

**CITY OF MAYVILLE  
MAYVILLE, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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**CITY OF MAYVILLE**  
**ROSTER OF CITY OFFICIALS**  
**AS OF DECEMBER 31, 2021**

<u>Names</u>	<u>Office</u>
Steve Bensen	Mayor
Ben Gates	Alderman
William Bohnsack	Alderman
Charlie Moen	Alderman
Larry O'Brien	Alderman
Mike Carr	Alderman
Ray Petersen	Alderman
Gail Olstad	Auditor Treasurer
Julie Christianson	Deputy Auditor

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Mayville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville, as of December 31, 2021, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mayville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Mayville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mayville's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the City of Mayville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mayville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mayville's internal control over financial reporting and compliance.



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

December 28, 2022



**CITY OF MAYVILLE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Mayville exceeded its liabilities at the close of the most recent fiscal year by \$12,223,266 (net position). Of this amount, \$2,543,294 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$22,481.

As of the close of the current fiscal year, the City of Mayville's governmental activities reported combined ending net position of \$1,071,230.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$576,913, or 77 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, 2021

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

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

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

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

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

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

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

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

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

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other information.* The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 47 and 48 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 \$12,223,266 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 (76 percent) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Mayville uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Mayville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Mayville's Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>						
Current Assets	\$ 800,284	\$ 735,115	\$ 2,699,936	\$ 2,708,764	\$ 3,500,220	\$ 3,443,879
Capital Assets, Net	2,146,394	1,813,867	11,886,821	12,438,264	14,033,215	14,252,131
Long-Term Assets	-	-	391,911	374,881	391,911	374,881
Total Assets	<u>2,946,678</u>	<u>2,548,982</u>	<u>14,978,668</u>	<u>15,521,909</u>	<u>17,925,346</u>	<u>18,070,891</u>
<b><u>Liabilities</u></b>						
Current Liabilities	1,045,209	612,952	396,876	520,682	1,442,085	1,133,634
Long-Term Liabilities	830,239	1,026,085	3,429,756	3,710,387	4,259,995	4,736,472
Total Liabilities	<u>1,875,448</u>	<u>1,639,037</u>	<u>3,826,632</u>	<u>4,231,069</u>	<u>5,702,080</u>	<u>5,870,106</u>
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	1,098,633	567,820	8,189,686	8,357,429	9,288,319	8,925,249
Restricted	67,923	83,930	323,730	541,409	391,653	625,339
Unrestricted	(95,326)	258,195	2,638,620	2,392,002	2,543,294	2,650,197
Total Net Position	<u>\$ 1,071,230</u>	<u>\$ 909,945</u>	<u>\$ 11,152,036</u>	<u>\$ 11,290,840</u>	<u>\$ 12,223,266</u>	<u>\$ 12,200,785</u>

\$391,653 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 \$2,543,294 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.

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Governmental activities increased the City of Mayville's net position by \$161,285 compared to an increase of \$70,700 in 2020.

Business-type activities decreased the City of Mayville's net position by \$138,804 compared to a decrease of \$169,576 in 2020.

A condensed version of the statement of activities follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 31,358	\$ 35,820	\$ 1,356,296	\$ 1,284,848	\$ 1,387,654	\$ 1,320,668
Grants and Contributions	102,117	101,278	9,866	25,401	111,983	126,679
General Revenues:						
Property Taxes	610,975	622,193	-	-	610,975	622,193
Other Taxes	148,962	137,396	-	-	148,962	137,396
State Aid	145,113	134,506	-	-	145,113	134,506
Other	115,386	79,667	18,126	24,296	133,512	103,963
Total Revenues	<u>1,153,911</u>	<u>1,110,860</u>	<u>1,384,288</u>	<u>1,334,545</u>	<u>2,538,199</u>	<u>2,445,405</u>
<u>Expenses:</u>						
General Government	242,322	267,167	-	-	242,322	267,167
Public Safety	319,283	325,314	-	-	319,283	325,314
Public Works	296,603	307,277	-	-	296,603	307,277
Culture and Recreation	100,123	96,323	-	-	100,123	96,323
Interest and Fees	34,295	44,079	-	-	34,295	44,079
Water	-	-	726,234	688,871	726,234	688,871
Sewer	-	-	429,303	441,945	429,303	441,945
Sanitation	-	-	339,510	345,309	339,510	345,309
Landfill Surcharge	-	-	28,045	27,996	28,045	27,996
Total Expenses	<u>992,626</u>	<u>1,040,160</u>	<u>1,523,092</u>	<u>1,504,121</u>	<u>2,515,718</u>	<u>2,544,281</u>
Change in Net Position	161,285	70,700	(138,804)	(169,576)	22,481	(98,876)
Net Position - Beginning	<u>909,945</u>	<u>839,245</u>	<u>11,290,840</u>	<u>11,460,416</u>	<u>12,200,785</u>	<u>12,299,661</u>
Net Position - Ending	<u>\$ 1,071,230</u>	<u>\$ 909,945</u>	<u>\$ 11,152,036</u>	<u>\$ 11,290,840</u>	<u>\$ 12,223,266</u>	<u>\$ 12,200,785</u>

Property taxes and state aid accounted for 66 percent in 2021 and 68 percent in 2020 of the total governmental activities revenues.

Charges for services were 98 percent in 2021 and 96 percent in 2020 of the total revenues for business-type activities.

Government activities expenses were primarily for general government, public safety, and public works, which comprised 24, 32 and 30 percent each in 2021 and 26, 31 and 30 percent each in 2020, respectively.

Water, sewer, and sanitation were 48, 28, and 22 percent in 2021 and 46, 29, and 23 percent in 2020 of the total business-type activities expenses, respectively.

**CITY OF MAYVILLE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$(26,010), a decrease of \$340,355. The balance of \$(26,010) includes \$(127,168) 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 \$576,913. 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 77 percent of total General Fund expenditures.

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

Mayville Street Project – The Mayville Street Project was set up to track the initial planning, design, and engineering for a 2022 street, storm sewer, water, and sanitary sewer project. The city has incurred upfront engineering, analysis, and design costs. Moore Engineering has engaged third parties such as Braun and Jetway to help in this. They have been paid directly by the city. The street and storm sewer projects were bid in 2022 and the water and sanitary sewer projects will be bid in 2023. These projects will be financed with temporary refunding improvement bonds and USDA loans/grants.

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

The unrestricted net position in the respective Proprietary Funds are:

Water	\$1,101,157
Sewer	\$949,221
Sanitation	\$282,852
Landfill Surcharge	\$305,390

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

Water	\$(22,137)
Sewer	\$(280,548)
Sanitation	\$163,215
Landfill Surcharge	\$666

**CITY OF MAYVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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 \$371,482 less than budgeted.

Capital Asset and Debt Administration

*Capital assets.* The City of Mayville's investment in capital assets for its governmental and business-type activities as of December 31, 2021 and 2020, amounts to \$14,033,215 and \$14,252,131, 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 190,666	\$ 190,666	\$ 421,810	\$ 421,810	\$ 612,476	\$ 612,476
Construction in Progress	677,147	194,834	27,328	23,380	704,475	218,214
Buildings	191,641	215,720	342,334	368,334	533,975	584,054
Equipment	327,846	372,066	315,445	336,693	643,291	708,759
Vehicles	164,575	195,151	9,869	13,569	174,444	208,720
Infrastructure	594,519	645,430	10,770,035	11,274,478	11,364,554	11,919,908
Total	<u>\$ 2,146,394</u>	<u>\$ 1,813,867</u>	<u>\$ 11,886,821</u>	<u>\$ 12,438,264</u>	<u>\$ 14,033,215</u>	<u>\$ 14,252,131</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 \$4,744,896 in bonds, notes, and capital lease obligations outstanding. Issuance of long-term debt totaled \$0 and payments made on long-term debt obligations totaled \$581,986 during 2021. Additional information on the City of Mayville's debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

Changes were made to the city landfill rates as well as limiting access to the landfill to residents only. Rate changes that occurred were increase to Sewer of \$1.00, Regular Residential Garbage \$0.25, Residential Recycle increased \$0.10, Surcharge for Sewer 24 increased \$0.90, Vector decreased \$1.50, Wand Water 23 Surcharge decreased \$0.75 – Billings at the new rate started Q2 2021 the overall rate remained \$95.50. 2022 rates will be reviewed and changed again for Q2 2022 implementation.

The plan to move the City Offices to the Armory is still on hold.

The City used infrastructure dollars in 2020 to purchase additional heavy equipment to aid in snow removal, a Snow Pusher that is used on either of the Payloaders. Also, a larger 70" mower was purchased.



**CITY OF MAYVILLE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2021

The bankruptcy of Shopko and removal of the store has had a negative impact on City Sales Tax revenue, and this was expected to continue in 2020. Sales tax actually increased year over year – we attribute that to the pandemic with less travel and more purchases close to home, as well as increased prices.

The City began the interior replacement of the de-icing equipment in the water tower in 2020 after refurbishment plans for the City's water tower in 2020 was put out 2-3 years based on the vendor's analysis after 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 and the City is looking to scope what it would take to refurbish or replace. The overall replacement for the HVAC has a preliminary cost of \$250,000. The City will begin accumulating funds for this in 2021-2022 timeframe. 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 will look to continue outsourcing it's street sweeping needs as this has gone very well. We are still 1 member short on the Street side of the team and continue to use part time help as needed. Looking to hire in 2022 for streets and 2023 for WTP.

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 but due to the pandemic, additional funds available and decreased material costs the project will be a 2021-2022 priority.

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 remains committed to being a partner in this project.

The City's TIF District supported itself in 2020 and the deficiency tax was 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, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 682,302	\$ 2,415,590	\$ 3,097,892
Accounts Receivable	80,978	124,669	205,647
Joint Powers Receivable		10,500	10,500
Taxes Receivable	12,472	-	12,472
Special Assessments Receivable	-	138,219	138,219
Inventory	-	10,958	10,958
Prepaid Expenses	24,532	-	24,532
Total Current Assets	<u>800,284</u>	<u>2,699,936</u>	<u>3,500,220</u>
Non-Current Assets			
Restricted Cash	-	185,511	185,511
Joint Powers Receivable	-	206,400	206,400
Capital Assets:			
Land	190,666	421,810	612,476
Construction in Progress	677,147	27,328	704,475
Buildings	684,739	1,305,000	1,989,739
Equipment	1,067,455	760,715	1,828,170
Vehicles	783,509	145,037	928,546
Infrastructure	1,884,490	19,110,645	20,995,135
Less Accumulated Depreciation	<u>(3,141,612)</u>	<u>(9,883,714)</u>	<u>(13,025,326)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>2,146,394</u>	<u>11,886,821</u>	<u>14,033,215</u>
Total Non-Current Assets	<u>2,146,394</u>	<u>12,278,732</u>	<u>14,425,126</u>
Total Assets	<u>2,946,678</u>	<u>14,978,668</u>	<u>17,925,346</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	527,236	87,376	614,612
Accrued Expenditures	1,798	2,524	4,322
Unearned Revenue	266,465	-	266,465
Due to Other Governments	20,599	-	20,599
Accrued Vacation Payable	2,886	2,264	5,150
Meter Deposits Payable	-	13,900	13,900
Accrued Interest Payable	8,703	23,433	32,136
Bonds and Capital Lease Payable	217,522	267,379	484,901
Noncurrent Liabilities:			
Long-term Bonds and Capital Lease Payable	<u>830,239</u>	<u>3,429,756</u>	<u>4,259,995</u>
Total Liabilities	<u>1,875,448</u>	<u>3,826,632</u>	<u>5,702,080</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,098,633	8,189,686	9,288,319
Restricted for:			
Cemetery	5,143	-	5,143
Special City Lots	1,262	-	1,262
Fire Department Reserve	20,166	-	20,166
Debt Service	41,352	323,730	365,082
Unrestricted	<u>(95,326)</u>	<u>2,638,620</u>	<u>2,543,294</u>
Total Net Position	<u>\$ 1,071,230</u>	<u>\$ 11,152,036</u>	<u>\$ 12,223,266</u>

See Notes to the Financial Statements



**CITY OF MAYVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 242,322	\$ 31,358	\$ -	\$ -	\$ (210,964)	\$ -	\$ (210,964)
Public Safety	319,283	-	-	-	(319,283)	-	(319,283)
Public Works	296,603	-	102,117	-	(194,486)	-	(194,486)
Culture and Recreation	100,123	-	-	-	(100,123)	-	(100,123)
Interest and Fees	34,295	-	-	-	(34,295)	-	(34,295)
Total Governmental Activities	<u>992,626</u>	<u>31,358</u>	<u>102,117</u>	<u>-</u>	<u>(859,151)</u>	<u>-</u>	<u>(859,151)</u>
Business-type Activities:							
Water	726,234	699,575	-	-	-	(26,659)	(26,659)
Sewer	429,303	283,960	-	9,866	-	(135,477)	(135,477)
Sanitation	339,510	344,632	-	-	-	5,122	5,122
Landfill Surcharge	28,045	28,129	-	-	-	84	84
Total Business-type Activities	<u>1,523,092</u>	<u>1,356,296</u>	<u>-</u>	<u>9,866</u>	<u>-</u>	<u>(156,930)</u>	<u>(156,930)</u>
Total Primary Government	<u>\$ 2,515,718</u>	<u>\$ 1,387,654</u>	<u>\$ 102,117</u>	<u>\$ 9,866</u>	<u>(859,151)</u>	<u>(156,930)</u>	<u>(1,016,081)</u>
General Revenues:							
Property Taxes					610,975	-	610,975
Sales and Other Taxes					148,962	-	148,962
State Aid Distribution					145,113	-	145,113
Other Revenues					113,921	15,178	129,099
Unrestricted Investment Earnings					1,465	2,948	4,413
Total General Revenues					<u>1,020,436</u>	<u>18,126</u>	<u>1,038,562</u>
Change in Net Position					161,285	(138,804)	22,481
Net Position - Beginning					<u>909,945</u>	<u>11,290,840</u>	<u>12,200,785</u>
Net Position - Ending					<u>\$ 1,071,230</u>	<u>\$ 11,152,036</u>	<u>\$ 12,223,266</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2021**

	General	Improvement District #25 - TIF	Mayville Street Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 336,615	\$ 49,973	\$ -	\$ 295,714	\$ 682,302
Receivables	80,507	-	-	471	80,978
Taxes Receivable	12,205	82	-	185	12,472
Due from Other Funds	269,603	-	-	-	269,603
Prepaid Expenditures	24,532	-	-	-	24,532
Total Assets	<u>\$ 723,462</u>	<u>\$ 50,055</u>	<u>\$ -</u>	<u>\$ 296,370</u>	<u>\$ 1,069,887</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 91,344	\$ -	\$ 431,899	\$ 3,993	\$ 527,236
Accrued Expenditures	1,618	-	-	180	1,798
Unearned Revenue	-	-	-	266,465	266,465
Due to Other Governments	18,859	-	-	1,740	20,599
Due to Other Funds	-	-	245,247	24,356	269,603
Total Liabilities	<u>111,821</u>	<u>-</u>	<u>677,146</u>	<u>296,734</u>	<u>1,085,701</u>
Deferred Inflows of Resources					
Unavailable Revenue - Taxes Receivable	10,196	-	-	-	10,196
Total Deferred Inflows of Resources	<u>10,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,196</u>
<b>FUND BALANCES</b>					
Nonspendable	24,532	-	-	-	24,532
Restricted	-	50,055	-	26,571	76,626
Unassigned	576,913	-	(677,146)	(26,935)	(127,168)
Total Fund Balances	<u>601,445</u>	<u>50,055</u>	<u>(677,146)</u>	<u>(364)</u>	<u>(26,010)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 723,462</u>	<u>\$ 50,055</u>	<u>\$ -</u>	<u>\$ 296,370</u>	<u>\$ 1,069,887</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, 2021**

Total Governmental Funds Balances \$ (26,010)

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	\$ 5,288,006	
Accumulated Depreciation	<u>(3,141,612)</u>	2,146,394

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

Property taxes		10,196
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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	\$ (2,886)	
Bonds and Capital Lease Payable	(1,047,761)	
Interest Payable	<u>(8,703)</u>	<u>(1,059,350)</u>

Net Position of Governmental Activities		<u>\$ 1,071,230</u>
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**CITY OF MAYVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Improvement District #25 - TIF	Mayville Street Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 366,077	\$ 180,962	\$ -	\$ 94,440	\$ 641,479
Sales and Other Taxes	251,079	-	-	-	251,079
Intergovernmental	125,380	-	-	19,733	145,113
Charges for Services	31,358	-	-	-	31,358
Fines and Forfeitures	100	-	-	-	100
Interest Earnings	1,465	-	-	-	1,465
Sale of Lots	-	5,380	-	-	5,380
Other Revenue	98,920	2,300	-	7,221	108,441
Total Revenues	<u>874,379</u>	<u>188,642</u>	<u>-</u>	<u>121,394</u>	<u>1,184,415</u>
<b>EXPENDITURES</b>					
Current:					
General Government	224,189	-	-	12,510	236,699
Culture and Recreation	11,134	-	-	73,198	84,332
Public Safety	280,147	-	-	8,200	288,347
Public Works	199,066	-	-	-	199,066
Capital Outlay	-	-	482,313	-	482,313
Debt Service:					
Principal Retirement	27,638	150,000	-	20,648	198,286
Interest and Fees	5,650	25,733	-	4,344	35,727
Total Expenditures	<u>747,824</u>	<u>175,733</u>	<u>482,313</u>	<u>118,900</u>	<u>1,524,770</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>126,555</u>	<u>12,909</u>	<u>(482,313)</u>	<u>2,494</u>	<u>(340,355)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	3,000	3,000
Transfers Out	(3,000)	-	-	-	(3,000)
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Net Change in Fund Balances	123,555	12,909	(482,313)	5,494	(340,355)
Fund Balances - Beginning	<u>477,890</u>	<u>37,146</u>	<u>(194,833)</u>	<u>(5,858)</u>	<u>314,345</u>
Fund Balances - Ending	<u>\$ 601,445</u>	<u>\$ 50,055</u>	<u>\$ (677,146)</u>	<u>\$ (364)</u>	<u>\$ (26,010)</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, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (340,355)

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

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

Capital Outlays	\$ 482,313	
Depreciation Expense	<u>(149,786)</u>	
		332,527

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

Property Taxes		(30,501)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

198,286

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		(103)
Interest Payable		<u>1,431</u>

Changes in Net Position		<u>\$ 161,285</u>
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**CITY OF MAYVILLE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AS OF DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 873,503	\$ 937,714	\$ 272,416	\$ 331,957	\$ 2,415,590
Accounts Receivable (net of allowance of \$9,000, \$5,000, \$6,000, and \$0, respectively)	57,732	29,036	36,488	1,413	124,669
Joint Powers Receivable	10,500	-	-	-	10,500
Special Assessments Receivable	-	138,219	-	-	138,219
Inventory	10,958	-	-	-	10,958
Total Current Assets	<u>952,693</u>	<u>1,104,969</u>	<u>308,904</u>	<u>333,370</u>	<u>2,699,936</u>
Non-Current Assets:					
Restricted Cash	121,911	63,600	-	-	185,511
Joint Powers Receivable	206,400	-	-	-	206,400
Capital Assets					
Land	26,000	383,810	12,000	-	421,810
Construction in Progress	27,328	-	-	-	27,328
Buildings	1,300,000	-	5,000	-	1,305,000
Equipment	562,514	198,201	-	-	760,715
Vehicles	25,817	34,240	84,980	-	145,037
Infrastructure	10,331,878	8,778,767	-	-	19,110,645
Less Accumulated Depreciation	<u>(5,008,117)</u>	<u>(4,785,617)</u>	<u>(89,980)</u>	<u>-</u>	<u>(9,883,714)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,265,420</u>	<u>4,609,401</u>	<u>12,000</u>	<u>-</u>	<u>11,886,821</u>
Total Non-Current Assets	<u>7,593,731</u>	<u>4,673,001</u>	<u>12,000</u>	<u>-</u>	<u>12,278,732</u>
Total Assets	<u>8,546,424</u>	<u>5,777,970</u>	<u>320,904</u>	<u>333,370</u>	<u>14,978,668</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	26,732	8,569	24,095	27,980	87,376
Accrued Expenses	425	656	1,443	-	2,524
Accrued Vacation Payable	929	821	514	-	2,264
Meter Deposit Payable	13,900	-	-	-	13,900
Accrued Interest Payable	15,950	7,483	-	-	23,433
Bonds Payable	127,379	140,000	-	-	267,379
Total Current Liabilities	<u>185,315</u>	<u>157,529</u>	<u>26,052</u>	<u>27,980</u>	<u>396,876</u>
Non-Current Liabilities:					
Long-term Bonds Payable	<u>2,129,756</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>3,429,756</u>
Total Non-Current Liabilities	<u>2,129,756</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>3,429,756</u>
Total Liabilities	<u>2,315,071</u>	<u>1,457,529</u>	<u>26,052</u>	<u>27,980</u>	<u>3,826,632</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	5,008,285	3,169,401	12,000	-	8,189,686
Restricted	121,911	201,819	-	-	323,730
Unrestricted	<u>1,101,157</u>	<u>949,221</u>	<u>282,852</u>	<u>305,390</u>	<u>2,638,620</u>
Total Net Position	<u>\$ 6,231,353</u>	<u>\$ 4,320,441</u>	<u>\$ 294,852</u>	<u>\$ 305,390</u>	<u>\$ 11,152,036</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, 2021**

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
<b>OPERATING REVENUES:</b>					
Water Sales	\$ 699,575	\$ -	\$ -	\$ -	\$ 699,575
Sewer Charges	-	283,960	-	-	283,960
Sanitation Charges	-	-	344,632	-	344,632
Landfill Surcharges	-	-	-	28,129	28,129
Total Operating Revenues	<u>699,575</u>	<u>283,960</u>	<u>344,632</u>	<u>28,129</u>	<u>1,356,296</u>
<b>OPERATING EXPENSES:</b>					
Professional Services	7,732	2,823	1,764	-	12,319
Insurance	8,427	2,411	975	-	11,813
Travel	202	-	-	-	202
Utilities	81,117	17,637	3,679	-	102,433
Printing and Postage	3,401	2,922	2,473	-	8,796
Supplies and Maintenance	58,319	18,975	3,495	27,980	108,769
Salaries	102,648	61,449	32,318	-	196,415
Employee Benefits	17,333	17,101	9,314	-	43,748
Miscellaneous	80,001	5,151	285,492	65	370,709
Depreciation	301,473	267,504	-	-	568,977
Total Operating Expenses	<u>660,653</u>	<u>395,973</u>	<u>339,510</u>	<u>28,045</u>	<u>1,424,181</u>
Operating Income (Loss)	<u>38,922</u>	<u>(112,013)</u>	<u>5,122</u>	<u>84</u>	<u>(67,885)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest Income	915	1,160	291	582	2,948
Special Assessments	-	9,866	-	-	9,866
Miscellaneous Revenues	3,607	3,769	7,802	-	15,178
Interest Expense	(65,581)	(33,330)	-	-	(98,911)
Total Non-Operating Revenues (Expenses)	<u>(61,059)</u>	<u>(18,535)</u>	<u>8,093</u>	<u>582</u>	<u>(70,919)</u>
Income (Loss) before Transfers	(22,137)	(130,548)	13,215	666	(138,804)
Transfers In	-	-	150,000	-	150,000
Transfers Out	-	(150,000)	-	-	(150,000)
Changes in Net Position	<u>(22,137)</u>	<u>(280,548)</u>	<u>163,215</u>	<u>666</u>	<u>(138,804)</u>
Total Net Position - Beginning	<u>6,253,490</u>	<u>4,600,989</u>	<u>131,637</u>	<u>304,724</u>	<u>11,290,840</u>
Total Net Position - Ending	<u>\$ 6,231,353</u>	<u>\$ 4,320,441</u>	<u>\$ 294,852</u>	<u>\$ 305,390</u>	<u>\$ 11,152,036</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 702,002	\$ 288,611	\$ 342,756	\$ 28,145	\$ 1,361,514
Payments to Suppliers	(255,879)	(49,784)	(297,651)	(28,050)	(631,364)
Payments to Employees	(121,615)	(78,522)	(41,294)	-	(241,431)
Net Cash Provided (Used) by Operating Activities	<u>324,508</u>	<u>160,305</u>	<u>3,811</u>	<u>95</u>	<u>488,719</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Miscellaneous Revenues	3,607	3,769	7,802	-	15,178
Transfer to/from Other Funds	-	(150,000)	150,000	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,607</u>	<u>(146,231)</u>	<u>157,802</u>	<u>-</u>	<u>15,178</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(17,534)	-	-	-	(17,534)
Proceeds from Special Assessments	-	255,075	-	-	255,075
Proceeds from the Joint Powers Agreement	10,500	-	-	-	10,500
Principal Payments on Long-Term Debt	(208,700)	(175,000)	-	-	(383,700)
Interest and Fiscal Charges on Debt	(66,022)	(34,635)	-	-	(100,657)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(281,756)</u>	<u>45,440</u>	<u>-</u>	<u>-</u>	<u>(236,316)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Income	915	1,160	291	582	2,948
Net Cash Provided (Used) by Investing Activities	<u>915</u>	<u>1,160</u>	<u>291</u>	<u>582</u>	<u>2,948</u>
Net Increase (Decrease) in Cash and Cash Equivalents	47,274	60,674	161,904	677	270,529
Cash and Cash Equivalents, January 1	<u>948,140</u>	<u>940,640</u>	<u>110,512</u>	<u>331,280</u>	<u>2,330,572</u>
Cash and Cash Equivalents, December 31	<u>\$ 995,414</u>	<u>\$ 1,001,314</u>	<u>\$ 272,416</u>	<u>\$ 331,957</u>	<u>\$ 2,601,101</u>

See Notes to the Financial Statements



**CITY OF MAYVILLE**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	Totals Current Year
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 38,922	\$ (112,013)	\$ 5,122	\$ 84	\$ (67,885)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	301,473	267,504	-	-	568,977
Changes in Assets and Liabilities:					
Accounts Receivable	2,427	4,651	(1,876)	16	5,218
Inventory	1,400	-	-	-	1,400
Accounts Payable	(17,930)	135	227	(5)	(17,573)
Accrued Expenses	(615)	54	345	-	(216)
Accrued Vacation Payable	(1,019)	(26)	(7)	-	(1,052)
Meter Deposits Payable	(150)	-	-	-	(150)
Net Cash Provided (Used) by Operating Activities	<u>\$ 324,508</u>	<u>\$ 160,305</u>	<u>\$ 3,811</u>	<u>\$ 95</u>	<u>\$ 488,719</u>
<b>Reconciliation of Cash and Cash Equivalents</b>					
Cash and Cash Equivalents	\$ 873,503	\$ 937,714	\$ 272,416	\$ 331,957	\$ 2,415,590
Restricted Cash	121,911	63,600	-	-	185,511
<b>Total Cash and Cash Equivalents</b>	<u>\$ 995,414</u>	<u>\$ 1,001,314</u>	<u>\$ 272,416</u>	<u>\$ 331,957</u>	<u>\$ 2,601,101</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2021

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 265,372</u>
<b>LIABILITIES</b>	
Due to Other Entities	<u>\$ 265,372</u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Property Tax Collected for Other Governments	\$ 16,709
Contributions Collected for Other Entities	55,000
Loan Repayments Collected for Other Entities	38,112
Miscellaneous	<u>102</u>
Total Additions	<u>109,923</u>
 <b>DEDUCTIONS</b>	
Payments to Other Entities	<u>109,923</u>
 <b>CHANGE IN NET POSITION</b>	
	-
 <b>NET POSITION - BEGINNING</b>	
	<u>-</u>
 <b>NET POSITING - ENDING</b>	
	<u><u>\$ -</u></u>

See Notes to the Financial Statements

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2021**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

**Government-wide and Fund Financial Statements**

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

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

**Fund Accounting**

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

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

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.
- c) Mayville Street Project – The Mayville Street Project Fund is a fund set up to track the initial planning, design, and engineering costs for a 2022 street, storm sewer, water, and sanitary sewer project.

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, 2021

**Fiduciary Funds**

Custodial Funds

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

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

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

### **Budgets**

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

### **Cash and Investments**

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

Investments for the City 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.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**Accounts Receivable**

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

**Capital Assets**

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

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

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

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

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

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

**Encumbrances**

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

**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.



**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**Unearned Revenue**

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

**Inter-fund Transactions**

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

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

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

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

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

**Fund Balance**

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

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

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

*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.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

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

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

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

### **Net Position**

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

### **Deferred Outflows/Inflows of Resources**

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

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

### **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.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**Estimates**

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

**NOTE 2 STEWARSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Equity**

The City has four funds in a deficit position at December 31, 2021. The Mayville Street Project fund has a deficit of \$677,146. The Emergency fund has a deficit of \$4,814. The Unterseher Acquisition fund has a deficit of \$20,166. The Library fund as a deficit of \$1,955. These deficit balances will be eliminated through future transfers, property tax collections, bond issue, and state and grant funds.

**NOTE 3 DEPOSITS AND INVESTMENTS**

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or 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, 2021, the City's carrying amount of deposits was \$3,283,403 and the bank balance was \$3,546,368. The City's balances were fully collateralized as of December 31, 2021.

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:

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

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

**NOTE 4 TAXES RECEIVABLE**

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

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

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

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

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

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

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

Special assessments receivable includes the following components:

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

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2021**

**NOTE 5 CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended December 31, 2021:

	<b>Primary Government</b>			
	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
<b><u>Governmental Activities</u></b>				
Capital Assets, Non-Depreciable:				
Land	\$ 190,666	\$ -	\$ -	\$ 190,666
Construction in Progress	194,834	482,313	-	677,147
Capital Assets, Depreciable:				
Buildings	684,739	-	-	684,739
Equipment	1,067,455	-	-	1,067,455
Vehicles	783,509	-	-	783,509
Infrastructure	<u>1,884,490</u>	<u>-</u>	<u>-</u>	<u>1,884,490</u>
<b>Totals at Historical Cost</b>	<u>4,805,693</u>	<u>482,313</u>	<u>-</u>	<u>5,288,006</u>
Less Accumulated Depreciation for:				
Buildings	(469,019)	(24,079)	-	(493,098)
Equipment	(695,389)	(44,220)	-	(739,609)
Vehicles	(588,358)	(30,576)	-	(618,934)
Infrastructure	<u>(1,239,060)</u>	<u>(50,911)</u>	<u>-</u>	<u>(1,289,971)</u>
<b>Total Accumulated Depreciation</b>	<u>(2,991,826)</u>	<u>(149,786)</u>	<u>-</u>	<u>(3,141,612)</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 1,813,867</u>	<u>\$ 332,527</u>	<u>\$ -</u>	<u>\$ 2,146,394</u>
<b><u>Business-type Activities</u></b>				
Capital Assets, Non-Depreciable:				
Land	\$ 421,810	\$ -	\$ -	\$ 421,810
Construction in Progress	23,380	3,948	-	27,328
Capital Assets, Depreciable:				
Buildings	1,305,000	-	-	1,305,000
Equipment	747,129	13,586	-	760,715
Vehicles	145,037	-	-	145,037
Infrastructure	<u>19,110,645</u>	<u>-</u>	<u>-</u>	<u>19,110,645</u>
<b>Totals at Historical Cost</b>	<u>21,753,001</u>	<u>17,534</u>	<u>-</u>	<u>21,770,535</u>
Less Accumulated Depreciation for:				
Buildings	(936,666)	(26,000)	-	(962,666)
Equipment	(410,436)	(34,834)	-	(445,270)
Vehicles	(131,468)	(3,700)	-	(135,168)
Infrastructure	<u>(7,836,167)</u>	<u>(504,443)</u>	<u>-</u>	<u>(8,340,610)</u>
<b>Total Accumulated Depreciation</b>	<u>(9,314,737)</u>	<u>(568,977)</u>	<u>-</u>	<u>(9,883,714)</u>
<b>Total Business-type Activities Capital Assets, Net</b>	<u>\$ 12,438,264</u>	<u>\$ (551,443)</u>	<u>\$ -</u>	<u>\$ 11,886,821</u>
<b>Depreciation expense was charged to Governmental functions as follows:</b>				
General Government				\$ 7,490
Public Works				97,536
Public Safety				30,937
Culture and Recreation				<u>13,823</u>
<b>Total Depreciation Expense</b>				<u>\$ 149,786</u>
<b>Depreciation expense was charged to Business Type functions as follows:</b>				
Water				\$ 301,473
Sewer				<u>267,504</u>
<b>Total Depreciation Expense</b>				<u>\$ 568,977</u>

**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2021**

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

The City had the following transfers or due to/from other funds at December 31, 2021:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 24,356
General Fund	Mayville Street Project Fund	<u>245,247</u>
		<u>\$ 269,603</u>
<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,000
Sewer Fund	Sanitation Fund	<u>150,000</u>
		<u>\$ 153,000</u>

Receivables and payables were made to cover the City's cash flow needs as of December 31, 2021.

Transfers were made for the City's debt compliance requirements for the year ended December 31, 2021.

**NOTE 7 LONG-TERM DEBT**

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Balance</u>	<u>Debt</u>	<u>Principal</u>	<u>Balance</u>	<u>Due Within</u>
	<u>12/31/2020</u>	<u>Issued</u>	<u>Retirements</u>	<u>12/31/2021</u>	<u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Refunding Improvement Bonds of 2012 - District #25	\$ 850,000	\$ -	\$ 130,000	\$ 720,000	\$ 125,000
CWSRF Improvement Bond - Water Treatment #25 CW127	123,000	-	20,000	103,000	20,000
Capital Lease - Firetruck	107,277	-	20,648	86,629	43,919
Goose River Armory Bond	41,720	-	8,655	33,065	8,952
Goose River - Payloader Loan	<u>124,050</u>	<u>-</u>	<u>18,983</u>	<u>105,067</u>	<u>19,651</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,246,047</u>	<u>\$ -</u>	<u>\$ 198,286</u>	<u>\$ 1,047,761</u>	<u>\$ 217,522</u>
<b><u>Business-Type Activities:</u></b>					
DWSRF Improvement Bond-Water Main Replacement #16 DW15	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -
CWSRF Improvement Bond-Sewer Replacement #17 CW108	45,000	-	45,000	-	-
CWSRF Improvement Bond-Sewer Replacement #19, #20, #21 CW128	165,000	-	80,000	85,000	85,000
Bank of North Dakota	158,226	-	26,571	131,655	-
CWSRF Refunding Bond #24	1,405,000	-	50,000	1,355,000	55,000
DWSRF Water Treatment Revenue Bond - District #23 DW89	120,000	-	20,000	100,000	20,000
Bank of North Dakota Water Main #19 & #20	130,081	-	10,081	120,000	10,000
CFP Refunding Rural Development Loan - CFP Improvement Bonds	985,000	-	65,000	920,000	65,000
DWSRF Refunding Bond #26	660,000	-	20,000	640,000	20,000
USDA Rural Development - Sewer #26 Part 2	<u>357,528</u>	<u>-</u>	<u>12,048</u>	<u>345,480</u>	<u>12,379</u>
Business-Type Activity					
Long-Term Liabilities	<u>\$ 4,080,835</u>	<u>\$ -</u>	<u>\$ 383,700</u>	<u>\$ 3,697,135</u>	<u>\$ 267,379</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, 2021**

	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2021	Amounts Due in 2022	
							Principal	Interest
<b>Governmental Activities:</b>								
Refunding Improvement Bonds	2012	0.7-3.25%	2019/27	\$ 1,950,000	\$ 130,000	\$ 720,000	\$ 125,000	\$ 18,448
North Dakota Public Finance	2007	2.50%	2019/26	305,725	20,000	103,000	20,000	2,575
Goose River Armory Bond	2010	3.40%	2019/25	118,000	8,655	33,065	8,952	1,048
Goose River - Payloader Loan	2019	3.46%	2020/24	142,789	18,983	105,067	19,651	3,637
<b>Total Governmental Activities:</b>				<u>\$ 2,516,514</u>	<u>\$ 177,638</u>	<u>\$ 961,132</u>	<u>\$ 173,603</u>	<u>\$ 25,708</u>
<b>Business Type:</b>								
Revenue Bond	2007	2.50%	2019/26	\$ 275,300	\$ 20,000	\$ 100,000	\$ 20,000	\$ 2,500
Refunding Bonds	2012	3.50%	2019/33	1,430,000	65,000	920,000	65,000	28,000
State Revolving Loan Funds:								
Improvement Bonds	2002	2.50%	2019/21	3,269,393	100,000	-	-	-
Improvement Bonds	2003	2.50%	2019/22	3,075,000	80,000	85,000	85,000	2,125
Improvement Bonds	2017	1.50%	2019/42	1,556,000	50,000	1,355,000	55,000	9,600
Improvement Bonds	2017	1.50%	2019/47	720,000	20,000	640,000	20,000	20,325
Total State Revolving Loan Funds:				<u>8,620,393</u>	<u>250,000</u>	<u>2,080,000</u>	<u>160,000</u>	<u>32,050</u>
Bank of North Dakota								
Water	2002	3.00%	2019/32	400,000	26,571	131,655	-	4,161
Water	2003	3.00%	2019/33	300,000	10,081	120,000	10,000	3,600
Total Bank of North Dakota:				<u>700,000</u>	<u>36,652</u>	<u>251,655</u>	<u>10,000</u>	<u>7,761</u>
USDA Rural Development:								
Water	2013	3.00%	2019/42	934,000	12,048	345,480	12,379	9,501
Total USDA Rural Development:				<u>934,000</u>	<u>12,048</u>	<u>345,480</u>	<u>12,379</u>	<u>9,501</u>
<b>Total Business Type Activities:</b>				<u>\$ 11,959,693</u>	<u>\$ 383,700</u>	<u>\$ 3,697,135</u>	<u>\$ 267,379</u>	<u>\$ 79,812</u>

The annual requirements to amortize outstanding debt, as of December 31, 2021, 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
December 31						
2022	\$ 125,000	\$ 18,448	\$ 20,000	\$ 2,575	\$ 8,952	\$ 1,048
2023	125,000	15,572	20,000	2,075	9,259	741
2024	120,000	12,755	21,000	1,575	9,575	425
2025	120,000	9,425	21,000	1,050	5,279	95
2026	115,000	5,606	21,000	525	-	-
2027	115,000	1,869	-	-	-	-
Total	<u>\$ 720,000</u>	<u>\$ 63,675</u>	<u>\$ 103,000</u>	<u>\$ 7,800</u>	<u>\$ 33,065</u>	<u>\$ 2,309</u>
Year Ending	GR Payloader Loan		Total Governmental			
December 31	Principal	Interest	Principal	Interest		
2022	\$ 19,651	\$ 3,637	\$ 173,603	\$ 25,708		
2023	20,331	2,957	174,590	21,345		
2024	65,085	2,253	215,660	17,008		
2025	-	-	146,279	10,570		
2026	-	-	136,000	6,131		
2027	-	-	115,000	1,869		
Total	<u>\$ 105,067</u>	<u>\$ 8,847</u>	<u>\$ 961,132</u>	<u>\$ 82,631</u>		



**CITY OF MAYVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2021**

**Business Type:**

Year Ending	Revenue Bond		Refunding Bond		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>December 31</u>						
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	20,000	1,000	70,000	21,925	75,000	26,550
2026	20,000	500	75,000	19,750	75,000	25,425
2027-2031	-	-	395,000	62,844	410,000	109,500
2032-2036	-	-	180,000	6,188	460,000	77,175
2037-2041	-	-	-	-	495,000	41,775
2042-2046	-	-	-	-	225,000	10,125
2047-2051	-	-	-	-	30,000	450
Total	<u>\$ 100,000</u>	<u>\$ 7,500</u>	<u>\$ 920,000</u>	<u>\$ 188,782</u>	<u>\$ 2,080,000</u>	<u>\$ 379,525</u>

Year Ending	Bank of North Dakota		USDA Rural Development		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>December 31</u>						
2022	\$ 10,000	\$ 7,761	\$ 12,379	\$ 9,501	\$ 267,379	\$ 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	23,400	5,655	13,429	8,451	201,829	63,581
2026	23,400	4,953	13,798	8,082	207,198	58,710
2027-2031	117,000	14,235	74,897	34,503	996,897	221,082
2032-2036	31,055	1,071	85,776	23,624	756,831	108,058
2037-2041	-	-	98,238	11,162	593,238	52,937
2042-2046	-	-	21,173	582	246,173	10,707
2047-2051	-	-	-	-	30,000	450
Total	<u>\$ 251,655</u>	<u>\$ 47,091</u>	<u>\$ 345,480</u>	<u>\$ 113,875</u>	<u>\$ 3,697,135</u>	<u>\$ 736,773</u>

Rural Development has a reserve requirement of \$185,511 for their debt. The water fund and sewer fund have segregated \$121,911 and \$63,600, respectively, to separate funds within the Water and Sewer funds to meet this requirement. The required \$185,511 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 fire truck and pay loader have 15-year estimated useful lives. During 2021, \$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, 2021**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

Year Ending <u>December 31</u>	
2022	\$ 46,545
2023	24,992
2024	<u>20,409</u>
Total Minimum Lease Payments	91,946
Less Amount Representing Interest	<u>(5,317)</u>
Present Value of Minimum Lease Payments	<u>\$ 86,629</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, 2021, a summary of governmental fund balance classifications was as follows:

	<u>General Fund</u>	
Nonspendable:		
Prepaid Expenses	<u>\$ 24,532</u>	
Total Nonspendable	<u>\$ 24,532</u>	
	<u>Major</u>	<u>Nonmajor</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>
Restricted for:		
Improvement Dist. #25 TIF	\$ 50,055	\$ -
Capital Projects	-	-
Cemetery	-	5,143
Fire Dept. Reserve	-	20,166
Library	-	-
Special City Lots	<u>-</u>	<u>1,262</u>
Total Restricted	<u>\$ 50,055</u>	<u>\$ 26,571</u>

At December 31, 2021, the business type activities reported restricted net position of \$323,730 for debt service which consisted of cash restricted for reserve requirements and special assessments receivable.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**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 \$1,247,537 for its employees. The State Bonding Fund does not currently charge any premium for this coverage. The City also carries Inland Marine Insurance with a commercial carrier.

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

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, 2021 was \$398,949. The City's contributions were calculated using the base salary amount of \$324,509. The City made the required contribution, amounting to \$22,716.

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**

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, 2021, may be impaired.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

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

The City has entered into a \$150,000 contract for landfill erosion mitigation. As of December 31, 2021 nothing has been paid on this contract.

**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, 2021, the total liability to the City is \$5,150. 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, 2021, the aggregate principal amount payable was \$1,990,732.

**NOTE 15 SALES TAX**

The City receives sales tax money on behalf of Mayville State University and the Mayville Economic Development. During the year ended December 31, 2021, the City collected \$287,820 in sales tax dollars that were subsequently remitted to Mayville State University and Mayville Economic Development.

**NOTE 16 CONCENTRATION**

East Central Regional Water District accounts for 13% of 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, 2021**

**NOTE 17 JOINT POWERS AGREEMENT**

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

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

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

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

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

In 2017, the East Central Regional Water District refinanced a majority of the debt, including substantially all of the receivables and payables related to the Joint Powers Agreement. After the refinancing, the only remaining Joint Powers Agreement receivable remaining is a receivable from East Central Regional Water District with a balance of \$216,900 and \$227,400 as of December 31, 2021 and 2020, respectively.

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

	<u>Receivable</u>
2022	\$ 10,500
2023	10,500
2024	10,500
2025	10,500
2026	10,500
2027-2031	52,500
2032-2036	52,500
2037-2041	52,500
2042	6,900
	<u>\$ 216,900</u>

Separate financial statements for the East Central Regional Water District can be obtained by contacting district management.

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**NOTE 18 NEW PRONOUNCEMENTS**

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

GASB Statement No. 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

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

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

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

**CITY OF MAYVILLE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
AS OF DECEMBER 31, 2021

**NOTE 19    SUBSEQUENT EVENTS**

On July 27, 2022, the City issued temporary refunding improvement bonds in the amount of \$20,635,000 to finance water, sewer, and storm sewer upgrades. No other significant events occurred subsequent to the City's year end. Subsequent events have been evaluated through December 31, 2021, 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, 2021**

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual Amounts	
<b>REVENUES</b>			
Property Taxes	\$ 322,812	\$ 366,077	\$ 43,265
Other Taxes	228,940	251,079	22,139
Intergovernmental	113,000	125,380	12,380
Charges for Services	36,750	31,358	(5,392)
Fines and Forfeitures	500	100	(400)
Interest Earnings	1,200	1,465	265
Other Revenue	68,000	98,920	30,920
Total Revenues	<u>771,202</u>	<u>874,379</u>	<u>103,177</u>
<b>EXPENDITURES</b>			
Current:			
General Government	435,249	224,189	211,060
Public Safety	338,570	280,147	58,423
Public Works	222,217	199,066	23,151
Culture and Recreation	36,070	11,134	24,936
Capital Outlay	52,200	-	52,200
Debt Service:			
Principal Retirement	28,655	27,638	1,017
Interest and Fees	6,345	5,650	695
Total Expenditures	<u>1,119,306</u>	<u>747,824</u>	<u>371,482</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(348,104)</u>	<u>126,555</u>	<u>474,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(3,000)	(3,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>
Net Change in Fund Balances	(348,104)	123,555	471,659
Fund Balances - Beginning	<u>477,890</u>	<u>477,890</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 129,786</u>	<u>\$ 601,445</u>	<u>\$ 471,659</u>

See Note to the Budgetary Comparison Schedule



**CITY OF MAYVILLE**  
**NOTE TO THE BUDGETARY COMPARISON SCHEDULE**  
**AS OF DECEMBER 31, 2021**

**NOTE 1 BUDGETARY COMPARISON**

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

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

**CITY OF MAYVILLE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2021**

<b>ASSETS</b>			Fire Dept.		Unterseher	Specials	Prairie		Total Nonmajor
	<u>Emergency</u>	<u>Cemetery</u>	<u>Reserve</u>	<u>Library</u>	<u>Acquisition</u>	<u>City Lots</u>	<u>Dog Funds</u>	<u>ARPA</u>	<u>Funds</u>
Cash and Cash Equivalents	\$ -	\$ 5,061	\$ 21,698	\$ 548	\$ -	\$ 1,942	\$ 125,000	\$ 141,465	\$ 295,714
Accounts Receivable	102	70	138	154	-	7	-	-	471
Taxes Receivable	31	12	70	70	-	2	-	-	185
Total Assets	<u>\$ 133</u>	<u>\$ 5,143</u>	<u>\$ 21,906</u>	<u>\$ 772</u>	<u>\$ -</u>	<u>\$ 1,951</u>	<u>\$ 125,000</u>	<u>\$ 141,465</u>	<u>\$ 296,370</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>									
Liabilities									
Accounts Payable	\$ 640	\$ -	\$ -	\$ 2,664	\$ -	\$ 689	\$ -	\$ -	\$ 3,993
Accrued Expenditures	117	-	-	63	-	-	-	-	180
Unearned Revenue	-	-	-	-	-	-	125,000	141,465	266,465
Due to Other Governments	-	-	1,740	-	-	-	-	-	1,740
Due to Other Funds	4,190	-	-	-	20,166	-	-	-	24,356
Total Liabilities	<u>4,947</u>	<u>-</u>	<u>1,740</u>	<u>2,727</u>	<u>20,166</u>	<u>689</u>	<u>125,000</u>	<u>141,465</u>	<u>296,734</u>
Deferred Inflows of Resources									
Unavailable Revenue - Taxes Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Restricted	-	5,143	20,166	-	-	1,262	-	-	26,571
Unassigned	(4,814)	-	-	(1,955)	(20,166)	-	-	-	(26,935)
Total Fund Balances	<u>(4,814)</u>	<u>5,143</u>	<u>20,166</u>	<u>(1,955)</u>	<u>(20,166)</u>	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>(364)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 133</u>	<u>\$ 5,143</u>	<u>\$ 21,906</u>	<u>\$ 772</u>	<u>\$ -</u>	<u>\$ 1,951</u>	<u>\$ 125,000</u>	<u>\$ 141,465</u>	<u>\$ 296,370</u>

**CITY OF MAYVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Emergency</u>	<u>Cemetery</u>	<u>Fire Dept. Reserve</u>	<u>Library</u>	<u>Unterseher Acquisition</u>	<u>Specials City Lots</u>	<u>Praire Dog Funds</u>	<u>ARPA</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>									
Property Taxes	\$ 20,200	\$ 13,583	\$ 28,165	\$ 31,085	\$ -	\$ 1,407	\$ -	\$ -	\$ 94,440
Intergovernmental Aid	-	15,000	-	4,733	-	-	-	-	19,733
Miscellaneous	-	3,360	2,300	1,561	-	-	-	-	7,221
Total Revenues	<u>20,200</u>	<u>31,943</u>	<u>30,465</u>	<u>37,379</u>	<u>-</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>121,394</u>
<b>EXPENSES</b>									
Current									
General Government	11,821	-	-	-	-	689	-	-	12,510
Culture and Recreation	-	27,360	-	45,838	-	-	-	-	73,198
Public Safety	-	-	8,200	-	-	-	-	-	8,200
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	20,648	-	-	-	-	-	20,648
Interest and Fees	-	-	4,344	-	-	-	-	-	4,344
Total Expenditures	<u>11,821</u>	<u>27,360</u>	<u>33,192</u>	<u>45,838</u>	<u>-</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>118,900</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>8,379</u>	<u>4,583</u>	<u>(2,727)</u>	<u>(8,459)</u>	<u>-</u>	<u>718</u>	<u>-</u>	<u>-</u>	<u>2,494</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	-	-	-	3,000	-	-	-	-	3,000
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Net Change in Fund Balances	<u>8,379</u>	<u>4,583</u>	<u>(2,727)</u>	<u>(5,459)</u>	<u>-</u>	<u>718</u>	<u>-</u>	<u>-</u>	<u>5,494</u>
Fund Balances - Beginning	<u>(13,193)</u>	<u>560</u>	<u>22,893</u>	<u>3,504</u>	<u>(20,166)</u>	<u>544</u>	<u>-</u>	<u>-</u>	<u>(5,858)</u>
Fund Balances - Ending	<u>\$ (4,814)</u>	<u>\$ 5,143</u>	<u>\$ 20,166</u>	<u>\$ (1,955)</u>	<u>\$ (20,166)</u>	<u>\$ 1,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (364)</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, 2021, 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 28, 2022.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

## **City of Mayville, North Dakota's Response to Findings**

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

## **Purpose of this Report**

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



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

December 28, 2022

**CITY OF MAYVILLE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2021-001**

**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, 2021

**2021-002**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

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

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