

**CITY OF MAYVILLE
MAYVILLE, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF MAYVILLE
ROSTER OF CITY OFFICIALS
AS OF DECEMBER 31, 2022

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayville as of and for the year ended December 31, 2022, 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, 2022, 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 nonmajor fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

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

December 28, 2023

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022.

FINANCIAL HIGHLIGHTS

The assets of the City of Mayville exceeded its liabilities at the close of the most recent fiscal year by \$11,451,327 (net position). Of this amount, \$2,093,436 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position decreased by \$771,939.

As of the close of the current fiscal year, the City of Mayville's governmental activities reported combined ending net position of \$352,755.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$520,049, or 52 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, 2022

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, 2022

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 \$11,451,327 at the close of the most recent fiscal year.

The unrestricted portion of the City of Mayville's net position (18 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 (79 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>						
Current Assets	\$ 18,022,554	\$ 800,284	\$ 2,822,852	\$ 2,699,936	\$ 20,845,406	\$ 3,500,220
Capital Assets, Net	5,057,568	2,146,394	11,404,975	11,886,821	16,462,543	14,033,215
Long-Term Assets	-	-	408,941	391,911	408,941	391,911
Total Assets	<u>23,080,122</u>	<u>2,946,678</u>	<u>14,636,768</u>	<u>14,978,668</u>	<u>37,716,890</u>	<u>17,925,346</u>
<u>Liabilities</u>						
Current Liabilities	1,462,169	1,045,209	304,379	396,876	1,766,548	1,442,085
Long-Term Liabilities	21,265,198	830,239	3,233,817	3,429,756	24,499,015	4,259,995
Total Liabilities	<u>22,727,367</u>	<u>1,875,448</u>	<u>3,538,196</u>	<u>3,826,632</u>	<u>26,265,563</u>	<u>5,702,080</u>
<u>Net Position</u>						
Net Investment in Capital Assets	1,074,747	1,098,633	7,975,219	8,189,686	9,049,966	9,288,319
Restricted	89,366	67,923	218,559	323,730	307,925	391,653
Unrestricted	(811,358)	(95,326)	2,904,794	2,638,620	2,093,436	2,543,294
Total Net Position	<u>\$ 352,755</u>	<u>\$ 1,071,230</u>	<u>\$ 11,098,572</u>	<u>\$ 11,152,036</u>	<u>\$ 11,451,327</u>	<u>\$ 12,223,266</u>

\$307,925 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 \$2,093,436 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, 2022

Governmental activities decreased the City of Mayville's net position by \$718,475 compared to an increase of \$161,285 in 2021.

Business-type activities decreased the City of Mayville's net position by \$53,464 compared to a decrease of \$138,804 in 2021.

A condensed version of the statement of activities follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 22,805	\$ 31,358	\$ 1,454,740	\$ 1,356,296	\$ 1,477,545	\$ 1,387,654
Grants and Contributions	103,673	102,117	11,781	9,866	115,454	111,983
General Revenues:						
Property Taxes	635,015	610,975	-	-	635,015	610,975
Other Taxes	156,615	148,962	-	-	156,615	148,962
State Aid	164,226	145,113	-	-	164,226	145,113
Other	242,122	115,386	69,097	18,126	311,219	133,512
Total Revenues	<u>1,324,456</u>	<u>1,153,911</u>	<u>1,535,618</u>	<u>1,384,288</u>	<u>2,860,074</u>	<u>2,538,199</u>
<u>Expenses:</u>						
General Government	731,718	242,322	-	-	731,718	242,322
Public Safety	345,427	319,283	-	-	345,427	319,283
Public Works	318,616	296,603	-	-	318,616	296,603
Culture and Recreation	99,183	100,123	-	-	99,183	100,123
Interest and Fees	624,413	34,295	-	-	624,413	34,295
Water	-	-	670,967	726,234	670,967	726,234
Sewer	-	-	336,281	429,303	336,281	429,303
Sanitation	-	-	505,389	339,510	505,389	339,510
Landfill Surcharge	-	-	19	28,045	19	28,045
Total Expenses	<u>2,119,357</u>	<u>992,626</u>	<u>1,512,656</u>	<u>1,523,092</u>	<u>3,632,013</u>	<u>2,515,718</u>
Change in Net Position	(718,475)	161,285	(53,464)	(138,804)	(771,939)	22,481
Net Position - Beginning	<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>
Net Position - Ending	<u>\$ 352,755</u>	<u>\$1,071,230</u>	<u>\$ 11,098,572</u>	<u>\$ 11,152,036</u>	<u>\$ 11,451,327</u>	<u>\$ 12,223,266</u>

Property taxes and state aid accounted for 60 percent in 2022 and 66 percent in 2021 of the total governmental activities revenues.

Charges for services were 95 percent in 2022 and 98 percent in 2021 of the total revenues for business-type activities.

Government activities expenses were primarily for general government, public safety, and public works, which comprised 35, 16 and 15 percent each in 2022 and 24, 32 and 30 percent each in 2021, respectively.

Water, sewer, and sanitation were 44, 22, and 33 percent in 2022 and 48, 28, and 22 percent in 2021 of the total business-type activities expenses, respectively.

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

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 \$17,094,095, an increase of \$17,120,105. The balance of \$17,094,095 includes \$58,161 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 \$520,049. 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 52 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	\$1,355,766
Sewer	\$1,055,590
Sanitation	\$135,372
Landfill Surcharge	\$358,066

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

Water	\$124,007
Sewer	\$(82,667)
Sanitation	\$(147,480)
Landfill Surcharge	\$52,676

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

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 \$162,197 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, 2022 and 2021, amounts to \$16,462,543 and \$14,033,215, 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 190,666	\$ 190,666	\$ 421,810	\$ 421,810	\$ 612,476	\$ 612,476
Construction in Progress	3,574,033	677,147	-	27,328	3,574,033	704,475
Buildings	235,945	191,641	316,334	342,334	552,279	533,975
Equipment	373,462	327,846	315,353	315,445	688,815	643,291
Vehicles	139,854	164,575	6,169	9,869	146,023	174,444
Infrastructure	543,608	594,519	10,345,309	10,770,035	10,888,917	11,364,554
Total	<u>\$ 5,057,568</u>	<u>\$ 2,146,394</u>	<u>\$ 11,404,975</u>	<u>\$ 11,886,821</u>	<u>\$ 16,462,543</u>	<u>\$ 14,033,215</u>

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

Long-term debt. At the end of the current fiscal year, the City of Mayville had \$24,892,753 in bonds, notes, and finance purchases payable outstanding. Issuance of long-term debt totaled \$20,635,000 and payments made on long-term debt obligations totaled \$487,143 during 2022. Additional information on the City of Mayville's debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

2023 rates will be reviewed and changed for Q2 2024 implementation. We anticipate an increase in sewer rates, and garbage/recycling – our contract with Waste Management has a built in 2% annual increase. We last changed rates in April 2021. AS loans for the city are paid off, the surcharge will be reduced. The council's short to mid-range plans and budget are aligned to not increase the Monthly total of 95.50 monthly.

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

The City incurred large unplanned expenses due to FEMA 4660DR with the breach of the Mayville City Dam #2, leaving our emergency fund -\$430,000. The City has been working through FEMA for the declared disaster and expects reimbursement. The City share should be 15% of the total

CITY OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

The City invested in equipment to replace older smaller units to allow increase in public works such as mowing, snow removal, weed and mosquito spraying. A new tractor, snow blower and new four-wheeler were acquired. Old equipment was traded in for the new acquisitions.

The City began the interior replacement of the de-icing equipment in the water tower in 2022. Refurbishment plans for the City's water tower in 2024 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. H&H Coating will be cleaning and inspecting the interior of the Water Tower in 2023 – the City anticipates need to repair and paint the interior in the upcoming years and has begun setting aside dollar. 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 overall replacement for the HVAC has a preliminary cost of \$250,000. The City has begun accumulating funds for this project.

The City, working with the State Historical Society secured a \$29,000 grant to complete the \$57,000 Tuckpoint Maintenance project at the Mayville Public Library. We anticipate continuing to do restoration as need in the next few year.

Looking to hire in 2023 for WTP and begin the process to replace the Stree Supervisor once he decides on his retirement date.

The 2022-1 Street and Storm Sewer project was bid and awarded, it will be a 3 year project. For the second part 2022-2 Water and Sewer project the city is working with the USDA and has Secured \$1.2M in Grant dollars and will be going to bid in Quarter 1 of 2023

The City will continue to look at their participation regarding LAWA and water supply during drought conditions. The City remains committed to being a partner in this project.

Due to water runoff damage at the city landfill a project will be done to repair and reseal cells.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 17,907,095	\$ 2,613,672	\$ 20,520,767
Accounts Receivable	79,121	184,322	263,443
Joint Powers Receivable	-	10,500	10,500
Taxes Receivable	13,161	-	13,161
Special Assessments Receivable	-	5,518	5,518
Inventory	-	8,840	8,840
Prepaid Expenses	23,177	-	23,177
Total Current Assets	<u>18,022,554</u>	<u>2,822,852</u>	<u>20,845,406</u>
Non-Current Assets			
Restricted Cash	-	213,041	213,041
Joint Powers Receivable	-	195,900	195,900
Capital Assets:			
Land	190,666	421,810	612,476
Construction in Progress	3,574,033	-	3,574,033
Buildings	750,934	1,305,000	2,055,934
Equipment	1,160,704	743,046	1,903,750
Vehicles	783,509	145,037	928,546
Infrastructure	1,884,490	19,110,645	20,995,135
Less Accumulated Depreciation	<u>(3,286,768)</u>	<u>(10,320,563)</u>	<u>(13,607,331)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,057,568</u>	<u>11,404,975</u>	<u>16,462,543</u>
Total Non-Current Assets	<u>5,057,568</u>	<u>11,813,916</u>	<u>16,871,484</u>
Total Assets	<u>23,080,122</u>	<u>14,636,768</u>	<u>37,716,890</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	356,170	65,090	421,260
Accrued Expenditures	2,721	2,760	5,481
Unearned Revenue	534,912	-	534,912
Due to Other Governments	23,653	-	23,653
Accrued Vacation Payable	2,876	2,207	5,083
Meter Deposits Payable	-	15,100	15,100
Accrued Interest Payable	344,038	23,283	367,321
Bonds and Finance Purchases Payable	197,799	195,939	393,738
Noncurrent Liabilities:			
Long-term Bonds and Finance Purchases Payable	<u>21,265,198</u>	<u>3,233,817</u>	<u>24,499,015</u>
Total Liabilities	<u>22,727,367</u>	<u>3,538,196</u>	<u>26,265,563</u>
NET POSITION			
Net Investment in Capital Assets	1,074,747	7,975,219	9,049,966
Restricted for:			
Cemetery	5,550	-	5,550
Library	8,539	-	8,539
Special City Lots	1,382	-	1,382
Debt Service	73,895	218,559	292,454
Unrestricted	<u>(811,358)</u>	<u>2,904,794</u>	<u>2,093,436</u>
Total Net Position	<u>\$ 352,755</u>	<u>\$ 11,098,572</u>	<u>\$ 11,451,327</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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
Primary Government:							
Governmental Activities:							
General Government	\$ 731,718	\$ 22,805	\$ -	\$ -	\$ (708,913)	\$ -	\$ (708,913)
Public Safety	345,427	-	-	-	(345,427)	-	(345,427)
Public Works	318,616	-	103,673	-	(214,943)	-	(214,943)
Culture and Recreation	99,183	-	-	-	(99,183)	-	(99,183)
Interest and Fees	624,413	-	-	-	(624,413)	-	(624,413)
Total Governmental Activities	<u>2,119,357</u>	<u>22,805</u>	<u>103,673</u>	<u>-</u>	<u>(1,992,879)</u>	<u>-</u>	<u>(1,992,879)</u>
Business-type Activities:							
Water	670,967	781,395	-	-	-	110,428	110,428
Sewer	336,281	271,674	-	11,781	-	(52,826)	(52,826)
Sanitation	505,389	349,655	-	-	-	(155,734)	(155,734)
Landfill Surcharge	19	52,016	-	-	-	51,997	51,997
Total Business-type Activities	<u>1,512,656</u>	<u>1,454,740</u>	<u>-</u>	<u>11,781</u>	<u>-</u>	<u>(46,135)</u>	<u>(46,135)</u>
Total Primary Government	<u>\$ 3,632,013</u>	<u>\$ 1,477,545</u>	<u>\$ 103,673</u>	<u>\$ 11,781</u>	<u>(1,992,879)</u>	<u>(46,135)</u>	<u>(2,039,014)</u>
General Revenues:							
Property Taxes							
Property Taxes, Levied for General Purpose					302,463	-	302,463
Property Taxes, Levied for Improvement District #25					191,472	-	191,472
Other Taxes					141,080	-	141,080
Sales and Other Taxes					156,615	-	156,615
State Aid Distribution					164,226	-	164,226
Other Revenues					158,788	30,657	189,445
Gain on Disposal of Equipment					-	35,016	35,016
Unrestricted Investment Earnings					83,334	3,424	86,758
Transfers					<u>76,426</u>	<u>(76,426)</u>	<u>-</u>
Total General Revenues					<u>1,274,404</u>	<u>(7,329)</u>	<u>1,267,075</u>
Change in Net Position					(718,475)	(53,464)	(771,939)
Net Position - Beginning					<u>1,071,230</u>	<u>11,152,036</u>	<u>12,223,266</u>
Net Position - Ending					<u>\$ 352,755</u>	<u>\$ 11,098,572</u>	<u>\$ 11,451,327</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2022

	General	Emergency	Improvement District #25 - TIF	Mayville Street Project	Prairie Dog funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 117,444	\$ -	\$ 73,659	\$ 17,154,682	\$ 250,000	\$ 284,912	\$ 26,398	\$ 17,907,095
Receivables	77,698	59	236	822	-	-	306	79,121
Taxes Receivable	13,161	-	-	-	-	-	-	13,161
Due from Other Funds	450,488	-	-	-	-	-	-	450,488
Prepaid Expenditures	23,177	-	-	-	-	-	-	23,177
Total Assets	<u>\$ 681,968</u>	<u>\$ 59</u>	<u>\$ 73,895</u>	<u>\$ 17,155,504</u>	<u>\$ 250,000</u>	<u>\$ 284,912</u>	<u>\$ 26,704</u>	<u>\$ 18,473,042</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 101,684	\$ 10,002	\$ -	\$ 232,113	\$ -	\$ -	\$ 12,371	\$ 356,170
Accrued Expenditures	2,402	252	-	-	-	-	67	2,721
Unearned Revenue	-	-	-	-	250,000	284,912	-	534,912
Due to Other Governments	23,653	-	-	-	-	-	-	23,653
Due to Other Funds	-	430,322	-	-	-	-	20,166	450,488
Total Liabilities	<u>127,739</u>	<u>440,576</u>	<u>-</u>	<u>232,113</u>	<u>250,000</u>	<u>284,912</u>	<u>32,604</u>	<u>1,367,944</u>
Deferred Inflows of Resources								
Unavailable Revenue - Taxes Receivable	11,003	-	-	-	-	-	-	11,003
Total Deferred Inflows of Resources	<u>11,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,003</u>
FUND BALANCES								
Nonspendable	23,177	-	-	-	-	-	-	23,177
Restricted	-	-	73,895	16,923,391	-	-	15,471	17,012,757
Unassigned	520,049	(440,517)	-	-	-	-	(21,371)	58,161
Total Fund Balances	<u>543,226</u>	<u>(440,517)</u>	<u>73,895</u>	<u>16,923,391</u>	<u>-</u>	<u>-</u>	<u>(5,900)</u>	<u>17,094,095</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 681,968</u>	<u>\$ 59</u>	<u>\$ 73,895</u>	<u>\$ 17,155,504</u>	<u>\$ 250,000</u>	<u>\$ 284,912</u>	<u>\$ 26,704</u>	<u>\$ 18,473,042</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, 2022

Total Governmental Funds Balances	\$	17,094,095
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Amounts reported for the governmental activities in the statement of net position are different because:

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

Capital Assets	\$	8,344,336	
Accumulated Depreciation		<u>(3,286,768)</u>	5,057,568

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

Property taxes		11,003
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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	\$	(2,876)	
Bonds and Finance Purchases Payable		(21,462,997)	
Interest Payable		<u>(344,038)</u>	<u>(21,809,911)</u>

Net Position of Governmental Activities	\$	<u>352,755</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, 2022

	General	Emergency	Improvement District #25 - TIF	Mayville Street Project	Prairie Dog Funds	ARPA	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 316,802	\$ 20,523	\$ 191,472	\$ -	\$ -	\$ -	\$ 105,411	\$ 634,208
Sales and Other Taxes	260,288	-	-	-	-	-	-	260,288
Intergovernmental	154,445	-	-	-	-	-	9,781	164,226
Charges for Services	22,805	-	-	-	-	-	-	22,805
Interest Earnings	1,625	-	-	81,709	-	-	-	83,334
Other Revenue	142,132	-	-	2	-	-	16,656	158,790
Total Revenues	<u>898,097</u>	<u>20,523</u>	<u>191,472</u>	<u>81,711</u>	<u>-</u>	<u>-</u>	<u>131,848</u>	<u>1,323,651</u>
EXPENDITURES								
Current:								
General Government	265,696	456,226	-	-	-	-	1,814	723,736
Culture and Recreation	11,912	-	-	-	-	-	74,791	86,703
Public Safety	300,938	-	-	-	-	-	15,609	316,547
Public Works	222,811	-	-	-	-	-	-	222,811
Capital Outlay	159,444	-	-	2,896,886	-	-	-	3,056,330
Debt Service:								
Principal Retirement	28,676	-	145,000	-	-	-	46,088	219,764
Interest and Fees	4,614	-	22,632	257,939	-	-	3,896	289,081
Total Expenditures	<u>994,091</u>	<u>456,226</u>	<u>167,632</u>	<u>3,154,825</u>	<u>-</u>	<u>-</u>	<u>142,198</u>	<u>4,914,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,994)</u>	<u>(435,703)</u>	<u>23,840</u>	<u>(3,073,114)</u>	<u>-</u>	<u>-</u>	<u>(10,350)</u>	<u>(3,591,321)</u>
OTHER FINANCING SOURCES (USES)								
Issuance from Long Term Debt	-	-	-	20,635,000	-	-	-	20,635,000
Transfers In	37,775	-	-	38,651	-	-	-	76,426
Total Other Financing Sources (Uses)	<u>37,775</u>	<u>-</u>	<u>-</u>	<u>20,673,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,711,426</u>
Net Change in Fund Balances	(58,219)	(435,703)	23,840	17,600,537	-	-	(10,350)	17,120,105
Fund Balances - Beginning	<u>601,445</u>	<u>(4,814)</u>	<u>50,055</u>	<u>(677,146)</u>	<u>-</u>	<u>-</u>	<u>4,450</u>	<u>(26,010)</u>
Fund Balances - Ending	<u>\$ 543,226</u>	<u>\$ (440,517)</u>	<u>\$ 73,895</u>	<u>\$ 16,923,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,900)</u>	<u>\$ 17,094,095</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 17,120,105

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	\$ 3,056,330	
Depreciation Expense	<u>(145,156)</u>	
		2,911,174

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

Property Taxes	807
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Proceeds from long-term debt provide financial resources to the governmental funds but the issuance increases long-term liabilities in the statement of net position. (20,635,000)

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. 219,764

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:

Interest Payable	<u>(335,335)</u>
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Changes in Net Position	<u>\$ (718,475)</u>
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See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	Totals Current Year
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,082,580	\$ 1,044,573	\$ 129,839	\$ 356,680	\$ 2,613,672
Accounts Receivable (net of allowance of \$9,000, \$5,000, \$6,000, and \$0, respectively)	121,460	26,869	34,607	1,386	184,322
Joint Powers Receivable	10,500	-	-	-	10,500
Special Assessments Receivable	-	5,518	-	-	5,518
Inventory	8,840	-	-	-	8,840
Total Current Assets	1,223,380	1,076,960	164,446	358,066	2,822,852
Non-Current Assets:					
Restricted Cash	133,541	79,500	-	-	213,041
Joint Powers Receivable	195,900	-	-	-	195,900
Capital Assets					
Land	26,000	383,810	12,000	-	421,810
Buildings	1,300,000	-	5,000	-	1,305,000
Equipment	598,217	144,829	-	-	743,046
Vehicles	25,817	34,240	84,980	-	145,037
Infrastructure	10,331,878	8,778,767	-	-	19,110,645
Less Accumulated Depreciation	(5,286,103)	(4,944,480)	(89,980)	-	(10,320,563)
Total Capital Assets (Net of Accumulated Depreciation)	6,995,809	4,397,166	12,000	-	11,404,975
Total Non-Current Assets	7,325,250	4,476,666	12,000	-	11,813,916
Total Assets	8,548,630	5,553,626	176,446	358,066	14,636,768
LIABILITIES					
Current Liabilities:					
Accounts Payable	30,343	7,814	26,933	-	65,090
Accrued Expenses	399	734	1,627	-	2,760
Accrued Vacation Payable	889	804	514	-	2,207
Meter Deposit Payable	15,100	-	-	-	15,100
Accrued Interest Payable	16,783	6,500	-	-	23,283
Bonds Payable	140,939	55,000	-	-	195,939
Total Current Liabilities	204,453	70,852	29,074	-	304,379
Non-Current Liabilities:					
Long-term Bonds Payable	1,988,817	1,245,000	-	-	3,233,817
Total Non-Current Liabilities	1,988,817	1,245,000	-	-	3,233,817
Total Liabilities	2,193,270	1,315,852	29,074	-	3,538,196
NET POSITION					
Net Investment in Capital Assets	4,866,053	3,097,166	12,000	-	7,975,219
Restricted	133,541	85,018	-	-	218,559
Unrestricted	1,355,766	1,055,590	135,372	358,066	2,904,794
Total Net Position	\$ 6,355,360	\$ 4,237,774	\$ 147,372	\$ 358,066	\$ 11,098,572

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, 2022

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
OPERATING REVENUES:					
Water Sales	\$ 781,395	\$ -	\$ -	\$ -	\$ 781,395
Sewer Charges	-	271,674	-	-	271,674
Sanitation Charges	-	-	349,655	-	349,655
Landfill Surcharges	-	-	-	52,016	52,016
Total Operating Revenues	<u>781,395</u>	<u>271,674</u>	<u>349,655</u>	<u>52,016</u>	<u>1,454,740</u>
OPERATING EXPENSES:					
Professional Services	14,268	5,122	2,973	-	22,363
Insurance	9,323	2,383	1,009	-	12,715
Utilities	81,667	18,353	2,301	-	102,321
Printing and Postage	1,435	1,055	1,634	-	4,124
Supplies and Maintenance	59,236	13,275	154,640	-	227,151
Salaries	81,842	47,913	33,097	-	162,852
Employee Benefits	11,358	7,953	11,556	-	30,867
Miscellaneous	74,227	2,560	298,179	19	374,985
Depreciation	<u>277,986</u>	<u>209,567</u>	<u>-</u>	<u>-</u>	<u>487,553</u>
Total Operating Expenses	<u>611,342</u>	<u>308,181</u>	<u>505,389</u>	<u>19</u>	<u>1,424,931</u>
Operating Income (Loss)	<u>170,053</u>	<u>(36,507)</u>	<u>(155,734)</u>	<u>51,997</u>	<u>29,809</u>
NON-OPERATING REVENUES (EXPENSES):					
Gain on Disposal of Equipment	-	35,016	-	-	35,016
Interest Income	1,098	1,307	340	679	3,424
Special Assessments	-	11,781	-	-	11,781
Miscellaneous Revenues	12,481	10,262	7,914	-	30,657
Interest Expense	<u>(59,625)</u>	<u>(28,100)</u>	<u>-</u>	<u>-</u>	<u>(87,725)</u>
Total Non-Operating Revenues (Expenses)	<u>(46,046)</u>	<u>30,266</u>	<u>8,254</u>	<u>679</u>	<u>(6,847)</u>
Income (Loss) before Transfers	124,007	(6,241)	(147,480)	52,676	22,962
Transfers Out	<u>-</u>	<u>(76,426)</u>	<u>-</u>	<u>-</u>	<u>(76,426)</u>
Changes in Net Position	124,007	(82,667)	(147,480)	52,676	(53,464)
Total Net Position - Beginning	<u>6,231,353</u>	<u>4,320,441</u>	<u>294,852</u>	<u>305,390</u>	<u>11,152,036</u>
Total Net Position - Ending	<u>\$ 6,355,360</u>	<u>\$ 4,237,774</u>	<u>\$ 147,372</u>	<u>\$ 358,066</u>	<u>\$ 11,098,572</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 717,667	\$ 273,841	\$ 351,536	\$ 52,043	\$ 1,395,087
Payments to Suppliers	(233,227)	(43,503)	(457,898)	(27,999)	(762,627)
Payments to Employees	(93,266)	(55,805)	(44,469)	-	(193,540)
Net Cash Provided (Used) by Operating Activities	<u>391,174</u>	<u>174,533</u>	<u>(150,831)</u>	<u>24,044</u>	<u>438,920</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous Revenues	12,481	10,262	7,914	-	30,657
Transfer to/from Other Funds	-	(76,426)	-	-	(76,426)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>12,481</u>	<u>(66,164)</u>	<u>7,914</u>	<u>-</u>	<u>(45,769)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(8,375)	-	-	-	(8,375)
Proceeds from Sale of Capital Asset	-	37,684	-	-	37,684
Proceeds from Special Assessments	-	144,482	-	-	144,482
Proceeds from the Joint Powers Agreement	10,500	-	-	-	10,500
Principal Payments on Long-Term Debt	(127,379)	(140,000)	-	-	(267,379)
Interest and Fiscal Charges on Debt	(58,792)	(29,083)	-	-	(87,875)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(184,046)</u>	<u>13,083</u>	<u>-</u>	<u>-</u>	<u>(170,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	<u>1,098</u>	<u>1,307</u>	<u>340</u>	<u>679</u>	<u>3,424</u>
Net Cash Provided (Used) by Investing Activities	<u>1,098</u>	<u>1,307</u>	<u>340</u>	<u>679</u>	<u>3,424</u>
Net Increase (Decrease) in Cash and Cash Equivalents	220,707	122,759	(142,577)	24,723	225,612
Cash and Cash Equivalents, January 1	<u>995,414</u>	<u>1,001,314</u>	<u>272,416</u>	<u>331,957</u>	<u>2,601,101</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,216,121</u>	<u>\$ 1,124,073</u>	<u>\$ 129,839</u>	<u>\$ 356,680</u>	<u>\$ 2,826,713</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Totals Current Year
	Water	Sewer	Sanitation	Non-Major Landfill Surcharge	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 170,053	\$ (36,507)	\$ (155,734)	\$ 51,997	\$ 29,809
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	277,986	209,567	-	-	487,553
Changes in Assets and Liabilities:					
Accounts Receivable	(63,728)	2,167	1,881	27	(59,653)
Inventory	2,118	-	-	-	2,118
Accounts Payable	3,611	(755)	2,838	(27,980)	(22,286)
Accrued Expenses	(26)	78	184	-	236
Accrued Vacation Payable	(40)	(17)	-	-	(57)
Meter Deposits Payable	1,200	-	-	-	1,200
Net Cash Provided (Used) by Operating Activities	<u>\$ 391,174</u>	<u>\$ 174,533</u>	<u>\$ (150,831)</u>	<u>\$ 24,044</u>	<u>\$ 438,920</u>
Reconciliation of Cash and Cash Equivalents					
Cash and Cash Equivalents	\$ 1,082,580	\$ 1,044,573	\$ 129,839	\$ 356,680	\$ 2,613,672
Restricted Cash	133,541	79,500	-	-	213,041
Total Cash and Cash Equivalents	<u>\$ 1,216,121</u>	<u>\$ 1,124,073</u>	<u>\$ 129,839</u>	<u>\$ 356,680</u>	<u>\$ 2,826,713</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 110,803</u>
LIABILITIES	
Due to Other Entities	<u>\$ 110,803</u>

See Notes to the Financial Statements

CITY OF MAYVILLE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Property Tax Collected for Other Governments	\$ 16,346
Loan Repayments Collected for Other Entities	48,249
Miscellaneous	<u>96</u>
Total Additions	<u>64,691</u>
DEDUCTIONS	
Payments to Other Entities	<u>64,691</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITING - ENDING	<u><u>\$ -</u></u>

See Notes to the Financial Statements

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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, 2022

1) Governmental Fund Types

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

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

- a) General Fund — The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments, such as public safety, is accounted for in this fund.
- b) Emergency Fund — The Emergency Fund is used to account for receipt and disbursement of funds used in the event of an emergency.
- c) TIF District #25 — The TIF District #25 Fund is a fund set up for the financing of a city sewer and water project.
- d) Mayville Street Project – The Mayville Street Project Fund is a fund set up to track the initial planning, design, and engineering costs for a 2022 street, storm sewer, water, and sanitary sewer project.
- e) Prairie Dog Funds – The Prairie Dog Fund is to account for Prairie Dog Infrastructure funds which was received from the state.
- f) ARPA Fund– This fund receives and disbursed federal American Resue Plan (ARPA) grant funds.

The other governmental funds of the City are considered nonmajor.

2) Proprietary Fund Types

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

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

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

Fiduciary Funds

Custodial Funds

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

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

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

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

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

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

Budgets

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

Cash and Investments

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

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

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

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

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

Accounts Receivable

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

Capital Assets

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

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

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

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

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

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

Encumbrances

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

Inventories

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

Unearned Revenue

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

Inter-fund Transactions

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

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

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

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

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

Fund Balance

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

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

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

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

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

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

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

Net Position

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

Deferred Outflows/Inflows of Resources

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

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

Net Position Flow Assumption

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

Estimates

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

NOTE 2 STEWARSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The City has three funds in a deficit position at December 31, 2022. The Emergency fund has a deficit of \$440,517. The Fire department Reserve fund has a deficit of \$1,205. The Unterseher Acquisition fund has a deficit of \$20,166. 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, 2022, the City's carrying amount of deposits was \$20,733,808 and the bank balance was \$20,850,424. The City's balances were fully collateralized as of December 31, 2022.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

The City considers certificates of deposits to be cash.

Credit Risk

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

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

NOTE 4 TAXES RECEIVABLE

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

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

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

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

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

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with North Dakota Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially 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, 2022

NOTE 5 CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2022:

	<u>Primary Government</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital Assets, Non-Depreciable:					
Land	\$ 190,666	\$ -	\$ -	\$ -	\$ 190,666
Construction in Progress	677,147	2,896,886	-	-	3,574,033
Capital Assets, Depreciable:					
Buildings	684,739	66,195	-	-	750,934
Equipment	1,067,455	93,249	-	-	1,160,704
Vehicles	783,509	-	-	-	783,509
Infrastructure	1,884,490	-	-	-	1,884,490
Totals at Historical Cost	<u>5,288,006</u>	<u>3,056,330</u>	<u>-</u>	<u>-</u>	<u>8,344,336</u>
Less Accumulated Depreciation for:					
Buildings	(493,098)	(21,891)	-	-	(514,989)
Equipment	(739,609)	(47,633)	-	-	(787,242)
Vehicles	(618,934)	(24,721)	-	-	(643,655)
Infrastructure	(1,289,971)	(50,911)	-	-	(1,340,882)
Total Accumulated Depreciation	<u>(3,141,612)</u>	<u>(145,156)</u>	<u>-</u>	<u>-</u>	<u>(3,286,768)</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,146,394</u>	<u>\$ 2,911,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,057,568</u>
<u>Business-type Activities</u>					
Capital Assets, Non-Depreciable:					
Land	\$ 421,810	\$ -	\$ -	\$ -	\$ 421,810
Construction in Progress	27,328	8,375	-	(35,703)	-
Capital Assets, Depreciable:					
Buildings	1,305,000	-	-	-	1,305,000
Equipment	760,715	-	(53,372)	35,703	743,046
Vehicles	145,037	-	-	-	145,037
Infrastructure	19,110,645	-	-	-	19,110,645
Totals at Historical Cost	<u>21,770,535</u>	<u>8,375</u>	<u>(53,372)</u>	<u>-</u>	<u>21,725,538</u>
Less Accumulated Depreciation for:					
Buildings	(962,666)	(26,000)	-	-	(988,666)
Equipment	(445,270)	(33,127)	50,704	-	(427,693)
Vehicles	(135,168)	(3,700)	-	-	(138,868)
Infrastructure	(8,340,610)	(424,726)	-	-	(8,765,336)
Total Accumulated Depreciation	<u>(9,883,714)</u>	<u>(487,553)</u>	<u>50,704</u>	<u>-</u>	<u>(10,320,563)</u>
Total Business-type Activities Capital Assets, Net	<u>\$ 11,886,821</u>	<u>\$ (479,178)</u>	<u>\$ (2,668)</u>	<u>\$ -</u>	<u>\$ 11,404,975</u>
Depreciation expense was charged to Governmental functions as follows:					
General Government					\$ 8,337
Public Works					95,806
Public Safety					28,879
Culture and Recreation					12,134
Total Depreciation Expense					<u>\$ 145,156</u>
Depreciation expense was charged to Business Type functions as follows:					
Water					\$ 277,986
Sewer					209,567
Total Depreciation Expense					<u>\$ 487,553</u>

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City had the following transfers or due to/from other funds at December 31, 2022:

Receivable	Payable	Amount
General Fund	Emergency Fund	\$ 430,322
General Fund	Nonmajor Governmental Fund	20,166
		<u>\$ 450,488</u>
Transfer Out	Transfer In	Amount
Sewer Fund	General Fund	\$ 37,775
Sewer Fund	Mayville Street Project Fund	38,651
		<u>\$ 76,426</u>

Receivables and payables were made to cover the City's cash flow needs as of December 31, 2022.

Transfers were made for the City's debt compliance requirements for the year ended December 31, 2022.

NOTE 7 LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Debt Issued	Principal Retirements 2022	Balance 12/31/2022	Due Within One Year
<u>Governmental Activities:</u>					
Refunding Improvement Bonds of 2012 - District #25	\$ 720,000	\$ -	\$ 125,000	\$ 595,000	\$ 125,000
Interim Refunding Improvement Bonds of 2022	-	20,635,000	-	20,635,000	-
CWSRF Improvement Bond - Water Treatment #25 CW127	103,000	-	20,000	83,000	20,000
Financed Purchase - Firetruck	86,629	-	46,088	40,541	23,209
Goose River Armory Bond	33,065	-	8,952	24,113	9,259
Goose River - Payloader Loan	105,067	-	19,724	85,343	20,331
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,047,761</u>	<u>\$ 20,635,000</u>	<u>\$ 219,764</u>	<u>\$ 21,462,997</u>	<u>\$ 197,799</u>
<u>Business-Type Activities:</u>					
CWSRF Improvement Bond-Sewer Replacement #19, #20, #21 CW128	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ -
Bank of North Dakota	131,655	-	-	131,655	13,219
CWSRF Refunding Bond #24	1,355,000	-	55,000	1,300,000	55,000
DWSRF Water Treatment Revenue Bond - District #23 DW89	100,000	-	20,000	80,000	20,000
Bank of North Dakota Water Main #19 & #20	120,000	-	10,000	110,000	10,000
CFP Refunding Rural Development Loan - CFP Improvement Bonds	920,000	-	65,000	855,000	65,000
DWSRF Refunding Bond #26	640,000	-	20,000	620,000	20,000
USDA Rural Development - Sewer #26 Part 2	345,480	-	12,379	333,101	12,720
Business-Type Activity					
Long-Term Liabilities	<u>\$ 3,697,135</u>	<u>\$ -</u>	<u>\$ 267,379</u>	<u>\$ 3,429,756</u>	<u>\$ 195,939</u>

Finance Purchase 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, 2022

	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2022	Amounts Due in 2023	
							Principal	Interest
Governmental Activities:								
Refunding Improvement Bonds	2012	0.7-3.25%	2019/27	\$ 1,950,000	\$ 125,000	\$ 595,000	\$ 125,000	\$ 15,572
Interim Improvement Bonds	2022	3.75%	2025	20,635,000	-	20,635,000	-	778,123
North Dakota Public Finance	2007	2.50%	2019/26	305,725	20,000	83,000	20,000	2,075
Finance Purchase - Firetruck	2014	3.77%	2024	237,714	46,088	40,541	23,209	1,783
Goose River Armory Bond	2010	3.40%	2019/25	118,000	8,952	24,113	9,259	741
Goose River - Payloader Loan	2019	3.46%	2020/24	142,789	19,724	85,343	20,331	2,957
Total Governmental Activities:				\$ 23,389,228	\$ 219,764	\$ 21,462,997	\$ 197,799	\$ 801,251
Business Type:								
Revenue Bond	2007	2.50%	2019/26	\$ 275,300	\$ 20,000	\$ 80,000	\$ 20,000	\$ 2,000
Refunding Bonds	2012	3.50%	2019/33	1,430,000	65,000	855,000	65,000	26,050
State Revolving Loan Funds:								
Improvement Bonds	2003	2.50%	2019/22	3,075,000	85,000	-	-	-
Improvement Bonds	2017	1.50%	2019/42	1,556,000	55,000	1,300,000	55,000	9,300
Improvement Bonds	2017	1.50%	2019/47	720,000	20,000	620,000	20,000	19,500
Total State Revolving Loan Funds:				<u>5,351,000</u>	<u>160,000</u>	<u>1,920,000</u>	<u>75,000</u>	<u>28,800</u>
Bank of North Dakota								
Water	2002	3.00%	2019/32	400,000	-	131,655	13,219	3,759
Water	2003	3.00%	2019/33	300,000	10,000	110,000	10,000	3,300
Total Bank of North Dakota:				<u>700,000</u>	<u>10,000</u>	<u>241,655</u>	<u>23,219</u>	<u>7,059</u>
USDA Rural Development:								
Water	2013	3.00%	2019/42	934,000	12,379	333,101	12,720	9,160
Total USDA Rural Development:				<u>934,000</u>	<u>12,379</u>	<u>333,101</u>	<u>12,720</u>	<u>9,160</u>
Total Business Type Activities:				\$ 8,690,300	\$ 267,379	\$ 3,429,756	\$ 195,939	\$ 73,069

The annual requirements to amortize outstanding debt, as of December 31, 2022, are as follows:

Governmental Activities:

Year Ending December 31	Refunding Bonds of 2012 #25		Water Treatment Bonds #25		Interim Refunding Bonds of 2022	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 125,000	\$ 15,572	\$ 20,000	\$ 2,075	\$ -	\$ 778,123
2024	120,000	12,755	21,000	1,575	-	778,123
2025	120,000	9,425	21,000	1,050	20,635,000	451,391
2026	115,000	5,606	21,000	525	-	-
2027	115,000	1,869	-	-	-	-
Total	<u>\$ 595,000</u>	<u>\$ 45,227</u>	<u>\$ 83,000</u>	<u>\$ 5,225</u>	<u>\$20,635,000</u>	<u>\$ 2,007,637</u>
Year Ending December 31	GR Payloader Loan		GR Armory Bond		Financed Purchase - Firetruck	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 20,331	\$ 2,957	\$ 9,259	\$ 741	\$ 23,209	\$ 1,783
2024	65,012	2,253	9,575	425	17,332	908
2025	-	-	5,279	95	-	-
Total	<u>\$ 85,343</u>	<u>\$ 5,210</u>	<u>\$ 24,113</u>	<u>\$ 1,261</u>	<u>\$ 40,541</u>	<u>\$ 2,691</u>
Year Ending December 31	Total Governmental					
	Principal	Interest				
2023	\$ 197,799	\$ 801,251				
2024	232,919	796,039				
2025	20,781,279	461,961				
2026	136,000	6,131				
2027	115,000	1,869				
Total	<u>\$21,462,997</u>	<u>\$2,067,251</u>				

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

Business Type:

Year Ending December 31	Revenue Bond		Refunding Bond		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	75,000	17,453	80,000	24,300
2028-2032	-	-	410,000	50,003	420,000	103,350
2033-2037	-	-	90,000	1,575	465,000	70,275
2038-2042	-	-	-	-	505,000	34,350
2043-2047	-	-	-	-	150,000	6,750
Total	<u>\$ 80,000</u>	<u>\$ 5,000</u>	<u>\$ 855,000</u>	<u>\$ 160,781</u>	<u>\$ 1,920,000</u>	<u>\$ 347,475</u>

Year Ending December 31	Bank of North Dakota		USDA Rural Development		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 23,219	\$ 7,059	\$ 12,720	\$ 9,160	\$ 195,939	\$ 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	23,400	4,251	14,178	7,702	192,578	53,706
2028-2032	114,836	10,755	76,956	32,444	1,021,792	196,552
2033-2037	10,000	300	88,135	21,265	653,135	93,415
2038-2042	-	-	100,815	8,460	605,815	42,810
2043-2047	-	-	-	-	150,000	6,750
Total	<u>\$ 241,655</u>	<u>\$ 39,330</u>	<u>\$ 333,101</u>	<u>\$ 104,374</u>	<u>\$ 3,429,756</u>	<u>\$ 656,960</u>

Rural Development has a reserve requirement of \$213,041 for their debt. The water fund and sewer fund have segregated \$133,541 and \$69,500, respectively, to separate funds within the Water and Sewer funds to meet this requirement. The required \$213,041 has been set aside as restricted cash on the Statement of Net Position – Proprietary Funds.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

NOTE 8 FUND BALANCE

Minimum Fund Balance Policy

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

Classifications

At December 31, 2022, a summary of governmental fund balance classifications was as follows:

	<u>General Fund</u>	
Nonspendable:		
Prepaid Expenses	\$ 23,177	
Total Nonspendable	<u>\$ 23,177</u>	
	<u>Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>
Restricted for:		
Improvement Dist. #25 TIF	\$ 73,895	\$ -
Mayville Street Project	14,593,353	-
Debt Service	2,330,038	
Cemetery	-	5,550
Library	-	8,539
Special City Lots	<u>-</u>	<u>1,382</u>
Total Restricted	<u>\$ 16,997,286</u>	<u>\$ 15,471</u>

At December 31, 2022, the business type activities reported restricted net position of \$218,559 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, 2022

NOTE 9 RISK MANAGEMENT

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

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

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

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

NOTE 10 PENSION PLAN

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

The City's total payroll for the year ended December 31, 2022 was \$419,708. The City's contributions were calculated using the base salary amount of \$342,159. The City made the required contribution, amounting to \$22,946.

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

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

NOTE 11 COMMITMENTS AND CONTINGENCY

The City participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022, may be impaired.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

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

The City has entered into multiple contracts for construction and engineering services related to Street and Storm Improvement District. No. 2022-1. As of December 31, 2022, \$1,802,433 has been paid on the construction contract of \$10,685,145 an additional \$200,270 of retainage is included in accounts payable. As of December 31, 2022, \$1,208,724 has been paid on the engineering contract for the street improvements project of \$2,116,520. As of December 31, 2022, \$228,871 has been paid on the engineering contract for the water and sewer project of \$585,174.

NOTE 12 COMPENSATED ABSENCES

Vacation leave is accrued at a rate of various hours per month for years of continuous service. Beginning in 2013, employees were allowed to have a carryover of up to forty hours. As of December 31, 2022, the total liability to the City is \$5,083. 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 13 CONDUIT DEBT

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

As of December 31, 2022, the aggregate principal amount payable was \$1,749,008.

NOTE 14 SALES TAX

The City receives sales tax money on behalf of Mayville State University and the Mayville Economic Development. During the year ended December 31, 2022, the City collected \$304,814 in sales tax dollars that were subsequently remitted to Mayville State University and Mayville Economic Development.

NOTE 15 CONCENTRATION

East Central Regional Water District accounts for 20% 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, 2022

NOTE 16 JOINT POWERS AGREEMENT

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

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

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

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 \$206,400 and \$216,900 as of December 31, 2022 and 2021, respectively.

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

	<u>Receivable</u>
2023	\$ 10,500
2024	10,500
2025	10,500
2026	10,500
2027	10,500
2028-2032	52,500
2033-2037	52,500
2038-2042	<u>48,900</u>
	<u>\$ 206,400</u>

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

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

NOTE 17 NEW PRONOUNCEMENTS

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

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. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

CITY OF MAYVILLE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2022

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 18 SUBSEQUENT EVENTS

The City is in the process of securing permanent financing through the United States Department of Agriculture to repay the Series 2022 Interim Refunding Improvement Bonds issued in connection with water, street, sewer and storm sewer improvement projects. Additional funding will be provided through special assessments to be levied in the fall of 2024.

CITY OF MAYVILLE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		
	Original & Final	Actual Amounts	Variance with Final Budget
REVENUES			
Property Taxes	\$ 327,029	\$ 316,802	\$ (10,227)
Other Taxes	228,940	260,288	31,348
Intergovernmental	113,000	154,445	41,445
Charges for Services	23,750	22,805	(945)
Fines and Forfeitures	500	-	(500)
Interest Earnings	1,200	1,625	425
Other Revenue	106,500	142,132	35,632
Total Revenues	<u>800,919</u>	<u>898,097</u>	<u>97,178</u>
EXPENDITURES			
Current:			
General Government	426,321	265,696	160,625
Public Safety	318,242	300,938	17,304
Public Works	220,862	222,811	(1,949)
Culture and Recreation	23,663	11,912	11,751
Capital Outlay	132,200	159,444	(27,244)
Debt Service:			
Principal Retirement	28,952	28,676	276
Interest and Fees	6,048	4,614	1,434
Total Expenditures	<u>1,156,288</u>	<u>994,091</u>	<u>162,197</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(355,369)</u>	<u>(95,994)</u>	<u>259,375</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>37,775</u>	<u>37,775</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>37,775</u>	<u>37,775</u>
Net Change in Fund Balances	(355,369)	(58,219)	297,150
Fund Balances - Beginning	<u>601,445</u>	<u>601,445</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 246,076</u>	<u>\$ 543,226</u>	<u>\$ 297,150</u>

See Note to the Budgetary Comparison Schedule

CITY OF MAYVILLE
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
AS OF DECEMBER 31, 2022

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, 2022

		Fire Dept.		Unterseher	Specials	Total Nonmajor
	<u>Cemetery</u>	<u>Reserve</u>	<u>Library</u>	<u>Acquisition</u>	<u>City Lots</u>	<u>Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 5,526	\$ 5,363	\$ 12,319	\$ -	\$ 3,190	\$ 26,398
Accounts Receivable	24	110	166	-	6	306
Total Assets	<u>\$ 5,550</u>	<u>\$ 5,473</u>	<u>\$ 12,485</u>	<u>\$ -</u>	<u>\$ 3,196</u>	<u>\$ 26,704</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Liabilities						
Accounts Payable	\$ -	\$ 6,678	\$ 3,879	\$ -	\$ 1,814	\$ 12,371
Accrued Expenditures	-	-	67	-	-	67
Due to Other Funds	-	-	-	20,166	-	20,166
Total Liabilities	<u>-</u>	<u>6,678</u>	<u>3,946</u>	<u>20,166</u>	<u>1,814</u>	<u>32,604</u>
FUND BALANCES						
Restricted	5,550	-	8,539	-	1,382	15,471
Unassigned	<u>-</u>	<u>(1,205)</u>	<u>-</u>	<u>(20,166)</u>	<u>-</u>	<u>(21,371)</u>
Total Fund Balances	<u>5,550</u>	<u>(1,205)</u>	<u>8,539</u>	<u>(20,166)</u>	<u>1,382</u>	<u>(5,900)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,550</u>	<u>\$ 5,473</u>	<u>\$ 12,485</u>	<u>\$ -</u>	<u>\$ 3,196</u>	<u>\$ 26,704</u>

CITY OF MAYVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Cemetery</u>	<u>Fire Dept. Reserve</u>	<u>Library</u>	<u>Unterseher Acquisition</u>	<u>Specials City Lots</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Property Taxes	\$ 8,209	\$ 37,881	\$ 57,387	\$ -	\$ 1,934	\$ 105,411
Intergovernmental Aid	7,000	-	2,781	-	-	9,781
Miscellaneous	<u>8,896</u>	<u>6,341</u>	<u>1,419</u>	<u>-</u>	<u>-</u>	<u>16,656</u>
Total Revenues	<u>24,105</u>	<u>44,222</u>	<u>61,587</u>	<u>-</u>	<u>1,934</u>	<u>131,848</u>
EXPENSES						
Current						
General Government	-	-	-	-	1,814	1,814
Culture and Recreation	23,698	-	51,093	-	-	74,791
Public Safety	-	15,609	-	-	-	15,609
Debt Service:						
Principal Retirement	-	46,088	-	-	-	46,088
Interest and Fees	<u>-</u>	<u>3,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,896</u>
Total Expenditures	<u>23,698</u>	<u>65,593</u>	<u>51,093</u>	<u>-</u>	<u>1,814</u>	<u>142,198</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>407</u>	<u>(21,371)</u>	<u>10,494</u>	<u>-</u>	<u>120</u>	<u>(10,350)</u>
Net Change in Fund Balances	<u>407</u>	<u>(21,371)</u>	<u>10,494</u>	<u>-</u>	<u>120</u>	<u>(10,350)</u>
Fund Balances - Beginning	<u>5,143</u>	<u>20,166</u>	<u>(1,955)</u>	<u>(20,166)</u>	<u>1,262</u>	<u>4,450</u>
Fund Balances - Ending	<u>\$ 5,550</u>	<u>\$ (1,205)</u>	<u>\$ 8,539</u>	<u>\$ (20,166)</u>	<u>\$ 1,382</u>	<u>\$ (5,900)</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, 2022, 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, 2023.

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 2022-001 and 2022-002 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, 2023

CITY OF MAYVILLE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

2022-001

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, 2022

2022-002

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.