

**CITY OF MAYVILLE  
MAYVILLE, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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**CITY OF MAYVILLE**  
**ROSTER OF CITY OFFICIALS**  
**AS OF DECEMBER 31, 2023**

<u>Names</u>	<u>Office</u>
Karl Jorgenson	Mayor
Ben Gates	Alderman
William Bohnsack	Alderman
Charlie Moen	Alderman
Larry O'Brien	Alderman
Aaron Soholt	Alderman
Ray Petersen	Alderman
Gail Olstad	Auditor Treasurer
Julie Christianson	Deputy Auditor

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Mayville  
Mayville, North Dakota

### Report on the Audit of the Financial Statements

#### ***Opinions***

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 Mayville as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Mayville's basic financial statements as listed in the table of contents.

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 Mayville, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 18 to the financial statements, the City has retroactively restated its previously reported net position and fund balance. Our opinions are not modified with respect to this matter.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mayville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mayville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Mayville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mayville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mayville's basic financial statements. The accompanying combining and individual nonmajor fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Roster of City Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the City of Mayville'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 Mayville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mayville's internal control over financial reporting and compliance.



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

December 12, 2024

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

As management of the City of Mayville, North Dakota, we offer readers of the City of Mayville's financial statements this narrative overview and analysis of the financial activities of the City of Mayville for the fiscal year ended December 31, 2023.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Mayville exceeded its liabilities at the close of the most recent fiscal year by \$11,735,737 (net position). Of this amount, \$3,477,423 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$307,587.

As of the close of the current fiscal year, the City of Mayville's governmental activities reported combined ending net position of \$575,590.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$781,202, or 102 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Mayville's basic financial statements. The City of Mayville's basic financial statements are comprised of three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing 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 themselves.

Additional explanation of these sections of the financial statements follows.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Mayville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Mayville's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 of Mayville is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but not used, compensated absences).

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Both of the government-wide financial statements distinguish functions of the City of Mayville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Mayville include general government, public safety, public works, culture and recreation, and debt service. The business-type activities of the City of Mayville include the water utility, sewer utility, sanitation, and landfill surcharges.

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 Mayville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Mayville can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 this comparison between *governmental funds* and *governmental activities*.

The City of Mayville adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15 and 17 of this report.

*Proprietary Funds.* The City of Mayville maintains one type of Proprietary Fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Mayville uses enterprise funds to account for its water and sewer utilities, as well as the sanitation operations and collection of landfill surcharges.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation utilities and the landfill surcharges. The water, sewer, and sanitation utilities are considered to be major funds of the City of Mayville, while the landfill surcharge is considered to be a non-major fund of the City of Mayville.

The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

*Proprietary Funds.* The City of Mayville maintains one type of Proprietary Fund.

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

*Fiduciary Funds.* The City of Mayville is also responsible for assets that are held on behalf of others. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate State of Fiduciary Net Position.

The fiduciary fund activities have been excluded from the City's other financial statements since the City cannot use these assets to finance its operations.

*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.

*Other information.* The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 46 and 47 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mayville, assets exceeded liabilities by \$11,735,737 at the close of the most recent fiscal year.

The unrestricted portion of the City of Mayville's net position (30 percent) represents its unrestricted net position available for use within the City's designations and policies. The City of Mayville's net position invested in capital assets (68 percent) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Mayville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Mayville'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.

**City of Mayville's Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022 (Restated)	2023	2022	2023	2022 (Restated)
<b><u>Assets</u></b>						
Current Assets	\$ 10,323,426	\$ 17,999,377	\$ 3,036,494	\$ 2,822,852	\$ 13,359,920	\$ 20,822,229
Capital Assets, Net	13,470,700	5,057,568	11,060,925	11,404,975	24,531,625	16,462,543
Long-Term Assets	-	-	403,441	408,941	403,441	408,941
<b>Total Assets</b>	<b><u>23,794,126</u></b>	<b><u>23,056,945</u></b>	<b><u>14,500,860</u></b>	<b><u>14,636,768</u></b>	<b><u>38,294,986</u></b>	<b><u>37,693,713</u></b>
<b><u>Liabilities</u></b>						
Current Liabilities	2,186,258	1,462,169	308,366	304,379	2,494,624	1,766,548
Long-Term Liabilities	21,032,278	21,265,198	3,032,347	3,233,817	24,064,625	24,499,015
<b>Total Liabilities</b>	<b><u>23,218,536</u></b>	<b><u>22,727,367</u></b>	<b><u>3,340,713</u></b>	<b><u>3,538,196</u></b>	<b><u>26,559,249</u></b>	<b><u>26,265,563</u></b>
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	181,751	1,074,747	7,827,108	7,975,219	8,008,859	9,049,966
Restricted	28,619	89,366	220,836	218,559	249,455	307,925
Unrestricted	365,220	(834,535)	3,112,203	2,904,794	3,477,423	2,070,259
<b>Total Net Position</b>	<b><u>\$ 575,590</u></b>	<b><u>\$ 329,578</u></b>	<b><u>\$ 11,160,147</u></b>	<b><u>\$ 11,098,572</u></b>	<b><u>\$ 11,735,737</u></b>	<b><u>\$ 11,428,150</u></b>

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

\$249,455 of the City of Mayville's net position represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* of \$3,477,423 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Mayville is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities. Governmental activities increased the City of Mayville's net position by \$246,012 compared to a decrease of \$718,475 in 2022.

Business-type activities increased the City of Mayville's net position by \$61,575 compared to a decrease of \$53,464 in 2022.

A condensed version of the statement of activities follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 24,498	\$ 22,805	\$ 1,360,974	\$ 1,454,740	\$ 1,385,472	\$ 1,477,545
Grants and Contributions	660,766	103,673	7,443	11,781	668,209	115,454
General Revenues:						
Property Taxes	831,577	635,015	-	-	831,577	635,015
Other Taxes	167,894	156,615	-	-	167,894	156,615
State Aid	181,915	164,226	-	-	181,915	164,226
Other	460,879	242,122	37,592	69,097	498,471	311,219
Total Revenues	<u>2,327,529</u>	<u>1,324,456</u>	<u>1,406,009</u>	<u>1,535,618</u>	<u>3,733,538</u>	<u>2,860,074</u>
<u>Expenses:</u>						
General Government	589,258	731,718	-	-	589,258	731,718
Public Safety	221,122	345,427	-	-	221,122	345,427
Public Works	348,945	318,616	-	-	348,945	318,616
Culture and Recreation	96,219	99,183	-	-	96,219	99,183
Interest and Fees	836,139	624,413	-	-	836,139	624,413
Water	-	-	644,103	670,967	644,103	670,967
Sewer	-	-	279,374	336,281	279,374	336,281
Sanitation	-	-	389,504	505,389	389,504	505,389
Landfill Surcharge	-	-	21,287	19	21,287	19
Total Expenses	<u>2,091,683</u>	<u>2,119,357</u>	<u>1,334,268</u>	<u>1,512,656</u>	<u>3,425,951</u>	<u>3,632,013</u>
Total Transfers	<u>10,166</u>	<u>76,426</u>	<u>(10,166)</u>	<u>(76,426)</u>	<u>-</u>	<u>-</u>
Change in Net Position	246,012	(718,475)	61,575	(53,464)	307,587	(771,939)
Net Position - Beginning	<u>329,578</u>	<u>1,071,230</u>	<u>11,098,572</u>	<u>11,152,036</u>	<u>11,428,150</u>	<u>12,223,266</u>
Prior Period Restatement - See Note 18	-	(23,177)	-	-	-	(23,177)
Net Position - Beginning, as restated	<u>329,578</u>	<u>1,048,053</u>	<u>11,098,572</u>	<u>11,152,036</u>	<u>11,428,150</u>	<u>12,200,089</u>
Net Position - Ending	<u>\$ 575,590</u>	<u>\$ 329,578</u>	<u>\$ 11,160,147</u>	<u>\$ 11,098,572</u>	<u>\$ 11,735,737</u>	<u>\$ 11,428,150</u>

Property taxes and state aid accounted for 44 percent in 2023 and 60 percent in 2022 of the total governmental activities revenues.

Charges for services were 97 percent in 2023 and 95 percent in 2022 of the total revenues for business-type activities.

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Government activities expenses were primarily for general government, public safety, and public works, which comprised 28, 11 and 17 percent each in 2023 and 35, 16 and 15 percent each in 2022, respectively.

Water, sewer, and sanitation were 48, 21, and 29 percent in 2023 and 44, 22, and 33 percent in 2022 of the total business-type activities expenses, respectively.

Financial Analysis of the Government's Funds

As noted earlier, the City of Mayville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City of Mayville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Mayville's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Mayville's governmental funds reported combined ending fund balances of \$8,737,850, a decrease of \$8,333,068. The balance of \$8,737,850 includes \$590,994 of *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City of Mayville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$781,202. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 102 percent of total General Fund expenditures.

The Tax Increment District – Improvement District #25 was established to create an upscale housing development and annex neighboring areas into the City as adopted in a General Development plan for the City and a Renewal and Development Plan of 2006 for the City of Mayville in accordance with the provisions of Section 40-58-06, ND Century Code. The financing cost of this project will be paid by future tax collections.

Mayville Street Project – The Mayville Street Project was set up to track the initial planning, design, and engineering for a 2022 street, storm sewer, water, and sanitary sewer project. Construction began in 2022 for the Street and Storm Sewer projects with the underground pieces, pipes, and valves – RJ Zavoral completed the planned portion of the project being paid approx. \$1M+. In 2023 the bulk of the project was completed with payout being \$8M+. Due to weather and other circumstances the project is carrying over to 2024 with the completion punch list and quality issues. The Water and Sanitary Sewer project was bid in 2023 and bids came in too high, the project was adjusted and rebid with KPH winning the contract and worked planned to start spring of 2024. The City continues to use the temporary funding bonds for both, working with USDA for definitive funding in the future for the Water & Sanitary Sewer portion.

*Proprietary Funds.* The City of Mayville's proprietary funds statements found on pages 19-22 provide the same type of information found in the government-wide financial statements, but in more detail.

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

The unrestricted net position in the respective Proprietary Funds are:

Water	\$1,502,928
Sewer	\$1,140,647
Sanitation	\$106,372
Landfill Surcharge	\$362,256

The changes in net position of the respective Proprietary Funds are as follows:

Water	\$85,924
Sewer	\$461
Sanitation	\$(29,000)
Landfill Surcharge	\$4,190

General Fund Budgetary Highlights

Over the course of the year, the City did not revise the general fund budget.

The City's actual expenditures are \$401,666 less than budgeted.

Capital Asset and Debt Administration

*Capital assets.* The City of Mayville's investment in capital assets for its governmental and business-type activities as of December 31, 2023 and 2022, amounts to \$24,531,625 and \$16,462,543, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and plant and equipment.

City of Mayville's Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 190,666	\$ 190,666	\$ 421,810	\$ 421,810	\$ 612,476	\$ 612,476
Construction in Progress	12,055,677	3,574,033	-	-	12,055,677	3,574,033
Buildings	215,536	235,945	290,334	316,334	505,870	552,279
Equipment	356,882	373,462	312,990	315,353	669,872	688,815
Vehicles	159,243	139,854	2,469	6,169	161,712	146,023
Infrastructure	492,696	543,608	10,033,322	10,345,309	10,526,018	10,888,917
Total	<u>\$ 13,470,700</u>	<u>\$ 5,057,568</u>	<u>\$ 11,060,925</u>	<u>\$ 11,404,975</u>	<u>\$ 24,531,625</u>	<u>\$ 16,462,543</u>

Additional information on the City of Mayville's capital assets can be found in Note 5 of this report.

*Long-term debt.* At the end of the current fiscal year, the City of Mayville had \$24,498,024 in bonds, notes, and finance purchases payable outstanding. Payments made on long-term debt obligations totaled \$394,729 during 2023. Additional information on the City of Mayville's debt can be found in Note 7.

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Economic Factors and Next Year's Budgets and Rates

2024 rates will be reviewed and changed for Q2 2025 implementation. We anticipate an increase in sewer rates, and garbage/recycling – our contract with Waste Management has a built in 2% annual increase. We last changed rates in April 2021. AS loans for the city are paid off, the surcharge will be reduced. The council's short to mid-range plans and budget are aligned to not increase the Monthly total of 95.50 monthly.

The plan to move the City Offices to the Armory is still on hold pending the FEMA Large Project Dam replacement.

The Dam replacement plans continue to progress, the City we refunded \$424k of the \$430k cost of the initial response payout. FEMA, State and various funding agencies look to bring the City share of the \$4M to replace the dam down to less than 15%.

The Water Tower will be refurbished on the exterior in 2024, this will include Repainting with the addition of a LOGO – Mayville with an option for the College to place their LOGO on the North side if they wish to pay for it. Work will be schedule in conjunction with the valve work being done with the Street Water & Sanitary Sewer. The Water Tower will be down for approx. 6 weeks, the city will be relying on the water plant with no storage for this time the tower is down. The Interior will be refurbished in 2025, it was last done in August of 1996. Remaining Grant Funds from USDA Street Water & Sanitary Sewer are anticipated to help pay for the refurbishment.

Requests for Information

This financial report is designed to provide a general overview of the City of Mayville's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Gail Olstad, Auditor Treasurer, 21 First St. NE, PO Box 220, Mayville, ND 58257.

**CITY OF MAYVILLE**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 10,110,579	\$ 2,891,625	\$ 13,002,204
Accounts Receivable	200,587	120,646	321,233
Joint Powers Receivable	-	10,500	10,500
Taxes Receivable	12,260	-	12,260
Special Assessments Receivable	-	2,795	2,795
Inventory	-	10,928	10,928
Total Current Assets	<u>10,323,426</u>	<u>3,036,494</u>	<u>13,359,920</u>
Non-Current Assets			
Restricted Cash	-	218,041	218,041
Joint Powers Receivable	-	185,400	185,400
Capital Assets:			
Land	190,666	421,810	612,476
Construction in Progress	12,055,677	-	12,055,677
Buildings	741,774	1,305,000	2,046,774
Equipment	1,139,076	766,281	1,905,357
Vehicles	778,480	67,817	846,297
Infrastructure	1,884,490	19,110,645	20,995,135
Less Accumulated Depreciation	<u>(3,319,463)</u>	<u>(10,610,628)</u>	<u>(13,930,091)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>13,470,700</u>	<u>11,060,925</u>	<u>24,531,625</u>
Total Non-Current Assets	<u>13,470,700</u>	<u>11,464,366</u>	<u>24,935,066</u>
Total Assets	<u>23,794,126</u>	<u>14,500,860</u>	<u>38,294,986</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	678,686	64,365	743,051
Accrued Expenditures	1,909	2,033	3,942
Unearned Revenue	847,748	-	847,748
Due to Other Governments	50,056	-	50,056
Accrued Vacation Payable	2,791	2,623	5,414
Meter Deposits Payable	-	15,850	15,850
Accrued Interest Payable	373,139	22,025	395,164
Bonds and Finance Purchases Payable	231,929	201,470	433,399
Noncurrent Liabilities:			
Long-term Bonds and Finance Purchases Payable	<u>21,032,278</u>	<u>3,032,347</u>	<u>24,064,625</u>
Total Liabilities	<u>23,218,536</u>	<u>3,340,713</u>	<u>26,559,249</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	181,751	7,827,108	8,008,859
Restricted for:			
Cemetery	9,606	-	9,606
Library	18,391	-	18,391
Special City Lots	622	-	622
Debt Service	-	220,836	220,836
Unrestricted	<u>365,220</u>	<u>3,112,203</u>	<u>3,477,423</u>
Total Net Position	<u>\$ 575,590</u>	<u>\$ 11,160,147</u>	<u>\$ 11,735,737</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 589,258	\$ 24,498	\$ 524,180	\$ 29,000	\$ (11,580)	\$ -	\$ (11,580)
Public Safety	221,122	-	-	-	(221,122)	-	(221,122)
Public Works	348,945	-	107,586	-	(241,359)	-	(241,359)
Culture and Recreation	96,219	-	-	-	(96,219)	-	(96,219)
Interest and Fees	836,139	-	-	-	(836,139)	-	(836,139)
Total Governmental Activities	<u>2,091,683</u>	<u>24,498</u>	<u>631,766</u>	<u>29,000</u>	<u>(1,406,419)</u>	<u>-</u>	<u>(1,406,419)</u>
Business-type Activities:							
Water	644,103	716,058	-	-	-	71,955	71,955
Sewer	279,374	271,658	-	7,443	-	(273)	(273)
Sanitation	389,504	351,550	-	-	-	(37,954)	(37,954)
Landfill Surcharge	21,287	21,708	-	-	-	421	421
Total Business-type Activities	<u>1,334,268</u>	<u>1,360,974</u>	<u>-</u>	<u>7,443</u>	<u>-</u>	<u>34,149</u>	<u>34,149</u>
Total Primary Government	<u>\$ 3,425,951</u>	<u>\$ 1,385,472</u>	<u>\$ 631,766</u>	<u>\$ 36,443</u>	<u>(1,406,419)</u>	<u>34,149</u>	<u>(1,372,270)</u>
General Revenues:							
Property Taxes							
Property Taxes, Levied for General Purpose					383,811	-	383,811
Property Taxes, Levied for Improvement District #25					230,478	-	230,478
Other Property Taxes					217,288	-	217,288
Sales and Other Taxes					167,894	-	167,894
State Aid Distribution					181,915	-	181,915
Other Revenues					143,266	21,584	164,850
Unrestricted Investment Earnings					317,613	16,008	333,621
Transfers					10,166	(10,166)	-
Total General Revenues					<u>1,652,431</u>	<u>27,426</u>	<u>1,679,857</u>
Change in Net Position					246,012	61,575	307,587
Net Position - Beginning					<u>352,755</u>	<u>11,098,572</u>	<u>11,451,327</u>
Prior Period Restatement - See Note 18					<u>(23,177)</u>	<u>-</u>	<u>(23,177)</u>
Net Position - Beginning, as restated					<u>329,578</u>	<u>11,098,572</u>	<u>11,428,150</u>
Net Position - Ending					<u>\$ 575,590</u>	<u>\$ 11,160,147</u>	<u>\$ 11,735,737</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2023**

	General	Emergency	Improvement District #25 - TIF	Mayville Street Project	2022-2 USDA	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 561,227	\$ -	\$ 139,874	\$ 8,525,922	\$ 682,000	\$ 201,556	\$ 10,110,579
Receivables	196,805	264	3,105	20	-	393	200,587
Taxes Receivable	12,260	-	-	-	-	-	12,260
Due from Other Funds	143,404	-	-	-	-	-	143,404
Total Assets	<u>\$ 913,696</u>	<u>\$ 264</u>	<u>\$ 142,979</u>	<u>\$ 8,525,942</u>	<u>\$ 682,000</u>	<u>\$ 201,949</u>	<u>\$ 10,466,830</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts Payable	\$ 73,363	\$ 42,885	\$ -	\$ 550,684	\$ -	\$ 11,754	\$ 678,686
Accrued Expenditures	1,898	11	-	-	-	-	1,909
Unearned Revenue	-	-	-	-	682,000	165,748	847,748
Due to Other Governments	50,056	-	-	-	-	-	50,056
Due to Other Funds	-	143,404	-	-	-	-	143,404
Total Liabilities	<u>125,317</u>	<u>186,300</u>	<u>-</u>	<u>550,684</u>	<u>682,000</u>	<u>177,502</u>	<u>1,721,803</u>
Deferred Inflows of Resources							
Unavailable Revenue - Taxes Receivable	<u>7,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,177</u>
Total Deferred Inflows of Resources	<u>7,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,177</u>
<b>FUND BALANCES</b>							
Restricted	-	-	142,979	7,975,258	-	28,619	8,146,856
Unassigned	<u>781,202</u>	<u>(186,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,172)</u>	<u>590,994</u>
Total Fund Balances	<u>781,202</u>	<u>(186,036)</u>	<u>142,979</u>	<u>7,975,258</u>	<u>-</u>	<u>24,447</u>	<u>8,737,850</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 913,696</u>	<u>\$ 264</u>	<u>\$ 142,979</u>	<u>\$ 8,525,942</u>	<u>\$ 682,000</u>	<u>\$ 201,949</u>	<u>\$ 10,466,830</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2023**

Total Governmental Funds Balances	\$	8,737,850
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Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and, therefore, not reported in the governmental funds.

Capital Assets	\$ 16,790,163	
Accumulated Depreciation	<u>(3,319,463)</u>	13,470,700

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

Property taxes	7,177
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Long-term liabilities not due and payable in the current period and, therefore, are not included in the governmental funds:

Accrued Vacation Payable	\$ (2,791)	
Bonds and Finance Purchases Payable	(21,264,207)	
Interest Payable	<u>(373,139)</u>	<u>(21,640,137)</u>

Net Position of Governmental Activities	\$	<u>575,590</u>
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See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Emergency	Improvement District #25 - TIF	Mayville Street Project	2022-2 USDA	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes	\$ 405,448	\$ 80,104	\$ 230,478	\$ -	\$ -	\$ 119,373	\$ 835,403
Sales and Other Taxes	275,480	-	-	-	-	-	275,480
Intergovernmental	200,915	524,180	-	-	-	10,000	735,095
Charges for Services	24,498	-	-	-	-	-	24,498
Fines and Forfeitures	50	-	-	-	-	-	50
Interest Earnings	10,879	-	-	306,734	-	-	317,613
Sale of Lots	2,500	-	2,764	-	-	-	5,264
Other Revenue	108,615	-	-	-	-	29,338	137,953
Total Revenues	<u>1,028,385</u>	<u>604,284</u>	<u>233,242</u>	<u>306,734</u>	<u>-</u>	<u>158,711</u>	<u>2,331,356</u>
<b>EXPENDITURES</b>							
Current:							
General Government	255,921	349,803	-	-	-	2,875	608,599
Culture and Recreation	11,736	-	-	-	-	73,564	85,300
Public Safety	187,297	-	-	-	-	2,651	189,948
Public Works	248,094	-	-	-	-	-	248,094
Capital Outlay	30,896	-	-	8,481,645	-	24,282	8,536,823
Debt Service:							
Principal Retirement	29,562	-	145,000	-	-	24,228	198,790
Interest and Fees	3,726	-	19,158	783,388	-	764	807,036
Total Expenditures	<u>767,232</u>	<u>349,803</u>	<u>164,158</u>	<u>9,265,033</u>	<u>-</u>	<u>128,364</u>	<u>10,674,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>261,153</u>	<u>254,481</u>	<u>69,084</u>	<u>(8,958,299)</u>	<u>-</u>	<u>30,347</u>	<u>(8,343,234)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	10,166	-	-	10,166
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,166</u>	<u>-</u>	<u>-</u>	<u>10,166</u>
Net Change in Fund Balances	261,153	254,481	69,084	(8,948,133)	-	30,347	(8,333,068)
Fund Balances - Beginning, as Previously Reported	543,226	(440,517)	73,895	16,923,391	-	(5,900)	17,094,095
Prior Period Adjustment - See Note 18	(23,177)	-	-	-	-	-	(23,177)
Fund Balances - Beginning	<u>520,049</u>	<u>(440,517)</u>	<u>73,895</u>	<u>16,923,391</u>	<u>-</u>	<u>(5,900)</u>	<u>17,070,918</u>
Fund Balances - Ending	<u>\$ 781,202</u>	<u>\$ (186,036)</u>	<u>\$ 142,979</u>	<u>\$ 7,975,258</u>	<u>\$ -</u>	<u>\$ 24,447</u>	<u>\$ 8,737,850</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (8,333,068)

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

Capital Outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	\$ 8,536,823	
Depreciation Expense	(151,692)	
Contributed Capital Asset	<u>28,000</u>	
		8,413,131

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property Taxes	(3,826)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 198,790

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued Vacation Payable	86
Interest Payable	<u>(29,101)</u>

Changes in Net Position	<u>\$ 246,012</u>
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See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AS OF DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	Totals Current Year
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 951,115	\$ 912,231	\$ 4,824	\$ 160,945	\$ 2,029,115
Investments	347,800	214,710	100,000	200,000	862,510
Accounts Receivable (net of allowance of \$9,000, \$5,000, \$6,000, and \$0, respectively)	56,627	29,548	33,160	1,311	120,646
Joint Powers Receivable	10,500	-	-	-	10,500
Special Assessments Receivable	-	2,795	-	-	2,795
Inventory	10,928	-	-	-	10,928
Total Current Assets	1,376,970	1,159,284	137,984	362,256	3,036,494
Non-Current Assets:					
Restricted Cash	138,541	79,500	-	-	218,041
Joint Powers Receivable	185,400	-	-	-	185,400
Capital Assets					
Land	26,000	383,810	12,000	-	421,810
Buildings	1,300,000	-	5,000	-	1,305,000
Equipment	625,452	140,829	-	-	766,281
Vehicles	25,817	18,500	23,500	-	67,817
Infrastructure	10,331,878	8,778,767	-	-	19,110,645
Less Accumulated Depreciation	(5,520,515)	(5,061,613)	(28,500)	-	(10,610,628)
Total Capital Assets (Net of Accumulated Depreciation)	6,788,632	4,260,293	12,000	-	11,060,925
Total Non-Current Assets	7,112,573	4,339,793	12,000	-	11,464,366
Total Assets	8,489,543	5,499,077	149,984	362,256	14,500,860
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	26,428	8,079	29,858	-	64,365
Accrued Expenses	232	575	1,226	-	2,033
Accrued Vacation Payable	1,132	963	528	-	2,623
Meter Deposit Payable	15,850	-	-	-	15,850
Accrued Interest Payable	15,800	6,225	-	-	22,025
Bonds Payable	146,470	55,000	-	-	201,470
Total Current Liabilities	205,912	70,842	31,612	-	308,366
Non-Current Liabilities:					
Long-term Bonds Payable	1,842,347	1,190,000	-	-	3,032,347
Total Non-Current Liabilities	1,842,347	1,190,000	-	-	3,032,347
Total Liabilities	2,048,259	1,260,842	31,612	-	3,340,713
<b>NET POSITION</b>					
Net Investment in Capital Assets	4,799,815	3,015,293	12,000	-	7,827,108
Restricted	138,541	82,295	-	-	220,836
Unrestricted	1,502,928	1,140,647	106,372	362,256	3,112,203
Total Net Position	\$ 6,441,284	\$ 4,238,235	\$ 118,372	\$ 362,256	\$ 11,160,147

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	Totals Current Year
OPERATING REVENUES:					
Water Sales	\$ 716,058	\$ -	\$ -	\$ -	\$ 716,058
Sewer Charges	-	271,658	-	-	271,658
Sanitation Charges	-	-	351,550	-	351,550
Landfill Surcharges	-	-	-	21,708	21,708
Total Operating Revenues	<u>716,058</u>	<u>271,658</u>	<u>351,550</u>	<u>21,708</u>	<u>1,360,974</u>
OPERATING EXPENSES:					
Professional Services	14,529	4,857	2,763	-	22,149
Insurance	9,954	2,028	1,230	-	13,212
Utilities	70,497	18,821	7,730	-	97,048
Printing and Postage	1,785	1,345	1,707	-	4,837
Supplies and Maintenance	73,766	25,190	23,002	-	121,958
Salaries	84,331	50,804	35,787	-	170,922
Employee Benefits	12,260	8,578	12,341	-	33,179
Miscellaneous	86,621	5,153	304,944	21,287	418,005
Depreciation	234,412	136,873	-	-	371,285
Total Operating Expenses	<u>588,155</u>	<u>253,649</u>	<u>389,504</u>	<u>21,287</u>	<u>1,252,595</u>
Operating Income (Loss)	<u>127,903</u>	<u>18,009</u>	<u>(37,954)</u>	<u>421</u>	<u>108,379</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest Income	6,467	3,887	1,885	3,769	16,008
Special Assessments	-	7,443	-	-	7,443
Miscellaneous Revenues	7,502	7,013	7,069	-	21,584
Interest Expense	(55,948)	(25,725)	-	-	(81,673)
Total Non-Operating Revenues (Expenses)	<u>(41,979)</u>	<u>(7,382)</u>	<u>8,954</u>	<u>3,769</u>	<u>(36,638)</u>
Income (Loss) before Transfers	85,924	10,627	(29,000)	4,190	71,741
Transfers Out	-	(10,166)	-	-	(10,166)
Changes in Net Position	85,924	461	(29,000)	4,190	61,575
Total Net Position - Beginning	<u>6,355,360</u>	<u>4,237,774</u>	<u>147,372</u>	<u>358,066</u>	<u>11,098,572</u>
Total Net Position - Ending	<u>\$ 6,441,284</u>	<u>\$ 4,238,235</u>	<u>\$ 118,372</u>	<u>\$ 362,256</u>	<u>\$ 11,160,147</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 780,891	\$ 268,979	\$ 352,997	\$ 21,783	\$ 1,424,650
Payments to Suppliers	(262,405)	(57,129)	(338,451)	(21,287)	(679,272)
Payments to Employees	(96,515)	(59,382)	(48,515)	-	(204,412)
Net Cash Provided (Used) by Operating Activities	<u>421,971</u>	<u>152,468</u>	<u>(33,969)</u>	<u>496</u>	<u>540,966</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Miscellaneous Revenues	7,502	7,013	7,069	-	21,584
Transfer to/from Other Funds	-	(10,166)	-	-	(10,166)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>7,502</u>	<u>(3,153)</u>	<u>7,069</u>	<u>-</u>	<u>11,418</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(27,235)	-	-	-	(27,235)
Proceeds from Special Assessments	-	10,166	-	-	10,166
Proceeds from the Joint Powers Agreement	10,500	-	-	-	10,500
Principal Payments on Long-Term Debt	(140,939)	(55,000)	-	-	(195,939)
Interest and Fiscal Charges on Debt	(56,931)	(26,000)	-	-	(82,931)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(214,605)</u>	<u>(70,834)</u>	<u>-</u>	<u>-</u>	<u>(285,439)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Income	6,467	3,887	1,885	3,769	16,008
Purchase of Certificates of Deposit	(347,800)	(214,710)	(100,000)	(200,000)	(862,510)
Net Cash Provided (Used) by Investing Activities	<u>(341,333)</u>	<u>(210,823)</u>	<u>(98,115)</u>	<u>(196,231)</u>	<u>(846,502)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(126,465)	(132,342)	(125,015)	(195,735)	(579,557)
Cash and Cash Equivalents, January 1	<u>1,216,121</u>	<u>1,124,073</u>	<u>129,839</u>	<u>356,680</u>	<u>2,826,713</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,089,656</u>	<u>\$ 991,731</u>	<u>\$ 4,824</u>	<u>\$ 160,945</u>	<u>\$ 2,247,156</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	Totals Current Year
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 127,903	\$ 18,009	\$ (37,954)	\$ 421	\$ 108,379
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	234,412	136,873	-	-	371,285
Changes in Assets and Liabilities:					
Accounts Receivable	64,833	(2,679)	1,447	75	63,676
Inventory	(2,088)	-	-	-	(2,088)
Accounts Payable	(3,915)	265	2,925	-	(725)
Accrued Expenses	(167)	(159)	(401)	-	(727)
Accrued Vacation Payable	243	159	14	-	416
Meter Deposits Payable	750	-	-	-	750
Net Cash Provided (Used) by Operating Activities	<u>\$ 421,971</u>	<u>\$ 152,468</u>	<u>\$ (33,969)</u>	<u>\$ 496</u>	<u>\$ 540,966</u>
<b>Reconciliation of Cash and Cash Equivalents</b>					
Cash and Cash Equivalents	\$ 951,115	\$ 912,231	\$ 4,824	\$ 160,945	\$ 2,029,115
Restricted Cash	138,541	79,500	-	-	218,041
<b>Total Cash and Cash Equivalents</b>	<u>\$ 1,089,656</u>	<u>\$ 991,731</u>	<u>\$ 4,824</u>	<u>\$ 160,945</u>	<u>\$ 2,247,156</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF DECEMBER 31, 2023**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 132,709</u>
<b>LIABILITIES</b>	
Due to Other Entities	<u>\$ 132,709</u>
<b>NET POSITION - ENDING</b>	<u>\$ -</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Property Tax Collected for Other Governments	\$ 17,358
Loan Repayments Collected for Other Entities	65,218
Miscellaneous	<u>69</u>
Total Additions	<u>82,645</u>
<b>DEDUCTIONS</b>	
Payments to Other Entities	<u>82,645</u>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ -</u></u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mayville operates under a City Council form of government. The financial statements of the City of Mayville have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**Reporting Entity**

The financial statements of the City include those of independently administered organizations of which guardianship responsibility falls on the City. Guardianship responsibility is determined on the basis of taxing powers, budget authority, appointment of governing board members, designation of management, and fiscal accountability including a guaranteed or moral responsibility for debt. The criteria used to determine the financial reporting entity were in conformance with GASB Statement 61, *The Financial Reporting Entity*.

Based on the preceding criteria, there are no component units to be reported.

**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 City. For the most part, the effect of inter-fund activity has been removed from these statements. 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 support. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**1) Governmental Fund Types**

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

- a) General Fund — The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments, such as public safety, is accounted for in this fund.
- b) Emergency Fund — The Emergency Fund is used to account for receipt and disbursement of funds used in the event of an emergency.
- c) TIF District #25 — The TIF District #25 Fund is a fund set up for the financing of a city sewer and water project.
- d) Mayville Street Project – The Mayville Street Project Fund is a fund set up to track the initial planning, design, and engineering costs for a 2022 street, storm sewer, water, and sanitary sewer project.
- e) 2022-2 USDA Funds – The 2022-2 USDA Fund is to account for the local share of a construction project to begin in 2024.

The other governmental funds of the City are considered nonmajor.

**2) Proprietary Fund Types**

Proprietary fund types are used to account for a government's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Enterprise Funds** are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- a) Water Fund – To account for the operation and maintenance of the City's Water Utility.
- b) Sewer System Fund – To account for the operation and maintenance of the City's Sanitary Sewer System.
- c) Sanitation Fund – To account for the operation of the City's Sanitation.

**Fiduciary Funds**

Custodial Funds

The City includes two custodial funds and does not involve the measurement of results or operations. The custodial funds are as follows:

Mayville RFO – Amounts are collected by the City on behalf of the Mayville RFO and submitted to the Mayville RFO Board.

Airport Authority – Property taxes are levied by the City on behalf of the Airport Authority and submitted to the Airport Authority Board.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Property taxes are considered available if received within 60 days of year-end.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Budgets**

The City management submits a proposed budget and levy to the City Council. The Council shall adopt the budget no later than the first day of October by resolution, which shall set forth the total for each budget fund. The proposed levies must be adopted and certified to the County by October 10<sup>th</sup> of each year.

### **Cash and Investments**

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to respective funds on the basis of applicable cash balance participation by each fund.

Investments for the City consist of Certificates of Deposit with original maturities greater than 3 months and are recorded at amortized cost.

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 MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

- 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.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less.

### **Accounts Receivable**

Utility billings receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Utility billings receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A utility billing receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

### **Capital Assets**

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Mayville as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, improvements, infrastructure, equipment, and vehicle assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	50 Years
Equipment	5-15 Years
Vehicles	5-15 Years
Infrastructure	20-50 Years

The City's collection of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for, and preserved, and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

### **Encumbrances**

Appropriations in the Governmental Funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Inventories**

Inventories are stated at the lower of cost or net realizable value and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are relieved from inventory for use. Inventories are determined by actual count and priced on the first-in, first-out basis.

**Unearned Revenue**

Unearned revenues arise when potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

**Inter-fund Transactions**

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds’ operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Non-current portions of long-term inter-fund loan receivables are reported as advances within the Governmental Funds, and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**Fund Balance**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints and the purposes for which resources can be used:

*Nonspendable* – consists of amounts that are not in spendable form, such as inventory and prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by law through constitutional provisions or enabling legislation.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

*Committed* – consists of internally imposed constraints. These constraints are established by formal action of the City Council.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council. Pursuant to Council resolution, the City's Auditor-Treasurer is authorized to establish assignments of fund balance.

*Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

### **Net Position**

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

### **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 so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

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 one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – taxes receivable*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**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.

**NOTE 2     STEWARSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Equity**

The City has two funds in a deficit position at December 31, 2023. The Emergency fund has a deficit of \$186,036. The Fire department Reserve fund has a deficit of \$4,172. These deficit balances will be eliminated through future transfers, property tax collections, bond issue, and state and grant funds.

**NOTE 3     DEPOSITS AND INVESTMENTS**

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

North Dakota laws require all public deposits be protected by insurance, surety bond or collateral.

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

At December 31, 2023, the City's carrying amount of deposits was \$13,220,245 and the bank balance was \$13,407,931. The City's balances were fully collateralized as of December 31, 2023.

The City considers certificates of deposits to be cash.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Credit Risk**

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

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

**NOTE 4 TAXES RECEIVABLE**

Property tax levies are set by the City Council in October each year and are certified to the county for collection the following year. In North Dakota, counties act as collection agents for all property taxes.

The county spreads the levies over all taxable property in the City. Such taxes become receivables of the City as of January 1.

Property taxes are payable in equal installments by property owners to the county as follows: Personal Property - February 28 and June 30; and Real Property - May 15 and October 15.

The county remits the collections to the City and other taxing districts on a monthly basis.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as taxes receivable. The receivable is fully offset by deferred revenue as it is not available to finance current expenditures.

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with North Dakota Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue.

Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

Special assessments receivable includes the following components:

- Unremitted: Amounts collected by Traill County and not remitted to the City.
- Delinquent: Amounts billed to property owners but not paid.
- Deferred: Assessment installments which will be billed to property owners in future years.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**NOTE 5 CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended December 31, 2023:

	<b>Primary Government</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>					
Capital Assets, Non-Depreciable:					
Land	\$ 190,666	\$ -	\$ -	\$ -	\$ 190,666
Construction in Progress	3,574,033	8,481,644	-	-	12,055,677
Capital Assets, Depreciable:					
Buildings	750,934	-	(9,160)	-	741,774
Equipment	1,160,704	36,872	(58,500)	-	1,139,076
Vehicles	783,509	46,308	(51,337)	-	778,480
Infrastructure	1,884,490	-	-	-	1,884,490
<b>Totals at Historical Cost</b>	<b>8,344,336</b>	<b>8,564,824</b>	<b>(118,997)</b>	<b>-</b>	<b>16,790,163</b>
Less Accumulated Depreciation for:					
Buildings	(514,989)	(20,409)	9,160	-	(526,238)
Equipment	(787,242)	(53,452)	58,500	-	(782,194)
Vehicles	(643,655)	(26,919)	51,337	-	(619,237)
Infrastructure	(1,340,882)	(50,912)	-	-	(1,391,794)
<b>Total Accumulated Depreciation</b>	<b>(3,286,768)</b>	<b>(151,692)</b>	<b>118,997</b>	<b>-</b>	<b>(3,319,463)</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 5,057,568</b>	<b>\$ 8,413,132</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,470,700</b>
<b><u>Business-type Activities</u></b>					
Capital Assets, Non-Depreciable:					
Land	\$ 421,810	\$ -	\$ -	\$ -	\$ 421,810
Capital Assets, Depreciable:					
Buildings	1,305,000	-	-	-	1,305,000
Equipment	743,046	27,235	(4,000)	-	766,281
Vehicles	145,037	-	(77,220)	-	67,817
Infrastructure	19,110,645	-	-	-	19,110,645
<b>Totals at Historical Cost</b>	<b>21,725,538</b>	<b>27,235</b>	<b>(81,220)</b>	<b>-</b>	<b>21,671,553</b>
Less Accumulated Depreciation for:					
Buildings	(988,666)	(26,000)	-	-	(1,014,666)
Equipment	(427,693)	(29,598)	4,000	-	(453,291)
Vehicles	(138,868)	(3,700)	77,220	-	(65,348)
Infrastructure	(8,765,336)	(311,987)	-	-	(9,077,323)
<b>Total Accumulated Depreciation</b>	<b>(10,320,563)</b>	<b>(371,285)</b>	<b>81,220</b>	<b>-</b>	<b>(10,610,628)</b>
<b>Total Business-type Activities Capital Assets, Net</b>	<b>\$ 11,404,975</b>	<b>\$ (344,050)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,060,925</b>
<b>Depreciation expense was charged to Governmental functions as follows:</b>					
General Government					\$ 9,010
Public Works					100,852
Public Safety					31,177
Culture and Recreation					10,653
<b>Total Depreciation Expense</b>					<b>\$ 151,692</b>
<b>Depreciation expense was charged to Business Type functions as follows:</b>					
Water					\$ 234,412
Sewer					136,873
<b>Total Depreciation Expense</b>					<b>\$ 371,285</b>

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The City had the following transfers or due to/from other funds at December 31, 2023:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Emergency Fund	\$ 143,404
<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Sewer Fund	Mayville Street Project Fund	\$ 10,166

Receivables and payables were made to cover the City's cash flow needs as of December 31, 2023.

Transfers were made for the City's debt compliance requirements for the year ended December 31, 2023.

**NOTE 7 LONG-TERM DEBT**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Balance</u> <u>12/31/2022</u>	<u>Debt</u> <u>Issued</u>	<u>Principal</u> <u>Retirements</u> <u>2023</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Refunding Improvement Bonds of 2012 - District #25	\$ 595,000	\$ -	\$ 125,000	\$ 470,000	\$ 120,000
Interim Refunding Improvement Bonds of 2022	20,635,000	-	-	20,635,000	-
CWSRF Improvement Bond - Water Treatment #25 CW127	83,000	-	20,000	63,000	21,000
Financed Purchase - Firetruck	40,541	-	24,228	16,313	16,313
Goose River Armory Bond	24,113	-	9,260	14,853	9,575
Goose River - Payloader Loan	85,343	-	20,302	65,041	65,041
Governmental Activities					
Long-Term Liabilities	<u>\$ 21,462,997</u>	<u>\$ -</u>	<u>\$ 198,790</u>	<u>\$ 21,264,207</u>	<u>\$ 231,929</u>
<b><u>Business-Type Activities:</u></b>					
Bank of North Dakota	\$ 131,655	\$ -	\$ 13,219	\$ 118,436	\$ 13,400
CWSRF Refunding Bond #24	1,300,000	-	55,000	1,245,000	55,000
DWSRF Water Treatment Revenue Bond - District #23 DW89	80,000	-	20,000	60,000	20,000
Bank of North Dakota Water Main #19 & #20	110,000	-	10,000	100,000	10,000
CFP Refunding Rural Development Loan - CFP Improvement Bonds	855,000	-	65,000	790,000	70,000
DWSRF Refunding Bond #26	620,000	-	20,000	600,000	20,000
USDA Rural Development - Sewer #26 Part 2	333,101	-	12,720	320,381	13,070
Business-Type Activity					
Long-Term Liabilities	<u>\$ 3,429,756</u>	<u>\$ -</u>	<u>\$ 195,939</u>	<u>\$ 3,233,817</u>	<u>\$ 201,470</u>

Finance Purchase payments, the Goose River Payloader Loan and the Goose River Armory bond are typically paid by the general fund and the Fire Relief fund. The Improvement Bonds are typically paid by the TIF fund.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2023	Amounts Due in 2024	
							Principal	Interest
<b>Governmental Activities:</b>								
Refunding Improvement Bonds	2012	0.7-3.25%	2024/27	\$ 1,950,000	\$ 125,000	\$ 470,000	\$ 120,000	\$ 12,755
Interim Improvement Bonds	2022	3.75%	2025	20,635,000	-	20,635,000	-	778,123
North Dakota Public Finance	2007	2.50%	2024/26	305,725	20,000	63,000	21,000	1,575
Finance Purchase - Firetruck	2014	3.77%	2024	237,714	24,228	16,313	16,313	908
Goose River Armory Bond	2010	3.40%	2024/25	118,000	9,260	14,853	9,575	425
Goose River - Payloader Loan	2019	3.46%	2024	142,789	20,302	65,041	65,041	2,253
<b>Total Governmental Activities:</b>				<u>\$ 23,389,228</u>	<u>\$ 198,790</u>	<u>\$ 21,264,207</u>	<u>\$ 231,929</u>	<u>\$ 796,039</u>
<b>Business Type:</b>								
Revenue Bond	2007	2.50%	2024/26	\$ 275,300	\$ 20,000	\$ 60,000	\$ 20,000	\$ 1,500
Refunding Bonds	2012	3.50%	2024/33	1,430,000	65,000	790,000	70,000	24,025
State Revolving Loan Funds:								
Improvement Bonds	2017	1.50%	2024/42	1,556,000	55,000	1,245,000	55,000	9,000
Improvement Bonds	2017	1.50%	2024/47	720,000	20,000	600,000	20,000	18,675
Total State Revolving Loan Funds:				<u>2,276,000</u>	<u>75,000</u>	<u>1,845,000</u>	<u>75,000</u>	<u>27,675</u>
Bank of North Dakota								
Water	2002	3.00%	2024/32	400,000	13,219	118,436	13,400	3,357
Water	2003	3.00%	2024/33	300,000	10,000	100,000	10,000	3,000
Total Bank of North Dakota:				<u>700,000</u>	<u>23,219</u>	<u>218,436</u>	<u>23,400</u>	<u>6,357</u>
USDA Rural Development:								
Water	2013	3.00%	2024/42	934,000	12,720	320,381	13,070	8,810
Total USDA Rural Development:				<u>934,000</u>	<u>12,720</u>	<u>320,381</u>	<u>13,070</u>	<u>8,810</u>
<b>Total Business Type Activities:</b>				<u>\$ 5,615,300</u>	<u>\$ 195,939</u>	<u>\$ 3,233,817</u>	<u>\$ 201,470</u>	<u>\$ 68,367</u>

The annual requirements to amortize outstanding debt, as of December 31, 2023, are as follows:

**Governmental Activities:**

Year Ending December 31	Refunding Bonds of 2012 #25		Water Treatment Bonds #25		Interim Refunding Bonds of 2022	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 120,000	\$ 12,755	\$ 21,000	\$ 1,575	\$ -	\$ 778,123
2025	120,000	9,425	21,000	1,050	20,635,000	451,391
2026	115,000	5,606	21,000	525	-	-
2027	115,000	1,869	-	-	-	-
Total	<u>\$ 470,000</u>	<u>\$ 29,655</u>	<u>\$ 63,000</u>	<u>\$ 3,150</u>	<u>\$20,635,000</u>	<u>\$ 1,229,514</u>
Year Ending December 31	GR Payloader Loan		GR Armory Bond		Financed Purchase - Firetruck	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 65,041	\$ 2,253	\$ 9,575	\$ 425	\$ 16,313	\$ 908
2025	-	-	5,278	95	-	-
Total	<u>\$ 65,041</u>	<u>\$ 2,253</u>	<u>\$ 14,853</u>	<u>\$ 520</u>	<u>\$ 16,313</u>	<u>\$ 908</u>
Year Ending December 31	Total Governmental					
	Principal	Interest				
2024	\$ 231,929	\$ 796,039				
2025	20,781,278	461,961				
2026	136,000	6,131				
2027	115,000	1,869				
Total	<u>\$21,264,207</u>	<u>\$ 1,266,000</u>				

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**Business Type:**

Year Ending <u>December 31</u>	<u>Revenue Bond</u>		<u>Refunding Bond</u>		<u>State Revolving Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 20,000	\$ 1,500	\$ 70,000	\$ 24,025	\$ 75,000	\$ 27,675
2025	20,000	1,000	70,000	21,925	75,000	26,550
2026	20,000	500	75,000	19,750	75,000	25,425
2027	-	-	75,000	17,453	80,000	24,300
2028	-	-	75,000	15,109	80,000	23,100
2029-2033	-	-	425,000	36,469	430,000	97,050
2034-2038	-	-	-	-	470,000	63,300
2039-2043	-	-	-	-	440,000	26,775
2044-2048	-	-	-	-	120,000	4,500
Total	<u>\$ 60,000</u>	<u>\$ 3,000</u>	<u>\$ 790,000</u>	<u>\$ 134,731</u>	<u>\$ 1,845,000</u>	<u>\$ 318,675</u>

Year Ending <u>December 31</u>	<u>Bank of North Dakota</u>		<u>USDA Rural Development</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 23,400	\$ 6,357	\$ 13,070	\$ 8,810	\$ 201,470	\$ 68,367
2025	23,400	5,655	13,429	8,451	201,829	63,581
2026	23,400	4,953	13,798	8,082	207,198	58,710
2027	23,400	4,251	14,178	7,702	192,578	53,706
2028	23,400	3,549	14,568	7,312	192,968	49,070
2029-2033	101,436	7,506	79,072	30,328	1,035,508	171,353
2034-2038	-	-	90,559	18,841	560,559	82,141
2039-2043	-	-	81,707	5,688	521,707	32,463
2044-2048	-	-	-	-	120,000	4,500
Total	<u>\$218,436</u>	<u>\$32,271</u>	<u>\$ 320,381</u>	<u>\$ 95,214</u>	<u>\$ 3,233,817</u>	<u>\$ 583,891</u>

Rural Development has a reserve requirement of \$218,041 for their debt. The water fund and sewer fund have segregated \$138,541 and \$79,500, respectively, to separate funds within the Water and Sewer funds to meet this requirement. The required \$218,041 has been set aside as restricted cash on the Statement of Net Position – Proprietary Funds.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**NOTE 8      FUND BALANCE**

**Minimum Fund Balance Policy**

The City Council has formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target fund balance of 20% of the City's General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned, and Unassigned fund balances.

**Classifications**

At December 31, 2023, a summary of governmental fund balance classifications was as follows:

	Major Governmental Funds	Nonmajor Governmental Funds
Restricted for:		
Improvement Dist. #25 TIF	\$ 142,979	\$ -
Mayville Street Project	6,427,143	-
Debt Service	1,548,115	
Cemetery	-	9,606
Library	-	18,391
Special City Lots	-	622
	<hr/>	<hr/>
Total Restricted	\$ 8,118,237	\$ 28,619

At December 31, 2023, the business type activities reported restricted net position of \$220,836 for debt service which consisted of cash restricted for reserve requirements and special assessments receivable.

**NOTE 9      RISK MANAGEMENT**

The City of Mayville 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 of Mayville participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City of Mayville pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the City of Mayville with blanket fidelity bond coverage in the amount of \$1,247,537 for its employees. The State Bonding Fund does not currently charge any premium for this coverage. The City also carries Inland Marine Insurance with a commercial carrier.

The City of Mayville participates in the North Dakota Worker's Compensation Bureau and participates in the North Dakota Public Employees Retirement System for employee health and accident insurance.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

There were no settled claims resulting from these risks that have exceeded insurance coverage in any of the past three fiscal years.

**NOTE 10 PENSION PLAN**

The City provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate the month following six months of full-time employment and have reached their twenty-first birthday. The plan requires that the City contribute an amount equal to 7 percent of the employee's gross salary. The City's contributions for each employee (and interest allocated to the employee's account) are vested at the time of contribution.

The City's total payroll for the year ended December 31, 2023 was \$443,214. The City's contributions were calculated using the base salary amount of \$363,122. The City made the required contribution, amounting to \$25,419.

The plan is sponsored by Edward Jones Company that uses American Funds as the investment vehicle, as directed by the City of Mayville. The plan administrator is Quorum and the City is the trustee.

Benefit and contribution provisions are established by city ordinance and may be amended only by the City Council.

**NOTE 11 COMMITMENTS AND CONTINGENCY**

The City participates in numerous 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, 2023, 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.

The City has entered into multiple contracts for construction and engineering services related to Street and Storm Improvement District. No. 2022-1. As of December 31, 2023, \$1,802,433 has been paid on the construction contract of \$10,613,233 an additional \$532,879 of retainage is included in accounts payable. As of December 31, 2023, \$1,904,762 has been paid on the engineering contract for the street improvements project of \$2,116,520. As of December 31, 2023, \$260,810 has been paid on the engineering contract for the water and sewer project of \$585,174.

**NOTE 12 COMPENSATED ABSENCES**

Vacation leave is accrued at a rate of various hours per month for years of continuous service. Beginning in 2013, employees were allowed to have a carryover of up to forty hours. As of December 31, 2023, the total liability to the City is \$5,414. The liability for vacation leave is paid out of the respective fund or liquidated through the general fund.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

Sick Leave accrues at a rate of twelve days per year of accumulated service. Sick leave accumulation is limited to sixty days per employee. Unused sick leave is not paid out upon termination of employment.

**NOTE 13    CONDUIT DEBT**

From time to time the City has issued Municipal Industrial Development Act Revenue Bonds (MIDA Bonds) to provide financial assistance to private-sector entities for construction projects and renovations and to finance capital equipment purchases. The bonds are secured by mortgage and security agreements, indentures of trust, an irrevocable letter of credit, liquidity facility agreement and by the Municipal Bond Investors Assurance Corporation. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023, the aggregate principal amount payable was \$1,372,258.

**NOTE 14    SALES TAX**

The City receives sales tax money on behalf of Mayville State University and the Mayville Economic Development. During the year ended December 31, 2023, the City collected \$328,323 in sales tax dollars that were subsequently remitted to Mayville State University and Mayville Economic Development.

**NOTE 15    CONCENTRATION**

East Central Regional Water District accounts for 10% of water sales; this is covered under the Joint Powers Agreement and is a zero profit/loss agreement. For more information, see Note 16 below.

**NOTE 16    JOINT POWERS AGREEMENT**

On January 20th, 2009, a Joint Powers Agreement was signed by the City of Mayville along with East Central Regional Water District and the City of Hillsboro, ND. The agreement was to enter into a Joint Water Improvement Project for the delivery of treated water to the existing and future water users of the district, and the City of Mayville. Per the agreement, East Central Regional Water District is the provider of raw water to Mayville. Mayville will treat the raw water and then Mayville and the East Central Regional Water District will each distribute the water to their respective customers.

The Joint Water Improvement Project was funded by a combination of MR&I grant funding and Section 594 grant funding, with the remaining portion of the construction costs being financed locally by East Central Regional Water District and the City of Mayville.

Total cost share of the project is allocated to the different entities based upon water usage and capacity as calculated by an engineer. East Central Regional Water District is obligated to pay a portion of the local funding loan taken out by the City of Mayville. In addition, the City of Mayville is obligated to make payments to East Central Regional Water District for their locally funded loan.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

To pay for the loan taken out by East Central Regional Water District, monthly invoices were sent to the City of Mayville. Each monthly payment was broken out into two portions – debt service and debt service reserve. Debt service funds were used to pay the loan payments to the financial institution, which consisted of principal, interest, and an administration fee. Debt service reserve funds were received and maintained to meet the 120% loan coverage requirement. Once the 120% loan coverage was met, reserve payments were no longer required.

Per the joint powers agreement, debt service reserve funds received shall be set up in an account separate and restricted from other funds.

In 2017, the East Central Regional Water District refinanced a majority of the debt, including substantially all of the receivables and payables related to the Joint Powers Agreement. After the refinancing, the only remaining Joint Powers Agreement receivable remaining is a receivable from East Central Regional Water District with a balance of \$195,900 and \$206,400 as of December 31, 2023 and 2022, respectively.

The maturities for the accounts receivable related to the joint powers agreement are as follows:

	<u>Receivable</u>
2024	\$ 10,500
2025	10,500
2026	10,500
2027	10,500
2028	10,500
2029-2033	52,500
2034-2038	52,500
2039-2043	38,400
	<u>\$ 195,900</u>

Separate financial statements for the East Central Regional Water District can be obtained by contacting district management. Requests for additional information should be addressed to Shari Hagen, Office Manager, 1401 7<sup>th</sup> Ave NE, Thompson, ND 58278.

**NOTE 17 NEW PRONOUNCEMENTS**

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

- 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, 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.

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**NOTE 18    PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made for a prepaid police contract not expended in the prior year. As a result, beginning net position and fund balance were restated as follows:

	Net Position - Governmental Activities	Fund Balance - General Fund
January 1, 2023 as previously reported	\$ 352,755	\$ 543,226
Decrease in Prepaid Police Contract	<u>(23,177)</u>	<u>(23,177)</u>
January 1, 2023, as restated	<u>\$ 329,578</u>	<u>\$ 520,049</u>

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2023**

**NOTE 19    SUBSEQUENT EVENTS**

The City is in the process of securing permanent financing through two avenues – 1) For 2022-1 Street and Storm Sewer we will looking to pay the Series 2022 Interim Refunding Improvement Bonds with Refunding Bonds. 2) United States Department of Agriculture to repay the Series 2022 Interim Refunding Improvement Bonds issued in connection with Water & Sanitary Sewer. Additional funding will be provided through special assessments to be levied in the fall of 2024 for both 2022-1 and 2022-2.

**CITY OF MAYVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		
	Original & Final	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 411,241	\$ 405,448	\$ (5,793)
Other Taxes	155,940	275,480	119,540
Intergovernmental	180,000	200,915	20,915
Charges for Services	23,250	24,498	1,248
Fines and Forfeitures	500	50	(450)
Interest Earnings	2,000	10,879	8,879
Sale of Lots	-	2,500	2,500
Other Revenue	60,500	108,615	48,115
Total Revenues	<u>833,431</u>	<u>1,028,385</u>	<u>194,954</u>
<b>EXPENDITURES</b>			
Current:			
General Government	453,454	255,921	197,533
Public Safety	319,992	187,297	132,695
Public Works	248,995	248,094	901
Culture and Recreation	17,557	11,736	5,821
Capital Outlay	52,700	30,896	21,804
Debt Service:			
Principal Retirement	70,000	29,562	40,438
Interest and Fees	6,200	3,726	2,474
Total Expenditures	<u>1,168,898</u>	<u>767,232</u>	<u>401,666</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(335,467)</u>	<u>261,153</u>	<u>596,620</u>
Net Change in Fund Balances	(335,467)	261,153	596,620
Fund Balances - Beginning, as Previously Reported	543,226	543,226	-
Prior Period Adjustment - See Note 18	<u>-</u>	<u>(23,177)</u>	<u>(23,177)</u>
Fund Balances - Beginning	<u>543,226</u>	<u>520,049</u>	<u>(23,177)</u>
Fund Balances - Ending	<u>\$ 207,759</u>	<u>\$ 781,202</u>	<u>\$ 573,443</u>

See Note to the Budgetary Comparison Schedule

**CITY OF MAYVILLE**  
**NOTE TO THE BUDGETARY COMPARISON SCHEDULE**  
**AS OF DECEMBER 31, 2023**

**NOTE 1    BUDGETARY COMPARISON**

Budgets are prepared for City funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the City.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The annual appropriated budget is not legally binding on the City unless the City has a deficit fund balance.

**CITY OF MAYVILLE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2023**

		Fire Dept.		Unterseher	Specials	Prairie	Legacy	Total Nonmajor
	Cemetery	Reserve	Library	Acquisition	City Lots	Dog funds	Highway Fund	Governmental
								Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 10,079	\$ 4,291	\$ 19,374	\$ -	\$ 2,064	\$ 132,289	\$ 33,459	\$ 201,556
Accounts Receivable	33	161	192	-	7	-	-	393
Total Assets	<u>\$ 10,112</u>	<u>\$ 4,452</u>	<u>\$ 19,566</u>	<u>\$ -</u>	<u>\$ 2,071</u>	<u>\$ 132,289</u>	<u>\$ 33,459</u>	<u>\$ 201,949</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>								
<b>OF RESOURCES</b>								
Liabilities								
Accounts Payable	\$ 506	\$ 8,624	\$ 1,175	\$ -	\$ 1,449	\$ -	\$ -	\$ 11,754
Unearned Revenue	-	-	-	-	-	132,289	33,459	165,748
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>506</u>	<u>8,624</u>	<u>1,175</u>	<u>-</u>	<u>1,449</u>	<u>132,289</u>	<u>33,459</u>	<u>177,502</u>
<b>FUND BALANCES</b>								
Restricted	9,606	-	18,391	-	622	-	-	28,619
Unassigned	-	(4,172)	-	-	-	-	-	(4,172)
Total Fund Balances	<u>9,606</u>	<u>(4,172)</u>	<u>18,391</u>	<u>-</u>	<u>622</u>	<u>-</u>	<u>-</u>	<u>24,447</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,112</u>	<u>\$ 4,452</u>	<u>\$ 19,566</u>	<u>\$ -</u>	<u>\$ 2,071</u>	<u>\$ 132,289</u>	<u>\$ 33,459</u>	<u>\$ 201,949</u>

**CITY OF MAYVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Cemetery	Fire Dept. Reserve	Library	Unterseher Acquisition	Specials City Lots	Prairie Dog funds	Legacy Highway Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>								
Property Taxes	\$ 9,930	\$ 48,958	\$ 58,370	\$ -	\$ 2,115	\$ -	\$ -	\$ 119,373
Intergovernmental Aid	10,000	-	-	-	-	-	-	10,000
Miscellaneous	8,234	-	938	20,166	-	-	-	29,338
Total Revenues	<u>28,164</u>	<u>48,958</u>	<u>59,308</u>	<u>20,166</u>	<u>2,115</u>	<u>-</u>	<u>-</u>	<u>158,711</u>
<b>EXPENSES</b>								
Current								
General Government	-	-	-	-	2,875	-	-	2,875
Culture and Recreation	24,108	-	49,456	-	-	-	-	73,564
Public Safety	-	2,651	-	-	-	-	-	2,651
Capital Outlay	-	24,282	-	-	-	-	-	24,282
Debt Service:								
Principal Retirement	-	24,228	-	-	-	-	-	24,228
Interest and Fees	-	764	-	-	-	-	-	764
Total Expenditures	<u>24,108</u>	<u>51,925</u>	<u>49,456</u>	<u>-</u>	<u>2,875</u>	<u>-</u>	<u>-</u>	<u>128,364</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>4,056</u>	<u>(2,967)</u>	<u>9,852</u>	<u>20,166</u>	<u>(760)</u>	<u>-</u>	<u>-</u>	<u>30,347</u>
Net Change in Fund Balances	<u>4,056</u>	<u>(2,967)</u>	<u>9,852</u>	<u>20,166</u>	<u>(760)</u>	<u>-</u>	<u>-</u>	<u>30,347</u>
Fund Balances - Beginning	<u>5,550</u>	<u>(1,205)</u>	<u>8,539</u>	<u>(20,166)</u>	<u>1,382</u>	<u>-</u>	<u>-</u>	<u>(5,900)</u>
Fund Balances - Ending	<u>\$ 9,606</u>	<u>\$ (4,172)</u>	<u>\$ 18,391</u>	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,447</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 Honorable Mayor and  
Members of the City Council  
City of Mayville  
Mayville, North Dakota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville, North Dakota as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Mayville, North Dakota's basic financial statements and have issued our report thereon dated December 12, 2024.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Mayville, North Dakota'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of 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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mayville, 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 Mayville, North Dakota's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Mayville's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Mayville's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 12, 2024

**CITY OF MAYVILLE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2023-001**

**Criteria**

An appropriate system of internal control requires the City 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 Council. However, the City 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 entity 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.

**Views of Responsible Officials and Planned Corrective Actions**

The City agrees with the recommendation and will review on an annual basis.

**CITY OF MAYVILLE**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2023-002**

**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 Council 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 agrees with the recommendation and will review on an annual basis.