

**CITY OF MAYVILLE
MAYVILLE, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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CITY OF MAYVILLE
ROSTER OF CITY OFFICIALS
AS OF DECEMBER 31, 2019

<u>Names</u>	<u>Office</u>
Steve Bensen	Mayor
William Bohnsack	Alderman
Ray Peterson	Alderman
Larry O'Brien	Alderman
Kim Meshefski-LaBine	Alderman
Johnny Jorgensen	Alderman
Mike Carr	Alderman
Gail Olstad	Auditor Treasurer
Julie Christianson	Deputy Auditor

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville, North Dakota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville, North Dakota, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as indicated in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mayville's basic financial statements. The combining and individual fund schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of the City of Mayville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mayville, North Dakota's internal control over financial reporting and compliance.



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

December 4, 2020

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

As management of the City of Mayville, North Dakota, we offer readers of the City of Mayville's financial statements this narrative overview and analysis of the financial activities of the City of Mayville for the fiscal year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

The assets of the City of Mayville exceeded its liabilities at the close of the most recent fiscal year by \$12,299,663 (net position). Of this amount, \$2,566,986 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position decreased by \$127,715.

As of the close of the current fiscal year, the City of Mayville's governmental activities reported combined ending net position of \$839,247.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$400,993, or 50 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Additional explanation of these sections of the financial statements follows.

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

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

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

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mayville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Mayville can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 44 through 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mayville, assets exceeded liabilities by \$12,299,663 at the close of the most recent fiscal year.

The unrestricted portion of the City of Mayville's net position (21 percent) represents its unrestricted net position available for use within the City's designations and policies. The City of Mayville's net position invested in capital assets (72 percent) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Mayville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Mayville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mayville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018 (Restated)	2019	2018 (Restated)
<u>Assets</u>						
Current Assets	\$ 645,381	\$ 305,379	\$ 2,652,768	\$ 2,670,010	\$ 3,298,149	\$ 2,975,389
Capital Assets, Net	1,765,100	1,941,612	12,976,111	13,478,090	14,741,211	15,419,702
Long-Term Assets	-	-	354,252	569,865	354,252	569,865
Total Assets	<u>2,410,481</u>	<u>2,246,991</u>	<u>15,983,131</u>	<u>16,717,965</u>	<u>18,393,612</u>	<u>18,964,956</u>
<u>Liabilities</u>						
Current Liabilities	300,467	299,530	441,961	463,304	742,428	762,834
Long-Term Liabilities	1,270,767	1,338,865	4,080,754	4,435,879	5,351,521	5,774,744
Total Liabilities	<u>1,571,234</u>	<u>1,638,395</u>	<u>4,522,715</u>	<u>4,899,183</u>	<u>6,093,949</u>	<u>6,537,578</u>
<u>Net Position</u>						
Net Investment in Capital Assets	283,446	407,978	8,553,631	8,692,399	8,837,077	9,100,377
Restricted	137,218	46,820	758,382	981,097	895,600	1,027,917
Unrestricted	418,583	153,798	2,148,403	2,145,286	2,566,986	2,299,084
Total Net Position	<u>\$ 839,247</u>	<u>\$ 608,596</u>	<u>\$ 11,460,416</u>	<u>\$ 11,818,782</u>	<u>\$ 12,299,663</u>	<u>\$ 12,427,378</u>

\$895,600 of the City of Mayville's net position represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* of \$2,566,986 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Mayville is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

Governmental activities increased the City of Mayville's net position by \$230,651 compared to an increase of \$10,841 in 2018.

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Business-type activities decreased the City of Mayville's net position by \$358,366 compared to a decrease of \$84,729 in 2018.

A condensed version of the statement of activities follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u> <u>(Restated)</u>	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 38,334	\$ 49,600	\$ 1,300,683	\$ 1,358,878	\$ 1,339,017	\$ 1,408,478
Capital Grants and Contributions	-	-	16,580	64,209	16,580	64,209
General Revenues:						
Property Taxes	639,960	447,348	-	-	639,960	447,348
Other Taxes	265,538	240,764	-	-	265,538	240,764
State Aid	153,900	146,100	-	-	153,900	146,100
Other	102,293	107,697	29,196	32,829	131,489	140,526
Total Revenues	1,200,025	991,509	1,346,459	1,455,916	2,546,484	2,447,425
<u>Expenses:</u>						
General Government	336,858	289,562	-	-	336,858	289,562
Public Safety	316,041	255,882	-	-	316,041	255,882
Public Works	364,012	299,543	-	-	364,012	299,543
Culture and Recreation	88,831	92,092	-	-	88,831	92,092
Interest and Fees	39,632	43,589	-	-	39,632	43,589
Water	-	-	709,068	743,584	709,068	743,584
Sewer	-	-	469,599	443,581	469,599	443,581
Sanitation	-	-	350,158	353,335	350,158	353,335
Landfill Surcharge	-	-	-	145	-	145
Total Expenses	1,145,374	980,668	1,528,825	1,540,645	2,674,199	2,521,313
Total Transfers	176,000	-	(176,000)	-	-	-
Change in Net Position	230,651	10,841	(358,366)	(84,729)	(127,715)	(73,888)
Net Position - Beginning	608,596	597,755	11,818,782	11,903,511	12,427,378	12,501,266
Net Position - Ending	\$ 839,247	\$ 608,596	\$ 11,460,416	\$ 11,818,782	\$ 12,299,663	\$ 12,427,378

Property taxes and state aid accounted for 66 percent in 2019 and 60 percent in 2018 of the total governmental activities revenues.

Charges for services were 97 percent in 2019 and 93 percent in 2018 of the total revenues for business-type activities.

Government activities expenses were primarily for general government, public safety, and public works, which comprised 29, 28 and 32 percent each in 2019 and 30, 26 and 31 percent each in 2018, respectively.

Water, sewer, and sanitation were 46, 31, and 23 percent in 2019 and 48, 29, and 23 percent in 2018 of the total business-type activities expenses, respectively.

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Mayville's governmental funds reported combined ending fund balances of \$515,542, an increase of \$318,198. The balance of \$515,542 includes \$380,827 of *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City of Mayville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$400,993. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50 percent of total General Fund expenditures.

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

Proprietary Funds. The City of Mayville's proprietary funds statements found on pages 18-21 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective Proprietary Funds are:

Water	\$997,291
Sewer	\$725,029
Sanitation	\$122,549
Landfill Surcharge	\$303,534

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

Water	\$(79,600)
Sewer	\$(236,447)
Sanitation	\$(69,746)
Landfill Surcharge	\$27,427

General Fund Budgetary Highlights

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

The City's actual expenditures are \$307,116 less than budgeted.

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Capital Asset and Debt Administration

Capital assets. The City of Mayville's investment in capital assets for its governmental and business-type activities as of December 31, 2019 and 2018, amounts to \$14,741,211 and \$15,419,702, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and plant and equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 190,666	\$ 190,666	\$ 421,810	\$ 421,810	\$ 612,476	\$ 612,476
Buildings	240,299	264,434	394,334	420,334	634,633	684,768
Equipment	393,267	440,671	363,777	352,580	757,044	793,251
Vehicles	244,526	298,587	17,269	2	261,795	298,589
Infrastructure	696,342	747,254	11,778,921	12,283,364	12,475,263	13,030,618
Total	<u>\$ 1,765,100</u>	<u>\$ 1,941,612</u>	<u>\$ 12,976,111</u>	<u>\$ 13,478,090</u>	<u>\$ 14,741,211</u>	<u>\$ 15,419,702</u>

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

Long-term debt. At the end of the current fiscal year, the City of Mayville had \$5,904,134 in bonds, notes, and capital lease obligations outstanding. Issuance of long-term debt totaled \$142,789 and payments made on long-term debt obligations totaled \$557,980 during 2019. Additional information on the City of Mayville's debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

No changes are planned for City Rates until the 4th quarter of 2020 for a 1st quarter 2021 implementation. The utility bill minimum is \$95.50.

The plan to move the City Offices to the Armory was placed on hold with the Railroad crossing on the North side of town taking priority in 2018 and early 2019. The City was looking to budget and move forward with moving the City Offices to the Armory in 2019-2020 but was unable to do so due to anticipated reductions in revenue and increases in cost of living, snow removal, and maintenance costs.

The City plans to use infrastructure dollars in 2020 to purchase additional heavy equipment to aid in snow removal.

The bankruptcy of Shopko and removal of the store has had a negative impact on City Sales Tax revenue and this is expected to continue in 2020. Although sales tax revenues are not expected to be ideal, the City is hopeful that they will be able to break even in 2020.

The City replaced the pumps at the water treatment plant. Several were completed in 2018, with the remaining ones being completed in early 2019. The City will be working to plan and schedule the interior refurbishment of the City's water tower in 2020 with the tri-annual inspection of the Water Tower by H&H Coating. Anticipated cost is \$250,000 and this has been accumulated and set aside. The water treatment plant continues to have issues with the HVAC

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

and the City is looking to scope what it would take to refurbish or replace. The City anticipates less finished water purchased by East Central Rural Water District in the near future. With the expansion of their plant, with their infrastructure and expanding their area into Minnesota, their intent is to supply water from their plant versus purchasing finished water from the City of Mayville under the Joint Powers agreement to supply their customers. As the Joint Powers agreement is a zero-profit agreement and they pay their portion of the fixed costs, this should not impact the City of Mayville financially.

The City street and property team has a member whom has been with the City for over thirty-five years and will be looking to retire in the near future. Committees and the department are looking at options and beginning to plan for a 2021 retirement. The City also has the decision of replacing versus outsourcing the City street sweeper. The City is currently using a 1993 sweeper that was purchased secondhand in 2003 for \$50,000. The City has used this about 200 hours per year and there are now issues that render half of it unusable and is not repairable. A new sweeper would be expected to run approximately \$230,000.

During 2018, the City did initial planning and received public input on a City-wide street improvement project. Financial and public opinion sets a 2-year period before the City believes they will be able to make this a priority and begin work.

The City will continue to look at their participation regarding LAWA and water supply during drought conditions. LAWA is about 18 months off in their planning. The City is expecting to hear in the next 6-8 months the next steps and costs.

The City expects the TIF District to support itself in 2020. The City anticipates that the MPEDC will not have to make their pledged payment of \$18,000 annually and the deficiency tax will be eliminated in 2021.

Requests for Information

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

CITY OF MAYVILLE
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 469,998	\$ 1,890,117	\$ 2,360,115
Accounts Receivable	100,896	109,848	210,744
Joint Powers Receivable	-	10,500	10,500
Taxes Receivable	52,591	-	52,591
Special Assessments Receivable	-	631,530	631,530
Inventory	-	10,773	10,773
Prepaid Expenses	21,896	-	21,896
Total Current Assets	<u>645,381</u>	<u>2,652,768</u>	<u>3,298,149</u>
Non-Current Assets			
Restricted Cash	-	126,852	126,852
Joint Powers Receivable	-	227,400	227,400
Capital Assets:			
Land	190,666	421,810	612,476
Buildings	684,739	1,305,000	1,989,739
Equipment	1,049,255	740,079	1,789,334
Vehicles	850,026	145,037	995,063
Infrastructure	1,884,490	19,110,645	20,995,135
Less Accumulated Depreciation	<u>(2,894,076)</u>	<u>(8,746,460)</u>	<u>(11,640,536)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,765,100</u>	<u>12,976,111</u>	<u>14,741,211</u>
Total Non-Current Assets	<u>1,765,100</u>	<u>13,330,363</u>	<u>15,095,463</u>
Total Assets	<u>2,410,481</u>	<u>15,983,131</u>	<u>18,393,612</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	46,616	51,598	98,214
Due to Other Governments	25,951	-	25,951
Accrued Expenditures	6,961	4,749	11,710
Accrued Vacation Payable	2,809	3,282	6,091
Meter Deposits Payable	-	13,450	13,450
Accrued Interest Payable	7,243	27,156	34,399
Bonds and Capital Lease Payable	210,887	341,726	552,613
Noncurrent Liabilities:			
Long-term Bonds and Capital Lease Payable	<u>1,270,767</u>	<u>4,080,754</u>	<u>5,351,521</u>
Total Liabilities	<u>1,571,234</u>	<u>4,522,715</u>	<u>6,093,949</u>
NET POSITION			
Net Investment in Capital Assets	283,446	8,553,631	8,837,077
Restricted for:			
Emergency	2,026	-	2,026
Cemetery	1,372	-	1,372
Library	4,851	-	4,851
Special City Lots	993	-	993
Fire Department Reserve	32,678	-	32,678
Debt Service	95,298	758,382	853,680
Unrestricted	<u>418,583</u>	<u>2,148,403</u>	<u>2,566,986</u>
Total Net Position	<u>\$ 839,247</u>	<u>\$ 11,460,416</u>	<u>\$ 12,299,663</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital	Primary Government		
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 336,858	\$ 38,334	\$ -	\$ -	\$ (298,524)	\$ -	\$ (298,524)
Public Safety	316,041	-	-	-	(316,041)	-	(316,041)
Public Works	364,012	-	-	-	(364,012)	-	(364,012)
Culture and Recreation	88,831	-	-	-	(88,831)	-	(88,831)
Interest and Fees	39,632	-	-	-	(39,632)	-	(39,632)
Total Governmental Activities	<u>1,145,374</u>	<u>38,334</u>	<u>-</u>	<u>-</u>	<u>(1,107,040)</u>	<u>-</u>	<u>(1,107,040)</u>
Business-type Activities:							
Water	709,068	677,873	-	-	-	(31,195)	(31,195)
Sewer	469,599	268,311	-	16,580	-	(184,708)	(184,708)
Sanitation	350,158	328,442	-	-	-	(21,716)	(21,716)
Landfill Surcharge	-	26,057	-	-	-	26,057	26,057
Total Business-type Activities	<u>1,528,825</u>	<u>1,300,683</u>	<u>-</u>	<u>16,580</u>	<u>-</u>	<u>(211,562)</u>	<u>(211,562)</u>
Total Primary Government	<u>\$ 2,674,199</u>	<u>\$ 1,339,017</u>	<u>\$ -</u>	<u>\$ 16,580</u>	<u>(1,107,040)</u>	<u>(211,562)</u>	<u>(1,318,602)</u>
General Revenues:							
Property Taxes					639,960	-	639,960
Sales and Other Taxes					265,538	-	265,538
State Aid Distribution					153,900	-	153,900
Other Revenues					82,758	23,361	106,119
Unrestricted Investment Earnings					19,535	5,835	25,370
Transfers					<u>176,000</u>	<u>(176,000)</u>	<u>-</u>
Total General Revenues					<u>1,337,691</u>	<u>(146,804)</u>	<u>1,190,887</u>
Change in Net Position					230,651	(358,366)	(127,715)
Net Position - Beginning					608,596	11,582,540	12,191,136
Prior Period Restatement - See Note 18					-	236,242	236,242
Net Position - Beginning, as restated					<u>608,596</u>	<u>11,818,782</u>	<u>12,427,378</u>
Net Position - Ending					<u>\$ 839,247</u>	<u>\$ 11,460,416</u>	<u>\$ 12,299,663</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2019

	<u>General</u>	<u>Improvement District #25 - TIF</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 353,093	\$ 78,301	\$ 38,604	\$ 469,998
Receivables	99,409	692	795	100,896
Taxes Receivable	19,902	23,548	9,141	52,591
Due from Other Funds	20,166	-	-	20,166
Prepaid Expenditures	21,896	-	-	21,896
Total Assets	<u>\$514,466</u>	<u>\$ 102,541</u>	<u>\$ 48,540</u>	<u>\$ 665,547</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 43,885	\$ -	\$ 2,731	\$ 46,616
Accrued Expenditures	4,812	-	2,149	6,961
Due to Other Governments	24,211	-	1,740	25,951
Due to Other Funds	-	-	20,166	20,166
Total Liabilities	<u>72,908</u>	<u>-</u>	<u>26,786</u>	<u>99,694</u>
Deferred Inflows of Resources				
Unavailable Revenue - Taxes Receivable	<u>18,669</u>	<u>23,040</u>	<u>8,602</u>	<u>50,311</u>
Total Deferred Inflows of Resources	<u>18,669</u>	<u>23,040</u>	<u>8,602</u>	<u>50,311</u>
FUND BALANCES				
Nonspendable	21,896	-	-	21,896
Restricted	-	79,501	33,318	112,819
Unassigned	<u>400,993</u>	<u>-</u>	<u>(20,166)</u>	<u>380,827</u>
Total Fund Balances	<u>422,889</u>	<u>79,501</u>	<u>13,152</u>	<u>515,542</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$514,466</u>	<u>\$ 102,541</u>	<u>\$ 48,540</u>	<u>\$ 665,547</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2019

Total Governmental Funds Balances \$ 515,542

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

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

Capital Assets	\$ 4,659,176	
Accumulated Depreciation	(2,894,076)	1,765,100

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

Property taxes	50,311
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Long-term liabilities not due and payable in the current period and, therefore, are not included in the governmental funds:

Accrued Vacation Payable	\$ (2,809)	
Bonds Payable	(1,314,872)	
Capital Lease Payable	(166,782)	
Interest Payable	(7,243)	(1,491,706)

Net Position of Governmental Activities \$ 839,247

CITY OF MAYVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Improvement District #25 - TIF	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 282,378	\$ 213,070	\$ 107,706	\$ 603,154
Sales and Other Taxes	265,538	-	-	265,538
Intergovernmental	149,194	-	4,706	153,900
Charges for Services	38,334	-	-	38,334
Fines and Forfeitures	478	-	-	478
Interest Earnings	1,535	-	-	1,535
Sale of Lots	-	9,540	-	9,540
Other Revenue	60,323	19,100	11,317	90,740
Total Revenues	<u>797,780</u>	<u>241,710</u>	<u>123,729</u>	<u>1,163,219</u>
EXPENDITURES				
Current:				
General Government	232,268	-	80,381	312,649
Public Safety	270,496	-	622	271,118
Public Works	253,576	-	-	253,576
Culture and Recreation	10,729	-	63,432	74,161
Capital Outlay	4,772	-	12,100	16,872
Debt Service:				
Principal Retirement	23,181	153,000	18,588	194,769
Interest and Fees	2,732	31,529	6,404	40,665
Total Expenditures	<u>797,754</u>	<u>184,529</u>	<u>181,527</u>	<u>1,163,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26</u>	<u>57,181</u>	<u>(57,798)</u>	<u>(591)</u>
OTHER FINANCING SOURCES (USES)				
Issuance from Long Term Debt	142,789	-	-	142,789
Transfers In	69,000	-	107,000	176,000
Total Other Financing Sources (Uses)	<u>211,789</u>	<u>-</u>	<u>107,000</u>	<u>318,789</u>
Net Change in Fund Balances	211,815	57,181	49,202	318,198
Fund Balances - Beginning	<u>211,074</u>	<u>22,320</u>	<u>(36,050)</u>	<u>197,344</u>
Fund Balances - Ending	<u>\$ 422,889</u>	<u>\$ 79,501</u>	<u>\$ 13,152</u>	<u>\$ 515,542</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 318,198

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

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

Depreciation Expense	<u>\$ (176,512)</u>	(176,512)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property Taxes		36,804
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Proceeds from long-term debt provide financial resources to the governmental funds but the issuance increases long-term liabilities in the statement of net position.

(142,789)

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

Bond Payments	\$ 161,091	
Capital Lease Payments	<u>33,678</u>	
		194,769

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

Accrued Vacation Payable		(852)
Interest Payable		<u>1,033</u>

Changes in Net Position		<u>\$ 230,651</u>
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CITY OF MAYVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 744,447	\$ 723,284	\$ 120,059	\$ 302,327	\$ 1,890,117
Accounts Receivable (net of allowance of \$9,000, \$5,000, \$6,000, and \$0, respectively)	54,852	24,897	28,892	1,207	109,848
Joint Powers Receivable	10,500	-	-	-	10,500
Special Assessments Receivable	-	631,530	-	-	631,530
Inventory	10,773	-	-	-	10,773
Total Current Assets	<u>820,572</u>	<u>1,379,711</u>	<u>148,951</u>	<u>303,534</u>	<u>2,652,768</u>
Non-Current Assets:					
Restricted Cash	95,052	31,800	-	-	126,852
Joint Powers Receivable	227,400	-	-	-	227,400
Capital Assets					
Land	26,000	383,810	12,000	-	421,810
Buildings	1,300,000	-	5,000	-	1,305,000
Equipment	548,928	191,151	-	-	740,079
Vehicles	25,817	34,240	84,980	-	145,037
Infrastructure	10,331,878	8,778,767	-	-	19,110,645
Less Accumulated Depreciation	<u>(4,405,880)</u>	<u>(4,250,600)</u>	<u>(89,980)</u>	<u>-</u>	<u>(8,746,460)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,826,743</u>	<u>5,137,368</u>	<u>12,000</u>	<u>-</u>	<u>12,976,111</u>
Total Non-Current Assets	<u>8,149,195</u>	<u>5,169,168</u>	<u>12,000</u>	<u>-</u>	<u>13,330,363</u>
Total Assets	<u>8,969,767</u>	<u>6,548,879</u>	<u>160,951</u>	<u>303,534</u>	<u>15,983,131</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	16,089	11,103	24,406	-	51,598
Accrued Expenses	2,066	1,200	1,483	-	4,749
Accrued Vacation Payable	1,945	824	513	-	3,282
Meter Deposit Payable	13,450	-	-	-	13,450
Accrued Interest Payable	17,131	10,025	-	-	27,156
Bonds Payable	<u>171,726</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>341,726</u>
Total Current Liabilities	<u>222,407</u>	<u>193,152</u>	<u>26,402</u>	<u>-</u>	<u>441,961</u>
Non-Current Liabilities:					
Long-term Bonds Payable	<u>2,465,754</u>	<u>1,615,000</u>	<u>-</u>	<u>-</u>	<u>4,080,754</u>
Total Non-Current Liabilities	<u>2,465,754</u>	<u>1,615,000</u>	<u>-</u>	<u>-</u>	<u>4,080,754</u>
Total Liabilities	<u>2,688,161</u>	<u>1,808,152</u>	<u>26,402</u>	<u>-</u>	<u>4,522,715</u>
NET POSITION					
Net Investment in Capital Assets	5,189,263	3,352,368	12,000	-	8,553,631
Restricted	95,052	663,330	-	-	758,382
Unrestricted	<u>997,291</u>	<u>725,029</u>	<u>122,549</u>	<u>303,534</u>	<u>2,148,403</u>
Total Net Position	<u>\$ 6,281,606</u>	<u>\$ 4,740,727</u>	<u>\$ 134,549</u>	<u>\$ 303,534</u>	<u>\$ 11,460,416</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
OPERATING REVENUES:					
Water Sales	\$ 677,803	\$ -	\$ -	\$ -	\$ 677,803
Sewer Charges	-	268,311	-	-	268,311
Sanitation Charges	-	-	328,442	-	328,442
Landfill Surcharges	-	-	-	26,057	26,057
Total Operating Revenues	<u>677,803</u>	<u>268,311</u>	<u>328,442</u>	<u>26,057</u>	<u>1,300,613</u>
OPERATING EXPENSES:					
Professional Services	12,642	5,718	2,764	-	21,124
Insurance	6,576	2,006	878	-	9,460
Utilities	53,608	17,247	1,941	-	72,796
Printing and Postage	1,393	1,160	1,886	-	4,439
Supplies and Maintenance	66,680	46,366	4,589	-	117,635
Salaries	100,051	61,738	29,928	-	191,717
Employee Benefits	17,549	16,933	18,980	-	53,462
Miscellaneous	75,916	7,205	289,192	-	372,313
Depreciation	299,164	264,460	-	-	563,624
Total Operating Expenses	<u>633,579</u>	<u>422,833</u>	<u>350,158</u>	<u>-</u>	<u>1,406,570</u>
Operating Income (Loss)	<u>44,224</u>	<u>(154,522)</u>	<u>(21,716)</u>	<u>26,057</u>	<u>(105,957)</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest Income	1,150	2,260	1,055	1,370	5,835
Special Assessments	-	16,580	-	-	16,580
Charges for Services	70	-	-	-	70
Miscellaneous Revenues	9,445	5,001	8,915	-	23,361
Interest Expense	(75,489)	(46,766)	-	-	(122,255)
Total Non-Operating Revenues (Expenses)	<u>(64,824)</u>	<u>(22,925)</u>	<u>9,970</u>	<u>1,370</u>	<u>(76,409)</u>
Income (Loss) before Transfers	<u>(20,600)</u>	<u>(177,447)</u>	<u>(11,746)</u>	<u>27,427</u>	<u>(182,366)</u>
Transfers Out	<u>(59,000)</u>	<u>(59,000)</u>	<u>(58,000)</u>	<u>-</u>	<u>(176,000)</u>
Changes in Net Position	<u>(79,600)</u>	<u>(236,447)</u>	<u>(69,746)</u>	<u>27,427</u>	<u>(358,366)</u>
Total Net Position - Beginning	6,361,206	4,740,932	204,295	276,107	11,582,540
Prior Period Restatement - See Note 18	<u>-</u>	<u>236,242</u>	<u>-</u>	<u>-</u>	<u>236,242</u>
Total Net Position - Beginning, as Restated	<u>6,361,206</u>	<u>4,977,174</u>	<u>204,295</u>	<u>276,107</u>	<u>11,818,782</u>
Total Net Position - Ending	<u>\$ 6,281,606</u>	<u>\$ 4,740,727</u>	<u>\$ 134,549</u>	<u>\$ 303,534</u>	<u>\$ 11,460,416</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 676,578	\$ 268,908	\$ 330,333	\$ 26,029	\$ 1,301,848
Payments to Suppliers	(227,909)	(82,028)	(301,989)	-	(611,926)
Payments to Employees	(115,943)	(77,908)	(48,840)	-	(242,691)
Net Cash Provided (Used) by Operating Activities	<u>332,726</u>	<u>108,972</u>	<u>(20,496)</u>	<u>26,029</u>	<u>447,231</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous Revenues	<u>9,515</u>	<u>5,001</u>	<u>8,915</u>	<u>-</u>	<u>23,431</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>9,515</u>	<u>5,001</u>	<u>8,915</u>	<u>-</u>	<u>23,431</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(19,752)	(41,893)	-	-	(61,645)
Proceeds from Special Assessments	-	270,424	-	-	270,424
Proceeds from the Joint Powers Agreement	10,500	-	-	-	10,500
Principal Payments on Long-Term Debt	(193,211)	(170,000)	-	-	(363,211)
Interest and Fiscal Charges on Debt	(79,363)	(43,300)	-	-	(122,663)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(281,826)</u>	<u>15,231</u>	<u>-</u>	<u>-</u>	<u>(266,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	1,150	2,260	1,055	1,370	5,835
Transfers to Governmental funds	(59,000)	(59,000)	(58,000)	-	(176,000)
Net Cash Provided (Used) by Investing Activities	<u>(57,850)</u>	<u>(56,740)</u>	<u>(56,945)</u>	<u>1,370</u>	<u>(170,165)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,565	72,464	(68,526)	27,399	33,902
Cash and Cash Equivalents, January 1	<u>836,934</u>	<u>682,620</u>	<u>188,585</u>	<u>274,928</u>	<u>1,983,067</u>
Cash and Cash Equivalents, December 31	<u>\$ 839,499</u>	<u>\$ 755,084</u>	<u>\$ 120,059</u>	<u>\$ 302,327</u>	<u>\$ 2,016,969</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 44,224	\$ (154,522)	\$ (21,716)	\$ 26,057	\$ (105,957)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	299,164	264,460	-	-	563,624
Changes in Assets and Liabilities:					
Accounts Receivable	(1,225)	597	1,891	(28)	1,235
Inventory	1,178	-	-	-	1,178
Accounts Payable	(13,472)	(2,326)	(739)	-	(16,537)
Accrued Expenses	908	424	(60)	-	1,272
Accrued Vacation Payable	749	339	128	-	1,216
Meter Deposits Payable	1,200	-	-	-	1,200
Net Cash Provided (Used) by Operating Activities	<u>\$ 332,726</u>	<u>\$ 108,972</u>	<u>\$ (20,496)</u>	<u>\$ 26,029</u>	<u>\$ 447,231</u>
Reconciliation of Cash and Cash Equivalents					
Cash and Cash Equivalents	\$ 744,447	\$ 723,284	\$ 120,059	\$ 302,327	\$ 1,890,117
Restricted Cash	95,052	31,800	-	-	126,852
Total Cash and Cash Equivalents	<u>\$ 839,499</u>	<u>\$ 755,084</u>	<u>\$ 120,059</u>	<u>\$ 302,327</u>	<u>\$ 2,016,969</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF DECEMBER 31, 2019

	<u>City ADA</u>	<u>Mayville RFO</u>	<u>Airport Authority</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 541	\$ 114,113	\$ 3,678	\$ 118,332
Total Current Assets	<u>\$ 541</u>	<u>\$ 114,113</u>	<u>\$ 3,678</u>	<u>\$ 118,332</u>
LIABILITIES				
Current Liabilities:				
Due to Other Agencies	\$ 541	\$ 114,113	\$ 3,678	\$ 118,332
Total Liabilities	<u>\$ 541</u>	<u>\$ 114,113</u>	<u>\$ 3,678</u>	<u>\$ 118,332</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

Fund Accounting

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

1) Governmental Fund Types

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

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

- a) General Fund — The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments, such as public safety, is accounted for in this fund.
- b) TIF District #25 — The TIF District #25 Fund is a fund set up for the financing of a city sewer and water project.

The other governmental funds of the City are considered nonmajor.

2) Proprietary Fund Types

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

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

Agency Funds are used to account for assets held by the City as an agent for other individuals, private organizations, or other governmental units and/or funds. The City acts as an agent in collecting monies on behalf of City ADA, Mayville RFO, and the Airport Authority. No liability exists on behalf of the City beyond the extent of revenue received for these agency funds.

Measurement Focus and Basis of Accounting

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

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

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

Budgets

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

Cash and Investments

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

Investments for the City are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchanges rates.

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

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

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

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

Accounts Receivable

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

Capital Assets

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

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

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

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

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

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

Encumbrances

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

Inventories

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

Inter-fund Transactions

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction,

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – taxes receivable*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The City has one fund in a deficit position at December 31, 2019. The Unterseher Acquisition fund has a deficit of \$20,166. This balance will be eliminated through future transfers and property tax collections.

NOTE 3 DEPOSITS AND INVESTMENTS

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

North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

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

At December 31, 2019, the City's carrying amount of deposits was \$2,605,299 and the bank balance was \$2,596,481. The City's balances were fully collateralized as of December 31, 2019.

The City considers certificates of deposits to be cash.

Credit Risk

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

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

NOTE 4 TAXES RECEIVABLE

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

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

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

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

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

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with North Dakota Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue.

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

Special assessments receivable includes the following components:

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

NOTE 5 CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2019:

	Primary Government				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Non-Depreciable:					
Land	\$ 190,666	\$ -	\$ -	\$ -	\$ 190,666
Capital Assets, Depreciable:					
Buildings	684,739	-	-	-	684,739
Equipment	1,049,255	-	-	-	1,049,255
Vehicles	885,995	-	(10,152)	(25,817)	850,026
Infrastructure	1,884,490	-	-	-	1,884,490
Totals at Historical Cost	<u>4,695,145</u>	<u>-</u>	<u>(10,152)</u>	<u>(25,817)</u>	<u>4,659,176</u>
Less Accumulated Depreciation for:					
Buildings	(419,861)	(24,579)	-	-	(444,440)
Equipment	(609,028)	(46,960)	-	-	(655,988)
Vehicles	(587,408)	(54,061)	10,152	25,817	(605,500)
Infrastructure	(1,137,236)	(50,912)	-	-	(1,188,148)
Total Accumulated Depreciation	<u>(2,753,533)</u>	<u>(176,512)</u>	<u>10,152</u>	<u>25,817</u>	<u>(2,894,076)</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,941,612</u>	<u>\$ (176,512)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,765,100</u>
Business-type Activities					
Capital Assets, Non-Depreciable:					
Land	\$ 421,810	\$ -	\$ -	\$ -	\$ 421,810
Capital Assets, Depreciable:					
Buildings	1,305,000	-	-	-	1,305,000
Equipment	696,934	43,145	-	-	740,079
Vehicles	100,720	18,500	-	25,817	145,037
Infrastructure	19,110,645	-	-	-	19,110,645
Totals at Historical Cost	<u>21,635,109</u>	<u>61,645</u>	<u>-</u>	<u>25,817</u>	<u>21,722,571</u>
Less Accumulated Depreciation for:					
Buildings	(884,666)	(26,000)	-	-	(910,666)
Equipment	(344,354)	(31,948)	-	-	(376,302)
Vehicles	(100,718)	(1,233)	-	(25,817)	(127,768)
Infrastructure	(6,827,281)	(504,443)	-	-	(7,331,724)
Total Accumulated Depreciation	<u>(8,157,019)</u>	<u>(563,624)</u>	<u>-</u>	<u>(25,817)</u>	<u>(8,746,460)</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 13,478,090</u>	<u>\$ (501,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,976,111</u>
Depreciation expense was charged to Governmental functions as follows:					
General Government					\$ 11,746
Public Works					108,220
Public Safety					42,723
Culture and Recreation					13,823
Total Depreciation Expense					<u>\$ 176,512</u>
Depreciation expense was charged to Business Type functions as follows:					
Water					\$ 299,164
Sewer					264,460
Total Depreciation Expense					<u>\$ 563,624</u>

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City had the following transfers or due to/from other funds at December 31, 2019:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 20,166
		<u>\$ 20,166</u>
<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Water Fund	General Fund	\$ 59,000
Sewer Fund	General Fund	10,000
Sewer Fund	Nonmajor Governmental Funds	49,000
Sanitation Fund	Nonmajor Governmental Funds	58,000
		<u>\$ 176,000</u>

Receivables and payables were made to cover the City's cash flow needs as of December 31, 2019.

Transfers were made for the City's debt compliance requirements for the year ended December 31, 2019.

NOTE 7 LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2019, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u>	<u>Debt</u>	<u>Principal</u>	<u>Balance</u>	<u>Due Within</u>
	12/31/2018	Issued	Retirements	12/31/2019	One Year
Refunding Improvement Bonds of 2012 - District #25	\$ 1,115,000	\$ -	\$ 135,000	\$ 980,000	\$ 130,000
CWSRF Improvement Bond - Water Treatment #25 CW127	160,000	-	18,000	142,000	19,000
Capital Lease - Payloader	30,585	-	15,090	15,495	15,495
Capital Lease - Firetruck	169,875	-	18,588	151,287	19,289
Goose River Armory Bond	58,174	-	8,091	50,083	8,364
Goose River - Payloader Loan	-	142,789	-	142,789	18,739
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,533,634</u>	<u>\$ 142,789</u>	<u>\$ 194,769</u>	<u>\$ 1,481,654</u>	<u>\$ 210,887</u>
<u>Business-Type Activities:</u>					
DWSRF Improvement Bond-Water Main Replacement #16 DW15	\$ 160,000	\$ -	\$ 50,000	\$ 110,000	\$ 55,000
CWSRF Improvement Bond-Sewer Replacement #17 CW108	135,000	-	45,000	90,000	45,000
CWSRF Improvement Bond-Sewer Replacement #19, #20, #21 CW128	315,000	-	75,000	240,000	75,000
Bank of North Dakota	185,026	-	26,800	158,226	-
CWSRF Refunding Bond #24	1,505,000	-	50,000	1,455,000	50,000
DWSRF Water Treatment Revenue Bond - District #23 DW89	150,000	-	15,000	135,000	15,000
Bank of North Dakota Water Main #19 & #20	150,000	-	10,000	140,000	10,000
CFP Refunding Rural Development Loan - CFP Improvement Bonds	1,105,000	-	60,000	1,045,000	60,000
DWSRF Refunding Bond #26	700,000	-	20,000	680,000	20,000
USDA Rural Development - Sewer #26 Part 2	380,665	-	11,411	369,254	11,726
Business-Type Activity					
Long-Term Liabilities	<u>\$ 4,785,691</u>	<u>\$ -</u>	<u>\$ 363,211</u>	<u>\$ 4,422,480</u>	<u>\$ 341,726</u>

Capital lease payments and the Goose River Armory bond are typically paid by the general fund and the Fire Relief fund. The Refunding Improvement Bonds are typically paid by the TIF fund.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2019	Amounts Due in 2020	
							Principal	Interest
Governmental Activities:								
Refunding Improvement Bonds	2012	0.7-3.25%	2019/27	\$ 1,950,000	\$ 135,000	\$ 980,000	\$ 130,000	\$ 23,298
North Dakota Public Finance	2007	2.50%	2019/26	305,725	18,000	142,000	19,000	3,550
Goose River Armory Bond	2010	3.40%	2019/25	118,000	8,091	50,083	8,364	1,636
Goose River - Payloader Loan	2019	3.46%	2020/24	142,789	-	142,789	18,739	4,549
Total Governmental Activities:				<u>\$ 2,516,514</u>	<u>\$ 161,091</u>	<u>\$ 1,314,872</u>	<u>\$ 176,103</u>	<u>\$ 33,033</u>
Business Type:								
Revenue Bond	2007	2.50%	2019/26	\$ 275,300	\$ 15,000	\$ 135,000	\$ 15,000	\$ 3,375
Refunding Bonds	2012	3.50%	2019/33	1,430,000	60,000	1,045,000	60,000	31,825
State Revolving Loan Funds:								
Improvement Bonds	2002	2.50%	2019/21	3,269,393	95,000	200,000	100,000	5,000
Improvement Bonds	2003	2.50%	2019/22	3,075,000	75,000	240,000	75,000	6,000
Improvement Bonds	2017	1.50%	2019/42	1,556,000	50,000	1,455,000	50,000	10,200
Improvement Bonds	2017	1.50%	2019/47	720,000	20,000	680,000	20,000	21,825
Total State Revolving Loan Funds:				<u>8,620,393</u>	<u>240,000</u>	<u>2,575,000</u>	<u>245,000</u>	<u>43,025</u>
Bank of North Dakota								
Water	2002	3.00%	2019/32	400,000	26,800	158,226	-	2,382
Water	2003	3.00%	2019/33	300,000	10,000	140,000	10,000	4,200
Total Bank of North Dakota:				<u>700,000</u>	<u>36,800</u>	<u>298,226</u>	<u>10,000</u>	<u>6,582</u>
USDA Rural Development:								
Water	2013	3.00%	2019/42	934,000	11,411	369,254	11,726	10,154
Total USDA Rural Development:				<u>934,000</u>	<u>11,411</u>	<u>369,254</u>	<u>11,726</u>	<u>10,154</u>
Total Business Type Activities:				<u>\$ 11,959,693</u>	<u>\$ 363,211</u>	<u>\$ 4,422,480</u>	<u>\$ 341,726</u>	<u>\$ 94,961</u>

The annual requirements to amortize outstanding debt, as of December 31, 2019, are as follows:

Governmental Activities:

Year Ending	Refunding Bonds of 2012 #25		Water Treatment Bonds #25		GR Armory Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>December 31</u>						
2020	\$ 130,000	\$ 23,298	\$ 19,000	\$ 3,550	\$ 8,364	\$ 1,636
2021	130,000	21,023	20,000	3,075	8,655	1,345
2022	125,000	18,448	20,000	2,575	8,952	1,048
2023	125,000	15,573	20,000	2,075	9,259	741
2024	120,000	12,755	21,000	1,575	9,575	425
2025-2027	350,000	16,900	42,000	1,575	5,278	95
Total	<u>\$980,000</u>	<u>\$107,997</u>	<u>\$ 142,000</u>	<u>\$ 14,425</u>	<u>\$ 50,083</u>	<u>\$ 5,290</u>

Year Ending	GR Payloader Loan		Total Governmental	
	Principal	Interest	Principal	Interest
<u>December 31</u>				
2020	\$ 18,739	\$ 4,549	\$ 176,103	\$ 33,033
2021	18,983	4,306	177,638	29,749
2022	19,651	3,637	173,603	25,708
2023	20,331	2,957	174,590	21,346
2024	65,085	2,253	215,660	17,008
2025-2027	-	-	397,278	18,570
Total	<u>\$142,789</u>	<u>\$ 17,702</u>	<u>\$ 1,314,872</u>	<u>\$145,414</u>

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

Business Type:

Year Ending	Revenue Bond		Refunding Bond		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>December 31</u>						
2020	\$ 15,000	\$ 3,375	\$ 60,000	\$ 31,825	\$ 245,000	\$ 43,025
2021	20,000	3,000	65,000	29,950	250,000	37,600
2022	20,000	2,500	65,000	28,000	160,000	32,050
2023	20,000	2,000	65,000	26,050	75,000	28,800
2024	20,000	1,500	70,000	24,025	75,000	27,675
2025-2029	40,000	1,500	375,000	86,925	390,000	121,275
2030-2034	-	-	345,000	23,781	440,000	90,600
2035-2039	-	-	-	-	480,000	56,250
2040-2044	-	-	-	-	370,000	20,175
2045-2047	-	-	-	-	90,000	2,700
Total	<u>\$ 135,000</u>	<u>\$ 13,875</u>	<u>\$ 1,045,000</u>	<u>\$ 250,556</u>	<u>\$ 2,575,000</u>	<u>\$ 460,150</u>
Year Ending	Bank of North Dakota		USDA Rural Development		Total	
<u>December 31</u>	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 10,000	\$ 6,582	\$ 11,726	\$ 10,154	\$ 341,726	\$ 94,961
2021	23,400	8,463	12,048	9,832	370,448	88,845
2022	23,400	7,761	12,379	9,501	280,779	79,812
2023	23,400	7,059	12,720	9,160	196,120	73,069
2024	23,400	6,357	13,070	8,810	201,470	68,367
2025-2029	117,000	21,255	70,941	38,459	992,941	269,414
2030-2034	77,626	4,659	81,246	28,154	943,872	147,194
2035-2039	-	-	93,049	16,351	573,049	72,601
2040-2044	-	-	62,075	3,442	432,075	23,617
2045-2047	-	-	-	-	90,000	2,700
Total	<u>\$ 298,226</u>	<u>\$ 62,136</u>	<u>\$ 369,254</u>	<u>\$ 133,863</u>	<u>\$ 4,422,480</u>	<u>\$ 920,580</u>

Rural Development has a reserve requirement of \$126,852 for their debt. The water fund and sewer fund have segregated \$95,052 and \$31,800, respectively, to separate funds within the Water and Sewer funds to meet this requirement. The required \$126,852 has been set aside as restricted cash on the Statement of Net Position – Proprietary Funds.

NOTE 8 CAPITAL LEASE

During 2014, the City entered into a lease agreement as lessee for financing the acquisition of a fire truck valued at \$280,817 with financing in the amount of \$237,714. During 2013, the City entered into a lease agreement as a lessee for financing the acquisition of a pay loader valued at \$130,721 with a financed amount of \$100,000. The equipment has a five-year estimated useful life. During 2019, \$27,436 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending <u>December 31</u>	
2020	\$ 40,905
2021	24,992
2022	24,992
2023	24,992
2024	24,992
2025-2026	<u>49,984</u>
Total Minimum Lease Payments	190,857
Less Amount Representing Interest	<u>(24,075)</u>
Present Value of Minimum Lease Payme	<u>\$ 166,782</u>

NOTE 9 FUND BALANCE

Minimum Fund Balance Policy

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

Classifications

At December 31, 2019, a summary of governmental fund balance classifications was as follows:

	<u>General Fund</u>	
Nonspendable:		
Prepaid Expenses	\$ 21,896	
Total Nonspendable	<u>\$ 21,896</u>	
	<u>Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>
Restricted for:		
Emergency	\$ -	\$ 874
Cemetery	-	792
Improvement Dist. #25 TIF	79,501	-
Library	-	1,456
Fire Dept. Reserve	-	29,409
Special City Lots	<u>-</u>	<u>787</u>
Total Restricted	<u>\$ 79,501</u>	<u>\$ 33,318</u>

At December 31, 2019, the business type activities reported restricted net position of \$758,382 for debt service.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

NOTE 10 RISK MANAGEMENT

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

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

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

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

NOTE 11 PENSION PLAN

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

The City's total payroll for the year ended December 31, 2019 was \$457,629. The City's contributions were calculated using the base salary amount of \$385,741. The City made the required contribution, amounting to \$27,376.

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

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

NOTE 12 COMMITMENTS AND CONTINGENCY

Estimates

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

Grant Programs

The City participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2019, may be impaired.

In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 13 COMPENSATED ABSENCES

Vacation leave is accrued at a rate of various hours per month for years of continuous service. Beginning in 2013, employees were allowed to have a carryover of up to forty hours. As of December 31, 2019, the total liability to the City is \$6,091. The liability for vacation leave is generally liquidated through the general fund.

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

NOTE 14 CONDUIT DEBT

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

As of December 31, 2019, the aggregate principal amount payable was \$2,545,671.

NOTE 15 SALES TAX

The City receives sales tax money on behalf of Mayville State University, the Mayville Economic Development, and the Mayville Shopko. During the year ended December 31, 2019, the City collected \$249,466 in sales tax dollars that were subsequently remitted to the University, Economic Development, and Shopko.

NOTE 16 CONCENTRATION

Mayville State University accounts for approximately 8% of the utility revenues. East Central Rural Water District accounts for 27% of finished water sales; this is covered under the Joint Powers Agreement and is a zero profit/loss agreement. For more information, see Note 17 below.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

NOTE 17 JOINT POWERS AGREEMENT

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

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

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

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

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

In 2017, the Traill Rural Water District refinanced a majority of the debt, including substantially all of the receivables and payables related to the Joint Powers Agreement. After the refinancing, the only remaining Joint Powers Agreement receivable remaining is a receivable from Traill Rural Water District with a balance of \$237,900 and \$248,400 as of December 31, 2019 and 2018, respectively.

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

	<u>Receivable</u>
2020	\$ 10,500
2021	10,500
2022	10,500
2023	10,500
2024	10,500
Thereafter	<u>185,400</u>
	<u>\$ 237,900</u>

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

NOTE 18 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made for special assessment receivables not recorded in the prior year. As a result, beginning net position was restated as follows:

	Business-Type Activities	Sewer Fund
	<u> </u>	<u> </u>
January 1, 2019 as previously reported	\$ 11,582,540	\$ 4,740,932
Increase in special assessments	<u>236,242</u>	<u>236,242</u>
January 1, 2019, as restated	<u>\$ 11,818,782</u>	<u>\$ 4,977,174</u>

NOTE 19 NEW PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

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

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2019

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

NOTE 20 RECLASSIFICATIONS

Certain reclassifications have been made to the 2018 financial statements in order to conform with the 2019 presentation.

NOTE 21 SUBSEQUENT EVENTS

No significant events occurred subsequent to the City's year end. Subsequent events have been evaluated through December 4, 2020, which is the date these financial statements were available to be issued.

CITY OF MAYVILLE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		Actual Amounts	Positive (Negative)
REVENUES				
Property Taxes	\$ 294,474	\$	282,378	\$ (12,096)
Other Taxes	236,335		265,538	29,203
Intergovernmental	120,760		149,194	28,434
Charges for Services	44,050		38,334	(5,716)
Fines and Forfeitures	1,500		478	(1,022)
Interest Earnings	1,525		1,535	10
Other Revenue	62,400		60,323	(2,077)
Total Revenues	761,044		797,780	36,736
EXPENDITURES				
Current:				
General Government	367,797		232,268	135,529
Public Safety	311,965		270,496	41,469
Public Works	237,216		253,576	(16,360)
Culture and Recreation	29,200		10,729	18,471
Capital Outlay	123,700		4,772	118,928
Debt Service:				
Principal Retirement	24,121		23,181	940
Interest and Fees	10,871		2,732	8,139
Total Expenditures	1,104,870		797,754	307,116
Excess (Deficiency) of Revenues over (Under) Expenditures	(343,826)		26	343,852
OTHER FINANCING SOURCES (USES)				
Issuance of Long Term Debt	-		142,789	142,789
Transfers In	2,000		69,000	67,000
Transfers Out	(20,000)		-	20,000
Total Other Financing Sources (Uses)	(18,000)		211,789	229,789
Net Change in Fund Balances	(361,826)		211,815	573,641
Fund Balances - Beginning	211,074		211,074	-
Fund Balances - Ending	\$ (150,752)	\$	422,889	\$ 573,641

See Note to the Budgetary Comparison Schedule

CITY OF MAYVILLE
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
AS OF DECEMBER 31, 2019

NOTE 1 BUDGETARY COMPARISON

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

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

CITY OF MAYVILLE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2019

ASSETS	<u>Emergency</u>	<u>Cemetery</u>	Fire Dept. <u>Reserve</u>	<u>Library</u>
Cash and Cash Equivalents	\$ 4,185	\$ 704	\$ 30,634	\$ 2,329
Accounts Receivable	125	52	306	294
Taxes Receivable	1,225	616	3,478	3,599
Total Assets	<u>\$ 5,535</u>	<u>\$ 1,372</u>	<u>\$ 34,418</u>	<u>\$ 6,222</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	\$ 1,738	\$ -	\$ -	\$ 993
Accrued Expenditures	1,771	-	-	378
Due to Other Governments	-	-	1,740	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>3,509</u>	<u>-</u>	<u>1,740</u>	<u>1,371</u>
Deferred Inflows of Resources				
Unavailable Revenue - Taxes Receivable	1,152	580	3,269	3,395
Total Deferred Inflows of Resources	<u>1,152</u>	<u>580</u>	<u>3,269</u>	<u>3,395</u>
FUND BALANCES				
Restricted	874	792	29,409	1,456
Unassigned	-	-	-	-
Total Fund Balances	<u>874</u>	<u>792</u>	<u>29,409</u>	<u>1,456</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,535</u>	<u>\$ 1,372</u>	<u>\$ 34,418</u>	<u>\$ 6,222</u>

CITY OF MAYVILLE
COMBINING BALANCE SHEET - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2019

	Unterseher	Specials	Total Nonmajor
	<u>Acquisition</u>	<u>City Lots</u>	<u>Governmental</u>
			<u>Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 752	\$ 38,604
Accounts Receivable	-	18	795
Taxes Receivable	-	223	9,141
Total Assets	<u>\$ -</u>	<u>\$ 993</u>	<u>\$ 48,540</u>
LIABILITIES AND DEFERRED INFLOWS			
OF RESOURCES			
Liabilities			
Accounts Payable	\$ -	\$ -	\$ 2,731
Accrued Expenditures	-	-	2,149
Due to Other Governments	-	-	1,740
Due to Other Funds	20,166	-	20,166
Total Liabilities	<u>20,166</u>	<u>-</u>	<u>26,786</u>
Deferred Inflows of Resources			
Unavailable Revenue - Taxes Receivable	<u>-</u>	<u>206</u>	<u>8,602</u>
Total Deferred Inflows			
of Resources	<u>-</u>	<u>206</u>	<u>8,602</u>
FUND BALANCES			
Restricted	-	787	33,318
Unassigned	<u>(20,166)</u>	<u>-</u>	<u>(20,166)</u>
Total Fund Balances	<u>(20,166)</u>	<u>787</u>	<u>13,152</u>
Total Liabilities, Deferred Inflows			
of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 993</u>	<u>\$ 48,540</u>

CITY OF MAYVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Emergency</u>	<u>Cemetery</u>	<u>Fire Dept. Reserve</u>	<u>Library</u>
REVENUES				
Property Taxes	\$ 17,411	\$ 7,008	\$ 41,487	\$ 38,965
Intergovernmental Aid	-	-	-	4,706
Miscellaneous	-	6,360	-	4,957
Total Revenues	<u>17,411</u>	<u>13,368</u>	<u>41,487</u>	<u>48,628</u>
 EXPENSES				
Current				
General Government	78,538	-	-	-
Culture and Recreation	-	18,674	-	44,758
Public Safety	-	-	622	-
Capital Outlay	9,900	-	2,200	-
Debt Service:				
Principal Retirement	-	-	18,588	-
Interest and Fees	-	-	6,404	-
Total Expenditures	<u>88,438</u>	<u>18,674</u>	<u>27,814</u>	<u>44,758</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(71,027)</u>	<u>(5,306)</u>	<u>13,673</u>	<u>3,870</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In	<u>105,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>105,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	<u>33,973</u>	<u>(4,306)</u>	<u>13,673</u>	<u>3,870</u>
 Fund Balances - Beginning	<u>(33,099)</u>	<u>5,098</u>	<u>15,736</u>	<u>(2,414)</u>
 Fund Balances - Ending	<u>\$ 874</u>	<u>\$ 792</u>	<u>\$ 29,409</u>	<u>\$ 1,456</u>

CITY OF MAYVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Unterseher Acquisition</u>	<u>Specials City Lots</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Property Taxes	\$ -	\$ 2,835	\$ 107,706
Intergovernmental Aid	-	-	4,706
Miscellaneous	-	-	11,317
Total Revenues	<u>-</u>	<u>2,835</u>	<u>123,729</u>
EXPENSES			
Current			
General Government	-	1,843	80,381
Culture and Recreation	-	-	63,432
Public Safety	-	-	622
Capital Outlay	-	-	12,100
Debt Service:			
Principal Retirement	-	-	18,588
Interest and Fees	-	-	6,404
Total Expenditures	<u>-</u>	<u>1,843</u>	<u>181,527</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>992</u>	<u>(57,798)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>1,000</u>	<u>107,000</u>
Total other financing sources and uses	<u>-</u>	<u>1,000</u>	<u>107,000</u>
Net Change in Fund Balances	<u>-</u>	<u>1,992</u>	<u>49,202</u>
Fund Balances - Beginning	<u>(20,166)</u>	<u>(1,205)</u>	<u>(36,050)</u>
Fund Balances - Ending	<u>\$ (20,166)</u>	<u>\$ 787</u>	<u>\$ 13,152</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville, North Dakota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Mayville, North Dakota's basic financial statements and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Mayville, North Dakota's Response to Findings

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

Purpose of this Report

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



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

December 4, 2020

CITY OF MAYVILLE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

2019-001

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

We recommend the City consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control, the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

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

CITY OF MAYVILLE
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

2019-002

Criteria

Generally, a system of internal control contemplates separation of duties that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition

Lack of sufficient segregation of duties.

Cause

Size and budget constraints limiting the number of personnel within the City's accounting department.

Effect

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

Recommendation

The areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of Responsible Officials and Planned Corrective Actions

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