



Financial Statements
December 31, 2013
City of Mandan

**CITY OF MANDAN, NORTH DAKOTA
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FOR THE YEAR ENDED DECEMBER 31, 2013**

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**CITY OF MANDAN, NORTH DAKOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2013**

Elected Officials

Mayor/President	Arlyn Van Beek
Vice President	Sandy Tibke
Commissioner	Dennis Rohr
Commissioner	Dot Frank
Commissioner	Mike Braun
Municipal Judge	DeNae Kautzman

Appointed Officials

City Attorney	Malcolm Brown
City Administrator	Jim Neubauer
Business Development and Communications Director	Ellen Huber
Finance	Greg Welch
Assessing	Shirley Shaw
Planning and Zoning	Bob Decker
Engineering	Justin Froseth
Police	Dennis Bullinger
Fire	Steve Nardello
Building Inspection	Doug Lalim
Public Works	Jeff Wright
Water Treatment	Duane Friesz
Wastewater Treatment	Steve Himmelspach



Independent Auditor's Report

To the Honorable Mayor and Board
of City Commissioners
City of Mandan
Mandan, North Dakota

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandan, North Dakota, as of December 31, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 14 and 50 through 55 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mandan, North Dakota's financial statements. The list of elected and appointed officials and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 2014 on our consideration of City of Mandan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mandan's internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
July 23, 2014

CITY OF MANDAN
Mandan, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 15-49 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 \$143,623,146 (net position). Of this amount, \$10,287,992 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$18,003,687 (14%) during the current fiscal year due to \$6,914,843 from governmental activities and \$11,088,844 from business-type activities.
- As of the close of the current fiscal year, the City of Mandan's governmental funds reported combined ending fund balances of \$12,786,550, a decrease of \$1,549,531 (11%) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,856,739 which is 67% of total General Fund revenues and 57% of total General Fund expenditures.
- Revenue from all sources totaled \$44,122,372 which was an increase of \$16,833,128 (62%) during the current fiscal year due to an increase of \$6,739,261 from governmental activities and an increase of \$10,093,867 from business-type activities. Expenses from all activities totaled \$26,118,685 which was an increase of \$1,569,349 (6%) during the current fiscal year due to an increase of \$1,220,484 from governmental activities and an increase of \$348,865 from business-type activities.
- The City of Mandan's total capital assets increased by \$15,853,547 (11%) during the current fiscal year due to an increase of \$6,840,792 from governmental activities and an increase of \$9,012,755 from business-type activities.
- The City of Mandan's total debt decreased by \$1,583,053 (2%) during the current fiscal year due to an increase of \$52,064 from governmental activities and a decrease of \$1,635,117 from business-type activities.

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 position presents information on all of the City of Mandan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 15-16 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 17-20 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 21-23 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 24-25 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 26-49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 56-63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mandan, assets exceeded liabilities by \$143,623,146 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Position as of December 31, 2013 and December 31, 2012.

**TABLE I
NET POSITION
DECEMBER 31, 2013**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current and Other Assets	\$ 37,447,170	\$ 14,351,480	\$ 51,798,650
Capital Assets	82,079,129	80,270,292	162,349,421
Total Assets	<u>\$ 119,526,299</u>	<u>\$ 94,621,772</u>	<u>\$ 214,148,071</u>
LIABILITIES			
Long-term Liabilities Outstanding	\$ 33,750,567	\$ 32,491,637	\$ 66,242,204
Other Liabilities	2,338,031	1,944,690	4,282,721
Total Liabilities	<u>\$ 36,088,598</u>	<u>\$ 34,436,327</u>	<u>\$ 70,524,925</u>
NET POSITION			
Net investment in Capital Assets	\$ 50,111,685	\$ 47,894,201	\$ 98,005,886
Restricted	32,179,563	3,142,325	35,321,888
Unrestricted	1,146,453	9,148,919	10,295,372
Total Net Position	<u>\$ 83,437,701</u>	<u>\$ 60,185,445</u>	<u>\$ 143,623,146</u>

**TABLE I
NET POSITION
DECEMBER 31, 2012**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current and Other Assets	\$ 36,564,793	\$ 12,605,976	\$ 49,170,769
Capital Assets	75,238,337	71,257,537	146,495,874
Total Assets	\$ 111,803,130	\$ 83,863,513	\$ 195,666,643
LIABILITIES			
Long-term Liabilities Outstanding	\$ 33,698,503	\$ 34,126,754	\$ 67,825,257
Other Liabilities	1,581,769	640,158	2,221,927
Total Liabilities	\$ 35,280,272	\$ 34,766,912	\$ 70,047,184
NET POSITION			
Net investment in Capital Assets	\$ 43,956,509	\$ 37,204,529	\$ 81,161,038
Restricted	29,531,771	1,747,967	31,279,738
Unrestricted	3,034,578	10,144,105	13,178,683
Total Net Position	\$ 76,522,858	\$ 49,096,601	\$ 125,619,459

A large portion of the City of Mandan's net position (68%) 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 41%. 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 position (25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$10,287,992 (7%) 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 fund balance amount in the capital project funds.

The City of Mandan's ratio of total assets/total liabilities for the governmental activities is 3.31 and for the business-type activities is 2.75 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Position for the fiscal year ending December 31, 2013 and December 31, 2012.

TABLE II
CHANGES IN NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,000,632	\$ 8,742,717	\$ 10,743,349
Operating Grants and Contributions	498,542		498,542
Capital Grants and Contributions	9,736,724	10,994,710	20,731,434
General Revenues:			
Property, Delinquent, Mobile Home Taxes	4,063,318	181,326	4,244,644
Financial Institutions Taxes	64,021		64,021
Cable TV Franchise Fees	320,894		320,894
State Aid Distribution	1,914,001		1,914,001
Cigarette Taxes	57,038		57,038
Gaming Taxes	6,652		6,652
Disabled Veterans Credit	28,017	1,248	29,265
Homestead Credit	47,496	2,147	49,643
Morton County-LEC Taxes	35,000		35,000
Telecommunications Taxes	82,220		82,220
Highway Tax Distribution	2,093,522		2,093,522
Occupancy Taxes	68,196		68,196
City Sales Taxes	2,366,136	8,371	2,374,507
Fire Insurance Taxes	126,262		126,262
Restaurant and Lodging Taxes	396,233		396,233
Interest	30,684	1,061	31,745
Sale of Meters and Parts		139,434	139,434
Other	46,423	69,347	115,770
Total Revenues	\$ 23,982,011	\$ 20,140,361	\$ 44,122,372
Expenses:			
General Government	\$ 2,915,795		\$ 2,915,795
Public Safety	4,789,215		4,789,215
Public Works	4,919,669		4,919,669
Cemetery	153,629		153,629
Culture and Recreation	1,775,758		1,775,758
Urban Redevelopment and Housing	67,581		67,581
Economic Development and Assistance	279,495		279,495
Interest on Long-term Debt	1,031,207		1,031,207
Debt Service Charges and Costs	64,047		64,047
Loss on Sale of Land Held for Resale	505,522		505,522
Water and Sewer Utility		6,874,271	6,874,271
Solid Waste Utility		1,538,523	1,538,523
Street Light Utility		480,856	480,856
Mandan Airport Authority		723,117	723,117
Total Expenses	\$ 16,501,918	\$ 9,616,767	\$ 26,118,685
Increase in Net Position before Transfers	\$ 7,480,093	\$ 10,523,594	\$ 18,003,687
Transfers	(565,250)	565,250	
Increase in Net Position	\$ 6,914,843	\$ 11,088,844	\$ 18,003,687
Net Position - 1/1/2013	\$ 76,522,858	\$ 49,096,601	\$ 125,619,459
Net Position - 12/31/2013	\$ 83,437,701	\$ 60,185,445	\$ 143,623,146

TABLE II
CHANGES IN NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,184,003	\$ 8,243,416	\$ 10,427,419
Operating Grants and Contributions	1,680,153	6,093	1,686,246
Capital Grants and Contributions	1,757,999	1,434,646	3,192,645
General Revenues:			
Property, Delinquent, Mobile Home Taxes	4,088,989	176,006	4,264,995
Financial Institutions Taxes	49,956		49,956
Road and Bridge	2,038		2,038
Cable TV Franchise Fees	304,247		304,247
State Aid Distribution	1,885,065		1,885,065
Cigarette Taxes	56,598		56,598
Gaming Taxes	13,143		13,143
Disabled Veterans Credit	24,478	1,045	25,523
Homestead Credit	48,153	2,091	50,244
Morton County-LEC Taxes	35,000		35,000
Telecommunications Taxes	82,220		82,220
Highway Tax Distribution	1,573,750		1,573,750
Occupancy Taxes	69,451		69,451
City Sales Taxes	1,998,690	6,778	2,005,468
Fire Insurance Taxes	58,385		58,385
Restaurant and Lodging Taxes	371,266		371,266
Interest	67,290	1,211	68,501
Other	87,202	169,508	256,710
Sale of Land Held for Resale	788,199		788,199
Sale of Capital Assets	16,475	5,700	22,175
Total Revenues	\$ 17,242,750	\$ 10,046,494	\$ 27,289,244
Expenses:			
General Government	\$ 2,611,061		\$ 2,611,061
Public Safety	4,143,538		4,143,538
Public Works	5,795,545		5,795,545
Cemetery	158,341		158,341
Culture and Recreation	821,716		821,716
Urban Redevelopment and Housing	67,861		67,861
Economic Development and Assistance	542,544		542,544
Construction	10,721		10,721
Interest on Long-term Debt	1,096,732		1,096,732
Debt Service Charges and Costs	33,375		33,375
Water and Sewer Utility		6,700,753	6,700,753
Solid Waste Utility		1,538,490	1,538,490
Street Light Utility		338,435	338,435
Mandan Airport Authority		690,224	690,224
Total Expenses	\$ 15,281,434	\$ 9,267,902	\$ 24,549,336
Increase in Net Position before Transfers	\$ 1,961,316	\$ 778,592	\$ 2,739,908
Transfers	(421,032)	421,032	
Increase in Net Position	\$ 1,540,284	\$ 1,199,624	\$ 2,739,908
Net Position - 1/1/2012	\$ 74,982,574	\$ 47,896,977	\$ 122,879,551
Net Position - 12/31/2012	\$ 76,522,858	\$ 49,096,601	\$ 125,619,459

Governmental Activities

Governmental activities increased the City of Mandan's net position by \$6,914,843 (9%), accounting for 38% of the total increase in the net position of the City of Mandan. During the year, revenues increased by \$6,739,261 (39%) primarily due to capital grants and contributions, and expenses increased by \$1,220,484 (8%) primarily due to culture and recreation.

Business-type Activities

Business-type activities increased the City of Mandan's net position by \$11,088,844 (23%), accounting for 62% of the total growth in the City of Mandan's net position. During the year, revenues increased by \$10,093,867 (100%) primarily due to capital grants and contributions, and expenses increased by \$348,865 (4%) primarily due to the Water and Sewer Utility and Street Light Utility.

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 \$12,786,550, a decrease of \$1,549,531 in comparison with the prior year. Fund balances have been classified as follows: nonspendable \$236,283, restricted \$11,610,217, committed \$1,755,048, assigned \$1,184,162, and unassigned \$(1,999,160).

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 \$4,856,739, while total fund balance reached \$5,906,989. The fund balance of the City of Mandan's General Fund increased by \$1,467,199 (33%) during the current fiscal year primarily due to transfers in from other financing sources.

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 position of the proprietary funds at the end of the year amounted to \$9,148,919. The net position of the proprietary funds increased by \$11,088,844 (23%) during the current fiscal year primarily due to capital grants and contributions.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$85,464 increase in revenues or 1% of the original budget primarily due to licenses and permits.
- \$135,429 increase in expenditures or 2% of the original budget primarily due to general government.
- \$6,183 increase in transfers out.
- The original budget anticipated a decrease in fund balance by \$97,950.
- The net effect of the budget amendments was estimated to decrease fund balance by \$56,148.

During the year, revenues were more than budgetary estimates by \$691,459, expenditures were less than budgetary estimates by \$17,038 other financing sources and uses were more than budgetary estimates by \$912,800, and ending fund balance exceeded budgetary estimates by \$1,621,297.

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

Additional information on the City of Mandan's budget amendments can be found on pages 50-55 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City of Mandan's net investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$98,005,886 (net of accumulated depreciation and related debt). 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 \$15,853,547 (11%) primarily due to construction work in progress.

**TABLE III
CAPITAL ASSETS (NET OF DEPRECIATION)
DECEMBER 31, 2013**

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,624,103	\$ 693,105	\$ 3,317,208
Construction Work in Progress	14,501,290	8,400,965	22,902,255
Buildings and Improvements	4,098,066		4,098,066
Buildings and Infrastructure	59,542,624	70,838,627	130,381,251
Machinery and Equipment	1,313,046	337,595	1,650,641
Total	<u>\$ 82,079,129</u>	<u>\$ 80,270,292</u>	<u>\$ 162,349,421</u>

**TABLE III
CAPITAL ASSETS (NET OF DEPRECIATION)
DECEMBER 31, 2012**

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,624,103	\$ 693,105	\$ 3,317,208
Construction Work in Progress	8,547,637	332,594	8,880,231
Buildings and Improvements	4,137,033		4,137,033
Buildings and Infrastructure	58,802,186	69,855,002	128,657,188
Machinery and Equipment	1,127,378	376,836	1,504,214
Total	<u>\$ 75,238,337</u>	<u>\$ 71,257,537</u>	<u>\$ 146,495,874</u>

Additional information on the City of Mandan's capital assets can be found in Note 3F on pages 39-40 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 \$66,242,204. Of this amount, \$40,415,258 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 decrease in long-term debt during the current fiscal year was \$1,583,053 (2%) primarily due to a decrease in revenue bonds.

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 up to 8% of its total assessed valuation. The City of Mandan has \$660,000 of outstanding general obligation debt.

**TABLE IV
OUTSTANDING DEBT
DECEMBER 31, 2013**

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$ 258,234	\$ 115,546	\$ 373,780
General Obligation Bonds	660,000		660,000
Special Assessments Bonds	32,097,333	8,317,925	40,415,258
Revenue Bonds	735,000	23,502,109	24,237,109
Loans payable		556,057	556,057
Total	<u>\$ 33,750,567</u>	<u>\$ 32,491,637</u>	<u>\$ 66,242,204</u>

**TABLE IV
OUTSTANDING DEBT
DECEMBER 31, 2012**

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$ 230,014	\$ 73,746	\$ 303,760
General Obligation Bonds	695,000		695,000
Special Assessments Bonds	31,933,489	9,046,699	40,980,188
Revenue Bonds	840,000	25,006,309	25,846,309
Total	<u>\$ 33,698,503</u>	<u>\$ 34,126,754</u>	<u>\$ 67,825,257</u>

Additional information on the City of Mandan's long-term debt can be found in Note 3G on pages 40-45 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 decreased by \$1,255 or 2% in comparison with the prior year.
- The City of Mandan's 1% city restaurant and lodging tax revenues increased by \$24,967 or 7% in comparison with the prior year.
- The City of Mandan's taxable sales and purchases increased by \$18,671,774 or 7% in comparison with the prior year, and the 1% city sales tax revenues increased by \$369,039 or 18% in comparison with the prior year.
- The City of Mandan's Water and Sewer Utility Fund indicated a decrease in the total gallons of water sold by 83,313,156 gallons or 9% in comparison with the prior year. The total gallons of sewer treated increased by 5,017,433 gallons or 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 635 tons or 8% in comparison with the prior year. Inert material received at the landfill decreased by 24,650 tons or 56% in comparison with the prior year.

CITY OF MANDAN

Management's Discussion and Analysis - Continued

- The City of Mandan's taxable valuation increased by \$4,740,743 or 10% in comparison with the prior year. The City of Mandan's share of 1 mill is 25% percent. For the 2014 Budget, the annual decrease in property taxes for an existing \$200,000 residential home with an average valuation increase of 6.8% (Board of Equalization), excluding special assessments, is projected to be \$48.
- For the 2014 Budget, the City of Mandan increased the monthly water and sewer base rates by the following: \$3.50 per month for residential accounts, \$7.00 per month for commercial and industrial accounts, and \$10.50 per month for apartment (3+ units) accounts. The City also did not increase monthly water and sewer service rates. The City did not increase the solid waste and street light base rates.

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 2nd Avenue NW, City of Mandan, ND 58554 or visit the City's web site at www.cityofmandan.com.

CITY OF MANDAN, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,054,673	\$ 2,161,494	\$ 14,216,167
Taxes Receivable	112,992	4,972	117,964
Accounts Receivable (net of allowance)	56,837	564,888	621,725
Special Assessments Receivable	23,286,859	7,491,451	30,778,310
Intergovernmental Receivable	1,382,183	620,748	2,002,931
Notes Receivable	25,000		25,000
Loans Receivable (net of allowance)	189,130		189,130
Internal Balances	(18,004)	18,004	
Inventories	22,517	322,744	345,261
Prepaid Expenses	63,594	24,854	88,448
Restricted Assets:			
Cash and Cash Equivalents	141,500	3,142,325	3,283,825
Land Held for Resale	129,889		129,889
Capital Assets, not being depreciated:			
Land	2,624,103	693,105	3,317,208
Construction Work in Progress	14,501,290	8,400,965	22,902,255
Capital Assets (net of depreciation):			
Buildings and Improvements	4,098,066		4,098,066
Buildings and Infrastructure	59,542,624	70,838,627	130,381,251
Machinery and Equipment	1,313,046	337,595	1,650,641
Total Assets	<u>\$ 119,526,299</u>	<u>\$ 94,621,772</u>	<u>\$ 214,148,071</u>
LIABILITIES			
Salaries and Benefits Payable	\$ 257,272	\$ 86,561	\$ 343,833
Accounts Payable	1,394,401	1,185,178	2,579,579
Retainage Payable	465,007	375,318	840,325
Interest Payable	161,695	268,828	430,523
Prepaid Revenues	59,656	28,805	88,461
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	157,283	61,159	218,442
General Obligation Bonds Payable	35,000		35,000
Special Assessments Bonds Payable			
with Governmental Commitment	3,666,773	1,140,534	4,807,307
Revenue Bonds Payable	110,000	1,539,608	1,649,608
Loans Payable		21,195	21,195
Due After One Year:			
Compensated Absences	100,951	54,387	155,338
General Obligation Bonds Payable	625,000		625,000
Special Assessments Bonds Payable			
with Governmental Commitment	28,430,560	7,177,391	35,607,951
Revenue Bonds Payable	625,000	21,962,501	22,587,501
Loans Payable		534,862	534,862
Total Liabilities	<u>\$ 36,088,598</u>	<u>\$ 34,436,327</u>	<u>\$ 70,524,925</u>
NET POSITION			
Net investment in Capital Assets	\$ 50,111,685	\$ 47,894,201	\$ 98,005,886
Restricted for:			
Public Safety	140,509		140,509
Public Works	840,208		840,208
Culture and Recreation	23,330		23,330
Urban Redevelopment and Housing	1,577,551		1,577,551
Economic Development and Assistance	2,820,282		2,820,282
Debt Service	26,193,084	3,142,325	29,335,409
Capital Projects	584,599		584,599
Unrestricted	1,146,453	9,148,919	10,295,372
Total Net Position	<u>\$ 83,437,701</u>	<u>\$ 60,185,445</u>	<u>\$ 143,623,146</u>

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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 2,915,795	\$ 591,403	\$ 67,510	\$ 67,510	\$ (2,256,882)	\$	\$ (2,256,882)
Public Safety	4,789,215	928,210	1,280	1,280	(3,703,244)		(3,703,244)
Public Works	4,919,669	318,300	3,624	9,524,933	4,927,188		4,927,188
Cemetery	153,629	86,875			(66,754)		(66,754)
Culture and Recreation	1,775,758	58,444	199,131	143,001	(1,375,182)		(1,375,182)
Urban Redevelopment and Housing	67,581	2,400	59,142		(6,039)		(6,039)
Economic Development and Assistance	279,495	15,000	80,164		(184,331)		(184,331)
Interest on Long-term Debt	1,031,207				(1,031,207)		(1,031,207)
Debt Service Charges and Costs	64,047				(64,047)		(64,047)
Total Governmental Activities	\$ 15,996,395	\$ 2,000,632	\$ 498,542	\$ 9,735,724	\$ (3,760,498)	\$	\$ (3,760,498)
Business-type Activities:							
Water and Sewer Utility	\$ 6,874,271	\$ 6,292,590	\$ 5,407,306		\$	\$ 4,825,815	\$ 4,825,815
Solid Waste Utility	1,538,523	1,639,706			101,183		101,183
Street Light Utility	480,856	392,662			(88,194)		(88,194)
Mandan Airport Authority	723,117	417,769	5,587,404		5,282,056		5,282,056
Total Business-type Activities	\$ 9,616,767	\$ 8,742,717	\$ -	\$ 10,994,710	\$	\$ 10,120,660	\$ 10,120,660
Total	\$ 25,613,163	\$ 10,743,349	\$ 498,542	\$ 20,731,434	\$ (3,760,498)	\$ 10,120,660	\$ 6,360,162
General Revenues							
Property, Delinquent, Mobile Home Taxes					\$ 4,063,318	\$ 181,326	\$ 4,244,644
Financial Institutions Taxes					64,021		64,021
Cable TV Franchise Fees					320,894		320,894
State Aid Distribution					1,914,001		1,914,001
Cigarette Taxes					57,038		57,038
Gaming Taxes					6,652		6,652
Disabled Veterans Credit					28,017	1,248	29,265
Homestead Credit					47,496	2,147	49,643
Morton County-LEC Taxes					35,000		35,000
Telecommunications Taxes					82,220		82,220
Highway Tax Distribution					2,093,522		2,093,522
Occupancy Taxes					68,196		68,196
City Sales Taxes					2,366,136	8,371	2,374,507
Fire Insurance Taxes					126,262		126,262
Restaurant and Lodging Taxes					396,233	1,061	397,294
Interest					30,684		30,684
Sale of Meters and Parts						139,434	139,434
Other					46,423	69,347	115,770
Loss on Sale of Land Held for Resale Transfers					(505,522)		(505,522)
					(565,250)	565,250	
Total General Revenues, Loss on Sale of Land Held for Resale, and Transfers					\$ 10,675,341	\$ 968,184	\$ 11,643,525
Change in Net Position					\$ 6,914,843	\$ 11,068,844	\$ 18,003,687
Net Position - January 1					\$ 76,522,858	\$ 49,096,601	\$ 125,619,459
Net Position - December 31					\$ 83,437,701	\$ 60,165,445	\$ 143,623,146

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

**CITY OF MANDAN, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Highway Distribution	Cemetery	City Sales Tax/ Mandan Growth	Morton Mandan Public Library	Refunding Improvement Bonds	Street Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 5,859,395	\$ 9,504	\$ 103,732	\$ 2,727,418	\$ 387,816	\$ 141,001	\$	\$ 2,825,807	\$ 12,054,673
Taxes Receivable	91,877		2,421		8,700	1,251		8,743	112,992
Accounts Receivable (net of allowance)	52,927		1,750					2,160	56,837
Special Assessments Receivable	17,038					23,152,527		117,294	23,286,859
Intergovernmental Receivable	562,179	137,899		274,358			43,592	343,590	1,361,618
Notes Receivable				25,000					25,000
Loans Receivable (net of allowance)				189,130					189,130
Interfund Receivable	188,959	671,753		487,716		4,282,541		254,919	5,885,888
Prepaid Expenses	11,337		52		16,485			35,720	63,594
Cash and Cash Equivalents-Restricted								141,500	141,500
Total Assets	\$ 6,783,712	\$ 819,156	\$ 107,955	\$ 3,703,622	\$ 413,001	\$ 27,577,320	\$ 43,592	\$ 3,729,733	\$ 43,178,091
LIABILITIES									
Salaries and Benefits Payable	\$ 229,309		\$ 4,963	\$ 3,820	\$ 16,124		\$	\$	\$ 254,216
Accounts Payable	493,923		1,067	1,013	8,449		846,799	42,488	1,393,739
Retainage Payable							465,007		465,007
Interfund Payable					27,174		5,453,429	408,342	5,888,945
Prepaid Revenues	55,866							3,790	59,656
Total Liabilities	\$ 779,088	\$ -	\$ 6,030	\$ 4,833	\$ 51,747	\$ -	\$ 6,765,235	\$ 454,620	\$ 8,081,563
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue-Property Taxes	\$ 82,129		\$ 2,156		\$ 7,765	\$ 1,118		\$ 7,801	\$ 100,969
Unavailable Revenue-Special Assessments	15,496					22,109,552		103,961	22,229,009
Unavailable Revenue-Revenue not Collected within 60 Days								290,137	290,137
Total Deferred Inflows of Resources	\$ 97,625	\$ -	\$ 2,156	\$ -	\$ 7,765	\$ 22,110,670	\$ -	\$ 401,899	\$ 22,620,115
FUND BALANCES									
Nonspendable:									
Loans Receivable				\$ 172,689					\$ 172,689
Prepaid Expenses	11,337		52		16,485			35,720	63,594
Restricted for:									
Public Safety								140,509	140,509
Public Works		819,156						23,330	819,156
Culture and Recreation									23,330
Urban Redevelopment and Housing								1,577,551	1,577,551
Economic Development and Assistance				2,820,282					2,820,282
Debt Service						5,466,650		170,760	5,637,410
Capital Projects								584,599	584,599
Committed for:									
General Government								110,225	110,225
Public Safety	65,563							150,571	216,134
Cemetery			99,717						99,717
Culture and Recreation					126,192				126,192
Urban Redevelopment and Housing								496,962	496,962
Economic Development and Assistance				705,818					705,818
Assigned for:									
Culture and Recreation					192,252				192,252
Subsequent Year's Budget: Appropriation of Fund Balance	973,350				18,580				991,910
Unassigned	4,856,739						(6,721,643)	(417,013)	(2,281,917)
Total Fund Balances	\$ 5,906,989	\$ 819,156	\$ 99,769	\$ 3,698,789	\$ 353,489	\$ 5,466,650	\$ (6,721,643)	\$ 2,873,214	\$ 12,496,413
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,783,712	\$ 819,156	\$ 107,955	\$ 3,703,622	\$ 413,001	\$ 27,577,320	\$ 43,592	\$ 3,729,733	\$ 43,178,091

**CITY OF MANDAN, NORTH DAKOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total Fund Balances for Governmental Funds \$ 12,496,413

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

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

Land	\$	2,624,103	
Buildings and Improvements (net of depreciation)		4,098,066	
Buildings and Infrastructure (net of depreciation)		59,542,624	
Machinery and Equipment (net of depreciation)		1,313,046	
Construction Work in Progress		14,501,290	
Total Capital Assets		82,079,129	82,079,129

Land held for resale is not available to pay for current-period expenditures and therefore is not reported in the funds:

Land Held for Resale			129,889
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Unavailable Revenue-Property Taxes	\$	100,969	
Unavailable Revenue-Special Assessments		22,229,009	
Unavailable Revenue-Revenue not Collected within 60 Days		290,137	
Total Long-term Assets		22,620,115	22,620,115

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 assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.

21,052

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

Interest Payable	\$	(161,695)	
Compensated Absences		(254,869)	
General Obligation Bonds Payable		(660,000)	
Special Assessments Bonds Payable with Governmental Commitment		(32,097,333)	
Revenue Bonds Payable		(735,000)	
Total Long-term Liabilities		(33,908,897)	(33,908,897)

Total Net Position of Governmental Activities \$ 83,437,701

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, 2013

	General	Highway Distribution	Cemetery	City Sales Tax/ Mandan Growth	Morton Mandan Public Library	Refunding Improvement Bonds	Street Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Taxes	\$ 3,399,377		\$ 91,609	\$ 2,366,136	\$ 321,083	\$ 45,399		\$ 787,753	\$ 7,011,357
Licenses and Permits	1,139,205								1,139,205
Intergovernmental	2,216,921	2,093,522	1,687	12,353	203,454	842	43,971	803,143	5,375,893
Charges for Services	151,778		47,075		4,420			21,390	224,663
Fines and Forfeits	238,287				6,144			125,078	369,509
Special Assessments	36,002					4,349,479		189,717	4,575,198
Interest	25,420				336	955		3,972	30,683
Cemetery Lots			39,750						39,750
Loan Repayments				8,303					8,303
Rent	8,780		50	6,000	35,400			14,880	65,110
Miscellaneous	35,703		75	68,508	7,160		1,416	68,026	180,888
Total Revenues	\$ 7,251,473	\$ 2,093,522	\$ 180,246	\$ 2,461,300	\$ 577,997	\$ 4,396,675	\$ 45,387	\$ 2,013,959	\$ 19,020,559
EXPENDITURES									
Current:									
General Government	\$ 2,526,061							\$ 283,814	\$ 2,809,875
Public Safety	4,161,413							257,695	4,419,108
Public Works	1,394,573			35,669				37,292	1,467,534
Cemetery			148,695						148,695
Culture and Recreation				47,016	543,238			1,110,344	1,700,598
Urban Redevelopment and Housing								62,161	62,161
Economic Development and Assistance				279,231					279,231
Debt Service:									
Principal						5,889,910		140,000	6,029,910
Interest						990,489		61,471	1,051,960
Service Charges						19,189		2,222	21,411
Issuance Costs						42,636			42,636
Capital Outlay	372,794	161,987					7,073,671	1,774,542	9,382,994
Total Expenditures	\$ 8,454,841	\$ 161,987	\$ 148,695	\$ 361,916	\$ 543,238	\$ 6,942,224	\$ 7,073,671	\$ 3,729,541	\$ 27,416,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,203,368)	\$ 1,931,535	\$ 31,551	\$ 2,099,384	\$ 34,759	\$ (2,545,549)	\$ (7,028,284)	\$ (1,715,582)	\$ (8,395,554)
OTHER FINANCING SOURCES (USES)									
Sale of Land Held for Resale				16,250					16,250
Sale of Bonds						2,432,277	3,484,846	136,630	6,053,753
Bond Premiums						8,095	8,210		16,305
Transfers In	3,097,466				31,650	164,387	132,653	923,881	4,350,037
Transfers Out	(426,899)	(1,244,435)	(33,496)	(1,076,774)		(892,761)	(164,387)	(41,707)	(3,880,459)
Total Other Financing Sources and Uses	\$ 2,670,567	\$ (1,244,435)	\$ (33,496)	\$ (1,060,524)	\$ 31,650	\$ 1,711,998	\$ 3,461,322	\$ 1,018,804	\$ 6,555,886
Net Change in Fund Balances	\$ 1,467,199	\$ 687,100	\$ (1,945)	\$ 1,038,860	\$ 66,409	\$ (833,551)	\$ (3,566,962)	\$ (696,778)	\$ (1,839,668)
Fund Balances - January 1	\$ 4,439,790	\$ 132,056	\$ 101,714	\$ 2,659,929	\$ 287,080	\$ 6,300,201	\$ (3,154,681)	\$ 3,569,992	\$ 14,336,081
Fund Balances - December 31	\$ 5,906,989	\$ 819,156	\$ 99,769	\$ 3,698,789	\$ 353,489	\$ 5,466,650	\$ (6,721,643)	\$ 2,873,214	\$ 12,496,413

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, 2013**

Net Change in Fund Balances-Total Governmental Funds \$ (1,839,668)

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	\$	9,382,994	
Depreciation		(3,655,161)	
		Total	5,727,833

Various capital asset transactions effecting net position:

Contributions of Capital Assets	\$	2,232,295	
Transfers Out		(1,119,336)	
		Total	1,112,959

Various land held for resale transactions effecting net assets:

Sale of Land Held for Resale	\$	(16,250)	
Loss on Sale of Land Held for Resale		(505,522)	
		Total	(521,772)

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

Taxes Receivable (net)	\$	(53,457)	
Special Assessments Receivable (net)		2,242,592	
		Total	2,189,135

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 position:

Sale of Bonds	\$	(6,053,753)	
Debt Service-Principal		6,029,910	
		Total	(23,843)

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)	\$	20,753	
Compensated Absences (net)		(27,878)	
		Total	(7,125)

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.

(12,813)

Change in Net Position of Governmental Activities \$ 6,624,706

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

CITY OF MANDAN, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$	\$ 1,619,934	\$ 128,116	\$ 413,444	\$ 2,161,494	\$
Taxes Receivable				4,972	4,972	
Accounts Receivable (net of allowance)	409,850	108,017	40,300	6,721	564,888	
Special Assessments Receivable	1,069,979				1,069,979	
Intergovernmental Receivable	355,289			265,459	620,748	20,565
Interfund Receivable	185,190	172,501			357,691	
Inventories	257,083	4,768		60,893	322,744	22,517
Prepaid Expenses	21,023	1,500		2,331	24,854	
Total Current Assets	\$ 2,298,414	\$ 1,906,720	\$ 168,416	\$ 753,820	\$ 5,127,370	\$ 43,082
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	\$ 3,142,325				\$ 3,142,325	\$
Special Assessments Receivable	6,421,472				6,421,472	
Capital Assets not being Depreciated:						
Land	162,974	88,360		441,771	693,105	
Construction Work in Progress	2,198,273			6,202,692	8,400,965	
Capital Assets (net of depreciation):						
Buildings and Infrastructure	66,318,860	623,288		3,896,479	70,838,627	
Machinery and Equipment	224,056	87,334		26,205	337,595	
Total Capital Assets	\$ 68,904,163	\$ 798,982	\$ -	\$ 10,567,147	\$ 80,270,292	\$ -
Total Noncurrent Assets	\$ 78,467,960	\$ 798,982	\$ -	\$ 10,567,147	\$ 89,834,089	\$ -
Total Assets	\$ 80,766,374	\$ 2,705,702	\$ 168,416	\$ 11,320,967	\$ 94,961,459	\$ 43,082
LIABILITIES						
Current Liabilities:						
Salaries and Benefits Payable	\$ 65,093	\$ 15,196	\$ 2,356	\$ 3,916	\$ 86,561	\$ 3,056
Accounts Payable	804,996	81,497	35,917	262,768	1,185,178	662
Compensated Absences	47,737	9,467	1,467	2,488	61,159	1,900
Retainage Payable	80,363			294,955	375,318	
Interfund Payable	332,605			7,082	339,687	14,947
Interest Payable	257,753			11,075	268,828	
Prepaid Revenues				28,805	28,805	
Special Assessments Bonds Payable with Governmental Commitment	1,140,534				1,140,534	
Revenue Bonds Payable	1,466,000			73,608	1,539,608	
Loans Payable	21,195				21,195	
Total Current Liabilities	\$ 4,216,276	\$ 106,160	\$ 39,740	\$ 684,697	\$ 5,046,873	\$ 20,565
Noncurrent Liabilities:						
Compensated Absences	\$ 45,041	\$ 6,584	\$ 1,048	\$ 1,714	\$ 54,387	\$ 1,465
Special Assessments Bonds Payable with Governmental Commitment	7,177,391				7,177,391	
Revenue Bonds Payable	21,301,000			661,501	21,962,501	
Loans Payable	534,862				534,862	
Total Noncurrent Liabilities	\$ 29,058,294	\$ 6,584	\$ 1,048	\$ 663,215	\$ 29,729,141	\$ 1,465
Total Liabilities	\$ 33,274,570	\$ 112,744	\$ 40,788	\$ 1,347,912	\$ 34,776,014	\$ 22,030
NET POSITION						
Net investment in Capital Assets	\$ 37,263,181	\$ 798,982	\$	\$ 9,832,038	\$ 47,894,201	\$
Restricted for Debt Service	3,142,325				3,142,325	
Unrestricted	7,086,298	1,793,976	127,628	141,017	9,148,919	21,052
Total Net Position	\$ 47,491,804	\$ 2,592,958	\$ 127,628	\$ 9,973,055	\$ 60,185,445	\$ 21,052

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 NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds					Activities- Internal Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
Operating Revenues:						
Charges for Services:	\$ 6,292,580	\$ 1,639,706	\$ 392,662	\$ 417,769	\$ 8,742,717	\$ 233,167
Total Operating Revenues	\$ 6,292,580	\$ 1,639,706	\$ 392,662	\$ 417,769	\$ 8,742,717	\$ 233,167
Operating Expenses:						
Salaries and Benefits	\$ 1,555,732	\$ 391,204	\$ 53,643	\$ 92,049	\$ 2,092,628	\$ 72,308
Professional Fees and Services	189,598	886,113	1,392	16,733	1,093,836	
Insurance	63,883	4,055	2,425	5,551	75,914	
Rentals	65	7,430		1,575	9,070	
Travel and Training	3,529	327		7,688	11,544	
Utilities	445,325	15,293	212,792	25,970	699,380	685
Publishing and Printing	3,983	744		2,186	6,913	
Dues and Memberships	1,881	300		1,696	3,877	
Supplies and Maintenance	402,562	62,489	3,604	326,974	795,629	240,289
Repairs and Maintenance	258,879	52,535	184,368	13,574	509,356	17,619
Depreciation	2,613,624	102,574	5,244	172,881	2,894,323	
Miscellaneous	12,999	60		16,012	29,071	
Total Operating Expenses	\$ 5,552,060	\$ 1,523,124	\$ 463,468	\$ 682,889	\$ 8,221,541	\$ 330,901
Operating Income (Loss)	\$ 740,520	\$ 116,582	\$ (70,806)	\$ (265,120)	\$ 521,176	\$ (97,734)
Nonoperating Revenues (Expenses):						
Taxes	\$ 8,371	\$		\$ 181,327	\$ 189,698	\$
Intergovernmental	336,503			5,590,798	5,927,301	
Special Assessments	3,638,256			6,388	3,644,644	
Interest	132			931	1,063	
Sale of Meters and Parts	139,434				139,434	
Bond Premiums	4,140				4,140	
Miscellaneous	10,900	6,375	34,780	5,540	57,595	413
Capital Outlay (non-capitalized)	(222,342)	(15,399)	(17,388)	(1,500)	(256,629)	
Debt Service:						
Interest	(967,617)			(38,728)	(1,006,345)	
Service Charges	(120,023)				(120,023)	
Issuance Costs	(12,229)				(12,229)	
Total Nonoperating Revenues (Expenses)	\$ 2,815,525	\$ (9,024)	\$ 17,392	\$ 5,744,756	\$ 8,568,649	\$ 413
Income (Loss) Before Contributions and Transfers	\$ 3,556,045	\$ 107,558	\$ (53,414)	\$ 5,479,636	\$ 9,089,825	\$ (97,321)
Capital Contributions	2,553,105				2,553,105	
Transfers In	26,103	6,183	76,902	16,250	125,438	84,508
Transfers Out	(605,254)	(67,744)	(6,526)		(679,524)	
Change in Net Position	\$ 5,529,999	\$ 45,997	\$ 16,962	\$ 5,495,886	\$ 11,088,844	\$ (12,813)
Net Position - January 1	\$ 41,961,805	\$ 2,546,961	\$ 110,666	\$ 4,477,169	\$ 49,096,601	\$ 33,865
Net Position - December 31	\$ 47,491,804	\$ 2,592,958	\$ 127,628	\$ 9,973,055	\$ 60,185,445	\$ 21,052

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, 2013**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 6,252,008	\$ 1,639,291	\$ 381,895	\$ 406,814	\$ 8,680,008	\$
Receipts from Interfund Services Provided						230,387
Payments to Employees	(1,503,396)	(386,172)	(52,440)	(90,836)	(2,032,844)	(71,267)
Payments to Suppliers	(1,300,743)	(1,009,100)	(394,767)	(437,205)	(3,141,815)	(258,988)
Net Cash Provided (Used) by Operating Activities	\$ 3,447,869	\$ 244,019	\$ (65,312)	\$ (121,227)	\$ 3,505,349	\$ (99,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Taxes	\$ 8,371			\$ 183,525	\$ 191,896	\$
Intergovernmental				3,396	3,396	
Special Assessments	10,066			6,388	16,454	
Sale of Meters and Parts	139,434				139,434	
Miscellaneous Receipts	10,900	6,375	34,780	5,539	57,594	413
Transfers In	26,103	6,183	76,902	16,250	125,438	84,508
Purchases of Noncapital Assets	(222,342)	(15,399)	(17,388)	(1,500)	(256,629)	
Transfers Out	(49,197)	(67,744)	(6,526)		(123,467)	
Interfund Receivable	(119,703)				(119,703)	
Interfund Payable				687	687	14,947
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (196,368)	\$ (70,585)	\$ 87,768	\$ 214,285	\$ 35,100	\$ 99,868
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Intergovernmental	\$ 424			\$ 5,321,945	\$ 5,322,369	\$
Special Assessments	1,383,522				1,383,522	
Proceeds from Capital Debt	1,728,934				1,728,934	
Bond Premiums	4,140				4,140	
Purchases of Capital Assets	(2,791,261)			(5,357,174)	(8,148,435)	
Principal Paid on Capital Debt	(3,335,801)			(70,050)	(3,405,851)	
Interest Paid on Capital Debt	(985,946)			(40,078)	(1,026,024)	
Service Charges Paid on Capital Debt	(120,023)				(120,023)	
Miscellaneous Paid on Capital Debt	(12,229)				(12,229)	
Transfers Out	(556,057)				(556,057)	
Interfund Receivable	(65,487)	(172,501)			(237,988)	
Interfund Payable	332,605				332,605	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (4,417,179)	\$ (172,501)	\$ -	\$ (145,357)	\$ (4,735,037)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Maturities of Investments	\$	\$	\$	\$ 210,000	\$ 210,000	\$
Interest Received	132			931	1,063	
Net Cash Provided (Used) by Investing Activities	\$ 132	\$ -	\$ -	\$ 210,931	\$ 211,063	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,165,546)	\$ 933	\$ 22,456	\$ 158,632	\$ (983,525)	\$ -
Cash and Cash Equivalents - January 1	\$ 4,307,871	\$ 1,619,001	\$ 105,660	\$ 254,812	\$ 6,287,344	\$ -
Cash and Cash Equivalents - December 31	\$ 3,142,325	\$ 1,619,934	\$ 128,116	\$ 413,444	\$ 5,303,819	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 740,520	\$ 116,582	\$ (70,806)	\$ (265,120)	\$ 521,176	\$ (97,734)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	\$ 2,613,624	\$ 102,574	\$ 5,244	\$ 172,881	\$ 2,894,323	\$
(Increase) Decrease in Accounts Receivable (net of allowance)	(38,295)	(415)	(10,767)	1,353	(48,124)	
(Increase) Decrease in Intergovernmental Receivable	(2,277)				(2,277)	(2,780)
(Increase) Decrease in Inventories	(29,689)	15,400		(3,362)	(17,651)	325
(Increase) Decrease in Prepaid Expenses	(917)	(19)		(1,635)	(2,571)	
Increase (Decrease) in Salaries and Benefits Payable	13,778	2,982	914	899	18,573	718
Increase (Decrease) in Accounts Payable	112,241	4,663	9,805	(14,301)	112,408	(738)
Increase (Decrease) in Compensated Absences	38,884	2,252	298	366	41,800	341
Increase (Decrease) in Prepaid Revenues				(12,308)	(12,308)	
Total Adjustments	\$ 2,707,349	\$ 127,437	\$ 5,494	\$ 143,893	\$ 2,984,173	\$ (2,134)
Net Cash Provided (Used) by Operating Activities	\$ 3,447,869	\$ 244,019	\$ (65,312)	\$ (121,227)	\$ 3,505,349	\$ (99,868)
Schedule of non-cash capital and related financing activities:						
Contributions of Capital Assets from Developers	\$ 1,433,769	\$	\$	\$	\$ 1,433,769	\$
Contributions of Capital Assets from Capital Project Funds	1,119,336				1,119,336	
Capital Assets included in Accounts Payable	584,110			246,110	830,220	
Capital Assets included in Retainage Payable	80,363			294,955	375,318	
Total non-cash capital and related financing activities	\$ 3,217,578	\$ -	\$ -	\$ 541,065	\$ 3,758,643	\$ -

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

**CITY OF MANDAN, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Employee Retirement Plan and Trust	Private- Purpose Trust	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$	\$ 11,253	\$ 1,555,979
Investments, at fair value:			
Mutual Funds	8,398,099		
Accounts Receivable (net of allowance)			1,924
Intergovernmental Receivable			3,658
Total Assets	\$ 8,398,099	\$ 11,253	\$ 1,561,561
LIABILITIES			
Accounts Payable	\$	\$	\$ 20,038
Claims and Judgments Payable			40,805
Due to Other Governments			1,500,718
Total Liabilities	\$ -	\$ -	\$ 1,561,561
NET POSITION			
Held in Trust for Pension Benefits	\$ 8,398,099	\$	
Held in Trust for Police Department		11,253	
Total Net Position	\$ 8,398,099	\$ 11,253	

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

CITY OF MANDAN, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Employee Retirement Plan and Trust	Private- Purpose Trust
ADDITIONS		
Contributions:		
Employer	\$ 483,241	\$
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	1,603,183	
Total Additions	\$ 2,086,424	\$ -
DEDUCTIONS		
Benefits	\$ 132,183	\$
Travel and Training		500
Total Deductions	\$ 132,183	\$ 500
Change in Net Assets	\$ 1,954,241	\$ (500)
Net Position - January 1	\$ 6,443,858	\$ 11,753
Net Position - December 31	\$ 8,398,099	\$ 11,253

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, 2013**

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

Net investment in capital assets 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 position 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 position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often has 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.

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.

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.

Highway Distribution Fund - This fund accounts for the City's share of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes for the construction, reconstruction, repair, and maintenance of public highways.

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.

City Sales Tax/Mandan Growth Fund - This fund accounts for a 1% city sales tax for the purpose of reducing property taxes and municipal debt, street, water and sewer system improvements, and for job and economic development. This fund also accounts for the activities of the City's business development, communications, and economic development and assistance provided to various businesses.

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.

Street Construction Fund - This fund accounts for the construction of street improvements. Financing is provided by the proceeds from special assessment bonds.

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 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 position, 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 EXPENSES

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 expenses reflect payments for costs applicable to future accounting periods. Prepaid expenses 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. Exceptions include: buildings and improvements, the threshold is \$25,000; infrastructure assets, the threshold is \$50,000; and improvement districts, grant related and tax financed projects, the threshold is \$5,000. 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. PREPAID REVENUES

Prepaid revenues are recognized when cash, receivables, or other assets are received prior to their being earned.

P. DEFERRED INFLOWS OF RESOURCES

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

Q. 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 Morton Mandan Public 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.

R. 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 position.

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.

S. 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.

T. NET POSITION/FUND BALANCE

NET POSITION

The difference between fund assets and liabilities is "Net Position" 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, 2013 was \$1,547,706.

U. CHANGE IN ACCOUNTING PRINCIPLES

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2013:

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus" became effective for financial statement periods beginning after June 15, 2012 with earlier application encouraged. The statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, "The Financial Reporting Entity", and the requirements of Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments", was amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" became effective for financial statements for periods beginning after December 15, 2012. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62", became effective for financial statements for periods beginning after December 15, 2012. This statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989, FASB and AICPA Pronouncements".

There were no significant changes to the City's financial statements as a result of implementing these standards.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND EQUITY

The following funds had a deficit fund balance as of December 31, 2013:

<u>Fund</u>		<u>Funding</u>
Downtown Redevelopment	(2,013)	Mandan Remediation Trust
Flood Control	(148,923)	General Fund and Grants
Health and Safety	(120,799)	Special assessments
Bike Path Construction	(143,001)	Grants
Street Construction	(6,721,643)	Sale of bonds

NOTE 3 – 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, 2013, the carrying amount of the City's deposits was \$19,065,924 and the bank balance was \$19,292,262, all of which was insured and collateralized. The City also maintains a petty cash balance of \$1,300.

The deposits presented in the financial statements at December 31, 2013, are as follows:

<u>Primary Government</u>	
Cash and Cash Equivalents	\$ 14,216,167
Restricted Cash and Cash Equivalents	<u>3,283,825</u>
Total Primary Government	<u>17,499,992</u>
<u>Fiduciary Funds</u>	
Cash and Cash Equivalents	1,567,232
Less: Petty cash	<u>(1,300)</u>
Total Fiduciary	<u>1,565,932</u>
Total Deposits	<u><u>\$ 19,065,924</u></u>

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, 2013, the City held mutual funds for the City's Employee Retirement Plan and Trust in the amount of \$8,398,099. 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 economic and job development within the City. Notes receivable at December 31, 2013, consist of the following:

North Dakota Small Business Investment Company	<u>\$ 25,000</u>
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D. LOANS RECEIVABLE

Loans receivable are made from the Mandan Growth Fund to promote economic and job development within the City. Loans receivable at December 31, 2013, consist of the following:

Carter Chiropractic Clinic

\$75,000 Loan due in monthly installments of \$497 through January 1, 2017 and \$46,172 due on January 1, 2017; interest at 5% \$ 56,343

Coffees and Kitchens

\$50,000 Loan due in monthly installments of \$189 until paid in full; interest at 0% 34,637

Hopfauf Custom Builders

\$100,000 Loan due in monthly installments of \$666 through December 1, 2016 and \$15,656 due on December 1, 2016; interest at 5% 35,187

Huff Hills Ski Area

\$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% 62,963

Lindy Sue's Candies & Soda Fountain

\$42,500 Loan due in monthly installments of \$486 through August 1, 2017 and \$27,967 due on August 1, 2017; interest at 6% 42,500

Thermo-Cool Products

\$252,874 Loan due in full at maturity, November 30, 2012; interest at 6% 252,874

Total Loans Receivable \$ 484,504

Less: Allowance for uncollectible accounts (295,374)

Net Loans Receivable \$ 189,130

E. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at December 31, 2013, consist of the following:

<u>Due To General Fund</u>	
Due From Morton Mandan Public Library Fund	\$ 27,174
Due From Flood Control Fund	139,756
Due From Mandan Airport Authority Fund	7,082
Due From Internal Service Fund	14,947
Total Due To General Fund	<u>\$ 188,959</u>
<u>Due to Highway Distribution Fund</u>	
Due from Street Construction Fund	<u>\$ 671,753</u>
<u>Due To City Sales Tax/Mandan Growth Fund</u>	
Due From Street Construction Fund	\$ 327,612
Due From Water and Sewer Utility Fund	160,104
Total Due To City Sales Tax/Mandan Growth Fund	<u>\$ 487,716</u>
<u>Due To Refunding Improvement Bonds Fund</u>	
Due From Street Construction Fund	<u>\$ 4,282,541</u>
<u>Due To Nonmajor Governmental Funds</u>	
Due From Downtown Redevelopment Fund	\$ 11,004
Due From Bike Path Construction Fund	137,879
Due From Street Construction Fund	106,036
Total Due To Nonmajor Governmental Funds	<u>\$ 254,919</u>
<u>Due To Water and Sewer Utility Fund</u>	
Due From Health and Safety Fund	\$ 119,703
Due From Street Construction Fund	65,487
Total Due To Water and Sewer Utility Fund	<u>\$ 185,190</u>
<u>Due To Solid Waste Utility Fund</u>	
Due From Water and Sewer Utility Fund	<u>\$ 172,501</u>

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2014.

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended December 31, 2013 follows:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,097,466	\$ 426,899
Highway Distribution		1,244,435
Cemetery		33,496
City Sales Tax/Mandan Growth		1,076,774
Morton Mandan Public Library	31,650	
Refunding Improvement Bonds	164,387	892,761
Street Construction	132,653	164,387
Nonmajor Governmental	923,881	41,707
Water and Sewer Utility	26,103	605,254
Solid Waste Utility	6,183	67,744
Street Light Utility	76,902	6,526
Mandan Airport Authority	16,250	
Internal Service	84,508	
Total	\$ 4,559,983	\$ 4,559,983

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:

	<u>Balance</u> <u>1-1-13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>12-31-13</u>
Governmental Activities					
Capital Assets, not being depreciated:					
Land	\$ 2,624,103	\$	\$	\$	\$ 2,624,103
Construction Work in Progress	8,547,638	9,883,720		(3,930,068)	14,501,290
Total Capital Assets, not being depreciated	11,171,741	9,883,720	-	(3,930,068)	17,125,393
Capital Assets, being depreciated:					
Buildings and Improvements	5,898,144	79,574			5,977,718
Buildings and Infrastructure	101,076,133	925,348		2,810,732	104,812,213
Machinery and Equipment	6,811,687	726,647	(294,096)	44,172	7,288,410
Total Capital Assets, being depreciated	113,785,964	1,731,569	(294,096)	2,854,904	118,078,341
Less Accumulated Depreciation for:					
Buildings and Improvements	1,761,111	118,541			1,879,652
Buildings and Infrastructure	42,273,948	2,995,641			45,269,589
Machinery and Equipment	5,684,309	540,979	(294,096)	44,172	5,975,364
Total Accumulated Depreciation	49,719,368	3,655,161	(294,096)	44,172	53,124,605
Total Capital Assets, being depreciated, net	64,066,596	(1,923,592)	-	2,810,732	64,953,736
Governmental Activities Capital Assets, net	\$ 75,238,337	\$ 7,960,128	\$ -	\$ (1,119,336)	\$ 82,079,129
Business-type Activities					
Capital Assets, not being depreciated:					
Land	\$ 693,105	\$	\$	\$	\$ 693,105
Construction Work in Progress	332,594	8,093,203		(24,832)	8,400,965
Total Capital Assets, not being depreciated	1,025,699	8,093,203	-	(24,832)	9,094,070
Capital Assets, being depreciated:					
Buildings and Infrastructure	111,843,059	2,534,372		1,144,168	115,521,599
Machinery and Equipment	3,295,388	160,167	(106,796)	(44,172)	3,304,587
Total Capital Assets, being depreciated	115,138,447	2,694,539	(106,796)	1,099,996	118,826,186
Less Accumulated Depreciation for:					
Buildings and Infrastructure	41,988,056	2,694,916			44,682,972
Machinery and Equipment	2,918,553	199,407	(106,796)	(44,172)	2,966,992
Total Accumulated Depreciation	44,906,609	2,894,323	(106,796)	(44,172)	47,649,964
Total Capital Assets, being depreciated, net	70,231,838	(199,784)	-	1,144,168	71,176,222
Business-type Activities Capital Assets, net	\$ 71,257,537	\$ 7,893,419	\$ -	\$ 1,119,336	\$ 80,270,292

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

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

Governmental Activities

General Government	\$ 108,710
Public Safety	332,689
Public Works	3,125,829
Cemetery	5,239
Culture and Recreation	77,273
Urban Redevelopment and Housing	5,420
	<hr/>
Total Governmental Activities Depreciation Expense	<u>\$ 3,655,161</u>

Business-type Activities

Water and Sewer Utility	\$ 2,613,624
Solid Waste Utility	102,574
Street Light Utility	5,244
Mandan Airport Authority	172,881
	<hr/>
Total Business-type Activities Depreciation Expense	<u>\$ 2,894,323</u>

CONSTRUCTION COMMITMENTS

The City has active construction project commitments of \$7,990,186 as of December 31, 2013. The Mandan Airport Authority has active construction project commitments of \$321,644 as of December 31, 2013.

G. LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2013, 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:

\$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%	<u>\$ 660,000</u>
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Debt service requirements to maturity on general obligation bond issue are summarized below:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 35,000	\$ 27,155
2015	35,000	25,755
2016	40,000	24,255
2017	45,000	22,532
2018	45,000	20,688
2019-2023	270,000	71,638
2024-2026	190,000	12,760
Total	<u>\$ 660,000</u>	<u>\$ 204,783</u>

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:

<u>Issue</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Total Outstanding</u>
Refunding 2004, Series A	360,000	1/1/2004	5/1/2018	2.55% - 4.2%	\$ 125,000
Refunding 2004, Series SCG-2004	220,000	1/1/2005	5/1/2014	2.75% - 3.6%	20,000
Refunding 2005, Series SCG-2005	245,000	12/15/2005	5/1/2015	3.5% - 4%	55,000
Refunding 2006, Series SCG-2006	245,000	1/1/2007	5/1/2016	3.55% - 4%	80,000
Refunding 2007, Series A	5,315,000	1/1/2007	5/1/2021	3.5% - 4.125%	2,835,000
Refunding 2007, Series B	9,460,000	3/15/2007	5/1/2022	4% - 4.5%	5,735,000
Refunding 2007, Series C	2,645,000	11/1/2007	5/1/2022	3.45% - 4.5%	1,565,000
Refunding 2007, Series D	6,860,000	12/1/2007	5/1/2023	4% - 4.375%	4,360,000
Refunding 2007, Series SCG-2007	285,000	12/1/2007	5/1/2017	3.75% - 4.1%	120,000
Refunding 2008, Series B	2,405,000	7/1/2008	5/1/2023	3% - 4.2%	1,615,000
Refunding 2008, Series C	5,000,000	12/1/2008	5/1/2024	3.5% - 4.3%	3,365,000
Refunding 2008, Series SCG-2008	335,000	12/1/2008	5/1/2018	3.2% - 4.15%	175,000
Refunding 2009, Series A	4,420,000	12/15/2009	5/1/2024	2% - 4%	3,395,000
Refunding 2009, Series SCG-2009	225,000	12/15/2009	5/1/2019	2.5% - 3.5%	140,000
Refunding 2010, Series A	4,020,000	2/15/2010	5/1/2019	1% - 3.2%	1,880,000
Street#160	109,611	12/23/2010	5/1/2025	4%	95,445
Sidewalk, Curb and Gutter 2010	159,187	12/23/2010	5/1/2020	3.25%	123,183
Refunding 2011, Series A	960,000	3/1/2011	5/1/2020	1.15% - 3.25%	730,000
Refunding 2012, Series A	1,490,000	4/1/2012	5/1/2020	.35% - 1.55%	1,190,000
Refunding 2012, Series B	5,155,000	11/15/2012	5/1/2028	2% - 2.15%	5,155,000
Refunding 2012, Series SCG-2012	480,000	12/15/2012	5/1/2022	.5% - 1.35%	430,000
Refunding 2013, Series A	1,675,000	4/10/2013	5/1/2021	.35% - 1.75%	1,675,000
Refunding 2013, Series B	1,400,000	4/10/2013	5/1/2018	.5% - 2%	1,400,000
Refunding 2013, Series C	4,015,000	12/15/2013	5/1/2028	2% - 3.5%	4,015,000
Sidewalk, Curb and Gutter 2013	136,630	12/17/2013	5/1/2023	2.75%	136,630
Total					\$ 40,415,258

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,666,773	\$ 934,406	\$ 1,140,534	\$ 265,822	\$ 4,807,307	\$ 1,200,228
2015	3,621,113	845,366	1,046,036	237,514	4,667,149	1,082,880
2016	3,525,594	741,610	1,017,355	207,218	4,542,949	948,828
2017	3,372,851	636,132	930,926	176,139	4,303,777	812,271
2018	3,182,444	531,790	867,190	145,237	4,049,634	677,027
2019-2023	11,629,260	1,277,464	3,051,001	306,863	14,680,261	1,584,327
2024-2028	3,099,298	185,914	264,882	15,056	3,364,180	200,970
Total	\$ 32,097,333	\$ 5,152,682	\$ 8,317,925	\$ 1,353,850	\$ 40,415,258	\$ 6,506,532

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 \$841,960. Principal and interest paid for the current year and total net revenues were \$137,933 and \$139,031, 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 2030. 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 \$28,110,366. Principal and interest paid for the current year and total net revenues were \$2,121,811 and \$3,251,629, 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 \$918,170. Principal and interest paid for the current year and total net revenues were \$110,128 and \$303,990, 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%	<u>\$ 735,000</u>
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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%	\$ 710,000
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\$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%	2,027,000
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\$5,090,000 Sewer Improvement Revenue Bonds of 1997, due in annual installments of \$100,000 to \$325,000 through September 1, 2019; interest at 2.5%	1,830,000
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\$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%	1,340,000
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\$840,000 Sewer Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$40,000 to \$60,000 through September 1, 2028; interest at 2.5%	800,000
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CITY OF MANDAN, NORTH DAKOTA
Notes to the Financial Statements - Continued

Revenue bonds outstanding (continued):

\$3,782,000 Water Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$192,000 to \$280,000 through September 1, 2028; interest at 2.5%	3,590,000
\$6,667,283 Water Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$312,283 to \$545,000 through September 1, 2028; interest at 3.27%	6,355,000
\$6,383,867 Water Improvement Revenue Bonds of 2010, Series A, due in annual installments of \$268,867 to \$460,000 through September 1, 2030; interest at 2.84%	6,115,000
\$649,071 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, August 15, 2020; interest at 4.76%	359,756
\$500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, October 8, 2023; interest at 5.41%	<u>375,353</u>
Total Proprietary Funds	<u>23,502,109</u>
Total	<u>\$ 24,237,109</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
2014	\$ 110,000	\$ 29,100	\$ 1,539,608	\$ 689,269	\$ 1,649,608	\$ 718,369
2015	115,000	24,975	1,599,348	644,585	1,714,348	669,560
2016	120,000	20,548	1,635,279	598,157	1,755,279	618,704
2017	125,000	15,868	1,690,410	550,607	1,815,410	566,474
2018	130,000	10,868	1,749,752	501,288	1,879,752	512,155
2019-2023	135,000	5,603	7,497,712	1,771,022	7,632,712	1,776,624
2024-2028			6,885,000	732,736	6,885,000	732,736
2029-2030			905,000	38,766	905,000	38,766
Total	<u>\$ 735,000</u>	<u>\$ 106,960</u>	<u>\$ 23,502,109</u>	<u>\$ 5,526,428</u>	<u>\$ 24,237,109</u>	<u>\$ 5,633,388</u>

LOANS PAYABLE

The following is a schedule of loans payable outstanding at December 31, 2013:

\$556,057 Sewer Improvement Interim Certificate 2013, Series A, due in annual installments of \$21,195 to \$36,156 through, September 1, 2033; interest at 2%	<u>\$ 556,057</u>
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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
2014	\$ 21,195	\$ 11,121
2015	22,442	10,697
2016	22,442	10,248
2017	23,689	9,800
2018	23,689	9,326
2019-2023	129,663	39,198
2024-2028	145,872	25,634
2029-2033	167,065	10,248
Total	<u>\$ 556,057</u>	<u>\$ 126,272</u>

Current Refunding

The City issued \$1,675,000 of Refunding Improvement Bonds of 2013, Series A for a current refunding of Refunding Improvement Bonds of 2006, Series B. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a net present value benefit of \$178,531 and a reduction of \$229,043 in future debt service payments.

The City issued \$1,400,000 of Refunding Improvement Bonds of 2013, Series B for a current refunding of Refunding Improvement Bonds of 2003, Series A. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a net present value benefit of \$77,208 and a reduction of \$79,431 in future debt service payments.

Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2013, are summarized as follows:

	Balance 1-1-13	Additions	Reductions	Balance 12-31-13	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 230,014	\$ 432,978	\$ (404,758)	\$ 258,234	\$ 157,283
General Obligation Bonds	695,000		(35,000)	660,000	35,000
Special Assessment Bonds	31,933,490	6,053,753	(5,889,910)	32,097,333	3,666,773
Revenue Bonds	840,000		(105,000)	735,000	110,000
Total	<u>\$ 33,698,504</u>	<u>\$ 6,486,731</u>	<u>\$ (6,434,668)</u>	<u>\$ 33,750,567</u>	<u>\$ 3,969,056</u>
Business-type Activities					
Compensated Absences	\$ 73,746	\$ 172,830	\$ (131,030)	\$ 115,546	\$ 61,159
Special Assessment Bonds	9,046,699	1,172,877	(1,901,651)	8,317,925	1,140,534
Revenue Bonds	25,006,309		(1,504,200)	23,502,109	1,539,608
Loans		556,057		556,057	21,195
Total	<u>\$ 34,126,754</u>	<u>\$ 1,901,764</u>	<u>\$ (3,536,881)</u>	<u>\$ 32,491,637</u>	<u>\$ 2,762,496</u>

DEBT COMMITMENT

On April 23, 2013, the Mandan Airport Authority was approved by the Industrial Commission of North Dakota for a Loan in the amount of \$700,000 from the North Dakota Public Finance Authority's Capital Financing Program to provide federal fund withholding gap financing for reconstruction and new lighting for the Runway 13-31 Project. The interest rate on the Loan is 1.25% and the maturity date is December 1, 2015. As of December 31, 2013, the balance available for this Loan was \$700,000.

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, 2013.

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, 2013, there was one series of MIDA Bonds outstanding; the aggregate principal amount payable was \$1,980,000. 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 (CDBG) 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, 2013, there were six CDBG loans outstanding, with an aggregate principal amount payable of \$583,903.

NOTE 4 – 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 164 participants as of December 31, 2013.

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.

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 8% of regular compensation. The employer's required contributions for the years ended December 31, 2013, 2012, and 2011, were \$483,241, \$405,520, and \$423,417, 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 5 – RESTRICTED ASSETS

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

<u>Governmental Funds</u>	
Revenue Bond Debt Service Account	<u>\$ 141,500</u>
 <u>Proprietary Funds</u>	
Special Assessment Bond Debt Service Accounts	\$ 1,105,040
Revenue Bond Debt Service Accounts	<u>2,037,285</u>
 Total	 <u>\$ 3,142,325</u>

NOTE 6 – 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.

GENERAL LIABILITY

The Mandan Airport Authority pays an annual premium to Old Republic Insurance Company for its general liability insurance coverage. The coverage by Old Republic Insurance Company is limited to losses of \$1,000,000 per aggregate and occurrence.

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, \$2,000,000 per accident for automobile coverage and to \$3,572,240 for public assets (mobile equipment and portable property) coverage.

MACHINERY AND EQUIPMENT

The City pays an annual premium to Cincinnati Insurance Company for its machinery and equipment insurance coverage. The coverage by Cincinnati Insurance Company is limited to losses of \$3,000,000.

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 currently provides the City with an aggregate coverage limit of \$225,000,000 with specific special limits varying from \$500 to \$500,000.

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 7 – 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 a net position of \$7,560,120 at December 31, 2012, the most recent year audited.

NOTE 8 – COMMITMENTS

FINANCIAL SUBSIDY COMMITMENTS

The City has financial subsidy commitments of \$750,000 as of December 31, 2013

NOTE 9 – SUBSEQUENT EVENTS

Subsequent to December 31, 2013, the City entered into a State Revolving Fund Program Loan Agreement with the North Dakota Public Finance Authority in the amount of \$2,400,000 to finance the Water Meter Replacement and Auto Read System Improvements Project scheduled for fiscal years 2014 and 2015. The interest rate on the Loan is 2% and the maturity date is September 1, 2033.

NOTE 10 – NEW PRONOUNCEMENTS

The City will implement the following new pronouncements for fiscal years ending after 2013:

GASB Statement No. 67, “*Financial Reporting for Pension Plans*”, was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*” was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations*” was issued in January 2013. This Statement establishes accounting and financial reporting standards related to *government combinations* and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2013.

GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*" was issued April 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

**CITY OF MANDAN, NORTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 3,481,500	\$ 3,481,950	\$ 3,399,377	\$ (82,573)
Licenses and Permits	619,850	700,150	1,139,205	439,055
Intergovernmental	1,890,550	1,902,550	2,216,921	314,371
Charges for Services	130,850	132,850	151,778	18,928
Fines and Forfeits	182,700	182,700	238,287	55,587
Special Assessments	47,350	32,550	36,002	3,452
Interest	72,900	72,900	25,420	(47,480)
Rent	5,000	5,000	8,780	3,780
Miscellaneous	43,850	49,364	35,703	(13,661)
Total Revenues	\$ 6,474,550	\$ 6,560,014	\$ 7,251,473	\$ 691,459
EXPENDITURES				
Current:				
General Government	\$ 2,321,450	\$ 2,511,926	\$ 2,526,061	\$ (14,135)
Public Safety	4,080,750	4,184,522	4,161,413	23,109
Public Works	1,254,150	1,340,642	1,394,573	(53,931)
Capital Outlay	680,100	434,789	372,794	61,995
Total Expenditures	\$ 8,336,450	\$ 8,471,879	\$ 8,454,841	\$ 17,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,861,900)	\$ (1,911,865)	\$ (1,203,368)	\$ 708,497
OTHER FINANCING SOURCES (USES)				
Transfers In	1,976,500	1,976,500	3,097,466	1,120,966
Transfers Out	(212,550)	(218,733)	(426,899)	(208,166)
Total Other Financing Sources and Uses	\$ 1,763,950	\$ 1,757,767	\$ 2,670,567	\$ 912,800
Net Change in Fund Balances	\$ (97,950)	\$ (154,098)	\$ 1,467,199	\$ 1,621,297
Fund Balances - January 1	\$ 4,439,790	\$ 4,439,790	\$ 4,439,790	-
Fund Balances - December 31	<u>\$ 4,341,840</u>	<u>\$ 4,285,692</u>	<u>\$ 5,906,989</u>	<u>\$ 1,621,297</u>

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

**CITY OF MANDAN, NORTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
HIGHWAY DISTRIBUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 1,201,550	\$ 1,201,550	\$ 2,093,522	\$ 891,972
Total Revenues	\$ 1,201,550	\$ 1,201,550	\$ 2,093,522	\$ 891,972
EXPENDITURES				
Current:				
Capital Outlay	\$	\$ 216,718	\$ 161,987	\$ 54,731
Total Expenditures	\$ -	\$ 216,718	\$ 161,987	\$ 54,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,201,550	\$ 984,832	\$ 1,931,535	\$ 946,703
OTHER FINANCING USES				
Transfers Out	\$ (1,201,550)	\$ (1,201,550)	\$ (1,244,435)	\$ (42,885)
Total Other Financing Uses	\$ (1,201,550)	\$ (1,201,550)	\$ (1,244,435)	\$ (42,885)
Net Change in Fund Balances	\$ -	\$ (216,718)	\$ 687,100	\$ 903,818
Fund Balances - January 1	\$ 132,056	\$ 132,056	\$ 132,056	-
Fund Balances - December 31	\$ 132,056	\$ (84,662)	\$ 819,156	\$ 903,818

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 93,100	\$ 93,400	\$ 91,609	\$ (1,791)
Intergovernmental	1,400	1,400	1,687	287
Charges for Services	61,550	61,550	47,075	(14,475)
Cemetery Lots	28,750	28,750	39,750	11,000
Rent	50	50	50	-
Miscellaneous	350	350	75	(275)
Total Revenues	\$ 185,200	\$ 185,500	\$ 180,246	\$ (5,254)
EXPENDITURES				
Current:				
Cemetery	\$ 148,700	\$ 150,348	\$ 148,695	\$ 1,653
Total Expenditures	\$ 148,700	\$ 150,348	\$ 148,695	\$ 1,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 36,500	\$ 35,152	\$ 31,551	\$ (3,601)
OTHER FINANCING USES				
Transfers Out	\$ -	\$ -	\$ (33,496)	\$ (33,496)
Total Other Financing Uses	\$ -	\$ -	\$ (33,496)	\$ (33,496)
Net Change in Fund Balances	\$ 36,500	\$ 35,152	\$ (1,945)	\$ (37,097)
Fund Balances - January 1	\$ 101,714	\$ 101,714	\$ 101,714	-
Fund Balances - December 31	\$ 138,214	\$ 136,866	\$ 99,769	\$ (37,097)

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

**CITY OF MANDAN, NORTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
CITY SALES TAX/MANDAN GROWTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,928,050	\$ 1,928,050	\$ 2,366,136	\$ 438,086
Intergovernmental	9,000	9,000	12,353	3,353
Loan Repayments	56,800	56,800	8,303	(48,497)
Rent			6,000	6,000
Miscellaneous	3,150	3,150	68,508	65,358
Total Revenues	\$ 1,997,000	\$ 1,997,000	\$ 2,461,300	\$ 464,300
EXPENDITURES				
Current:				
Public Works		\$ 35,669	\$ 35,669	\$ -
Culture and Recreation	45,000	45,000	47,016	(2,016)
Economic Development and Assistance	267,950	309,237	279,231	30,006
Capital Outlay		11,243		11,243
Total Expenditures	\$ 312,950	\$ 401,149	\$ 361,916	\$ 39,233
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	\$ 1,684,050	\$ 1,595,851	\$ 2,099,384	\$ 503,533
OTHER FINANCING SOURCES (USES)				
Sale of Land Held for Resale		\$ 16,250	\$ 16,250	\$ -
Transfers Out	(910,000)	(910,000)	(1,076,774)	(166,774)
Total Other Financing Sources and Uses	\$ (910,000)	\$ (893,750)	\$ (1,060,524)	\$ (166,774)
Net Change in Fund Balances	\$ 774,050	\$ 702,101	\$ 1,038,860	\$ 336,759
Fund Balances - January 1	\$ 2,659,929	\$ 2,659,929	\$ 2,659,929	\$ -
Fund Balances - December 31	\$ 3,433,979	\$ 3,362,030	\$ 3,698,789	\$ 336,759

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 328,600	\$ 328,600	\$ 321,083	\$ (7,517)
Intergovernmental	201,850	201,850	203,454	1,604
Charges for Services	2,850	2,850	4,420	1,570
Fines and Forfeits	5,000	5,000	6,144	1,144
Interest	450	450	336	(114)
Rent	36,000	36,000	35,400	(600)
Miscellaneous	8,650	8,650	7,160	(1,490)
Total Revenues	\$ 583,400	\$ 583,400	\$ 577,997	\$ (5,403)
EXPENDITURES				
Current:				
Culture and Recreation	\$ 605,300	\$ 605,300	\$ 543,238	\$ 62,062
Total Expenditures	\$ 605,300	\$ 605,300	\$ 543,238	\$ 62,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (21,900)	\$ (21,900)	\$ 34,759	\$ 56,659
OTHER FINANCING SOURCES				
Transfers In	31,650	31,650	31,650	-
Total Other Financing Sources	\$ 31,650	\$ 31,650	\$ 31,650	\$ -
Net Change in Fund Balances	\$ 9,750	\$ 9,750	\$ 66,409	\$ 56,659
Fund Balances - January 1	\$ 287,080	\$ 287,080	\$ 287,080	-
Fund Balances - December 31	\$ 296,830	\$ 296,830	\$ 353,489	\$ 56,659

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, 2013**

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.

**CITY OF MANDAN, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,377,781	\$ 29,058	\$ 418,968	\$ 2,825,807
Taxes Receivable	6,842	1,901		8,743
Accounts Receivable (net of allowance)	2,160			2,160
Special Assessments Receivable	117,294			117,294
Intergovernmental Receivable	166,780		176,810	343,590
Interfund Receivable	117,040		137,879	254,919
Prepaid Expenses	31,542		4,178	35,720
Cash and Cash Equivalents-Restricted		141,500		141,500
Total Assets	\$ 2,819,439	\$ 172,459	\$ 737,835	\$ 3,729,733
LIABILITIES				
Accounts Payable				
Interfund Payable	\$ 31,309		\$ 11,179	\$ 42,488
Prepaid Revenues	270,463		137,879	408,342
	3,790			3,790
Total Liabilities	\$ 305,562	\$ -	\$ 149,058	\$ 454,620
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes	\$ 6,102	\$ 1,699		\$ 7,801
Unavailable Revenue-Special Assessments	103,961			103,961
Unavailable Revenue-Revenue not Collected within 60 Days	147,136		143,001	290,137
Total Deferred Inflows of Resources	\$ 257,199	\$ 1,699	\$ 143,001	\$ 401,899
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	\$ 31,542		\$ 4,178	\$ 35,720
Restricted for:				
Public Safety	140,509			140,509
Culture and Recreation	23,330			23,330
Urban Redevelopment and Housing	1,577,551			1,577,551
Debt Service		170,760		170,760
Capital Projects			584,599	584,599
Committed for:				
General Government	110,225			110,225
Public Safety	150,571			150,571
Urban Redevelopment and Housing	496,962			496,962
Unassigned	(274,012)		(143,001)	(417,013)
Total Fund Balances	\$ 2,256,678	\$ 170,760	\$ 445,776	\$ 2,873,214
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,819,439	\$ 172,459	\$ 737,835	\$ 3,729,733

CITY OF MANDAN, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	City's Share of Special Assessments	City Visitors' Promotion	Alarm- Equipment Reserve	Public Transportation System	Fire Equipment Reserve	Narcotics Task Force Grants	BNSF Settlement	Mandan SEP Trust	Downtown Redevelopment	Flood Control	Health and Safety	Total Nonmajor Special Revenue Funds
ASSETS												
Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxes Receivable	4,356	22,845	59,985	2,488	90,096	141,366	496,962	1,566,547				2,377,781
Accounts Receivable (net of allowance)			555			1,405				200		6,842
Special Assessments Receivable	3,716	4,852									113,578	2,180
Intergovernmental Receivable	106,036					11,168		11,004	11,004	139,756		166,780
Prepaid Expenses						29,265		2,277				117,040
												31,542
Total Assets	\$ 114,108	\$ 27,697	\$ 60,520	\$ 2,488	\$ 90,096	\$ 183,204	\$ 496,962	\$ 1,577,551	\$ 13,281	\$ 139,956	\$ 113,578	\$ 2,819,439
LIABILITIES												
Accounts Payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interfund Payable												
Prepaid Revenues			45	267		2,305			4,290	9,367	10,713	31,309
						3,745			11,004	139,756	119,703	270,463
												3,790
Total Liabilities	\$ -	\$ 4,367	\$ 45	\$ 267	\$ -	\$ 6,050	\$ -	\$ -	\$ 15,294	\$ 149,123	\$ 130,416	\$ 305,562
DEFERRED INFLOWS OF RESOURCES												
Unavailable Revenue-Property Taxes	\$ 3,883	\$	\$	\$ 2,219	\$	\$	\$	\$	\$	\$	\$	\$ 6,102
Unavailable Revenue-Special Assessments											103,961	103,961
Unavailable Revenue-Revenue not Collected within 60 Days						7,380				139,756		147,136
Total Deferred Inflows of Resources	\$ 3,883	\$ -	\$ -	\$ 2,219	\$ -	\$ 7,380	\$ -	\$ -	\$ -	\$ 139,756	\$ 103,961	\$ 257,199
FUND BALANCES												
Nonspendable:												
Prepaid Expenses	\$	\$	\$	\$	\$	\$ 29,265	\$	\$	\$ 2,277	\$	\$	\$ 31,542
Restricted for:						140,509						140,509
Public Safety		23,330						1,577,551				23,330
Culture and Recreation												1,577,551
Urban Redevelopment and Housing												110,225
Committed for:												150,571
General Government	110,225		60,475		90,096		496,962		(4,290)	(148,923)	(120,799)	496,962
Public Safety												(274,012)
Urban Redevelopment and Housing												
Unassigned												
Total Fund Balances	\$ 110,225	\$ 23,330	\$ 60,475	\$ -	\$ 90,096	\$ 169,774	\$ 496,962	\$ 1,577,551	\$ (2,013)	\$ (148,923)	\$ (120,799)	\$ 2,259,678
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 114,108	\$ 27,697	\$ 60,520	\$ 2,488	\$ 90,096	\$ 183,204	\$ 496,962	\$ 1,577,551	\$ 13,281	\$ 139,956	\$ 113,578	\$ 2,819,439

**CITY OF MANDAN, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2013**

	Mandan Community Center Revenue Bonds of 2005	Liberty Memorial Bridge General Obligation Bonds	Total Nonmajor Debt Service Funds
ASSETS			
Cash and Cash Equivalents	\$	\$ 29,058	\$ 29,058
Taxes Receivable		1,901	1,901
Cash and Cash Equivalents-Restricted	141,500		141,500
Total Assets	\$ 141,500	\$ 30,959	\$ 172,459
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-Property Taxes	\$	\$ 1,699	\$ 1,699
Total Liabilities	\$ -	\$ 1,699	\$ 1,699
FUND BALANCES			
Restricted for:			
Debt Service	\$ 141,500	\$ 29,260	\$ 170,760
Total Liabilities and Fund Balances	\$ 141,500	\$ 30,959	\$ 172,459

CITY OF MANDAN, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2013

	Bike Path Construction	City Visitor's Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and Cash Equivalents	\$	412,911 \$	6,057 \$	418,968
Intergovernmental Receivable	143,001	33,809		176,810
Interfund Receivable		137,879		137,879
Prepaid Expenses		4,178		4,178
Total Assets \$	143,001 \$	588,777 \$	6,057 \$	737,835
LIABILITIES				
Accounts Payable	\$ 5,122 \$	\$	6,057 \$	11,179
Interfund Payable	137,879			137,879
Total Liabilities \$	143,001 \$	- \$	6,057 \$	149,058
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Revenue not Collected within 60 Days	\$ 143,001 \$	\$	\$	143,001
Total Deferred Inflows of Resources \$	143,001 \$	- \$	- \$	143,001
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	\$	4,178 \$	\$	4,178
Restricted for:				
Capital Projects		584,599		584,599
Unassigned	(143,001)			(143,001)
Total Fund Balances \$	(143,001) \$	588,777 \$	- \$	445,776
Total Liabilities, Deferred Inflows of Resources and Fund Balances \$	143,001 \$	588,777 \$	6,057 \$	737,835

CITY OF MANDAN, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 321,789	\$ 69,731	\$ 396,233	\$ 787,753
Intergovernmental	802,674	469	-	803,143
Charges for Services	21,390			21,390
Fines and Forfeits	125,078			125,078
Special Assessments	182,146		7,571	189,717
Interest	3,972			3,972
Rent	2,400		12,480	14,880
Miscellaneous	67,927		99	68,026
Total Revenues	\$ 1,527,376	\$ 70,200	\$ 416,383	\$ 2,013,959
EXPENDITURES				
Current:				
General Government	\$ 283,814	\$	\$	283,814
Public Safety	257,695			257,695
Public Works	37,292			37,292
Culture and Recreation	61,377		1,048,967	1,110,344
Urban Redevelopment and Housing	62,161			62,161
Debt Service:				
Principal		140,000		140,000
Interest		61,471		61,471
Service Charges		2,222		2,222
Capital Outlay	1,742,240		32,302	1,774,542
Total Expenditures	\$ 2,444,579	\$ 203,693	\$ 1,081,269	\$ 3,729,541
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (917,203)	\$ (133,493)	\$ (664,886)	\$ (1,715,582)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds			136,630	136,630
Transfers In	771,168	139,031	13,682	923,881
Transfers Out	(41,707)			(41,707)
Total Other Financing Sources and Uses	\$ 729,461	\$ 139,031	\$ 150,312	\$ 1,018,804
Net Change in Fund Balances	\$ (187,742)	\$ 5,538	\$ (514,574)	\$ (696,778)
Fund Balances - January 1	\$ 2,444,420	\$ 165,222	\$ 960,350	\$ 3,569,992
Fund Balances - December 31	\$ 2,256,678	\$ 170,760	\$ 445,776	\$ 2,873,214

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, 2013

	City's Share of Special Assessments	City Visitors' Promotion	Alarm- Equipment Reserve	Public Transportation System	Fire Equipment Reserve	Narcotics Task Force Grants	EECBG	BNSF Settlement	Mandan SEP Trust	Downtown Redevelopment	Flood Control	Health and Safety	Total Nonmajor Special Revenue Funds
REVENUES													
Taxes	\$ 181,857	\$ 68,196	\$	\$ 91,736	\$	\$	\$	\$	\$	\$	\$	\$	\$ 321,789
Intergovernmental	2,983			1,697	126,262	143,284	44,610				483,838		802,674
Charges for Services			20,365			1,025							21,390
Fines and Forfeits						125,078							125,078
Special Assessments	135,658		248						3,972			46,240	182,146
Interest													3,972
Rent								2,400					2,400
Miscellaneous						8,585				59,142	200		67,927
Total Revenues	\$ 300,498	\$ 68,196	\$ 20,613	\$ 93,433	\$ 126,262	\$ 277,872	\$ 44,610	\$ 2,400	\$ 3,972	\$ 59,142	\$ 484,038	\$ 46,240	\$ 1,527,376
EXPENDITURES													
Current:													
General Government	\$ 183,630	\$	\$ 1,920	\$ 100,184	\$	\$ 265,775	\$	\$	\$	\$	\$	\$	\$ 283,814
Public Safety													257,695
Public Works		61,377								14,916			37,282
Culture and Recreation									1,860				61,377
Urban Redevelopment and Housing								2,225		56,076			62,161
Capital Outlay					391,242		44,610				1,306,388		1,742,240
Total Expenditures	\$ 183,630	\$ 61,377	\$ 1,920	\$ 100,184	\$ 391,242	\$ 265,775	\$ 44,610	\$ 2,225	\$ 1,860	\$ 56,076	\$ 1,321,304	\$ 22,376	\$ 2,444,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 116,868	\$ 6,819	\$ 18,693	\$ (6,751)	\$ (264,980)	\$ 22,197	\$ -	\$ 175	\$ 2,112	\$ 1,066	\$ (837,265)	\$ 23,864	\$ (917,203)
OTHER FINANCING SOURCES (USES)													
Transfers In	\$	\$	\$	\$ 6,984	\$ 50,000	\$ 6,748	\$	\$	\$	\$	\$ 707,425	\$	\$ 771,168
Transfers Out	(11,566)					(23,000)							(41,707)
Total Other Financing Sources and Uses	\$ (11,566)	\$ -	\$ -	\$ 6,984	\$ 50,000	\$ (18,251)	\$ -	\$ -	\$ -	\$ -	\$ 707,425	\$ (5,141)	\$ 729,461
Net Change in Fund Balances	\$ 105,302	\$ 6,819	\$ 18,693	\$ 243	\$ (214,980)	\$ 3,946	\$ -	\$ 175	\$ 2,112	\$ 1,066	\$ (129,841)	\$ 18,723	\$ (187,742)
Fund Balances - January 1	\$ 4,923	\$ 16,511	\$ 41,782	\$ (243)	\$ 305,076	\$ 165,828	\$ -	\$ 496,787	\$ 1,575,439	\$ (3,079)	\$ (19,082)	\$ (139,522)	\$ 2,444,420
Fund Balances - December 31	\$ 110,225	\$ 23,330	\$ 60,475	\$ -	\$ 90,096	\$ 169,774	\$ -	\$ 496,962	\$ 1,577,551	\$ (2,013)	\$ (148,923)	\$ (120,799)	\$ 2,256,678

**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, 2013**

	Mandan Community Center Revenue Bonds of 2005	Liberty Memorial Bridge General Obligation Bonds	Total Nonmajor Debt Service Funds
REVENUES			
Taxes	\$	\$ 69,731	\$ 69,731
Intergovernmental		469	469
Total Revenues	\$ -	\$ 70,200	\$ 70,200
EXPENDITURES			
Debt Service:			
Principal	\$ 105,000	\$ 35,000	\$ 140,000
Interest	32,933	28,538	61,471
Service Charges	1,098	1,124	2,222
Total Expenditures	\$ 139,031	\$ 64,662	\$ 203,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (139,031)	\$ 5,538	\$ (133,493)
OTHER FINANCING SOURCES			
Transfers In	\$ 139,031	\$	\$ 139,031
Total Other Financing Sources	\$ 139,031	\$ -	\$ 139,031
Net Change in Fund Balances	\$ -	\$ 5,538	\$ 5,538
Fund Balances - January 1	\$ 141,500	\$ 23,722	\$ 165,222
Fund Balances - December 31	\$ 141,500	\$ 29,260	\$ 170,760

**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, 2013**

	Bike Path Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Total Nonmajor Capital Projects Funds
REVENUES				
Taxes	\$	\$ 396,233	\$	\$ 396,233
Intergovernmental				-
Special Assessments			7,571	7,571
Rent		12,480		12,480
Miscellaneous		99		99
Total Revenues	\$ -	\$ 408,812	\$ 7,571	\$ 416,383
EXPENDITURES				
Current:				
Culture and Recreation	\$ 143,001	\$ 905,966	\$	\$ 1,048,967
Capital Outlay			32,302	32,302
Total Expenditures	\$ 143,001	\$ 905,966	\$ 32,302	\$ 1,081,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (143,001)	\$ (497,154)	\$ (24,731)	\$ (664,886)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	\$	\$	\$ 136,630	\$ 136,630
Transfers In			13,682	13,682
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 150,312	\$ 150,312
Net Change in Fund Balances	\$ (143,001)	\$ (497,154)	\$ 125,581	\$ (514,574)
Fund Balances - January 1	\$ -	\$ 1,085,931	\$ (125,581)	\$ 960,350
Fund Balances - December 31	\$ (143,001)	\$ 588,777	\$ -	\$ 445,776