

**CITY OF MANDAN, NORTH DAKOTA
MANDAN, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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CITY OF MANDAN
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2019

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
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 Himmelpach	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, 2019, 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.

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, 2019, 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.

Correction of Error

As discussed in Note 17 to the financial statements, the City has restated its general fund balance to include other funds not deemed to be special revenue funds. Accordingly, amounts reported for fund balance have been restated in the 2018 financial statements to correct the error. Our opinion is not modified with respect to that 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 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 29, 2020 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 & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

September 29, 2020

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 17 – 73 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 \$165,390,481 (net position).
- The government's total net position increased by \$1,727,470 (1 %) during the current fiscal year due to a decrease of \$223,088 from governmental activities and an increase of \$1,950,558 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 \$16,387,242 a decrease of \$3,191,986 (16%) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,624,289 which is 85% of total General Fund revenues and 68% of total General Fund expenditures.
- Revenue from all sources totaled \$34,546,231 which was an increase of \$1,384,526 (4%) during the current fiscal year due to an increase of \$2,271,615 from governmental activities and a decrease of \$887,089 from business-type activities. Expenses from all activities totaled \$32,818,761 which was an increase of \$485,087 (1%) during the current fiscal year due to an increase of \$861,663 from governmental activities and a decrease of \$376,576 from business-type activities.
- The City of Mandan's total capital assets increased by \$2,610,483 (1.4%) during the current fiscal year due to an increase of \$2,065,019 from governmental activities and an increase of \$545,464 from business-type activities.
- The City of Mandan's total debt decreased by \$7,095,384 (8%) during the current fiscal year due to a decrease of \$5,512,691 from governmental activities and a decrease of \$1,582,693 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.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

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 17 – 19 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.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

The basic governmental fund financial statements can be found on pages 20 – 23 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 24 – 27 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 28 – 29 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 30 – 73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 82 – 89 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 \$165,390,481 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, 2019 and December 31, 2018.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

TABLE I
NET POSITION
December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current and Other Assets	\$ 45,993,377	\$ 16,220,077	\$ 62,213,454
Capital Assets	94,312,586	92,195,898	186,508,484
	<u>140,305,963</u>	<u>108,415,975</u>	<u>248,721,938</u>
DEFERRED OUTFLOWS	734,142	-	734,142
LIABILITIES			
Long-term Liabilities Outstanding	47,258,881	24,699,120	71,958,001
Other Liabilities	7,142,108	4,533,074	11,675,182
	<u>54,400,989</u>	<u>29,232,194</u>	<u>83,633,183</u>
DEFERRED INFLOWS	432,416	-	432,416
NET POSITION			
Net investment in Capital Assets	74,113,626	67,400,953	141,514,579
Restricted	37,422,344	3,090,828	40,513,172
Unrestricted	(25,329,270)	8,692,000	(16,637,270)
	<u>\$ 86,206,700</u>	<u>\$ 79,183,781</u>	<u>\$ 165,390,481</u>

TABLE I
NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current and Other Assets	\$ 52,813,720	\$ 16,674,658	\$ 69,488,378
Capital Assets	92,247,567	91,650,434	183,898,001
	<u>145,061,287</u>	<u>108,325,092</u>	<u>253,386,379</u>
DEFERRED OUTFLOWS	902,115.00	-	902,115
LIABILITIES			
Long-term Liabilities Outstanding	52,340,505	26,288,230	78,628,735
Other Liabilities	7,015,724	4,803,639	11,819,363
	<u>59,356,229</u>	<u>31,091,869</u>	<u>90,448,098</u>
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	(31,282,216)	8,054,394	(23,227,822)
	<u>\$ 86,429,788</u>	<u>\$ 77,233,223</u>	<u>\$ 163,663,011</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

A large portion of the City of Mandan's net position (86%) 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 39%. 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 (24%) 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 2.58 and for the business-type activities is 3.71 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, 2019 and December 31, 2018.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

Table II
Changes in Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,352,804	\$ 11,458,237	\$ 12,811,041
Operating Grants and Contributions	368,457		368,457
Capital Grants and Contributions	3,396,173	2,260,069	5,656,242
General Revenues:			
Property, Delinquent, Mobile Home Taxes	5,320,800	374,745	5,695,545
Cable TV Franchise Fees	312,969		312,969
State Aid Distribution	1,876,439		1,876,439
Cigarette Taxes	48,264		48,264
Gaming Taxes	11,858		11,858
Disabled Veterans Credit	39,677		39,677
Homestead Credit	78,329		78,329
Morton County E911 Fees	309,739		309,739
Telecommunications Taxes	82,220		82,220
Highway Tax Distribution	1,188,733		1,188,733
Occupancy Taxes	50,583		50,583
1% City Sales Taxes	2,477,985		2,477,985
0.75% City Sales Tax	1,858,489		1,858,489
Fire Insurance Taxes	179,675		179,675
Restaurant and Lodging Taxes	510,929		510,929
Interest	505,233	3,396	508,629
Sale of Meters and Parts	-	50,604	50,604
Other	352,500	38,282	390,782
Gain on Sale of Capital Assets	64,756	(25,714)	39,042
	<u>20,386,612</u>	<u>14,159,619</u>	<u>34,546,231</u>
Expenses:			
General Government	4,115,807		4,115,807
Public Safety	7,251,991		7,251,991
Public Works	6,409,109		6,409,109
Cemetery	179,971		179,971
Culture and Recreation	868,260		868,260
Urban Redevelopment and Housing	108,397		108,397
Economic Development and Assistance	753,414		753,414
Interest on Long-term Debt	1,610,458		1,610,458
Debt Service Charges and Costs	22,006		22,006
Water and Sewer Utility	-	7,639,515	7,639,515
Solid Waste Utility	-	2,497,273	2,497,273
Street Light Utility	-	429,388	429,388
Mandan Airport Authority	-	933,172	933,172
	<u>21,319,413</u>	<u>11,499,348</u>	<u>32,818,761</u>
Decrease in Net Position before Transfers	(932,801)	2,660,271	1,727,470
Transfers	709,713	(709,713)	-
Decrease in Net Position	<u>(223,088)</u>	<u>1,950,558</u>	<u>1,727,470</u>
Net Position - January 1	<u>86,429,788</u>	<u>77,233,223</u>	<u>163,663,011</u>
Net Position - December 31	<u>\$ 86,206,700</u>	<u>\$ 79,183,781</u>	<u>\$ 165,390,481</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

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	486,429	-	486,429
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
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
	<u>18,114,997</u>	<u>15,046,708</u>	<u>33,161,705</u>
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	34,215	-	34,215
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
	<u>20,457,750</u>	<u>11,875,924</u>	<u>32,333,674</u>
Decrease in Net Position before Transfers	(2,342,753)	3,170,784	828,031
Transfers	507,780	(507,780)	-
Decrease in Net Position	<u>(1,834,973)</u>	<u>2,663,004</u>	<u>828,031</u>
Net Position - January 1 as restated	<u>88,264,761</u>	<u>74,570,219</u>	<u>162,834,980</u>
Net Position - December 31	<u>\$ 86,429,788</u>	<u>\$ 77,233,223</u>	<u>\$ 163,663,011</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

Governmental Activities

Governmental activities decreased the City of Mandan's net position by \$223,088 (0.3%). During the year, revenues increased by \$2,271,615 (13%) primarily due to interest and sales tax, and expenses increased by \$861,663 (4%) primarily due to public safety.

Business-type Activities

Business-type activities increased the City of Mandan's net position by \$1,950,558 (3%). During the year, revenues decreased by \$887,089 (6%) primarily due to capital grants and contributions, and expenses decreased by \$376,576 (3%) 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 \$16,387,242, a decrease of \$3,191,986 in comparison with the prior year. Fund balances have been classified as follows: nonspendable \$265,368, restricted \$10,596,204, committed \$2,340,258 assigned \$1,061,765, and unassigned \$2,123,647.

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 \$9,624,289, while total fund balance reached \$11,737,126. The fund balance of the City of Mandan's General Fund increased by \$1,954,313 (23%) during the current fiscal year primarily due to an increase in interest earnings, intergovernmental revenues and transfers in.

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 \$8,692,000. The net position of the proprietary funds increased by \$1,950,558 (24%) during the current fiscal year primarily due to capital grants and contributions.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$52,294 increase in revenues or 0.7% of the original budget primarily due to intergovernmental revenues and special assessments.
- \$6,308,192 increase in expenditures or 53% of the original budget primarily due to capital outlay.
- The original budget anticipated a decrease in fund balance by \$610,800.
- The net effect of the budget amendments was estimated to decrease fund balance by \$2,313,614.

During the year, revenues were more than budgetary estimates by \$820,124, expenditures were less than budgetary estimates by \$5,033,779 other financing sources and uses were less than budgetary estimates by \$2,952,902, and ending fund balance exceeded budgetary estimates by \$2,901,001.

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, 2019 amounts to \$141,514,579 (net of accumulated depreciation). This investment in capital assets includes land, construction work in progress, buildings and improvements, buildings and infrastructure and machinery and equipment. The total increase in capital assets during the current fiscal year was \$2,610,483 (1.42%) primarily due to construction work in progress.

TABLE III
Capital Assets (Net of Depreciation)
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,823,343	\$ 1,108,105	\$ 3,931,448
Construction Work in Progress	8,332,731	6,432,740	14,765,471
Buildings and Improvements	4,675,476	-	4,675,476
Buildings and Infrastructure	77,695,361	84,041,427	161,736,788
Machinery and Equipment	785,675	613,626	1,399,301
Total	<u>\$ 94,312,586</u>	<u>\$ 92,195,898</u>	<u>\$ 186,508,484</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

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	<u>\$ 92,247,567</u>	<u>\$ 91,650,434</u>	<u>\$ 183,898,001</u>

Additional information on the City of Mandan's capital assets can be found in Note 7 on pages 47 – 48 this report.

Long-term Debt - At the end of the current fiscal year, the City of Mandan had total long-term debt outstanding of \$80,397,385. Of this amount, \$35,231,605 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 \$7,095,384 (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 \$410,000 of outstanding general obligation debt.

Table IV
Outstanding Debt
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$ 617,804	\$ 182,702	\$ 800,506
Capital Leases	188,318	356,651	544,969
General Obligation Bonds	410,000	-	410,000
Special Assessments Bonds, net of premium	31,808,173	3,423,432	35,231,605
Revenue Bonds, net of premium	19,143,353	23,160,971	42,304,324
Loans	-	914,606	914,606
Net OPEB Liability	191,375	-	191,375
Total	<u>\$ 52,359,023</u>	<u>\$ 28,038,362</u>	<u>\$ 80,397,385</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

Table IV
 Outstanding Debt
 December 31, 2018

	Governmental Activities	Business-type Activities	Total
Compensated Absences	\$ 559,757	\$ 170,820	\$ 730,577
Capital Leases	450,666	440,521	\$ 891,187
General Obligation Bonds	460,000	-	\$ 460,000
Special Assessments Bonds, net of premium	35,525,003	4,315,460	\$ 39,840,463
Revenue Bonds, net of premium	20,453,960	23,487,712	\$ 43,941,672
Loans	-	1,206,542	\$ 1,206,542
Net Pension Liability	290,599	-	\$ 290,599
Net OPEB Liability	131,729	-	\$ 131,729
Total	<u>\$ 57,871,714</u>	<u>\$ 29,621,055</u>	<u>\$ 87,492,769</u>

Additional information on the City of Mandan's long-term debt can be found in Note 9 on pages 50 – 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Mandan's 2% city occupancy tax revenues decreased by \$3,348 or 6% in comparison with the prior year.
- The City of Mandan's 1% city restaurant and lodging tax revenues increased by \$21,246 or 4% in comparison with the prior year.
- The City of Mandan's taxable sales and purchases increased by \$18,218,248 or 7% in comparison with the prior year, and the 1% city sales tax revenues increased by \$272,936 or 12% 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 103,338,049 gallons or 11% in comparison with the prior year. The total gallons of sewer treated increased by 3,913,795 gallons or 1% in comparison with the prior year.
- The City of Mandan's Solid Waste Utility Fund indicated an increase in the tons of garbage hauled from the transfer station by 1,759 tons or 22% in comparison with the prior year. Inert material received at the landfill increased by 1,790 tons or 20% in comparison with the prior year.
- The City of Mandan's taxable valuation increased by \$2,629,164 or 3% in comparison with the prior year. The City of Mandan's share of 1 mill is 24% percent. For the 2020 Budget, the annual increase in property taxes for an existing \$275,000 residential home with an average valuation increase of zero (Board of Equalization), excluding special assessments, is projected to be \$12.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2019

- For the 2020 Budget, the City of Mandan increased the monthly water and sewer base rates by \$1.55. The City did not increase monthly water and sewer service rates. The City increased the solid waste base rate by \$.05 per month per family living unit. The City increased the monthly curbside recycling rate by \$.15 month, per family living unit. The City did not change the street light base rates.
- With the onset of the COVID-19 Pandemic in March 2020, the effects on budgeted revenues and expenditures are unknown. The City of Mandan anticipates revenue shortfalls. The City of Mandan continues to provide essential services to the residents of Mandan. The City of Mandan has maintained strong reserve balances which will help bridge financial gaps in revenue projections. This global pandemic has created unprecedented challenges for Federal, State and Local Government operations, creating uncertainty in the outcome of the 2020 budget.

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,951,910	\$ 7,134,645	\$ 14,086,555
Investments	5,645,750	-	5,645,750
Taxes Receivable	221,294	14,678	235,972
Accounts Receivable (net of allowance)	2,360,584	1,931,203	4,291,787
Special Assessments Receivable	28,967,136	3,472,237	32,439,373
Loans Receivable (net of allowance)	192,570	-	192,570
Internal Balances	(361,139)	361,139	-
Inventories	30,593	171,326	201,919
Prepaid Expenses	72,798	44,021	116,819
Restricted Assets:			
Cash and Cash Equivalents	1,786,917	3,090,828	4,877,745
Net Pension Asset	124,964	-	124,964
Capital Assets, not being depreciated:			
Land	2,823,343	1,108,105	3,931,448
Construction Work in Progress	8,332,731	6,432,740	14,765,471
Capital Assets (net of depreciation):			
Buildings and Improvements	4,675,476	-	4,675,476
Buildings and Infrastructure	77,695,361	84,041,427	161,736,788
Machinery and Equipment	785,675	613,626	1,399,301
Total Assets	<u>140,305,963</u>	<u>108,415,975</u>	<u>248,721,938</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	641,443	-	641,443
Deferred Outflows - OPEB	92,699	-	92,699
Total deferred outflows of resources	<u>734,142</u>	<u>-</u>	<u>734,142</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Salaries and Benefits Payable	\$ 205,106	\$ 55,703	\$ 260,809
Accounts Payable	942,819	498,176	1,440,995
Retainage Payable	457,289	362,717	820,006
Prepaid Revenues	72,274	61,144	133,418
Interest Payable	364,478	216,092	580,570
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	148,508	84,208	232,716
Capital Leases Payable	66,829	245,700	312,529
General Obligation Bonds Payable	50,000	-	50,000
Special Assessments Bonds Payable, net of premium	4,379,198	837,264	5,216,462
Revenue Bonds Payable, net of premium	455,607	2,093,070	2,548,677
Loans Payable	-	79,000	79,000
Due After One Year:			
Compensated Absences	469,296	98,494	567,790
Capital Leases Payable	121,489	110,951	232,440
General Obligation Bonds Payable	360,000	-	360,000
Special Assessments Bonds Payable, net of premium	27,428,975	2,586,168	30,015,143
Revenue Bonds Payable, net of premium	18,687,746	21,067,901	39,755,647
Loans Payable	-	835,606	835,606
Net OPEB Liability	191,375	-	191,375
Total Liabilities	<u>54,400,989</u>	<u>29,232,194</u>	<u>83,633,183</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	425,770	-	425,770
Deferred Inflows - OPEB	6,646	-	6,646
Total deferred inflows of resources	<u>432,416</u>	<u>-</u>	<u>432,416</u>
NET POSITION			
Net investment in Capital Assets	74,113,626	67,400,953	141,514,579
Restricted for:			
Public Safety	302,845	-	302,845
Public Works	221,340	-	221,340
Culture and Recreation	2,227,115	-	2,227,115
Debt Service	32,289,235	2,406,253	34,695,488
Capital Projects	2,381,809	684,575	3,066,384
Unrestricted	<u>(25,329,270)</u>	<u>8,692,000</u>	<u>(16,637,270)</u>
Total Net Position	<u>\$ 86,206,700</u>	<u>\$ 79,183,781</u>	<u>\$ 165,390,481</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 4,115,807	\$ 918,392	\$ 28,585	\$ -	\$ (3,168,830)		\$ (3,168,830)
Public Safety	7,251,991	239,253	32,133	341,268	(6,639,337)		(6,639,337)
Public Works	6,409,109	9,133	2,000	3,029,793	(3,368,183)		(3,368,183)
Cemetery	179,971	110,800	75	-	(69,096)		(69,096)
Culture and Recreation	868,260	43,609	284,164	25,112	(515,375)		(515,375)
Urban Redevelopment and Housing	108,397	2,600	3,600	-	(102,197)		(102,197)
Economic Development and Assistance	753,414	29,017	17,900	-	(706,497)		(706,497)
Interest on Long-term Debt	1,610,458	-	-	-	(1,610,458)		(1,610,458)
Debt Service Charges and Costs	22,006	-	-	-	(22,006)		(22,006)
Total Governmental Activities	21,319,413	1,352,804	368,457	3,396,173	(16,201,979)		(16,201,979)
Business-type Activities:							
Water and Sewer Utility	7,639,515	8,170,970	-	1,403,538		1,934,993	1,934,993
Solid Waste Utility	2,497,273	2,447,853	-	-		(49,420)	(49,420)
Street Light Utility	429,388	459,769	-	-		30,381	30,381
Mandan Airport Authority	933,172	379,645	-	856,531		303,004	303,004
Total Business-type Activities	11,499,348	11,458,237	-	2,260,069		2,218,958	2,218,958
Total Primary Government	\$ 32,818,761	\$ 12,811,041	\$ 368,457	\$ 5,656,242	(16,201,979)	2,218,958	(13,983,021)
General Revenues							
Property, Delinquent, Mobile Home Taxes				5,320,800	374,745		5,695,545
Cable TV Franchise Fees				312,969	-		312,969
State Aid Distribution				1,876,439	-		1,876,439
Cigarette Taxes				48,264	-		48,264
Gaming Taxes				11,858	-		11,858
Disabled Veterans Credit				39,677	-		39,677
Homestead Credit				78,329	-		78,329
Morton County E911 Fees				309,739	-		309,739
Telecommunications Taxes				82,220	-		82,220
Highway Tax Distribution				1,188,733	-		1,188,733
Occupancy Taxes				50,583	-		50,583
City 1% Sales Taxes				2,477,985	-		2,477,985
City 0.75% Sales Tax				1,858,489	-		1,858,489
Fire Insurance Taxes				179,675	-		179,675
Restaurant and Lodging Taxes				510,929	-		510,929
Interest				505,233	3,396		508,629
Sale of Meters and Parts				-	50,604		50,604
Other				352,500	38,282		390,782
Gain (loss) on Sale of Capital Assets				64,756	(25,714)		39,042
Transfers				709,713	(709,713)		-
Total General Revenues, Gain (Loss) on Sale of Capital Assets, and Transfers				15,978,891	(268,400)		15,710,491
Change in Net Position				(223,088)	1,950,558		1,727,470
Net Position - beginning of year				86,429,788	77,233,223		163,663,011
Net Position - December 31				\$ 86,206,700	\$ 79,183,781		\$ 165,390,481

See Notes to the Financial Statements

CITY OF MANDAN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Cemetery	Street Construction	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 3,707,557	\$ 70,523	\$ -	\$ 651,853	\$ -	\$ 2,521,321	\$ 6,951,254
Investments	5,645,750	-	-	-	-	-	5,645,750
Taxes Receivable	183,624	3,920	-	20,373	1,769	11,608	221,294
Accounts Receivable (net of allowance)	1,351,954	2,650	-	3,016	-	960,507	2,318,127
Special Assessments Receivable	107,755	-	-	-	28,330,343	529,038	28,967,136
Loans Receivable (net of allowance)	192,570	-	-	-	-	-	192,570
Interfund Receivable	1,969,898	-	-	86,774	4,259,715	566,790	6,883,177
Prepaid Expenses	23,991	268	-	7,435	-	41,104	72,798
Cash and Cash Equivalents-Restricted	19,826	-	-	-	-	1,767,091	1,786,917
Total Assets	\$ 13,202,925	\$ 77,361	\$ -	\$ 769,451	\$ 32,591,827	\$ 6,397,459	\$ 53,039,023
LIABILITIES							
Salaries and Benefits Payable	\$ 192,156	\$ 1,110	\$ -	\$ 10,239	\$ -	\$ 1,601	\$ 205,106
Accounts Payable	827,217	2,726	83	3,346	128	88,156	921,656
Retainage Payable	41,637	-	415,652	-	-	-	457,289
Interfund Payable	86,789	-	6,656,080	-	-	501,447	7,244,316
Prepaid Revenue	72,274	-	-	-	-	-	72,274
Total Liabilities	1,220,073	3,836	7,071,815	13,585	128	591,204	8,900,641
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue-Property Taxes	147,932	3,286	-	16,827	1,462	9,619	179,126
Unavailable Revenue-Special Assessments	97,794	-	-	-	27,007,800	466,420	27,572,014
Total Deferred Inflows of Resources	245,726	3,286	-	16,827	27,009,262	476,039	27,751,140
FUND BALANCES							
Nonspendable:							
Loans Receivable	192,570	-	-	-	-	-	192,570
Prepaid Items	23,991	268	-	7,435	-	41,104	72,798
Restricted for:							
Public Safety	-	-	-	-	-	302,845	302,845
Public Works	-	-	-	-	-	221,340	221,340
Culture and Recreation	-	-	-	-	-	2,227,115	2,227,115
Debt Service	-	-	-	-	5,582,437	59,540	5,641,977
Capital Projects	-	-	-	-	-	2,202,927	2,202,927
Committed for:							
General Government	-	-	-	-	-	599,553	599,553
Public Safety	58,477	-	-	-	-	104,619	163,096
Cemetery	-	69,971	-	-	-	-	69,971
Culture and Recreation	-	-	-	280,639	-	-	280,639
Economic Development and Assistance	1,226,999	-	-	-	-	-	1,226,999
Assigned for:							
Culture and Recreation	-	-	-	450,965	-	-	450,965
Subsequent Year's Budget:							
Appropriation of Fund Balance	610,800	-	-	-	-	-	610,800
Unassigned	9,624,289	-	(7,071,815)	-	-	(428,827)	2,123,647
Total Fund Balances	11,737,126	70,239	(7,071,815)	739,039	5,582,437	5,330,216	16,387,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,202,925	\$ 77,361	\$ -	\$ 769,451	\$ 32,591,827	\$ 6,397,459	\$ 53,039,023

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, 2019

Total Fund Balances for Governmental Funds \$ 16,387,242

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

On governmental fund financial statements, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Government-wide financial statements are reported using the accrual basis of accounting. Therefore, revenues applicable to the current year, but received after 60 days subsequent to year-end are only reported on government-wide financial statements. 41,641

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

Land	2,823,343	
Buildings and Improvements (net of depreciation)	4,675,476	
Buildings and Infrastructure (net of depreciation)	77,695,361	
Machinery and Equipment (net of depreciation)	785,675	
Construction Work in Progress	<u>8,332,731</u>	
Total Capital Assets		94,312,586

On governmental fund financial statements, expenses are considered to be incurred if they are paid within 60 days of the end of the current fiscal year. Government-wide financial statements are reported using the accrual basis of accounting. Therefore, expenses applicable to the current year, but paid after 60 days subsequent to year-end are only reported on government-wide financial statements. (4,114)

The net pension asset 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	641,443	
Deferred inflows of resources	(425,770)	
Net pension asset	<u>124,964</u>	
		340,637

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	92,699	
Deferred inflows of resources	(6,646)	
Net OPEB liability	<u>(191,375)</u>	
		(105,322)

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

Unavailable Revenue-Property Taxes	179,126	
Unavailable Revenue-Special Assessments	<u>27,572,014</u>	
Total Long-term Assets		27,751,140

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. 15,016

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

Interest Payable	(364,478)	
Compensated Absences	(617,804)	
Capital Lease Obligation	(188,318)	
General Obligation Bonds Payable	(410,000)	
Special Assessments Bonds Payable, Net of Premium	(31,808,173)	
Revenue Bonds Payable, net of premium	<u>(19,143,353)</u>	
Total Long-term Liabilities		<u>(52,532,126)</u>

Total Net Position of Governmental Activities \$ 86,206,700

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, 2019

	General	Cemetery	Street Construction	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 6,935,092	\$ 63,074	\$ -	\$ 504,287	\$ 42,869	\$ 2,684,259	\$ 10,229,581
Licenses and Permits	731,796	-	-	-	-	-	731,796
Intergovernmental	2,464,810	1,486	-	257,438	949	1,787,090	4,511,773
Charges for Services	266,698	68,850	-	28,369	-	60,470	424,387
Fines and Forfeits	243,273	-	-	4,757	-	129,694	377,724
Special Assessments	59,164	-	-	-	5,648,691	279,575	5,987,430
Interest	501,873	-	-	1,506	-	1,440	504,819
Cemetery Lots	-	41,950	-	-	-	-	41,950
Rent	9,100	-	-	33,100	-	28,017	70,217
Miscellaneous	171,245	75	-	6,331	-	26,413	204,064
Total Revenues	11,383,051	175,435	-	835,788	5,692,509	4,996,958	23,083,741
EXPENDITURES							
Current:							
General Government	3,447,968	-	-	-	-	276,632	3,724,600
Public Safety	6,584,139	-	-	-	-	381,144	6,965,283
Public Works	1,697,155	-	1,253	-	-	106,831	1,805,239
Cemetery	-	142,954	-	-	-	-	142,954
Culture and Recreation	-	-	-	759,548	-	52,876	812,424
Urban Redevelopment and Housing	104,181	-	-	-	-	-	104,181
Economic Development and Assistance	753,414	-	-	-	-	-	753,414
Debt Service:							
Principal	208,242	-	-	-	4,446,774	1,394,105	6,049,121
Interest	9,745	-	-	-	974,254	676,758	1,660,757
Service Charges	-	-	-	-	15,223	5,783	21,006
Issuance Costs	-	-	-	-	1,000	-	1,000
Capital Outlay	1,322,061	67,906	5,212,668	-	-	246,344	6,848,979
Total Expenditures	14,126,905	210,860	5,213,921	759,548	5,437,251	3,140,473	28,888,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,743,854)	(35,425)	(5,213,921)	76,240	255,258	1,856,485	(5,805,217)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	1,149,000	-	-	-	-	-	1,149,000
Proceeds from Long Term Debt	-	-	759,635	-	-	-	759,635
Transfers In	5,272,676	-	337,562	-	-	35,444	5,645,682
Transfers Out	(308,226)	-	(19,083)	-	(226,056)	(4,387,721)	(4,941,086)
Total Other Financing Sources and Uses	6,113,450	-	1,078,114	-	(226,056)	(4,352,277)	2,613,231
Net Change in Fund Balances	3,369,596	(35,425)	(4,135,807)	76,240	29,202	(2,495,792)	(3,191,986)
Fund Balances - beginning of year	8,367,530	105,664	(2,936,008)	662,799	5,553,235	7,826,008	19,579,228
Fund Balances - December 31	<u>\$ 11,737,126</u>	<u>\$ 70,239</u>	<u>\$ (7,071,815)</u>	<u>\$ 739,039</u>	<u>\$ 5,582,437</u>	<u>\$ 5,330,216</u>	<u>\$ 16,387,242</u>

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, 2019

Net Change in Fund Balances-Total Governmental Funds \$ (3,191,986)

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	6,848,979	
Depreciation	(4,860,546)	
Total	1,988,433	1,988,433

Contributions of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources. 1,382,890

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold. (1,306,290)

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 (67,087)

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

Accounts Receivable (net)	41,641	
Taxes Receivable (net)	(10,795)	
Intergovernmental	(28,843)	
Special Assessments Receivable (net)	(4,340,525)	
Total	(4,338,522)	(4,338,522)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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	(759,635)	
Amortization of Bond Premiums	50,299	
Debt Service-Principal	6,049,121	
Total	5,339,785	5,339,785

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:

Accounts Payable	(4,114)	
Interest Payable (net)	30,383	
Compensated Absences (net)	(58,047)	
Total	(31,778)	(31,778)

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. 1,467

Change in Net Position of Governmental Activities \$ (223,088)

CITY OF MANDAN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	Internal Service Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 3,492,330	\$ 2,313,610	\$ 603,784	\$ 724,921	\$ 7,134,645	\$ 656
Taxes Receivable	-	-	-	14,678	14,678	-
Accounts Receivable (net of allowance)	1,625,065	218,124	48,629	39,385	1,931,203	816
Special Assessments Receivable	3,472,237	-	-	-	3,472,237	-
Interfund Receivable	498,945	-	-	-	498,945	-
Inventories	145,453	1,170	-	24,703	171,326	30,593
Prepaid Expenses	34,266	1,562	10	8,183	44,021	-
Total Current Assets	<u>9,268,296</u>	<u>2,534,466</u>	<u>652,423</u>	<u>811,870</u>	<u>13,267,055</u>	<u>32,065</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	2,296,036	-	-	794,792	3,090,828	-
Capital Assets not being Depreciated:						
Land	162,974	88,360	-	856,771	1,108,105	-
Construction Work in Progress	5,108,677	-	-	1,324,063	6,432,740	-
Capital Assets (net of depreciation):						
Buildings and Infrastructure	73,749,809	460,571	-	9,831,047	84,041,427	-
Machinery and Equipment	276,894	190,314	12,272	134,146	613,626	-
Total Capital Assets	<u>79,298,354</u>	<u>739,245</u>	<u>12,272</u>	<u>12,146,027</u>	<u>92,195,898</u>	<u>-</u>
Total Noncurrent Assets	<u>81,594,390</u>	<u>739,245</u>	<u>12,272</u>	<u>12,940,819</u>	<u>95,286,726</u>	<u>-</u>
Total Assets	<u>90,862,686</u>	<u>3,273,711</u>	<u>664,695</u>	<u>13,752,689</u>	<u>108,553,781</u>	<u>32,065</u>
LIABILITIES						
Current Liabilities:						
Salaries and Benefits Payable	43,242	8,596	1,575	2,290	55,703	-
Accounts Payable	175,552	226,442	13,754	82,428	498,176	17,049
Compensated Absences	62,657	14,915	2,365	4,271	84,208	-
Retainage Payable	258,756	-	-	103,961	362,717	-
Interfund Payable	129,892	-	-	7,914	137,806	-
Interest Payable	205,353	7,001	-	3,738	216,092	-
Prepaid Revenue	-	-	-	61,144	61,144	-
Special Assessments Bonds Payable with Governmental Commitment	837,264	-	-	-	837,264	-
Revenue Bonds Payable	1,925,000	-	-	168,070	2,093,070	-
Capital Lease Payable	-	245,700	-	-	245,700	-
Loans Payable	79,000	-	-	-	79,000	-
Total Current Liabilities	<u>3,716,716</u>	<u>502,654</u>	<u>17,694</u>	<u>433,816</u>	<u>4,670,880</u>	<u>17,049</u>
Noncurrent Liabilities:						
Compensated Absences	53,733	13,755	2,843	28,163	98,494	-
Special Assessments Bonds Payable with Governmental Commitment	2,586,168	-	-	-	2,586,168	-
Revenue Bonds Payable	20,318,000	-	-	749,901	21,067,901	-
Capital Lease Payable	-	110,951	-	-	110,951	-
Loans Payable	835,606	-	-	-	835,606	-
Total Noncurrent Liabilities	<u>23,793,507</u>	<u>124,706</u>	<u>2,843</u>	<u>778,064</u>	<u>24,699,120</u>	<u>-</u>
Total Liabilities	<u>27,510,223</u>	<u>627,360</u>	<u>20,537</u>	<u>1,211,880</u>	<u>29,370,000</u>	<u>17,049</u>
NET POSITION						
Net investment in Capital Assets	55,881,992	382,594	12,272	11,124,095	67,400,953	-
Restricted for:						
Debt Service	2,296,036	-	-	110,217	2,406,253	-
Capital Projects	-	-	-	684,575	684,575	-
Unrestricted	5,174,435	2,263,757	631,886	621,922	8,692,000	15,016
Total Net Position	<u>\$ 63,352,463</u>	<u>\$ 2,646,351</u>	<u>\$ 644,158</u>	<u>\$ 12,540,809</u>	<u>\$ 79,183,781</u>	<u>\$ 15,016</u>

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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	Internal Service Fund
Operating Revenues:						
Charges for Services:	\$ 8,170,970	\$ 2,447,853	\$ 459,769	\$ 379,645	\$ 11,458,237	\$ 194,422
Total Operating Revenues	<u>8,170,970</u>	<u>2,447,853</u>	<u>459,769</u>	<u>379,645</u>	<u>11,458,237</u>	<u>194,422</u>
Operating Expenses:						
Salaries and Benefits	1,925,925	398,375	69,845	114,956	2,509,101	-
Professional Fees and Services	88,526	1,708,911	600	4,282	1,802,319	-
Insurance	46,206	7,591	494	8,775	63,066	-
Travel and Training	2,379	50	-	2,648	5,077	-
Utilities	548,763	14,113	196,834	26,427	786,137	114,682
Publishing and Printing	614	1,411	-	2,446	4,471	-
Dues and Memberships	2,219	596	-	1,897	4,712	-
Supplies and Maintenance	392,910	49,082	2,193	226,707	670,892	81,007
Repairs and Maintenance	333,649	41,935	88,206	6,024	469,814	2,383
Depreciation	3,387,320	220,445	9,530	510,295	4,127,590	-
Miscellaneous	6,049	60	-	13,856	19,965	-
Total Operating Expenses	<u>6,734,560</u>	<u>2,442,569</u>	<u>367,702</u>	<u>918,313</u>	<u>10,463,144</u>	<u>198,072</u>
Operating Income (Loss)	<u>1,436,410</u>	<u>5,284</u>	<u>92,067</u>	<u>(538,668)</u>	<u>995,093</u>	<u>(3,650)</u>
Nonoperating Revenues (Expenses):						
Taxes	3,670	-	-	371,075	374,745	-
Intergovernmental	1,236,796	-	-	856,531	2,093,327	-
Special Assessments	166,742	-	-	-	166,742	-
Interest	-	-	-	3,396	3,396	-
Sale of Meters and Parts	50,604	-	-	-	50,604	-
Miscellaneous	18,020	2,036	12,865	5,361	38,282	-
Gain (loss) on sale of capital assets	-	-	-	(25,714)	(25,714)	-
Capital Outlay (non-capitalized)	(82,084)	(41,541)	(61,686)	-	(185,311)	-
Debt Service:						
Interest	(694,492)	(13,163)	-	(14,859)	(722,514)	-
Service Charges	(122,382)	-	-	-	(122,382)	-
Issuance Costs	(5,997)	-	-	-	(5,997)	-
Total Nonoperating Revenues (Expenses)	<u>570,877</u>	<u>(52,668)</u>	<u>(48,821)</u>	<u>1,195,790</u>	<u>1,665,178</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>2,007,287</u>	<u>(47,384)</u>	<u>43,246</u>	<u>657,122</u>	<u>2,660,271</u>	<u>(3,650)</u>
Transfers In	40,800	-	61,685	-	102,485	5,117
Transfers Out	(812,198)	-	-	-	(812,198)	-
Change in Net Position	<u>1,235,889</u>	<u>(47,384)</u>	<u>104,931</u>	<u>657,122</u>	<u>1,950,558</u>	<u>1,467</u>
Net Position - Beginning of Year	<u>62,116,574</u>	<u>2,693,735</u>	<u>539,227</u>	<u>11,883,687</u>	<u>77,233,223</u>	<u>13,549</u>
Net Position - End of Year	<u>\$ 63,352,463</u>	<u>\$ 2,646,351</u>	<u>\$ 644,158</u>	<u>\$ 12,540,809</u>	<u>\$ 79,183,781</u>	<u>\$ 15,016</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental	
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 8,123,775	\$ 2,457,036	\$ 458,094	\$ 341,152	\$ 11,380,057	\$ -
Receipts from Interfund Services Provided	-	-	-	-	-	205,619
Payments to Employees	(1,922,995)	(404,385)	(69,985)	(93,828)	(2,491,193)	-
Payments to Suppliers	(2,213,099)	(1,751,789)	(303,164)	(222,960)	(4,491,012)	(206,471)
Net Cash Provided (Used) by Operating Activities	3,987,681	300,862	84,945	24,364	4,397,852	(852)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Taxes	3,670	-	-	371,261	374,931	-
Intergovernmental	-	-	-	182,273	182,273	-
Sale of Meters and Parts	50,604	-	-	-	50,604	-
Miscellaneous Receipts	18,020	2,036	12,865	5,360	38,281	-
Transfers In	40,800	-	61,685	-	102,485	5,117
Interfund Receivable	(161,120)	-	-	-	(161,120)	-
Interfund Payable	(14,433)	-	-	722	(13,711)	(3,609)
Net Cash Provided (Used) by Noncapital Financing Activities	(62,459)	2,036	74,550	559,616	573,743	1,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Intergovernmental	1,236,796	-	-	677,831	1,914,627	-
Special Assessments	921,172	-	-	-	921,172	-
Proceeds from Capital Debt	977,517	-	-	684,575	1,662,092	-
Purchases of Capital Assets	(3,065,824)	(91,818)	-	(1,071,948)	(4,229,590)	-
Principal Paid on Capital Debt	(3,160,565)	(125,411)	(61,686)	(94,316)	(3,441,978)	-
Interest Paid on Capital Debt	(711,247)	(14,819)	-	(15,812)	(741,878)	-
Service Charges Paid on Capital Debt	(122,382)	-	-	-	(122,382)	-
Miscellaneous Paid on Capital Debt	(5,997)	-	-	-	(5,997)	-
Transfers Out	(812,198)	-	-	-	(812,198)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,742,728)	(232,048)	(61,686)	180,330	(4,856,132)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	-	-	-	3,396	3,396	-
Net Cash Provided (Used) by Investing Activities	-	-	-	3,396	3,396	-
Net Increase (Decrease) in Cash and Cash Equivalents	(817,506)	70,850	97,809	767,706	118,859	656
Cash and Cash Equivalents - January 1	6,605,872	2,242,760	505,975	752,007	10,106,614	-
Cash and Cash Equivalents - December 31	<u>\$ 5,788,366</u>	<u>\$ 2,313,610</u>	<u>\$ 603,784</u>	<u>\$ 1,519,713</u>	<u>\$ 10,225,473</u>	<u>\$ 656</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents	\$ 3,492,330	\$ 2,313,610	\$ 603,784	\$ 724,921	\$ 7,134,645	\$ 656
Restricted Cash and Cash Equivalents	2,296,036	-	-	794,792	3,090,828	-
Total Cash and Cash Equivalents	<u>\$ 5,788,366</u>	<u>\$ 2,313,610</u>	<u>\$ 603,784</u>	<u>\$ 1,519,713</u>	<u>\$ 10,225,473</u>	<u>\$ 656</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water and Sewer Utility	Solid Waste Utility	Street Light Utility	Mandan Airport Authority	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 1,436,410	\$ 5,284	\$ 92,067	\$ (538,668)	\$ 995,093	\$ (3,650)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	3,387,320	220,445	9,530	510,295	4,127,590	-
Effect on cash flows due to changes in:						
Accounts Receivable (net)	(47,195)	9,183	(1,675)	(35,253)	(74,940)	11,197
Inventories	(7,506)	35,994	-	19,985	48,473	(14,309)
Prepaid Expenses	17,278	90	-	(818)	16,550	-
Salaries and Benefits Payable	3,796	(95)	35	2,290	6,026	-
Compensated Absences	(866)	(5,915)	(175)	18,838	11,882	-
Accounts Payable	(801,556)	35,876	(14,837)	50,935	(729,582)	5,910
Prepaid Revenues	-	-	-	(3,240)	(3,240)	-
Total Adjustments	<u>2,551,271</u>	<u>295,578</u>	<u>(7,122)</u>	<u>563,032</u>	<u>3,402,759</u>	<u>2,798</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,987,681</u>	<u>\$ 300,862</u>	<u>\$ 84,945</u>	<u>\$ 24,364</u>	<u>\$ 4,397,852</u>	<u>\$ (852)</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 7,253	\$ 51,337
Investments, at fair value:			
Mutual Funds	7,677,951	-	-
Accounts Receivable (net of allowance)	-	-	11,103
Prepaid Expenses	-	-	1,248
	<u>7,677,951</u>	<u>7,253</u>	<u>63,688</u>
Total Assets	<u>\$ 7,677,951</u>	<u>\$ 7,253</u>	<u>\$ 63,688</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 11,356
Due to Other Governments	-	-	52,332
	<u>-</u>	<u>-</u>	<u>63,688</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 63,688</u>
NET POSITION			
Held in Trust for Pension Benefits	7,677,951	-	
Held in Trust for Police Department	-	7,253	
	<u>7,677,951</u>	<u>7,253</u>	
Total Net Position	<u>\$ 7,677,951</u>	<u>\$ 7,253</u>	

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer Contributions	\$ 523,160	\$ -
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	1,272,714	-
Total Additions	1,795,874	-
DEDUCTIONS		
Benefits	1,483,031	1,500
Total Deductions	1,483,031	1,500
Change in Net Position	312,843	(1,500)
Net Position - January 1	7,365,108	8,753
Net Position - December 31	\$ 7,677,951	\$ 7,253

See Notes to the Financial Statements

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 and guarantee any debt issuances.

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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 and the Cemetery fund 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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, public works, urban redevelopment and housing, and economic development and assistance. Also included are other internally tracked funds including the alarm – equipment reserve, 1% city sales tax, Mandan growth, asset forfeiture, BSA police explorer program, BNSF settlement, and Mandan SEP Trust funds.

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.

Street Construction Fund – This fund accounts for various street construction capital project activities.

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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 include 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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 also includes expenses to be reimbursed in accordance with federal and

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

state grant agreements. 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

Resources required to be set aside for debt service are shown 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 Victim’s Witness program that is classified as restricted on the balance sheet because its use is limited by North Dakota Century Code.

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of December 31, 2019, 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

The amount of taxes abated for the year ending December 31, 2019 was as follows:

Tax abatement program	Tax abatement In 2019
New and expanding business	\$ 22,219
Residential New Construction	35,272
Remodeling exemption - commercial	642
Remodeling exemption - residential	59
Renaissance zone exemption	35,624
	\$ 93,816

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; and infrastructure assets, the threshold is \$50,000. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

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

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

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

<u>Assets</u>	<u>Years</u>
Building and improvements	50
Building and infrastructure	30
Machinery and Equipment	5

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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 resources 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. The City is liable for one-third of the employee's accumulated unused sick leave up to a maximum of 60 days for employees vesting between the ages of 62 to 64. The City is liable for all the employee's accumulated unused sick leave up to a maximum of 60 days for employees vesting at age 65 or older. 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 discounts are deferred and amortized on a straight-line basis

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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(asset), 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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.

Fund Balance Classifications

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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, 2019 was \$2,048,798.

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

The following funds had expenditures over appropriations as of December 31, 2019:

<u>Fund</u>	<u>Amount</u>
City Visitors' Promotion	\$ (2,175)
Public Transportation System	(2,378)
0.75% City Sales Tax	(714,331)
Narcotics Task Force Asset	(96,825)
Narcotics Task Force - HIDTA Grant	(125,400)
AARC Grant	(30,490)
BSA Police Explorer Program	(4,430)
SANE Grant	(25,594)
DCAC Grant	(11,700)
BNSF Settlement	(19,418)
Mandan SEP Trust	(79,112)
MCC Revenue Bonds of 2005	(100)

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, 2019:

<u>Fund</u>	<u>Amount</u>
Health and Safety	\$ (226,217)
Sidewalk, Curb and Gutter Construction	(202,610)
Street Construction	(7,071,815)

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, 2019, the carrying amount of the City's deposits was \$17,219,827 and the bank balance was \$24,965,572. 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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

North Dakota was \$1,767,091. 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, 2019, are as follows:

<u>Primary Government</u>	
Cash and Cash Equivalents	\$ 13,996,457
Restricted Cash and Cash Equivalents	4,951,408
Less: Cash held with fiscal agent	(1,767,091)
Less: Petty cash	(1,300)
Total Primary	<u>17,179,474</u>
 <u>Fiduciary Funds</u>	
Cash and Cash Equivalents	<u>40,353</u>
Total Deposits	<u>\$ 17,219,827</u>

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, 2019, the City's investments were as follows:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Mutual Funds	\$ 7,677,951	<u>\$ 7,677,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not subject to categorization					
Certificates of Deposit	<u>5,645,750</u>				
Total Investments	<u>\$ 13,323,701</u>				

The City's mutual funds are held for the City's Employee Retirement Plan and Trust.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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.

The table below presents the balances of investments measured at fair value on a recurring basis as of December 31, 2019.

	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds	<u>\$ 7,677,951</u>	<u>\$ 7,677,951</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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, 2019, consist of the following:

BBSC Properties

\$49,979 loan as of December 31, 2019, due in monthly installments of \$1,193 starting December 2020 through November 2024; interest at 3% \$ 49,979

Coffees and Kitchens

\$50,000 Loan due in monthly installments of \$94 until paid in full; interest at 0% 28,032

Developers, LLC

\$53,846 loan due in monthly installments of \$2,288 starting February 2019 through January 2021; interest at 2% 30,923

For 5 Sweet Boyz

\$40,950 loan due in monthly installments of \$486 until paid 40,950

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% 24,844

NISC

\$71,264 loan with \$58,792 advanced as of December 31, 2019, due in monthly installments of \$1,188 starting November 2021 through October 2026; interest at 0% 58,792

Total Loans Receivable 233,520

Less: Allowance for uncollectible accounts (40,950)

Net Loans Receivable \$ 192,570

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

NOTE 6 INTERFUND ACCOUNTS AND TRANSFERS

Interfund balances at December 31, 2019, consist of the following:

Due from Other Funds / Due to Other Funds

Due to General Fund

Due from AARC Grant	\$ 19,505
Due from Transportation Alternative Program Construction	24,910
Due from Health and Safety	248,756
Due from Sidewalk, Curb and Gutter Construction	167,856
Due from Street Construction	1,371,065
Due from Water and Sewer Utility	129,892
Due from Airport	7,914
	7,914

Total due to General Fund	\$ 1,969,898
	1,969,898

Due to Refunding Improvements Bond Fund

Due from Sidewalk, Curb and Gutter Construction	\$ 40,435
Due from Street Construction	4,219,280
	4,219,280

Total due to Refunding Improvements Bond Fund	\$ 4,259,715
	4,259,715

Due to Non-Major Governmental Funds

Due from Street Construction	\$ 566,790
	566,790

Due to Water and Sewer Utility

Due from Street Construction	\$ 498,945
	498,945

Due to Library:

Due from General Fund	\$ 86,774
	86,774

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2020.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

Interfund Transfers

A summary of interfund transfers for the fiscal year ended December 31, 2019, follows:

Fund	Transfers In	Transfers Out
General	\$ 5,272,676	\$ 308,226
Street Construction	337,562	19,083
Refunding Improvement Bonds	-	226,056
Non-major governmental	35,444	4,387,721
Water and Sewer Utility	40,800	812,198
Street Light Utility	61,685	-
Internal Service	5,117	-
	<u>\$ 5,753,284</u>	<u>\$ 5,753,284</u>

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, 2019:

	Balance 1/1/2019	Additions	Deletions	Transfers	Balance 12/31/2019
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 3,549,558	\$ -	\$ (726,215)	\$ -	\$ 2,823,343
Construction work in progress	2,402,178	7,613,960	(220,177)	(1,463,230)	8,332,731
Total capital assets not being depreciated:	<u>5,951,736</u>	<u>7,613,960</u>	<u>(946,392)</u>	<u>(1,463,230)</u>	<u>11,156,074</u>
Capital assets being depreciated:					
Buildings and improvements	7,760,072	-	(376,767)	-	7,383,305
Buildings and infrastructure	144,734,182	107,657	-	1,463,229	146,305,068
Machinery and equipment	8,417,247	510,252	(139,237)	55,262	8,843,524
Total capital assets being depreciated:	<u>160,911,501</u>	<u>617,909</u>	<u>(516,004)</u>	<u>1,518,491</u>	<u>162,531,897</u>
Less accumulated depreciation for:					
Buildings and improvements	2,577,017	147,667	(16,856)		2,707,828
Buildings and infrastructure	64,290,521	4,319,187	-	-	68,609,708
Machinery and equipment	7,748,132	393,692	(139,236)	55,261	8,057,849
Total accumulated depreciation	<u>74,615,670</u>	<u>4,860,546</u>	<u>(156,092)</u>	<u>55,261</u>	<u>79,375,385</u>
Total capital assets being depreciated, net	<u>86,295,831</u>	<u>(4,242,637)</u>	<u>(359,912)</u>	<u>1,463,230</u>	<u>83,156,512</u>
Total capital assets, net	<u>\$ 92,247,567</u>	<u>\$ 3,371,323</u>	<u>\$ (1,306,304)</u>	<u>\$ -</u>	<u>\$ 94,312,586</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

	Balance 1/1/2019	Additions	Deletions	Transfers	Balance 12/31/2019
Business Type Activities:					
Capital assets not being depreciated:					
Land	\$ 693,105	\$ -	\$ -	\$ 415,000	\$ 1,108,105
Construction work in progress	3,136,671	3,711,069	-	(415,000)	6,432,740
Total capital assets not being depreciated:	<u>3,829,776</u>	<u>3,711,069</u>	<u>-</u>	<u>-</u>	<u>7,540,845</u>
Capital assets being depreciated:					
Buildings and infrastructure	148,708,798	693,872	(55,899)	-	149,346,771
Machinery and equipment	4,329,675	293,824	(9,293)	(55,263)	4,558,943
Total capital assets being depreciated:	<u>153,038,473</u>	<u>987,696</u>	<u>(65,192)</u>	<u>(55,263)</u>	<u>153,905,714</u>
Less accumulated depreciation for:					
Buildings and infrastructure	61,586,840	3,748,691	(30,187)	-	65,305,344
Machinery and equipment	3,630,975	378,899	(9,294)	(55,263)	3,945,317
Total accumulated depreciation	<u>65,217,815</u>	<u>4,127,590</u>	<u>(39,481)</u>	<u>(55,263)</u>	<u>69,250,661</u>
Total capital assets being depreciated, net	<u>87,820,658</u>	<u>(3,139,894)</u>	<u>(25,711)</u>	<u>-</u>	<u>84,655,053</u>
Total capital assets, net	<u>\$ 91,650,434</u>	<u>\$ 571,175</u>	<u>\$ (25,711)</u>	<u>\$ -</u>	<u>\$ 92,195,898</u>

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

Governmental Activities:

General Government	\$ 95,816
Public Safety	286,708
Public Works	4,383,694
Cemetery	37,017
Culture and Recreation	53,095
Urban Redevelopment and Housing	<u>4,216</u>
Total Governmental Activities Depreciation Expense	<u>\$ 4,860,546</u>

Business-type Activities

Water and Sewer Utility	\$ 3,387,320
Solid Waste Utility	220,445
Street Light Utility	9,530
Mandan Airport Authority	<u>510,295</u>
Total Business-type Activities Depreciation Expense	<u>\$ 4,127,590</u>

Contract Commitments

The City has active contract project commitments of \$6,235,901 and professional service agreement commitments of \$722,049, as of December 31, 2019. The Airport Authority has active contract project commitments of \$1,098,777 as of December 31, 2019.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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 Fund. 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:

<u>Governmental Activities</u>	<u>12/31/19 Balance</u>
Asset:	
(1) CAT 938 Wheel Loader	\$ 132,644
(1) Pierce Enforcer Pumper	55,674
	<u>\$ 188,318</u>
 <u>Business-type Activities</u>	
Asset:	
(1) 2015 Volvo L150H Front-end Loader	\$ 165,744
(1) Bomag Compactor	190,907
	<u>\$ 356,651</u>

The assets acquired through the capital leases are as follows:

Asset:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 682,367	\$ 713,508
Less: Accumulated depreciation	(545,894)	(611,468)
	<u>\$ 136,473</u>	<u>\$ 102,040</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 72,277	\$ 257,508
2021	125,000	115,000
Total minimum lease payments	<u>197,277</u>	<u>372,508</u>
Less: Amount Representing interest	(8,959)	(15,857)
Present Value of	<u>\$ 188,318</u>	<u>\$ 356,651</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 66,829	\$ 5,448	\$245,700	\$ 11,808	\$312,529	\$ 17,256
2021	121,489	3,511	110,951	4,049	232,440	7,560
	<u>\$188,318</u>	<u>\$ 8,959</u>	<u>\$356,651</u>	<u>\$ 15,857</u>	<u>\$544,969</u>	<u>\$ 24,816</u>

NOTE 9 LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2019, 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 4.20% to 4.40%	<u>\$ 410,000</u>
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Debt service requirements to maturity on general obligation bond issue are summarized below:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	\$ 50,000	\$ 16,665
2021	55,000	14,460
2022	55,000	12,123
2023	60,000	9,650
2024	60,000	7,040
2025-2029	130,000	5,720
	<u>\$ 410,000</u>	<u>\$ 65,658</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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	4.00%	\$ 1,490,000
Street #160	109,611	12/23/2010	5/1/2025	4.00%	53,312
Sidewalk, Curb and Gutter 2010	159,187	12/23/2010	5/1/2020	3.25%	19,330
Refunding 2011, Series A	960,000	3/1/2011	5/1/2020	3.25%	100,000
Refunding 2012, Series A	1,490,000	4/1/2012	5/1/2020	1.55%	90,000
Refunding 2012, Series B	5,155,000	11/15/2012	5/1/2028	2.00% - 2.15%	3,070,000
Refunding 2012, Series SCG-2012	480,000	12/15/2012	5/1/2022	1.35%	115,000
Refunding 2013, Series A	1,675,000	4/10/2013	5/1/2021	1.50% - 1.75%	375,000
Refunding 2013, Series C	4,015,000	12/15/2013	5/1/2028	2.00% - 3.50%	2,420,000
Sidewalk, Curb and Gutter 2013	136,630	12/17/2013	5/1/2023	2.75%	56,280
Refunding 2014, Series A	2,490,000	8/15/2014	5/1/2021	2.10% - 3.00%	670,000
Refunding 2014, Series B	6,095,000	12/15/2014	5/1/2029	1.00% - 4.00%	4,120,000
Refunding 2015, Series A	4,405,000	4/1/2015	5/1/2022	1.75% - 3.00%	1,780,000
Refunding 2015, Series B	9,025,000	12/30/2015	5/1/2030	2.00% - 5.00%	6,665,000
Refunding 2016, Series A	5,030,000	5/25/2016	5/1/2023	2.00%	2,560,000
Refunding 2016, Series B	420,000	1/12/2017	5/1/2031	2.15% - 3.50%	345,000
Refunding 2017, Series A	1,950,000	5/18/2017	5/1/2024	2.00% - 3.00%	1,290,000
Refunding 2017, Series B	9,295,000	12/13/2017	5/1/2037	3.00% - 5.00%	8,460,000
Street #209	322,896	8/22/2018	5/1/2028	2.00%	293,143
Street #207	352,967	12/16/2019	5/1/2033	3.29%	352,967
Street #208	181,045	12/16/2019	5/1/2033	3.05%	181,045
Street #211	225,623	12/16/2019	5/1/2034	3.34%	225,623
Total special assessments bond payable at December 31, 2019					<u>\$ 34,731,700</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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
2020	\$ 4,349,506	\$ 867,271	\$ 833,737	\$ 79,274	\$ 5,183,243	\$ 946,545
2021	4,112,800	734,854	751,747	58,386	4,864,547	793,240
2022	3,597,340	616,292	657,857	38,802	4,255,197	655,094
2023	2,847,662	524,700	373,202	25,244	3,220,864	549,944
2024	2,419,483	446,157	192,734	17,663	2,612,217	463,820
2025-2029	10,086,110	1,252,908	578,467	30,833	10,664,577	1,283,741
2030-2034	3,141,067	283,032	14,988	683	3,156,055	283,715
2035-2039	775,000	36,153	-	-	775,000	36,153
	<u>\$ 31,328,968</u>	<u>\$ 4,761,367</u>	<u>\$ 3,402,732</u>	<u>\$ 250,885</u>	<u>\$ 34,731,700</u>	<u>\$ 5,012,252</u>

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 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 \$27,873,700. Principal and interest paid for the current year and total net revenues were \$1,804,231 and \$1,858,489, 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 \$25,798,204. Principal and interest paid for the current year and total net revenues were \$2,788,049 and \$2,719,385, respectively.

The Airport Improvement Revenue Bonds were issued to finance improvements for the Mandan Airport Facility. The Bonds are payable solely from charges for services received from the Mandan Airport Authority and are payable through October 2023. Annual principal and interest payments on the bonds are expected to require less than the net revenues. The total principal and interest remaining to be paid on the bonds is \$1,017,491. Principal and interest paid for the current year and total net revenues were \$110,128 and \$108,722, respectively.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

Revenue bonds outstanding:

Governmental Activities

\$15,275,000 Park Facilities Sales Tax Revenue Bonds of 2016A due in annual principal installments of \$435,000 to \$1,855,000 through September 1, 2041; semi-annual interest payments at 3% to 4%	\$ 15,015,000
\$6,000,000 Park Facilities Sales Tax Revenue Bonds of 2016B, due in semi annual payments of interest of \$50,531 through September 1, 2041 with a balloon payment of \$3,675,000 due September 1, 2041; interest at 2.75%	3,675,000
Total Governmental Activities	<u><u>\$ 18,690,000</u></u>

Business-type Activities

\$3,504,565 Water Improvement Revenue Bonds of 2002, due in annual installments of \$270,000 to \$278,000, through September 1, 2021; interest at 2.5%	\$ 548,000
\$1,000,000 Water and Sewer Revenue Bonds, Series 2005, due in annual installments of \$60,000 to \$75,000 through, May 1, 2025; interest at 4.5% to 4.8%	405,000
\$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%	875,000
\$840,000 Sewer Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$50,000 to \$65,000 through September 1, 2028; interest at 2.5%	520,000
\$3,782,000 Water Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$230,000 to \$285,000 through September 1, 2028; interest at 2.5%	2,335,000
\$6,667,283 Water Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$405,000 to \$545,000 through September 1, 2028; interest at 3.27%	4,230,000
\$6,383,867 Water Improvement Revenue Bonds of 2010, Series A, due in annual installments of \$335,000 to \$460,000 through September 1, 2030; interest at 2.84%	4,335,000

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

\$1,891,118 Sewer Improvement Revenue Bonds of 2013, Series A, due in annual installments of \$95,000 to \$125,000 through September 1, 2033; interest at 2%	\$ 1,540,000
\$591,683 Water Improvement Revenue Bonds of 2013, Series A, due in annual installments of \$40,000 through September 1, 2033; interest at 2%	480,000
\$1,586,280 Water Improvement Revenue Bonds of 2014, Series A, due in annual installments of \$80,000 to \$105,000 through September 1, 2033; interest at 2%	1,290,000
\$4,276,824 Sewer Improvement Revenue Bonds of 2015, Series A, due in annual installments of \$195,000 to \$270,000 through, September 1, 2035; interest at 2%	3,720,000
\$886,000 Water Improvement Revenue Bonds of 2017, Series A, due in annual installments of \$40,000 to \$55,000 through September 1, 2036; interest at 1.5%	750,000
\$1,269,453 Water Improvement Revenue Bonds of 2017, Series B, due in annual installments of \$55,000 to \$80,000 through September 1, 2037; interest at 1.5%	1,215,000
\$649,071 Airport Improvement Revenue Bonds of 2005, due in annual installments of \$30,517 through, August 15, 2020; interest at 4.76%	58,923
\$500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, October 8, 2023; interest at 5.41%	174,474
\$695,000 Airport Improvement Revenue Bonds of 2019, due in annual installments of \$65,000 to \$75,000 through April 1, 2029, interest at 1.6% to 2%	<u>695,000</u>
Total Business-type Activities	<u>23,171,397</u>
Total Revenue Bonds	<u><u>\$ 41,861,397</u></u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 435,000	\$ 619,525	\$ 2,094,113	\$ 576,767	\$ 2,529,113	\$ 1,196,292
2021	450,000	606,475	2,095,395	523,097	2,545,395	1,129,572
2022	465,000	592,975	1,859,719	467,081	2,324,719	1,060,056
2023	480,000	579,025	1,912,170	416,667	2,392,170	995,692
2024	490,000	564,625	1,930,000	365,398	2,420,000	930,023
2025-2029	2,720,000	2,558,000	9,240,000	1,051,950	11,960,000	3,609,950
2030-2034	3,305,000	1,977,375	3,395,000	226,539	6,700,000	2,203,914
2035-2039	3,950,000	1,334,888	645,000	16,800	4,595,000	1,351,688
2040-2044	6,395,000	350,813	-	-	6,395,000	350,813
	<u>\$ 18,690,000</u>	<u>\$ 9,183,701</u>	<u>\$ 23,171,397</u>	<u>\$ 3,644,299</u>	<u>\$ 41,861,397</u>	<u>\$ 12,828,000</u>

Loans Payable

The following is a schedule of loans payable outstanding at December 31, 2019:

Business-type Activities

\$1,889,000 Water Improvement Interim Certificate 2019, Series A, due in annual principal installments of \$79,000 to \$85,000 through September 1, 2034; semi-annual interest payments at 1.5% \$ 914,606

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

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2020	\$ 79,000	\$ 13,719
2021	80,000	12,534
2022	80,000	11,334
2023	85,000	10,134
2024	85,000	8,859
2025-2029	440,000	24,945
2030-2034	65,606	984
	<u>\$ 914,606</u>	<u>\$ 82,509</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2019, are summarized as follows:

<u>Governmental Activities</u>	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Compensated absences	\$ 559,757	\$ 514,135	\$ (456,088)	\$ 617,804	\$ 148,508
Capital leases	450,666	-	(262,348)	188,318	66,829
General obligation bonds	460,000	-	(50,000)	410,000	50,000
Special assessment bonds	35,016,105	759,636	(4,446,774)	31,328,968	4,349,506
Plus unamortized premium	508,898	-	(29,692)	479,206	29,692
Revenue bonds	19,980,000	-	(1,290,000)	18,690,000	435,000
Plus unamortized premium	473,960	-	(20,607)	453,353	20,607
Total	\$ 57,449,386	\$ 1,273,771	\$ (6,555,509)	\$ 52,167,649	\$ 5,100,142
 <u>Business-Type Activities</u>					
Compensated absences	\$ 170,822	\$ 187,942	\$ (176,062)	\$ 182,702	\$ 84,208
Capital leases	440,521	-	(83,871)	356,651	245,700
Special assessment bonds	4,291,233	-	(888,501)	3,402,732	833,737
Plus unamortized premium	24,227	-	(3,527)	20,700	3,527
Revenue bonds	23,487,712	1,964,453	(2,280,769)	23,171,397	2,094,113
Less unamortized discount	-	(10,425)	-	(10,425)	-
Loans payable	1,206,542	977,517	(1,269,453)	914,606	79,000
Total	\$ 29,621,057	\$ 3,119,487	\$ (4,702,183)	\$ 28,038,363	\$ 3,340,285

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, Morton Mandan Public Library Fund, Abused Adult Resource Center Grant Fund, Water and Sewer Utility Fund, Solid Waste Utility Fund, Street Light Utility Fund, and Mandan Airport Authority Fund.

Capital leases are paid by the General Fund, Fire Equipment Reserve Fund, and Solid Waste Utility Fund.

The \$15,275,000 and \$6,000,000 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, 2019.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

On August 8, 2019, the City signed a \$6,000,000, 20 year, 2% fixed interest loan agreement with the Bank of North Dakota. The City has not drawn funds on this loan as of December 31, 2019. The City intends to request \$4,525,969 in funds from this line of credit in October 2020.

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, 2019, there was one series of MIDA Bonds outstanding; the aggregate principal amount payable was \$660,000. 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, 2019, there were five CDBG loans outstanding, with an aggregate principal amount payable of \$465,147.

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 187 participants as of December 31, 2019.

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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, 2019, 1899, and 1899, were \$523,160, \$550,802 and \$540,530, 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

Pension Benefits

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. For members hired after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

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:

<u>Plan</u>	<u>Member contribution rate</u>	<u>Employer contribution rate</u>
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	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 (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported an asset of \$(124,964) for its proportionate share of the net pension liability(asset). The net pension liability(asset) was measured as of June 30, 2019, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability(asset) 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 June 30, 2019, the City's proportion was 27.158687%, which is a decrease of 2.791153% from its proportion measured at June 30, 1899.

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DECEMBER 31, 2019

For the year ended December 31, 2019, the City recognized pension expense of \$296,478. At December 31, 2019, 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	\$ 23,782	\$ (160,284)	
Changes of assumptions	441,502	(226,993)	
Net difference between projected and actual earnings on pension plan investments	18,688	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,000	(38,493)	
Employer contributions subsequent to the measurement date	101,472	-	
Total	\$ 641,443	\$ (425,770)	

\$101,472 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(asset) in the year ending December 31, 2020.

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:

2020	\$	141,080
2021		94,206
2022		(42,024)
2023		(54,164)
2024		(24,897)

Actuarial Assumptions

The total pension liability(asset) in the July 1, 2019 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%

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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	7.50%, 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 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%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
Global Real Assets	19%	5.41%

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(Asset). 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

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

The following presents the City's proportionate share of the net pension liability(asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability (asset)	\$ 246,784	\$ (124,964)	\$ (403,028)

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. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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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. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. 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, 2019, the City reported a liability of \$191,375 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.238270%, which was an increase of 0.071010% from its proportion measured as of June 30, 1899.

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For the year ended December 31, 2019 the City recognized OPEB expense of \$32,872. At December 31, 2019, 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	\$ 4,726	\$ (5,978)
Changes of assumptions	22,809	-
Net difference between projected and actual earnings on OPEB plan investments	213	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,850	(668)
Employer contributions subsequent to the measurement date	21,101	-
Total	\$ 92,699	\$ (6,646)

\$21,101 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, 2020.

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:

2020	\$	10,370
2021		10,370
2022		12,151
2023		11,824
2024		9,909
Thereafter		10,328

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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Actuarial Assumptions

The total OPEB liability in the July 1, 2019 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	7.25%, 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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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, 2019, calculated using the discount rate of 7.25%, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net OPEB liability	\$ 244,265	\$ 191,375	\$ 146,102

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

General Fund - Asset Forfeiture Funds	\$ 19,826
0.75% City Sales Tax - BND - Cash with Fiscal Agent	1,767,091
Total	\$ 1,786,917

Proprietary Funds

Water and Sewer Utility Fund - Revenue Bond/Debt Service	\$ 2,296,036
Mandan Airport Authority Fund - Revenue Bond/Debt Service	794,792
Total	\$ 3,090,828

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.

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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 \$6,381,475 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

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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 \$5,817,362 at December 31, 2019, the most recent year audited.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Financial Subsidy Commitments

The City has financial subsidy commitments of \$293,963 as of December 31, 2019.

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, 2019. 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

Central Dakota Communications Center

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 \$370,050 related to costs of CenCom during the year ended December 31, 2019. The City also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled \$309,739 for the year ended December 31, 2019.

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 must contribute a set amount annually towards a capital improvement fund, with the City's portion of such payment being \$15,000. The City paid \$115,592 for their share of all costs of the law enforcement center for the year ended December 31, 2019.

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NOTE 17 RESTATEMENT

The City determined the Alarm - Equipment Reserve, 1% City Sales Tax / Mandan Growth, BNSF Settlement and Mandan SEP Trust funds did not meet the definition of special revenue funds and accordingly, reclassified the funds from their own special revenue funds to now be included with the General Fund in accordance with GASB. An adjustment of \$3,802,315 was made to increase general fund and decrease total special revenue funds beginning fund balances.

The City determined the Downtown Redevelopment fund did not meet the definition of a special revenue fund and accordingly, reclassified it from its own special revenue fund to now be included with the agency funds. An adjustment of \$23,762 was made to decrease beginning total special revenue fund balance and government wide governmental activities net position.

NOTE 18 RECENT PRONOUNCEMENTS

The City will implement the following recent pronouncements for fiscal years ending after 2019:

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. This Statement is effective for reporting periods beginning after June 15, 2021. 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 asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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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, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

NOTE 19 SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Federal, state and local governments have since implemented various restrictions on travel, public gatherings and business operations. Restrictions and government social distancing recommendations have significantly impacted the activities of the City. While the City expects this matter to negatively impact its results of operations and financial condition, the extent of the impact is uncertain. The City received \$1,468,899 on September 2, 2020 in CARES Act funding for law enforcement payroll reimbursements.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

On August 18, 2020, the City Commission awards bids for the Morton Mandan Public Library and Downtown Parks project with a total project cost of \$5,785,420.

Subsequent to year end, the City approved interfund loan funding for the Street Improvement District #213, #215 and #218 projects as follows:

Project	Municipal Infrastructure Fund Commitment	Interfund Loans		
		General Fund (1% City Sales Tax)	Water and Sewer Utility Fund	Solid Waste Utility Fund
Street Improvement District #213	\$ 1,500,000	\$ 500,000	\$ -	\$ 1,000,000
Street Improvement District #215	1,203,633	-	1,203,633	-
Street Improvement District #218	236,092	236,092	-	-
Total	<u>\$ 3,843,006</u>	<u>\$ 736,092</u>	<u>\$ 1,109,559</u>	<u>\$ 1,000,000</u>

Subsequent events have been evaluated through September 29, 2020, 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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 4,409,550	\$ 4,418,991	\$ 4,457,107	\$ 38,116
Licenses and Permits	895,950	905,780	731,796	(173,984)
Intergovernmental	2,059,800	2,081,700	2,462,310	380,610
Charges for Services	201,800	201,000	250,603	49,603
Fines and Forfeits	207,850	207,850	234,012	26,162
Special Assessments	40,300	52,223	58,591	6,368
Interest	17,950	17,950	482,769	464,819
Rent	2,000	2,000	5,500	3,500
Miscellaneous	-	-	24,930	24,930
	<u>7,835,200</u>	<u>7,887,494</u>	<u>8,707,618</u>	<u>820,124</u>
EXPENDITURES				
Current:				
General Government	3,258,750	3,564,977	3,447,968	117,009
Public Safety	6,323,500	6,400,075	6,565,353	(165,278)
Public Works	1,596,950	1,769,642	1,697,155	72,487
Debt Service				
Principal	208,250	208,250	208,242	8
Interest	9,750	9,750	9,745	5
Capital Outlay	439,200	6,191,898	1,182,350	5,009,548
	<u>11,836,400</u>	<u>18,144,592</u>	<u>13,110,813</u>	<u>5,033,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,001,200)</u>	<u>(10,257,098)</u>	<u>(4,403,195)</u>	<u>5,853,903</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	30,500	24,000	(6,500)
Transfers In	3,390,400	7,919,309	4,972,676	(2,946,633)
Transfers Out	-	(6,325)	(6,094)	231
	<u>3,390,400</u>	<u>7,943,484</u>	<u>4,990,582</u>	<u>(2,952,902)</u>
Net Change in Fund Balances	<u>\$ (610,800)</u>	<u>\$ (2,313,614)</u>	<u>587,387</u>	<u>\$ 2,901,001</u>
Fund Balances - January 1			<u>4,565,215</u>	
Fund Balances - December 31			<u>\$ 5,152,602</u>	
Reconciliation of General Fund change in fund balance to Statement of Revenues, Expenses, and Change in Fund Balances:				
Change in General Fund per Budget			\$ 587,387	
Change in fund balance attributable to activities not included in General Fund budget:				
Alarm - Equipment Reserve Fund			2,312	
1% City Sales Tax			1,822,803	
Mandan Growth Fund			(67,753)	
Asset Forfeiture Fund			3,914	
BSA Police Explorer Program Fund			(191)	
BNSF Settlement Fund			(17,268)	
Mandan SEP Trust Fund			<u>1,038,392</u>	
Change in General Fund per Statement of Revenues, Expenses, and Change in Fund Balances			<u>\$ 3,369,596</u>	

See Notes to Required Supplementary Information

CITY OF MANDAN
BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 60,400	\$ 59,405	\$ 63,074	\$ 3,669
Intergovernmental	3,900	3,900	1,486	(2,414)
Charges for Services	68,600	68,600	68,850	250
Cemetery lots	45,750	45,750	41,950	(3,800)
Miscellaneous	-	-	75	75
	<u>178,650</u>	<u>177,655</u>	<u>175,435</u>	<u>(2,220)</u>
EXPENDITURES				
Current:				
Cemetery	165,150	170,150	142,954	27,196
Capital Outlay	63,000	63,000	67,906	(4,906)
	<u>228,150</u>	<u>233,150</u>	<u>210,860</u>	<u>22,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,500)</u>	<u>(55,495)</u>	<u>(35,425)</u>	<u>20,070</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (49,500)</u>	<u>\$ (55,495)</u>	<u>(35,425)</u>	<u>\$ 20,070</u>
Fund Balances - January 1			<u>105,664</u>	
Fund Balances - December 31			<u>\$ 70,239</u>	

CITY OF MANDAN
BUDGETARY COMPARISON SCHEDULE – MORTON MANDAN PUBLIC LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 522,618	\$ 522,618	\$ 504,287	\$ (18,331)
Intergovernmental	262,126	262,126	257,438	(4,688)
Charges for Services	11,650	11,650	28,369	16,719
Fines and Forfeits	5,500	5,500	4,757	(743)
Interest	200	200	1,506	1,306
Rent	33,100	33,100	33,100	-
Miscellaneous	8,550	8,550	6,331	(2,219)
	<u>843,744</u>	<u>843,744</u>	<u>835,788</u>	<u>(7,956)</u>
Total Revenues				
EXPENDITURES				
Current:				
Culture and Recreation	820,318	853,002	759,548	93,454
	<u>820,318</u>	<u>853,002</u>	<u>759,548</u>	<u>93,454</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,426</u>	<u>(9,258)</u>	<u>76,240</u>	<u>85,498</u>
Net Change in Fund Balances	<u>\$ 23,426</u>	<u>\$ (9,258)</u>	<u>76,240</u>	<u>\$ 85,498</u>
Fund Balances - January 1, restated			<u>662,799</u>	
Fund Balances - December 31			<u>\$ 739,039</u>	

See Notes to Required Supplementary Information

CITY OF MANDAN
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY(ASSET)
FOR THE YEAR ENDED DECEMBER 31, 2019

	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 (asset)
2019	27.158687%	\$ (124,964)	\$ 2,658,757	-4.70%	104.84%
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, 2019

	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
2019	0.238270%	191,375	2,658,757	7.20%	63.13%
2018	0.167260%	131,729	1,830,188	7.20%	61.89%

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.

CITY OF MANDAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
FOR THE YEAR ENDED DECEMBER 31, 2019

	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
2019	\$ 262,892	\$ (243,062)	\$ 19,830	\$ 2,679,837	9.07%
2018	195,277	(267,337)	(72,060)	1,990,593	13.43%
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, 2019

	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
2019	\$ 30,550	\$ (30,550)	-	\$ 2,679,836	1.14%
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.

CITY OF MANDAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1 GENERAL BUDGETARY INFORMATION

The City of Mandan is required to prepare the annual budget in accordance with the North Dakota Century Code (NDCC). The City's Budget Policies & Procedures provide further guidance to the budget development process. The annual budget is adopted on a basis consistent with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The governing body of each municipality, annually on or before August 10th, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year. (NDCC 40-40-04)
- The preliminary budget must include a detailed breakdown of the estimated revenues and appropriations requested for the ensuing year for the general fund, each special revenue fund, and each debt service fund of the municipality. The revenue and expenditure items for the preceding year and estimates of the revenue and expenditures for the current year must be included for each fund to assist in determining the estimated revenues and appropriation requested for the ensuing year. The budget must also include any transfers in or out and the beginning and ending fund balance for each of the funds. The budget must be prepared on the same basis of accounting used by the municipality for its annual financial reports. (NDCC 40-40-05)
- On or before August 10th of each year, after the governing body has prepared the preliminary budget statement, the auditor of the municipality shall: a) provide the county auditor with a copy of the preliminary budget statement; b) set a public budget hearing date no earlier than September 7th and no later than October 7th for the purpose of adopting the final budget and making the annual tax levy; c) provide notice of the public budget hearing date to the county auditor. (NDCC 40-40-06)
- The governing body shall meet at the time and place set pursuant to NDCC 40-40-06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget,... The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget. (NDCC 40-40-08)
- After completing the final budget on or before October 7th, the governing body shall proceed to make the annual tax levy in an amount sufficient to meet the expenses for the ensuing year as determined at the budget meeting. In determining the amount required to be levied, the governing body first shall ascertain its net current resources by adding the estimated revenue for the ensuing year other than property taxes, any transfers in, and the estimated fund balance at the end of the current year. Then the governing body shall ascertain its appropriation and reserve by adding the final appropriation for the ensuing year, any transfers out, and the cash reserve. The net current resources must be deducted from the appropriation and reserve and the balance

CITY OF MANDAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
DECEMBER 31, 2019

shall be considered the amount that is required to be raised by taxation during the ensuing year. The determination of the amount of the levy that can be collected within the ensuing year must be made by the governing body based upon the past experience of the district. The levy as finally adopted must be approved by a majority vote of the members of the governing body and noted in the proceedings of the governing body. The amount levied is subject to the limitations as prescribed by the laws of this state (NDCC 57-15) and is subject to the further limitation that the amount may not exceed the levy requested by the municipality. The levy adopted must appropriate in specific amounts the money necessary to meet the expenses and liabilities of the municipality. (NDCC 40-40-09)

- Immediately after the completion of the final budget and the adoption of the annual tax levy by the governing body of a municipality in accordance with the provisions of this chapter, and in no case later than October 10th, the auditor of the municipality shall send to the county auditor a certified copy of the levy as adopted and a certified copy of the final budget. (NDCC 40-40-10)
- No taxing district may certify any taxes or amend its current budget and no county auditor may accept a certification of taxes or amended budget after the 10th day of October of each year if such certification or amendment results in a change in the amount of tax levied. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared (NDCC 57-15-31.1). Budget amendments shall consist of the following procedures: a) department managers requesting an increase in appropriations requires a budget amendment to be approved by the Board of City Commissioners; b) department managers requesting a transfer of appropriations within the department requires a budget amendment to be approved by the finance department; c) department managers requesting funding from the contingency budget line item requires approval from the Budget and Finance Committee.
- At the end of the fiscal year, the balance to the credit of each annual appropriation becomes a part of the general unappropriated balance in the municipal treasury, but no special appropriation lapses until the work for which it was made has been completed, the bills paid, and the accounts closed. The governing body of a city may elect, at the end of the fiscal year, to carry over the unencumbered cash balance in the general fund or other budgeted funds and designate the balances for subsequent years (NDCC 40-40-21). The transfer of year-end expenditure budget balances from the current fiscal year to the following fiscal year may be current fiscal year and the transfer must be approved by the Board of City Commissioners no later than March of the following fiscal year.

CITY OF MANDAN
NOTES TO THE SCHEDULES OF REQUIRED PENSION INFORMATION
DECEMBER 31, 2019

NOTE 1 CHANGES OF BENEFIT TERMS – NDPERS

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Public Safety members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

NOTE 2 CHANGES OF BENEFIT TERMS – OPEB

Beginning January 1, 2020, member first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

NOTE 3 CHANGES IN ASSUMPTIONS – NDPERS

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1 2018.

NOTE 4 CHANGES IN ASSUMPTIONS – OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 371,230	\$ 59,019	\$ 2,091,072	\$ 2,521,321
Taxes Receivable	8,613	2,995	-	11,608
Accounts Receivable (net of allowance)	817,240	-	143,267	960,507
Interfund Receivable	566,790	-	-	566,790
Special Assessments Receivable	344,428	-	184,610	529,038
Prepaid Expenses	40,473	-	631	41,104
Cash and Cash Equivalents-Restricted	1,767,091	-	-	1,767,091
Total Assets	<u>\$ 3,915,865</u>	<u>\$ 62,014</u>	<u>\$ 2,419,580</u>	<u>\$ 6,397,459</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 1,601	\$ -	\$ -	\$ 1,601
Accounts Payable	81,608	-	6,548	88,156
Interfund Payable	268,245	-	233,202	501,447
Total Liabilities	<u>351,454</u>	<u>-</u>	<u>239,750</u>	<u>591,204</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes	7,145	2,474	-	9,619
Unavailable Revenue-Special Assessments	287,538	-	178,882	466,420
Total Deferred Inflows of Resources	<u>294,683</u>	<u>2,474</u>	<u>178,882</u>	<u>476,039</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	40,473	-	631	41,104
Restricted for:				
Public Safety	302,845	-	-	302,845
Public Works	221,340	-	-	221,340
Culture and Recreation	2,227,115	-	-	2,227,115
Debt Service	-	59,540	-	59,540
Capital Projects	-	-	2,202,927	2,202,927
Committed for:				
General Government	599,553	-	-	599,553
Public Safety	104,619	-	-	104,619
Unassigned	(226,217)	-	(202,610)	(428,827)
Total Fund Balances	<u>3,269,728</u>	<u>59,540</u>	<u>2,000,948</u>	<u>\$ 5,330,216</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,915,865</u>	<u>\$ 62,014</u>	<u>\$ 2,419,580</u>	<u>\$ \$ 6,397,459</u>

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Highway Distribution	City's Share of Special Assessments	City Visitors' Promotion	Public Trans- portation System	0.75% City Sales Tax	Fire Equip- ment Reserve	Narcotics Task Force Grants	AARC Grant	SANE Grant	DCAC Grant	Health and Safety	Total Nonmajor Special Revenue Funds
ASSETS												
Cash and Cash Equivalents	\$ -	\$ -	\$ 58,255	\$ -	\$ -	\$ 248,092	\$ 64,883	\$ -	\$ -	\$ -	\$ -	\$ 371,230
Taxes Receivable	-	1,248	-	7,365	-	-	-	-	-	-	-	8,613
Accounts Receivable (net of allowance)	221,340	-	9,665	-	400,803	-	126,896	43,457	8,404	6,675	-	817,240
Special Assessments Receivable	-	111,467	-	-	-	-	-	-	-	-	232,961	344,428
Interfund Receivable	-	566,790	-	-	-	-	-	-	-	-	-	566,790
Prepaid Expenses	-	-	-	-	-	-	40,473	-	-	-	-	40,473
Cash and Cash Equivalents-Restricted	-	-	-	-	1,767,091	-	-	-	-	-	-	1,767,091
Total Assets	\$ 221,340	\$ 679,505	\$ 67,920	\$ 7,365	\$ 2,167,894	\$248,092	\$232,252	\$ 43,457	\$ 8,404	\$ 6,675	\$232,961	\$ 3,915,865
LIABILITIES												
Salaries and Benefits Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,601	\$ -	\$ -	\$ -	\$ 1,601
Accounts Payable	-	-	8,699	1,284	-	-	32,407	22,367	8,404	6,675	1,772	81,608
Interfund Payable	-	-	-	-	-	-	-	19,489	-	-	248,756	268,245
Total Liabilities	-	-	8,699	1,284	\$ -	-	32,407	43,457	8,404	6,675	250,528	351,454
DEFERRED INFLOWS OF RESOURCES												
Unavailable Revenue-Property Taxes	-	1,064	-	6,081	-	-	-	-	-	-	-	7,145
Unavailable Revenue-Special Assessments	-	78,888	-	-	-	-	-	-	-	-	208,650	287,538
Total Deferred Inflows of Resources	-	79,952	-	6,081	\$ -	-	-	-	-	-	208,650	294,683
FUND BALANCES												
Nonspendable:												
Prepaid Expenses	-	-	-	-	-	-	40,473	-	-	-	-	40,473
Restricted for:												
Public Safety	-	-	-	-	-	103,000	199,845	-	-	-	-	302,845
Public Works	221,340	-	-	-	-	-	-	-	-	-	-	221,340
Culture and Recreation	-	-	59,221	-	2,167,894	-	-	-	-	-	-	2,227,115
Committed for:												
General Government	-	599,553	-	-	-	-	-	-	-	-	-	599,553
Public Safety	-	-	-	-	-	145,092	(40,473)	-	-	-	-	104,619
Unassigned	-	-	-	-	-	-	-	-	-	-	(226,217)	(226,217)
Total Fund Balances	221,340	599,553	59,221	-	\$ 2,167,894	248,092	199,845	-	-	-	(226,217)	3,269,728
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 221,340	\$ 679,505	\$ 67,920	\$ 7,365	\$ 2,167,894	\$248,092	\$232,252	\$ 43,457	\$ 8,404	\$ 6,675	\$232,961	\$ 3,915,865

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND
DECEMBER 31, 2019

	Liberty Memorial Bridge General Obligation Bonds
ASSETS	
Cash and Cash Equivalents	\$ 59,019
Taxes Receivable	2,995
Total Assets	\$ 62,014
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 2,474
Total Liabilities	2,474
FUND BALANCES	
Restricted for:	
Debt Service	59,540
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 62,014

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2019

	Transportation Alternatives Program Construction	City Visitor's Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 2,091,072	\$ -	\$ 2,091,072
Accounts Receivable (net)	45,919	97,348	-	143,267
Special Assessment Receivable	-	-	184,610	184,610
Prepaid Expenses	-	631	-	631
Total Assets	<u>\$ 45,919</u>	<u>\$ 2,189,051</u>	<u>\$ 184,610</u>	<u>\$ 2,419,580</u>
LIABILITIES				
Accounts Payable	\$ 4,746	\$ 1,756	\$ 46	\$ 6,548
Retainage Payable	-	-	-	-
Interfund Payable	24,910	-	208,292	233,202
Total Liabilities	<u>29,656</u>	<u>1,756</u>	<u>208,338</u>	<u>239,750</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue- Special Assessments	-	-	178,882	178,882
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>178,882</u>	<u>178,882</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	631	-	631
Restricted for:				
Capital Projects	16,263	2,186,664	-	2,202,927
Unassigned	-	-	(202,610)	(202,610)
Total Fund Balances	<u>16,263</u>	<u>2,187,295</u>	<u>(202,610)</u>	<u>2,000,948</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 45,919</u>	<u>\$ 2,189,051</u>	<u>\$ 184,610</u>	<u>\$ 2,419,580</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,099,550	\$ 73,780	\$ 510,929	\$ 2,684,259
Intergovernmental	1,739,539	1,632	45,919	1,787,090
Charges for Services	58,449	-	2,021	60,470
Fines and Forfeits	129,694	-	-	129,694
Special Assessments	256,001	-	23,574	279,575
Interest	1,440	-	-	1,440
Rent	-	-	28,017	28,017
Miscellaneous	26,413	-	-	26,413
Total Revenues	<u>4,311,086</u>	<u>75,412</u>	<u>610,460</u>	<u>4,996,958</u>
EXPENDITURES				
Current:				
General Government	276,632	-	-	276,632
Public Safety	381,144	-	-	381,144
Public Works	65,862	-	40,969	106,831
Culture and Recreation	45,525	-	7,351	52,876
Urban Redevelopment and Housing	-	-	-	-
Debt Service:				
Principal	1,209,105	185,000	-	1,394,105
Interest	652,415	24,343	-	676,758
Service Charges	3,500	2,283	-	5,783
Capital Outlay	143,233	-	103,111	246,344
Total Expenditures	<u>2,777,416</u>	<u>211,626</u>	<u>151,431</u>	<u>3,140,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,533,670</u>	<u>(136,214)</u>	<u>459,029</u>	<u>1,856,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,325	300	28,819	35,444
Transfers Out	(4,383,931)	-	(3,790)	(4,387,721)
Total Other Financing Sources and Uses	<u>(4,377,606)</u>	<u>300</u>	<u>25,029</u>	<u>(4,352,277)</u>
Net Change in Fund Balances	<u>(2,843,936)</u>	<u>(135,914)</u>	<u>484,058</u>	<u>(2,495,792)</u>
Fund Balances - January 1, restated	<u>6,113,664</u>	<u>195,454</u>	<u>1,516,890</u>	<u>7,826,008</u>
Fund Balances - December 31	<u>\$ 3,269,728</u>	<u>\$ 59,540</u>	<u>\$ 2,000,948</u>	<u>\$ 5,330,216</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Highway Distribution	Hub City	City's Share of Special Assessments	City Visitors' Promotion	Public Trans- portation System	0.75% City Sales Tax	Fire Equip- ment Reserve	Narcotics Task Force Grants	AARC Grant	SANE Grant	DCAC Grant	Health and Safety	Total Nonmajor Special Revenue Funds
REVENUES													
Taxes	\$ -	\$ -	\$ 7,690	\$ 50,583	\$ 182,788	\$ 1,858,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,099,550
Intergovernmental	1,188,733	-	229	-	4,040	-	179,675	283,789	45,779	25,594	11,700	-	1,739,539
Charges for Services	-	-	-	-	-	-	-	-	54,797	-	-	3,652	58,449
Special Assessments	-	-	196,170	-	-	-	-	-	-	-	-	59,831	256,001
Interest	-	-	-	-	-	1,440	-	-	-	-	-	-	1,440
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	26,413	-	-	-	-	-	-	26,413
Total Revenues	1,188,733	-	204,089	50,583	186,828	1,886,342	179,675	413,483	100,576	25,594	11,700	63,483	4,311,086
EXPENDITURES													
Current:													
General Government	-	-	89,804	-	186,828	-	-	-	-	-	-	-	276,632
Public Safety	-	-	-	-	-	-	24,681	219,963	99,206	25,594	11,700	-	381,144
Cemetery	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	45,525	-	-	-	-	-	-	-	-	45,525
Urban Redevelopment and Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:													
Principal	-	-	-	-	-	1,155,000	54,105	-	-	-	-	-	1,209,105
Interest	-	-	-	-	-	649,231	3,184	-	-	-	-	-	652,415
Service Charges	-	-	-	-	-	3,500	-	-	-	-	-	-	3,500
Capital Outlay	-	-	-	-	-	-	143,233	-	-	-	-	-	143,233
Total Expenditures	-	-	89,804	45,525	186,828	1,807,731	225,203	219,963	99,206	25,594	11,700	65,862	2,777,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,188,733	-	114,285	5,058	-	78,611	(45,528)	193,520	1,370	-	-	(2,379)	1,533,670
OTHER FINANCING SOURCES (USES)													
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	6,325	-	-	-	-	6,325
Transfers Out	(1,193,487)	(3,028,909)	(56,130)	-	-	-	(86,644)	-	-	-	-	(18,761)	(4,383,931)
Total Other Financing Sources and Uses	(1,193,487)	(3,028,909)	(56,130)	-	-	-	(86,644)	6,325	-	-	-	(18,761)	(4,377,606)
Net Change in Fund Balances	(4,754)	(3,028,909)	58,155	5,058	-	78,611	(132,172)	199,845	1,370	-	-	(21,140)	(2,843,936)
Fund Balances - January 1, as originally reported	226,094	3,028,909	541,398	54,163	-	2,089,283	380,264	-	(1,370)	-	-	(205,077)	6,113,664
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balances - January 1	226,094	3,028,909	541,398	54,163	-	2,089,283	380,264	-	(1,370)	-	-	(205,077)	6,113,664
Fund Balances - December 31	\$ 221,340	\$ -	\$ 599,553	\$ 59,221	\$ -	\$ 2,167,894	\$ 248,092	\$ 199,845	\$ -	\$ -	\$ -	\$ (226,217)	\$ 3,269,728

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Mandan Community Center Revenue Bonds of 2005	Liberty Memorial Bridge General Obligation Bonds	Total Nonmajor Debt Service Funds
REVENUES			
Taxes	\$ -	\$ 73,780	\$ 73,780
Intergovernmental	-	1,632	1,632
Total Revenues	<u>-</u>	<u>75,412</u>	<u>75,412</u>
EXPENDITURES			
Debt Service:			
Principal	135,000	50,000	185,000
Interest	5,603	18,740	24,343
Service Charges	1,197	1,086	2,283
Total Expenditures	<u>141,800</u>	<u>69,826</u>	<u>211,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(141,800)</u>	<u>5,586</u>	<u>(136,214)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>300</u>	<u>-</u>	<u>300</u>
Total Other Financing Sources (Uses)	<u>300</u>	<u>-</u>	<u>300</u>
Net Change in Fund Balances	<u>(141,500)</u>	<u>5,586</u>	<u>(135,914)</u>
Fund Balances - January 1	<u>141,500</u>	<u>53,954</u>	<u>195,454</u>
Fund Balances - December 31	<u>\$ -</u>	<u>\$ 59,540</u>	<u>\$ 59,540</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Transportation Alternatives Program Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Total Nonmajor Capital Projects Funds
REVENUES				
Taxes	\$ -	\$ 510,929	\$ -	\$ 510,929
Intergovernmental	45,919	-	-	45,919
Charges for Services	-	-	2,021	2,021
Special Assessments	-	-	23,574	23,574
Rent	-	28,017	-	28,017
	<u>45,919</u>	<u>538,946</u>	<u>25,595</u>	<u>610,460</u>
Total Revenues				
EXPENDITURES				
Current:				
Public Works	-	-	40,969	40,969
Culture and Recreation	-	7,351	-	7,351
Capital Outlay	37,669	65,442	-	103,111
	<u>37,669</u>	<u>72,793</u>	<u>40,969</u>	<u>151,431</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,250</u>	<u>466,153</u>	<u>(15,374)</u>	<u>459,029</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	-	-
Transfers In	28,819	-	-	28,819
Transfers Out	-	-	(3,790)	(3,790)
	<u>28,819</u>	<u>-</u>	<u>(3,790)</u>	<u>25,029</u>
Total Other Financing Sources and Uses				
Net Change in Fund Balances	<u>37,069</u>	<u>466,153</u>	<u>(19,164)</u>	<u>484,058</u>
Fund Balances - January 1	<u>(20,806)</u>	<u>1,721,142</u>	<u>(183,446)</u>	<u>1,516,890</u>
Fund Balances - December 31	<u>\$ 16,263</u>	<u>\$ 2,187,295</u>	<u>\$ (202,610)</u>	<u>\$ 2,000,948</u>