# CITY OF MANDAN, NORTH DAKOTA
# MANDAN, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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**CITY OF MANDAN**
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2018

## Elected Officials

| | |
|---|---|
| Tim Helbling | Mayor/President |
| Dennis Rohr | Vice President |
| Mike Braun | Commissioner |
| Amber Larson | Commissioner |
| Scott Davis | Commissioner |
| DeNae Kautzman | Municipal Judge |

## Appointed Officials

| | |
|---|---|
| Malcolm Brown | City Attorney |
| Jim Neubauer | City Administrator |
| Ellen Huber | Business Development and Communications Director |
| Greg Welch | Finance |
| Kimberly Markley | Assessing |
| Justin Froseth | Planning and Engineering |
| Jason Ziegler | Police |
| Steve Nardello | Fire |
| Shawn Ouradnik | Building Inspection |
| Mitch Bitz | Public Works |
| Duane Friesz | Water Treatment |
| Steve Himmelspach | Wastewater Treatment |

## 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, 2018, 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 Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.



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

**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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As described in note 17 to the financial statements, the 2017 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and schedules of required pension and OPEB information, as listed in the table of contents, 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



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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 this schedule.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal controls over financial reporting and compliance.

Brady Martz

**BRADY, MARTZ & ASSOCIATES, P.C.**
**BISMARCK, NORTH DAKOTA**

September 16, 2019



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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, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 16 - 70 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 $163,686,773 (net position).
- The government's total net position increased by $830,833 (0.51%) during the current fiscal year due to a decrease of $1,832,171 from governmental activities and an increase of $2,663,004 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 $19,602,976 an increase of $747,200 (4%) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $3,867,661 which is 50% of total General Fund revenues and 35% of total General Fund expenditures.
- Revenue from all sources totaled $33,197,064 which was a decrease of $7,941,429 (19%) during the current fiscal year due to a decrease of $9,155,524 from governmental activities and an increase of $1,214,095 from business-type activities. Expenses from all activities totaled $32,366,231 which was a decrease of $14,495,280 (31%) during the current fiscal year due to a decrease of $15,045,312 from governmental activities and an increase of $550,032 from business-type activities.
- The City of Mandan's total capital assets decreased by $3,602,151 (1.9%) during the current fiscal year due to a decrease of $4,167,727 from governmental activities and an increase of $565,576 from business-type activities.
- The City of Mandan's total debt decreased by $7,198,671 (8%) during the current fiscal year due to a decrease of $5,360,252 from governmental activities and a decrease of $1,838,419 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 plus deferred outflows or resources and liabilities plus deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Mandan is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 16 - 18 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 19 - 22 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.

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 23 - 24 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 26 - 28 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 29 - 70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 78 - 85 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 plus deferred outflows exceeded liabilities and deferred inflows by $163,686,773 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, 2018 and December 31, 2017.

**TABLE I**
**NET POSITION**
**December 31, 2018**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Current and Other Assets | $ 52,839,241 | $ 16,674,659 | $ 69,513,900 |
| Capital Assets | 92,247,567 | 91,650,433 | 183,898,000 |
| | 145,086,808 | 108,325,092 | 253,411,900 |
| DEFERRED OUTFLOWS | 902,115 | - | 902,115 |
| LIABILITIES | | | |
| Long-term Liabilities Outstanding | 52,340,505 | 26,288,230 | 78,628,735 |
| Other Liabilities | 7,017,483 | 4,803,639 | 11,821,122 |
| | 59,357,988 | 31,091,869 | 90,449,857 |
| DEFERRED INFLOWS | 177,385 | - | 177,385 |
| NET POSITION | | | |
| Net investment in Capital Assets | 70,882,941 | 66,387,107 | 137,270,048 |
| Restricted | 46,829,063 | 2,791,722 | 49,620,785 |
| Unrestricted | (31,258,454) | 8,054,394 | (23,204,060) |
| | $ 86,453,550 | $ 77,233,223 | $ 163,686,773 |

**TABLE I**
**NET POSITION - AS RESTATED**
**DECEMBER 31, 2017**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Current and Other Assets | $ 55,319,290 | $ 16,239,713 | $ 71,559,003 |
| Capital Assets | 96,415,291 | 91,085,357 | 187,500,648 |
| | 151,734,581 | 107,325,070 | 259,059,651 |
| DEFERRED OUTFLOWS | 979,019.00 | - | 979,019 |
| LIABILITIES | | | |
| Long-term Liabilities Outstanding | 57,789,847 | 28,222,207 | 86,012,054 |
| Other Liabilities | 6,636,689 | 4,532,644 | 11,169,333 |
| | 64,426,536 | 32,754,851 | 97,181,387 |
| DEFERRED INFLOWS | 144,714 | - | 144,714 |
| NET POSITION | | | |
| Net investment in Capital Assets | 56,058,735 | 59,679,896 | 115,738,631 |
| Restricted | 48,486,289 | 2,759,403 | 51,245,692 |
| Unrestricted | (16,259,303) | 12,130,920 | (4,128,383) |
| | $ 88,285,721 | $ 74,570,219 | $ 162,855,940 |

A large portion of the City of Mandan's net position (84%) 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 43%. 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 (30%) represents resources that are subject to external restrictions on how they may be used.

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

The City of Mandan's ratio of total assets/total liabilities for the governmental activities is 2.45 and for the business-type activities is 3.48 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, 2018 and December 31, 2017.

Table II
Changes in Net Position
December 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | $ 1,467,432 | $ 11,195,071 | $ 12,662,503 |
| Operating Grants and Contributions | 521,788 | - | 521,788 |
| Capital Grants and Contributions | 2,525,007 | 3,293,821 | 5,818,828 |
| General Revenues: | | | |
| Property, Delinquent, Mobile Home Taxes | 5,099,604 | 353,725 | 5,453,329 |
| Cable TV Franchise Fees | 334,084 | - | 334,084 |
| State Aid Distribution | 1,743,642 | - | 1,743,642 |
| Cigarette Taxes | 50,965 | - | 50,965 |
| Gaming Taxes | 12,167 | - | 12,167 |
| Disabled Veterans Credit | 37,151 | - | 37,151 |
| Homestead Credit | 79,019 | - | 79,019 |
| Morton County E911 Fees | 251,017 | - | 251,017 |
| Telecommunications Taxes | 82,220 | - | 82,220 |
| Highway Tax Distribution | 1,175,640 | - | 1,175,640 |
| Occupancy Taxes | 53,931 | - | 53,931 |
| Oil and Gas Production Taxes | - | - | - |
| 1% City Sales Taxes | 2,205,049 | - | 2,205,049 |
| 0.75% City Sales Tax | 1,653,787 | - | 1,653,787 |
| Fire Insurance Taxes | 152,250 | - | 152,250 |
| Restaurant and Lodging Taxes | 489,683 | - | 489,683 |
| Interest | 55,523 | 1,337 | 56,860 |
| Sale of Meters and Parts | - | 91,635 | 91,635 |
| Other | 151,245 | 77,319 | 228,564 |
| Gain on Sale of Capital Assets | 9,152 | 33,800 | 42,952 |
| | 18,150,356 | 15,046,708 | 33,197,064 |
| Expenses: | | | |
| General Government | 4,140,634 | - | 4,140,634 |
| Public Safety | 6,405,012 | - | 6,405,012 |
| Public Works | 6,232,960 | - | 6,232,960 |
| Cemetery | 195,765 | - | 195,765 |
| Culture and Recreation | 1,016,850 | - | 1,016,850 |
| Urban Redevelopment and Housing | 66,772 | - | 66,772 |
| Economic Development and Assistance | 680,703 | - | 680,703 |
| Interest on Long-term Debt | 1,725,425 | - | 1,725,425 |
| Debt Service Charges and Costs | 26,186 | - | 26,186 |
| Water and Sewer Utility | - | 8,092,718 | 8,092,718 |
| Solid Waste Utility | - | 2,399,535 | 2,399,535 |
| Street Light Utility | - | 454,600 | 454,600 |
| Mandan Airport Authority | - | 929,071 | 929,071 |
| | 20,490,307 | 11,875,924 | 32,366,231 |
| Decrease in Net Position before Transfers | (2,339,951) | 3,170,784 | 830,833 |
| Transfers | 507,780 | (507,780) | - |
| Decrease in Net Position | (1,832,171) | 2,663,004 | 830,833 |
| Net Position - January 1 - As Restated | 88,285,721 | 74,570,219 | 162,855,940 |
| Net Position - December 31 | $ 86,453,550 | $ 77,233,223 | $ 163,686,773 |

Table II
Changes in Net Position - As Restated
Dcember 31, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | $ 1,827,145 | $ 11,229,599 | $ 13,056,744 |
| Operating Grants and Contributions | 621,755 | - | 621,755 |
| Capital Grants and Contributions | 11,460,094 | 2,124,946 | 13,585,040 |
| General Revenues: | | | |
| Property, Delinquent, Mobile Home Taxes | 4,061,853 | 313,588 | 4,375,441 |
| Cable TV Franchise Fees | 355,789 | - | 355,789 |
| State Aid Distribution | 1,485,728 | - | 1,485,728 |
| Cigarette Taxes | 52,738 | - | 52,738 |
| Gaming Taxes | 11,352 | - | 11,352 |
| Disabled Veterans Credit | 23,757 | - | 23,757 |
| Homestead Credit | 58,269 | - | 58,269 |
| Morton County E911 Fees | 217,519 | - | 217,519 |
| Telecommunications Taxes | 82,220 | - | 82,220 |
| Highway Tax Distribution | 1,156,670 | - | 1,156,670 |
| Occupancy Taxes | 55,143 | - | 55,143 |
| Oil and Gas Production Taxes | 1,000,000 | - | 1,000,000 |
| 1% City Sales Taxes | 2,385,451 | - | 2,385,451 |
| 0.75% City Sales Tax | 1,789,088 | - | 1,789,088 |
| Fire Insurance Taxes | 155,122 | - | 155,122 |
| Restaurant and Lodging Taxes | 457,190 | - | 457,190 |
| Interest | 24,585 | 357 | 24,942 |
| Sale of Meters and Parts | - | 93,094 | 93,094 |
| Other | 24,412 | 71,029 | 95,441 |
| Gain on Sale of Capital Assets | - | - | - |
| | 27,305,880 | 13,832,613 | 41,138,493 |
| Expenses: | | | |
| General Government | 3,474,187 | - | 3,474,187 |
| Public Safety | 6,015,471 | - | 6,015,471 |
| Public Works | 6,190,434 | - | 6,190,434 |
| Cemetery | 184,196 | - | 184,196 |
| Culture and Recreation | 17,227,589 | - | 17,227,589 |
| Urban Redevelopment and Housing | 61,666 | - | 61,666 |
| Economic Development and Assistance | 683,439 | - | 683,439 |
| Interest on Long-term Debt | 1,649,333 | - | 1,649,333 |
| Debt Service Charges and Costs | 49,304 | - | 49,304 |
| Water and Sewer Utility | - | 7,663,633 | 7,663,633 |
| Solid Waste Utility | - | 2,270,955 | 2,270,955 |
| Street Light Utility | - | 446,687 | 446,687 |
| Mandan Airport Authority | - | 944,617 | 944,617 |
| | 35,535,619 | 11,325,892 | 46,861,511 |
| Decrease in Net Position before Transfers | (8,229,739) | 2,506,721 | (5,723,018) |
| Transfers | (24,816) | 24,816 | - |
| Decrease in Net Position | (8,254,555) | 2,531,537 | (5,723,018) |
| Net Position - January 1 | 96,540,276 | 72,038,682 | 168,578,958 |
| Net Position - December 31 | $ 88,285,721 | $ 74,570,219 | $ 162,855,940 |

**Governmental Activities**
Governmental activities decreased the City of Mandan's net position by $1,832,171 (2%). During the year, revenues decreased by $9,155,524 (34%) primarily due to capital grants and contributions, and expenses decreased by $15,465,633 (43%) primarily due to culture and recreation.

**Business-type Activities**
Business-type activities increased the City of Mandan's net position by $2,663,004 (4%). During the year, revenues increased by $1,214,095 (9%) primarily due to capital grants and contributions, and expenses increased by $550,032 (5%) primarily due to the Water and Sewer 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 $19,602,976, an increase of $747,200 in comparison with the prior year. Fund balances have been classified as follows: nonspendable $311,875, restricted $15,633,377, committed $1,987,380 assigned $1,127,228, and unassigned $543,116.

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 $3,867,661, while total fund balance reached $4,565,215. The fund balance of the City of Mandan's General Fund increased by $540,832 (13%) during the current fiscal year primarily due to the decrease in salaries and benefits.

**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 $8,054,394. The net position of the proprietary funds increased by $2,663,004 (4%) during the current fiscal year primarily due to charges for services.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

- $32,546 increase in revenues or .4% of the original budget primarily due to miscellaneous and intergovernmental revenues.
- $261,412 increase in expenditures or 2% of the original budget primarily due to public works.
- The original budget anticipated a decrease in fund balance by $121,900.
- The net effect of the budget amendments was estimated to decrease fund balance by $50,033.

During the year, revenues were more than budgetary estimates by $152,280, expenditures were less than budgetary estimates by $391,247 and other financing sources and uses were more than budgetary estimates by $169,238, and ending fund balance exceeded budgetary estimates by $712,765.

## 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, 2018 amounts to $137,270,048 (net of accumulated depreciation). This investment in capital assets includes land, construction work in progress, buildings and improvements, buildings and infrastructure and machinery and equipment. The total decrease in capital assets during the current fiscal year was $3,602,648 (1.92%) primarily due to depreciation and limited additions.

TABLE III
Capital Assets (Net of Depreciation)
December 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Land | $ 3,549,558 | $ 693,105 | $ 4,242,663 |
| Construction Work in Progress | 2,402,178 | 3,136,671 | 5,538,849 |
| Buildings and Improvements | 5,183,055 | - | 5,183,055 |
| Buildings and Infrastructure | 80,443,661 | 87,121,958 | 167,565,619 |
| Machinery and Equipment | 669,115 | 698,700 | 1,367,815 |
| Total | $ 92,247,567 | $ 91,650,434 | $ 183,898,001 |

TABLE III
Capital Assets (Net of Depreciation)
December 31, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Land | $ 3,861,062 | $ 693,105 | $ 4,554,167 |
| Construction Work in Progress | 7,052,465 | 3,683,617 | 10,736,082 |
| Buildings and Improvements | 5,386,625 | - | 5,386,625 |
| Buildings and Infrastructure | 79,103,104 | 85,676,391 | 164,779,495 |
| Machinery and Equipment | 1,012,035 | 1,032,244 | 2,044,279 |
| Total | $ 96,415,291 | $ 91,085,357 | $ 187,500,648 |

Additional information on the City of Mandan's capital assets can be found in Note 7 on pages 46 - 47 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 $87,070,443. Of this amount, $39,840,463 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 $7,279,636 (8%) primarily due to a decrease in Special Assessment 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 to 8% of its total assessed valuation. The City of Mandan has $460,000 of outstanding general obligation debt.

Table IV
Outstanding Debt
December 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Compensated Absences | $ 559,757 | $ 170,822 | $ 730,579 |
| Capital Lease | 450,666 | 440,521 | 891,187 |
| General Obligation Bonds | 460,000 | - | 460,000 |
| Special Assessments Bonds | 35,525,003 | 4,315,460 | 39,840,463 |
| Revenue Bonds | 20,453,960 | 24,694,254 | 45,148,214 |
| Total | $ 57,449,386 | $ 29,621,057 | $ 87,070,443 |

Table IV
Outstanding Debt
December 31, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Compensated Absences | $ 393,515 | $ 134,980 | $ 528,495 |
| Capital Lease | 532,751 | 521,486 | 1,054,237 |
| General Obligation Bonds | 505,000 | - | 505,000 |
| Special Assessments Bonds | 39,823,805 | 5,301,615 | 45,125,420 |
| Revenue Bonds | 21,554,567 | 24,832,464 | 46,387,031 |
| Loans | - | 749,896 | 749,896 |
| Total | $ 62,809,638 | $ 31,540,441 | $ 94,350,079 |

Additional information on the City of Mandan's long-term debt can be found in Note 9 on pages 49 - 56 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 $1,212 or 2% in comparison with the prior year.
- The City of Mandan's 1% city restaurant and lodging tax revenues increased by $32,493 or 7% in comparison with the prior year.
- The City of Mandan's taxable sales and purchases decreased by $956,640 or 0.4% in comparison with the prior year, and the 1% city sales tax revenues decreased by $180,402 or 7.6% 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 45,661,399 gallons or 4.5% in comparison with the prior year. The total gallons of sewer treated increased by 183,275 gallons or 0% 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 47 tons or 0.6% in comparison with the prior year. Inert material received at the landfill decreased by 4,291 tons or 32.7% in comparison with the prior year.
- The City of Mandan's taxable valuation increased by $6,787,954 or 7.8% in comparison with the prior year. The City of Mandan's share of 1 mill is 24% percent. For the 2019 Budget, the annual decrease in property taxes for an existing $250,000 residential home with an average valuation increase of zero (Board of Equalization), excluding special assessments, is projected to be $23.
- For the 2019 Budget, the City of Mandan increased the monthly water and sewer base rates by $1.45. The City did not increase monthly water and sewer service rates. The City increased the solid waste base right by $.05 per month per family living unit. The City increased the monthly curbside recycling rate by $.20 month, per family living unit. The City did not change the 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**
STATEMENT OF NET POSITION
DECEMBER 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 9,888,649 | $ 7,204,765 | $ 17,093,414 |
| Investments | 5,500,000 | - | 5,500,000 |
| Taxes Receivable | 215,289 | 14,864 | 230,153 |
| Accounts Receivable (net of allowance) | 1,737,097 | 1,859,836 | 3,596,933 |
| Special Assessments Receivable | 33,341,818 | 4,226,667 | 37,568,485 |
| Loans Receivable (net of allowance) | 314,479 | - | 314,479 |
| Internal Balances | (186,308) | 186,308 | - |
| Due from Agency Fund | 3,279 | - | 3,279 |
| Inventories | 16,284 | 219,799 | 236,083 |
| Prepaid Expenses | 45,581 | 60,571 | 106,152 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 1,963,073 | 2,901,849 | 4,864,922 |
| Capital Assets, not being depreciated: | | | |
| Land | 3,549,558 | 693,105 | 4,242,663 |
| Construction Work in Progress | 2,402,178 | 3,136,671 | 5,538,849 |
| Capital Assets (net of depreciation): | | | |
| Buildings and Improvements | 5,183,055 | - | 5,183,055 |
| Buildings and Infrastructure | 80,443,661 | 87,121,957 | 167,565,618 |
| Machinery and Equipment | 669,115 | 698,700 | 1,367,815 |
| Total Assets | 145,086,808 | 108,325,092 | 253,411,900 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred Outflows - Pension | 878,716 | - | 878,716 |
| Deferred Outflows - OPEB | 23,399 | - | 23,399 |
| Total deferred outflows of resources | 902,115 | - | 902,115 |

See Notes to the Financial Statements

**CITY OF MANDAN**
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **LIABILITIES** | | | |
| Salaries and Benefits Payable | $ 181,344 | $ 49,677 | $ 231,021 |
| Accounts Payable | 792,501 | 992,746 | 1,785,247 |
| Retainage Payable | 45,559 | 128,551 | 174,110 |
| Prepaid Revenues | 72,009 | 64,384 | 136,393 |
| Interest Payable | 394,861 | 235,456 | 630,317 |
| Noncurrent Liabilities: | | | |
| Due Within One Year: | | | |
| Compensated Absences | 161,788 | 75,610 | 237,398 |
| Capital Lease Payable | 262,348 | 83,871 | 346,219 |
| General Obligation Bonds Payable | 50,000 | - | 50,000 |
| Special Assessments Bonds Payable, net of premium | 4,476,466 | 892,028 | 5,368,494 |
| Revenue Bonds Payable | 580,607 | 2,226,316 | 2,806,923 |
| Loans Payable | - | 55,000 | 55,000 |
| Due After One Year: | | | |
| Compensated Absences | 397,969 | 95,210 | 493,179 |
| Capital Lease Payable | 188,318 | 356,650 | 544,968 |
| General Obligation Bonds Payable | 410,000 | - | 410,000 |
| Special Assessments Bonds Payable, net of premium | 31,048,537 | 3,423,432 | 34,471,969 |
| Revenue Bonds Payable, net of premium | 19,873,353 | 21,261,396 | 41,134,749 |
| Loans Payable | - | 1,151,542 | 1,151,542 |
| Net Pension Liability | 290,599 | - | 290,599 |
| Net OPEB Liability | 131,729 | - | 131,729 |
| Total Liabilities | 59,357,988 | 31,091,869 | 90,449,857 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred Inflows - Pension | 171,009 | - | 171,009 |
| Deferred Inflows - OPEB | 6,376 | - | 6,376 |
| Total deferred outflows of resources | 177,385 | - | 177,385 |
| **NET POSITION** | | | |
| Net investment in Capital Assets | 70,882,941 | 66,387,107 | 137,270,048 |
| Restricted for: | | | |
| Public Works | 3,255,003 | - | 3,255,003 |
| Culture and Recreation | 2,143,446 | - | 2,143,446 |
| Urban Redevelopment and Housing | 81,703 | - | 81,703 |
| Economic Development and Assistance | 2,603,543 | - | 2,603,543 |
| Debt Service | 36,751,399 | 2,791,722 | 39,543,121 |
| Capital Projects | 1,892,339 | - | 1,892,339 |
| Unrestricted | (31,258,454) | 8,054,394 | (23,204,060) |
| Total Net Position | $ 86,453,550 | $ 77,233,223 | $ 163,686,773 |

See Notes to the Financial Statements

# CITY OF MANDAN
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED DECEMBER 31, 2018

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | | |
| General Government | $ 4,140,634 | $ 942,504 | $ 39,221 | $ - | $ (3,158,909) | | $ (3,158,909) |
| Public Safety | 6,405,012 | 209,170 | 158,239 | 5,500 | (6,032,103) | | (6,032,103) |
| Public Works | 6,232,960 | 182,503 | 2,020 | 2,498,701 | (3,549,736) | | (3,549,736) |
| Cemetery | 195,765 | 64,550 | 100 | - | (131,115) | | (131,115) |
| Culture and Recreation | 1,016,850 | 27,871 | 279,113 | 20,806 | (689,060) | | (689,060) |
| Urban Redevelopment and Housing | 66,772 | 2,400 | 10,000 | - | (54,372) | | (54,372) |
| Economic Development and Assistance | 680,703 | 38,434 | 33,095 | - | (609,174) | | (609,174) |
| Interest on Long-term Debt | 1,725,425 | - | - | - | (1,725,425) | | (1,725,425) |
| Debt Service Charges and Costs | 26,186 | - | - | - | (26,186) | | (26,186) |
| Total Governmental Activities | 20,490,307 | 1,467,432 | 521,788 | 2,525,007 | $ (15,976,080) | | $ (15,976,080) |
| Business-type Activities: | | | | | | | |
| Water and Sewer Utility | 8,092,718 | 8,005,457 | - | 2,727,130 | | $ 2,639,869 | $ 2,639,869 |
| Solid Waste Utility | 2,399,535 | 2,370,875 | - | - | | (28,660) | (28,660) |
| Street Light Utility | 454,600 | 442,269 | - | - | | (12,331) | (12,331) |
| Mandan Airport Authority | 929,071 | 376,470 | - | 566,691 | | 14,090 | 14,090 |
| Total Business-type Activities | 11,875,924 | 11,195,071 | - | 3,293,821 | | $ 2,612,968 | $ 2,612,968 |
| Total Primary Government | $ 32,366,231 | $ 12,662,503 | $ 521,788 | $ 5,818,828 | $ (15,976,080) | $ 2,612,968 | $ (13,363,112) |
| General Revenues | | | | | | | |
| Property, Delinquent, Mobile Home Taxes | | | | | $ 5,099,604 | $ 353,725 | $ 5,453,329 |
| Cable TV Franchise Fees | | | | | 334,084 | - | 334,084 |
| State Aid Distribution | | | | | 1,743,642 | - | 1,743,642 |
| Cigarette Taxes | | | | | 50,965 | - | 50,965 |
| Gaming Taxes | | | | | 12,167 | - | 12,167 |
| Disabled Veterans Credit | | | | | 37,151 | - | 37,151 |
| Homestead Credit | | | | | 79,019 | - | 79,019 |
| Morton County E911 Fees | | | | | 251,017 | - | 251,017 |
| Telecommunications Taxes | | | | | 82,220 | - | 82,220 |
| Highway Tax Distribution | | | | | 1,175,640 | - | 1,175,640 |
| Occupancy Taxes | | | | | 53,931 | - | 53,931 |
| City 1% Sales Taxes | | | | | 2,205,049 | - | 2,205,049 |
| City 0.75% Sales Tax | | | | | 1,653,787 | - | 1,653,787 |
| Fire Insurance Taxes | | | | | 152,250 | - | 152,250 |
| Restaurant and Lodging Taxes | | | | | 489,683 | - | 489,683 |
| Interest | | | | | 55,523 | 1,337 | 56,860 |
| Sale of Meters and Parts | | | | | - | 91,635 | 91,635 |
| Other | | | | | 151,245 | 77,319 | 228,564 |
| Gain on Sale of Capital Assets | | | | | 9,152 | 33,800 | 42,952 |
| Transfers | | | | | 507,780 | (507,780) | - |
| Total General Revenues, Gain (Loss) on Sale of Capital Assets, and Transfers | | | | | $ 14,143,909 | $ 50,036 | $ 14,193,945 |
| Change in Net Position | | | | | (1,832,171) | 2,663,004 | 830,833 |
| Net Position - beginning of year | | | | | 87,865,400 | 74,570,219 | 162,435,619 |
| Prior period adjustment (see Note 17) | | | | | 420,321 | - | 420,321 |
| Net position - beginning of year, restated | | | | | 88,285,721 | 74,570,219 | 162,855,940 |
| Net Position - December 31 | | | | | $ 86,453,550 | $ 77,233,223 | $ 163,686,773 |

See Notes to the Financial Statements

# CITY OF MANDAN
## BALANCE SHEET – GOVERNMENTAL FUNDS
## DECEMBER 31, 2018

| | General | Cemetary | 1% City Sales Tax/ Mandan Growth | Morton Mandan Public Library | Refunding Improvement Bonds | Total Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and Cash Equivalents | 311,763 | $ 109,566 | $ 542,329 | $ 580,167 | $ 2,787,950 | $ 5,556,874 | $ 9,888,649 |
| Investments | 4,000,000 | - | 1,500,000 | - | - | - | 5,500,000 |
| Taxes Receivable | 169,577 | 7,433 | - | 21,984 | 1,928 | 14,367 | 215,289 |
| Accounts Receivable (net of allowance) | 667,951 | - | 398,324 | - | - | 658,809 | 1,725,084 |
| Special Assessments Receivable | 52,134 | - | - | - | 32,787,791 | 501,893 | 33,341,818 |
| Loans Receivable (net of allowance) | - | - | 314,479 | - | - | - | 314,479 |
| Interfund Receivable | 376,500 | - | 740,953 | 91,317 | 1,371,400 | 535,220 | 3,115,390 |
| Due from Agency Funds | 3,279 | - | - | - | - | - | 3,279 |
| Prepaid Expenses | 27,253 | 206 | 4,202 | 10,604 | - | 3,316 | 45,581 |
| Cash and Cash Equivalents-Restricted | 29,087 | - | - | - | - | 1,933,986 | 1,963,073 |
| Total Assets | $ 5,637,544 | $ 117,205 | $ 3,500,287 | $ 704,072 | $ 36,949,069 | $ 9,204,465 | $ 56,112,642 |
| **LIABILITIES** | | | | | | | |
| Salaries and Benefits Payable | $ 164,505 | $ 2,167 | $ 3,059 | $ 10,243 | $ - | $ 1,370 | $ 181,344 |
| Accounts Payable | 542,761 | 2,928 | 62,854 | 11,865 | 1,000 | 159,954 | 781,362 |
| Retainage Payable | - | - | 8,000 | - | - | 37,559 | 45,559 |
| Interfund Payable | 91,317 | - | - | - | - | 3,206,772 | 3,298,089 |
| Prepaid Revenue | 71,919 | - | - | - | - | 90 | 72,009 |
| Total Liabilities | 870,502 | 5,095 | 73,913 | 22,108 | 1,000 | 3,405,745 | 4,378,363 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | |
| Unavailable Revenue-Property Taxes | 150,157 | 6,446 | - | 19,165 | 1,675 | 12,478 | 189,921 |
| Unavailable Revenue-Special Assessments | 45,003 | - | - | - | 31,393,159 | 474,377 | 31,912,539 |
| Unavailable Revenue-Revenue not Collected within 60 days | 6,667 | - | - | - | - | 22,176 | 28,843 |
| Total Deferred Inflows of Resources | 201,827 | 6,446 | - | 19,165 | 31,394,834 | 509,031 | 32,131,303 |
| **FUND BALANCES** | | | | | | | |
| Nonspendable: | | | | | | | |
| Loans Receivable | - | - | 266,294 | - | - | - | 266,294 |
| Prepaid Items | 27,253 | 206 | 4,202 | 10,604 | - | 3,316 | 45,581 |
| Restricted for: | | | | | | | |
| Public Safety | - | - | - | - | - | 101,630 | 101,630 |
| Public Works | - | - | - | - | - | 3,255,003 | 3,255,003 |
| Culture and Recreation | - | - | - | - | - | 2,143,446 | 2,143,446 |
| Urban Redevelopment and Housing | - | - | - | - | - | 81,703 | 81,703 |
| Economic Development and Assistance | - | - | 2,603,543 | - | - | - | 2,603,543 |
| Debt Service | - | - | - | - | 5,553,235 | 195,453 | 5,748,688 |
| Capital Projects | - | - | - | - | - | 1,699,364 | 1,699,364 |
| Committed for: | | | | | | | |
| General Government | - | - | - | - | - | 541,398 | 541,398 |
| Public Safety | 59,501 | - | - | - | - | 323,461 | 382,962 |
| Cemetery | - | 105,458 | - | - | - | - | 105,458 |
| Culture and Recreation | - | - | - | 135,767 | - | - | 135,767 |
| Urban Redevelopment and Housing | - | - | - | - | - | 269,460 | 269,460 |
| Economic Development and Assistance | - | - | 552,335 | - | - | - | 552,335 |
| Assigned for: | | | | | | | |
| Culture and Recreation | - | - | - | 516,428 | - | - | 516,428 |
| Subsequent Year's Budget: | | | | | | | |
| Appropriation of Fund Balance | 610,800 | - | - | - | - | - | 610,800 |
| Unassigned | 3,867,661 | - | - | - | - | (3,324,545) | 543,116 |
| Total Fund Balances | 4,565,215 | 105,664 | 3,426,374 | 662,799 | 5,553,235 | 5,289,689 | 19,602,976 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 5,637,544 | $ 117,205 | $ 3,500,287 | $ 704,072 | $ 36,949,069 | $ 9,204,465 | $ 56,112,642 |

See Notes to the Financial Statements

**CITY OF MANDAN**
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

| | | |
|---|---|---|
| Total Fund Balances for Governmental Funds | | $ 19,602,976 |
| 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 | 3,549,558 | |
| Buildings and Improvements (net of depreciation) | 5,183,055 | |
| Buildings and Infrastructure (net of depreciation) | 80,443,661 | |
| Machinery and Equipment (net of depreciation) | 669,115 | |
| Construction Work in Progress | 2,402,178 | |
| Total Capital Assets | | 92,247,567 |
| The net pension liability is not due and payable in the current period and therefore is not reported in the funds. Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: | | |
| Deferred outflows of resources | 878,716 | |
| Deferred inflows of resources | (171,009) | |
| Net pension liability | (290,599) | |
| | | 417,108 |
| The net OPEB liability is not due and payable in the current period and therefore is not reported in the funds. Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: | | |
| Deferred outflows of resources | 23,399 | |
| Deferred inflows of resources | (6,376) | |
| Net OPEB liability | (131,729) | |
| | | (114,706) |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Unavailable Revenue-Property Taxes | 189,921 | |
| Unavailable Revenue-Special Assessments | 31,912,539 | |
| Unavailable Revenue-Revenue not Collected within 60 Days | 28,843 | |
| Total Long-term Assets | | 32,131,303 |
| 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 are included in the governmental activities in the statement of net position. | | 13,549 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Interest Payable | (394,861) | |
| Compensated Absences | (559,757) | |
| Capital Lease Obligation | (450,666) | |
| General Obligation Bonds Payable | (460,000) | |
| Special Assessments Bonds Payable, Net of Premium | (35,525,003) | |
| Revenue Bonds Payable, net of premium | (20,453,960) | |
| Total Long-term Liabilities | | (57,844,247) |
| Total Net Position of Governmental Activities | | $ 86,453,550 |

See Notes to the Financial Statements

# CITY OF MANDAN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS

## FOR THE YEAR ENDED DECEMBER 31, 2018

| | General | Cemetary | 1% City Sales Tax/ Mandan Growth | Morton Mandan Public Library | Refunding Improvement Bonds | Total Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Taxes | $ 4,035,904 | $ 167,096 | $ 2,205,049 | $ 470,363 | $ 42,756 | $ 2,516,529 | $ 9,437,697 |
| Licenses and Permits | 775,373 | - | - | - | - | - | 775,373 |
| Intergovernmental | 2,271,256 | 3,856 | 3,500 | 252,073 | 984 | 1,350,066 | 3,881,735 |
| Charges for Services | 193,615 | 41,450 | - | 12,931 | - | 262,376 | 510,372 |
| Fines and Forfeits | 283,462 | - | - | 5,549 | - | - | 289,011 |
| Special Assessments | 34,878 | - | - | - | 5,419,335 | 235,403 | 5,689,616 |
| Interest | 53,965 | - | - | 622 | - | 763 | 55,350 |
| Cemetery Lots | - | 23,100 | - | - | - | - | 23,100 |
| Rent | 4,000 | - | 7,850 | 32,286 | - | 32,984 | 77,120 |
| Donations | - | - | - | - | - | 107,546 | 107,546 |
| Miscellaneous | 61,873 | 100 | 46,543 | 45,267 | - | 100,475 | 254,258 |
| Total Revenues | 7,714,326 | 235,602 | 2,262,942 | 819,091 | 5,463,075 | 4,606,142 | 21,101,178 |
| **EXPENDITURES** | | | | | | | |
| Current: | | | | | | | |
| General Government | 2,859,498 | - | - | - | - | 262,156 | 3,121,654 |
| Public Safety | 6,027,729 | - | - | - | - | 119,141 | 6,146,870 |
| Public Works | 1,577,549 | - | - | - | - | 121,593 | 1,699,142 |
| Cemetery | - | 190,412 | - | - | - | - | 190,412 |
| Culture and Recreation | - | - | 45,000 | 719,405 | - | 197,893 | 962,298 |
| Urban Redevelopment and Housing | - | - | - | - | - | 61,352 | 61,352 |
| Economic Development and Assistance | - | - | 680,703 | - | - | - | 680,703 |
| Debt Service: | | | | | | | |
| Principal | 29,505 | - | - | - | 4,592,006 | 1,177,580 | 5,799,091 |
| Interest | 10,588 | - | - | - | 1,057,575 | 707,561 | 1,775,724 |
| Service Charges | - | - | - | - | 17,822 | 5,282 | 23,104 |
| Issuance Costs | - | - | - | - | 3,082 | - | 3,082 |
| Capital Outlay | 462,746 | - | 63,959 | - | - | 741,978 | 1,268,683 |
| Total Expenditures | 10,967,615 | 190,412 | 789,662 | 719,405 | 5,670,485 | 3,394,536 | 21,732,115 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,253,289) | 45,190 | 1,473,280 | 99,686 | (207,410) | 1,211,606 | (630,937) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | |
| Sale of Capital Assets | 9,152 | - | - | - | - | - | 9,152 |
| Sale of Bonds | - | - | - | - | - | 322,896 | 322,896 |
| Transfers In | 3,884,348 | 26,288 | - | - | 37,539 | 327,258 | 4,275,433 |
| Transfers Out | (99,379) | - | (1,629,721) | - | (264,927) | (1,783,484) | (3,777,511) |
| Total Other Financing Sources and Uses | 3,794,121 | 26,288 | (1,629,721) | - | (227,388) | (1,133,330) | 829,970 |
| Net Change in Fund Balances | 540,832 | 71,478 | (156,441) | 99,686 | (434,798) | 78,276 | 199,033 |
| Fund Balances - beginning of year | 4,024,383 | 34,186 | 3,582,815 | 455,113 | 5,988,033 | 4,771,246 | 18,855,776 |
| Prior period adjustment - see note 17 | - | - | - | 108,000 | - | 440,167 | 548,167 |
| Fund Balances - beginning of year, restated | 4,024,383 | 34,186 | 3,582,815 | 563,113 | 5,988,033 | 5,211,413 | 19,403,943 |
| Fund Balances - December 31 | $ 4,565,215 | $ 105,664 | $ 3,426,374 | $ 662,799 | $ 5,553,235 | $ 5,289,689 | $ 19,602,976 |

See Notes to the Financial Statements

**CITY OF MANDAN**

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

| | | |
|---|---|---|
| Net Change in Fund Balances-Total Governmental Funds | | $ 199,033 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: | | |
| Capital Outlay | 1,268,683 | |
| Depreciation | (5,014,533) | |
| Total | | (3,745,850) |
| Various capital asset transactions effecting net position: | | |
| Contributions of Capital Assets | 46,632 | |
| Sale of Capital Assets | (421,877) | |
| Total | | (375,245) |
| Changes to the net pension liability and OPEB liability and pension and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds | | (148,722) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds: | | |
| Taxes Receivable (net) | 64,356 | |
| Intergovernmental | 26,215 | |
| Special Assessments Receivable (net) | (3,237,549) | |
| Total | | (3,146,978) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: | | |
| Sale of Bonds | (322,896) | |
| Amortization of Bond Premiums | 50,299 | |
| Debt Service-Principal | 5,799,091 | |
| Total | | 5,526,494 |
| 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) | 24,838 | |
| Compensated Absences (net) | (166,242) | |
| Total | | (141,404) |
| 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. | | 501 |
| Change in Net Position of Governmental Activities | | $ (1,832,171) |

See Notes to the Financial Statements

# CITY OF MANDAN
## STATEMENT OF NET POSITION – PROPRIETARY FUNDS
## DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities Internal Service Fund |
|---|---|---|---|---|---|---|
| | Water and Sewer Utility | Solid Waste Utility | Street Light Utility | Mandan Airport | Total | |
| **ASSETS** | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | $ 3,814,150 | $ 2,242,760 | $ 505,975 | $ 641,880 | $ 7,204,765 | $ - |
| Taxes Receivable | - | - | - | 14,864 | 14,864 | - |
| Accounts Receivable (net of allowance) | 1,577,870 | 227,307 | 46,954 | 7,705 | 1,859,836 | 12,013 |
| Special Assessments Receivable | 4,226,667 | - | - | - | 4,226,667 | - |
| Interfund Receivable | 337,825 | - | - | - | 337,825 | - |
| Inventories | 137,947 | 37,164 | - | 44,688 | 219,799 | 16,284 |
| Prepaid Expenses | 51,544 | 1,652 | 10 | 7,365 | 60,571 | - |
| Total Current Assets | 10,146,003 | 2,508,883 | 552,939 | 716,502 | 13,924,327 | 28,297 |
| Noncurrent Assets: | | | | | | |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | 2,791,722 | - | - | 110,127 | 2,901,849 | - |
| Capital Assets not being Depreciated: | | | | | | |
| Land | 162,974 | 88,360 | - | 441,771 | 693,105 | - |
| Construction Work in Progress | 2,483,707 | - | - | 652,964 | 3,136,671 | - |
| Capital Assets (net of depreciation): | | | | | | |
| Buildings and Infrastructure | 76,332,243 | 487,450 | - | 10,302,264 | 87,121,957 | - |
| Machinery and Equipment | 251,965 | 292,062 | 21,801 | 132,872 | 698,700 | - |
| Total Capital Assets | 79,230,889 | 867,872 | 21,801 | 11,529,871 | 91,650,433 | - |
| Total Noncurrent Assets | 82,022,611 | 867,872 | 21,801 | 11,639,998 | 94,552,282 | - |
| Total Assets | 92,168,614 | 3,376,755 | 574,740 | 12,356,500 | 108,476,609 | 28,297 |
| **LIABILITIES** | | | | | | |
| Current Liabilities: | | | | | | |
| Salaries and Benefits Payable | 39,446 | 8,691 | 1,540 | - | 49,677 | - |
| Accounts Payable | 718,352 | 190,566 | 28,590 | 55,238 | 992,746 | 11,139 |
| Compensated Absences | 57,395 | 12,431 | 2,049 | 3,735 | 75,610 | - |
| Retainage Payable | 128,551 | - | - | - | 128,551 | - |
| Interfund Payable | 144,325 | - | - | 7,192 | 151,517 | 3,609 |
| Interest Payable | 222,108 | 8,657 | - | 4,691 | 235,456 | - |
| Prepaid Revenue | - | - | - | 64,384 | 64,384 | - |
| Special Assessments Bonds Payable with Governmental Commitment | 892,028 | - | - | - | 892,028 | - |
| Revenue Bonds Payable | 2,132,000 | - | - | 94,316 | 2,226,316 | - |
| Capital Lease Payable | - | 83,871 | - | - | 83,871 | - |
| Loans Payable | 55,000 | - | - | - | 55,000 | - |
| Total Current Liabilities | 4,389,205 | 304,216 | 32,179 | 229,556 | 4,955,156 | 14,748 |
| Noncurrent Liabilities: | | | | | | |
| Compensated Absences | 59,861 | 22,154 | 3,334 | 9,861 | 95,210 | - |
| Special Assessments Bonds Payable with Governmental Commitment | 3,423,432 | - | - | - | 3,423,432 | - |
| Revenue Bonds Payable | 21,028,000 | - | - | 233,396 | 21,261,396 | - |
| Capital Lease Payable | - | 356,650 | - | - | 356,650 | - |
| Loans Payable | 1,151,542 | - | - | - | 1,151,542 | - |
| Total Noncurrent Liabilities | 25,662,835 | 378,804 | 3,334 | 243,257 | 26,288,230 | - |
| Total Liabilities | 30,052,040 | 683,020 | 35,513 | 472,813 | 31,243,386 | 14,748 |
| **NET POSITION** | | | | | | |
| Net investment in Capital Assets | 54,735,796 | 427,351 | 21,801 | 11,202,159 | 66,387,107 | - |
| Restricted for Debt Service | 2,791,722 | - | - | - | 2,791,722 | - |
| Unrestricted | 4,589,056 | 2,266,384 | 517,426 | 681,528 | 8,054,394 | 13,549 |
| Total Net Position | $ 62,116,574 | $ 2,693,735 | $ 539,227 | $ 11,883,687 | $ 77,233,223 | $ 13,549 |

See Notes to the Financial Statements

# CITY OF MANDAN

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|---|---|
| | Water and Sewer Utility | Solid Waste Utility | Street Light Utility | Mandan Airport | Total | |
| Operating Revenues: | | | | | | |
| Charges for Services: | 8,005,457 | 2,370,875 | 442,269 | 376,470 | $ 11,195,071 | 162,170 |
| Total Operating Revenues | 8,005,457 | 2,370,875 | 442,269 | 376,470 | 11,195,071 | 162,170 |
| Operating Expenses: | | | | | | |
| Salaries and Benefits | 1,897,397 | 465,526 | 74,447 | 93,800 | 2,531,170 | - |
| Professional Fees and Services | 85,431 | 1,550,688 | 338 | 4,126 | 1,640,583 | - |
| Insurance | 43,575 | 7,157 | 501 | 10,089 | 61,322 | - |
| Rentals | 150 | - | - | - | 150 | - |
| Travel and Training | 5,762 | 246 | - | 3,794 | 9,802 | - |
| Utilities | 565,518 | 14,773 | 210,436 | 26,983 | 817,710 | 73,629 |
| Publishing and Printing | 2,199 | 1,486 | - | 2,906 | 6,591 | - |
| Dues and Memberships | 2,270 | 250 | - | 1,865 | 4,385 | - |
| Supplies and Maintenance | 388,988 | 52,883 | 3,270 | 229,233 | 674,374 | 92,084 |
| Repairs and Maintenance | 221,409 | 48,116 | 99,784 | 10,675 | 379,984 | 5,814 |
| Depreciation | 3,379,365 | 214,140 | 9,529 | 511,413 | 4,114,447 | - |
| Miscellaneous | 7,389 | - | - | 15,217 | 22,606 | - |
| Total Operating Expenses | 6,599,453 | 2,355,265 | 398,305 | 910,101 | 10,263,124 | 171,527 |
| Operating Income (Loss) | 1,406,004 | 15,610 | 43,964 | (533,631) | 931,947 | (9,357) |
| Nonoperating Revenues (Expenses): | | | | | | |
| Taxes | 6,645 | - | - | 347,080 | 353,725 | - |
| Intergovernmental | 2,563,051 | - | - | 566,691 | 3,129,742 | - |
| Special Assessments | 164,079 | - | - | - | 164,079 | - |
| Interest | - | - | - | 1,337 | 1,337 | - |
| Sale of Meters and Parts | 91,635 | - | - | - | 91,635 | - |
| Miscellaneous | 52,995 | 1,494 | 17,944 | 4,886 | 77,319 | - |
| Gain on sale of capital assets | - | - | - | 33,800 | 33,800 | - |
| Capital Outlay (non-capitalized) | (604,829) | (28,142) | (56,295) | - | (689,266) | - |
| Debt Service: | | | | | | |
| Interest | (755,161) | (16,128) | - | (18,970) | (790,259) | - |
| Service Charges | (128,233) | - | - | - | (128,233) | - |
| Issuance Costs | (5,042) | - | - | - | (5,042) | - |
| Total Nonoperating Revenues (Expenses) | 1,385,140 | (42,776) | (38,351) | 934,824 | 2,238,837 | - |
| Income (Loss) Before Contributions and Transfers | 2,791,144 | (27,166) | 5,613 | 401,193 | 3,170,784 | (9,357) |
| Transfers In | 18,502 | 24,508 | 79,912 | - | 122,922 | 9,858 |
| Transfers Out | (630,702) | - | - | - | (630,702) | - |
| Change in Net Position | 2,178,944 | (2,658) | 85,525 | 401,193 | 2,663,004 | 501 |
| Net Position - Beginning of Year | 59,937,630 | 2,696,393 | 453,702 | 11,482,494 | 74,570,219 | 13,048 |
| Net Position - End of Year | $ 62,116,574 | $ 2,693,735 | $ 539,227 | $ 11,883,687 | $ 77,233,223 | $ 13,549 |

See Notes to the Financial Statements

# CITY OF MANDAN
## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|---|---|
| | Water and Sewer Utility | Solid Waste Utility | Street Light Utility | Mandan Airport | Total | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Receipts from Customers | $ 7,122,286 | $ 2,373,550 | $ 455,244 | $ 386,481 | $ 10,337,561 | $ - |
| Receipts from Interfund Services Provided | - | - | - | - | - | 159,288 |
| Payments to Employees | (1,862,882) | (458,514) | (74,189) | (92,562) | (2,488,147) | (1,303) |
| Payments to Suppliers | (1,156,581) | (1,649,792) | (332,715) | (305,848) | (3,444,936) | (164,663) |
| Net Cash Provided (Used) by Operating Activities | 4,102,823 | 265,244 | 48,340 | (11,929) | 4,404,478 | (6,678) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | | | |
| Taxes | 6,645 | - | - | 334,235 | 340,880 | - |
| Intergovernmental | - | - | - | 13,410 | 13,410 | - |
| Sale of Meters and Parts | 91,635 | - | - | - | 91,635 | - |
| Miscellaneous Receipts | 52,995 | 1,494 | 17,944 | 4,886 | 77,319 | - |
| Transfers In | 18,502 | 24,508 | 79,912 | - | 122,922 | 9,858 |
| Interfund Receivable | 17,780 | - | - | - | 17,780 | - |
| Interfund Payable | (14,388) | - | - | (2,723) | (17,111) | (3,457) |
| Net Cash Provided (Used) by Noncapital Financing Activities | 173,169 | 26,002 | 97,856 | 349,808 | 646,835 | 6,401 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | | |
| Intergovernmental | 3,342,145 | 70 | - | 549,151 | 3,891,366 | 277 |
| Special Assessments | 975,837 | - | - | - | 975,837 | - |
| Proceeds from Capital Debt | 1,334,927 | - | - | - | 1,334,927 | - |
| Purchases of Capital Assets | (3,976,601) | (15,300) | - | (719,919) | (4,711,820) | - |
| Sale of Capital Assets | 43,494 | - | - | 67,600 | 111,094 | - |
| Principal Paid on Capital Debt | (3,724,265) | (109,106) | (56,295) | (89,752) | (3,979,418) | - |
| Interest Paid on Capital Debt | (775,606) | (17,726) | - | (20,375) | (813,707) | - |
| Service Charges Paid on Capital Debt | (128,233) | - | - | - | (128,233) | - |
| Miscellaneous Paid on Capital Debt | (5,042) | - | - | - | (5,042) | - |
| Transfers Out | (630,702) | - | - | - | (630,702) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (3,544,046) | (142,062) | (56,295) | (213,295) | (3,955,698) | 277 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| Interest Received | - | - | - | 1,337 | 1,337 | - |
| Net Cash Provided (Used) by Investing Activities | - | - | - | 1,337 | 1,337 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 731,946 | 149,184 | 89,901 | 125,921 | 1,096,952 | - |
| Cash and Cash Equivalents - January 1 | 5,873,926 | 2,093,576 | 416,074 | 626,086 | 9,009,662 | - |
| Cash and Cash Equivalents - December 31 | $ 6,605,872 | $ 2,242,760 | $ 505,975 | $ 752,007 | $ 10,106,614 | $ - |

See Notes to the Financial Statements

# CITY OF MANDAN

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|---|---|
| | Water and Sewer Utility | Solid Waste Utility | Street Light Utility | Mandan Airport | Total | |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | | | |
| Operating Income (Loss) | $ 1,406,004 | $ 15,610 | $ 43,964 | $ (533,631) | $ 931,947 | $ (9,357) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Depreciation Expense | 3,379,365 | 214,140 | 9,529 | 511,413 | 4,114,447 | - |
| Effect on cash flows due to changes in: | | | | | | |
| Accounts Receivable (net) | (883,171) | 2,675 | 12,975 | 384 | (867,137) | (2,882) |
| Inventories | (32,680) | (21,858) | - | (11,111) | (65,649) | 1,137 |
| Prepaid Expenses | 18,633 | (41) | - | 1,584 | 20,176 | - |
| Salaries and Benefits Payable | 6,244 | 774 | 165 | - | 7,183 | (1,303) |
| Compensated Absences | 28,271 | 6,238 | 93 | 1,238 | 35,840 | - |
| Accounts Payable | 180,157 | 47,706 | (18,386) | 8,567 | 218,044 | 5,727 |
| Prepaid Revenues | - | - | - | 9,627 | 9,627 | - |
| Total Adjustments | 2,696,819 | 249,634 | 4,376 | 521,702 | 3,472,531 | 2,679 |
| Net Cash Provided (Used) by Operating Activities | $ 4,102,823 | $ 265,244 | $ 48,340 | $ (11,929) | $ 4,404,478 | $ (6,678) |

See Notes to the Financial Statements

**CITY OF MANDAN**
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

| | Employee Retirement Plan and Trust Fund | Private-Purpose Trust | Agency Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ - | $ 8,753 | $ 33,880 |
| Investments, at fair value: | | | |
| Mutual Funds | 7,365,108 | - | - |
| Accounts Receivable (net of allowance) | - | - | 5,372 |
| Total Assets | $ 7,365,108 | $ 8,753 | $ 39,252 |
| **LIABILITIES** | | | |
| Accounts Payable | $ - | $ - | $ 8,309 |
| Due to Primary Government | - | - | 3,279 |
| Due to Other Governments | - | - | 27,664 |
| Total Liabilities | - | - | $ 39,252 |
| **NET POSITION** | | | |
| Held in Trust for Pension Benefits | 7,365,108 | - | |
| Held in Trust for Police Department | - | 8,753 | |
| Total Net Position | $ 7,365,108 | $ 8,753 | |

See Notes to the Financial Statements

**CITY OF MANDAN**
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Employee Retirement Plan and Trust | Private-Purpose Trust |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Employer Contributions | $ 550,802 | $ - |
| Investment Earnings: | | |
| Net Increase (Decrease) in Fair Value of Investments | (305,532) | - |
| Total Additions | 245,270 | - |
| **DEDUCTIONS** | | |
| Benefits | 718,237 | 500 |
| Total Deductions | 718,237 | 500 |
| Change in Net Position | (472,967) | (500) |
| Net Position - January 1 | 7,838,075 | 9,253 |
| Net Position - December 31 | $ 7,365,108 | $ 8,753 |

See Notes to the Financial Statements

## 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:

### Financial 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.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.

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. The City has elected to present the two blended component units as major funds.

**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.

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.

1% 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.

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:

<u>Governmental Fund Types</u>

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

Employee Retirement Plan and 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.

**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.

**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 a type listed above, certificates of deposit fully insured by the federal deposit insurance corporation or by the state, certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions, state and local securities: (1) Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency, (2) An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency, (3) Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency, (4) Obligations of this state and general obligations of its political subdivisions, commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

In addition to the above-mentioned investments, the Employee Retirement Plan and 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.

**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.

**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.

### 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.

### 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”.

### 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.

### 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.

### Restricted Assets

Certain resources set aside for debt service in the Mandan Community Center debt service fund, 0.75% City Sales Tax fund, the Water and Sewer Utility enterprise fund and the Mandan Airport enterprise fund, are classified as restricted assets on the balance sheet because their use is limited by applicable bond and loan covenants. The General Fund also includes resources set aside for the police equipment reserve related to evidence that is classified as restricted on the balance sheet because its use is limited.

**Abatements**

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of December 31, 2018, the City of Mandan provided tax abatements in the form of property tax exemptions for certain new residential properties, improvements made to existing commercial and residential buildings, new and expanding businesses, tax increment financing, and properties in the Renaissance Zone.

New and expanding business, N.D.C.C. Ch. 40-57-1, allows for incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to qualifying business. The incentives may be granted at the discretion of the city. State legislation required certification that a project is primary sector business from the North Dakota Department of Commerce.

The property tax exemption for certain single family, condominium, & townhouse residential properties, N.D.C.C. Ch.57-02-08 (35) & (42), allows for newly constructed homes, excluding land, to be exempt for up to two years, up to a maximum of $75,000 of the home's value. This is available to homes owned and occupied for the first time as well as unoccupied homes still owned by the builder.

The property tax exemption for improvements made to existing commercial and residential buildings, N.D.C.C. Ch.57-02.2, allows for value added resulting from the improvements made to the property to be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements. This incentive is to encourage the investment of private capital in improvements to buildings, thereby encouraging the production of wealth, improving the volume of employment, enhancing living conditions, and preserving and increasing the property tax base.

Tax increment financing, N.D.C.C. § 40-58-20, allows for providing a property tax exemption to provide assistance in a development or urban renewal area for the development of commercial or industrial property or for the elimination and prevention of the development or spread of slums and blight.

The Renaissance Zone property tax exemption, N.D.C.C. Ch.40-63, is for commercial and residential properties located within a renaissance zone and allows for the buildings to be exempt for up to five years. A renaissance zone is a geographic area, proposed by a city, and designated by the State Department of Commerce. This incentive is to encourage the purchase, lease, rehabilitation, or historical preservation or renovation of properties within the zone.

The amount of taxes abated for the year ending December 31, 2018 was as follows:

| Tax abatement program | Tax abatement In 2018 |
|---|---|
| New and expanding business | $ 43,142 |
| Residential New Construction | 27,035 |
| Remodeling exemption - commercial | 679 |
| Remodeling exemption - residential | 612 |
| Tax incremental financing | 29,834 |
| Renaissance zone exemption | 10,250 |
| | $ 111,552 |

**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 acquisition 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:

| Assets | Years |
|---|---|
| Building and improvements | 50 |
| Building and infrastructure | 30 |
| Machinery and Equipment | 5 |

**Prepaid Revenues**

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

**Deferred Outflows and Deferred Inflows of Resources**

In additions to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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.

**Compensated Absences**

Annual Leave

Eligible City, Library and Airport employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 240 hours as of the date of the employee's anniversary. The amount of annual leave earned ranges between eight and eighteen 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, Library and Airport 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.

**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. Bond premiums and are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of applicable bond premium or discount.

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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.

**Net Position / Fund Balance**

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is "Net Position" on the government-wide, proprietary, and fiduciary fund financial statements and "Fund Balance" on governmental fund financial statements.

Net position is reported in three categories:

1) 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.

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

3) 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.

<u>Fund Balance Classifications</u>

In the fund financial statements, fund balance for governmental funds are reported in five classifications that comprise a hierarch based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amount in those fund can be spent:

Non-spendable includes amounts that cannot be spent because they are either (a) not in spendable form – inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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, 2018 was $2,012,188.

**Change in Accounting Principles**

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2018:

GASB Statement No. 85, "Omnibus 2017" was issued in March 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, "Certain Debt Extinguishment Issues" was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid

insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

## NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Excess of Expenditures over Appropriations at the Legal Level of Control

The budget is prepared by fund, by department within each fund, and by line item within each department. The legal level of budgetary control is at the fund level. The management of the City of Mandan has the authority to exceed line items or department budgets as long as the fund appropriations are not exceeded. City Commission approval is required for (a) the transfer of appropriations from one fund to another fund or the addition of line items within a fund or both and (b) an increase in the aggregate total of appropriations in order to reflect changes in financial circumstances.

The following funds had expenditures over appropriations as of December 31, 2018:

| Fund | Amount |
|---|---|
| City's Share of Special Assessments | $ (6,357) |
| 0.75 % City Sales Tax | (513,747) |
| Fire Equipment Reserve | (13,142) |
| BSA Police Explorer Program | (6,855) |
| SANE Grant | (14,830) |
| BNSF Settlement | (23,492) |
| Mandan SEP | (60) |
| Health and Safety | (15,744) |
| Refunding Improvement Bonds - Street | (925) |

The City had revenue collections, receivables, and/or existing cash balances available at year-end to offset any excess expenditures over appropriations. Therefore, no remedial action is anticipated by the City.

### Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2018:

| Fund | Amount |
|---|---|
| Abused Adult Resource Center Grant | $ (1,386) |
| Health and Safety | (205,076) |
| Sidewalk, Curb and Gutter Construction | (183,446) |
| Street Construction | (2,936,008) |

## NOTE 3 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, 2018, the carrying amount of the City's deposits was $20,207,183 and the bank balance was $28,693,734. The bank balances were covered by Federal Depository insurance and securities held by the pledging financial institutions' agents in the government's names. The carrying amount of restricted cash and cash equivalents deposited with the Bank of North Dakota was $1,792,486. The City and the Library also maintain separate petty cash balances of $1,100 and $200, respectively.

The deposits presented in the financial statements at December 31, 2018, are as follows:

| | |
|---|---|
| Primary Government | |
| Cash and Cash Equivalents | $ 17,093,414 |
| Restricted Cash and Cash Equivalents | 4,864,922 |
| Less: Cash held with fiscal agent | (1,792,486) |
| Less: Petty cash | (1,300) |
| Total Primary | 20,164,550 |
| | |
| Fiduciary Funds | |
| Cash and Cash Equivalents | 42,633 |
| | |
| Total Deposits | $ 20,207,183 |

## NOTE 4 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. The City's certificate of deposit of $5,500,000 bears an interest rate of 2.65% and matures June 12, 2020.

At December 31, 2018, the City held mutual funds for the City's Employee Retirement Plan and Trust in the amount of $7,365,108. 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.

Fair Value Measurement

The fair value measurements are categorized by the fair value hierarchy based on the generally accepted accounting principles. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1 which is the highest priority to level 3 which is the lowest priority and are based on the following categories:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using net asset value per share (or its equivalent), which includes the City's certificate of deposit, as a practical expedient are not classified in the fair value hierarchy. As of December 31, 2018, the City's investments for the City's Employee Retirement Plan and Trust totaling $7,365,108, all of which were considered Level 1.

## NOTE 5 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, 2018, consist of the following:

| | |
|---|---|
| BBSC Properties | |
| $49,979 loan with $38,204 advanced as of December 31, 2018, due in monthly installments of $1,193 starting December 2020 through November 2024; interest at 3% | $ 38,204 |
| Coffees and Kitchens | |
| $50,000 Loan due in monthly installments of $94 until paid in full; interest at 0% | 28,410 |
| Developers, LLC | |
| $53,846 loan due in monthly installments of $2,288 starting February 2019 through January 2021; interest at 2% | 53,846 |
| E-C Investments | |
| $53,389 loan due in monthly installments of $1,341 starting November 1, 2019 through April 1, 2023; interest at 3% starting November 1, 2019 | 53,389 |
| For 5 Sweet Boyz | |
| $42,200 loan due in monthly installments of $486 until paid | 42,200 |
| 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% | 34,841 |
| NISC | |
| $71,264 loan with $45,393 advanced as of December 31, 2018, due in monthly installments of $1,188 starting November 2021 through October 2026; interest at 0% | 45,393 |
| Pletan Properties | |
| $53,846 loan due in monthly installments of $2,287 through February 1, 2019; interest at 2% | 6,550 |
| SSWII, LLP | |
| $53,846 loan due in monthly installments of $2,300 beginning August 1, 2019 through August 1, 2021; interest at 2% | 53,846 |
| Total Loans Receivable | 356,679 |
| Less: Allowance for uncollectible accounts | (42,200) |
| Net Loans Receivable | $ 314,479 |

## NOTE 6 INTERFUND ACCOUNTS AND TRANSFERS

Interfund balances at December 31, 2018, consist of the following:

Due from Other Funds / Due to Other Funds

| | | |
|---|---|---|
| Due to General Fund | | |
| Due from AARC Grant | $ | 11,116 |
| Due from Transportations Alternative Bike Program | | 5,314 |
| Due from Health and Safety | | 221,321 |
| Due from Sidewalk, Curb and Gutter Construction | | 127,948 |
| Due from Internal Service Fund | | 3,609 |
| Due from Airport | | 7,192 |
| Total due to General Fund | $ | 376,500 |
| Due to Refunding Improvements Bond Fund | | |
| Due from Sidewalk, Curb and Gutter Construction | $ | 58,820 |
| Due from Street Construction | | 1,312,580 |
| Total due to Refunding Improvements Bond Fund | $ | 1,371,400 |
| Due to Non-Major Governmental Funds | | |
| Due from Street Construction | $ | 535,220 |
| Due to City Sales Tax / Mandan Growth | | |
| Due from Street Construction | $ | 596,628 |
| Due from Water and Sewer Utility | | 144,325 |
| Total due to City Sales Tax / Mandan Growth | $ | 740,953 |
| Due to Water and Sewer Utility | | |
| Due from Street Construction | $ | 337,825 |
| Due to Library: | | |
| Due from General Fund | $ | 91,317 |

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2019.

### Interfund Transfers

A summary of interfund transfers for the fiscal year ended December 31, 2018, follows:

| Fund | Transfers In | Transfers Out |
|---|---|---|
| General | $ 3,884,348 | $ 99,379 |
| City Sales Tax / Mandan Growth | - | 1,629,721 |
| Refunding Improvement Bonds | 37,539 | 264,927 |
| Non-major governmental | 353,546 | 1,783,484 |
| Water and Sewer Utility | 18,502 | 630,702 |
| Solid Waste Utility | 24,508 | - |
| Street Light Utility | 79,912 | - |
| Internal Service | 9,858 | - |
| | $ 4,408,213 | $ 4,408,213 |

Transfers are used for various budgetary and financial management purposes.

## NOTE 7 CAPITAL ASSETS

The following is a summary of capital assets during the fiscal year ending December 31, 2018:

| **Governmental Activities:** | Balance 1/1/2018 | Additions | Deletions | Transfers | Balance 12/31/2018 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,861,062 | $ - | $ (311,504) | $ - | $ 3,549,558 |
| Construction work in progress | 7,052,466 | 963,739 | - | (5,614,027) | 2,402,178 |
| Total capital assets not being depreciated: | 10,913,528 | 963,739 | (311,504) | (5,614,027) | 5,951,736 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 7,824,679 | 63,555 | (128,162) | - | 7,760,072 |
| Buildings and infrastructure | 139,104,433 | 15,722 | - | 5,614,027 | 144,734,182 |
| Machinery and equipment | 8,326,508 | 225,667 | (66,558) | (68,370) | 8,417,247 |
| Total capital assets being depreciated: | 155,255,620 | 304,944 | (194,720) | 5,545,657 | 160,911,501 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 2,438,053 | 156,753 | (17,789) | - | 2,577,017 |
| Buildings and infrastructure | 60,001,329 | 4,289,192 | - | - | 64,290,521 |
| Machinery and equipment | 7,314,472 | 568,588 | (66,558) | (68,370) | 7,748,132 |
| Total accumulated depreciation | 69,753,854 | 5,014,533 | (84,347) | (68,370) | 74,615,670 |
| Total capital assets being depreciated, net | 85,501,766 | (4,709,589) | (110,373) | 5,614,027 | 86,295,831 |
| Total capital assets, net | $ 96,415,294 | $ (3,745,850) | $ (421,877) | $ - | $ 92,247,567 |

| **Business Type Activities:** | Balance 1/1/2018 | Additions | Deletions | Transfers | Balance 12/31/2018 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 693,105 | $ - | $ - | $ - | $ 693,105 |
| Construction work in progress | 3,683,617 | 3,640,642 | (43,493) | (4,144,095) | 3,136,671 |
| Total capital assets not being depreciated: | 4,376,722 | 3,640,642 | (43,493) | (4,144,095) | 3,829,776 |
| Capital assets being depreciated: | | | | | |
| Buildings and infrastructure | 143,534,568 | 1,030,135 | - | 4,144,095 | 148,708,798 |
| Machinery and equipment | 4,305,305 | 52,739 | (96,739) | 68,370 | 4,329,675 |
| Total capital assets being depreciated: | 147,839,873 | 1,082,874 | (96,739) | 4,212,465 | 153,038,473 |
| Less accumulated depreciation for: | | | | | |
| Buildings and infrastructure | 57,858,675 | 3,728,165 | - | - | 61,586,840 |
| Machinery and equipment | 3,273,062 | 386,282 | (96,739) | 68,370 | 3,630,975 |
| Total accumulated depreciation | 61,131,737 | 4,114,447 | (96,739) | 68,370 | 65,217,815 |
| Total capital assets being depreciated, net | 86,708,136 | (3,031,573) | - | 4,144,095 | 87,820,658 |
| Total capital assets, net | $ 91,084,858 | $ 609,069 | $ (43,493) | $ - | $ 91,650,434 |

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

| | |
|---|---|
| **Governmental Activities:** | |
| General Government | $ 137,180 |
| Public Safety | 258,142 |
| Public Works | 4,533,818 |
| Cemetery | 23,143 |
| Culture and Recreation | 56,830 |
| Urban Redevelopment and Housing | 5,420 |
| Total Governmental Activities Depreciation Expense | $ 5,014,533 |
| **Business-type Activities** | |
| Water and Sewer Utility | $ 3,379,365 |
| Solid Waste Utility | 214,140 |
| Street Light Utility | 9,529 |
| Mandan Airport Authority | 511,413 |
| Total Business-type Activities Depreciation Expense | $ 4,114,447 |

Contract Commitments

The City has active contract project commitments of $5,445,192 as of December 31, 2018.

## NOTE 8 LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its General Fund, Fire Equipment Reserve Fund and Solid Waste Utility. These lease agreements qualify as capital leases for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The City is obligated to follow capital lease agreements:

| Governmental Activities | 12/31/18 Balance |
|---|---|
| Asset: | |
| (2) CAT 924K Wheel Loaders | $ 197,401 |
| (1) CAT 938 Wheel Loader | 143,485 |
| (1) Pierce Enforcer Pumper | 109,780 |
| | $ 450,666 |
| **Business-type Activities** | |
| Asset: | |
| (1) 2015 Volvo L150H Front-end Loader | 172,474 |
| (1) Bomag Compactor | 268,047 |
| | $ 440,521 |

The assets acquired through the capital leases are as follows:

| Asset: | Governmental Activities | Business-type Activities |
|---|---|---|
| Machinery and equipment | $ 977,667 | $ 713,508 |
| Less: Accumulated depreciation | (704,720) | (468,766) |
| | $ 272,947 | $ 244,742 |

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018 were as follows:

| Year Ending December 31, | Governmental Activities | Business-type Activities |
|---|---|---|
| 2019 | $ 275,278 | $ 98,691 |
| 2020 | 72,275 | 257,507 |
| 2021 | 125,001 | 114,999 |
| Total minimum lease payments | 472,554 | 471,197 |
| Less: Amount Representing interest | (21,888) | (30,676) |
| Present Value of | $ 450,666 | $ 440,521 |

Debt service requirements to maturity on capital leases are summarized below:

| Year Ending | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| December 31 | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ 262,348 | $ 12,930 | $ 83,871 | $ 14,819 | $ 346,219 | $ 27,749 |
| 2020 | 66,828 | 5,447 | 245,700 | 11,807 | 312,528 | 17,254 |
| 2021 | 121,490 | 3,511 | 110,950 | 4,049 | 232,440 | 7,560 |
| | $ 450,666 | $ 21,888 | $ 440,521 | $ 30,676 | $ 891,187 | $ 52,564 |

## NOTE 9 LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2018, 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:

| General Obligation Bonds Payable | |
|---|---|
| $870,000 General Obligation Bridge Bonds of 2006, due in annual principal installments of $50,000 to $65,000 through May 1, 2026; semi-annual interest payments 4.10% to 4.40% | $ 460,000 |

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

| | Governmental Activities | |
|---|---|---|
| Year Ending December 31 | Principal | Interest |
| 2019 | $ 50,000 | $ 18,740 |
| 2020 | 50,000 | 16,665 |
| 2021 | 55,000 | 14,460 |
| 2022 | 55,000 | 12,123 |
| 2023 | 60,000 | 9,650 |
| 2024-2026 | 190,000 | 12,760 |
| | $ 460,000 | $ 84,398 |

## Special Assessments Bonds Payable with Governmental Commitment

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

Special assessment bonds currently outstanding are as follows:

| Issue | Amount of Issue | Date of Issue | Date of Maturity | Interest Rate | Amount Outstanding |
|---|---|---|---|---|---|
| Refunding 2009, Series A | $ 4,420,000 | 12/15/2009 | 5/1/2024 | 3.50% - 4.00% | $ 1,790,000 |
| Refunding 2009, Series SCG-2009 | 225,000 | 12/15/2009 | 5/1/2019 | 3.50% | 20,000 |
| Refunding 2010, Series A | 4,020,000 | 2/15/2010 | 5/1/2019 | 3.20% | 130,000 |
| Street #160 | 109,611 | 12/23/2010 | 5/1/2025 | 4.00% | 61,040 |
| Sidewalk, Curb and Gutter 2010 | 159,187 | 12/23/2010 | 5/1/2020 | 3.25% | 38,052 |
| Refunding 2011, Series A | 960,000 | 3/1/2011 | 5/1/2020 | 3.25% | 200,000 |
| Refunding 2012, Series A | 1,490,000 | 4/1/2012 | 5/1/2020 | 1.55% | 180,000 |
| Refunding 2012, Series B | 5,155,000 | 11/15/2012 | 5/1/2028 | 2.00% - 2.15% | 3,445,000 |
| Refunding 2012, Series SCG-2012 | 480,000 | 12/15/2012 | 5/1/2022 | 0.90% - 1.35% | 165,000 |
| Refunding 2013, Series A | 1,675,000 | 4/10/2013 | 5/1/2021 | 1.25% - 1.75% | 575,000 |
| Refunding 2013, Series C | 4,015,000 | 12/15/2013 | 5/1/2028 | 2.00% - 3.50% | 2,705,000 |
| Sidewalk, Curb and Gutter 2013 | 136,630 | 12/17/2013 | 5/1/2023 | 2.75% | 70,350 |
| Refunding 2014, Series A | 2,490,000 | 8/15/2014 | 5/1/2021 | 2.00% - 3.00% | 1,015,000 |
| Refunding 2014, Series B | 6,095,000 | 12/15/2014 | 5/1/2029 | 1.00% - 4.00% | 4,545,000 |
| Refunding 2015, Series A | 4,405,000 | 4/1/2015 | 5/1/2022 | 1.50% - 3.00% | 2,420,000 |
| Refunding 2015, Series B | 9,025,000 | 12/30/2015 | 5/1/2030 | 2.00% - 5.00% | 7,325,000 |
| Refunding 2016, Series A | 5,030,000 | 5/25/2016 | 5/1/2023 | 2.00% | 3,365,000 |
| Refunding 2016, Series B | 420,000 | 1/12/2017 | 5/1/2031 | 2.15% - 3.50% | 370,000 |
| Refunding 2017, Series A | 1,950,000 | 5/18/2017 | 5/1/2024 | 2.00% - 3.00% | 1,615,000 |
| Refunding 2017, Series B | 9,295,000 | 12/13/2017 | 5/1/2037 | 2.00% - 5.00% | 8,950,000 |
| Street #209 | 322,896 | 8/22/2018 | 5/1/2028 | 2.00% | 322,896 |
| | | | | Total special assessments bond payable at December 31, 2018 | $ 39,307,338 |

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

| Year Ending December 31 | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ 4,446,774 | $ 974,254 | $ 888,501 | $ 100,038 | $ 5,335,275 | $ 1,074,292 |
| 2020 | 4,263,991 | 846,728 | 833,737 | 79,274 | 5,097,728 | 926,002 |
| 2021 | 4,027,284 | 713,978 | 751,748 | 58,386 | 4,779,032 | 772,364 |
| 2022 | 3,511,825 | 598,164 | 657,857 | 38,802 | 4,169,682 | 636,966 |
| 2023 | 2,762,147 | 509,324 | 373,202 | 25,244 | 3,135,349 | 534,568 |
| 2024-2028 | 10,749,751 | 1,506,821 | 680,522 | 47,545 | 11,430,273 | 1,554,366 |
| 2029-2033 | 4,239,333 | 375,285 | 105,666 | 1,634 | 4,344,999 | 376,919 |
| 2034-2037 | 1,015,000 | 63,334 | - | - | 1,015,000 | 63,334 |
| | $ 35,016,105 | $ 5,587,888 | $ 4,291,233 | $ 350,923 | $ 39,307,338 | $ 5,938,811 |

**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 $140,602. Principal and interest paid for the current year and total net revenues were $140,868 and $2,205,049, respectively.

The Park Facilities Sales Tax Revenue Bonds were issued to finance the construction of a new sporting facility for the Mandan Park District. The Bonds are payable from revenue generated through a special 0.75% Sales Tax and are payable through September 2041 and are recorded in the 0.75% City Sales Tax Fund. The total principal and interest remaining to be paid on the bonds is $30,120,637. Principal and interest paid for the current year and total net revenues were $1,621,297 and $1,653,787, 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 2033. 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 $27,127,352. Principal and interest paid for the current year and total net revenues were $2,719,385 and $4,275,992, 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 $327,712. Principal and interest paid for the current year and total net revenues were $108,722 and $376,470, respectively.

Revenue bonds outstanding:

Governmental Activities

| | |
|---|---|
| $1,415,000 Limited Tax Refunding Bonds of 2005, Series B, due in annual installment of $135,000 through, December 1, 2019; interest at 4.15% | $ 135,000 |
| $15,275,000 Park Facilities Sales Tax Revenue Bonds of due in annual principal installments of $260,000 to $1,855,000 through September 1, 2041; semi-annual interest payments at 3% to 4% | 15,275,000 |
| $1,000,000 Park Facilities Sales Tax Revenue Bonds of 2016, Series 2016A-T (Taxable), due in annual installments of $165,000 through September 1,2019; semi-annual interest payments at 1.75% | 165,000 |
| $6,000,000 Park Facilities Sales Tax Revenue Bonds of 2016B, due in semi annual payments of interest of $60,569 through September 1, 2041 with a balloon payment of $4,405,000 due September 1, 2041; interest at 2.75% | 4,405,000 |
| Total Governmental Activities | $ 19,980,000 |

Business-type Activities

| | |
|---|---|
| $5,090,000 Sewer Improvement Revenue Bonds of 1997, due in annual installment of $325,000 through September 1, 2019; interest at 2.5% | $ 325,000 |
| $3,504,565 Water Improvement Revenue Bonds of 2002, due in annual installments of $262,000 to $278,000, through September 1, 2021; interest at 2.5% | 810,000 |
| $1,000,000 Water and Sewer Revenue Bonds, Series 2005, due in annual installments of $55,000 to $75,000 through, May 1, 2025; interest at 4.5% to 4.8% | 460,000 |
| $1,545,663 Sewer Improvement Revenue Bonds of 2008, Series A, due in annual installments of $85,000 to $110,000 through September 1, 2028; interest at 2.5% | 960,000 |
| $840,000 Sewer Improvement Revenue Bonds of 2008, Series B, due in annual installments of $50,000 to $60,000 through September 1, 2028; interest at 2.5% | 570,000 |

| | |
|---|---|
| $3,782,000 Water Improvement Revenue Bonds of 2008, Series A, due in annual installments of $225,000 to $280,000 through September 1, 2028; interest at 2.5% | $ 2,560,000 |
| $6,667,283 Water Improvement Revenue Bonds of 2008, Series B, due in annual installments of $390,000 to $545,000 through September 1, 2028; interest at 3.27% | 4,620,000 |
| $6,383,867 Water Improvement Revenue Bonds of 2010, Series A, due in annual installments of $320,000 to $460,000 through September 1, 2030; interest at 2.84% | 4,655,000 |
| $1,891,118 Sewer Improvement Revenue Bonds of 2013, Series A, due in annual installments of $90,000 to $120,000 through September 1, 2033; interest at 2% | 1,630,000 |
| $591,683 Water Improvement Revenue Bonds of 2013, Series A, due in annual installments of $30,000 through September 1, 2033; interest at 2% | 510,000 |
| $1,586,280 Water Improvement Revenue Bonds of 2014, Series A, due in annual installments of $75,000 to $100,000 through September 1, 2033; interest at 2% | 1,365,000 |
| $4,276,824 Sewer Improvement Revenue Bonds of 2015, Series A, due in annual installments of $90,000 to $270,000 through, September 1, 2035; interest at 2% | 3,910,000 |
| $886,000 Water Improvement Revenue Bonds of 2017, Series A, due in annual installments of $35,000 to $55,000 through September 1, 2036; interest at 1.5% | 785,000 |
| $649,071 Airport Improvement Revenue Bonds of 2005, due in annual installments of $30,517 through, August 15, 2020; interest at 4.76% | 115,137 |
| $500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of $24,547 through, October 8, 2023; interest at 5.41% | 212,575 |
| Total Business-type Activities | 23,487,712 |
| Total Revenue Bonds | $ 43,467,712 |

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

| Year Ending | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| December 31 | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ 560,000 | $ 655,890 | $ 2,226,316 | $ 610,284 | $ 2,786,316 | $ 1,266,174 |
| 2020 | 435,000 | 639,600 | 1,969,112 | 549,159 | 2,404,112 | 1,188,759 |
| 2021 | 450,000 | 626,550 | 1,970,394 | 494,776 | 2,420,394 | 1,121,326 |
| 2022 | 465,000 | 613,050 | 1,734,719 | 440,701 | 2,199,719 | 1,053,751 |
| 2023 | 480,000 | 599,100 | 1,787,171 | 392,227 | 2,267,171 | 991,327 |
| 2024-2028 | 2,625,000 | 2,753,325 | 9,375,000 | 1,223,286 | 12,000,000 | 3,976,611 |
| 2029-2033 | 3,175,000 | 2,204,750 | 3,695,000 | 273,266 | 6,870,000 | 2,478,016 |
| 2034-2038 | 3,825,000 | 1,561,175 | 730,000 | 23,475 | 4,555,000 | 1,584,650 |
| 2039-2041 | 7,965,000 | 627,800 | - | - | 7,965,000 | 627,800 |
| | $ 19,980,000 | $ 10,281,240 | $ 23,487,712 | $ 4,007,174 | $ 43,467,712 | $ 14,288,414 |

Loans Payable

The following is a schedule of loans payable outstanding at December 31, 2016:

Business-type Activities

| | |
|---|---|
| $1,363,000 Water Improvement Interim Certificate 2017, Series B, due in annual principal installments of $58,000 to $80,000 through September 1, 2037; semi-annual interest payments at 1.5% | $ 934,715 |
| $1,889,000 Water Improvement Interim Certificate 2019, Series A, due in annual principal installments of $58,000 to $80,000 through September 1, 2039; semi-annual interest payments at 1.5% | 271,827 |
| | $ 1,206,542 |

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

| | Business-Type Activities | |
|---|---|---|
| Year Ending December 31 | Principal | Interest |
| 2019 | $ 55,000 | $ 29,188 |
| 2020 | 139,000 | 17,273 |
| 2021 | 140,000 | 15,188 |
| 2022 | 140,000 | 13,088 |
| 2023 | 92,827 | 10,988 |
| 2024-2028 | 330,000 | 38,229 |
| 2029-2033 | 309,715 | 12,504 |
| | $ 1,206,542 | $ 136,458 |

## Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2018, are summarized as follows:

| Governmental Activities | Balance 1/1/18 | Additions | Reductions | Balance 12/31/18 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 393,515 | $ 529,526 | $ (363,284) | $ 559,757 | $ 161,788 |
| Capital leases | 532,751 | - | (82,085) | 450,666 | 262,348 |
| General obligation bonds | 505,000 | - | (45,000) | 460,000 | 50,000 |
| Special assessment bonds | 39,285,215 | 322,896 | (4,592,006) | 35,016,105 | 4,446,774 |
| Plus unamortized premium | 538,590 | - | (29,692) | 508,898 | 29,692 |
| Revenue bonds | 21,060,000 | - | (1,080,000) | 19,980,000 | 560,000 |
| Plus unamortized premium | 494,567 | - | (20,607) | 473,960 | 20,607 |
| Total | $ 62,809,638 | $ 852,422 | $ (6,212,674) | $ 57,449,386 | $ 5,531,209 |
| **Business-Type Activities** | | | | | |
| Compensated absences | $ 134,980 | $ 175,975 | $ (140,133) | $ 170,822 | $ 75,610 |
| Capital leases | 521,486 | - | - | 440,521 | 83,871 |
| Special assessment bonds | 5,273,861 | - | (982,628) | 4,291,233 | 888,501 |
| Plus unamortized premium | 27,754 | - | (3,527) | 24,227 | 3,527 |
| Revenue bonds | 24,832,464 | 820,281 | (2,165,033) | 23,487,712 | 2,226,316 |
| Loans payable | 749,896 | 514,646 | (58,000) | 1,206,542 | 55,000 |
| Total | $ 31,540,441 | $ 1,510,902 | $ (3,349,321) | $ 29,621,057 | $ 3,332,825 |

Compensated absences are liquidated in the fund in which the service is received, which would be the fund in which the employee's salary is charged. This includes the general fund, cemetery fund, Mandan growth fund, Morton Mandan Public Library fund, Abused Adult Resource Center grant fund, water and sewer utility fund, solid waste utility fund, street light utility fund, Mandan Airport Authority fund and the internal service fund.

Capital leases are paid by the General fund and the Fire Equipment Reserve fund.

The $15,275,000 Park Facilities Sales Tax Revenue bonds are being paid by the 0.75% Sales Tax fund.

Long-term liabilities related to pension and OPEB obligations are liquidated in the general fund.

## Debt Commitment

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, 2018.

**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, 2018, there was one series of MIDA Bonds outstanding; the aggregate principal amount payable was $880,000. Neither the State nor the City has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. The amount is most often in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

Community Development Block Grants

From time to time, the City has obtained Community Development Block Grants (CBDG) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The grants are secured by the financed property and are payable solely from payments received on the underlying mortgage grants. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the grants. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the grants.

Accordingly, the grants are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there were five CDBG loans outstanding, with an aggregate principal amount payable of $466,477.

## NOTE 10 EMPLOYEE PENSION PLANS

**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 194 participants as of December 31, 2018.

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. On December 16, 2014 the City ordinance was amended effective January 1, 2015. This amendment allowed Sworn Police Officers and Career Firefighters to be eligible for a 10% employer contribution if the employee contributes 4% or greater. The employer's required contributions for the years ended December 31, 2018, 2017, and 2016, were $550,802, $540,530 and $612,323, 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.

**NDPERS Law Enforcement Retirement System (Law Enforcement System)**

The following brief description of the Law Enforcement System is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

<u>Pension Benefits</u>

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the

sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

| Plan | Member Contribution Rate | Employer Contribution Rrate |
|---|---|---|
| Law Enforcement with previous service | 5.50% | 9.81% |
| Law Enforcement without previous service | 5.50% | 7.93% |

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 25 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a liability of $290,599 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll/contributions in the Law Enforcement System pension plan relative to the covered payroll/contributions of all participating Law Enforcement System employers. At December 31, 2018, the City's proportion was 29.949840%, which is a decrease of 0.533388% from its proportion measured at June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of $275,596. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Differences between expected and actual experience | $ 42,876 | $ (57,007) |
| Changes of assumptions | 737,890 | (25,576) |
| Net difference between projected and actual earnings on pension plan investments | - | (28,742) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,576 | (59,685) |
| Employer contributions subsequent to the measurement date | 88,374 | - |
| Total | $ 878,716 | $ (171,009) |

$88,374 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2019 | $ 223,783 |
| 2020 | 217,224 |
| 2021 | 165,134 |
| 2022 | 13,192 |

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---|---|---|
| Inflation | 2.50% | |
| Salary increases | Service at Beginning of Year: | Increase Rate: |
| | 0 | 20.00% |
| | 1 | 20.00% |
| | 2 | 10.00% |
| | Age* | |
| | Under 30 | 7.25% |
| | 30 - 39 | 6.50% |
| | 40 - 49 | 6.25% |
| | 50 - 59 | 5.75% |
| | 60+ | 5.00% |
| | *Age-based salary increase rates apply for employees with three or more years of service | |
| Investment rate of return | 7.75%, net of investment expenses | |
| Cost-of-living adjustments | None | |

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 30% | 6.05% |
| International Equity | 21% | 6.71% |
| Private Equity | 7% | 10.20% |
| Domestic Fixed Income | 23% | 1.45% |
| Global Real Assets | 19% | 5.11% |

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.32%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32%) or 1-percentage-point higher (7.32%) than the current rate:

| **1% Decrease 5.32%** | **Current Discount Rate 6.32%** | **1% Increase 7.32%** |
|---|---|---|
| $ 752,335 | $ 290,599 | $ (79,071) |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

## NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

### North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to $5.00 for each of the employee's, or deceased employee's years of credited

service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the City reported a liability of $131,729 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the City's proportion was 0.167260%.

For the year ended December 31, 2018 the City recognized OPEB expense of $16,138. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 3,945 | $ (2,722) |
| Changes of assumptions | 10,808 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | (2,834) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 56 | (820) |
| Employer contributions subsequent to the measurement date | 8,590 | - |
| Total | $ 23,399 | $ (6,376) |

$8,590 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2019 | $ 963 |
| 2020 | 963 |
| 2021 | 963 |
| 2022 | 2,214 |
| 2023 | 1,984 |
| Thereafter | 1,346 |

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | Not applicable |
| Investment rate of return | 7.50%, net of investment expenses |
| Cost-of-living adjustments | None |

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Large Cap Domestic Equities | 37% | 7.15% |
| Small Cap Domestic Equities | 9% | 14.42% |
| International Equities | 14% | 8.83% |
| Core-Plus Fixed Income | 40% | 0.10% |

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|---|---|---|
| $ 166,668 | $ 131,729 | $ 101,776 |

Pension Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NDPERS financial report.

## NOTE 12 RESTRICTED ASSETS

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

| | |
|---|---|
| Governmental Funds | |
| Revenue Bond Debt Service Account | $ 141,500 |
| Police Equipment Reserve - Evidence | 29,087 |
| Cash with Fiscal Agent - 0.75% Sales Tax | 1,792,486 |
| Total | $ 1,963,073 |
| | |
| Proprietary Funds | |
| Special Assessment Bond Debt Service Accounts | $ 283,611 |
| Revenue Bond Debt Service Accounts | 2,508,111 |
| Total | $ 2,791,722 |

## NOTE 13 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 $6,630,797 for public assets (mobile equipment and portable property) coverage.

**Machinery and Equipment**

The City pays an annual premium to The Cincinnati Insurance Company for its machinery and equipment insurance coverage. The coverage by The 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 $250,000,000 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 Sanford Health Plan 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 14 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 $5,774,527 at December 31, 2017, the most recent year audited.

## NOTE 15 COMMITMENTS AND CONTINGENCIES

### Financial Subsidy Commitments

The City has financial subsidy commitments of $308,624 as of December 31, 2018.

### Contingent Grant Liabilities

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures cannot be determined at this time.

### Litigation

Various suits and claims are pending against the City as of December 31, 2018. Although the outcome of such suits and claims cannot be predicted with certainty, the City believes the final outcome of these matters will not material affect the financial statements of the City and that adequate insurance coverage exists in most cases to cover any potential settlement.

## NOTE 16 COST SHARING AGREEMENTS

### CenCom

The City of Mandan entered into a charter agreement for the Combined Communications Center merger with the City of Bismarck and Burleigh County effective January 1, 2016. Central Dakota Communications Center (CenCom) replaces the Combined Communications Center. CenCom will dispatch all emergency calls for law enforcement, fire and emergency medical services in Bismarck, Mandan and Burleigh County, including Wilton. After revenue and that portion of 911 fees allocated for the annual operating budget of CenCom, the remainder of the budget responsibility is split between the parties who entered into the agreement, with the City of Mandan's share at 20%. The City incurred operating expenditures of $598,717 related to costs of CenCom during the year ended December 31, 2018. The City also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled $251,017 for the year ended December 31, 2018.

**Law Enforcement Center**

The City has entered into an operating agreement with Morton County for the law enforcement center on May 10, 2010. As part of this agreement, all parties pay evenly for the costs of operation, maintenance, repair and replacement of the law enforcement center. In addition to the operating costs, each party much contribute a set amount annually towards a capital improvement fund, with the City's portion of such payment being $15,000. The City paid $109,461 for their share of all costs of the law enforcement center for the year ended December 31, 2018.

## NOTE 17 PRIOR PERIOD ADJUSTMENTS

| Prior Period Adjustment | Governmental Activities |
|---|---|
| (A) Correct property tax revenue | $ 108,000 |
| (B) Record other post-employment benefits | (127,846) |
| (C) Record cash and remove accounts payable | 440,167 |
| Total | $ 420,321 |

(A) An adjustment was made to recognize property taxes of $108,000 for the Morton Manan Public Library that were received in the prior year. This adjustment was also corrected on the governmental fund of the Morton Mandan Public Library.

(B) An adjustment was made to recognize other post-employment benefits for the City's participation in the NDPERS Retiree Health Insurance Credit plan. The effect of this adjustment was an increase in the net OPEB liability of $131,430, deferred inflows of resources of $9,146 and deferred outflows of resources of $12,730 for a net decrease in the government wide net position of $127,846.

(C) An adjustment was made to recognize cash in deposit between the City and the City's escrow account in the amount of $146,383. The City also removed accounts payable of $293,784 for money that will be transferred to the City's escrow account. This net adjustment of $440,167 was also corrected on the non-major governmental fund, 0.75% Sales Tax.

## NOTE 18 RECENT PRONOUNCEMENTS

The City will implement the following recent pronouncements for fiscal years ending after 2018:

GASB Statement No. 83, "*Certain Asset Retirement Obligations*" was issued on November 2016. This statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Asset retirement obligations is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The statement requires that recognition occur when the liability is both incurred and reasonably estimable. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2018.

GASB Statement No. 84, "*Fiduciary Activities*" was issued on January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, "*Leases*" was issued on June 2017. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information relate to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital assets reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interest,* establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resource is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate

organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Management has not yet determined the effects these statements will have on the City's financial statements.

## NOTE 19 SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the City issued $334,738 of Water Improvement Interim Certificates of 2017 and also issued Series B (No. R-3), $642,779 of Water Improvement Interim Certificates of 2019, Series A (No. R-2). The City also obtained a loan through Bank of North Dakota's Infrastructure Revolving Loan Fund for $6,000,000. The loan with Bank of North Dakota bears a 2.00% interest rate with at least annual principal and interest payments and is due in twenty years.

The City also accepted a cost-share agreement with the State of North Dakota for a new raw water intake project. The State will reimburse costs of approximately $12.6 million and the City will be responsible for the remaining $8.8 million, of which will be split with the Mandan refinery.

Subsequent to year end, the Airport made a down payment of $16,000 on a fuel truck.

Subsequent events have been evaluated through September 16, 2019, which is the date these financial statements were available to be issued.

# CITY OF MANDAN
## BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 4,076,550 | $ 4,076,550 | $ 4,035,904 | $ (40,646) |
| Licenses and Permits | 958,600 | 960,246 | 775,373 | (184,873) |
| Intergovernmental | 2,014,500 | 2,020,000 | 2,271,256 | 251,256 |
| Charges for Services | 213,050 | 213,050 | 193,615 | (19,435) |
| Fines and Forfeits | 198,300 | 198,300 | 283,462 | 85,162 |
| Special Assessments | 41,300 | 41,300 | 34,878 | (6,422) |
| Interest | 12,900 | 12,900 | 53,965 | 41,065 |
| Rent | 8,000 | 8,000 | 4,000 | (4,000) |
| Miscellaneous | 6,300 | 31,700 | 61,873 | 30,173 |
| Total Revenues | 7,529,500 | 7,562,046 | 7,714,326 | 152,280 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 3,041,400 | 3,061,179 | 2,859,498 | 201,681 |
| Public Safety | 6,455,950 | 6,515,250 | 6,027,729 | 487,521 |
| Public Works | 1,560,000 | 1,742,333 | 1,577,549 | 164,784 |
| Debt Service | | | | |
| Principal | 29,500 | 29,500 | 29,505 | (5) |
| Interest | 10,600 | 10,600 | 10,588 | 12 |
| Capital Outlay | - | - | 462,746 | (462,746) |
| Total Expenditures | 11,097,450 | 11,358,862 | 10,967,615 | 391,247 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,567,950) | (3,796,816) | (3,253,289) | 543,527 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Sale of Capital Assets | - | - | 9,152 | 9,152 |
| Transfers In | 3,454,400 | 3,633,233 | 3,884,348 | 251,115 |
| Transfers Out | (8,350) | (8,350) | (99,379) | (91,029) |
| Total Other Financing Sources (Uses) | 3,446,050 | 3,624,883 | 3,794,121 | 169,238 |
| Net Change in Fund Balances | $ (121,900) | $ (171,933) | 540,832 | $ 712,765 |
| Fund Balances - January 1 | | | 4,024,383 | |
| Fund Balances - December 31 | | | $ 4,565,215 | |

See Notes to Required Supplementary Information

**CITY OF MANDAN**
BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 168,400 | $ 168,400 | $ 167,096 | $ (1,304) |
| Intergovernmental | 3,900 | 3,900 | 3,856 | (44) |
| Charges for Services | 50,200 | 50,200 | 41,450 | (8,750) |
| Cemetery lots | 31,800 | 31,800 | 23,100 | (8,700) |
| Miscellaneous | 100 | 100 | 100 | - |
| Total Revenues | 254,400 | 254,400 | 235,602 | (18,798) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Cemetery | 193,550 | 193,550 | 190,412 | 3,138 |
| Total Expenditures | 193,550 | 193,550 | 190,412 | 3,138 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 60,850 | 60,850 | 45,190 | (15,660) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | - | - | 26,288 | 26,288 |
| Total Other Financing Sources (Uses) | - | - | 26,288 | 26,288 |
| Net Change in Fund Balances | $ 60,850 | $ 60,850 | 71,478 | $ 10,628 |
| Fund Balances - January 1 | | | 34,186 | |
| Fund Balances - December 31 | | | $ 105,664 | |

See Notes to Required Supplementary Information

# CITY OF MANDAN
## BUDGETARY COMPARISON SCHEDULE – CITY SALES TAX/MANDAN GROWTH FUND
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ - | $ - | $ 2,205,049 | $ 2,205,049 |
| Intergovernmental | 1,135,100 | 1,135,100 | 3,500 | (1,131,600) |
| Rent | - | - | 7,850 | 7,850 |
| Miscellaneous | - | - | 46,543 | 46,543 |
| Total Revenues | 1,135,100 | 1,135,100 | 2,262,942 | 1,127,842 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and Recreation | - | - | 45,000 | (45,000) |
| Economic Development and Assistance | - | - | 680,703 | (680,703) |
| Total Expenditures | - | - | 789,662 | (789,662) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,135,100 | 1,135,100 | 1,473,280 | 338,180 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | (1,135,100) | (1,135,100) | (1,629,721) | (494,621) |
| Total Other Financing Sources (Uses) | (1,135,100) | (1,135,100) | (1,629,721) | (494,621) |
| Net Change in Fund Balances | $ - | $ - | (156,441) | $ (156,441) |
| Fund Balances - January 1 | | | 3,582,815 | |
| Fund Balances - December 31 | | | $ 3,426,374 | |

See Notes to Required Supplementary Information

**CITY OF MANDAN**

BUDGETARY COMPARISON SCHEDULE – MORTON MANDAN PUBLIC LIBRARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 498,502 | $ 498,502 | $ 470,363 | $ (28,139) |
| Intergovernmental | 252,738 | 252,738 | 252,073 | (665) |
| Charges for Services | 5,500 | 5,500 | 12,931 | 7,431 |
| Fines and Forfeits | 5,500 | 5,500 | 5,549 | 49 |
| Interest | 200 | 200 | 622 | 422 |
| Rent | 32,150 | 32,150 | 32,286 | 136 |
| Miscellaneous | 19,600 | 49,600 | 45,267 | (4,333) |
| Total Revenues | 814,190 | 844,190 | 819,091 | (25,099) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and Recreation | 770,299 | 800,299 | 719,405 | 80,894 |
| Total Expenditures | 770,299 | 800,299 | 719,405 | 80,894 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 43,891 | 43,891 | 99,686 | 55,795 |
| Net Change in Fund Balances | $ 43,891 | $ 43,891 | 99,686 | $ 55,795 |
| Fund Balances - January 1, restated | | | 563,113 | |
| Fund Balances - December 31 | | | $ 662,799 | |

See Notes to Required Supplementary Information

**CITY OF MANDAN**
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Employer's proportion of the net pension liability (asset) | Employer's proportionate share of the net pension liability (asset) | Employer's covered-employee payroll | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2018 | 29.949840% | $ 290,599 | $ 1,830,188 | 15.88% | 89.76% |
| 2017 | 30.483228% | 298,382 | 1,797,528 | 16.60% | 69.89% |

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until full ten-year trend is compiled, the City will present information for those year for which information is available.

**CITY OF MANDAN**
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Employer's proportion of the net OPEB liability (asset) | Employer's proportionate share of the net OPEB liability (asset) | Employer's covered-employee payroll | Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|---|---|---|---|---|---|
| 2018 | 0.167260% | $ 131,729 | $ 1,830,188 | 7.20% | 59.78% |

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until full ten-year trend is compiled, the City will present information for those year for which information is available.

See Notes to Required Supplementary Information

**CITY OF MANDAN**
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered-employee payroll | Contributions as a percentage of covered-employee payroll |
|---|---|---|---|---|---|
| 2018 | $ 195,277 | $ (267,337) | $ (72,060) | $ 1,990,593 | 9.81% |
| 2017 | 164,836 | (164,836) | - | 1,680,285 | 9.81% |

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until full ten-year trend is compiled, the City will present information for those year for which information is available.

**CITY OF MANDAN**
SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered-employee payroll | Contributions as a percentage of covered-employee payroll |
|---|---|---|---|---|---|
| 2018 | $ 22,693 | $ (22,693) | $ - | $ 1,990,593 | 1.14% |

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until full ten-year trend is compiled, the City will present information for those year for which information is available.

See Notes to Required Supplementary Information

## 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, contacts and agreements. In addition to these legal requirements, the City's Significant Budget Policies provide further direction and guidance to the budgeting process.

The annual budget is adopted on a basis consistent with generally accepted accounting principles for the governmental fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund and function. The City's department heads may make transfers of appropriations for operations and maintenance expenditures within a fund. Transfers of appropriations for salaries and benefits, capital outlay, or between funds 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.

## NOTE 2 CHANGES IN ASSUMPTIONS – PENSION AND OPEB

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

**CITY OF MANDAN**
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 3,856,148 | $ 53,541 | $ 1,647,185 | $ 5,556,874 |
| Taxes Receivable | 11,217 | 3,150 | - | 14,367 |
| Accounts Receivable (net of allowance) | 560,453 | - | 98,356 | 658,809 |
| Special Assessments Receivable | 326,401 | - | 175,492 | 501,893 |
| Prepaid Expenses | 2,343 | - | 973 | 3,316 |
| Cash and Cash Equivalents-Restricted | 1,792,486 | 141,500 | - | 1,933,986 |
| Total Assets | $ 7,084,268 | $ 198,191 | $ 1,922,006 | $ 9,204,465 |
| **LIABILITIES** | | | | |
| Salaries and Benefits Payable | $ 1,370 | $ - | | $ 1,370 |
| Accounts Payable | 23,700 | - | 136,254 | 159,954 |
| Retainage Payable | - | - | 37,559 | 37,559 |
| Interfund Payable | 232,437 | - | 2,974,335 | 3,206,772 |
| Prepaid Revenues | 90 | - | - | 90 |
| Total Liabilities | 257,597 | - | 3,148,148 | 3,405,745 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable Revenue-Property Taxes | 9,740 | 2,738 | - | 12,478 |
| Unavailable Revenue-Special Assessments | 302,208 | - | 172,169 | 474,377 |
| Unavailable Revenue-Revenue not Collected within 60 days | 1,370 | - | 20,806 | 22,176 |
| Total Deferred Inflows of Resources | 313,318 | 2,738 | 192,975 | 509,031 |
| **FUND BALANCES** | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 2,343 | - | 973 | 3,316 |
| Restricted for: | | | | |
| Public Safety | 101,630 | - | - | 101,630 |
| Public Works | 3,255,003 | - | - | 3,255,003 |
| Culture and Recreation | 2,143,446 | - | - | 2,143,446 |
| Urban Redevelopment and Housing | 81,703 | - | - | 81,703 |
| Debt Service | - | 195,453 | - | 195,453 |
| Capital Projects | - | - | 1,699,364 | 1,699,364 |
| Committed for: | | | | |
| General Government | 541,398 | - | - | 541,398 |
| Public Safety | 323,461 | - | - | 323,461 |
| Urban Redevelopment and Housing | 269,460 | - | - | 269,460 |
| Unassigned | (205,091) | - | (3,119,454) | (3,324,545) |
| Total Fund Balances | 6,513,353 | 195,453 | (1,419,117) | $ 5,289,689 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 7,084,268 | $ 198,191 | $ 1,922,006 | $ $ 9,204,465 |

# CITY OF MANDAN
## COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
## DECEMBER 31, 2018

| | Highway Distribution | Hub City | City's Share of Special Assessments | City Visitors' Promotion | Alarm-Equipment Reserve | Public Trans-portation System | 0.75% Sales Tax | Fire Equip-ment Reserve | AARC Grant | SANE Grant | BNSF Settle-ment | Mandan SEP Trust | Down-Town Redevel-opment | Health and Safety | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | $ - | $ 3,028,909 | $ - | $ 53,428 | $ 45,817 | $ - | $ - | $ 380,264 | $ - | $ - | $ 248,041 | $ 81,703 | $ 17,986 | $ - | $ 3,856,148 |
| Taxes Receivable | - | - | 3,784 | - | - | 7,433 | - | - | - | - | - | - | - | - | 11,217 |
| Accounts Receivable (net of allowance) | 226,094 | - | - | 7,354 | 1,070 | - | 296,797 | - | 12,486 | 11,460 | - | - | 5,192 | - | 560,453 |
| Special Assessments Receivable | - | - | 136,060 | - | 415 | - | - | - | - | - | - | - | - | 189,926 | 326,401 |
| Interfund Receivable | - | - | 535,220 | - | - | - | - | - | - | - | - | - | - | - | 535,220 |
| Prepaid Expenses | - | - | - | - | - | - | - | - | - | - | - | - | 2,343 | - | 2,343 |
| Cash and Cash Equivalents-Restricted | - | - | - | - | - | - | 1,792,486 | - | - | - | - | - | - | - | 1,792,486 |
| Total Assets | $ 226,094 | $ 3,028,909 | $ 675,064 | $ 60,782 | $ 47,302 | $ 7,433 | $ 2,089,283 | $380,264 | $ 12,486 | $ 11,460 | $248,041 | $ 81,703 | $ 25,521 | $189,926 | $ 7,084,268 |
| **LIABILITIES** | | | | | | | | | | | | | | | |
| Salaries and Benefits Payable | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,370 | $ - | $ - | $ - | $ - | $ - | $ 1,370 |
| Accounts Payable | - | - | - | 6,619 | 600 | 987 | - | - | 15 | 11,460 | - | - | 1,759 | 2,260 | 23,700 |
| Interfund Payable | - | - | - | - | - | - | - | - | 11,116 | - | - | - | - | 221,321 | 232,437 |
| Prepaid Revenues | - | - | - | - | 90 | - | - | - | - | - | - | - | - | - | 90 |
| Total Liabilities | - | - | - | 6,619 | 690 | 987 | $ - | - | 12,501 | 11,460 | - | - | 1,759 | 223,581 | 257,597 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | | | | | | | | |
| Unavailable Revenue-Property Taxes | - | - | 3,294 | - | - | 6,446 | - | - | - | - | - | - | - | - | 9,740 |
| Unavailable Revenue-Special Assessments | - | - | 130,372 | - | 415 | - | - | - | - | - | - | - | - | 171,421 | 302,208 |
| Unavailable Revenue-Revenue not Collected within 60 days | - | - | - | - | - | - | - | - | 1,370 | - | - | - | - | - | 1,370 |
| Total Deferred Inflows of Resources | - | - | 133,666 | - | 415 | 6,446 | $ - | - | 1,370 | - | - | - | - | 171,421 | 313,318 |
| **FUND BALANCES** | | | | | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | | | | | |
| Prepaid Expenses | - | - | - | - | - | - | - | - | - | - | - | - | 2,343 | - | 2,343 |
| Restricted for: | | | | | | | | | | | | | | | |
| Public Safety | - | - | - | - | - | - | - | 103,000 | (1,370) | - | - | - | - | - | 101,630 |
| Public Works | 226,094 | 3,028,909 | - | - | - | - | - | - | - | - | - | - | - | - | 3,255,003 |
| Culture and Recreation | - | - | - | 54,163 | - | - | 2,089,283 | - | - | - | - | - | - | - | 2,143,446 |
| Urban Redevelopment and Housing | - | - | - | - | - | - | - | - | - | - | - | 81,703 | - | - | 81,703 |
| Committed for: | | | | | | | | | | | | | | | |
| General Government | - | - | 541,398 | - | - | - | - | - | - | - | - | - | - | - | 541,398 |
| Public Safety | - | - | - | - | 46,197 | - | - | 277,264 | - | - | - | - | - | - | 323,461 |
| Urban Redevelopment and Housing | - | - | - | - | - | - | - | - | - | - | 248,041 | - | 21,419 | - | 269,460 |
| Unassigned | - | - | - | - | - | - | - | - | (15) | - | - | - | - | (205,076) | (205,091) |
| Total Fund Balances | 226,094 | 3,028,909 | 541,398 | 54,163 | 46,197 | - | $ 2,089,283 | 380,264 | (1,385) | - | 248,041 | 81,703 | 23,762 | (205,076) | 6,513,353 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 226,094 | $ 3,028,909 | $ 675,064 | $ 60,782 | $ 47,302 | $ 7,433 | $ 2,089,283 | $ 380,264 | $ 12,486 | $ 11,460 | $ 248,041 | $ 81,703 | $ 25,521 | $ 189,926 | $ 7,084,268 |

**CITY OF MANDAN**
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2018

| | Mandan Community Center Revenue Bonds of 2005 | Liberty Memorial Bridge General Obligation Bonds | Total Nonmajor Debt Service Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ - | $ 53,541 | $ 53,541 |
| Taxes Receivable | - | 3,150 | 3,150 |
| Cash and Cash Equivalents-Restricted | 141,500 | - | 141,500 |
| Total Assets | $ 141,500 | $ 56,691 | $ 198,191 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable Revenue - Property Taxes | $ - | $ 2,738 | $ 2,738 |
| Total Liabilities | - | 2,738 | 2,738 |
| **FUND BALANCES** | | | |
| Restricted for: | | | |
| Debt Service | 141,500 | 53,953 | 195,453 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 141,500 | $ 56,691 | $ 198,191 |

# CITY OF MANDAN
## COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
## DECEMBER 31, 2018

| | Transportations Alternatives Program Construction | City Visitor's Promotion Capital Construction | Sidewalk, Curb and Gutter Construction | Street Construction | Total Nonmajor Capital Projects Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ - | $ 1,647,185 | $ - | $ - | $ 1,647,185 |
| Accounts Receivable (net) | 20,806 | 77,550 | - | - | 98,356 |
| Special Assessment Receivable | - | - | 175,492 | - | 175,492 |
| Prepaid Expenses | - | 973 | - | - | 973 |
| Total Assets | $ 20,806 | $ 1,725,708 | $ 175,492 | $ - | $ 1,922,006 |
| **LIABILITIES** | | | | | |
| Accounts Payable | $ 15,492 | $ 4,565 | $ - | $ 116,197 | $ 136,254 |
| Retainage Payable | - | - | - | 37,559 | 37,559 |
| Interfund Payable | 5,314 | - | 186,769 | 2,782,252 | 2,974,335 |
| Total Liabilities | 20,806 | 4,565 | 186,769 | 2,936,008 | 3,148,148 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable Revenue- Special Assessments | - | - | 172,169 | - | 172,169 |
| Unavailable Revenue-Revenue not Collected within 60 days | 20,806 | - | - | - | 20,806 |
| Total Deferred Inflows of Resources | 20,806 | - | 172,169 | - | 192,975 |
| **FUND BALANCES** | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | - | 973 | - | - | 973 |
| Restricted for: | | | | | |
| Capital Projects | (20,806) | 1,720,170 | - | - | 1,699,364 |
| Unassigned | - | | (183,446) | (2,936,008) | (3,119,454) |
| Total Fund Balances | (20,806) | 1,721,143 | (183,446) | (2,936,008) | (1,419,117) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 20,806 | $ 1,725,708 | $ 175,492 | $ - | $ 1,922,006 |

**CITY OF MANDAN**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 1,957,277 | $ 69,569 | $ 489,683 | $ 2,516,529 |
| Intergovernmental | 1,348,465 | 1,601 | - | 1,350,066 |
| Charges for Services | 88,377 | - | 173,999 | 262,376 |
| Special Assessments | 200,352 | - | 35,051 | 235,403 |
| Interest | 763 | - | - | 763 |
| Rent | 2,400 | - | 30,584 | 32,984 |
| Donations | 107,546 | - | - | 107,546 |
| Miscellaneous | 67,790 | - | 32,685 | 100,475 |
| Total Revenues | $ 3,772,970 | $ 71,170 | $ 762,002 | $ 4,606,142 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 262,156 | - | - | 262,156 |
| Public Safety | 119,141 | - | - | 119,141 |
| Public Works | 87,593 | - | 34,000 | 121,593 |
| Cemetery | - | - | - | - |
| Culture and Recreation | 48,538 | - | 149,355 | 197,893 |
| Urban Redevelopment and Housing | 61,352 | - | - | 61,352 |
| Debt Service: | | | | |
| Principal | 1,002,580 | 175,000 | - | 1,177,580 |
| Interest | 676,005 | 31,556 | - | 707,561 |
| Service Charges | 3,100 | 2,182 | - | 5,282 |
| Capital Outlay | 30,855 | - | 711,123 | 741,978 |
| Total Expenditures | 2,291,320 | 208,738 | 894,478 | 3,394,536 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,481,650 | (137,568) | (132,476) | 1,211,606 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from Long-Term Debt | - | - | 322,896 | 322,896 |
| Transfers In | 43,640 | 141,946 | 141,672 | 327,258 |
| Transfers Out | (1,776,910) | - | (6,574) | (1,783,484) |
| Total Other Financing Sources and Uses | (1,733,270) | 141,946 | 457,994 | (1,133,330) |
| Net Change in Fund Balances | (251,620) | 4,378 | 325,518 | 78,276 |
| Fund Balances - January 1, as originally reported | 6,324,806 | 191,075 | (1,744,635) | 4,771,246 |
| Prior period adjustment | 440,167 | - | - | 440,167 |
| Fund Balances - January 1, restated | 6,764,973 | 191,075 | (1,744,635) | 5,211,413 |
| Fund Balances - December 31 | $ 6,513,353 | $ 195,453 | $ (1,419,117) | $ 5,289,689 |

# CITY OF MANDAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

| | Highway Distribution | Hub City | City's Share of Special Assessments | City Visitors' Promotion | Alarm-Equipment Reserve | Public Trans-portation System | 0.75% Sales Tax | Fire Equip-ment Reserve | AARC Grant | SANE Grant | BNSF Settle-ment | Mandan SEP Trust | Down-Town Redevel-opment | Health and Safety | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | | | | | |
| Taxes | $ - | $ - | $ 82,465 | $ 53,931 | $ - | $ 167,094 | $ 1,653,787 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,957,277 |
| Intergovernmental | 1,175,640 | - | 1,890 | - | - | 3,855 | - | 152,250 | - | 14,830 | - | - | - | - | 1,348,465 |
| Charges for Services | - | - | - | - | 17,940 | - | - | - | 64,199 | - | - | - | - | 6,238 | 88,377 |
| Special Assessments | - | - | 139,748 | - | 627 | - | - | - | - | - | - | - | - | 59,977 | 200,352 |
| Interest | - | - | - | - | - | - | 681 | - | - | - | - | 82 | - | - | 763 |
| Cemetery Lots | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - | - | - | 2,400 | - | - | - | 2,400 |
| Donations | - | - | - | - | - | - | - | 107,546 | - | - | - | - | - | - | 107,546 |
| Miscellaneous | - | - | - | - | - | - | 22,332 | - | - | - | 10,100 | - | 35,358 | - | 67,790 |
| Total Revenues | 1,175,640 | - | 224,103 | 53,931 | 18,567 | 170,949 | 1,676,800 | 259,796 | 64,199 | 14,830 | 12,500 | 82 | 35,358 | 66,215 | 3,772,970 |
| **EXPENDITURES** | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | |
| General Government | - | - | 91,207 | - | - | 170,949 | - | - | - | - | - | - | - | - | 262,156 |
| Public Safety | - | - | - | - | 19,601 | - | - | 13,153 | 71,557 | 14,830 | - | - | - | - | 119,141 |
| Public Works | - | - | - | - | - | - | - | - | - | - | - | - | - | 87,593 | 87,593 |
| Cemetery | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | 48,538 | - | - | - | - | - | - | - | - | - | - | 48,538 |
| Urban Redevelopment and Housing | - | - | - | - | - | - | - | - | - | - | 27,187 | 1,609 | 32,556 | - | 61,352 |
| Debt Service: | | | | | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | 950,000 | 52,580 | - | - | - | - | - | - | 1,002,580 |
| Interest | - | - | - | - | - | - | 671,297 | 4,708 | - | - | - | - | - | - | 676,005 |
| Service Charges | - | - | - | - | - | - | 3,100 | - | - | - | - | - | - | - | 3,100 |
| Total Expenditures | - | - | 91,207 | 48,538 | 19,601 | 170,949 | 1,624,397 | 70,441 | 71,557 | 14,830 | 58,042 | 1,609 | 32,556 | 87,593 | 2,291,320 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,175,640 | - | 132,896 | 5,393 | (1,034) | - | 52,403 | 189,355 | (7,358) | - | (45,542) | (1,527) | 2,802 | (21,378) | 1,481,650 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - | 7,404 | - | - | - | - | 36,236 | 43,640 |
| Transfers Out | (1,167,103) | (472,032) | (56,130) | - | - | - | - | (81,238) | - | - | - | - | - | (407) | (1,776,910) |
| Total Other Financing Sources and Uses | (1,167,103) | (472,032) | (56,130) | - | - | - | - | (81,238) | 7,404 | - | - | - | - | 35,829 | (1,733,270) |
| Net Change in Fund Balances | 8,537 | (472,032) | 76,766 | 5,393 | (1,034) | - | 52,403 | 108,117 | 46 | - | (45,542) | (1,527) | 2,802 | 14,451 | (251,620) |
| Fund Balances - January 1, as originally reported | 217,557 | 3,500,941 | 464,632 | 48,770 | 47,231 | - | 1,596,713 | 272,147 | (1,431) | - | 293,583 | 83,230 | 20,960 | (219,527) | 6,324,806 |
| Prior period adjustment | - | - | - | - | - | - | 440,167 | - | - | - | - | - | - | - | 440,167 |
| Fund Balances - January 1, restated | 217,557 | 3,500,941 | 464,632 | 48,770 | 47,231 | - | 2,036,880 | 272,147 | (1,431) | - | 293,583 | 83,230 | 20,960 | (219,527) | 6,764,973 |
| Fund Balances - December 31 | $ 226,094 | $ 3,028,909 | $ 541,398 | $ 54,163 | $ 46,197 | $ - | $ 2,089,283 | $ 380,264 | $ (1,385) | $ - | $ 248,041 | $ 81,703 | $ 23,762 | $ (205,076) | $6,513,353 |

**CITY OF MANDAN**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Mandan Community Center Revenue Bonds of 2005 | Liberty Memorial Bridge General Obligation Bonds | Total Nonmajor Debt Service Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes | $ - | $ 69,569 | $ 69,569 |
| Intergovernmental | - | 1,601 | 1,601 |
| Total Revenues | - | 71,170 | 71,170 |
| **EXPENDITURES** | | | |
| Debt Service: | | | |
| Principal | 130,000 | 45,000 | 175,000 |
| Interest | 10,868 | 20,688 | 31,556 |
| Service Charges | 1,078 | 1,104 | 2,182 |
| Total Expenditures | 141,946 | 66,792 | 208,738 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (141,946) | 4,378 | (137,568) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In | 141,946 | - | 141,946 |
| Total Other Financing Sources (Uses) | 141,946 | - | 141,946 |
| Net Change in Fund Balances | - | 4,378 | 4,378 |
| Fund Balances - January 1 | 141,500 | 49,575 | 191,075 |
| Fund Balances - December 31 | $ 141,500 | $ 53,953 | $ 195,453 |

# CITY OF MANDAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR CAPITAL PROJECT FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

| | Transportations Alternatives Program Construction | City Visitors' Promotion Capital Construction | Sidewalk, Curb and Gutter Construction | Street Construction | Total Nonmajor Capital Projects Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes | $ - | $ 489,683 | $ - | $ - | $ 489,683 |
| Charges for Services | - | - | - | 173,999 | 173,999 |
| Special Assessments | - | - | 35,051 | - | 35,051 |
| Rent | - | 30,584 | - | - | 30,584 |
| Miscellaneous | - | - | - | 32,685 | 32,685 |
| Total Revenues | - | 520,267 | 35,051 | 206,684 | 762,002 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Public Works | - | - | 22,257 | 11,743 | 34,000 |
| Culture and Recreation | (10,000) | 159,355 | - | - | 149,355 |
| Capital Outlay | 41,209 | 12,322 | - | 657,592 | 711,123 |
| Total Expenditures | 31,209 | 171,677 | 22,257 | 669,335 | 894,478 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (31,209) | 348,590 | 12,794 | (462,651) | (132,476) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Proceeds from Long-Term Debt | - | - | - | 322,896 | 322,896 |
| Transfers In | 10,403 | - | 1,229 | 130,040 | 141,672 |
| Transfers Out | - | - | (6,574) | - | (6,574) |
| Total Other Financing Sources and Uses | 10,403 | - | (5,345) | 452,936 | 457,994 |
| Net Change in Fund Balances | (20,806) | 348,590 | 7,449 | (9,715) | 325,518 |
| Fund Balances - January 1 | - | 1,372,553 | (190,895) | (2,926,293) | (1,744,635) |
| Fund Balances - December 31 | $ (20,806) | $ 1,721,143 | $ (183,446) | $ (2,936,008) | $ (1,419,117) |