

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF MANDAN
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2020

Elected Officials

Tim Helbling	Mayor/President
Dennis Rohr	Vice President
Mike Braun	Commissioner
Amber Larson	Commissioner
Joseph Camisa Jr.	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 Himmelspach	Wastewater Treatment

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandan, North Dakota, as of and for the year ended December 31, 2020, 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, 2020, 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.

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 21, 2021 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 21, 2021

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

As management of the City of Mandan (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 15 - 68 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$182,328,677 (net position). Of this amount, \$113,877,356 was from governmental activities and \$68,451,321 was from business-type activities. The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was \$14,890,282.
- The total net position increased by \$16,938,196 during the current fiscal year due to an increase of \$27,670,656 from governmental activities and a decrease of \$10,732,460 from business-type activities.
- The revenue from all sources totaled \$50,671,572 which was an increase of \$16,125,341 during the current fiscal year due to an increase of \$14,313,537 from governmental activities and an increase of \$1,811,804 from business-type activities. The expenses from all activities totaled \$33,733,376 which was an increase of \$914,615 during the current fiscal year due to an increase of \$1,926,365 from governmental activities and a decrease of \$1,011,750 from business-type activities.
- The total capital assets increased by \$9,174,338 during the current fiscal year due to an increase of \$21,302,101 from governmental activities and a decrease of \$12,127,763 from business-type activities.
- The total debt increased by \$6,857,061 during the current fiscal year due to an increase of \$12,097,499 from governmental activities and a decrease of \$5,240,438 from business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support 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's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 is improving or deteriorating.

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

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, cemetery, culture and recreation, urban redevelopment and housing, and economic development & assistance. The business-type activities of the City include the Water and Sewer Utility, Solid Waste Utility, Street Light Utility, and Mandan Airport Authority.

The government-wide financial statements can be found on pages 15 - 17 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, 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 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 assessing 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 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 in the supplementary information section of this report.

The City adopts an annual appropriated budget for its governmental funds, except for capital projects funds. A budgetary comparison statement has been provided for the required funds based on state statute to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 18 - 19 of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, Solid Waste Utility, Street Light Utility, and Mandan Airport Authority. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the purchase of fuel and the repairs & maintenance of the fuel dispensing system at the City Shop. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

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, all of which are considered to be major funds of the City. 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 of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains three different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Employee Retirement Plan and Trust Fund. The private-purpose trust fund is used to report resources held in trust for the police department. The custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity.

The basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

Notes to the Financial Statements - The notes provide additional information that is necessary to acquire 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 28 - 68 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. The required supplementary information can be found on pages 69 - 76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. The combining statements can be found on pages 77 - 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$182,328,677, at the close of the most recent fiscal year.

The following table presents financial information on the City's Net Position as of December 31, 2020 and December 31, 2019.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 63,167,612	\$ 45,993,377	\$ 13,142,818	\$ 16,220,077	\$ 76,310,430	\$ 62,213,454
Capital Assets	115,614,687	94,312,586	80,068,135	92,195,898	195,682,822	186,508,484
Total Assets	<u>178,782,299</u>	<u>140,305,963</u>	<u>93,210,953</u>	<u>108,415,975</u>	<u>271,993,252</u>	<u>248,721,938</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,066,436</u>	<u>734,142</u>	-	-	<u>2,066,436</u>	<u>734,142</u>
LIABILITIES						
Long-term Liabilities Outstanding	64,456,522	52,359,023	22,797,924	28,038,362	87,254,446	80,397,385
Other Liabilities	2,214,964	2,041,966	1,961,708	1,193,832	4,176,672	3,235,798
Total Liabilities	<u>66,671,486</u>	<u>54,400,989</u>	<u>24,759,632</u>	<u>29,232,194</u>	<u>91,431,118</u>	<u>83,633,183</u>
DEFERRED INFLOWS OF RESOURCES	<u>299,893</u>	<u>432,416</u>	-	-	<u>299,893</u>	<u>432,416</u>
NET POSITION						
Net investment in Capital Assets	53,017,965	74,113,626	56,818,438	67,400,953	109,836,403	141,514,579
Restricted	55,017,578	37,422,344	2,584,414	3,090,828	57,601,992	40,513,172
Unrestricted	5,841,813	(25,329,270)	9,048,469	8,692,000	14,890,282	(16,637,270)
Total Net Position	<u>\$ 113,877,356</u>	<u>\$ 86,206,700</u>	<u>\$ 68,451,321</u>	<u>\$ 79,183,781</u>	<u>\$ 182,328,677</u>	<u>\$ 165,390,481</u>

By far, the largest portion of the City's net position, \$109,836,403, reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, infrastructure, and equipment), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$57,601,992, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City's unrestricted net position was of \$14,890,282.

The City's overall net position increased by \$16,938,196 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

The following table presents financial information on the City's Changes in Net Position for the fiscal year ending December 31, 2020 and December 31, 2019.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,439,062	\$ 1,352,804	\$ 12,361,805	\$ 11,458,237	\$ 13,800,867	\$ 12,811,041
Operating Grants and Contributions	3,251,894	368,457	-	-	3,251,894	368,457
Capital Grants and Contributions	12,511,899	3,396,173	2,919,676	2,260,069	15,431,575	5,656,242
General Revenues:						
Property, Mobile Home Taxes	5,560,032	5,320,800	387,299	374,745	5,947,331	5,695,545
Cable TV Franchise Fees	296,807	312,969	-	-	296,807	312,969
State Aid Distribution	1,650,190	1,876,439	-	-	1,650,190	1,876,439
Cigarette Taxes	48,286	48,264	-	-	48,286	48,264
Gaming Taxes	11,630	11,858	-	-	11,630	11,858
Disabled Veterans Credit	44,690	39,677	-	-	44,690	39,677
Homestead Credit	86,317	78,329	-	-	86,317	78,329
Telecommunications Taxes	82,220	82,220	-	-	82,220	82,220
Morton County E911 Fees	333,235	309,739	-	-	333,235	309,739
Highway Tax Distribution	1,061,220	1,188,733	-	-	1,061,220	1,188,733
Oil and Gas Gross Production Taxes	2,500,000	-	-	-	2,500,000	-
Occupancy Taxes	46,582	50,583	-	-	46,582	50,583
1% City Sales Taxes	2,754,358	2,477,985	-	-	2,754,358	2,477,985
0.75% City Sales Taxes	2,065,769	1,858,489	-	-	2,065,769	1,858,489
Fire Insurance Taxes	175,670	179,675	-	-	175,670	179,675
Restaurant and Lodging Taxes	498,917	510,929	-	-	498,917	510,929
Interest	192,400	505,233	1,222	3,396	193,622	508,629
Sale of Meters and Parts	-	-	72,174	50,604	72,174	50,604
Other	40,242	352,500	229,754	38,282	269,996	390,782
Gain (loss) on Sale of Capital Assets	48,729	64,756	(507)	(25,714)	48,222	39,042
Total Revenues	34,700,149	20,386,612	15,971,423	14,159,619	50,671,572	34,546,231
Expenses:						
General Government	4,173,254	4,115,807	-	-	4,173,254	4,115,807
Public Safety	7,450,857	7,251,991	-	-	7,450,857	7,251,991
Public Works	7,573,413	6,409,109	-	-	7,573,413	6,409,109
Cemetery	200,275	179,971	-	-	200,275	179,971
Culture and Recreation	1,403,092	868,260	-	-	1,403,092	868,260
Urban Redevelopment and Housing	8,713	108,397	-	-	8,713	108,397
Economic Development and Assistance	791,531	753,414	-	-	791,531	753,414
Interest on Long-term Debt	1,516,274	1,610,458	-	-	1,516,274	1,610,458
Debt Service Charges and Costs	128,369	22,006	-	-	128,369	22,006
Water and Sewer Utility	-	-	6,596,072	7,639,515	6,596,072	7,639,515
Solid Waste Utility	-	-	2,479,407	2,497,273	2,479,407	2,497,273
Street Light Utility	-	-	433,129	429,388	433,129	429,388
Mandan Airport Authority	-	-	978,990	933,172	978,990	933,172
Total Expenses	23,245,778	21,319,413	10,487,598	11,499,348	33,733,376	32,818,761
Increase (decrease) in Net Position before Transfers	11,454,371	(932,801)	5,483,825	2,660,271	16,938,196	1,727,470
Transfers	16,216,285	709,713	(16,216,285)	(709,713)	-	-
Increase (decrease) in Net Position	27,670,656	(223,088)	(10,732,460)	1,950,558	16,938,196	1,727,470
Net Position - Beginning	86,206,700	86,429,788	79,183,781	77,233,223	165,390,481	163,663,011
Net Position - Ending	\$ 113,877,356	\$ 86,206,700	\$ 68,451,321	\$ 79,183,781	\$ 182,328,677	\$ 165,390,481

Governmental Activities

During the current fiscal year, the City's net position for governmental activities increased by \$27,670,656 from the prior fiscal year for an ending balance of \$113,877,356. Revenues increased by \$14,313,537 from the prior year primarily due to an increase of \$2,883,437 from operating grants and contributions, an increase of \$9,115,726 from capital grants and contributions, and an increase of \$2,500,000 from oil and gas gross production taxes. Expenses increased by \$1,926,365 from the prior year primarily due to an increase of \$198,866 from public safety, an increase of \$1,164,304 from public works, and an increase of \$534,832 from culture and recreation. Transfers increased by \$15,506,572 from the prior year primarily due to the Water and Sewer Utility Fund transfer of capital assets and associated special assessment

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

receivable, special assessment bond, net of bond premium, and interest payable to the Refunding Improvement Bonds Fund on January 1, 2020 for a net transfer of \$15,506,009.

As shown in the table above, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on general revenues to cover the costs associated with the various programs.

Business-type Activities

During the current fiscal year, the City's net position for business-type activities decreased by \$10,732,460 from the prior fiscal year for an ending balance of \$68,451,321. Revenues increased by \$1,811,804 from the prior year primarily due to an increase of \$903,568 from charges for services, an increase of \$659,607 from capital grants and contributions, and an increase of \$191,472 from other. Expenses decreased by \$1,011,750 from the prior year primarily due to a decrease of \$1,043,443 from the Water and Sewer Utility. Transfers decreased by \$15,506,572 from the prior year primarily due to the Water and Sewer Utility Fund transfer of capital assets and associated special assessment receivable, special assessment bond, net of bond premium, and interest payable to the Refunding Improvement Bonds Fund on January 1, 2020 for a net transfer of \$15,506,009.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of City Commissioners.

At December 31, 2020, the City's governmental funds reported combined fund balances of \$26,557,103, an increase of \$10,169,861 in comparison with the prior year. Of this amount, \$2,232,921, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form, \$492,262; 2) restricted for particular purposes, \$21,106,090; 3) committed for particular purposes, \$1,557,502; or 4) assigned for particular purposes, \$1,168,328.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,154,038, while total fund balance decreased to \$10,698,059. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. The fund balance of the City's General Fund decreased by \$1,039,067 during the current fiscal year.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the end of the year was \$9,048,469. The total decrease in net position for the proprietary funds was \$10,732,460.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared To Final Budget

During the year, there were amendments to increase or decrease either the original estimated revenues or original budgeted appropriations. The increases or decreases between the original budget and final budget were as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>
REVENUES			
Taxes	\$ 4,642,500	\$ 4,642,500	\$ -
Licenses and Permits	761,850	744,385	(17,465)
Intergovernmental	2,404,800	2,411,027	6,227
Charges for Services	480,450	480,450	-
Fines and Forfeits	283,450	283,450	-
Special Assessments	48,500	48,500	-
Interest	398,550	398,550	-
Rent	2,000	2,000	-
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 9,022,100</u>	<u>\$ 9,010,862</u>	<u>\$ (11,238)</u>
EXPENDITURES			
Current:			
General Government	\$ 3,627,550	\$ 6,798,053	\$ 3,170,503
Public Safety	6,698,000	3,708,300	(2,989,700)
Public Works	1,726,200	1,726,200	-
Debt Service:			
Principal	11,150	11,150	-
Interest	3,850	3,850	-
Capital Outlay	761,800	6,043,466	5,281,666
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 12,828,550</u>	<u>\$ 18,291,019</u>	<u>\$ 5,462,469</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	\$ -	\$ 26,956	\$ 26,956
Sale of Bonds	-	1,318,063	1,318,063
Transfers In	3,056,800	3,265,634	208,834
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources and Uses	<u>\$ 3,056,800</u>	<u>\$ 4,610,653</u>	<u>\$ 1,553,853</u>

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Final Budget Compared To Actual Results

The differences between the final budget and actual results were as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
REVENUES			
Taxes	\$ 4,642,500	\$ 4,719,907	\$ 77,407
Licenses and Permits	744,385	797,029	52,644
Intergovernmental	2,411,027	5,143,177	2,732,150
Charges for Services	480,450	449,376	(31,074)
Fines and Forfeits	283,450	156,562	(126,888)
Special Assessments	48,500	132,978	84,478
Interest	398,550	178,784	(219,766)
Rent	2,000	2,012	12
Miscellaneous	-	69,262	69,262
	<u>\$ 9,010,862</u>	<u>\$ 11,649,087</u>	<u>\$ 2,638,225</u>
EXPENDITURES			
Current:			
General Government	\$ 6,798,053	\$ 3,383,831	\$(3,414,222)
Public Safety	3,708,300	6,642,403	2,934,103
Public Works	1,726,200	1,839,095	112,895
Debt Service:			
Principal	11,150	11,155	5
Interest	3,850	3,833	(17)
Capital Outlay	<u>6,043,466</u>	<u>4,120,855</u>	<u>(1,922,611)</u>
	<u>\$ 18,291,019</u>	<u>\$ 16,001,172</u>	<u>\$(2,289,847)</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	\$ 26,956	\$ 19,459	\$ (7,497)
Sale of Bonds	1,318,063	-	(1,318,063)
Transfers In	3,265,634	3,290,502	24,868
Transfers Out	<u>-</u>	<u>(24,856)</u>	<u>(24,856)</u>
	<u>\$ 4,610,653</u>	<u>\$ 3,285,105</u>	<u>\$(1,325,548)</u>

Additional general budgetary information can be found on pages 69 - 71 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$195,682,822 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and equipment.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

The following table presents financial information on the City's Capital Assets (net of depreciation) as of December 31, 2020 and December 31, 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,823,343	\$ 2,823,343	\$ 1,144,900	\$ 1,108,105	\$ 3,968,243	\$ 3,931,448
Construction in Progress	12,919,587	8,332,731	8,015,333	6,432,740	20,934,920	14,765,471
Buildings and Improvements	4,529,834	4,675,476	-	-	4,529,834	4,675,476
Infrastructure	94,414,015	77,695,361	70,202,973	84,041,427	164,616,988	161,736,788
Equipment	927,908	785,675	704,929	613,626	1,632,837	1,399,301
Total	<u>\$ 115,614,687</u>	<u>\$ 94,312,586</u>	<u>\$ 80,068,135</u>	<u>\$ 92,195,898</u>	<u>\$ 195,682,822</u>	<u>\$ 186,508,484</u>

The total increase in capital assets for the current fiscal year was \$9,174,338 primarily due to an increase of \$6,169,449 from construction in progress and an increase of \$2,880,200 from infrastructure.

Additional information on the City's capital assets can be found on pages 45 - 46 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$87,254,446. Of this amount, \$38,977,662 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment and \$39,755,647 is for revenue bonds which are secured by city sales taxes, water and sewer revenue, and airport revenue.

The following table presents financial information on the City's Outstanding Debt as of December 31, 2020 and December 31, 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated Absences Payable	\$ 622,822	\$ 617,804	\$ 171,964	\$ 182,702	\$ 794,786	\$ 800,506
Capital Leases Payable	121,489	188,318	434,480	356,651	555,969	544,969
General Obligation Bonds Payable	360,000	410,000	-	-	360,000	410,000
Special Assessments Bonds Payable, net of premium	38,977,662	31,808,173	-	3,423,432	38,977,662	35,231,605
Revenue Bonds Payable, net of premium	18,687,746	19,143,353	21,067,901	23,160,971	39,755,647	42,304,324
Loans Payable	3,871,614	-	1,123,579	914,606	4,995,193	914,606
Net Pension Liability	1,613,345	-	-	-	1,613,345	-
Net OPEB Liability	201,844	191,375	-	-	201,844	191,375
Total	<u>\$ 64,456,522</u>	<u>\$ 52,359,023</u>	<u>\$ 22,797,924</u>	<u>\$ 28,038,362</u>	<u>\$ 87,254,446</u>	<u>\$ 80,397,385</u>

The City's total debt increased by \$6,857,061 during the current fiscal year. The reasons for the overall increase are due to an increase of \$3,746,057 from special assessments bonds, a decrease of \$2,548,677 from revenue bonds, an increase of \$4,080,587 from loans, and an increase of \$1,613,345 from net pension liability.

The City maintained an A1 bond rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation, however, the City is allowed to issue to 8% of its total assessed valuation as approved by the electorate. The current debt limitation for the City is \$87,008,149, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found on pages 47 - 54 of this report.

CITY OF MANDAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2021 fiscal year budget.

- The building permit valuation increased by \$15,201,086 and the building permit fees increased by \$110,035 in comparison with the prior year.
- The state aid distribution decreased by \$161,234 and the highway tax distribution decreased by \$123,481 in comparison with the prior year.
- The taxable sales and purchases increased by \$7,592,952 and the sales tax revenues increased by \$941,949 in comparison with the prior year.
- The occupancy tax revenues increased by \$1,941 and the restaurant & lodging tax revenues increased by \$33,753 in comparison with the prior year.
- The taxable valuation increased by \$2,942,249 or 3% and the mill levy remained the same in comparison with the prior year. The annual increase in property taxes for a residential property valued at \$275,000 with no valuation increase, excluding special assessments, is projected to be \$0.
- The increase in the utility bill for a residential property using 800 cubic feet or 8 units of water per month is projected to be \$3 monthly, \$36 annually or 3%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government'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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 21,722,398	\$ 7,767,470	\$ 29,489,868
Taxes Receivable	146,338	9,578	155,916
Accounts Receivable (net of allowance)	2,056,486	2,196,574	4,253,060
Special Assessments Receivable	36,136,442	18,448	36,154,890
Loans Receivable (net of allowance)	109,185	-	109,185
Internal Balances	(296,270)	296,656	386
Inventories	17,045	158,354	175,399
Prepaid Expenses	383,077	111,324	494,401
Restricted Assets:			
Cash and Cash Equivalents	2,892,911	2,584,414	5,477,325
Capital Assets, not being depreciated:			
Land	2,823,343	1,144,900	3,968,243
Construction Work in Progress	12,919,587	8,015,333	20,934,920
Capital Assets (net of depreciation):			
Buildings and Improvements	4,529,834	-	4,529,834
Buildings and Infrastructure	94,414,015	70,202,973	164,616,988
Machinery and Equipment	927,908	704,929	1,632,837
Total Assets	<u>178,782,299</u>	<u>93,210,953</u>	<u>271,993,252</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	1,959,351	-	1,959,351
Deferred Outflows - OPEB	107,085	-	107,085
Total deferred outflows of resources	<u>2,066,436</u>	<u>-</u>	<u>2,066,436</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Salaries and Benefits Payable	\$ 237,604	\$ 64,639	\$ 302,243
Accounts Payable	1,004,390	996,536	2,000,926
Retainage Payable	578,211	623,737	1,201,948
Prepaid Revenues	67,348	90,260	157,608
Interest Payable	327,411	186,536	513,947
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	173,825	82,697	256,522
Capital Leases Payable	121,489	143,361	264,850
General Obligation Bonds Payable	55,000	-	55,000
Special Assessments Bonds Payable, net of premium	13,337,617	-	13,337,617
Revenue Bonds Payable, net of premium	470,607	2,095,394	2,566,001
Loans Payable	337,965	80,000	417,965
Due After One Year:			
Compensated Absences	448,997	89,267	538,264
Capital Leases Payable	-	291,119	291,119
General Obligation Bonds Payable	305,000	-	305,000
Special Assessments Bonds Payable, net of premium	25,640,045	-	25,640,045
Revenue Bonds Payable, net of premium	18,217,139	18,972,507	37,189,646
Loans Payable	3,533,649	1,043,579	4,577,228
Net Pension Liability	1,613,345	-	1,613,345
Net OPEB Liability	201,844	-	201,844
Total Liabilities	<u>66,671,486</u>	<u>24,759,632</u>	<u>91,431,118</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	294,538	-	294,538
Deferred Inflows - OPEB	5,355	-	5,355
Total deferred inflows of resources	<u>299,893</u>	<u>-</u>	<u>299,893</u>
NET POSITION			
Net investment in Capital Assets	53,017,965	56,818,438	109,836,403
Restricted for:			
Public Safety	214,844	-	214,844
Public Works	212,555	-	212,555
Culture and Recreation	3,245,362	-	3,245,362
Debt Service	48,446,707	2,584,414	51,031,121
Capital Projects	2,898,110	-	2,898,110
Unrestricted	<u>5,841,813</u>	<u>9,048,469</u>	<u>14,890,282</u>
Total Net Position	<u>\$ 113,877,356</u>	<u>\$ 68,451,321</u>	<u>\$ 182,328,677</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 4,173,354	\$ 1,066,759	\$ 2,914,952	\$ -	\$ (191,643)		\$ (191,643)
Public Safety	7,450,857	156,365	35,167	456,459	(6,802,866)		(6,802,866)
Public Works	7,573,413	11,276	500	12,026,317	4,464,680		4,464,680
Cemetery	200,275	131,300	235	-	(68,740)		(68,740)
Culture and Recreation	1,403,092	40,678	285,848	29,123	(1,047,443)		(1,047,443)
Urban Redevelopment and Housing	8,713	2,600	-	-	(6,113)		(6,113)
Economic Development and Assistance	791,431	30,084	15,192	-	(746,155)		(746,155)
Interest on Long-term Debt	1,516,274	-	-	-	(1,516,274)		(1,516,274)
Debt Service Charges and Costs	128,369	-	-	-	(128,369)		(128,369)
Total Governmental Activities	<u>23,245,778</u>	<u>1,439,062</u>	<u>3,251,894</u>	<u>12,511,899</u>	<u>(6,042,923)</u>		<u>(6,042,923)</u>
Business-type Activities:							
Water and Sewer Utility	6,596,072	9,038,542	-	1,071,346		\$ 3,513,816	3,513,816
Solid Waste Utility	2,479,407	2,571,964	-	-		92,557	92,557
Street Light Utility	433,129	459,381	-	-		26,252	26,252
Mandan Airport Authority	978,990	291,918	-	1,848,330		1,161,258	1,161,258
Total Business-type Activities	<u>10,487,598</u>	<u>12,361,805</u>	<u>-</u>	<u>2,919,676</u>		<u>4,793,883</u>	<u>4,793,883</u>
Total Primary Government	<u>\$ 33,733,376</u>	<u>\$ 13,800,867</u>	<u>\$ 3,251,894</u>	<u>\$ 15,431,575</u>	<u>(6,042,923)</u>	<u>4,793,883</u>	<u>(1,249,040)</u>
			<u>General Revenues</u>				
			Property, Delinquent, Mobile Home Taxes	5,560,032	387,299	5,947,331	
			Cable TV Franchise Fees	296,807	-	296,807	
			State Aid Distribution	1,650,190	-	1,650,190	
			Cigarette Taxes	48,286	-	48,286	
			Gaming Taxes	11,630	-	11,630	
			Disabled Veterans Credit	44,690	-	44,690	
			Homestead Credit	86,317	-	86,317	
			Morton County E911 Fees	333,235	-	333,235	
			Telecommunications Taxes	82,220	-	82,220	
			Highway Tax Distribution	1,061,220	-	1,061,220	
			Occupancy Taxes	46,582	-	46,582	
			Oil and Gas Production Taxes	2,500,000	-	2,500,000	
			City 1% Sales Taxes	2,754,358	-	2,754,358	
			City 0.75% Sales Tax	2,065,769	-	2,065,769	
			Fire Insurance Taxes	175,670	-	175,670	
			Restaurant and Lodging Taxes	498,917	-	498,917	
			Interest	192,400	1,222	193,622	
			Sale of Meters and Parts	-	72,174	72,174	
			Other	40,242	229,754	269,996	
			Gain (loss) on Sale of Capital Assets	48,729	(507)	48,222	
			Transfers	16,216,285	(16,216,285)	-	
			Total General Revenues, Gain (Loss) on Sale of Capital Assets, and Transfers	<u>33,713,579</u>	<u>(15,526,343)</u>	<u>18,187,236</u>	
			Change in Net Position	27,670,656	(10,732,460)	16,938,196	
			Net Position - beginning of year	86,206,700	79,183,781	165,390,481	
			Net Position - December 31	<u>\$ 113,877,356</u>	<u>\$ 68,451,321</u>	<u>\$ 182,328,677</u>	

See Notes to the Financial Statements

CITY OF MANDAN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Cemetery</u>	<u>Street Construction</u>	<u>Morton Mandan Public Library</u>	<u>Refunding Improvement Bonds</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 8,809,869	\$ 102,695	\$ -	\$ 783,113	\$ 8,904,171	\$ 3,122,550	\$ 21,722,398
Taxes Receivable	123,619	1,628	-	13,197	1,095	6,799	146,338
Accounts Receivable (net of allowance)	1,254,185	6,500	-	5,742	-	789,639	2,056,066
Special Assessments Receivable	122,770	-	-	-	35,557,840	455,832	36,136,442
Loans Receivable (net of allowance)	109,185	-	-	-	-	-	109,185
Interfund Receivable	1,573,959	-	-	68,196	4,261,825	418,504	6,322,484
Prepaid Expenses	273,184	3,736	-	9,984	-	96,173	383,077
Cash and Cash Equivalents-Restricted	19,826	-	-	-	-	2,873,085	2,892,911
Total Assets	\$ 12,286,597	\$ 114,559	\$ -	\$ 880,232	\$ 48,724,931	\$ 7,762,582	\$ 69,768,901
LIABILITIES							
Current Liabilities:							
Salaries and Benefits Payable	\$ 221,346	\$ 2,882	\$ -	\$ 11,536	\$ -	\$ 1,840	\$ 237,604
Accounts Payable	788,119	5,431	121,144	460	15,991	73,145	1,004,290
Retainage Payable	229,005	-	349,206	-	-	-	578,211
Interfund Payable	68,196	-	6,002,471	-	-	548,087	6,618,754
Prepaid Revenue	67,348	-	-	-	-	-	67,348
Total Liabilities	1,374,014	8,313	6,472,821	11,996	15,991	623,072	8,506,207
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue-Property Taxes	107,222	1,468	-	11,890	987	6,128	127,695
Unavailable Revenue-Special Assessments	107,302	-	-	-	34,048,830	421,764	34,577,896
Total Deferred Inflows of Resources	214,524	1,468	-	11,890	34,049,817	427,892	34,705,591
FUND BALANCES							
Nonspendable:							
Loans Receivable	109,185	-	-	-	-	-	109,185
Prepaid Items	273,184	3,736	-	9,984	-	96,173	383,077
Restricted for:							
Public Safety	-	-	-	-	-	214,844	214,844
Public Works	-	-	-	-	-	212,555	212,555
Culture and Recreation	-	-	-	-	-	3,245,362	3,245,362
Debt Service	-	-	-	-	14,659,123	65,178	14,724,301
Capital Projects	-	-	-	-	-	2,709,028	2,709,028
Committed for:							
General Government	-	-	-	-	-	425,955	425,955
Public Safety	60,554	-	-	-	-	190,819	251,373
Cemetery	-	101,042	-	-	-	-	101,042
Culture and Recreation	-	-	-	288,834	-	-	288,834
Economic Development and Assistance	490,298	-	-	-	-	-	490,298
Assigned for:							
Culture and Recreation	-	-	-	557,528	-	-	557,528
Subsequent Year's Budget:							
Appropriation of Fund Balance	610,800	-	-	-	-	-	610,800
Unassigned	9,154,038	-	(6,472,821)	-	-	(448,296)	2,232,921
Total Fund Balances	10,698,059	104,778	(6,472,821)	856,346	14,659,123	6,711,618	26,557,103
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,286,597	\$ 114,559	\$ -	\$ 880,232	\$ 48,724,931	\$ 7,762,582	\$ 69,768,901

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, 2020

Total Fund Balances for Governmental Funds \$ 26,557,103

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

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

Land	2,823,343	
Buildings and Improvements (net of depreciation)	4,529,834	
Buildings and Infrastructure (net of depreciation)	94,414,015	
Machinery and Equipment (net of depreciation)	927,908	
Construction Work in Progress	12,919,587	
Total Capital Assets		115,614,687

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	1,959,351	
Deferred inflows of resources	(294,538)	
Net pension liability	(1,613,345)	51,468

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	107,085	
Deferred inflows of resources	(5,355)	
Net OPEB liability	(201,844)	(100,114)

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

Unavailable Revenue-Property Taxes	127,695	
Unavailable Revenue-Special Assessments	34,577,896	
Total Long-term Assets		34,705,591

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.

17,365

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

Interest Payable	(327,411)	
Compensated Absences	(622,822)	
Capital Lease Obligation	(121,489)	
General Obligation Bonds Payable	(360,000)	
Special Assessments Bonds Payable, Net of Premium	(38,977,662)	
Loans Payable	(3,871,614)	
Revenue Bonds Payable, net of premium	(18,687,746)	
Total Long-term Liabilities		(62,968,744)

Total Net Position of Governmental Activities

\$ 113,877,356

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, 2020

	General	Cemetery	Street Construction	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 7,474,265	\$ 65,329	\$ -	\$ 518,145	\$ 42,468	\$ 2,877,009	\$ 10,977,216
Licenses and Permits	797,029	-	-	-	-	-	797,029
Intergovernmental	5,145,677	1,518	-	271,118	994	4,259,871	9,679,178
Charges for Services	466,031	76,500	-	15,790	-	9,330	567,651
Fines and Forfeits	156,562	-	-	1,278	-	7,562	165,402
Special Assessments	133,473	-	-	-	6,192,110	220,813	6,546,396
Interest	187,140	-	-	566	-	4,094	191,800
Cemetery Lots	-	54,800	-	-	-	-	54,800
Rent	4,612	-	-	25,570	-	30,084	60,266
Miscellaneous	96,568	235	-	6,364	-	-	103,167
Total Revenues	14,461,357	198,382	-	838,831	6,235,572	7,408,763	29,142,905
EXPENDITURES							
Current:							
General Government	3,383,814	-	-	-	-	271,137	3,654,951
Public Safety	6,593,164	-	-	-	-	477,506	7,070,670
Public Works	1,559,736	-	4,353	-	-	87,758	1,651,847
Cemetery	-	163,843	-	-	-	-	163,843
Culture and Recreation	-	-	552,211	711,206	-	93,019	1,356,436
Urban Redevelopment and Housing	4,497	-	-	-	-	-	4,497
Economic Development and Assistance	755,169	-	-	-	-	-	755,169
Debt Service:							
Principal	11,155	-	-	-	5,183,242	540,674	5,735,071
Interest	3,833	-	-	-	946,545	637,806	1,588,184
Service Charges	-	-	-	-	15,621	2,845	18,466
Issuance Costs	-	-	-	-	109,903	-	109,903
Capital Outlay	4,519,484	-	5,848,786	10,318	-	43,684	10,422,272
Total Expenditures	16,830,852	163,843	6,405,350	721,524	6,255,311	2,154,429	32,531,309
Excess (Deficiency) of Revenues Over (Under) Expenditures							
	(2,369,495)	34,539	(6,405,350)	117,307	(19,739)	5,254,334	(3,388,404)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	19,459	-	-	-	-	-	19,459
Proceeds from Long Term Debt	-	-	4,088,158	-	8,080,000	-	12,168,158
Sale of Bonds	-	-	-	-	-	-	-
Bond Premiums	-	-	50,494	-	615,482	-	665,976
Investment Discounts	-	-	-	-	-	-	-
Transfers In	2,485,487	-	2,980,879	-	448,392	37,976	5,952,734
Transfers Out	(1,174,518)	-	(115,187)	-	(47,449)	(3,910,908)	(5,248,062)
Total Other Financing Sources and Uses	1,330,428	-	7,004,344	-	9,096,425	(3,872,932)	13,558,265
Net Change in Fund Balances	(1,039,067)	34,539	598,994	117,307	9,076,686	1,381,402	10,169,861
Fund Balances - beginning of year	11,737,126	70,239	(7,071,815)	739,039	5,582,437	5,330,216	16,387,242
Fund Balances - December 31	\$ 10,698,059	\$ 104,778	\$ (6,472,821)	\$ 856,346	\$ 14,659,123	\$ 6,711,618	\$ 26,557,103

See Notes to the Financial Statements

CITY OF MANDAN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances-Total Governmental Funds \$ 10,169,861

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	10,040,777	
Transfer from enterprise fund	15,765,635	
Depreciation	(6,161,242)	
Total		19,645,170

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. 1,656,931

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 (283,961)

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)	(51,431)	
Special Assessments Receivable (net)	7,005,882	
Total		6,912,810

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	(12,168,158)	
Issuance of Bond Premiums	(665,976)	
Amortization of Bond Premiums	53,827	
Debt Service-Principal	5,735,071	
Transfer of bond payable and premium from enterprise fund	(3,423,431)	
Total		(10,468,667)

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)	37,067	
Compensated Absences (net)	(5,018)	
Total		36,163

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. 2,349

Change in Net Position of Governmental Activities \$ 27,670,656

CITY OF MANDAN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2020

	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	\$ 4,047,574	\$ 2,547,533	\$ 751,551	\$ 420,812	\$ 7,767,470	\$ -
Taxes Receivable	-	-	-	9,578	9,578	-
Accounts Receivable (net of allowance)	1,689,624	217,801	63,067	226,082	2,196,574	420
Special Assessments Receivable	18,448	-	-	-	18,448	-
Interfund Receivable	302,264	-	-	-	302,264	-
Inventories	124,657	-	-	33,697	158,354	17,045
Prepaid Expenses	87,109	14,120	2,440	7,655	111,324	-
Total Current Assets	<u>6,269,676</u>	<u>2,779,454</u>	<u>817,058</u>	<u>697,824</u>	<u>10,564,012</u>	<u>17,465</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	2,459,401	-	-	125,013	2,584,414	-
Capital Assets not being Depreciated:						
Land	199,769	88,360	-	856,771	1,144,900	-
Construction Work in Progress	7,799,188	-	-	216,145	8,015,333	-
Capital Assets (net of depreciation):						
Buildings and Infrastructure	56,339,171	433,691	-	13,430,111	70,202,973	-
Machinery and Equipment	260,447	370,602	2,743	71,137	704,929	-
Total Capital Assets	<u>64,598,575</u>	<u>892,653</u>	<u>2,743</u>	<u>14,574,164</u>	<u>80,068,135</u>	<u>-</u>
Total Noncurrent Assets	<u>67,057,976</u>	<u>892,653</u>	<u>2,743</u>	<u>14,699,177</u>	<u>82,652,549</u>	<u>-</u>
Total Assets	<u>73,327,652</u>	<u>3,672,107</u>	<u>819,801</u>	<u>15,397,001</u>	<u>93,216,561</u>	<u>17,465</u>
LIABILITIES						
Current Liabilities:						
Salaries and Benefits Payable	51,591	11,038	2,010	-	64,639	-
Accounts Payable	670,245	272,193	43,532	10,566	996,536	100
Compensated Absences	67,441	12,587	2,138	531	82,697	-
Retainage Payable	176,996	-	-	446,741	623,737	-
Interfund Payable	-	-	-	5,608	5,608	-
Interest Payable	171,870	10,141	-	4,525	186,536	-
Prepaid Revenue	-	-	-	90,260	90,260	-
Revenue Bonds Payable	1,988,000	-	-	107,394	2,095,394	-
Capital Lease Payable	-	143,361	-	-	143,361	-
Loans Payable	80,000	-	-	-	80,000	-
Total Current Liabilities	<u>3,206,143</u>	<u>449,320</u>	<u>47,680</u>	<u>665,625</u>	<u>4,368,768</u>	<u>100</u>
Noncurrent Liabilities:						
Compensated Absences	61,474	23,980	3,806	7	89,267	-
Revenue Bonds Payable	18,330,000	-	-	642,507	18,972,507	-
Capital Lease Payable	-	291,119	-	-	291,119	-
Loans Payable	1,043,579	-	-	-	1,043,579	-
Total Noncurrent Liabilities	<u>19,435,053</u>	<u>315,099</u>	<u>3,806</u>	<u>642,514</u>	<u>20,396,472</u>	<u>-</u>
Total Liabilities	<u>22,641,196</u>	<u>764,419</u>	<u>51,486</u>	<u>1,308,139</u>	<u>24,765,240</u>	<u>100</u>
NET POSITION						
Net investment in Capital Assets	42,980,000	458,173	2,743	13,377,522	56,818,438	-
Restricted for:						
Debt Service	2,459,401	-	-	125,013	2,584,414	-
Capital Projects	-	-	-	-	-	-
Unrestricted	<u>5,247,055</u>	<u>2,449,515</u>	<u>765,572</u>	<u>586,327</u>	<u>9,048,469</u>	<u>17,365</u>
Total Net Position	<u>\$ 50,686,456</u>	<u>\$ 2,907,688</u>	<u>\$ 768,315</u>	<u>\$ 14,088,862</u>	<u>\$ 68,451,321</u>	<u>\$ 17,365</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, 2020

	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:	\$ 9,038,542	\$ 2,571,964	\$ 459,381	\$ 291,918	\$ 12,361,805	\$ 124,385
Total Operating Revenues	9,038,542	2,571,964	459,381	291,918	12,361,805	124,385
Operating Expenses:						
Salaries and Benefits	1,945,489	411,512	67,440	99,712	2,524,153	-
Professional Fees and Services	193,321	1,694,162	603	8,992	1,897,078	-
Insurance	88,813	5,787	813	11,602	107,015	-
Rentals	-	250	-	-	250	-
Travel and Training	1,440	308	-	2,241	3,989	-
Utilities	518,672	8,646	180,455	24,764	732,537	47,201
Publishing and Printing	581	396	-	589	1,566	-
Dues and Memberships	1,031	-	-	1,793	2,824	-
Supplies and Maintenance	434,624	49,359	8,398	120,858	613,239	78,900
Repairs and Maintenance	234,752	61,863	113,135	28,419	438,169	1,536
Depreciation	2,365,212	229,807	9,530	644,977	3,249,526	-
Miscellaneous	22,287	5,552	-	12,326	40,165	-
Total Operating Expenses	5,806,222	2,467,642	380,374	956,273	9,610,511	127,637
Operating Income (Loss)	3,232,320	104,322	79,007	(664,355)	2,751,294	(3,252)
Nonoperating Revenues (Expenses):						
Taxes	5,254	-	-	382,045	387,299	-
Intergovernmental	1,054,983	-	-	1,848,330	2,903,313	-
Special Assessments	16,363	-	-	-	16,363	-
Interest	-	-	-	1,222	1,222	-
Sale of Meters and Parts	72,174	-	-	-	72,174	-
Miscellaneous	11,788	168,780	45,151	4,035	229,754	-
Gain (loss) on sale of capital assets	-	-	-	(507)	(507)	-
Capital Outlay (non-capitalized)	(118,231)	(1,657)	(52,755)	-	(172,643)	-
Debt Service:						
Interest	(556,749)	(10,108)	-	(22,717)	(589,574)	-
Service Charges	(114,870)	-	-	-	(114,870)	-
Total Nonoperating Revenues (Expenses)	370,712	157,015	(7,604)	2,212,408	2,732,531	-
Income (Loss) Before Contributions and Transfers	3,603,032	261,337	71,403	1,548,053	5,483,825	(3,252)
Transfers In	893,800	1,000,000	52,754	-	1,946,554	5,601
Transfers Out	(17,162,839)	(1,000,000)	-	-	(18,162,839)	-
Change in Net Position	(12,666,007)	261,337	124,157	1,548,053	(10,732,460)	2,349
Net Position - Beginning of Year	63,352,463	2,646,351	644,158	12,540,809	79,183,781	15,016
Net Position - End of Year	\$ 50,686,456	\$ 2,907,688	\$ 768,315	\$ 14,088,862	\$ 68,451,321	\$ 17,365

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities
	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	\$ 8,973,983	\$ 2,572,287	\$ 444,943	\$ 359,169	\$ 12,350,382	\$ -
Receipts from Interfund Services Provided	-	-	-	-	-	124,781
Payments to Employees	(1,924,615)	(401,173)	(66,269)	(133,898)	(2,525,955)	-
Payments to Suppliers	(1,291,631)	(1,791,960)	(276,057)	(296,088)	(3,655,736)	(131,038)
Net Cash Provided (Used) by Operating Activities	5,757,737	379,154	102,617	(70,817)	6,168,691	(6,257)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Taxes	5,254	-	-	389,015	394,269	-
Intergovernmental	-	-	-	549,836	549,836	-
Sale of Meters and Parts	72,174	-	-	-	72,174	-
Miscellaneous Receipts	11,788	168,780	45,151	3,528	229,247	-
Transfers In	893,800	-	52,754	-	946,554	5,601
Interfund Receivable	196,681	-	-	-	196,681	-
Interfund Payable	(129,892)	-	-	-	(129,892)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,049,805	168,780	97,905	942,379	2,258,869	5,601
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal and state grants	-	-	-	1,073,662	1,073,662	-
Intergovernmental	1,054,983	-	-	(2,730,334)	(1,675,351)	-
Special Assessments	3,470,152	-	-	-	3,470,152	-
Proceeds from Capital Debt	287,973	202,371	-	(169,113)	321,231	-
Purchases of Capital Assets	(3,254,069)	(383,215)	-	-	(3,637,284)	-
Principal Paid on Capital Debt	(5,545,663)	(126,199)	(52,755)	(20,887)	(5,745,504)	-
Interest Paid on Capital Debt	(590,232)	(6,968)	-	-	(597,200)	-
Service Charges Paid on Capital Debt	(114,870)	-	-	-	(114,870)	-
Transfers Out	(1,397,207)	-	-	-	(1,397,207)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,088,933)	(314,011)	(52,755)	(1,846,672)	(8,302,371)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	-	-	-	1,222	1,222	-
Net Cash Provided (Used) by Investing Activities	-	-	-	1,222	1,222	-
Net Increase (Decrease) in Cash and Cash Equivalents	718,609	233,923	147,767	(973,888)	126,411	(656)
Cash and Cash Equivalents - January 1	5,788,366	2,313,610	603,784	1,519,713	10,225,473	656
Cash and Cash Equivalents - December 31	<u>\$ 6,506,975</u>	<u>\$ 2,547,533</u>	<u>\$ 751,551</u>	<u>\$ 545,825</u>	<u>\$ 10,351,884</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents	\$ 4,047,574	\$ 2,547,533	\$ 751,551	\$ 420,812	\$ 7,767,470	\$ -
Restricted Cash and Cash Equivalents	2,459,401	-	-	125,013	2,584,414	-
Total Cash and Cash Equivalents	<u>\$ 6,506,975</u>	<u>\$ 2,547,533</u>	<u>\$ 751,551</u>	<u>\$ 545,825</u>	<u>\$ 10,351,884</u>	<u>\$ -</u>

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

	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)	\$ 3,232,320	\$ 104,322	\$ 79,007	\$ (664,355)	\$ 2,751,294	\$ (3,252)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	2,365,212	229,807	9,530	644,977	3,249,526	-
Effect on cash flows due to changes in:						
Accounts Receivable (net)	(64,559)	323	(14,438)	38,135	(40,539)	396
Inventories	20,796	1,170	-	(8,994)	12,972	13,548
Prepaid Expenses	(52,843)	(12,558)	(2,430)	528	(67,303)	-
Salaries and Benefits Payable	8,349	2,442	435	(2,290)	8,936	-
Compensated Absences	12,525	7,897	736	(31,896)	(10,738)	-
Accounts Payable	235,937	45,751	29,777	(76,038)	235,427	(16,949)
Prepaid Revenues	-	-	-	29,116	29,116	-
Total Adjustments	<u>2,525,417</u>	<u>274,832</u>	<u>23,610</u>	<u>593,538</u>	<u>3,417,397</u>	<u>(3,005)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,757,737</u>	<u>\$ 379,154</u>	<u>\$ 102,617</u>	<u>\$ (70,817)</u>	<u>\$ 6,168,691</u>	<u>\$ (6,257)</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 5,253	\$ 45,683
Investments, at fair value:			
Mutual Funds	8,677,154	-	-
Accounts Receivable (net of allowance)	-	-	3,129
Prepaid Expenses	-	-	1,017
Total Assets	\$ 8,677,154	\$ 5,253	\$ 49,829
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 5,974
Due to Other Funds	-	-	387
Total Liabilities	-	-	6,361
NET POSITION			
Held in Trust for Pension Benefits	8,677,154	-	-
Held in Trust for Police Department	-	5,253	-
Held for Other Governments			19,814
Held for Downtown Redevelopment			23,654
Total Net Position	\$ 8,677,154	\$ 5,253	\$ 43,468

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund	Custodial Funds
ADDITIONS			
Contributions:			
Employer Contributions	\$ 514,251	\$ -	\$ -
Refunds	-	-	14,573
Collections	-	-	64,435
Investment Earnings:			
Net Increase (Decrease) in Fair Value of Investments	1,022,031	-	-
Total Additions	<u>1,536,282</u>	<u>-</u>	<u>79,008</u>
DEDUCTIONS			
Benefits	537,079	2,000	-
Downtown redevelopment	-	-	15,345
General government	-	-	72,527
Total Deductions	<u>537,079</u>	<u>2,000</u>	<u>87,872</u>
Change in Net Position	<u>999,203</u>	<u>(2,000)</u>	<u>(8,864)</u>
Net Position - January 1	<u>7,677,951</u>	<u>7,253</u>	<u>52,332</u>
Net Position - December 31	<u>\$ 8,677,154</u>	<u>\$ 5,253</u>	<u>\$ 43,468</u>

See Notes to the Financial Statements

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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.

Custodial 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, 2020

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, 2020

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

Abatements

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

As of December 31, 2020, 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, 2020

The amount of taxes abated for the year ending December 31, 2020 was as follows:

Tax abatement program	Tax abatement In 2020
New and expanding business	\$ 21,475
Residential New Construction	34,133
Remodeling exemption - commercial	294
Renaissance zone exemption	36,929
	\$ 92,831

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020 was \$2,131,537.

Implementation of New Accounting Standard

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The purpose of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The City has adopted the provisions of the Statement in the accompanying financial statements.

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, 2020

The following funds had expenditures over appropriations as of December 31, 2020:

<u>Fund</u>	<u>Amount</u>
Public Transportation System	\$ (4,183)
Narcotics Task Force Asset	(50,322)
Narcotics Task Force Grant	(132,459)
Narcotics Task Force-Hidta Grant	(117,060)
AARC Grant	(71,833)
BSA Police Explorer Program	(3,358)
Sane Grant	(23,684)
DCAC Grant	(11,700)
Downtown Redevelopment	(15,345)

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, 2020:

<u>Fund</u>	<u>Amount</u>
Health and Safety	\$ (203,283)
Sidewalk, Curb and Gutter Construction	(195,062)
Street Construction	(6,472,821)
Bike Path Construction	(44,943)

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

At December 31, 2020, the carrying amount of the City’s deposits was \$32,138,491 and the bank balance was \$32,591,822. The bank balances were covered by Federal Depository insurance and securities held by the pledging financial institutions’ agents in the government’s names. The carrying amount of restricted cash and cash equivalents deposited with the Bank of North Dakota was \$2,873,085. 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, 2020, are as follows:

<u>Primary Government</u>	
Cash and Cash Equivalents	\$ 29,489,868
Restricted Cash and Cash Equivalents	5,477,325
Less: Cash held with fiscal agent	(2,873,085)
Less: Petty cash	<u>(1,300)</u>
Total Primary	<u>32,092,808</u>
<u>Fiduciary Funds</u>	
Cash and Cash Equivalents	<u>45,683</u>
 Total Deposits	 <u><u>\$ 32,138,491</u></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.

At December 31, 2020, 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	<u>\$ 8,677,154</u>	<u>\$ 8,677,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

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, 2020.

	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds	<u>\$ 8,677,154</u>	<u>\$ 8,677,154</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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, 2020, consist of the following:

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% 3,843

Developers, LLC Phase II

\$66,327 loan with \$14,307 advanced as of December 31, 2020, due in monthly installments of \$3,048 starting August 2025 through July 2027; interest at 2.5% 14,307

Fore 5 Sweet Boyz

\$40,950 loan due in monthly installments of \$486 until paid 40,200

Huff Hills Ski Area

\$117,431 Loan due in monthly installments of \$5,520 through March 15, 2025 and \$3,340 due on March 15, 2026; interest at 1.5% 19,771

NISC

\$71,264 loan due in monthly installments of \$1,188 starting November 2021 through October 2026; interest at 0% 71,264

Total Loans Receivable 177,417

Less: Allowance for uncollectible accounts (68,232)

Net Loans Receivable \$ 109,185

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE 6 INTERFUND ACCOUNTS AND TRANSFERS

Interfund balances at December 31, 2020, consist of the following:

Due from Other Funds / Due to Other Funds

<u>Due to General Fund</u>	
Due from AARC Grant	\$ 21,375
Due from Transportation Alternative Program Construction	102,883
Due from Health and Safety	219,122
Due from Sidewalk, Curb and Gutter Construction	204,707
Due from Street Construction	1,019,878
Due from Custodial Funds	387
Due from Airport	5,608
Total due to General Fund	<u>\$ 1,573,959</u>
<u>Due to Refunding Improvements Bond Fund</u>	
Due from Street Construction	<u>\$ 4,261,825</u>
<u>Due to Non-Major Governmental Funds</u>	
Due from Street Construction	<u>\$ 418,504</u>
<u>Due to Water and Sewer Utility</u>	
Due from Street Construction	<u>\$ 302,264</u>
<u>Due to Library:</u>	
Due from General Fund	<u>\$ 68,196</u>

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2021.

Interfund Transfers

A summary of interfund transfers for the fiscal year ended December 31, 2020, follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 2,485,487	\$ 1,174,518
Street Construction	2,980,879	115,187
Refunding Improvement Bonds	448,392	47,449
Non-major governmental	37,976	3,910,908
Water and Sewer Utility	893,800	17,162,839
Solid Waste Utility	1,000,000	1,000,000
Street Light Utility	52,755	-
Internal Service	5,601	-
	<u>\$ 7,904,890</u>	<u>\$ 23,410,901</u>

Transfers are used for various budgetary and financial management purposes.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

The Water and Sewer Utility Fund transferred capital assets and associated special assessment receivable, special assessment bond, net of bond premium, and interest payable to the Refunding Improvement Bonds Fund on January 1, 2020 for a net transfer out of \$15,506,009. Transfers on the fund financial statements will not balance by the amount of this transfer as it was from an enterprise fund to a capital projects fund.

NOTE 7 CAPITAL ASSETS

The following is a summary of capital assets during the fiscal year ending December 31, 2020:

	Balance 1/1/2020	Additions	Deletions	Transfers	Balance 12/31/2020
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,823,343	\$ -	\$ -	\$ -	\$ 2,823,343
Construction work in progress	8,332,731	11,069,026	-	(6,482,170)	12,919,587
Total capital assets not being depreciated:	<u>11,156,074</u>	<u>11,069,026</u>	<u>-</u>	<u>(6,482,170)</u>	<u>15,742,930</u>
Capital assets being depreciated:					
Buildings and improvements	7,383,305	-	-	-	7,383,305
Buildings and infrastructure	146,305,068	-	-	52,219,675	198,524,743
Machinery and equipment	8,843,524	628,682	(111,519)	(83,711)	9,276,976
Total capital assets being depreciated:	<u>162,531,897</u>	<u>628,682</u>	<u>(111,519)</u>	<u>52,135,964</u>	<u>215,185,024</u>
Less accumulated depreciation for:					
Buildings and improvements	2,707,828	145,643	-	-	2,853,471
Buildings and infrastructure	68,609,708	5,529,150	-	29,971,870	104,110,728
Machinery and equipment	8,057,849	486,449	(111,519)	(83,711)	8,349,068
Total accumulated depreciation	<u>79,375,385</u>	<u>6,161,242</u>	<u>(111,519)</u>	<u>29,888,159</u>	<u>115,313,267</u>
Total capital assets being depreciated, net	<u>83,156,512</u>	<u>(5,532,560)</u>	<u>-</u>	<u>22,247,805</u>	<u>99,871,757</u>
Total capital assets, net	<u>\$ 94,312,586</u>	<u>\$ 5,536,466</u>	<u>\$ -</u>	<u>\$ 15,765,635</u>	<u>\$ 115,614,687</u>
	Balance 1/1/2020	Additions	Deletions	Transfers	Balance 12/31/2020
Business Type Activities:					
Capital assets not being depreciated:					
Land	\$ 1,108,105	\$ 36,795	\$ -	\$ -	\$ 1,144,900
Construction work in progress	6,432,740	6,262,973	-	(4,680,380)	8,015,333
Total capital assets not being depreciated:	<u>7,540,845</u>	<u>6,299,768</u>	<u>-</u>	<u>(4,680,380)</u>	<u>9,160,233</u>
Capital assets being depreciated:					
Buildings and infrastructure	149,346,771	105,700	-	(41,065,922)	108,386,549
Machinery and equipment	4,558,943	481,930	(222,672)	92,506	4,910,707
Total capital assets being depreciated:	<u>153,905,714</u>	<u>587,630</u>	<u>(222,672)</u>	<u>(40,973,416)</u>	<u>113,297,256</u>
Less accumulated depreciation for:					
Buildings and infrastructure	65,305,344	2,850,104	-	(29,971,872)	38,183,576
Machinery and equipment	3,945,317	399,422	(222,672)	83,711	4,205,778
Total accumulated depreciation	<u>69,250,661</u>	<u>3,249,526</u>	<u>(222,672)</u>	<u>(29,888,161)</u>	<u>42,389,354</u>
Total capital assets being depreciated, net	<u>84,655,053</u>	<u>(2,661,896)</u>	<u>-</u>	<u>(11,085,255)</u>	<u>70,907,902</u>
Total capital assets, net	<u>\$ 92,195,898</u>	<u>\$ 3,637,872</u>	<u>\$ -</u>	<u>\$ (15,765,635)</u>	<u>\$ 80,068,135</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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

Governmental Activities:	
General Government	\$ 110,772
Public Safety	314,427
Public Works	5,642,206
Cemetery	36,432
Culture and Recreation	53,189
Urban Redevelopment and Housing	4,216
Total Governmental Activities Depreciation Expense	<u>\$ 6,161,242</u>
 Business-type Activities	
Water and Sewer Utility	\$ 2,365,212
Solid Waste Utility	229,807
Street Light Utility	9,530
Mandan Airport Authority	644,977
Total Business-type Activities Depreciation Expense	<u>\$ 3,249,526</u>

Contract Commitments

The City has active contract project commitments of \$33,928,975 and professional service agreement commitments of \$2,743,905 as of December 31, 2020. The Airport Authority has active contract project commitments of \$157,404 as of December 31, 2020.

NOTE 8 LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its General 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>12/31/20</u> <u>Balance</u>
Asset:	
(1) 2016 CAT 938 Wheel Loader	<u>\$ 121,489</u>
 <u>Business-type Activities</u>	
Asset:	
(1) 2020 John Deere 744L Wheel Loader	\$ 323,529
(1) 2016 Bomag Compactor	110,951
	<u>\$ 434,480</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

The assets acquired through the capital leases are as follows:

Asset:	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 179,250	\$ 878,315
Less: Accumulated depreciation	(179,250)	(583,823)
	<u>\$ -</u>	<u>\$ 294,492</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020 were as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2021	\$ 125,000	\$ 159,586
2022	-	44,586
2023	-	44,585
2024	-	44,586
2025	-	193,399
Total minimum lease payments	125,000	486,742
Less amount representing interest	(3,511)	(52,262)
Present value of future minimum lease payments	<u>\$ 121,489</u>	<u>\$ 434,480</u>

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
2021	\$121,489	\$ 3,511	\$ 143,361	\$ 16,225	\$264,850	\$ 19,736
2022	-	-	33,630	10,956	33,630	10,956
2023	-	-	34,895	9,690	34,895	9,690
2024	-	-	36,209	8,377	36,209	8,377
2025	-	-	186,385	7,014	186,385	7,014
	<u>\$121,489</u>	<u>\$ 3,511</u>	<u>\$ 434,480</u>	<u>\$ 52,262</u>	<u>\$555,969</u>	<u>\$ 55,773</u>

NOTE 9 LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2020, 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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 \$55,000 to \$65,000 through
May 1, 2026; semi-annual interest payments 4.20% to 4.40% \$ 360,000

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	\$ 55,000	\$ 14,460
2022	55,000	12,123
2023	60,000	9,650
2024	60,000	7,040
2025	65,000	4,290
2026-2030	65,000	1,430
	<u>\$ 360,000</u>	<u>\$ 48,993</u>

Special Assessments Bonds Payable with Governmental Commitment

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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%	\$ 1,190,000
Refunding 2012, Series B	5,155,000	11/15/2012	5/1/2028	2.00% - 2.15%	2,695,000
Refunding 2012, Series SCG-2012	480,000	12/15/2012	5/1/2022	1.35%	65,000
Refunding 2013, Series A	1,675,000	4/10/2013	5/1/2021	1.75%	180,000
Refunding 2013, Series C	4,015,000	12/15/2013	5/1/2028	2.10% - 3.50%	2,145,000
Refunding 2014, Series A	2,490,000	8/15/2014	5/1/2021	2.40%	330,000
Refunding 2014, Series B	6,095,000	12/15/2014	5/1/2029	1.00% - 4.00%	3,695,000
Refunding 2015, Series A	4,405,000	4/1/2015	5/1/2022	3.00%	1,170,000
Refunding 2015, Series B	9,025,000	12/30/2015	5/1/2030	2.00% - 5.00%	6,030,000
Refunding 2016, Series A	5,030,000	5/25/2016	5/1/2023	2.00%	1,775,000
Refunding 2016, Series B	420,000	1/12/2017	5/1/2031	2.15% - 3.50%	320,000
Refunding 2017, Series A	1,950,000	5/18/2017	5/1/2024	2.00% - 3.00%	970,000
Refunding 2017, Series B	9,295,000	12/13/2017	5/1/2037	3.00% - 5.00%	7,960,000
Refunding, Series 2020	9,320,000	12/30/2020	5/1/2035	1.00% - 4.00%	9,320,000
Total special assessments bond payable at December 31, 2020					<u><u>\$ 37,845,000</u></u>

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	\$ 13,260,000	\$ 826,546
2022	3,995,000	679,083
2023	2,995,000	564,660
2024	2,500,000	468,094
2025	2,210,000	378,069
2026-2030	9,890,000	957,523
2031-2035	2,470,000	212,231
2036-2040	525,000	16,322
	<u><u>\$ 37,845,000</u></u>	<u><u>\$ 4,102,528</u></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 \$26,819,175. Principal and interest paid for the current year and total net revenues were \$1,054,525 and \$2,065,769, respectively.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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 \$23,316,834. Principal and interest paid for the current year and total net revenues were \$2,481,749 and \$5,757,737, 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 \$827,979. Principal and interest paid for the current year and total net revenues were \$190,000 and \$291,918, respectively.

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%	\$ 14,580,000
\$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>\$ 18,255,000</u>

Business-type Activities

\$3,504,565 Water Improvement Revenue Bonds of 2002, due in annual installment of \$278,000, through September 1, 2021; interest at 2.5%	\$ 278,000
\$1,000,000 Water and Sewer Revenue Bonds, Series 2005, due in annual installments of \$65,000 to \$75,000 through, May 1, 2025; interest at 4.8%	345,000
\$1,545,663 Sewer Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$90,000 to \$110,000 through September 1, 2028; interest at 2.5%	790,000
\$840,000 Sewer Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$55,000 to \$65,000 through September 1, 2028; interest at 2.5%	470,000

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

\$3,782,000 Water Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$240,000 to \$285,000 through September 1, 2028; interest at 2.5%	\$ 2,105,000
\$6,667,283 Water Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$420,000 to \$545,000 through September 1, 2028; interest at 3.27%	3,825,000
\$6,383,867 Water Improvement Revenue Bonds of 2010, Series A, due in annual installments of \$345,000 to \$460,000 through September 1, 2030; interest at 2.84%	4,000,000
\$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%	1,445,000
\$591,683 Water Improvement Revenue Bonds of 2013, Series A, due in annual installments of \$30,000 to \$40,000 through September 1, 2033; interest at 2%	450,000
\$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%	1,210,000
\$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%	3,525,000
\$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%	715,000
\$1,269,453 Water Improvement Revenue Bonds of 2017, Series B, due in annual installments of \$60,000 to \$80,000 through September 1, 2037; interest at 1.5%	1,160,000
\$500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, October 8, 2023; interest at 5.41%	134,283
\$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%	625,000
Total Business-type Activities	<u>21,077,283</u>
Total Revenue Bonds	<u><u>\$ 39,332,283</u></u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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
2021	\$ 450,000	\$ 606,475	\$ 2,095,394	\$ 523,097	\$ 2,545,394	\$ 1,129,572
2022	465,000	592,978	1,859,719	467,081	2,324,719	1,060,059
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	505,000	549,925	2,005,000	314,336	2,510,000	864,261
2026-2030	2,825,000	2,454,350	8,310,000	817,628	11,135,000	3,271,978
2031-2035	3,435,000	1,845,175	2,710,000	157,700	6,145,000	2,002,875
2036-2040	4,075,000	1,210,275	255,000	5,775	4,330,000	1,216,050
2041-2045	5,530,000	161,350	-	-	5,530,000	161,350
	<u>\$ 18,255,000</u>	<u>\$ 8,564,178</u>	<u>\$ 21,077,283</u>	<u>\$ 3,067,682</u>	<u>\$ 39,332,283</u>	<u>\$ 11,631,860</u>

Loans Payable

The following is a schedule of loans payable outstanding at December 31, 2020:

Issue	Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Amount Outstanding
Street #160	\$ 109,611	12/23/2010	5/1/2025	4.00%	\$ 45,274
Sidewalk, Curb and Gutter 2013	136,630	12/17/2013	5/1/2023	2.75%	42,210
Street #209	322,896	8/22/2018	5/1/2028	2.00%	261,851
Water Improvement Interim Certificate, Series A	1,889,000	12/4/2018	9/1/2034	1.50%	1,123,579
Street #207	352,967	12/16/2019	5/1/2033	3.29%	327,755
Street #208	181,045	12/16/2019	5/1/2033	3.05%	135,784
Street #211	225,623	12/16/2019	5/1/2034	3.34%	210,582
Street #213	2,848,158	10/1/2020	5/1/2040	2.00%	2,848,158
Total loan payable					<u>\$ 4,995,193</u>

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

Year Ending December 31	Governmental Activities		Business-Type Activities		Total Activities	
	Principle	Interest	Principal	Interest	Principle	Interest
2021	\$ 337,965	\$ 83,388	\$ 80,000	\$ 16,617	\$ 417,965	\$ 100,005
2022	348,142	75,211	80,000	15,654	428,142	90,865
2023	350,890	66,898	85,000	14,454	435,890	81,352
2024	294,343	59,421	85,000	13,179	379,343	72,600
2025	297,166	52,769	85,000	11,904	382,166	64,673
2026-2030	1,405,718	168,475	450,000	39,943	1,855,718	208,418
2031-2035	837,390	29,478	258,579	7,286	1,095,969	36,764
	<u>\$ 3,871,614</u>	<u>\$ 535,640</u>	<u>\$ 1,123,579</u>	<u>\$ 119,037</u>	<u>\$ 4,995,193</u>	<u>\$ 654,677</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

Current Refunding

The City issued Refunding Improvement Bonds, Series 2020 for the purpose of refunding \$3,695,000 of Refunding Improvement Bonds of 2014, Series B, \$2,145,000 of Refunding Improvement Bonds of 2013, Series C and \$2,695,000 of Refunding Improvement Bonds of 2012, Series B. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a total net present value benefit of \$462,258 and a reduction of \$469,420 in future debt service payments.

Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2020, are summarized as follows:

Governmental Activities	Balance 1/1/2020	Additions	Reductions	Transfers	Balance 12/31/2020	Due Within One Year
Compensated absences	\$ 617,804	\$ 604,209	\$ (599,191)	\$ -	\$ 622,822	\$ 173,825
Capital leases	188,318	-	(66,829)	-	121,489	121,489
General obligation bonds	410,000	-	(50,000)	-	360,000	55,000
Special assessment bonds	31,328,968	12,168,158	(5,183,242)	(468,882)	37,845,002	13,260,000
Plus unamortized premium	479,206	665,976	(33,220)	20,700	1,132,662	77,617
Revenue bonds	18,690,000	-	(435,000)	-	18,255,000	450,000
Plus unamortized premium	453,353	-	(20,607)	-	432,746	20,607
Loans payable	-	-	-	3,871,614	3,871,614	337,965
Total	\$ 52,167,649	\$ 13,438,343	\$ (6,388,089)	\$ 3,423,432	\$ 62,641,335	\$ 14,496,503
Business-Type Activities						
Compensated absences	\$ 182,702	\$ 182,066	\$ (192,804)	\$ -	\$ 171,964	\$ 82,694
Capital leases	356,651	368,115	(290,286)	-	434,480	143,361
Special assessment bonds	3,402,732	-	-	(3,402,732)	-	-
Plus unamortized premium	20,700	-	-	(20,700)	-	-
Revenue bonds	23,171,397	-	(2,094,113)	-	21,077,284	2,095,395
Less unamortized discount	(10,425)	-	1,042	-	(9,383)	-
Loans payable	914,606	287,973	(79,000)	-	1,123,579	80,000
Total	\$ 28,038,363	\$ 838,154	\$ (2,655,161)	\$ (3,423,432)	\$ 22,797,924	\$ 2,401,450

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 and Solid Waste Utility Fund.

The \$15,015,000 and \$3,675,000 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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, 2020.

Conduit Debt

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, 2020, there were five CDBG loans outstanding, with an aggregate principal amount payable of \$464,147.

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 134 participants as of December 31, 2020.

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

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

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

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

Contributions are set by City ordinance and are a percentage of salaries and wages. Employee contributions are established at 2%, and employer contributions are established at 8% of regular compensation. On December 16, 2014 the City ordinance was amended effective January 1,

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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, 2020, 2019, and 2018, were \$514,251, \$523,160 and \$550,802, 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.

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 first enrolled in the plan 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.

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Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

<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

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

At December 31, 2020, the City reported an asset of \$1,613,345 for its proportionate share of the net pension liability(asset). The net pension liability(asset) was measured as of June 30, 2020, 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, 2020, the City's proportion was 25.269402%, which is a decrease of 1.889285% from its proportion measured at June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$504,176. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 60,846	\$ (108,746)
Changes of assumptions	1,654,845	(157,421)
Net difference between projected and actual earnings on pension plan investments	103,155	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	42,257	(28,371)
Employer contributions subsequent to the measurement date	<u>98,248</u>	<u>-</u>
Total	<u>\$ 1,959,351</u>	<u>\$ (294,538)</u>

\$98,248 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, 2021.

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 December 31:	
2021	\$ 432,827
2022	307,231
2023	295,803
2024	322,552
2025	208,152

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Actuarial Assumptions

The total pension liability(asset) in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
Global Real Assets	19%	5.01%

Discount Rate

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

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of

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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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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 4.64%, 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 (3.64%) or 1-percentage-point higher (5.64%) than the current rate:

	1% Decrease 3.64%	Current Discount Rate 4.64%	1% Increase 5.64%
Employer’s proportionate share of the net pension liability	\$ 2,577,381	\$ 1,613,345	\$ 859,568

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.

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.

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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, 2020, the City reported a liability of \$201,844 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 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, 2020, the City's proportion was 0.239948%, which was an increase of 0.001678% from its proportion measured as of June 30, 2019.

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For the year ended December 31, 2020 the City recognized OPEB expense of \$36,509. At December 31, 2020, 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	\$ 4,482	\$ (4,839)
Changes of assumptions	27,063	-
Net difference between projected and actual earnings on OPEB plan investments	6,941	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,178	(516)
Employer contributions subsequent to the measurement date	31,420	-
Total	\$ 107,085	\$ (5,355)

\$31,420 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, 2021.

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 December 31:		
2021	\$	13,957
2022		15,751
2023		15,422
2024		13,492
2025		9,863
Thereafter		1,825

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Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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, 2020 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%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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.

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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, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net OPEB liability	\$ 264,723	\$ 201,844	\$ 148,671

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:

<u>Governmental Funds</u>	
General Fund - Asset Forfeiture Funds	\$ 19,826
0.75% City Sales Tax - BND - Cash with Fiscal Agent	2,873,085
Total	\$ 2,892,911
 <u>Proprietary Funds</u>	
Water and Sewer Utility Fund - Revenue Bond/Debt Service	\$ 2,459,401
Mandan Airport Authority Fund - Revenue Bond/Debt Service	125,013
Total	\$ 2,584,414

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 \$5,792,179 at December 31, 2020, the most recent year audited.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Financial Subsidy Commitments

The City has financial subsidy commitments of \$285,077 as of December 31, 2020.

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, 2020. 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 \$457,287 related to costs of CenCom during the year ended December 31, 2020. The City also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled \$333,235 for the year ended December 31, 2020.

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 \$131,121 for their share of all costs of the law enforcement center for the year ended December 31, 2020.

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NOTE 17 RECENT PRONOUNCEMENTS

The City will implement the following recent pronouncements for fiscal years ending after 2020:

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.

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

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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.

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

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 18 SUBSEQUENT EVENTS

Subsequent to year end, the City approved of creating a Street Improvement District for a cost of approximately \$879,000. Of that total cost, approximately \$440,000 will be special assessed and the other half will be split between sales tax money and city-wide property taxes.

The City approved a resolution to create street improvement district for an estimated cost of \$4,394,464.

Subsequent to year end, the City issued Water Revenue Bonds series 2021 for \$7,255,000. The bonds have an interest rate of 1.5% and are due in annual principal payments beginning September 1, 2022 and semi-annual interest payments beginning September 1, 2021. The bonds mature September 1, 2041.

The City also issued Refunding Improvement Bonds, Series 2021 for \$5,120,000. The bonds have an interest rate ranging from 2.0% to 3.0% with annual payments beginning May 1, 2022 through May 1, 2030.

The City awarded the lowest bid for the Highway 810 Median Barriers and Expressway Bridge Project to Knife River Corp for \$1,979,255.50.

Subsequent events have been evaluated through September 21, 2021, 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 4,642,500	\$ 4,642,500	\$ 4,719,907	\$ 77,407
Licenses and Permits	761,850	744,385	797,029	52,644
Intergovernmental	2,404,800	2,411,027	5,143,177	2,732,150
Charges for Services	480,450	480,450	449,376	(31,074)
Fines and Forfeits	283,450	283,450	156,562	(126,888)
Special Assessments	48,500	48,500	132,978	84,478
Interest	398,550	398,550	178,784	(219,766)
Rent	2,000	2,000	2,012	12
Miscellaneous	-	-	69,262	69,262
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	9,022,100	9,010,862	11,649,087	2,638,225
EXPENDITURES				
Current:				
General Government	3,627,550	6,798,053	3,383,814	3,414,239
Public Safety	6,698,000	3,708,300	6,576,643	(2,868,343)
Public Works	1,726,200	1,726,200	1,559,735	166,465
Debt Service				
Principal	11,150	11,150	11,155	(5)
Interest	3,850	3,850	3,833	17
Capital Outlay	761,800	6,043,466	4,465,992	1,577,474
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	12,828,550	18,291,019	16,001,172	2,289,847
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(3,806,450)</u>	<u>(9,280,157)</u>	<u>(4,352,085)</u>	<u>4,928,072</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	26,956	19,459	(7,497)
Sale of Bonds	-	1,318,063	-	(1,318,063)
Transfers In	3,056,800	3,265,634	3,290,502	24,868
Transfers Out	-	-	(24,856)	(24,856)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	3,056,800	4,610,653	3,285,105	(1,325,548)
Net Change in Fund Balances	<u>\$ (749,650)</u>	<u>\$ (4,669,504)</u>	<u>(1,066,980)</u>	<u>\$ 3,602,524</u>
Fund Balances - January 1			<u>8,322,370</u>	
Fund Balances - December 31			<u>\$ 7,255,390</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			\$ (1,066,980)	
Change in fund balance attributable to activities not included in General Fund budget:				
Alarm - Equipment Reserve Fund			3,987	
1% City Sales Tax			115,969	
Mandan Growth Fund			(98,427)	
Asset Forfeiture Fund			(7,500)	
BSA Police Explorer Program Fund			7,425	
BNSF Settlement Fund			(645)	
Mandan SEP Trust Fund			7,104	
			<hr/>	
Change in General Fund per Statement of Revenues, Expenses, and Change in Fund Balances			<u>\$ (1,039,067)</u>	

See Notes to the Required Supplementary Information

CITY OF MANDAN
BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 63,200	\$ 63,200	\$ 65,329	\$ 2,129
Intergovernmental	3,800	3,800	1,518	(2,282)
Charges for Services	66,050	66,050	76,500	10,450
Cemetery lots	45,500	45,500	54,800	9,300
Miscellaneous	-	-	235	235
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	178,550	178,550	198,382	19,832
EXPENDITURES				
Current:				
Cemetery	171,950	171,950	163,843	8,107
Capital Outlay	10,000	10,000	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	181,950	181,950	163,843	18,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/> (3,400)	<hr/> (3,400)	<hr/> 34,539	<hr/> 37,939
Net Change in Fund Balances	<u>\$ (3,400)</u>	<u>\$ (3,400)</u>	<u>34,539</u>	<u>\$ 37,939</u>
Fund Balances - January 1			<hr/> 70,239	
Fund Balances - December 31			<u>\$ 104,778</u>	

See Notes to the Required Supplementary Information

CITY OF MANDAN
BUDGETARY COMPARISON SCHEDULE – MORTON MANDAN PUBLIC LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 534,872	\$ 534,872	\$ 518,145	\$ (16,727)
Intergovernmental	258,126	268,126	271,118	2,992
Charges for Services	18,000	18,000	15,790	(2,210)
Fines and Forfeits	4,500	4,500	1,278	(3,222)
Interest	600	600	566	(34)
Rent	34,100	34,100	25,570	(8,530)
Miscellaneous	8,500	11,000	6,364	(4,636)
	<u>858,698</u>	<u>871,198</u>	<u>838,831</u>	<u>(32,367)</u>
EXPENDITURES				
Current:				
Culture and Recreation	858,698	871,748	711,206	160,542
Capital Outlay	-	-	10,318	(10,318)
	<u>858,698</u>	<u>871,748</u>	<u>721,524</u>	<u>150,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(550)</u>	<u>117,307</u>	<u>117,857</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (550)</u>	<u>117,307</u>	<u>\$ 117,857</u>
Fund Balances - January 1			<u>739,039</u>	
Fund Balances - December 31			<u>\$ 856,346</u>	

See Notes to the Required Supplementary Information

CITY OF MANDAN
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY(ASSET)
FOR THE YEAR ENDED DECEMBER 31, 2020

	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
2020	25.26940%	\$ 1,613,345	\$ 2,735,341	58.98%	65.83%
2019	27.15869%	(124,964)	2,658,757	-4.70%	104.84%
2018	29.94984%	290,599	1,830,188	15.88%	89.76%
2017	30.48323%	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, 2020

	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
2020	0.239948%	\$ 201,844	\$ 2,735,341	7.38%	63.38%
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.

See Notes to the Required Supplementary Information

CITY OF MANDAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
FOR THE YEAR ENDED DECEMBER 31, 2020

	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
2020	\$ 247,062	\$ (218,565)	\$ 28,497	\$ 2,756,179	7.93%
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, 2020

	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
2020	\$ 31,420	\$ (31,420)	-	\$ 2,756,179	1.14%
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.

See Notes to the Required Supplementary Information

CITY OF MANDAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

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 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 in 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

CITY OF MANDAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
DECEMBER 31, 2020

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 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 allowed for specific department operations or commitments authorized but not completed for the 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 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
DECEMBER 31, 2020

NOTE 2 CHANGES OF BENEFIT TERMS – NDPERS LAW ENFORCEMENT RETIREMENT SYSTEM (LAW ENFORCEMENT SYSTEM)

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (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, 2019.

NOTE 3 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, 2019.

NOTE 4 CHANGES IN ASSUMPTIONS – NDPERS LAW ENFORCEMENT RETIREMENT SYSTEM (LAW ENFORCEMENT SYSTEM)

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 7.00%
- The assumed rate of price inflation was lowered from 2.50% to 2.25% percent for the July 1, 2020 valuation.
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation.
- Mortality table updates were made for the July 1, 2020 valuation.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1 2019.

NOTE 5 CHANGES IN ASSUMPTIONS – OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 422,013	\$ 64,994	\$ 2,635,543	\$ 3,122,550
Taxes Receivable	4,936	1,863	-	6,799
Accounts Receivable (net of allowance)	631,783	-	157,856	789,639
Interfund Receivable	418,504	-	-	418,504
Special Assessments Receivable	259,740	-	196,092	455,832
Prepaid Expenses	95,057	-	1,116	96,173
Cash and Cash Equivalents-Restricted	2,873,085	-	-	2,873,085
	<u>4,705,118</u>	<u>66,857</u>	<u>2,990,607</u>	<u>7,762,582</u>
Total Assets	<u>\$ 4,705,118</u>	<u>\$ 66,857</u>	<u>\$ 2,990,607</u>	<u>\$ 7,762,582</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 1,840	\$ -	\$ -	\$ 1,840
Accounts Payable	49,348	-	23,797	73,145
Interfund Payable	240,497	-	307,590	548,087
	<u>291,685</u>	<u>-</u>	<u>331,387</u>	<u>623,072</u>
Total Liabilities	<u>291,685</u>	<u>-</u>	<u>331,387</u>	<u>623,072</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes	4,449	1,679	-	6,128
Unavailable Revenue-Special Assessments	232,682	-	189,082	421,764
	<u>237,131</u>	<u>1,679</u>	<u>189,082</u>	<u>427,892</u>
Total Deferred Inflows of Resources	<u>237,131</u>	<u>1,679</u>	<u>189,082</u>	<u>427,892</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	95,057	-	1,116	96,173
Restricted for:				
Public Safety	214,844	-	-	214,844
Public Works	212,555	-	-	212,555
Culture and Recreation	3,245,362	-	-	3,245,362
Debt Service	-	65,178	-	65,178
Capital Projects	-	-	2,709,028	2,709,028
Committed for:				
General Government	425,955	-	-	425,955
Public Safety	190,819	-	-	190,819
Unassigned	(208,290)	-	(240,006)	(448,296)
	<u>4,176,302</u>	<u>65,178</u>	<u>2,470,138</u>	<u>6,711,618</u>
Total Fund Balances	<u>4,176,302</u>	<u>65,178</u>	<u>2,470,138</u>	<u>6,711,618</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,705,118</u>	<u>\$ 66,857</u>	<u>\$ 2,990,607</u>	<u>\$ 7,762,582</u>

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Highway Distribution	City's Share of Special Assessments	Municipal Infrastructure	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	\$ -	\$ -	\$ -	\$ 63,276	\$ -	\$ -	\$ 280,869	\$ 77,868	\$ -	\$ -	\$ -	\$ -	\$ 422,013
Taxes Receivable	-	139	-	-	4,797	-	-	-	-	-	-	-	4,936
Accounts Receivable (net of allowance)	212,555	-	-	6,035	-	308,397	-	51,916	43,852	5,730	3,298	-	631,783
Special Assessments Receivable	-	57,363	-	-	-	-	-	-	-	-	-	202,377	259,740
Interfund Receivable	-	418,504	-	-	-	-	-	-	-	-	-	-	418,504
Prepaid Expenses	-	-	-	-	-	-	-	91,905	3,152	-	-	-	95,057
Cash and Cash Equivalents-Restricted	-	-	-	-	-	2,873,085	-	-	-	-	-	-	2,873,085
Total Assets	\$ 212,555	\$ 476,006	\$ -	\$ 69,311	\$ 4,797	\$ 3,181,482	\$280,869	\$221,689	\$ 47,004	\$ 5,730	\$ 3,298	\$202,377	\$ 4,705,118
LIABILITIES													
Salaries and Benefits Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,840	\$ -	\$ -	\$ -	\$ 1,840
Accounts Payable	-	-	-	5,431	475	-	-	6,845	23,789	5,730	3,298	3,780	49,348
Interfund Payable	-	-	-	-	-	-	-	-	21,375	-	-	219,122	240,497
Total Liabilities	-	-	-	5,431	475	-	-	6,845	47,004	5,730	3,298	222,902	291,685
DEFERRED INFLOWS OF RESOURCES													
Unavailable Revenue-Property Taxes	-	127	-	-	4,322	-	-	-	-	-	-	-	4,449
Unavailable Revenue-Special Assessments	-	49,924	-	-	-	-	-	-	-	-	-	182,758	232,682
Total Deferred Inflows of Resources	-	50,051	-	-	4,322	-	-	-	-	-	-	182,758	237,131
FUND BALANCES													
Nonspendable:													
Prepaid Expenses	-	-	-	-	-	-	-	91,905	3,152	-	-	-	95,057
Restricted for:													
Public Safety	-	-	-	-	-	-	-	214,844	-	-	-	-	214,844
Public Works	212,555	-	-	-	-	-	-	-	-	-	-	-	212,555
Culture and Recreation	-	-	-	63,880	-	3,181,482	-	-	-	-	-	-	3,245,362
Committed for:													
General Government	-	425,955	-	-	-	-	-	-	-	-	-	-	425,955
Public Safety	-	-	-	-	-	-	280,869	(91,905)	1,855	-	-	-	190,819
Unassigned	-	-	-	-	-	-	-	-	(5,007)	-	-	(203,283)	(208,290)
Total Fund Balances	212,555	425,955	-	63,880	-	\$ 3,181,482	280,869	214,844	-	-	-	(203,283)	4,176,302
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 212,555	\$ 476,006	\$ -	\$ 69,311	\$ 4,797	\$ 3,181,482	\$280,869	\$221,689	\$ 47,004	\$ 5,730	\$ 3,298	\$202,377	\$ 4,705,118

CITY OF MANDAN
 COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND
 DECEMBER 31, 2020

	Liberty Memorial Bridge General Obligation Bonds
ASSETS	
Cash and Cash Equivalents	\$ 64,994
Taxes Receivable	<u>1,863</u>
Total Assets	<u><u>\$ 66,857</u></u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	<u>\$ 1,679</u>
Total Liabilities	<u>1,679</u>
 FUND BALANCES	
Restricted for:	
Debt Service	<u>65,178</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 66,857</u></u>

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2020

	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	\$ -	\$ 2,635,543	\$ -	\$ 2,635,543
Accounts Receivable (net)	75,041	73,485	9,330	157,856
Special Assessment Receivable	-	-	196,092	196,092
Prepaid Expenses	-	1,116	-	1,116
Total Assets	<u>\$ 75,041</u>	<u>\$ 2,710,144</u>	<u>\$ 205,422</u>	<u>\$ 2,990,607</u>
LIABILITIES				
Accounts Payable	\$ 17,102	\$ -	\$ 6,695	\$ 23,797
Interfund Payable	102,883	-	204,707	307,590
Total Liabilities	<u>119,985</u>	<u>-</u>	<u>211,402</u>	<u>331,387</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue- Special Assessments	-	-	189,082	189,082
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>189,082</u>	<u>189,082</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	1,116	-	1,116
Restricted for:				
Capital Projects	-	2,709,028	-	2,709,028
Unassigned	<u>(44,944)</u>	<u>-</u>	<u>(195,062)</u>	<u>(240,006)</u>
Total Fund Balances	<u>(44,944)</u>	<u>2,710,144</u>	<u>(195,062)</u>	<u>2,470,138</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 75,041</u>	<u>\$ 2,710,144</u>	<u>\$ 205,422</u>	<u>\$ 2,990,607</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,306,376	\$ 71,716	\$ 498,917	\$ 2,877,009
Intergovernmental	4,229,066	1,682	29,123	4,259,871
Charges for Services	-	-	9,330	9,330
Fines and Forfeits	7,562	-	-	7,562
Special Assessments	194,811	-	26,002	220,813
Interest	4,094	-	-	4,094
Rent	-	-	30,084	30,084
Total Revenues	<u>6,741,909</u>	<u>73,398</u>	<u>593,456</u>	<u>7,408,763</u>
EXPENDITURES				
Current:				
General Government	271,137	-	-	271,137
Public Safety	477,506	-	-	477,506
Public Works	51,442	-	36,316	87,758
Culture and Recreation	41,923	-	51,096	93,019
Debt Service:				
Principal	490,674	50,000	-	540,674
Interest	621,141	16,665	-	637,806
Service Charges	1,750	1,095	-	2,845
Capital Outlay	-	-	43,684	43,684
Total Expenditures	<u>1,955,573</u>	<u>67,760</u>	<u>131,096</u>	<u>2,154,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,786,336</u>	<u>5,638</u>	<u>462,360</u>	<u>5,254,334</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	29,444	-	8,532	37,976
Transfers Out	(3,909,206)	-	(1,702)	(3,910,908)
Total Other Financing Sources and Uses	<u>(3,879,762)</u>	<u>-</u>	<u>6,830</u>	<u>(3,872,932)</u>
Net Change in Fund Balances	<u>906,574</u>	<u>5,638</u>	<u>469,190</u>	<u>1,381,402</u>
Fund Balances - January 1	<u>3,269,728</u>	<u>59,540</u>	<u>2,000,948</u>	<u>5,330,216</u>
Fund Balances - December 31	<u>\$ 4,176,302</u>	<u>\$ 65,178</u>	<u>\$ 2,470,138</u>	<u>\$ 6,711,618</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Highway Distribution	City's Share of Special Assessments	Municipal Infrastructure	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	\$ -	\$ 5,647	\$ -	\$ 46,582	\$ 188,378	\$ 2,065,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,306,376
Intergovernmental	1,061,221	127	2,500,000	-	4,405	-	175,670	309,977	142,282	23,684	11,700	-	4,229,066
Fines and Forfeits	-	-	-	-	-	-	-	7,562	-	-	-	-	7,562
Special Assessments	-	129,905	-	-	-	-	-	-	-	-	-	64,906	194,811
Interest	-	-	-	-	-	4,094	-	-	-	-	-	-	4,094
Total Revenues	1,061,221	135,679	2,500,000	46,582	192,783	2,069,863	175,670	317,539	142,282	23,684	11,700	64,906	6,741,909
EXPENDITURES													
Current:													
General Government	-	78,354	-	-	192,783	-	-	-	-	-	-	-	271,137
Public Safety	-	-	-	-	-	-	-	299,840	142,282	23,684	11,700	-	477,506
Public Works	-	-	-	-	-	-	-	-	-	-	-	51,442	51,442
Culture and Recreation	-	-	-	41,923	-	-	-	-	-	-	-	-	41,923
Debt Service:													
Principal	-	-	-	-	-	435,000	55,674	-	-	-	-	-	490,674
Interest	-	-	-	-	-	619,525	1,616	-	-	-	-	-	621,141
Service Charges	-	-	-	-	-	1,750	-	-	-	-	-	-	1,750
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	78,354	-	41,923	192,783	1,056,275	57,290	299,840	142,282	23,684	11,700	51,442	1,955,573
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,061,221	57,325	2,500,000	4,659	-	1,013,588	118,380	17,699	-	-	-	13,464	4,786,336
OTHER FINANCING SOURCES (USES)													
Transfers In	-	-	-	-	-	-	-	19,975	-	-	-	9,469	29,444
Transfers Out	(1,070,006)	(230,923)	(2,500,000)	-	-	-	(85,603)	(22,674)	-	-	-	-	(3,909,206)
Total Other Financing Sources and Uses	(1,070,006)	(230,923)	(2,500,000)	-	-	-	(85,603)	(2,699)	-	-	-	9,469	(3,879,762)
Net Change in Fund Balances	(8,785)	(173,598)	-	4,659	-	1,013,588	32,777	15,000	-	-	-	22,933	906,574
Fund Balances - January 1	221,340	599,553	-	59,221	-	2,167,894	248,092	199,844	-	-	-	(226,216)	3,269,728
Fund Balances - December 31	\$ 212,555	\$ 425,955	\$ -	\$ 63,880	\$ -	\$ 3,181,482	\$ 280,869	\$ 214,844	\$ -	\$ -	\$ -	\$ (203,283)	\$ 4,176,302

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Liberty Memorial Bridge General Obligation Bonds
REVENUES	
Taxes	\$ 71,716
Intergovernmental	1,682
	Total Revenues 73,398
 EXPENDITURES	
Debt Service:	
Principal	50,000
Interest	16,665
Service Charges	1,095
	Total Expenditures 67,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,638
Net Change in Fund Balances	5,638
Fund Balances - January 1	59,540
Fund Balances - December 31	\$ 65,178

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Transportation Alternatives Program Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Total Nonmajor Capital Projects Funds
REVENUES				
Taxes	\$ -	\$ 498,917	\$ -	\$ 498,917
Intergovernmental	29,123	-	-	29,123
Charges for Services	-	-	9,330	9,330
Special Assessments	-	-	26,002	26,002
Rent	-	30,084	-	30,084
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	29,123	529,001	35,332	593,456
EXPENDITURES				
Current:				
Public Works	-	-	36,316	36,316
Culture and Recreation	44,944	6,152	-	51,096
Capital Outlay	43,684	-	-	43,684
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	88,628	6,152	36,316	131,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(59,505)	522,849	(984)	462,360
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	8,532	8,532
Transfers Out	(1,702)	-	-	(1,702)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	(1,702)	-	8,532	6,830
Net Change in Fund Balances	<hr/>	<hr/>	<hr/>	<hr/>
	(61,207)	522,849	7,548	469,190
Fund Balances - January 1	<hr/>	<hr/>	<hr/>	<hr/>
	16,263	2,187,295	(202,610)	2,000,948
Fund Balances - December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (44,944)	\$ 2,710,144	\$ (195,062)	\$ 2,470,138