

AUDIT REPORT

CITY OF WISHEK
Wishek, North Dakota

For the Years Ended December 31, 2021 and 2020

RATH & MEHRER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WISHEK
Wishek, North Dakota

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CITY OF WISHEK
Wishek, North Dakota

CITY OFFICIALS

Brenda Dohn	Mayor
Cody Cooper	Council Member
Kathy Klemetsrud	Council Member
Whittney Lipp	Council Member
Chris Opsahl	Council Member
Larry Wald	Council Member
Kathy Welder	Council Member
Mary Vickers	Auditor

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
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INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, North Dakota

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wishek, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the city's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the city as of December 31, 2021 and 2020, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the years then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The budgeting comparison information and the schedules of fund activity arising from cash transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgeting comparison information and the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2022 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

July 8, 2022

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	1,151,060.08	341,319.74	1,492,379.82	26,895.12	108,911.91	254,664.88
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	599,439.00	232,875.00	832,314.00		27,248.00	
Machinery and Vehicles	264,913.00	196,350.00	461,263.00			
Total Capital Assets	864,352.00	429,225.00	1,293,577.00	-	27,248.00	-
Total Assets	2,015,412.08	770,544.74	2,785,956.82	26,895.12	136,159.91	254,664.88
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Bank Loan Payable		14,965.09	14,965.09			
Special Assessments Bonds Payable	55,000.00		55,000.00			
Revenue Bonds Payable		10,000.00	10,000.00			
Due After One Year:						
Bank Loan Payable		101,174.91	101,174.91			
Special Assessments Bonds Payable	120,000.00		120,000.00			
Revenue Bonds Payable		76,000.00	76,000.00			
Total Liabilities	175,000.00	202,140.00	377,140.00	-	-	-
NET POSITION:						
Net Investment in Capital Assets	689,352.00	227,085.00	916,437.00		27,248.00	
Restricted for:						
Meter Deposits		3,460.00	3,460.00			
Debt Service	271,269.15		271,269.15			
Special Purposes	667,591.35	337,859.74	1,005,451.09			
Unrestricted	212,199.58		212,199.58	26,895.12	108,911.91	254,664.88
Total Net Position	1,840,412.08	568,404.74	2,408,816.82	26,895.12	136,159.91	254,664.88

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
December 31, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
ASSETS:						
Cash, Cash Equivalents and Investments	939,455.50	599,290.98	1,538,746.48	22,666.45	70,747.31	237,237.50
Capital Assets (net of accumulated depreciation):						
Buildings and Infrastructure	665,904.00	248,497.00	914,401.00		30,654.00	
Machinery and Vehicles	337,124.00	27,899.00	365,023.00			
Total Capital Assets	1,003,028.00	276,396.00	1,279,424.00	-	30,654.00	-
Total Assets	1,942,483.50	875,686.98	2,818,170.48	22,666.45	101,401.31	237,237.50
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Special Assessments Bonds Payable	55,000.00		55,000.00			
Revenue Bonds Payable		10,000.00	10,000.00			
Due After One Year:						
Special Assessments Bonds Payable	175,000.00					
Revenue Bonds Payable		86,000.00	86,000.00			
Total Liabilities	230,000.00	96,000.00	151,000.00	-	-	-
NET POSITION:						
Net Investment in Capital Assets	773,028.00	180,396.00	953,424.00		30,654.00	
Restricted for:						
Meter Deposits		3,425.00	3,425.00			
Debt Service	213,509.94		213,509.94			
Special Purposes	544,089.03	595,865.98	1,139,955.01			
Unrestricted	181,856.53		181,856.53	22,666.45	70,747.31	237,237.50
Total Net Position	1,712,483.50	779,686.98	2,492,170.48	22,666.45	101,401.31	237,237.50

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021

Net (Expense) Revenue and Change in Net Position

	Program Revenues			Primary Government		Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
Functions/Programs									
Primary Government									
Governmental Activities:									
General Government	99,232.28	12,655.02		(86,577.26)		(86,577.26)			
Public Safety	280,200.25	1,244.00	3,000.00	(275,956.25)		(275,956.25)			
Streets and Public Works	183,702.89	277.00	148,563.34	(34,862.55)		(34,862.55)			
Urban and Economic Development	124,973.74			(124,973.74)		(124,973.74)			
Culture and Recreation	93,082.89			(93,082.89)		(93,082.89)			
Other	17,045.74	14,251.00		(2,794.74)		(2,794.74)			
Interest on Long-Term Debt	4,860.00	47,613.17		42,753.17		42,753.17			
Total Governmental Activities	803,097.79	14,176.02	213,427.51	(575,494.26)		(575,494.26)			
Business-Type Activities:									
Water and Sewer	550,456.82	223,975.24	100,000.00		(226,481.58)	(226,481.58)			
Garbage	182,392.04	189,540.33			7,148.29	7,148.29			
Street Lights	18,650.98	26,638.19			7,987.21	7,987.21			
Total Business-Type Activities	751,499.84	440,153.76			(211,346.08)	(211,346.08)			
Total Primary Government	1,554,597.63	454,329.78	213,427.51	(575,494.26)	(211,346.08)	(786,840.34)			
Component Units									
Library	4,664.86		910.53				(3,754.33)		
Airport Authority	24,249.78	5,546.80	4,719.00					(13,983.98)	
Job Development Authority	126,709.07		5,000.00						(121,709.07)
Total Component Units	155,623.71	5,546.80	10,629.53				(3,754.33)	(13,983.98)	(121,709.07)
General Revenues:									
Taxes:									
Property taxes; levied for general purposes				213,363.05		213,363.05			
Property taxes; levied for special purposes				109,604.32		109,604.32			
Sales tax				223,402.52		223,402.52			
Lodging tax				2,636.41		2,636.41			
Cigarette tax				2,144.93		2,144.93			
Intergovernmental revenue not restricted to specific programs				80,410.64		80,410.64			
Earnings on investments and other revenue				71,860.97	63.84	71,924.81	64.87	376.07	19,443.38
Total General Revenues				703,422.84	63.84	703,486.68	7,983.00	48,742.58	139,136.45
Change in Net Position				127,928.58	(211,282.24)	(83,353.66)	4,228.67	34,758.60	17,427.38
Net Position - January 1				1,712,483.50	779,686.98	2,492,170.48	22,666.45	101,401.31	237,237.50
Net Position - December 31				1,840,412.08	568,404.74	2,408,816.82	26,895.12	136,159.91	254,664.88

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Program Revenues			Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Wishek Library	Wishek Airport Authority	Wishek Job Dev. Authority
Primary Government									
Governmental Activities:									
General Government	84,944.88	12,554.33		(72,390.55)		(72,390.55)			
Public Safety	261,857.82	1,380.00		(260,477.82)		(260,477.82)			
Streets and Public Works	157,550.10	670.00	192,423.74	35,543.64		35,543.64			
Urban and Economic Development	97,597.02			(97,597.02)		(97,597.02)			
Culture and Recreation	80,950.05			(80,950.05)		(80,950.05)			
Other	16,395.27	14,251.00		(2,144.27)		(2,144.27)			
Interest on Long-Term Debt	5,973.75	36,492.59		30,518.84		30,518.84			
Total Governmental Activities	705,268.89	14,604.33	243,167.33	(447,497.23)		(447,497.23)			
Business-Type Activities:									
Water and Sewer	162,389.62	217,487.10			55,097.48	55,097.48			
Garbage	158,139.55	177,994.39			19,854.84	19,854.84			
Street Lights	18,953.05	30,256.79			11,303.74	11,303.74			
Total Business-Type Activities	339,482.22	425,738.28			86,256.06	86,256.06			
Total Primary Government	1,044,751.11	440,342.61	243,167.33	(447,497.23)	86,256.06	(361,241.17)			
Component Units									
Library	4,793.13		1,054.59				(3,728.54)	(16,089.55)	(142,576.29)
Airport Authority	24,344.55	1,750.00	6,505.00						
Job Development Authority	142,576.29								
Total Component Units	171,713.97	1,750.00	7,559.59						
General Revenues:									
Taxes:									
Property taxes; levied for general purposes				168,349.30		168,349.30			
Property taxes; levied for special purposes				97,493.77		97,493.77			
Sales tax				194,283.24		194,283.24			
Lodging tax				2,716.43		2,716.43			
Cigarette tax				2,639.36		2,639.36			
Intergovernmental revenue not restricted to specific programs				70,275.68		70,275.68			
Earnings on investments and other revenue				36,939.98	1,096.77	38,036.75	64.72	232.89	20405.58
Total General Revenues				572,697.76	1,096.77	573,794.53	6,339.25	43,102.79	123,836.50
Change in Net Position				125,200.53	87,352.83	212,553.36	2,610.71	27,013.24	(18,739.79)
Net Position - January 1				1,414,439.97	692,334.15	2,106,774.12	20,055.74	74,388.07	255,977.29
Prior Period Adjustment - Note 9				172,843.00		172,843.00			
Net Position - January 1, as Restated				1,587,282.97	692,334.15	2,279,617.12	20,055.74	74,388.07	255,977.29
Net Position - December 31				1,712,483.50	779,686.98	2,492,170.48	22,666.45	101,401.31	237,237.50

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

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2021

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Ambulance	Sales Tax	Street Imp. 2013-1		
	General	Ambulance	Tax	2013-1		
ASSETS:						
Cash, Cash Equivalents and Investments	212,199.58	399,782.22	97,010.03	163,688.56	278,379.69	1,151,060.08
FUND BALANCES:						
Restricted for:						
Public Safety		399,782.22				399,782.22
Street and Public Works					27,726.00	27,726.00
Urban and Economic Development			97,010.03		22,645.86	119,655.89
Cemetery					37,909.36	37,909.36
Debt Service				163,688.56	107,580.59	271,269.15
Other Purposes					82,517.88	82,517.88
Unassigned	212,199.58					212,199.58
Total Fund Balances	212,199.58	399,782.22	97,010.03	163,688.56	278,379.69	1,151,060.08

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

CITY OF WISHEK
Wishek, North Dakota

Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2020

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Ambulance	Sales Tax	Street Imp. 2013-1		
ASSETS:						
Cash, Cash Equivalents and Investments	181,856.53	294,177.90	80,501.95	183,800.47	199,118.65	939,455.50
FUND BALANCES:						
Restricted for:						
Public Safety		294,177.90				294,177.90
Street and Public Works					29,107.52	29,107.52
Urban and Economic Development			80,501.95		20,723.72	101,225.67
Cemetery					37,471.39	37,471.39
Debt Service				183,800.47	29,709.47	213,509.94
Other Purposes					82,106.55	82,106.55
Unassigned	181,856.53					181,856.53
Total Fund Balances	181,856.53	294,177.90	80,501.95	183,800.47	199,118.65	939,455.50

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

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
For the Year Ended December 31, 2021

Total Fund Balances for Governmental Funds		1,151,060.08
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	3,012,678.00	
Less Accumulated Depreciation	<u>(2,148,326.00)</u>	
Net Capital Assets		864,352.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2021 are:		
Special Assessment Bonds Payable		<u>(175,000.00)</u>
Total Net Position of Governmental Activities		<u>1,840,412.08</u>

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

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

Total Fund Balances for Governmental Funds		939,455.50
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	3,012,678.00	
Less Accumulated Depreciation	<u>(2,009,650.00)</u>	
Net Capital Assets		1,003,028.00
Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2020 are:		
Special Assessment Bonds Payable		<u>(230,000.00)</u>
Total Net Position of Governmental Activities		<u>1,712,483.50</u>

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Ambulance	Sales Tax	Street Imp. 2013-1		
Revenues:						
Taxes	213,363.05	109,604.32	223,402.52		11,268.35	557,638.24
Special Assessments				38,981.23		38,981.23
Licenses, Permits and Fees	11,210.62					11,210.62
Intergovernmental	100,201.93				148,167.98	248,369.91
Charges for Services	2,521.40					2,521.40
Fines and Forfeits	444.00					444.00
Miscellaneous	13,566.78	22,960.18		7,452.26	27,881.75	71,860.97
Total Revenues	341,307.78	132,564.50	223,402.52	46,433.49	187,318.08	931,026.37
Expenditures:						
Current:						
General Government	95,760.43		2,111.85			97,872.28
Public Safety	206,816.07	26,960.18				233,776.25
Streets and Public Works	8,388.23			5,665.40	79,357.26	93,410.89
Urban and Economic Development			111,699.70		13,274.04	124,973.74
Culture and Recreation			93,082.89			93,082.89
Other				1,020.00	15,425.74	16,445.74
Debt Service:						
Principal				55,000.00		55,000.00
Interest and Service Charges				4,860.00		4,860.00
Total Expenditures	310,964.73	26,960.18	206,894.44	66,545.40	108,057.04	719,421.79
Net Change in Fund Balances	30,343.05	105,604.32	16,508.08	(20,111.91)	79,261.04	211,604.58
Fund Balance - January 1	181,856.53	294,177.90	80,501.95	183,800.47	199,118.65	939,455.50
Fund Balance - December 31	212,199.58	399,782.22	97,010.03	163,688.56	278,379.69	1,151,060.08

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Ambulance	Sales Tax	Street Imp. 2013-1		
Revenues:						
Taxes	168,349.30	97,493.77	194,283.24		9,464.91	469,591.22
Special Assessments				29,744.11		29,744.11
Licenses, Permits and Fees	12,554.33					12,554.33
Intergovernmental	201,553.79				78,035.99	279,589.78
Charges for Services	810.00					810.00
Fines and Forfeits	1,240.00					1,240.00
Miscellaneous	8,801.01	25,200.00		1,032.35	1,906.62	36,939.98
Total Revenues	393,308.43	122,693.77	194,283.24	30,776.46	89,407.52	830,469.42
Expenditures:						
Current:						
General Government	83,584.88					83,584.88
Public Safety	190,435.82	25,000.00				215,435.82
Streets and Public Works	11,519.65				55,738.45	67,258.10
Urban and Economic Development			97,140.25		456.77	97,597.02
Culture and Recreation			80,950.05			80,950.05
Other				1,095.00	14,700.27	15,795.27
Debt Service:						
Principal				55,000.00		55,000.00
Interest and Service Charges				5,973.75		5,973.75
Total Expenditures	285,540.35	25,000.00	178,090.30	62,068.75	70,895.49	621,594.89
Net Change in Fund Balances	107,768.08	97,693.77	16,192.94	(31,292.29)	18,512.03	208,874.53
Fund Balance - January 1	74,088.45	196,484.13	64,309.01	215,092.76	180,606.62	730,580.97
Fund Balance - December 31	181,856.53	294,177.90	80,501.95	183,800.47	199,118.65	939,455.50

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

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	211,604.58
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(138,676.00)</u>	(138,676.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>55,000.00</u>	<u>55,000.00</u>

Change in Net Position of Governmental Activities	<u><u>127,928.58</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	208,874.53
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(138,674.00)</u>	(138,674.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>55,000.00</u>	<u>55,000.00</u>

Change in Net Position of Governmental Activities	<u><u>125,200.53</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2021

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	257,249.76	74,374.62	9,695.36	341,319.74
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	226,475.00	6,400.00		232,875.00
Machinery and Vehicles	8,175.00	188,175.00		196,350.00
Total Noncurrent Assets	234,650.00	194,575.00	-	429,225.00
Total Assets	491,899.76	268,949.62	9,695.36	770,544.74
LIABILITIES				
Current Liabilities:				
Bank Loan Payable		14,965.09		14,965.09
Revenue Bonds Payable	10,000.00			10,000.00
Total Current Liabilities	10,000.00	14,965.09	-	24,965.09
Noncurrent Liabilities:				
Bank Loan Payable		101,174.91		101,174.91
Revenue Bonds Payable	76,000.00			76,000.00
Total Noncurrent Liabilities	76,000.00	101,174.91	-	177,174.91
Total Liabilities	86,000.00	116,140.00	-	202,140.00
NET POSITION				
Net Investment in Capital Assets	148,650.00	78,435.00		227,085.00
Restricted for:				
Meter Deposits	3,460.00			3,460.00
Unrestricted	253,789.76	74,374.62	9,695.36	337,859.74
Total Net Position	405,899.76	152,809.62	9,695.36	568,404.74

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2020

	<u>Major Enterprise Funds</u>		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	476,480.34	121,102.49	1,708.15	599,290.98
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	241,897.00	6,600.00		248,497.00
Machinery and Vehicles	10,004.00	17,895.00		27,899.00
Total Noncurrent Assets	251,901.00	24,495.00	-	276,396.00
Total Assets	728,381.34	145,597.49	1,708.15	875,686.98
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Revenue Bonds Payable	10,000.00			10,000.00
<u>Noncurrent Liabilities:</u>				
Revenue Bonds Payable	86,000.00			86,000.00
Total Liabilities	96,000.00	-	-	96,000.00
<u>NET POSITION</u>				
Net Investment in Capital Assets	155,901.00	24,495.00		180,396.00
Restricted for:				
Meter Deposits	3,425.00			3,425.00
Unrestricted	473,055.34	121,102.49	1,708.15	595,865.98
Total Net Position	632,381.34	145,597.49	1,708.15	779,686.98

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Major Enterprise Funds</u>		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Operating Revenues:</u>				
<u>Charges for Sales and Services:</u>				
Water and Sewer Charges	221,791.87			221,791.87
Garbage Charges		181,639.59		181,639.59
Street Lights			26,638.19	26,638.19
Miscellaneous Charges	2,183.37	7,900.74		10,084.11
Total Operating Revenues	223,975.24	189,540.33	26,638.19	440,153.76
<u>Operating Expenses:</u>				
Salaries and Benefits	73,648.91	78,664.16		152,313.07
Group Insurance	51,853.63	25,730.66		77,584.29
Water Testing	658.00			658.00
Professional Fees	31,780.86			31,780.86
Utilities	11,326.75		18,650.98	29,977.73
Supplies	368.63	2,310.28		2,678.91
Gas and Oil	2,443.97	10,912.30		13,356.27
Chemical Supplies	10,990.99			10,990.99
Maintenance and Repairs	343,408.08	7,869.79		351,277.87
Insurance	3,366.00	4,210.00		7,576.00
Garbage		25,573.19		25,573.19
Miscellaneous		6,201.66		6,201.66
Deposit Refunds	480.00			480.00
Depreciation	17,251.00	20,920.00		38,171.00
Total Operating Expenses	547,576.82	182,392.04	18,650.98	748,619.84
Operating Income (Loss)	(323,601.58)	7,148.29	7,987.21	(308,466.08)
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income		63.84		63.84
CDBG Grant	100,000.00			100,000.00
Debt Service - Interest and Service Charges	(2,880.00)			(2,880.00)
Total Non-Operating Revenues (Expenses)	97,120.00	63.84	-	97,183.84
Changes in Net Position	(226,481.58)	7,212.13	7,987.21	(211,282.24)
Net Position - January 1	632,381.34	145,597.49	1,708.15	779,686.98
Net Position - December 31	405,899.76	152,809.62	9,695.36	568,404.74

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2020

	Major Enterprise Funds		Other Enterprise Fund	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water and Sewer Charges	209,572.94			209,572.94
Garbage Charges		173,040.87		173,040.87
Street Lights			30,256.79	30,256.79
Miscellaneous Charges	7,914.16	4,953.52		12,867.68
Total Operating Revenues	217,487.10	177,994.39	30,256.79	425,738.28
<u>Operating Expenses:</u>				
Salaries and Benefits	70,694.83	75,757.29		146,452.12
Group Insurance	24,041.66	24,041.61		48,083.27
Water Testing	897.63			897.63
Utilities	11,999.18		18,953.05	30,952.23
Supplies	3,696.71	2,794.85		6,491.56
Gas and Oil	1,471.50	4,232.95		5,704.45
Chemical Supplies	12,825.79			12,825.79
Maintenance and Repairs	7,446.45	2,704.03		10,150.48
Insurance	3,221.25	1,898.25		5,119.50
Garbage		33,495.52		33,495.52
Miscellaneous	4,763.62	1,845.05		6,608.67
Deposit Refunds	930.00			930.00
Depreciation	17,251.00	11,370.00		28,621.00
Total Operating Expenses	159,239.62	158,139.55	18,953.05	336,332.22
Operating Income (Loss)	58,247.48	19,854.84	11,303.74	89,406.06
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income		1,096.77		1,096.77
Debt Service - Interest and Service Charges	(3,150.00)			(3,150.00)
Total Non-Operating Revenues (Expenses)	(3,150.00)	1,096.77	-	(2,053.23)
Changes in Net Position	55,097.48	20,951.61	11,303.74	87,352.83
Net Position - January 1	577,283.86	124,645.88	(9,595.59)	692,334.15
Net Position - December 31	632,381.34	145,597.49	1,708.15	779,686.98

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2021

	Major Enterprise Funds		Other Enterprise Funds	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Cash flows from operating activities:</u>				
Receipts from customers	223,975.24	189,540.33	26,638.19	440,153.76
Payments to suppliers	(404,823.28)	(57,077.22)	(18,650.98)	(480,551.48)
Payments to employees	(125,502.54)	(104,394.82)	-	(229,897.36)
Net cash provided (used) by operating activities	(306,350.58)	28,068.29	7,987.21	(270,295.08)
<u>Cash flows from capital and related financing activities:</u>				
CDBG grant	100,000.00			100,000.00
Proceeds from bank loan		116,140.00		116,140.00
Purchase of garbage truck		(191,000.00)		(191,000.00)
Principal payments	(10,000.00)			(10,000.00)
Interest payments	(2,880.00)			(2,880.00)
Net cash provided (used) by capital and related financing activities	87,120.00	(74,860.00)	-	12,260.00
<u>Cash Flows from investing activities:</u>				
Interest income		63.84		63.84
Net increase in cash and cash equivalents	(219,230.58)	(46,727.87)	7,987.21	(257,971.24)
Cash and cash equivalents, January 1	476,480.34	121,102.49	1,708.15	599,290.98
Cash and cash equivalents, December 31	257,249.76	74,374.62	9,695.36	341,319.74
<u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	(323,601.58)	7,148.29	7,987.21	(308,466.08)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	17,251.00	20,920.00		38,171.00
Net cash provided (used) by operating activities	(306,350.58)	28,068.29	7,987.21	(270,295.08)

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year ended December 31, 2020

	Major Enterprise Funds		Other Enterprise Funds	Total Enterprise Funds
	Water and Sewer	Garbage		
<u>Cash flows from operating activities:</u>				
Receipts from customers	217,487.10	177,994.39	30,256.79	425,738.28
Payments to suppliers	(47,252.13)	(46,970.65)	(18,953.05)	(113,175.83)
Payments to employees	(94,736.49)	(99,798.90)	-	(194,535.39)
Net cash provided (used) by operating activities	75,498.48	31,224.84	11,303.74	118,027.06
<u>Cash flows from noncapital financing activities:</u>				
Interfund loan transactions	9,595.59		(9,595.59)	-
<u>Cash flows from capital and related financing activities:</u>				
Principal payments	(9,000.00)			(9,000.00)
Interest payments	(3,150.00)			(3,150.00)
Net cash provided (used) by capital and related financing activities	(12,150.00)	-	-	(12,150.00)
<u>Cash Flows from investing activities:</u>				
Interest income		1,096.77		1,096.77
Net increase in cash and cash equivalents	72,944.07	32,321.61	1,708.15	106,973.83
Cash and cash equivalents, January 1	403,536.27	88,780.88	-	492,317.15
Cash and cash equivalents, December 31	476,480.34	121,102.49	1,708.15	599,290.98
<u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	58,247.48	19,854.84	11,303.74	89,406.06
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	17,251.00	11,370.00		28,621.00
Net cash provided (used) by operating activities	75,498.48	31,224.84	11,303.74	118,027.06

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Changes in Fiduciary Net Position - Modified Cash Basis -
Fiduciary Fund
For the Year Ended December 31, 2021

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	<u>23,907.57</u>
<u>Deductions:</u>	
Payments of property tax to other governments	<u>23,907.57</u>
Net Change in Net Position	<u>-</u>
Net Position - January 1	<u>-</u>
Net Position - December 31	<u><u>-</u></u>

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

CITY OF WISHEK
Wishek, North Dakota

Statement of Changes in Fiduciary Net Position - Modified Cash Basis -
Fiduciary Fund
For the Year Ended December 31, 2020

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	<u>18,825.00</u>
<u>Deductions:</u>	
Payments of property tax to other governments	<u>18,825.00</u>
Net Change in Net Position	<u>-</u>
Net Position - January 1	<u>-</u>
Net Position - December 31	<u><u>-</u></u>

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

CITY OF WISHEK
Wishek, North Dakota

Notes to the Financial Statements
December 31, 2021 and 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

The city reports the following major governmental funds:

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

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

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

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

The city reports the following major enterprise funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

D. Cash, Cash Equivalents and Investments

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

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

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

F. Long-Term Obligations

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

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

G. Fund Equity

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

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

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

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

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

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

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

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

- Committed
- Assigned
- Unassigned

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

H. Interfund Transactions

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

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

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

I. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2021 the city's carrying amount of deposits was \$1,492,380 and the bank balance was \$1,513,377. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,263,377 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2020 the city's carrying amount of deposits was \$1,538,746 and the bank balance was \$1,582,068. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,332,068 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2021, the city held certificates of deposit in the amount of \$114,751, which are all considered deposits.

At December 31, 2020, the city held certificates of deposit in the amount of \$138,407, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 PROPERTY TAXES

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

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

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

Note 4 CAPITAL ASSETS

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

<u>December 31, 2021</u>	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	834,928			834,928
Total	<u>3,012,678</u>	<u>-</u>	<u>-</u>	<u>3,012,678</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,511,846	66,465		1,578,311
Machinery and Vehicles	497,804	72,211		570,015
Total	<u>2,009,650</u>	<u>138,676</u>	<u>-</u>	<u>2,148,326</u>
Governmental Activities Capital Assets, Net	<u>1,003,028</u>	<u>(138,676)</u>	<u>-</u>	<u>864,352</u>
<u>December 31, 2020</u>	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,177,750			2,177,750
Machinery and Vehicles	834,928			834,928
Total	<u>3,012,678</u>	<u>-</u>	<u>-</u>	<u>3,012,678</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,445,381	66,465		1,511,846
Machinery and Vehicles	425,595	72,209		497,804
Total	<u>1,870,976</u>	<u>138,674</u>	<u>-</u>	<u>2,009,650</u>
Governmental Activities Capital Assets, Net	<u>1,141,702</u>	<u>(138,674)</u>	<u>-</u>	<u>1,003,028</u>

<u>December 31, 2021</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	256,974	191,000		447,974
Total	<u>777,224</u>	<u>191,000</u>	<u>-</u>	<u>968,224</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	271,753	15,622		287,375
Machinery and Vehicles	229,075	22,549		251,624
Total	<u>500,828</u>	<u>38,171</u>	<u>-</u>	<u>538,999</u>
Business-type Activities				
Capital Assets, Net	<u>276,396</u>	<u>152,829</u>	<u>-</u>	<u>429,225</u>
 <u>December 31, 2020</u>				
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	520,250			520,250
Machinery and Vehicles	256,974			256,974
Total	<u>777,224</u>	<u>-</u>	<u>-</u>	<u>777,224</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	256,131	15,622		271,753
Machinery and Vehicles	216,076	12,999		229,075
Total	<u>472,207</u>	<u>28,621</u>	<u>-</u>	<u>500,828</u>
Business-type Activities				
Capital Assets, Net	<u>305,017</u>	<u>(28,621)</u>	<u>-</u>	<u>276,396</u>

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

<u>Governmental Activities:</u>		
General Government	1,360	1,360
Public Safety	46,424	46,422
Streets and Public Works	90,292	90,292
Other	600	600
Total Depreciation Expense	<u>138,676</u>	<u>138,674</u>
<u>Business-type Activities:</u>		
Water and Sewer	17,251	17,251
Garbage	20,920	11,370
Total Depreciation Expense	<u>38,171</u>	<u>28,621</u>

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

<u>December 31, 2021</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Discretely Presented Component Unit:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	<u>85,150</u>			<u>85,150</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	<u>54,496</u>	<u>3,406</u>		<u>57,902</u>
Discretely Presented Component Component Units Capital Assets, Net	<u>30,654</u>	<u>(3,406)</u>	<u>-</u>	<u>27,248</u>

<u>December 31, 2020</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Discretely Presented Component Unit:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	<u>85,150</u>			<u>85,150</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	<u>51,090</u>	<u>3,406</u>		<u>54,496</u>
Discretely Presented Component Component Units Capital Assets, Net	<u>34,060</u>	<u>(3,406)</u>	<u>-</u>	<u>30,654</u>

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

	<u>2021</u>	<u>2020</u>
<u>Discretely Presented Component Unit:</u>		
Airport Authority	<u>3,406</u>	<u>3,406</u>

Note 5 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the year ended December 31, 2021 and 2020, the following changes occurred in liabilities reported in the long-term liabilities:

Governmental Activities:

	<u>Balance January 1</u>	<u>Increases</u>	<u>2021 Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Special Assessment Bonds	<u>230,000</u>		<u>55,000</u>	<u>175,000</u>	<u>55,000</u>
			<u>2020</u>		
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Special Assessment Bonds	<u>285,000</u>		<u>55,000</u>	<u>230,000</u>	<u>55,000</u>

Business-type Activities (Proprietary Funds):

	<u>2021</u>			Balance December 31	Due Within One Year
	Balance January 1	Increases	Decreases		
Bank Loan Payable	-	161,000	44,860	116,140	14,965
Revenue Bonds	96,000	-	10,000	86,000	10,000
Total	96,000	161,000	54,860	202,140	24,965

	<u>2020</u>			Balance December 31	Due Within One Year
	Balance January 1	Increases	Decreases		
Revenue Bonds	105,000	-	9,000	96,000	10,000

Outstanding debt at December 31, 2021 consists of the following:

Special Assessment Debt. The city has issued special assessment bonds to provide funds the construction and/or improvement of streets. Special assessment bonds outstanding at December 31, 2021 are as follows:

\$555,000.00 Refunding Improvement Bonds, Series 2014, due in annual installments of \$55,000 to \$60,000 through May 1, 2024; interest is at 1.65% to 2.4%.	<u>175,000.00</u>
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The annual requirements to amortize the outstanding special assessment bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2022	55,000.00	3,540.00
2023	60,000.00	2,160.00
2024	60,000.00	720.00
Total	175,000.00	6,420.00

Business-type Activities:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2021 is as follows:

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

\$161,140 Bank Loan Payable with Unison Bank, due in annual installments of \$19,029.99 through June 18, 2028; interest is at 3.5%	<u>116,140.00</u>
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The annual requirements to amortize the outstanding bank loan payable are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2022	14,965.09	4,064.90
2023	15,488.86	3,541.13
2024	16,030.97	2,999.02
2025	16,592.06	2,437.93
2026	17,172.78	1,857.21
2027-2028	35,890.24	2,169.74
Total	<u>116,140.00</u>	<u>17,069.93</u>

Revenue Bonds. The city has issued bonds whereby the city pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at December 31, 2021 are as follows:

\$185,547 Sanitary Sewer Improvement Bonds of 2010, due in annual installments of \$9,000 to \$12,000 through September 1, 2029; interest is at 2.5%.	<u>86,000.00</u>
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The annual requirements to amortize the outstanding revenue bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2022	10,000.00	2,150.00
2023	10,000.00	1,900.00
2024	10,000.00	1,650.00
2025	11,000.00	1,400.00
2026	11,000.00	1,125.00
2027-2029	34,000.00	1,700.00
Total	<u>86,000.00</u>	<u>9,925.00</u>

Note 6 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The city pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$575,728 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and

Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$586,882 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

Note 7 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation. During the year ended December 31, 2021 and 2020, the city contributed \$19,135.63 and \$18,306.01, respectively.

Note 8 TAX ABATEMENTS

The city has not entered into any tax abatement agreements that would reduce the city's tax revenues for the years ended December 31, 2021 and 2020.

Note 9 PRIOR PERIOD ADJUSTMENTS

A prior adjustment was made to eliminate accruals for GASB No. 68 and restate the financial statements to the pure modified cash basis of accounting.

	<u>Governmental Activities</u>
Net Position as previously reported	1,414,439.97
Adjustments to restate the January 1, 2020 balance:	
Deferred Outflows of Resources - Related to Pensions	(229,988.00)
Net Pension Liability	382,497.00
Deferred Inflows of Resources - Related to Pensions	<u>20,334.00</u>
Net Position, January 1, 2020 as restated	<u><u>1,587,282.97</u></u>

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	220,938.00	213,363.05	(7,574.95)
Licenses, Permits and Fees	7,100.00	11,210.62	4,110.62
Intergovernmental	77,000.00	100,201.93	23,201.93
Charges for Services		2,521.40	2,521.40
Fines and Forfeits	500.00	444.00	(56.00)
Miscellaneous	26,800.00	13,566.78	(13,233.22)
Total Revenues	332,338.00	341,307.78	8,969.78
<u>Expenditures:</u>			
Current:			
General Government	129,100.00	95,760.43	33,339.57
Public Safety	202,352.00	206,816.07	(4,464.07)
Streets and Public Works	27,500.00	8,388.23	19,111.77
Culture and Recreation	9,000.00		9,000.00
Total Expenditures	367,952.00	310,964.73	56,987.27
Net Change in Fund Balances	(35,614.00)	30,343.05	65,957.05
Fund Balance - January 1	181,856.53	181,856.53	
Fund Balance - December 31	146,242.53	212,199.58	65,957.05

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	165,862.00	168,349.30	2,487.30
Licenses, Permits and Fees	6,400.00	12,554.33	6,154.33
Intergovernmental	87,800.00	201,553.79	113,753.79
Charges for Services		810.00	810.00
Fines and Forfeits	2,500.00	1,240.00	(1,260.00)
Miscellaneous	30,700.00	8,801.01	(21,898.99)
Total Revenues	293,262.00	393,308.43	100,046.43
<u>Expenditures:</u>			
Current:			
General Government	113,000.00	83,584.88	29,415.12
Public Safety	219,250.00	190,435.82	28,814.18
Streets and Public Works	27,300.00	11,519.65	15,780.35
Culture and Recreation	7,500.00		7,500.00
Total Expenditures	367,050.00	285,540.35	81,509.65
Net Change in Fund Balances	(73,788.00)	107,768.08	181,556.08
Fund Balance - January 1	74,088.45	74,088.45	
Fund Balance - December 31	300.45	181,856.53	181,556.08

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	94,000.00	109,604.32	15,604.32
Miscellaneous	25,200.00	22,960.18	(2,239.82)
Total Revenues	119,200.00	132,564.50	13,364.50
<u>Expenditures:</u>			
Current:			
Public Safety	150,000.00	26,960.18	123,039.82
Net Change in Fund Balances	(30,800.00)	105,604.32	136,404.32
Fund Balance - January 1	294,177.90	294,177.90	
Fund Balance - December 31	263,377.90	399,782.22	136,404.32

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Ambulance Fund
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	99,750.00	97,493.77	(2,256.23)
Miscellaneous	25,200.00	25,200.00	-
Total Revenues	124,950.00	122,693.77	(2,256.23)
<u>Expenditures:</u>			
Current:			
Public Safety	135,000.00	25,000.00	110,000.00
Net Change in Fund Balances	(10,050.00)	97,693.77	107,743.77
Fund Balance - January 1	196,484.13	196,484.13	
Fund Balance - December 31	186,434.13	294,177.90	107,743.77

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	100,000.00	223,402.52	123,402.52
<u>Expenditures:</u>			
Current:			
General Government	8,335.00	2,111.85	6,223.15
Urban and Economic Development	49,998.00	111,699.70	(61,701.70)
Culture and Recreation	41,667.00	93,082.89	(51,415.89)
Total Expenditures	100,000.00	206,894.44	(106,894.44)
Net Change in Fund Balances	-	16,508.08	16,508.08
Fund Balance - January 1	80,501.95	80,501.95	
Fund Balance - December 31	80,501.95	97,010.03	16,508.08

CITY OF WISHEK
Wishek, North Dakota

Budgetary Comparison Schedule - Modified Cash Basis
Sales Tax Fund
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	160,000.00	194,283.24	34,283.24
<u>Expenditures:</u>			
Current:			
General Government	13,335.00		13,335.00
Urban and Economic Development	79,999.00	97,140.25	(17,141.25)
Culture and Recreation	66,666.00	80,950.05	(14,284.05)
Total Expenditures	160,000.00	178,090.30	(18,090.30)
Net Change in Fund Balances	-	16,192.94	16,192.94
Fund Balance - January 1	64,309.01	64,309.01	
Fund Balance - December 31	64,309.01	80,501.95	16,192.94

CITY OF WISHEK
Wishek, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2021 and 2020

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

Note 2 LEGAL COMPLIANCE

Budget Amendments

The governing board did not amend the city's budgets during the years ended December 31, 2021 and 2020.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following fund for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<u>Special Revenue Fund</u>		
Sales Tax	106,894.44	18,090.30

CITY OF WISHEK
Wishek, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2021

	Balance 01-01-2021	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2021
<u>Major Governmental Funds</u>						
General Fund	181,856.53	341,307.78			310,964.73	212,199.58
Ambulance	294,177.90	132,564.50			26,960.18	399,782.22
Sales Tax	80,501.95	223,402.52			206,894.44	97,010.03
Street Improvement 2013-1	183,800.47	46,433.49			66,545.40	163,688.56
Total Major Governmental Funds	740,336.85	743,708.29	-	-	611,364.75	872,680.39
<u>Non-major Governmental Funds</u>						
Highway Tax Distribution	29,107.52	68,184.74			69,566.26	27,726.00
Special Projects Reserve	82,106.55	15,196.18			9,010.47	88,292.26
Lodging Tax	20,723.72	9,421.80			13,274.04	16,871.48
Armory	-	14,251.00			14,251.00	-
Cemetery	37,471.39	1,612.71			1,174.74	37,909.36
Capital Improvements	29,709.47	78,651.65			780.53	107,580.59
Total Nonmajor Governmental Funds	199,118.65	187,318.08	-	-	108,057.04	278,379.69
Total Governmental Funds	939,455.50	931,026.37	-	-	719,421.79	1,151,060.08
<u>Major Enterprise Funds</u>						
Water:						
Operating	472,540.34	323,975.24			542,725.82	253,789.76
Water Meter	3,940.00	-			480.00	3,460.00
Garbage	121,102.49	305,744.17			352,472.04	74,374.62
Total Major Enterprise Funds	597,582.83	629,719.41	-	-	895,677.86	331,624.38
<u>Non-Major Enterprise Fund</u>						
Street Lights	1,708.15	26,638.19			18,650.98	9,695.36
Total Enterprise Funds	599,290.98	656,357.60	-	-	914,328.84	341,319.74
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Library		7,918.13			7,918.13	
Airport		7,994.72			7,994.72	
Job Development Authority		7,994.72			7,994.72	
Total Custodial Funds	-	23,907.57	-	-	23,907.57	-
Total Primary Government	1,538,746.48	1,611,291.54	-	-	1,657,658.20	1,492,379.82
<u>Discretely Presented Component Units</u>						
Library	22,666.45	8,893.53			4,664.86	26,895.12
Airport	70,747.31	59,008.38			20,843.78	108,911.91
Job Development Authority	237,237.50	144,136.45			126,709.07	254,664.88
Total Discretely Presented Component Units	330,651.26	212,038.36	-	-	152,217.71	390,471.91
Total Reporting Entity	1,869,397.74	1,823,329.90	-	-	1,809,875.91	1,882,851.73

CITY OF WISHEK
Wishek, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020

	Balance 01-01-2020	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2020
<u>Major Governmental Funds</u>						
General Fund	74,088.45	393,308.43			285,540.35	181,856.53
Ambulance	196,484.13	122,693.77			25,000.00	294,177.90
Sales Tax	64,309.01	194,283.24			178,090.30	80,501.95
Street Improvement 2013-1	215,092.76	30,776.46			62,068.75	183,800.47
Total Major Governmental Funds	549,974.35	741,061.90	-	-	550,699.40	740,336.85
<u>Non-major Governmental Funds</u>						
Highway Tax Distribution	19,380.62	65,019.99			55,293.09	29,107.52
Special Projects Reserve	81,696.17	410.38				82,106.55
Lodging Tax	18,464.06	2,716.43			456.77	20,723.72
Armory	-	14,251.00			14,251.00	-
Cemetery	37,731.71	188.95			449.27	37,471.39
Capital Improvements	23,334.06	6,820.77			445.36	29,709.47
Total Nonmajor Governmental Funds	180,606.62	89,407.52	-	-	70,895.49	199,118.65
Total Governmental Funds	730,580.97	830,469.42	-	-	621,594.89	939,455.50
<u>Major Enterprise Funds</u>						
Water:						
Operating	409,706.86	217,487.10			153,208.62	473,985.34
Water Meter	3,425.00				930.00	2,495.00
Garbage	88,780.88	179,091.16			146,769.55	121,102.49
Total Major Enterprise Funds	501,912.74	396,578.26	-	-	300,908.17	597,582.83
<u>Non-Major Enterprise Fund</u>						
Street Lights	(9,595.59)	30,256.79			18,953.05	1,708.15
Total Enterprise Funds	492,317.15	426,835.05	-	-	319,861.22	599,290.98
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Library		6,274.53			6,274.53	
Airport		6,275.94			6,275.94	
Job Development Authority		6,274.53			6,274.53	
Total Custodial Funds	-	18,825.00	-	-	18,825.00	-
Total Primary Government	1,222,898.12	1,276,129.47	-	-	960,281.11	1,538,746.48
<u>Discretely Presented Component Units</u>						
Library	20,055.74	7,403.84			4,793.13	22,666.45
Airport	40,328.07	51,357.79			20,938.55	70,747.31
Job Development Authority	255,977.29	123,836.50			142,576.29	237,237.50
Total Discretely Presented Component Units	316,361.10	182,598.13	-	-	168,307.97	330,651.26
Total Reporting Entity	1,539,259.22	1,458,727.60	-	-	1,128,589.08	1,869,397.74

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wishek
Wishek, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wishek, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated July 8, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

July 8, 2022

2. 2021-002- Financial Statement Preparation

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

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

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

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

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

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