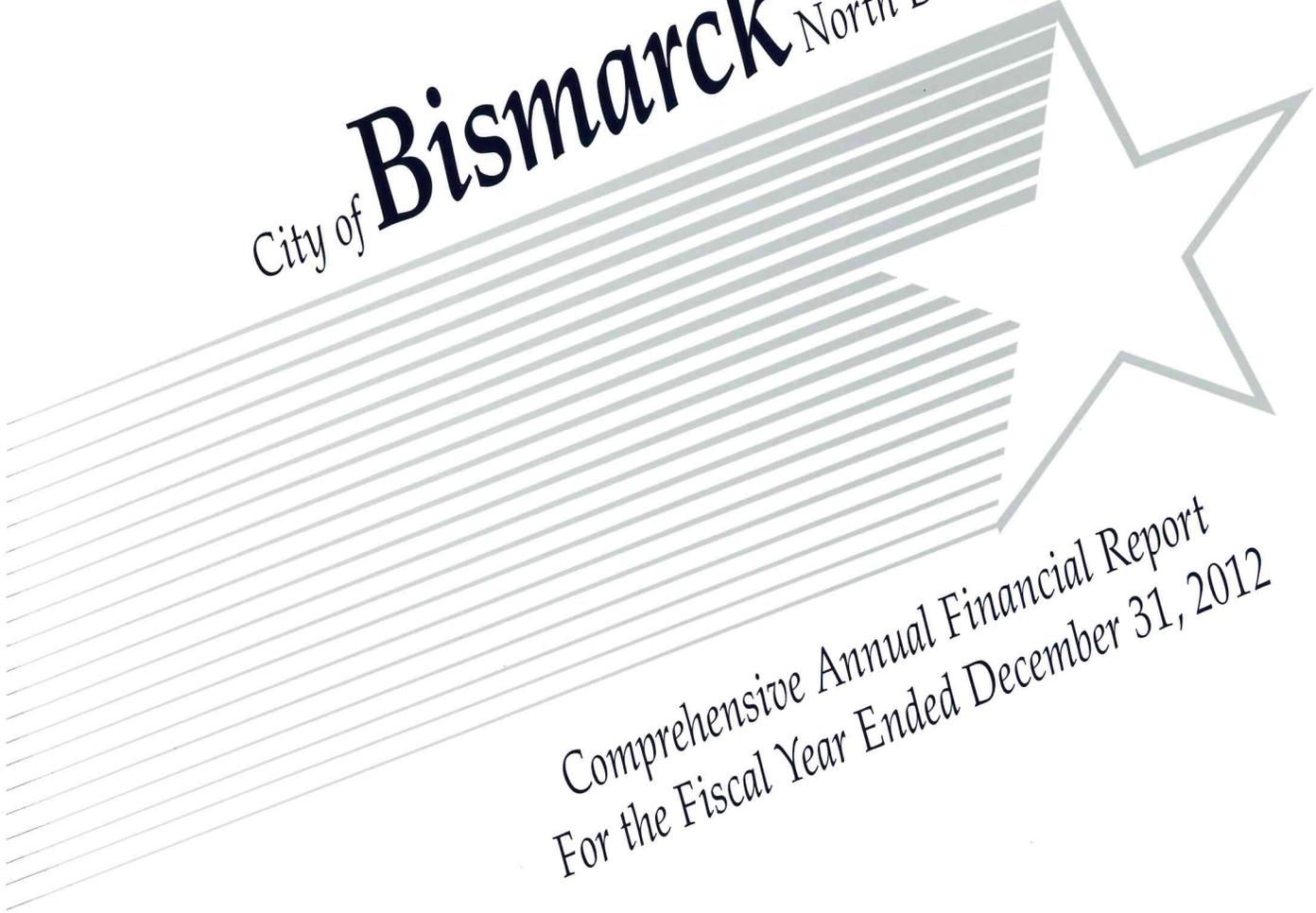


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2012

CITY OF BISMARCK, NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

December 31, 2012

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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Bismarck *Fiscal Services Division*

June 4, 2013

**The Honorable Mayor,
Members of the City Commission,
And Citizens of Bismarck, North Dakota**

The Comprehensive Annual Financial Report (CAFR) of the City of Bismarck, North Dakota for the fiscal year ended December 31, 2012 is hereby submitted. This complete set of financial statements has been prepared by the Fiscal Services Division of the City's Finance Department in accordance with generally accepted accounting principles (GAAP) and audited by an independent licensed certified public accounting firm in accordance with the generally accepted auditing standards and applicable laws.

GAAP requires management to provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). The MD&A section follows the report of the independent auditors. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Management is responsible for the accuracy, completeness and reliability of the financial statements. Management believes the financial statements present fairly, in all material respects, the financial position and results of operations of various funds, including all disclosures necessary to enable the reader to achieve a full understanding of the City of Bismarck's activities.

Management is responsible for establishing and maintaining an internal control framework. Internal control is designed to provide reasonable and not absolute assurance regarding the safeguarding of assets against loss, theft, or misuse, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not outweigh the benefits derived and that the valuation of cost and benefits require management's judgment and estimates. Management believes that the City's internal control over financial reporting provides reasonable assurance of proper recording and assets are adequately safeguarded.

State statutes and local ordinances require an annual audit by independent certified public accountants. The firm of Eide Bailly LLP has audited the financial statements of the City of Bismarck. The audit provides reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Eide Bailly LLP concluded that the audit provides a reasonable basis for an unqualified opinion, and the City of Bismarck's financial statements for the fiscal year ending December 31, 2012 are in conformity with generally accepted accounting principles (GAAP). The auditor's report is presented in the financial section of this report.

Federal funds received by the City are also subject to an independent audit under the requirements of the Single Audit Act of 1996 and Office of Management and Budget Circular A-133.

City of Bismarck Profile

The City of Bismarck, incorporated in 1875, is North Dakota's state capitol and is located in the center of the state in Burleigh County, bounded on the west by the Missouri River. The City currently has a land area of 32.15 square miles and a 2010 census population of 61,272. The City is empowered to levy a property tax on real estate located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically by the governing body of the City.

The City operates under a commission form of government, consisting of a president and four commissioners. The governing commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, the city administrator, and city attorney and hiring department heads. The city administrator is responsible for carrying out policies and ordinances of the governing body and for overseeing the day-to-day operations of the City. Commission members are elected to a four year staggered term with two commission members elected every two years. The president is elected to a four-year term and also serves as the Mayor of the City.

The financial reporting entity includes all funds of the primary government, the City of Bismarck. There are no component units that are defined as legally separate entities for which the primary government is financially accountable. The City of Bismarck provides a full range of services, such as police and fire protection, sanitation services, construction and maintenance of highways, streets and infrastructure, water and wastewater utility service, solid waste disposal, municipal airport, library, and cultural centers and events.

The City adopts an annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget in accordance with the North Dakota Century Code (N.D.C.C.) and the City of Bismarck's Home Rule Charter. All charges for fees and services are reviewed and adjusted at the time of budget approval by the governing board. A five year capital projects budget is also updated and approved by the governing board.

Local Economic Condition and Statistics

Although the area's largest industry is farming, the City is also a major medical center for the region. The City continues to seek economic diversification. To support this effort, the citizens of Bismarck voted to dedicate a portion of sales tax revenue to be used to attract new business and industry to the City. The Vision Fund Committee administers this funding. The most recent support has been for the IDEA Center to facilitate the expansion of entrepreneurial activities in the region. The City has become a member of a consortium in 2012 that participates in the Small Business Credit Initiative to help small businesses expand and create jobs.

The Commission is committed to new as well as current initiatives that support the economic growth of our City. The Commission established the Renaissance Zone to encourage reinvestment in a 25 block area of downtown properties. This program provides both property and income tax incentives for investments in qualified projects. This program has contributed to revitalization of downtown with numerous new business including retail, services and residential units. The construction of a \$23 million a three story mixed used building that includes residential units, office space, a restaurant and underground parking was started in 2012. A total of 80 projects have been completed with 50 new businesses which have created 350 jobs to date. The building value of Zone projects has more than doubled and reflects the commitment of the City Commission to strengthen the core of our community. The City also established the Core Incentive Grant Program to encourage rehabilitation of current businesses and recreate new development downtown. The incentives are funded from the Tax Increment District and includes grants for façade and signage, housing, technical assistance and sidewalk subsurface vaults. A downtown master plan study to consider the transit, parks, parking and development districts will be completed in 2013. The plan will be used in conjunction with the incentive programs.

An important factor instrumental in attracting new industry, business, and families to the Bismarck area is the exceptionally low crime rate. The City of Bismarck continues to enjoy one of the lowest crime rates in the country and was ranked 3rd as most secure small city by Farmers Insurance Group. Members of the Bismarck Police Department are committed to working with members of our community to ensure this trend continues. The Police Department is also the only accredited Municipal Law Enforcement agency in the state and was re-accredited in 2011 with meritorious status for 15 or more years of accreditation.

Bismarck continues to receive national recognition from a number of publications in 2012. Bismarck was ranked 3rd by Milken Institute for Best Place for Successful Aging. Forbes ranked Bismarck #2 for on the Best Small Places for Business and Career. The Area Development Magazine ranked Bismarck #4 on the list of 100 leading locations in 2012 based on economic and workforce indicators. Bismarck also topped Forbes List of Cities Where Job Market is Booming. This is further supported CNBC ranking of the State of North Dakota as 5th Top State for Business including 4th in Business Friendliness, #2 in Economy, #5 Quality of Life, and #10 in Workforce. The ratings reflect the City's commitment to preserve the tradition of excellence and be a vibrant and prospering community.

The Bismarck MSA continued to post the lowest unemployment rates in the country. The rate was 2.2% as compared to the national rate of 7.8% in November of 2012. Total employment through September 2012 reflected a 6.4% increase in total employment for a total of 68,600. The local economic outlook remains positive as Bismarck continues to create and sustain jobs.

The growth in jobs and businesses is reflected in the increase in taxable sales and purchases in 2012 as compared to 2011 for Bismarck. Sales tax was up 19.4% and hospitality taxes also had double digit increases. The revenue increase for motel, restaurant and liquor tax was 12.7%, the hotel and motel tax was 16.6% and car rental tax was 16.2%.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2012, 594 building permits were issued for residential construction within the City's corporate limits which was up from 412 in 2011. This included 541 single-family homes and 53 multi-family homes, which provided an additional 1,145 residential units. Residential construction in the City's extraterritorial jurisdiction and the adjacent zoned areas of Burleigh County also continued to grow with a total of 193 single-family building permits issued in 2012. Commercial growth also increased which included retail services, hotels, apartments and medical facilities with 15 commercial buildings and 5 public buildings. Growth in the property tax base for the year 2012 was 7.32%. The table below provides the percentage change by property classification.

Property Class	2011	2012	Percentage
	Market Value	Market Value	Change
Commercial	\$1,607,799,800	\$1,718,837,500	6.91 %
Residential	2,910,871,800	3,130,391,500	4.37 %
Agricultural	338,900	574,400	69.49 %
Total	\$4,519,010,500	\$4,519,010,500	7.32 %

The oil industry in western North Dakota continues to have a statewide impact. North Dakota has the country's fastest-growing economy and lowest unemployment rate. State reports indicate business taxable sales and purchased jumped by more than 40% from 2011 with the largest increases attributed to the oil industry. With oil development, Bismarck has become an attractive location for businesses that work on a regional level with companies serving the oil industry. The City is updating our growth management plan in 2013 so we are in a position to respond to rapid growth.

All cash balances of the City are invested in certificate of deposits, bonds, treasury bills, or other securities that are a direct obligation insured or guaranteed by the treasury of the United States. The amount of income earned on the investments for the City was \$792,344 with an average interest rate of .8% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee pension and Police pension had a net investment increase of \$11,360,016 for an average gain of 13.35% for the fiscal year.

Major Initiatives in 2012

The Commission completed a Strategic Planning Project in 2012. They adopted new vision, mission and value statements, as well as goals, objectives and initiatives. Key areas of the plan include economic vitality, community character, civic engagement and community services. The plan was used to establish priorities for the 2013 budget.

The Commission authorized a land records management study to provide recommendations and define a long term strategy. Major recommendations of the study were to improve efficiencies with a more user friendly system and redesigned work processes with less reliance on paper and custom developed databases. A city-wide project was initiated in 2012 to select an integrated land records management system with implementation in 2013.

The Bismarck Municipal Airport had another record setting year with 236,172 passenger boardings. This exceeds the record of 196,414 set in 2011. In response to the increase, the Airport has added 325 parking slots and a second security checkpoint lane. The Airport has added a direct flight service to Denver with Frontier Airlines.

The City experienced a historical Missouri River flood event in 2011. Protective measures were removed and infrastructure repairs were made in 2012. The City also developed a flood mitigation plan in 2012 for future flood or ice jam events. Two major mitigation projects are scheduled to start in the spring of 2013.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$2 million was used to replace 31 blocks of hard surfaced streets with permanent full depth concrete which was coordinated with the replacement of water main replacement in 21 blocks. An additional \$923,000 was used to help fund annual resurfacing mill and overlay chip seal in 206 blocks and \$2.3 million the reconstruction of 15 blocks of ground water impacted streets. The total estimated cost for the annual street maintenance exceeded \$14.6 million for 2012.

The City also conducted a pavement management survey project to determine the condition of the 310 miles of streets in the City in 2012. This provided a systematic approach to forecasting pavement maintenance and repair requirements with the primary objective to preserve pavements in good condition rather than reconstruct. The study results will be used to prioritize and schedule the annual street maintenance projects each year to optimize the current funding and identify future funding requirements.

The construction of the East Century Avenue and Centennial Street project was completed in 2012. This major reconstruction project widened the existing two-lane rural roadway section to a five-lane urban street with traffic signals, street lighting and storm sewer. The project budget was \$8 million dollars with \$6 million of the cost funded by the Federal and State regional highway funds.

A master plan upgrade was scheduled in the Water Treatment Plant. The new water intake project for \$9 million was started in 2012 with a projected completion and operational date in 2013. The Water Utility has started the process to procure and implement a new meter reading system and billing system to enhance services in the City.

In 2011 and 2012, there were 16 subdivision plats for a total of 462 lots, 12 annexations for a total of 154 acres and 65 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 16 special assessment districts in new developments for pavement, sanitary sewer, water and street light improvements. There were also two new traffic signals added on Washington Street, a major arterial street in the City.

The activity at the Northern Plains Commerce Centre continues to grow. Tubular Transport & Logistics (TTL) currently operates the transload facility at NPCC and has an agreement with the City to acquire additional 10 acres at the site in 2013. The City sold 5.5 acres to Traffic Safety Services and 4 acres to Apple Creek LLP for new developments at the site. The Bobcat Manufacturing Support Center was on site under a lease agreement and purchased that property from the City for \$1 million in 2012. They recently announced their plans for an expansion of the facility with the construction of an innovation center for product development and testing starting in 2013.

All of these initiatives reflect the Commission's commitment to improve the level of service and enhance the quality of life in our community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bismarck for its comprehensive annual financial report for the year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the Fiscal Services staff and the various department heads. Appreciation is expressed to all personnel who assisted and contributed to its preparation. We acknowledge the thorough and professional manner in which the audit was conducted by our independent auditors, Eide Bailly LLP. Appreciation is also expressed to the Mayor and to all members of the City Commission for their interest and support in planning and conducting the financial operation of the City of Bismarck in an exemplary manner throughout the year.

Respectfully submitted,



Sheila Hillman
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bismarck
North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



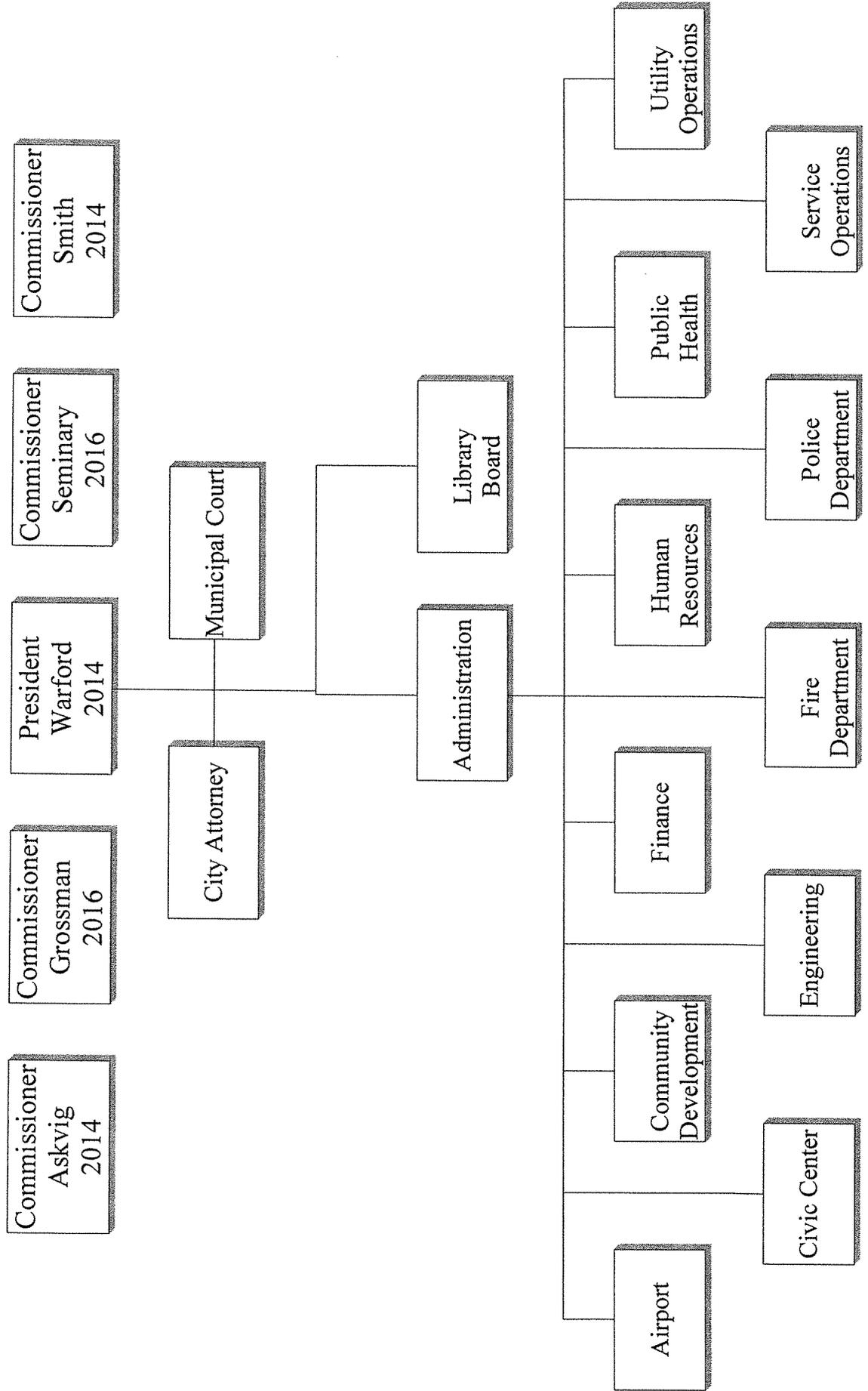
Christopher P. Moynell

President

Jeffrey R. Enow

Executive Director

City of Bismarck



**CITY OF BISMARCK, NORTH DAKOTA
LIST OF ELECTED AND APPOINTED OFFICIALS**

Mayor-Commissioners:

	<u>Initial Term Commenced</u>	<u>Current Term Expires December 31</u>
Mayor, John Warford	2002	2014
Commissioner, Josh Askvig	2010	2014
Commissioner, Parrell Grossman	2008	2016
Commissioner, Mike Seminary	2008	2016
Commissioner, Brenda Smith	2010	2014

Other Elected Officials:

Municipal Judge..... William Severin

Appointed Officials:

City Administrator..... Bill Wocken
 City Attorney..... Charles Whitman
 Assistant City Administrator..... Keith Hunke

Department Directors:

Airport..... Greg Haug
 Civic Center..... Charlie Jeske
 Engineering..... Mel Bullinger
 Finance..... Sheila Hillman
 Fire Department..... Joel Boespflug
 Human Resources..... Robert McConnell
 Library..... Mary Jane Schmaltz
 Public Health..... Renae Moch
 Community Development..... Carl Hokenstad
 Police Department..... Dan Donlin
 Public Works Service Operations..... Jeff Heintz
 Public Works Utility Operations..... Keith Demke



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Honorable Mayor and Board
of City Commissioners
City of Bismarck
Bismarck, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota, as of December 31, 2012, and the respective changes in financial position and, where, applicable, cash flows thereof and the budgetary comparison for the General Fund and Sales Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 11 through 18 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 inquires of Management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Bismarck, North Dakota's basic financial statements. The introductory section, combining fund financial statements, budget and actual comparison's, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2013 on our consideration of the City of Bismarck's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of City of Bismarck's internal control over financial reporting and compliance.



Bismarck, North Dakota
June 4, 2013

CITY OF BISMARCK, NORTH DAKOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bismarck, we offer readers of the City of Bismarck's financial statements this narrative overview and analysis of the financial activities of the City of Bismarck for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 5 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bismarck exceeded its liabilities at the close of the most recent fiscal year by \$633,799,935 (net assets). Of this amount, \$160,838,833 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$37,509,948 which was a decrease of \$2,160,153 over 2011. The overall decrease is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. The current year decrease in funding is the result of a refund to other government entities from the tax increment districts for \$9 million and difference of a \$7 million increase is due to an increase in taxes.
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$304,602,990, an increase of \$20,892,679 in comparison with the prior year. The unrestricted net assets of \$120,115,806, 39.4% of the governmental net assets, are available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,284,261 and the assigned fund balance was \$4,656,009. The assigned and unassigned fund balance is 99.3% of total general fund expenditures and 82.5% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$141,181,090 which was a decrease of \$2,801,767 over 2011. This decrease is attributed to FEMA funding as a result of the 2011 flood.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Bismarck's basic financial statements. The City of Bismarck's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Bismarck's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Bismarck's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Bismarck is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Bismarck that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through

user fees and charges (business-type activities). The governmental activities of the City of Bismarck include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Bismarck include an Airport, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots.

The government-wide financial statements can be found on pages 19 - 20 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bismarck, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bismarck can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bismarck maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, sales tax fund, street improvement construction fund, sewermain bond fund and street improvement bond fund which are considered to be major funds. Data from the other twenty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bismarck adopts an annual appropriated budget for its governmental funds, except for capital projects funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found on pages 21 - 26 of this report.

Proprietary funds: The City of Bismarck maintains two different types of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The enterprise funds are presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Bismarck's various functions. The internal service funds are reported with the governmental activities or business-type activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots. Airport, Water, and Sanitary Sewer are considered major funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27 - 29 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Bismarck's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 70 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bismarck's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 58 - 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bismarck, assets exceeded liabilities by \$633,799,935 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Assets as of December 31, 2011 and December 31, 2012.

	City of Bismarck Net Position					
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 145,365,892	\$ 148,759,811	\$ 60,994,381	\$ 62,662,099	\$ 206,360,273	\$ 211,421,910
Capital assets	216,727,259	234,150,846	291,298,697	312,274,001	508,025,956	546,424,847
Total assets	362,093,151	382,910,657	352,293,078	374,936,100	714,386,229	757,846,757
Long-term liabilities outstanding	70,878,003	69,756,402	31,936,486	34,345,088	102,814,489	104,101,490
Other liabilities	7,504,837	8,551,265	7,776,916	11,394,067	15,281,753	19,945,332
Total liabilities	78,382,840	78,307,667	39,713,402	45,739,155	118,096,242	124,046,822
Net position:						
Invested in capital assets, net of related debt	148,375,719	166,974,373	261,533,235	280,053,990	409,908,954	447,028,363
Restricted	25,072,759	17,512,811	6,991,320	8,419,928	32,064,079	25,932,739
Unrestricted	110,261,833	120,115,806	44,055,121	40,723,027	154,316,954	160,838,833
Total net position	\$ 283,710,311	\$ 304,602,990	\$ 312,579,676	\$ 329,196,945	\$ 596,289,987	\$ 633,799,935

By far the largest portion of the City of Bismarck's net position (70.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. The City of Bismarck uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bismarck's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City of Bismarck's ratio of long-term liabilities to capital assets is 19%. The ratio reflects the City of Bismarck's strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Bismarck's net position (4.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$160,838,833 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$120,115,806 in the unrestricted governmental activities can be attributed to the funding of capital assets, one-time expenditures, economic development, financing debt and prepaying the cost of the infrastructure in the capital project funds.

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

The City of Bismarck's current ratio (current assets/current liabilities, including debt payments due in less than 1 year) for the governmental activities is 4.15 and for the business-type activities is 4.42 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Position for the fiscal year ending December 31, 2011 and December 31, 2012.

City of Bismarck Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,930,369	\$ 10,086,548	\$ 32,310,251	\$ 37,325,638	\$ 42,240,620	\$ 47,412,186
Operating grants and contributions	27,284,007	11,335,009	1,856	-	27,285,863	11,335,009
Capital grants and contributions	22,787,617	21,559,092	10,680,059	11,361,611	33,467,676	32,920,703
General revenues:						
Taxes	39,946,325	46,176,434	60,524	61,658	40,006,849	46,238,092
Investment earnings	579,687	632,739	352,646	189,974	932,333	822,713
Gain on disposal of assets	31,259	49,510	18,257	2,402,877	49,516	2,452,387
Total revenues	100,559,264	89,839,332	43,423,593	51,341,758	143,982,857	141,181,090
Expenses:						
General Government	28,399,400	15,456,780	-	-	28,399,400	15,456,780
Public Safety	18,250,946	19,192,839	-	-	18,250,946	19,192,839
Highways and Streets	8,099,656	8,061,851	-	-	8,099,656	8,061,851
Health and Welfare	2,915,310	3,024,156	-	-	2,915,310	3,024,156
Culture and Recreation	2,538,849	2,727,686	-	-	2,538,849	2,727,686
Interest and Fiscal Charges	2,174,135	2,067,666	-	-	2,174,135	2,067,666
Public Works	7,145,379	16,242,401	-	-	7,145,379	16,242,401
Airport	-	-	5,706,324	6,419,847	5,706,324	6,419,847
Civic Center	-	-	7,271,580	7,943,750	7,271,580	7,943,750
Solid Waste Disposal	-	-	2,480,955	2,385,838	2,480,955	2,385,838
Solid Waste Collections	-	-	2,194,976	2,165,553	2,194,976	2,165,553
Water	-	-	8,501,442	9,118,635	8,501,442	9,118,635
Sanitary Sewer	-	-	6,059,940	5,832,427	6,059,940	5,832,427
Storm Water	-	-	1,517,382	1,701,198	1,517,382	1,701,198
Commercial Property	-	-	151,021	339,567	151,021	339,567
Parking Authority Lots	-	-	905,461	990,948	905,461	990,948
Total expenses	69,523,675	66,773,379	34,789,081	36,897,763	104,312,756	103,671,142
Increase in net position before transfers	31,035,589	23,065,953	8,634,512	14,443,995	39,670,101	37,509,948
Transfers	(29,440,618)	(2,173,274)	29,440,618	2,173,274	-	-
Increase in net position	1,594,971	20,892,679	38,075,130	16,617,269	39,670,101	37,509,948
Net position, as adjusted - 1/1	282,115,340	283,710,311	274,504,546	312,579,676	556,619,886	596,289,987
Net position - 12/31	\$ 283,710,311	\$ 304,602,990	\$ 312,579,676	\$ 329,196,945	\$ 596,289,987	\$ 633,799,935

Governmental Activities

Governmental activities increased the City of Bismarck's net assets by \$20,892,679, accounting for 55.7% of the total increase in the net assets of the City of Bismarck. The increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. Projected projects include a \$11 million parking ramp, \$2.5 million quiet rail crossings and \$8.5 million in sales tax funding for capital street improvement projects.

Business-type Activities

Business-type activities increased the City of Bismarck's net assets by \$16,617,269, accounting for 44.3% of the total growth in the City of Bismarck's net assets. Water and Sanitary Sewer rates were increased to provide revenue for future funding of infrastructure improvements. Capital Contributions from special assessments contributed to an increase in revenue for new water, sanitary sewer and storm sewer assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City of Bismarck's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bismarck's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$72,773,222, a decrease of \$3,365,539 in comparison with the prior year. The total restricted due to external limitations is \$23,408,061 or 32% of the total fund balance. These limitations include \$387,263 for Building Construction Levy, \$14,120,307 for Special Assessment Debt Funds, \$3,204,138 for Tax Increment Levy, \$288,366 for weather-related operations and \$5,407,987 for Sales Tax. The unspendable funds of \$2,379,957 or 3.2% of fund balance is a result of \$2,372,245 in advances to other funds and \$7,712 in notes receivable. The committed funds of \$39,415,488 and assigned funds of \$4,656,009 are limited to its intended use. \$16,267,356 is committed to special programs in the Special Revenue Funds and \$23,148,132 is committed for use in the Special Deficiency, Building Improvements, Street Lights, Highway Construction, Commerce Development and Tax Increment Construction Funds. The assigned uses include Fire Truck and Equipment Reserve of \$541,119, Contingencies of \$825,000, Department Equipment Reserve of \$1,698,244, Technology Equipment Reserve of \$67,045, Computer Expansion Reserve of \$625,784, Parking Lot Reserve of \$90,938 and Payroll Reserve of \$807,879.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unassigned fund balance of the general fund was \$23,284,261, while total fund balance reached \$28,327,533. The fund balance increased by \$5,716,516 as compared to 2011. A Transfer In of \$2.1 million from the Tax Increment Fund was a result of commission action to refunded all government agencies. State Aid Tax increased \$1.8 million and Property Taxes increased \$1.6 million as a result of an increased growth in the Bismarck, North Dakota.

The construction project fund accounts for a majority of the improvements to the street, water and sewer mains. The construction projects have a fund balance of \$6,481,716. The tax increment district has a fund balance of \$11,118,853, special deficiency and assumptions was \$2,030,301, highway construction fund was \$13,085,775, building improvements was \$192,130, street lights/signals was \$221,640, and commerce development was \$203,571 while the construction for sewer, water, street and sidewalk had a combined negative fund balance of \$19,855,556. The City initially cash flows the construction improvement districts which results in the negative fund balances. The City funds the construction projects through a sale of special assessment bonds for these expenses in 2013. The highway construction fund receives funding from sales tax to construct and rehabilitate existing roads and streets. The special deficiency and assumptions receives a mill levy and an administration fee to repair a portion of the existing roads and streets.

Proprietary Funds

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

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$40,740,604. All individual proprietary funds reported increases in net assets, except for Civic Center, Solid Waste Disposal. Civic Center has a negative change in net assets of \$832,315 due to the planned funding of events. Parking Authority Lots has a negative change in net assets of \$38,899 due to a feasibility study for the a new parking ramp.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was no change in appropriations between the original and final amended budget. However, significant variances between budget and actual are as follows:

- Taxes increased by \$1,590,095 which is a result of an increase in Tax Increment Funding.
- Intergovernmental revenue increased by \$1,771,592 which was attributed to state aid based on an increased growth in the State of North Dakota.
- License and Permits exceeded the budget by \$767,429 due to an increase in building permits and engineering excavation permits.
- Finance surplus of \$318,626 was due to vacant positions and delay in hiring current personnel and a reserve for financial software contingencies.
- Combined Communications surplus of \$243,125 and Fire & Inspections of \$108,593 was excess budget authority due to vacant positions.
- Nondepartmental of \$517,941 were due to the unused portion of the FEMA match.
- One-time operations for the General government had a surplus of \$185,627 due to study consultants and software upgrades that were delayed until 2013.
- Public Health surplus of \$122,247 was attributed to part-time salaries and delay in filling vacant positions.
- Transfers of \$765,000 from Contingencies were not utilized in 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Bismarck's investment in capital assets, net of related debt for its governmental and business type activities as of December 31, 2012, amounts to \$447,028,363 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset events during the current fiscal year included the following:

- Construction of a new Water Intake Project was started in 2012.
- 3 miles of watermains were repair or replaced in the Water Distribution System.
- The Master Sewage Pumping Station on Washington Street was reconstructed.
- Two major Traffic Signals were installed in 2012. One was located at Washington Street and Turnpike Avenue and the other was located at Washington Street and North 43rd Avenue.
- Street Improvement Projects total more than \$17 million in street resurfacing, hard surface reconstruction, ground water impacted street projects and new developments.

**City of Bismarck
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 2,474,666	\$ 2,547,486	\$ 14,086,722	\$ 13,973,358	\$ 16,561,388	\$ 16,520,844
Construction in Progress	3,391,544	4,772,806	3,134,998	14,833,690	6,526,542	19,606,496
Buildings	21,384,001	20,717,693	98,133,460	93,652,312	119,517,461	114,370,005
Improvements Other Than Building:	38,451	34,823	168,116,712	181,263,407	168,155,163	181,298,230
Machinery and Equipment	14,848,419	14,461,889	7,826,805	8,551,234	22,675,224	23,013,123
Infrastructure	174,590,178	191,616,149	-	-	174,590,178	191,616,149
Total	\$ 216,727,259	\$234,150,846	\$291,298,697	\$312,274,001	\$508,025,956	\$546,424,847

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 48 – 49 of this report.

Long-term debt – At the end of the current fiscal year, the City of Bismarck had total long-term debt outstanding of \$104,101,490. Of this amount, \$66,810,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Bismarck revenue bonds are secured by Water Revenue, Sanitary Sewer Revenue and Lodging, Liquor and Food Tax.

City of Bismarck Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Special revenue bonds	\$ 1,940,000	\$ -	\$ -	\$ -	\$ 1,940,000	\$ -
Less unamortized discoun	(6,900)	-			(6,900)	-
Special assessment bonds	66,155,000	66,810,000	-	-	66,155,000	66,810,000
Less unamortized discoun	263,440	366,473			263,440	366,473
Capital Leases	-	-	18,815	12,927	18,815	12,927
Compensated Absences	2,273,247	2,310,147	708,689	715,640	2,981,936	3,025,787
Claims and Judgments	253,216	269,782	79,367	119,218	332,583	389,000
Closure and postclosure costs	-	-	1,382,966	1,290,219	1,382,966	1,290,219
Water revenue bonds	-	-	7,280,000	6,415,000	7,280,000	6,415,000
Less unamortized discoun	-	-	(60,595)	71,278	(60,595)	71,278
Water Treatment	-	-	5,722,244	9,750,806	5,722,244	9,750,806
Wastewater revenue bonds	-	-	16,805,000	15,970,000	16,805,000	15,970,000
Total	\$70,878,003	\$69,756,402	\$31,936,486	\$ 34,345,088	\$102,814,489	\$104,101,490

The City issued new special assessments debt of \$13,830,000. \$4,365,000 was issued in May of 2012 to refund Series T for \$5,425,000 and \$9,465,000 was issued in December of 2012 to fund projects completed in 2011. More detailed information about the debt position of the City can be found in Note IV.G on pages 49 - 51 of the financial statements.

The City issued \$11,093,562 in Revenue Bonds. The Water Treatment Revenue Bonds were issued for \$4,678,562 and \$6,415,000 refunded the Water Utility Revenue Bond for 2006. The Water Treatment Revenue Bond funded the horizontal collector well water intake and the upgrade for the water transmission mains from the Treatment Plant. The revenue bonds are

secured by water and sewer revenue matures in 2027. More detailed information about the debt position of the City can be found in Note IV.G on pages 51 – 54.

The City of Bismarck has received an Aa1 bond rating from Moody's. These ratings are consistent with previous ratings received from this agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The City has no outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Growth is expected to continue in the property tax base with new construction and property value enhancement. Commercial growth continues with the construction of 4 hotels, a large multi-use downtown facility, 2 apartment buildings which are in addition to several new businesses. Residential growth is also increasing with several new subdivision developments in the northern section of the City. This growth directly contributes to the continued reduction of the property tax mill levy. The 2013 budget reflects a reduction of 3.14 mills for a total of 75.91 mills. This reduction continues a trend of lowering the mill levy since 1993.

The commercial and residential growth has led to an increase in the need for new infrastructure, which includes storm water, sanitary sewer mains, water mains and streets. As a result, 16 special assessment districts were authorized to fund these improvements in 2013. The growth also contributes to an increase in the need for additional support staff in all City services. Twenty-two new positions were authorized in 2013.

The economy in Bismarck and statewide continues to prosper with the impact of the oil industry in the western part of the state. For the first quarter of 2013, revenue for our hospitality taxes increased by 5.2%.

School enrollment is projected to grow by more than 1,287 students by 2017. The citizens approved bonding for two new elementary schools and one new high school with construction starting in 2013.

The Commission adopted a new strategic plan with the focus on planning for continued growth impacts to the City. In 2013 the growth management plan will be updated and the downtown development study will be completed.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Bismarck's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 221 North Fifth Street, City of Bismarck, ND, 58506 or visit the City's web site at www.bismarck.org.

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 6,439,981	\$ 2,001,063	\$ 8,441,044
Investments	61,145,176	40,885,644	102,030,820
Receivables:			
Taxes	217,627	-	217,627
Accounts	7,707,238	2,475,605	10,182,843
Special assessments	66,296,791	3,835,743	70,132,534
Interest receivable	111,197	85,764	196,961
Intergovernmental	2,630	-	2,630
Notes receivable	215,255	-	215,255
Due from fiduciary funds	132,440	-	132,440
Internal balances	2,359,160	(2,359,160)	-
Inventories	297,471	110,651	408,122
Prepaid items	71,436	94,026	165,462
Restricted assets:			
Cash and cash equivalents	-	324,580	324,580
Investments	2,134,510	4,382,631	6,517,141
Revenue bond covenant accounts	-	8,419,927	8,419,927
Unamortized debt cost	392,524	33,380	425,904
Net pension obligation	1,236,375	-	1,236,375
Capital assets not being depreciated:			
Land	2,547,486	13,973,358	16,520,844
Construction in progress	4,772,806	14,833,690	19,606,496
Capital assets (net of accumulated depreciation):			
Building and building improvements	20,717,693	93,652,312	114,370,005
Improvements other than buildings	34,823	181,263,407	181,298,230
Machinery and equipment	14,461,889	8,551,234	23,013,123
Infrastructure	191,616,149	-	191,616,149
Total assets	<u><u>382,910,657</u></u>	<u><u>372,563,855</u></u>	<u><u>755,474,512</u></u>
LIABILITIES:			
Accounts payable	3,371,447	2,690,278	6,061,725
Retainage payable	661,901	863,727	1,525,628
Salaries payable	1,581,880	437,782	2,019,662
Interest payable	314,508	313,344	627,852
Unearned revenue	478,409	3,499	481,908
Customer deposits	2,143,120	4,713,192	6,856,312
Noncurrent liabilities:			
Due within one year	11,264,016	2,789,829	14,053,845
Due in more than one year	58,492,386	31,555,259	90,047,645
Total liabilities	<u><u>78,307,667</u></u>	<u><u>43,366,910</u></u>	<u><u>121,674,577</u></u>
NET POSITION:			
Investment in capital assets, net of related debt	166,974,373	280,053,990	447,028,363
Restricted for:			
Debt service	14,120,307	8,419,928	22,540,235
Highway weather related projects	288,366	-	288,366
Capital projects	3,104,138	-	3,104,138
Unrestricted	120,115,806	40,723,027	160,838,833
Total net position	<u><u>\$ 304,602,990</u></u>	<u><u>\$ 329,196,945</u></u>	<u><u>\$ 633,799,935</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 15,456,780	\$ 2,774,491	\$ 589,657	(7,933,952)	\$ -	\$ (7,933,952)
Public safety	19,192,839	1,140,311	32,693	(16,704,655)	-	(16,704,655)
Highways and streets	8,061,851	5,476,916	-	1,417,327	-	1,417,327
Health and welfare	3,024,156	1,444,955	-	(1,105,956)	-	(1,105,956)
Culture and recreation	2,727,686	498,336	-	(2,092,169)	-	(2,092,169)
Interest and fiscal charges	2,067,666	-	-	(2,067,666)	-	(2,067,666)
Public works	16,242,401	-	20,936,742	4,694,341	-	4,694,341
Total governmental activities	66,773,379	11,335,009	21,559,092	(23,792,730)	-	(23,792,730)
Business-type activities:						
Airport	6,419,847	-	4,489,759	-	3,750,117	3,750,117
Civic Center	7,943,750	-	338,072	-	(1,978,678)	(1,978,678)
Solid waste disposal	2,385,838	-	-	-	456,952	456,952
Solid waste collections	2,165,553	-	-	-	194,585	194,585
Water	9,118,635	-	2,989,892	-	6,147,730	6,147,730
Sanitary sewer	5,832,427	-	2,604,296	-	2,939,411	2,939,411
Storm water	1,701,198	-	939,592	-	221,571	221,571
Commercial property	339,567	-	-	-	84,793	84,793
Parking authority lots	990,948	-	-	-	(26,995)	(26,995)
Total business-type activities	36,897,763	-	11,361,611	-	11,789,486	11,789,486
Total primary government	\$ 103,671,142	\$ 11,335,009	\$ 32,920,703	(23,792,730)	11,789,486	(12,003,244)
Taxes:						
Property taxes				17,230,221		17,230,221
Sales tax:						
Sales tax				16,388,127	-	16,388,127
Occupancy tax				1,066,817	-	1,066,817
Lodging/liquor/food tax				2,585,466	-	2,585,466
Unrestricted state aid distribution				4,882,955	-	4,882,955
Franchise taxes				1,246,491	-	1,246,491
Other taxes				2,776,357	61,658	2,838,015
Unrestricted investment earnings				632,739	189,974	822,713
Gain on disposal of assets				49,510	2,402,877	2,452,387
Transfers				(2,173,274)	2,173,274	-
Total general revenues and separate line items				44,685,409	4,827,783	49,513,192
Changes in net assets				20,892,679	16,617,269	37,509,948
Net position - beginning				283,710,311	312,579,676	596,289,987
Net position - ending				\$ 304,602,990	\$ 329,196,945	\$ 633,799,935

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

ASSETS	General	Sales Tax	Sewermain		Street		Street		Nonmajor		Total
			Bonds	Bonds	Improvement	Construction	Governmental Funds	Governmental Funds			
Cash and cash equivalents	\$ 148,853	\$ 260,086	\$ 155,963	-	-	-	-	\$ 2,565,246	\$ 3,130,148		
Investments	15,942,945	8,236,646	606,573	-	-	-	-	34,531,424	59,317,588		
Receivables:											
Taxes receivable	153,042	-	-	-	-	-	-	64,585	217,627		
Accounts receivable	2,104,296	1,494,403	-	-	-	-	-	3,631,101	7,229,800		
Special assessments	-	-	15,663,748	45,145,407	-	-	-	5,487,636	66,296,791		
Intergovernmental	-	-	569	2,061	-	-	-	-	2,630		
Notes receivable	-	-	-	-	-	-	-	215,255	215,255		
Due from fiduciary funds	132,440	-	-	-	-	-	-	-	132,440		
Due from other funds	11,813,390	-	380,406	5,946,411	-	-	-	2,989,877	21,130,084		
Advances to other funds	-	-	-	-	-	-	-	2,372,245	2,372,245		
Restricted assets:											
Investments	-	-	-	-	-	-	-	2,134,510	2,134,510		
Total assets	\$ 30,294,966	\$ 9,991,135	\$ 16,807,259	\$ 51,093,879	\$ -	\$ -	\$ -	\$ 53,991,879	\$ 162,179,118		
LIABILITIES											
Accounts payable	\$ 508,850	\$ -	\$ 13,503	\$ 26,971	\$ 55,485	\$ -	\$ -	\$ 2,065,876	\$ 2,670,685		
Retainage payable	-	-	-	-	482,525	-	-	179,376	661,901		
Due to other funds	-	-	-	-	16,168,544	-	-	4,974,625	21,143,169		
Salaries payable	1,262,651	-	-	-	-	-	-	291,052	1,553,703		
Deferred revenue	195,932	-	14,452,684	41,274,335	75,800	-	-	5,234,567	61,233,318		
Customer deposits	-	-	-	-	-	-	-	2,143,120	2,143,120		
Total liabilities	1,967,433	-	14,466,187	41,301,306	16,782,354	-	-	14,888,616	89,405,896		
FUND BALANCES											
Nonspendable	-	-	-	-	-	-	-	2,379,957	2,379,957		
Restricted	387,263	5,407,987	2,341,072	9,792,573	-	-	-	5,479,166	23,408,061		
Committed	-	4,583,148	-	-	-	-	-	34,832,340	39,415,488		
Assigned	4,656,009	-	-	-	-	-	-	-	4,656,009		
Unassigned	23,284,261	-	-	-	(16,782,354)	-	-	(3,588,200)	2,913,707		
Total fund balances	28,327,533	9,991,135	2,341,072	9,792,573	(16,782,354)	-	-	39,103,263	72,773,222		
Total liabilities and fund balances	\$ 30,294,966	\$ 9,991,135	\$ 16,807,259	\$ 51,093,879	\$ -	\$ -	\$ -	\$ 53,991,879	\$ -		

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

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

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Internal service funds are used by management to charge the cost of employee insurance,

liability insurance, unemployment insurance, revolving cost to the individual funds. The assets and liabilities

of the internal service funds are included in governmental activities in the statement of net position.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

	(69,408,604)
	<u>\$ 304,602,990</u>

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Sales Tax	Street		Nonmajor Governmental Funds	Total
			Sewermain Bonds	Improvement Bonds		
REVENUES						
Taxes	\$ 13,195,950	\$ 16,388,127	\$ -	\$ -	\$ 8,815,148	\$ 38,399,225
Licenses and permits	2,455,284	-	-	-	96,885	2,552,169
Special assessments	-	-	2,449,759	8,736,267	1,743,745	13,253,134
Intergovernmental	6,571,377	-	-	323,363	11,192,421	17,763,798
Charges for services	2,756,441	-	-	-	3,031,727	5,788,168
Fines and forfeits	879,097	-	-	-	139,220	1,018,317
Investment income	129,209	25,288	1,397	768	631,428	789,381
Rentals	287,153	-	-	-	136,250	423,403
Miscellaneous	98,875	-	-	-	529,682	628,557
Total revenues	26,373,386	16,413,415	2,451,156	8,737,558	26,316,506	80,616,152
EXPENDITURES						
Current						
General government	7,047,102	1,012	-	-	6,737,072	13,785,186
Public safety	16,212,370	-	-	-	827,915	17,040,285
Highways and streets	1,755,779	-	-	-	6,167,389	7,923,168
Health and welfare	1,805,402	-	-	-	1,057,326	2,862,728
Culture and recreation	294,744	-	-	-	1,796,582	2,091,326
Public works	-	-	-	177,812	9,689,108	9,866,920
Capital outlays						
General government	57,969	-	-	-	619,618	677,587
Public safety	181,338	-	-	-	105,480	286,818
Highways and streets	51,296	-	-	-	720,743	772,039
Culture and recreation	-	-	-	-	404,448	404,448
Public works	-	-	-	18,867,481	6,835,154	25,702,635
Debt service						
Principal	-	-	1,151,410	5,566,861	2,971,729	9,690,000
Interest and fiscal charges	-	-	495,727	1,260,655	284,423	2,040,805
Total expenditures	27,406,000	1,012	1,647,137	6,827,516	38,216,987	93,143,945
Excess (deficiency) of revenues over (under) expenditures	(1,032,614)	16,412,403	804,019	1,910,042	(11,900,481)	(12,527,793)
OTHER FINANCING SOURCES (USES)						
Transfer in	7,469,857	-	5,726	246,155	11,191,944	23,914,275
Transfer out	(720,727)	(12,085,933)	(1,128,884)	(77,910)	(7,909,741)	(23,275,607)
Refunding bonds issued	-	-	2,242,250	2,096,284	26,466	4,365,000
Premium on special assessment debt	-	-	39,934	36,899	17,629	118,586
Payment to refunded bond escrow agent	-	-	(2,568,150)	(2,827,086)	(29,764)	(5,425,000)
Special assessment bonds issued	-	-	-	-	3,996,280	9,465,000
Total other financing sources (uses)	6,749,130	(12,085,933)	(1,409,124)	(525,658)	7,292,814	9,162,254
Net changes in fund balances	5,716,516	4,326,470	(605,105)	1,384,384	(4,607,667)	(3,365,539)
Fund balances - beginning	22,611,017	5,664,665	2,946,177	8,408,189	43,710,930	76,138,761
Fund balances - ending	\$ 28,327,533	\$ 9,991,135	\$ 2,341,072	\$ 9,792,573	\$ 39,103,263	\$ 72,773,222

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

**CITY OF BISMARCK, NORTH DAKOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances-total governmental funds (Page 22) (3,365,539)

The change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. 17,644,879

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (204,801)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 4,044,344

The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,257,454

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. 117,772

Internal service funds are used by management to charge the cost of health insurance, liability insurance, unemployment insurance, and revolving cost to the individual funds. A portion of the net revenue in the internal service funds is reported with governmental activities. 1,398,570

Change in net position of governmental activities (Page 20) \$ 20,892,679

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary Fund Balance, January 1	\$ 22,611,017	\$ 22,611,017	\$ 22,611,017	-
Resources (inflows)				
Taxes	11,605,855	11,605,855	13,195,950	1,590,095
Licenses and permits	1,687,855	1,687,855	2,455,284	767,429
Intergovernmental	4,799,785	4,799,785	6,571,377	1,771,592
Charges for services	2,775,782	2,775,782	2,756,441	(19,341)
Fines and forfeits	772,650	772,650	879,097	106,447
Investment income	101,320	101,320	129,209	27,889
Rentals	282,367	282,367	287,153	4,786
Miscellaneous	32,475	32,475	98,875	66,400
Transfer in	7,399,042	7,399,042	7,469,857	70,815
Amount available for appropriation	<u>52,068,148</u>	<u>52,068,148</u>	<u>56,454,260</u>	<u>4,386,112</u>
Charges to appropriations (outflows)				
General government				
Nondepartmental	-	48,359	48,359	-
Administration	730,250	730,250	656,078	74,172
Building maintenance	637,811	637,811	598,240	39,571
Attorney	375,319	375,319	366,702	8,617
Finance	2,668,407	2,668,407	2,349,781	318,626
Human resources	383,165	383,165	303,440	79,725
Municipal court	381,889	381,689	374,835	6,854
Community development	1,841,297	1,854,544	1,805,226	49,318
One-time operations	735,773	739,773	554,146	185,627
Equipment reserve	29,525	29,525	7,352	22,173
Public safety				
Combined communications	1,869,495	1,869,495	1,626,370	243,125
Fire & inspections	5,618,968	5,618,968	5,510,375	108,593
Police	8,831,955	8,831,955	8,738,419	93,536
One-time operations	459,289	459,289	417,766	41,523
Equipment reserve	900	900	849	51
Highways and streets				
Weed control	71,059	71,059	59,041	12,018
Engineering	1,727,714	1,727,714	1,677,174	50,540
One-time operations	27,000	27,000	22,931	4,069
Equipment reserve	43,210	43,210	32,669	10,541
Health and welfare				
Environmental health	280,984	280,984	275,822	5,162
Public health	1,593,726	1,593,726	1,471,479	122,247
One-time operations	53,330	53,330	40,987	12,343
Equipment reserve	29,663	29,663	12,247	17,416
Culture and recreation				
Cable tv promotions	281,944	281,944	281,944	-
Centennial beach	2,000	2,000	-	2,000
One-time operations	12,800	12,800	12,800	-
Transfer out				
Nondepartmental	889,582	841,223	323,282	517,941
Building construction	200,000	200,000	200,000	-
Contingencies	825,000	765,000	-	765,000
Combined communications	72,779	72,779	62,178	10,601
Community development	23,454	10,207	9,337	870
One-time operations	75,000	131,000	125,930	5,070
Total charges to appropriations	<u>30,773,288</u>	<u>30,724,729</u>	<u>27,965,759</u>	<u>2,807,329</u>
Budgetary Fund Balance, December 31	<u>\$ 21,294,860</u>	<u>\$ 21,343,419</u>	<u>\$ 28,488,501</u>	<u>\$ 7,193,441</u>

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

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

Sources/inflows of resources	<u>General Fund</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 56,454,260
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(22,611,017)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(7,469,857)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 26,373,386</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,965,759
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	160,968
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(720,727)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 27,406,000</u>

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

CITY OF BISMARCK, NORTH DAKOTA
MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 5,664,665	\$ 5,664,665	\$ 5,664,665	-
Resources (inflows)				
Taxes	12,403,143	12,403,143	16,388,127	3,984,984
Investment income	12,665	12,665	25,288	12,623
Amount available for appropriation	<u>18,080,473</u>	<u>18,080,473</u>	<u>22,078,080</u>	<u>3,997,607</u>
Charges to appropriations (outflows)				
General government	1,000	1,100	1,012	88
Transfer out	14,835,345	14,835,245	12,085,933	2,749,312
Total charges to appropriations	<u>14,836,345</u>	<u>14,836,345</u>	<u>12,086,945</u>	<u>2,749,400</u>
Budgetary Fund Balance, December 31	<u>\$ 3,244,128</u>	<u>\$ 3,244,128</u>	<u>\$ 9,991,135</u>	<u>\$ 6,747,007</u>

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

(Continued on next page)

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 178,532	\$ 154,010	\$ 46,684	\$ 77,515	\$ 668,729	\$ 1,125,470	\$ 4,185,427
Investments	4,961,475	1,823,595	9,976,830	8,429,307	16,523,158	41,714,365	998,868
Receivables:							
Accounts receivable	354,118	51,363	1,292,907	536,287	217,418	2,452,093	500,952
Special assessments	-	-	1,686,419	1,603,400	545,924	3,835,743	-
Interest receivable	9,305	1,413	27,653	19,034	28,359	85,764	-
Due from other funds	-	13,085	-	-	-	13,085	-
Inventories	-	-	110,651	-	-	110,651	297,471
Prepaid items	9,069	27,566	30,980	10,790	15,621	94,026	71,436
Restricted assets:							
Cash and cash equivalents	-	308,125	-	-	16,455	324,580	-
Total current assets	5,512,499	2,379,157	13,172,124	10,676,333	18,015,664	49,755,777	6,054,154
Noncurrent assets:							
Restricted assets:							
Investments	-	-	4,382,631	-	-	4,382,631	-
Revenue bond covenant accounts	-	-	3,718,913	4,701,014	-	8,419,927	-
Unamortized debt cost	-	-	33,380	-	-	33,380	-
Capital assets not being depreciated:							
Land	6,515,488	912,100	879,448	324,591	5,341,731	13,973,358	-
Construction in progress	1,148,497	46,223	7,407,318	5,736,672	494,980	14,833,690	-
Capital assets (net of accumulated depreciation):							
Building and building improvements	16,865,867	10,866,169	32,466,344	23,521,745	9,932,187	93,652,312	-
Improvements other than buildings	42,325,754	-	63,934,594	37,615,806	37,387,253	181,263,407	-
Machinery and equipment	1,480,569	2,397,181	230,455	840,795	3,602,234	8,551,234	17,697
Total noncurrent assets	68,336,175	14,221,673	113,053,083	72,740,623	56,758,385	325,109,939	17,697
Total assets	73,848,674	16,600,830	126,225,207	83,416,956	74,774,049	374,865,716	6,071,851

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	555,498	128,980	522,806	373,238	1,109,011	2,689,533	694,929
Retainage payable	-	-	564,131	273,443	26,154	863,728	-
Leases payable	-	-	2,881	1,697	1,685	6,263	-
Bonds payable	-	-	1,350,000	835,000	-	2,185,000	-
Accrued interest payable	-	-	153,644	159,700	-	313,344	-
Due to other entities	-	-	-	-	-	-	6,585
Compensated benefits payable	84,825	63,125	149,332	60,882	121,184	479,348	-
Salaries payable	74,689	73,299	111,678	61,897	116,219	437,782	28,177
Deferred revenue	-	-	-	-	3,499	3,499	-
Claims and judgments payable	-	-	-	32,000	-	32,000	357,000
Total current liabilities	<u>715,012</u>	<u>265,404</u>	<u>2,854,472</u>	<u>1,797,857</u>	<u>1,377,752</u>	<u>7,010,497</u>	<u>1,086,691</u>
Long-term liabilities:							
Advances from other funds	-	-	92,245	-	2,280,000	2,372,245	-
Customer deposits	-	308,125	4,382,817	-	22,250	4,713,192	-
Compensated benefits payable	39,567	35,713	46,476	33,768	80,768	236,292	-
Capital lease payable	-	-	3,065	1,806	1,792	6,663	-
Revenue bonds payable	-	-	14,887,084	15,135,000	-	30,022,084	-
Accrued closure/post closure costs	-	-	-	-	1,290,219	1,290,219	-
Total long-term liabilities	<u>39,567</u>	<u>343,838</u>	<u>19,411,687</u>	<u>15,170,574</u>	<u>3,675,029</u>	<u>38,640,695</u>	<u>-</u>
Total liabilities	<u>754,579</u>	<u>609,242</u>	<u>22,266,159</u>	<u>16,968,431</u>	<u>5,052,781</u>	<u>45,651,192</u>	<u>1,086,691</u>
NET POSITION							
Invested in capital assets, net of related debt	68,336,175	14,221,673	88,675,130	52,066,104	56,754,908	280,053,990	17,697
Restricted for debt service	-	-	3,718,914	4,701,014	-	8,419,928	-
Unrestricted	4,757,920	1,769,915	11,201,004	9,681,407	12,966,360	40,740,606	4,967,463
Total net position	<u>\$ 73,094,095</u>	<u>\$ 15,991,588</u>	<u>\$ 103,595,048</u>	<u>\$ 66,448,525</u>	<u>\$ 69,721,268</u>	<u>\$ 329,214,524</u>	<u>\$ 4,985,160</u>
					<u>(17,579)</u>		
						<u>\$ 329,196,945</u>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net position of business-type activities

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds						Total	Governmental Activities-Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Enterprise Funds	Nonmajor Enterprise Funds		
OPERATING REVENUES								
Charges for sales and services:								
Event sales	\$ -	\$ 5,371,258	\$ -	\$ -	\$ -	\$ 5,371,258	\$ -	
Sale of gas and oil	-	-	-	-	-	-	1,186,770	
Sale of parts and labor	41,471	-	443,227	1,393	-	486,091	1,728,861	
Water sales	1,055	-	11,714,840	-	-	11,715,895	-	
Sanitation fees	-	-	26,804	6,163,728	6,045,566	12,236,098	-	
Landing and airport fees	2,221,657	-	-	-	-	2,221,657	-	
Miscellaneous sales	15,318	43,666	53,619	1,785	129,497	243,885	164,200	
Rentals	3,400,704	212,076	687,778	635	1,399,356	5,700,549	10,693	
Employer contributions	-	-	-	-	-	-	6,177,964	
Employee contributions	-	-	-	-	-	-	77,634	
Total operating revenues	5,680,205	5,627,000	12,926,268	6,167,541	7,574,419	37,975,433	9,346,122	
OPERATING EXPENSES								
Cost of goods sold	-	3,123,010	187,446	-	-	3,310,456	2,087,225	
Personal services - salaries & wages	1,021,538	1,325,931	1,647,765	931,686	1,744,261	6,671,181	414,541	
Personal services - fringe benefits	322,550	298,362	573,268	288,703	639,167	2,122,050	163,184	
Professional, legal, and contracted services	820,914	280,205	520,356	150,977	660,685	2,433,137	1,793	
Building, equipment, and vehicle services	1,056,400	702,774	1,844,442	1,173,946	1,653,288	6,430,850	198,868	
Travel & training	15,148	9,555	21,098	6,853	9,001	61,655	742	
Operating services	241,115	144,113	245,110	153,746	500,647	1,284,731	5,402,591	
Operating supplies	233,889	66,527	905,563	548,206	586,650	2,340,835	16,375	
Depreciation expense	2,747,956	2,030,575	2,986,083	2,157,021	1,894,154	11,815,789	16,491	
Total operating expenses	6,459,510	7,981,052	8,931,131	5,411,138	7,687,853	36,470,684	8,301,810	
Operating income (loss)	(779,305)	(2,354,052)	3,995,137	756,403	(113,434)	1,504,749	1,044,312	
NONOPERATING REVENUES (EXPENSES)								
Intergovernmental	61,658	-	-	-	-	61,658	-	
Special assessments	-	-	445,489	377,689	242,109	1,065,287	-	
Gain (loss) on disposal of assets	18,542	5,202	3,996	-	2,375,138	2,402,878	19,164	
Investment income	16,842	7,393	59,763	42,175	60,228	186,401	16,277	
Interest and fiscal charges	-	-	(318,406)	(495,612)	186	(813,832)	-	
Total nonoperating revenues (expenses)	97,042	12,595	190,842	(75,748)	2,677,661	2,902,392	35,441	
Income (loss) before contributions and transfer	(682,263)	(2,341,457)	4,185,979	680,655	2,564,227	4,407,141	1,079,753	
CAPITAL CONTRIBUTIONS								
TRANSFERS IN								
Change in net position	4,489,759	338,072	3,642,978	2,495,975	2,200,824	13,167,608	-	
Total net position - beginning	21,827	1,393,821	2,335	-	36,980	1,454,963	210,024	
Total net position - ending	(171,207)	(222,751)	(1,226,990)	(169,108)	(362,917)	(2,152,973)	(150,680)	
Change in net position	3,658,116	(832,315)	6,604,302	3,007,522	4,439,114	16,876,739	1,139,097	
Total net position - beginning	69,435,979	16,823,903	97,354,746	63,441,003	65,282,154	3,846,063	3,846,063	
Total net position - ending	\$ 73,094,095	\$ 15,991,588	\$ 103,959,048	\$ 66,448,525	\$ 69,721,268	\$ 4,985,160	\$ 4,985,160	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net position of business-type activities (page 19)
The notes to the financial statements are an integral part of this statement.

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Airport	Civic	Water	Sewer	Enterprise Funds	Total	Governmental
		Center			Nonmajor		Activities-Internal
							Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 5,854,991	\$ 5,429,134	\$ 12,694,765	\$ 7,747,597	\$ 7,621,587	\$ 39,338,074	\$ 2,659,364
Other operating cash receipts	-	-	-	-	-	-	6,126,459
Payments to suppliers	(2,495,470)	(4,601,090)	(3,988,065)	(2,974,123)	(3,452,538)	(17,511,286)	(7,808,014)
Payments to employees	(1,012,871)	(1,217,181)	(1,850,803)	(928,218)	(1,730,358)	(6,539,431)	(414,541)
Net cash provided by (used) operating activities	2,346,650	(389,137)	7,045,897	3,845,256	2,438,691	15,287,357	1,003,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payment on advance	-	-	(27,634)	-	(100,000)	(127,634)	-
Transfers from other funds	21,827	1,393,821	2,335	-	36,980	1,454,963	210,024
Transfers to other funds	(171,207)	(222,751)	(1,228,980)	(189,108)	(362,917)	(2,152,973)	(150,680)
Net cash provided (used) by noncapital financing activities	(149,380)	1,171,070	(1,252,289)	(189,108)	(425,937)	(825,644)	59,344
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Intergovernmental revenue	5,069,370	338,072	-	-	-	5,407,442	-
Capital lease payment	-	-	(2,709)	(1,586)	(1,584)	(5,889)	-
Revenue bond payment	-	-	(1,581,298)	(835,000)	-	(2,416,298)	-
Interest paid	-	-	(178,236)	(487,262)	186	(665,312)	-
Proceeds on bonds	-	-	4,678,562	-	-	4,678,562	-
Proceeds from sale of capital assets	20,246	4,522	3,067	-	2,486,542	2,516,377	-
Proceeds from insurance recoveries	-	680	929	-	965	2,574	19,164
Special assessments collected	-	-	473,159	319,473	45,684	838,296	-
Purchase of capital assets	(84,319)	(608,335)	(40,507)	(393,700)	(642,112)	(1,968,973)	-
Construction of capital assets	(6,246,141)	(240,453)	(9,179,840)	(4,096,415)	(2,294,457)	(22,057,306)	-
Net cash provided (used) by capital and related financing activities	(1,240,844)	(705,514)	(5,826,873)	(5,484,500)	(402,796)	(13,670,527)	19,164
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	298,598	1,237,779	7,507,040	14,918,736	4,147,657	28,109,810	3,099,637
Purchase of investments	(4,961,475)	(1,823,595)	(18,078,375)	(13,130,321)	(16,523,158)	(54,516,924)	(998,868)
Investment income	14,824	7,727	51,515	45,428	52,976	172,470	14,523
Net cash provided (used) by investing activities	(4,648,053)	(578,089)	(10,519,820)	1,833,843	(12,322,525)	(26,234,644)	2,115,292
Net increase (decrease) in cash and cash equivalent	(3,691,627)	(193,545)	(10,563,065)	15,491	(10,712,567)	(25,443,458)	3,197,211
Cash and cash equivalents - January 1	3,870,159	655,680	10,599,769	82,024	11,397,751	26,585,383	988,216
Cash and cash equivalents - December 31	178,532	462,135	46,684	77,515	685,184	1,450,050	4,185,427
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ (779,305)	\$ (2,354,052)	\$ 3,995,137	\$ 756,403	\$ (113,434)	\$ 1,504,749	\$ 1,044,312
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,747,957	2,030,575	2,896,083	2,157,021	1,894,154	11,815,790	16,491
(Increase) decrease in accounts receivable	174,786	74,419	(309,009)	(25,353)	41,006	(44,151)	(120,156)
(Increase) decrease in due from other funds	-	(13,085)	-	1,605,409	-	1,592,324	-
(Increase) decrease in inventories	-	-	(6,492)	-	-	(6,492)	33,476
(Increase) decrease in prepaid items	92	(4,232)	(2,210)	780	1,632	(3,958)	18,494
Increase (decrease) in customer deposits	-	(259,200)	67,506	-	3,630	(189,064)	-
Increase (decrease) in accounts payable	194,453	27,688	317,920	(684,452)	688,015	543,624	41,755
Increase (decrease) in compensated benefits payable	746	115,377	3,636	(828)	6,079	125,010	-
Increase (decrease) in salaries payable	7,921	(6,627)	(6,674)	4,296	7,824	6,740	3,434
Increase (decrease) in due to other funds	-	-	-	-	-	-	(60,747)
Increase (decrease) in due to other entities	-	-	-	-	2,532	2,532	1,935
Increase (decrease) in deferred revenue	-	-	-	32,000	-	32,000	-
Increase (decrease) in estimated pending claims	-	-	-	-	(92,747)	(92,747)	-
Increase (decrease) in closure and post closure costs	-	-	-	-	2,552,125	13,782,608	(40,901)
Total adjustments	3,125,955	1,964,915	3,050,760	3,088,853	2,438,691	15,287,357	1,003,411
Net cash provided (used) by operating activities	\$ 2,346,650	\$ (389,137)	\$ 7,045,897	\$ 3,845,256	\$ 2,438,691	\$ 15,287,357	\$ 1,003,411
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 1,098,574	\$ 289,367	\$ 1,503,341	\$ 2,871,282	\$ -
Contribution of capital assets from developers	-	-	2,544,404	2,226,608	697,483	5,468,485	-
Increase in fair value of investments	1,806	665	5,898	5,171	6,153	19,693	1,754

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Receivables:		
Taxes	\$ 25,089	\$ 6,222
Accounts	88,996	18,621
Accrued interest and dividends	47,237	-
Investments, at fair value:		
Domestic equities	21,178,365	-
International equities	20,547,185	-
Domestic fixed income	27,310,258	-
International fixed income	3,985,040	-
Real estate	17,674,292	-
Private equity	3,915,261	-
Mutual funds	989,367	-
Certificate of deposits	397,259	438
Certificate of deposits and invested cash	2,701,501	183
Total assets	<u>98,859,850</u>	<u>25,464</u>
LIABILITIES		
Accounts payable	121,828	621
Due to other entities	132,440	24,843
Deferred revenue	18,671	-
Total liabilities	<u>272,939</u>	<u>25,464</u>
NET POSITION		
Assets held in trust for pension and other employee benefits	<u>98,586,911</u>	-
Total net position held in trust	<u>\$ 98,586,911</u>	<u>\$ -</u>

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2012**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,073,321
Employee	1,508,944
Total contributions	<u>4,582,265</u>
Investment income:	
Net Increase (decrease) in fair value of investments	9,454,835
Interest and dividends	2,150,986
	<u>11,605,821</u>
Less: investment expense	(322,291)
Net investment income	<u>11,283,530</u>
Total additions	<u>15,865,795</u>
DEDUCTIONS	
Benefits paid to participants	3,941,698
Refunds	139,080
Administration expenses	133,870
Total deductions	<u>4,214,648</u>
Change in net position	<u>11,651,147</u>
Net position - beginning	<u>86,935,764</u>
Net position- ending	<u><u>\$ 98,586,911</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bismarck was incorporated in 1875. The City operates under a city commission form of government under the Home Rule Charter. The accompanying financial statements present the activities of the City of Bismarck. Only funds of the City have been included since the City does not have any blended or discrete component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net assets) report information on all of the nonfiduciary activities. Reporting of the internal activities has been eliminated to avoid duplication on the statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities compares the direct expenses and program revenues for both the functions of the governmental activities and the business-type activities of the City. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) fines, fees, and charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus and the accrual basis of accounting records revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Agency funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, cable franchise fees, licenses, interest and special assessments are susceptible to accrual. Sales tax; Motel, Liquor, Restaurant tax; motor vehicle fees and the 2% Motel tax collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts become measurable and available when cash is received by the City.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

The City reports the following major governmental funds:

General Fund – This fund is the general operating fund of the City. All financial resources of the general government that are not required to be reported in another fund are accounted for in the general fund.

Sales Tax Fund – This fund accounts for the one percent city sales tax used for expenditures that are authorized by the voters within the City of Bismarck.

Sewermain Bond Fund – This fund accounts for the collection of special assessments and the payment of special assessment bonds for sewermain improvements.

Street Improvement Bond Fund – This fund accounts for the collection of special assessments and the payment of special assessment bonds for street improvements.

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

The City reports the following major proprietary funds:

Airport – This fund accounts for the operations of the Municipal Airport.

Civic Center – This fund accounts for the operations of the Civic Center.

Water Utility – This fund accounts for the operations of water treatment and distribution.

Sanitary Sewer Utility – This fund accounts for the operations of sanitary sewers and waste water treatment.

Additionally, the City reports the following fund types:

Internal Service Funds – These funds are used by management to charge the cost of fleet services, health insurance, liability insurance, unemployment insurance, and revolving costs to the individual funds.

Pension (and other employee benefit) Trust Funds – These funds are used to account for the activities of the City Employees' Pension Plan and the Police Pension Plan, which accumulates resources for the pension benefit payments, and also the Deferred Sick Leave Plan, which accumulates resources for the payment of sick leave accumulated prior to December 31, 1992.

Agency Fund – This fund accounts for assets held by the City as agent for other individuals, private organizations, or other governmental units. The Firemen's Pension Fund is the City's only agency fund.

The City has prepared its government-wide and proprietary fund financial statements in accordance with all applicable pronouncements as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are when various charges exist between different functions of the government (i.e. water and sewer charges to other various functions of the City). Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. These highly liquid investments 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.

All cash and cash equivalents as permitted by the North Dakota Century Code are included on the Government-wide Statement of Net Assets as "Cash and Cash Equivalents".

The City has no cash overdrafts from pooled cash and investments at December 31, 2012.

Interest revenue is allocated to all City funds unless state law (as outlined in the North Dakota Century Code) requires allocation of interest directly to a specific fund. The allocation is based on the fund's total cash and investment balance at the end of each month.

2. Investments

The City of Bismarck is governed by NDCC. North Dakota state statutes authorize local governments to invest in:

- a) 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,
- b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above,
- c) certificates of deposit fully insured by the federal deposit insurance corporation or the state,
- d) obligations of the state.

In addition to the above-mentioned investments, Pension Trust funds are authorized to invest all or part of their surplus funds in other investments by selecting a funding agent or agents to hold and invest such funds for the board and shall be placed for investment only with a firm or firms whose primary endeavor is money management.

On January 5, 1996, the City of Bismarck entered into a contract with Burleigh County Water Users, to furnish the rural citizens with water for the next 40 years. The Burleigh County Water Users deposited \$2,300,000 up front to buy a specific number of gallons each year at a rate of \$.397 per billing unit of 100 cubic feet of water. The funds were invested in United States Zero Coupon Treasury Bonds with an annual maturity date to meet the current water obligation. Each year the City recognizes the value of these bonds at fair value. The funds are held as deposits. If the Burleigh County Water Users elected to cancel the contract, the deposit would be refunded at the current fair value. The value of the deposits in the Water and Sewer Utility fund at December 31, 2012 was \$4,382,631.

Investments are stated at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

3. Receivables and Payables

Notes receivable as of December 31, 2012 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
HUD Brandon Heights II Project	0%	7/1/2003 - 7/1/2023	129,000
HUD Habitat Home Ownership Project	0%	7/8/2009 - 7/8/2024	52,000
HUD Housing Rehab Program	0%	10/15/2008 - 10/15/2013	4,942
HUD Neighborhood Stabilization Progra	0%	3/30/2010 - 3/30/2025	21,600
Grizella Corporation	0%	9/1/2008	7,713
TOTAL NOTES RECEIVABLE			<u>\$ 215,255</u>

Notes receivable to Grizella Corporation are made from the Vision Fund to promote economic and job development in the Bismarck area. The Grizella Corporation's preferred stock was redeemed in full in 2013. Repayments of the HUD loans are forgivable when the terms of the agreement are met. The details of the HUD loans are disclosed in Note IV on page 51.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property value is assessed as of the second Tuesday in April of each year. The property taxes are levied and attached as an enforceable lien by January 1st of the preceding year. A 5% discount is allowed if payment is received by February 15th. The tax levy is divided into two payments due March 1st and October 15th. Penalty and interest is assessed on any delinquent payment.

4. Inventories and Prepaid Items

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2012, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

5. Restricted Assets

Investments are purchased in the Sidewalk Capital Projects Fund by a developer in the City of Bismarck's name to guarantee payment of the sidewalk special assessment. A corresponding liability recognizes the developer's deposit which is payable upon the sale of the property.

Investments restricted in the Water Enterprise Fund for Burleigh County Water Users are disclosed in Note I on page 35.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Certain proceeds of the Water Enterprise Fund's revenue bonds and Sanitary Sewer Enterprise Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable revenue bond covenants. The balances of the revenue bond covenant accounts are disclosed in Note IV on pages 45-46.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000, except for infrastructure networks which are capitalized if the total cost exceeds \$50,000. Capital assets are valued at historical or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings and building improvements	10 - 50 Years
Improvements other than buildings	25 - 50 Years
Infrastructure	20-100 Years
Equipment	2 - 10 Years

7. Compensated Absences/Termination Benefits

Sick Leave

The sick leave plan for compensated absences started on December 31, 1992. It established a maximum number of accumulated sick leave hours that could be accrued. The maximum hours for employees working a forty-hour work week is 960 and the maximum hours of accumulated sick leave are 1272 for all employees working a 53-hour workweek. Excess sick leave will be paid to all employees at a rate of forty percent of their excess hours over 960/1272 annually. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts (other than the vested amounts paid out annually) when employees separate from service.

On December 31, 1992 the outstanding accumulated sick leave hours of all employees having over 960/1272 hours were reduced by twenty five percent. The number of reduced hours multiplied by their rate of pay per hour became the amount of pay the employee will receive at termination of their employment. If the employee had less than 960/1272 hours they were given an option, to either reduce their hours by twenty five percent or retain the hours in order to reach the 960/1272 maximum at a faster pace. If they chose the option to reduce their hours, this number was multiplied times their rate per hour to establish the amount of compensation they will receive at termination.

The total amount of compensation is funded by an annual departmental contribution until such time the fund is sufficient to fully meet the obligation. The funds will be held in a pension (and other employee benefit) trust fund until all employees employed on December 31, 1992 will have terminated their employment.

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Annual Leave

The annual leave plan allows employees to accrue annual leave with pay based on their years of service with the City as follows:

0 - 3 years	8 hours per month
4 - 7 years	10 hours per month
8 -12 years	12 hours per month
13 - 18 years	14 hours per month
over 18 years	16 hours per month

Fire employees who have a regular workweek in excess of forty hours per week are granted annual leave at a rate adjusted to take into account the extra hours so their annual leave is comparable to the leave granted for forty hour per week employees. Regular part-time employees shall earn a prorated number of vacation day's payable at their current rate of compensation.

Annual leave accrued during the calendar year may be accumulated but shall in no case exceed a total of 360 hours for all employees except fire employees who work a regular work week in excess of forty hours, may accumulate 477 hours. On January 1 of each year all excess leave is forfeited without compensation.

At the time of the employee's termination of employment, the unused hours are paid to him at his current rate of pay. The hours will be paid up to 360 hours for regular employees and 477 hours for firemen.

All of the accumulated hours are brought to the current rate of pay on December 31, to establish the value in the funds. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, a liability would be reported only if they have matured, for example, as a result of employee resignations and retirements.

8. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

Internal service funds predominately serve the governmental funds. At year end, \$357,000 of claims and judgments are included in governmental and business-type activities. Compensated absences of \$2,310,147 generally have been liquidated by the General Fund and various Special Revenue Funds.

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9. Net Position/Fund Balance

The difference between assets and liabilities is "net position" on the government-wide, proprietary and fiduciary fund financial statements and "fund balance" on the governmental fund financial statements.

In 2011, the Bismarck City Commission adopted the policy, GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following policy provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – are those that cannot be spent because they are either:

1. Not in spendable form (e.g. inventories, prepaid items, deferred expenditures, long-term receivables or outstanding encumbrances).
2. Legally or contractually required to be maintained intact.

Restricted fund balance – are those that have constraints placed on their use either:

1. Externally by creditors, grantors, contributors, or laws or regulations or other governments (e.g. Bond Covenants, Federal and State Grantors, Donations).
2. By law through constitutional provisions or enabling legislation (e.g. sales and use tax).

Committed fund balance – are those the City of Bismarck Board of Commissioners has authorized to set aside funds for a specific purpose based on a single majority vote. Any funds set aside as committed Fund Balance requires formal motion by a simple majority vote. The formal motion must take place prior to December 31 of the applicable fiscal year and be recorded in the official minutes. If the actual amount of the commitment is not available by December 31st, the motion must state the process or formula necessary to calculate the actual amount as soon as information is available. Commitments may be changed or removed by the City Commission by taking the same formal action that imposed the original constraint.

Assigned fund balance – are those amounts set aside for the intended use of a specific purpose that is neither restricted nor committed. The Director of Finance has the ability to reserve intended amounts for assigned funds. The City of Bismarck Budget Committee has the authority to remove or change the assignment of the funds.

Unassigned fund balance – are those which represent the residual classification for the General Fund. It represents the resources available for future spending and amounts that have not been assigned to other funds that are non-spendable, restricted, committed, or assigned to specific purpose. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

In the General Fund, the City of Bismarck will strive to maintain a minimum unrestricted fund balance equal to 60% of the General Fund revenue. This will assist in maintaining an adequate level of fund balance to provide for large future expenditures, cash flow requirements and contingency needs. If spending in designated circumstances has reduced unrestricted fund balance to a point below the minimum target, the replenishment will be within five years.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts unless the governing board has provided otherwise in its commitment or assignment actions.

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As of December 31, 2012, fund balances are composed of the following:

	General	Sales	Sewermain	Street	Street	Nonmajor	Total
	Fund	Tax	Bonds	Improvement	Improvement	Governmental	Governmental
				Bonds	Construction	Funds	Funds
<u>Nonspendable:</u>							
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,712	\$ 7,712
Advance to other funds	-	-	-	-	-	2,372,245	2,372,245
<u>Restricted:</u>							
Building construction	387,263	-	-	-	-	-	387,263
Highway weather projects	-	-	-	-	-	288,366	288,366
Capital projects	-	5,407,987	-	-	-	3,204,138	8,612,125
Debt payments	-	-	2,341,072	9,792,573	-	1,986,662	14,120,307
<u>Committed:</u>							
Public health programs	-	-	-	-	-	300,341	300,341
Transit system	-	-	-	-	-	2,329	2,329
Public library	-	-	-	-	-	498,818	498,818
Drug enforcement	-	-	-	-	-	47,021	47,021
Highways and streets	-	-	-	-	-	3,959,305	3,959,305
Street light operations	-	-	-	-	-	892,810	892,810
Civic center projects	-	-	-	-	-	1,610,736	1,610,736
Economic development	-	-	-	-	-	3,330,655	3,330,655
Social security payments	-	-	-	-	-	1,042,193	1,042,193
Capital projects	-	4,583,148	-	-	-	23,148,132	27,731,280
<u>Assigned:</u>							
Fire truck/equipment	541,119	-	-	-	-	-	541,119
Contingencies	825,000	-	-	-	-	-	825,000
Department equipment	1,698,244	-	-	-	-	-	1,698,244
Technology equipment	67,045	-	-	-	-	-	67,045
Computer expansion	625,784	-	-	-	-	-	625,784
Parking lot	90,938	-	-	-	-	-	90,938
Payroll reserve	807,879	-	-	-	-	-	807,879
<u>Unassigned</u>	<u>23,284,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,782,354)</u>	<u>(3,588,200)</u>	<u>2,913,707</u>
Total Fund Balances	\$ 28,327,533	\$ 9,991,135	\$ 2,341,072	\$ 9,792,573	\$ (16,782,354)	\$ 39,103,263	72,773,222

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E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2012:

GASB Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*," was issued in December 2009. This statement relates to the alternative measurement method, frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. Statement No. 45 is amended to allow an agent employer with fewer than 100 plan members to use the alternative measurement method. It also amends Statement No. 43 which required an actuarial valuation. This statement allows an agent multiple-employer OPEB plan to report an aggregation of results of actuarial valuations and clarifies timing and frequency of reporting requirements. This change will result in a reduction of the cost of compliance while achieving a reliable measurement of reporting information. The provisions of this statement are effective for periods beginning after June 15, 2011.

GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*" was issued in November 2010. This Statement addresses issues regarding service concession arrangements (SCAs), whether they are public-private or public-public relationships. SCA is an agreement between a transferor (government) and an operator (governmental or nongovernmental) to provide (1) services through the use of infrastructure or public asset (a facility) in exchange for considerable consideration and (2) is compensated by fees from third parties. This Statement provides guidance for recognizing and reporting financial information as well as disclosures about an SCA including a general description of the agreement and information regarding the associated assets, liabilities, and deferred inflows, and any rights, guarantees and commitments. The provisions of this statement are effective for periods beginning after December 15, 2011.

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*" was issued in December 2010. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that was included in the pronouncements issued on or before November 30, 1989 by FASB, Accounting Principles Board Opinions, and the AICPA Committee on Accounting Procedures that does not conflict with the GASB pronouncements. This Statement will provide generally accepted accounting principles from a single source. The provisions of this statement are effective for periods beginning after December 15, 2011.

GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" was issued in June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*" was issued in June 2011. Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers,

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either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes the reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$69,408,604 difference are as follows:

Bonds payable	\$ (66,810,000)
Less: unamortized debt cost	392,524
unamortized bond discount	175,444
Plus: unamortized bond premium	(541,917)
Accrued interest payable	(314,508)
Compensated absences	<u>(2,310,147)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ (69,408,604)</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.

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However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$17,644,879 difference are as follows:

Capital outlay	\$ 27,843,527
Contributed capital	\$ 2,907,719
Capital outlay transferred to Water & Sewer Fund	\$ (2,871,284)
Depreciation expense	<u>(10,235,083)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 17,644,879</u>

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$204,801 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (204,801)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (204,801)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,257,454 difference are as follows:

Debt issued or incurred:	
Issuance of refunded bond debt	\$ (4,365,000)
Issuance of special assessment debt	(9,465,000)
Less: discounts and bond cost	(67,883)
Plus: bond premium	40,337
Principal repayments:	
Payment to refunded bond escrow agent	5,425,000
General obligation debt	<u>9,690,000</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 1,257,454</u>

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Another element of that reconciliation states that "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." The details of this \$117,772 are as follows:

Compensated absences	\$ (36,900)
Accrued interest	42,671
Amortization of bond premium & interest on escrow	(122,604)
Amortization of bond costs and discounts	75,587
Net pension obligation	159,018
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 117,772

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City adopts an annual budget approved by the Board of City Commissioners. The budget is adopted on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget in accordance with the N.D.C.C.

A detailed explanation of differences between the budgetary outflows and GAAP expenditures are presented in the statements.

The level of budgetary control is established at the department level. The department is allowed to transfer appropriations within its department from one account number to another. Commission approval is required for the transfer of appropriations from one department to another. The entire budget can be amended only by ordinance and commission approval.

In August, the proposed budget is presented to the governing body for review. The governing body holds public hearings and may modify the proposed budget. The final budget must be adopted before October 1st.

The City also maintains an encumbrance system as a technique of accomplishing budgetary control. Encumbrances represent commitments related to uncompleted contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the General Fund. For budgetary purposes appropriations lapse at year end except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2012, as measured by the balances in the total fund balance as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Flood Construction	239,734
Sewermain Construction	496,291
Watermain Construction	86,024
Sidewalk Construction	2,766,151
Street Improvement Construction	16,782,354

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in January and December of 2013. Flood Construction will be funded through FEMA, State Land Grant and Special Assessments.

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution 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 maintains deposits at those depository banks and savings and loans authorized by the City Commission, all of which are covered by federal deposit insurance. These statutes also require that the deposits be protected by insurance, collateral or 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, 2012, the carrying amount of the City's deposits was \$128,119,891 and the bank balance was \$128,017,063, all of which was insured and collateralized.

Cash and Investments

As of December 31, 2012 the city's cash and investments are as follows:

Cash on hand	\$ 47,886
Deposits	128,119,890
Investments	<u>96,264,885</u>
Total cash and investments	<u>\$ 224,432,661</u>

**CITY OF BISMARCK, NORTH DAKOTA
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The cash and investments presented in the Financial Statements December 31, 2012 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 8,441,044
Investments	102,030,820
Restricted:	
Cash and cash equivalents	324,580
Investments	6,517,141
Revenue bond covenant accounts	<u>8,419,927</u>
Total primary government cash and investments	<u>\$ 125,733,512</u>
<u>Fiduciary Funds</u>	
Investments	<u>98,699,149</u>
Total cash and investments	<u><u>\$ 224,432,661</u></u>

B. INVESTMENTS

Primary Government

State statues, city ordinances and resolutions authorize the City's investments. State law governs investments by NDCC 6-09-07, 15-10-12, and 21-04-02, 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 a debt security typically moves in the opposite direction of the change in interest rate. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

As of December 31, 2012 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

Interest Rate Risk: City

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Certificate of Deposits	58,896,460	12,078,180	46,818,280	-	-
Government Agencies	41,268	-	-	41,268	-
Government Bonds	7,288,185	131,869	1,413,619	1,502,042	4,240,655
Federal Mortgage-Backed	21,117,120	10,086,200	11,030,920	-	-
External Investment Pool	21,204,928	21,204,928	-	-	-
Total Debt Securities	<u>\$ 108,547,961</u>	<u>\$ 43,501,177</u>	<u>\$ 59,262,819</u>	<u>\$ 1,543,310</u>	<u>\$ 4,240,655</u>

Some investments are more sensitive to interest rate changes than others. Variable and floating rates collateralized mortgage obligations (CMO), asset-backed securities (ABS), interest-only (IO) and principal-only (PO) securities are examples of investments whose fair values may be highly sensitive to

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interest rate changes. IO and PO securities are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The City held IO's valued at \$4,833,239 and PO's valued at \$2,454,946 at December 31, 2012. The City has no formal policy regarding IO and PO strips.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City of Bismarck does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2012, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

<u>S&P Credit Rating</u>	Total Market Value	Government Agencies	Federal Mortgage- Backed	External Investment Pool
AA	\$ 42,363,316	\$ 41,268	\$ 21,117,120	\$ 21,204,928
<u>Not Rated</u>				
Government Bonds	7,288,185			
Certificate of Deposits	58,896,460			
Total Debt Securities	<u>\$ 108,547,961</u>			

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. As of December 31, 2012, 19.5 percent of the City's (Primary Government) investments were invested with the Federal National Mortgage association and the Federal Home Loan Mortgage Corporation.

Pension Funds

Interest Rate Risk

Investments in the Deferred Sick, City Pension and Police Pension funds are generally managed by the North Dakota Retirement and Investment Office (NDRIO) under the authority of the State Investment Board. The NDCC 21-10 states the State Investment Board shall apply the prudent investor rule in investing funds under its supervision. The investments must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. More information on the NDRIO can be found in their financial reports at <http://www.state.nd.us/rio/SIB/Publications/default.htm>.

Agencies investments are governed by the Bismarck Firefighter's Relief Association Board. The Employee Excess Retirement fund is directed by the employees utilizing a contracted City investment manager.

NDRIO has chosen to use the Segmented Time Distribution disclosure method for the Deferred Retirement, City and Police investments. The City's portion of interest rate risk for pension debt securities is shown in the table below by investment type and maturity as of June 30, 2011, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2012.

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Interest Rate Risk: Pension Investments

All values in \$000

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 133	\$ -	\$ 9	\$ 11	\$ 113
Bank Loans	1	-	1	-	-
Commercial Mortgage-Backed	203	-	-	-	203
Guaranteed Fixed Income	25	25	-	-	-
Corporate Bonds	3,883	69	1,314	1,024	1,476
Corporate Convertible Bonds	765	213	218	140	194
Government Agencies	697	52	130	393	122
Government Bonds	3,766	426	669	1,145	1,526
Government Mortgage-Backed	9,470	-	42	427	9,001
Index Linked Government Bonds	31	-	-	-	31
Municipal/Provincial Bonds	460	35	277	-	148
Non-Government Backed CMOs	460	-	81	144	235
Other Fixed Income	57	-	57	-	-
Short Term Bills and Notes	427	427	-	-	-
Pooled Investments	9,897	1,905	3,855	4,137	-
Bond Mutual Funds	74	-	-	74	-
Fixed Mutual Funds	233	233	-	-	-
Total Debt Securities	\$ 30,582	\$ 3,385	\$ 6,653	\$ 7,495	\$ 13,049

Credit Risk

The NDRIO maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each debt security manager is given a specific set of guidelines to invest based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories. The following table presents the NDRIO's external investment pool as of June 30, 2012. December 31, 2012 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2012.

Credit Risk: Pension Fund Investments

All values in \$000

S&P Credit Rating	Total Market Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AA	2	2	-	-
BBB	67	67	-	-
B	3	3	-	-
Not Rated	30,510	2	233	30,275
Total Debt Securities	\$ 30,582	\$ 74	\$ 233	\$ 30,275

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DECEMBER 31, 2012**

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. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The City's foreign currency risk exposure portion of the investment pool is presented in the following table as of June 30, 2012. December 31, 2012 information for foreign currency risk is not available from NDRIO.

Foreign Currency Risk: Pensions

Currency	All values in \$000			
	Short- Term	Debt	Equity	Total
Australian dollar	\$ (461)	\$ 478	\$ 178	\$ 195
Brazilian real	10	194	-	204
British pound sterling	303	319	996	1,618
Canadian dollar	1	33	49	83
Chilean peso	134	-	-	134
Israeli shekel	-	-	13	13
Danish krone	-	-	20	20
Euro	(136)	72	1,652	1,588
Hong Kong dollar	-	-	90	90
Hungarian forint	-	169	-	169
Iceland krona	1	-	-	1
Japanese yen	(52)	-	645	593
Malaysian Ringgit	-	180	-	180
Mexican peso	-	491	-	491
New Zealand dollar	(120)	141	-	21
Norwegian krone	4	-	74	78
Philippine peso	-	60	-	60
Polish zloty	-	245	-	245
Singapore dollar	-	-	40	40
South African rand	-	162	-	162
South Korean won	-	189	1	190
Swedish krona	1	-	89	90
Swiss franc	-	-	252	252
Turkish lira	-	180	-	180
International commingled funds (various currencies)	-	4,039	3,777	7,816
Total securities subject to foreign currency risk	\$ (315)	\$ 6,952	\$ 7,876	\$ 14,513

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,474,666	\$ 72,820	\$ -	\$ 2,547,486
Construction in progress	3,391,544	4,642,654	(3,261,392)	4,772,806
Total capital assets, not being depreciated	5,866,210	4,715,474	(3,261,392)	7,320,292
Capital assets, being depreciated:				
Buildings and building improvements	33,980,745	635,783	(297,838)	34,318,690
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	36,171,119	2,029,767	(659,959)	37,540,927
Infrastructure	230,609,760	23,782,636	-	254,392,396
Total capital assets being depreciated	300,846,973	26,448,186	(957,797)	326,337,362
Less accumulated depreciation for:				
Buildings and building improvements	(12,596,744)	(1,134,278)	130,025	(13,600,997)
Improvements other than buildings	(46,898)	(3,628)	-	(50,526)
Machinery & equipment	(21,322,700)	(2,357,003)	600,665	(23,079,038)
Infrastructure	(56,019,582)	(6,756,665)	-	(62,776,247)
Total accumulated depreciation	(89,985,924)	(10,251,574)	730,690	(99,506,808)
Total capital assets, being depreciated, net	210,861,049	16,196,612	(227,107)	226,830,554
Governmental activities capital assets, net	\$ 216,727,259	\$ 20,912,086	\$ (3,488,499)	\$ 234,150,846
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 14,086,722	\$ -	\$ (113,364)	\$ 13,973,358
Construction in progress	3,134,998	12,788,646	(1,089,954)	14,833,690
Total capital assets, not being depreciated	17,221,720	12,788,646	(1,203,318)	28,807,048
Capital assets, being depreciated:				
Buildings and building improvements	156,652,175	699,991	-	157,352,166
Improvements other than buildings	243,195,758	18,557,033	(7,904)	261,744,887
Machinery & equipment	20,179,247	1,957,373	(101,999)	22,034,621
Total capital assets being depreciated	420,027,180	21,214,397	(109,903)	441,131,674
Less accumulated depreciation for:				
Buildings and building improvements	(58,518,715)	(5,181,139)	-	(63,699,854)
Improvements other than buildings	(75,079,046)	(5,402,434)	-	(80,481,480)
Machinery & equipment	(12,352,442)	(1,232,216)	101,271	(13,483,387)
Total accumulated depreciation	(145,950,203)	(11,815,789)	101,271	(157,664,721)
Total capital assets, being depreciated, net	274,076,977	9,398,608	(8,632)	283,466,953
Business-type activities capital assets, net	\$ 291,298,697	\$ 22,187,254	\$ (1,211,950)	\$ 312,274,001

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental activities:</u>	
General Government	\$ 1,104,519
Public Safety	1,378,510
Highways and Streets	474,856
Health	27,411
Culture and Recreation	523,107
Public Works	6,743,171
Total depreciation expense - governmental activities	<u>\$ 10,251,574</u>
 <u>Business-type activities:</u>	
Airport	\$ 2,747,957
Civic Center	2,030,575
Solid Waste Disposal	468,151
Solid Waste Collections	235,200
Water	2,986,083
Sanitary Sewer	2,157,021
Storm Water	632,985
Commercial Property	53,033
Northern Plains Commerce Center	194,081
Parking Authority Lots	310,703
Total depreciation expense - business-type activities	<u>\$ 11,815,789</u>

D. COMMITMENTS

As of December 31, 2012, the City had commitments on various construction contracts totaling approximately \$19,406,067.

The Community Development Block Grant Housing Rehabilitation Program has \$4,942 in five-year forgivable loans with 1 loan outstanding as of December 31, 2012. If the covenants of the agreement are met, the City will forgive 20% of the loan per year. The HOME Program has 2 outstanding loans in the amount of \$181,000 that is forgivable at 10% per year after 6 years, while the other requires a balloon payment (\$129,000) or loan forgiveness at the end of 20 years. The Neighborhood Stabilization Program has one loan outstanding in the amount of \$21,600 that is forgivable at 10% per year after 6 years.

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due To - Due From Other Funds

Interfund receivables (due from other funds) and payables (due to other funds) are used when a fund has a cash deficit. The composition of interfund balances as of December 31, 2012 was:

<u>Due From:</u>	<u>Due To:</u>		
	<u>Governmental Funds</u>		Total Due From
	Nonmajor Governmental Funds	Street Improvement Construction	
<u>Governmental Funds:</u>			
General Fund	\$ 2,261,275	\$ 9,552,115	\$ 11,813,390
Sewermain Bonds	380,406	-	380,406
Street Improvement Bonds	-	5,946,411	5,946,411
Nonmajor Governmental Funds	2,319,859	670,018	2,989,877
	<u>4,961,540</u>	<u>16,168,544</u>	<u>21,130,084</u>
<u>Business-Type Funds:</u>			
Civic Center	13,085	-	13,085
	<u>13,085</u>	<u>-</u>	<u>13,085</u>
Total Due To	<u>\$ 4,974,625</u>	<u>\$ 16,168,544</u>	<u>\$ 21,143,169</u>

The due to/from other funds will be repaid in 2013.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Advances

Advances are used for interfund loans that have a repayment schedule of more than one year.

<u>Advance From:</u>	<u>Advance To:</u>		
	<u>Business-Type Funds</u>		
	Water	Nonmajor Enterprise Funds	Total
	Water	Funds	Advance From
Nonmajor Governmental Funds	92,245	2,280,000	2,372,245
Total Advance To	<u>\$ 92,245</u>	<u>\$ 2,280,000</u>	<u>\$ 2,372,245</u>

The advances to/from other funds have scheduled repayment plans through 2017. Tax Increment advances will be repaid by future revenues generated in Parking Authority Lots. Lodging/Liquor/Food Special Revenue Fund advance to the Commercial Properties Enterprise Fund will be repaid by future revenue. The watermain assumptions will be repaid to Watermain Bonds Debt Service Fund by revenue generated in the Water Enterprise Fund.

Transfers

Governmental Funds:

<u>Transfer Out:</u>	<u>Transfer In - Governmental Funds</u>				
	General Fund	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 510,703
Sales Tax	6,131,148	-	-	-	5,954,785
Street Improvement Construction	-	-	-	190,255	1,162,157
Sewermain Bonds	-	-	-	-	1,103,621
Street Improvement Bonds	-	-	-	-	77,910
Nonmajor Governmental Funds	684,282	4,056,572	5,726	55,900	1,677,561
Airport	86,019	-	-	-	85,188
Civic Center	116,085	-	-	-	106,666
Water	118,869	913,255	-	-	194,866
Sanitary Sewer	61,678	30,766	-	-	76,664
Nonmajor Enterprise Funds	155,989	-	-	-	206,928
Internal Service Funds	115,787	-	-	-	34,893
Total Transfers Out	<u>\$ 7,469,857</u>	<u>\$ 5,000,593</u>	<u>\$ 5,726</u>	<u>\$ 246,155</u>	<u>\$ 11,191,942</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Transfer Out:	Airport	Civic Center	Water	Nonmajor Enterprise Funds	Internal Service Funds	Totals
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 210,024	\$ 720,727
Sales Tax	-	-	-	-	-	\$12,085,933
Street Improvement Construction	-	-	-	-	-	\$ 1,352,412
Sewermain Bonds	-	-	-	25,263	-	\$ 1,128,884
Street Improvement Bonds	-	-	-	-	-	\$ 77,910
Nonmajor Governmental Funds	21,827	1,393,821	2,335	11,717	-	\$ 7,909,741
Airport	-	-	-	-	-	\$ 171,207
Civic Center	-	-	-	-	-	\$ 222,751
Water	-	-	-	-	-	\$ 1,226,990
Sanitary Sewer	-	-	-	-	-	\$ 169,108
Nonmajor Enterprise Funds	-	-	-	-	-	\$ 362,917
Internal Service Funds	-	-	-	-	-	\$ 150,680
Total Transfers Out	\$ 21,827	\$1,393,821	\$ 2,335	\$ 36,980	\$ 210,024	\$25,579,260

Transfers are made for funding general administrative support, distributing payroll benefits from grant revenue, meeting debt service requirements, capital infrastructure and various projects.

F. LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, and Storm Sewer Funds. The purchase date for the leased equipment was December 30, 2012. 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 assets acquired through capital leases are as follows:

Asset:	<u>Business-type Activities</u>
Machinery and equipment	18,815
Less: accumulated depreciation	(6,272)
Total	<u>\$ 12,543</u>

**CITY OF BISMARCK, NORTH DAKOTA
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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year ending December 31	Business-type Activities
2013	6,925
2014	6,925
Total minimum lease payments	\$ 13,850
Less: amount representing interest	(923)
Present value of minimum lease payments	<u>\$ 12,927</u>

G. LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds 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 government. The legal debt margin as of December 31, 2012 was \$119,281,688 with a remaining non-obligated margin of \$119,281,688. The City had no general obligation bonds outstanding as of December 31, 2012.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. The Water Revenue bonds were issued to fund the Bismarck Water Treatment Facility Sludge Plant Expansion and Standby Power project. The Water Treatment bonds were issued to fund the Water Treatment Plant intake project. The Wastewater Revenue bonds were issued to fund a major upgrade to the intake to the Wastewater Treatment Plant. Revenue bonds outstanding at December 31, 2012 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2012	Amount Issued in 2012	Amount Retired in 2012	Amount Outstanding 12/31/2012
Governmental Activities								
Lodging, Liquor, Food	5/1/2003	12/1/2013	2.50-4.10%	\$ 7,295,000	\$ 1,940,000	\$ -	\$ 1,940,000	\$ -
Business-type Activities								
Water Utility-2012	4/26/2012	4/1/2021	2.50%-2.5%	6,415,000	-	6,415,000	-	6,415,000
Water Utility-2006	4/15/2006	4/1/2021	4.00%	10,000,000	7,280,000	-	7,280,000	-
Water Treatment	6/15/2009	9/1/2027	3.31%	16,320,000	5,722,244	4,678,562	650,000	9,750,806
Wastewater	11/14/2006	9/1/2027	2.50%	19,200,000	16,805,000	-	835,000	15,970,000
Total Revenue Bonds				\$ 59,230,000	\$ 31,747,244	\$ 11,093,562	\$ 10,705,000	\$ 32,135,806

**CITY OF BISMARCK, NORTH DAKOTA
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Annual debt service requirements to maturity for revenue bonds are as follows:

Years	BUSINESS-TYPE ACTIVITIES	
	Principal	Interest
2013	2,210,000	984,720
2014	2,260,000	927,393
2015	2,315,000	868,679
2016	2,375,000	808,412
2017	2,435,000	746,418
2018-2022	12,455,000	2,737,102
2023-2027	8,085,806	911,901
Total	<u>\$ 32,135,806</u>	<u>\$ 7,984,625</u>

The City issued \$6,415,000 Water Revenue Refunding Bonds of 2012 on April 26, 2012. The purpose of issuing the Water Revenue Bonds was to advance refund the Water Revenue Refunding Bonds of 1996 for \$6,675,000 with a prepayment of \$260,000. The transaction resulted in an economic gain of \$480,163 and \$653,388 reduction in future debt service payments.

Special Assessment Debt with Governmental Commitment

Special assessment bonds were issued annually to meet the cost of construction of street lights, streets, sewer mains, water mains, sidewalks, and public parking lots. The annual installment of principal and interest is met by special assessments levied against the benefiting property owners. In the event special assessment taxes are insufficient to meet principal and interest payments on bonds, the governing body is required to levy a general tax on all taxable property within the city for the payment of the assumption upon the maturity of the last bond principal installment, pursuant to City ordinance and N.D.C.C. Special assessment bonds outstanding at December 31, 2012 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Final Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2012	Amount Issued in 2012	Amount Retired in 2012	Amount Outstanding 12/31/2012	Due Within One Year
Series J refunding	5/1/1999	5/1/2014	4.00- 4.40%	3,920,000	465,000	-	155,000	310,000	155,000
Series O refunding	11/2/2002	6/1/2012	2.10- 4.00%	1,990,000	85,000	-	85,000	-	-
Series R refunding	10/15/2004	5/1/2013	2.50- 3.00%	2,005,000	355,000	-	185,000	170,000	170,000
Series T refunding	6/1/2006	5/1/2021	4.00- 4.45%	9,640,000	5,425,000	-	5,425,000	-	-
Series U refunding	7/1/2007	5/1/2022	4.00- 4.75%	14,395,000	10,560,000	-	1,080,000	9,480,000	1,060,000
Series V refunding	5/28/2008	5/1/2015	3.25- 3.75%	2,430,000	1,295,000	-	295,000	1,000,000	280,000
Series W refunding	12/23/2008	5/1/2023	3.50- 4.45%	8,915,000	7,310,000	-	655,000	6,655,000	650,000
Series X refunding	1/1/2009	5/1/2023	3.50- 5.375%	8,210,000	4,905,000	-	1,195,000	3,710,000	1,175,000
Series Y refunding	1/6/2010	5/1/2024	2.00- 4.00%	9,615,000	8,050,000	-	950,000	7,100,000	940,000
Series A refunding	3/25/2010	5/1/2019	2.00- 3.00%	3,855,000	3,060,000	-	525,000	2,535,000	415,000
Series B refunding	12/8/2010	5/1/2025	0.70- 4.25%	9,630,000	9,010,000	-	960,000	8,050,000	950,000
Series C refunding	12/14/2011	5/1/2026	2.00- 2.75%	9,065,000	9,065,000	-	620,000	8,445,000	960,000
Series D refunding	12/14/2011	5/1/2020	1.00- 2.00%	1,605,000	1,605,000	-	215,000	1,390,000	230,000
Series E refunding	4/15/2012	5/1/2021	2.00- 2.20%	4,365,000	-	4,365,000	-	4,365,000	960,000
Series F refunding	12/19/2012	5/1/2027	1.00- 1.80%	9,465,000	-	9,465,000	-	9,465,000	440,000
Total refunding series				\$ 99,105,000	\$ 61,190,000	\$ 13,830,000	\$ 12,345,000	\$ 62,675,000	\$ 8,385,000

**CITY OF BISMARCK, NORTH DAKOTA
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Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of issue	Amount Outstanding 1/1/2012	Amount Issued 2012	Amount Retired in 2012	Amount Outstanding 12/31/2012	Due Within One Year
Sidewalk 01	6/15/2002	5/1/2012	2.30- 4.15%	565,000	55,000	-	55,000	-	
Sidewalk 02	6/15/2003	5/1/2013	1.10- 3.15%	505,000	100,000	-	50,000	50,000	
Sidewalk 03	6/1/2004	5/1/2014	1.75- 4.15%	460,000	135,000	-	45,000	90,000	
Sidewalk 04	6/15/2005	5/1/2015	3.25- 3.70%	1,110,000	440,000	-	110,000	330,000	
Sidewalk 05	6/1/2006	5/1/2016	4.00- 4.15%	1,040,000	540,000	-	110,000	430,000	
Sidewalk 06	7/1/2007	5/1/2017	4.00- 4.25%	1,120,000	695,000	-	120,000	575,000	
Sidewalk 07	12/23/2008	5/1/2018	3.00- 4.00%	1,085,000	780,000	-	115,000	665,000	
Sidewalk 08	1/6/2010	5/1/2019	1.00- 3.10%	810,000	670,000	-	85,000	585,000	
Sidewalk 09	12/8/2010	5/1/2020	0.90- 3.00%	665,000	615,000	-	70,000	545,000	
Sidewalk 10	12/14/2011	5/1/2021	0.50- 2.00%	935,000	935,000	-	70,000	865,000	
Total sidewalk bonds				\$ 8,295,000	\$ 4,965,000	\$ -	\$ 830,000	\$ 4,135,000	\$ 800,000
Total special assessment bonds				\$ 107,400,000	\$ 66,155,000	\$ 13,830,000	\$ 13,175,000	\$ 66,810,000	\$ 9,185,000

The City issued \$4,365,000 Refunding Improvement Bonds (Series E) on April 26, 2012. The purpose of issuing the Series E Bonds was to advance refund the Series T Refunding Improvement Bonds for \$5,425,000 with a prepayment of \$1,060,000. The transaction resulted in an economic gain of \$274,233 and \$406,596 reduction in future debt service payments.

Special Assessment Debt Requirement to Maturity

Special assessment bond debt service requirements to maturity are as follows:

Years	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2013	9,185,000	1,761,722
2014	8,755,000	1,540,798
2015	8,315,000	1,310,045
2016	6,880,000	1,100,964
2017	6,030,000	921,405
2018-2022	20,695,000	2,500,435
2023-2027	6,950,000	318,839
Total	\$ 66,810,000	\$ 9,454,208

**CITY OF BISMARCK, NORTH DAKOTA
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DECEMBER 31, 2012**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special revenue bonds	\$ 1,940,000	\$ -	\$ 1,940,000	\$ -	\$ -
Less unamortized discount	(6,900)	-	(6,900)	-	-
Special assessment bonds	66,155,000	13,830,000	13,175,000	66,810,000	9,185,000
Plus unamortized premium	263,440	122,604	(19,571)	366,473	-
Compensated absences	2,273,247	2,022,477	1,985,577	2,310,147	1,809,234
Claims and judgments	253,216	3,012,240	2,995,674	269,782	269,782
TOTAL	\$ 70,878,003	\$ 18,987,321	\$ 20,069,780	\$ 69,756,402	\$ 11,264,016
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 18,815	\$ -	\$ 5,888	\$ 12,927	\$ 6,263
Compensated absences	708,689	523,134	516,183	715,640	479,348
Claims and judgments	79,367	1,105,605	1,065,754	119,218	119,218
Closure and postclosure costs	1,382,966	-	92,747	1,290,219	-
Water revenue bonds	7,280,000	6,415,000	7,280,000	6,415,000	680,000
Plus unamortized premium	(60,595)	76,980	(54,893)	71,278	-
Water Treatment	5,722,244	4,678,562	650,000	9,750,806	670,000
Wastewater revenue bonds	16,805,000	-	835,000	15,970,000	835,000
TOTAL	\$ 31,936,486	\$ 12,799,281	\$ 10,390,679	\$ 34,345,088	\$ 2,789,829

H. INDUSTRIAL REVENUE BONDS

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there were 3 series of Industrial Revenue Bonds outstanding; the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Bismarck has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. This amount is most often in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

I. RESTRICTED ASSETS

The balances of the restricted asset accounts on December 31, 2012 are as follows:

GOVERNMENTAL	
<u>Restricted Investments</u>	
Sidewalk Construction Certificate of Deposits	2,134,510
Total Governmental Restricted Assets	<u>\$ 2,134,510</u>
BUSINESS-TYPE	
<u>Restricted Cash and Cash Equivalents</u>	
Civic Center Customer Deposits	308,125
Parking Authority Customer Deposits	16,455
<u>Restricted Investments</u>	
Burleigh County Water Users	4,382,631
<u>Restricted Revenue Bond Covenant Accounts</u>	
Water Revenue Bond Covenant Accounts	3,718,914
Wastewater Revenue Bond Covenant Accounts	4,701,014
Total Business-Type Restricted Assets	<u>\$ 13,127,139</u>

**CITY OF BISMARCK, NORTH DAKOTA
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V. OTHER INFORMATION

A. RISK MANAGEMENT

The City pays an annual premium to the North Dakota Insurance Reserve Fund (NDRF) for its general insurance, personal injury insurance, and auto insurance. The coverage by NDRF is limited to losses of \$2,000,000 per occurrence for general liability and \$2,000,000 per occurrence for errors and omissions. The City has purchased a separate airport liability policy that is primary coverage at the airport. There is a deductible of \$1,000 per claim.

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. The City has established a general liability self-insurance fund. The fund is structured so that only expenses under \$2,500 relating to covered liabilities of the City are charged against it. The Fund earns interest and is subject to periodic funding from property taxation as deemed necessary by the Board of City Commissioners. The self-insurance fund does not provide collision or comprehensive automotive coverage for the City.

N.D.C.C. Chapter 32-12.1 provides that for actions in tort, the City has a liability limitation of \$250,000 per claim with a \$500,000 aggregate limit per event. At December 31, 2012 management estimates claims incurred prior to NDRF but not paid of \$32,000 Sewer Claims and \$0 City-Wide Liability Claims. This amount has been recorded as a liability.

City-Wide Liability Claims				
BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR		BALANCE AT FISCAL YEAR-END	
	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS		
2012 \$	12,348 \$	45,839 \$	58,187 \$	-
2011 \$	15,895 \$	(110) \$	3,437 \$	12,348
2010 \$	239 \$	19,214 \$	3,558 \$	15,895

Sewer Backup Claims				
BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR		BALANCE AT FISCAL YEAR-END	
	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS		
2012 \$	- \$	85,934 \$	53,934 \$	32,000
2011 \$	- \$	82,929 \$	82,929 \$	-
2010 \$	- \$	43,156 \$	43,156 \$	-

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Employee Insurance

The City has established a medical self-insurance fund. The purpose of this fund is to pay medical claims for the City of Bismarck and Parks and Recreation employees and their covered dependents and to minimize the total cost of annual medical insurance premiums paid by the City of Bismarck. Medical claims exceeding \$50,000 per individual per year is covered through Blue Cross and Blue Shield of North Dakota. The Plan has paid an excess of stop loss coverage of \$234,218 for 2012. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**CITY OF BISMARCK, NORTH DAKOTA
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An incurred but not reported (IBNR) liability is estimated by the third party administrator and is recorded in the financial statements. The estimated IBNR amount is \$357,000 as of December 31, 2012. A summary of the claim reserve liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2012	\$ 320,235	\$ 3,986,072	\$ 3,949,307	\$ 357,000
2011	\$ 320,537	\$ 3,971,153	\$ 3,971,455	\$ 320,235
2010	\$ 346,657	\$ 3,621,538	\$ 3,647,658	\$ 320,537

State Fire and Tornado and Bonding Fund

The City participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium for the Fire and Tornado Fund to cover damage to buildings and contents. Replacement cost is estimated in consultation with the Fire and Tornado Fund to provide replacement cost coverage. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$5,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Worker's Compensation

The City participates in the North Dakota Workforce Safety and Insurance Bureau. The Bureau is a state insurance fund and a "no fault" insurance system covering the employees and is financed by premiums assessed to employers for businesses throughout the State. The premiums are available for the payment of claims to employees injured in the course of employment.

B. Closure and Post Closure Care Costs

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,543,453 reported as landfill closure and post closure care liability at December 31, 2012, represents the cumulative amount reported to date based on the use of 97.7 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$34,625 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2012. The City expects to close the existing landfill cell in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to determine the method they would choose to finance the closure and post closure costs. We are required to run an annual financial test as specified in the N.D.C.C. 33-20-14-07 to insure compliance. The City expects that future inflation costs will be paid from operating revenue. However, if the funds are inadequate or additional post closure requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by the sale of general obligation bonds and from future tax revenue.

**CITY OF BISMARCK, NORTH DAKOTA
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C. Cost Sharing Arrangement

Combined Communications Center/Emergency Management

The City of Bismarck owns and operates a Combined Communications Center & Emergency Management Department under a joint powers agreement with Burleigh County. The Combined Communications Center is administered by a board, which is comprised of six members. It includes three members from the City (a commissioner, the Chief of Police, and the Chief of Fire and Inspections), three members for the County (a commissioner, County Sheriff, and a rural fire district representative), and one representative from a local ambulance service that is appointed by a majority of the members of the board. The City Emergency Management reports to the City Chief of Fire and Inspections.

In 2012, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Operations excluding easements which the County funded at 100%. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees of the Center are the employees of the City. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 330,815
Less value of accumulated depreciation	<u>(245,393)</u>
Net position	<u>\$ 85,422</u>
 Total operating expenditures - 2012	 <u><u>\$ 1,605,695</u></u>

There is no debt outstanding for the Combined Communications Center & Emergency Management Department. The total value of the assets is carried in the Governmental Activities column of the Statement of Net Position. Depreciation is recorded in the Statement of Activities.

D. Employee Retirement Systems

The City of Bismarck contributes to three separate pension plans that cover substantially all full-time employees. They include the City of Bismarck Employees' Pension, the Bismarck Police Pension and the Bismarck Firefighter's Relief Association. All of these plans are defined benefit pension. Separate, audited GAAP-basis pension plan reports are not available. The Firefighter's Relief Association is a separate legal entity and is not administered by the City. This plan has not been included in the reporting entity and therefore is not shown in the accompanying financial statements. The City and Police plans are included in the City's financial reports as Pension Trust Funds. Administrative costs are funded through earnings of the plans.

Summary of Significant Accounting Policies

Basis of Accounting - The City's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments - Investments are reported at fair value.

**CITY OF BISMARCK, NORTH DAKOTA
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City of Bismarck Employee's Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2012 is as follows:

Retirees and beneficiaries receiving benefits	157
Terminated employees - vested	44
Active employees:	
Vested	272
Non-vested	123
 Number of participating employers:	 2

Benefit provisions, amendments, and all requirements are established by city ordinance. Employees may be eligible for early or normal retirement, as well as death benefits. Normal retirement age for full benefits is age 62. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to one and three-quarters percent of the average of the member's highest 36 months base salary for each full and fractional year of contributing service before January 2005 and two and one-quarter percent for contributing service on or after January 2005. Married participants receive a joint and two-thirds to survivor annuity while single participants receive a life only annuity. There are no provisions or policies with respect to automatic and post-retirement benefit increases. Employees with 5 years of credited service may retire at an earlier age and receive a actuarially reduced retirement benefit. Benefit provisions are established under the authority of the City Commission.

If an employee leaves employment, the employee's contributions plus interest earnings at 5% per annum are refunded to the employee.

Pension benefits available under this plan are funded in part from the accumulation of the employees' contribution. Prior to January 2005, employees directed the investment of their contribution utilizing a contracted City investment manager and were eligible to receive a distribution of the interest earned on the contributions in excess of five percent upon retirement. Effective January 1, 2005, all employee contributions are invested with the City pension funds and individual self-directed accounts were discontinued. Interest earned in excess of five percent for the individual employee accounts as of December 31, 2004 has been transferred to an Employee Excess Retirement Fund and the excess funds in the individual employee accounts continue to be self-directed.

Contributions - Participating employees contribute to the plan at a rate of 5% of salary and the employers contribute at a rate determined by the City Commission.

Reserves - The fund balance at December 31, 2012 is \$67,402,366 and the entire amount is reserved for employee pension benefits.

City of Bismarck Police Pension Plan

Plan Description - The Police plan is a single employer public employee retirement system. Membership in the plan on December 31, 2012 is as follows:

Retirees and beneficiaries receiving benefits	61
Terminated employees - vested	17
Active employees:	
Vested	81
Non-vested	39
 Number of participating employers:	 1

**CITY OF BISMARCK, NORTH DAKOTA
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Benefit provisions, amendments, and all requirements are established by city ordinance. Employees who retire at or after age 55 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two and one-half percent of their final average salary, for each full and fractional year of contributing service. Final average salary is the employees' average salary, excluding overtime and longevity pay, of the highest 36-month period of credited service. Married participants receive a joint and two-thirds to survivor annuity while single participants receive a life only annuity. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees with 5 years of credited service may retire at an earlier age and receive an actuarially reduced retirement benefit. Benefit provision is established under the authority of the City Commission.

Any employee who leaves shall be entitled to a refund of all contributions made by them plus interest earnings at 5% per annum.

Pension benefits available under this plan are funded in part from the accumulation of the employees' contribution. Prior to January 2005, employees directed the investment of their contribution utilizing a contracted City investment manager and were eligible to receive a distribution of the interest earned on the contributions in excess of five percent upon retirement. Effective January 1, 2005, all employee contributions are invested with the City pension funds and individual self-directed accounts were discontinued. Interest earned in excess of five percent for the individual employee accounts as of December 31, 2004 has been transferred to an Employee Excess Retirement Fund and the excess funds in the individual employee accounts continue to be self-directed.

Contributions - Participating employees contribute to the plan at a rate of 9.4% of salary and the employers contribute at a rate set by the City Commission.

Reserves - The fund balance at December 31, 2012 is \$29,337,119 and the entire amount is reserved for employee pension benefits.

Bismarck Firefighter's Relief Association Plan

Plan Description - The Fire plan is a single employer public employee retirement system governed by Section 18-05 of the North Dakota State Century Code. The Association is organized, operated, and maintained in accordance with its own articles of incorporation and by-laws and is not administered by the City. The plan is not included in the reporting entity and is shown as an agency fund in the financial statements. All full-time firefighters are eligible members.

Membership in the plan on December 31, 2011 is as follows:

Retirees, beneficiaries and disabled receiving benefits	49
Terminated employees - vested	4
Active employees:	
Vested	37
Non-vested	37

Employees who retire at or after age 55 with 10 years of credited services or age plus credited service equal to 80 and at least 50 years of age are entitled to an annual retirement benefit. This is payable as a monthly annuity for the life of the member with the first 144 monthly payments guaranteed. Other optional forms of payment are also available. The benefit is based on 2% for the first fifteen years of service and 3% for each additional year times the average final compensation (AFC). The AFC for credited service through 12/31/2005 is the average rate of salary for a first class firefighter paid over the 36 months prior to termination. The AFC for credited service beginning 1/1/2006 is the greater of the average monthly salary or average rate of salary for a first class firefighter paid over the 36 months prior to termination. The maximum benefit is 90% of AFC. Employees with 10 years of credited service may retire at age 50 at a reduced rate of 6% per year for each year prior to the normal retirement date. A cost-of-living adjustment (COLA) up to 2% is made each January 1st effective at age 62. The plan also provides for death and disability benefits.

**CITY OF BISMARCK, NORTH DAKOTA
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Benefit provisions and changes to benefit formulas are established under the authority of the plan's Board of Directors.

An employee who leaves is eligible to receive a lump sum payment of 100% of employee contribution without interest.

Contributions - Participating employees contribute to the plan at a rate of 7% of the First Class Firefighter's salary, as set annually by the City Commission. In addition, 50% of the amount received from the State for the assessed revenue from the 1.125% of the premiums assessed to insurance companies for fire and multi-peril insurance on property within the City is contributed to the plan. The employer contributes at a rate set by the City Commission.

Complete financial and pension information on the Bismarck Firefighter's Relief Association can be obtained by contacting:

Firefighter's Relief Association
PO Box 5503
Bismarck, North Dakota 58506-5503.

City of Bismarck Employee's Pension

Schedule of Employer Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Funded</u>
2012	\$ 1,423,866	\$ 2,234,521	156.9%
2011	\$ 1,904,777	\$ 2,076,309	109.0%
2010	1,958,692	1,862,086	95.1%
2009	2,010,653	2,649,359	131.8%
2008	1,090,182	2,542,708	233.2%
2007	1,068,130	2,182,902	204.4%
2006	1,233,248	2,147,360	174.0%
2005	1,414,021	2,113,743	149.5%
2004	1,267,143	1,678,601	132.5%
2003	1,531,586	906,670	59.2%

Schedule of Funding Progress (In Thousands of Dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL (Funded excess) as a Percentage of Annual Covered Payroll</u>
2003	34,647	39,088	4,441	88.6%	12,442	35.7%
2004	37,922	42,856	4,934	88.5%	12,765	38.7%
2005	42,836	48,871	6,035	87.7%	13,107	46.0%
2006	49,154	50,826	1,672	96.7%	13,893	12.0%
2007	54,225	55,308	1,083	98.0%	14,902	7.3%
2008	43,690	59,315	15,625	73.7%	15,933	98.1%
2009	50,884	64,117	13,233	79.4%	17,135	77.2%
2010	57,155	68,666	11,511	83.2%	17,409	66.1%
2011	59,104	67,314	8,210	87.8%	18,776	43.7%
2012	67,402	72,650	5,248	92.8%	19,394	27.1%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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City of Bismarck Police Pension

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2012	\$ 677,405	\$ 821,478	121.3%
2011	\$ 786,899	\$ 745,351	94.8%
2010	807,055	689,422	85.4%
2009	818,953	835,823	102.1%
2008	413,396	835,054	202.0%
2007	422,992	789,331	186.6%
2006	471,750	769,252	163.1%
2005	598,835	732,436	122.3%
2004	473,610	700,906	148.0%
2003	660,286	354,296	53.7%

The Annual Required Contribution includes a mid-year interest calculation.

Schedule of Funding Progress (In Thousands of Dollars)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
2003	16,407	17,701	1,294	92.7%	3,873	33.4%
2004	18,186	21,812	3,626	83.4%	4,150	87.4%
2005	20,447	24,198	3,751	84.5%	4,302	87.2%
2006	23,589	25,858	2,269	91.2%	4,361	52.0%
2007	25,907	28,120	2,213	92.1%	4,384	50.5%
2008	20,207	30,132	9,925	67.1%	4,766	208.2%
2009	23,090	32,314	9,224	71.5%	5,072	181.9%
2010	25,738	34,169	8,431	75.3%	5,600	150.6%
2011	26,059	33,470	7,411	77.9%	6,020	123.1%
2012	29,337	35,381	6,044	82.9%	6,166	98.0%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Schedule of Net Pension Obligation (In Thousands of Dollars)

Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Amount Contributed	Change in NPO	NPO Balance
2003	636,420	11,873	11,913	13.29	636,380	354,296	282,084	440,387
2004	456,492	33,029	34,339	12.82	455,182	700,906	(245,724)	194,663
2005	577,190	14,600	15,773	12.34	576,017	732,436	(156,419)	38,244
2006	454,699	2,868	3,231	11.84	454,336	769,252	(314,916)	(276,672)
2007	407,703	20,750	24,462	11.31	411,415	789,331	(377,916)	(654,588)
2008	398,454	49,094	60,830	10.76	410,190	835,054	(424,864)	(1,079,452)
2009	789,352	(80,959)	62,520	17.27	770,913	835,823	(64,910)	(1,144,362)
2010	777,884	85,827	67,409	16.98	759,446	689,422	(70,044)	(1,074,318)
2011	758,457	(80,574)	64,429	16.67	742,312	745,351	(3,039)	(1,077,357)
2012	677,405	(80,802)	65,856	16.36	662,459	821,478	(159,019)	(1,236,375)

City of Bismarck Firefighter's Relief Association

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2011	\$ 594,607	\$ 462,693	78%
2010	536,674	366,437	68%
2009	522,292	522,292	100%
2008	468,201	468,201	100%
2007	442,696	442,696	100%
2006	426,491	426,491	100%
2005	425,581	425,581	100%
2004	285,326	310,072	109%
2003	401,393	398,385	99%
2002	293,561	384,617	132%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Schedule of Funding Progress (In Thousands of Dollars)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
2002	15,705	16,882	1,177	93.0%	2,555	46.1%
2003	17,010	16,853	(157)	100.9%	2,692	-5.8%
2004	17,521	17,801	280	98.4%	2,690	10.4%
2005	18,158	19,597	1,439	92.7%	2,914	49.4%
2006	19,258	20,544	1,286	93.7%	3,055	42.1%
2007	20,686	21,724	1,038	95.2%	3,198	32.5%
2008	21,146	23,104	1,958	91.5%	3,744	52.3%
2009	21,444	24,572	3,128	87.3%	4,373	71.6%
2010	21,779	25,455	3,676	85.6%	4,271	86.1%
2011	21,628	26,624	4,996	81.2%	4,453	112.2%

The information needed to complete the Schedule of Net Pension Obligation is not available from the Firefighter's Relief Association, a separate legal entity which has responsibility for the plan.

Actuarial Methods and Assumption

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2013	1/1/2013	1/1/2012
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed	Level % of payroll over remaining amortization period-closed	Level % of payroll over period not to exceed 30 years
Remaining amortization period	6	15	Infinite
Asset Valuation Method	Market	Market	5 year Smoothed

Valuation Method - Actuarial assumptions:

Inflation rate	3.00%	3.00%	3.50%
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases			4.50%
0-9 years of service	5.00%	5.00%	
10 + years of service	4.00%	4.00%	
Post retirement cost of living adjustments	None	None	at age 62 CPI up to 2%

**CITY OF BISMARCK, NORTH DAKOTA
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Separate GAAP financial reports have not been issued for the individual City and Police Pension plans; therefore, the financial statements for those plans are presented here:

**PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION**

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Receivables:					
Taxes	\$ -	\$ -	\$ 14,636	\$ 10,453	\$ 25,089
Accounts	-	-	65,421	23,575	88,996
Accrued interest and dividends	1,148	-	26,094	19,995	47,237
Investments, at fair value:					
Domestic equities	200,135	-	14,205,536	6,772,694	21,178,365
International equities	103,146	-	13,796,463	6,647,576	20,547,185
Domestic fixed income	639,325	-	19,582,404	7,088,529	27,310,258
International fixed income	-	-	2,727,084	1,257,956	3,985,040
Real estate	-	-	12,348,818	5,325,474	17,674,292
Private Equity	-	-	2,546,025	1,369,236	3,915,261
Mutual funds	-	989,367	-	-	989,367
Certificate of deposits	-	-	243,934	153,325	397,259
Invested cash	48,782	-	1,939,105	713,614	2,701,501
Total assets	992,536	989,367	67,495,520	29,382,427	98,859,850
LIABILITIES					
Accounts payable	1,090	947	82,250	37,541	121,828
Deferred revenue	-	-	10,904	7,767	18,671
Due to Primary Government	132,440	-	-	-	132,440
Total liabilities	133,530	947	93,154	45,308	272,939
NET POSITION					
Assets held in trust for pension and other employee benefits	859,006	988,420	67,402,366	29,337,119	86,935,764
Total net position held in trust	\$ 859,006	\$ 988,420	\$ 67,402,366	\$ 29,337,119	\$ 98,586,911

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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**PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION**

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 2,251,842	\$ 821,479	\$ 3,073,321
Employee	-	-	936,965	571,979	1,508,944
Total contributions	-	-	3,188,807	1,393,458	4,582,265
Investment income:					
Net increase (decrease) in fair value of investments	85,906	117,333	6,346,183	2,905,413	9,454,835
Interest and dividends	33,402	-	1,495,658	621,926	2,150,986
	119,308	117,333	7,841,841	3,527,339	11,605,821
Less: investment expense	(2,883)	-	(222,993)	(96,415)	(322,291)
Net investment income	116,425	117,333	7,618,848	3,430,924	11,283,530
Security lending activity:					
Total additions	116,425	117,333	10,807,655	4,824,382	15,865,795
DEDUCTIONS					
Benefits paid to participants	104,677	-	2,373,085	1,463,936	3,941,698
Refunds	-	49,487	60,758	28,835	139,080
Administration	-	-	80,251	53,619	133,870
Total deductions	104,677	49,487	2,514,094	1,546,390	4,214,648
Change in net position	11,748	67,846	8,293,561	3,277,992	11,651,147
Net position - beginning	847,258	920,574	59,108,805	26,059,127	86,935,764
Net position - ending	<u>\$ 859,006</u>	<u>\$ 988,420</u>	<u>\$ 67,402,366</u>	<u>\$ 29,337,119</u>	<u>\$ 98,586,911</u>

E. Issued But Non-Effective Pronouncements

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34" was issued in November 2010. This Statement improves the financial reporting by addressing the reporting issues resulting from these statements. This Statement modifies certain requirements for the inclusion of component units and amends the criteria for reporting component units as if they were part of the primary government. This Statement also clarifies the reporting of equity interests in

CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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legally separate organizations by reporting its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*” was issued in April 2012. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows and inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012.

GASB Statement No. 66, “*Technical Corrections—2012*” was issued in April 2012. This statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. Statement 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for periods beginning after December 15, 2012.

F. Contingent Litigation

Haugland v. The City of Bismarck.

Curly Haugland, a Bismarck resident, sued the City seeking injunctive, declaratory and mandamus relief in a matter regarding the use of tax increment financing. Mr. Haugland has alleged that the City’s tax increment financing district and method are not authorized by law and in any case are unconstitutional. The suit was filed in April 2010 and the City answered. In January 2011, the District Court granted summary judgment in favor of the City of Bismarck. In March of 2011, Haugland appealed the District Court’s decision to the North Dakota Supreme Court. The case was argued before the North Dakota Supreme Court in November of 2011. The City received a favorable ruling from the North Dakota Supreme Court in July of 2012. Part of the ruling was to remand a portion of the case to the district court for a factual determination. The district court again granted a summary judgment in favor of the City in November of 2012. Haugland has again appealed that summary judgment to the North Dakota Supreme Court and that appeal is pending. Based upon the known facts of the case, it is unlikely that the City or its employees have any monetary liability. If the Supreme Court was to find against the City, the City’s tax increment fund could be at risk to the extent that the City would have to refund it to the other political subdivisions sharing in the property tax levy. The defense of this case is being provided by NDIRF (Randy Bakke).

Liechty Homes, Inc. v. City of Bismarck, Melvin J. Bullinger - City Engineer, Attas Boutrous.

Liechty Homes brought this action to assert that the City did not require appropriate drainage in a subdivision next to a Liechty-owned subdivision, thereby causing damage to the Liechty subdivision. At this

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

point the lawsuit remains unfiled and the City is attempting to complete initial discovery. It is unlikely that the City has liability in this case and if so, the damages would be limited to requiring modification to the storm water improvements in the area to alleviate the concerns of Liechty. The defense of this case is being provided by NDIRF (Randy Bakke).

Charles Odom v. Kenan Kaizer.

Charles Odom is an inmate at the State Penitentiary who has sued Kenan Kaizer, a former Bismarck police officer, claiming that Kaizer lied during a probable cause hearing to obtain a search warrant that ultimately led to Odom's arrest on drug charges. This matter has been around for many years and as Odom is pro se, he has been unable to successfully assert a claim. It appears that Kaizer's testimony contained a factual misstatement that would not have affected the outcome of the warrant proceeding or the ultimate arrest and conviction of Odom. In any event, there would be no or little monetary damages if Odom is successful. The defense of this case is being provided by NDIRF (Randy Bakke).

G. Subsequent Events

Special Assessment Funds

The City issued \$3,790,000 Special Assessment Improvement Bonds (Series G) and \$915,000 Special Assessment Sidewalk, Curb and Gutter Bonds (SW2011) on January 3, 2013. Special assessment bonds were issued annually to meet the cost of construction of streets, sidewalks, curb and gutter. The annual installment of principal and interest is met by special assessments levied against the benefiting property owners. In the event special assessment taxes are insufficient to meet principal and interest payments on bonds, the governing body is required to levy a general tax on all taxable property within the city for the payment of the assumption upon the maturity of the last bond principal installment, pursuant to City ordinance and N.D.C.C.

Lodging, Liquor and Food Tax Fund

The City Commission approved \$1,000,000 in Lodging Liquor and Food Tax Fund for the improvement of the Bismarck Community Bowl. \$250,000 will be disbursed in 2013, 2014, 2015 and 2016.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 1,266,472	\$ 35,102	\$ 1,263,672	\$ 2,565,246
Investments	10,542,333	473,409	23,515,682	34,531,424
Receivables:				
Taxes receivable	54,376	-	10,209	64,585
Accounts receivable	3,440,224	-	190,877	3,631,101
Special assessments	-	5,461,133	26,503	5,487,636
Notes receivable	7,712	-	207,543	215,255
Due from other funds	-	962,617	2,027,260	2,989,877
Advances to other funds	1,780,000	92,245	500,000	2,372,245
Restricted assets:				
Investments	-	-	2,134,510	2,134,510
Total assets	<u><u>\$ 17,091,117</u></u>	<u><u>\$ 7,024,506</u></u>	<u><u>\$ 29,876,256</u></u>	<u><u>\$ 53,991,879</u></u>
LIABILITIES				
Accounts payable	\$ 1,061,349	\$ 5,793	\$ 998,734	\$ 2,065,876
Retainage payable	-	-	179,376	179,376
Due to other funds	1,929,280	-	3,045,345	4,974,625
Salaries payable	291,052	-	-	291,052
Deferred revenue	40,540	4,939,806	254,221	5,234,567
Customer deposits	8,610	-	2,134,510	2,143,120
Total liabilities	<u>3,330,831</u>	<u>4,945,599</u>	<u>6,612,186</u>	<u>14,888,616</u>
FUND BALANCES				
Nonspendable	1,787,712	92,245	500,000	2,379,957
Restricted	288,366	1,986,662	3,204,138	5,479,166
Committed	11,684,208	-	23,148,132	34,832,340
Unassigned	-	-	(3,588,200)	(3,588,200)
Total fund balances	<u>13,760,286</u>	<u>2,078,907</u>	<u>23,264,070</u>	<u>39,103,263</u>
Total liabilities and fund balances	<u><u>\$ 17,091,117</u></u>	<u><u>\$ 7,024,506</u></u>	<u><u>\$ 29,876,256</u></u>	<u><u>\$ 53,991,879</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 7,200,574	\$ -	\$ 1,614,574	\$ 8,815,148
Licenses and permits	96,885	-	-	96,885
Special assessments	-	1,275,433	468,312	1,743,745
Intergovernmental	10,461,383	-	731,038	11,192,421
Charges for services	2,543,656	-	488,071	3,031,727
Fines and forfeits	139,220	-	-	139,220
Investment income	51,794	3,531	576,103	631,428
Rentals	136,250	-	-	136,250
Miscellaneous	517,198	-	12,484	529,682
Total revenues	<u>21,146,960</u>	<u>1,278,964</u>	<u>3,890,582</u>	<u>26,316,506</u>
EXPENDITURES				
Current				
General government	6,549,266	-	187,806	6,737,072
Public safety	827,915	-	-	827,915
Highways and streets	6,167,389	-	-	6,167,389
Health and welfare	1,057,326	-	-	1,057,326
Culture and recreation	1,796,582	-	-	1,796,582
Public works	-	-	9,689,108	9,689,108
Capital outlays				
General government	619,618	-	-	619,618
Public safety	105,480	-	-	105,480
Highways and streets	720,743	-	-	720,743
Culture and recreation	404,448	-	-	404,448
Public works	-	-	6,835,154	6,835,154
Debt service				
Principal	-	2,971,729	-	2,971,729
Interest and fiscal charges	1,013	283,410	-	284,423
Total expenditures	<u>18,249,780</u>	<u>3,255,139</u>	<u>16,712,068</u>	<u>38,216,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,897,180</u>	<u>(1,976,175)</u>	<u>(12,821,486)</u>	<u>(11,900,481)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	846,141	1,028,180	9,317,623	11,191,944
Transfer out	(2,867,060)	(44,900)	(4,997,781)	(7,909,741)
Refunding bonds issued	-	26,466	-	26,466
Premium on special assessment debt	-	-	17,629	17,629
Payment to refunded bond escrow agent	-	(29,764)	-	(29,764)
Special assessment bonds issued	-	-	3,996,280	3,996,280
Total other financing sources (uses)	<u>(2,020,919)</u>	<u>979,982</u>	<u>8,333,751</u>	<u>7,292,814</u>
Net changes in fund balances	876,261	(996,193)	(4,487,735)	(4,607,667)
Fund balances - beginning	12,884,025	3,075,100	27,751,805	43,710,930
Fund balances - ending	<u>\$ 13,760,286</u>	<u>\$ 2,078,907</u>	<u>\$ 23,264,070</u>	<u>\$ 39,103,263</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
ASSETS					
Cash and cash equivalents	\$ -	\$ 385,397	\$ 32,395	\$ 32,602	\$ 339,371
Investments	917	169,088	19,166	3,912,566	641,605
Receivables:					
Taxes receivable	9,128	23,535	-	6,086	-
Accounts receivable	236,771	53,472	-	508,388	871
Notes receivable	-	-	-	-	-
Advanced to other funds	-	-	-	-	-
Total assets	\$ 246,816	\$ 631,492	\$ 51,561	\$ 4,459,642	\$ 981,847
LIABILITIES					
Accounts payable	\$ 237,689	\$ 39,057	\$ 4,540	\$ 86,300	\$ 66,976
Due to other funds	-	-	-	-	-
Salaries payable	-	76,083	-	112,526	22,061
Deferred revenue	6,798	17,534	-	4,535	-
Customer deposits	-	-	-	8,610	-
Total liabilities	244,487	132,674	4,540	211,971	89,037
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	288,366	-
Committed	2,329	498,818	47,021	3,959,305	892,810
Total fund balances	2,329	498,818	47,021	4,247,671	892,810
Total liabilities and fund balances	\$ 246,816	\$ 631,492	\$ 51,561	\$ 4,459,642	\$ 981,847

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
ASSETS						
Cash and cash equivalents	\$ -	\$ 79,052	\$ -	\$ 397,655	\$ -	\$ 1,266,472
Investments	-	1,821,173	3,330,655	647,163	-	10,542,333
Receivables:						
Taxes receivable	-	-	-	15,627	-	54,376
Accounts receivable	87,230	210,509	-	1,334	2,341,649	3,440,224
Notes receivable	-	-	7,712	-	-	7,712
Advanced to other funds	-	1,780,000	-	-	-	1,780,000
Total assets	\$ 87,230	\$ 3,890,734	\$ 3,338,367	\$ 1,061,779	\$ 2,341,649	\$ 17,091,117
LIABILITIES						
Accounts payable	\$ 74,145	\$ 499,998	\$ -	\$ 7,913	\$ 44,731	\$ 1,061,349
Due to other funds	13,085	-	-	-	1,916,195	1,929,280
Salaries payable	-	-	-	-	80,382	291,052
Deferred revenue	-	-	-	11,673	-	40,540
Customer deposits	-	-	-	-	-	8,610
Total liabilities	87,230	499,998	-	19,586	2,041,308	3,330,831
FUND BALANCES						
Nonspendable	-	1,780,000	7,712	-	-	1,787,712
Restricted	-	-	-	-	-	288,366
Committed	-	1,610,736	3,330,655	1,042,193	300,341	11,684,208
Total fund balances	-	3,390,736	3,338,367	1,042,193	300,341	13,760,286
Total liabilities and fund balances	\$ 87,230	\$ 3,890,734	\$ 3,338,367	\$ 1,061,779	\$ 2,341,649	\$ 17,091,117

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
REVENUES					
Taxes	\$ 600,782	\$ 1,545,880	\$ -	\$ 399,785	\$ -
Licenses and permits	-	-	-	975	-
Intergovernmental	2,087,608	565,527	-	5,430,932	-
Charges for services	-	89,425	-	315,791	1,881,801
Fines and forfeits	-	38,107	99,452	-	-
Investment income	319	4,747	115	16,560	2,499
Rentals	-	11,435	-	102,804	2,811
Miscellaneous	54,467	3,845	-	77,046	116,109
Total revenues	<u>2,743,176</u>	<u>2,258,966</u>	<u>99,567</u>	<u>6,343,893</u>	<u>2,003,220</u>
EXPENDITURES					
Current					
General government	2,139,739	-	-	-	-
Public safety	-	-	59,438	-	-
Highways and streets	-	-	-	4,744,276	1,368,910
Health and welfare	-	-	-	-	-
Culture and recreation	-	1,680,597	-	-	-
Capital outlays					
General government	589,662	-	-	-	-
Public safety	-	-	28,238	-	-
Highways and streets	-	-	-	711,336	9,407
Culture and recreation	-	380,587	-	-	-
Debt service	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,729,401</u>	<u>2,061,184</u>	<u>87,676</u>	<u>5,455,612</u>	<u>1,378,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,775</u>	<u>197,782</u>	<u>11,891</u>	<u>888,281</u>	<u>624,903</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	91,701	-
Transfer out	(14,287)	(34,903)	-	(120,268)	(143,264)
Total other financing sources (uses)	<u>(14,287)</u>	<u>(34,903)</u>	<u>-</u>	<u>(28,567)</u>	<u>(143,264)</u>
Net changes in fund balances	(512)	162,879	11,891	859,714	481,639
Fund balances - beginning	2,841	335,939	35,130	3,387,957	411,171
Fund balances - ending	<u>\$ 2,329</u>	<u>\$ 498,818</u>	<u>\$ 47,021</u>	<u>\$ 4,247,671</u>	<u>\$ 892,810</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
REVENUES						
Taxes	\$ 1,066,817	\$ 2,585,466	\$ -	\$ 1,001,844	\$ -	\$ 7,200,574
Licenses and permits	-	-	-	-	95,910	96,885
Intergovernmental	-	-	-	27,757	2,349,559	10,461,383
Charges for services	-	-	-	-	256,639	2,543,656
Fines and forfeits	-	-	-	-	1,661	139,220
Investment income	-	8,013	13,490	5,200	851	51,794
Rentals	-	19,200	-	-	-	136,250
Miscellaneous	-	-	-	-	265,731	517,198
Total revenues	<u>1,066,817</u>	<u>2,612,679</u>	<u>13,490</u>	<u>1,034,801</u>	<u>2,970,351</u>	<u>21,146,960</u>
EXPENDITURES						
Current						
General government	906,885	615,549	538,568	1,639,104	709,421	6,549,266
Public safety	-	-	-	-	768,477	827,915
Highways and streets	-	-	-	-	54,203	6,167,389
Health and welfare	-	-	-	-	1,057,326	1,057,326
Culture and recreation	-	-	-	-	115,985	1,796,582
Capital outlays	-	29,956	-	-	-	619,618
General government	-	-	-	-	77,242	105,480
Public safety	-	-	-	-	-	720,743
Highways and streets	-	-	-	-	-	404,448
Culture and recreation	-	-	-	-	23,861	-
Debt service	-	-	-	-	-	1,013
Interest and fiscal charges	-	1,013	-	-	-	-
Total expenditures	<u>906,885</u>	<u>646,518</u>	<u>538,568</u>	<u>1,639,104</u>	<u>2,806,515</u>	<u>18,249,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>159,932</u>	<u>1,966,161</u>	<u>(525,078)</u>	<u>(604,303)</u>	<u>163,836</u>	<u>2,897,180</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	754,440	-	846,141
Transfer out	(172,992)	(2,288,125)	-	-	(93,221)	(2,867,060)
Total other financing sources (uses)	<u>(172,992)</u>	<u>(2,288,125)</u>	<u>-</u>	<u>754,440</u>	<u>(93,221)</u>	<u>(2,020,919)</u>
Net changes in fund balances	(13,060)	(321,964)	(525,078)	150,137	70,615	876,261
Fund balances - beginning	13,060	3,712,700	3,863,445	892,056	229,726	12,884,025
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,390,736</u>	<u>\$ 3,338,367</u>	<u>\$ 1,042,193</u>	<u>\$ 300,341</u>	<u>\$ 13,760,286</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 2,841	\$ 2,841	\$ 2,841	\$ -
Resources (inflows)				
Taxes	631,153	631,153	600,782	(30,371)
Intergovernmental	3,010,500	3,010,500	2,087,608	(922,892)
Investment income	200	200	319	119
Miscellaneous	-	-	54,467	54,467
Amount available for appropriation	<u>3,644,694</u>	<u>3,644,694</u>	<u>2,746,017</u>	<u>(898,677)</u>
Charges to appropriations (outflows)				
General government	3,627,566	3,627,566	2,729,401	898,165
Transfer out	<u>14,287</u>	<u>14,287</u>	<u>14,287</u>	<u>-</u>
Total charges to appropriations	<u>3,641,853</u>	<u>3,641,853</u>	<u>2,743,688</u>	<u>898,165</u>
Budgetary Fund Balance, December 31	<u><u>\$ 2,841</u></u>	<u><u>\$ 2,841</u></u>	<u><u>\$ 2,329</u></u>	<u><u>\$ (512)</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 335,939	\$ 335,939	\$ 335,939	-
Resources (inflows)				
Taxes	1,615,550	1,615,550	1,545,880	(69,670)
Intergovernmental	478,683	478,683	565,527	86,844
Charges for services	79,937	79,937	89,425	9,488
Fines and forfeits	36,650	36,650	38,107	1,457
Investment income	2,750	2,750	4,747	1,997
Rentals	17,156	17,156	11,435	(5,721)
Miscellaneous	4,121	4,121	3,845	(276)
Amount available for appropriation	<u>2,570,786</u>	<u>2,570,786</u>	<u>2,594,905</u>	<u>24,119</u>
Charges to appropriations (outflows)				
Culture and recreation	2,075,075	2,123,075	2,052,461	70,614
Transfer out	<u>35,000</u>	<u>35,000</u>	<u>34,903</u>	<u>97</u>
Total charges to appropriations	<u>2,110,075</u>	<u>2,158,075</u>	<u>2,087,364</u>	<u>70,711</u>
Budgetary Fund Balance, December 31	<u>\$ 460,711</u>	<u>\$ 412,711</u>	<u>\$ 507,541</u>	<u>\$ 94,830</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY
FOR YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

Sources/inflows of resources	LIBRARY
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,594,905
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(335,939)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,258,966
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,087,364
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	8,723
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(34,903)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,061,184

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 35,130	\$ 35,130	\$ 35,130	-
Resources (inflows)				
Fines and forfeits	100,000	100,000	99,452	(548)
Investment income	2,000	2,000	115	(1,885)
Amount available for appropriation	<u>137,130</u>	<u>137,130</u>	<u>134,697</u>	<u>(2,433)</u>
Charges to appropriations (outflows)				
Public safety	<u>125,650</u>	<u>125,650</u>	<u>89,171</u>	<u>36,479</u>
Total charges to appropriations	<u>125,650</u>	<u>125,650</u>	<u>89,171</u>	<u>36,479</u>
Budgetary Fund Balance, December 31	<u>\$ 11,480</u>	<u>\$ 11,480</u>	<u>\$ 45,526</u>	<u>\$ 34,046</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

Sources/inflows of resources	<u>Police Drug Enforcement</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 134,697
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(35,130)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 99,567</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 89,171
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	<u>(1,495)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 87,676</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
ROADS & STREETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 3,387,957	\$ 3,387,957	\$ 3,387,957	-
Resources (inflows)				
Taxes	422,502	422,502	399,785	(22,717)
Licenses and permits	1,500	1,500	975	(525)
Intergovernmental	3,578,659	3,578,659	5,430,932	1,852,273
Charges for services	282,800	282,800	315,791	32,991
Investment income	16,500	16,500	16,560	60
Rentals	90,348	90,348	102,804	12,456
Miscellaneous	25,050	25,050	77,046	51,996
Transfer in	224,643	224,643	91,701	(132,942)
Amount available for appropriation	<u>8,029,959</u>	<u>8,029,959</u>	<u>9,823,551</u>	<u>1,793,592</u>
Charges to appropriations (outflows)				
Highways and streets	5,469,105	5,719,105	5,437,564	281,541
Transfer out	77,130	127,130	120,268	6,862
Total charges to appropriations	<u>5,546,235</u>	<u>5,846,235</u>	<u>5,557,832</u>	<u>288,403</u>
Budgetary Fund Balance, December 31	<u>\$ 2,483,724</u>	<u>\$ 2,183,724</u>	<u>\$ 4,265,719</u>	<u>\$ 2,081,995</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADS & STREETS
FOR YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

Sources/inflows of resources	<u>Roads & Streets</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 9,823,551
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(3,387,957)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(91,701)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 6,343,893</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,557,832
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	18,048
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(120,268)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,455,612</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET LIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 411,171	\$ 411,171	\$ 411,171	-
Resources (inflows)				
Charges for services	1,735,947	1,735,947	1,881,801	145,854
Investment income	658	658	2,499	1,841
Rentals	6,000	6,000	2,811	(3,189)
Miscellaneous	49,900	49,900	116,109	66,209
Amount available for appropriation	<u>2,203,676</u>	<u>2,203,676</u>	<u>2,414,391</u>	<u>210,715</u>
Charges to appropriations (outflows)				
Highways and streets	1,570,993	1,570,993	1,373,529	197,464
Transfer out	217,972	217,972	143,264	74,708
Total charges to appropriations	<u>1,788,965</u>	<u>1,788,965</u>	<u>1,516,793</u>	<u>272,172</u>
Budgetary Fund Balance, December 31	<u>\$ 414,711</u>	<u>\$ 414,711</u>	<u>\$ 897,598</u>	<u>\$ 482,887</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET LIGHTS
FOR YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

Sources/inflows of resources	<u>Street Lights</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,414,391
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(411,171)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,003,220</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,516,793
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	4,788
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(143,264)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,378,317</u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 13,060	\$ 13,060	\$ 13,060	\$ -
Resources (inflows)				
Taxes	<u>800,000</u>	<u>800,000</u>	<u>1,066,817</u>	<u>266,817</u>
Amount available for appropriation	<u>813,060</u>	<u>813,060</u>	<u>1,079,877</u>	<u>266,817</u>
Charges to appropriations (outflows)				
General government	<u>680,100</u>	<u>910,100</u>	<u>906,885</u>	<u>3,215</u>
Transfer out	<u>119,900</u>	<u>289,900</u>	<u>172,992</u>	<u>116,908</u>
Total charges to appropriations	<u>800,000</u>	<u>1,200,000</u>	<u>1,079,877</u>	<u>120,123</u>
Budgetary Fund Balance, December 31	<u>\$ 13,060</u>	<u>\$ (386,940)</u>	<u>\$ -</u>	<u>\$ 386,940</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LODGING/LIQUOR/FOOD TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$3,712,700	\$3,712,700	\$ 3,712,700	-
Resources (inflows)				
Taxes	2,114,869	2,114,869	2,585,466	470,597
Investment income	3,000	3,000	8,013	5,013
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>5,849,769</u>	<u>5,849,769</u>	<u>6,325,379</u>	<u>475,610</u>
Charges to appropriations (outflows)				
General government	11,300	652,000	645,505	6,495
Debt service	850	1,150	1,013	137
Transfer out	<u>2,714,896</u>	<u>2,774,896</u>	<u>2,288,125</u>	<u>486,771</u>
Total charges to appropriations	<u>2,727,046</u>	<u>3,428,046</u>	<u>2,934,643</u>	<u>493,403</u>
Budgetary Fund Balance, December 31	<u>\$3,122,723</u>	<u>\$2,421,723</u>	<u>\$ 3,390,736</u>	<u>\$ 969,013</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 3,863,445	\$ 3,863,445	\$ 3,863,445	-
Resources (inflows)				
Investment income	3,000	3,000	13,490	10,490
Miscellaneous	4,000	4,000	-	(4,000)
Transfer in	-	-	-	-
Amount available for appropriation	<u>3,870,445</u>	<u>3,870,445</u>	<u>3,876,935</u>	<u>6,490</u>
Charges to appropriations (outflows)				
General government	<u>3,645,671</u>	<u>3,645,671</u>	<u>538,568</u>	<u>3,107,103</u>
Total charges to appropriations	<u>3,645,671</u>	<u>3,645,671</u>	<u>538,568</u>	<u>3,107,103</u>
Budgetary Fund Balance, December 31	<u>\$ 224,774</u>	<u>\$ 224,774</u>	<u>\$ 3,338,367</u>	<u>\$ 3,113,593</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SOCIAL SECURITY TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 892,056	\$ 892,056	\$ 892,056	-
Resources (inflows)				
Taxes	1,046,555	1,046,555	1,001,844	(44,711)
Intergovernmental	27,750	27,750	27,757	7
Investment income	2,600	2,600	5,200	2,600
Transfer in	726,312	726,312	754,440	28,128
Amount available for appropriation	<u>2,695,273</u>	<u>2,695,273</u>	<u>2,681,297</u>	<u>(13,976)</u>
Charges to appropriations (outflows)				
General government	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,639,104</u>	<u>67,056</u>
Total charges to appropriations	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,639,104</u>	<u>100,896</u>
Budgetary Fund Balance, December 31	<u>\$ 955,273</u>	<u>\$ 955,273</u>	<u>\$ 1,042,193</u>	<u>\$ 86,920</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 229,726	\$ 229,726	\$ 229,726	-
Resources (inflows)				
Licenses and permits	-	-	95,910	95,910
Intergovernmental	19,788,288	19,788,288	2,349,559	(17,438,729)
Charges for services	207,978	207,978	256,639	48,661
Fines and forfeits	400	400	1,661	1,261
Investment income	750	750	851	101
Miscellaneous	30,200	30,200	265,731	235,531
Amount available for appropriation	<u>20,257,342</u>	<u>20,257,342</u>	<u>3,200,077</u>	<u>(17,057,265)</u>
Charges to appropriations (outflows)				
General government	15,000,500	12,403,875	706,629	11,697,246
Public safety	3,229,395	3,193,963	824,649	2,369,314
Highways and streets	131,852	131,852	54,203	77,649
Health and welfare	1,478,853	1,478,853	1,053,949	424,904
Culture and recreation	30,728	199,611	139,846	59,765
Transfer out	71,271	110,445	93,221	17,224
Total charges to appropriations	<u>19,942,599</u>	<u>17,518,599</u>	<u>2,872,497</u>	<u>14,646,102</u>
Budgetary Fund Balance, December 31	<u>\$ 314,743</u>	<u>\$ 2,738,743</u>	<u>\$ 327,580</u>	<u>\$ (2,411,163)</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2012**

An explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures follows:

		<u>Government Grants & Activities</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	3,200,077
Differences - Budget to GAAP		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes		(229,726)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$</u>	<u>2,970,351</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	2,872,497
Differences - Budget to GAAP		
The City budgets for salaries are on the cash basis rather than on the modified accrual basis		27,239
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		<u>(93,221)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$</u>	<u>2,806,515</u>

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

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**CITY OF BISMARCK, NORTH DAKOTA
MAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET IMPROVEMENT BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 8,408,189	\$8,408,189	\$ 8,408,189	-
Resources (inflows)				
Special assessments	7,509,903	7,509,903	8,736,267	1,226,364
Investment income	-	-	1,291	1,291
Transfer in	287,368	287,368	246,155	(41,213)
Refunding bonds issued	3,000,000	3,000,000	2,096,284	(903,716)
Premium on special assessment debt	50,000	50,000	36,899	(13,101)
Amount available for appropriation	<u>19,255,460</u>	<u>19,255,460</u>	<u>19,525,085</u>	<u>269,625</u>
Charges to appropriations (outflows)				
Principal	5,706,521	5,566,861	5,566,861	-
Interest and fiscal charges	2,009,962	1,260,655	1,260,655	-
Discount on special assessment debt	50,000	50,000	-	50,000
Payment to refunded bond escrow agent	3,000,000	2,827,086	2,827,086	-
Transfer out	339,501	201,382	77,910	123,472
Total charges to appropriations	<u>11,105,984</u>	<u>9,905,984</u>	<u>9,732,512</u>	<u>173,472</u>
Budgetary Fund Balance, December 31	<u>\$ 8,149,476</u>	<u>\$9,349,476</u>	<u>\$ 9,792,573</u>	<u>\$ 443,097</u>

**CITY OF BISMARCK, NORTH DAKOTA
MAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SEWERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 2,946,177	\$ 2,946,177	\$ 2,946,177	-
Resources (inflows)				
Special assessments	1,955,965	1,955,965	2,449,759	493,794
Investment income	4,000	4,000	1,397	(2,603)
Transfer in	150,000	150,000	5,726	(144,274)
Refunding bonds issued	1,000,000	1,000,000	2,242,250	1,242,250
Premium on special assessment debt	45,000	45,000	39,934	(5,066)
Amount available for appropriation	<u>6,101,142</u>	<u>6,101,142</u>	<u>7,685,243</u>	<u>1,584,101</u>
Charges to appropriations (outflows)				
Principal	1,454,259	1,154,259	1,151,410	2,849
Interest and fiscal charges	1,488,311	498,311	495,727	2,584
Discount on special assessment debt	45,000	45,000	-	45,000
Payment to refunded bond escrow agent	-	2,590,000	2,568,150	21,850
Transfer out	<u>1,240,903</u>	<u>1,140,903</u>	<u>1,128,884</u>	<u>12,019</u>
Total charges to appropriations	<u>4,228,473</u>	<u>5,428,473</u>	<u>5,344,171</u>	<u>84,302</u>
Budgetary Fund Balance, December 31	<u>\$ 1,872,669</u>	<u>\$ 672,669</u>	<u>\$ 2,341,072</u>	<u>\$ 1,668,403</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2012**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 35,102	\$ -	\$ 35,102
Investments	473,409	-	473,409
Receivables:			
Special assessments	1,152,922	4,308,211	5,461,133
Due from other funds	-	962,617	962,617
Advance to other funds	92,245	-	92,245
Total assets	<u>\$ 1,753,678</u>	<u>\$ 5,270,828</u>	<u>\$ 7,024,506</u>
LIABILITIES			
Accounts payable	\$ 40	\$ 5,753	\$ 5,793
Deferred revenue	1,161,257	3,778,549	4,939,806
Total liabilities	<u>1,161,297</u>	<u>3,784,302</u>	<u>4,945,599</u>
FUND BALANCES			
Nonspendable	92,245	-	92,245
Restricted	500,136	1,486,526	1,986,662
Total fund balances	<u>592,381</u>	<u>1,486,526</u>	<u>2,078,907</u>
Total liabilities and fund balances	<u>\$ 1,753,678</u>	<u>\$ 5,270,828</u>	<u>\$ 7,024,506</u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

REVENUES	Watermain Bonds	Sidewalk Bonds	Lodging/ Liquor/ Food Bonds	Total Debt Service
Special assessments	\$ 351,828	\$ 923,605	-	\$ 1,275,433
Investment income	-	-	3,531	3,531
Total revenues	<u>351,828</u>	<u>923,605</u>	<u>3,531</u>	<u>1,278,964</u>
EXPENDITURES				
Debt service				
Principal	201,729	830,000	1,940,000	2,971,729
Interest and fiscal charges	64,871	149,991	68,548	283,410
Total expenditures	<u>266,600</u>	<u>979,991</u>	<u>2,008,548</u>	<u>3,255,139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,228</u>	<u>(56,386)</u>	<u>(2,005,017)</u>	<u>(1,976,175)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	6,708	12,702	1,008,770	1,028,180
Transfer out	(5,301)	(39,599)	-	(44,900)
Refunding bonds issued	26,466	-	-	26,466
Payment to refunded bond escrow agent	(29,764)	-	-	(29,764)
Total other financing sources (uses)	<u>(1,891)</u>	<u>(26,897)</u>	<u>1,008,770</u>	<u>979,982</u>
Net changes in fund balances	83,337	(83,283)	(996,247)	(996,193)
Fund balances - beginning	509,044	1,569,809	996,247	3,075,100
Fund balances - ending	<u>\$ 592,381</u>	<u>\$ 1,486,526</u>	<u>\$ -</u>	<u>\$ 2,078,907</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
WATERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 509,044	\$ 509,044	\$ 509,044	-
Resources (inflows)				
Special assessments	214,807	214,807	351,828	137,021
Transfer in	25,000	25,000	6,708	(18,292)
Refunding bonds issued	250,000	250,000	26,466	(223,534)
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>1,008,851</u>	<u>1,008,851</u>	<u>894,046</u>	<u>(114,805)</u>
Charges to appropriations (outflows)				
Principal	169,232	204,232	201,729	2,503
Interest and fiscal charges	86,645	86,645	64,871	21,774
Discount on special assessment debt	5,000	5,000	-	5,000
Payment to refunded bond escrow agent	250,000	215,000	29,764	185,236
Transfer out	25,000	25,000	5,301	19,699
Total charges to appropriations	<u>535,877</u>	<u>535,877</u>	<u>301,665</u>	<u>234,212</u>
Budgetary Fund Balance, December 31	<u>\$ 472,974</u>	<u>\$ 472,974</u>	<u>\$ 592,381</u>	<u>\$ 119,407</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SIDEWALK BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 1,569,809	\$1,569,809	\$ 1,569,809	-
Resources (inflows)				
Special assessments	859,415	859,415	923,605	64,190
Transfer in	25,000	25,000	12,702	(12,298)
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>2,464,224</u>	<u>2,464,224</u>	<u>2,506,116</u>	<u>41,892</u>
Charges to appropriations (outflows)				
Principal	760,000	830,000	830,000	-
Interest and fiscal charges	219,555	159,555	149,991	9,564
Discount on special assessment debt	10,000	10,000	-	10,000
Transfer out	62,368	52,368	39,599	12,769
Total charges to appropriations	<u>1,051,923</u>	<u>1,051,923</u>	<u>1,019,590</u>	<u>32,333</u>
Budgetary Fund Balance, December 31	<u>\$ 1,412,301</u>	<u>\$1,412,301</u>	<u>\$ 1,486,526</u>	<u>\$ 74,225</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LODGING LIQUOR FOOD BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 996,247	\$ 996,247	\$ 996,247	-
Resources (inflows)				
Investment income	2,500	2,500	3,531	1,031
Transfer in	<u>1,027,090</u>	<u>1,027,090</u>	<u>1,008,770</u>	<u>(18,320)</u>
Amount available for appropriation	<u>2,025,837</u>	<u>2,025,837</u>	<u>2,008,548</u>	<u>(17,289)</u>
Charges to appropriations (outflows)				
Principal	950,000	1,940,000	1,940,000	-
Interest and fiscal charges	<u>79,590</u>	<u>69,590</u>	<u>68,548</u>	<u>1,042</u>
Total charges to appropriations	<u>1,029,590</u>	<u>2,009,590</u>	<u>2,008,548</u>	<u>1,042</u>
Budgetary Fund Balance, December 31	<u>\$ 996,247</u>	<u>\$ 16,247</u>	<u>\$ -</u>	<u>\$ (16,247)</u>

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**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2012**

	Special Deficiency/ Assumptions	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
ASSETS						
Cash and cash equivalents	\$ -	\$ 184,635	\$ -	\$ 215,358	\$ 221,640	\$ 612,879
Investments	-	10,431,411	-	16,182	-	12,864,518
Receivables:						
Taxes receivable	3,050	7,159	-	-	-	-
Accounts receivable	-	-	81,094	-	-	-
Special assessments	26,503	-	-	-	-	-
Notes receivable	-	-	207,543	-	-	-
Due from other funds	2,027,260	-	-	-	-	-
Advance to other funds	-	500,000	-	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Total assets	\$ 2,056,813	\$ 11,123,205	\$ 288,637	\$ 231,540	\$ 221,640	\$ 13,477,397
LIABILITIES						
Accounts payable	\$ 2,487	\$ -	\$ 30,207	\$ 25,559	\$ -	\$ 226,097
Retainage payable	-	-	-	13,851	-	165,525
Due to other funds	-	-	50,886	-	-	-
Deferred revenue	24,027	4,352	207,542	-	-	-
Customer deposits	-	-	-	-	-	-
Total liabilities	26,514	4,352	288,635	39,410	-	391,622
FUND BALANCES						
Nonspendable	-	500,000	-	-	-	-
Restricted	-	3,204,138	-	-	-	-
Committed	2,030,299	7,414,715	-	192,130	221,640	13,085,775
Unassigned	-	-	-	-	-	-
Total fund balances	2,030,299	11,118,853	-	192,130	221,640	13,085,775
Total liabilities and fund balances	\$ 2,056,813	\$ 11,123,205	\$ 288,635	\$ 231,540	\$ 221,640	\$ 13,477,397

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**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2012**

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Development	Commerce Development	Total Capital Projects
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 29,160	\$ -	\$ 203,571	\$ 1,263,672
Investments	-	-	-	-	-	23,515,682
Receivables:						
Taxes receivable	-	-	-	-	-	10,209
Accounts receivable	109,783	-	-	-	-	190,877
Special assessments	-	-	-	-	-	26,503
Notes receivable	-	-	-	-	-	207,543
Due from other funds	-	-	-	-	-	2,027,260
Advance to other funds	-	-	-	-	-	500,000
Restricted assets:						
Investments	-	-	-	2,134,510	-	2,134,510
Total assets	\$ 109,783	\$ -	\$ 29,160	\$ 2,134,510	\$ 203,571	\$ 29,876,256
LIABILITIES						
Accounts payable	\$ 55,323	\$ 115,885	\$ 115,184	\$ 427,992	\$ -	\$ 998,734
Retainage payable	-	-	-	-	-	179,376
Due to other funds	294,194	380,406	-	2,319,859	-	3,045,345
Deferred revenue	-	-	-	18,300	-	254,221
Customer deposits	-	-	-	2,134,510	-	2,134,510
Total liabilities	349,517	496,291	115,184	4,900,661	-	6,612,186
FUND BALANCES						
Nonspendable	-	-	-	-	-	500,000
Restricted	-	-	-	-	-	3,204,138
Committed	-	-	-	-	203,571	23,148,130
Unassigned	(239,734)	(496,291)	(86,024)	(2,766,151)	-	(3,588,200)
Total fund balances	(239,734)	(496,291)	(86,024)	(2,766,151)	203,571	23,264,068
Total liabilities and fund balances	\$ 109,783	\$ -	\$ 29,160	\$ 2,134,510	\$ 203,571	\$ 29,876,254

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Deficiency/ Assumption	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
REVENUES						
Taxes	\$ 200,493	\$ 1,414,081	\$ -	-	\$ -	\$ -
Special assessments	14,401	-	-	-	-	-
Intergovernmental	5,524	-	378,610	-	-	237,121
Charges for services	488,071	-	-	-	-	-
Investment income	489,174	38,895	-	1,053	-	46,420
Miscellaneous	-	-	-	12,484	-	-
Total revenues	<u>1,197,663</u>	<u>1,452,976</u>	<u>378,610</u>	<u>13,537</u>	<u>-</u>	<u>283,541</u>
EXPENDITURES						
Current						
General government	187,806	-	-	-	-	-
Public works	-	9,001,171	302,371	-	125,541	42,331
Capital outlays	-	-	-	457,117	105,628	1,981,067
Public works	-	-	-	-	-	-
Total expenditures	<u>187,806</u>	<u>9,001,171</u>	<u>302,371</u>	<u>457,117</u>	<u>231,169</u>	<u>2,023,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,009,857</u>	<u>(7,548,195)</u>	<u>76,239</u>	<u>(443,580)</u>	<u>(231,169)</u>	<u>(1,739,857)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	117,508	68,665	-	259,906	200,743	7,494,338
Transfer out	(1,091,811)	(36,687)	(76,239)	-	-	(3,385,641)
Premium on special assessment debt	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	<u>(974,303)</u>	<u>31,978</u>	<u>(76,239)</u>	<u>259,906</u>	<u>200,743</u>	<u>4,108,697</u>
Net changes in fund balances	35,554	(7,516,217)	-	(183,674)	(30,426)	2,368,840
Fund balances - beginning	1,994,747	18,635,070	-	375,804	252,066	10,716,935
Fund balances - ending	<u>\$ 2,030,301</u>	<u>\$ 11,118,853</u>	<u>\$ -</u>	<u>\$ 192,130</u>	<u>\$ 221,640</u>	<u>\$ 13,085,775</u>

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CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,614,574
Special assessments	-	157,438	137,328	159,145	-	468,312
Intergovernmental	109,783	-	-	-	-	731,038
Charges for services	-	-	-	-	-	488,071
Investment income	-	559	2	-	-	576,103
Miscellaneous	-	-	-	-	-	12,484
Total revenues	109,783	157,997	137,330	159,145	-	3,890,582
EXPENDITURES						
Current						
General government	-	-	-	-	-	187,806
Public works	122,031	62,015	260	33,388	-	9,689,108
Capital outlays						
Public works	227,486	1,741,942	230,695	2,091,219	-	6,835,154
Total expenditures	349,517	1,803,957	230,955	2,124,607	-	16,712,088
Excess (deficiency) of revenues over (under) expenditures	(239,734)	(1,645,960)	(93,625)	(1,965,462)	-	(12,821,486)
OTHER FINANCING SOURCES (USES)						
Transfer in	-	1,170,604	2,966	2,893	-	9,317,623
Transfer out	-	(387,993)	(6,708)	(12,702)	-	(4,997,781)
Premium on special assessment debt	-	17,577	52	-	-	17,629
Special assessment bonds issued	-	3,984,542	11,738	-	-	3,996,280
Total other financing sources (uses)	-	4,784,730	8,048	(9,809)	-	8,333,751
Net changes in fund balances	(239,734)	3,138,770	(85,577)	(1,975,271)	-	(4,487,735)
Fund balances - beginning	-	(3,635,061)	(447)	(790,880)	203,571	27,751,805
Fund balances - ending	(239,734)	(496,291)	(86,024)	(2,766,151)	203,571	23,264,070

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2012

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 80,925	\$ 51,506	\$ 79,651	\$ 48,664	\$ 179,634	\$ 228,349	\$ 668,729
Investments	7,631,614	1,470,711	5,213,864	203,160	1,111,061	892,748	16,523,158
Receivables:							
Accounts receivable	188,524	1,128	-	-	-	27,766	217,418
Special assessments	-	-	545,924	-	-	-	545,924
Interest receivable	14,008	2,644	9,002	424	565	1,716	28,359
Prepaid items	10,147	3,442	1,604	232	83	113	15,621
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	16,455	16,455
Total current assets	7,925,218	1,529,431	5,850,045	252,480	1,291,343	1,167,147	18,015,664
Noncurrent assets:							
Capital assets not being depreciated							
Land	395,247	603,338	2,473,429	259,000	407,565	1,203,152	5,341,731
Construction in progress	6,262	-	460,612	-	-	28,106	494,980
Capital assets (net of accumulated depreciation)							
Building and building improvements	3,823,426	-	-	1,471,675	456,786	4,180,300	9,932,187
Improvements other than buildings	1,949,984	9,590	27,444,983	-	7,966,004	16,692	37,387,253
Machinery and equipment	1,455,952	1,850,226	100,058	-	-	195,998	3,602,234
Total noncurrent assets	7,630,871	2,463,154	30,479,082	1,730,675	8,830,355	5,624,248	56,758,385
Total assets	\$15,556,089	\$ 3,992,585	\$ 36,329,127	\$1,983,155	\$ 10,121,698	\$ 6,791,395	\$ 74,774,049

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2012

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 59,937	\$ 2,925	\$ 723,046	\$ 36,582	\$ 227,251	\$ 59,270	\$ 1,109,011
Retainage payable	-	-	21,170	-	4,984	-	26,154
Leases payable	1,340	-	345	-	-	-	1,685
Compensated benefits payable	43,391	69,103	8,690	-	-	-	121,184
Salaries payable	42,474	63,395	10,350	-	-	-	116,219
Deferred revenue	-	-	-	-	-	3,499	3,499
Total current liabilities	<u>147,142</u>	<u>135,423</u>	<u>763,601</u>	<u>36,582</u>	<u>232,235</u>	<u>62,769</u>	<u>1,377,752</u>
Long-term liabilities:							
Advances from other funds	-	-	-	1,780,000	-	500,000	2,280,000
Customer deposits	795	2,050	-	2,950	-	16,455	22,250
Compensated benefits payable	37,186	40,771	2,811	-	-	-	80,768
Capital lease	1,426	-	366	-	-	-	1,792
Accrued closure/post closure costs	<u>1,290,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,290,219</u>
Total long-term liabilities	<u>1,329,626</u>	<u>42,821</u>	<u>3,177</u>	<u>1,782,950</u>	<u>-</u>	<u>516,455</u>	<u>3,675,029</u>
Total liabilities	<u>1,476,768</u>	<u>178,244</u>	<u>766,778</u>	<u>1,819,532</u>	<u>232,235</u>	<u>579,224</u>	<u>5,052,781</u>
NET POSITION							
Invested in capital assets, net of related debt	7,628,105	2,463,154	30,478,371	1,730,675	8,830,355	5,624,248	56,754,908
Unrestricted	6,451,216	1,351,187	5,083,978	(1,567,052)	1,059,108	587,923	12,966,360
Total net position	<u>\$14,079,321</u>	<u>\$ 3,814,341</u>	<u>\$ 35,562,349</u>	<u>\$ 163,623</u>	<u>\$ 9,889,463</u>	<u>\$ 6,212,171</u>	<u>\$ 69,721,268</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
OPERATING REVENUES							
Charges for services:							
Sanitation fees	\$ 2,815,903	\$ 2,246,487	\$ 983,176	\$ -	\$ -	\$ -	\$ 6,045,566
Miscellaneous sales	15,946	113,551	-	-	-	-	129,497
Rentals	10,941	101	-	191,824	232,537	963,953	1,399,356
Total operating revenues	<u>2,842,790</u>	<u>2,360,139</u>	<u>983,176</u>	<u>191,824</u>	<u>232,537</u>	<u>963,953</u>	<u>7,574,419</u>
OPERATING EXPENSES							
Personal services - salaries & wages	637,582	945,101	161,578	-	-	-	1,744,261
Personal services - fringe benefits	235,668	354,863	48,636	-	-	-	639,167
Professional, legal, and contracted services	49,826	24,324	206,295	8,654	15,976	355,610	660,685
Building, equipment, and vehicle services	304,676	367,516	644,121	54,035	7,311	275,629	1,653,288
Travel & training	5,953	14	3,034	-	-	-	9,001
Operating services	445,417	13,258	12,678	548	5,309	23,437	500,647
Operating supplies	269,531	269,872	21,056	621	-	25,570	586,650
Depreciation expense	468,151	235,200	632,986	53,033	194,081	310,703	1,894,154
Total operating expenses	<u>2,416,804</u>	<u>2,210,148</u>	<u>1,730,384</u>	<u>116,891</u>	<u>222,677</u>	<u>990,949</u>	<u>7,687,853</u>
Operating income (loss)	425,986	149,991	(747,208)	74,933	9,860	(26,996)	(113,434)
NONOPERATING REVENUES (EXPENSES)							
Special assessments	-	-	242,109	-	-	-	242,109
Gain (loss) on disposal of assets	7,873	4,485	309,856	-	2,046,153	6,771	2,375,138
Investment income	29,249	5,365	18,386	872	2,411	3,945	60,228
Interest and fiscal charges	148	-	38	-	-	-	186
Total nonoperating revenues (expenses)	<u>37,270</u>	<u>9,850</u>	<u>570,389</u>	<u>872</u>	<u>2,048,564</u>	<u>10,716</u>	<u>2,677,661</u>
Income (loss) before contributions and transfers	463,256	159,841	(176,819)	75,805	2,058,424	(16,280)	2,564,227
CAPITAL CONTRIBUTIONS							
TRANSFERS IN							
TRANSFERS OUT							
Change in net position							
Total net position - beginning	13,723,339	3,745,286	33,615,874	88,301	7,858,284	6,251,070	65,282,154
Total net position - ending	<u>\$ 14,079,321</u>	<u>\$ 3,814,341</u>	<u>\$ 35,562,349</u>	<u>\$ 163,623</u>	<u>\$ 9,889,463</u>	<u>\$ 6,212,171</u>	<u>\$ 69,721,268</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Center	Parking Authority Lots	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 2,894,667	\$ 2,361,128	\$ 983,176	\$ 191,824	\$ 232,537	\$ 958,255	\$ 7,621,587
Payments to suppliers	(1,404,408)	(1,038,464)	(510,570)	(60,161)	198,572	(637,507)	(3,452,538)
Payments to employees	(629,066)	(941,067)	(160,225)	-	-	-	(1,730,358)
Net cash provided (used) by operating activities	861,193	381,597	312,381	131,663	431,109	320,748	2,438,691
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payment on advance	-	-	-	-	-	(100,000)	(100,000)
Transfers from other funds	-	-	36,980	-	-	-	36,980
Transfers to other funds	(107,274)	(90,786)	(114,510)	(483)	(27,245)	(22,619)	(362,917)
Net cash provided (used) by noncapital financing activities	(107,274)	(90,786)	(77,530)	(483)	(27,245)	(122,619)	(425,937)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Intergovernmental	-	-	-	-	-	-	-
Capital lease payment	(1,260)	-	(324)	-	-	-	(1,584)
Interest paid	148	-	38	-	-	-	186
Proceeds from sale of capital assets	7,873	3,520	387,301	-	2,082,348	7,500	2,488,542
Proceeds from insurance recoveries	-	965	-	-	-	-	965
Proceeds from special assessments	-	-	45,664	-	-	-	45,664
Purchase of capital assets	(93,112)	(554,623)	-	-	-	(54,377)	(642,112)
Construction of capital assets	-	-	(684,988)	-	(1,581,363)	(28,106)	(2,294,457)
Net cash provided (used) by capital and related financing activities	(26,351)	(550,136)	(252,309)	-	500,985	(74,983)	(402,796)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	842,819	176,927	2,968,613	3,251	139,094	16,953	4,147,657
Purchase of investments	(7,631,614)	(1,470,711)	(5,213,864)	(203,160)	(1,111,061)	(892,748)	(16,523,158)
Investment income	25,277	5,173	16,872	561	1,678	3,415	52,976
Net cash provided (used) by investing activities	(6,763,518)	(1,288,611)	(2,228,379)	(199,348)	(970,289)	(872,380)	(12,322,525)
Net increase (decrease) in cash and cash equivalents	(6,035,950)	(1,547,938)	(2,245,837)	(66,168)	(65,440)	(749,234)	(10,712,567)
Cash and cash equivalents - January 1	6,116,875	1,599,444	2,325,488	116,832	245,074	994,038	11,397,751
Cash and cash equivalents - December 31	\$ 80,925	\$ 51,506	\$ 79,651	\$ 48,664	\$ 179,634	\$ 244,804	\$ 685,184
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 425,986	\$ 149,991	\$ (747,208)	\$ 74,933	\$ 9,860	\$ (26,996)	\$ (113,434)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	468,151	235,200	632,986	53,033	194,081	310,703	1,894,154
(Increase) decrease in accounts receivable	51,877	(1,061)	-	-	-	(9,810)	41,006
(Increase) decrease in prepaid items	(712)	(221)	2,667	(8)	(83)	(11)	1,632
Increase (decrease) in customer deposits	-	2,050	-	-	-	1,580	3,630
Increase (decrease) in accounts payable	122	(8,396)	422,583	3,705	227,251	42,750	688,015
Increase (decrease) in compensated benefits payable	4,810	1,126	143	-	-	-	6,079
Increase (decrease) in salaries payable	3,706	2,908	1,210	-	-	-	7,824
Increase (decrease) in due to other funds	-	-	-	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-	-	2,532	2,532
Increase in closure and post closure costs	(92,747)	-	-	-	-	-	(92,747)
Increase in closure and post closure costs	435,207	231,606	1,059,589	56,730	421,249	347,744	2,552,125
Total adjustments	861,193	381,597	312,381	131,663	431,109	320,748	2,438,691
Net cash provided (used) by operating activities	\$ -	\$ -	\$ 1,503,341	\$ -	\$ -	\$ -	\$ 1,503,341
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	-	-	697,483	-	-	-	697,483
Contribution of capital assets from developers	-	632	2,020	65	168	396	6,153
Increase in fair value of investments	2,872	-	-	-	-	-	-

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2012

	Fleet Services	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 18	\$ 100,553	\$ 248,939	\$ 3,584,045	\$ 251,872	\$ 4,185,427
Investments	101,844	13,474	765	882,785	-	998,868
Receivables:						
Accounts receivable	3,749	-	-	96,251	400,952	500,952
Inventories	297,471	-	-	-	-	297,471
Prepaid items	-	-	71,436	-	-	71,436
Total current assets	<u>403,082</u>	<u>114,027</u>	<u>321,140</u>	<u>4,563,081</u>	<u>652,824</u>	<u>6,054,154</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	17,697	-	-	-	-	17,697
Total noncurrent assets	<u>17,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,697</u>
Total assets	<u>420,779</u>	<u>114,027</u>	<u>321,140</u>	<u>4,563,081</u>	<u>652,824</u>	<u>6,071,851</u>
LIABILITIES						
Current liabilities:						
Accounts payable	57,728	-	-	3,078	634,123	694,929
Due to other entities	-	-	-	-	6,585	6,585
Salaries payable	27,799	-	-	-	378	28,177
Claims and judgments payable	-	-	-	357,000	-	357,000
Total current liabilities:	<u>85,527</u>	<u>-</u>	<u>-</u>	<u>360,078</u>	<u>641,086</u>	<u>1,086,691</u>
NET POSITION						
Invested in capital assets, net of related debt	17,697	-	-	-	-	17,697
Unrestricted	317,555	114,027	321,140	4,203,003	11,738	4,967,463
Total net position	<u>\$ 335,252</u>	<u>\$ 114,027</u>	<u>\$ 321,140</u>	<u>\$ 4,203,003</u>	<u>\$ 11,738</u>	<u>\$ 4,985,160</u>

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fleet Service	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
OPERATING REVENUES							
Charges for services	\$ 1,186,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,186,770
Sale of gas and oil	1,728,861	-	-	-	-	-	1,728,861
Sale of parts and labor	1,711	47,790	86,321	28,378	-	-	164,200
Miscellaneous sales	10,693	-	-	-	-	-	10,693
Rentals	-	-	37,088	6,140,876	-	-	6,177,964
Employer contributions	-	-	-	77,634	-	-	77,634
Employee contributions	-	-	-	6,246,888	-	-	6,246,888
Total operating revenues	<u>2,928,035</u>	<u>47,790</u>	<u>123,409</u>	<u>6,246,888</u>	<u>-</u>	<u>-</u>	<u>9,346,122</u>
OPERATING EXPENSES							
Cost of goods sold	2,087,225	-	-	-	-	-	2,087,225
Personal services - salaries & wages	413,735	-	-	-	-	806	414,541
Personal services - fringe benefits	152,644	-	-	10,540	-	-	163,184
Professional, legal, and contracted services	756	35	9	993	-	-	1,793
Building, equipment, and vehicle services	179,112	-	-	-	-	19,756	198,868
Travel & training	742	-	-	-	-	-	742
Operating services	7,999	238,189	-	5,156,226	-	177	5,402,591
Operating supplies	16,084	-	-	291	-	-	16,375
Depreciation expense	16,491	-	-	-	-	-	16,491
Total operating expenses	<u>2,874,788</u>	<u>238,224</u>	<u>9</u>	<u>5,168,050</u>	<u>-</u>	<u>20,739</u>	<u>8,301,810</u>
Operating income (loss)	<u>53,247</u>	<u>(190,434)</u>	<u>123,400</u>	<u>1,078,838</u>	<u>-</u>	<u>(20,739)</u>	<u>1,044,312</u>
NONOPERATING REVENUES (EXPENSES)							
Gain on disposal of assets	-	-	-	-	-	19,164	19,164
Investment income	80	1,036	541	14,620	-	-	16,277
Total nonoperating revenues (expenses)	<u>80</u>	<u>1,036</u>	<u>541</u>	<u>14,620</u>	<u>-</u>	<u>19,164</u>	<u>35,441</u>
Income (loss) before contributions and transfers	53,327	(189,398)	123,941	1,093,458	-	(1,575)	1,079,753
TRANSFER IN							
TRANSFER OUT							
Change in net position	(95,417)	144,000	-	(39,499)	66,024	-	210,024
Total net position - beginning	(42,090)	(61,162)	123,941	1,053,959	66,024	(1,575)	1,139,097
Total net position - ending	377,342	175,189	197,199	3,149,044	(66,024)	13,313	3,846,063
Total net position - ending	<u>\$ 335,252</u>	<u>\$ 114,027</u>	<u>\$ 321,140</u>	<u>\$ 4,203,003</u>	<u>\$ -</u>	<u>\$ 11,738</u>	<u>\$ 4,985,160</u>

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

CITY OF BISMARCK, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fleet Services	Liability Insurance	Workforce Safety	Employee Insurance	Unemployment Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users							
Receipts from employer	\$ 2,929,172	\$ -	\$ 37,088	\$ -	\$ 45	\$ (69,833)	\$ 2,859,384
Other operating cash receipts	-	-	86,321	106,012	-	-	6,126,459
Payments to suppliers	(2,418,682)	(250,572)	18,485	(5,128,814)	(66,069)	37,638	(7,808,014)
Payments to employees	(413,735)	-	-	-	-	(806)	(414,541)
Net cash provided (used) by operating activities	<u>96,755</u>	<u>(202,782)</u>	<u>141,894</u>	<u>1,066,569</u>	<u>(66,024)</u>	<u>(33,001)</u>	<u>1,003,411</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	144,000	-	-	66,024	-	210,024
Transfers to other funds	(95,417)	(15,764)	-	(39,499)	-	-	(150,680)
Net cash provided (used) by noncapital and related financing activities	<u>(95,417)</u>	<u>128,236</u>	<u>-</u>	<u>(39,499)</u>	<u>66,024</u>	<u>-</u>	<u>59,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Proceeds of claim/insurance recoveries	-	-	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-	19,164	19,164
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,164</u>	<u>19,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	8,096	187,612	99,235	2,613,985	-	190,709	3,099,637
Purchase of investments	(101,844)	(13,474)	(766)	(882,784)	-	-	(998,868)
Investment income	28	914	476	13,105	-	-	14,523
Net cash provided (used) by investing activities	<u>(93,720)</u>	<u>175,052</u>	<u>98,945</u>	<u>1,744,306</u>	<u>-</u>	<u>190,709</u>	<u>2,115,292</u>
Cash and cash equivalents - January 1	(92,382)	100,506	240,839	2,771,376	-	176,872	3,197,211
Cash and cash equivalents - December 31	92,400	47	8,100	812,669	-	75,000	988,216
	<u>\$ 18</u>	<u>\$ 100,553</u>	<u>\$ 248,939</u>	<u>\$ 3,584,045</u>	<u>\$ -</u>	<u>\$ 251,872</u>	<u>\$ 4,185,427</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 53,247	\$ (190,434)	\$ 123,400	\$ 1,078,838	\$ -	\$ (20,739)	\$ 1,044,312
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	16,491	-	-	-	-	-	16,491
(Increase) decrease in accounts receivable	1,137	-	-	(51,505)	45	(69,833)	(120,156)
(Increase) decrease in inventories	33,476	-	-	-	-	-	33,476
(Increase) decrease in prepaid items	-	-	18,494	-	-	-	18,494
Increase (decrease) in customer deposits	-	-	-	-	-	-	-
Increase (decrease) in accounts payable	(11,081)	-	-	2,471	(5,322)	55,687	41,755
Increase (decrease) in salaries payable	3,485	-	-	-	-	(51)	3,434
Increase (decrease) in due to other funds	-	-	-	-	(60,747)	-	(60,747)
Increase (decrease) in due to other entities	-	-	-	-	-	1,935	1,935
Increase (decrease) in estimated pending claims	-	-	-	-	-	-	-
Increase (decrease) in estimated pending claims	-	(12,348)	-	36,765	-	-	24,417
Total adjustments	<u>43,508</u>	<u>(12,348)</u>	<u>18,494</u>	<u>(12,269)</u>	<u>(66,024)</u>	<u>(12,262)</u>	<u>(40,901)</u>
Net cash provided (used) by operating activities	<u>\$ 96,755</u>	<u>\$ (202,782)</u>	<u>\$ 141,894</u>	<u>\$ 1,066,569</u>	<u>\$ (66,024)</u>	<u>\$ (33,001)</u>	<u>\$ 1,003,411</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 65	\$ -	\$ -	\$ -	\$ -
Increase in fair value of investments	52	122	-	1,515	-	-	1,754

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**CITY OF BISMARCK, NORTH DAKOTA
 FIREMEN'S PENSION AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
ASSETS				
Investments	\$ 876	\$ 992,888	\$ 993,143	\$ 621
Receivables:				
Taxes	7,161	1,250	2,189	6,222
Accounts	15,378	18,621	15,378	18,621
Total assets	<u>\$ 23,415</u>	<u>\$ 1,012,759</u>	<u>\$ 1,010,710</u>	<u>\$ 25,464</u>
LIABILITIES				
Accounts payable	\$ 875	\$ 616,721	\$ 616,975	\$ 621
Due to other entities	22,539	4,408	2,104	24,843
Total liabilities	<u>\$ 23,414</u>	<u>\$ 621,129</u>	<u>\$ 619,079</u>	<u>\$ 25,464</u>

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CITY OF BISMARCK, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2012

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	2,547,486
Buildings and building improvements	34,318,690
Improvements other than buildings	85,349
Machinery and equipment	37,540,927
Infrastructure	254,392,396
Construction in progress	4,772,806
Total governmental funds capital assets	333,657,654

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	2,328,522
Special revenue funds	24,534,968
Federal and state grants	104,244,220
Capital projects funds	196,281,075
Enterprise funds	15,210
Donations	6,253,659
Total governmental funds capital assets	333,657,654

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2012**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 43,879	\$ -	\$ 43,879
Fiscal, assessing and information services	-	-	-	305,479	-	305,479
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,609,410	18,411	173,551	-	10,801,372
Bismarck-mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Human resources	-	-	-	21,229	-	21,229
Attorney	-	-	-	8,423	-	8,423
Municipal court	-	269,509	-	-	-	269,509
Community development	-	-	-	164,143	-	164,143
Building maintenance	-	-	-	50,648	-	50,648
NPCC	-	-	-	-	-	-
E/H transit system	108,421	3,311,836	-	4,991,979	-	8,412,236
Total general government	308,421	14,995,230	18,411	6,817,754	-	22,139,816
Public safety:						
Police	499,500	7,654,600	37,078	5,806,749	176,850	14,174,777
Fire and inspections	580,688	5,655,333	15,790	6,057,750	-	12,309,561
Combined communication center	-	-	-	330,815	-	330,815
Total public safety	1,080,188	13,309,933	52,868	12,195,314	176,850	26,815,153
Highways and streets:						
Roads and streets	50,923	-	-	8,047,564	65,184	8,163,671
Engineering	-	-	-	414,641	-	414,641
Forestry	-	-	-	485,021	-	485,021
Total highways and streets	50,923	-	-	8,947,226	65,184	9,063,333
Health:						
Bismarck burleigh public health	-	170,524	-	215,116	-	385,640
Total health	-	170,524	-	215,116	-	385,640
Culture and recreation:						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	5,843,003	-	9,335,561	-	15,502,564
Total culture and recreation	324,000	5,843,003	-	9,365,517	-	15,532,520
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Special deficiency fund	-	-	-	-	-	-
Highway construction	760,473	-	-	-	69,685,669	70,446,142
Sidewalk construction	-	-	14,070	-	21,898,532	21,912,602
Street lights construction	-	-	-	-	698,979	698,979
Street improvements	760	-	-	-	161,867,182	161,867,942
Total public works	783,954	-	14,070	-	254,150,362	254,948,386
Construction in progress:	-	6,495	-	-	4,766,311	4,772,806
Total governmental funds capital assets	\$ 2,547,486	\$ 34,325,185	\$ 85,349	\$ 37,540,927	\$ 259,158,707	\$ 333,657,654

CITY OF BISMARCK, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2012

FUNCTION AND ACTIVITY	Balance				Balance
	January 1, 2012	Additions	Deductions	Transfers	December 31, 2012
General government:					
Administration and management	\$ 43,879	\$ -	\$ -	\$ -	\$ 43,879
Fiscal, assessing and information services	287,137	18,342	-	-	305,479
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	10,801,372	-	-	-	10,801,372
Bismarck-mandan visitors bureau	1,004,475	-	-	-	1,004,475
Human resources	21,229	-	-	-	21,229
Attorney	8,423	-	-	-	8,423
Municipal court	269,509	-	-	-	269,509
Community development	145,516	18,627	-	-	164,143
Building maintenance	50,648	-	-	-	50,648
E/H transit system	8,003,146	589,658	180,568	-	8,412,236
Total general government	<u>21,693,757</u>	<u>626,627</u>	<u>180,568</u>	<u>-</u>	<u>22,139,816</u>
Public safety:					
Police	13,759,186	518,387	102,796	-	14,174,777
Fire and inspections	12,250,608	224,336	165,383	-	12,309,561
Combined communications center	330,815	-	-	-	330,815
Total public safety	<u>26,340,609</u>	<u>742,723</u>	<u>268,179</u>	<u>-</u>	<u>26,815,153</u>
Highways and streets:					
Roads and streets	7,615,101	725,743	177,173	-	8,163,671
Engineering	387,149	55,296	27,804	-	414,641
Forestry	485,021	-	-	-	485,021
Total highways and streets	<u>8,487,271</u>	<u>781,039</u>	<u>204,977</u>	<u>-</u>	<u>9,063,333</u>
Health:					
Bismarck burleigh public health	385,640	-	-	-	385,640
Total health	<u>385,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,640</u>
Culture and recreation:					
Centennial beach	297,838	29,956	297,838	-	29,956
Library	15,023,594	485,205	6,235	-	15,502,564
Total culture and recreation	<u>15,321,432</u>	<u>515,161</u>	<u>304,073</u>	<u>-</u>	<u>15,532,520</u>
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Special deficiency fund	-	-	-	-	-
Highway construction	66,149,605	4,296,537	-	-	70,446,142
Sidewalk construction	19,821,382	2,091,220	-	-	21,912,602
Street light construction	593,352	105,627	-	-	698,979
Street improvements	144,505,870	17,362,072	-	-	161,867,942
Total public works	<u>231,092,930</u>	<u>23,855,456</u>	<u>-</u>	<u>-</u>	<u>254,948,386</u>
Construction in progress:	<u>3,391,544</u>	<u>4,642,654</u>	<u>3,261,392</u>	<u>-</u>	<u>4,772,806</u>
Total governmental funds capital assets	<u>\$ 306,713,183</u>	<u>\$ 31,163,660</u>	<u>\$ 4,219,189</u>	<u>\$ -</u>	<u>333,657,654</u>

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STATISTICAL SECTION

This part of the City of Bismarck's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	115
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	120
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
Debt Capacity	125
These schedules present information to help the reader assess the affordability of the government's ability to issue additional debt in the future.	
Demographic and Economic Information	129
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	132
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB 34 in 2003; schedules presenting government-wide information beginning in that year.

CITY OF BISMARCK, NORTH DAKOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2003**	2004**	2005**	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 43,276,686	\$ 63,506,929	\$ 117,467,134	\$ 125,296,291	\$ 139,783,417	\$ 145,009,837	\$ 156,325,434	\$ 158,675,941	\$ 148,375,719	\$ 166,974,373
Restricted	19,860,939	14,103,406	11,973,853	11,506,459	12,084,714	11,898,341	12,749,497	13,913,204	25,072,759	17,512,811
Unrestricted	54,179,556	57,398,276	57,462,204	61,774,561	75,208,853	93,057,450	98,313,442	111,526,195	110,261,833	120,115,806
Total governmental activities net assets	\$ 117,317,181	\$ 135,008,611	\$ 186,903,191	\$ 198,577,311	\$ 227,076,984	\$ 249,965,628	\$ 267,388,373	\$ 282,115,340	\$ 283,710,311	\$ 304,602,990
Business-type activities										
Invested in capital assets, net of related debt	\$ 147,607,448	\$ 171,406,048	\$ 185,085,706	\$ 200,350,952	\$ 207,550,023	\$ 212,244,535	\$ 224,137,364	\$ 226,357,253	\$ 261,533,235	\$ 280,053,990
Restricted	-	-	-	6,169,917	15,199,969	9,727,626	16,785,740	11,788,078	6,991,320	8,419,928
Unrestricted	37,768,820	29,559,556	29,877,684	29,112,256	27,267,243	37,688,506	27,737,575	36,359,215	\$ 44,055,121	\$ 40,723,027
Total business-type activities net assets	\$ 185,376,268	\$ 200,965,604	\$ 214,963,390	\$ 235,633,125	\$ 250,017,235	\$ 259,660,667	\$ 268,660,679	\$ 274,504,546	\$ 312,579,676	\$ 329,196,945
Primary government										
Invested in capital assets, net of related debt	\$ 190,884,134	\$ 234,912,977	\$ 302,552,840	\$ 325,647,243	\$ 347,333,440	\$ 357,254,372	\$ 380,462,798	\$ 383,033,194	\$ 409,908,954	\$ 447,028,363
Restricted	19,860,939	14,103,406	11,973,853	17,676,376	27,284,683	21,625,967	29,535,237	25,701,282	32,064,079	25,932,739
Unrestricted	91,948,376	86,957,832	87,339,888	90,886,817	102,476,096	130,745,956	126,051,017	147,885,410	154,316,954	160,838,833
Total primary government net assets	\$ 302,693,449	\$ 335,974,215	\$ 401,866,581	\$ 434,210,436	\$ 477,094,219	\$ 509,626,295	\$ 536,049,052	\$ 556,619,886	\$ 596,289,987	\$ 633,799,935

**Retroactive infrastructure assets were not included until 2006.

CITY OF BISMARCK, NORTH DAKOTA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 8,179,507	\$ 9,039,757	\$ 11,284,393	\$ 10,492,958	\$ 10,249,017	\$ 13,854,192	\$ 13,695,936	\$ 13,379,249	\$ 28,399,400	\$ 15,456,780
Public safety	11,796,743	12,800,931	13,519,865	15,140,144	15,493,552	15,366,898	16,956,774	17,956,779	18,250,946	19,192,839
Highways and streets	5,459,602	6,167,330	5,688,282	6,291,580	6,811,043	7,025,955	7,895,728	8,567,797	8,099,656	8,061,851
Health and welfare	1,570,817	1,551,325	1,758,290	2,031,386	2,170,397	2,411,139	2,494,859	2,911,995	2,915,310	3,024,156
Culture and recreation	8,909,217	7,778,554	7,192,544	7,091,216	7,067,007	8,083,899	8,902,739	9,664,609	2,538,849	2,727,686
Interest and fiscal charges	707,778	1,809,733	1,419,105	1,455,778	1,832,560	2,177,509	2,505,666	2,350,187	2,174,135	2,067,666
Public works	1,907,209	3,179,326	4,069,184	8,980,826	7,251,011	7,493,102	8,170,980	7,262,546	7,145,379	16,242,401
Total governmental activities expenses	38,530,873	42,326,956	44,931,663	51,483,888	50,964,587	56,412,694	60,622,682	62,093,162	69,523,675	66,773,379
Business-type activities:										
Airport	3,189,893	3,381,964	3,861,147	4,390,771	4,585,664	5,301,641	5,680,499	5,695,428	5,706,324	6,419,847
Airport flightline	813,909	1,107,046	1,378,538	1,353,928	1,402,345	716,809	-	-	-	-
Civic Center	-	-	-	-	-	-	-	-	7,271,580	7,943,750
Solid waste disposal	1,722,807	1,997,566	2,421,202	2,152,830	2,074,212	2,457,040	2,449,207	2,525,468	2,480,955	2,385,838
Solid waste collections	1,525,709	1,573,279	1,574,263	1,732,743	1,773,631	1,801,698	2,084,233	1,964,611	2,194,976	2,165,553
Water	5,455,249	5,899,033	6,130,931	7,120,142	7,522,591	8,229,859	7,603,788	8,036,750	8,501,442	9,118,635
Sanitary sewer	2,621,053	3,066,589	3,465,950	3,480,827	3,892,916	4,526,528	4,921,746	5,237,690	6,059,940	5,832,427
Storm water	303,776	508,290	549,854	651,098	894,863	847,819	989,869	1,215,570	1,517,382	1,701,198
Commercial Property	-	-	-	-	-	-	-	33,312	151,021	339,567
Parking authority lots	745,690	751,226	777,506	789,564	925,530	1,123,507	926,238	873,209	905,461	990,948
Total business-type activities expenses	16,378,086	18,284,993	20,159,391	21,671,903	23,071,742	25,004,901	24,655,580	25,592,038	34,789,081	36,897,763
Total primary government activities expenses	\$ 54,908,959	\$ 60,611,949	\$ 65,091,054	\$ 73,155,791	\$ 73,936,329	\$ 81,417,595	\$ 85,278,262	\$ 87,675,200	\$ 104,312,756	\$ 103,671,142

Program Revenues

Governmental activities:										
Charges for Services:										
General government	\$ 1,309,787	\$ 2,123,174	\$ 2,175,505	\$ 2,540,798	\$ 2,409,303	\$ 3,510,544	\$ 2,906,616	\$ 2,999,341	\$ 3,905,967	\$ 4,158,680
Public safety	1,455,663	2,030,048	1,972,048	2,230,428	1,978,685	1,063,372	1,075,509	1,351,519	1,236,829	1,315,180
Highways and streets	1,062,264	2,101,050	1,501,637	2,663,024	2,500,250	3,123,784	3,151,547	3,370,465	4,083,149	4,002,264
Health and welfare	117,898	166,410	235,909	192,742	216,261	382,628	444,964	511,601	554,209	473,245
Culture and recreation	5,106,556	4,466,125	3,666,423	3,062,688	3,434,124	4,094,528	4,348,057	5,015,681	150,215	137,179
Public works	4,278	21,516	-	30,604	-	-	-	-	-	-
Operating grants and contributions	8,984,749	8,087,416	7,433,665	8,439,561	9,873,983	8,623,585	11,508,981	10,113,555	27,284,007	11,335,009
Capital grants and contributions	7,167,363	16,676,232	12,992,496	13,853,173	26,747,183	23,052,334	17,986,128	16,781,232	22,787,617	21,559,092
Total governmental activities program revenues	25,208,558	35,671,971	29,977,683	33,013,018	47,159,789	43,850,775	41,421,802	40,143,394	60,001,993	42,980,649
Business-type activities:										
Charges for services:										
Airport	2,506,636	3,004,977	3,350,033	3,559,509	3,759,687	3,991,015	4,293,102	4,559,948	4,903,504	5,680,205
Airport flightline	860,300	1,119,432	1,403,463	1,407,451	1,524,363	700,936	-	-	-	-
** Civic Center	-	-	-	-	-	-	-	-	5,019,304	5,627,000
Solid waste disposal	2,472,678	2,643,140	2,371,950	2,525,982	2,567,905	2,512,560	2,262,373	2,544,702	2,796,433	2,842,790
Solid waste collections	1,220,645	1,285,912	1,616,615	1,654,140	1,685,987	1,621,413	2,071,090	2,170,392	2,390,337	2,360,138
Water	8,584,721	8,364,265	9,292,463	11,231,908	10,445,955	10,864,440	10,010,899	10,320,520	9,468,281	12,276,473
Sanitary sewer	4,178,097	4,575,391	4,856,558	5,053,527	5,003,913	5,095,871	5,311,824	5,428,006	5,667,907	6,167,542

CITY OF BISMARCK, NORTH DAKOTA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS*
 (ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Storm water	616,636	630,804	800,159	957,724	988,671	938,624	1,040,526	900,844	920,664	983,176
Commercial Property	-	-	-	-	-	-	-	54,103	201,831	424,361
Parking authority lots	774,764	765,404	796,650	807,583	808,003	834,896	867,563	883,751	941,990	963,953
Operating grants and contributions	5,176,334	1,452,790	311,490	31,151	413,366	98,518	-	-	1,856	-
Capital grants and contributions	4,959,457	8,625,324	6,409,535	10,560,714	4,546,714	5,138,533	8,037,085	3,675,261	10,680,059	11,361,611
Total business-type activities program revenues	31,350,268	32,467,439	31,208,936	37,789,732	31,754,584	31,796,506	33,894,482	30,537,527	42,992,166	48,687,249
Total primary government program revenues	\$ 56,558,826	\$ 68,139,410	\$ 61,186,619	\$ 70,802,750	\$ 78,914,373	\$ 75,647,581	\$ 75,316,284	\$ 70,680,921	\$ 102,994,159	\$ 91,667,898
Net (expense)/revenue	(13,322,315)	(6,654,985)	(14,953,980)	(18,470,870)	(3,704,798)	(12,561,919)	(19,200,880)	(21,949,768)	(9,521,682)	(23,792,730)
Governmental activities	14,972,182	14,182,446	11,049,545	16,117,829	8,682,842	6,791,905	9,238,902	4,955,489	8,203,085	11,789,486
Business-type activities	\$ 1,649,867	\$ 7,527,461	\$ (3,904,435)	\$ (2,353,041)	\$ 4,978,044	\$ (5,770,014)	\$ (9,961,978)	\$ (16,994,279)	\$ (1,318,597)	\$ (12,003,244)
Total primary government net expense										
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 11,108,956	\$ 10,780,238	\$ 11,325,760	\$ 13,806,279	\$ 14,913,006	\$ 15,479,043	\$ 16,167,137	\$ 16,200,763	\$ 17,162,429	\$ 17,230,221
Sales tax	8,344,606	8,615,944	9,607,321	10,955,561	11,746,147	11,943,929	11,756,546	12,403,143	13,955,767	16,388,127
Occupancy tax	441,560	439,389	487,773	520,947	572,633	622,144	674,843	753,860	914,599	1,066,817
Lodging/liquor/food tax	1,239,576	1,300,551	1,435,820	1,534,606	1,700,605	1,835,399	1,935,984	2,043,586	2,292,498	2,585,466
State aid distribution	1,496,408	1,690,974	1,757,995	1,923,989	2,308,021	2,685,052	2,582,842	2,975,302	3,773,172	4,882,955
Franchise taxes	549,499	599,808	668,229	897,694	908,863	1,028,020	1,099,793	1,082,874	1,182,709	1,246,491
Other taxes	536,180	450,555	673,191	511,954	500,201	501,564	465,811	535,798	665,151	2,776,357
Unrestricted investment earnings	750,390	866,736	1,409,418	2,585,623	2,941,614	2,032,392	1,076,333	901,297	579,687	632,739
Gain (loss) on disposal of assets	14,324	27,892	176,949	173,018	145,575	163,874	28,153	244,748	31,259	49,510
Transfers	1,225,130	(903,933)	(3,472,278)	(2,764,981)	(3,532,194)	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)
Total governmental activities	25,706,629	23,870,154	24,070,178	30,144,990	32,204,471	35,450,563	36,623,624	36,676,735	11,116,653	44,685,409
Business-type activities:										
Taxes										
Other taxes	62,911	69,357	67,271	21,487	56,117	97,298	78,488	63,107	60,524	61,658
Unrestricted investment earnings	396,668	392,750	819,900	1,704,943	1,986,272	1,698,200	475,469	299,907	352,546	189,974
Gain (loss) on disposal of assets	537,287	40,850	(2,381,188)	60,795	126,685	215,175	43,735	60,728	18,257	2,402,877
Transfers	(1,463,519)	903,933	3,472,278	2,764,681	3,532,194	840,854	(836,582)	464,636	29,440,618	2,173,274
Total business-type activities	(466,653)	1,406,890	1,978,261	4,551,906	5,701,268	2,851,527	(238,890)	888,378	29,872,045	4,827,783
Total primary government	\$ 25,239,976	\$ 25,277,044	\$ 26,048,439	\$ 34,696,896	\$ 37,905,739	\$ 38,302,090	\$ 36,384,734	\$ 37,565,113	\$ 40,988,698	\$ 49,513,192
Change in Net Assets										
Governmental activities	\$ 12,384,314	\$ 17,215,169	\$ 9,116,198	\$ 11,674,120	\$ 28,499,673	\$ 22,888,644	\$ 17,422,744	\$ 14,726,967	\$ 1,594,971	\$ 20,892,679
Business-type activities	14,505,529	15,589,336	13,027,806	20,669,735	14,384,110	9,643,432	9,000,012	5,843,867	38,075,130	16,617,269
Total primary government	\$ 26,889,843	\$ 32,804,505	\$ 22,144,004	\$ 32,343,855	\$ 42,883,783	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834	\$ 39,670,101	\$ 37,509,948

Note: The change in net assets in business-type activities from 2006 to 2007 is primarily due to new infrastructure to support commercial and residential development.

**Civic Center was reported in the General Fund and Arena & Exhibit Operations as a Special Revenue Fund prior to 2011.

CITY OF BISMARCK, NORTH DAKOTA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	**2011	**2012
General Fund										
Reserved	\$ 38,301	\$ 12,722	\$ 107,382	\$ 166,269	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -
Unreserved	16,190,368	17,151,618	17,346,623	18,783,976	20,727,974	21,729,864	20,617,386	20,369,528	-	-
Restricted	-	-	-	-	-	-	-	-	197,703	387,263
Committed	-	-	-	-	-	-	-	-	22,043	-
Assigned	-	-	-	-	-	-	-	-	3,966,827	4,656,009
Unassigned	-	-	-	-	-	-	-	-	18,424,444	23,284,261
Total general fund	\$ 16,228,669	\$ 17,164,340	\$ 17,454,005	\$ 18,950,245	\$ 20,791,889	\$ 22,011,450	\$ 21,602,186	\$ 20,944,306	\$ 22,611,017	\$ 28,327,533
All other governmental funds										
Reserved	\$ 2,931,734	\$ 3,860,452	\$ 3,631,228	\$ 3,497,652	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	16,018,061	15,688,666	16,296,449	14,824,377	12,940,107	14,651,662	16,727,976	18,673,953	-	-
Debt service funds	17,840,712	10,832,473	10,770,334	10,369,216	11,014,840	10,897,034	11,817,883	13,036,782	-	-
Capital project funds	284,059	691,325	(1,901,216)	(2,428,987)	1,916,906	3,928,717	3,669,661	14,760,167	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,707,591	2,379,957
Restricted	-	-	-	-	-	-	-	-	26,179,564	23,020,798
Committed	-	-	-	-	-	-	-	-	36,269,194	39,415,488
Unassigned	-	-	-	-	-	-	-	-	(11,628,605)	(20,370,554)
Total all other governmental funds	\$ 37,074,566	\$ 31,072,916	\$ 28,796,795	\$ 26,262,258	\$ 29,265,565	\$ 32,744,882	\$ 36,067,262	\$ 48,869,985	\$ 53,527,744	\$ 44,445,689

**Implemented GASB #54 with 2011 CAFR.

CITY OF BISMARCK, NORTH DAKOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$21,605,720	\$21,654,618	\$23,439,089	\$25,735,796	\$27,929,837	\$28,963,692	\$29,681,652	\$30,578,360	\$33,189,580	\$38,399,225
Licenses and permits	1,199,400	1,495,736	1,790,488	1,668,051	1,527,745	1,546,941	1,352,746	1,508,093	1,956,383	2,552,169
Special assessments	5,105,366	5,568,789	5,873,191	6,185,745	7,404,159	8,013,382	11,601,197	11,445,698	12,107,061	13,253,134
Intergovernmental	11,060,656	12,179,858	10,611,893	11,386,666	13,674,293	13,198,149	15,218,722	15,704,913	38,165,942	17,763,798
Charges for services	4,269,843	4,908,485	4,296,509	5,378,503	5,395,329	6,733,696	6,575,095	7,390,191	5,724,439	5,788,168
Fines and forfeits	1,005,608	1,432,979	1,237,852	1,319,887	1,158,782	962,615	868,180	868,997	869,714	1,018,317
Investment income	715,746	844,944	1,377,270	2,101,972	2,855,441	2,022,473	1,315,694	968,974	770,749	789,381
Rentals	510,076	526,962	570,485	873,198	759,240	815,495	814,068	799,489	914,901	423,403
Miscellaneous	185,747	245,353	235,853	207,675	229,092	243,636	613,419	456,451	710,737	628,557
Total revenues	45,658,162	48,847,724	49,432,630	54,857,493	60,933,918	62,500,079	68,040,773	69,721,156	94,409,506	80,616,152
EXPENDITURES										
General government	7,669,823	8,571,651	10,466,183	9,497,701	9,084,824	12,316,706	12,174,121	11,995,913	26,460,346	13,785,186
Public safety	11,050,363	11,777,432	12,254,611	13,107,591	13,341,670	13,730,955	15,414,803	16,134,498	16,520,641	17,040,285
Highways and streets	5,150,211	5,525,879	5,177,548	5,381,364	5,995,613	6,324,834	7,596,100	7,919,024	7,757,762	7,923,168
Health and welfare	1,545,937	1,523,547	1,712,812	1,873,190	2,022,052	2,308,410	2,804,458	2,864,458	2,819,958	2,862,728
Culture and recreation	3,794,278	3,290,157	3,216,287	3,306,751	3,603,065	4,003,495	4,159,604	4,369,646	1,954,030	2,081,326
Public works	736,087	1,397,143	481,233	1,177,137	2,092,389	2,136,119	1,380,553	1,244,878	1,260,901	9,866,920
Capital outlays	17,150,742	13,929,004	15,401,924	26,441,850	28,456,115	20,056,098	24,142,618	24,112,934	28,295,435	27,843,527
Debt service										
Principal	5,845,001	6,225,000	6,605,000	5,620,000	5,895,000	6,345,002	7,885,000	9,020,000	9,355,000	9,690,000
Interest and fiscal charges	2,062,745	1,894,734	1,453,663	1,385,807	1,762,755	2,269,842	2,450,581	2,356,595	2,230,206	2,040,805
Total expenditures	55,005,187	54,134,547	56,769,261	67,791,391	72,253,483	69,491,461	77,593,893	79,957,946	96,654,279	93,143,945
Excess (deficiency) of revenues over (under) expenditures	(9,347,025)	(5,286,823)	(7,336,631)	(12,933,898)	(11,319,565)	(6,991,382)	(9,553,120)	(10,236,790)	(2,244,773)	(12,527,793)
OTHER FINANCING SOURCES (USES)										
Transfer in	17,003,809	14,579,467	14,479,141	21,670,671	20,486,409	19,848,116	22,825,204	21,050,225	23,187,603	23,914,275
Transfer out	(13,799,838)	(12,986,720)	(13,513,006)	(20,450,648)	(19,790,656)	(18,143,859)	(18,639,463)	(19,472,373)	(24,505,560)	(23,275,607)
Refunding bonds issued	7,295,000	2,005,000	-	-	-	2,430,000	-	3,855,000	1,605,000	4,365,000
Premium on special assessment debt	-	21,084	-	-	-	22,881	70,495	240,378	150,391	118,586
Discount on special assessment debt	-	(12,987)	(33,539)	(4,422)	(46,236)	(36,878)	-	(131,597)	(18,189)	-
Payment to refunded bond escrow agent	(1,925,000)	(8,960,000)	-	-	-	(2,430,000)	-	(3,880,000)	(1,850,000)	(5,425,000)
Special assessment bonds issued	5,085,000	4,675,000	4,290,000	10,680,000	15,515,000	10,000,000	8,210,000	20,720,000	10,000,000	9,465,000
Total other financing sources (uses)	13,658,971	(679,156)	5,222,596	11,895,601	16,164,517	11,690,260	12,466,236	22,381,633	8,569,245	9,162,254
Net changes in fund balances	4,311,946	(5,965,979)	(2,114,035)	(1,038,297)	4,844,952	4,698,878	2,913,116	12,144,843	6,324,472	(3,365,539)
Debt service as a percentage of noncapital expenditures	20.9%	20.2%	19.5%	16.9%	17.5%	17.4%	19.3%	20.4%	16.9%	18.0%

Source: Fiscal Services

CITY OF BISMARCK, NORTH DAKOTA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property ¹ Taxes	Sales Tax	Occupancy Tax	Lodging/ Liquor/Food Tax	State Aid Distribution	Franchise Tax	Other Taxes	Total
2003	9,746,300	8,344,606	441,560	1,239,576	1,496,408	549,499	536,180	22,354,129
2004	10,780,238	8,615,944	439,389	1,300,551	1,690,974	599,808	450,555	23,877,459
2005	11,325,760	9,607,321	487,773	1,435,820	1,757,995	668,229	673,191	25,956,089
2006	13,806,279	10,955,561	520,947	1,534,606	2,034,093	787,590	511,954	30,151,030
2007	14,913,006	11,698,846	572,633	1,747,906	2,308,021	908,863	500,201	32,649,476
2008	15,479,043	11,943,929	622,144	1,835,399	2,685,052	1,028,020	501,564	34,095,151
2009	16,167,137	11,756,546	674,643	1,935,984	2,582,642	1,099,793	465,811	34,682,556
2010	16,200,763	12,403,143	753,860	2,043,586	2,975,302	1,082,874	535,798	35,995,326
2011	17,162,429	13,955,767	914,599	2,292,498	3,773,172	1,182,709	665,151	39,946,325
2012	17,230,221	16,388,127	1,066,817	2,585,466	4,882,955	1,246,491	2,776,357	46,176,434

¹ Includes tax revenues from pension trust funds.

Source: Fiscal Services

CITY OF BISMARCK, NORTH DAKOTA
ASSESSED VALUE AND TRUE AND FULL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Year	Commercial		Residential		Agricultural		Public		Total		Assessed		Total		Assessed	
	Land and Buildings	Buildings	Land and Buildings	Buildings	Land	Land	Utilities	Utilities	Assessed Value	Value	True and Full Value	Value	True and Full Value	Value	Value	Value
2003	390,791,510	808,050,456	295,050	22,386,450	1,221,523,466	2,443,046,931	50%	102.41								
2004	409,533,790	870,033,934	274,850	23,057,610	1,302,900,184	2,605,800,367	50%	101.56								
2005	451,493,820	943,417,311	227,800	23,153,410	1,418,292,341	2,836,584,682	50%	98.59								
2006	527,172,200	1,053,554,467	213,000	24,076,640	1,605,016,307	3,210,032,613	50%	94.37								
2007	592,136,940	1,213,446,289	228,760	24,293,280	1,830,105,269	3,660,210,538	50%	87.93								
2008	660,701,410	1,286,286,222	156,300	27,468,550	1,974,612,482	3,949,224,964	50%	82.78								
2009	700,195,450	1,353,003,345	156,500	29,602,980	2,082,958,275	4,165,916,549	50%	80.63								
2010	731,769,330	1,432,085,034	179,050	30,219,050	2,194,252,464	4,388,504,927	50%	80.68								
2011	750,575,750	1,437,185,900	169,450	34,450,950	2,222,382,050	4,444,764,100	50%	79.05								
2012	802,091,790	1,545,634,922	287,200	37,619,840	2,385,633,752	4,771,267,504	50%	75.77								

Source: Burleigh County Auditor/Treasurer Office

**CITY OF BISMARCK, NORTH DAKOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year ²	City of Bismarck			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Burleigh County Millage	Public School Millage	Bismarck Park District	State of North Dakota	
2002	103.98	0.46	104.44	64.00	274.09	39.01	1.00	482.54
2003	102.41	-	102.41	62.71	267.77	39.65	1.00	473.54
2004	101.56	-	101.56	65.05	262.21	40.62	1.00	470.44
2005	98.59	-	98.59	62.33	255.02	40.67	1.00	457.61
2006	94.37	-	94.37	57.17	248.40	39.46	1.00	440.40
2007	87.93	-	87.93	51.92	229.42	39.66	1.00	409.93
2008	82.78	-	82.78	53.85	223.39	39.59	1.00	400.61
2009	80.63	-	80.63	54.45	142.03	39.63	1.00	317.74
2010	80.68	-	80.68	54.55	142.13	39.82	1.00	318.18
2011	79.05	-	79.05	55.32	140.99	39.62	1.00	315.98

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Bismarck. Not all overlapping rates apply to all City of Bismarck property owners.

² Represents the year in which property taxes are levied. Collection of taxes will be received in the subsequent year.

Source: Burleigh County Levies

**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kirkwood Mall Acquisition LLC	\$ 24,434,000	1	1.12 %	19,867,550	1	1.71 %
Medcenter One	9,992,950	2	0.46	6,526,750	2	0.56
Waterford on West Century	9,357,050	3	0.43	3,669,700	7	0.32
Clark Equipment	8,475,900	4	0.39	4,124,950	4	0.36
Inreit Properties (Edgewood)	8,391,600	5	0.39			
Wal-Mart Property North	8,241,050	6	0.38			
* Mid Dakota Clinic	7,894,350	7	0.36	3,486,750	8	0.30
Wal-Mart Property South	7,875,350	8	0.36			
* TNP SRT Portfolio I LLC (Pinehurst Square)	6,860,300	9	0.32			
* Gateway Fashion Mall	6,426,200	10	0.30	5,668,050	3	0.49
Regency Midwest Ventures LTD	6,272,600	11	0.29			
Menards	6,176,300	12	0.28			
MinDakota LTD Partnership	-			3,417,000	9	0.29
Basin Electric	-			4,096,850	5	0.35
Wal-Mart Store	-			3,974,100	6	0.34
Totals	\$ 110,397,650		5.08	\$ 57,705,450	10	0.25
						4.97

* These properties receive partial exemptions. The portion that is exempt is not included in the values.

Source: Assessing Division

**CITY OF BISMARCK, NORTH DAKOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy for Fiscal Year ¹	Collected within the		Collections in		Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2003	11,307,411	10,712,862	0.9474	121,021	10,833,883	0.9581	
2004	11,679,935	10,982,789	0.9403	143,079	11,125,868	0.9526	
2005	12,348,232	11,640,116	0.9427	117,743	11,757,859	0.9522	
2006	13,055,553	12,260,459	0.9391	131,382	12,391,841	0.9492	
2007	14,151,324	13,314,078	0.9408	124,505	13,438,583	0.9496	
2008	14,694,901	13,787,071	0.9382	158,674	13,945,745	0.9490	
2009	15,280,109	14,361,482	0.9399	169,350	14,530,832	0.9510	
2010	15,701,034	14,671,145	0.9344	164,566	14,835,711	0.9449	
2011	16,143,005	15,207,718	0.9421	216,757	15,424,475	0.9555	
2012	16,428,787	15,478,265	0.9421	187,816	15,666,081	0.9536	

¹ Previous fiscal year tax levy.

**CITY OF BISMARCK, NORTH DAKOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2003	-	16,875,000	31,305,000	565,508	-	300,104	49,045,612	0.0198	1,140
2004	-	8,335,000	31,335,000	123,338	-	233,140	40,026,478	0.0157	900
2005	-	6,655,000	30,705,000	-	-	141,907	37,501,907	0.0137	791
2006	-	5,970,000	36,450,000	-	10,000,000	79,737	52,499,737	0.0179	1,046
2007	-	5,265,000	46,775,000	-	18,833,536	9,795	70,883,331	0.0226	1,336
2008	-	4,505,000	51,190,000	-	26,537,149	17,771	82,249,920	0.0246	1,465
2009	-	3,705,000	52,315,000	-	28,694,406	12,555	84,726,961	0.0240	1,447
2010	-	2,850,000	64,845,000	-	31,137,187	6,484	98,838,671	0.0283	1,732
2011	-	1,940,000	66,155,000	-	29,807,244	17,377	97,919,621	0.0256	1,588
2012	-	-	68,810,000	-	32,135,806	12,543	100,958,349	0.0246	1,591

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics on page 129 for personal income and population data.

**CITY OF BISMARCK, NORTH DAKOTA
LEGAL DEBT MARGIN INFORMATION
LAST 10 YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$61,076,173	\$65,145,009	\$70,914,617	\$80,250,815	\$91,505,263	\$98,730,624	\$104,147,914	\$109,712,623	\$111,119,103	\$ 119,281,688
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$61,076,173	\$65,145,009	\$70,914,617	\$80,250,815	\$91,505,263	\$98,730,624	\$104,147,914	\$109,712,623	\$111,119,103	\$ 119,281,688
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Total assessed value	\$ 2,385,633,752
Debt limit (5% of total assessed value)	119,281,688
Debt applicable to limit:	-
General Obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 119,281,688</u>

Note: Under state finance law, the City of Bismarck's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources:
Assessing Division
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Bismarck Public School	\$ 12,083,108	80.16	\$ 9,685,819
Totals	<u>\$ 12,083,108</u>		<u>\$ 9,685,819</u>

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bismarck. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Sources:
Bismarck Public School as of June 30, 2012
Burleigh County Levies, 2012

**CITY OF BISMARCK, NORTH DAKOTA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds				Special Assessment Bonds			
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Coverage	Special Assessment Collections	Debt Service		Coverage
						Principal	Interest	
2003	13,396,192	5,609,458	7,786,734	-	4,192,468	4,325,001	1,369,288	0.74
2004	13,608,651	5,884,521	7,724,130	-	4,485,376	4,685,000	1,236,404	0.76
2005	14,995,914	6,290,238	8,705,676	-	4,693,578	4,920,000	1,195,692	0.77
2006	17,290,470	7,149,479	10,140,991	-	4,922,034	4,935,000	1,160,817	0.81
2007	16,500,612	7,368,682	9,131,930	10.04	5,437,106	5,190,000	1,554,890	0.81
2008	16,952,988	8,574,428	8,378,560	4.96	6,219,909	5,585,002	2,079,602	0.81
2009	16,783,419	8,777,959	8,005,460	4.47	7,864,035	7,085,000	2,283,141	0.84
2010	16,611,127	8,410,454	8,200,673	3.18	9,109,289	8,165,000	2,213,955	0.88
2011	16,549,071	10,142,474	6,406,597	2.18	9,566,595	8,445,000	2,096,794	0.91
2012	20,076,985	10,296,563	9,780,422	1.02	10,488,662	13,175,000	1,971,244	0.69

Fiscal Year	Sales Tax Bonds				Motel, Liquor, Restaurant Bonds			
	Sales Tax Collections	Debt Service Principal	Debt Service Interest	Coverage	Lodging, Liquor, Food Tax Collections	Debt Service		Coverage
						Principal	Interest	
2003	8,344,606	990,000	79,263	7.80	1,239,576	470,000	612,732	1.14
2004	8,615,944	1,015,000	49,188	8.10	1,300,551	525,000	609,142	1.15
2005	9,607,321	1,045,000	16,981	9.05	1,435,820	640,000	240,990	1.63
2006	10,955,561	-	-	-	1,534,606	685,000	224,990	1.69
2007	11,698,846	-	-	-	1,747,906	705,000	207,865	1.91
2008	11,943,929	-	-	-	1,835,399	760,000	190,240	1.93
2009	11,756,546	-	-	-	1,935,984	800,000	167,440	2.00
2010	12,403,143	-	-	-	2,043,586	855,000	142,640	2.05
2011	13,955,767	-	-	-	2,292,498	910,000	112,715	2.24
2012	16,388,127	-	-	-	2,585,466	1,940,000	68,548	1.29

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Water/sewer charges and other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

Source: Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ¹	Public School Enrollment ³	Unemployment Rate ⁴
2003	57,530	2,475,918,610	43,037	36.7	10,361	3.1
2004	57,237	2,545,943,543	44,481	36.8	10,440	2.7
2005	57,578	2,729,657,824	47,408	36.5	10,496	3.0
2006	58,264	2,925,377,176	50,209	36.5	10,591	2.8
2007	59,194	3,140,123,312	53,048	36.5	10,647	2.8
2008	59,503	3,341,212,456	56,152	36.5	10,707	2.8
2009	60,389	3,535,775,950	58,550	36.5	10,701	3.7
2010	61,272	3,495,812,688	57,054	38.0	10,852	3.5
2011	62,120	3,829,946,480	61,654	38.0	10,971	3.1
2012	64,588	4,097,462,720	63,440	38.0	11,424	2.7

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Sources:

- ¹ Community Development
- ² ND State Tax Department
- ³ Bismarck Public Schools
- ⁴ North Dakota Job Service Labor Market Information Center website

**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of ND	4,400	1	12.85 %	4,309	1	13.02 %
Medcenter One	3,102	2	9.06	1,954	2	5.91
St. Alexius Medical Center	2,357	3	6.89	1,900	4	5.74
Bismarck Public Schools	1,901	4	5.55	1,945	3	5.88
US Government Offices	1,201	5	3.51	1,198	5	3.62
MDU Resources Group	743	6	2.17	715	7	2.16
Walmart	693	7	2.02	380	14	1.15
AETNA	573	8	1.67	602	8	1.82
City of Bismarck	549	9	1.60	482	10	1.46
Mid Dakota Clinic	531	10	1.55	406	12	1.23
Missouri Slope Lutheran Care Center	530	11	1.55	410	11	1.24
University of Mary	503	12	1.47	569	9	1.72
Basin Electric Power Cooperative Corporate Office	455	13	1.33	339	15	1.02
Coventry Healthcare	440	14	1.29	-		
Bismarck State College	331	15	0.97	398	13	1.20
BOBCAT/Ingersoll Rand				936	6	2.83
Total	18,309		53.48	16,543		50.00

Sources:
City of Bismarck 2013 Budget
Bismarck Mandan Development Association
ND Job Service-Labor Market Information Center website

**CITY OF BISMARCK, NORTH DAKOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS***

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	51	53	58	61	72	71	71	72	73
Public safety	20	20	21	22	22	24	24	26	26
Combined communications									
Police	91	92	90	91	92	96	101	101	103
Officers	25	24	25	26	26	28	28	28	28
Civilians									
Fire	61	63	63	63	68	76	76	76	76
Firefighters and officers	14	13	13	14	7	6	6	6	6
Civilians									
Highways and streets	21	21	21	22	22	22	22	24	25
Engineering	55	56	55	53	55	55	55	55	55
Maintenance	19	20	22	24	25	26	27	26	26
Health and welfare	15	15	15	16	16	16	16	16	17
Culture and recreation	19	19	19	19	21	21	21	21	21
Airport	37	37	38	38	38	38	38	38	38
Solid Waste	53	54	53	54	55	55	55	55	55
Water and sewer									
Total	481	487	493	503	519	534	540	544	549

* This was a new table with our 2006 CAFR. This information is only available since 2004.

Source: City of Bismarck Annual Budgets

(Continued on next page)

CITY OF BISMARCK, NORTH DAKOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of building permits issued	1,399	1,649	1,483	1,706	1,626	1,710	1,513	1,654	1,879	2,365
Number of building inspections done	4,826	6,672	6,605	6,454	6,693	8,135	7,103	6,330	7,830	9,745
Number of plumbing permits issued	515	620	570	631	630	607	539	639	707	1,092
Number of plumbing inspections done	1,862	2,219	2,294	2,263	2,219	2,171	1,745	1,887	1,972	2,861
Number of mechanical permits issued	958	1,116	1,013	995	1,237	1,354	1,256	1,348	1,564	2,037
Number of mechanical inspections done	2,088	2,589	2,560	2,280	2,624	2,950	2,754	2,340	2,361	2,991
Number of electrical permits issued	967	1,051	1,032	994	1,297	1,153	1,067	1,127	1,257	1,589
Number of electrical inspections done	2,653	3,410	3,715	3,092	3,441	3,596	3,257	3,286	4,024	4,789
Number of septic permits issued	122	199	253	201	169	133	102	109	122	225
Number of septic inspections done	192	278	337	284	241	174	233	283	240	298
Public Safety										
Police										
Physical arrests	3,237	5,045	3,837	2,821	2,689	2,585	2,381	3,589	2,480	3,862
Traffic citations	10,954	14,111	12,785	13,230	10,882	10,926	12,008	12,995	12,869	14,309
Parking citations	19,990	14,055	13,717	13,670	10,154	10,523	8,977	8,296	7,975	8,617
Number of accidents	3,158	3,018	3,184	3,184	3,149	3,563	3,741	3,865	3,820	3,747
Number of 911 emergency dispatches	3,572	4,257	2,926	3,762	3,792	3,942	4,740	4,802	4,037	4,858
Fire										
Number of 911 emergency dispatches	2,224	2,093	2,153	2,376	2,361	2,355	1,934	2,429	2,833	3,115
Number of fire inspections conducted	2,238	2,466	2,350	2,542	2,559	3,017	3,083	2,897	3,607	3,130
Number of environmental health inspections	3,172	4,684	3,966	3,770	3,974	4,107	3,866	4,988	2,437	2,270
Highways and streets										
Engineering										
Number of excavation permits	742	619	657	812	827	777	637	827	608	743
Number of improvement projects	58	38	57	77	79	43	36	36	35	72
Forestry										
Number of street trees planted	397	506	549	495	491	300	328	480	423	507
Number of street trees trimmed	3,470	3,568	2,662	2,440	1,105	1,116	1,097	1,038	3,182	2,948
Number of street trees removed	144	163	96	177	341	150	178	212	194	190
Roads and streets										
Potholes repaired	3,448	3,486	3,231	3,120	2,800	3,221	6,657	6,205	7,640	844
Street striping (miles)	104	185	104	105	110	125	110	215	195	204
Snow removal (hours)	2,497	25	1,673	3,421	3,918	7,465	20,000	20,553	11,947	1,199
Sand ice removal (tons)	7,976	10,656	10,200	10,987	11,793	11,408	9,926	6,850	3,889	4,005
Salt ice removal (tons)	578	1,162	1,014	762	926	868	849	902	1,547	1,937
Loads of snow hauled	1,668	16	1,122	1,974	2,771	2,899	12,925	14,481	5,321	1,382
Health and welfare										
Number of home visits	4,401	4,480	5,248	5,848	5,264	5,290	6,216	5,239	5,190	4,240
Number of immunizations	3,505	4,494	2,928	6,243	9,553	8,107	14,766	12,482	8,473	6,316
Number of office visits	3,784	5,902	2,365	5,040	4,255	4,209	4,756	4,517	3,586	3,150

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CITY OF BISMARCK, NORTH DAKOTA
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Culture and recreation										
Auditorium events	57	55	65	55	108	121	115	113	108	128
Auditorium admissions	26,273	28,524	34,321	28,589	30,060	38,507	39,361	35,030	34,163	38,840
Community center events	200	211	250	283	346	393	412	411	484	504
Community center admissions	380,210	328,652	310,000	326,853	291,860	336,622	316,926	329,652	340,441	359,149
Function										
Airport										
Gallons fuel dispensed (City only)	1,534,584	1,730,473	1,541,152	1,368,186	1,529,540	738,027	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	781,647	1,171,576	1,184,315	1,185,503	1,440,263	2,141,689	2,995,619	3,787,215	3,772,974	4,084,352
Number of passengers-enplaning	141,090	159,963	174,567	180,674	181,310	175,626	181,114	194,043	196,414	236,172
Number of passengers-deplaning	141,307	160,613	172,766	180,170	180,844	174,579	180,322	193,897	195,208	235,207
Pounds of airmail-enplaning	402,390	16,076	3,455	-	-	-	-	1	-	-
Pounds of airmail-deplaning	1,595	7	-	-	-	-	-	239	-	-
Pounds of freight-enplaning	125,547	153,600	115,018	123,791	98,467	98,816	66,997	35,301	29,858	27,667
Pounds of freight-deplaning	169,122	209,302	131,188	133,518	114,659	98,834	85,939	55,130	35,300	43,677
Pounds of air cargo freight-enplaning	-	-	-	667,453	1,889,204	1,445,581	1,297,017	1,357,768	1,412,447	3,221,410
Pounds of air cargo freight-deplaning	-	-	-	1,848,782	4,036,041	3,236,152	2,995,192	3,254,751	3,486,123	3,774,214
Solid Waste										
Refuse collected (tons/year)	21,077	26,234	26,533	22,941	23,877	21,263	24,445	24,425	25,143	24,826
Garbage accepted for disposal (tons/year)	89,234	83,277	81,610	81,050	80,676	78,772	83,263	89,794	97,675	98,932
Acres used at landfill	2	2	2	2	2	2.5	2.5	2.5	2.5	2.5
Water										
Number of service connections	16,100	16,400	16,850	17,250	17,600	17,850	18,100	18,400	18,700	19,420
Average daily consumption (thousand of gallons)	10,285	9,360	9,947	11,690	10,420	10,300	9,350	8,840	8,260	10,290
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,040	5,960	6,290	6,040	6,220	6,010	6,630	6,830	7,150	6,240

Sources:

- Building Inspections
- Fiscal Services
- Engineering Department
- Fire Department
- Police Department
- Airport Department
- Public Works Departments

**CITY OF BISMARCK, NORTH DAKOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	17	17	17	17	17	19	19	18	19
Fire stations	3	4	4	4	4	4	4	5	5	5
Highways and streets										
Paved streets (miles)	245	255	262	269	279	286	293	300	311	313
Streetlights	5,900	6,204	6,619	6,718	7,044	7,181	7,263	7,468	7,755	7,990
Traffic signals	77	86	92	104	104	104	104	104	105	107
Culture and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Airport										
Terminal building	1	1	1	1	1	1	1	1	1	1
Waste Collection										
Collection Trucks	17	20	20	21	20	20	25	22	20	20
Water										
Watermains (miles)	268	275	301	308	315	320	325	327	330	336
Fire hydrants	2,400	2,459	2,629	2,695	2,800	2,900	3,000	3,014	3,100	3,256
Maximum daily water treatment capacity (thousand of gallons)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Sewer										
Sanitary sewers (miles)	241	247	256	267	276	281	290	292	295	297
Storm sewers (miles)	100	102	133	134	137	139	143	144	146	147
Maximum daily wastewater treatment capacity (thousand of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Parking Lots										
Number of parking lots	4	4	4	4	4	4	4	4	4	4

Note: Parking lots only include Parking Authority lots.

Source:

- Fiscal Services
- Engineering Department
- Police Department
- Public Works

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