



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Dickey County

Ellendale, North Dakota

Audit Report for the Year Ended December 31, 2019

*Client Code: PS11000*



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Office of the  
State Auditor

# DICKEY COUNTY

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For the Year Ended December 31, 2019

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## **DICKEY COUNTY**

County Officials and Audit Personnel  
December 31, 2019

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### **COUNTY OFFICIALS**

Joel Hamar  
Marke Roberts  
Thor Sand  
Dean Simek  
John Hokana

Chairman  
Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Wanda Sheppard  
Wonada Lematta  
Chris Estes  
Deb Anderson  
Gary Neuharth

Auditor  
Treasurer  
Sheriff  
Recorder  
States Attorney

### **AUDIT PERSONNEL**

Heath Erickson, CPA  
Michael Scherr

Audit Manager  
Audit In-Charge

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Dickey County  
Ellendale, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, North Dakota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Dickey County'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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, North Dakota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of Dickey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickey County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
November 16, 2020

**DICKEY COUNTY**

## Statement of Net Position

December 31, 2019

	Primary Government	Component Units
<b>ASSETS</b>		
Cash and Investments	\$ 4,019,062	\$ 2,087,139
Accounts Receivable	56,183	5,850
Intergovernmental Receivable	226,013	37,141
Road Receivables	34,647	-
Other Asset	1,726	-
Loans Receivable	-	29,055
Taxes Receivable	66,999	5,141
Special Assessment Receivable	-	3,524,629
Capital Assets, Net	14,330,361	6,829,009
<b>Total Assets</b>	<b>\$ 18,734,991</b>	<b>\$ 12,517,964</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 972,111	\$ 109,677
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 19,707,102</b>	<b>\$ 12,627,641</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 43,751	\$ 4,851
Salary and Benefits Payable	27,690	727
Grants Received in Advance	61,800	-
Retainages Payable	1,567	-
Interest Payable	10,600	22,427
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	241,296	250,907
Compensated Absences Payable	7,551	823
Due After One Year		
Long Term Debt	460,806	4,178,894
Compensated Absences Payable	67,965	7,404
Net Pension and OPEB Liability	2,192,550	207,093
<b>Total Liabilities</b>	<b>\$ 3,115,576</b>	<b>\$ 4,673,126</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes Received in Advance	\$ 802,052	\$ 156,440
Derived from Pension and OPEB	1,106,777	125,619
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,908,829</b>	<b>\$ 282,059</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 13,616,092	\$ 5,937,065
Restricted		
Highways and Bridges	565,713	-
Flood Repair	15,898	-
Culture and Recreation	-	39,003
Conservation of Natural Resources	90,299	1,464,897
Emergencies	291,594	-
Economic Development	-	241,508
Unrestricted	103,101	(10,017)
<b>Total Net Position</b>	<b>\$ 14,682,697</b>	<b>\$ 7,672,456</b>

The notes to the financial statements are an integral part of this statement.

**DICKEY COUNTY**

## Statement of Activities

For the Year Ended December 31, 2019

Program Revenues					Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Primary Government	Component Units
<b>Primary Government</b>						
Government Activities						
General Government	\$ 1,708,451	\$ 175,781	\$ 9,317	\$ -	\$ (1,523,353)	\$ -
Public Safety	660,463	163,030	-	-	(497,433)	-
Highways and Bridges	2,434,955	318,702	637,697	368,590	(1,109,966)	-
Flood Repair	53,428	-	-	-	(53,428)	-
Health and Welfare	887,954	21,538	680,536	-	(185,880)	-
Culture and Recreation	85,960	-	-	-	(85,960)	-
Conserv. of Natural Resources	294,913	10,203	16,769	-	(267,941)	-
Emergencies	5,496	-	-	-	(5,496)	-
Other	16,420	-	-	-	(16,420)	-
Interest on Long-Term Debt	27,960	-	-	-	(27,960)	-
Total Primary Government	<u>\$ 6,176,000</u>	<u>\$ 689,254</u>	<u>\$ 1,344,319</u>	<u>\$ 368,590</u>	<u>\$ (3,773,837)</u>	<u>\$ -</u>
<b>Component Units</b>	<u>\$ 1,064,946</u>	<u>\$ 387,732</u>	<u>\$ 212,585</u>	<u>\$ 79,212</u>		<u>\$ (385,417)</u>
<b>General Revenues</b>						
Property Taxes					\$ 2,974,551	\$ 268,536
Non Restricted Grants and Contributions					652,699	194
Gain on Disposal of Capital Assets					63,708	-
Earnings on Investments					80,029	5,406
Miscellaneous Revenue					2,753	36,157
Total General Revenues					<u>\$ 3,773,740</u>	<u>\$ 310,293</u>
Change in Net Position					<u>\$ (97)</u>	<u>\$ (75,124)</u>
Net Position - January 1					<u>\$ 14,682,794</u>	<u>\$ 7,747,580</u>
Net Position - December 31					<u>\$ 14,682,697</u>	<u>\$ 7,672,456</u>

The notes to the financial statements are an integral part of this statement.

**DICKEY COUNTY**

Balance Sheet – Governmental Funds  
December 31, 2019

	General	Special Revenue	Nonmajor Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,934,026	\$ 2,085,036	\$ -	\$ 4,019,062
Taxes Receivable	41,359	25,426	214	66,999
Accounts Receivable	18,733	37,450	-	56,183
Intergovernmental Receivable	127,181	98,832	-	226,013
Other Receivable	-	1,726	-	1,726
Road Receivables	-	34,647	-	34,647
Due from Other Funds	1,018	-	-	1,018
Total Assets	\$ 2,122,317	\$ 2,283,117	\$ 214	\$ 4,405,648
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 16,796	\$ 26,955	\$ -	\$ 43,751
Salaries and Benefits Payable	10,533	17,157	-	27,690
Grants Received in Advance	-	61,800	-	61,800
Due to Other Funds	-	-	1,018	1,018
Total Liabilities	\$ 27,329	\$ 105,912	\$ 1,018	\$ 134,259
Deferred Inflows of Resources				
Taxes Receivable	\$ 41,359	\$ 25,426	\$ 214	\$ 66,999
Road Receivables	-	34,647	-	34,647
Taxes Received in Advance	444,093	357,623	336	802,052
Total Deferred Inflows of Resources	\$ 485,452	\$ 417,696	\$ 550	\$ 903,698
Total Liabilities & Deferred Inflows	\$ 512,781	\$ 523,608	\$ 1,568	\$ 1,037,957
Fund Balances				
Committed				
County Improvement	\$ -	\$ 11,455	\$ -	\$ 11,455
Restricted				
General Government	-	542	-	542
Public Safety	-	71,883	-	71,883
Highways and Bridges	-	1,169,910	-	1,169,910
Flood Repair	-	15,898	-	15,898
Health and Welfare	-	4,289	-	4,289
Conservation of Natural Resources	-	137,274	-	137,274
Emergencies	-	348,258	-	348,258
Unassigned				
General Fund	1,609,536	-	-	1,609,536
Negative Fund Balance	-	-	(1,354)	(1,354)
Total Fund Balances	\$ 1,609,536	\$ 1,759,509	\$ (1,354)	\$ 3,367,691
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,122,317	\$ 2,283,117	\$ 214	\$ 4,405,648

The notes to the financial statements are an integral part of this statement.



## DICKEY COUNTY

### Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

December 31, 2019

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**Total Fund Balances for Governmental Funds** **\$ 3,367,691**

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. 14,330,361

Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.

Property Taxes Receivable	\$ 66,999	
Road Receivables	<u>34,647</u>	101,646

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$ 972,111	
Deferred Inflows Related to Pensions and OPEB	<u>(1,106,777)</u>	(134,666)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.

Long-Term Debt	\$ (702,102)	
Interest Payable	(10,600)	
Net Pension and OPEB Liability	(2,192,550)	
Compensated Absences Payable	<u>(75,516)</u>	<u>(2,982,335)</u>

**Total Net Position of Governmental Funds** **\$ 14,682,697**

The notes to the financial statements are an integral part of this statement.

**DICKEY COUNTY**

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended December 31, 2019

	General	Special Revenue	Nonmajor Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,813,553	\$ 1,143,052	\$ 13,925	\$ 2,970,530
Licenses, Permits and Fees	46,722	-	-	46,722
Intergovernmental	522,567	1,474,452	-	1,997,019
Charges for Services	129,059	504,774	-	633,833
Interest Income	80,029	-	-	80,029
Miscellaneous	-	2,752	-	2,752
			-	
Total Revenues	\$ 2,591,930	\$ 3,125,030	\$ 13,925	\$ 5,730,885
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,600,916	\$ 6,257	\$ -	\$ 1,607,173
Public Safety	447,804	187,685	-	635,489
Highways	1,790	2,355,229	-	2,357,019
Flood Repair	-	53,428	-	53,428
Health and Welfare	2,322	821,190	-	823,512
Culture and Recreation	82,376	-	-	82,376
Conserv. of Natural Resources	-	282,763	-	282,763
Other	-	-	16,420	16,420
Debt Service				
Principal	161,494	53,675	-	215,169
Interest and Fees	12,511	8,591	-	21,102
Total Expenditures	\$ 2,309,213	\$ 3,768,818	\$ 16,420	\$ 6,094,451
Excess (Deficiency) of Revenues Over Expenditures	\$ 282,717	\$ (643,788)	\$ (2,495)	\$ (363,566)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	\$ -	\$ 64,208	\$ -	\$ 64,208
Transfers In	-	112,517	-	112,517
Transfers Out	(2,156)	(110,361)	-	(112,517)
Total Other Financing Sources (Uses)	\$ (2,156)	\$ 66,364	\$ -	\$ 64,208
Net Change in Fund Balances	\$ 280,561	\$ (577,424)	\$ (2,495)	\$ (299,358)
Fund Balance - January 1	\$ 1,328,975	\$ 2,336,933	\$ 1,141	\$ 3,667,049
Fund Balance - December 31	\$ 1,609,536	\$ 1,759,509	\$ (1,354)	\$ 3,367,691

The notes to the financial statements are an integral part of this statement.

## DICKEY COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2019

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**Net Change in *Fund Balances* - Total Governmental Funds** **\$ (299,358)**

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.

Current Year Capital Outlay	\$ 667,196	
Current Year Depreciation Expense	<u>(374,790)</u>	292,406

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Capital Assets	\$ 63,708	
Sale of Capital Assets	<u>(64,208)</u>	(500)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 215,169

The net pension liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability and OPEB	\$ 990,643	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	(316,462)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	<u>(899,087)</u>	(224,906)

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 Change in Compensated Absences Liability	\$ 12,797	
Net Change in Retainage Payable	(1,567)	
Net Change in Interest Payable	<u>(6,858)</u>	4,372

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.

Net Change in Taxes Receivable	\$ 4,021	
Net Change in Road Receivables	<u>8,699</u>	<u>12,720</u>

**Change in Net Position of Governmental Activities** **\$ (97)**

The notes to the financial statements are an integral part of this statement.

**DICKEY COUNTY**

Statement of Fiduciary Assets and Liabilities – Agency Funds  
December 31, 2019

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**ASSETS**

Cash and Investments	\$ 1,617,643
Other Asset	<u>20,218</u>

Total Assets	<u><u>\$ 1,637,861</u></u>
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**LIABILITIES**

Due to Other Governments	\$ 1,635,423
Benefits Payable	<u>2,438</u>

Total Liabilities	<u><u>\$ 1,637,861</u></u>
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The notes to the financial statements are an integral part of this statement.

**DICKEY COUNTY**

Combining Statement of Net Position – All Discretely Presented Component Units

For the Year Ended December 31, 2019

	Water Resource District	Dickey-Sargent Joint Water Resource District	Health District	Fair	Job Development Authority	Totals
<b>ASSETS</b>						
Cash and Investments	\$ 954,082	\$ 614,098	\$ 213,044	\$ 74,658	\$ 231,257	\$ 2,087,139
Accounts Receivable	2,000	224	3,124	-	502	5,850
Intergovernmental Receivable	376	-	36,765	-	-	37,141
Loans Receivable	-	-	-	-	29,055	29,055
Taxes Receivable	1,555	-	2,671	-	915	5,141
Special Assessment Receivable	1,053,025	2,471,604	-	-	-	3,524,629
Capital Assets, Net	1,220,638	5,514,137	94,234	-	-	6,829,009
Total Assets	\$ 3,231,676	\$ 8,600,063	\$ 349,838	\$ 74,658	\$ 261,729	\$ 12,517,964
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension and OPEB Items	\$ -	\$ -	\$ 109,677	\$ -	\$ -	\$ 109,677
Total Assets & Deferred Outflows of Resources	\$ 3,231,676	\$ 8,600,063	\$ 459,515	\$ 74,658	\$ 261,729	\$ 12,627,641
<b>LIABILITIES</b>						
Accounts Payable	\$ 4,008	\$ -	\$ 843	\$ -	\$ -	\$ 4,851
Salary and Benefits Payable	727	-	-	-	-	727
Interest Payable	4,660	16,913	-	854	-	22,427
Long-Term Liabilities						
Due Within One Year						
Long Term Debt	80,000	160,000	-	10,907	-	250,907
Compensated Absences	-	-	823	-	-	823
Due After One Year						
Long Term Debt	1,110,000	3,045,000	-	23,894	-	4,178,894
Compensated Absences	-	-	7,404	-	-	7,404
Net Pension and OPEB Liability	-	-	207,093	-	-	207,093
Total Liabilities	\$ 1,199,395	\$ 3,221,913	\$ 216,163	\$ 35,655	\$ -	\$ 4,673,126
<b>DEFERRED INFLOWS</b>						
Pension and OPEB Items	\$ -	\$ -	\$ 125,619	\$ -	\$ -	\$ 125,619
Taxes Received in Advance	50,734	51,969	33,516	-	20,221	156,440
Total Liabilities & Deferred Inflows	\$ 1,250,129	\$ 3,273,882	\$ 375,298	\$ 35,655	\$ 20,221	\$ 4,955,185
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 1,079,003	\$ 4,763,828	\$ 94,234	\$ -	\$ -	\$ 5,937,065
Restricted						
Culture and Recreation	-	-	-	39,003	-	39,003
Economic Development	-	-	-	-	241,508	241,508
Conservation of Natural Resources	902,544	562,353	-	-	-	1,464,897
Unrestricted	-	-	(10,017)	-	-	(10,017)
Total Net Position	\$ 1,981,547	\$ 5,326,181	\$ 84,217	\$ 39,003	\$ 241,508	\$ 7,672,456

The notes to the financial statements are an integral part of this statement.

# DICKEY COUNTY

## Combining Statement of Activities – All Discretely Presented Component Units

December 31, 2019

					Net (Expense) Revenue and Changes in Net Position					
Program Revenues										
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water	Dickey-			Job	
					Resource District	Joint Water Res. District	Health District	Fair	Development Authority	Totals
<b>Component Units</b>										
Water Resource District	\$ 221,746	\$ -	\$ 162,129	\$ 63,285	\$ 3,668	\$ -	\$ -	\$ -	\$ -	\$ 3,668
Dickey-Sargent Joint Water Res. Dist.	256,711	-	50,020	15,927	-	(190,764)	-	-	-	(190,764)
Health District	467,904	342,984	344	-	-	-	(124,576)	-	-	(124,576)
Fair	76,692	22,007	-	-	-	-	-	(54,685)	-	(54,685)
Job Development Authority	41,893	22,741	92	-	-	-	-	-	(19,060)	(19,060)
Total Component Units	<u>\$ 1,064,946</u>	<u>\$ 387,732</u>	<u>\$ 212,585</u>	<u>\$ 79,212</u>	<u>\$ 3,668</u>	<u>\$ (190,764)</u>	<u>\$ (124,576)</u>	<u>\$ (54,685)</u>	<u>\$ (19,060)</u>	<u>\$ (385,417)</u>
<b>General Revenues</b>										
Property taxes					\$ 66,227	\$ -	\$ 115,627	\$ 57,490	\$ 29,192	\$ 268,536
Non restricted grants and contributions					-	-	-	-	194	194
Earnings on investments					2,000	3,392	-	14	-	5,406
Miscellaneous revenue					4,291	-	-	31,866	-	36,157
Total General Revenues					<u>\$ 72,518</u>	<u>\$ 3,392</u>	<u>\$ 115,627</u>	<u>\$ 89,370</u>	<u>\$ 29,386</u>	<u>\$ 310,293</u>
Change in Net Position					<u>\$ 76,186</u>	<u>\$ (187,372)</u>	<u>\$ (8,949)</u>	<u>\$ 34,685</u>	<u>\$ 10,326</u>	<u>\$ (75,124)</u>
Net Position - January 1					<u>\$ 1,905,361</u>	<u>\$ 5,513,553</u>	<u>\$ 93,166</u>	<u>\$ 4,318</u>	<u>\$ 231,182</u>	<u>7,747,580</u>
Net Position - December 31					<u>\$ 1,981,547</u>	<u>\$ 5,326,181</u>	<u>\$ 84,217</u>	<u>\$ 39,003</u>	<u>\$ 241,508</u>	<u>\$ 7,672,456</u>

The notes to the financial statements are an integral part of this statement.

## DICKEY COUNTY

Notes to the Financial Statements  
For the Year Ended December 31, 2019

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Dickey County ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### Reporting Entity

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause its financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County.

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

#### Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

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

*Dickey County Water Resource District ("Water Resource District")* - The County's governing board appoints a voting majority of the members of the Water Resource District Board. The County has the authority to approve or modify the Water Resource District operational and capital budgets. The County also must approve the tax levy established by the Water Resource District.

*Dickey-Sargent Joint Water Resource District ("Joint Water Resource District")* - The Joint Water Resource District was formed by the Sargent County Water Resource District and the Dickey County Water Resource District under the provisions of North Dakota Century Code section 61-16.1-11. Each County's water district board appoints 3 member to the joint board. Administration and record keeping for the joint board are maintained at the Dickey County Water Resource District office.

*Dickey County Health District ("Health District")* - The County's governing board appoints a voting majority of the members of the Health District. The County has the authority to approve or modify the Health District's operational and capital budgets. The County's governing board must approve the tax levy established by Health District.

*Dickey County Fair Association ("Fair")* - The County's governing board appoints a voting majority of the members of the Fair Association. The County has the authority to approve or modify the Fair Association's operational and capital budgets. The County's governing board must approve the tax levy established by the Fair Association.

*Dickey County Job Development Authority ("Job Development Authority")* - The County's governing board appoints a voting majority of the members of the Job Development Authority. The County has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County's governing board must approve the tax levy established by the Job Development Authority. The Job Development Authority has the authority to issue bonded debt.

## DICKEY COUNTY

### Notes to the Financial Statements – Continued

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The financial statements of each of the discretely presented component units are included in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor/Treasurer; 51 3<sup>rd</sup> St E, Ellendale, ND 58601.

#### **Basis of Presentation**

*Government-wide statements.* The statement of net position and the statement of activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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 County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The County reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

Additionally, the County reports the following fund type:

*Agency Funds.* These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-Wide and Fiduciary Fund Financial Statements.* The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide 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 County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* 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 County 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.



**DICKEY COUNTY****Notes to the Financial Statements – Continued**

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

**Capital Assets**

Capital assets for the primary government are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

<b>Assets</b>	<b>Years</b>
Land and Intangibles	Indefinite
Vehicles and Equipment	7
Buildings	30
Infrastructure	75

**Compensated Absences**

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 120 hours of vacation leave may be carried over at each year-end. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Upon termination of employment, only social services employees are entitled to a lump sum payment of 10% of the pay attributed to the employee's unused sick leave accrued. A liability for the vested or accumulated vacation leave is reported in the statement of net position

**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.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. 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) and 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.

## DICKEY COUNTY

### Notes to the Financial Statements – Continued

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#### **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 as 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.

#### **Fund Balances**

*Minimum Fund Balance Policy.* The County established a \$300,000 general fund carryover balance target to help with financial stability. The fund balance range is a part of the County's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the County.

*Fund Balance Spending Policy.* It is the policy of the County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

*Committed Fund Balances.* Committed fund balance reported in the special revenue fund is committed by the governing board to be used for county improvements.

*Unassigned Fund Balances.* Unassigned fund balance is reported in the general fund and for negative fund balances at year-end.

#### **Net Position**

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

#### **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.

**NOTE 2 DEPOSITS****Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the County would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The County does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

In accordance with North Dakota Statutes, deposits must either be deposited with the Bank of North Dakota or in other 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 equal to 110% of the deposits not covered by insurance or bonds.

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

At year ended December 31, 2019, the County's carrying amount of deposits totaled \$7,112,819 and the bank balances totaled \$6,880,119. Of the bank balances, \$1,031,350 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the Joint Water Resource District's carrying amount of deposits totaled \$533,049, and the bank balances totaled \$533,273. Of the bank balances, \$335,564 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the Fair's carrying amount of deposits totaled \$70,658 and the bank balances totaled \$70,737, all of which were covered by Federal Depository Insurance.

**NOTE 3 PROPERTY TAXES**

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 4 CAPITAL ASSETS****Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2019 for the County:

<b>Primary Government</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 40,398	\$ -	\$ -	\$ -	\$ 40,398
Construction in Progress	53,109	595,011	-	(35,635)	612,485
Total Capital Assets, Not Being Depreciated	\$ 93,507	\$ 595,011	\$ -	\$ (35,635)	\$ 652,883
Capital Assets, Being Depreciated					
Buildings	\$ 2,187,699		\$ -	\$ -	\$ 2,187,699
Equipment	1,490,816	51,717	134,722	-	1,407,811
Vehicles	1,170,599	43,318	72,150	35,635	1,177,402
Infrastructure	12,604,101	-	-	-	12,604,101
Total Capital Assets, Being Depreciated	\$ 17,453,215	\$ 95,035	\$ 206,872	\$ 35,635	\$ 17,377,013
Less Accumulated Depreciation					
Buildings	\$ 796,571	\$ 45,661	\$ -	\$ -	\$ 842,232
Equipment	1,267,127	66,081	120,717	-	1,212,491
Vehicles	809,163	94,995	62,806	-	841,352
Infrastructure	635,405	168,055	-	-	803,460
Total Accumulated Depreciation	\$ 3,508,266	\$ 374,792	\$ 183,523	\$ -	\$ 3,699,535
Total Capital Assets Being Depreciated, Net	\$ 13,944,949	\$ (279,757)	\$ 23,349	\$ 35,635	\$ 13,677,478
Capital Assets - Net	\$ 14,038,456	\$ 315,254	\$ 23,349	\$ -	\$ 14,330,361

Depreciation expense was charged to functions of the County as follows:

<b>Primary Government</b>	
General Government	\$ 37,220
Public Safety	32,698
Highways	281,849
Culture and Recreation	3,585
Conservation of Natural Resources	19,440
Total Depreciation Expense	\$ 374,792

**Component Units**

The following is a summary of changes in capital assets for the year ended December 31, 2019 for the Water Resource District:

<b>Water Resource District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated					
Intangible	\$ 33,296		\$ -	\$ -	\$ 33,296
Total Capital Assets, Not Being Depreciated	\$ 33,296	\$ -	\$ -	\$ -	\$ 33,296
Capital Assets, Being Depreciated					
Infrastructure	\$ 1,206,859	\$ 12,837	\$ -		\$ 1,219,696
Less Accumulated Depreciation					
Infrastructure	\$ 16,091	\$ 16,263	\$ -	\$ -	\$ 32,354
Total Capital Assets Being Depreciated, Net	\$ 1,190,768	\$ (3,426)	\$ -	\$ -	\$ 1,187,342
Capital Assets - Net	\$ 1,224,064	\$ (3,426)	\$ -	\$ -	\$ 1,220,638

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

The following is a summary of changes in capital assets for the year ended December 31, 2019 for the Dickey-Sargent Joint Water Resource District:

<b>Joint Water Resource District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 395,668	\$ 46,906	\$ -	\$ -	\$ 442,574
Intangible	46,833	46,906	-	-	93,739
Total Capital Assets, Not Being Depreciated	\$ 442,501	\$ 93,812	\$ -	\$ -	\$ 536,313
Capital Assets, Being Depreciated					
Infrastructure	\$ 5,295,557	\$ -	\$ -	\$ -	\$ 5,295,557
Total Capital Assets, Being Depreciated	\$ 5,295,557	\$ -	\$ -	\$ -	\$ 5,295,557
Less Accumulated Depreciation					
Infrastructure	\$ 211,822	\$ 105,911	\$ -	\$ -	\$ 317,733
Total Capital Assets Being Depreciated, Net	\$ 5,083,735	\$ (105,911)	\$ -	\$ -	\$ 4,977,824
Capital Assets - Net	\$ 5,526,236	\$ (12,099)	\$ -	\$ -	\$ 5,514,137

The following is a summary of changes in capital assets for the year ended December 31, 2019 for the Health District:

<b>Health District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital Assets, Being Depreciated					
Buildings	\$ 108,732	\$ -	\$ -	\$ -	\$ 108,732
Less Accumulated Depreciation					
Buildings	\$ 10,873	\$ 3,625	\$ -	\$ -	\$ 14,498
Capital Assets - Net	\$ 97,859	\$ (3,625)	\$ -	\$ -	\$ 94,234

**NOTE 5 LONG-TERM LIABILITIES****Primary Government**

During the year ended December 31, 2019, the following changes occurred in governmental activities long-term liabilities:

<b>Primary Government</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long-Term Debt					
Leases Payable	\$ 251,555		\$ 53,675	\$ 197,881	\$ 76,556
Bonds Payable	665,715		161,494	504,221	164,740
Total Long-Term Debt	\$ 917,270	\$ -	\$ 215,169	\$ 702,102	\$ 241,296
Compensated Absences *	\$ 88,313	\$ -	\$ 12,797	\$ 75,516	\$ 7,551
Net Pension and OPEB Liability	3,183,193		990,643	2,192,550	-
Total Primary Government	\$ 4,188,776	\$ -	\$ 1,218,609	\$ 2,970,168	\$ 248,847

Debt service requirements on long-term debt is as follows:

<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Year Ending December 31</b>	<b>Capital Leases</b>		<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	76,556	6,789	164,740	9,265
2021	39,040	4,305	168,052	5,954
2022	40,425	2,920	171,429	2,575
2023	41,860	1,485	-	-
Total	\$ 197,881	\$ 15,499	\$ 504,221	\$ 17,794

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

During the year ended December 31, 2019, the following changes occurred in governmental activities long-term liabilities for the following component units:

<b>Water Resource District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long-Term Debt Bonds Payable	\$ 1,270,000	\$ -	\$ 80,000	\$ 1,190,000	\$ 80,000

<b>Joint Water Resource District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long-Term Debt Bonds Payable	\$ 4,625,000	\$ -	\$ 1,420,000	\$ 3,205,000	\$ 160,000

<b>Fair</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long-Term Debt Loan Payable	\$ 45,139		\$ 10,337	\$ 34,801	\$ 10,907

<b>Health District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 8,251	\$ -	\$ 24	\$ 8,227	\$ 823
Net Pension and OPEB Liability	335,400		128,307	207,093	-
Total Health District	\$ 343,651	\$ -	\$ 128,331	\$ 215,320	\$ 823

Debt service requirements on long-term debt is as follows for the following component units:

<b>Water Resource District</b>		
<b>Year Ending December 31</b>	<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2020	80,000	27,445
2021	85,000	26,203
2022	85,000	24,758
2023	85,000	23,312
2024-2028	455,000	88,627
2029-2033	400,000	24,450
Total	\$ 1,190,000	\$ 214,795

<b>Joint Water Resource District</b>		
<b>Year Ending December 31</b>	<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2020	160,000	99,807
2021	165,000	96,230
2022	170,000	92,207
2023	175,000	87,764
2024-2028	940,000	361,589
2029-2033	1,123,000	197,659
2034-2038	472,000	18,937
Total	\$ 3,205,000	\$ 954,193

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

Fair		
Year Ending December 31	Loans Payable	
	Principal	Interest
2020	10,907	1,983
2021	6,573	1,365
2022	12,837	988
2023	4,484	261
Total	\$ 34,801	\$ 4,597

**NOTE 6 PENSION PLAN****General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

**Death and Disability Benefits**

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

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

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 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.

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, 2019, the following net pension liabilities were reported:

	<b>Net Pension Liability</b>
Primary Government	\$ 2,060,902
Health District	194,658

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019, the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2018 Measurement</b>	<b>Pension Expense</b>
Primary Government	0.175834%	(0.004870%)	\$ 366,452
Health District	0.016608%	(0.002432%)	33,876



**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

At December 31, 2019, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,220	\$ 374,014
Changes of Assumptions	770,105	661,202
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	35,906	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	54,760	64,589
Employer Contributions Subsequent to the Measurement Date	74,647	-
<b>Total</b>	<b>\$ 936,638</b>	<b>\$ 1,099,805</b>

<b>Health District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 117	\$ 35,327
Changes of Assumptions	72,738	62,452
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,391	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	16,836	25,919
Employer Contributions Subsequent to the Measurement Date	12,721	-
<b>Total</b>	<b>\$ 105,803</b>	<b>\$ 123,698</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020:

Primary Government	\$ 74,647
Health District	12,721

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

	<b>County</b>	<b>Health District</b>
2020	\$ 60,004	\$ 4,958
2021	26,700	3,240
2022	(70,557)	(8,759)
2023	(192,358)	(23,039)
2024	(61,603)	(7,016)

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

**Actuarial Assumptions**

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 30	10.00%
	30 – 39	7.50%
	40 – 49	6.75%
	50 – 59	6.50%
	60+	5.25%
* Age-based salary increase rates apply for employees with three or more years of service		
Investment rate of return	7.50%, net of investment expenses	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
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.

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%

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

The following presents the County's, Water Resource District's, and Job Development Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
County	\$ 2,954,889	\$ 2,060,902	\$ 1,309,796
Health District	279,097	194,658	123,714

**Pension Plan Fiduciary Net Position**

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

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB)****General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

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 OPEB plan that covers members receiving retirement benefits from the PERS, 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.

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 PERS, 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

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

Retiree Health Insurance Credit Fund. 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 PERS, 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, 2019, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Primary Government	\$ 131,648
Health District	12,435

The net OPEB liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019, the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2018 Measurement</b>	<b>OPEB Expense</b>
Primary Government	0.163907%	(0.005749%)	\$ 18,270
Health District	0.015482%	(0.002394%)	1,445

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

At December 31, 2019, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,251	\$ 4,113
Changes of Assumptions	15,690	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	147	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,434	2,859
Employer Contributions Subsequent to the Measurement Date	11,952	-
<b>Total</b>	<b>\$ 35,474</b>	<b>\$ 6,972</b>

<b>Health District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 307	\$ 388
Changes of Assumptions	1,482	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	14	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	35	1,533
Employer Contributions Subsequent to the Measurement Date	2,037	-
<b>Total</b>	<b>\$ 3,875</b>	<b>\$ 1,921</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020:

Primary Government	\$ 11,952
Health District	2,037

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

	<b>County</b>	<b>Health District</b>
2020	\$ 2,789	\$ (15)
2021	2,789	(15)
2022	4,015	100
2023	3,790	79
2024	2,328	(46)
2025	762	(147)
Thereafter	77	(39)

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.25%, net of investment expenses
Cost of living adjustments	None

**DICKEY COUNTY**

## Notes to the Financial Statements – Continued

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	40%	2.07%
Core-Plus Fixed Income	21%	6.95%

**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, 2019, calculated using the discount rate of 7.25%, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

<b>Proportionate Share of the Net OPEB Liability</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County	\$ 168,031	\$ 131,648	\$ 100,504
Health District	15,872	12,435	9,493

**NOTE 8 CONSTRUCTION COMMITMENTS**

The County had open constructions commitment as of December 31, 2019 as follows:

<b>Project</b>	<b>Original Contract</b>	<b>Change Orders</b>	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
BRC-1100(020) Bridge Project	\$ 92,888	983	93,871	\$ 78,373	\$ 1,567	\$ 17,065

**NOTE 9            RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$4,264,126 for public assets/mobile equipment and portable property.

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County 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 County 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 County has worker's compensation with the ND Workforce Safety and Insurance.

**DICKEY COUNTY**

Budgetary Comparison Schedule – General Fund  
For the Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,846,886	\$ 1,846,886	\$ 1,813,553	\$ (33,333)
Licenses, Permits and Fees	38,900	38,900	46,722	7,822
Intergovernmental	371,800	371,800	522,567	150,767
Charges for Services	96,362	96,362	129,059	32,697
Interest Income	10,000	10,000	80,029	70,029
Total Revenues	<u>\$ 2,363,948</u>	<u>\$ 2,363,948</u>	<u>\$ 2,591,930</u>	<u>\$ 227,982</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,972,061	\$ 1,972,061	\$ 1,600,916	\$ 371,145
Public Safety	511,788	511,788	447,804	63,984
Highways	1,790	1,790	1,790	-
Health and Welfare	430	430	2,322	(1,892)
Culture and Recreation	169,710	169,710	82,376	87,334
Debt Service				
Principal	174,005	174,005	161,494	12,511
Interest & Fees	-	-	12,511	(12,511)
Total Expenditures	<u>\$ 2,829,784</u>	<u>\$ 2,829,784</u>	<u>\$ 2,309,213</u>	<u>\$ 520,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (465,836)</u>	<u>\$ (465,836)</u>	<u>\$ 282,717</u>	<u>\$ 748,553</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>\$ (153,000)</u>	<u>\$ (153,000)</u>	<u>\$ (2,156)</u>	<u>\$ 150,844</u>
Net Change in Fund Balances	<u>\$ (618,836)</u>	<u>\$ (618,836)</u>	<u>\$ 280,561</u>	<u>\$ 899,397</u>
Fund Balance - January 1	<u>\$ 1,328,975</u>	<u>\$ 1,328,975</u>	<u>\$ 1,328,975</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 710,139</u></u>	<u><u>\$ 710,139</u></u>	<u><u>\$ 1,609,536</u></u>	<u><u>\$ 899,397</u></u>

The accompanying required supplementary information notes are an integral part of this schedule.



**DICKEY COUNTY**

## Budgetary Comparison Schedule – Special Revenue Fund

For the Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,177,529	\$ 1,177,529	\$ 1,143,052	\$ (34,477)
Intergovernmental	1,818,238	1,818,238	1,474,452	(343,786)
Charges for Services	848,755	848,755	504,774	(343,981)
Miscellaneous	12,500	12,500	2,752	(9,748)
Total Revenues	\$ 3,857,022	\$ 3,857,022	\$ 3,125,030	\$ (731,992)
<b>EXPENDITURES</b>				
Current				
General Government	\$ 555,239	\$ 555,239	\$ 6,257	548,982
Public Safety	372,017	375,474	187,685	187,789
Highways	2,387,335	2,448,958	2,355,229	93,729
Flood Repair	656,902	656,902	53,428	603,474
Health and Welfare	920,255	921,254	821,190	100,064
Conserv. of Natural Resources	316,022	316,022	282,763	33,259
Debt Service				
Principal	18,920	18,920	53,675	(34,755)
Interest	-	-	8,591	(8,591)
Total Expenditures	\$ 5,226,690	\$ 5,292,769	\$ 3,768,818	\$ 1,523,951
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,369,668)	\$ (1,435,747)	\$ (643,788)	\$ 791,959
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	\$ -	\$ -	\$ 64,208	\$ 64,208
Transfer In	244,000	244,000	112,517	(131,483)
Transfers Out	-	-	(110,361)	(110,361)
Total Other Financing Sources and Uses	\$ 244,000	\$ 244,000	\$ 66,364	\$ (177,636)
Net Change in Fund Balances	\$ (1,125,668)	\$ (1,191,747)	\$ (577,424)	\$ 614,323
Fund Balance - January 1	\$ 2,336,933	\$ 2,336,933	\$ 2,336,933	\$ -
Fund Balance - December 31	\$ 1,211,265	\$ 1,145,186	\$ 1,759,509	\$ 614,323

The accompanying required supplementary information notes are an integral part of this schedule.

**DICKEY COUNTY**

Schedule of Employer's Share of Net Pension Liability and Employer Contributions  
For the Year Ended December 31, 2019

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

<b>County</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.175834%	\$ 2,060,902	\$ 1,828,968	112.68%	71.66%
2018	0.180704%	3,049,577	1,856,405	164.27%	62.80%
2017	0.172414%	2,771,259	1,760,080	157.45%	61.98%
2016	0.176041%	1,715,691	1,774,076	96.71%	70.46%
2015	0.174130%	1,184,054	1,551,286	76.33%	77.15%
2014	0.185246%	1,175,796	1,560,478	75.35%	77.70%

<b>Health District</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.016608%	\$ 194,658	\$ 172,756	112.68%	71.66%
2018	0.019040%	321,321	195,606	164.27%	62.80%
2017	0.018787%	301,969	191,790	157.45%	61.98%
2016	0.014428%	140,615	145,399	96.71%	70.46%
2015	0.014590%	99,210	129,979	76.33%	77.15%
2014	0.016663%	122,325	140,364	87.15%	77.70%

The accompanying required supplementary information notes are an integral part of this schedule.

**DICKEY COUNTY**

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued  
 For the Year Ended December 31, 2019

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

<b>County</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 133,160	\$ 138,432	\$ (5,272)	\$ 1,828,968	7.57%
2018	136,732	136,134	598	1,856,405	7.44%
2017	127,627	133,674	(6,047)	1,760,080	7.59%
2016	128,440	129,909	(1,469)	1,774,076	7.32%
2015	117,833	122,862	(5,029)	1,551,286	7.92%
2014	111,106	111,106	-	1,560,478	7.12%

<b>Health District</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 12,577	\$ 12,572	\$ 5	\$ 172,756	7.28%
2018	14,407	13,926	481	195,606	8.06%
2017	13,907	13,655	252	191,790	7.12%
2016	10,527	10,352	175	145,399	7.12%
2015	9,873	9,610	263	129,979	7.39%
2014	9,994	9,994	-	140,364	7.12%

The accompanying required supplementary information notes are an integral part of this schedule.

**DICKEY COUNTY**

## Schedule of Employer's Share of Net OPEB Liability and Employer Contributions

For the Year Ended December 31, 2019

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

<b>County</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.163907%	\$ 131,648	\$ 1,828,968	7.20%	63.13%
2018	0.169656%	133,616	1,856,405	7.20%	61.89%
2017	0.162693%	128,692	1,760,080	7.31%	59.78%

<b>Health District</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.015482%	\$ 12,435	\$ 172,756	7.20%	63.13%
2018	0.017876%	14,079	195,606	7.20%	61.89%
2017	0.017728%	14,023	191,790	7.31%	59.78%

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

<b>County</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 21,271	\$ 22,165	\$ (894)	\$ 1,828,968	1.21%
2018	21,775	21,797	(22)	1,856,405	1.17%
2017	20,460	21,403	(943)	1,760,080	1.22%

<b>Health District</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 2,009	\$ 2,013	\$ (4)	\$ 172,756	1.17%
2018	2,294	2,230	64	195,606	1.14%
2017	2,229	2,186	43	191,790	1.14%

The accompanying required supplementary information notes are an integral part of this schedule.

## DICKEY COUNTY

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2019

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### NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

- The County commission adopts an “appropriated budget” on the modified accrual basis of accounting.
- The County auditor prepares an annual budget for the general fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The County commission holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of County commissioners, on or before the October meeting shall determine the amount of taxes that shall be levied for County purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the County auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

### NOTE 2 LEGAL COMPLIANCE – BUDGETS

#### Budget Amendments

The board of County commissioners amended the County expenditures and transfers budget for various funds as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<b>Major Funds</b>			
Special Revenue Fund	\$ 5,226,690	\$ 66,079	\$ 5,292,769
<b>Non Major Funds</b>			
Debt Service Fund	14,988	1,432	16,420
<b>Component Units</b>			
Water Resource Board	367,402	80,086	447,488
Joint Water Board	587,000	1,548,150	2,135,150

### NOTE 3 CHANGES OF BENEFIT TERMS

#### Pension

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018

**DICKEY COUNTY**

Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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**OPEB**

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.

**NOTE 4 CHANGES OF ASSUMPTIONS****Pension**

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

- The investment return assumption was lowered from 7.75% to 7.50%

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

**OPEB**

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.

**NOTE 5 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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### Independent Auditor's Report

Board of County Commissioners  
Dickey County  
Ellendale, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated November 16, 2020.

### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of audit findings* as item 2019-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings as item 2019-002 to be a significant deficiency.

## **DICKEY COUNTY**

Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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### **Compliance and Other Matters**

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

### **Dickey County's Response to Findings**

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

### **Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
November 16, 2020



## DICKEY COUNTY

Summary of Auditor's Results  
For the Year Ended December 31, 2019

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### Financial Statements

#### Type of Report Issued?

Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

### Internal control over financial reporting

Material weaknesses identified?   X   Yes        None Noted

Significant deficiencies identified not considered to be material weaknesses?   X   Yes        None Noted

Noncompliance material to financial statements noted?        Yes   X   None Noted

## **DICKEY COUNTY**

Schedule of Audit Findings

For the Year Ended December 31, 2019

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### **2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS**

#### **Condition**

Dickey County currently prepares portions of the financial statements, including various adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the other portions not completed by management of the financial statements and note disclosures.

#### **Effect**

There is an increased risk of material misstatement to Dickey County's financial statements.

#### **Cause**

Management chooses not to allocate County resources for preparation of the financial statements.

#### **Criteria**

Dickey County is responsible for the preparation of its annual financial statements and related note disclosures to ensure they are reliable, accurate, free of material misstatement, and in accordance with GAAP.

#### **Prior Recommendation**

Yes.

#### **Recommendation**

We recommend Dickey County consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

#### **Dickey County's Response**

Agree. Dickey County is aware the auditors assist with completing portions of the financial statements and note disclosures.

**2019-002 FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY**

**Condition**

Dickey County does not currently prepare a fraud risk assessment of the entire entity.

**Effect**

If Dickey County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

**Cause**

Dickey County has limited amount of staff and decided it was not necessary to implement at this date.

**Criteria**

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

**Prior Recommendation**

Yes.

**Recommendation**

We recommend Dickey County prepare a fraud risk assessment in order to identify areas of concern within entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

**Dickey County's Response**

Agree. Departments will again be contacted to submit information & comply.



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## GOVERNANCE COMMUNICATION

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Board of County Commissioners  
Dickey County  
Ellendale, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, North Dakota, for the year ended December 31, 2019 which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated November 16, 2020. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance**

As stated in our engagement letter dated September 1, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Dickey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether Dickey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

### **Significant Accounting Policies/Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dickey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

**DICKEY COUNTY**

## Governance Communication – Continued

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules list all misstatements detected as a result of audit procedures or provided by management that were corrected by management.

	<u>Client Provided Adjustments</u>		<u>Audit Adjustments</u>		<u>Total Adjustment</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
<b><u>COUNTY - PRIMARY GOVERNMENT</u></b>						
<b>Governmental Fund Adjustments</b>						
<u>To record client provided adjustments</u>						
Accounts Receivable	56,183	-	-	-	56,183	-
Other Asset	1,726	-	-	-	1,726	-
Intergovernmental Receivable	226,013	-	-	-	226,013	-
Expenditures	71,441	-	-	-	71,441	-
Revenue	-	283,922	-	-	-	283,922
Salaries and Benefits Payable	-	27,690	-	-	-	27,690
Accounts Payable	-	43,751	-	-	-	43,751
<u>To record grants received in advance</u>						
Revenue	-	-	77,698	-	77,698	-
Grants Received in Advance	-	-	-	77,698	-	77,698
<b><u>COMPONENT UNIT - WATER RESOURCE DISTRICT</u></b>						
<b>Governmental Fund Adjustments</b>						
<u>To record client provided adjustments</u>						
Accounts Receivable	2,000	-	-	-	2,000	-
Intergovernmental Receivable	376	-	-	-	376	-
Expenditures	4,735	-	-	-	4,735	-
Revenue	-	2,376	-	-	-	2,376
Salaries Payable	-	727	-	-	-	727
Accounts Payable	-	4,008	-	-	-	4,008
<u>To record grants received in advance</u>						
Revenue	21,562	-	29,172	-	50,734	-
Taxes Received in Advance	-	21,562	-	29,172	-	50,734
<b><u>COMPONENT UNIT - JOINT WATER RESOURCE DISTRICT</u></b>						
<b>Governmental Fund Adjustments</b>						
<u>To record client provided adjustments</u>						
Accounts Receivable	224	-	-	-	224	-
Revenue	-	224	-	-	-	224
<u>To record grants received in advance</u>						
Special Assessment Receivable	51,969	-	-	-	51,969	-
Revenue	-	51,969	-	-	-	51,969
<b><u>COMPONENT UNIT - HEALTH DISTRICT</u></b>						
<b>Governmental Fund Adjustments</b>						
<u>To record client provided adjustments</u>						
Intergovernmental Receivable	36,765	-	-	-	36,765	-
Accounts Receivable	3,124	-	-	-	3,124	-
Expenditures	843	-	-	-	843	-
Revenue	-	39,889	-	-	-	39,889
Salaries Payable	-	843	-	-	-	843
<u>To record grants received in advance</u>						
Revenue	33,516	-	-	-	33,516	-
Grants Received in Advance	-	33,516	-	-	-	33,516
<b><u>COMPONENT UNIT - JOB DEVELOPMENT AUTHORITY</u></b>						
<b>Governmental Fund Adjustments</b>						
<u>To record client provided adjustments</u>						
Accounts Receivable	502	-	-	-	502	-
Revenue	-	502	-	-	-	502

**Disagreements with Management**

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 16, 2020.

**Management Consultations with Other Independent Accountants**

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

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Other Audit Findings or Issues**

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

This information is intended solely for the use of the Board of County Commissioners and management of Dickey County, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Dickey County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Dickey County.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
November 16, 2020



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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