

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
LIST OF ELECTED AND APPOINTED OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Activities	8
Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	11
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	12
Statement of Net Position – Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	62
Budgetary Comparison Schedule - Cemetery Fund	63
Budgetary Comparison Schedule - Morton Mandan Public Library Fund	64
Schedule of Employer's Proportionate Share of Net Pension Liability (Asset)	65
Schedule of Employer's Proportionate Share of Net OPEB Liability	65
Schedule of Employer Contributions - Pension	66
Schedule of Employer Contributions - OPEB	66
Notes to the Required Supplementary Information	67
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	70
Combining Balance Sheet - Nonmajor Special Revenue Funds	71
Combining Balance Sheet - Nonmajor Debt Service Fund	72
Combining Balance Sheet - Nonmajor Capital Project Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Fund	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	77

CITY OF MANDAN
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2021

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

Amy Oster	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
Jordan Singer	Building Inspection
Mitch Bitz	Public Works

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mandan, North Dakota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mandan, North Dakota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Mandan, North Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mandan, North Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of elected and appointed officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2022 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**

August 6, 2022

CITY OF MANDAN
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,283,384	\$ 12,444,915	\$ 25,728,299
Taxes Receivable	107,975	6,939	114,914
Accounts Receivable (net of allowance)	2,137,728	3,500,319	5,638,047
Special Assessments Receivable	32,603,829	12,052	32,615,881
Loans Receivable (net of allowance)	110,627	-	110,627
Internal Balances	(1,052,759)	1,052,759	-
Inventories	27,069	189,565	216,634
Prepaid Expenses	170,838	43,555	214,393
Restricted Assets:			
Cash and Cash Equivalents	2,032,742	2,424,234	4,456,976
Net Pension Asset	572,503	-	572,503
Capital Assets, not being depreciated:			
Land	2,823,343	1,144,900	3,968,243
Construction Work in Progress	31,035,696	16,802,348	47,838,044
Capital Assets (net of depreciation):			
Buildings and Improvements	8,742,829	-	8,742,829
Buildings and Infrastructure	91,531,889	74,545,427	166,077,316
Machinery and Equipment	969,700	499,799	1,469,499
Total Assets	<u>185,097,393</u>	<u>112,666,812</u>	<u>297,764,205</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	1,381,722	-	1,381,722
Deferred Outflows - OPEB	89,473	-	89,473
Total deferred outflows of resources	<u>1,471,195</u>	<u>-</u>	<u>1,471,195</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Salaries and Benefits Payable	\$ 299,632	\$ 71,368	\$ 371,000
Accounts Payable	1,771,856	1,953,858	3,725,714
Retainage Payable	576,733	1,445,320	2,022,053
Prepaid Revenues	78,540	1,866,593	1,945,133
Interest Payable	340,480	179,220	519,700
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences	157,939	1,109	159,048
Capital Leases Payable	-	33,630	33,630
General Obligation Bonds Payable	55,000	-	55,000
Special Assessments Bonds Payable, net of premium	3,955,000	-	3,955,000
Revenue Bonds Payable, net of premium	465,000	1,943,139	2,408,139
Loans Payable	597,974	300,000	897,974
Due After One Year:			
Compensated Absences	492,266	173,221	665,487
Capital Leases Payable	-	257,490	257,490
General Obligation Bonds Payable	250,000	-	250,000
Special Assessments Bonds Payable, net of premium	22,990,003	-	22,990,003
Revenue Bonds Payable, net of premium	15,647,139	18,719,874	34,367,013
Loans Payable	9,193,588	2,304,300	11,497,888
Net OPEB Liability	146,015	-	146,015
Total Liabilities	<u>57,017,165</u>	<u>29,249,122</u>	<u>86,266,287</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	2,135,984	-	2,135,984
Deferred Inflows - OPEB	54,394	-	54,394
Total Deferred Inflows of Resources	<u>2,190,378</u>	<u>-</u>	<u>2,190,378</u>
NET POSITION			
Net Investment in Capital Assets	81,373,020	67,988,721	149,361,741
Restricted for:			
Public Safety	342,103	-	342,103
Public Works	206,130	-	206,130
Culture and Recreation	70,311	-	70,311
Debt Service	39,924,996	2,424,234	42,349,230
Capital Projects	1,155,628	-	1,155,628
Unrestricted	<u>3,699,357</u>	<u>13,004,735</u>	<u>16,704,092</u>
Total Net Position	<u>\$ 127,361,045</u>	<u>\$ 83,417,690</u>	<u>\$ 210,778,735</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for	Operating Grants and	Capital Grants and	Governmental Activities	Business-type Activities	Total
		Services	Contributions	Contributions			
Governmental Activities:							
General Government	\$ 5,119,090	\$ 1,073,999	\$ 182,718	\$ -	\$ (3,862,373)		\$ (3,862,373)
Public Safety	7,965,735	145,295	616,542	543,318	(6,660,580)		(6,660,580)
Public Works	7,614,517	2,361	2,000	17,976,633	10,366,477		10,366,477
Cemetery	241,010	143,700	125	-	(97,185)		(97,185)
Culture and Recreation	808,064	49,314	243,156	698	(514,896)		(514,896)
Urban Redevelopment and Housing	7,995	2,850	-	-	(5,145)		(5,145)
Economic Development and Assistance	781,645	30,524	45,150	-	(705,971)		(705,971)
Interest on Long-term Debt	1,226,142	-	-	-	(1,226,142)		(1,226,142)
Debt Service Charges and Costs	94,072	-	-	-	(94,072)		(94,072)
Total Governmental Activities	23,858,270	1,448,043	1,089,691	18,520,649	(2,799,887)		(2,799,887)
Business-type Activities:							
Water and Sewer Utility	7,146,380	12,373,258	-	9,174,449		\$ 14,401,327	14,401,327
Solid Waste Utility	2,591,521	2,643,002	-	-		51,481	51,481
Street Light Utility	423,468	464,643	-	-		41,175	41,175
Mandan Airport Authority	955,396	307,426	-	614,223		(33,747)	(33,747)
Total Business-type Activities	11,116,765	15,788,329	-	9,788,672		14,460,236	14,460,236
Total Primary Government	\$ 34,975,035	\$ 17,236,372	\$ 1,089,691	\$ 28,309,321	(2,799,887)	14,460,236	11,660,349
General Revenues							
Property, Delinquent, Mobile Home Taxes					5,691,442	395,951	6,087,393
Cable TV Franchise Fees					287,034	-	287,034
State Aid Distribution					2,010,036	-	2,010,036
Cigarette Taxes					48,673	-	48,673
Gaming Taxes					20,207	-	20,207
Disabled Veterans Credit					50,590	-	50,590
Homestead Credit					82,423	-	82,423
Morton County E911 Fees					328,286	-	328,286
Telecommunications Taxes					82,220	-	82,220
Highway Tax Distribution					1,091,992	-	1,091,992
Occupancy Taxes					64,317	-	64,317
City 1% Sales Taxes					3,154,582	-	3,154,582
City 0.75% Sales Tax					2,365,936	-	2,365,936
Fire Insurance Taxes					205,735	-	205,735
Restaurant and Lodging Taxes					585,489	-	585,489
Interest					94,637	304	94,941
Other					154,965	88,790	243,755
Gain (loss) on Sale of Capital Assets					-	(13,900)	(13,900)
Transfers					(34,988)	34,988	-
Total General Revenues, Gain (Loss) on Sale of Capital Assets, and Transfers					16,283,576	506,133	16,789,709
Change in Net Position					13,483,689	14,966,369	28,450,058
Net Position - Beginning of Year					113,877,356	68,451,321	182,328,677
Net Position - End of Year					\$ 127,361,045	\$ 83,417,690	\$ 210,778,735

See Notes to the Financial Statements

CITY OF MANDAN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Cemetery	Street Construction	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 8,985,984	\$ 113,967	\$ -	\$ 909,499	\$ 1,872,404	\$ 1,401,530	\$ 13,283,384
Taxes Receivable	91,538	1,283	-	9,539	747	4,868	107,975
Accounts Receivable (net of allowance)	1,133,944	7,800	-	-	-	995,002	2,136,746
Special Assessments Receivable	87,360	-	-	-	32,133,648	382,821	32,603,829
Loans Receivable (net of allowance)	110,627	-	-	-	-	-	110,627
Interfund Receivable	1,006,581	-	-	84,910	3,801,468	172,017	5,064,976
Prepaid Expenses	31,690	423	-	11,669	-	127,056	170,838
Cash and Cash Equivalents-Restricted	51,487	-	-	-	-	1,981,255	2,032,742
Total Assets	\$ 11,499,211	\$ 123,473	\$ -	\$ 1,015,617	\$ 37,808,267	\$ 5,064,549	\$ 55,511,117
LIABILITIES							
Current Liabilities:							
Salaries and Benefits Payable	\$ 280,794	\$ 3,378	\$ -	\$ 13,345	\$ -	\$ 2,115	\$ 299,632
Accounts Payable	955,919	7,329	86,703	19,355	1,500	701,050	1,771,856
Retainage Payable	348,848	-	138,583	-	-	89,302	576,733
Interfund Payable	84,910	-	4,971,698	-	-	1,033,076	6,089,684
Prepaid Revenue	67,063	-	-	-	-	11,477	78,540
Total Liabilities	1,737,534	10,707	5,196,984	32,700	1,500	1,837,020	8,816,445
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue-Property Taxes	79,015	1,167	-	8,681	680	4,430	93,973
Unavailable Revenue-Special Assessments	72,510	-	-	-	30,904,937	349,767	31,327,214
Total Deferred Inflows of Resources	151,525	1,167	-	8,681	30,905,617	354,197	31,421,187
FUND BALANCES							
Nonspendable:							
Loans Receivable	91,072	-	-	-	-	-	91,072
Prepaid Items	31,690	423	-	11,669	-	127,056	170,838
Restricted for:							
1% City Sales Tax	919,498	-	-	-	-	-	919,498
General Government	20,434	-	-	-	-	174,209	194,643
Public Safety	-	-	-	-	-	342,103	342,103
Public Works	-	-	-	-	-	206,130	206,130
Cemetery	-	81,999	-	-	-	-	81,999
Culture and Recreation	-	-	-	-	-	70,311	70,311
Urban Redevelopment and Housing	589,500	-	-	-	-	-	589,500
Debt Service	-	-	-	-	6,901,150	2,458,709	9,359,859
Capital Projects	-	-	-	-	-	1,027,563	1,027,563
Committed for:							
Operating Reserve	2,116,394	29,177	-	143,147	-	89,830	2,378,548
General Government	-	-	-	-	-	-	-
Public Safety	103,240	-	-	-	-	-	103,240
Cemetery	-	-	-	-	-	-	-
Public Works	14,000	-	-	-	-	-	14,000
Culture and Recreation	-	-	-	301,561	-	-	301,561
Urban Redevelopment and Housing	-	-	-	-	-	-	-
Economic Development and Assistance	592,374	-	-	-	-	-	592,374
Assigned for:							
Culture and Recreation	-	-	-	-	-	-	-
Subsequent Year's Budget:							
Appropriation of Fund Balance	1,293,500	-	-	5,539	-	-	1,299,039
Unassigned	3,838,450	-	(5,196,984)	512,320	-	(1,622,579)	(2,468,793)
Total Fund Balances	9,610,152	111,599	(5,196,984)	974,236	6,901,150	2,873,332	15,273,485
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,499,211	\$ 123,473	\$ -	\$ 1,015,617	\$ 37,808,267	\$ 5,064,549	\$ 55,511,117

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, 2021

Total Fund Balances for Governmental Funds \$ 15,273,485

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)	8,742,829	
Buildings and Infrastructure (net of depreciation)	91,531,889	
Machinery and Equipment (net of depreciation)	969,700	
Construction Work in Progress	31,035,696	
Total Capital Assets		135,103,457

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	1,381,722	
Deferred inflows of resources	(2,135,984)	
Net pension asset	572,503	(181,759)

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	89,473	
Deferred inflows of resources	(54,394)	
Net OPEB liability	(146,015)	(110,936)

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

Unavailable Revenue-Property Taxes	93,973	
Unavailable Revenue-Special Assessments	31,327,214	
Total Long-term Assets		31,421,187

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

Interest Payable	(340,480)	
Compensated Absences	(650,205)	
General Obligation Bonds Payable	(305,000)	
Special Assessments Bonds Payable, Net of Premium	(26,945,003)	
Loans Payable	(9,791,562)	
Revenue Bonds Payable, net of premium	(16,112,139)	
Total Long-term Liabilities		(54,144,389)

Total Net Position of Governmental Activities \$ 127,361,045

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, 2021

	General	Cemetery	Street Construction	Morton Mandan Public Library	Refunding Improvement Bonds	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 8,250,239	\$ 73,246	\$ -	\$ 528,390	\$ 40,637	\$ 3,285,300	\$ 12,177,812
Licenses and Permits	459,941	-	-	-	-	-	459,941
Intergovernmental	2,819,560	1,697	-	255,444	946	2,434,017	5,511,664
Charges for Services	465,458	143,700	-	23,754	-	-	632,912
Fines and Forfeits	159,509	-	-	582	-	41,090	201,181
Special Assessments	141,219	-	-	-	6,961,068	229,286	7,331,573
Interest	90,364	-	-	307	-	2,967	93,638
Rent	9,150	-	-	-	-	30,524	39,674
Miscellaneous	155,439	125	-	8,009	-	-	163,573
Total Revenues	12,550,879	218,768	-	816,486	7,002,651	6,023,184	26,611,968
EXPENDITURES							
Current:							
General Government	3,525,363	-	-	-	-	811,015	4,336,378
Public Safety	7,139,559	-	-	-	-	584,486	7,724,045
Public Works	1,941,064	-	-	-	-	77,067	2,018,131
Cemetery	-	202,371	-	-	-	-	202,371
Culture and Recreation	-	-	-	688,266	-	73,402	761,668
Urban Redevelopment and Housing	3,779	-	-	-	-	-	3,779
Economic Development and Assistance	781,645	-	-	-	-	-	781,645
Debt Service:							
Principal	121,489	-	-	-	19,018,406	2,610,000	21,749,895
Interest	3,511	-	-	-	928,711	609,064	1,541,286
Service Charges	-	-	-	-	12,740	3,971	16,711
Issuance Costs	-	-	-	-	77,361	-	77,361
Capital Outlay	2,719,882	9,576	5,226,380	10,330	-	3,665,707	11,631,875
Total Expenditures	16,236,292	211,947	5,226,380	698,596	20,037,218	8,434,712	50,845,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,685,413)	6,821	(5,226,380)	117,890	(13,034,567)	(2,411,528)	(24,233,177)
OTHER FINANCING SOURCES (USES)							
Proceeds from Long Term Debt	1,175,000	-	6,283,354	-	5,120,000	-	12,578,354
Bond Premiums	40,017	-	-	-	355,646	-	395,663
Transfers In	1,854,044	-	243,271	-	-	5,179	2,102,494
Transfers Out	(471,555)	-	(24,408)	-	(199,052)	(1,431,937)	(2,126,952)
Total Other Financing Sources and Uses	2,597,506	-	6,502,217	-	5,276,594	(1,426,758)	12,949,559
Net Change in Fund Balances	(1,087,907)	6,821	1,275,837	117,890	(7,757,973)	(3,838,286)	(11,283,618)
Fund Balances - Beginning of Year	10,698,059	104,778	(6,472,821)	856,346	14,659,123	6,711,618	26,557,103
Fund Balances - December 31	\$ 9,610,152	\$ 111,599	\$ (5,196,984)	\$ 974,236	\$ 6,901,150	\$ 2,873,332	\$ 15,273,485

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, 2021

Net Change in Fund Balances-Total Governmental Funds \$ (11,283,618)

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	11,631,875	
Depreciation	(6,038,847)	
Total	5,593,028	5,593,028

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. 13,895,741

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 (244,049)

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

Taxes Receivable (net)	(33,722)	
Special Assessments Receivable (net)	(3,250,682)	
Total	(3,284,404)	(3,284,404)

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	(12,578,354)	
Issuance of Bond Premiums	(634,945)	
Amortization of Bond Premiums	328,212	
Debt Service-Principal	21,749,895	
Total	8,864,808	8,864,808

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

Interest Payable (net)	(13,069)	
Compensated Absences (net)	(27,383)	
Total	(40,452)	(40,452)

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. (17,365)

Change in Net Position of Governmental Activities \$ 13,483,689

CITY OF MANDAN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021

	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	\$ 8,458,306	\$ 2,570,616	\$ 873,589	\$ 542,404	\$ 12,444,915	\$ -
Taxes Receivable	-	-	-	6,939	6,939	-
Accounts Receivable (net of allowance)	3,081,042	233,768	63,138	122,371	3,500,319	982
Special Assessments Receivable	12,052	-	-	-	12,052	-
Interfund Receivable	1,061,712	-	-	-	1,061,712	-
Inventories	150,452	-	-	39,113	189,565	27,069
Prepaid Expenses	33,420	214	480	9,441	43,555	-
Total Current Assets	<u>12,796,984</u>	<u>2,804,598</u>	<u>937,207</u>	<u>720,268</u>	<u>17,259,057</u>	<u>28,051</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	2,300,261	-	-	123,973	2,424,234	-
Capital Assets not being Depreciated:						
Land	199,769	88,360	-	856,771	1,144,900	-
Construction Work in Progress	16,643,548	-	-	158,800	16,802,348	-
Capital Assets (net of depreciation):						
Buildings and Infrastructure	60,760,404	406,812	-	13,378,211	74,545,427	-
Machinery and Equipment	156,987	269,716	-	73,096	499,799	-
Total Capital Assets	<u>77,760,708</u>	<u>764,888</u>	<u>-</u>	<u>14,466,878</u>	<u>92,992,474</u>	<u>-</u>
Total Noncurrent Assets	<u>80,060,969</u>	<u>764,888</u>	<u>-</u>	<u>14,590,851</u>	<u>95,416,708</u>	<u>-</u>
Total Assets	<u>92,857,953</u>	<u>3,569,486</u>	<u>937,207</u>	<u>15,311,119</u>	<u>112,675,765</u>	<u>28,051</u>
LIABILITIES						
Current Liabilities:						
Salaries and Benefits Payable	55,913	13,190	2,265	-	71,368	-
Accounts Payable	1,640,835	246,436	38,704	27,883	1,953,858	-
Compensated Absences	-	-	-	1,109	1,109	-
Retainage Payable	1,351,308	-	-	94,012	1,445,320	-
Interfund Payable	-	-	-	8,953	8,953	28,051
Interest Payable	168,634	6,847	-	3,739	179,220	-
Prepaid Revenue	1,786,128	-	-	80,465	1,866,593	-
Revenue Bonds Payable	1,834,463	-	-	108,676	1,943,139	-
Capital Lease Payable	-	33,630	-	-	33,630	-
Loans Payable	300,000	-	-	-	300,000	-
Total Current Liabilities	<u>7,137,281</u>	<u>300,103</u>	<u>40,969</u>	<u>324,837</u>	<u>7,803,190</u>	<u>28,051</u>
Noncurrent Liabilities:						
Compensated Absences	120,854	42,555	6,518	3,294	173,221	-
Revenue Bonds Payable	18,185,000	-	-	534,874	18,719,874	-
Capital Lease Payable	-	257,490	-	-	257,490	-
Loans Payable	2,304,300	-	-	-	2,304,300	-
Total Noncurrent Liabilities	<u>20,610,154</u>	<u>300,045</u>	<u>6,518</u>	<u>538,168</u>	<u>21,454,885</u>	<u>-</u>
Total Liabilities	<u>27,747,435</u>	<u>600,148</u>	<u>47,487</u>	<u>863,005</u>	<u>29,258,075</u>	<u>28,051</u>
NET POSITION						
Net investment in Capital Assets	53,785,637	473,768	-	13,729,316	67,988,721	-
Restricted for:						
Debt Service	2,300,261	-	-	123,973	2,424,234	-
Capital Projects	-	-	-	-	-	-
Unrestricted	9,024,620	2,495,570	889,720	594,825	13,004,735	-
Total Net Position	<u>\$ 65,110,518</u>	<u>\$ 2,969,338</u>	<u>\$ 889,720</u>	<u>\$ 14,448,114</u>	<u>\$ 83,417,690</u>	<u>\$ -</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, 2021

	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:	\$ 12,373,258	\$ 2,643,002	\$ 464,643	\$ 307,426	\$ 15,788,329	\$ 153,645
Total Operating Revenues	12,373,258	2,643,002	464,643	307,426	15,788,329	153,645
Operating Expenses:						
Salaries and Benefits	1,985,236	472,204	79,045	84,776	2,621,261	-
Professional Fees and Services	228,454	1,848,490	240	12,507	2,089,691	-
Insurance	99,670	9,466	1,519	8,085	118,740	-
Travel and Training	7,742	44	1,762	3,282	12,830	-
Utilities	568,631	8,484	185,618	27,724	790,457	60,790
Publishing and Printing	583	941	-	3,326	4,850	-
Dues and Memberships	3,383	-	-	1,465	4,848	-
Supplies and Maintenance	454,805	52,729	8,055	152,410	667,999	95,489
Repairs and Maintenance	311,384	45,643	91,718	24,254	472,999	4,201
Depreciation	2,579,500	127,765	2,743	602,804	3,312,812	-
Miscellaneous	14,533	6,145	-	16,887	37,565	-
Total Operating Expenses	6,253,921	2,571,911	370,700	937,520	10,134,052	160,480
Operating Income (Loss)	6,119,337	71,091	93,943	(630,094)	5,654,277	(6,835)
Nonoperating Revenues (Expenses):						
Taxes	4,888	-	-	391,063	395,951	-
Intergovernmental	9,164,368	-	-	614,223	9,778,591	-
Special Assessments	10,081	-	-	-	10,081	-
Interest	-	-	-	304	304	-
Miscellaneous	35,627	10,169	27,462	15,532	88,790	-
Gain (loss) on sale of capital assets	-	-	-	(13,900)	(13,900)	-
Capital Outlay (non-capitalized)	(249,725)	(6,678)	(52,768)	-	(309,171)	-
Debt Service:						
Interest	(525,475)	(12,932)	-	(17,876)	(556,283)	-
Service Charges	(108,009)	-	-	-	(108,009)	-
Total Nonoperating Revenues (Expenses)	8,322,505	(9,441)	(25,306)	989,346	9,277,104	-
Income (Loss) Before Contributions and Transfers	14,441,842	61,650	68,637	359,252	14,931,381	(6,835)
Transfers In	-	-	52,768	-	52,768	1,536
Transfers Out	(17,780)	-	-	-	(17,780)	(12,066)
Change in Net Position	14,424,062	61,650	121,405	359,252	14,966,369	(17,365)
Net Position - Beginning of Year	50,686,456	2,907,688	768,315	14,088,862	68,451,321	17,365
Net Position - End of Year	<u>\$ 65,110,518</u>	<u>\$ 2,969,338</u>	<u>\$ 889,720</u>	<u>\$ 14,448,114</u>	<u>\$ 83,417,690</u>	<u>\$ -</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 12,767,968	\$ 2,627,035	\$ 464,572	\$ 296,387	\$ 16,155,962	\$ -
Receipts from Interfund Services Provided	-	-	-	-	-	153,083
Payments to Employees	(1,988,975)	(464,064)	(78,216)	(80,911)	(2,612,166)	-
Payments to Suppliers	(690,701)	(1,983,793)	(291,780)	(221,749)	(3,188,023)	(170,604)
Net Cash Provided (Used) by Operating Activities	<u>10,088,292</u>	<u>179,178</u>	<u>94,576</u>	<u>(6,273)</u>	<u>10,355,773</u>	<u>(17,521)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Taxes	4,888	-	-	392,871	397,759	-
Intergovernmental	-	-	-	97,648	97,648	-
Miscellaneous Receipts	35,627	10,169	27,462	1,632	74,890	-
Transfers In	-	-	52,768	-	52,768	1,536
Purchases of Noncapital Assets	(249,725)	(6,678)	(52,768)	-	(309,171)	-
Interfund Receivable	(759,448)	-	-	-	(759,448)	-
Interfund Payable	-	-	-	-	-	28,051
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(968,658)</u>	<u>3,491</u>	<u>27,462</u>	<u>492,151</u>	<u>(445,554)</u>	<u>29,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal and state grants	-	-	-	621,530	621,530	-
Intergovernmental	9,164,368	-	-	-	9,164,368	-
Special Assessments	16,477	-	-	-	16,477	-
Proceeds from Capital Debt	3,250,184	-	-	-	3,250,184	-
Purchases of Capital Assets	(14,567,321)	-	-	(862,147)	(15,429,468)	-
Principal Paid on Capital Debt	(2,068,000)	(143,360)	-	(107,394)	(2,318,754)	-
Interest Paid on Capital Debt	(528,711)	(16,226)	-	(17,619)	(562,556)	-
Service Charges Paid on Capital Debt	(108,009)	-	-	-	(108,009)	-
Transfers Out	(17,780)	-	-	-	(17,780)	(12,066)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,868,042)</u>	<u>(159,586)</u>	<u>-</u>	<u>(365,630)</u>	<u>(5,393,258)</u>	<u>(12,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	-	-	-	304	304	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>304</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>4,251,592</u>	<u>23,083</u>	<u>122,038</u>	<u>120,552</u>	<u>4,517,265</u>	<u>-</u>
Cash and Cash Equivalents - January 1	6,506,975	2,547,533	751,551	545,825	10,351,884	-
Cash and Cash Equivalents - December 31	<u>\$ 10,758,567</u>	<u>\$ 2,570,616</u>	<u>\$ 873,589</u>	<u>\$ 666,377</u>	<u>\$ 14,869,149</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents	\$ 8,458,306	\$ 2,570,616	\$ 873,589	\$ 542,404	\$ 12,444,915	\$ -
Restricted Cash and Cash Equivalents	2,300,261	-	-	123,973	2,424,234	-
Total Cash and Cash Equivalents	<u>\$ 10,758,567</u>	<u>\$ 2,570,616</u>	<u>\$ 873,589</u>	<u>\$ 666,377</u>	<u>\$ 14,869,149</u>	<u>\$ -</u>

CITY OF MANDAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental	
	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)	\$ 6,119,337	\$ 71,091	\$ 93,943	\$ (630,094)	\$ 5,654,277	\$ (6,835)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	2,579,500	127,765	2,743	602,804	3,312,812	-
(Gain) Loss on Disposal of Assets	-	-	-	13,900	13,900	-
Effect on Cash Flows Due to Changes In:						
Accounts Receivable (net)	(1,391,418)	(15,967)	(71)	(1,244)	(1,408,700)	(562)
Inventories	(25,795)	-	-	(5,416)	(31,211)	(10,024)
Prepaid Expenses	53,689	13,906	1,960	(1,786)	67,769	-
Salaries and Benefits Payable	4,322	2,152	255	-	6,729	-
Compensated Absences	(8,061)	5,988	574	3,865	2,366	-
Accounts Payable	970,590	(25,757)	(4,828)	21,493	961,498	(100)
Prepaid Revenues	1,786,128	-	-	(9,795)	1,776,333	-
Total Adjustments	<u>3,968,955</u>	<u>108,087</u>	<u>633</u>	<u>623,821</u>	<u>4,701,496</u>	<u>(10,686)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,088,292</u>	<u>\$ 179,178</u>	<u>\$ 94,576</u>	<u>\$ (6,273)</u>	<u>\$ 10,355,773</u>	<u>\$ (17,521)</u>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 4,253	\$ 46,446
Investments, at fair value:			
Mutual Funds	9,332,644	-	-
Accounts Receivable (net of allowance)	-	-	1,876
Prepaid Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	9,332,644	4,253	48,322
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	-	-	9,710
	<hr/>	<hr/>	<hr/>
NET POSITION			
Held in Trust for Pension Benefits	9,332,644	-	-
Held in Trust for Police Department	-	4,253	-
Held for Other Governments	-	-	15,046
Held for Downtown Redevelopment	-	-	23,566
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 9,332,644	\$ 4,253	\$ 38,612
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Notes to the Financial Statements

CITY OF MANDAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Employee Retirement Plan and Trust Fund	Private- Purpose Trust Fund	Custodial Funds
ADDITIONS			
Contributions:			
Employer Contributions	\$ 518,253	\$ -	\$ -
Collections	-	-	211,589
Investment Earnings:			
Net Increase (Decrease) in Fair Value of Investments	1,108,819	-	-
Total Additions	<u>1,627,072</u>	<u>-</u>	<u>211,589</u>
DEDUCTIONS			
Benefits	971,582	1,000	-
General Government	-	-	216,445
Total Deductions	<u>971,582</u>	<u>1,000</u>	<u>216,445</u>
Change in Net Position	<u>655,490</u>	<u>(1,000)</u>	<u>(4,856)</u>
Net Position - January 1	<u>8,677,154</u>	<u>5,253</u>	<u>43,468</u>
Net Position - December 31	<u><u>\$ 9,332,644</u></u>	<u><u>\$ 4,253</u></u>	<u><u>\$ 38,612</u></u>

See Notes to the Financial Statements

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021

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, civil 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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, 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, 2021

The amount of taxes abated for the year ending December 31, 2021 was as follows:

Tax abatement program	Tax abatement In 2021
New and expanding business	\$ 12,241
Remodeling exemption - commercial	3,495
Residential new construction	10,797
Renaissance zone	38,201
Total	\$ 64,734

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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

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

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

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

Net Position / Fund Balance

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

Net position is reported in three categories:

- 1) Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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.

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, 2021 was \$2,116,394.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations at the Legal Level of Control

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

The following funds had expenditures over appropriations as of December 31, 2021:

<u>Fund</u>	<u>Amount</u>
Public Transportation System	\$ (4,183)
Narcotics Task Force	(299,841)
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, 2021:

<u>Fund</u>	<u>Amount</u>
Health and Safety	\$ (202,851)
Sidewalk, Curb and Gutter Construction	(116,410)
Street Construction	(5,196,984)
Transportation Alternatives Program Construction	(182,769)
AARC Grant	(13,607)
Water and Sewer Construction	(1,106,942)

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 3 DEPOSITS

Custodial Credit Risk

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

At December 31, 2021, the carrying amount of the City's deposits was \$28,222,798 and the bank balance was \$30,985,617. The bank balances were covered by Federal Depository insurance and securities held by the pledging financial institutions' agents in the government's names. The carrying amount of restricted cash and cash equivalents deposited with the Bank of North Dakota was \$1,981,255. 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, 2021, are as follows:

Primary Government

Cash and Cash Equivalents	\$ 25,697,130
Restricted Cash and Cash Equivalents	4,456,976
Less: Cash held with fiscal agent	(1,981,255)
Less: Petty cash	(1,300)
Total Primary	28,171,551

Fiduciary Funds

Cash and Cash Equivalents	51,247
Total Deposits	\$ 28,222,798

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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, 2021, 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	\$ 9,332,644	\$ 9,332,644	\$ -	\$ -	\$ -

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

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

The table below presents the balances of investments measured at fair value on a recurring basis as of December 31, 2021.

	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds	\$ 9,332,644	\$ 9,332,644	\$ -	\$ -

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, 2021, 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 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% 28,378

Fore 5 Sweet Boyz

\$40,950 loan due in monthly installments of \$486 until paid 38,950

Huff Hills Ski Area

\$117,431 Loan due in monthly installments of \$5,520 through March 15, 2025 and \$3,340 due on March 15, 2026; interest at 1.5% 14,548

NISC

\$71,264 loan due in monthly installments of \$1,188 starting November 2021 through October 2026; interest at 0% 67,701

Total Loans Receivable 177,609
Less: Allowance for uncollectible accounts (66,982)

Net Loans Receivable \$ 110,627

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 6 INTERFUND ACCOUNTS AND TRANSFERS

Interfund balances at December 31, 2021, consist of the following:

Due from Other Funds / Due to Other Funds

<u>Due to General Fund</u>	
Due from AARC Grant	\$ 10,206
Due from Transportation Alternative Program Construction	23,651
Due from Health and Safety	220,434
Due from Sidewalk, Curb and Gutter Construction	123,655
Due from City Shop	28,051
Due from Narcotics Task Force	79,672
Due from Sales Tax	511,959
Due from Airport	<u>8,953</u>
 Total due to General Fund	 <u><u>\$ 1,006,581</u></u>
 <u>Due to Refunding Improvements Bond Fund</u>	
Due from Transportation Alternative Program Construction	\$ 152,187
Due from Street Construction	<u>3,649,281</u>
 Total due to Refunding Improvements Bond Fund	 <u><u>\$ 3,801,468</u></u>
 <u>Due to Non-Major Governmental Funds</u>	
Due from Special Assessments Fund	<u>\$ 172,017</u>
 <u>Due to Water and Sewer Utility</u>	
Due from Street Construction	\$ 638,441
Due from Water and Sewer Construction	<u>423,271</u>
 Total due to Water and Sewer Utility Fund	 <u><u>\$ 1,061,712</u></u>
 <u>Due to Library:</u>	
Due from General Fund	<u>\$ 84,910</u>

These balances are a result when a fund has a cash deficit. The interfund balances will be repaid in 2022.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Interfund Transfers

A summary of interfund transfers for the fiscal year ended December 31, 2021, follows:

Fund	Transfers In	Transfers Out
General	\$ 1,854,044	\$ 471,555
Street Construction	243,271	24,408
Refunding Improvement Bonds	-	199,052
Non-major governmental	5,179	1,431,937
Water and Sewer Utility	-	17,780
Street Light Utility	52,768	-
Internal Service	1,536	12,066
	<u>\$ 2,156,798</u>	<u>\$ 2,156,798</u>

Transfers are used for various budgetary and financial management purposes.

NOTE 7 CAPITAL ASSETS

The following is a summary of capital assets during the fiscal year ending December 31, 2021:

	Balance 1/1/2021	Additions	Deletions	Transfers	Balance 12/31/2021
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,823,343	\$ -	\$ -	\$ -	\$ 2,823,343
Construction work in progress	12,919,587	24,946,185	-	(6,830,076)	31,035,696
Total capital assets not being depreciated:	<u>15,742,930</u>	<u>24,946,185</u>	<u>-</u>	<u>(6,830,076)</u>	<u>33,859,039</u>
Capital assets being depreciated:					
Buildings and improvements	7,383,305	56,626	-	4,391,994	11,831,925
Buildings and infrastructure	198,524,743	95,724	-	2,438,082	201,058,549
Machinery and equipment	9,276,976	429,081	(102,500)	-	9,603,557
Total capital assets being depreciated:	<u>215,185,024</u>	<u>581,431</u>	<u>(102,500)</u>	<u>6,830,076</u>	<u>222,494,031</u>
Less accumulated depreciation for:					
Buildings and improvements	2,853,469	235,626	-	-	3,089,095
Buildings and infrastructure	104,110,729	5,415,930	-	-	109,526,659
Machinery and equipment	8,349,068	387,291	(102,500)	-	8,633,859
Total accumulated depreciation	<u>115,313,266</u>	<u>6,038,847</u>	<u>(102,500)</u>	<u>-</u>	<u>121,249,613</u>
Total capital assets being depreciated, net	<u>99,871,758</u>	<u>(5,457,416)</u>	<u>-</u>	<u>6,830,076</u>	<u>101,244,418</u>
Total capital assets, net	<u>\$ 115,614,688</u>	<u>\$ 19,488,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,103,457</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Business Type Activities:	Balance 1/1/2021	Additions	Deletions	Transfers	Balance 12/31/2021
Capital assets not being depreciated:					
Land	\$ 1,144,900	\$ -	\$ -	\$ -	\$ 1,144,900
Construction work in progress	8,015,333	15,976,740	(101,996)	(7,087,729)	16,802,348
Total capital assets not being depreciated:	<u>9,160,233</u>	<u>15,976,740</u>	<u>(101,996)</u>	<u>(7,087,729)</u>	<u>17,947,248</u>
Capital assets being depreciated:					
Buildings and infrastructure	108,386,549	347,730	(13,906)	7,087,729	115,808,102
Machinery and equipment	4,910,707	28,583	(40,504)	-	4,898,786
Total capital assets being depreciated:	<u>113,297,256</u>	<u>376,313</u>	<u>(54,410)</u>	<u>7,087,729</u>	<u>120,706,888</u>
Less accumulated depreciation for:					
Buildings and infrastructure	38,183,576	3,079,099	-	-	41,262,675
Machinery and equipment	4,205,778	233,713	(40,504)	-	4,398,987
Total accumulated depreciation	<u>42,389,354</u>	<u>3,312,812</u>	<u>(40,504)</u>	<u>-</u>	<u>45,661,662</u>
Total capital assets being depreciated, net	<u>70,907,902</u>	<u>(2,936,499)</u>	<u>(13,906)</u>	<u>7,087,729</u>	<u>75,045,226</u>
Total capital assets, net	<u>\$ 80,068,135</u>	<u>\$ 13,040,241</u>	<u>\$ (115,902)</u>	<u>\$ -</u>	<u>\$ 92,992,474</u>

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

Governmental Activities:

General Government	\$ 105,520
Public Safety	241,690
Public Works	5,596,386
Cemetery	38,639
Culture and Recreation	52,396
Urban Redevelopment and Housing	4,216
Total Governmental Activities Depreciation Expense	<u>\$ 6,038,847</u>

Business-type Activities

Water and Sewer Utility	\$ 2,579,500
Solid Waste Utility	127,765
Street Light Utility	2,743
Mandan Airport Authority	602,804
Total Business-type Activities Depreciation Expense	<u>\$ 3,312,812</u>

Contract Commitments

The City has active contract project commitments of \$18,727,095 and professional service agreement commitments of \$2,323,347 as of December 31, 2021. The Airport Authority has active contract project commitments of \$178,544 as of December 31, 2021.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 8 LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its 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>Business-type Activities</u>	<u>12/31/2021 Balance</u>
Asset:	
(1) 2020 John Deere 744L Wheel Loader	\$ 291,120

The assets acquired through the capital leases are as follows:

Asset:	<u>Business-type Activities</u>
Machinery and equipment	\$ 368,115
Less: Accumulated depreciation	<u>(147,246)</u>
	<u>\$ 220,869</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>
2022	\$ 44,586
2023	44,585
2024	44,586
2025	<u>193,400</u>
Total minimum lease payments	327,157
Less amount representing interest	<u>(36,037)</u>
Present value of future minimum lease payments	<u>\$ 291,120</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2022	\$ 33,630	\$ 10,956
2023	34,895	9,690
2024	36,209	8,377
2025	186,386	7,014
	<u>\$ 291,120</u>	<u>\$ 36,037</u>

NOTE 9 LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. Bonds and loans payable at December 31, 2021, consisted of bonds and loans issued by the City and are accounted for by the respective City funds in the government-wide financial statements that issued the bonds and loans.

General Obligation Bonds Payable

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

General Obligation Bonds Payable

\$870,000 General Obligation Bridge Bonds of 2006, due in annual principal installments of \$55,000 to \$65,000 through May 1, 2026; semi-annual interest payments 4.30% to 4.40%	<u>\$ 305,000</u>
---	-------------------

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2022	\$ 55,000	\$ 12,123
2023	60,000	9,650
2024	60,000	7,040
2025	65,000	4,290
2026	65,000	1,430
	<u>\$ 305,000</u>	<u>\$ 34,533</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Special Assessments Bonds Payable with Governmental Commitment

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

Special assessment bonds currently outstanding are as follows:

Issue	Amount of Issue	Issue	Date of Maturity	Interest Rate	Amount Outstanding
Refunding 2009, Series A	\$ 4,420,000	12/15/2009	5/1/2024	4.00%	\$ 890,000
Refunding 2012, Series SCG-2012	480,000	12/15/2012	5/1/2022	1.35%	20,000
Refunding 2015, Series A	4,405,000	4/1/2015	5/1/2022	3.00%	580,000
Refunding 2016, Series A	5,030,000	5/25/2016	5/1/2023	2.00%	1,025,000
Refunding 2016, Series B	420,000	1/12/2017	5/1/2031	2.15 - 3.50%	295,000
Refunding 2017, Series A	1,950,000	5/18/2017	5/1/2024	2.00 - 3.00%	650,000
Refunding 2017, Series B	9,295,000	12/13/2017	5/1/2037	3.00 - 3.125%	7,455,000
Refunding 2020, Series A	9,320,000	12/30/2020	5/1/2035	1.00 - 4.00%	8,275,000
Refunding 2021, Series A	5,120,000	4/20/2021	5/1/2030	2.00 - 3.00%	5,120,000
Refunding 2021, Series B	1,175,000	12/21/2021	5/1/2041	1.35 - 4.00%	1,175,000
Total special assessments bond payable at December 31, 2021					<u>\$ 25,485,000</u>

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2022	\$ 3,955,000	\$ 691,932
2023	2,955,000	576,040
2024	2,475,000	474,230
2025	2,210,000	381,386
2026	2,270,000	297,681
2027-2031	8,745,000	768,844
2032-2036	2,280,000	201,761
2037-2041	595,000	22,094
	<u>\$ 25,485,000</u>	<u>\$ 3,413,968</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Revenue Bonds Payable

Current state statutes empower the City to issue 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 \$22,499,950. Principal and interest paid for the current year and total net revenues were \$3,149,604 and \$2,365,936, respectively.

The Water and Sewer Revenue Bonds were issued to finance improvements for the City's Water and Sewer Utility Fund. The Bonds are payable solely from charges for services received from the Water and Sewer Utility Fund and are payable through September 2033. Annual principal and interest payments on the bonds are expected to require less than the net revenues. The total principal and interest remaining to be paid on the bonds is \$22,764,184. Principal and interest paid for the current year and total net revenues were \$2,513,475 and \$12,373,258, 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 \$702,966. Principal and interest paid for the current year and total net revenues were \$125,270 and \$307,426, respectively.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Revenue bonds outstanding:

Governmental Activities

\$15,275,000 Park Facilities Sales Tax Revenue Bonds of 2016A due in annual principal installments of \$465,000 to \$1,855,000 through September 1, 2041; semi-annual interest payments at 3% to 4% \$ 14,130,000

\$6,000,000 Park Facilities Sales Tax Revenue Bonds of 2016B, due in semi annual payments of interest of \$21,588 through September 1, 2041 with a balloon payment of \$3,675,000 due September 1, 2041; interest at 2.75% 1,570,000

Total Governmental Activities \$ 15,700,000

Business-type Activities

\$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% \$ 280,000

\$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% 700,000

\$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% 415,000

\$3,782,000 Water Improvement Revenue Bonds of 2008, Series A, due in annual installments of \$245,000 to \$285,000 through September 1, 2028; interest at 2.5% 1,865,000

\$6,667,283 Water Improvement Revenue Bonds of 2008, Series B, due in annual installments of \$435,000 to \$545,000 through September 1, 2028; interest at 3.27% 3,405,000

\$6,383,867 Water Improvement Revenue Bonds of 2010, Series A, due in annual installments of \$355,000 to \$460,000 through September 1, 2030; interest at 2.84% 3,655,000

\$1,891,118 Sewer Improvement Revenue Bonds of 2013, Series A, due in annual installments of \$100,000 to \$125,000 through September 1, 2033; interest at 2% 1,350,000

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

\$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%	\$ 420,000
\$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%	1,130,000
\$4,276,824 Sewer Improvement Revenue Bonds of 2015, Series A, due in annual installments of \$200,000 to \$270,000 through, September 1, 2035; interest at 2%	3,330,000
\$886,000 Water Improvement Revenue Bonds of 2017, Series A, due in annual installments of \$35,000 to \$55,000 through September 1, 2036; interest at 1.5%	680,000
\$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%	1,100,000
\$1,848,463 Water Improvement Revenue Bonds of 2019, Series A, due in annual installments of \$80,000 to \$105,000 through September 1, 2039; interest at 1.5%	1,689,463
\$500,000 Airport Improvement Revenue Bonds of 2008, due in annual installments of \$24,547 through, October 8, 2023; interest at 5.41%	91,889
\$695,000 Airport Improvement Revenue Bonds of 2019, due in annual installments of \$65,000 to \$75,000 through April 1, 2029, interest at 1.6% to 2%	<u>560,000</u>
Total Business-type Activities	<u>20,671,352</u>
Total Revenue Bonds	<u>\$ 36,371,352</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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
2022	\$ 465,000	\$ 535,088	\$ 1,944,181	\$ 478,140	\$ 2,409,181	\$ 1,013,228
2023	480,000	521,137	1,992,171	429,980	2,472,171	951,117
2024	490,000	506,738	2,015,000	380,512	2,505,000	887,250
2025	505,000	492,037	2,090,000	329,286	2,595,000	821,323
2026	525,000	474,363	2,070,000	277,950	2,595,000	752,313
2027-2031	2,935,000	2,054,538	7,425,000	684,952	10,360,000	2,739,490
2032-2036	3,565,000	1,425,737	2,690,000	152,501	6,255,000	1,578,238
2037-2041	6,735,000	790,312	445,000	11,400	7,180,000	801,712
	<u>\$ 15,700,000</u>	<u>\$ 6,799,950</u>	<u>\$ 20,671,352</u>	<u>\$ 2,744,721</u>	<u>\$ 36,371,352</u>	<u>\$ 9,544,671</u>

Loans Payable

The following is a schedule of loans payable outstanding at December 31, 2021:

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%	\$ 36,916
Sidewalk, Curb and Gutter 2013	136,630	12/17/2013	5/1/2023	2.75%	28,140
Street #209	322,896	8/22/2018	5/1/2028	2.00%	230,248
Street #207	352,967	12/16/2019	5/1/2033	3.29%	302,543
Street #208	181,045	12/16/2019	5/1/2033	3.05%	90,523
Street #211	225,623	12/16/2019	5/1/2034	3.34%	195,540
Street #213	4,017,817	10/1/2020	5/1/2040	2.00%	4,017,817
Street #215	4,048,101	10/19/2021	5/1/2038	2.00%	4,048,101
Street #218	841,735	10/19/2021	5/1/2039	2.00%	841,735
Water, Series 2021A	2,604,300	5/10/2021	9/1/2041	1.50%	2,604,300
Total loan payable					<u>\$ 12,395,863</u>

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

Year Ending December 31	Governmental Activities		Business-Type Activities		Total Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 597,974	\$ 202,112	\$ 300,000	\$ 32,949	\$ 897,974	\$ 235,061
2023	611,460	184,453	305,000	34,565	916,460	219,018
2024	557,519	171,740	310,000	29,990	867,519	201,730
2025	562,973	159,798	315,000	25,340	877,973	185,138
2026	558,324	147,942	325,000	20,615	883,324	168,557
2027-2031	2,766,680	564,258	1,049,300	32,881	3,815,980	597,139
2032-2036	2,720,954	277,844	-	-	2,720,954	277,844
2037-2040	1,415,679	45,572	-	-	1,415,679	45,572
	<u>\$ 9,791,563</u>	<u>\$ 1,753,719</u>	<u>\$ 2,604,300</u>	<u>\$ 176,340</u>	<u>\$ 12,395,863</u>	<u>\$ 1,930,059</u>

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Changes in Long-term Liabilities

Changes in Long-term Liabilities for the year ended December 31, 2021, are summarized as follows:

Governmental Activities	Balance 1/1/21	Additions	Reductions	Transfers	Balance 12/31/21	Due Within One Year
Compensated absences	\$ 622,980	\$ 598,507	\$ (571,282)	\$ -	\$ 650,205	\$ 157,939
Capital leases	121,489	-	(121,489)	-	-	-
General obligation bonds	360,000	-	(55,000)	-	305,000	55,000
Special assessment bonds	37,845,000	6,295,000	(18,655,000)	-	25,485,000	3,955,000
Plus unamortized premium	1,132,662	634,946	(307,605)	-	1,460,003	145,094
Revenue bonds	18,255,000	-	(2,555,000)	-	15,700,000	465,000
Plus unamortized premium	432,746	-	(20,607)	-	412,139	20,607
Loans payable	3,871,614	6,283,354	(363,406)	-	9,791,562	597,974
Total	\$ 62,641,491	\$ 13,811,807	\$ (22,649,389)	\$ -	\$ 53,803,909	\$ 5,396,614
Business-Type Activities						
Compensated absences	\$ 171,808	\$ 187,643	\$ (185,121)	\$ -	\$ 174,330	\$ 88,145
Capital leases	434,480	-	(143,361)	-	291,119	33,630
Revenue bonds	21,077,284	-	(2,095,394)	1,689,463	20,671,353	1,944,182
Less unamortized discount	(9,383)	-	1,043	-	(8,340)	(1,043)
Loans payable	1,123,579	3,250,184	(80,000)	(1,689,463)	2,604,300	300,000
Total	\$ 22,797,768	\$ 3,437,827	\$ (2,502,833)	\$ -	\$ 23,732,762	\$ 2,364,914

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.

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, 2021.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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, 2021, there were six CDBG loans outstanding, with an aggregate principal amount payable of \$963,147.

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 125 participants as of December 31, 2021.

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

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

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

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

Contributions are set by City ordinance and are a percentage of salaries and wages. Employee contributions are established at 2%, and employer contributions are established at 8% of regular compensation. On December 16, 2014 the City ordinance was amended effective January 1, 2015. This amendment allowed Sworn Police Officers and Career Firefighters to be eligible for a 10% employer contribution if the employee contributes 4% or greater. The employer's required contributions for the years ended December 31, 2021, 2020, and 2019, were \$518,253, \$514,251 and \$523,160, respectively.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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.

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,

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 24 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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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

At December 31, 2021, the City reported an asset of \$(572,503) for its proportionate share of the net pension liability(asset). The net pension liability(asset) was measured as of June 30, 2021, 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, 2021, the City's proportion was 25.793417%, which is an increase of 0.524015% from its proportion measured at June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$479,858. At December 31, 2021, 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	\$ 42,270	\$ (177,519)
Changes of assumptions	1,189,063	(1,579,108)
Net difference between projected and actual earnings on pension plan investments	-	(364,929)
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,510	(14,429)
Employer contributions subsequent to the measurement date	<u>121,879</u>	<u>-</u>
Total	<u>\$ 1,381,722</u>	<u>\$ (2,135,985)</u>

\$121,879 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, 2022.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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:		
2022	\$	(151,749)
2023		(163,374)
2024		(135,927)
2025		(252,445)
2026		(172,647)

Actuarial Assumptions

The total pension liability(asset) in the July 1, 2021 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%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
Global Real Assets	19%	4.77%

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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

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

The following presents the City's proportionate share of the net pension liability(asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability (asset)	<u>\$ 70,793</u>	<u>\$ (572,503)</u>	<u>\$ (1,065,305)</u>

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,

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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.

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, 2021, the City reported a liability of \$146,015 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 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, 2021, the City's proportion was 0.262535%, which was an increase of 0.022587% from its proportion measured as of June 30, 2020.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

For the year ended December 31, 2021 the City recognized OPEB expense of \$28,955. At December 31, 2021, 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	\$ 8,385	\$ (4,002)
Changes of assumptions	22,612	-
Net difference between projected and actual earnings on OPEB plan investments	-	(50,028)
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,955	(363)
Employer contributions subsequent to the measurement date	17,521	-
Total	\$ 89,473	\$ (54,393)

\$17,521 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 ending December 31, 2022.

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:

2022	\$	5,980
2023		5,620
2024		3,500
2025		(473)
2026		2,932

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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, 2021 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%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

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 rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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, 2021, 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	\$ 216,559	\$ 146,015	\$ 86,324

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 - Civil Asset Forfeiture Funds	\$ 51,487
0.75% City Sales Tax - BND - Cash with Fiscal Agent	1,981,255
Total	\$ 2,032,742
 <u>Proprietary Funds</u>	
Water and Sewer Utility Fund - Revenue Bond/Debt Service	\$ 2,300,261
Mandan Airport Authority Fund - Revenue Bond/Debt Service	123,973
Total	\$ 2,424,234

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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 (NDRIF), 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 NDRIF for its general liability, auto, and public asset insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability, \$2,000,000 per accident for automobile coverage and to \$6,915,904 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.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 14 REMEDIATION TRUST

The City is one of the beneficiaries of the Mandan Remediation Trust. As a beneficiary of the Trust, the City has no legal title, claim or right to the Trust Estate and does not have any authority to transact business on behalf of the Trust. The Trust is irrevocable and will terminate when the North Dakota Department of Health determines that no further remediation is required of the contamination and the purposes of the Trust have been fully executed and fulfilled. Upon termination of the Trust, any residue of the Trust money shall be paid to the Mandan Special Environmental Projects Trust, a governmental fund of the City. The Trust had a net position of \$5,792,179 at December 31, 2020, the most recent year audited.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Financial Subsidy Commitments

The City has financial subsidy commitments of \$1,387,576 as of December 31, 2021.

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, 2021. 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 \$435,652 related to costs of CenCom during the year ended December 31, 2021. The City also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled \$328,286 for the year ended December 31, 2021.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 \$138,208 for their share of all costs of the law enforcement center for the year ended December 31, 2021.

NOTE 17 RECENT PRONOUNCEMENTS

The City will implement the following recent pronouncements for fiscal years ending after 2021:

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. 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. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 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

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

CITY OF MANDAN
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

NOTE 18 SUBSEQUENT EVENTS

On April 25, 2022 the City prepaid special assessment debt in the amount of \$1,416,034.

On July 22, 2022 the City received its second round of ARPA funds in the amount of \$1,798,646.

As of July 28, 2022, current draws on the State Revolving Loan Fund for 2022 are \$1,677,083.

Subsequent events have been evaluated through August 6, 2022, 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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 4,848,200	\$ 5,158,350	\$ 5,095,657	\$ (62,693)
Licenses and Permits	436,900	436,900	459,941	23,041
Intergovernmental	2,257,200	2,302,650	2,788,660	486,010
Charges for Services	465,200	465,225	448,288	(16,937)
Fines and Forfeits	234,050	234,050	159,509	(74,541)
Special Assessments	72,800	72,800	140,674	67,874
Interest	176,650	176,650	85,472	(91,178)
Rent	2,000	2,000	6,300	4,300
Miscellaneous	-	107,677	115,790	8,113
	<u>8,493,000</u>	<u>8,956,302</u>	<u>9,300,291</u>	<u>343,989</u>
EXPENDITURES				
Current:				
General Government	4,254,800	4,151,109	3,525,364	625,745
Public Safety	8,610,700	9,312,559	7,120,684	2,191,875
Public Works	2,195,850	5,382,687	1,941,064	3,441,623
Debt Service				
Principal	121,500	121,500	121,489	11
Interest	3,550	3,550	3,511	39
Capital Outlay	-	-	1,637,744	(1,637,744)
	<u>15,186,400</u>	<u>18,971,405</u>	<u>14,349,856</u>	<u>4,621,549</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,693,400)</u>	<u>(10,015,103)</u>	<u>(5,049,565)</u>	<u>4,965,538</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	1,175,000	1,175,000	-
Bond Premiums	-	40,017	40,017	-
Transfers In	(3,636,350)	4,061,350	1,611,006	(2,450,344)
Transfers Out	2,646,700	(3,254,055)	(4,059)	3,249,996
	<u>(989,650)</u>	<u>2,022,312</u>	<u>2,821,964</u>	<u>799,652</u>
Net Change in Fund Balances	<u>\$ (7,683,050)</u>	<u>\$ (7,992,791)</u>	<u>(2,227,601)</u>	<u>\$ 5,765,190</u>
Fund Balances - January 1			<u>7,255,390</u>	
Fund Balances - December 31			<u>\$ 5,027,789</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			\$ (2,227,601)	
Change in fund balance attributable to activities not included in General Fund budget:				
Alarm - Equipment Reserve Fund			4,671	
1% City Sales Tax Fund			2,160,655	
Mandan Growth Fund			(270,654)	
Civil Asset Forfeiture Fund			8,456	
BSA Police Explorer Program Fund			4,389	
BNSF Settlement Fund			337	
Mandan SEP Trust Fund			(768,160)	
Change in General Fund per Statement of Revenues, Expenses, and Change in Fund Balances			<u>\$ (1,087,907)</u>	

See Notes to the Required Supplementary Information

CITY OF MANDAN
BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 73,950	\$ 73,950	\$ 73,246	\$ (704)
Intergovernmental	1,450	6,382	1,697	(4,685)
Charges for Services	54,800	92,200	143,700	51,500
Miscellaneous	-	125	125	(125)
	<u>130,200</u>	<u>172,657</u>	<u>218,768</u>	<u>45,986</u>
EXPENDITURES				
Current:				
Cemetery	167,150	187,952	202,371	(14,419)
Capital Outlay	<u>31,000</u>	<u>28,244</u>	<u>9,576</u>	<u>18,668</u>
	<u>198,150</u>	<u>216,196</u>	<u>211,947</u>	<u>4,249</u>
Net Change in Fund Balances	<u>\$ (67,950)</u>	<u>\$ (43,539)</u>	<u>6,821</u>	<u>\$ 50,235</u>
Fund Balances - January 1			<u>104,778</u>	
Fund Balances - December 31			<u>\$ 111,599</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, 2021

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 560,541	\$ 528,390	\$ (32,151)
Intergovernmental	254,250	255,444	1,194
Charges for Services	26,200	23,754	(2,446)
Fines and Forfeits	2,500	582	(1,918)
Interest	1,400	307	(1,093)
Miscellaneous	508,500	8,009	(500,491)
	<u>1,353,391</u>	<u>816,486</u>	<u>(536,905)</u>
EXPENDITURES			
Current:			
Culture and Recreation	811,463	688,266	123,197
Capital Outlay	<u>510,000</u>	<u>10,330</u>	<u>499,670</u>
	<u>1,321,463</u>	<u>698,596</u>	<u>622,867</u>
Net Change in Fund Balances	<u>\$ 31,928</u>	<u>117,890</u>	<u>\$ 85,962</u>
Fund Balances - January 1		<u>856,346</u>	
Fund Balances - December 31		<u>\$ 974,236</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, 2021

	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
2021	25.79342%	\$ (572,503)	\$ 2,809,034	-20.38%	115.21%
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, 2021

	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
2021	0.262535%	\$ 146,015	\$ 2,809,034	5.20%	76.63%
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, 2021

	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
2021	\$ 237,317	\$ (237,317)	\$ -	\$ 2,992,645	7.93%
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, 2021

	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
2021	\$ 34,116	\$ (34,116)	\$ -	\$ 2,992,645	1.14%
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, 2021

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, 2021

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, 2021

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, 2020.

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, 2020.

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

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1 2020.

NOTE 5 CHANGES IN ASSUMPTIONS – OPEB

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 302,973	\$ 68,760	\$ 1,029,797	\$ 1,401,530
Taxes Receivable	3,557	1,311	-	4,868
Accounts Receivable (net of allowance)	906,111	-	88,891	995,002
Interfund Receivable	172,017	-	-	172,017
Special Assessments Receivable	247,511	-	135,310	382,821
Prepaid Expenses	125,808	-	1,248	127,056
Cash and Cash Equivalents-Restricted	1,981,255	-	-	1,981,255
Total Assets	<u>\$ 3,739,232</u>	<u>\$ 70,071</u>	<u>\$ 1,255,246</u>	<u>\$ 5,064,549</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 2,115	\$ -	\$ -	\$ 2,115
Accounts Payable	98,455	-	602,595	701,050
Retainage Payable	-	-	89,302	89,302
Interfund Payable	310,312	-	722,764	1,033,076
Prepaid Revenues	11,477	-	-	11,477
Total Liabilities	<u>422,359</u>	<u>-</u>	<u>1,414,661</u>	<u>1,837,020</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes	3,237	1,193	-	4,430
Unavailable Revenue-Special Assessments	221,702	-	128,065	349,767
Total Deferred Inflows of Resources	<u>224,939</u>	<u>1,193</u>	<u>128,065</u>	<u>354,197</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	125,808	-	1,248	127,056
Restricted for:				
General Government	174,209	-	-	174,209
Public Safety	342,103	-	-	342,103
Public Works	206,130	-	-	206,130
Culture and Recreation	70,311	-	-	70,311
Debt Service	2,389,831	68,878	-	2,458,709
Capital Projects	-	-	1,027,563	1,027,563
Committed for:				
Operating Reserve	-	-	89,830	89,830
Unassigned	(216,458)	-	(1,406,121)	(1,622,579)
Total Fund Balances	<u>3,091,934</u>	<u>68,878</u>	<u>(287,480)</u>	<u>2,873,332</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,739,232</u>	<u>\$ 70,071</u>	<u>\$ 1,255,246</u>	<u>\$ 5,064,549</u>

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Highway Distribution	City's Share of Special Assessments	City Visitors' Promotion	Public Trans- portation System	0.75% City Sales Tax	Fire Equip- ment Reserve	Narcotics Task Force Grants	AARC Grant	SANE Grant	DCAC Grant	CDBG - Cloverdale	Health and Safety	Total Nonmajor Special Revenue Funds
ASSETS													
Cash and Cash Equivalents	\$ -	\$ -	\$ 69,436	\$ -	\$ -	\$ 233,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,973
Taxes Receivable	-	87	-	3,470	-	-	-	-	-	-	-	-	3,557
Accounts Receivable (net of allowance)	206,130	-	8,755	-	408,576	-	219,721	35,530	10,505	6,894	10,000	-	906,111
Special Assessments Receivable	-	39,438	-	-	-	-	-	-	-	-	-	208,073	247,511
Interfund Receivable	-	172,017	-	-	-	-	-	-	-	-	-	-	172,017
Prepaid Expenses	-	-	-	-	-	-	125,808	-	-	-	-	-	125,808
Cash and Cash Equivalents-Restricted	-	-	-	-	1,981,255	-	-	-	-	-	-	-	1,981,255
Total Assets	\$ 206,130	\$ 211,542	\$ 78,191	\$ 3,470	\$ 2,389,831	\$ 233,537	\$ 345,529	\$ 35,530	\$ 10,505	\$ 6,894	\$ 10,000	\$ 208,073	\$ 3,739,232
LIABILITIES													
Salaries and Benefits Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,115	\$ -	\$ -	\$ -	\$ -	\$ 2,115
Accounts Payable	-	-	7,880	312	-	-	31,483	25,339	10,505	6,894	10,000	6,042	98,455
Interfund Payable	-	-	-	-	-	-	79,672	10,206	-	-	-	220,434	310,312
Prepaid Revenues	-	-	-	-	-	-	-	11,477	-	-	-	-	11,477
Total Liabilities	-	-	7,880	312	-	-	111,155	49,137	10,505	6,894	10,000	226,476	422,359
DEFERRED INFLOWS OF RESOURCES													
Unavailable Revenue-Property Taxes	-	79	-	3,158	-	-	-	-	-	-	-	-	3,237
Unavailable Revenue-Special Assessments	-	37,254	-	-	-	-	-	-	-	-	-	184,448	221,702
Total Deferred Inflows of Resources	-	37,333	-	3,158	-	-	-	-	-	-	-	184,448	224,939
FUND BALANCES													
Nonspendable:													
Prepaid Expenses	-	-	-	-	-	-	125,808	-	-	-	-	-	125,808
Restricted for:													
General Government	-	174,209	-	-	-	-	-	-	-	-	-	-	174,209
Public Safety	-	-	-	-	-	233,537	108,566	-	-	-	-	-	342,103
Public Works	206,130	-	-	-	-	-	-	-	-	-	-	-	206,130
Culture and Recreation	-	-	70,311	-	-	-	-	-	-	-	-	-	70,311
Debt Service	-	-	-	-	2,389,831	-	-	-	-	-	-	-	2,389,831
Unassigned	-	-	-	-	-	-	-	(13,607)	-	-	-	(202,851)	(216,458)
Total Fund Balances	206,130	174,209	70,311	-	2,389,831	233,537	234,374	(13,607)	-	-	-	(202,851)	3,091,934
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 206,130	\$ 211,542	\$ 78,191	\$ 3,470	\$ 2,389,831	\$ 233,537	\$ 345,529	\$ 35,530	\$ 10,505	\$ 6,894	\$ 10,000	\$ 208,073	\$ 3,739,232

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND
DECEMBER 31, 2021

	<u>Liberty Memorial Bridge General Obligation Bonds</u>
ASSETS	
Cash and Cash Equivalents	\$ 68,760
Taxes Receivable	<u>1,311</u>
Total Assets	<u>\$ 70,071</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	<u>\$ 1,193</u>
Total Liabilities	<u>1,193</u>
FUND BALANCES	
Restricted for:	
Debt Service	<u>68,878</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,071</u>

CITY OF MANDAN
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2021

	Transportation Alternatives Program Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Water and Sewer Construction	Total Nonmajor Capital Projects Funds
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 1,029,797	\$ -	\$ -	\$ 1,029,797
Accounts Receivable (net)	698	88,193	-	-	88,891
Special Assessment Receivable	-	-	135,310	-	135,310
Prepaid Expenses	-	1,248	-	-	1,248
Total Assets	<u>\$ 698</u>	<u>\$ 1,119,238</u>	<u>\$ 135,310</u>	<u>\$ -</u>	<u>\$ 1,255,246</u>
LIABILITIES					
Accounts Payable	\$ 7,629	\$ 597	\$ -	\$ 594,369	\$ 602,595
Retainage Payable	-	-	-	89,302	89,302
Interfund Payable	175,838	-	123,655	423,271	722,764
Total Liabilities	<u>183,467</u>	<u>597</u>	<u>123,655</u>	<u>1,106,942</u>	<u>1,414,661</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue- Special Assessments	-	-	128,065	-	128,065
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>128,065</u>	<u>-</u>	<u>128,065</u>
FUND BALANCES					
Nonspendable:					
Prepaid Items	-	1,248	-	-	1,248
Restricted for:					
Capital Projects	-	1,027,563	-	-	1,027,563
Committed:					
Operating Reserve	-	89,830	-	-	89,830
Unassigned	(182,769)	-	(116,410)	(1,106,942)	(1,406,121)
Total Fund Balances	<u>(182,769)</u>	<u>1,118,641</u>	<u>(116,410)</u>	<u>(1,106,942)</u>	<u>(287,480)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 698</u>	<u>\$ 1,119,238</u>	<u>\$ 135,310</u>	<u>\$ -</u>	<u>\$ 1,255,246</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 2,627,318	\$ 72,493	\$ 585,489	\$ 3,285,300
Intergovernmental	2,431,631	1,688	698	2,434,017
Fines and Forfeits	41,090	-	-	41,090
Special Assessments	139,200	-	90,086	229,286
Interest	2,967	-	-	2,967
Rent	-	-	30,524	30,524
	<u>5,242,206</u>	<u>74,181</u>	<u>706,797</u>	<u>6,023,184</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	811,015	-	-	811,015
Public Safety	584,486	-	-	584,486
Public Works	61,270	-	15,797	77,067
Culture and Recreation	65,886	-	7,516	73,402
Debt Service:				
Principal	2,555,000	55,000	-	2,610,000
Interest	594,604	14,460	-	609,064
Service Charges	2,950	1,021	-	3,971
Capital Outlay	219,893	-	3,445,814	3,665,707
	<u>4,895,104</u>	<u>70,481</u>	<u>3,469,127</u>	<u>8,434,712</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347,102</u>	<u>3,700</u>	<u>(2,762,330)</u>	<u>(2,411,528)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	5,179	5,179
Transfers Out	(1,431,470)	-	(467)	(1,431,937)
	<u>(1,431,470)</u>	<u>-</u>	<u>4,712</u>	<u>(1,426,758)</u>
Total Other Financing Sources and Uses				
Net Change in Fund Balances	(1,084,368)	3,700	(2,757,618)	(3,838,286)
Fund Balances - January 1	4,176,302	65,178	2,470,138	6,711,618
Fund Balances - December 31	<u>\$ 3,091,934</u>	<u>\$ 68,878</u>	<u>\$ (287,480)</u>	<u>\$ 2,873,332</u>

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Highway Distribution	City's Share of Special Assessments	City Visitors' Promotion	Public Trans- portation System	0.75% City Sales Tax	Fire Equip- ment Reserve	Narcotics Task Force Grants	AARC Grant	SANE Grant	DCAC Grant	CDBG - Cloverdale	Health and Safety	Total Nonmajor Special Revenue Funds
REVENUES													
Taxes	\$ -	\$ 4,836	\$ 64,317	\$ 192,229	\$ 2,365,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,627,318
Intergovernmental	1,091,992	113	-	4,472	-	265,735	328,397	174,470	16,001	40,451	510,000	-	2,431,631
Fines and Forfeits	-	-	-	-	-	-	41,090	-	-	-	-	-	41,090
Special Assessments	-	71,001	-	-	-	-	-	-	-	-	-	68,199	139,200
Interest	-	-	-	-	2,967	-	-	-	-	-	-	-	2,967
Total Revenues	1,091,992	75,950	64,317	196,701	2,368,903	265,735	369,487	174,470	16,001	40,451	510,000	68,199	5,242,206
EXPENDITURES													
Current:													
General Government	-	104,314	-	196,701	-	-	-	-	-	-	510,000	-	811,015
Public Safety	-	-	-	-	-	-	339,957	188,077	16,001	40,451	-	-	584,486
Public Works	-	-	-	-	-	-	-	-	-	-	-	61,270	61,270
Culture and Recreation	-	-	57,886	-	8,000	-	-	-	-	-	-	-	65,886
Debt Service:													
Principal	-	-	-	-	2,555,000	-	-	-	-	-	-	-	2,555,000
Interest	-	-	-	-	594,604	-	-	-	-	-	-	-	594,604
Service Charges	-	-	-	-	2,950	-	-	-	-	-	-	-	2,950
Capital Outlay	-	-	-	-	-	219,893	-	-	-	-	-	-	219,893
Total Expenditures	-	104,314	57,886	196,701	3,160,554	219,893	339,957	188,077	16,001	40,451	510,000	61,270	4,895,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,091,992	(28,364)	6,431	-	(791,651)	45,842	29,530	(13,607)	-	-	-	6,929	347,102
OTHER FINANCING SOURCES (USES)													
Transfers Out	(1,098,417)	(223,382)	-	-	-	(93,174)	(10,000)	-	-	-	-	(6,497)	(1,431,470)
Net Change in Fund Balances	(6,425)	(251,746)	6,431	-	(791,651)	(47,332)	19,530	(13,607)	-	-	-	432	(1,084,368)
Fund Balances - January 1	212,555	425,955	63,880	-	3,181,482	280,869	214,844	-	-	-	-	(203,283)	4,176,302
Fund Balances - December 31	\$ 206,130	\$ 174,209	\$ 70,311	\$ -	\$ 2,389,831	\$ 233,537	\$ 234,374	\$ (13,607)	\$ -	\$ -	\$ -	\$ (202,851)	\$ 3,091,934

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Liberty Memorial Bridge General Obligation Bonds
REVENUES	
Taxes	\$ 72,493
Intergovernmental	1,688
Total Revenues	74,181
EXPENDITURES	
Debt Service:	
Principal	55,000
Interest	14,460
Service Charges	1,021
Total Expenditures	70,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,700
Net Change in Fund Balances	3,700
Fund Balances - January 1	65,178
Fund Balances - December 31	\$ 68,878

CITY OF MANDAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Transportation Alternatives Program Construction	City Visitors' Promotion Capital Construction	Sidewalk, Curb and Gutter Construction	Water and Sewer Construction	Total Nonmajor Capital Projects Funds
REVENUES					
Taxes	\$ -	\$ 585,489	\$ -	\$ -	\$ 585,489
Intergovernmental	698	-	-	-	698
Special Assessments	-	-	90,086	-	90,086
Rent	-	30,524	-	-	30,524
	<u>698</u>	<u>616,013</u>	<u>90,086</u>	<u>-</u>	<u>706,797</u>
Total Revenues					
EXPENDITURES					
Current:					
Public Works	-	-	15,797	-	15,797
Culture and Recreation	-	7,516	-	-	7,516
Capital Outlay	138,872	2,200,000	-	1,106,942	3,445,814
	<u>138,872</u>	<u>2,207,516</u>	<u>15,797</u>	<u>1,106,942</u>	<u>3,469,127</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,174)</u>	<u>(1,591,503)</u>	<u>74,289</u>	<u>(1,106,942)</u>	<u>(2,762,330)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	349	-	4,830	-	5,179
Transfers Out	-	-	(467)	-	(467)
	<u>349</u>	<u>-</u>	<u>4,363</u>	<u>-</u>	<u>4,712</u>
Total Other Financing Sources and Uses					
Net Change in Fund Balances	(137,825)	(1,591,503)	78,652	(1,106,942)	(2,757,618)
Fund Balances - January 1	<u>(44,944)</u>	<u>2,710,144</u>	<u>(195,062)</u>	<u>-</u>	<u>2,470,138</u>
Fund Balances - December 31	<u><u>\$ (182,769)</u></u>	<u><u>\$ 1,118,641</u></u>	<u><u>\$ (116,410)</u></u>	<u><u>\$ (1,106,942)</u></u>	<u><u>\$ (287,480)</u></u>