



Financial Statements  
December 31, 2011  
**City of Mandan**

---

**CITY OF MANDAN, NORTH DAKOTA  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

	<u>Page(s)</u>
List of Elected and Appointed Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Assets	23
Statement of Changes in Fiduciary Net Assets	24
Notes to the Financial Statements	25
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedules	
- General Fund	46
- Cemetery Fund	47
- Mandan Growth Fund	48
- Flood Control Fund	49
- Morton Mandan Public Library Fund	50
Notes to the Required Supplementary Information	51

	<u>Page(s)</u>
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Balance Sheets	
- Nonmajor Special Revenue Funds	53
- Nonmajor Debt Service Funds	55
- Nonmajor Capital Projects Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	57
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	
- Nonmajor Special Revenue Funds	58
- Nonmajor Debt Service Funds	61
- Nonmajor Capital Projects Funds	62

---

**CITY OF MANDAN, NORTH DAKOTA  
LIST OF ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2011**

---

**Elected Officials**

Mayor/President	Tim Helbling
Vice President	Sandy Tibke
Commissioner	Tom Jackson
Commissioner	Dot Frank
Commissioner	Dennis Rohr
Municipal Judge	DeNae Kautzman

**Appointed Officials**

City Attorney	Malcolm Brown
City Administrator	Jim Neubauer
Business Development Director	Ellen Huber
Finance	Greg Welch
Assessing/Building Inspection	Rich Barta
Planning and Zoning/Engineering	Dave Bechtel
Police	Dennis Bullinger
Fire	Steve Nardello
Public Works	Jeff Wright
Water Treatment	Duane Friesz
Wastewater Treatment	Steve Himmelspach



CPAs & BUSINESS ADVISORS

## Independent Auditor's Report

The Honorable Mayor and Board  
of City Commissioners  
City of Mandan  
Mandan, North Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandan, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mandan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandan, North Dakota, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012 on our consideration of the City of Mandan'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Mandan's financial statements as a whole. The list of elected and appointed officials and the supplementary information - combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information - combining fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The list of elected and appointed officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Eide Sallee LLP*

Bismarck, North Dakota  
September 10, 2012

---

CITY OF MANDAN  
Mandan, North Dakota  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2011

---

As management of the City of Mandan, we offer readers of the City of Mandan's financial statements this narrative overview and analysis of the financial activities of the City of Mandan for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 14-45 of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Mandan exceeded its liabilities at the close of the most recent fiscal year by \$122,879,543 (net assets). Of this amount, \$11,883,694 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,447,865 (1%) during the current fiscal year.
- As of the close of the current fiscal year, the City of Mandan's governmental funds reported combined ending fund balances of \$12,358,060, an increase of \$1,177,921 (11%) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,484,868 which is 41% of total General Fund revenues and 35% of total General Fund expenditures.
- Revenue from all sources totaled \$29,605,073 which was an increase of \$10,985,451 (59%) during the current fiscal year, primarily due to program revenues from governmental activities and to the loss on capital asset activity from the prior year. Expenses from all activities totaled \$28,157,208 which was an increase of \$6,326,582 (29%) during the current fiscal year, primarily due to public works activities.
- The City of Mandan's total capital assets increased by \$2,555,502 (2%) during the current fiscal year, primarily due to construction work in progress from business-type activities in the water and sewer utility fund.
- The City of Mandan's total debt increased by \$104,969 (>1%) during the current fiscal year. Approximately \$6,700,000 of additional loans from business-type activities were used to finance construction work in progress in the water and sewer utility fund.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Mandan's basic financial statements. The City of Mandan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

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

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

## CITY OF MANDAN

### Management's Discussion and Analysis - Continued

---

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

Both of the government-wide financial statements distinguish functions of the City of Mandan that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mandan include general government, public safety, public works, cemetery, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City of Mandan include the Water and Sewer Utility, Solid Waste Utility, Street Light Utility, and Mandan Airport Authority.

The government-wide financial statements can be found on pages 14-15 of this report.

### Fund Financial Statements

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

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

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

The City of Mandan maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and other major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Mandan adopts an annual appropriated budget for its governmental funds, except for capital projects funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Proprietary Funds** - The City of Mandan maintains two different types of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The enterprise funds are presented as business-type activities in the government-wide financial statements. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Mandan's various functions. The internal service fund is reported with the governmental activities in the government-wide financial statements.

**CITY OF MANDAN****Management's Discussion and Analysis - Continued**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, Solid Waste Utility, Street Light Utility, and Mandan Airport Authority which are considered major funds. The internal service fund is also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Mandan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

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

The notes to the financial statements can be found on pages 25-45 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 52-62 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Mandan, assets exceeded liabilities by \$122,879,543 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Assets as of December 31, 2011 and December 31, 2010.

<b>TABLE I</b>			
<b>NET ASSETS</b>			
December 31, 2011			
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current and Other Assets	\$37,859,311	\$12,823,741	\$50,683,052
Capital Assets	69,709,291	71,284,665	140,993,956
Total Assets	<u>\$107,568,602</u>	<u>\$84,108,406</u>	<u>\$191,677,008</u>
<b>LIABILITIES</b>			
Long-term Liabilities Outstanding	\$31,717,091	\$35,022,448	\$66,739,539
Other Liabilities	868,941	1,188,985	2,057,926
Total Liabilities	<u>\$32,586,032</u>	<u>\$36,211,433</u>	<u>\$68,797,465</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	\$40,543,850	\$36,334,557	\$76,878,407
Restricted	32,682,900	1,434,542	34,117,442
Unrestricted	1,755,820	10,127,874	11,883,694
Total Net Assets	<u>\$74,982,570</u>	<u>\$47,896,973</u>	<u>\$122,879,543</u>

**TABLE I**  
**NET ASSETS**  
December 31, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current and Other Assets	\$39,048,764	\$12,980,840	\$52,029,604
Capital Assets	71,117,062	67,321,392	138,438,454
Total Assets	<u>\$110,165,826</u>	<u>\$80,302,232</u>	<u>\$190,468,058</u>
<b>LIABILITIES</b>			
Long-term Liabilities Outstanding	\$35,567,069	\$31,067,501	\$66,634,570
Other Liabilities	995,231	1,406,579	2,401,810
Total Liabilities	<u>\$36,562,300</u>	<u>\$32,474,080</u>	<u>\$69,036,380</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	\$35,789,770	\$36,342,550	\$72,132,320
Restricted	35,035,327	1,293,611	36,328,938
Unrestricted	2,778,429	10,191,991	12,970,420
Total Net Assets	<u>\$73,603,526</u>	<u>\$47,828,152</u>	<u>\$121,431,678</u>

A large portion of the City of Mandan's net assets (63%) reflects its investment in capital assets (e.g., land, construction work in progress, buildings and improvements, buildings and infrastructure, and machinery and equipment); less any related outstanding debt used to acquire those assets. The City of Mandan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mandan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City of Mandan's ratio of long-term liabilities to capital assets is 47%. The ratio reflects the City of Mandan's strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Mandan's net assets (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$11,883,694 may be used to meet the City's ongoing services to the citizens.

As capital projects are finalized and closed, the majority of infrastructure improvements are financed through the issuance of bonds, which are then repaid through special assessments from the benefiting property owners. As the bonds are issued and special assessments are approved, then special assessments are recorded as receivables. However, many infrastructure projects remain open at year-end, resulting in a deficit net asset amount.

The City of Mandan's ratio of total assets/total liabilities for the governmental activities is 3.30 and for the business-type activities is 2.32 which represents a strong capacity to meet current obligations.

**CITY OF MANDAN**

## Management's Discussion and Analysis - Continued

The following table presents condensed financial information on the City's Changes in Net Assets for the fiscal year ending December 31, 2011 and December 31, 2010.

**TABLE II**  
**CHANGES IN NET ASSETS**  
December 31, 2011

	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for Services	\$1,552,675	\$7,644,709	\$9,197,384
Operating Grants and Contributions	5,887,202	7,979	5,895,181
Capital Grants and Contributions	3,946,501	579,339	4,525,840
<b>General Revenues:</b>			
Property, Delinquent, Mobile Home Taxes	3,943,759	173,462	4,117,221
State Aid Distribution	1,411,234		1,411,234
Highway Tax Distribution	1,477,045		1,477,045
City Sales Taxes	1,703,099	3,252	1,706,351
Occupancy, Restaurant and Lodging Taxes	382,970		382,970
Other Taxes	280,364		280,364
Cable TV Franchise Fees	290,479		290,479
Other	225,812	141,321	367,133
Loss on Sale of Land Held for Resale	(46,129)		(46,129)
<b>Total Revenues</b>	<b>\$21,055,011</b>	<b>\$8,550,062</b>	<b>\$29,605,073</b>
<b>Expenses:</b>			
General Government	\$2,426,166		\$2,426,166
Public Safety	4,208,552		4,208,552
Public Works	10,095,949		10,095,949
Cemetery	146,054		146,054
Culture and Recreation	1,022,502		1,022,502
Urban Redevelopment and Housing	69,696		69,696
Economic Development and Assistance	398,182		398,182
Construction	5,157		5,157
Interest on Long-term Debt	1,222,857		1,222,857
Debt Service Charges and Costs	38,456		38,456
Water and Sewer Utility		\$6,128,275	6,128,275
Solid Waste Utility		1,378,932	1,378,932
Street Light Utility		343,519	343,519
Mandan Airport Authority		672,911	672,911
<b>Total Expenses</b>	<b>\$19,633,571</b>	<b>\$8,523,637</b>	<b>\$28,157,208</b>
Increase in Net Assets before Transfers	\$1,421,440	\$26,425	\$1,447,865
Transfers	(42,396)	42,396	
<b>Increase in Net Assets</b>	<b>\$1,379,044</b>	<b>\$68,821</b>	<b>\$1,447,865</b>
<b>Net Assets – 1/1/2011</b>	<b>\$73,603,526</b>	<b>\$47,828,152</b>	<b>\$121,431,678</b>
<b>Net Assets – 12/31/2011</b>	<b>\$74,982,570</b>	<b>\$47,896,973</b>	<b>\$122,879,543</b>

**TABLE II**  
**CHANGES IN NET ASSETS**  
December 31, 2010

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	\$938,167	\$7,704,966	\$8,643,133
Operating Grants and Contributions	2,595,617		2,595,617
Capital Grants and Contributions	1,327,220	213,860	1,541,080
General Revenues:			
Property Taxes	5,668,517	154,996	5,823,513
City Sales Taxes	1,527,007	2,039	1,529,046
Occupancy, Restaurant and Lodging Taxes	352,194		352,194
Grants and Contributions not restricted	217,407	103,322	320,729
Other	282,035	123,282	405,317
Loss on Sale/Trade of Assets (net)	(2,546,971)	(44,036)	(2,591,007)
Total Revenues	<u>\$10,361,193</u>	<u>\$8,258,429</u>	<u>\$18,619,622</u>
Expenses:			
General Government	\$2,389,299		\$2,389,299
Public Safety	4,216,442		4,216,442
Public Works	4,302,544		4,302,544
Culture and Recreation	926,064		926,064
Economic Development	302,168		302,168
Other	234,436		234,436
Interest on Long-term Debt	1,448,022		1,448,022
Water and Sewer Utility		\$5,692,859	5,692,859
Solid Waste Utility		1,364,143	1,364,143
Street Light Utility		345,874	345,874
Mandan Airport Authority		608,775	608,775
Total Expenses	<u>\$13,818,975</u>	<u>\$8,011,651</u>	<u>\$21,830,626</u>
Increase (Decrease) in Net Assets before Transfers	\$(3,457,782)	\$246,778	\$(3,211,004)
Transfers	654,686	(654,686)	
Decrease in Net Assets	<u>\$(2,803,096)</u>	<u>\$(407,908)</u>	<u>\$(3,211,004)</u>
Net Assets – 1/1/2010	<u>\$76,406,622</u>	<u>\$48,236,060</u>	<u>\$124,642,682</u>
Net Assets – 12/31/2010	<u>\$73,603,526</u>	<u>\$47,828,152</u>	<u>\$121,431,678</u>

### Governmental Activities

Governmental activities increased the City of Mandan's net assets by \$1,379,044 (2%), accounting for 95% of the total increase in the net assets of the City of Mandan. During the year, revenues increased by \$10,693,818 (103%) primarily due to program revenues and to the loss on capital asset activity from the prior year and expenses increased by \$5,814,596 (42%) primarily due to public works.

### Business-type Activities

Business-type activities increased the City of Mandan's net assets by \$68,821, accounting for 5% of the total growth in the City of Mandan's net assets. During the year, revenues increased by \$291,633 (4%) and expenses increased by \$511,986 (6%).

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the City of Mandan's governmental funds reported combined ending fund balances of \$12,358,060, an increase of \$1,177,921 in comparison with the prior year. Fund balances have been classified as follows: nonspendable \$262,346, restricted \$9,206,023, committed \$1,925,399, assigned \$180,904, and unassigned \$783,388.

The General Fund is the chief operating fund of the City of Mandan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,484,868, while total fund balance reached \$2,514,700. The fund balance of the City of Mandan's General Fund increased by \$774,250 (44%) during the current fiscal year.

**Proprietary Funds**

The City of Mandan's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$10,127,874. The net assets of the proprietary funds increased by \$68,821 (>1%) during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there were variances between the original and final amended budget as follows:

- \$2,816 increase in revenues or less than 1% of the original budget.
- \$88,181 increase in expenditures or 1% of the original budget.
- \$36,000 increase in transfers in.
- \$24,895 decrease in transfers out.
- The original budget anticipated a decrease in fund balance by \$472,900.
- The net effect of the budget amendments was estimated to decrease fund balance by \$24,470.

During the year, revenues were more than budgetary estimates by \$751,387, expenditures were less than budgetary estimates by \$54,391, other financing sources and uses were more than budgetary estimates by \$465,842, and ending fund balance exceeded budgetary estimates by \$1,271,620.

Additional information on the City of Mandan's budget amendments can be found on pages 46 and 51 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City of Mandan's investment in capital assets, net of related debt for its governmental and business-type activities as of December 31, 2011, amounts to \$76,878,407 (net of accumulated depreciation). This investment in capital assets includes land, construction work in progress, buildings and improvements, buildings and infrastructure, and machinery and equipment. The total increase in capital assets during the current fiscal year was \$2,555,502 (2%) primarily due to construction work in progress from business-type activities in the water and sewer utility fund.

**CITY OF MANDAN**

## Management's Discussion and Analysis - Continued

**TABLE III**  
**CAPITAL ASSETS**  
 (net of depreciation)  
 December 31, 2011

	Governmental Activities	Business-type Activities	Total
Land	\$2,624,103	\$658,302	\$3,282,405
Construction Work in Progress	1,113,519	19,894,190	21,007,709
Buildings and Improvements	4,148,030		4,148,030
Buildings and Infrastructure	61,030,675	50,126,377	111,157,052
Machinery and Equipment	792,964	605,796	1,398,760
<b>Total</b>	<b>\$69,709,291</b>	<b>\$71,284,665</b>	<b>\$140,993,956</b>

**TABLE III**  
**CAPITAL ASSETS**  
 (net of depreciation)  
 December 31, 2010

	Governmental Activities	Business-type Activities	Total
Land	\$1,145,403	\$658,302	\$1,803,705
Construction Work in Progress	3,514,177	14,600,401	18,114,578
Buildings and Improvements	4,122,420		4,122,420
Buildings and Infrastructure	61,564,784	51,300,552	112,865,336
Machinery and Equipment	770,278	762,137	1,532,415
<b>Total</b>	<b>\$71,117,062</b>	<b>\$67,321,392</b>	<b>\$138,438,454</b>

Additional information on the City of Mandan's capital assets can be found in Note 4F on pages 36-37 of this report.

**Long-term Debt** - At the end of the current fiscal year, the City of Mandan had total long-term debt outstanding of \$66,739,539. Of this amount, \$40,026,028 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Mandan's revenue bonds are secured by city sales taxes, water and sewer revenue, and airport revenue. The total increase in long-term debt during the current fiscal year was \$104,969 (<1%). Approximately \$6,700,000 of additional loans from business-type activities were used to finance construction work in progress in the water and sewer utility fund.

The City of Mandan has received an A1 bond rating from Moody's Investors Service. These ratings are consistent with previous ratings received from this agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation, however, the City of Mandan is allowed to issue to 8% of its total assessed valuation. The City of Mandan has \$730,000 of outstanding general obligation debt.

**TABLE IV  
OUTSTANDING DEBT  
December 31, 2011**

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$224,989	\$72,340	\$297,329
General Obligation Bonds	730,000		730,000
Special Assessments Bonds	29,817,102	10,208,926	40,026,028
Revenue Bonds	945,000	8,004,822	8,949,822
Loans		16,736,360	16,736,360
<b>Total</b>	<b>\$31,717,091</b>	<b>\$35,022,448</b>	<b>\$66,739,539</b>

**TABLE IV  
OUTSTANDING DEBT  
December 31, 2010**

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$239,776	\$88,659	\$328,435
General Obligation Bonds	760,000		760,000
Special Assessments Bonds	33,522,293	11,466,505	44,988,798
Revenue Bonds	1,045,000	7,108,265	8,153,265
Loans		12,404,072	12,404,072
<b>Total</b>	<b>\$35,567,069</b>	<b>\$31,067,501</b>	<b>\$66,634,570</b>

Additional information on the City of Mandan's long-term debt can be found in Note 4G on pages 37-41 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- For budgetary purposes, the City of Mandan requires a 17 percent fund balance reserve of operations and maintenance expenditures for the General Fund and Cemetery Fund, and a 25 percent fund balance reserve of operations and maintenance expenditures for the Water and Sewer Utility Fund, Solid Waste Utility Fund, and Street Light Utility Fund. The City also requires a \$500,000 fund balance reserve for the City Sales Tax Fund and a 17 percent fund balance reserve of restaurant and lodging tax revenues for the City Visitors' Promotion Capital Construction Fund.
- The City of Mandan's 2% city occupancy tax revenues increased by \$12,330 or 24% in comparison with the prior year.
- The City of Mandan's 1% city restaurant and lodging tax revenues increased by \$18,447 or 6% in comparison with the prior year.
- The City of Mandan's taxable sales and purchases increased by \$26,264,034 or 14% in comparison with the prior year, and the 1% city sales tax revenues increased by \$176,092 or 12% in comparison with the prior year.
- The City of Mandan's Water and Sewer Utility Fund indicated an increase in the total gallons of water sold by 32,536,208 gallons or 4% in comparison with the prior year. The total gallons of sewer treated increased by 2,226,791 gallons or less than 1% in comparison with the prior year.
- The City of Mandan's Solid Waste Utility Fund indicated an increase in the tons of garbage hauled from the transfer station by 98 tons or 1% in comparison with the prior year. Inert material received at the landfill increased by 10,345 tons or 68% in comparison with the prior year.

## **CITY OF MANDAN**

### **Management's Discussion and Analysis - Continued**

---

- The City of Mandan's taxable valuation increased by \$2,001,110 or 5% in comparison with the prior year. The City of Mandan's share of 1 mill is 24% percent. For the 2012 Budget, the annual increase in property taxes for an existing \$175,000 residential home with an average valuation increase of 2.31% (Board of Equalization), excluding special assessments, is projected to be \$15.
- For the 2012 Budget, the City of Mandan increased the monthly water and sewer base rates by the following: \$2.53 per month for residential accounts, \$5.06 per month for commercial and industrial accounts, and \$7.59 per month for apartment (3+ units) accounts. The City also increased the solid waste base rate by \$.05 per month for residential accounts. The annual increase in the utility bill base rates for a residential home will be \$31.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Mandan's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 205 2<sup>nd</sup> Avenue NW, City of Mandan, ND 58554 or visit the City's web site at [www.cityofmandan.com](http://www.cityofmandan.com).

**CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,200,729	\$ 3,246,163	\$ 8,446,892
Investments		210,000	210,000
Taxes Receivable	211,154	8,998	220,152
Accounts Receivable (net of allowance)	56,455	533,138	589,593
Special Assessments Receivable	25,023,131	7,035,203	32,058,334
Intergovernmental Receivable	6,128,290	24,210	6,152,500
Notes Receivable	34,291		34,291
Loans Receivable (net of allowance)	509,855		509,855
Internal Balances	(134,949)	134,949	
Receivable from Fiduciary Funds	5,025		5,025
Inventories	16,454	177,749	194,203
Prepaid Items	10,715	18,789	29,504
Restricted Assets:			
Cash and Cash Equivalents	146,500	1,434,542	1,581,042
Land Held for Resale	651,661		651,661
Capital Assets, not being depreciated:			
Land	2,624,103	658,302	3,282,405
Construction Work in Progress	1,113,519	19,894,190	21,007,709
Capital Assets (net of depreciation):			
Buildings and Improvements	4,148,030		4,148,030
Buildings and Infrastructure	61,030,675	50,126,377	111,157,052
Machinery and Equipment	792,964	605,796	1,398,760
Total Assets	\$ 107,568,602	\$ 84,108,406	\$ 191,677,008
<b>LIABILITIES</b>			
Salaries and Benefits Payable	\$ 172,623	\$ 59,985	\$ 232,608
Accounts Payable	441,491	470,344	911,835
Retainage Payable	1,795	328,457	330,252
Interest Payable	192,507	299,060	491,567
Unearned Revenue	60,525	31,139	91,664
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	134,377	43,314	177,691
General Obligation Bonds Payable	35,000		35,000
Special Assessments Bonds Payable with Governmental Commitment	3,537,471	1,178,368	4,715,839
Revenue Bonds Payable	105,000	671,663	776,663
Loans Payable		742,897	742,897
Due After One Year:			
Compensated Absences	90,612	29,026	119,638
General Obligation Bonds Payable	695,000		695,000
Special Assessments Bonds Payable with Governmental Commitment	26,279,631	9,030,558	35,310,189
Revenue Bonds Payable	840,000	7,333,159	8,173,159
Loans Payable		15,993,463	15,993,463
Total Liabilities	\$ 32,586,032	\$ 36,211,433	\$ 68,797,465
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	\$ 40,543,850	\$ 36,334,557	\$ 76,878,407
Restricted for:			
Public Safety	214,412		214,412
Public Works	198,236		198,236
Culture and Recreation	9,565		9,565
Urban Redevelopment and Housing	1,571,687		1,571,687
Economic Development and Assistance	702,897		702,897
Debt Service	29,231,213	1,434,542	30,665,755
Capital Projects	754,890		754,890
Unrestricted	1,755,820	10,127,874	11,883,694
Total Net Assets	\$ 74,982,570	\$ 47,896,973	\$ 122,879,543

The notes to the financial statements are an integral part of this statement.

CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 2,426,166	\$ 587,809	\$ 5,001	\$ 8,990	\$ (1,833,356)	\$	\$ (1,833,356)
Public Safety	4,208,552	516,356	95,684	8,990	(3,587,512)		(3,587,512)
Public Works	10,095,949	290,395	5,461,585	3,657,529	(686,440)		(686,440)
Cemetery	146,054	90,350			(55,704)		(55,704)
Culture and Recreation	1,022,502	59,365	194,186	279,982	(488,969)		(488,969)
Urban Redevelopment and Housing	69,696	8,400	64,947		3,651		3,651
Economic Development and Assistance	398,182		65,789		(332,393)		(332,393)
Construction	5,157				(5,157)		(5,157)
Interest on Long-term Debt	1,222,857				(1,222,857)		(1,222,857)
Debt Service Charges and Costs	38,456				(38,456)		(38,456)
<b>Total Governmental Activities</b>	<b>\$ 19,633,571</b>	<b>\$ 1,552,675</b>	<b>\$ 5,887,202</b>	<b>\$ 3,946,501</b>	<b>\$ (8,247,193)</b>	<b>\$</b>	<b>\$ (8,247,193)</b>
<b>Business-type Activities:</b>							
Water and Sewer Utility	\$ 6,128,275	\$ 5,605,829	\$	\$ 243,500	\$	\$ (278,946)	\$ (278,946)
Solid Waste Utility	1,378,932	1,398,916			19,984		19,984
Street Light Utility	343,519	237,102			(46,417)		(46,417)
Mandan Airport Authority	672,911	342,862	7,979	335,839	13,769		13,769
<b>Total Business-type Activities</b>	<b>\$ 8,523,637</b>	<b>\$ 7,644,709</b>	<b>\$ 7,979</b>	<b>\$ 579,339</b>	<b>\$ (291,610)</b>	<b>\$</b>	<b>\$ (291,610)</b>
<b>Total</b>	<b>\$ 28,157,208</b>	<b>\$ 9,197,384</b>	<b>\$ 5,895,181</b>	<b>\$ 4,525,840</b>	<b>\$ (8,247,193)</b>	<b>\$ (291,610)</b>	<b>\$ (8,538,803)</b>
		<b>General Revenues</b>					
		Property, Delinquent, Mobile Home Taxes			\$ 3,943,759	\$ 173,462	\$ 4,117,221
		Financial Institutions Taxes			40,541		40,541
		Cable TV Franchise Fees			290,479		290,479
		State Aid Distribution			1,411,234		1,411,234
		Cigarette Taxes			52,249		52,249
		Gaming Taxes			11,016		11,016
		Disabled Veterans Credit			16,704	713	17,417
		Homestead Credit			51,388	2,191	53,579
		Morton County-LEC Taxes			35,000		35,000
		Telecommunications Taxes			82,220		82,220
		Highway Tax Distribution			1,477,045		1,477,045
		Occupancy Taxes			63,570		63,570
		City Sales Taxes			1,703,099	3,252	1,706,351
		Fire Insurance Taxes			59,338		59,338
		Restaurant and Lodging Taxes			319,400		319,400
		Interest			56,559	30,777	87,336
		Other			101,161	107,640	208,801
		Loss on Sale of Land Held for Resale			(46,129)		(46,129)
		Transfers			(42,396)	42,396	
		<b>Total General Revenues, Loss on Sale of Land Held for Resale, and Transfers</b>			<b>\$ 9,626,237</b>	<b>\$ 360,431</b>	<b>\$ 9,986,668</b>
		<b>Change in Net Assets</b>			<b>\$ 1,379,044</b>	<b>\$ 68,821</b>	<b>\$ 1,447,865</b>
		<b>Net Assets - January 1</b>			<b>\$ 73,603,526</b>	<b>\$ 47,828,152</b>	<b>\$ 121,431,678</b>
		<b>Net Assets - December 31</b>			<b>\$ 74,982,570</b>	<b>\$ 47,896,973</b>	<b>\$ 122,879,543</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General	Cemetery	Mandan Growth	Flood Control	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$	\$ 110,629	\$ 319,807	\$	\$ 472,183	\$ 3,144,235	\$ 1,153,875	\$ 5,200,729
Taxes Receivable	177,031	4,089			15,735	2,132	12,167	211,154
Accounts Receivable (net of allowance)	49,270	6,950					235	56,455
Special Assessments Receivable	75,494					24,812,525	135,112	25,023,131
Intergovernmental Receivable	451,539			5,338,431			327,930	6,117,900
Notes Receivable			34,291					34,291
Loans Receivable (net of allowance)			509,855					509,855
Interfund Receivable	2,412,778					1,456,675	2,881,848	6,751,301
Receivable from Fiduciary Funds	5,025							5,025
Prepaid Items	6,363	48			1,650		2,654	10,715
Cash and Cash Equivalents-Restricted							146,500	146,500
<b>Total Assets</b>	<b>\$ 3,177,500</b>	<b>\$ 121,716</b>	<b>\$ 863,953</b>	<b>\$ 5,338,431</b>	<b>\$ 489,568</b>	<b>\$ 29,415,567</b>	<b>\$ 4,660,321</b>	<b>\$ 44,067,056</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Salaries and Benefits Payable	\$ 152,158	\$ 3,678	\$ 2,971	\$	\$ 11,800	\$	\$	\$ 170,607
Accounts Payable	251,149	729	2,237	15,276	15,232		156,530	441,153
Retainage Payable							1,795	1,795
Interfund Payable				5,262,518	24,561		1,598,199	6,885,278
Deferred Revenue	259,493	3,664		10,118	14,159	23,799,994	122,735	24,210,163
<b>Total Liabilities</b>	<b>\$ 662,800</b>	<b>\$ 8,071</b>	<b>\$ 5,208</b>	<b>\$ 5,287,912</b>	<b>\$ 65,752</b>	<b>\$ 23,799,994</b>	<b>\$ 1,879,259</b>	<b>\$ 31,708,996</b>
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Notes Receivable	\$	\$	\$ 7,206	\$	\$	\$	\$	\$ 7,206
Loans Receivable			244,425					244,425
Prepaid Items	6,363	48			1,650		2,654	10,715
<b>Restricted for:</b>								
Public Safety							214,412	214,412
Public Works				50,519			127,150	177,669
Culture and Recreation							9,565	9,565
Urban Redevelopment and Housing							1,571,687	1,571,687
Economic Development and Assistance							702,896	702,896
Debt Service						5,615,573	159,885	5,775,458
Capital Projects							754,336	754,336
<b>Committed for:</b>								
General Government							58,008	58,008
Public Safety	23,469						238,306	261,775
Cemetery		113,597						113,597
Culture and Recreation					241,262			241,262
Urban Redevelopment and Housing							510,768	510,768
Economic Development and Assistance			607,114					607,114
Capital Projects							132,875	132,875
<b>Assigned for:</b>								
Culture and Recreation					180,904			180,904
Unassigned	2,484,868						(1,701,480)	783,388
<b>Total Fund Balances</b>	<b>\$ 2,514,700</b>	<b>\$ 113,645</b>	<b>\$ 858,745</b>	<b>\$ 50,519</b>	<b>\$ 423,816</b>	<b>\$ 5,615,573</b>	<b>\$ 2,781,062</b>	<b>\$ 12,358,060</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,177,500</b>	<b>\$ 121,716</b>	<b>\$ 863,953</b>	<b>\$ 5,338,431</b>	<b>\$ 489,568</b>	<b>\$ 29,415,567</b>	<b>\$ 4,660,321</b>	<b>\$ 44,067,056</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

Total Fund Balances for Governmental Funds \$ 12,358,060

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

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

Land Held for Resale	\$	651,661	
Land		2,624,103	
Buildings and Improvements (net of depreciation)		4,148,030	
Buildings and Infrastructure (net of depreciation)		61,030,675	
Machinery and Equipment (net of depreciation)		792,964	
Construction Work in Progress		<u>1,113,519</u>	
Total Capital Assets			70,360,952

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes Receivable	\$	190,026	
Special Assessments Receivable		<u>23,959,612</u>	
Total Long-term Assets			24,149,638

Internal service fund is used by management to charge the costs of certain activities, such as fuel, and equipment repairs and maintenance services, to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net assets.

20,567

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Interest Payable	\$	(192,507)	
Compensated Absences		(222,038)	
General Obligation Bonds Payable		(730,000)	
Special Assessments Bonds Payable with Governmental Commitment		(29,817,102)	
Revenue Bonds Payable		<u>(945,000)</u>	
Total Long-term Liabilities			<u>(31,906,647)</u>

Total Net Assets of Governmental Activities \$ 74,982,570

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Cemetery	Mandan Growth	Flood Control	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 3,343,898	\$ 83,568	\$	\$	\$ 295,193	\$ 38,787	\$ 2,330,719	\$ 6,092,165
Licenses and Permits	576,502							576,502
Intergovernmental	1,736,679	1,418	9,000	5,379,651	193,450	672	1,895,631	9,216,501
Charges for Services	80,897	61,550			4,046		11,343	157,836
Fines and Forfeits	182,793				6,839		151,258	340,890
Special Assessments	40,594					4,756,549	399,866	5,197,009
Interest	42,540	589	1,213		1,983	411	9,823	56,559
Cemetery Lots		28,750						28,750
Loan Repayments			55,789					55,789
Rent					36,000			36,000
Miscellaneous	59,700	154	5,536		9,762		127,979	203,131
<b>Total Revenues</b>	<b>\$ 6,063,603</b>	<b>\$ 176,029</b>	<b>\$ 71,538</b>	<b>\$ 5,379,651</b>	<b>\$ 547,273</b>	<b>\$ 4,796,419</b>	<b>\$ 4,926,619</b>	<b>\$ 21,961,132</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
General Government	\$ 1,914,474	\$	\$	\$	\$	\$	\$ 406,451	\$ 2,320,925
Public Safety	3,716,618						152,612	3,869,230
Public Works	1,206,869			5,493,478			56,148	6,756,495
Cemetery		133,377						133,377
Culture and Recreation					541,187		422,279	963,466
Urban Redevelopment and Housing							64,276	64,276
Economic Development and Assistance			202,920				194,182	397,102
Construction							5,157	5,157
<b>Debt Service:</b>								
Principal						4,453,237	130,000	4,583,237
Interest						1,172,833	71,280	1,244,113
Service Charges						16,778	1,925	18,703
Issuance Costs						19,753		19,753
Capital Outlay	211,729				20,232		812,084	1,044,045
<b>Total Expenditures</b>	<b>\$ 7,049,690</b>	<b>\$ 133,377</b>	<b>\$ 202,920</b>	<b>\$ 5,493,478</b>	<b>\$ 561,419</b>	<b>\$ 5,662,601</b>	<b>\$ 2,316,394</b>	<b>\$ 21,419,879</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (986,087)</b>	<b>\$ 42,652</b>	<b>\$ (131,382)</b>	<b>\$ (113,827)</b>	<b>\$ (14,146)</b>	<b>\$ (866,182)</b>	<b>\$ 2,610,225</b>	<b>\$ 541,253</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of Land Held for Resale	\$	\$	\$	\$	\$	\$	\$ 26,500	\$ 26,500
Sale of Bonds						748,046		748,046
Transfers In	2,187,223		250,000	164,346	73,506	451,056	581,049	3,707,180
Transfers Out	(426,886)		(36,000)			(32,805)	(3,349,367)	(3,845,058)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 1,760,337</b>	<b>\$ -</b>	<b>\$ 214,000</b>	<b>\$ 164,346</b>	<b>\$ 73,506</b>	<b>\$ 1,166,297</b>	<b>\$ (2,741,818)</b>	<b>\$ 636,668</b>
<b>Net Change in Fund Balances</b>	<b>\$ 774,250</b>	<b>\$ 42,652</b>	<b>\$ 82,618</b>	<b>\$ 50,519</b>	<b>\$ 59,360</b>	<b>\$ 300,115</b>	<b>\$ (131,593)</b>	<b>\$ 1,177,921</b>
Fund Balances - January 1,	\$ 1,740,450	\$ 70,993	\$ 776,127	\$ -	\$ 364,456	\$ 5,315,458	\$ 2,912,655	\$ 11,180,139
Fund Balances - December 31	\$ 2,514,700	\$ 113,645	\$ 858,745	\$ 50,519	\$ 423,816	\$ 5,615,573	\$ 2,781,062	\$ 12,358,060

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Net Change in Fund Balances-Total Governmental Funds \$ 1,177,921

Amounts reported for governmental activities in the statement of activities are 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	\$ 1,044,045	
Depreciation	(3,439,606)	
Total		(2,395,561)

Various capital asset transactions effecting net assets:

Contributions of Capital Assets	1,060,524	
Net effect of miscellaneous transactions	(60,269)	
Transfers Out	(10,800)	
Total		989,455

The net effect of various sale transactions involving land held for resale is to decrease net assets. (72,629)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Taxes Receivable (net)	\$ (21,796)	
Special Assessments Receivable (net)	(2,164,889)	
Total		(2,186,685)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Sale of Bonds	\$ (748,046)	
Debt Service-Principal	4,583,237	
Total		3,835,191

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

Interest Payable (net)	\$ 21,256	
Compensated Absences (net)	14,859	
Total		36,115

Internal service fund is used by management to charge the costs of certain activities such as fuel, and equipment repairs and maintenance services, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (4,763)

Change in Net Assets of Governmental Activities \$ 1,379,044

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 1,284,328	\$ 1,607,252	\$ 124,898	\$ 229,685	\$ 3,246,163	\$
Investments				210,000	210,000	
Taxes Receivable				8,998	8,998	
Accounts Receivable (net of allowance)	407,009	97,063	23,755	5,311	533,138	
Special Assessments Receivable	1,810,634				1,810,634	
Intergovernmental Receivable	23,917	293			24,210	10,390
Interfund Receivable	140,839				140,839	
Inventories	144,935	12,938		19,876	177,749	16,454
Prepaid Items	17,839	269		681	18,789	
<b>Total Current Assets</b>	<b>\$ 3,829,501</b>	<b>\$ 1,717,815</b>	<b>\$ 148,653</b>	<b>\$ 474,551</b>	<b>\$ 6,170,520</b>	<b>\$ 26,844</b>
<b>Noncurrent Assets:</b>						
<b>Restricted Assets:</b>						
Cash and Cash Equivalents	\$ 1,434,542	\$	\$	\$	\$ 1,434,542	\$
Special Assessments Receivable	5,224,569				5,224,569	
<b>Capital Assets not being Depreciated:</b>						
Land	162,974	88,360		406,968	658,302	
Construction Work in Progress	19,787,460			106,730	19,894,190	
<b>Capital Assets (net of depreciation):</b>						
Buildings and Infrastructure	45,227,257	678,487		4,220,633	50,126,377	
Machinery and Equipment	350,142	201,408	10,487	43,759	605,796	
<b>Total Capital Assets</b>	<b>\$ 65,527,833</b>	<b>\$ 968,255</b>	<b>\$ 10,487</b>	<b>\$ 4,778,090</b>	<b>\$ 71,284,665</b>	<b>\$ -</b>
<b>Total Noncurrent Assets</b>	<b>\$ 72,186,944</b>	<b>\$ 968,255</b>	<b>\$ 10,487</b>	<b>\$ 4,778,090</b>	<b>\$ 77,943,776</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 76,016,445</b>	<b>\$ 2,686,070</b>	<b>\$ 159,140</b>	<b>\$ 5,252,641</b>	<b>\$ 84,114,296</b>	<b>\$ 26,844</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Salaries and Benefits Payable	\$ 43,779	\$ 12,034	\$ 1,615	\$ 2,557	\$ 59,985	\$ 2,016
Accounts Payable	363,950	65,648	25,879	14,867	470,344	338
Compensated Absences	31,887	8,375	1,200	1,852	43,314	1,657
Retainage Payable	328,457				328,457	
Interfund Payable				5,890	5,890	972
Interest Payable	285,714			13,346	299,060	
Deferred Revenue				31,139	31,139	
Special Assessments Bonds Payable with Governmental Commitment	1,178,368				1,178,368	
Revenue Bonds Payable	605,000			66,663	671,663	
Loans Payable	742,897				742,897	
<b>Total Current Liabilities</b>	<b>\$ 3,580,052</b>	<b>\$ 86,057</b>	<b>\$ 28,694</b>	<b>\$ 136,314</b>	<b>\$ 3,831,117</b>	<b>\$ 4,983</b>
<b>Noncurrent Liabilities:</b>						
Compensated Absences	\$ 20,072	\$ 6,003	\$ 967	\$ 1,984	\$ 29,026	\$ 1,294
Special Assessments Bonds Payable with Governmental Commitment	9,030,558				9,030,558	
Revenue Bonds Payable	6,528,000			805,159	7,333,159	
Loans Payable	15,993,463				15,993,463	
<b>Total Noncurrent Liabilities</b>	<b>\$ 31,572,093</b>	<b>\$ 6,003</b>	<b>\$ 967</b>	<b>\$ 807,143</b>	<b>\$ 32,386,206</b>	<b>\$ 1,294</b>
<b>Total Liabilities</b>	<b>\$ 35,152,145</b>	<b>\$ 92,060</b>	<b>\$ 29,661</b>	<b>\$ 943,457</b>	<b>\$ 36,217,323</b>	<b>\$ 6,277</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, net of related debt	\$ 31,449,547	\$ 968,255	\$ 10,487	\$ 3,906,268	\$ 36,334,557	\$
Restricted for Debt Service	1,434,542				1,434,542	
Unrestricted	7,980,211	1,625,755	118,992	402,916	10,127,874	20,567
<b>Total Net Assets</b>	<b>\$ 40,864,300</b>	<b>\$ 2,594,010</b>	<b>\$ 129,479</b>	<b>\$ 4,309,184</b>	<b>\$ 47,896,973</b>	<b>\$ 20,567</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
Operating Revenues:						
Charges for Services:	\$ 5,605,829	\$ 1,398,916	\$ 297,102	\$ 342,862	\$ 7,644,709	\$ 266,170
<b>Total Operating Revenues</b>	<b>\$ 5,605,829</b>	<b>\$ 1,398,916</b>	<b>\$ 297,102</b>	<b>\$ 342,862</b>	<b>\$ 7,644,709</b>	<b>\$ 266,170</b>
Operating Expenses:						
Salaries and Benefits	\$ 1,446,830	\$ 346,671	\$ 49,745	\$ 86,200	\$ 1,929,446	\$ 58,437
Professional Fees and Services	123,374	723,113	376	9,714	856,577	
Insurance	50,057	4,205	1,181	4,764	60,207	
Rentals		27,013			27,013	
Travel and Training	3,704	143		6,319	10,166	
Utilities	398,031	13,413	208,642	28,144	648,230	604
Publishing and Printing	15,258	1,009		1,061	17,328	
Dues and Memberships	833	225		1,422	2,480	300
Supplies and Maintenance	427,523	76,824	1,388	256,440	762,175	302,499
Repairs and Maintenance	220,234	26,538	76,943	12,401	336,116	15,375
Depreciation	2,153,775	112,915	5,244	194,270	2,466,204	
Capital Outlay (non-capitalized)	112,755	46,863			159,618	
Miscellaneous	7,836			26,876	34,712	
<b>Total Operating Expenses</b>	<b>\$ 4,960,210</b>	<b>\$ 1,378,932</b>	<b>\$ 343,519</b>	<b>\$ 627,611</b>	<b>\$ 7,310,272</b>	<b>\$ 377,215</b>
<b>Operating Income (Loss)</b>	<b>\$ 645,619</b>	<b>\$ 19,984</b>	<b>\$ (46,417)</b>	<b>\$ (284,749)</b>	<b>\$ 334,437</b>	<b>\$ (111,045)</b>
Nonoperating Revenues (Expenses):						
Taxes	\$ 3,253			\$ 173,462	\$ 176,715	\$
Intergovernmental				346,722	346,722	
Special Assessments	257,015				257,015	
Interest	21,987	5,388	1,196	2,207	30,778	
Miscellaneous	73,863	3,474	13,505	3,281	94,123	
Capital Outlay	(32,210)				(32,210)	
Debt Service:						
Interest	(1,025,430)			(45,300)	(1,070,730)	
Service Charges	(100,057)				(100,057)	
Issuance Costs	(10,368)				(10,368)	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (811,947)</b>	<b>\$ 8,862</b>	<b>\$ 14,701</b>	<b>\$ 480,372</b>	<b>\$ (308,012)</b>	<b>\$ -</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (166,328)</b>	<b>\$ 28,846</b>	<b>\$ (31,716)</b>	<b>\$ 195,623</b>	<b>\$ 26,425</b>	<b>\$ (111,045)</b>
Capital Contributions	10,800				10,800	
Transfers In	29,776			31,834	61,610	106,282
Transfers Out	(3,527)	(20,240)	(6,247)		(30,014)	
<b>Change in Net Assets</b>	<b>\$ (129,279)</b>	<b>\$ 8,606</b>	<b>\$ (37,963)</b>	<b>\$ 227,457</b>	<b>\$ 68,821</b>	<b>\$ (4,763)</b>
<b>Net Assets - January 1</b>	<b>\$ 40,993,579</b>	<b>\$ 2,585,404</b>	<b>\$ 167,442</b>	<b>\$ 4,081,727</b>	<b>\$ 47,828,152</b>	<b>\$ 25,330</b>
<b>Net Assets - December 31</b>	<b>\$ 40,864,300</b>	<b>\$ 2,594,010</b>	<b>\$ 129,479</b>	<b>\$ 4,309,184</b>	<b>\$ 47,896,973</b>	<b>\$ 20,567</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 5,535,720	\$ 1,390,939	\$ 312,641	\$ 394,404	\$ 7,633,704	\$ -
Receipts from Interfund Services Provided					-	280,137
Payments to Employees	(1,461,322)	(343,887)	(49,456)	(86,559)	(1,941,224)	(58,230)
Payments to Suppliers	(1,581,818)	(949,253)	(287,636)	(352,686)	(3,171,393)	(305,268)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,492,580</b>	<b>\$ 97,799</b>	<b>\$ (24,451)</b>	<b>\$ (44,841)</b>	<b>\$ 2,521,087</b>	<b>\$ (83,361)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Taxes	\$ 3,262			\$ 159,421	\$ 162,673	\$ -
Intergovernmental				10,883	10,883	-
Special Assessments	9,351				9,351	-
Miscellaneous Receipts	73,863	3,474	13,505	3,281	94,123	-
Transfers In	29,776			31,834	61,610	106,282
Purchases of Noncapital Assets	(32,210)				(32,210)	-
Transfers Out	(3,527)	(20,240)	(6,247)		(30,014)	-
Interfund Receivable	(12,995)				(12,995)	-
Receivable from Fiduciary Funds				5,935	5,935	-
Interfund Payable				5,890	5,890	(22,921)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>\$ 67,510</b>	<b>\$ (16,766)</b>	<b>\$ 7,258</b>	<b>\$ 217,244</b>	<b>\$ 275,246</b>	<b>\$ 83,361</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Taxes	\$ 1				\$ 1	\$ -
Intergovernmental				335,839	335,839	-
Special Assessments	1,329,327				1,329,327	-
Interest Received	117				117	-
Proceeds from Capital Debt	6,909,906				6,909,906	-
Purchases of Capital Assets	(6,049,278)	(51,368)		(355,716)	(6,456,362)	-
Principal Paid on Capital Debt	(2,875,197)			(63,443)	(2,938,640)	-
Interest Paid on Capital Debt	(978,118)			(46,685)	(1,024,803)	-
Service Charges Paid on Capital Debt	(100,057)				(100,057)	-
Miscellaneous Paid on Capital Debt	(10,368)				(10,368)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>\$ (1,773,667)</b>	<b>\$ (51,368)</b>	<b>\$ -</b>	<b>\$ (130,005)</b>	<b>\$ (1,955,040)</b>	<b>\$ -</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	\$ 21,870	\$ 5,388	\$ 1,196	\$ 2,207	\$ 30,661	\$ -
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$ 21,870</b>	<b>\$ 5,388</b>	<b>\$ 1,196</b>	<b>\$ 2,207</b>	<b>\$ 30,661</b>	<b>\$ -</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 808,293</b>	<b>\$ 35,053</b>	<b>\$ (15,997)</b>	<b>\$ 44,605</b>	<b>\$ 871,954</b>	<b>\$ -</b>
Cash and Cash Equivalents - January 1	\$ 1,910,577	\$ 1,572,199	\$ 140,895	\$ 185,080	\$ 3,808,751	\$ -
Cash and Cash Equivalents - December 31	\$ 2,718,870	\$ 1,607,252	\$ 124,898	\$ 229,685	\$ 4,680,705	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 645,619	\$ 19,984	\$ (46,417)	\$ (284,749)	\$ 334,437	\$ (111,045)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	\$ 2,153,775	\$ 112,915	\$ 5,244	\$ 194,270	\$ 2,466,204	\$ -
(Increase) Decrease in Accounts Receivable (net of allowance)	(72,174)	(7,743)	15,539	20,403	(43,975)	-
(Increase) Decrease in Intergovernmental Receivable	2,065	(234)			1,831	13,967
(Increase) Decrease in Inventories	18,931	(12,938)		8,643	14,636	13,682
(Increase) Decrease in Prepaid Items	(17,839)	(269)		(681)	(18,789)	-
Increase (Decrease) in Salaries and Benefits Payable	3,885	2,643	227	(214)	6,541	189
Increase (Decrease) in Accounts Payable	(224,753)	(17,062)	849	(13,652)	(254,618)	(227)
Increase (Decrease) in Compensated Absences	(16,929)	503	107	-	(16,319)	73
Increase (Decrease) in Deferred Revenue				31,139	31,139	-
<b>Total Adjustments</b>	<b>\$ 1,846,961</b>	<b>\$ 77,815</b>	<b>\$ 21,966</b>	<b>\$ 239,908</b>	<b>\$ 2,186,650</b>	<b>\$ 27,684</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,492,580</b>	<b>\$ 97,799</b>	<b>\$ (24,451)</b>	<b>\$ (44,841)</b>	<b>\$ 2,521,087</b>	<b>\$ (83,361)</b>
<b>Schedule of non-cash capital and related financing activities:</b>						
Contributions of Capital Assets	\$ 10,800	\$ -	\$ -	\$ -	\$ 10,800	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011**

	<b>Employee Retirement Plan and Trust</b>	<b>Private- Purpose Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$	\$	12,253 \$
Investments, at fair value:			30,741
Mutual Funds	6,007,959		
Accounts Receivable (net of allowance)			4,434
Intergovernmental Receivable			5,100
Total Assets	\$ 6,007,959	\$ 12,253	\$ 40,275
<b>LIABILITIES</b>			
Salaries and Benefits Payable	\$	\$	\$ 1,948
Accounts Payable			493
Claims and Judgments Payable			28,793
Due to Primary Government			5,025
Due to Other Governments			4,016
Total Liabilities	\$ -	\$ -	\$ 40,275
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits	\$ 6,007,959	\$	
Held in Trust for Police Department			12,253
Total Net Assets	\$ 6,007,959	\$ 12,253	

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Employee Retirement Plan and Trust</b>	<b>Private- Purpose Trust</b>
	<hr/>	<hr/>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 423,417	
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	(365,029)	
Interest		50
	<hr/>	<hr/>
Total Additions	\$ 58,388	\$ 50
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Benefits	\$ 717,500	\$
Travel and Training		500
	<hr/>	<hr/>
Total Deductions	\$ 717,500	\$ 500
	<hr/>	<hr/>
Change in Net Assets	\$ (659,112)	\$ (450)
	<hr/>	<hr/>
Net Assets - January 1	\$ 6,667,071	\$ 12,703
	<hr/>	<hr/>
Net Assets - December 31	\$ 6,007,959	\$ 12,253
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

---

**CITY OF MANDAN, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mandan, North Dakota, is a municipal corporation governed by an elected mayor and four-member commission, and operates under a Home Rule Charter. The City has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are as follows:

**A. REPORTING ENTITY**

For financial reporting purposes, the City has included all funds and activities that make up its legal entity. The City has also included all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental 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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**BLENDED COMPONENT UNITS**

These component units are entities that are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the appropriate fund types.

**Morton Mandan Public Library (Governmental Fund Type)** - The Morton Mandan Public Library serves all the citizens of the City and is governed by a board which is appointed by the City's commission. The City is financially accountable for the Library because the City's commission approves the Library's budget, levies taxes, and must approve any debt issuances.

**Mandan Airport Authority (Proprietary Fund Type)** - The Mandan Airport Authority manages the local airport facility. The Authority is governed by a board which is appointed by the City's commission. The City is financially accountable for the Airport because the City's commission levies taxes and must approve any debt issuances.

Complete financial statements for each of these individual component units may be obtained by contacting the City's finance director.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and statement of activities report information on all non-fiduciary activities of the City and its component units. The City's activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

#### FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION**

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund (agency funds are excluded as they have no measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The City follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. The City's enterprise funds follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Major revenues that are determined to be susceptible to accrual include taxes, intergovernmental, and special assessments. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

#### FINANCIAL STATEMENT PRESENTATION

The City reports the following major governmental funds:

**General Fund** - This fund is the principal operating fund of the City. It is used to account for all financial resources that are not accounted for in other funds. Included are transactions for services such as general government, public safety, and public works.

**Cemetery Fund** - This fund accounts for a specific annual property tax levy, charges for services, and sale of lots for the purpose and to be used exclusively for the care, maintenance, and improvement of the cemetery.

**Mandan Growth Fund** - This fund accounts for the activities of the City's business development, communications, and economic development and assistance provided to various businesses.

**Flood Control Fund** - This fund accounts for the federal and state funding on a cost-sharing basis for emergency work and the repair or replacement of facilities damaged by flooding.

**Morton Mandan Public Library Fund** - This fund accounts for the operations of the Morton Mandan Public Library.

**Refunding Improvement Bonds Fund** - This fund accounts for the various specific annual property tax levies and special assessment levies for payment of special assessment bond principal and interest.

The City reports the following major enterprise funds:

**Water and Sewer Utility Fund** - This fund accounts for the activities of the City's water and sewer operations.

**Solid Waste Utility Fund** - This fund accounts for the activities of the City's solid waste operations.

**Street Light Utility Fund** - This fund accounts for the activities of the City's street light operations.

**Mandan Airport Authority Fund** - This fund accounts for the operations of the Mandan Airport Authority.

Additionally, the City reports the following fund types:

#### GOVERNMENTAL FUND TYPES

General Fund accounts for all governmental financial resources, except for those required to be accounted for in other funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

#### PROPRIETARY FUND TYPES

Enterprise Funds account for those business-like City activities that provide goods/services to the public, financed primarily through user charges. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The City's various utility operations and the Mandan Airport Authority are reported in this type.

Internal Service Fund accounts for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services include fuel, and equipment repairs and maintenance services. In the government-wide statements, the internal service fund is included with governmental activities.

#### FIDUCIARY FUND TYPES

Pension Trust Fund accounts for resources that are required to be held in trust for the members and beneficiaries of the City's defined contribution plan.

Private Purpose Trust Fund accounts for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Isabelle Krueger Trust is restricted for the City's police department.

Agency Funds account for assets held by the City as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations.

#### **D. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for reporting purposes includes cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less.

#### **E. INVESTMENTS**

State statutes authorize the City to invest in bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, 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, certificates of deposit fully insured by the federal deposit insurance corporation or the state, obligations of the state.

In addition to the above-mentioned investments, the Pension Trust Fund is authorized to invest its surplus funds in other investments by selecting a funding agent to hold and invest such funds for the City's pension committee and shall be placed for investment only with a firm whose primary endeavor is money management.

Investments for the City, as well as for its component units, are reported at fair value.

#### **F. TAXES RECEIVABLE**

Taxes receivable represent the past three years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material collections are distributed after the end of the month. Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; 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 percent discount 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 5 percent discount on the property taxes.

#### **G. ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts owed on open accounts from private individuals or organizations for goods and services furnished by the City and are shown net of an allowance. Accounts receivable in excess of 90 days comprise the accounts receivable allowance.

#### **H. SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments receivable consists of uncollected special assessments due to the City at December 31 and uncertified special assessments, which represents a long-term receivable in the financial statements. No allowance has been established for uncollectible special assessments.

#### **I. INTERGOVERNMENTAL RECEIVABLE**

Intergovernmental receivable consists of amounts due to the City from other governments.

#### **J. INTERFUND ACTIVITY AND BALANCES**

##### INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment.

##### INTERFUND BALANCES

Interfund receivables and payables have been eliminated from the statement of net assets, except for the residual amounts due between governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

#### **K. INVENTORIES AND PREPAID ITEMS**

Inventories of Proprietary Funds consist of chemicals at the Water Treatment Plant, water meters at City Hall, crushed concrete at the Landfill, and fuel at the City Shop and Airport. All inventories are valued at cost using the first-in/first-out method.

Prepaid items reflect payments for costs applicable to future accounting periods. Prepaid items in the governmental fund financial statements are reflected as a reservation of fund balance on the balance sheet.

**L. RESTRICTED ASSETS**

Certain resources set aside for debt service in the Mandan Community Center debt service fund and the Water and Sewer Utility enterprise fund, are classified as restricted assets on the balance sheet because their use is limited by applicable bond and loan covenants.

**M. LAND HELD FOR RESALE**

The City acquired land for remediation and development. The City is actively marketing the properties for renovation and construction of new commercial, retail and residential facilities. The land held for resale is stated at the lower of cost or market.

**N. CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, infrastructure, machinery and equipment, and construction work in progress, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as capital assets.

All other capital assets with an original cost of \$5,000 or more per unit and an estimated useful life in excess of two years are capitalized and reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Infrastructure consists of major citywide public systems and items attached thereto such as streets, street lighting systems, street drainage systems, street signs, traffic signals, parking lots, sidewalks, water and sewer systems, inert landfill, airport runways, including those infrastructure assets acquired prior to June 30, 1980. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Fixed assets in governmental funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Land and construction work in progress are not depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Infrastructure	30
Machinery and Equipment	5

**O. DEFERRED REVENUE**

In the government-wide financial statements and proprietary fund financial statements, deferred revenue is recognized when cash, receivables, or other assets are received prior to their being earned. In the governmental fund financial statements, deferred revenue is recognized when revenue is unearned or unavailable.

**P. COMPENSATED ABSENCES**

ANNUAL LEAVE

Eligible City employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 120 hours at each year end. The amount of annual leave earned ranges between eight and eighteen hours per month.

Eligible Library employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 240 hours at each year end. The amount of annual leave earned ranges between eight and sixteen hours per month.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. This normally occurs only if an employee has unused reimbursable leave still outstanding at the time of their retirement or resignation. The government-wide financial statements present the cost of accumulated annual leave as a liability. Proprietary Funds recognize the expense and accrued liability when the annual leave is earned.

SICK LEAVE

Eligible City employees accrue sick leave at the rate of 8 hours per month without limitation on the amount that can be accumulated. Employees vesting between the ages of 62 to 64, the City is liable for one-third of the employee's accumulated unused sick leave up to a maximum of 60 days. Employees vesting at age 65 or older, the City is liable for all the employee's accumulated unused sick leave up to a maximum of 60 days. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has reached age 62.

Eligible Library employees accrue sick leave at the rate of 8 hours per month without limitation on the amount that can be accumulated. There is no liability for accumulated unused sick leave since the Library's policy is not to pay employees for accumulated unused sick leave upon termination of employment. The governmental fund financial statements recognize sick leave as it is incurred.

**Q. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**R. REVENUES AND EXPENDITURES/EXPENSES**

In the government-wide statement of activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities. Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction, available only for specified purposes. Unused restricted revenues at year-end are recorded as restricted fund balance. When revenues are not restricted or do not have constraints placed on their use, the funds are considered by the City's commission to be committed or set aside for a specific purpose. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City's commission has provided otherwise in its commitment or assignment actions.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Capital Outlay," or "Debt Service". Current expenditures are subclassified by function.

Capital outlay includes expenditures for capital assets. Debt service includes both interest and principal outlays related to bonds and loans.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object. Operating revenues consist of sales of goods and services and quasi-external operating transactions with other funds. All other revenues that do not meet the above criteria should be classified as non-operating.

## **S. NET ASSETS/FUND BALANCE**

### NET ASSETS

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund financial statements, and "Fund Balance" on governmental fund financial statements.

### FUND BALANCE CLASSIFICATIONS

In the fund financial statements, fund balance for governmental funds are reported in five 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:

**Nonspendable** includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted** results when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (simple majority vote) of the City's highest level of decision-making authority (City commission) and cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit the amounts.

**Assigned** consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, as expressed by the finance director to which the City's commission has delegated the authority to assign amounts to be used for specific purposes. The budget and finance committee has the authority to remove or change the assignment of funds.

**Unassigned** is the residual classification for the general fund and represents the amount that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**MINIMUM FUND BALANCE**

The unrestricted fund balance is the amount in the fund balance less nonspendable and restricted fund balance. The City will strive to maintain a minimum unrestricted general fund balance equal to 17% of the general fund's subsequent year budgeted expenditures (less debt service and capital outlay). This will assist in maintaining an adequate level of fund balance to provide for economic and financial stability and assist in maintaining the City's bond rating. If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum target, as noted above, the replenishment will be within five years.

The minimum fund balance in the General Fund at December 31, 2011 was \$1,134,272.

**T. CHANGE IN ACCOUNTING PRINCIPLES**

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which is effective for periods beginning after June 15, 2010. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**NOTE 2 – FUND CONSOLIDATION**

The City's Refunding Improvement Bonds Fund, a major governmental fund, was consolidated in the current year to include the Street Improvement Bonds Debt Service Fund, the Sidewalk, Curb and Gutter Debt Service Fund, and the Street Debt Service Fund. The City classified the Street Improvement Bonds Debt Service Fund and the Sidewalk, Curb and Gutter Debt Service Fund as separate governmental funds prior to January 1, 2011.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**DEFICIT FUND EQUITY**

The following funds had a deficit fund balance as of December 31, 2011:

<u>Fund</u>		<u>Funding</u>
Public Transportation System	\$ (135)	General Fund
Health and Safety	(134,021)	Special assessments
Sidewalk, Curb and Gutter Construction	(350,829)	Sale of bonds
Street Construction	(1,216,495)	Sale of bonds

**NOTE 4 – DETAILED NOTES ON ACCOUNT BALANCES**

**A. DEPOSITS**

**CUSTODIAL CREDIT RISK**

The City minimizes custodial credit risk by restrictions set forth in state statute. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the City would not be able to recover its deposits or collateralized securities that are in the possession of outside parties. The City does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, the City's commission requires that all City funds be deposited at financial institutions that are covered by federal deposit insurance. State statutes also require that the deposits be protected by insurance, collateral or a surety bond. The fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. The only exception is for funds that are deposited with the Bank of North Dakota, which is owned and backed by the full faith and credit of the State of North Dakota.

At December 31, 2011, the carrying amount of the City's deposits was \$10,277,680 and the bank balance was \$10,590,575, all of which was insured and collateralized. The City also maintains a petty cash balance of \$1,300 and Agency Fund cash of \$1,948 which is held and managed by the City's human resource vendor.

**B. INVESTMENTS**

The investment policies of the City are governed by state statutes, indicating that all public funds must be deposited in the Bank of North Dakota unless there are other constitutional or statutory provisions.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of debt security typically moves in the opposite direction of the change in interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

At December 31, 2011, the City's investments of \$210,000 consisted of certificates of deposit. In addition, the City held mutual funds for the employee retirement plan and trust fund in the amount of \$6,007,959. The investments are due within one year.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy that specifically addresses credit risk.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City does not have a formal investment policy governing foreign currency risk.

**C. NOTES RECEIVABLE**

Notes receivable are made from the Mandan Growth Fund to promote of economic and job development within the City. Notes receivable at December 31, 2011, consist of the following:

<u>Grizella Corporation</u>	
\$9,690 Loan due in monthly installments of \$222 through December 1, 2012 and \$323 through December 1, 2014; interest at 7%.	\$ 9,291
North Dakota Small Business Investment Company	<u>25,000</u>
Total Notes Receivable	<u>\$34,291</u>

**D. LOANS RECEIVABLE**

Loans receivable are made from the Mandan Growth Fund to promote of economic and job development within the City. Loans receivable at December 31, 2011, consist of the following:

<u>Carter Chiropractic Clinic</u>	
\$75,000 Loan due in monthly installments of \$497 through January 1, 2017 and \$46,589 due on January 1, 2017; interest at 5%.	\$ 62,340
<u>Coffees and Kitchens</u>	
\$50,000 Loan due in monthly installments of \$189 until paid in full; interest at 0%.	38,977
<u>Hopfauf Custom Builders</u>	
\$100,000 Loan due in monthly installments of \$666 through December 1, 2016 and \$62,894 due on December 1, 2016; interest at 5%.	83,751
<u>Huff Hills Ski Area</u>	
\$117,431 Loan due in monthly installments of \$5,520 through March 15, 2025 and \$3,340 due on March 15, 2026; interest at 1.5%.	71,913
<u>Lindy Sue's Candies &amp; Soda Fountain</u>	
\$42,500 Loan due in monthly installments of \$486 through August 1, 2017 and \$31,846 due on August 1, 2017; interest at 6%.	42,500
<u>Thermo-Cool Products</u>	
\$252,874 Loan due in full at maturity, November 30, 2012; interest at 6%.	<u>252,874</u>
Total Loans Receivable	\$552,355
Less: Allowance for uncollectible accounts	<u>(42,500)</u>
Net Loans Receivable	<u>\$509,855</u>

**E. INTERFUND ACCOUNTS AND TRANSFERS**

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at December 31, 2011, consist of the following:

<u>Due To General Fund</u>	
Due From Flood Control Fund	\$2,411,121
Due From Nonmajor Governmental Funds	685
Due From Internal Service Fund	<u>972</u>
Total Due To General Fund	<u>\$2,412,778</u>
<u>Due To Refunding Improvement Bonds Fund</u>	
Due From Nonmajor Governmental Funds	\$1,456,675

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

<u>Due To Nonmajor Governmental Funds</u>	
Due From Flood Control Fund	\$2,851,397
Due From Morton Mandan Public Library Fund	24,561
Due From Mandan Airport Authority Fund	<u>5,890</u>
 Total Due To Nonmajor Governmental Funds	 <u>\$2,881,848</u>

<u>Due To Water and Sewer Utility Fund</u>	
Due From Nonmajor Governmental Funds	\$ 140,839

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2012.

**INTERFUND TRANSFERS**

A summary of interfund transfers for the fiscal year ended December 31, 2011, follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$2,187,223	\$ 426,886
Mandan Growth	250,000	36,000
Flood Control	164,346	
Morton Mandan Public Library	73,506	
Refunding Improvement Bonds	451,056	32,805
Nonmajor Governmental	581,049	3,349,367
Water and Sewer Utility	29,776	3,527
Solid Waste Utility		20,240
Street Light Utility		6,247
Mandan Airport Authority	31,834	
Internal Service	<u>106,282</u>	
 Total	 <u>\$3,875,072</u>	 <u>\$3,875,072</u>

Transfers are used for various budgetary and financial management purposes.

**F. CAPITAL ASSETS**

The following is a summary of capital assets during the fiscal year:

<b>Governmental Activities</b>	Balance 1-1-11	Increases	Decreases	Transfers	Balance 12-31-11
Capital Assets, not being depreciated:					
Land	\$1,145,403			\$1,478,700	\$2,624,103
Construction Work in Progress	3,514,177	\$943,591	\$(60,269)	(3,283,980)	1,113,519
<b>Total Capital Assets, not being depreciated</b>	<b>\$4,659,580</b>	<b>\$943,591</b>	<b>\$(60,269)</b>	<b>\$(1,805,280)</b>	<b>\$3,737,622</b>
Capital Assets, being depreciated:					
Buildings and Improvements	\$5,651,421	\$41,078		\$99,526	\$5,792,025
Buildings and Infrastructure	98,012,442	906,506		1,460,926	100,379,874
Machinery and Equipment	5,870,126	211,730	\$(90,897)	222,024	6,212,983
<b>Total Capital Assets, being depreciated</b>	<b>\$109,533,989</b>	<b>\$1,159,314</b>	<b>\$(90,897)</b>	<b>\$1,782,476</b>	<b>\$112,384,882</b>
Less Accumulated Depreciation for:					
Buildings and Improvements	\$1,529,001	\$114,994			\$1,643,995
Buildings and Infrastructure	36,447,658	2,901,541			39,349,199
Machinery and Equipment	5,099,848	423,071	\$(90,897)	\$(12,003)	5,420,019
<b>Total Accumulated Depreciation</b>	<b>\$43,076,507</b>	<b>\$3,439,606</b>	<b>\$(90,897)</b>	<b>\$(12,003)</b>	<b>\$46,413,213</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$66,457,482</b>	<b>\$(2,280,292)</b>		<b>\$1,794,479</b>	<b>\$65,971,669</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$71,117,062</b>	<b>\$(1,336,701)</b>	<b>\$(60,269)</b>	<b>\$(10,801)</b>	<b>\$69,709,291</b>

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

<b>Business-type Activities</b>	Balance 1-1-11	Increases	Decreases	Transfers	Balance 12-31-11
Capital Assets, not being depreciated:					
Land	\$658,302				\$658,302
Construction Work in Progress	14,600,401	\$5,876,700	\$(2,872)	\$(580,039)	19,894,190
<b>Total Capital Assets, not being depreciated</b>	<b>\$15,258,703</b>	<b>\$5,876,700</b>	<b>\$(2,872)</b>	<b>\$(580,039)</b>	<b>\$20,552,492</b>
Capital Assets, being depreciated:					
Buildings and Infrastructure	\$88,618,806	\$363,680		\$580,039	\$89,562,525
Machinery and Equipment	3,009,839	181,169		22,803	3,213,811
<b>Total Capital Assets, being depreciated</b>	<b>\$91,628,645</b>	<b>\$544,849</b>		<b>\$602,842</b>	<b>\$92,776,336</b>
Less Accumulated Depreciation for:					
Buildings and Infrastructure	\$37,318,254	\$2,117,894			\$39,436,148
Machinery and Equipment	2,247,702	348,310		\$12,003	2,608,015
<b>Total Accumulated Depreciation</b>	<b>\$39,565,956</b>	<b>\$2,466,204</b>		<b>\$12,003</b>	<b>\$42,044,163</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$52,062,689</b>	<b>\$(1,921,355)</b>		<b>\$590,839</b>	<b>\$50,732,173</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$67,321,392</b>	<b>\$3,955,345</b>	<b>\$(2,872)</b>	<b>\$10,800</b>	<b>\$71,284,665</b>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities

General Government	\$ 100,707
Public Safety	275,938
Public Works	2,983,957
Cemetery	13,325
Culture and Recreation	59,179
Urban Redevelopment and Housing	5,420
Economic Development and Assistance	1,080

Total Governmental Activities Depreciation Expense \$ 3,439,606

Business-type Activities

Water and Sewer Utility	\$ 2,153,775
Solid Waste Utility	112,915
Street Light Utility	5,244
Mandan Airport Authority	<u>194,270</u>

Total Business-type Activities Depreciation Expense \$ 2,466,204

CONSTRUCTION COMMITMENTS

The City has active construction project commitments of \$609,306 as of December 31, 2011.

**G. LONG-TERM DEBT**

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2011, consisted of bonds and loans issued by the City and are accounted for by the respective City funds in the government-wide financial statements that issued the bonds and loans.

GENERAL OBLIGATION BONDS PAYABLE

The City issues general obligation funds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

\$870,000 General Obligation Bridge Bonds of 2006,  
due in annual installments of \$20,000 to \$65,000,  
through May 1, 2026; interest at 3.7% - 4.4%

\$730,000

Debt service requirements to maturity on general obligation bond issue are summarized below:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2012	\$35,000	\$29,903
2013	35,000	28,538
2014	35,000	27,155
2015	35,000	25,755
2016	40,000	24,255
2017-2021	245,000	93,085
2022-2026	305,000	34,533
<b>Total</b>	<b>\$730,000</b>	<b>\$263,224</b>

**SPECIAL ASSESSMENTS BONDS PAYABLE WITH GOVERNMENTAL COMMITMENT**

The City issues special assessment bonds to provide funds for the construction of infrastructure. These bonds are repaid from amounts levied against the property owners benefited by the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources (general taxes) to cover the deficiency until other resources are received.

Special assessment bonds currently outstanding are as follows:

Issue	Amount of Issue	Date of Issue	Date of Maturity	Interest Rates	Total Outstanding
Refunding 2003, Series A	6,205,000	5/1/2003	5/1/2018	3% - 3.875%	\$2,545,000
Refunding 2004	360,000	1/1/2004	5/1/2018	2.55% - 4.2%	175,000
Refunding 2004, Series SCG-2004	220,000	1/1/2005	5/1/2014	2.75% - 3.6%	60,000
Refunding 2005, Series SCG-2005	245,000	12/15/2005	5/1/2015	3.5% - 4%	105,000
Refunding 2005, Series C	1,490,000	12/15/2005	5/1/2020	3.2% - 4.1%	885,000
Refunding 2006, Series B	3,070,000	8/1/2006	5/1/2021	4% - 4.25%	2,095,000
Refunding 2006, Series SCG-2006	245,000	1/1/2007	5/1/2016	3.55% - 4%	130,000
Refunding 2007	5,315,000	1/1/2007	5/1/2021	3.5% - 4.125%	3,555,000
Refunding 2007, Series B	9,460,000	3/15/2007	5/1/2022	4% - 4.5%	7,035,000
Refunding 2007, Series C	2,645,000	11/1/2007	5/1/2022	3.45% - 4.5%	1,945,000
Refunding 2007, Series D	6,860,000	12/1/2007	5/1/2023	4% - 4.375%	5,360,000
Refunding 2007, Series SCG-2007	285,000	12/1/2007	5/1/2017	3.75% - 4.1%	180,000
Refunding 2008, Series A	1,410,000	4/1/2008	5/1/2016	2.1% - 3.45%	850,000
Refunding 2008, Series B	2,405,000	7/1/2008	5/1/2023	3% - 4.2%	1,970,000
Refunding 2008, Series C	5,000,000	12/1/2008	5/1/2024	3.5% - 4.3%	4,110,000
Refunding 2008, Series SCG-2008	335,000	12/1/2008	5/1/2018	3.2% - 4.15%	245,000
Refunding 2009, Series A	4,420,000	12/15/2009	5/1/2024	2% - 4%	4,075,000
Refunding 2009, Series SCG-2009	225,000	12/15/2009	5/1/2019	2.5% - 3.5%	190,000
Refunding 2010, Series A	4,020,000	2/15/2010	5/1/2019	1% - 3.2%	3,295,000
Street #160	109,611	12/23/2010	5/1/2025	4%	107,426
Sidewalk, Curb and Gutter 2010	159,187	12/23/2010	5/1/2020	3.25%	153,602
Refunding 2011, Series A	960,000	3/1/2011	5/1/2020	1.15% - 3.25%	960,000
<b>Total</b>					<b>\$40,026,028</b>

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

Debt service requirements to maturity on special assessment bond issues are summarized below:

Year Ending December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$3,537,471	\$1,049,704	\$1,178,368	\$365,100	\$4,715,839	\$1,414,804
2013	3,502,880	937,971	1,163,681	327,395	4,666,560	1,265,366
2014	3,244,142	827,651	1,073,165	290,520	4,317,307	1,118,171
2015	2,927,848	721,090	965,232	255,179	3,893,080	976,269
2016	2,854,079	614,158	944,800	219,701	3,798,879	833,859
2017-2021	11,306,197	1,601,452	3,991,249	578,392	15,297,447	2,179,844
2022-2025	2,444,485	103,458	892,431	38,048	3,336,916	141,506
<b>Total</b>	<b>\$29,817,102</b>	<b>\$5,855,484</b>	<b>\$10,208,926</b>	<b>\$2,074,335</b>	<b>\$40,026,028</b>	<b>\$7,929,819</b>

**REVENUE BONDS PAYABLE**

Current state statutes empower the City to issues bonds as part of its activities and pledge income derived from operations to pay debt service. This debt is not backed by the full faith and credit of the City.

The Limited Tax Refunding Revenue Bonds of 2005, Series B were issued to finance improvements for the Mandan Community Center. The Bonds are payable only from and secured by a pledge of the City's 1% City sales tax receipts and are payable through December 2019, and recorded in the Mandan Community Center Debt Service Fund. Annual principal and interest payments on the bonds are expected to require less than the net revenues. The total principal and interest remaining to be paid on the bonds is \$1,121,553. Principal and interest paid for the current year and total net revenues were \$140,110 and \$140,908, respectively.

The Water and Sewer Revenue Bonds were issued to finance improvements for the City's Water and Sewer Utility Fund. The Bonds are payable solely from charges for services received from the Water and Sewer Utility Fund and are payable through September 2028. Annual principal and interest payments on the bonds are expected to require less than the net revenues. The total principal and interest remaining to be paid on the bonds is \$8,407,808. Principal and interest paid for the current year and total net revenues were \$775,056 and \$2,592,762, respectively.

The Airport Improvement Revenue Bonds were issued to finance improvements for the Mandan Airport Facility. The Bonds are payable solely from charges for services received from the Mandan Airport Authority and are payable through October 2023. Annual principal and interest payments on the bonds are expected to require less than the net revenues. The total principal and interest remaining to be paid on the bonds is \$1,138,425. Principal and interest paid for the current year and total net revenues were \$110,127 and \$168,721, respectively.

Revenue bonds outstanding:

Governmental Funds

\$1,415,000 Limited Tax Refunding Bonds of 2005, Series B, due in annual installments of \$90,000 to \$135,000 through, December 1, 2019; interest at 3.1% to 4.15%. \$ 945,000

Proprietary Funds

\$1,000,000 Water and Sewer Revenue Bonds, Series 2005, due in annual installments of \$15,000 to \$75,000 through, May 1, 2025; interest at 3.6% to 4.8%. \$ 795,000

\$3,504,565 Water Improvement Revenue Bonds of 2002, due in annual installments of \$198,565 to \$278,000, through September 1, 2021; interest at 2.5%. 2,473,000

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

\$5,090,000 Sewer Revenue Bonds of 1997, due in annual installments of \$100,000 to \$325,000, through September 1, 2019; interest at 2.5%.	2,385,000
\$1,545,663 Sewer Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$65,663 to \$110,000 through September 1, 2028; interest at 2.5%	1,480,000
\$649,071 Airport Improvement Revenue Bonds of 2005, due in annual installments of \$30,517 through, August 15, 2020; interest at 4.76%.	442,588
\$500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, October 8, 2023; interest at 5.41%.	<u>429,234</u>
Total Proprietary Funds	<u>\$8,004,822</u>
Total	<u>\$8,949,822</u>

Debt service requirements to maturity on revenue bond issues are summarized below:

Year Ending December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$105,000	\$36,660	\$671,663	\$237,188	\$776,663	\$273,848
2013	105,000	32,933	691,050	217,893	796,050	250,826
2014	110,000	29,100	704,608	198,044	814,608	227,144
2015	115,000	24,975	734,348	177,634	849,348	202,609
2016	120,000	20,548	750,279	156,379	870,279	176,927
2017-2021	390,000	32,338	3,380,985	448,124	3,770,985	480,462
2022-2026			856,889	98,022	856,889	98,022
2027-2028			215,000	8,125	215,000	8,125
Total	\$945,000	\$176,554	\$8,004,822	\$1,541,409	\$8,949,822	\$1,717,963

**LOANS PAYABLE**

The following is a schedule of loans payable outstanding at December 31, 2011:

**Proprietary Funds**

\$5,054,100 Water Improvement Interim Certificate of 2008, Series A, due in annual installments of \$194,100 to \$315,000 through, September 1, 2029; interest at 2.5%.	\$ 3,845,241
\$7,000,000 Water Improvement Interim Certificate of 2010, Series A, due in annual installments of \$265,000 to \$450,000, through September 1, 2030; interest at 2.84%.	5,866,288
\$8,600,000 Water Improvement Interim Certificate of 2008, Series B, due in annual installments of \$310,000 to \$575,000, through September 1, 2028; interest at 3.27%.	6,497,624
\$1,000,000 Sewer Improvement Interim Certificate of 2008, Series B, due in annual installments of \$40,000 to \$60,000 through, September 1, 2029; interest at 2.5%.	<u>527,207</u>
Total	<u>\$16,736,360</u>

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

Debt service requirements to maturity on loans payable are summarized below:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2012	\$742,897	\$488,386
2013	763,078	466,740
2014	784,618	444,509
2015	801,803	421,645
2016	827,596	398,270
2017-2021	4,517,135	1,614,750
2022-2025	5,218,779	914,728
2026-2030	3,080,454	178,913
<b>Total</b>	<b>\$16,736,360</b>	<b>\$4,927,941</b>

Current Refunding

The City issued \$960,000 of Refunding Improvement Bonds of 2011, Series A for a current refunding of \$960,000 of Refunding Improvement Bonds of 2005. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a net present value benefit of \$29,671 and a reduction of \$63,733 in future debt service payments.

Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2011, are summarized as follows:

<b>Governmental Activities</b>	Balance 1-1-11	Additions	Reductions	Balance 12-31-11	Due Within One Year
Compensated Absences	\$239,776	\$328,841	\$(343,628)	\$224,989	\$134,377
General Obligation Bonds	760,000		(30,000)	730,000	35,000
Special Assessment Bonds	33,522,293	748,046	(4,453,237)	29,817,102	3,537,471
Revenue Bonds	1,045,000		(100,000)	945,000	105,000
<b>Governmental Activities</b>	<b>\$35,567,069</b>	<b>\$1,076,887</b>	<b>\$(4,926,865)</b>	<b>\$31,717,091</b>	<b>\$3,811,848</b>

<b>Business-type Activities</b>	Balance 1-1-11	Additions	Reductions	Transfers	Balance 12-31-11	Due Within One Year
Compensated Absences	\$88,659	\$92,556	\$(108,875)		\$72,340	\$43,314
Special Assessment Bonds	11,466,505	211,955	(1,469,534)		10,208,926	1,178,368
Revenue Bonds	7,108,265		(649,106)	\$1,545,663	8,004,822	671,663
Loans	12,404,072	6,697,951	(820,000)	(1,545,663)	16,736,360	742,897
<b>Business-type Activities</b>	<b>\$31,067,501</b>	<b>\$7,002,462</b>	<b>\$(3,047,515)</b>		<b>\$35,022,448</b>	<b>\$2,636,242</b>

The City's bond documents include covenants that, in part, impose maintenance of certain reserve requirements and net operating revenues to debt service ratios. The City was in compliance with all financial covenants as of December 31, 2011.

**H. CONDUIT DEBT**

**MUNICIPAL INDUSTRIAL DEVELOPMENT BONDS**

From time to time, the City has approved issuance of Municipal Industrial Development (MIDA) Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there was one series of MIDA Bonds outstanding; the aggregate principal amount payable was \$2,440,000. Neither the State nor the City has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. The amount is most often in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

**COMMUNITY DEVELOPMENT BLOCK GRANTS**

From time to time, the City has obtained Community Development Block Grants (CBDG) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The grants are secured by the financed property and are payable solely from payments received on the underlying mortgage grants. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the grants. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the grants. Accordingly, the grants are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there were six CDBG loans outstanding, with an aggregate principal amount payable of \$576,403.

**NOTE 6 – EMPLOYEE PENSION PLAN**

**DEFINED CONTRIBUTION PLAN**

The City of Mandan Employee Retirement Plan and Trust is a Defined Contribution plan that covers eligible City employees. The Defined Contribution Plan had 150 participants as of December 31, 2011.

Upon the death of a participating employee or former participating employee, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). An employee who becomes totally and permanently disabled while employed by the City is eligible to receive a distribution of the vested account balance. To qualify under this section, the employee must meet the criteria established by the Plan for being totally disabled.

**CITY OF MANDAN, NORTH DAKOTA**  
Notes to the Financial Statements - Continued

---

Employees are entitled to their vested account balance. A participating employee is immediately 100% vested in the employee's contributions. A participating employee vests in the employer contributions made on the employee's behalf as follows:

Upon completion of one year of service	25%
Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Employees may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

Contributions are set by City ordinance and are a percentage of salaries and wages. Employee contributions are established at 2%, and employer contributions are established at 7% of regular compensation. The employer's required contributions for the years ended December 31, 2011, 2010, and 2009, were \$423,417, \$420,472, and \$404,497, respectively.

The City, or vendors contracted by the City, has exclusive authority to invest and manage the assets of the Employee Retirement Plan and Trust. The Plan allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the City.

**NOTE 7 – RESTRICTED ASSETS**

The balances of the restricted asset accounts for cash and cash equivalents are as follows:

Governmental Funds

Business Incentive Agreement Deposit	\$ 5,000
Revenue Bond Debt Service Account	<u>141,500</u>
Total Governmental Funds	<u>\$ 146,500</u>

Proprietary Funds

Revenue Bond Debt Service Accounts	\$ 748,595
Loan Debt Service Accounts	<u>685,947</u>
Total Proprietary Funds	<u>\$1,434,542</u>
Total	<u>\$1,581,042</u>

**NOTE 8 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements, resulting from these risks, have not exceeded insurance coverage in any of the past three fiscal years.

**NORTH DAKOTA INSURANCE RESERVE FUND**

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,500 political subdivisions. The City pays an annual premium to NDIRF for its general liability, auto, and public asset insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile coverage and to \$3,117,206 for public assets (mobile equipment and portable property) coverage.

**STATE FIRE AND TORNADO FUND**

The City participates in the State Fire and Tornado Fund. The City pays an annual premium for the Fund to cover damage to buildings and contents. Replacement cost is estimated in consultation with the Fund to provide replacement cost coverage. The Fund is reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

**STATE BONDING FUND**

The City participates in the State Bonding Fund. The Fund currently provides the City with blanket fidelity bond coverage in the amount of \$2,000,000 for its public employees and public officials. The Fund does not currently charge any premium for this coverage.

**WORKFORCE SAFETY & INSURANCE**

The City participates in the Workforce Safety & Insurance (WSI). WSI is a state insurance fund and a "no fault" insurance system, covering employers and employees. WSI is financed by premiums assessed to employers. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

**PERS UNIFORM GROUP INSURANCE PROGRAM**

The City participates in the PERS Uniform Group Insurance Program who contracts with Blue Cross Blue Shield of North Dakota (BCBS) to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments or agencies. The City contributes a percentage of the monthly premium based upon an employee's years of service.

**NOTE 9 – REMEDIATION TRUST**

The City is one of the beneficiaries of the Mandan Remediation Trust. As a beneficiary of the Trust, the City has no legal title, claim or right to the Trust Estate and does not have any authority to transact business on behalf of the Trust. The Trust is irrevocable and will terminate when the North Dakota Department of Health determines that no further remediation is required of the contamination and the purposes of the Trust have been fully executed and fulfilled. Upon termination of the Trust, any residue of the Trust money shall be paid to the Mandan Special Environmental Projects Trust, a governmental fund of the City. The Trust had net assets of \$8,493,735 at December 31, 2010, the most recent year audited.

**NOTE 10 – COMMITMENTS**

**FINANCIAL SUBSIDY COMMITMENTS**

The City has financial subsidy commitments of \$161,856 as of December 31, 2011.

**NOTE 11 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2011, the City issued \$339,108 of Water Improvement Interim Certificate of 2010, Series A (No. R-10) to finance the Residuals Management Facility Project at the Water Treatment Plant. The interest rate on the Loan is 2.84% and the maturity date is September 1, 2030.

Subsequent to December 31, 2011, the City issued \$342,791 of Water Improvement Interim Certificate of 2008, Series B (No. R-11) to finance the South Side Reservoir Project. The interest rate on the Loan is 3.27% and the maturity date is September 1, 2028.

Subsequent to December 31, 2011, the City awarded bids in the amount of \$1,410,906 for the Flood Protection Removal Project. The Federal Emergency Management Agency has agreed to reimburse the City for 90% of eligible costs, the State of North Dakota has agreed to reimburse the City for 7% of eligible costs, and the City will be responsible for 3% of the costs.

Subsequent to December 31, 2011, the City approved the sale of 21.32 acres of land for development purposes in the amount of \$763,938.

Subsequent to December 31, 2011, the City issued \$1,490,000 of Refunding Improvement Bonds of 2012, Series A for a current refunding of \$785,000 of Refunding Improvement Bonds of 2005, Series C and \$670,000 of Refunding Improvement Bonds of 2008, Series A. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a net present value benefit of \$101,558 and a reduction of \$107,415 in future debt service payments.

**NOTE 12 – NEW PRONOUNCEMENTS**

The City implemented the following new pronouncement for fiscal year 2011:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was issued in March 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods beginning after June 15, 2010. The new fund balance classifications and the minimum fund balance disclosure provided in Statement 54 are discussed in detail in Note 1S.

The City will implement the following new pronouncements for fiscal years ending after 2011:

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" will be effective for financial statement periods beginning after December 15, 2011 with early application encouraged. The Statement brings the authoritative accounting and financial reporting literature together in one place, with the guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial users. It will eliminate the need to financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in a more consistent application of applicable guidance in financial statements of state and local governments.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", is effective for periods beginning after December 15, 2011. This statement is intended to improve the financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.



Required Supplementary Information  
December 31, 2011

# City of Mandan

**CITY OF MANDAN, NORTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 3,363,100	\$ 3,362,378	\$ 3,343,898	\$ (18,480)
Licenses and Permits	495,650	495,650	576,502	80,852
Intergovernmental	1,092,900	1,093,900	1,736,679	642,779
Charges for Services	80,700	80,700	80,897	197
Fines and Forfeits	176,500	176,500	182,793	6,293
Special Assessments	33,650	35,855	40,594	4,739
Interest	17,350	17,350	42,540	25,190
Miscellaneous	49,550	49,883	59,700	9,817
<b>Total Revenues</b>	<b>\$ 5,309,400</b>	<b>\$ 5,312,216</b>	<b>\$ 6,063,603</b>	<b>\$ 751,387</b>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 1,879,150	\$ 1,838,996	\$ 1,914,474	\$ (75,478)
Public Safety	4,002,300	4,130,635	3,716,618	414,017
Public Works	1,046,650	1,046,650	1,206,869	(160,219)
Capital Outlay	87,800	87,800	211,729	(123,929)
<b>Total Expenditures</b>	<b>\$ 7,015,900</b>	<b>\$ 7,104,081</b>	<b>\$ 7,049,690</b>	<b>\$ 54,391</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,706,500)	\$ (1,791,865)	\$ (986,087)	\$ 805,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,451,650	\$ 1,487,650	\$ 2,187,223	\$ 699,573
Transfers Out	(218,050)	(193,155)	(426,886)	(233,731)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 1,233,600</b>	<b>\$ 1,294,495</b>	<b>\$ 1,760,337</b>	<b>\$ 465,842</b>
<b>Net Change in Fund Balances</b>	<b>\$ (472,900)</b>	<b>\$ (497,370)</b>	<b>\$ 774,250</b>	<b>\$ 1,271,620</b>
Fund Balances - January 1	\$ 1,740,450	\$ 1,740,450	\$ 1,740,450	-
Fund Balances - December 31	\$ 1,267,550	\$ 1,243,080	\$ 2,514,700	\$ 1,271,620

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
CEMETERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 84,350	\$ 84,576	\$ 83,568	\$ (1,008)
Intergovernmental	850	850	1,418	568
Charges for Services	48,500	48,500	61,550	13,050
Interest	300	300	589	289
Cemetery Lots	22,000	22,000	28,750	6,750
Miscellaneous	1,650	1,650	154	(1,496)
<b>Total Revenues</b>	<b>\$ 157,650</b>	<b>\$ 157,876</b>	<b>\$ 176,029</b>	<b>\$ 18,153</b>
<b>EXPENDITURES</b>				
Current:				
Cemetery	\$ 147,450	\$ 147,450	\$ 133,377	\$ 14,073
<b>Total Expenditures</b>	<b>\$ 147,450</b>	<b>\$ 147,450</b>	<b>\$ 133,377</b>	<b>\$ 14,073</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 10,200	\$ 10,426	\$ 42,652	\$ 32,226
Fund Balances - January 1	\$ 70,993	\$ 70,993	\$ 70,993	-
Fund Balances - December 31	\$ 81,193	\$ 81,419	\$ 113,645	\$ 32,226

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
MANDAN GROWTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$	\$ 9,000	\$ 9,000	\$ -
Charges for Services	5,000	5,000		(5,000)
Interest	1,400	1,400	1,213	(187)
Loan Repayments	30,500	30,500	55,789	25,289
Miscellaneous	700	1,700	5,536	3,836
<b>Total Revenues</b>	<b>\$ 37,600</b>	<b>\$ 47,600</b>	<b>\$ 71,538</b>	<b>\$ 23,938</b>
<b>EXPENDITURES</b>				
Current:				
Economic Development and Assistance	\$ 140,300	\$ 379,800	\$ 202,920	\$ 176,880
<b>Total Expenditures</b>	<b>\$ 140,300</b>	<b>\$ 379,800</b>	<b>\$ 202,920</b>	<b>\$ 176,880</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (102,700)	\$ (332,200)	\$ (131,382)	\$ 200,818
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Transfers Out		(36,000)	(36,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>\$ 250,000</b>	<b>\$ 214,000</b>	<b>\$ 214,000</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 147,300</b>	<b>\$ (118,200)</b>	<b>\$ 82,618</b>	<b>\$ 200,818</b>
Fund Balances - January 1	\$ 776,127	\$ 776,127	\$ 776,127	\$ -
Fund Balances - December 31	\$ 923,427	\$ 657,927	\$ 858,745	\$ 200,818

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
FLOOD CONTROL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$	\$	\$ 5,379,651	\$ 5,379,651
Total Revenues	\$ -	\$ -	\$ 5,379,651	\$ 5,379,651
<b>EXPENDITURES</b>				
Current:				
Public Works	\$	\$ 5,493,479	\$ 5,493,478	\$ 1
Total Expenditures	\$ -	\$ 5,493,479	\$ 5,493,478	\$ 1
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (5,493,479)	\$ (113,827)	\$ 5,379,652
<b>OTHER FINANCING SOURCES</b>				
Transfers In	\$	\$	\$ 164,346	\$ 164,346
Total Other Financing Sources	\$ -	\$ -	\$ 164,346	\$ 164,346
Net Change in Fund Balances	\$ -	\$ (5,493,479)	\$ 50,519	\$ 5,543,998
Fund Balances - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balances - December 31	\$ -	\$ (5,493,479)	\$ 50,519	\$ 5,543,998

The notes to the financial statements are an integral part of this statement.

**CITY OF MANDAN, NORTH DAKOTA  
BUDGETARY COMPARISON SCHEDULE  
MORTON MANDAN PUBLIC LIBRARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 297,100	\$ 297,181	\$ 295,193	\$ (1,988)
Intergovernmental	243,219	243,219	193,450	(49,769)
Charges for Services	2,600	2,600	4,046	1,446
Fines and Forfeits	5,000	5,000	6,839	1,839
Interest	3,300	3,300	1,983	(1,317)
Rent	35,400	35,400	36,000	600
Miscellaneous	7,105	7,105	9,762	2,657
<b>Total Revenues</b>	<b>\$ 593,724</b>	<b>\$ 593,805</b>	<b>\$ 547,273</b>	<b>\$ (46,532)</b>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	\$ 583,932	\$ 587,032	\$ 541,187	\$ 45,845
Capital Outlay		206,232	20,232	186,000
<b>Total Expenditures</b>	<b>\$ 583,932</b>	<b>\$ 793,264</b>	<b>\$ 561,419</b>	<b>\$ 231,845</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 9,792	\$ (199,459)	\$ (14,146)	\$ 185,313
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 7,492	\$ 7,492	\$ 73,506	\$ 66,014
Transfers Out	(7,492)	(7,492)		7,492
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,506</b>	<b>\$ 73,506</b>
<b>Net Change in Fund Balances</b>	<b>\$ 9,792</b>	<b>\$ (199,459)</b>	<b>\$ 59,360</b>	<b>\$ 258,819</b>
Fund Balances - January 1	\$ 364,456	\$ 364,456	\$ 364,456	-
Fund Balances - December 31	\$ 374,248	\$ 164,997	\$ 423,816	\$ 258,819

The notes to the financial statements are an integral part of this statement.

---

**CITY OF MANDAN, NORTH DAKOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2011**

---

**NOTE 1 – GENERAL BUDGETARY POLICIES AND PROCEDURES**

The City of Mandan, North Dakota, is required to prepare the annual Budget in accordance with the state's Municipal Budget Law and also with existing City Ordinances, Resolutions, contracts and agreements. In addition to these legal requirements, the City's Significant Budget Policies provide further direction and guidance to the budgeting process.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations for operations and maintenance expenditures within a department. Transfers of appropriations for salaries and benefits, capital outlay, or between departments require the approval of the City's commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City's commission made several supplemental budgetary appropriations throughout the year.



Supplementary Information  
December 31, 2011  
**City of Mandan**

**CITY OF MANDAN, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 299,653	\$ 18,026	\$ 836,196	\$ 1,153,875
Taxes Receivable	8,534	3,633		12,167
Accounts Receivable (net of allowance)	235			235
Special Assessments Receivable	107,822		27,290	135,112
Intergovernmental Receivable	293,867		34,063	327,930
Interfund Receivable	2,851,397		30,451	2,881,848
Prepaid Items	2,100		554	2,654
Cash and Cash Equivalents-Restricted	5,000	141,500		146,500
<b>Total Assets</b>	<b>\$ 3,568,608</b>	<b>\$ 163,159</b>	<b>\$ 928,554</b>	<b>\$ 4,660,321</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 28,312		\$ 128,218	\$ 156,530
Retainage Payable			1,795	1,795
Interfund Payable	141,524		1,456,675	1,598,199
Deferred Revenue	98,036	3,274	21,425	122,735
<b>Total Liabilities</b>	<b>\$ 267,872</b>	<b>\$ 3,274</b>	<b>\$ 1,608,113</b>	<b>\$ 1,879,259</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid Items	\$ 2,100		\$ 554	\$ 2,654
<b>Restricted for:</b>				
Public Safety	214,412			214,412
Public Works	127,150			127,150
Culture and Recreation	9,565			9,565
Urban Redevelopment and Housing	1,571,687			1,571,687
Economic Development and Assistance	702,896			702,896
Debt Service		159,885		159,885
Capital Projects			754,336	754,336
<b>Committed for:</b>				
General Government	58,008			58,008
Public Safety	238,306			238,306
Urban Redevelopment and Housing	510,768			510,768
Capital Projects			132,875	132,875
Unassigned	(134,156)		(1,567,324)	(1,701,480)
<b>Total Fund Balances</b>	<b>\$ 3,300,736</b>	<b>\$ 159,885</b>	<b>\$ (679,559)</b>	<b>\$ 2,781,062</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,568,608</b>	<b>\$ 163,159</b>	<b>\$ 928,554</b>	<b>\$ 4,660,321</b>

CITY OF MANDAN, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2011

	Highway Distribution	City's Share of Special Assessments	City Visitors' Promotion	Alarm-Equipment Reserve	City Sales Tax	Public Transportation System	Fire Equipment Reserve	Narcotics Task Force Grants
<b>ASSETS</b>								
Cash and Cash Equivalents	\$	41,137 \$	8,773 \$	31,086 \$	\$	\$	\$	218,657
Taxes Receivable		4,043		235		4,491		
Accounts Receivable (net of allowance)								
Special Assessments Receivable		16,424	7,925	25	133,012			10,253
Intergovernmental Receivable	127,150			13,814	569,884		193,191	
Interfund Receivable					1			
Prepaid Items					5,000			
Cash and Cash Equivalents-Restricted								
<b>Total Assets \$</b>	<b>127,150 \$</b>	<b>61,604 \$</b>	<b>16,698 \$</b>	<b>45,160 \$</b>	<b>707,897 \$</b>	<b>4,491 \$</b>	<b>193,191 \$</b>	<b>228,910</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:								
Accounts Payable	\$	\$	7,133 \$	\$	5,000 \$	584 \$	\$	7,375
Interfund Payable								
Deferred Revenue		3,596		45		4,042		7,123
<b>Total Liabilities \$</b>	<b>- \$</b>	<b>3,596 \$</b>	<b>7,133 \$</b>	<b>45 \$</b>	<b>5,000 \$</b>	<b>4,626 \$</b>	<b>- \$</b>	<b>14,498</b>
Fund Balances:								
Nonspendable:								
Prepaid Items	\$	\$	\$	\$	1 \$	\$	\$	
Restricted for:								
Public Safety								
Public Works								
Culture and Recreation	127,150		9,565					214,412
Urban Redevelopment and Housing								
Economic Development and Assistance					702,896			
Committed for:								
General Government		58,008		45,115			193,191	
Public Safety								
Urban Redevelopment and Housing								
Unassigned						(135)		
<b>Total Fund Balances \$</b>	<b>127,150 \$</b>	<b>58,008 \$</b>	<b>9,565 \$</b>	<b>45,115 \$</b>	<b>702,897 \$</b>	<b>(135) \$</b>	<b>193,191 \$</b>	<b>214,412</b>
<b>Total Liabilities and Fund Balances \$</b>	<b>127,150 \$</b>	<b>61,604 \$</b>	<b>16,698 \$</b>	<b>45,160 \$</b>	<b>707,897 \$</b>	<b>4,491 \$</b>	<b>193,191 \$</b>	<b>228,910</b>

CITY OF MANDAN, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2011

	Traffic Safety Grants	CDBG	BNSF Settlement	Mandan SEP Trust	Downtown Redevelopment	Health and Safety	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$	299,653
Taxes Receivable							8,534
Accounts Receivable (net of allowance)							235
Special Assessments Receivable					14,804	91,398	107,822
Intergovernmental Receivable	698		496,133	1,573,157	5,218		293,867
Interfund Receivable					2,099		2,851,397
Prepaid Items							2,100
Cash and Cash Equivalents-Restricted							5,000
<b>Total Assets</b>	<b>\$ 698</b>	<b>\$ -</b>	<b>\$ 496,133</b>	<b>\$ 1,573,157</b>	<b>\$ 22,121</b>	<b>\$ 91,398</b>	<b>\$ 3,568,608</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>							
Accounts Payable	\$	13	\$	1,470	5,387	1,350	28,312
Interfund Payable	685					140,839	141,524
Deferred Revenue						83,230	98,036
<b>Total Liabilities</b>	<b>\$ 698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,470</b>	<b>\$ 5,387</b>	<b>\$ 225,419</b>	<b>\$ 267,872</b>

**Fund Balances:**

Nonspendable:							
Prepaid Items	\$	\$	\$	\$	2,099	\$	2,100
Restricted for:							
Public Safety							214,412
Public Works							127,150
Culture and Recreation							9,565
Urban Redevelopment and Housing				1,571,687			1,571,687
Economic Development and Assistance							702,896
Committed for:							
General Government							58,008
Public Safety							238,306
Urban Redevelopment and Housing			496,133	14,635		(134,021)	510,768
Unassigned							(134,156)
<b>Total Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 496,133</b>	<b>\$ 1,571,687</b>	<b>\$ 16,734</b>	<b>\$ (134,021)</b>	<b>\$ 3,300,736</b>

<b>Total Liabilities and Fund Balances</b>	<b>\$ 698</b>	<b>\$ -</b>	<b>\$ 496,133</b>	<b>\$ 1,573,157</b>	<b>\$ 22,121</b>	<b>\$ 91,398</b>	<b>\$ 3,568,608</b>
--	---------------	-------------	-------------------	---------------------	------------------	------------------	---------------------

**CITY OF MANDAN, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2011**

	<b>Mandan Community Center Revenue Bonds of 2005</b>	<b>Liberty Memorial Bridge General Obligation Bonds</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$	\$ 18,026	\$ 18,026
Taxes Receivable		3,633	3,633
Cash and Cash Equivalents-Restricted	141,500		141,500
Total Assets	<u>\$ 141,500</u>	<u>\$ 21,659</u>	<u>\$ 163,159</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred Revenue	\$	\$ 3,274	\$ 3,274
Total Liabilities	<u>\$ -</u>	<u>\$ 3,274</u>	<u>\$ 3,274</u>
Fund Balances:			
Restricted for:			
Debt Service	\$ 141,500	\$ 18,385	\$ 159,885
Total Liabilities and Fund Balances	<u>\$ 141,500</u>	<u>\$ 21,659</u>	<u>\$ 163,159</u>

CITY OF MANDAN, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2011

ASSETS	Building Reserve	City Visitor's Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Street Construction	Total Nonmajor Capital Projects Funds
Cash and Cash Equivalents	\$ 111,324	\$ 724,872	\$	\$	\$ 836,196
Special Assessments Receivable			27,290		27,290
Intergovernmental Receivable		29,774		4,289	34,063
Interfund Receivable	30,451				30,451
Prepaid Items		554			554
<b>Total Assets</b>	<b>\$ 141,775</b>	<b>\$ 755,200</b>	<b>\$ 27,290</b>	<b>\$ 4,289</b>	<b>\$ 928,554</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:					
Accounts Payable	\$ 8,900	\$ 310	\$	\$ 119,008	\$ 128,218
Retainage Payable				1,795	1,795
Interfund Payable			356,694	1,099,981	1,456,675
Deferred Revenue			21,425		21,425
<b>Total Liabilities</b>	<b>\$ 8,900</b>	<b>\$ 310</b>	<b>\$ 378,119</b>	<b>\$ 1,220,784</b>	<b>\$ 1,608,113</b>

**Fund Balances:**

Nonspendable:					
Prepaid Items	\$	\$ 554	\$	\$	\$ 554
Restricted for:					
Capital Projects		754,336			754,336
Committed for:					
Capital Projects	132,875		(350,829)	(1,216,495)	132,875
Unassigned					(1,567,324)
<b>Total Fund Balances</b>	<b>\$ 132,875</b>	<b>\$ 754,890</b>	<b>\$ (350,829)</b>	<b>\$ (1,216,495)</b>	<b>\$ (679,559)</b>

<b>Total Liabilities and Fund Balances</b>	<b>\$ 141,775</b>	<b>\$ 755,200</b>	<b>\$ 27,290</b>	<b>\$ 4,289</b>	<b>\$ 928,554</b>
--	-------------------	-------------------	------------------	-----------------	-------------------

**CITY OF MANDAN, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,944,799	\$ 66,520	\$ 319,400	\$ 2,330,719
Intergovernmental	1,637,320	1,146	257,165	1,895,631
Charges for Services	11,343			11,343
Fines and Forfeits	151,258			151,258
Special Assessments	384,198		15,668	399,866
Interest	9,734		89	9,823
Miscellaneous	115,499		12,480	127,979
<b>Total Revenues</b>	<b>\$ 4,254,151</b>	<b>\$ 67,666</b>	<b>\$ 604,802</b>	<b>\$ 4,926,619</b>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 415,274		\$ (8,823)	\$ 406,451
Public Safety	152,612			152,612
Public Works	56,148			56,148
Culture and Recreation	127,214		295,065	422,279
Urban Redevelopment and Housing	64,276			64,276
Economic Development and Assistance	194,182			194,182
Construction			5,157	5,157
Debt Service:				
Principal		130,000		130,000
Interest		71,280		71,280
Service Charges		1,925		1,925
Capital Outlay	6,637		805,447	812,084
<b>Total Expenditures</b>	<b>\$ 1,016,343</b>	<b>\$ 203,205</b>	<b>\$ 1,096,846</b>	<b>\$ 2,316,394</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,237,808	\$ (135,539)	\$ (492,044)	\$ 2,610,225
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	\$ 26,500			\$ 26,500
Transfers In	20,621	140,908	419,520	581,049
Transfers Out	(3,349,367)			(3,349,367)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (3,302,246)</b>	<b>\$ 140,908</b>	<b>\$ 419,520</b>	<b>\$ (2,741,818)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (64,438)</b>	<b>\$ 5,369</b>	<b>\$ (72,524)</b>	<b>\$ (131,593)</b>
Fund Balances - January 1	\$ 3,365,174	\$ 154,516	\$ (607,035)	\$ 2,912,655
Fund Balances - December 31	\$ 3,300,736	\$ 159,885	\$ (679,559)	\$ 2,781,062

CITY OF MANDAN, NORTH DAKOTA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Highway Distribution	City's Share of Special Assessments	City Visitors' Promotion	Alarm- Equipment Reserve	City Sales Tax	Public Transportation System	Fire Equipment Reserve
<b>REVENUES</b>							
Taxes	\$	\$ 93,906	\$ 63,570	\$	\$ 1,703,099	\$ 84,224	\$ 59,337
Intergovernmental	1,477,044	1,569				1,449	
Charges for Services				8,717			
Fines and Forfeits		342,392					
Special Assessments							
Interest		6					500
Miscellaneous							
<b>Total Revenues</b>	\$ 1,477,044	\$ 437,873	\$ 63,570	\$ 8,717	\$ 1,703,099	\$ 85,673	\$ 59,837
<b>EXPENDITURES</b>							
Current:							
General Government	\$	\$ 313,919	\$	\$	\$	\$ 100,000	\$
Public Safety				5,232			
Public Works					70,000		
Culture and Recreation			57,214				
Urban Redevelopment and Housing					193,182		
Economic Development and Assistance					6,306		
Capital Outlay							
<b>Total Expenditures</b>	\$ -	\$ 313,919	\$ 57,214	\$ 5,232	\$ 269,488	\$ 100,000	\$ -
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 1,477,044	\$ 123,954	\$ 6,356	\$ 3,485	\$ 1,433,611	\$ (14,327)	\$ 59,837
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	\$	\$	\$	\$	\$ 26,500	\$	\$ 2,450
Transfers In	(1,466,086)	(277,332)			(1,600,861)		
Transfers Out							
<b>Total Other Financing Sources and Uses</b>	\$ (1,466,086)	\$ (277,332)	\$ -	\$ -	\$ (1,574,361)	\$ 14,192	\$ 2,450
<b>Net Change in Fund Balances</b>	\$ 10,958	\$ (153,378)	\$ 6,356	\$ 3,485	\$ (140,750)	\$ (135)	\$ 62,287
<b>Fund Balances - January 1</b>	\$ 116,192	\$ 211,386	\$ 3,209	\$ 41,630	\$ 843,647	\$ -	\$ 130,904
<b>Fund Balances - December 31</b>	\$ 127,150	\$ 58,008	\$ 9,565	\$ 45,115	\$ 702,897	\$ (135)	\$ 193,191

**CITY OF MANDAN, NORTH DAKOTA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	Narcotics Task Force Grants	MPO Grant	Traffic Safety Grants	Under-age Drinking Enforcement Grant	CDBG	Justice Assistance Grant	BNSF Settlement
<b>REVENUES</b>							
Taxes	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	80,359		4,628	667	1,000	11,267	
Charges for Services	1,370						
Fines and Forfeits	151,258						
Special Assessments							
Interest							
Miscellaneous	41,646						2,400
<b>Total Revenues</b>	<b>\$ 274,633</b>	<b>\$ -</b>	<b>\$ 4,628</b>	<b>\$ 667</b>	<b>\$ 1,000</b>	<b>\$ 11,267</b>	<b>\$ 2,400</b>

<b>EXPENDITURES</b>							
Current:							
General Government	\$	\$	\$	\$	\$	\$	\$
Public Safety	130,818	1,355	4,628	667		11,267	
Public Works							
Culture and Recreation							
Urban Redevelopment and Housing							1,295
Economic Development and Assistance					1,000		
Capital Outlay							331
<b>Total Expenditures</b>	<b>\$ 130,818</b>	<b>\$ 1,355</b>	<b>\$ 4,628</b>	<b>\$ 667</b>	<b>\$ 1,000</b>	<b>\$ 11,267</b>	<b>\$ 1,626</b>

Excess (Deficiency) of Revenues  
 Over (Under) Expenditures \$ - \$ - \$ - \$ - \$ - \$ - \$ 774

<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	\$	\$	\$	\$	\$	\$	\$
Transfers In	2,624	1,355					
Transfers Out							
<b>Total Other Financing Sources and Uses</b>	<b>\$ 2,624</b>	<b>\$ 1,355</b>	<b>\$ -</b>				
<b>Net Change in Fund Balances</b>	<b>\$ 146,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 774</b>
<b>Fund Balances - January 1</b>	<b>\$ 67,973</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 495,359</b>
<b>Fund Balances - December 31</b>	<b>\$ 214,412</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 496,133</b>

**CITY OF MANDAN, NORTH DAKOTA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	Mandan SEP Trust	Downtown Redevelopment	Health and Safety	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Taxes	\$	\$	\$	1,944,799
Intergovernmental				1,637,320
Charges for Services			1,256	11,343
Fines and Forfeits				151,258
Special Assessments			41,806	384,198
Interest	9,734			9,734
Miscellaneous		70,947		115,499
	9,734 \$	70,947 \$	43,062 \$	4,254,151
<b>Total Revenues</b>	<b>\$ 9,734</b>	<b>\$ 70,947</b>	<b>\$ 43,062</b>	<b>\$ 4,254,151</b>

<b>EXPENDITURES</b>				
Current:				
General Government	\$	\$	\$	415,274
Public Safety				152,612
Public Works			56,148	56,148
Culture and Recreation				127,214
Urban Redevelopment and Housing	1,755	61,226		64,276
Economic Development and Assistance				194,182
Capital Outlay				6,637
	1,755 \$	61,226 \$	56,148 \$	1,016,343
<b>Total Expenditures</b>	<b>\$ 1,755</b>	<b>\$ 61,226</b>	<b>\$ 56,148</b>	<b>\$ 1,016,343</b>

Excess (Deficiency) of Revenues  
 Over (Under) Expenditures \$ 7,979 \$ 9,721 \$ (13,086) \$ 3,237,808

<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	\$	\$	\$	26,500
Transfers In				20,621
Transfers Out			(5,088)	(3,349,367)
	- \$	- \$	(5,088) \$	(3,302,246)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,088)</b>	<b>\$ (3,302,246)</b>

Net Change in Fund Balances \$ 7,979 \$ 9,721 \$ (18,174) \$ (64,438)

Fund Balances - January 1	\$ 1,563,708	\$ 7,013	\$ (115,847)	\$ 3,365,174
Fund Balances - December 31	\$ 1,571,687	\$ 16,734	\$ (134,021)	\$ 3,300,736

**CITY OF MANDAN, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Mandan Community Center Revenue Bonds of 2005</b>	<b>Liberty Memorial Bridge General Obligation Bonds</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>REVENUES</b>			
Taxes	\$	\$ 66,520	\$ 66,520
Intergovernmental		1,146	1,146
Total Revenues	\$ -	\$ 67,666	\$ 67,666
<b>EXPENDITURES</b>			
Debt Service:			
Principal	\$ 100,000	\$ 30,000	\$ 130,000
Interest	40,110	31,170	71,280
Service Charges	798	1,127	1,925
Total Expenditures	\$ 140,908	\$ 62,297	\$ 203,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (140,908)	\$ 5,369	\$ (135,539)
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 140,908	\$	\$ 140,908
Total Other Financing Sources	\$ 140,908	\$ -	\$ 140,908
Net Change in Fund Balances	\$ -	\$ 5,369	\$ 5,369
Fund Balances - January 1	\$ 141,500	\$ 13,016	\$ 154,516
Fund Balances - December 31	\$ 141,500	\$ 18,385	\$ 159,885

**CITY OF MANDAN, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Building Reserve	Bike Path Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Street Construction	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>						
Taxes	\$	\$	\$ 319,400	\$	\$	\$ 319,400
Intergovernmental		279,982			(22,817)	257,165
Special Assessments				15,668		15,668
Interest			89			89
Miscellaneous			12,480			12,480
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 279,982</b>	<b>\$ 331,969</b>	<b>\$ 15,668</b>	<b>\$ (22,817)</b>	<b>\$ 604,802</b>
<b>EXPENDITURES</b>						
Current:						
General Government	\$ (8,823)	\$	\$	\$	\$	\$ (8,823)
Culture and Recreation		277,775	17,290			295,065
Construction				-	5,157	5,157
Capital Outlay	52,445			229,003	523,999	805,447
<b>Total Expenditures</b>	<b>\$ 43,622</b>	<b>\$ 277,775</b>	<b>\$ 17,290</b>	<b>\$ 229,003</b>	<b>\$ 529,156</b>	<b>\$ 1,096,846</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (43,622)	\$ 2,207	\$ 314,679	\$ (213,335)	\$ (551,973)	\$ (492,044)
<b>OTHER FINANCING SOURCES</b>						
Transfers In	\$	\$	\$	\$ 4,505	\$ 415,015	\$ 419,520
<b>Total Other Financing Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,505</b>	<b>\$ 415,015</b>	<b>\$ 419,520</b>
<b>Net Change in Fund Balances</b>	<b>\$ (43,622)</b>	<b>\$ 2,207</b>	<b>\$ 314,679</b>	<b>\$ (208,830)</b>	<b>\$ (136,958)</b>	<b>\$ (72,524)</b>
Fund Balances - January 1	\$ 176,497	\$ (2,207)	\$ 440,211	\$ (141,999)	\$ (1,079,537)	\$ (607,035)
Fund Balances - December 31	\$ 132,875	\$ -	\$ 754,890	\$ (350,829)	\$ (1,216,495)	\$ (679,559)