

**CITY OF CROSBY  
CROSBY, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

## TABLE OF CONTENTS

	Page
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6
Balance Sheet – Governmental Funds – Modified Cash Basis	7
Reconciliation of Governmental Funds Balance Sheet to Government-Wide Statement of Net Position – Modified Cash Basis	8
Statement of Revenues, Expenses, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	9
Reconciliation of Governmental Funds Statement of Revenues, Expenses and Changes in Fund Balance with the Government-Wide Statement of Activities – Modified Cash Basis	10
Statement of Net Position– Proprietary Funds – Modified Cash Basis	11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – Modified Cash Basis	12
Statement of Cash Flows – Proprietary Funds – Modified Cash Basis	13
Notes to the Financial Statements	15
<b>SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund – Modified Cash Basis	31
Budgetary Comparison Schedule – Municipal Highway Fund – Modified Cash Basis	32
<b>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></b>	33
Schedule of Findings and Responses	35

## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Crosby  
Crosby, North Dakota

### Report on the Financial Statements

We have audited the accompanying statement of net position – modified cash basis, balance sheet – governmental funds – modified cash basis and statement of net position – proprietary funds – modified cash basis. We were engaged to audit the statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, statement of revenues, expenses, and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements for the year ended December 31, 2020, which collectively comprise the City of Crosby's 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 the modified cash basis of accounting as described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is also responsible for 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the Basis for Disclaimer of Opinions paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide an audit opinion on the statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, statement of revenues, expenses and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements.

We conducted our audit of the statement of net position – modified cash basis, balance sheet–governmental funds – modified cash basis and statement of net position – proprietary funds – modified cash basis, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 these 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 judgement, 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.

Except for the matter described in the Basis for Adverse Opinion and Basis for Disclaimer of Opinions paragraphs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Summary of Opinions

<u>Opinion Unit / Financial Statement</u>	<u>Type of Opinion</u>
Governmental Activities / Business-Type Activities: <ul style="list-style-type: none"> <li>• Statement of Net Position – Modified Cash Basis</li> <li>• Statement of Activities – Modified Cash Basis</li> </ul>	Unmodified Disclaimer
Discretely Presented Component Unit	Adverse
<u>Opinion Unit / Financial Statement</u>	
General Fund, Municipal Highway and Aggregate Remaining Funds: <ul style="list-style-type: none"> <li>• Balance Sheet – Modified Cash Basis</li> <li>• Statement of Revenues, Expenses, and Changes in Fund Balances – Modified Cash Basis</li> </ul>	Unmodified Disclaimer
Water, Sewer, Treatment Plant Fund, Landfill Fund and Tree Fund: <ul style="list-style-type: none"> <li>• Statement of Net Position – Modified Cash Basis – Proprietary Funds</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds</li> </ul>	Unmodified Disclaimer

## Disclaimer of Opinions

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for the audit opinions. Accordingly, we do not express opinions on the modified cash basis financial statements referred to in the first paragraph.

## **Basis for Adverse Opinion on Discretely Presented Component Unit**

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America, as applied under the modified cash basis, require financial data for component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, revenues, and expenses of the discretely presented component unit has not been determined as no such financial information was received from the Crosby Housing Authority.

## **Adverse Opinion**

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the modified cash basis financial position of the discretely presented component unit of the City of Crosby, as of December 31, 2020, or the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## **Basis for Disclaimer of Opinions on Statement of Activities – Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds – Modified Cash Basis, Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds – Modified Cash Basis, Statement of Cash Flows – Proprietary Funds – Modified Cash Basis, and the Related Notes to the Financial Statements**

City of Crosby did not maintain detailed financial accounting records and supporting documentation for revenues and expenditures for the year ended December 31, 2020. The total amount of expenditures materially affects the net change in fund balances and the change in net position for the year ended December 31, 2020.

## **Disclaimer of Opinions**

Because of the significance of the matter described in the “basis for disclaimer of opinions on the statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, statement of revenues, expenses and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for the audit opinions on statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, statement of revenues, expenses and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements of the City of Crosby. Accordingly, we do not express opinions on the revenues, expense, changes in net position, changes in fund balance, cash flows or the notes to the financial statements.

## **Unmodified Opinions on the Statement of Net Position – Modified Cash Basis, Balance Sheet – Governmental Funds – Modified Cash Basis, and Statement of Net Position – Proprietary Funds – Modified Cash Basis**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crosby, as of December 31, 2020, and the respective changes in modified cash basis financial position, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The City previously reported their financial statements on the cash basis, see note 1 for further details. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Disclaimer of Opinion on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crosby's basic financial statements. The budgetary comparison schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules have 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 January 26, 2024 on our consideration of the City of Crosby's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crosby'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 Crosby's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

January 26, 2024

**CITY OF CROSBY**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,573,641	\$ 192,360	\$ 3,766,001
Interfund balances	6,706	(6,706)	-
Total current assets	<u>3,580,347</u>	<u>185,654</u>	<u>3,766,001</u>
Non-current assets			
Capital assets, non-depreciable	-	100,604	100,604
Capital assets, depreciable	24,055	907,730	931,785
Total non-current assets	<u>24,055</u>	<u>1,008,334</u>	<u>1,032,389</u>
Total assets	<u>3,604,402</u>	<u>1,193,988</u>	<u>4,798,390</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,055	1,008,334	1,032,389
Restricted for:			
Economic development	27,118	-	27,118
Emergency	35,858	-	35,858
Unrestricted	3,517,371	185,654	3,703,025
Total net position	<u>\$ 3,604,402</u>	<u>\$ 1,193,988</u>	<u>\$ 4,798,390</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,332,008	\$ 6,839	\$ -	\$ -	\$ (1,325,169)	\$ -	\$ (1,325,169)
Public safety	204,353	-	-	-	(204,353)	-	(204,353)
Highways and streets	119,336	-	-	-	(119,336)	-	(119,336)
Culture and recreation	30,000	-	-	-	(30,000)	-	(30,000)
Economic development	563,915	-	-	-	(563,915)	-	(563,915)
Total governmental activities	2,249,612	6,839	-	-	(2,242,773)	-	(2,242,773)
Business-type activities:							
General government	72,275	-	-	-	-	(72,275)	(72,275)
Water	558,223	455,319	-	-	-	(102,904)	(102,904)
Sewer	58,490	98,074	-	-	-	39,584	39,584
Landfill	234,840	223,255	-	-	-	(11,585)	(11,585)
Tree	36,373	5,342	-	-	-	(31,031)	(31,031)
Total business-type activities	960,201	781,990	-	-	-	(178,211)	(178,211)
Total primary government	\$ 3,209,813	\$ 788,829	\$ -	\$ -	(2,242,773)	(178,211)	(2,420,984)
General receipts:							
Taxes:							
Property taxes					92,970	-	92,970
Cigarette tax					2,818	-	2,818
Sales taxes					554,792	-	554,792
Highway tax					104,496	-	104,496
Oil and gas tax					813,005	-	813,005
State aid					99,351	-	99,351
Interest income					7,954	-	7,954
Miscellaneous					61,843	-	61,843
Total general receipts					1,737,229	-	1,737,229
Change in net position					(505,544)	(178,211)	(683,755)
Net position - beginning of year, as originally stated					4,084,287	464,470	4,548,757
Prior period adjustment - see note 1					25,659	1,080,507	1,106,166
Net position - beginning of year, restated					4,109,946	1,544,977	5,654,923
Net position - ending					\$ 3,604,402	\$ 1,366,766	\$ 4,971,168

See Notes to the Financial Statements



**CITY OF CROSBY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Municipal Highway	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,510,665	\$ -	\$ 62,976	\$ 3,573,641
Due from other funds	267,001	-	-	267,001
Total assets	<u>\$ 3,777,666</u>	<u>\$ -</u>	<u>\$ 62,976</u>	<u>\$ 3,840,642</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 250,870	\$ 9,425	\$ 260,295
<b>FUND BALANCES</b>				
Restricted	-	-	62,976	62,976
Committed	735,397	-	-	735,397
Unassigned	3,042,269	(250,870)	(9,425)	2,781,974
Total fund balances (deficit)	<u>3,777,666</u>	<u>(250,870)</u>	<u>53,551</u>	<u>3,580,347</u>
Total liabilities and fund balances	<u>\$ 3,777,666</u>	<u>\$ -</u>	<u>\$ 62,976</u>	<u>\$ 3,840,642</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
DECEMBER 31, 2020

Total Governmental Funds Balance	\$3,580,347
----------------------------------	-------------

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	<u>24,055</u>
---	---------------

Net Position of Governmental Activities	<u><u>\$3,604,402</u></u>
---	---------------------------

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Municipal Highway	Nonmajor Governmental Funds	Total
<b>RECEIPTS</b>				
Taxes	\$ 80,510	\$ -	\$ 12,460	\$ 92,970
Sales taxes	554,792	-	-	554,792
Licenses and permits	6,839	-	-	6,839
Intergovernmental	915,174	104,496	-	1,019,670
Fines and forfeits	46	-	-	46
Interest	7,954	-	-	7,954
Miscellaneous	61,345	452	-	61,797
Total receipts	<u>1,626,660</u>	<u>104,948</u>	<u>12,460</u>	<u>1,744,068</u>
<b>DISBURSEMENTS</b>				
General government	1,323,024	-	7,380	1,330,404
Public safety	204,353	-	-	204,353
Highways and streets	(3,289)	122,625	-	119,336
Culture and recreation	30,000	-	-	30,000
Economic development	562,070	-	1,845	563,915
Total disbursements	<u>2,116,158</u>	<u>122,625</u>	<u>9,225</u>	<u>2,248,008</u>
Excess of receipts over (under) disbursements	<u>(489,498)</u>	<u>(17,677)</u>	<u>3,235</u>	<u>(503,940)</u>
Net change in fund balances	(489,498)	(17,677)	3,235	(503,940)
Fund balances - beginning	<u>4,267,164</u>	<u>(233,193)</u>	<u>50,316</u>	<u>4,084,287</u>
Fund balances - ending	<u>\$ 3,777,666</u>	<u>\$ (250,870)</u>	<u>\$ 53,551</u>	<u>\$ 3,580,347</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balance - Governmental Funds	\$ (503,940)
---	--------------

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

Depreciation expense	<u>(1,604)</u>
----------------------	----------------

Excess of capital outlay over depreciation expense	<u>(1,604)</u>
--	----------------

Change in Net Position	<u><u>\$ (505,544)</u></u>
------------------------	----------------------------

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

	<u>Business-type Activities - Proprietary Funds</u>			
	<u>Water, Sewer &amp; Treatment Plant</u>	<u>Landfill</u>	<u>Tree</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 192,360	\$ -	\$ -	\$ 192,360
Due from other funds	287,000	-	-	287,000
Total current assets	<u>479,360</u>	<u>-</u>	<u>-</u>	<u>479,360</u>
Non-current assets				
Capital assets, non-depreciable	100,604	-	-	100,604
Capital assets, depreciable	907,730	-	-	907,730
Total non-current assets	<u>1,008,334</u>	<u>-</u>	<u>-</u>	<u>1,008,334</u>
Total assets	<u>\$ 1,487,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,487,694</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 253,462	\$ 40,244	\$ 293,706
Total liabilities	<u>-</u>	<u>253,462</u>	<u>40,244</u>	<u>293,706</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,008,334	-	-	1,008,334
Unrestricted	479,360	(253,462)	(40,244)	185,654
Total net position	<u>1,487,694</u>	<u>(253,462)</u>	<u>(40,244)</u>	<u>1,193,988</u>
Total liabilities and net position	<u>\$ 1,487,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,487,694</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Business-type Activities - Proprietary Funds			
	Water, Sewer & Treatment Plant	Landfill	Tree	Total
<b>OPERATING REVENUES</b>				
Charges for sales and services				
Water, sewer, treatment plant operations	\$ 551,959	\$ -	\$ -	\$ 551,959
Landfill operations	-	223,254	-	223,254
Tree operations	-	-	5,342	5,342
Miscellaneous	1,435	-	-	1,435
Total operating receipts	<u>553,394</u>	<u>223,254</u>	<u>5,342</u>	<u>781,990</u>
<b>OPERATING EXPENSES</b>				
General government	72,275	-	-	72,275
Depreciation	172,778			
Water	558,223	-	-	558,223
Sewer	58,490	-	-	58,490
Landfill	-	234,840	-	234,840
Tree	-	-	36,373	36,373
Total operating disbursements	<u>861,766</u>	<u>234,840</u>	<u>36,373</u>	<u>1,132,979</u>
Operating income (loss)	<u>(308,372)</u>	<u>(11,586)</u>	<u>(31,031)</u>	<u>(350,989)</u>
Net position - beginning, as originally stated	715,559	(241,876)	(9,213)	464,470
Prior period adjustment - see note 1	1,080,507	-	-	1,080,507
Net position - beginning, restated	<u>1,796,066</u>	<u>(241,876)</u>	<u>(9,213)</u>	<u>1,544,977</u>
Net position - ending	<u>\$ 1,487,694</u>	<u>\$ (253,462)</u>	<u>\$ (40,244)</u>	<u>\$ 1,193,988</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Business-type Activities - Proprietary Funds			
	Water, Sewer & Treatment Plant	Landfill	Tree	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 553,394	\$ 223,254	\$ 5,342	\$ 781,990
Payments to suppliers	(616,717)	(234,840)	(36,373)	(887,930)
Payments to employees	(72,272)	-	-	(72,272)
Payments from (to) other funds	(35,911)	-	-	(35,911)
Receipts from (to) other funds	-	11,586	31,031	42,617
Net cash provided (used) by operating activities	(171,506)	-	-	(171,506)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(100,604)	-	-	(100,604)
Net cash provided (used) by capital and related financing activities	(100,604)	-	-	(100,604)
Net change in cash and cash equivalents	(272,110)	-	-	(272,110)
Cash and cash equivalents, January 1	464,470	-	-	464,470
Cash and cash equivalents, December 31	<u>\$ 192,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,360</u>

See Notes to the Financial Statements

**CITY OF CROSBY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – MODIFIED CASH BASIS – CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Business-type Activities - Proprietary Funds</u>			
	<u>Water, Sewer &amp; Treatment Plant</u>	<u>Landfill</u>	<u>Tree</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (308,372)	\$ (11,586)	\$ (31,031)	\$ (350,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	172,778	-	-	172,778
Change is due to / from	<u>(35,912)</u>	<u>11,586</u>	<u>31,031</u>	<u>6,705</u>
Net cash provided (used) by operating activities	<u><u>\$ (171,506)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (171,506)</u></u>

See Notes to the Financial Statements



**CITY OF CROSBY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Crosby, North Dakota operates under a City Council form of government. The accounting policy of the City of Crosby is to maintain the accounting records on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

As discussed further in the "Measurement Focus" and "Basis of Accounting" sections in Note 1, these financial statements are presented on a modified cash basis of accounting. The basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**Financial Reporting Entity**

The accompanying financial statements present the activities of the City of Crosby. The City has considered all potential component units for which the City is financially accountable and other organizations for which the nature and significance of their relationships with the City would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Based upon the application of these criteria, the Crosby Housing Authority qualifies as a component unit of the City. See the 'Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit' on page 4 of the audit report in regards to the component unit not being included in the City's financial statements.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government of the City of Crosby. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

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

**Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

*Municipal Highway Fund.* This fund is used to account for money received to be used for street and highway upkeep and repairs and the related expenditures made.

The City reports the following major enterprise funds:

*Water, Sewer, Treatment Plant Fund.* This fund is used to account for customer receipts for water, sewer, and treatment plant fees and operating expenditures for water, sewer, and treatment plant services.

*Landfill Fund.* This fund is used to account for customer receipts for landfill fees and operating expenditures for landfill services.

*Tree Fund.* This fund is used to account for fees and operating expenditures for tree services.

**Measurement Focus**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available expendable financial resources

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

during a given period. These funds use fund balance as their measure of available expendable financial resources at the end of the period.

- b) The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported on a modified cash basis. Proprietary fund equity is classified as net position.

### **Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The City’s financial statements are prepared under the modified cash basis of accounting.

In the government-wide statements of net position and statement of activities and the fund financial statements, both governmental and business-like activities are presented using the modified cash basis of accounting. This basis recognizes assets and net position/fund equity, revenues/receipts, and expenditures/expenses/disbursements when they result from cash transactions in the government-wide statements, governmental fund and proprietary fund statements, with a provision for recording capital assets, depreciation on capital assets and debt.. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

### **Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits.

### **Capital Assets**

Capital assets, which include infrastructure, property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All governmental and business-type activities capital assets in service as of December 31, 2020 are recorded at their insured values at that time as an estimate of the historical cost. Additions made after 2020 are recorded at cost. The assets are updated for additions and retirements during the City’s fiscal year. Improvements that significantly extend the useful life of the asset are also capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

The City does not have a dollar threshold at which assets are capitalized. Capital assets with an estimated useful life in excess of one year or more are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over their estimated useful lives on a straight-line basis. The City has established the following useful lives:

Buildings	30 years
Equipment	7-30 years

### **Equity Classifications**

#### Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or b) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of net investment in capital assets or restricted.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

#### Fund Financial Statements

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Commission-the City's highest level of decision making authority. Those committed amounts cannot be used for any other purpose

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

unless the City Commission removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Commission and City Auditor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the City's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The City does not have a minimum fund balance policy.

### **Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### **Property Taxes**

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

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

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

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

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. However, since the statements are prepared on a modified cash basis, management does not consider there to be any significant estimates.

**Change in Basis of Accounting / Prior Period Adjustment**

The City previously reported their financial statements on a cash basis. The City changed to the modified cash basis beginning January 1, 2020. The net effect to the January 1, 2020 financial statements was to increase capital assets and net position by the following for each respective reporting unit:

Governmental activities	\$25,659
Business-type activities / Water, Sewer & Treatment Fund	\$1,080,507

**NOTE 2 LEGAL COMPLIANCE - BUDGETS**

Budgetary Information:

The City Commission adopts an annual budget on a basis consistent with the modified cash basis of accounting for the general fund, each special revenue fund and each debt service fund of the municipality. The City is required to present the adopted and final amended revenues and expenditures for each of these funds.

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

- On or before August 10 of the preceding fiscal year, the City prepares a preliminary budget for the next succeeding year beginning January 1. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The governing board holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing which is to be held after September 7 but before October 7, the board adopts the final budget.
- The final budget must be filed with the county auditor by October 10.
- No disbursement shall be made or liability incurred in excess of the total appropriation by fund. However, the governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.
- All annual appropriations lapse at year-end.



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

Budget Amendments

The City's governing board did not amend the budgets during the year ended December 31, 2020.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the General Fund by \$806,686 for the year ended December 31, 2020. No remedial action is anticipated or required by the City regarding these excess expenditures.

**NOTE 3 DEPOSITS**

In accordance with North Dakota Statutes, the City maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, irrevocable standby letters of credit issued by federal home loan banks of a rating of AA or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by another state of the United States or such other securities approved by the banking board.

The City maintains cash on deposit at a financial institution. The amounts on deposit were insured by the FDIC up to \$250,000. At December 31, 2020, none of the City's deposits were exposed to custodial credit risk, as all deposits were covered by FDIC coverage and authorized collateral through local financial institutions. \$3,405,101 of the City's deposits are covered by pledged securities held in the City's name. The total securities pledged exceed 110% of the uninsured balance. The City does not have a limit on the amount the City may invest in any one issuer. The City does not have an investment policy that specifically addresses credit risk.

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

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

<u>Governmental Activities:</u>	<u>Balance 1/1/20 Restated</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Balance 12/31/2020</u>
Capital assets being depreciated:				
Building and improvements	\$ 2,759,084	\$ -	\$ -	\$2,759,084
Total capital assets	<u>2,759,084</u>	<u>-</u>	<u>-</u>	<u>2,759,084</u>
Less accumulated depreciation:				
Building and improvements	2,733,425	1,604	-	2,735,029
Total accumulated depreciation	<u>2,733,425</u>	<u>1,604</u>	<u>-</u>	<u>2,735,029</u>
Net capital assets	<u>\$ 25,659</u>	<u>\$ (1,604)</u>	<u>\$ -</u>	<u>\$ 24,055</u>
<u>Business-Type Activities:</u>	<u>Balance 1/1/20 Restated</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Balance 12/31/2020</u>
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 100,604	\$ -	\$ 100,604
Total capital assets	<u>-</u>	<u>100,604</u>	<u>-</u>	<u>100,604</u>
Capital assets being depreciated:				
Equipment	4,189,298	-	-	4,189,298
Total capital assets	<u>4,189,298</u>	<u>-</u>	<u>-</u>	<u>4,189,298</u>
Less accumulated depreciation:				
Equipment	3,108,790	172,778	-	3,281,568
Total accumulated depreciation	<u>3,108,790</u>	<u>172,778</u>	<u>-</u>	<u>3,281,568</u>
Net capital assets	<u>\$ 1,080,508</u>	<u>\$ (72,174)</u>	<u>\$ -</u>	<u>\$ 1,008,334</u>

Depreciation of \$1,604 was charged to general government.

**NOTE 5 DEFICIT BALANCES**

The following funds were in a deficit position at December 31, 2020:

Governmental Funds:	
Municipal Highway	\$ 250,870
Cemetery	9,425
Proprietary Funds:	
Landfill	253,462
Tree Board	40,244

The deficits will be alleviated by tax collections, fee collections, grant proceeds, or transfers from the general fund.



**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

**NOTE 6 DUE TO/DUE FROM OTHER FUNDS**

The due to and due from other funds consist of cash overdrafts. They are not expected to be repaid in the next year. The due to and due from other funds are as follows as of December 31, 2020:

Fund	Due To	Due From
Governmental Funds		
General fund	\$ -	\$ 267,001
Municipal highway fund	250,870	-
Non-major governmental funds	9,425	-
Total governmental funds	<u>\$ 260,295</u>	<u>\$ 267,001</u>
Proprietary Funds		
Water, sewer, and treatment plant fund	\$ -	\$ 287,000
Landfill fund	253,462	-
Non-major proprietary funds	40,244	-
Total proprietary funds	<u>\$ 293,706</u>	<u>\$ 287,000</u>

**NOTE 7 PENSION PLAN**

The City participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan. 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. The plan provides retirement, disability, and death benefits. The cost to administer the plan is financed through 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; and 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

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

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.

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:

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, if City of Crosby were to report on the full accrual basis, a liability of \$447,647 for its proportionate share of the net pension liability would have been reported. 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 in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the Employer's proportion was 0.014229%, which was an increase of 0.00065% from its proportionate share measured as of June 30, 2019. There was no net pension liability or deferred inflows or outflows of resources reported on the City's financial statements as they are reporting on the modified cash basis.

**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:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
Cash Equivalents	0%	0.00%

**Discount Rate**

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

**NOTE 8 OTHER POST EMPLOYMENT 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,

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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

### **OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the 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, if City of Crosby were to report on the full accrual basis, a liability of \$11,582 for its proportionate share of the net OPEB liability would have been reported. 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 0.013769%, which was an increase of 0.00111% from its

**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

proportionate share measured as of June 30, 2019. There was no net pension liability or deferred inflows or outflows of resources reported on the City's financial statements as they are reporting on the modified cash basis.

**Actuarial Assumptions**

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

Inflation	2.50%
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%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 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, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC



**CITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020**

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.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

**NOTE 9 RISK MANAGEMENT**

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

In 1986, the state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The City of Crosby pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$1,000,000 per occurrence for general liability.

The City of Crosby also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The City of Crosby has workers compensation with the Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance for its full-time employees.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE 10 RELATED PARTIES**

During the year ended December 31, 2020, the City had payments to related parties of \$330,815. Transactions consisted of construction work and insurance charges. These related parties are companies with connections to members on the board. Said members abstain from voting on decisions relating to the transactions relating to these companies.

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

**NOTE 11 FUND BALANCES**

At December 31, 2020, a summary of the governmental fund balance classifications is as follows:

	<u>General</u>	<u>Municipal Highway</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted for:				
Economic development	\$ -	\$ -	\$ 27,118	\$ 27,118
Emergency	-	-	35,858	35,858
Committed for:				
Repayment of hospital debt	735,397	-	-	735,397
Assigned for:				
Capital improvements	-	-	-	-
Unassigned	<u>3,042,269</u>	<u>(250,870)</u>	<u>(9,425)</u>	<u>2,781,974</u>
	<u><u>\$3,777,666</u></u>	<u><u>\$ (250,870)</u></u>	<u><u>\$ 53,551</u></u>	<u><u>\$ 3,580,347</u></u>

**NOTE 12 SUBSEQUENT EVENTS**

The City entered contracts of approximately \$507,000 during 2022 for street and sidewalk improvements. The City entered contracts of approximately \$860,500 during 2023 for sidewalk improvements, water meeting and smart point upgrade and stormwater outfall maintenance projects. Subsequent events have been evaluated through January 26, 2024, which is the date these financial statements were available to be issued.



**CITY OF CROSBY**  
**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>RECEIPTS</b>				
Taxes	\$ 67,000	\$ 67,000	\$ 80,510	\$ 13,510
Sales taxes	-	-	554,792	554,792
Licenses and permits	15,209	15,209	6,839	(8,370)
Intergovernmental	1,247,400	1,247,400	915,174	(332,226)
Fines and forfeits	1,200	1,200	46	(1,154)
Interest	-	-	7,954	7,954
Miscellaneous	110,000	110,000	61,345	(48,655)
Total receipts	<u>1,440,809</u>	<u>1,440,809</u>	<u>1,626,660</u>	<u>185,851</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	942,200	942,200	1,323,024	(380,824)
Public safety	217,272	217,272	204,353	12,919
Highways and streets	35,000	35,000	(3,289)	38,289
Culture and recreation	30,000	30,000	30,000	-
Economic development	-	-	562,070	(562,070)
Miscellaneous capital improvements	85,000	85,000	-	85,000
Total disbursements	<u>1,309,472</u>	<u>1,309,472</u>	<u>2,116,158</u>	<u>(806,686)</u>
Excess of receipts over (under) disbursements	<u>131,337</u>	<u>131,337</u>	<u>(489,498)</u>	<u>(620,835)</u>
Excess of receipts and other sources over disbursements	<u>\$ 131,337</u>	<u>\$ 131,337</u>	<u>(489,498)</u>	<u>\$ (620,835)</u>
Fund balances - beginning			<u>4,267,164</u>	
Fund balances - ending			<u>\$ 3,777,666</u>	

**CITY OF CROSBY**  
**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS**  
**MUNICIPAL HIGHWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>RECEIPTS</b>				
Intergovernmental	\$ 117,000	\$ 117,000	\$ 104,496	\$ (12,504)
Miscellaneous	-	-	452	452
Total receipts	<u>117,000</u>	<u>117,000</u>	<u>104,948</u>	<u>(12,052)</u>
<b>DISBURSEMENTS</b>				
Highways and streets	<u>146,000</u>	<u>146,000</u>	<u>122,625</u>	<u>23,375</u>
Excess of receipts over (under) disbursements	<u>\$ (29,000)</u>	<u>\$ (29,000)</u>	(17,677)	<u>\$ 11,323</u>
Fund balances - beginning			<u>(233,193)</u>	
Fund balances - ending			<u>\$ (250,870)</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**

To the City Commission  
City of Crosby  
Crosby, North Dakota

We were engaged to audit the statement of net position – modified cash basis, balance sheet – governmental funds – modified cash basis and statement of net position – proprietary funds – modified cash basis, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, of the City of Crosby, as of December 31, 2020, and have issued our report thereon dated January 26, 2024. An adverse opinion was issued over the discretely presented component unit for the year ended December 31, 2020 due to the omission of the required component unit from the financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units. Our report disclaims an opinion on the statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, statement of revenues, expenses, and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements because adequate detailed financial reports and supporting documentation for expenditures were not maintained and we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Internal Control Over Financial Reporting**

In connection with our engagement to audit the financial statements listed in the first paragraph, we considered the City of Crosby's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Crosby's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Crosby's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2020-001, 2020-002 and 2020-004 in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency as described as item 2020-003 in the accompanying schedule of findings and responses to be a significant deficiency.

### **Compliance and Other Matters**

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

### **City of Crosby's Responses to Findings**

City of Crosby's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of Crosby'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**

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



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

January 26, 2024

**CITY OF CROSBY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**2020-001: Material Weakness – Financial Statements and Material Journal Entries**

Criteria

An appropriate system of internal controls requires that the City make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with the modified cash basis of accounting. This requires the City's personnel to maintain a working knowledge of current accounting principles and required financial statement disclosures.

Condition

The City's personnel prepare periodic financial information for internal use that meets the needs of the City Council. However, the City does not have the internal resources to prepare full disclosure financial statements for external reporting. The City has elected to have the auditors assist in the preparation of the financial statements and notes. In addition, during our audit adjusting journal entries were proposed in order to properly reflect the financial statements in accordance with the modified cash basis of accounting.

Cause

The City elected to not allocate resources for the preparation of the financial statements. The City's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with the modified cash basis of accounting.

Effect

There is an increased risk of material misstatement to the organization's financial statements. The City's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

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. Accounting personnel will also need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

At this time, the City will assume the acquired risk as the City is small and has minimal staff. There are very few options for a CPA to help with preparation of the financials. The City will work toward preparing a financial assistance committee or a financial statement disclosure checklist as well as looking into opportunities for the City Auditors to get higher level training.

**CITY OF CROSBY**  
**SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**2020-002: Material Weakness – Bank Reconciliations**

Criteria

An appropriate system of internal controls requires all activity is accurately recorded in the underlying general ledger accounts and properly stated in compliance with the modified cash basis of accounting.

Condition

The City maintains a bank reconciliation in an excel spreadsheet outside of the accounting software. Because of this, we are unable to determine if all cash receipts and disbursements are recorded in the accounting software. Adjustments of approximately \$305,000 were recorded to correctly move cash between funds. In addition, an adjustment was made to reduce cash by approximately \$25,000 in order to reconcile cash. Because of these adjustments, we were unable to express an opinion on the statement of activities – modified cash basis, statement of revenues, expenses and changes in fund balances – governmental funds – modified cash basis, reconciliation of governmental funds statement of revenues, expenses, and changes in fund balances with the government-wide statement of activities – modified cash basis, statement of revenues, expenses and changes in net position – proprietary funds – modified cash basis, statement of cash flows – proprietary funds – modified cash basis, and the related notes to the financial statements.

Cause

The City maintains their bank reconciliation process outside of their accounting system.

Effect

There is an increased risk of material misstatement to the City's financial statements whether due to error or fraud if bank reconciliations are not completed in the accounting software.

Recommendation

We recommend the City resolve its unreconciled net difference, review its current procedures, and ensure that all bank reconciliations are accurately completed on a monthly basis in the accounting system.

Views of Responsible Officials and Planned Corrective Actions

The City of Crosby decided to change banks for their operating account so the City Auditor is going to reach out to the software company to try and have the reconciliations done in the accounting system.

**CITY OF CROSBY**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**2020-003: Significant Deficiency – Segregation of Duties**

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

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 City 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.

Views of Responsible Officials and Planned Corrective Actions

The City has taken corrective steps towards segregation of duties by separating current personnel between the duties of Accounts Payable and Accounts Receivable. Although both staff have access to these accounting modules, staff try to maintain separation. In addition, Payroll is always cross checked and verified before printing. All checks have a signature for the auditor's office and either the Mayor or Board President. City staff is cross trained and divide job responsibilities to keep the City protected.

**CITY OF CROSBY**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**2020-004: Material Weakness – Disbursements**

Criteria

A key control surrounding the payroll process is the board's approval of all employee rates and raises. A key control surrounding nonpayroll disbursements is maintaining supporting documentation for payments made.

Condition

Of 10 payroll disbursements tested, we noted 2 instances of payroll where there was no support maintained of the approved wage paid to this employee. Of 10 nonpayroll disbursements tested, we noted no supporting documentation for 3 disbursements totaling \$35,210.72.

Cause

Documentation of approved pay rates was not maintained for seasonal employees. City staff were unable to find supporting documentation for the 3 nonpayroll disbursements.

Effect

Individuals could be paid more or less than the board approves. The City may be paying for expenditures that are not allowable and actual expenses of the City.

Recommendation

We recommend that the City maintain approved employee wage rates in all personnel files. In addition, we recommend the City maintain all supporting documentation, such as invoices, for all disbursements paid.

Views of Responsible Officials and Planned Corrective Actions

The City, as of 2023, has created contracts to sign for incoming part-time/seasonal/full-time employees with their wage listed. The City for corrective action will add the wage rates of each employee and any disbursements or pay stubs will be connected to the time cards. The City will also be adding in the approved meeting minutes for any and all wage increases in each employee file.