

AUDIT REPORT

CITY OF WISHEK
Wishek, North Dakota

For the Years Ended December 31, 2023 and 2022

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WISHEK
Wishek, North Dakota

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CITY OF WISHEK
Wishek, North Dakota

CITY OFFICIALS
December 31, 2023

Brenda Dohn	Mayor
Larry Wald	Council President
Whitney Lipp	Council Vice President
Kathy Klemetsrud	Council Member
Chris Opsahl	Council Member
Kathy Welder	Council Member
Mary Vickers	Auditor

Rath & Mehner, P.C.

Certified Public Accountants

Jayson Rath, CPA
Bryce Fischer, CPA
Todd Goehring, CPA

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INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, North Dakota

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wishek, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the city's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the city as of December 31, 2023 and 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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, 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.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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'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 GAAS 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 audits 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'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the city'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The budgeting comparison information and the schedules of fund activity arising from cash transactions 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 budgeting comparison information and the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

September 6, 2024

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	825,339.89	308,821.32	1,134,161.21	29,342.36	205,900.50	132,287.55
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	466,509.00	201,631.00	668,140.00		20,436.00	
Machinery and Vehicles	145,781.00	170,902.00	316,683.00			
Total Capital Assets	612,290.00	372,533.00	984,823.00	-	20,436.00	-
Total Assets	1,437,629.89	681,354.32	2,118,984.21	29,342.36	226,336.50	132,287.55
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Bank Loan Payable		16,030.97	16,030.97			
Special Assessments Bonds Payable	60,000.00		60,000.00			
Revenue Bonds Payable		10,000.00	10,000.00			
Due After One Year:						
Bank Loan Payable		69,798.36	69,798.36			
Revenue Bonds Payable		56,000.00	56,000.00			
Total Liabilities	60,000.00	151,829.33	211,829.33	-	-	-
NET POSITION:						
Net Investment in Capital Assets	552,290.00	220,703.67	772,993.67		20,436.00	
Restricted for:						
Meter Deposits		3,460.00	3,460.00			
Debt Service	92,968.05		92,968.05			
Special Purposes	501,495.00		501,495.00			
Unrestricted	230,876.84	305,361.32	536,238.16	29,342.36	205,900.50	132,287.55
Total Net Position	1,377,629.89	529,524.99	1,907,154.88	29,342.36	226,336.50	132,287.55

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	1,207,089.83	352,786.38	1,559,876.21	23,264.00	152,481.40	359,336.54
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	532,974.00	217,253.00	750,227.00		23,842.00	
Machinery and Vehicles	197,276.00	183,626.00	380,902.00			
Total Capital Assets	730,250.00	400,879.00	1,131,129.00	-	23,842.00	-
Total Assets	1,937,339.83	753,665.38	2,691,005.21	23,264.00	176,323.40	359,336.54
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Bank Loan Payable		15,379.45	15,379.45			
Special Assessments Bonds Payable	60,000.00		60,000.00			
Revenue Bonds Payable		10,000.00	10,000.00			
Due After One Year:						
Bank Loan Payable		85,829.33	85,829.33			
Special Assessments Bonds Payable	60,000.00		66,000.00			
Revenue Bonds Payable		66,000.00	66,000.00			
Total Liabilities	120,000.00	177,208.78	237,208.78	-	-	-
NET POSITION:						
Net Investment in Capital Assets	610,250.00	223,670.22	833,920.22		23,842.00	
Restricted for:						
Meter Deposits		3,460.00	3,460.00			
Debt Service	131,520.32		131,520.32			
Special Purposes	872,745.62		872,745.62			
Unrestricted	202,823.89	349,326.38	552,150.27	23,264.00	152,481.40	359,336.54
Total Net Position	1,817,339.83	576,456.60	2,393,796.43	23,264.00	176,323.40	359,336.54

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2023

Net (Expense) Revenue and Change in Net Position

	Program Revenues			Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
Functions/Programs									
Primary Government									
General Government									
Ambulance Services	246,954.82	10,101.34	2,430.00	(234,423.48)		(234,423.48)			
Streets and Public Works	238,858.28	45.00		(238,813.28)		(238,813.28)			
Health and Welfare	390,051.87	5,446.96	258,631.05	(125,973.86)		(125,973.86)			
Urban and Economic Development	510,046.28			(510,046.28)		(510,046.28)			
Other	269,060.80			(269,060.80)		(269,060.80)			
Interest on Long-Term Debt	3,107.96		62,404.41	59,296.45		59,296.45			
	3,255.00		22,728.83	19,473.83		19,473.83			
Total Governmental Activities	1,661,335.01	15,593.30	346,194.29	(1,299,547.42)		(1,299,547.42)			
Business-Type Activities:									
Water and Sewer	249,311.53	209,333.03		(39,978.50)		(39,978.50)			
Garbage	202,196.60	193,894.04		(8,302.56)		(8,302.56)			
Street Lights	19,323.31	20,461.96		1,138.65		1,138.65			
Total Business-Type Activities	470,831.44	423,689.03		(47,142.41)		(47,142.41)			
Total Primary Government	2,132,166.45	439,282.33	346,194.29	(1,299,547.42)	(47,142.41)	(1,346,689.83)			
Component Units									
Library	2,035.85						(2,035.85)	(11,358.46)	(326,867.28)
Airport Authority	13,358.46	2,000.00							
Job Development Authority	326,867.28								
Total Component Units	342,261.59	2,000.00					(2,035.85)	(11,358.46)	(326,867.28)
General Revenues:									
Taxes:									
Property taxes; levied for general purposes				219,738.49		219,738.49			
Property taxes; levied for special purposes				119,128.62		119,128.62			
Sales tax				347,786.38		347,786.38			
Lodging tax				3,630.84		3,630.84			
Cigarette tax				1,511.16		1,511.16			
Intergovernmental revenue not restricted to specific programs				85,829.04		85,829.04			
Earnings on investments and other revenue				82,212.95	210.80	82,423.75	8,048.71	54,010.86	8,048.54
Total General Revenues				859,837.48	210.80	860,048.28			
Change in Net Position				(439,709.94)	(46,931.61)	(486,641.55)			
Net Position - January 1				1,817,339.83	576,456.60	2,393,796.43			
Net Position - December 31				1,377,629.89	529,524.99	1,907,154.88			

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2022

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Program Revenues			Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
Primary Government									

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2023

	Major Funds									
	Other					Total				
	General	Ambulance	Highway Tax Distribution	Capital Improvements	Sales Tax	Street Imp. 2013-1	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds
ASSETS:										
Cash, Cash Equivalents and Investments	230,876.84	112,526.65	19,907.78	178,015.98	115,739.78	92,968.05	75,304.81		825,339.89	
FUND BALANCES:										
Restricted for:										
Ambulance Services		112,526.65							112,526.65	
Street and Public Works			19,907.78	178,015.98					197,923.76	
Urban and Economic Development					115,739.78		13,053.93		128,793.71	
Cemetery							35,833.88		35,833.88	
Debt Service						92,968.05			92,968.05	
Other Purposes							26,417.00		26,417.00	
Unassigned	230,876.84								230,876.84	
Total Fund Balances	230,876.84	112,526.65	19,907.78	178,015.98	115,739.78	92,968.05	75,304.81		825,339.89	

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2022

	Major Funds									
	General					Other			Total	
	General	Ambulance	Highway Tax Distribution	Capital Improvements	Sales Tax	Street Imp. 2013-1	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds
ASSETS:										
Cash, Cash Equivalents and Investments	202,823.89	486,927.05	4,419.07	142,666.68	92,937.96	131,520.32	145,794.86		1,207,089.83	
FUND BALANCES:										
Restricted for:										
Ambulance Services		486,927.05							486,927.05	
Street and Public Works			4,419.07	142,666.68					147,085.75	
Urban and Economic Development					92,937.96		18,889.77		111,827.73	
Cemetery							38,199.48		38,199.48	
Debt Service						131,520.32			131,520.32	
Other Purposes							88,705.61		88,705.61	
Unassigned	202,823.89								202,823.89	
Total Fund Balances	202,823.89	486,927.05	4,419.07	142,666.68	92,937.96	131,520.32	145,794.86		1,207,089.83	

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Balance Sheet
December 31, 2023

Total Fund Balances for Governmental Funds	825,339.89
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	
Cost of Capital Assets	3,012,678.00
Less Accumulated Depreciation	<u>(2,400,388.00)</u>
Net Capital Assets	612,290.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2023 are:	
Special Assessment Bonds Payable	<u>(60,000.00)</u>
Total Net Position of Governmental Activities	<u>1,377,629.89</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Balance Sheet
December 31, 2022

Total Fund Balances for Governmental Funds	1,207,089.83
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	
Cost of Capital Assets	3,012,678.00
Less Accumulated Depreciation	<u>(2,282,428.00)</u>
Net Capital Assets	730,250.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2022 are:	
Special Assessment Bonds Payable	<u>(120,000.00)</u>
Total Net Position of Governmental Activities	<u>1,817,339.83</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	Major Funds						
	General	Ambulance	Highway Tax Distribution	Capital Improvements	Sales Tax	Street Imp. 2013-1	Other Governmental Funds
Revenues:							
Taxes	219,738.59	110,445.88		8,682.74	347,786.38		690,284.43
Special Assessments						22,728.83	22,728.83
Licenses, Permits and Fees	9,776.54						9,776.54
Intergovernmental	134,132.94		87,590.26	162,665.16			410,805.36
Charges for Services	3,881.96						3,881.96
Fines and Forfeits	325.00						325.00
Miscellaneous	51,633.26	25,200.00	1,610.00	73.19		1,973.90	83,822.95
Total Revenues	419,488.29	135,645.88	89,200.26	171,421.09	347,786.38	24,702.73	1,221,625.07
Expenditures:							
Current:							
General Government	245,594.82						245,594.82
Public Safety	213,150.28						213,150.28
Streets and Public Works	15,814.71		73,711.55	136,071.79	74,161.82		299,759.87
Ambulance Services		510,046.28			263,382.51		510,046.28
Urban and Economic Development							269,060.80
Other							2,507.96
Debt Service:						60,000.00	60,000.00
Principal						3,255.00	3,255.00
Interest and Service Charges							
Total Expenditures	474,559.81	510,046.28	73,711.55	136,071.79	337,544.33	63,255.00	1,603,375.01
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,071.52)	(374,400.40)	15,488.71	35,349.30	10,242.05	(38,552.27)	(381,749.94)
Other Financing Sources (Uses):							
Transfers In	83,124.47				12,559.77		95,684.24
Transfers Out							(95,684.24)
Total Other Financing Sources (Uses)	83,124.47	-	-	-	12,559.77	-	-
Net Change in Fund Balances	28,052.95	(374,400.40)	15,488.71	35,349.30	22,801.82	(38,552.27)	(381,749.94)
Fund Balance - January 1	202,823.89	486,927.05	4,419.07	142,666.68	92,937.96	131,520.32	1,207,089.83
Fund Balance - December 31	230,876.84	112,526.65	19,907.78	178,015.98	115,739.78	92,968.05	825,339.89

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

Major Funds

	General	Ambulance	Highway Tax Distribution	Capital Improvements	Sales Tax	Street Imp. 2013-1	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>								
Taxes	210,716.46	114,951.70		8,598.95	233,061.78		3,852.88	571,181.77
Special Assessments						26,639.97		26,639.97
Licenses, Permits and Fees	9,903.45							9,903.45
Intergovernmental	78,771.08		64,374.98	70,927.70			14,251.00	228,324.76
Charges for Services	5,844.64							5,844.64
Fines and Forfeits	417.00							417.00
Miscellaneous	45,581.93	31,500.00		72.82		826.79	953.47	78,935.01
Total Revenues	351,234.56	146,451.70	64,374.98	79,599.47	233,061.78	27,466.76	19,057.35	921,246.60
<u>Expenditures:</u>								
Current:								
General Government	145,672.67							145,672.67
Public Safety	201,247.40							201,247.40
Streets and Public Works	13,690.18		87,681.91	44,513.38	23,497.06			169,382.53
Ambulance Services		59,306.87						59,306.87
Urban and Economic Development					213,636.79		2,084.59	215,721.38
Other							14,251.00	14,251.00
Debt Service:								
Principal						55,000.00		55,000.00
Interest and Service Charges						4,635.00		4,635.00
Total Expenditures	360,610.25	59,306.87	87,681.91	44,513.38	237,133.85	59,635.00	16,335.59	865,216.85
Net Change in Fund Balances	(9,375.69)	87,144.83	(23,306.93)	35,086.09	(4,072.07)	(32,168.24)	2,721.76	56,029.75
Fund Balance - January 1	212,199.58	399,782.22	27,726.00	107,580.59	97,010.03	163,688.56	143,073.10	1,151,060.08
Fund Balance - December 31	202,823.89	486,927.05	4,419.07	142,666.68	92,937.96	131,520.32	145,794.86	1,207,089.83

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	(381,749.94)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(117,960.00)</u>	(117,960.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	-	
Repayment of Debt	<u>(60,000.00)</u>	<u>60,000.00</u>

Change in Net Position of Governmental Activities	<u>(439,709.94)</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds

56,029.75

The change in net position reported for governmental activities in the statement
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay
Current Year Depreciation Expense

-
(134,102.00)

(134,102.00)

The proceeds of debt issuances are reported as financing sources in governmental
funds and thus contribute to the change in fund balance. In the statement of net
position, issuing debt increases long-term liabilities and does not affect the
statement of activities. Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities in the
statement of net position. This is the amount by which repayment of debt
exceeded debt proceeds.

Debt Proceeds
Repayment of Debt

-
55,000.00

55,000.00

Change in Net Position of Governmental Activities

(23,072.25)

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2023

	Major Enterprise Funds		Other	Total
	Water and Sewer	Garbage	Enterprise Fund	Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	236,632.38	60,009.41	12,179.53	308,821.32
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	195,631.00	6,000.00		201,631.00
Machinery and Vehicles	4,517.00	166,385.00		170,902.00
Total Noncurrent Assets	200,148.00	172,385.00	-	372,533.00
Total Assets	436,780.38	232,394.41	12,179.53	681,354.32
LIABILITIES				
Current Liabilities:				
Bank Loan Payable		16,030.97		16,030.97
Revenue Bonds Payable	10,000.00			10,000.00
Total Current Liabilities	10,000.00	16,030.97	-	26,030.97
Noncurrent Liabilities:				
Bank Loan Payable		69,798.36		69,798.36
Revenue Bonds Payable	56,000.00			56,000.00
Total Noncurrent Liabilities	56,000.00	69,798.36	-	125,798.36
Total Liabilities	66,000.00	85,829.33	-	151,829.33
NET POSITION				
Net Investment in Capital Assets	134,148.00	86,555.67		220,703.67
Restricted for:				
Meter Deposits	3,460.00			3,460.00
Unrestricted	233,172.38	60,009.41	12,179.53	305,361.32
Total Net Position	370,780.38	146,565.08	12,179.53	529,524.99

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2022

	Major Enterprise Funds		Other	Total
	Water and Sewer	Garbage	Enterprise Fund	Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	269,359.88	72,385.62	11,040.88	352,786.38
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	211,053.00	6,200.00		217,253.00
Machinery and Vehicles	6,346.00	177,280.00		183,626.00
Total Noncurrent Assets	217,399.00	183,480.00	-	400,879.00
Total Assets	486,758.88	255,865.62	11,040.88	753,665.38
LIABILITIES				
Current Liabilities:				
Bank Loan Payable		15,379.45		15,379.45
Revenue Bonds Payable	10,000.00			10,000.00
Total Current Liabilities	10,000.00	15,379.45	-	25,379.45
Noncurrent Liabilities:				
Bank Loan Payable		85,829.33		85,829.33
Revenue Bonds Payable	66,000.00			66,000.00
Total Noncurrent Liabilities	66,000.00	85,829.33	-	151,829.33
Total Liabilities	76,000.00	101,208.78	-	177,208.78
NET POSITION				
Net Investment in Capital Assets	141,399.00	82,271.22		223,670.22
Restricted for:				
Meter Deposits	3,460.00			3,460.00
Unrestricted	265,899.88	72,385.62	11,040.88	349,326.38
Total Net Position	410,758.88	154,656.84	11,040.88	576,456.60

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2023

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water and Sewer Charges	205,619.50			205,619.50
Garbage Charges		189,475.06		189,475.06
Street Lights			20,461.96	20,461.96
Miscellaneous Charges	3,713.53	4,418.98		8,132.51
Total Operating Revenues	209,333.03	193,894.04	20,461.96	423,689.03
<u>Operating Expenses:</u>				
Salaries and Benefits	89,910.56	96,843.98		186,754.54
Group Insurance	26,937.00	26,937.28		53,874.28
Water Testing	457.86			457.86
Utilities	11,440.61		19,323.31	30,763.92
Supplies	4,045.45	3,416.38		7,461.83
Gas and Oil	2,861.37	17,210.89		20,072.26
Chemical Supplies	8,737.79			8,737.79
Maintenance and Repairs	73,455.38	3,674.88		77,130.26
Insurance	4,506.75	5,256.75		9,763.50
Garbage		27,973.71		27,973.71
Miscellaneous	5,427.76	3,787.19		9,214.95
Depreciation	17,251.00	11,095.00		28,346.00
Total Operating Expenses	245,031.53	196,196.06	19,323.31	460,550.90
Operating Income (Loss)	(35,698.50)	(2,302.02)	1,138.65	(36,861.87)
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income		210.80		210.80
Debt Service - Interest and Service Charges	(4,280.00)	(6,000.54)		(10,280.54)
Total Non-Operating Revenues (Expenses)	(4,280.00)	(5,789.74)	-	(10,069.74)
Changes in Net Position	(39,978.50)	(8,091.76)	1,138.65	(46,931.61)
Net Position - January 1	410,758.88	154,656.84	11,040.88	576,456.60
Net Position - December 31	370,780.38	146,565.08	12,179.53	529,524.99

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
Operating Revenues:				
Charges for Sales and Services:				
Water and Sewer Charges	214,250.80			214,250.80
Garbage Charges		188,805.08		188,805.08
Street Lights			20,853.70	20,853.70
Miscellaneous Charges	3,562.38	4,277.80		7,840.18
Total Operating Revenues	217,813.18	193,082.88	20,853.70	431,749.76
Operating Expenses:				
Salaries and Benefits	84,887.08	90,759.35		175,646.43
Group Insurance	29,044.75	30,099.35		59,144.10
Water Testing	382.80			382.80
Utilities	10,346.69		19,508.18	29,854.87
Supplies	2,038.99	1,867.07		3,906.06
Gas and Oil	2,563.45	17,428.49		19,991.94
Chemical Supplies	9,849.32			9,849.32
Maintenance and Repairs	37,866.74	5,460.04		43,326.78
Insurance	3,901.84	2,837.65		6,739.49
Garbage		25,470.52		25,470.52
Miscellaneous	10,893.40	2,373.49		13,266.89
Depreciation	17,251.00	11,095.00		28,346.00
Total Operating Expenses	209,026.06	187,390.96	19,508.18	415,925.20
Operating Income (Loss)	8,787.12	5,691.92	1,345.52	15,824.56
Non-Operating Revenues (Expenses):				
Interest Income		254.07		254.07
Debt Service - Interest and Service Charges	(3,928.00)	(4,098.77)		(8,026.77)
Total Non-Operating Revenues (Expenses)	(3,928.00)	(3,844.70)	-	(7,772.70)
Changes in Net Position	4,859.12	1,847.22	1,345.52	8,051.86
Net Position - January 1	405,899.76	152,809.62	9,695.36	568,404.74
Net Position - December 31	410,758.88	154,656.84	11,040.88	576,456.60

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2023

	Major Enterprise Funds		Other Enterprise Funds	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Cash flows from operating activities:</u>				
Receipts from customers	209,333.03	193,894.04	20,461.96	423,689.03
Payments to suppliers	(137,869.97)	(88,257.08)	(19,323.31)	(245,450.36)
Payments to employees	(89,910.56)	(96,843.98)	-	(186,754.54)
Net cash provided (used) by operating activities	(18,447.50)	8,792.98	1,138.65	(8,515.87)
<u>Cash flows from capital and related financing activities:</u>				
Principal payments	(10,000.00)	(15,379.45)		(25,379.45)
Interest payments	(4,280.00)	(6,000.54)		(10,280.54)
Net cash provided (used) by capital and related financing activities	(14,280.00)	(21,379.99)	-	(35,659.99)
<u>Cash Flows from investing activities:</u>				
Interest income		210.80		210.80
Net increase in cash and cash equivalents	(32,727.50)	(12,376.21)	1,138.65	(43,965.06)
Cash and cash equivalents, January 1	269,359.88	72,385.62	11,040.88	352,786.38
Cash and cash equivalents, December 31	236,632.38	60,009.41	12,179.53	308,821.32
<u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	(35,698.50)	(2,302.02)	1,138.65	(36,861.87)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	17,251.00	11,095.00		28,346.00
Net cash provided (used) by operating activities	(18,447.50)	8,792.98	1,138.65	(8,515.87)

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2022

	Major Enterprise Funds		Other Enterprise Funds	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Cash flows from operating activities:</u>				
Receipts from customers	217,813.18	193,082.88	20,853.70	431,749.76
Payments to suppliers	(106,887.98)	(85,536.61)	(19,508.18)	(211,932.77)
Payments to employees	(84,887.08)	(90,759.35)	-	(175,646.43)
Net cash provided (used) by operating activities	26,038.12	16,786.92	1,345.52	44,170.56
<u>Cash flows from capital and related financing activities:</u>				
Principal payments	(10,000.00)	(14,931.22)		(24,931.22)
Interest payments	(3,928.00)	(4,098.77)		(8,026.77)
Net cash provided (used) by capital and related financing activities	(13,928.00)	(19,029.99)	-	(32,957.99)
<u>Cash Flows from investing activities:</u>				
Interest income		254.07		254.07
Net increase in cash and cash equivalents	12,110.12	(1,989.00)	1,345.52	11,466.64
Cash and cash equivalents, January 1	257,249.76	74,374.62	9,695.36	341,319.74
Cash and cash equivalents, December 31	269,359.88	72,385.62	11,040.88	352,786.38
 <u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	8,787.12	5,691.92	1,345.52	15,824.56
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	17,251.00	11,095.00		28,346.00
Net cash provided (used) by operating activities	26,038.12	16,786.92	1,345.52	44,170.56

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Fiduciary Net Position
Modified Cash Basis - Fiduciary Fund
December 31, 2023

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	-
<u>Net Position:</u>	
Restricted For:	
Organizations and Other Governments	-

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Fiduciary Net Position
Modified Cash Basis - Fiduciary Fund
December 31, 2022

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>-</u>
<u>Net Position:</u>	
Restricted For:	
Organizations and Other Governments	<u>-</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Changes in Fiduciary Net Position - Modified Cash Basis -
Fiduciary Fund
For the Year Ended December 31, 2023

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	<u>24,320.17</u>
<u>Deductions:</u>	
Payments of property tax to other governments	<u>24,320.17</u>
Net Change in Net Position	<u>-</u>
Net Position - January 1	<u>-</u>
Net Position - December 31	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Changes in Fiduciary Net Position - Modified Cash Basis -
Fiduciary Fund
For the Year Ended December 31, 2022

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	<u>23,106.82</u>
<u>Deductions:</u>	
Payments of property tax to other governments	<u>23,106.82</u>
Net Change in Net Position	<u>-</u>
Net Position - January 1	<u>-</u>
Net Position - December 31	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Notes to the Financial Statements
December 31, 2023 and 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wishek operates under a city council form of government. The financial statements of the city have been prepared on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

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

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the city's three component units. These units are reported in separate columns to emphasize that they are legally separate from the city.

Wishek Library: The Wishek public library's governing board is appointed by the city's governing board. The city's governing body has the authority to disapprove, amend, or approve the library budget. The library has the authority to issue its own debt.

Wishek Airport Authority: The Wishek Airport Authority's governing board is appointed by the city's governing board. The city's governing body has the authority to disapprove, amend, or approve the airport authority budget. The airport authority has the authority to issue its own debt.

Wishek Job Development Authority: The Wishek job development authority's governing board is appointed by the city's governing board. The city's governing board has the authority to disapprove, amend, or approve the JDA budget. The JDA has the authority to issue its own debt.

The financial statements of the discretely presented component units are presented in the basic financial statements.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, the City of Wishek and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type* activities of the city. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the city's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the city's funds, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The city reports the following major governmental funds:

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

Ambulance Fund. This fund accounts for a special levy and the rentals charged to the Wishek Hospital for the use of the city's ambulances.

Highway Tax Distribution Fund. This fund accounts for the state highway tax distribution used for street repairs and maintenance.

Sales Tax Fund. This fund accounts for the city's sales tax collections which are used for urban and economic development and other city projects.

Capital Improvements Fund. This fund accounts for a special levy and various state grants to be used for capital improvements, repairs and capital expenditures of the city.

Street Improvement 2013-1 Fund. The city issued the Refunding Improvement Bonds, Series 2014 to provide funds for a street project. This fund is used to accumulate resources to repay the principal and interest on the bonds.

The city reports the following major enterprise funds:

Water and Sewer. This fund accounts for the activities of the city's water distribution system and sewage collection system. The city also makes the principal and interest payments for the State Revolving Fund Loan Payable from water and sewer collections.

Garbage. This fund accounts for the activities of the city's garbage collection system.

Additionally, the city reports the following type of fiduciary fund:

Custodial Funds: These funds account for assets held by the city in a custodial capacity as an agent on behalf of others. The city's custodial funds are used to account for various deposits of other governments.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of three months or less.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings and Infrastructure	20 to 75 years
Machinery and Vehicles	5 to 20 years

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

G. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the city's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The city reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the city's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the city's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the city has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

H. Interfund Transactions

In the governmental and proprietary fund financial statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

I. Use of Estimates

The preparation of financial statements in conformity with the special purpose framework (SPF) used by the city requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

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

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, 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 any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2023 the city's carrying amount of deposits was \$1,134,161 and the bank balance was \$1,151,871. Of the bank balance, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$651,871 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2022 the city's carrying amount of deposits was \$1,559,876 and the bank balance was \$1,572,576. Of the bank balance, \$315,535 was covered by Federal Depository Insurance. The remaining balance of \$1,257,041 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

- (1) 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.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2023, the city held certificates of deposit in the amount of \$330,000, which are all considered deposits.

At December 31, 2022, the city held certificates of deposit in the amount of \$65,535, which are all considered deposits.

Concentration of Credit Risk

The city does not have a limit on the amount the city may invest in any one issuer.

Note 3 PROPERTY TAXES

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

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

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

Note 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended:

<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	834,928			834,928
Total	3,012,678	-	-	3,012,678
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,644,776	66,465		1,711,241
Machinery and Vehicles	637,652	51,495		689,147
Total	2,282,428	117,960	-	2,400,388
Governmental Activities Capital Assets, Net	730,250	(117,960)	-	612,290
 <u>December 31, 2022</u>	 <u>Balance January 1</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	834,928			834,928
Total	3,012,678	-	-	3,012,678
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,578,311	66,465		1,644,776
Machinery and Vehicles	570,015	67,637		637,652
Total	2,148,326	134,102	-	2,282,428
Governmental Activities Capital Assets, Net	864,352	(134,102)	-	730,250

<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	447,974			447,974
Total	968,224	-	-	968,224
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	302,997	15,622		318,619
Machinery and Vehicles	264,348	12,724		277,072
Total	567,345	28,346	-	595,691
Business-type Activities Capital Assets, Net	400,879	(28,346)	-	372,533
<u>December 31, 2022</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	447,974			447,974
Total	968,224	-	-	968,224
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	287,375	15,622		302,997
Machinery and Vehicles	251,624	12,724		264,348
Total	538,999	28,346	-	567,345
Business-type Activities Capital Assets, Net	429,225	(28,346)	-	400,879

Depreciation expense was charged to functions/programs of the city as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Governmental Activities:		
General Government	1,360	1,360
Public Safety	25,708	41,850
Streets and Public Works	90,292	90,292
Other	600	600
Total Depreciation Expense	117,960	134,102
Business-type Activities:		
Water and Sewer	17,251	17,251
Garbage	11,095	11,095
Total Depreciation Expense	28,346	28,346

The following is a summary of changes in capital assets related to the city's component unit for the years ended:

<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Discretely Presented Component Unit:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	85,150			85,150

Less accumulated depreciation for:

Buildings and Infrastructure	61,308	3,406		64,714
Discretely Presented Component				
Component Units Capital				
Assets, Net	23,842	(3,406)	-	20,436

December 31, 2022

	Balance			Balance
	January 1	Increases	Decreases	December 31

Discretely Presented Component Unit:

Capital assets being depreciated:

Buildings and Infrastructure	85,150			85,150
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Less accumulated depreciation for:

Buildings and Infrastructure	57,902	3,406		61,308
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Discretely Presented Component

Component Units Capital				
Assets, Net	27,248	(3,406)	-	23,842

Depreciation expense was charged to functions/programs of the component units as follows for the years ended December 31:

	2023	2022
<u>Discretely Presented Component Unit:</u>		
Airport Authority	3,406	3,406

Note 5 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the year ended December 31, 2023 and 2022, the following changes occurred in liabilities reported in the long-term liabilities:

Governmental Activities:

			2023		
	Balance			Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Special Assessment Bonds	120,000		60,000	60,000	60,000

			2022		
	Balance			Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Special Assessment Bonds	175,000		55,000	120,000	60,000

Business-type Activities (Proprietary Funds):

			2023		
	Balance			Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Bank Loan Payable	101,209		15,380	85,829	16,031
Revenue Bonds	76,000		10,000	66,000	10,000
Total	177,209	-	25,380	151,829	26,031

	Balance January 1	Increases	2022 Decreases	Balance December 31	Due Within One Year
Bank Loan Payable	116,140		14,931	101,209	15,379
Revenue Bonds	86,000		10,000	76,000	10,000
Total	202,140	-	24,931	177,209	25,379

Outstanding debt at December 31, 2023 consists of the following:

Special Assessment Debt. The city has issued special assessment bonds to provide funds the construction and/or improvement of streets. Special assessment bonds outstanding at December 31, 2023 are as follows:

\$555,000.00 Refunding Improvement Bonds, Series 2014,
due in a final payment of \$60,000 through May 1, 2024;
interest is at 1.65% to 2.4%. 60,000.00

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

Year Ending December 31	Principal	Interest
2024	<u>60,000.00</u>	<u>720.00</u>

Business-type Activities:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2023 is as follows:

Bank Loan Payable. The city took out a bank loan from Unison bank for the purchase of a new Freightliner garbage truck.

\$161,140 Bank Loan Payable with Unison Bank, due in
annual installments of \$19,029.99 through June 18, 2028;
interest is at 3.5% 85,829.33

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

Year Ending December 31	Principal	Interest
2024	16,030.97	2,999.02
2025	16,592.06	2,437.93
2026	17,172.78	1,857.21
2027	17,773.83	1,256.16
2028	18,259.69	770.30
Total	<u>85,829.33</u>	<u>9,320.62</u>

Revenue Bonds. The city has issued bonds whereby the city pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2023 are as follows:

\$185,547 Sanitary Sewer Improvement Bonds of 2010,
due in annual installments of \$9,000 to \$12,000 through
September 1, 2029; interest is at 2.5%. 66,000.00

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

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	10,000.00	1,650.00
2025	11,000.00	1,400.00
2026	11,000.00	1,125.00
2027	11,000.00	850.00
2028	12,000.00	575.00
2029	11,000.00	275.00
Total	<u>66,000.00</u>	<u>5,875.00</u>

Note 6 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The city pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$575,429 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$698,744 or its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The city has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 7 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

The city provides benefits for all of its full-time employees through the North Dakota Public Employees Retirement System (NDPERS).

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55 – 64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

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

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation. During the year ended December 31, 2023 and 2022, the city contributed \$21,030.60 and \$20,594.27, respectively.

Note 8 TAX ABATEMENTS

The city has not entered into any tax abatement agreements that would reduce the city's tax revenues for the years ended December 31, 2023 and 2022.

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	216,645.00	219,738.59	3,093.59
Licenses, Permits and Fees	4,050.00	9,776.54	5,726.54
Intergovernmental	84,100.00	134,132.94	50,032.94
Charges for Services		3,881.96	3,881.96
Fines and Forfeits	500.00	325.00	(175.00)
Miscellaneous	15,100.00	51,633.26	36,533.26
Total Revenues	320,395.00	419,488.29	99,093.29
<u>Expenditures:</u>			
Current:			
General Government	151,650.00	245,594.82	(93,944.82)
Public Safety	266,900.00	213,150.28	53,749.72
Streets and Public Works	22,500.00	15,814.71	6,685.29
Culture and Recreation	12,000.00		12,000.00
Total Expenditures	453,050.00	474,559.81	(21,509.81)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,655.00)	(55,071.52)	120,603.10
<u>Other Financing Sources:</u>			
Transfers In		83,124.47	
Net Change in Fund Balances	(132,655.00)	28,052.95	120,603.10
Fund Balance - January 1	202,823.89	202,823.89	
Fund Balance - December 31	70,168.89	230,876.84	120,603.10

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	210,533.00	210,716.46	183.46
Licenses, Permits and Fees	5,550.00	9,903.45	4,353.45
Intergovernmental	51,700.00	78,771.08	27,071.08
Charges for Services		5,844.64	5,844.64
Fines and Forfeits	1,000.00	417.00	(583.00)
Miscellaneous	16,200.00	45,581.93	29,381.93
Total Revenues	284,983.00	351,234.56	66,251.56
<u>Expenditures:</u>			
Current:			
General Government	119,600.00	145,672.67	(26,072.67)
Public Safety	305,344.00	201,247.40	104,096.60
Streets and Public Works	22,400.00	13,690.18	8,709.82
Culture and Recreation	9,000.00		9,000.00
Total Expenditures	456,344.00	360,610.25	95,733.75
Net Change in Fund Balances	(171,361.00)	(9,375.69)	161,985.31
Fund Balance - January 1	212,199.58	212,199.58	
Fund Balance - December 31	40,838.58	202,823.89	161,985.31

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	2,059.00	110,445.88	108,386.88
Miscellaneous	25,200.00	25,200.00	-
Total Revenues	27,259.00	135,645.88	108,386.88
<u>Expenditures:</u>			
Current:			
Ambulance Services	425,000.00	510,046.28	(85,046.28)
Net Change in Fund Balances	(397,741.00)	(374,400.40)	23,340.60
Fund Balance - January 1	486,927.05	486,927.05	
Fund Balance - December 31	89,186.05	112,526.65	23,340.60

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	1,972.00	114,951.70	112,979.70
Miscellaneous	25,200.00	31,500.00	6,300.00
Total Revenues	27,172.00	146,451.70	119,279.70
<u>Expenditures:</u>			
Current:			
Ambulance Services	31,000.00	59,306.87	(28,306.87)
Net Change in Fund Balances	(3,828.00)	87,144.83	90,972.83
Fund Balance - January 1	399,782.22	399,782.22	
Fund Balance - December 31	395,954.22	486,927.05	90,972.83

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Highway Tax Distribution
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Intergovernmental	60,000.00	87,590.26	27,590.26
Miscellaneous	1,500.00	1,610.00	
Total Revenues	61,500.00	89,200.26	27,590.26
<u>Expenditures:</u>			
Current:			
Streets and Public Works	92,000.00	73,711.55	18,288.45
Net Change in Fund Balances	(30,500.00)	15,488.71	9,301.81
Fund Balance - January 1	4,419.07	4,419.07	
Fund Balance - December 31	(26,080.93)	19,907.78	9,301.81

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Highway Tax Distribution
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Intergovernmental	55,000.00	64,374.98	9,374.98
<u>Expenditures:</u>			
Current:			
Streets and Public Works	68,000.00	87,681.91	(19,681.91)
Net Change in Fund Balances	(13,000.00)	(23,306.93)	(10,306.93)
Fund Balance - January 1	27,726.00	27,726.00	
Fund Balance - December 31	14,726.00	4,419.07	(10,306.93)

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Capital Improvements Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	8,869.00	8,682.74	(186.26)
Intergovernmental		162,665.16	162,665.16
Miscellaneous	70.00	73.19	3.19
Total Revenues	8,939.00	171,421.09	162,482.09
<u>Expenditures:</u>			
Current:			
Streets and Public Works	75,000.00	136,071.79	(61,071.79)
Net Change in Fund Balances	(66,061.00)	35,349.30	101,410.30
Fund Balance - January 1	142,666.68	142,666.68	
Fund Balance - December 31	76,605.68	178,015.98	101,410.30

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Capital Improvements Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	8,873.00	8,598.95	(274.05)
Intergovernmental		70,927.70	70,927.70
Miscellaneous	80.00	72.82	(7.18)
Total Revenues	8,953.00	79,599.47	70,646.47
<u>Expenditures:</u>			
Current:			
Streets and Public Works	20,000.00	44,513.38	(24,513.38)
Net Change in Fund Balances	(11,047.00)	35,086.09	46,133.09
Fund Balance - January 1	107,580.59	107,580.59	
Fund Balance - December 31	96,533.59	142,666.68	46,133.09

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	200,000.00	347,786.38	147,786.38
<u>Expenditures:</u>			
Current:			
Streets and Public Works	50,000.00	74,161.82	(24,161.82)
Urban and Economic Development	50,000.00	263,382.51	(213,382.51)
Culture and Recreation	100,000.00		100,000.00
Total Expenditures	200,000.00	337,544.33	(137,544.33)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	10,242.05	285,330.71
<u>Other Financing Sources:</u>			
Transfers In		12,559.77	
Net Change in Fund Balances	-	22,801.82	285,330.71
Fund Balance - January 1	92,937.96	92,937.96	
Fund Balance - December 31	92,937.96	115,739.78	285,330.71

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	140,000.00	233,061.78	93,061.78
<u>Expenditures:</u>			
Current:			
General Government	11,669.00		11,669.00
Urban and Economic Development	69,998.00	23,497.06	46,500.94
Culture and Recreation	58,333.00	213,636.79	(155,303.79)
Total Expenditures	140,000.00	237,133.85	(97,133.85)
Net Change in Fund Balances	-	(4,072.07)	(4,072.07)
Fund Balance - January 1	97,010.03	97,010.03	
Fund Balance - December 31	97,010.03	92,937.96	(4,072.07)

CITY OF WISHEK
Wishek, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2023 and 2022

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the city auditor prepares the preliminary budget. The city budget is prepared for the general and special revenue funds by function and activity on the cash basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the county auditor by October 10. No expenditure shall be made, or liability incurred, in excess of the total appropriation by fund except as authorized by North Dakota Century Code Section 40-40-18. However, the governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board.

Note 2 LEGAL COMPLIANCE

Budget Amendments

The governing board did not amend the city's budgets during the years ended December 31, 2023 and 2022.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
General	(21,509.81)	-
<u>Special Revenue Funds:</u>		
Ambulance	(85,046.28)	(28,306.87)
Highway Distribution	-	(19,681.91)
Capital Improvements	(61,071.79)	(24,513.38)
Sales Tax	(137,544.33)	(4,072.07)

No remedial action is anticipated or required by the city regarding these excess expenditures.

CITY OF WISHEK
Wishek, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2023

	Balance 1-1-2023	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2023
<u>Major Governmental Funds</u>						
General Fund	202,823.89	419,488.29	83,124.47		474,559.81	230,876.84
Ambulance	486,927.05	135,645.88			510,046.28	112,526.65
Highway Tax Distribution	4,419.07	89,200.26			73,711.55	19,907.78
Capital Improvements	142,666.68	171,421.09			136,071.79	178,015.98
Sales Tax	92,937.96	347,786.38	12,559.77		337,544.33	115,739.78
Street Improvement 2013-1	131,520.32	24,702.73			63,255.00	92,968.05
Total Major Governmental Funds	1,061,294.97	1,188,244.63	95,684.24	-	1,595,188.76	750,035.08
<u>Non-major Governmental Funds</u>						
Special Projects Reserve	82,931.23	193.24		83,124.47	-	-
Lodging Tax	24,664.15	6,627.84		12,559.77	5,678.29	13,053.93
Armory	-	26,417.00			-	26,417.00
Cemetery	38,199.48	142.36			2,507.96	35,833.88
Total Non-major Governmental Funds	145,794.86	33,380.44	-	95,684.24	8,186.25	75,304.81
Total Governmental Funds	1,207,089.83	1,221,625.07	95,684.24	95,684.24	1,603,375.01	825,339.89
<u>Major Enterprise Funds</u>						
Water:						
Operating	265,899.88	209,333.03			242,060.53	233,172.38
Water Meter	3,460.00	-			-	3,460.00
Garbage	72,385.62	194,104.84			206,481.05	60,009.41
Total Major Enterprise Funds	341,745.50	403,437.87	-	-	448,541.58	296,641.79
<u>Non-Major Enterprise Fund</u>						
Street Lights	11,040.88	20,461.96			19,323.31	12,179.53
Total Enterprise Funds	352,786.38	423,899.83	-	-	467,864.89	308,821.32
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Library		8,048.71			8,048.71	
Airport		8,222.92			8,222.92	
Job Development Authority		8,048.54			8,048.54	
Total Custodial Funds	-	24,320.17	-	-	24,320.17	-
Total Primary Government	1,559,876.21	1,669,845.07	95,684.24	95,684.24	2,095,560.07	1,134,161.21
<u>Discretely Presented Component Units</u>						
Library	23,264.00	8,114.21			2,035.85	29,342.36
Airport	152,481.40	63,371.56			9,952.46	205,900.50
Job Development Authority	359,336.54	77,411.25			304,460.24	132,287.55
Total Discretely Presented Component Units	535,081.94	148,897.02	-	-	316,448.55	367,530.41
Total Reporting Entity	2,094,958.15	1,818,742.09	95,684.24	95,684.24	2,412,008.62	1,501,691.62

CITY OF WISHEK
Wishek, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2022

	Balance 1-1-2022	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2022
<u>Major Governmental Funds</u>						
General Fund	212,199.58	351,234.56			360,610.25	202,823.89
Ambulance	399,782.22	146,451.70			59,306.87	486,927.05
Highway Tax Distribution	27,726.00	64,374.98			87,681.91	4,419.07
Capital Improvements	107,580.59	79,599.47			44,513.38	142,666.68
Sales Tax	97,010.03	233,061.78			237,133.85	92,937.96
Street Improvement 2013-1	163,688.56	27,466.76			59,635.00	131,520.32
Total Major Governmental Funds	1,007,986.98	902,189.25	-	-	848,881.26	1,061,294.97
<u>Non-major Governmental Funds</u>						
Special Projects Reserve	88,292.26	413.35			-	88,705.61
Lodging Tax	16,871.48	4,102.88			2,084.59	18,889.77
Armory	-	14,251.00			14,251.00	-
Cemetery	37,909.36	290.12			-	38,199.48
Total Non-major Governmental Funds	143,073.10	19,057.35	-	-	16,335.59	145,794.86
Total Governmental Funds	1,151,060.08	921,246.60	-	-	865,216.85	1,207,089.83
<u>Major Enterprise Funds</u>						
Water:						
Operating	253,789.76	217,813.18			205,703.06	265,899.88
Water Meter	3,460.00	-			-	3,460.00
Garbage	74,374.62	193,336.95			195,325.95	72,385.62
Total Major Enterprise Funds	331,624.38	411,150.13	-	-	401,029.01	341,745.50
<u>Non-Major Enterprise Fund</u>						
Street Lights	9,695.36	20,853.70			19,508.18	11,040.88
Total Enterprise Funds	341,319.74	432,003.83	-	-	420,537.19	352,786.38
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Library		7,738.64			7,738.64	
Airport		7,684.09			7,684.09	
Job Development Authority		7,684.09			7,684.09	
Total Custodial Funds	-	23,106.82	-	-	23,106.82	-
Total Primary Government	1,492,379.82	1,376,357.25	-	-	1,308,860.86	1,559,876.21
<u>Discretely Presented Component Units</u>						
Library	26,895.12	8,667.82			12,298.94	23,264.00
Airport	108,911.91	62,318.95			18,749.46	152,481.40
Job Development Authority	254,664.88	126,292.99			21,621.33	359,336.54
Total Discretely Presented Component Units	390,471.91	197,279.76	-	-	52,669.73	535,081.94
Total Reporting Entity	1,882,851.73	1,573,637.01	-	-	1,361,530.59	2,094,958.15

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, 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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wishek, as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated September 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the city'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the city's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the city's financial statements are free of 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's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the city's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Responses*. The city's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control or on compliance. This 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.



Rath and Mehrer, P.C.

Bismarck, North Dakota

September 6, 2024

CITY OF WISHEK
Wishek, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2023 and 2022

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified-Modified Cash Basis
Business-Type Activities	Unmodified-Modified Cash Basis
Discretely Presented Component Units	Unmodified-Modified Cash Basis
Major Governmental Funds	Unmodified-Modified Cash Basis
Major Business-Type Funds	Unmodified-Modified Cash Basis
Aggregate Remaining Fund Information	Unmodified-Modified Cash Basis

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
- Noncompliance material to financial Statements noted? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. 2023-001 – Segregation of Duties

Criteria: To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting and reconciliation.

Condition: The city has one person responsible for most accounting functions. The employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare bank reconciliations.

Cause: The city does not have a large enough staff to properly segregate all duties.

Effect: A lack of segregation of duties leads to a limited degree of internal control.

Recommendation: We recommend that management and the governing board be aware of the lack of segregation of duties and implement controls whenever possible to mitigate this risk.

Views of Responsible Officials: The city is aware of the condition and segregates duties whenever possible.

2. 2023-002- Financial Statement Preparation

Criteria: A good system of internal controls requires the city to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the city must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The city's financial statements, including the accompanying note disclosures, are prepared by the city's external auditors.

Cause: The city feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

Effect: Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation: We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to external distribution.

Views of Responsible Officials: The city will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.