsequent to measurement date	<u>72,079</u>	<u>-</u>
	<u>\$ 480,833</u>	<u>\$ 12,563</u>

\$72,079 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021.

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

Year Ended June 30:	
2021	\$ 78,721
2022	83,378
2023	82,524
2024	77,276
2025	63,130
Thereafter	11,162

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

CITY OF DICKINSON
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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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap domestic equities	33%	6.00%
Small cap domestic equities	6%	7.00%
Domestic fixed income	40%	1.15%
International equities	21%	6.45%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of net pension liability	\$ <u>687,264</u>	\$ <u>524,020</u>	\$ <u>385,975</u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
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City of Dickinson OPEB Plan Description

The City operates a single-employer retiree benefit plan which provides health insurance benefits for retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

OPEB Benefits

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

Membership of the Other Post Employment Benefit plan consisted of the following at January 1, 2020, the date of the latest actuarial valuation:

Inactive employees or beneficiaries receiving benefit payments	13
Active employees	159
	172
	172

Total OPEB Liability

The City's total OPEB liability of \$3,423,908 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method.

The discount rate used to measure the total OPEB liability was 2.12% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds as of the measurement date.

The healthcare cost trend rate for 2020 is 17%. Increases in City premiums occur every two years. Consequently, the healthcare cost trend rate for 2019 and all odd years is 0.00%. The rate for even years decreases 1% each year to an ultimate biennial rate of 10.00%.

Mortality rates are from the RP-2014 generational mortality table using Scale MP-2020. 100% of employees with medical coverage are assumed to elect medical coverage in the plan at retirement, if eligible. 80% of employees with family coverage are assumed to be married and elect coverage for their spouse at retirement, if eligible. Husbands are assumed to be three years older than wives.

CITY OF DICKINSON
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The retirement rates for police employees are 100% at earlier of age 55 or 30 years of service. The retirement rate for other employees is 100% at earlier of age 62 or 30 years of service.

The actuarial assumptions used were based on actual City experience at the actuarial valuation date of January 1, 2021 or the measurement date of December 31, 2020.

Change in total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability, beginning of year	\$ 2,863,230
Changes for the year	
Service cost	330,638
Interest	86,633
Changes of benefit terms	-
Differences between expected and actual experience	(39,138)
Changes of assumptions	246,698
Benefit payments	<u>(64,153)</u>
 Total OPEB liability, ending	 \$ <u><u>3,423,908</u></u>

Changes of assumptions reflect a change in the discount rate from 2.74% at December 31, 2019 to 2.12% at December 31, 2020.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	<u>1% Decrease (1.12%)</u>	<u>Current Discount Rate (2.12%)</u>	<u>1% Increase (3.12%)</u>
Total OPEB liability	\$ <u><u>2,798,544</u></u>	\$ <u><u>3,186,917</u></u>	\$ <u><u>3,628,248</u></u>

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using biennial healthcare cost trend rates that are 1% lower (16.00%) or 1% higher (18.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (9% to 16%%)</u>	<u>Current Discount Rate (10% to 17%)</u>	<u>1% Increase (11% to 18%)</u>
Total OPEB liability	\$ <u><u>3,906,378</u></u>	\$ <u><u>3,186,917</u></u>	\$ <u><u>2,612,037</u></u>

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
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OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$451,697. At December 31, 2020, the City reported deferred inflows and outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,932	\$ 35,480
Changes of assumptions	565,171	87,000
Net difference between projected and actual earnings on pension plan investments	-	7,699
Employer contributions subsequent to measurement date	<u>64,153</u>	<u>-</u>
	<u>\$ 642,256</u>	<u>\$ 130,179</u>

The remaining amount reported as deferred inflows and outflows of resources related to OPEB will be recognized as OPEB expense as follows:

2021	\$ 40,513
2022	40,512
2023	38,539
2024	40,085
2025	46,357
Thereafter	241,918

NOTE 13 – PENSION PLANS (NDPERS)

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 North Dakota Century Code (“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 plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine 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; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
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Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member 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 was 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. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. 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 member's 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 equals 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 for 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 is 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 salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

CITY OF DICKINSON
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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 24 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, 2020, the City reported a liability of \$13,065,679 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 participation Main System employers. At June 30, 2020 the City's proportion was 0.415308 percent, which was an increase of 0.1243 from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$3,276,221. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,847	\$ 662,050
Changes of assumptions	7,004,029	1,157,939
Net difference between projected and actual earnings on pension plan investments	421,694	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,307,589	-
Employer contributions subsequent to measurement date	<u>266,597</u>	<u>-</u>
	<u>\$ 11,050,756</u>	<u>\$ 1,819,989</u>

\$266,597 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, 2021.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
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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:		
2021	\$	2,633,634
2022		2,404,524
2023		2,132,273
2024		1,793,739
2025		-

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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 of 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	30%	6.30%
International equity	21%	6.85%
Private equity	7%	9.75%
Domestic fixed income	23%	1.25%
International fixed income	0%	0.00%
Global real assets	19%	5.01%
Cash equivalents	0%	0.00%

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
City's proportionate share of net pension liability	\$ 16,951,737	\$ 13,065,679	\$ 9,885,936

Pension Plan Fiduciary Net Position

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

North Dakota Public Employees Retirement System (Law Enforcement System)

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Fire-fighters. The Law Enforcement System provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

CITY OF DICKINSON
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Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine 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 the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement 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 (55) with three or more years of service. 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. For members first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 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 in the Law Enforcement System, a death benefit equals 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 Law Enforcement 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 Law Enforcement System is not vested (is not 55 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.

CITY OF DICKINSON
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Member and Employer Contributions

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

<u>Plan</u>	<u>Member Contribution Rate</u>	<u>Employer Contribution Rate</u>
Law enforcement with previous service		
Political subdivisions	5.50%	9.81%
State	6.00%	9.81%
National guard	5.50%	9.81%
Law enforcement without previous service	5.50%	7.93%

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 24 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, 2020, the City reported a liability of \$1,672,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 Law Enforcement System pension plan relative to the covered payroll of all participation Main System employers. At June 30, 2020 the City’s proportion was 26.191283 percent, which was a decrease of 1.381717 from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$448,660. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,064	\$ 112,714
Changes of assumptions	1,715,218	163,164
Net difference between projected and actual earnings on pension plan investments	106,919	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	289,297
Employer contributions subsequent to measurement date	<u>204,470</u>	<u>-</u>
	<u>\$ 2,089,671</u>	<u>\$ 565,175</u>

\$204,470 reported as deferred outflows of resources related to pension 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, 2021.

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:		
2021		\$ 370,675
2022		223,248
2023		213,372
2024		297,921
2025		214,810

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		2.25%
Salary increases		3.5% to 17.75% including inflation
Investment rate of return		7.00%, net of investment expenses
Cost-of-living adjustments		None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 of 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	30%	6.30%
International equity	21%	6.85%
Private equity	7%	9.75%
Domestic fixed income	23%	1.25%
International fixed income	0%	0.00%
Global real assets	19%	5.01%
Cash equivalents	0%	0.00%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
City's proportionate share of net pension liability	\$ 2,761,410	\$ 1,672,203	\$ 890,927

Pension Plan Fiduciary Net Position

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

NOTE 14 - CITY OF DICKINSON PENSION PLANS

The City of Dickinson administers three separate defined benefit pension plans – the City Employee Pension Plan, the Police Pension Plan and the Volunteer Firemen’s Pension Plan. All three plans are considered a part of the City of Dickinson’s reporting entity and are included in the City of Dickinson’s financial reports as Pension Trust Funds. Separately issued financial statements are not available.

Summary of Significant Accounting Policies

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

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

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at January 1, 2021, the date of the latest actuarial valuation:

	City Employee	Police	Volunteer Firemen
Retirees and beneficiaries receiving benefits	36	15	14
Terminated plan members entitled to but not receiving benefits	11	7	5
Active plan members	15	12	17
Total	62	34	36
Number of participating employers	2	1	1

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

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

City ordinance provided that prior to April 2006 all employees became participants upon employment. However, effective January 1, 2019, the plans were closed to new hires. Employees hired after this date would instead be required to participate in one of the NDPERS plans. Furthermore, employees currently participating in one of the City pension plans have the option to transfer their account balances to NDPERS to purchase service credit with the NDPERS plan.

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

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

Actuarial Assumptions

	<u>City Employee</u>	<u>Police</u>	<u>Volunteer Firemen</u>
Valuation date	1/1/2021	1/1/2021	1/1/2021
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level \$ closed 30 year period	Level \$ closed 30 year period	Level \$ closed 30 year period
Remaining amortization period	20 years	20 years	20 years
Asset valuation method	Smoothing of gains and losses	Smoothing of gains and losses	Smoothing of gains and losses
Investment rate of return	6.50%	6.50%	7.00%
Projected salary increases	4.00%	4.00%	N/A
Assumed inflation rate			
Mortality	Pub-2010 Mortality Table using Scale MP-2020	Pub-2010 Mortality Table using Scale MP-2020	Pub-2010 Mortality Table using Scale MP-2020

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

(Continued)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investments

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

The Board adopted a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plan’s target asset allocation as of December 31, 2020 for the following plans:

Target Allocation

	City Employee	Police	Volunteer Firemen
Equity	67.00%	67.00%	67.00%
Fixed income	33.00%	33.00%	33.00%
	100.00%	100.00%	100.00%

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

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

Expected Real Rate of Return

	City Employee	Police	Volunteer Firemen
Equity	8%	8%	8%
Fixed income	5%	5%	5%

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

City Employee Pension Plan

Schedule of Net Pension Liability

Total Pension Liability	\$ 17,291,100
Plan fiduciary net position	8,264,427
Net pension liability	<u>9,026,673</u>
City's share of net pension liability	<u>\$ 4,936,416</u>
Plan fiduciary net position as a percentage of the total pension liability	47.80%
Covered payroll	\$ 1,137,144
Net Pension liability as a percentage of covered payroll	434.11%

Schedule of Changes in Total Pension Liability

Service cost	\$ 178,464
Interest	1,142,675
Differences between expected and actual experience	(811,530)
Changes of assumptions	(22,291)
Benefit payments, including refunds of member contributions	<u>(1,194,744)</u>
Net change in total pension liability	(707,426)
Total Pension Liability - Beginning	17,998,526
Total Pension Liability - Ending (a)	<u>\$ 17,291,100</u>

Schedule of Changes in Plan Fiduciary Net Position

Contributions - employer	\$ 1,045,285
Contributions - member	68,092
Net investment income (loss)	556,739
Benefit payments, including refunds of member contributions	(1,194,744)
Administrative expense	<u>(45,059)</u>
Net change in plan fiduciary net position	430,313
Plan fiduciary net position - beginning	7,834,114
Plan fiduciary net position - ending (b)	<u>\$ 8,264,427</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 9,026,673</u>
Discount rate used to measure Total Pension Liability	6.50%

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expenses	7.20%
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The discount rate used to measure the total pension liability was 6.5% for the year ended December 31, 2020.

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

City Employee Discount Rate Sensitivity

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 18,714,581	\$ 17,291,100	\$ 16,057,244
Plan Fiduciary Net Position	<u>8,264,427</u>	<u>8,264,427</u>	<u>8,264,427</u>
Net Pension Liability	<u>\$ 10,450,154</u>	<u>\$ 9,026,673</u>	<u>\$ 7,792,817</u>
City Share	<u>\$ 4,261,658</u>	<u>\$ 4,936,416</u>	<u>\$ 4,261,658</u>

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

At December 31, 2020, the City of Dickinson reported a liability of \$9,026,673 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Dickinson's proportion of the net pension liability was based on the City of Dickinson's share of the present value of future payroll in the pension plan relative to the present value of future payroll of all participating employers. At December 31, 2020, City of Dickinson's proportion was 54.686993 percent.

For the year ended December 31, 2020, the City of Dickinson recognized pension expense of \$4,936,416. At December 31, 2020, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City Employee - Deferred outflows and inflows of resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ -	\$ 13,451
	<u>\$ -</u>	<u>\$ 13,451</u>

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

City Employee - Deferred outflow and inflow of resources recognition

Year Ended December 31:

2021	\$ 35,105
2022	77,804
2023	(127,179)
2024	(10,326)

(Continued)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Volunteer Firemen Pension Plan

Schedule of Net Pension Liability

Total Pension Liability	\$ 440,545
Plan fiduciary net position	394,125
Net pension liability	<u>\$ 46,420</u>
Plan fiduciary net position as a percentage of the total pension liability	89.46%
Covered payroll	N/A
Net Pension liability as a percentage of covered payroll	N/A

Schedule of Changes in Total Pension Liability

Service cost	\$ 9,394
Interest	30,112
Differences between expected and actual experience	(9,479)
Changes of assumptions	(1,135)
Benefit payments, including refunds of member contributions	<u>(18,253)</u>
Net change in total pension liability	10,639
Total Pension Liability - Beginning	429,906
Total Pension Liability - Ending (a)	<u>\$ 440,545</u>

Schedule of Changes in Plan Fiduciary Net Position

Contributions - employer	\$ 18,875
Net investment income (loss)	27,053
Benefit payments, including refunds of member contributions	(18,253)
Administrative expense	<u>(2,236)</u>
Net change in plan fiduciary net position	25,439
Plan fiduciary net position - beginning	368,686
Plan fiduciary net position - ending (b)	<u>\$ 394,125</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 46,420</u>

Discount rate used to measure Total Pension Liability	7.00%
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Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expenses	7.40%
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CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Firemen Discount Rate Sensitivity

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Total Pension Liability	\$ 493,402	\$ 440,545	\$ 396,126
Plan Fiduciary Net Position	<u>394,125</u>	<u>394,125</u>	<u>394,125</u>
Net Pension Liability	<u>\$ 99,277</u>	<u>\$ 46,420</u>	<u>\$ 2,001</u>

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

For the year ended December 31, 2020, the City of Dickinson recognized pension expense of \$6,339. At December 31, 2020, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Firemen Deferred Outflows and Inflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,305	\$ 40,983
Changes of assumptions	2,957	2,094
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,046</u>
Total	<u>\$ 8,262</u>	<u>\$ 44,123</u>

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

Firemen Deferred Outflows and Inflows Recognition

2021		\$ (9,756)
2022		(6,256)
2023		(14,350)
2024		(2,465)
2024		(1,516)
2025		(1,518)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Police Pension Plan

Schedule of Net Pension Liability

Total Pension Liability	\$ 10,722,382
Plan fiduciary net position	6,921,928
Net pension liability	<u>\$ 3,800,454</u>
Plan fiduciary net position as a percentage of the total pension liability	64.56%
Covered payroll	\$ 921,957
Net Pension liability as a percentage of covered payroll	412.22%

Schedule of Changes in Total Pension Liability

Service cost	\$ 123,522
Interest	678,915
Differences between expected and actual experience	(99,817)
Changes of assumptions	(31,247)
Benefit payments, including refunds of member contributions	<u>(540,627)</u>
Net change in total pension liability	130,746
Total Pension Liability - Beginning	10,591,636
Total Pension Liability - Ending (a)	<u>\$ 10,722,382</u>

Schedule of Changes in Plan Fiduciary Net Position

Contributions - employer	\$ 570,086
Contributions - member	56,134
Net investment income (loss)	463,798
Benefit payments, including refunds of member contributions	(540,627)
Administrative expense	<u>(37,655)</u>
Net change in plan fiduciary net position	511,736
Plan fiduciary net position - beginning	6,410,192
Plan fiduciary net position - ending (b)	<u>\$ 6,921,928</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 3,800,454</u>
Discount rate used to measure Total Pension Liability	6.50%

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense	7.20%
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CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Police Discount Rate Sensitivity

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 11,818,499	\$ 10,722,382	\$ 9,789,529
Plan Fiduciary Net Position	<u>6,921,928</u>	<u>6,921,928</u>	<u>6,921,928</u>
Net Pension Liability	<u>\$ 4,896,571</u>	<u>\$ 3,800,454</u>	<u>\$ 2,867,601</u>

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

For the year ended December 31, 2020, the City of Dickinson recognized pension expense of \$459,549. At December 31, 2020, the City of Dickinson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police Deferred Outflows and Inflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 49,908
Changes of assumptions	-	15,623
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>44,759</u>
Total	<u>\$ -</u>	<u>\$ 110,290</u>

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

Police Deferred Outflows and Inflows Recognition

2021	\$ (47,713)
2022	57,111
2023	(110,574)
2024	(9,114)

CITY OF DICKINSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Combining Statement of Net Position

	City Employees Pension	Police Pension	Volunteer Firemen Pension	Total
Assets	-	-	-	-
Cash and Cash Equivalents	\$ 182,047	\$ 156,920	\$ 16,760	\$ 355,727
Investments, at fair value				
Corporate bonds	924,520	648,030	-	1,572,550
Mutual funds	3,593,366	2,998,902	171,288	6,763,556
Equity divided focus	1,384,434	1,147,619	65,757	2,597,810
Money market	2,027,601	1,843,407	140,320	4,011,328
Municipal bonds	152,459	127,049	-	279,508
Total investments	<u>8,082,380</u>	<u>6,765,007</u>	<u>377,365</u>	<u>15,224,752</u>
Accounts receivable	-	-	-	-
Total assets	<u>\$ 8,264,427</u>	<u>\$ 6,921,927</u>	<u>\$ 394,125</u>	<u>\$ 15,580,479</u>
Liabilities	-	-	-	-
Net Position				
Held in trust for pension benefits	<u>8,264,427</u>	<u>6,921,927</u>	<u>394,125</u>	<u>15,580,479</u>
Total net position	<u>\$ 8,264,427</u>	<u>\$ 6,921,927</u>	<u>\$ 394,125</u>	<u>\$ 15,580,479</u>

NOTE 15 - CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require that the City of Dickinson place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill used during the year. The estimate liability for landfill closure and post closure care costs has a balance of \$1,112,321 at December 31, 2020, which is based on 34.5% usage (filled) of municipal solid waste in the landfill and 36.5% usage (filled) of municipal solid waste and inert material combined in the landfill. It is estimated that an additional \$1,911,054 will be recognized as closure and post closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post closure care of \$3,023,374 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of closure and post closure care may be higher due to inflation, changes to technology, or changes in landfill laws and regulations.

CITY OF DICKINSON

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

CITY OF DICKINSON
REQUIRED SUPPLEMENTARY INFORMATION - CITY PENSION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	54.686993%	57.351257%	56.597435%	55.451851%	54.222060%	55.510180%	59.692893%
Employer's proportionate share of the net pension liability	\$ 4,936,416	\$ 5,829,418	\$ 7,020,062	\$ 5,743,145	\$ 5,771,804	\$ 5,552,647	\$ 5,157,267
Employer's covered payroll	\$ 1,137,144	\$ 1,097,005	\$ 1,141,305	\$ 1,100,840	\$ 1,216,809	\$ 1,193,687	\$ 1,474,076
Employer's proportionate share of the net pension liability as a percentage of covered payroll	434.11%	531.39%	615.09%	521.71%	474.34%	465.17%	349.86%
Plan fiduciary net position as a percentage of the total pension liability	47.80%	43.53%	35.59%	42.30%	39.97%	41.17%	44.20%

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

Schedule of the Employer's Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 987,763	\$ 970,050	\$ 959,130	\$ 943,145	\$ 899,949	\$ 817,871	\$ 854,400
Contributions in relation to the actuarially determined contribution	<u>1,045,285</u>	<u>1,051,136</u>	<u>823,296</u>	<u>814,789</u>	<u>814,740</u>	<u>840,574</u>	<u>823,620</u>
Contribution deficiency (excess)	\$ <u>(57,522)</u>	\$ <u>(81,086)</u>	\$ <u>135,834</u>	\$ <u>128,356</u>	\$ <u>85,209</u>	\$ <u>(22,703)</u>	\$ <u>30,780</u>
Employer's covered payroll	\$ 1,137,144	\$ 1,097,005	\$ 1,141,305	\$ 1,100,840	\$ 1,216,809	\$ 1,193,687	\$ 1,474,076
Contributions as a percentage of covered payroll	91.92%	95.82%	72.14%	74.02%	66.96%	70.42%	55.87%

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2021
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	20 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	6.5%
Projected salary increases	4%
Assumed inflation rate	4%
Mortality	Pub-2010 Mortality Table using Scale MP-2020

CITY OF DICKINSON

REQUIRED SUPPLEMENTARY INFORMATION – VOLUNTEER FIREMEN PENSION PLAN FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule of Net Pension Liability	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability	\$ 440,545	\$ 429,906	\$ 413,894	\$ 403,806	\$ 384,902	\$ 413,002	\$ 376,696
Plan fiduciary net position	394,125	368,686	319,891	332,763	310,396	301,264	288,225
Net pension liability	<u>\$ 46,420</u>	<u>\$ 61,220</u>	<u>\$ 94,003</u>	<u>\$ 71,043</u>	<u>\$ 74,506</u>	<u>\$ 111,738</u>	<u>\$ 88,471</u>
Plan fiduciary net position as a percentage of the total pension liability	89.46%	85.76%	77.29%	82.41%	80.64%	72.94%	76.51%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Schedule of Changes in Total Pension Liability	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 9,394	\$ 10,787	\$ 10,783	\$ 13,568	\$ 15,479	\$ 14,870	\$ 14,918
Interest	30,112	29,039	28,559	26,729	29,031	27,059	26,248
Differences between expected and actual experience	(9,479)	(3,538)	(15,624)	12,381	(44,345)	(5,667)	(17,014)
Changes of assumptions	(1,135)	(610)	(425)	(513)	(747)	10,055	-
Benefit payments, including refunds of member contributions	<u>(18,253)</u>	<u>(19,666)</u>	<u>(13,205)</u>	<u>(33,261)</u>	<u>(27,518)</u>	<u>(10,011)</u>	<u>(15,028)</u>
Net change in total pension liability	10,639	16,012	10,088	18,904	(28,100)	36,306	9,124
Total Pension Liability - Beginning	<u>429,906</u>	<u>413,894</u>	<u>403,806</u>	<u>384,902</u>	<u>413,002</u>	<u>376,696</u>	<u>367,572</u>
Total Pension Liability - Ending (a)	<u>\$ 440,545</u>	<u>\$ 429,906</u>	<u>\$ 413,894</u>	<u>\$ 403,806</u>	<u>\$ 384,902</u>	<u>\$ 413,002</u>	<u>\$ 376,696</u>

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

Schedule of Changes in Plan Fiduciary Net Position	2020	2019	2018	2017	2016	2015	2014
Contribution - employer	\$ 18,875	\$ 21,169	\$ 26,240	\$ 26,241	\$ 26,241	\$ 27,408	\$ 27,447
Net investment income	27,053	49,944	(23,243)	32,424	13,771	(2,294)	14,756
Benefit payments, including refunds of member contributions	(18,253)	(19,666)	(13,205)	(33,261)	(27,518)	(10,011)	(15,028)
Administrative expense	<u>(2,236)</u>	<u>(2,652)</u>	<u>(2,664)</u>	<u>(3,037)</u>	<u>(3,362)</u>	<u>(2,064)</u>	<u>(2,926)</u>
Net change in plan fiduciary net position	25,439	48,795	(12,872)	22,367	9,132	13,039	24,249
Plan fiduciary net position - beginning	<u>368,686</u>	<u>319,891</u>	<u>332,763</u>	<u>310,396</u>	<u>301,264</u>	<u>288,225</u>	<u>263,976</u>
Plan fiduciary net position - ending (b)	<u>\$ 394,125</u>	<u>\$ 368,686</u>	<u>\$ 319,891</u>	<u>\$ 332,763</u>	<u>\$ 310,396</u>	<u>\$ 301,264</u>	<u>\$ 288,225</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 46,420</u>	<u>\$ 61,220</u>	<u>\$ 94,003</u>	<u>\$ 71,043</u>	<u>\$ 74,506</u>	<u>\$ 111,738</u>	<u>\$ 88,471</u>

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

Schedule of Contributions	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 17,411	\$ 18,491	\$ 20,303	\$ 22,136	\$ 26,297	\$ 25,147	\$ 26,730
Contributions in relation to the actuarially determined contribution	<u>18,875</u>	<u>21,169</u>	<u>26,240</u>	<u>26,241</u>	<u>26,241</u>	<u>27,408</u>	<u>27,447</u>
Contribution deficiency (excess)	<u>\$ (1,464)</u>	<u>\$ (2,678)</u>	<u>\$ (5,937)</u>	<u>\$ (4,105)</u>	<u>\$ 56</u>	<u>\$ (2,261)</u>	<u>\$ (717)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2021
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	20 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	7.0%
Projected salary increases	N/A
Assumed inflation rate	4%
Mortality	Pub-2010 Mortality Table using Scale MP-2020

CITY OF DICKINSON

REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule of Net Pension Liability	2020	2019	2018	2017	2016	2015
Total Pension Liability	\$ 10,722,382	\$ 10,591,636	\$ 10,240,367	\$ 10,107,743	\$ 10,219,577	\$ 9,763,488
Plan fiduciary net position	<u>6,921,928</u>	<u>6,410,192</u>	<u>5,629,282</u>	<u>6,138,876</u>	<u>5,643,465</u>	<u>5,527,313</u>
Net pension liability	<u>\$ 3,800,454</u>	<u>\$ 4,181,444</u>	<u>\$ 4,611,085</u>	<u>\$ 3,968,867</u>	<u>\$ 4,576,112</u>	<u>\$ 4,236,175</u>
Plan fiduciary net position as a percentage of the total pension liability	64.56%	60.52%	54.97%	60.73%	55.22%	56.61%
Covered payroll	\$ 921,957	\$ 1,037,922	\$ 1,201,109	\$ 1,141,191	\$ 1,129,831	\$ 1,297,585
Net pension liability as a percentage of covered payroll	412.22%	402.87%	383.90%	347.78%	405.03%	326.47%

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

Schedule of Changes in Total Pension Liability	2020	2019	2018	2017	2016	2015
Service Cost	\$ 123,522	\$ 133,708	\$ 188,538	\$ 205,099	\$ 192,323	\$ 216,356
Interest	678,915	653,348	651,292	659,621	629,158	571,205
Differences between expected and actual experience	(99,817)	200,079	(143,883)	(408,724)	72,319	330,967
Changes of assumptions	(31,247)	9,267	(10,530)	(14,496)	115,196	297,090
Benefit payments, including refunds of member contributions	<u>(540,627)</u>	<u>(645,133)</u>	<u>(552,793)</u>	<u>(553,334)</u>	<u>(552,907)</u>	<u>(447,090)</u>
Net change in total pension liability	130,746	351,269	132,624	(111,834)	456,089	968,528
Total Pension Liability -Beginning	<u>10,591,636</u>	<u>10,240,367</u>	<u>10,107,743</u>	<u>10,219,577</u>	<u>9,763,488</u>	<u>8,794,960</u>
Total Pension Liability - Ending (a)	<u>\$ 10,722,382</u>	<u>\$ 10,591,636</u>	<u>\$ 10,240,367</u>	<u>\$ 10,107,743</u>	<u>\$ 10,219,577</u>	<u>\$ 9,763,488</u>

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

Schedule of Changes in Plan Fiduciary Net Position	2020	2019	2018	2017	2016	2015
Contributions - employer	\$ 570,086	\$ 537,802	\$ 460,568	\$ 460,570	\$ 460,570	\$ 423,057
Contributions - member	56,134	54,162	60,179	61,961	68,391	72,282
Net investment income	463,798	870,284	(441,603)	561,154	173,154	(7,931)
Benefit payments, including refunds of member contributions	(540,627)	(645,133)	(552,793)	(553,334)	(552,907)	(447,090)
Administrative expense	<u>(37,655)</u>	<u>(36,205)</u>	<u>(35,945)</u>	<u>(34,940)</u>	<u>(33,056)</u>	<u>(33,723)</u>
Net change in plan fiduciary net position	511,736	780,910	(509,594)	495,411	116,152	6,595
Plan fiduciary net position - beginning	<u>6,410,192</u>	<u>5,629,282</u>	<u>6,138,876</u>	<u>5,643,465</u>	<u>5,527,313</u>	<u>5,520,718</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,921,928</u>	<u>\$ 6,410,192</u>	<u>\$ 5,629,282</u>	<u>\$ 6,138,876</u>	<u>\$ 5,643,465</u>	<u>\$ 5,527,313</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 3,800,454</u>	<u>\$ 4,181,444</u>	<u>\$ 4,611,085</u>	<u>\$ 3,968,867</u>	<u>\$ 4,576,112</u>	<u>\$ 4,236,175</u>

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

Schedule of Contributions	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 456,931	\$ 436,541	\$ 471,202	\$ 509,608	\$ 472,890	\$ 446,886
Contributions in relation to the actuarially determined contribution	<u>570,086</u>	<u>537,802</u>	<u>460,568</u>	<u>460,570</u>	<u>460,570</u>	<u>423,057</u>
Contribution deficiency (excess)	<u>\$ (113,155)</u>	<u>\$ (101,261)</u>	<u>\$ 10,634</u>	<u>\$ 49,038</u>	<u>\$ 12,320</u>	<u>\$ 23,829</u>
Covered payroll	\$ 921,957	\$ 1,201,109	\$ 1,201,109	\$ 1,141,191	\$ 1,129,831	\$ 1,297,858
Contributions as a percentage of covered payroll	61.83%	44.78%	38.35%	40.36%	40.76%	32.60%

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

Notes to the Required Supplementary Information

Valuation date	January 1, 2021
Actuarial cost method	Level \$ closed 30 year period
Amortization method	Level \$ open 30 year period
Remaining amortization period	20 years
Asset valuation method	Smoothing of gains and losses
Investment rate of return	6.5%
Projected salary increases	4%
Assumed inflation rate	4%
Mortality	Pub-2010 Mortality Table using Scale MP-2020

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit</u>
ND PERS	6/30/2020	0.415308%	\$ 13,065,679	\$ 4,581,351	285.19%	48.91%
ND PERS	6/30/2019	0.291008%	\$ 3,410,824	\$ 3,026,981	112.68%	104.80%

* Complete data for this schedule is not available prior to 2019.

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Pension Contributions

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS	6/30/2020	\$ 324,399	\$ 310,370	\$ 14,029	\$ 4,581,351	6.77%
ND PERS	6/30/2019	\$ 220,381	\$ 107,906	\$ 112,475	\$ 3,026,981	3.56%

* Complete data for this schedule is not available prior to 2019.

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY –
PUBLIC SAFETY
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension Liability

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit</u>
ND PERS	6/30/2020	26.191283%	\$ 1,672,203	\$ 2,835,135	58.98%	65.83%
ND PERS	6/30/2019	27.573000%	\$ (126,870)	\$ 2,699,317	-4.70%	104.84%

* Complete data for this schedule is not available prior to 2019.

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS –
PUBLIC SAFETY
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS	6/30/2020	\$ 256,075	\$ 221,290	\$ 34,785	\$ 2,835,132	7.81%
ND PERS	6/30/2019	\$ 184,823	\$ 103,859	\$ 80,964	\$ 2,699,317	3.85%

* Complete data for this schedule is not available prior 2019.

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
NDPERS - OPEB			
Employer's proportion of the net pension liability	0.622945%	0.513175%	n/a
Employer's proportionate share of the net pension liability	\$ 524,020	\$ 412,176	n/a
Employer's covered-employee payroll	\$ 7,101,387	\$ 5,726,298	n/a
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.3791%	7.1979%	n/a
Plan fiduciary net position as a percentage of the total pension liability	63.38%	63.13%	n/a

* Complete data for this schedule is not available prior 2018.

CITY OF DICKINSON
SCHEDULE OF EMPLOYER'S OPEB CONTRIBUTION
LAST 10 FISCAL YEARS*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
NDPERS - OPEB			
Statutorily required contribution	\$ 83,426	\$ 66,597	n/a
Contributions in relation to the statutorily required contribution	\$ (80,473)	\$ (32,208)	n/a
Contribution deficiency (excess)	\$ 2,953	\$ 34,389	n/a
Employer's covered-employee payroll	\$ 7,101,387	\$ 5,726,298	n/a
Contributions as a percentage of covered-employee payroll	1.13%	0.56%	n/a

* Complete data for this schedule is not available prior 2018.

CITY OF DICKINSON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Taxes	\$ 4,679,610	\$ 4,679,610	\$ 4,763,282	\$ 83,672
Licenses, permits and fees	459,825	459,825	699,096	239,271
Intergovernmental revenue	2,961,410	2,961,410	6,193,025	3,231,615
Charges for services	2,691,242	2,691,242	3,025,151	333,909
Fines and forfeits	370,200	370,200	404,239	34,039
Special assessment revenues	1,800	1,800	-	(1,800)
Interest and investment income	583,000	583,000	1,318,831	735,831
Donations	-	-	7,263	7,263
Miscellaneous revenues	120,000	120,000	190,509	70,509
Proceeds from sale of assets	-	-	70,844	-
Total revenues	<u>11,867,087</u>	<u>11,867,087</u>	<u>16,672,240</u>	<u>4,734,309</u>
EXPENDITURES				
Current				
General government	5,137,773	5,137,773	4,716,849	(420,924)
Public Safety	7,800,786	7,800,786	8,708,319	907,533
Public works	4,235,989	4,235,989	4,071,788	(164,201)
Culture and recreation	724,117	724,117	794,508	70,391
Other	-	-	(84,621)	(84,621)
Capital outlay	519,500	519,500	471,709	(47,791)
Total expenditures	<u>18,418,165</u>	<u>18,418,165</u>	<u>18,678,552</u>	<u>260,387</u>
Excess (deficiency) of revenues over expenditures	<u>(6,551,078)</u>	<u>(6,551,078)</u>	<u>(2,006,312)</u>	<u>4,473,922</u>
Other financing sources (uses)				
Transfers in	-	-	3,948,445	-
Transfers out	-	-	(1,321,770)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,626,675</u>	<u>-</u>
Net change in fund balance	<u>(6,551,078)</u>	<u>(6,551,078)</u>	<u>620,363</u>	<u>4,473,922</u>
FUND BALANCE, JANUARY 1	<u>18,104,981</u>	<u>18,104,981</u>	<u>18,104,981</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u>\$ 11,553,903</u>	<u>\$ 11,553,903</u>	<u>\$ 18,725,344</u>	<u>\$ 4,473,922</u>

CITY OF DICKINSON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

The governing board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, special revenue funds, debt service funds, and capital project funds.

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

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

NOTE 2 – OTHER POST EMPLOYMENT BENEFITS

Changes of Benefit Terms:

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of assumptions:

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

CITY OF DICKINSON

**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENT FUNDS
DECEMBER 31, 2020**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash	\$ 5,965,016	\$ 3,029,358	\$ 4,532,602	\$ 13,526,976
Cash Reserve	-	-	-	-
Cash reserved for projects	-	-	-	-
Intergovernmental receivable	599,776	-	-	599,776
Accounts receivable	(2,615)	23,750	-	21,135
Special assessments receivable	-	-	955,985	955,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>6,562,177</u>	\$ <u>3,053,108</u>	\$ <u>5,488,587</u>	\$ <u>15,103,872</u>
LIABILITIES				
Lease payable	\$ -	\$ -	\$ -	\$ -
Compensated absences payable	-	-	-	-
Accrued payroll	11,585	-	-	11,585
Accrued interest	380,564	-	-	380,564
Accounts payable	56,810	-	-	56,810
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>448,959</u>	<u>-</u>	<u>-</u>	<u>448,959</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>955,985</u>	<u>955,985</u>
FUND BALANCES				
Restricted	4,599,149	3,053,108	4,532,602	12,184,859
Committed	979,104	-	-	979,104
Assigned	534,965	-	-	534,965
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,113,218</u>	<u>3,053,108</u>	<u>4,532,602</u>	<u>13,698,928</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>6,562,177</u>	\$ <u>3,053,108</u>	\$ <u>5,488,587</u>	\$ <u>15,103,872</u>

CITY OF DICKINSON
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	<u>Downtown Improvement District</u>	<u>Half Percent Sales Tax</u>	<u>Hospitality Tax</u>	<u>Wastewater Backup Reserve</u>	<u>Grant Fund</u>	<u>Museum Fund</u>	<u>Dickinson Public Library</u>	<u>Occupancy Tax</u>	<u>Emergency Shelter</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS										
Cash	\$ 72,840	\$ 4,360,844	\$ 826,608	\$ 2,615	\$ 142,644	\$ -	\$ 537,134	\$ 22,331	\$ -	\$ 5,965,016
Cash Reserve	-	-	-	-	-	-	-	-	-	-
Cash reserved for projects	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	418,299	118,814	-	-	-	29,072	33,591	-	599,776
Accounts receivable	-	-	-	(2,615)	-	-	-	-	-	(2,615)
Total assets	<u>\$ 72,840</u>	<u>\$ 4,779,143</u>	<u>\$ 945,422</u>	<u>\$ -</u>	<u>\$ 142,644</u>	<u>\$ -</u>	<u>\$ 566,206</u>	<u>\$ 55,922</u>	<u>\$ -</u>	<u>\$ 6,562,177</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ 28	\$ -	\$ 11,557	\$ -	\$ -	\$ 11,585
Accrued expenses	-	380,564	-	-	-	-	-	-	-	380,564
Accounts payable	-	-	-	-	14,886	-	19,684	22,240	-	56,810
Total liabilities	<u>-</u>	<u>380,564</u>	<u>-</u>	<u>-</u>	<u>14,914</u>	<u>-</u>	<u>31,241</u>	<u>22,240</u>	<u>-</u>	<u>448,959</u>
FUND BALANCES										
Restricted	72,840	4,398,579	-	-	127,730	-	-	-	-	4,599,149
Committed	-	-	945,422	-	-	-	-	33,682	-	979,104
Assigned	-	-	-	-	-	-	534,965	-	-	534,965
Total fund balances	<u>72,840</u>	<u>4,398,579</u>	<u>945,422</u>	<u>-</u>	<u>127,730</u>	<u>-</u>	<u>534,965</u>	<u>33,682</u>	<u>-</u>	<u>6,113,218</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,840</u>	<u>\$ 4,779,143</u>	<u>\$ 945,422</u>	<u>\$ -</u>	<u>\$ 142,644</u>	<u>\$ -</u>	<u>\$ 566,206</u>	<u>\$ 55,922</u>	<u>\$ -</u>	<u>\$ 6,562,177</u>

CITY OF DICKINSON

**COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2020**

	<u>2013 Sales Tax Revenue Bonds</u>	<u>2014 Water & Sales Tax Revenue Bonds</u>	<u>General Capital Leases</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS				
Cash	\$ 3,029,358	\$ -	\$ -	\$ 3,029,358
Accounts receivable	23,750	-	-	23,750
Special assessments receivable	-	-	-	-
Note receivable	-	-	-	-
Due to/due from	-	-	-	-
	<u>3,053,108</u>	<u>-</u>	<u>-</u>	<u>3,053,108</u>
Total assets	\$ <u>3,053,108</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,053,108</u>
LIABILITIES				
Lease payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted	\$ 3,053,108	\$ -	\$ -	\$ 3,053,108
Assigned	-	-	-	-
	<u>3,053,108</u>	<u>-</u>	<u>-</u>	<u>3,053,108</u>
Total fund balances	<u>3,053,108</u>	<u>-</u>	<u>-</u>	<u>3,053,108</u>
Total liabilities, and fund balances	\$ <u>3,053,108</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,053,108</u>

CITY OF DICKINSON
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	<u>Community Center Project</u>	<u>Building Construction</u>	<u>Impact Fee Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Cash	\$ -	\$ 99,061	\$ 4,433,541	\$ 4,532,602
Special assessments receivable	-	-	955,985	955,985
Note receivable	-	-	-	-
Due to/due from	-	-	-	-
	<u>-</u>	<u>99,061</u>	<u>5,389,526</u>	<u>5,488,587</u>
Total assets	<u>\$ -</u>	<u>\$ 99,061</u>	<u>\$ 5,389,526</u>	<u>\$ 5,488,587</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955,985</u>	<u>\$ 955,985</u>
FUND BALANCES				
Restricted	<u>\$ -</u>	<u>\$ 99,061</u>	<u>\$ 4,433,541</u>	<u>\$ 4,532,602</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 99,061</u>	<u>\$ 5,389,526</u>	<u>\$ 5,488,587</u>

CITY OF DICKINSON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2020**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 4,373,260	\$ -	\$ -	\$ 4,373,260
Licenses, permits, and Fees	-	-	-	-
Intergovernmental revenues	806,008	-	-	806,008
Charges for services	148,920	-	-	148,920
Fines and Forfeits	7,257	-	-	7,257
Special assessments	-	-	826,100	826,100
Interest and investment income	-	-	-	-
Donations	25,527	273,750	-	299,277
Miscellaneous	307,096	-	-	307,096
	<u>5,668,068</u>	<u>273,750</u>	<u>826,100</u>	<u>6,767,918</u>
Total revenues				
EXPENDITURES				
Current				
General government	307,254	24,770	-	332,024
Public safety	327,338	-	-	327,338
Public works	380,564	-	-	380,564
Culture and recreation	1,318,365	-	-	1,318,365
Other	(1,662)	-	-	(1,662)
Debt service				
Principal	-	1,519,101	-	1,519,101
Interest and service charges	-	441,160	-	441,160
Capital outlay	141,082	633,851	335,701	1,110,634
	<u>2,472,941</u>	<u>2,618,882</u>	<u>335,701</u>	<u>5,427,524</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>3,195,127</u>	<u>(2,345,132)</u>	<u>490,399</u>	<u>1,340,394</u>
Other financing sources (uses)				
Transfers in	356,514	1,963,325	253,098	2,572,937
Lease proceeds	-	625,657.00	-	625,657
Transfers out	(4,140,674)	-	-	(4,140,674)
Total other financing sources and uses	<u>(3,784,160)</u>	<u>2,588,982</u>	<u>253,098</u>	<u>(942,080)</u>
NET CHANGES IN FUND BALANCES	<u>(589,033)</u>	<u>243,850</u>	<u>743,497</u>	<u>398,314</u>
FUND BALANCES - JANUARY 1	<u>6,702,251</u>	<u>2,809,258</u>	<u>3,789,105</u>	<u>13,300,614</u>
FUND BALANCES - DECEMBER 31	\$ <u>6,113,218</u>	\$ <u>3,053,108</u>	\$ <u>4,532,602</u>	\$ <u>13,698,928</u>

CITY OF DICKINSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	<u>Downtown Improvement District</u>	<u>Half Percent Sales Tax</u>	<u>Hospitality Tax</u>	<u>Wastewater Backup Reserve</u>	<u>Grant Fund</u>	<u>Museum</u>	<u>Dickinson Public Library</u>	<u>Occupancy Tax</u>	<u>Emergency Shelter</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES										
Taxes	\$ -	\$ 2,789,178	\$ 865,718	\$ -	\$ -	\$ -	\$ 466,331	\$ 252,033	\$ -	\$ 4,373,260
Intergovernmental revenues	-	-	-	-	97,966	3,320	404,551	-	300,171	806,008
Charges for services	-	-	-	-	-	-	148,920	-	-	148,920
Fines and Forfeits	-	-	-	-	-	-	7,257	-	-	7,257
Donations	-	-	-	-	2,688	4,525	18,314	-	-	25,527
Miscellaneous	-	-	300,000	-	-	-	7,096	-	-	307,096
Total revenues	-	2,789,178	1,165,718	-	100,654	7,845	1,052,469	252,033	300,171	5,668,068
EXPENDITURES										
Current										
General government	-	175,000	125,500	-	-	6,754	-	-	-	307,254
Public safety	-	-	-	-	20,390	-	-	-	306,948	327,338
Public works	-	380,564	-	-	-	-	-	-	-	380,564
Culture and recreation	-	-	-	-	-	568	1,053,447	264,350	-	1,318,365
Capital outlay	-	-	-	-	89,498	-	51,584	-	-	141,082
Other	-	-	-	-	-	0	(1,662)	-	-	(1,662)
Total expenditures	-	555,564	125,500	-	109,888	7,322	1,103,369	264,350	306,948	2,472,941
Excess (deficiency) of revenues over expenditures	-	2,233,614	1,040,218	-	(9,234)	523	(50,900)	(12,317)	(6,777)	3,195,127
Other financing sources (uses)										
Transfers in	-	250,564	-	-	-	5,899	84,874	-	15,177	356,514
Transfers out	-	(3,234,874)	(875,000)	(21,271)	(1,850)	-	(7,679)	-	-	(4,140,674)
Total other financing sources and uses	-	(2,984,310)	(875,000)	(21,271)	(1,850)	5,899	77,195	-	15,177	(3,784,160)
NET CHANGES IN FUND BALANCES	-	(750,696)	165,218	(21,271)	(11,084)	6,422	26,295	(12,317)	8,400	(589,033)
FUND BALANCES - JANUARY 1	72,840	5,149,275	780,204	21,271	138,814	(6,422)	508,670	45,999	(8,400)	6,702,251
FUND BALANCES - DECEMBER 31	\$ 72,840	\$ 4,398,579	\$ 945,422	\$ -	\$ 127,730	\$ -	\$ 534,965	\$ 33,682	\$ -	\$ 6,113,218

CITY OF DICKINSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	2013 Sales Tax Revenue Bonds	2014 Water & Sales Tax Revenue Bonds	General Capital Leases	Total Nonmajor Debt Service Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and Fees	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and Forfeits	-	-	-	-
Special assessments	-	-	-	-
Interest and investment income	-	-	-	-
Donations	273,750	-	-	273,750
Miscellaneous	-	-	-	-
	<u>273,750</u>	<u>-</u>	<u>-</u>	<u>273,750</u>
Total revenues	<u>273,750</u>	<u>-</u>	<u>-</u>	<u>273,750</u>
EXPENDITURES				
Debt service:				
General government	-	-	24,770	24,770
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Principal	1,270,000	-	249,101	1,519,101
Interest and service charges	441,160	-	-	441,160
Capital outlay	-	-	633,851	633,851
Other	-	-	0	-
Salary	-	-	-	-
	<u>1,711,160</u>	<u>-</u>	<u>907,722</u>	<u>2,618,882</u>
Total expenditures	<u>1,711,160</u>	<u>-</u>	<u>907,722</u>	<u>2,618,882</u>
Excess (deficiency) of revenues over expenditures	<u>(1,437,410)</u>	<u>-</u>	<u>(907,722)</u>	<u>(2,345,132)</u>
Other financing sources (uses)				
Transfers in	1,700,000	-	263,325	1,963,325
Lease proceeds	-	-	625,657.00	625,657
Transfers out	-	-	-	-
Total other financing sources and uses	<u>1,700,000</u>	<u>-</u>	<u>888,982</u>	<u>2,588,982</u>
NET CHANGES IN FUND BALANCES	<u>262,590</u>	<u>-</u>	<u>(18,740)</u>	<u>243,850</u>
FUND BALANCES - JANUARY 1	<u>2,790,518</u>	<u>-</u>	<u>18,740</u>	<u>2,809,258</u>
FUND BALANCES - DECEMBER 31	<u>\$ 3,053,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,053,108</u>

CITY OF DICKINSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	<u>Community Center Project</u>	<u>Building Construction</u>	<u>Impact Fee Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Special assessments	\$ -	\$ -	\$ 826,100	\$ 826,100
EXPENDITURES				
Capital outlay	-	335,701	-	335,701
Excess (deficiency) of revenues over expenditures	-	(335,701)	826,100	490,399
Other financing sources (uses)				
Transfers in	-	253,098	-	253,098
Transfers out	-	-	-	-
Total other financing sources and uses	-	253,098	-	253,098
NET CHANGES IN FUND BALANCES	-	(82,603)	826,100	743,497
FUND BALANCES - JANUARY 1	-	181,664	3,607,441	3,789,105
FUND BALANCES - DECEMBER 31	\$ -	\$ 99,061	\$ 4,433,541	\$ 4,532,602

CITY OF DICKINSON

**STATEMENT OF NET POSITION – NONMAJOR ENTERPRISE FUND
DECEMBER 31, 2020**

	Storm Sewer Utility Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 891,355
Accounts receivable	16,594
Inventory	<u>11,939</u>
Total current assets	<u>919,888</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	
Improvements other than buildings	68,461
Machinery and equipment	<u>38,792</u>
Total noncurrent assets	<u>107,253</u>
Total assets	<u>1,027,141</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from pension	132,609
Derived from OPEB	<u>8,632</u>
Total deferred outflows of resources	<u>141,241</u>
Total assets and deferred outflows	\$ <u>1,168,382</u>
LIABILITIES	
Current liabilities	
Accounts payable	40,591
Accrued payroll	<u>1,363</u>
Total current liabilities	<u>41,954</u>
Noncurrent liabilities	
Compensated absences	14,571
Net pension liability	156,788
Net OPEB liability	<u>35,188</u>
Total noncurrent liabilities	<u>206,547</u>
Total liabilities	<u>248,501</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from pension	21,840
Derived from OPEB	<u>1,260</u>
Total inflow of resources	<u>23,100</u>
Net position	
Net investment in capital assets	107,253
Unrestricted	<u>789,528</u>
Total net position	<u>896,781</u>
Total liabilities, deferred inflows, and net position	\$ <u>1,168,382</u>

CITY OF DICKINSON
STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION – NONMAJOR ENTERPRISE FUND
FOR YEAR ENDED DECEMBER 31, 2020

	Storm Sewer Utility Fund
OPERATING REVENUES	
Charges for services	\$ 314,276
Total operating revenues	<u>314,276</u>
OPERATING EXPENDITURES	
Salaries	77,486
Employment cost	56,613
Administrative and general	47,400
Supplies	3,599
Services	18,928
Maintenance	18,431
Inventory expense	-
Depreciation	16,368
Employee distribution	-
Total operating expenses	<u>238,825</u>
Operating income	<u>75,451</u>
Nonoperating revenues (expenses)	
Miscellaneous revenue	7,148
Transfers out	<u>(12,721)</u>
Total nonoperating revenues	<u>(5,573)</u>
Change in net position	<u>69,878</u>
Net position - January 1	<u>826,903</u>
Net position - December 31	<u>\$ 896,781</u>

CITY OF DICKINSON
STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUND
DECEMBER 31, 2020

	<u>Storm Sewer Utility Fund</u>
Cash flow from operating activities	
Cash received from customers and users	\$ 316,404
Cash paid to suppliers	(10,342)
Cash paid to employees	(131,661)
Net cash provided (used) by operating activities	<u>174,401</u>
Cash flow from noncapital financing activities	
Transfers to other funds	(12,721)
Nonoperating revenues	7,148
Net cash provided (used) by noncapital financing activities	<u>(5,573)</u>
Cash flow from capital and related financing activities	
Purchase of capital assets	<u>(21,024)</u>
Cash flow from investing activities	
Proceeds from sale of investments	<u>-</u>
Net change in cash and cash equivalents	<u>147,804</u>
Cash and cash equivalents January 1, 2019	<u>743,551</u>
Cash and cash equivalents December 31, 2019	\$ <u><u>891,355</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ <u>75,451</u>
Adjustments to reconcile operating loss to net cash provided by operating loss	
Depreciation expense	<u>16,368</u>
Change in assets and liabilities	
Receivables	2,128
Compensated absences liability	5,428
Accounts payable	40,330
Accrued payroll	(2,990)
Other payables	-
Pension and OPEB liabilities, inflows and outflows	<u>37,686</u>
Net cash provided by operating activities	\$ <u><u>174,401</u></u>