

**CITY OF CAVALIER
CAVALIER, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	Page
ROSTER OF CITY OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
Statement of Net Position	12
Statement of Activities	14
FUND FINANCIAL STATEMENTS:	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to the Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	57
Schedule of Employer's Share of Net Pension Liability	58
Schedule of Employer Contributions	59
Schedule of City's Share of the OPEB Liability	60
Schedule of City's Contributions to OPEB Plan	61
Notes to the Required Supplementary Information	62

SUPPLEMENTARY INFORMATION:

COMBINING AND INDIVIDUAL FUND SCHEDULES

Combining Balance Sheet - Nonmajor Governmental Funds	65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	66
Combining Balance Sheet - Nonmajor Special Revenue Funds	67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	69
Combining Balance Sheet - Nonmajor Debt Service Funds	71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Debt Service Funds	72

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	73
--	-----------

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	75
Schedule of Expenditures of Federal Awards	78
Notes to the Schedule of Expenditures of Federal Awards	79
Schedule of Findings and Questioned Costs	80
Corrective Action Plan	84

CITY OF CAVALIER
ROSTER OF CITY OFFICIALS
AS OF DECEMBER 31, 2020

<u>Names</u>	<u>Office</u>
Lacey Hinkle	Mayor
Craig Vaughn	Council
Sara Stevenson	Council
Mike Carpenter	Council
Tom Beard	Council
Al Berry	Council
Kelly Cluchie	Council
Kelli Truver	City Auditor
Barry Walton	Operations Manager

INDEPENDENT AUDITOR'S REPORT

Mayor and Aldermen of the
City Council
City of Cavalier
Cavalier, North Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cavalier, as of December 31, 2020, and the respective changes in the 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 management's discussion and analysis, budgetary comparison information, and schedules 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cavalier's basic financial statements. The roster of city officials and combining non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining non major fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining non major fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023 on our consideration of the City of Cavalier's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cavalier's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cavalier's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

August 11, 2023

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

As management of the City of Cavalier, we are pleased to offer readers of the City of Cavalier financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider it in conjunction with the additional information presented in the accompanying letter of transmittal, the basic financial statements, the fund financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Change in Net Position: Governmental assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$8,640,055 at the close of the most recent fiscal year. Of this amount, \$982,700 (unrestricted net position) may be used to meet the government's ongoing obligations. The total net position of governmental activities of the City of Cavalier decreased by \$385,417 as a result of the most recently completed fiscal year's operations. Business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,390,019 at the close of the most recent fiscal year. Net position of the business-type activities increased by \$1,683,243 as a result of the most recently completed fiscal year's operations.

Total revenues from all sources were \$2,370,640 for governmental activities. Revenues from property taxes were \$183,630 in the current fiscal year compared to \$191,089 in the prior year. Sales tax revenues totaled \$494,993 in the current fiscal year; a 0.04% increase from the prior year. Total expenses were \$3,158,226.

- Total revenues from all sources were \$3,710,033 for business-type activities, with total expenses of \$1,624,621.

USING THIS ANNUAL REPORT

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Cavalier's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of the statement of net position and the statement of activities.

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The Statement of Activities presents information on how the City's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected sales tax, and earned but unused vacation leave). Both the Statement of Net Position and the Statement of Activities present information as follows:

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cavalier, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds can be divided into two categories – governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides and are reported on the modified accrual basis of accounting which focuses on available expendable resources. This allows the reader to evaluate the City's short-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Enterprise funds are used to report activities that charge for services it provides to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The City of Cavalier uses enterprise funds to account for its Water, Sewer, Sanitation and Electric operations, all of which are reported as major funds. Proprietary fund statements provide the same type of information as the government-wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-52 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following two tables present condensed information on the City's Net Position and Changes in Net Position for the fiscal year ended December 31, 2020. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City of Cavalier's net position includes its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Cavalier's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 – Statement of Net Position

	Governmental Activities		Business-Type Activities	
	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>
ASSETS				
Current assets	\$ 3,515,928	\$ 3,554,273	\$ 3,928,620	\$ 3,492,716
Capital assets (net of accumulated depreciation)	6,721,943	6,834,486	4,552,896	2,964,098
Other assets	2,224,150	2,430,835	-	-
Total assets	<u>12,462,021</u>	<u>12,819,594</u>	<u>8,481,516</u>	<u>6,456,814</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>577,635</u>	 <u>143,545</u>	 <u>462,296</u>	 <u>128,568</u>
 LIABILITIES				
Current liabilities	367,627	333,642	170,770	191,683
Long-term liabilities	3,873,394	3,412,244	1,252,106	502,608
Total liabilities	<u>4,241,021</u>	<u>3,745,886</u>	<u>1,422,876</u>	<u>694,291</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>158,580</u>	 <u>191,781</u>	 <u>130,917</u>	 <u>184,315</u>
 NET POSITION				
Net investment in capital assets	3,470,933	3,451,889	3,980,266	2,679,981
Restricted	4,186,422	4,675,610	-	-
Unrestricted (deficit)	982,700	897,973	3,409,753	3,026,795
Total net position	<u>\$ 8,640,055</u>	<u>\$ 9,025,472</u>	<u>\$ 7,390,019</u>	<u>\$ 5,706,776</u>

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

The City of Cavalier's governmental activities net position decreased by \$385,417 primarily resulting from receipt of the Airport Improvement Grant and business type activities net position increased by \$1,683,243.

Table 2 - Statement of Activities

	Governmental Activities		Business-Type Activities	
	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>
REVENUES				
Program Revenues:				
Charges for services	\$ 60,662	\$ 60,708	\$ 2,321,098	\$ 2,264,875
Operating grants	940,540	152,163	1,351,796	147,401
Capital grants and contributions	17,198	778,185	-	-
Total program revenues	<u>1,018,400</u>	<u>991,056</u>	<u>3,672,894</u>	<u>2,412,276</u>
General Revenues:				
Property taxes	183,630	191,089	-	-
Sales and use taxes	494,993	494,814	-	-
Special assessments	64,851	95,514	-	-
Intergovernmental	366,108	98,062	-	-
Sale of capital assets	18,500	-	-	-
Other	224,158	267,634	37,139	31,755
Total general revenues	<u>1,352,240</u>	<u>1,147,113</u>	<u>37,139</u>	<u>31,755</u>
Total Revenues	<u>2,370,640</u>	<u>2,138,169</u>	<u>3,710,033</u>	<u>2,444,031</u>
EXPENSES				
Governmental:				
General government	640,906	538,045	-	-
Public safety	283,378	360,850	-	-
Highways and streets	1,614,152	342,660	-	-
Health and welfare	102,815	96,179	-	-
Culture and recreation	206,080	105,425	-	-
Other	168,858	135,680	-	-
Interest	95,293	86,948	-	-
Fiscal charges	46,744	2,725	-	-
Business type activities operating expenses:				
Water	-	-	249,907	261,745
Sewer	-	-	111,678	106,536
Sanitation	-	-	290,956	278,570
Electric	-	-	972,080	949,924
Total expenses	<u>3,158,226</u>	<u>1,668,512</u>	<u>1,624,621</u>	<u>1,596,775</u>
Change in net position before transfers	(787,586)	469,657	2,085,412	847,256
Transfers in (out)	<u>402,169</u>	<u>355,366</u>	<u>(402,169)</u>	<u>(355,366)</u>
Change in net position	(385,417)	825,023	1,683,243	491,890
Net position beginning of year	<u>9,025,472</u>	<u>8,200,449</u>	<u>5,706,776</u>	<u>5,214,886</u>
Net position end of year	<u>\$ 8,640,055</u>	<u>\$ 9,025,472</u>	<u>\$ 7,390,019</u>	<u>\$ 5,706,776</u>

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Budgetary Highlights

The expenditures did not exceed budgeted amounts for the year ended December 31, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Cavalier's capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$11,274,839 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, machinery and equipment.

The following is a summary of capital asset activity for the year ended December 31, 2020 for the governmental activities and the business-type activities. Capital asset activity is shown in more detail in the notes to the financial statements (Note 4).

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets	\$ 6,472,934	\$ 1,708,509	\$ -	\$ 8,181,443
Accumulated Depreciation	(3,508,836)	(119,711)	-	(3,628,547)
Net Capital Assets	<u>\$ 2,964,098</u>	<u>\$ 1,588,798</u>	<u>\$ -</u>	<u>\$ 4,552,896</u>

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets	\$ 9,395,105	\$ 134,792	\$ -	\$ 9,529,897
Accumulated Depreciation	(2,560,619)	(247,335)	-	(2,807,954)
Net Capital Assets	<u>\$ 6,834,486</u>	<u>\$ (112,543)</u>	<u>\$ -</u>	<u>\$ 6,721,943</u>

The significant additions for 2020 in the governmental activities consisted of projects in the General Fund in the amounts of \$81,028 for building improvements and equipment and a Pines Street sewer extension project in the amount of \$47,164.

The significant additions for 2020 in the business-type activities consisted of additions in the Water Fund of \$1,665,309 for the water tower construction project.

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Long-Term Debt

At year-end, the City had total debt of \$5,446,911. Additional information on the City's debt can be found in Note 5 to the financial statements. The following is a summary of the long-term debt activity for the year ended December 31, 2020:

GOVERNMENTAL FUNDS								
<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12-31-19</u>	<u>New Issues</u>	<u>Retired</u>	<u>Other Adjustment</u>	<u>Balance 12-31-20</u>	<u>Due within One Year</u>
Scott & Lynda Humble-contract for deed	2%	7/1/20	\$ 19,609	\$ -	\$ 19,609	\$ -	\$ -	\$ -
North Dakota Public Finance Authority	1.50%	9/1/48	599,599	-	20,000	-	579,599	20,000
\$2,025,000 Refunding Improvement Bonds of 2013	.5-3.75%	5/1/38	1,630,000	-	1,630,000	-	-	-
\$1,555,000 Refunding Improvement Bonds of 2014	.95-3.1%	5/1/29	1,085,000	-	1,085,000	-	-	-
\$2,655,000 Refunding Improvement Bonds of 2020	.6-2.1%	5/1/2037	-	2,655,000	-	-	2,655,000	215,000
\$194,000 Refunding Improvement Bonds of 2014B	1.80%	5/1/21	48,389	-	31,978	-	16,411	16,411
Net Pension Liability-Main			199,098	-	-	457,600	656,698	-
Net Pension Liability-Law Enforcement			44,415	-	-	147,469	191,884	-
Net OPEB Liability			22,721	-	-	2,492	25,213	-
			<u>\$ 3,648,831</u>	<u>\$ 2,655,000</u>	<u>\$ 2,786,587</u>	<u>\$ 607,561</u>	<u>\$ 4,124,805</u>	<u>\$ 251,411</u>
ENTERPRISE FUNDS								
<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12-31-19</u>	<u>New Issues</u>	<u>Retired</u>	<u>Other Adjustment</u>	<u>Balance 12-31-20</u>	<u>Due within One Year</u>
North Dakota State Revolving Fund Lift Station Improvement District	0.50%	9/1/28	\$ 235,000	\$ -	\$ 25,000	\$ -	\$ 210,000	\$ 25,000
North Dakota State Revolving Fund Drinking Water Bond - Water Tower Project	1.50%	9/1/2049	49,117	313,513	-	-	362,630	45,000
Net Pension Liability-Main			246,854	-	-	482,177	729,031	-
Net OPEB Liability			18,271	-	-	2,174	20,445	-
			<u>\$ 549,242</u>	<u>\$ 313,513</u>	<u>\$ 25,000</u>	<u>\$ 484,351</u>	<u>\$ 1,322,106</u>	<u>\$ 70,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Cavalier's elected and appointed officials considered many factors when setting next year's budget, tax rates, and fees that will be charged for the business-type activities.

As the city of Cavalier completed the year, the general fund reported a surplus of \$ 243,870 and the business-type activities reported a \$1,683,243 surplus. The primary reasons for the surpluses mirror the statement of revenues/expenditures highlighted on pages 16 and 19.

CITY OF CAVALIER
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives to the citizens of Cavalier, North Dakota. If you have any questions about this report or need further information, contact the City of Cavalier, at PO Box 750, Cavalier, ND 58220-0750.

CITY OF CAVALIER
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,767,656	\$ 3,672,551	\$ 6,440,207
Investments	509,590	-	509,590
Receivables:			
Taxes	5,892	-	5,892
Special assessments	168,080	-	168,080
Accounts (net of uncollectible)	78,333	229,718	308,051
Interest	-	-	-
Notes receivable current portion	12,728	-	12,728
Internal balances	(26,351)	26,351	-
Total current assets	<u>3,515,928</u>	<u>3,928,620</u>	<u>7,444,548</u>
Capital Assets-not being depreciated			
Land	273,222	-	273,222
Construction in progress	961,102	1,861,827	2,822,929
Capital Assets			
Buildings and improvements	744,307	5,386,616	6,130,923
Equipment and vehicles	1,287,419	933,000	2,220,419
Infrastructure	6,263,847	-	6,263,847
Less: Accumulated depreciation	(2,807,954)	(3,628,547)	(6,436,501)
Net capital assets	<u>6,721,943</u>	<u>4,552,896</u>	<u>11,274,839</u>
Other Assets			
Special assessments-net of current	<u>2,224,150</u>	<u>-</u>	<u>2,224,150</u>
TOTAL ASSETS	<u>12,462,021</u>	<u>8,481,516</u>	<u>20,943,537</u>
DEFERRED OUTFLOWS OF RESOURCES			
Cost sharing defined benefit pension plan-NDPERS Main	409,794	454,932	864,726
Cost sharing defined benefit pension plan-NDPERS Law Enforcement	158,759	-	158,759
Cost sharing - OPEB	9,082	7,364	16,446
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>577,635</u>	<u>462,296</u>	<u>1,039,931</u>

See Notes to the Financial Statements

CITY OF CAVALIER
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	99,414	63,716	163,130
Salaries payable	7,955	2,474	10,429
Payroll taxes payable	2,651	136	2,787
Interest payable	6,196	-	6,196
Deposits payable	-	34,444	34,444
Notes payable-Current portion	20,000	-	20,000
Bonds payable-Current portion	231,411	70,000	301,411
Total current liabilities	<u>367,627</u>	<u>170,770</u>	<u>538,397</u>
Long-term Liabilities			
Notes payable-Non current portion	559,599	-	559,599
Bonds payable-Non-current portion	2,440,000	502,630	2,942,630
Net pension liability-Main	656,698	729,031	1,385,729
Net pension liability-Law Enforcement	191,884	-	191,884
Net OPEB liability	25,213	20,445	45,658
Total long-term liabilities	<u>3,873,394</u>	<u>1,252,106</u>	<u>5,125,500</u>
TOTAL LIABILITIES	<u>4,241,021</u>	<u>1,422,876</u>	<u>5,663,897</u>
DEFERRED INFLOWS OF RESOURCES			
Cost sharing defined benefit pension plan-NDPERS Main	116,304	129,114	245,418
Cost sharing defined benefit pension plan-NDPERS Law Enforcement	40,053	-	40,053
Cost sharing - OPEB	2,223	1,803	4,026
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>158,580</u>	<u>130,917</u>	<u>289,497</u>
NET POSITION			
Net investment in capital assets	3,470,933	3,980,266	7,451,199
Restricted-debt service	3,013,303	-	3,013,303
Restricted-Airport Authority	240,030	-	240,030
Restricted-other	196,342	-	196,342
Restricted-Capital projects and Roads	526,250	-	526,250
Restricted-Community Development and Growth	210,497	-	210,497
Unrestricted	982,700	3,409,753	4,392,453
TOTAL NET POSITION	<u>\$ 8,640,055</u>	<u>\$ 7,390,019</u>	<u>\$ 16,030,074</u>

See Notes to the Financial Statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current							
General government	\$ 640,906	\$ 21,123	\$ -	\$ -	\$ (619,783)	\$ -	\$ (619,783)
Public safety	283,378	7,913	-	-	(275,465)	-	(275,465)
Highways and streets	1,614,152	-	940,540	-	(673,612)	-	(673,612)
Health and welfare	102,815	-	-	-	(102,815)	-	(102,815)
Culture and recreation	206,080	31,626	-	-	(174,454)	-	(174,454)
Other	168,858	-	-	17,198	(151,660)	-	(151,660)
Debt service							
Interest	95,293	-	-	-	(95,293)	-	(95,293)
Fiscal charges	46,744	-	-	-	(46,744)	-	(46,744)
Total Governmental Activities	<u>3,158,226</u>	<u>60,662</u>	<u>940,540</u>	<u>17,198</u>	<u>(2,139,826)</u>	<u>-</u>	<u>(2,139,826)</u>
Business-Type Activities							
Water	249,907	479,709	-	1,351,796	-	1,581,598	1,581,598
Sewer	111,678	168,056	-	-	-	56,378	56,378
Sanitation	290,956	355,629	-	-	-	64,673	64,673
Electric	972,080	1,317,704	-	-	-	345,624	345,624
Total Business-Type Activities	<u>\$ 1,624,621</u>	<u>\$ 2,321,098</u>	<u>\$ -</u>	<u>\$ 1,351,796</u>	<u>-</u>	<u>2,048,273</u>	<u>2,048,273</u>
General Receipts:							
Property taxes					183,630	-	183,630
Sales and use taxes					494,993	-	494,993
Special assessments-interest					64,851	-	64,851
Intergovernmental (not restricted for specific program)							
State					366,108	-	366,108
Gain from sale of fixed assets					18,500	-	18,500
Other general revenues					224,158	37,139	261,297
Transfers in (out)					402,169	(402,169)	-
Total General Receipts and Transfers					<u>1,754,409</u>	<u>(365,030)</u>	<u>1,389,379</u>
Changes in Net Position					(385,417)	1,683,243	1,297,826
Net Position, January 1					<u>9,025,472</u>	<u>5,706,776</u>	<u>14,732,248</u>
Net Position, December 31					\$ 8,640,055	\$ 7,390,019	\$ 16,030,074

See Notes to the Financial Statements

CITY OF CAVALIER
BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Capital Projects	Special Revenue Fund Airport Authority	Debt Service Funds		Other Governmental Funds	Total
				2013 Utility Improvement	Street Improvement		
ASSETS							
Cash and cash equivalents	\$ 1,018,847	\$ 527,634	\$ 23,279	\$ 292,025	\$ 163,575	\$ 742,296	\$ 2,767,656
Investments	100,000	-	216,396	-	-	193,194	509,590
Receivables:							
Taxes	4,405	-	355	-	-	1,132	5,892
Special assessments	-	-	-	1,125,053	448,522	818,655	2,392,230
Accounts (net of uncollectible)	69,052	-	-	-	-	9,281	78,333
Loans	-	-	-	-	-	12,728	12,728
Due from other funds	-	23,015	-	-	-	-	23,015
Total Assets	<u>\$ 1,192,304</u>	<u>\$ 550,649</u>	<u>\$ 240,030</u>	<u>\$ 1,417,078</u>	<u>\$ 612,097</u>	<u>\$ 1,777,286</u>	<u>\$ 5,789,444</u>
LIABILITIES							
Accounts payable	\$ 44,640	\$ 54,774	\$ -	\$ -	\$ -	\$ -	\$ 99,414
Accrued salaries	7,955	-	-	-	-	-	7,955
Due to other funds	-	-	-	-	-	49,366	49,366
Payroll taxes	2,651	-	-	-	-	-	2,651
Total liabilities	<u>55,246</u>	<u>54,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,366</u>	<u>159,386</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable property taxes receivable	4,405	-	355	-	-	1,132	5,892
Delinquent special assessments	-	-	-	5,461	3,493	20,505	29,459
Uncertified special assessments	-	-	-	1,119,592	445,029	798,150	2,362,771
Total deferred inflows of resources	<u>4,405</u>	<u>-</u>	<u>355</u>	<u>1,125,053</u>	<u>448,522</u>	<u>819,787</u>	<u>2,398,122</u>
FUND BALANCE							
Nonspendable	-	-	-	-	-	12,728	12,728
Loans receivable	-	495,875	239,675	292,025	163,575	564,919	1,756,069
Restricted	-	-	-	-	-	356,464	356,464
Committed	-	-	-	-	-	(25,978)	1,106,675
Unassigned	1,132,653	-	-	-	-	-	-
Total Fund Balance	<u>1,132,653</u>	<u>495,875</u>	<u>239,675</u>	<u>292,025</u>	<u>163,575</u>	<u>908,133</u>	<u>3,231,936</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,192,304</u>	<u>\$ 550,649</u>	<u>\$ 240,030</u>	<u>\$ 1,417,078</u>	<u>\$ 612,097</u>	<u>\$ 1,777,286</u>	<u>\$ 5,789,444</u>

See Notes to the Financial Statements

CITY OF CAVALIER
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance-governmental funds	\$ 3,231,936
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of Capital Assets	\$ 9,529,897
Accumulated Depreciation	<u>(2,807,954)</u>
Net	6,721,943
Net deferred outflows (inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.	
	419,055
Property taxes, special assessments receivable and long-term receivables will not be collected soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
	2,398,122
Interest payable reported in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.	
	(6,196)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These long-term liabilities consisted of the following:	
Notes Payable	(579,599)
Bonds Payable	(2,671,411)
Net Pension Liability-Main	(656,698)
Net Pension Liability-Law Enforcement	(191,884)
Net OPEB Liability	<u>(25,213)</u>
	<u>(4,124,805)</u>
Total net position-governmental activities	<u>\$ 8,640,055</u>

See Notes to the Financial Statements

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

			Special	Debt Service Funds		Other	
	General	Capital Projects	Revenue Fund Airport Authority	2013 Utility Improvement	Street Improvement	Governmental Funds	Total
Revenues:							
Property taxes	\$ 116,135	\$ -	\$ 27,389	\$ -	\$ -	\$ 40,106	\$ 183,630
Sales and use taxes	406,210	-	-	-	-	88,783	494,993
Special assessments	-	-	-	107,065	75,800	72,477	255,342
Licenses, permits and fees	14,263	-	-	-	-	-	14,263
Intergovernmental revenues	364,032	940,540	17,198	-	-	2,076	1,323,846
Charges for services	5,300	-	7,913	-	-	31,626	44,839
Fines and forfeits	1,560	-	-	-	-	-	1,560
Miscellaneous revenues	24,285	345	8,521	-	-	191,007	224,158
Total revenues	<u>931,785</u>	<u>940,885</u>	<u>61,021</u>	<u>107,065</u>	<u>75,800</u>	<u>426,075</u>	<u>2,542,631</u>
Expenditures:							
Current:							
General government	381,697	-	-	-	-	2,233	383,930
Public safety	161,536	-	-	-	-	77,000	238,536
Highways and streets	154,208	1,430,003	-	-	-	-	1,584,211
Health and welfare	102,815	-	-	-	-	-	102,815
Culture and recreation	129,734	-	-	-	-	76,346	206,080
Other	-	-	24,610	-	-	88,402	113,012
Capital outlay	9,759	47,164	20,345	-	-	57,524	134,792
Debt service:							
Principal retirement	-	-	-	65,000	100,000	71,587	236,587
Payment to refunded bond escrow agent	-	-	-	1,565,000	985,000	-	2,550,000
Interest	-	-	-	65,322	38,653	10,551	114,526
Fiscal charges	-	-	-	27,180	16,195	3,369	46,744
Total expenditures	<u>939,749</u>	<u>1,477,167</u>	<u>44,955</u>	<u>1,722,502</u>	<u>1,139,848</u>	<u>387,012</u>	<u>5,711,233</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,964)</u>	<u>(536,282)</u>	<u>16,066</u>	<u>(1,615,437)</u>	<u>(1,064,048)</u>	<u>39,063</u>	<u>(3,168,602)</u>
Other Financing Sources (Uses):							
Proceeds from debt issuance	-	-	-	1,629,050	1,025,950	-	2,655,000
Operating transfers in	541,834	200,000	-	16,744	40,000	94,652	893,230
Operating transfers out	(290,000)	(4,495)	-	-	-	(196,566)	(491,061)
Total other financing sources (uses)	<u>251,834</u>	<u>195,505</u>	<u>-</u>	<u>1,645,794</u>	<u>1,065,950</u>	<u>(83,414)</u>	<u>3,075,669</u>
Net Change in Fund Balances	243,870	(340,777)	16,066	30,357	1,902	(44,351)	(92,933)
Fund Balance (Deficit), Beginning of Year	888,783	836,652	223,609	261,668	161,673	952,484	3,324,869
Fund Balance (Deficit), End of Year	<u>\$ 1,132,653</u>	<u>\$ 495,875</u>	<u>\$ 239,675</u>	<u>\$ 292,025</u>	<u>\$ 163,575</u>	<u>\$ 908,133</u>	<u>\$ 3,231,936</u>

See Notes to the Financial Statements

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance- total governmental funds	\$ (92,933)
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 as depreciation expense. In the current period, these amounts are:	
Capital asset purchases capitalized	\$ 134,792
Depreciation expense	<u>(247,335)</u>
Excess of capital outlay over depreciation expense	(112,543)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	2,786,587
The issuance of long-term liabilities provides current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the Statement of Net Position.	(2,655,000)
Some revenues will not be collected for several months after the City's fiscal year end. These revenues are not considered "available" revenues in the governmental funds. These consist of: Net change in special assessments	(190,491)
Changes in deferred outflows and inflows of resources related to net pension & OPEB liability	467,291
Change in net pension & OPEB liability	(607,561)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>19,233</u>
Net change in net position of governmental activities	<u><u>\$ (385,417)</u></u>

See Notes to the Financial Statements

CITY OF CAVALIER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 897,567	\$ 624,923	\$ 537,321	\$ 1,612,740	\$ 3,672,551
Receivables:					
Accounts (net of uncollectible)	48,606	14,637	27,933	138,542	229,718
Due from other funds	23,855	-	-	26,351	50,206
Total current assets	<u>970,028</u>	<u>639,560</u>	<u>565,254</u>	<u>1,777,633</u>	<u>3,952,475</u>
Capital Assets-not being depreciated					
Construction in process	1,861,827	-	-	-	1,861,827
Capital Assets					
Buildings and improvements	1,820,528	3,263,840	59,639	242,609	5,386,616
Equipment and vehicles	173,072	40,421	277,297	442,210	933,000
Less: Accum. depreciation	<u>(1,136,769)</u>	<u>(1,696,671)</u>	<u>(243,349)</u>	<u>(551,758)</u>	<u>(3,628,547)</u>
Net capital assets	<u>2,718,658</u>	<u>1,607,590</u>	<u>93,587</u>	<u>133,061</u>	<u>4,552,896</u>
TOTAL ASSETS	<u>3,688,686</u>	<u>2,247,150</u>	<u>658,841</u>	<u>1,910,694</u>	<u>8,505,371</u>
DEFERRED OUTFLOWS OF RESOURCES					
Cost sharing defined benefit pension plan-NDPERS	32,710	31,496	132,698	258,028	454,932
Cost sharing - OPEB	529	510	2,148	4,177	7,364
Total deferred outflows	<u>33,239</u>	<u>32,006</u>	<u>134,846</u>	<u>262,205</u>	<u>462,296</u>
LIABILITIES					
Current					
Due to other funds	-	1,885	10,480	11,490	23,855
Accounts payable	14,129	-	4,382	45,205	63,716
Accrued salaries	174	167	759	1,374	2,474
Payroll taxes	136	-	-	-	136
Deposits	-	-	-	34,444	34,444
Bonds payable-Current portion	<u>45,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Total current liabilities	<u>59,439</u>	<u>27,052</u>	<u>15,621</u>	<u>92,513</u>	<u>194,625</u>
Long-Term					
Bonds payable-Long-term portion	317,630	185,000	-	-	502,630
Net pension liability	52,419	50,472	212,649	413,491	729,031
Net OPEB liability	<u>1,470</u>	<u>1,415</u>	<u>5,964</u>	<u>11,596</u>	<u>20,445</u>
Total long-term liabilities	<u>371,519</u>	<u>236,887</u>	<u>218,613</u>	<u>425,087</u>	<u>1,252,106</u>
TOTAL LIABILITIES	<u>430,958</u>	<u>263,939</u>	<u>234,234</u>	<u>517,600</u>	<u>1,446,731</u>
DEFERRED INFLOWS OF RESOURCES					
Cost sharing defined benefit pension plan-NDPERS	9,283	8,939	37,661	73,231	129,114
Cost sharing- OPEB	130	125	526	1,022	1,803
Total deferred inflows	<u>9,413</u>	<u>9,064</u>	<u>38,187</u>	<u>74,253</u>	<u>130,917</u>
NET POSITION					
Net Investment in Capital Assets	2,356,028	1,397,590	93,587	133,061	3,980,266
Unrestricted	<u>925,526</u>	<u>608,563</u>	<u>427,679</u>	<u>1,447,985</u>	<u>3,409,753</u>
TOTAL NET POSITION	<u>\$ 3,281,554</u>	<u>\$ 2,006,153</u>	<u>\$ 521,266</u>	<u>\$ 1,581,046</u>	<u>\$ 7,390,019</u>

See Notes to the Financial Statements

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

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 479,709	\$ 168,056	\$ 355,629	\$ 1,317,704	\$ 2,321,098
Operating Expenses:					
Salaries	19,966	19,229	86,903	157,393	283,491
Employee benefits	17,264	16,640	82,592	120,889	237,385
Property and liability insurance	1,391	1,543	2,378	2,805	8,117
Power purchased	-	-	-	490,961	490,961
Water purchased	148,592	-	-	-	148,592
Supplies	2,075	6,423	8,456	44,136	61,090
Chemicals	-	3,279	-	-	3,279
Purchased services	-	-	61,084	-	61,084
Repairs	181	2,895	10,300	1,273	14,649
Gas and oil	376	504	11,065	1,213	13,158
Other administrative expenses	17,006	5,284	4,264	4,821	31,375
Other production expense	7,128	2,681	-	127,773	137,582
Professional fees	2,815	2,617	2,668	4,923	13,023
Interest	(51)	1,175	-	-	1,124
Depreciation	33,164	49,408	21,246	15,893	119,711
Total operating expenses	<u>249,907</u>	<u>111,678</u>	<u>290,956</u>	<u>972,080</u>	<u>1,624,621</u>
Operating Income	<u>229,802</u>	<u>56,378</u>	<u>64,673</u>	<u>345,624</u>	<u>696,477</u>
Non Operating Revenues (Expenses)					
Interest earnings	3,620	1,674	840	5,720	11,854
Capital contributions	1,351,796	-	-	-	1,351,796
Other revenues	<u>5,675</u>	<u>31</u>	<u>2,647</u>	<u>16,932</u>	<u>25,285</u>
Total non operating revenues (expenses)	<u>1,361,091</u>	<u>1,705</u>	<u>3,487</u>	<u>22,652</u>	<u>1,388,935</u>
Transfers:					
In	-	26,175	-	26,734	52,909
Out	<u>(80,039)</u>	<u>(42,122)</u>	<u>(71,667)</u>	<u>(261,250)</u>	<u>(455,078)</u>
Net operating transfers	<u>(80,039)</u>	<u>(15,947)</u>	<u>(71,667)</u>	<u>(234,516)</u>	<u>(402,169)</u>
Net Income (Loss)	1,510,854	42,136	(3,507)	133,760	1,683,243
Net Position, Beginning of Year	<u>1,770,700</u>	<u>1,964,017</u>	<u>524,773</u>	<u>1,447,286</u>	<u>5,706,776</u>
Net Position, End of Year	<u>\$ 3,281,554</u>	<u>\$ 2,006,153</u>	<u>\$ 521,266</u>	<u>\$ 1,581,046</u>	<u>\$ 7,390,019</u>

See Notes to the Financial Statements

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

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES					
Cash received from customers	\$ 472,292	\$ 167,623	\$ 353,952	\$ 1,334,772	\$ 2,328,639
Cash payments to suppliers	(189,826)	(38,571)	(163,617)	(776,459)	(1,168,473)
Cash paid to employees	(19,966)	(19,229)	(86,903)	(157,393)	(283,491)
Net cash flow from operating activities	<u>262,500</u>	<u>109,823</u>	<u>103,432</u>	<u>400,920</u>	<u>876,675</u>
CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES					
Cash received from other funds (Due from other funds)	(23,855)	1,885	10,480	11,490	-
Operating transfers in from other funds	-	26,175	-	26,734	52,909
Operating transfers out to other funds	(80,039)	(42,122)	(71,667)	(261,250)	(455,078)
Net cash flow from non-capital financing activities	<u>(103,894)</u>	<u>(14,062)</u>	<u>(61,187)</u>	<u>(223,026)</u>	<u>(402,169)</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of property and equipment	-	-	-	(43,200)	(43,200)
Miscellaneous revenues	5,675	31	2,647	16,932	25,285
Payment on long-term borrowing	-	(25,000)	-	-	(25,000)
Net cash flow from capital and related financing activities	<u>5,675</u>	<u>(24,969)</u>	<u>2,647</u>	<u>(26,268)</u>	<u>(42,915)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES					
Interest earnings	<u>3,620</u>	<u>1,674</u>	<u>840</u>	<u>5,720</u>	<u>11,854</u>
Net cash flow from investing activities	<u>3,620</u>	<u>1,674</u>	<u>840</u>	<u>5,720</u>	<u>11,854</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,901	72,466	45,732	157,346	443,445
CASH AND CASH EQUIVALENTS, JANUARY 1, 2020	<u>729,666</u>	<u>552,457</u>	<u>491,589</u>	<u>1,455,394</u>	<u>3,229,106</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2020	<u>\$ 897,567</u>	<u>\$ 624,923</u>	<u>\$ 537,321</u>	<u>\$ 1,612,740</u>	<u>\$ 3,672,551</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 229,802	\$ 56,378	\$ 64,673	\$ 345,624	\$ 696,477
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	33,164	49,408	21,246	15,893	119,711
Changes in assets and liabilities					
(Increase)/Decrease in accounts receivable	(7,417)	(433)	(1,677)	17,068	7,541
(Increase)/Decrease in supplies	-	-	-	-	-
(Increase)/Decrease in deferred outflows of resources	(23,995)	(23,104)	(97,354)	(189,275)	(333,728)
Increase/(Decrease) in accounts payable	2,171	-	581	(12,806)	(10,054)
Increase/(Decrease) in accrued salaries	(688)	(662)	(3,045)	(5,399)	(9,794)
Increase/(Decrease) in payroll taxes	136	-	-	-	136
Increase/(Decrease) in customer deposits	-	-	-	(1,491)	(1,491)
Increase/(Decrease) in deferred inflows of resources	(3,840)	(3,697)	(15,562)	(30,299)	(53,398)
Increase/(Decrease) in net pension liability	32,997	31,770	133,879	260,267	458,913
Increase/(Decrease) in OPEB liability	170	163	691	1,338	2,362
Net cash provided (used) by operating activities	<u>\$ 262,500</u>	<u>\$ 109,823</u>	<u>\$ 103,432</u>	<u>\$ 400,920</u>	<u>\$ 876,675</u>
NONCASH FINANCING/INVESTING ACTIVITIES					
Debt proceeds recorded in capital project fund	\$ 313,513				
Construction in progress paid through capital project fund	1,351,796				

See Notes to the Financial Statements

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Cavalier complies with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The City of Cavalier is a municipality in which citizens elect the mayor at large and six council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The City uses the criteria established by GASB Statement No. 61, *Financial Reporting Entity*, in determining which component units should be included. The criteria include, but are not limited to, 1) appointing a voting majority of an organization's governing board, and 2) the ability of the entity to impose its will on that organization or 3) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the entity. Reporting units are further defined as a legally separate, tax exempt affiliated organization that meet all of the following criteria:

- The economic resources of the organization entirely or almost entirely directly benefit the City or its constituents, and
- The City or its component units are entitled to or can otherwise access, a majority of the economic resources of the organization, and
- The economic resources that the City is entitled to, or can otherwise access, are significant to the City.

The City has determined that no component units meet the above criteria and, therefore, none have been included as component units in the City's financial statements.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government taken as a whole. They include all funds of the reporting entity except any fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are typically organized into three categories: governmental, proprietary and fiduciary.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of an individual fund are at least 10 percent of the corresponding total for all funds of that type, AND
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

Major funds for the governmental funds are the General Fund, Capital Projects Fund, Special Revenue Fund – Airport Authority, Debt Service Fund-2013 Utility Improvement, and Debt Service Fund-Street Improvement.

Major proprietary funds include the water fund, sewer fund, sanitation fund and electric fund.

Governmental Funds

General Fund

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt, principal and interest.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activities focuses on net income measurement similar to the private sector. The City includes all of the enterprise funds as major, which consist of the Water, Sewer, Sanitation and Electric Funds.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Fiduciary Funds

The reporting focus of fiduciary funds is on net assets. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Currently, the City of Cavalier has no fiduciary funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe the recognition of revenues and expenditures within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and claims and judgments (if any), are recorded only when payment is due.

If both restricted and unrestricted resources are available to use for the same purpose, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Equivalents

In accordance with government accounting standards, the City considers cash equivalents to be temporary investments, which are readily convertible to cash, such as commercial paper and treasury bills of less than three months.

Investments consist solely of certificates of deposit with maturities of longer than three months.

Fair Value Measurements

The City accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Revenues

The City has the following program revenues: fees, fines and charges for services, operating and capital grants or contributions that are specific to a program. All other governmental revenues and general tax levies are classified as general revenues.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, special assessments, intergovernmental revenues and investment income.

Operating revenues and expenses in the enterprise funds consist of user fees, sales, charges for services and the related income and expenses associated with providing those sales and services. Non-operating revenues and expenses consist of contributions, grants, rents, interest and other miscellaneous items not associated with the services the fund is providing.

Revenues-Exchange and Non-Exchange Transactions

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the City receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the City.

Revenue sources susceptible to accrual include: property taxes, intergovernmental revenues and investment income.

Property Taxes

Property taxes attach as an enforceable lien on January 1st of the year collectible. A 5% reduction is allowed if paid by February 15th. Penalty and interest are added March 1st unless the first half of the taxes has been paid. Additional penalties are added October 15th if taxes are not paid.

Property taxes are all considered susceptible to accrual and so have been recognized as revenues in the current fiscal period. However, delinquent taxes may not be collected soon enough in the following year to be available for current expenditures, therefore offset by deferred revenue.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Unearned Revenues

Unearned revenue arises when assets are recognized in the financial statements before the revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenues.

Inventory

Inventories of supplies are stated at cost determined on a first-in, first-out basis. They are recorded as an expense at the time individual inventory items are used.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (i.e. roads, bridges, sidewalks, storm sewers and similar improvements), are reported in the government-wide statements in the applicable governmental or business-type activities column and in the proprietary fund statements. Capital assets that have been purchased or constructed have been valued at historical cost or estimated historical cost. Donated assets are recorded at acquisition value at the date of donation. The City has established a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation on exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Building and improvements	15 – 50 years
Equipment and vehicles	5 – 25 years
Infrastructure	50 years

Long-Term Debt

In the government-wide statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund financial statements.

In the governmental fund financial statements, long-term debt is not recognized as a liability. Instead, proceeds from the issuance of debt and repayment of debt principal are recognized as "Other Financing Sources" and "Expenditures", respectively, in the fund financial statements.

Compensated Absences

Staff of the City can accumulate leave up to a total of 10 days (80 hours). Compensated absences are recognized when paid.

Sick leave is recorded as an expenditure or expense when paid. Employees are not compensated for unused sick leave.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Net Position

In the government-wide financial statements, equity is classified as “net position” and displayed in three components:

1. Net Investment in Capital Assets – Consists of the remaining undepreciated cost of the assets less the outstanding debt associated with the purchase or construction of the related asset.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance

The difference between assets, deferred inflows/outflows and liabilities is “Net Position” on the government wide financial statements and “Fund Balance” on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned.

Non-spendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority which is the Board through a resolution.

Assigned fund balance represents amounts constrained by the government’s intent to be used for specific purposes, but neither restricted nor committed. The assigned amounts are determined by the Board.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

The first priority is to utilizing the restricted before unrestricted fund balance when both are available. Committed funds will be considered spent first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used like assigned or unassigned.

Minimum Fund Balance Policy

The Council has not formally adopted a fund balance policy for the General Fund.

Encumbrances

Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Group Concentrations of Credit Risk

As of December 31, 2020, the City's receivables consist of amounts owed from the local area businesses and individuals for utility services. The City does not require collateral or other security.

Inter-fund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the City's governmental activities and its business-type activities, are eliminated in the statement of activities.

Pensions

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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resource (expense/expenditure) until then. The City has three items reported on the statement of net position as *cost-sharing defined benefit pension plan* and *deferred resources - OPEB* which represents actuarial differences within the NDPERS pension and OPEB plans as well as amounts paid to the plans after the measurement date. See notes 5 and 6 for more details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, *unavailable property taxes*, *delinquent special assessments* and *uncertified special assessments* are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has three items reported on the statement of net position as *cost sharing benefit pension plans* and *deferred resources - OPEB*, which represents the actuarial differences within the NDPERS pension and OPEB plans. See notes 5 and 6 for more details.

NOTE 2 - DEPOSITS AND INVESTMENTS

The City maintains a cash pool of which each fund's portion of the pool is displayed on their respective balance sheet as cash and cash equivalents. In addition, non-pooled investments are separately held and reflected in their respective funds balance sheet as investments.

The City's investments consist of certificates of deposit with maturities of less than one year and are considered level 1 for fair value measurement.

In accordance with North Dakota laws, the City maintains deposits at depositories authorized by the city council. The depositories are members of the Federal Reserve System.

State statutes require that market value of collateral pledged to secure deposits not covered by insurance must equal 110% of the deposits. The City's cash and investments are held by the designated depository. The City's deposits and investments were covered by Federal Depository Insurance or collateral held in safekeeping in the City's name.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Interest Rate Risk

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

Credit Risk

State statutes authorize local governments to invest in:

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

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts on open account from individuals for goods and services furnished by the City. The carrying amount of the accounts receivable is reduced by an amount that reflects management's best estimates of the amount that will not be collected. As of December 31, 2020 management has not deemed any accounts uncollectible. The City has accounts receivable totaling \$78,333 for governmental activities and \$229,718 for business-type activities recorded at December 31, 2020.

NOTE 4 - CAPITAL ASSETS

Changes in capital assets for the governmental activities for the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities Capital Assets:					
Non Depreciable					
Land	\$ 273,222	\$ -	\$ -	\$ -	\$ 273,222
Construction in progress	2,143,619	53,764	-	(1,236,281)	961,102
Depreciable					
Buildings and improvements	688,524	55,783	-	-	744,307
Equipment and vehicles	1,262,174	25,245	-	-	1,287,419
Infrastructure	5,027,566	-	-	1,236,281	6,263,847
Total Gov't Activities Capital Assets	<u>9,395,105</u>	<u>134,792</u>	<u>-</u>	<u>-</u>	<u>9,529,897</u>
Accumulated Depreciation					
Buildings and improvements	284,487	16,114	-	-	300,601
Equipment and vehicles	978,015	75,337	-	-	1,053,352
Infrastructure	1,298,117	155,884	-	-	1,454,001
Total Accumulated Depreciation	<u>2,560,619</u>	<u>247,335</u>	<u>-</u>	<u>-</u>	<u>2,807,954</u>
Net Capital Assets - Gov't Activities	<u>\$ 6,834,486</u>	<u>\$ (112,543)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,721,943</u>

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Changes in capital assets for the business-type activities for the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities Capital Assets:				
Water				
Buildings and improvements	\$ 1,820,528	\$ -	\$ -	\$ 1,820,528
Equipment and vehicles	173,072	-	-	173,072
Construction in progress	196,518	1,665,309	-	1,861,827
Total Water Capital Assets	<u>2,190,118</u>	<u>1,665,309</u>	<u>-</u>	<u>3,855,427</u>
 Water Accum. Depreciation				
Buildings and improvements	1,018,049	25,936	-	1,043,985
Equipment and vehicles	85,556	7,228	-	92,784
Total Water Accum Dep.	<u>1,103,605</u>	<u>33,164</u>	<u>-</u>	<u>1,136,769</u>
Net Capital Assets - Water	<u>\$ 1,086,513</u>	<u>\$ 1,632,145</u>	<u>\$ -</u>	<u>\$ 2,718,658</u>
	Beginning Balance	Additions	Disposals	Ending Balance
Sewer				
Buildings and improvements	\$ 3,263,840	\$ -	\$ -	\$ 3,263,840
Equipment and vehicles	40,421	-	-	40,421
Total Sewer Capital Assets	<u>3,304,261</u>	<u>-</u>	<u>-</u>	<u>3,304,261</u>
 Sewer Accum. Depreciation				
Buildings and improvements	1,633,170	48,084	-	1,681,254
Equipment and vehicles	14,093	1,324	-	15,417
Total Sewer Accum Dep.	<u>1,647,263</u>	<u>49,408</u>	<u>-</u>	<u>1,696,671</u>
Net Capital Assets - Sewer	<u>\$ 1,656,998</u>	<u>\$ (49,408)</u>	<u>\$ -</u>	<u>\$ 1,607,590</u>

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

	Beginning Balance	Additions	Disposals	Ending Balance
Sanitation				
Buildings and improvements	\$ 59,639	\$ -	\$ -	\$ 59,639
Equipment and vehicles	277,297	-	-	277,297
Total Sanitation Capital Assets	336,936	-	-	336,936
 Sanitation Accum. Depreciation				
Buildings and improvements	30,631	1,871	-	32,502
Equipment and vehicles	191,472	19,375	-	210,847
Total Sanitation Accum Dep.	222,103	21,246	-	243,349
 Net Capital Assets - Sanitation	<u>\$ 114,833</u>	<u>\$ (21,246)</u>	<u>\$ -</u>	<u>\$ 93,587</u>
	Beginning Balance	Additions	Disposals	Ending Balance
Electric				
Buildings and improvements	\$ 242,609	\$ -	\$ -	\$ 242,609
Equipment and vehicles	399,010	43,200	-	442,210
Total Electric Capital Assets	641,619	43,200	-	684,819
 Electric Accum. Depreciation				
Buildings and improvements	240,772	234	-	241,006
Machinery and equipment	295,093	15,659	-	310,752
Total Electric Accum Dep.	535,865	15,893	-	551,758
 Net Capital Assets - Electric	<u>\$ 105,754</u>	<u>\$ 27,307</u>	<u>\$ -</u>	<u>\$ 133,061</u>

Depreciation expenses charged to the various functions in the Statement of Activities are as follows:

Governmental Activities	
General government	\$ 116,706
Public safety	44,842
Highways and streets	29,941
Other	55,846
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 247,335</u>
Business-Type Activities	
Water	\$ 33,164
Sewer	49,408
Sanitation	21,246
Electric	15,893
	<hr/>
Total Depreciation Expense - Business-Type Activities	<u>\$ 119,711</u>

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of changes in the governmental and business type activities long-term debt by individual issue for the year ended December 31, 2020:

Issue	Interest Rate	Maturity Date	Balance 12-31-19	New Issues	Retired	Other Adjustment	Balance 12-31-20	Due within One Year
Scott & Lynda Humble-contract for deed	2%	7/1/20	\$ 19,609	\$ -	\$ 19,609	\$ -	\$ -	\$ -
North Dakota Public Finance Authority	1.50%	9/1/48	599,599	-	20,000	-	579,599	20,000
\$2,025,000 Refunding Improvement Bonds of 2013	.5-3.75%	5/1/38	1,630,000	-	1,630,000	-	-	-
\$1,555,000 Refunding Improvement Bonds of 2014	.95-3.1%	5/1/29	1,085,000	-	1,085,000	-	-	-
\$2,655,000 Refunding Improvement Bonds of 2020	.6-2.1%	5/1/2037	-	2,655,000	-	-	2,655,000	215,000
\$194,000 Refunding Improvement Bonds of 2014B	1.80%	5/1/21	48,389	-	31,978	-	16,411	16,411
Net Pension Liability-Main			199,098	-	-	457,600	656,698	-
Net Pension Liability-Law Enforcement			44,415	-	-	147,469	191,884	-
Net OPEB Liability			22,721	-	-	2,492	25,213	-
			<u>\$ 3,648,831</u>	<u>\$ 2,655,000</u>	<u>\$ 2,786,587</u>	<u>\$ 607,561</u>	<u>\$ 4,124,805</u>	<u>\$ 251,411</u>

ENTERPRISE FUNDS

Issue	Interest Rate	Maturity Date	Balance 12-31-19	New Issues	Retired	Other Adjustment	Balance 12-31-20	Due within One Year
North Dakota State Revolving Fund Lift Station Improvement District	0.50%	9/1/28	\$ 235,000	\$ -	\$ 25,000	\$ -	\$ 210,000	\$ 25,000
North Dakota State Revolving Fund Drinking Water Bond - Water Tower Project	1.50%	9/1/2049	49,117	313,513	-	-	362,630	45,000
Net Pension Liability-Main			246,854	-	-	482,177	729,031	-
Net OPEB Liability			18,271	-	-	2,174	20,445	-
			<u>\$ 549,242</u>	<u>\$ 313,513</u>	<u>\$ 25,000</u>	<u>\$ 484,351</u>	<u>\$ 1,322,106</u>	<u>\$ 70,000</u>

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

During 2020, the City issued \$2,655,000 in Refunding Improvement Bonds, Series 2020 dated August 11, 2020. The proceeds were used to refund the outstanding Refunding Improvement Bonds, Series 2013 and 2014. As a result of the refunding, the City reduced its total debt services requirements by \$299,263.

The amount of future payments on the long-term debt is as follows:

Clean Water - Sewer Extension				\$2,655,000 Refunding Improvement			
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 20,000	\$ 8,773	\$ 28,773	2021	\$ 215,000	\$ 32,893	\$ 247,893
2022	20,000	8,512	28,512	2022	205,000	31,581	236,581
2023	20,000	8,250	28,250	2023	205,000	30,146	235,146
2024	20,000	7,988	27,988	2024	205,000	28,506	233,506
2025	20,000	7,726	27,726	2025	210,000	26,585	236,585
2026-2030	100,000	34,701	134,701	2026-2030	950,000	94,930	1,044,930
2031-2035	115,000	27,957	142,957	2031-2035	535,000	40,228	575,228
2036-2040	125,000	19,969	144,969	2036-2037	130,000	1,785	131,785
2041-2045	139,599	11,589	151,188		<u>\$ 2,655,000</u>	<u>\$ 286,654</u>	<u>\$ 2,941,654</u>
	<u>\$ 579,599</u>	<u>\$ 135,465</u>	<u>\$ 715,064</u>				

\$194,000 Refunding Improvement				Lift Station Improvement Bond			
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 16,411	\$ 148	\$ 16,559	2021	\$ 25,000	\$ 1,050	\$ 26,050
	<u>\$ 16,411</u>	<u>\$ 148</u>	<u>\$ 16,559</u>	2022	25,000	925	25,925
				2023	25,000	800	25,800
				2024	25,000	675	25,675
				2025	25,000	550	25,550
				2026-2028	85,000	875	85,875
					<u>\$ 210,000</u>	<u>\$ 4,875</u>	<u>\$ 214,875</u>

Drinking Water - Water Tower Project			
	Principal	Interest	Total
2021	\$ 45,000	\$ 21,187	\$ 66,187
2022	45,000	20,613	65,613
2023	45,000	20,038	65,038
2024	45,000	19,464	64,464
2025	45,000	18,890	63,890
2026-2028	137,630	53,159	190,789
	<u>\$ 362,630</u>	<u>\$ 153,351</u>	<u>\$ 515,981</u>

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 6 - 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. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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, 2020, the City reported a liability of \$1,385,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the City's proportion was 0.044047 percent which was an increase of 0.004017 from its proportion measured as of June 30, 2019.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

For the year ended December 31, 2020, the City recognized pension expense of \$233,940. The City has elected to pay the employer and employee portion of the retirement contribution. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,393	\$ 70,216
Changes in assumptions	742,840	122,810
Net difference between projected and actual earnings on pension plan investments	44,724	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,425	52,392
Employer contributions subsequent to the measurement date	19,344	-
	<u>\$ 864,726</u>	<u>\$ 245,418</u>

\$19,344 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 ending December 31, 2020.

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

<u>Year ending December 31</u>	<u>Pension Expense Amount</u>
2021	\$ 167,003
2022	156,366
2023	127,981
2024	148,614
2025	-

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	3.5% to 17.75%, including inflation
Investment Rate of Return	7.00%, net of investment expenses
Cost-of Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	6.30%
International Equity	21.00%	6.85%
Private Equity	7.00%	9.75%
Domestic Fixed Income	23.00%	1.25%
Global Real Assets	19.00%	5.01%

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Discount Rate

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

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

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

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

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

	1% Decrease in Discount rate- 3.64%	Current Discount Rate 4.64%	1% Increase in Discount Rate-5.64%
Employer's proportionate share of the net pension liability	\$ 1,797,878	\$ 1,385,728	\$ 1,048,489

Pension Plan Fiduciary Net Position

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

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NDPERS Law Enforcement Retirement System (Law Enforcement System)

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. The Law Enforcement System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At December 31, 2020, the Employer reported a liability of \$191,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll/contributions in the Law Enforcement System pension plan relative to the covered payroll/contributions of all participating Law Enforcement System employers. At June 30, 2020, the Employer's proportion was 0.29274 percent which was a decrease of 0.08072 from its proportion measured as of June 30, 2019.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

For the year ended December 31, 2020, the Employer recognized pension expense of \$31,042. At December 31, 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,117	\$ 3,285
Changes in assumptions	143,205	19,796
Net difference between projected and actual earnings on pension plan investments	7,175	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	152	16,972
Employer contributions subsequent to the measurement date	4,110	-
	<u>\$ 158,759</u>	<u>\$ 40,053</u>

\$4,110 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 ending December 31, 2020.

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

<u>Year ending December 31</u>	<u>Pension Expense Amount</u>
2021	\$ 25,444
2022	24,237
2023	19,850
2024	18,310
2025	23,569

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	3.5% to 17.75%, including inflation
Investment Rate of Return	7.00%, net of investment expenses
Cost-of Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	6.30%
International Equity	21.00%	6.85%
Private Equity	7.00%	9.75%
Domestic Fixed Income	23.00%	1.25%
Global Real Assets	19.00%	5.01%

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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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

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

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

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

	<u>1% Decrease in Discount Rate- 3.64%</u>	<u>Current Discount Rate 4.64%</u>	<u>1% Increase in Discount Rate - 5.64%</u>
Employer's proportionate share of the net pension liability	\$ 271,119	\$ 191,884	\$ 129,237

Pension Plan Fiduciary Net Position

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

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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 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, 2020, the City reported a liability of \$45,658 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the Employer's proportion was 0.054277 percent, which was a decrease of 0.003474 from its proportion measured as of June 30, 2019.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

For the year ended December 31, 2020, the City recognized OPEB expense of \$6,667. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,014	\$ 1,095
Changes in assumptions	6,122	-
Net difference between projected and actual earnings on pension plan investments	1,570	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,165	2,931
Employer contributions subsequent to the measurement date	3,575	-
	<u>\$ 16,446</u>	<u>\$ 4,026</u>

\$3,575 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

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

<u>Year ending December 31</u>	<u>Pension Expense Amount</u>
2021	\$ 1,965
2022	2,371
2023	2,297
2024	1,782
2025	491
2026	(61)
Thereafter	-

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33.00%	6.10%
Small Cap Domestic Equities	6.00%	7.00%
International Equities	21.00%	6.45%
Domestic Fixed Income	40.00%	1.15%

Discount rate. The discount rate used to measure the total OPEB liability was 6.50%. 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, 2019, and July 1, 2018, 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.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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, 2018, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease in Discount Rate- 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1% Increase in Discount Rate - 7.50%</u>
Employer's proportionate share of the net OPEB liability	\$ 59,881	\$ 45,658	\$ 33,630

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Construction

The City has entered into various contracts with construction contractors for sewer, water, and airport projects. These construction projects are in progress as of December 31, 2020.

Grant Programs

The City participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Risk Management

The City 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. The City carries insurance for risks of loss considered necessary, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City's property insurance is through the North Dakota State Fire and Tornado Fund, the liability insurance is provided through the North Dakota Insurance Reserve Fund, employee bond is provided by the North Dakota State Bond Fund, and workers' compensation is provided by the North Dakota Workers' Compensation Bureau. Other risks are covered by private insurance.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 9 - INTERFUND TRANSFERS AND BALANCES

Transfers In		
General	\$	541,834
Special Revenue-Growth		50,000
Special Revenue-Recreation		40,157
Debt Service-2013 Utility		16,744
Debt Service-Pines Addition		4,495
Street Improvement		40,000
Capital Projects		200,000
Proprietary Fund-Sewer		26,175
Proprietary Fund-Electric		26,734
	\$	<u>946,139</u>
Transfers Out		
General Fund	\$	290,000
Special Revenue-Highway Tax		88,000
Special Revenue-Growth		26,734
Special Revenue-Recreation		51,657
Special Revenue-Library		4,000
Debt Service-Lift Station		26,175
Capital Projects		4,495
Proprietary Fund-Water		80,039
Proprietary Fund-Sewer		42,122
Proprietary Fund-Sanitation		71,667
Proprietary Fund-Electric		261,250
	\$	<u>946,139</u>

These transfers consist of a revenue transfer from each enterprise fund (water, sewer, garbage and electric) into the general fund; a transfer from the recreation department, library and highway tax into the general fund for salaries and other costs; a transfer from the general fund into the growth fund for economic developments; a transfer from the general fund into the capital projects and street improvement funds for streets and highways, a transfer from the debt service fund into the sewer fund for debt service payments, a transfer from the sewer and water funds into the debt service fund for debt service payments; transfers from each proprietary fund into the general fund for insurance premiums and other costs.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

The interfund receivables and payables consist of the following:

Due from Other Funds	Amount
Capital Projects	\$ 23,015
Proprietary Fund-Water	23,855
Proprietary Fund-Electric	<u>26,351</u>
	<u>\$ 73,221</u>
Due to Other Funds	
Debt Service	\$ 23,015
Special Revenue - Growth Fund	26,351
Proprietary Fund-Sewer	1,885
Proprietary Fund-Sanitation	10,480
Proprietary Fund-Electric	<u>11,490</u>
	<u>\$ 73,221</u>

The Electric fund advanced funds to the Growth Fund for the Hartz land purchase.

The Capital Project fund paid principal and interest payments for the Debt Service fund. The amounts will be reimbursed from the Debt Service fund to the Capital Project fund in 2020.

The Water fund advanced funds to the Sewer, Sanitation, Electric to cover employee health insurance costs.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 10 - FUND BALANCES

Fund balance is categorized as follows:

Fund Balance	General	Capital Projects	Special Revenue Airport Authority	Debt Service Funds		Other Governmental Funds	Total
				2013 Utility Improvement	Street Improvement		
Non Spendable							
Loans receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,728	\$ 12,728
Restricted							
Debt service	-	-	-	292,025	163,575	171,669	627,269
Improvements	-	495,875	-	-	-	-	495,875
Lodging tax	-	-	-	-	-	9,924	9,924
Special assessments	-	-	-	-	-	-	-
Jobs development	-	-	-	-	-	21,676	21,676
Highway tax	-	-	-	-	-	30,375	30,375
Cemetery	-	-	-	-	-	107,579	107,579
Library	-	-	-	-	-	23,928	23,928
Airport Authority	-	-	239,675	-	-	-	239,675
Growth	-	-	-	-	-	197,769	197,769
Forestry	-	-	-	-	-	1,899	1,899
Cavlandic Bike Share	-	-	-	-	-	100	100
Total restricted	-	495,875	239,675	292,025	163,575	564,819	1,756,069
Committed							
Fleet reserves	-	-	-	-	-	1,192	1,192
Emergency	-	-	-	-	-	8,805	8,805
Recreation	-	-	-	-	-	113,295	113,295
Fire department	-	-	-	-	-	231,314	231,314
Beautification	-	-	-	-	-	1,858	1,858
Total committed	-	-	-	-	-	356,464	356,464
Unassigned	1,132,653	-	-	-	-	(25,978)	1,106,675
Total Fund Balance	<u>\$ 1,132,653</u>	<u>\$ 495,875</u>	<u>\$ 239,675</u>	<u>\$ 292,025</u>	<u>\$ 163,575</u>	<u>\$ 908,033</u>	<u>\$ 3,231,936</u>

Deficit fund balances of individual funds as of December 31, 2020 are as follows:

Debt Service – Pines Addition	\$23,623
Special Assessments	2,355

The deficits are expected to be eliminated through future revenue or a transfer from the general funds.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 11 - NEW PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended,

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF CAVALIER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Management has not yet determined what effect these statements will have on the City's financial statements.

NOTE 12 - SUBSEQUENT EVENTS

No significant events have occurred subsequent to the City's year end. Subsequent events have been evaluated through August 11, 2023, which is the date these financial statements were available to be issued.

CITY OF CAVALIER
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenue:				
Property taxes	\$ 105,000	\$ 105,000	\$ 116,135	\$ 11,135
Sales and use taxes	365,905	365,905	406,210	40,305
Licenses, permits and fees	7,075	7,075	14,263	7,188
Intergovernmental revenues	85,065	85,065	364,032	278,967
Charges for services	-	-	5,300	5,300
Fines and forfeits	1,000	1,000	1,560	560
Miscellaneous revenues	11,950	11,950	24,285	12,335
	<u>575,995</u>	<u>575,995</u>	<u>931,785</u>	<u>355,790</u>
Total revenues				
Expenditures:				
Current:				
General government	422,512	422,512	381,697	40,815
Public safety	194,062	194,062	161,536	32,526
Highways and streets	178,489	178,489	154,208	24,281
Health and welfare	98,000	98,000	102,815	(4,815)
Culture and recreation	80,650	80,650	129,734	(49,084)
Capital outlay	-	-	9,759	(9,759)
	<u>973,713</u>	<u>973,713</u>	<u>939,749</u>	<u>33,964</u>
Total expenditures				
Excess of Revenues Over (Under)				
Expenditures	<u>(397,718)</u>	<u>(397,718)</u>	<u>(7,964)</u>	<u>389,754</u>
Other Financing Sources (Uses):				
Operating transfers in	507,000	507,000	541,834	34,834
Operating transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(290,000)</u>	<u>(40,000)</u>
	<u>257,000</u>	<u>257,000</u>	<u>251,834</u>	<u>(5,166)</u>
Total other financing sources (uses)				
Net Change in Fund Balance	(140,718)	(140,718)	243,870	384,588
Fund Balance (Deficit), Beginning of Year	<u>888,783</u>	<u>888,783</u>	<u>888,783</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 748,065</u>	<u>\$ 748,065</u>	<u>\$ 1,132,653</u>	<u>\$ 384,588</u>

See Notes to the Required Supplementary Information

CITY OF CAVALIER
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
ND PUBLIC EMPLOYEE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS (PROSPECTIVELY)
YEAR OF IMPLEMENTATION

Main System

For The Year Ended December 31	City's Proportion Share of the Net Pension <u>Liability (Asset)</u>	City's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	City's Covered Employee <u>Payroll</u>	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee <u>Payroll</u>	Plan Fiduciary Net Position as a Percentage of the <u>Total Pension Liability</u>
2015	0.056942%	\$ 387,196	\$ 507,286	76.33%	77.15%
2016	0.046415%	452,360	467,758	96.70%	70.46%
2017	0.042471%	682,647	433,564	157.45%	61.98%
2018	0.044704%	754,429	459,250	164.27%	62.80%
2019	0.040030%	469,216	416,413	112.68%	71.66%
2020	0.044047%	1,385,728	485,891	285.19%	48.91%

Law Enforcement

For The Year Ended December 31	City's Proportion Share of the Net Pension <u>Liability (Asset)</u>	City's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	City's Covered Employee <u>Payroll</u>	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee <u>Payroll</u>	Plan Fiduciary Net Position as a Percentage of the <u>Total Pension Liability</u>
2015	0.702325%	\$ 42,670	\$ 102,937	41.40%	77.15%
2016	0.588958%	67,485	166,235	40.60%	70.46%
2017	0.454806%	100,131	130,828	76.54%	61.98%
2018	0.446866%	104,139	154,263	67.51%	62.80%
2019	0.373460%	44,415	150,474	29.52%	71.66%
2020	0.292740%	191,884	132,856	144.43%	53.12%

The City implemented GASB Statement No. 68 for its fiscal year ended December 31, 2015. Information for prior years is not available.

The amounts presented for each year were determined as of the measurement date of the collective net pension liability, which is June 30.

See Notes to the Required Supplementary Information

CITY OF CAVALIER
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (PROSPECTIVELY)
YEAR OF IMPLEMENTATION

Main System

For The Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the		City's Covered-employee Payroll	Contributions as a Percentage of Covered Employee Payroll
		Statutorily Required Contributions	Contribution Deficiency (Excess)		
2015	\$ 37,541	\$ 37,541	\$ -	\$ 527,266	7.12%
2016	33,621	33,621	-	472,207	7.12%
2017	32,625	32,625	-	458,216	7.12%
2018	33,602	33,602	-	471,935	7.12%
2019	33,898	33,898	-	476,090	7.12%
2020	37,731	37,731	-	529,936	7.12%

Law Enforcement

For The Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the		City's Covered-employee Payroll	Contributions as a Percentage of Covered Employee Payroll
		Statutorily Required Contributions	Contribution Deficiency (Excess)		
2015	\$ 15,308	\$ 15,308	\$ -	\$ 156,074	9.81%
2016	15,661	15,661	-	159,648	9.81%
2017	15,824	15,824	-	161,306	9.81%
2018	13,914	13,914	-	141,839	9.81%
2019	13,999	13,999	-	142,696	9.81%
2020	9,051	9,051	-	92,265	9.81%

The City implemented GASB Statement No. 68 for its fiscal year ended December 31, 2015. Information for prior years is not available.

The amounts presented for each year were determined as of the City's year end which is December 31.

See Notes to the Required Supplementary Information

CITY OF CAVALIER
SCHEDULE OF CITY'S SHARE OF THE OPEB LIABILITY
LAST 10 FISCAL YEARS (PROSPECTIVELY)

For the Fiscal Year Ended June 30	City's Proportion of the Net OPEB Liability (Asset)		City's Proportionate Share of the Net OPEB Liability (Asset) (a)		City's Covered- Employee Payroll		Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	
	Liability	(Asset)	Liability	(Asset)	Employee Payroll	(a)	Payroll		Liability	
2018	0.056069%		\$	44,158	\$	613,513	7.20%		61.89%	
2019	0.050803%			40,804		566,887	7.20%		63.13%	
2020	0.054277%			45,658		618,747	7.38%		63.38%	

The amounts presented for each fiscal year were determined as of the measurement date of the City's other postemployment benefit liability which is June 30 of the previous fiscal year.

The City implemented GASB statement No. 75 for its year ended December 31, 2018. Information for the prior years is not available.

See Notes to the Required Supplementary Information

CITY OF CAVALIER
SCHEDULE OF CITY'S CONTRIBUTIONS TO OPEB PLAN
LAST 10 FISCAL YEARS (PROSPECTIVELY)

Fiscal Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
		Statutorily Required Contributions	Statutorily Required Contributions			
2018	\$ 6,997	\$ 6,997	\$ 6,997	- \$	613,775	1.14%
2019	7,054	7,054	7,054	-	618,786	1.14%
2020	7,093	7,093	7,093	-	622,200	1.14%

The amounts presented for each year were determined as of the City's year end which is December 31.

The City implemented GASB Statement No. 75 for its year ended December 31, 2018. Information for the prior years are not available.

See Notes to the Required Supplementary Information

CITY OF CAVALIER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 BUDGETARY COMPARISON

The governing body of each municipality, annually on or before August 10, shall make, on suitable blanks prescribed by the state tax commissioner and state auditor, an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year. The annual budget shall be prepared for the general fund, special revenue funds and debt service funds. However, the City does not adopt a budget for the Special Revenue Fund- Airport Authority. The budget is prepared on the cash basis, which is not materially different from the modified accrual basis.

The preliminary budget shall set forth specifically:

- 1) Estimated expenditures of the municipality for the current fiscal year.
- 2) Estimated expenditures for the ensuing fiscal year.
- 3) Estimated cash balance standing to the debit or credit of the municipality at the end of the current year.
- 4) Estimate of probable amounts that may be received during the ensuing year from sources other than direct property taxes, and a statement of all the uncollected taxes due to the municipality.

After the preliminary budget has been prepared the city auditor shall give notice that the preliminary budget is on file in the office of the auditor and that such budget may be examined by anyone requesting to do so. The governing body shall meet for the purpose of adopting the final budget and making the annual tax levy no later than October 7.

After completing the final budget on or before October 7, the governing body shall proceed to make the annual tax levy. Immediately after the completion of the final budget and the adoption of the tax levy by the governing body, the auditor shall send to the county auditor two certified copies of the final budget and levy no later than October 10.

The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10, of each year. The budget amounts shown in the financial statements are the final authorized amounts.

The unexpended balance of the cash appropriation becomes a part of the unappropriated balance at year end.

CITY OF CAVALIER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 CHANGES OF BENEFIT TERMS AND ASSUMPTIONS

NDPERS – Main System

Changes of benefit terms.

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (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, 2019.

Changes of assumptions.

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

- The investment return assumption was lowered from 7.50% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

NDPERS – Main System

Changes of benefit terms.

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Public Safety 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). 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, 2019.

CITY OF CAVALIER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Changes of assumptions.

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

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

OPEB

Changes of benefit terms.

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

CITY OF CAVALIER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds	Debt Service Funds	Total Non Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 571,235	\$ 171,061	\$ 742,296
Investments	193,194	-	193,194
Receivables:			
Accounts receivable	9,281	-	9,281
Taxes receivable	1,132	-	1,132
Special assessments	-	818,655	818,655
Loans receivable	12,728	-	12,728
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 787,570</u>	<u>\$ 989,716</u>	<u>\$ 1,777,286</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Due to other funds	\$ 26,351	\$ 23,015	\$ 49,366
	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources			
Unavailable property taxes receivable	1,132	-	1,132
Delinquent special assessments	-	20,505	20,505
Uncertified special assessments	-	798,150	798,150
Total Deferred Inflows of Resources	<u>1,132</u>	<u>818,655</u>	<u>819,787</u>
Fund Balance:			
Nonspendable	12,728	-	12,728
Restricted	393,250	171,669	564,919
Committed	356,464	-	356,464
Unassigned	(2,355)	(23,623)	(25,978)
Total Fund Balance	<u>760,087</u>	<u>148,046</u>	<u>908,133</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 787,570</u>	<u>\$ 989,716</u>	<u>\$ 1,777,286</u>

CITY OF CAVALIER
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds	Debt Service Funds	Total Non Major Governmental Funds
Revenues:			
Taxes	\$ 128,889	\$ -	\$ 128,889
Special assessments	-	72,477	72,477
Intergovernmental	2,076	-	2,076
Charges for services	31,626	-	31,626
Other	183,901	7,106	191,007
	<u>346,492</u>	<u>79,583</u>	<u>426,075</u>
Total revenues			
Expenditures:			
Current:			
General government	2,233	-	2,233
Public safety	77,000	-	77,000
Culture and recreation	76,346	-	76,346
Capital outlay	57,524	-	57,524
Other	88,402	-	88,402
Debt Service:			
Debt principal	19,609	51,978	71,587
Interest	392	10,159	10,551
Fiscal charges	-	3,369	3,369
	<u>321,506</u>	<u>65,506</u>	<u>387,012</u>
Total expenditures			
Excess of Revenues Over (Under) Expenditures	24,986	14,077	39,063
Other Financing Sources (Uses):			
Sale of capital assets	18,500	-	18,500
Operating transfers in	90,157	4,495	94,652
Operating transfers out	(170,391)	(26,175)	(196,566)
	<u>(61,734)</u>	<u>(21,680)</u>	<u>(83,414)</u>
Total other financing sources (uses)			
Net Change in Fund Balances	(36,748)	(7,603)	(44,351)
Fund Balance, Beginning of Year	<u>796,835</u>	<u>155,649</u>	<u>952,484</u>
Fund Balance, End of Year	<u>\$ 760,087</u>	<u>\$ 148,046</u>	<u>\$ 908,133</u>

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

	Special Assessments	Jobs Development Authority	Highway Tax	Lodging Tax	Fleet Reserves	Emergency	Cemetery
Assets:							
Cash and cash equivalents	\$ (2,355)	\$ 21,676	\$ 21,350	\$ 9,668	\$ 1,192	\$ 8,805	\$ 16,390
Investments	-	-	-	-	-	-	91,189
Accounts receivable	-	-	9,025	256	-	-	-
Taxes receivable	-	218	-	-	-	-	216
Loans receivable	-	12,728	-	-	-	-	-
Total Assets	\$ (2,355)	\$ 34,622	\$ 30,375	\$ 9,924	\$ 1,192	\$ 8,805	\$ 107,795
Liabilities, Deferred Inflows and Fund Balance							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-
Deferred Inflows of Resources							
Unavailable property taxes receivable	-	218	-	-	-	-	216
Fund Balance							
Nonspendable	-	12,728	-	-	-	-	-
Restricted	-	21,676	30,375	9,924	-	-	107,579
Unrestricted	-	-	-	-	-	-	-
Committed	-	-	-	-	1,192	8,805	-
Unassigned	(2,355)	-	-	-	-	-	-
Total fund balance	(2,355)	34,404	30,375	9,924	1,192	8,805	107,579
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ (2,355)	\$ 34,622	\$ 30,375	\$ 9,924	\$ 1,192	\$ 8,805	\$ 107,795

CITY OF CAVALIER
COMBINING BALANCE SHEET - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Recreation	Library	Fire Department	Growth	Beautification	Forestry	Cavlandic Bike Share	Total Non Major Special Revenue Funds
Assets:								
Cash and cash equivalents	\$ 113,295	\$ 23,928	\$ 129,309	\$ 224,120	\$ 1,858	\$ 1,899	\$ 100	\$ 571,235
Investments	-	-	102,005	-	-	-	-	193,194
Accounts receivable	-	-	-	-	-	-	-	9,281
Taxes receivable	271	427	-	-	-	-	-	1,132
Loans receivable	-	-	-	-	-	-	-	12,728
Total Assets	\$ 113,566	\$ 24,355	\$ 231,314	\$ 224,120	\$ 1,858	\$ 1,899	\$ 100	\$ 787,570
Liabilities, Deferred Inflows and Fund Balance								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ 26,351	\$ -	\$ -	\$ -	\$ 26,351
Total Liabilities	-	-	-	26,351	-	-	-	26,351
Deferred Inflows of Resources								
Unavailable property taxes receivable	271	427	-	-	-	-	-	1,132
Fund Balance								
Nonspendable	-	-	-	-	-	-	-	12,728
Restricted	-	23,928	-	197,769	-	1,899	100	393,250
Unrestricted	-	-	-	-	-	-	-	-
Committed	113,295	-	231,314	-	1,858	-	-	356,464
Unassigned	-	-	-	-	-	-	-	(2,355)
Total fund balance	113,295	23,928	231,314	197,769	1,858	1,899	100	760,087
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 113,566	\$ 24,355	\$ 231,314	\$ 224,120	\$ 1,858	\$ 1,899	\$ 100	\$ 787,570

CITY OF CAVALIER
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Assessments	Jobs Development Authority	Highway Tax	Lodging Tax	Fleet Reserves	Emergency	Cemetery
Revenues:							
Taxes	\$ 8,626	\$ 6,059	\$ 82,626	\$ 6,157	\$ -	\$ -	\$ 6,061
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	5,202
Total revenues	<u>8,626</u>	<u>6,059</u>	<u>82,626</u>	<u>6,157</u>	<u>-</u>	<u>-</u>	<u>11,263</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	11,192	4,164	-	2,500	-	-	10,000
Debt Service:							
Principal retirement	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>11,192</u>	<u>4,164</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Excess Revenues Over (Under) Expenditures	(2,566)	1,895	82,626	3,657	-	-	1,263
Other Financing Sources (Uses)							
Sale of capital assets	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	(88,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(88,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,566)	1,895	(5,374)	3,657	-	-	1,263
Fund Balance (Deficit), Beginning of Year	<u>211</u>	<u>32,509</u>	<u>35,749</u>	<u>6,267</u>	<u>1,192</u>	<u>8,805</u>	<u>106,316</u>
Fund Balance (Deficit), End of Year	<u>\$ (2,355)</u>	<u>\$ 34,404</u>	<u>\$ 30,375</u>	<u>\$ 9,924</u>	<u>\$ 1,192</u>	<u>\$ 8,805</u>	<u>\$ 107,579</u>

CITY OF CAVALIER
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Recreation	Library	Fire Department	Growth	Beautification	Forestry	Cavlandic Bike Share	Total Non Major Special Revenue Funds
Revenues:								
Taxes	\$ 7,469	\$ 11,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,889
Intergovernmental	-	2,076	-	-	-	-	-	2,076
Charges for services	30,717	909	-	-	-	-	-	31,626
Other	30,823	30,781	112,802	2,740	1,453	-	100	183,901
Total revenues	<u>69,009</u>	<u>45,657</u>	<u>112,802</u>	<u>2,740</u>	<u>1,453</u>	<u>-</u>	<u>100</u>	<u>346,492</u>
Expenditures:								
Current:								
General government	-	-	-	-	2,233	-	-	2,233
Public safety	-	-	77,000	-	-	-	-	77,000
Culture and recreation	56,865	19,481	-	-	-	-	-	76,346
Capital outlay	57,524	-	-	-	-	-	-	57,524
Other	-	-	-	60,546	-	-	-	88,402
Debt Service:								
Principal retirement	-	19,609	-	-	-	-	-	19,609
Interest	-	392	-	-	-	-	-	392
Total expenditures	<u>114,389</u>	<u>39,482</u>	<u>77,000</u>	<u>60,546</u>	<u>2,233</u>	<u>-</u>	<u>-</u>	<u>321,506</u>
Excess Revenues Over (Under) Expenditures	(45,380)	6,175	35,802	(57,806)	(780)	-	100	24,986
Other Financing Sources (Uses)								
Sale of capital assets	-	-	-	18,500	-	-	-	18,500
Operating transfers in	40,157	-	-	50,000	-	-	-	90,157
Operating transfers out	(51,657)	(4,000)	-	(26,734)	-	-	-	(170,391)
Total other financing sources (uses)	<u>(11,500)</u>	<u>(4,000)</u>	<u>-</u>	<u>41,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,734)</u>
Net Change in Fund Balances	(56,880)	2,175	35,802	(16,040)	(780)	-	100	(36,748)
Fund Balance (Deficit), Beginning of Year	<u>170,175</u>	<u>21,753</u>	<u>195,512</u>	<u>213,809</u>	<u>2,638</u>	<u>1,899</u>	<u>-</u>	<u>796,835</u>
Fund Balance (Deficit), End of Year	<u>\$ 113,295</u>	<u>\$ 23,928</u>	<u>\$ 231,314</u>	<u>\$ 197,769</u>	<u>\$ 1,858</u>	<u>\$ 1,899</u>	<u>\$ 100</u>	<u>\$ 760,087</u>

CITY OF CAVALIER
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2020

	<u>Pines Street</u>	<u>Lift Station Improvement</u>	<u>Pines Addition</u>	<u>Water Tower Project</u>	<u>Total Non Major Debt Service Funds</u>
Assets:					
Cash and cash equivalents	\$ 47,643	\$ 117,699	\$ (608)	\$ 6,327	\$ 171,061
Receivables:					
Special assessments	<u>30,368</u>	<u>155,274</u>	<u>633,013</u>	<u>-</u>	<u>818,655</u>
Total Assets	<u>\$ 78,011</u>	<u>\$ 272,973</u>	<u>\$ 632,405</u>	<u>\$ 6,327</u>	<u>\$ 989,716</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,015</u>	<u>\$ -</u>	<u>\$ 23,015</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>23,015</u>	<u>-</u>	<u>23,015</u>
Deferred Inflows of resources					
Delinquent special assessments	9,469	1,567	9,469	-	20,505
Uncertified special assessments	<u>20,899</u>	<u>153,707</u>	<u>623,544</u>	<u>-</u>	<u>798,150</u>
Total Deferred Inflows of Resources	<u>30,368</u>	<u>155,274</u>	<u>633,013</u>	<u>-</u>	<u>818,655</u>
Fund Balance:					
Restricted for debt service	47,643	117,699	-	6,327	171,669
Unrestricted	<u>-</u>	<u>-</u>	<u>(23,623)</u>	<u>-</u>	<u>(23,623)</u>
	<u>47,643</u>	<u>117,699</u>	<u>(23,623)</u>	<u>6,327</u>	<u>148,046</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 78,011</u>	<u>\$ 272,973</u>	<u>\$ 632,405</u>	<u>\$ 6,327</u>	<u>\$ 989,716</u>

CITY OF CAVALIER
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Pines Street</u>	<u>Lift Station Improvement</u>	<u>Pines Addition</u>	<u>Water Tower Project</u>	<u>Total Non major Debt Service Funds</u>
Revenues:					
Special assessments	\$ 24,736	\$ 22,353	\$ 25,388	\$ -	\$ 72,477
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,106</u>	<u>7,106</u>
Total revenues	<u>24,736</u>	<u>22,353</u>	<u>25,388</u>	<u>7,106</u>	<u>79,583</u>
Expenditures:					
Debt Service:					
Bond principal	31,978	-	20,000	-	51,978
Bond interest	583	-	8,992	584	10,159
Fiscal charges	<u>500</u>	<u>1,175</u>	<u>1,499</u>	<u>195</u>	<u>3,369</u>
Total expenditures	<u>33,061</u>	<u>1,175</u>	<u>30,491</u>	<u>779</u>	<u>65,506</u>
Excess of Revenues Over (Under) Expenditures	(8,325)	21,178	(5,103)	6,327	14,077
Other Financing Sources (Uses):					
Operating transfers in	-	-	4,495	-	4,495
Operating transfers out	<u>-</u>	<u>(26,175)</u>	<u>-</u>	<u>-</u>	<u>(26,175)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(26,175)</u>	<u>4,495.00</u>	<u>-</u>	<u>(21,680)</u>
Net Change in Fund Balances	(8,325)	(4,997)	(608)	6,327	(7,603)
Fund Balance, Beginning of Year	<u>55,968</u>	<u>122,696</u>	<u>(23,015)</u>	<u>-</u>	<u>155,649</u>
Fund Balance, End of Year	<u>\$ 47,643</u>	<u>\$ 117,699</u>	<u>\$ (23,623)</u>	<u>\$ 6,327</u>	<u>\$ 148,046</u>

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

Mayor and Alderman of the
City Council
City of Cavalier
Cavalier, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cavalier, North Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 11, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did find certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cavalier, North Dakota'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Cavalier's Response to Findings

The City of Cavalier's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Cavalier's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this report

This report is intended 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.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

August 11, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Alderman of the
City Council
City of Cavalier
Cavalier, North Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Cavalier's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City of Cavalier's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Cavalier complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

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

control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-003, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

August 11, 2023

CITY OF CAVALIER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>AL #</u>	<u>Description</u>	<u>Pass Through Grantor Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>			
20.106	Airport Improvement Program and COVID-19 Airports Programs		\$ 9,144
Total Department of Transportation			<u>9,144</u>
<u>United States Environmental Protection Agency</u>			
Drinking Water State Revolving Loan Cluster			
Passed through North Dakota Public Finance Authority			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	3400170-01	<u>989,749</u>
Total Passed Through the North Dakota Public Finance Authority			<u>989,749</u>
Total Drinking Water Revolving Loan Cluster			<u>989,749</u>
<u>Department of the Treasury</u>			
Passed through State of North Dakota			
21.019	COVID 19 - Coronavirus Relief Fund		<u>135,807</u>
Total Passed Through the State of North Dakota			<u>135,807</u>
TOTAL			<u>\$ 1,134,700</u>

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF CAVALIER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 - INDIRECT COST RATE

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

NOTE 3 - BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of City of Cavalier under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Cavalier, it is not intended to and does not present the financial position or changes in net position of the City.

CITY OF CAVALIER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> x </u> Yes	<u> </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> x </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> x </u> No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> x </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> x </u> Yes	<u> </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

<u> x </u> Yes	<u> </u> No
----------------------	----------------------

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> x </u> No
--	-----------------------	---------------------

CITY OF CAVALIER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

Control Deficiency 2020-001 – Material Weakness

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause of Condition

The City is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the organization review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Response

We concur with the auditor's recommendation. The City will consider the costs and benefits of this recommendation.

CITY OF CAVALIER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Control Deficiency 2020-002 – Material Weakness

Criteria

An appropriate system of internal control requires the entity to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The City's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the entity currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The City has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The City elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the City's financial statements

Recommendation

We recommend the City 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. As a compensating control the City should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Response

We concur with the auditor's finding and will consider the risks and costs associated with the financial statement preparation.

CITY OF CAVALIER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-003 – Reporting

66.468 Capital Grants for Drinking Water State Revolving Funds

Criteria

Requirements contained in Uniform Guidance requires audited financial statements to be filed with the Federal Audit Clearinghouse within nine months of the City's year end, as required for compliance with reporting requirements.

Condition

The City's December 31, 2020 audited financial statements were not filed with the Federal Audit Clearinghouse by the required due date.

Cause

The City's financial statements were not available to be audited until after the deadline had passed.

Effect

Non-compliance with Uniform Guidance reporting requirements.

Questioned Costs

None

Repeat Finding

No

Context

The City's December 31, 2020 audited financial statements were not filed with the Federal Audit Clearinghouse by the required due date.

Recommendation

We recommend that the City implement and communicate a timeline within the finance department to ensure that the City financial information and files are prepared, reconciled, and audited timely. This will allow for timely submission of its audited financial statements to the Federal Audit Clearinghouse within deadline as required by Uniform Guidance.

Response

We concur with the auditor's finding and will take action to ensure timely reporting in the future.



City of Cavalier
301 Division Ave N
P.O. Box 750
Cavalier, ND 58220
Ph. 701.265.8800
Fax 701.265.8720

Corrective Action Plan – December 31, 2020

2020-001

Contact Person

Casey Krieg

Corrective Action Plan

The City of Cavalier will implement when it becomes cost-effective.

Completion Date

The planned completion date for the CAP is when it becomes cost-effective.

2020-002

Contact Person

Casey Krieg

Corrective Action Plan

The City of Cavalier will implement when it becomes cost-effective.

Completion Date

The planned completion date for the CAP is when it becomes cost-effective.

2020-003

Contact Person

Casey Krieg

Corrective Action Plan

The City of Cavalier will implement the recommendation from Brady Martz.

Completion Date

The planned completion date will be the start of the fiscal year 2021 audit.

Mayor
Lacey Hinkle

Council Ward I
Craig Vaughn
Sara Carter

Council Ward II
Mike Carpenter
Kelly Cluchie

Council Ward III
Tom Beard
Al Berry