

AUDIT REPORT

CITY OF EDGELEY
Edgeley, North Dakota

For the Years Ended December 31, 2023 and 2022

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF EDGELEY
Edgeley, North Dakota

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CITY OF EDGELEY
Edgeley, North Dakota

CITY OFFICIALS

December 31, 2023

Cal Triepke	Mayor
Dan Schlosser	Council President
Sally Caudillo	Council Vice President
Michelle Berry	Council Member
Rick Gutschmidt	Council Member
Preston Sitzmann	Council Member
Joseph Neis	Auditor

Rath & Mehrer, P.C.

Certified Public Accountants

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

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INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Edgeley
Edgeley, North Dakota

Report on the Audit of Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024 on our consideration of the city's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

August 30, 2024

CITY OF EDGELEY
Edgeley, North Dakota

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

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Municipal Airport Authority	Public Library	Job Development Authority
ASSETS:						
Cash, Cash Equivalents and Investments	1,069,206.53	325,135.34	1,394,341.87	143,619.68	137,525.98	307,284.75
Economic Development Loan						104,166.60
Capital Assets (net of accumulated depreciation):						
Land				148,500.00		
Buildings and Infrastructure	1,875,840.00	1,216,834.00	3,092,674.00	1,269,982.00		
Machinery and Vehicles	219,018.00	2,880.00	221,898.00	200,140.00		
Total Capital Assets	2,094,858.00	1,219,714.00	3,314,572.00	1,618,622.00		
Total Assets	3,164,064.53	1,544,849.34	4,708,913.87	1,762,241.68	137,525.98	411,451.35
LIABILITIES:						
Long-Term Liabilities:						
Due Within One Year:						
Lease Payable	15,018.93		15,018.93			
Loan Payable	20,928.85		20,928.85			
Special Assessments Bonds Payable		20,000.00	20,000.00			
Revenue Bonds Payable	64,378.80	10,500.00	74,878.80			
Due After One Year:						
Lease Payable	95,918.05		95,918.05			
Special Assessments Bonds Payable		125,000.00	125,000.00			
Revenue Bonds Payable	1,180,569.30	96,600.00	1,277,169.30			
Total Liabilities	1,376,813.93	252,100.00	1,628,913.93			
NET POSITION:						
Net Investment in Capital Assets	718,044.07	967,614.00	1,685,658.07	1,618,622.00		
Restricted for:						
Water Emergency		30,656.46	30,656.46			
Debt Service		255,353.10	255,353.10			
Special Purposes	797,490.73		797,490.73			
Unrestricted	271,715.80	39,125.78	310,841.58	143,619.68	137,525.98	411,451.35
Total Net Position	1,787,250.60	1,292,749.34	3,079,999.94	1,762,241.68	137,525.98	411,451.35

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Primary Government		Component Units		
	Governmental Activities	Business-Type Activities	Total	Municipal Airport Authority	Public Library Job Development Authority
ASSETS:					
Cash, Cash Equivalents and Investments	616,698.80	303,009.70	919,708.50	144,622.52	271,239.47
Economic Development Loan					116,666.64
Capital Assets (net of accumulated depreciation):					
Land			-	148,500.00	
Buildings and Infrastructure	1,990,080.00	1,271,942.00	3,262,022.00	1,397,384.00	
Machinery and Vehicles	234,742.00	4,320.00	239,062.00	212,136.00	
Total Capital Assets	2,224,822.00	1,276,262.00	3,501,084.00	1,758,020.00	-
Total Assets	2,841,520.80	1,579,271.70	4,420,792.50	1,902,642.52	387,906.11
LIABILITIES:					
Long-Term Liabilities:					
Due Within One Year:					
Lease Payable	14,373.02		14,373.02		
Loan Payable	24,885.70		24,885.70		
Special Assessments Bonds Payable		20,000.00	20,000.00		
Revenue Bonds Payable	93,110.24	10,200.00	103,310.24		
Due After One Year:					
Lease Payable	110,936.98		110,936.98		
Loan Payable	20,928.85		20,928.85		
Special Assessments Bonds Payable		145,000.00	145,000.00		
Revenue Bonds Payable	1,244,948.10	107,100.00	1,352,048.10		
Total Liabilities	1,509,182.89	282,300.00	1,791,482.89	-	-
NET POSITION:					
Net Investment in Capital Assets	715,639.11	993,962.00	1,709,601.11	1,758,020.00	-
Restricted for:					
Water Emergency		30,656.46	30,656.46		
Debt Service		257,411.51	257,411.51		
Special Purposes	389,971.03		389,971.03		387,906.11
Unrestricted	226,727.77	14,941.73	241,669.50	144,622.52	145,830.94
Total Net Position	1,332,337.91	1,296,971.70	2,629,309.61	1,902,642.52	387,906.11

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

CITY OF EDGELEY
Edgeley, North Dakota

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

Net (Expense) Revenue and Change in Net Position										
	Program Revenues			Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Municipal Authority	Public Library	Development Authority	Job
Functions/Programs										
Primary Government										
<u>Governmental Activities:</u>										
General Government	126,259.93	2,415.00	34,944.91	(88,900.02)		(88,900.02)				
Public Safety	1,600.00		2,500.00	900.00		900.00				
Streets and Public Works	201,721.71	5,500.00	209,426.05	13,204.34		13,204.34				
Urban and Economic Development	54,466.82		11,440.00	(43,026.82)		(43,026.82)				
Culture and Recreation	61,783.33			(61,783.33)		(61,783.33)				
Other	19,241.92	11,601.51		(7,640.41)		(7,640.41)				
Interest on Long-Term Debt	33,072.46			(33,072.46)		(33,072.46)				
Total Governmental Activities	498,146.17	19,516.51	258,310.96	(220,318.70)		(220,318.70)				
<u>Business-Type Activities:</u>										
Water	192,135.19	195,289.17			3,153.98	3,153.98				
Sewer	116,769.22	75,596.28	22,539.47		(18,633.47)	(18,633.47)				
Garbage	106,007.99	170,180.86			14,172.87	14,172.87				
Total Business-Type Activities	414,912.40	391,066.31			(1,306.62)	(1,306.62)				
Total Primary Government	913,058.57	410,582.82	258,310.96	(220,318.70)	(1,306.62)	(221,625.32)				
Component Units										
Municipal Airport Authority	640,354.81	17,383.93	441,276.35				(181,694.53)			
Public Library	33,311.47	3,000.00	14,432.76					(15,878.71)		
Job Development Authority	69,387.42		11,440.00						(57,947.42)	
Total Component Units	743,053.70	20,383.93	467,149.11				(181,694.53)	(15,878.71)	(57,947.42)	

General Revenues:

Taxes:

Property taxes; levied for general purposes	126,251.27		126,251.27	30,349.67	4,667.46
Property taxes; levied for special purposes	2,697.56	1,784.42	4,481.98		
Sales tax	413,012.56		413,012.56		31,426.82
Restaurant and lodging tax	11,661.44		11,661.44		
Cigarette tax	1,023.19		1,023.19		
Telcommunication Tax	2,827.31		2,827.31		
Intergovernmental revenue not restricted to specific programs	50,121.66		50,121.66		
Earnings on investments and other revenue	62,017.00	919.24	62,936.24	10,944.02	2,906.29
Transfers	5,619.40	(5,619.40)	-		50,065.84
Total General Revenues and Transfers	675,231.39	(2,915.74)	672,315.65	41,293.69	7,573.75
Change in Net Position	454,912.69	(4,222.36)	450,690.33	(140,400.84)	(8,304.96)
Net Position - January 1	1,332,337.91	1,296,971.70	2,629,309.61	1,902,642.52	145,830.94
Net Position - December 31	1,787,250.60	1,292,749.34	3,079,999.94	1,762,241.68	137,525.98
					411,451.35

CITY OF EDGELEY
Edgeley, North Dakota

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

Net (Expense) Revenue and Change in Net Position									
Functions/Programs	Program Revenues			Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Municipal Authority	Public Library	Job Development Authority
Primary Government									
<u>Governmental Activities:</u>									
General Government	114,212.26	6,640.00	16,435.48	(91,136.78)		(91,136.78)			
Public Safety	1,600.00			(1,600.00)		(1,600.00)			
Streets and Public Works	296,641.02		107,215.57	(189,425.45)		(189,425.45)			
Urban and Economic Development	35,248.11			(35,248.11)		(35,248.11)			
Culture and Recreation	42,500.00		8,228.00	(34,272.00)		(34,272.00)			
Other	41,661.45	13,526.12		(28,135.33)		(28,135.33)			
Interest on Long-Term Debt	33,209.70			(33,209.70)		(33,209.70)			
Total Governmental Activities	565,072.54	20,166.12	131,879.05	(413,027.37)		(413,027.37)			
<u>Business-Type Activities:</u>									
Water	209,724.08	200,766.19			(8,957.89)	(8,957.89)			
Sewer	127,529.01	75,980.93	22,832.63		(28,715.45)	(28,715.45)			
Garbage	100,617.55	119,879.08			19,261.53	19,261.53			
Total Business-Type Activities	437,870.64	396,626.20			(18,411.81)	(18,411.81)			
Total Primary Government	1,002,943.18	416,792.32	131,879.05	(413,027.37)	(18,411.81)	(431,439.18)			
Component Units									
Municipal Airport Authority	196,907.13	18,020.45	8,998.24				(169,888.44)	(12,382.28)	
Public Library	20,671.03	5,050.00	3,238.75						(24,578.02)
Job Development Authority	216,687.02		192,109.00				(169,888.44)	(12,382.28)	(24,578.02)
Total Component Units	434,265.18	23,070.45	204,345.99						

General Revenues:

Taxes:

Property taxes; levied for general purposes	127,450.15	1,714.67	127,450.15	31,721.43	5,656.20
Property taxes; levied for special purposes					
Sales tax	314,638.61		1,714.67		
Restaurant and lodging tax	11,283.50		314,638.61		26,020.11
Cigarette tax	1,117.72		11,283.50		
Intergovernmental revenue not restricted to specific programs	43,131.45		1,117.72		
Earnings on investments and other revenue	73,553.97	16,779.71	43,131.45		
Gain on sale of capital assets	53,480.00		90,333.68	474.24	2,517.09
Transfers	15,720.08	(15,720.08)	53,480.00		
Total General Revenues and Transfers	640,375.48	2,774.30	643,149.78	32,195.67	8,173.29
Change in Net Position	227,348.11	(15,637.51)	211,710.60	(137,692.77)	(4,208.99)
Net Position - January 1	1,104,989.80	1,312,609.21	2,417,599.01	2,040,335.29	150,039.93
Net Position - December 31	1,332,337.91	1,296,971.70	2,629,309.61	1,902,642.52	145,830.94
					387,906.11

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Funds				Other	Total
	General	Highway	Municipal Infrastructure	City Sales Tax	Governmental Funds	Governmental Funds
ASSETS:						
Cash, Cash Equivalents and Investment:	271,715.80	89,376.92	106,712.34	525,440.08	75,961.39	1,069,206.53
FUND BALANCES:						
Restricted for:						
Street and Public Works		89,376.92		154,532.29	19,947.92	263,857.13
Municipal Infrastructure			106,712.34			106,712.34
Urban and Economic Development				9,882.86	20,052.36	29,935.22
Culture and Recreation				41,656.76		41,656.76
Pool Construction				276,745.99		276,745.99
Capital Improvements				42,622.18		42,622.18
Armory					27,118.15	27,118.15
Clinic					8,842.96	8,842.96
Unassigned	271,715.80					271,715.80
Total Fund Balances	271,715.80	89,376.92	106,712.34	525,440.08	75,961.39	1,069,206.53

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Funds			Other	Total
	General	Highway	City Sales Tax	Governmental Funds	Governmental Funds
ASSETS:					
Cash, Cash Equivalents and Investments	226,727.77	12,456.34	321,441.76	56,072.93	616,698.80
FUND BALANCES:					
Restricted for:					
Street and Public Works		12,456.34	105,818.87		118,275.21
Urban and Economic Development			6,891.97	33,674.25	40,566.22
Culture and Recreation			27,239.05		27,239.05
Pool Construction			170,305.15		170,305.15
Capital Improvements			11,186.72		11,186.72
Armory				9,746.74	9,746.74
Clinic				12,651.94	12,651.94
Unassigned	226,727.77				226,727.77
Total Fund Balances	226,727.77	12,456.34	321,441.76	56,072.93	616,698.80

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

CITY OF EDGELEY
Edgeley, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
December 31, 2023

Total Fund Balances for Governmental Funds	1,069,206.53
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets	3,053,435.00	
Less Accumulated Depreciation	<u>(958,577.00)</u>	
Net Capital Assets		2,094,858.00

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2023 are:

Lease Payable	(110,936.98)	
Loan Payable	(20,928.85)	
Revenue Bonds Payable	<u>(1,244,948.10)</u>	
Total Long-Term Liabilities		<u>(1,376,813.93)</u>

Total Net Position of Governmental Activities	<u>1,787,250.60</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF EDGELEY
Edgeley, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
December 31, 2022

Total Fund Balances for Governmental Funds	616,698.80
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets	3,053,435.00	
Less Accumulated Depreciation	<u>(828,613.00)</u>	
Net Capital Assets		2,224,822.00

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2022 are:

Lease Payable	(125,310.00)	
Loan Payable	(45,814.55)	
Revenue Bonds Payable	<u>(1,338,058.34)</u>	
Total Long-Term Liabilities		<u>(1,509,182.89)</u>

Total Net Position of Governmental Activities	<u>1,332,337.91</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Funds				Other	Total
	General	Highway	Municipal Infrastructure	City Sales Tax	Governmental Funds	Governmental Funds
Revenues:						
Taxes	140,518.58			413,012.56	11,661.44	565,192.58
Licenses, Permits and Fees	1,965.00				11,601.51	13,566.51
Intergovernmental	57,844.32	82,765.79	106,712.34		51,840.92	299,163.37
Charges for Services	450.00	5,500.00				5,950.00
Miscellaneous	62,017.00				1,550.00	63,567.00
Total Revenues	262,794.90	88,265.79	106,712.34	413,012.56	76,653.87	947,439.46
Expenditures:						
Current:						
General Government	107,655.34				16,071.59	123,726.93
Streets and Public Works	74,330.95	33,059.76				107,390.71
Urban and Economic Development	23,040.00			31,426.82		54,466.82
Culture and Recreation				10,000.00	20,283.33	30,283.33
Other	3,831.43				15,410.49	19,241.92
Debt Service:						
Principal	39,258.72			93,110.24		132,368.96
Interest and Service Charges	5,995.28			27,077.18		33,072.46
Total Expenditures	254,111.72	33,059.76	-	161,614.24	51,765.41	500,551.13
Excess (Deficiency) of Revenue Over (Under) Expenditures	8,683.18	55,206.03	106,712.34	251,398.32	24,888.46	446,888.33
Other Financing Sources (Uses):						
Transfers In	36,304.85	21,714.55				58,019.40
Transfers Out				(47,400.00)	(5,000.00)	(52,400.00)
Total Other Financing Sources (Uses)	36,304.85	21,714.55	-	(47,400.00)	(5,000.00)	5,619.40
Net Change in Fund Balances	44,988.03	76,920.58	106,712.34	203,998.32	19,888.46	452,507.73
Fund Balance - January 1	226,727.77	12,456.34	-	321,441.76	56,072.93	616,698.80
Fund Balance - December 31	271,715.80	89,376.92	106,712.34	525,440.08	75,961.39	1,069,206.53

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Funds			Other	Total
	General	Highway	City Sales Tax	Governmental Funds	Governmental Funds
Revenues:					
Taxes	135,678.15		314,638.61	11,283.50	461,600.26
Licenses, Permits and Fees	2,240.00			13,526.12	15,766.12
Intergovernmental	45,308.65	62,955.42		59,636.15	167,900.22
Sale of Capital Assets	135,000.00				135,000.00
Miscellaneous	69,601.20		5.00	8,347.77	77,953.97
Total Revenues	387,828.00	62,955.42	314,643.61	92,793.54	858,220.57
Expenditures:					
Current:					
General Government	94,261.66			17,417.60	111,679.26
Streets and Public Works	78,590.79	126,454.23			205,045.02
Urban and Economic Development	8,228.00		26,020.11	1,000.00	35,248.11
Culture and Recreation			10,000.00	1,000.00	11,000.00
Other	30,339.46			11,321.99	41,661.45
Capital Outlay	195,310.00				195,310.00
Debt Service:					
Principal	112,054.72		91,893.47		203,948.19
Interest and Service Charges	3,475.75		29,733.95		33,209.70
Total Expenditures	522,260.38	126,454.23	157,647.53	30,739.59	837,101.73
Excess (Deficiency) of Revenue Over (Under) Expenditures	(134,432.38)	(63,498.81)	156,996.08	62,053.95	21,118.84
Other Financing Sources (Uses):					
Transfers In	111,838.51	71,790.06			183,628.57
Transfers Out		(10,000.00)	(70,000.00)	(87,908.49)	(167,908.49)
Proceeds from Lease	125,310.00				125,310.00
Total Other Financing Sources (Uses)	237,148.51	61,790.06	(70,000.00)	(87,908.49)	141,030.08
Net Change in Fund Balances	102,716.13	(1,708.75)	86,996.08	(25,854.54)	162,148.92
Fund Balance - January 1	124,011.64	14,165.09	234,445.68	81,927.47	454,549.88
Fund Balance - December 31	226,727.77	12,456.34	321,441.76	56,072.93	616,698.80

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

CITY OF EDGELEY
Edgeley, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	452,507.73
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(129,964.00)</u>	(129,964.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>132,368.96</u>	<u>132,368.96</u>

Change in Net Position of Governmental Activities	<u><u>454,912.69</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF EDGELEY
Edgeley, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	162,148.92
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	195,310.00	
Current Year Depreciation Expense	<u>(127,229.00)</u>	68,081.00

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

Debt Proceeds	(125,310.00)	
Repayment of Debt	<u>203,948.19</u>	78,638.19

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the amount of capital assets sold.

(81,520.00)

Change in Net Position of Governmental Activities

227,348.11

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
ASSETS				
<u>Current Assets:</u>				
Cash and Cash Equivalents	73,161.86	236,399.60	15,573.88	325,135.34
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	165,859.00	1,050,975.00		1,216,834.00
Machinery and Vehicles			2,880.00	2,880.00
Total Noncurrent Assets	165,859.00	1,050,975.00	2,880.00	1,219,714.00
Total Assets	239,020.86	1,287,374.60	18,453.88	1,544,849.34
LIABILITIES				
<u>Current Liabilities:</u>				
Special Assessment Bonds Payable		20,000.00		20,000.00
Revenue Bonds Payable	10,500.00			10,500.00
Total Current Liabilities	10,500.00	20,000.00	-	30,500.00
<u>Noncurrent Liabilities:</u>				
Special Assessment Bonds Payable		125,000.00		125,000.00
Revenue Bonds Payable	96,600.00			96,600.00
Total Noncurrent Liabilities	96,600.00	125,000.00	-	221,600.00
Total Liabilities	107,100.00	145,000.00	-	252,100.00
NET POSITION				
Net Investment in Capital Assets	58,759.00	905,975.00	2,880.00	967,614.00
Restricted for:				
Water Emergency	30,656.46			30,656.46
Debt Service	57,329.38	198,023.72		255,353.10
Unrestricted	(14,823.98)	38,375.88	15,573.88	39,125.78
Total Net Position	131,920.86	1,142,374.60	18,453.88	1,292,749.34

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
ASSETS				
<u>Current Assets:</u>				
Cash and Cash Equivalents	53,732.57	234,316.12	14,961.01	303,009.70
<u>Noncurrent Assets:</u>				
Capital Assets (net of accumulated depreciation):				
Buildings and Infrastructure	182,042.00	1,089,900.00		1,271,942.00
Machinery and Vehicles			4,320.00	4,320.00
Total Noncurrent Assets	182,042.00	1,089,900.00	4,320.00	1,276,262.00
Total Assets	235,774.57	1,324,216.12	19,281.01	1,579,271.70
LIABILITIES				
<u>Current Liabilities:</u>				
Special Assessment Bonds Payable		20,000.00		20,000.00
Revenue Bonds Payable	10,200.00			10,200.00
Total Current Liabilities	10,200.00	20,000.00	-	30,200.00
<u>Noncurrent Liabilities:</u>				
Special Assessment Bonds Payable		145,000.00		145,000.00
Revenue Bonds Payable	107,100.00			107,100.00
Total Noncurrent Liabilities	107,100.00	145,000.00	-	252,100.00
Total Liabilities	117,300.00	165,000.00	-	282,300.00
NET POSITION				
Net Investment in Capital Assets	64,742.00	924,900.00	4,320.00	993,962.00
Restricted for:				
Water Emergency	30,656.46			30,656.46
Debt Service	57,329.38	200,082.13		257,411.51
Unrestricted	(34,253.27)	34,233.99	14,961.01	14,941.73
Total Net Position	118,474.57	1,159,216.12	19,281.01	1,296,971.70

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water Charges	195,289.17			195,289.17
Sewer Charges		50,867.20		50,867.20
Garbage Charges			120,180.86	120,180.86
Surcharges		23,429.08		23,429.08
Other Fees and Charges		1,300.00		1,300.00
Total Operating Revenues	195,289.17	75,596.28	120,180.86	391,066.31
<u>Operating Expenses:</u>				
Salaries and Benefits	51,629.02	56,314.73		107,943.75
Contracted Services	4,400.00	4,400.00	4,650.00	13,450.00
Operations	35,919.13	10,747.19	1,670.44	48,336.76
Purchased Water	80,499.96			80,499.96
Garbage Contract			98,247.55	98,247.55
Depreciation	16,183.00	38,925.00	1,440.00	56,548.00
Total Operating Expenses	188,631.11	110,386.92	106,007.99	405,026.02
Operating Income (Loss)	6,658.06	(34,790.64)	14,172.87	(13,959.71)
<u>Non-Operating Revenues (Expenses):</u>				
Special Assessments		22,539.47		22,539.47
City Share of Special Assessments		1,784.42		1,784.42
Miscellaneous Receipts	160.00	498.48		658.48
Interest	132.31	128.45		260.76
Lamoure County		(1,432.30)		(1,432.30)
Interest Payments and Service Charges	(3,504.08)	(4,950.00)		(8,454.08)
Total Non-Operating Revenues (Expenses)	(3,211.77)	18,568.52	-	15,356.75
Income (Loss) Before Transfers	3,446.29	(16,222.12)	14,172.87	1,397.04
Transfers In	10,000.00	15,000.00		25,000.00
Transfers Out		(15,619.40)	(15,000.00)	(30,619.40)
Change in Net Position	13,446.29	(16,841.52)	(827.13)	(4,222.36)
Net Position - January 1	118,474.57	1,159,216.12	19,281.01	1,296,971.70
Net Position - December 31	131,920.86	1,142,374.60	18,453.88	1,292,749.34

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Operating Revenues:</u>				
Charges for Sales and Services:				
Water Charges	200,766.19			200,766.19
Sewer Charges		51,000.80		51,000.80
Garbage Charges			119,879.08	119,879.08
Surcharges		23,580.13		23,580.13
Other Fees and Charges		1,400.00		1,400.00
Total Operating Revenues	200,766.19	75,980.93	119,879.08	396,626.20
<u>Operating Expenses:</u>				
Salaries and Benefits	45,285.90	50,625.28		95,911.18
Contracted Services	4,000.00	4,000.00	4,000.00	12,000.00
Operations	59,998.87	27,013.33	1,820.36	88,832.56
Purchased Water	80,499.96			80,499.96
Garbage Contract			93,357.19	93,357.19
Depreciation	16,183.00	38,925.00	1,440.00	56,548.00
Total Operating Expenses	205,967.73	120,563.61	100,617.55	427,148.89
Operating Income (Loss)	(5,201.54)	(44,582.68)	19,261.53	(30,522.69)
<u>Non-Operating Revenues (Expenses):</u>				
Special Assessments		22,832.63		22,832.63
City Share of Special Assessments		1,714.67		1,714.67
Miscellaneous Receipts	16,348.41	395.64		16,744.05
Interest	26.50	9.16		35.66
Lamoure County		(1,415.40)		(1,415.40)
Interest Payments and Service Charges	(3,756.35)	(5,550.00)		(9,306.35)
Total Non-Operating Revenues (Expenses)	12,618.56	17,986.70	-	30,605.26
Income (Loss) Before Transfers	7,417.02	(26,595.98)	19,261.53	82.57
Transfers In	10,000.00	30,000.00		40,000.00
Transfers Out	(20,000.00)	(15,720.08)	(20,000.00)	(55,720.08)
Change in Net Position	(2,582.98)	(12,316.06)	(738.47)	(15,637.51)
Net Position - January 1	121,057.55	1,171,532.18	20,019.48	1,312,609.21
Net Position - December 31	118,474.57	1,159,216.12	19,281.01	1,296,971.70

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Cash flows from operating activities:</u>				
Receipts from customers	195,289.17	75,596.28	120,180.86	391,066.31
Payments to suppliers	(120,819.09)	(15,147.19)	(104,567.99)	(240,534.27)
Payments to employees	(51,629.02)	(56,314.73)		(107,943.75)
Net cash provided (used) by operating activities	22,841.06	4,134.36	15,612.87	42,588.29
<u>Cash flows from noncapital financing activities:</u>				
City share of special assessments		1,784.42		1,784.42
Miscellaneous receipts	160.00	498.48		658.48
Lamoure County		(1,432.30)		(1,432.30)
Transfers in	10,000.00	15,000.00		25,000.00
Transfers out		(15,619.40)	(15,000.00)	(30,619.40)
Net cash provided (used) by noncapital financing activities	10,160.00	231.20	(15,000.00)	(4,608.80)
<u>Cash flows from capital and related financing activities:</u>				
Special assessments		22,539.47		22,539.47
Principal payments	(10,200.00)	(20,000.00)		(30,200.00)
Interest and service charges	(3,504.08)	(4,950.00)		(8,454.08)
Net cash provided (used) by capital and related financing activities	(13,704.08)	(2,410.53)	-	(16,114.61)
<u>Cash Flows from investing activities:</u>				
Interest income	132.31	128.45	-	260.76
Net increase in cash and cash equivalents	19,429.29	2,083.48	612.87	22,125.64
Cash and cash equivalents, January 1	53,732.57	234,316.12	14,961.01	303,009.70
Cash and cash equivalents, December 31	73,161.86	236,399.60	15,573.88	325,135.34
 <u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	6,658.06	(34,790.64)	14,172.87	(13,959.71)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	16,183.00	38,925.00	1,440.00	56,548.00
Net cash provided (used) by operating activities	22,841.06	4,134.36	15,612.87	42,588.29

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Major Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Garbage	
<u>Cash flows from operating activities:</u>				
Receipts from customers	200,766.19	75,980.93	119,879.08	396,626.20
Payments to suppliers	(144,498.83)	(31,013.33)	(99,177.55)	(274,689.71)
Payments to employees	(45,285.90)	(50,625.28)		(95,911.18)
Net cash provided (used) by operating activities	10,981.46	(5,657.68)	20,701.53	26,025.31
<u>Cash flows from noncapital financing activities:</u>				
City share of special assessments		1,714.67		1,714.67
Miscellaneous receipts	16,348.41	395.64		16,744.05
Lamoure County		(1,415.40)		(1,415.40)
Transfers in	10,000.00	30,000.00		40,000.00
Transfers out	(20,000.00)	(15,720.08)	(20,000.00)	(55,720.08)
Net cash provided (used) by noncapital financing activities	6,348.41	14,974.83	(20,000.00)	1,323.24
<u>Cash flows from capital and related financing activities:</u>				
Special assessments		22,832.63		22,832.63
Principal payments	(9,900.00)	(20,000.00)		(29,900.00)
Interest and service charges	(3,756.35)	(5,550.00)		(9,306.35)
Net cash provided (used) by capital and related financing activities	(13,656.35)	(2,717.37)	-	(16,373.72)
<u>Cash Flows from investing activities:</u>				
Interest income	26.50	9.16	-	35.66
Net increase in cash and cash equivalents	3,700.02	6,608.94	701.53	11,010.49
Cash and cash equivalents, January 1	50,032.55	227,707.18	14,259.48	291,999.21
Cash and cash equivalents, December 31	53,732.57	234,316.12	14,961.01	303,009.70
 <u>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</u>				
Operating income (loss)	(5,201.54)	(44,582.68)	19,261.53	(30,522.69)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</u>				
Depreciation expense	16,183.00	38,925.00	1,440.00	56,548.00
Net cash provided (used) by operating activities	10,981.46	(5,657.68)	20,701.53	26,025.31

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Custodial Fund
<u>Assets:</u>	
Cash and Investments	<u>756.14</u>
<u>Net Position:</u>	
Restricted For:	
Organizations and Other Governments	<u>756.14</u>

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Custodial Fund
<u>Assets:</u>	
Cash and Investments	<u>710.56</u>
<u>Net Position:</u>	
Restricted For:	
Organizations and Other Governments	<u>710.56</u>

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	<u>Custodial Fund</u>
<u>Additions:</u>	
State aid collections for other governments	<u>8,844.99</u>
<u>Deductions:</u>	
Payment of state aid collections to other governments	<u>8,799.41</u>
Change in Net Position	<u>45.58</u>
Net Position - January 1	<u>710.56</u>
Net Position - December 31	<u><u>756.14</u></u>

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	<u>Custodial Fund</u>
<u>Additions:</u>	
State aid collections for other governments	<u>7,611.43</u>
<u>Deductions:</u>	
Payment of state aid collections to other governments	<u>7,544.15</u>
Change in Net Position	<u>67.28</u>
Net Position - January 1	<u>643.28</u>
Net Position - December 31	<u><u>710.56</u></u>

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

CITY OF EDGELEY
Edgeley, North Dakota

Notes to the Financial Statements
December 31, 2023 and 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

Discretely Presented Component Units:

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

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

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

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

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, the City of Edgeley and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the

governmental and business-type activities of the city. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The city reports the following major governmental funds:

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

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

City Sales Tax Fund. This fund accounts for the city's sales tax collections, which are used for urban and economic development, culture and recreation, debt service and to provide funds for various projects.

Municipal Infrastructure. This fund is used to account for funding received through the North Dakota Municipal Infrastructure Fund (House Bill 1066) to be used for infrastructure projects.

The city reports the following major enterprise funds:

Water. This fund accounts for the activities of the city's water distribution system. The city also makes the principal and interest payments for the revenue bonds from water collections.

Sewer. This fund accounts for the activities of the city's sewage collection system.

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

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

Custodial Fund. This fund accounts for assets held by the city in a custodial capacity as an agent on behalf of others. The city's custodial fund is used to accounts for various deposits of other governments.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

D. Cash, Cash Equivalents and Investments

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

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings and Infrastructure	20 to 75 years
Machinery and Vehicles	5 to 15 years

F. Long-Term Obligations

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

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

G. Fund Equity

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

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

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

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

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

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

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

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

- Committed
- Assigned
- Unassigned

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

H. Interfund Transactions

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

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

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

I. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2023 the city's carrying amount of deposits was \$1,395,098 and the bank balance was \$1,401,224. Of the bank balance, \$1,401,224 was covered by Federal Depository Insurance.

At December 31, 2022 the city's carrying amount of deposits was \$920,419 and the bank balance was \$922,523. Of the bank balance, \$376,892 was covered by Federal Depository Insurance. The remaining balance of \$545,631 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

(3) Certificates of deposit fully insured by the federal deposit insurance corporation.

(4) Obligations of the State.

At December 31, 2023, the city held certificates of deposit in the amount of \$1,053,220, which are all considered deposits.

At December 31, 2022, the city held certificates of deposit in the amount of \$18,400, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 PROPERTY TAXES

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

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

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

Note 4 ECONOMIC DEVELOPMENT LOAN

The Edgeley Job Development Authority made an economic development loan to the Butcher's Edge. The following amounts are outstanding at December 31:

	<u>2023</u>	<u>2022</u>
Butcher's Edge	<u>104,166.60</u>	<u>116,666.64</u>

Note 5 CAPITAL ASSETS

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

<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,782,000			2,782,000
Machinery and Vehicles	271,435			271,435
Total	<u>3,053,435</u>	<u>-</u>	<u>-</u>	<u>3,053,435</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	791,920	114,240		906,160
Machinery and Vehicles	36,693	15,724		52,417
Total	<u>828,613</u>	<u>129,964</u>	<u>-</u>	<u>958,577</u>
Governmental Activities Capital Assets, Net	<u>2,224,822</u>	<u>(129,964)</u>	<u>-</u>	<u>2,094,858</u>

<u>December 31, 2022</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,782,000			2,782,000
Machinery and Vehicles	211,989	195,310	135,864	271,435
Total	<u>2,993,989</u>	<u>195,310</u>	<u>135,864</u>	<u>3,053,435</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	677,680	114,240		791,920
Machinery and Vehicles	78,048	12,989	54,344	36,693
Total	<u>755,728</u>	<u>127,229</u>	<u>54,344</u>	<u>828,613</u>
Governmental Activities Capital Assets, Net	<u>2,238,261</u>	<u>68,081</u>	<u>81,520</u>	<u>2,224,822</u>
<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,310,000			2,310,000
Machinery and Vehicles	7,200			7,200
Total	<u>2,317,200</u>	<u>-</u>	<u>-</u>	<u>2,317,200</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	1,038,058	55,108		1,093,166
Machinery and Vehicles	2,880	1,440		4,320
Total	<u>1,040,938</u>	<u>56,548</u>	<u>-</u>	<u>1,097,486</u>
Business-type Activities Capital Assets, Net	<u>1,276,262</u>	<u>(56,548)</u>	<u>-</u>	<u>1,219,714</u>
<u>December 31, 2022</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	2,310,000			2,310,000
Machinery and Vehicles	7,200			7,200
Total	<u>2,317,200</u>	<u>-</u>	<u>-</u>	<u>2,317,200</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	982,950	55,108		1,038,058
Machinery and Vehicles	1,440	1,440		2,880
Total	<u>984,390</u>	<u>56,548</u>	<u>-</u>	<u>1,040,938</u>
Business-type Activities Capital Assets, Net	<u>1,332,810</u>	<u>(56,548)</u>	<u>-</u>	<u>1,276,262</u>

<u>December 31, 2023</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Discretely Presented Component Unit:				
<i>Capital assets not being depreciated:</i>				
Land	<u>148,500</u>	<u></u>	<u></u>	<u>148,500</u>
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	<u>3,185,050</u>			<u>3,185,050</u>
Machinery and Vehicles	<u>239,920</u>	<u></u>	<u></u>	<u>239,920</u>
Total	<u>3,424,970</u>	<u>-</u>	<u>-</u>	<u>3,424,970</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	<u>1,787,666</u>	<u>127,402</u>		<u>1,915,068</u>
Machinery and Vehicles	<u>27,784</u>	<u>11,996</u>		<u>39,780</u>
Total	<u>1,815,450</u>	<u>139,398</u>	<u>-</u>	<u>1,954,848</u>
Total capital assets being depreciated, net	<u>1,609,520</u>	<u>(139,398)</u>	<u>-</u>	<u>1,470,122</u>
Discretely Presented Component Unit Capital Assets, net	<u>1,758,020</u>	<u>(139,398)</u>	<u>-</u>	<u>1,618,622</u>
 <u>December 31, 2022</u>	 <u>Balance January 1</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Balance December 31</u>
Discretely Presented Component Unit:				
<i>Capital assets not being depreciated:</i>				
Land	<u>148,500</u>	<u></u>	<u></u>	<u>148,500</u>
<i>Capital assets being depreciated:</i>				
Buildings and Infrastructure	<u>3,185,050</u>			<u>3,185,050</u>
Machinery and Vehicles	<u>239,920</u>	<u></u>	<u></u>	<u>239,920</u>
Total	<u>3,424,970</u>	<u>-</u>	<u>-</u>	<u>3,424,970</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	<u>1,660,264</u>	<u>127,402</u>		<u>1,787,666</u>
Machinery and Vehicles	<u>15,788</u>	<u>11,996</u>		<u>27,784</u>
Total	<u>1,676,052</u>	<u>139,398</u>	<u>-</u>	<u>1,815,450</u>
Total capital assets being depreciated, net	<u>1,748,918</u>	<u>(139,398)</u>	<u>-</u>	<u>1,609,520</u>
Discretely Presented Component Unit Capital Assets, net	<u>1,897,418</u>	<u>(139,398)</u>	<u>-</u>	<u>1,758,020</u>

Depreciation expense was charged to functions/programs of the city and the discretely presented component unit as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
<u>Governmental Activities:</u>		
General Government	2,533	2,533
Public Safety	1,600	1,600
Streets and Public Works	94,331	91,596
Culture and Recreation	31,500	31,500
Total	<u>129,964</u>	<u>127,229</u>
<u>Business-type Activities:</u>		
Water	16,183	16,183
Sewer	38,925	38,925
Garbage	1,440	1,440
Total	<u>56,548</u>	<u>56,548</u>
<u>Discretely Presented</u>		
<u>Component Unit:</u>		
Airport Authority	<u>139,398</u>	<u>139,398</u>

Note 6 LEASE PAYABLE

The city has entered into the following lease agreement.

\$125,310 lease-purchase of a 2022 Caterpillar 926M Wheel Loader, due in annual installments of \$20,000.00 through December 1, 2026 and a final installment of \$66,692.69 on December 1, 2027; payments include interest at 4.49%.

110,936.98

This lease agreement qualifies as a lease for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under this capital lease, and the net present value of the minimum lease payments at December 31, 2023;

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2024	20,000.00
2025	20,000.00
2026	20,000.00
2027	<u>66,692.69</u>
Total minimum lease payments	126,692.69
Less: amount representing interest	<u>(15,755.71)</u>
Present value of future minimum lease payments	<u>110,936.98</u>

Note 7 LONG-TERM DEBT

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

Governmental Activities:

	Balance January 1	Increases	2023 Decreases	Balance December 31	Due Within One Year
Lease Payable	125,310		14,373	110,937	15,019
Loan Payable	45,815		24,886	20,929	20,929
Revenue Bonds Payable	1,338,058		93,110	1,244,948	64,379
Total	1,509,183	-	132,369	1,376,814	100,327

	Balance January 1	Increases	2022 Decreases	Balance December 31	Due Within One Year
Lease Payable	87,417	125,310	87,417	125,310	14,373
Loan Payable	70,453		24,638	45,815	24,886
Revenue Bonds Payable	1,429,952		91,893	1,338,058	93,110
Total	1,587,821	125,310	203,949	1,509,182	132,369

Business-type Activities (Proprietary Funds):

	Balance January 1	Increases	2023 Decreases	Balance December 31	Due Within One Year
Special Assessment Bonds	165,000		20,000	145,000	20,000
Revenue Bonds Payable	117,300	-	10,200	107,100	10,500
Total	282,300	-	30,200	252,100	30,500

	Balance January 1	Increases	2022 Decreases	Balance December 31	Due Within One Year
Special Assessment Bonds	185,000		20,000	165,000	20,000
Revenue Bonds Payable	127,200		9,900	117,300	10,200
Total	312,200	-	29,900	282,300	30,200

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

Governmental Activities:

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

Loan Payable. The city has taken out a loan to provide funds for the construction of a city shop. Loan Payable at December 31, 2023 is as follows:

\$240,000.00 loan payable with Dakota Valley Electric Cooperative. This loan is due in monthly installments of \$2,012.50 through October 10, 2024; payments include interest at 1%.

20,928.85

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	<u>20,928.85</u>	<u>96.03</u>

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

\$1,475,000.00 Sales Tax Revenue Bonds of 2020, due in semi-annual installments of \$44,478.71 through November 1, 2039 and a final installment of \$44,479.01 on May 1, 2040; payments include interest at 2%.

1,244,948.10

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	64,378.80	24,578.62
2025	65,672.81	23,284.61
2026	66,992.84	21,964.58
2027	68,339.40	20,618.02
2028	69,713.01	19,244.41
2029-2033	370,155.40	74,631.70
2034-2038	408,881.83	35,905.27
2039-2040	130,814.01	2,622.42
Total	<u>1,244,948.10</u>	<u>222,849.63</u>

Business-type Activities (Proprietary Funds):

Special Assessment Bond Debt. The city has special assessment bonds to provide funds for sewer main improvements. Special assessment bonds outstanding at December 31, 2023 are as follows:

\$342,766.00 Sewer Main Improvement Bonds of 2009, due in annual installments of \$20,000.00 to \$25,000.00 through September 1, 2030; interest is at 2.5%.

145,000.00

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	20,000.00	3,625.00
2025	20,000.00	3,125.00
2026	20,000.00	2,625.00
2027	20,000.00	2,125.00
2028	20,000.00	1,625.00
2029-2030	45,000.00	1,625.00
Total	<u>145,000.00</u>	<u>14,750.00</u>

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

\$313,000.00 Bank of North Dakota Loan, due in annual installments of \$9,300.00 to \$10,500.00 through December 7, 2032; interest is at 3%.	<u>107,100.00</u>
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The annual requirements to amortize the outstanding revenue bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	10,500.00	3,213.00
2025	10,800.00	2,898.00
2026	11,200.00	2,574.00
2027	11,500.00	2,238.00
2028	11,800.00	1,893.00
2029-2032	51,300.00	3,921.00
Total	<u>107,100.00</u>	<u>16,737.00</u>

Note 8 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended December 31:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>December 31, 2023</u>		
General	32,400.00	
Highway	10,000.00	
City Sales Tax:		
Capital Improvements		37,400.00
Restaurant and Lodging Tax		5,000.00
To subsidize expenditures.		

General	3,904.85	
Highway	11,714.55	
Water: Operating	10,000.00	
Sewer: Operating	15,000.00	
City Sales Tax:		
Parks and Recreation		10,000.00
Sewer: Operating		15,619.40
Garbage		15,000.00

Yearly transfers to subsidize expenditures.

December 31, 2022

General	87,908.49	
American Recovery Plan Act		87,908.49
To move ARPA funds to General Fund.		
General	20,000.00	
Water: Operating		20,000.00
To subsidize debt service payments.		
Highway	60,000.00	
City Sales Tax:		
Capital Improvements		60,000.00
To subsidize expenditures.		
General	3,930.02	
Highway	11,790.06	
Water: Operating	10,000.00	
Sewer: Operating	30,000.00	
Highway		10,000.00
City Sales Tax:		
Parks and Recreation		10,000.00
Sewer: Operating		15,720.08
Garbage		20,000.00

Yearly transfers to subsidize expenditures.

Note 9 **RISK MANAGEMENT**

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

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

NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$818,000 for public assets.

The city also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The city pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the city with a blanket fidelity bond coverage in the amount of \$454,151 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

Note 10 PENSION PLAN

The city provides benefits for all of its full-time employees through a defined contribution plan with PFS Shareholder Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The city contributes 3% of the employee's gross salary for the year. During the years ending December 31, 2023 and 2022, the city contributed \$4,091.21 and \$3,973.72, respectively.

Note 11 TAX ABATEMENTS

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

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	135,000.00	140,518.58	5,518.58
Licenses, Permits and Fees	1,930.00	1,965.00	35.00
Intergovernmental	42,600.00	57,844.32	15,244.32
Charges for Services	800.00	450.00	(350.00)
Miscellaneous	8,200.00	62,017.00	53,817.00
Total Revenues	188,530.00	262,794.90	74,264.90
<u>Expenditures:</u>			
Current:			
General Government	97,910.00	107,655.34	(9,745.34)
Streets and Public Works	59,900.00	74,330.95	(14,430.95)
Urban and Economic Development	8,000.00	23,040.00	(15,040.00)
Other	15,000.00	3,831.43	11,168.57
Capital Outlay			-
Debt Service:			
Principal	25,254.00	39,258.72	(14,004.72)
Interest and Service Charges		5,995.28	(5,995.28)
Total Expenditures	206,064.00	254,111.72	(48,047.72)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(17,534.00)	8,683.18	26,217.18
<u>Other Financing Sources:</u>			
Transfers In	23,800.00	36,304.85	12,504.85
Net Change in Fund Balances	6,266.00	44,988.03	38,722.03
Fund Balance - January 1	226,727.77	226,727.77	
Fund Balance - December 31	232,993.77	271,715.80	38,722.03

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	133,000.00	135,678.15	2,678.15
Licenses, Permits and Fees	1,930.00	2,240.00	310.00
Intergovernmental	37,300.00	45,308.65	8,008.65
Charges for Services	1,200.00		(1,200.00)
Sale of Assets		135,000.00	135,000.00
Miscellaneous	4,700.00	69,601.20	64,901.20
Total Revenues	178,130.00	387,828.00	209,698.00
<u>Expenditures:</u>			
Current:			
General Government	93,800.00	94,261.66	(461.66)
Streets and Public Works	59,900.00	78,590.79	(18,690.79)
Urban and Economic Development	10,000.00	8,228.00	1,772.00
Culture and Recreation			-
Other	29,000.00	30,339.46	(1,339.46)
Capital Outlay		195,310.00	(195,310.00)
Debt Service:			
Principal	25,254.00	112,054.72	(86,800.72)
Interest and Service Charges		3,475.75	(3,475.75)
Total Expenditures	217,954.00	522,260.38	(304,306.38)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(39,824.00)	(134,432.38)	(94,608.38)
<u>Other Financing Sources:</u>			
Transfers In	38,800.00	111,838.51	73,038.51
Proceeds from Lease		125,310.00	125,310.00
Total Other Financing Sources	38,800.00	237,148.51	198,348.51
Net Change in Fund Balances	(1,024.00)	102,716.13	103,740.13
Fund Balance - January 1	124,011.64	124,011.64	
Fund Balance - December 31	122,987.64	226,727.77	103,740.13

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Intergovernmental	62,000.00	82,765.79	20,765.79
Charges for Services	500.00	5,500.00	5,000.00
Total Revenues	62,500.00	88,265.79	25,765.79
<u>Expenditures:</u>			
Current:			
Streets and Public Works	90,000.00	33,059.76	56,940.24
Excess (Deficiency) of Revenue Over (Under) Expenditures	(27,500.00)	55,206.03	82,706.03
<u>Other Financing Sources:</u>			
Transfers In	32,000.00	21,714.55	(10,285.45)
Net Change in Fund Balance	4,500.00	76,920.58	72,420.58
Fund Balance - January 1	12,456.34	12,456.34	
Fund Balance - December 31	16,956.34	89,376.92	72,420.58

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Intergovernmental	58,000.00	62,955.42	4,955.42
Charges for Services	1,000.00		(1,000.00)
Total Revenues	59,000.00	62,955.42	3,955.42
<u>Expenditures:</u>			
Current:			
Streets and Public Works	88,500.00	126,454.23	(37,954.23)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(29,500.00)	(63,498.81)	(33,998.81)
<u>Other Financing Sources (Uses):</u>			
Transfers In	31,500.00	71,790.06	40,290.06
Transfers Out		(10,000.00)	(10,000.00)
Other Financial Sources (Uses)	31,500.00	61,790.06	30,290.06
Net Change in Fund Balance	2,000.00	(1,708.75)	(3,708.75)
Fund Balance - January 1	14,165.09	14,165.09	
Fund Balance - December 31	16,165.09	12,456.34	(3,708.75)

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	288,000.00	413,012.56	125,012.56
<u>Expenditures:</u>			
Current:			
Urban and Economic Development	24,000.00	31,426.82	(7,426.82)
Culture and Recreation	20,000.00	10,000.00	10,000.00
Debt Service:			
Principal	93,110.24	93,110.24	-
Interest and Service Charges	28,674.46	27,077.18	1,597.28
Total Expenditures	165,784.70	161,614.24	4,170.46
Excess (Deficiency) of Revenue Over (Under) Expenditures	122,215.30	251,398.32	129,183.02
<u>Other Financing (Uses):</u>			
Transfers Out	(50,000.00)	(47,400.00)	2,600.00
Net Change in Fund Balance	72,215.30	203,998.32	131,783.02
Fund Balance - January 1	321,441.76	321,441.76	
Fund Balance - December 31	393,657.06	525,440.08	131,783.02

CITY OF EDGELEY
Edgeley, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	252,000.00	314,638.61	62,638.61
Miscellaneous		5.00	5.00
Total Revenues	252,000.00	314,643.61	62,643.61
<u>Expenditures:</u>			
Current:			
Streets and Public Works	20,000.00		20,000.00
Urban and Economic Development	21,000.00	26,020.11	(5,020.11)
Culture and Recreation	45,000.00	10,000.00	35,000.00
Debt Service:			
Principal	91,893.47	91,893.47	-
Interest and Service Charges	29,466.00	29,733.95	(267.95)
Total Expenditures	207,359.47	157,647.53	49,711.94
Excess (Deficiency) of Revenue Over (Under) Expenditures	44,640.53	156,996.08	112,355.55
<u>Other Financing (Uses):</u>			
Transfers Out	(20,000.00)	(70,000.00)	(50,000.00)
Net Change in Fund Balance	24,640.53	86,996.08	62,355.55
Fund Balance - January 1	234,445.68	234,445.68	
Fund Balance - December 31	259,086.21	321,441.76	62,355.55

CITY OF EDGELEY
Edgeley, North Dakota

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

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

Note 2 LEGAL COMPLIANCE

Budget Amendments

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

Excess of Actual Expenditures over Budget

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

	<u>2023</u>	<u>2022</u>
General Fund	48,047.72	304,306.38
<u>Special Revenue Funds</u>		
Highway	-	37,954.23
Restaurant and Lodging Taxes	8,783.33	
Armory	71.59	
Clinic	3,710.49	

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

Note 3 A formal budget was not adopted for the Municipal Infrastructure Fund for December 31, 2023 and therefore a budgetary comparison schedule is not presented for this major governmental fund.

CITY OF EDGELEY
Edgeley, North Dakota

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

	Balance 1-1-2023	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2023
Major Governmental Funds						
General Fund	226,727.77	262,794.90	36,304.85		254,111.72	271,715.80
Highway	12,456.34	88,265.79	21,714.55		33,059.76	89,376.92
Municipal Infrastructure		106,712.34				106,712.34
City Sales Tax						
Capital Improvements	11,186.72	68,835.46		37,400.00		42,622.18
Streets	105,818.87	137,670.84			88,957.42	154,532.29
Parks and Recreation	27,239.05	34,417.71		10,000.00	10,000.00	41,656.76
Jobs Development	6,891.97	34,417.71			31,426.82	9,882.86
Pool Construction	170,305.15	137,670.84			31,230.00	276,745.99
Total Major Governmental Funds	560,625.87	870,785.59	58,019.40	47,400.00	448,785.72	993,245.14
Non-Major Governmental Funds						
Legacy Highway Fund		19,947.92				19,947.92
Restaurant and Lodging Tax	33,674.25	11,661.44		5,000.00	20,283.33	20,052.36
Armory	9,746.74	33,443.00			16,071.59	27,118.15
Clinic	12,651.94	11,601.51			15,410.49	8,842.96
Total Non-Major Governmental Funds	56,072.93	76,653.87	-	5,000.00	51,765.41	75,961.39
Total Governmental Funds	616,698.80	947,439.46	58,019.40	52,400.00	500,551.13	1,069,206.53
Major Enterprise Funds						
Water						
Operating	(34,253.27)	195,581.48	10,000.00		186,152.19	(14,823.98)
Water Emergency	30,656.46					30,656.46
Water Reserve	57,329.38					57,329.38
Sewer						
Operating	34,233.99	76,223.21	15,000.00	15,619.40	71,461.92	38,375.88
Sewer Special Assessments	200,082.13	24,323.89			26,382.30	198,023.72
Garbage	14,961.01	120,180.86		15,000.00	104,567.99	15,573.88
Total Major Enterprise Funds	303,009.70	416,309.44	25,000.00	30,619.40	388,564.40	325,135.34
Fiduciary Fund						
Custodial Fund						
Park	710.56	8,844.99			8,799.41	756.14
Total Primary Government	920,419.06	1,372,593.89	83,019.40	83,019.40	897,914.94	1,395,098.01
Discretely Presented Component Units						
Airport Authority	144,622.52	499,953.97			500,956.81	143,619.68
Library	145,830.94	25,006.51			33,311.47	137,525.98
Job Development Authority	271,239.47	105,432.70			69,387.42	307,284.75
Total Discretely Presented Component Units	561,692.93	630,393.18	-	-	603,655.70	588,430.41
Total Reporting Entity	1,482,111.99	2,002,987.07	83,019.40	83,019.40	1,501,570.64	1,983,528.42

CITY OF EDGELEY
Edgeley, North Dakota

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

	Balance 1-1-2022	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2022
<u>Major Governmental Funds</u>						
General Fund	124,011.64	387,828.00	111,838.51		396,950.38	226,727.77
Highway	14,165.09	62,955.42	71,790.06	10,000.00	126,454.23	12,456.34
<u>City Sales Tax</u>						
Capital Improvements	18,746.89	52,439.83		60,000.00		11,186.72
Streets	89,891.77	104,884.52			88,957.42	105,818.87
Parks and Recreation	21,019.18	26,219.87		10,000.00	10,000.00	27,239.05
Jobs Development	6,692.21	26,219.87			26,020.11	6,891.97
Pool Construction	98,095.63	104,879.52			32,670.00	170,305.15
Total Major Governmental Funds	372,622.41	765,427.03	183,628.57	80,000.00	681,052.14	560,625.87
<u>Non-Major Governmental Funds</u>						
American Recovery Plan Act	43,648.34	44,260.15		87,908.49		-
Fire Department	(3,947.77)	3,947.77				
Restaurant and Lodging Tax	24,390.75	11,283.50			2,000.00	33,674.25
Armory	11,788.34	15,376.00			17,417.60	9,746.74
Clinic	6,047.81	17,926.12			11,321.99	12,651.94
Total Non-Major Governmental Funds	81,927.47	92,793.54	-	87,908.49	30,739.59	56,072.93
Total Governmental Funds	454,549.88	858,220.57	183,628.57	167,908.49	711,791.73	616,698.80
<u>Major Enterprise Funds</u>						
<u>Water</u>						
Operating	(37,953.29)	217,141.10	10,000.00	20,000.00	203,441.08	(34,253.27)
Water Emergency	30,656.46					30,656.46
Water Reserve	57,329.38					57,329.38
<u>Sewer</u>						
Operating	25,206.95	76,385.73	30,000.00	15,720.08	81,638.61	34,233.99
Sewer Special Assessments	202,500.23	24,547.30			26,965.40	200,082.13
Garbage	14,259.48	119,879.08		20,000.00	99,177.55	14,961.01
Total Major Enterprise Funds	291,999.21	437,953.21	40,000.00	55,720.08	411,222.64	303,009.70
<u>Fiduciary Fund</u>						
<u>Custodial Fund</u>						
Park	643.28	7,611.43			7,544.15	710.56
Total Primary Government	747,192.37	1,303,785.21	223,628.57	223,628.57	1,130,558.52	920,419.06
<u>Discretely Presented Component Units</u>						
Airport Authority	142,917.29	59,214.36			57,509.13	144,622.52
Library	150,039.93	16,462.04			20,671.03	145,830.94
Job Development Authority	366,620.83	246,305.66			341,687.02	271,239.47
Total Discretely Presented Component Units	659,578.05	321,982.06	-	-	419,867.18	561,692.93
Total Reporting Entity	1,406,770.42	1,625,767.27	223,628.57	223,628.57	1,550,425.70	1,482,111.99

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Edgeley
Edgeley, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Edgeley, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the city's basic financial statements, and have issued our report thereon dated August 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

August 30, 2024

CITY OF EDGELEY
Edgeley, North Dakota

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

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

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

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. 2023-001 – Segregation of Duties

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

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

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

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

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

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

2. 2023-002- Financial Statement Preparation

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

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

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

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

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

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