

CITY OF BISMARCK, NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

December 31, 2005

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

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Fiscal Services

221 N. 5th St. ★ P.O. Box 5503
Bismarck, ND 58506-5503

April 4, 2006

**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, 2005 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 the 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.

These financial statements have been prepared and presented in conformity with the new Governmental Accounting Standards Board statement #34 financial reporting requirements. 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 Brady Martz & Associates PC 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. Brady Martz & Associates PC concluded that the audit provides a reasonable basis for an unqualified opinion and the City of Bismarck's financial statement for the fiscal year ending December 31, 2005 are in conformity with the 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. The auditor's reports and results of this audit are contained in the Single Audit Section of this financial report.

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 28.73 square miles and an estimated population of 57,578. 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 and has yielded some positive results in attracting new businesses to the City with development incentives such as building lease provisions, workforce training and property and corporate tax exemptions.

The Commission is committed to new as well as current initiatives that support the economic growth of our City. The Commission adopted a Growth Plan that manages residential and commercial development to enhance the quality of life and promote economic vitality. The Commission also established the CORE Committee to develop a renewal program for the central downtown area and recently adopted the Phase II Implementation Plan. The plan provides the funding and staffing resources to support the Committee's recommended revitalization plan. This is supplemented by the Renaissance Zone Program, which has been very successful with a total of twenty five redevelopment projects in the downtown area with estimated investments of \$8.4 million. All of these initiatives are continual efforts by the Commission to improve the level of service and enhance the quality of life in our community.

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. 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.

Bismarck continued to receive recognition from a number of publications in 2005. Bismarck ranked #1 as the Most Secure Small Town to Live by Farmers Insurance, #2 for Safe and Trusting Community by a Harvard University Professor to measure social trust, #5 for the Best Small Places for Business and Careers by Forbes Magazine. The ratings reflect the City's commitment to preserve the quality of life and attract new business.

Taxable sales and purchases continued to increase in 2005 as compared to 2004 for Bismarck. This growth is evidenced by the 11.5% increase in sales tax revenue and 10.4% increase in the motel, restaurant and liquor tax revenue in the year 2005.

The job market continues to prosper. The third quarter in 2005 shows total employment at 46,550 up 4% and wages up by 6% as compared to the third quarter in 2004. However, unemployment continues to remain low with 2.7%. Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2005, 242 building permits were issued for residential construction within the City's corporate limits. This included 230 single-family homes and 14 multi-family homes, which provided an additional 285 residential units. Residential construction in the City's extraterritorial jurisdiction and the adjacent zoned areas of Burleigh County also continues to grow with a total of 238 single-family building permits issued in 2005. Growth in the property tax base for the year 2005 was 8.99%. The table below provides the percentage change by property classification.

Property Class	2004	2005	Percentage
	Market Value	Market Value	Change
Commercial	\$ 873,691,400	\$ 961,682,700	10.07 %
Residential	1,739,587,900	1,886,793,200	8.46 %
Agricultural	550,200	456,300	(17.07) %
Total	\$ 2,613,829,500	\$ 2,848,932,200	8.99 %

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 \$2,229,318 with an average interest rate of 3.07% 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 gain of \$5,688,791 for an average gain of 9.89% for the fiscal year.

Major Initiatives in 2005

The Cathedral Area Historic District Project is a major street enhancement being considered by the City. It includes reconstruction and widening of a four-block segment of Washington Street which is a major north-south corridor in the City. A Stakeholders Advisory Committee has been established to gather public input and work with an engineering consultant to develop a context-sensitive streetscape design to improve capacity and safety in the neighborhood.

The City entered into a two year demonstration contract with EASE, LLC to provide more affordable air transportation. The flight service will be provided by Point2Point Airways using Cirrus SR22 airplanes which are economical planes with high-tech flight equipment. The three passenger flights will originate from Bismarck and serve the region. The program is funded by a \$1.25 million grant from the US Department of Transportation for small community air service development.

The development of the Northern Plains Commerce Centre (NPCC), a multimodal freight facility, continues to be the top priority for the City Commission. The facility will provide access to road, rail and air transport. The City will utilize BNSF Railway and the Municipal Airport. The City is currently in the process of obtaining a foreign trade zone at the Airport. Businesses will be provided with a single location for their goods to be stored, loaded for shipment and off-loaded from inbound shipments. Bobcat, a major national equipment manufacturer, is building a \$9.5 million expansion facility at the Centre. They will be the first company to benefit from the easier access to rail and air transportation. The Bobcat expansion is expected to initially create 100 new jobs and increase sales by \$1.5 billion.

Construction on the Centre began in the fall of 2005 with the infrastructure. This includes water, sewer, storm water, security, site grading and roads. The next phases will include construction of the rail and yard, cross dock facility and warehouse. The total estimated cost is \$25 million with funding from City Sales Tax, Vision Fund and Tax Increment Funds, grants from EDA and ND Department of Transportation and loans from Federal Rail and Bank of ND. The City has worked with Kadmas Lee and Jackson in the development phases of the facility and plans to designate a facility operator for NPCC in the spring of 2006.

Utility Operations has several major improvements planned for the Wastewater and Water Treatment facilities in the next five years. The design of the Water Treatment Plant upgrade was completed in 2004 with construction scheduled in 2005 and 2006. The first phases of the project will upgrade the lime sludge dewatering equipment and install an emergency generator that will allow the facility to operate at full capacity in the event of a power failure. The estimated cost is \$12 million and the City plans to issue a \$10 million revenue bond to help finance the project. Upcoming major projects include expansion and upgrading of the Wastewater Plant and the Washington Lift Station as well as construction of a new raw water intake and upgrades to water distribution system.

Solid Waste Utilities completed a major expansion of the Municipal Solid Waste Disposal cell. An additional 7.57 acres were added to the cell for a total cost of \$577,530 with funding from the Utility. Solid Waste is currently in the design phase of a new household hazardous waste storage facility that will be located at the disposal site. This will provide a permanent collection for residents to dispose of waste on a timely basis. Construction of the facility is planned for 2006.

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, 2004. 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, Brady Martz & Associates PC. 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, 2004

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.



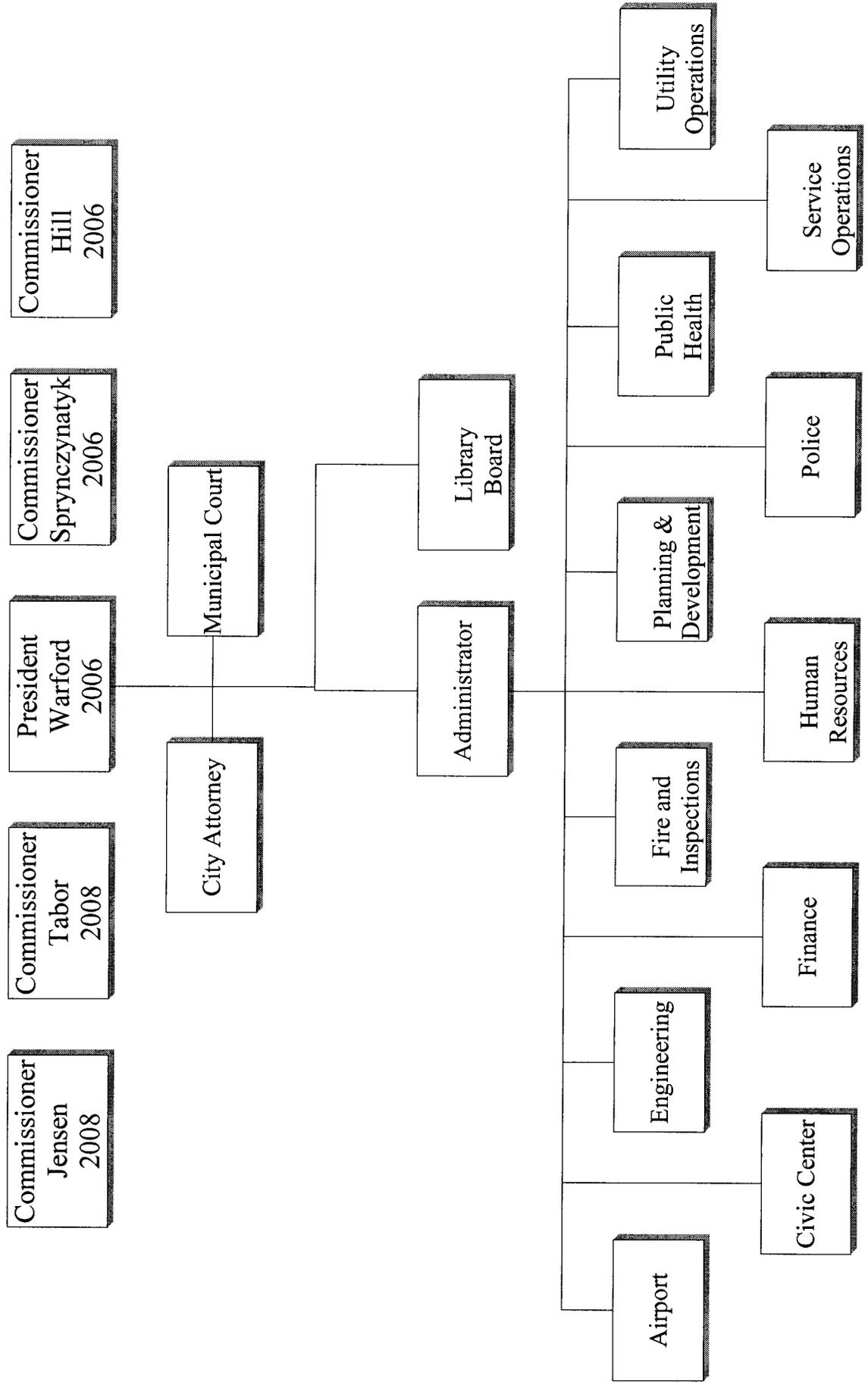
Cara E. Perry

President

Jeffrey R. Emer

Executive Director

City of Bismarck



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

Mayor-Commissioners:

	Initial Term <u>Commenced</u>	Current Term Expires <u>December 31</u>
Mayor, John Warford	2002	2006
Commissioner, Dave Jensen	1988	2008
Commissioner, Sandi Tabor	1996	2008
Commissioner, Connie Sprynczynatyk	1990	2006
Commissioner, Bryce Hill	1994	2006

Other Elected Officials:

Municipal Judge..... William Severin

Appointed Officials:

City Administrator.....Bill Wocken
City Attorney..... Charles Whitman

Department Directors:

Airport.....Greg Haug
Civic Center.....Richard Petersen
Engineering.....Mel Bullinger
Finance.....Sheila Hillman
Fire and Building Inspection.....Joel Boespflug
Human Resources.....Charles Klein
Library.....Tom Jones
Public Health.....Paula Flanders
Planning and Development.....Carl Hokenstad
Police.....Deborah Ness
Public Works Service Operations.....Keith Hunke
Public Works Utility Operations.....Keith Demke



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

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, 2005, which collectively comprise the City of Bismarck's basic financial statements as listed in the table of contents. We have also audited the aggregate nonmajor governmental funds, nonmajor enterprise funds, the internal service fund type, and fiduciary fund type of the City as of and for the year ended December 31, 2005, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City of Bismarck's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated April 4, 2006 on our consideration of the City of Bismarck's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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" and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 10 through 16 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BRADY, MARTZ & ASSOCIATES, P.C.
207 East Broadway, P.O. Box 1297
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

OTHER OFFICES: Minot and Grand Forks, ND
Thief River Falls, MN

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bismarck's basic financial statements. The Introductory Section, Combining Fund Financial Statements, Other Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Combining Fund Financial Statements, Other Supplementary Information, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.



BRADY, MARTZ & ASSOCIATES, P.C.

April 4, 2006

**Management's
Discussion
and
Analysis**

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, 2005. 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 – 4 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 \$361,372,181 (net assets). Of this amount, \$87,339,888 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$23,574,303 which was a decrease of \$10,147,607 over 2004. A majority of the increase was attributed to new and improved infrastructure, a new airport terminal and future waste water and water distribution upgrades.
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported a combined ending fund balances of \$147,378,771, an increase of \$10,546,497 in comparison with the prior year. The unrestricted net assets of \$57,462,204, 39% of the governmental net assets, are available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17,346,623 which is 84.1% of total general fund expenditures and 93.3% of total general fund revenues.
- Revenue from all sources totaled \$87,235,058 which was a decrease of \$6,181,396 over 2004. Approximately \$2.2 million of this decrease is attributed to a loss on the disposal of the Airport's assets to build the new terminal. An additional decrease of approximately \$600,000 in operating grants was due to the reduction of homeland security grants and approximately \$4 million in capital grants was related to the completion of the airport terminal.

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, Airport

Flightline, 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 17 – 18 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of 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-two 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, sewermain construction fund, street improvement construction fund and street improvement bond fund which are considered to be major funds. Data from the other twenty-seven 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 19 – 25 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, Airport Flightline, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots. Airport, Water, Sanitary Sewer and Storm 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 26 – 29 of this report.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 101 - 103 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 30 – 31 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 32 – 62 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 page 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets 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 \$361,372,181 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, 2004 and December 31, 2005.

	City of Bismarck Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Current and other assets	\$ 79,605,410	\$ 75,177,572	\$ 35,414,238	\$ 35,978,009	\$ 115,019,648	\$ 111,155,581
Capital assets	105,001,351	117,055,881	171,639,188	184,257,633	276,640,539	301,313,514
Total assets	184,606,761	192,233,453	207,053,426	220,235,642	391,660,187	412,469,095
Long-term liabilities outstanding	41,661,238	39,220,458	1,330,609	1,356,723	42,991,847	40,577,181
Other liabilities	6,113,249	5,634,224	4,757,213	4,885,509	10,870,462	10,519,733
Total liabilities	47,774,487	44,854,682	6,087,822	6,242,232	53,862,309	51,096,914
Net assets:						
Invested in capital assets, net of related debt	65,203,013	77,942,714	171,406,048	184,115,726	236,609,061	262,058,440
Restricted	14,103,406	11,973,853	-	-	14,103,406	11,973,853
Unrestricted	57,525,855	57,462,204	29,559,556	29,877,684	87,085,411	87,339,888
Total net assets	\$ 136,832,274	\$ 147,378,771	\$ 200,965,604	\$ 213,993,410	\$ 337,797,878	\$ 361,372,181

By far the largest portion of the City of Bismarck's net assets (72.5%) 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 13.5%. 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 assets (3.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$87,339,887 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$57,462,204 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 5.6 and for the business-type activities is 6.7 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Assets for the fiscal year ending December 31, 2004 and December 31, 2005.

City of Bismarck						
Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2005	2004	2005	2004	2005
Revenues:						
Program revenues:						
Charges for services	\$ 10,908,323	\$ 9,551,522	\$ 22,389,325	\$ 24,487,911	\$ 33,297,648	\$ 34,039,433
Operating grants and contributions	8,087,416	7,433,665	1,452,790	311,490	9,540,206	7,745,155
Capital grants and contributions	16,740,487	12,992,496	8,625,324	6,409,535	25,365,811	19,402,031
General revenues:						
Taxes	23,877,459	25,956,089	69,357	67,271	23,946,816	26,023,360
Investment earnings	868,736	1,409,418	392,750	819,900	1,261,486	2,229,318
Gain on disposal of assets	27,892	176,949	40,850	(2,381,188)	68,742	(2,204,239)
Total revenues	60,510,313	57,520,139	32,970,396	29,714,919	93,480,709	87,235,058
Expenses:						
General Government	8,186,607	11,284,393	-	-	8,186,607	11,284,393
Public Safety	12,800,931	13,519,865	-	-	12,800,931	13,519,865
Highways and Streets	6,167,330	5,688,282	-	-	6,167,330	5,688,282
Health and Welfare	1,551,325	1,758,290	-	-	1,551,325	1,758,290
Culture and Recreation	7,778,554	7,192,544	-	-	7,778,554	7,192,544
Interest and Fiscal Charges	1,809,733	1,419,105	-	-	1,809,733	1,419,105
Public Works	3,179,326	2,638,885	-	-	3,179,326	2,638,885
Airport	-	-	3,381,964	3,861,147	3,381,964	3,861,147
Airport Flightline	-	-	1,107,046	1,378,538	1,107,046	1,378,538
Solid Waste Disposal	-	-	1,997,566	2,421,202	1,997,566	2,421,202
Solid Waste Collections	-	-	1,573,279	1,574,263	1,573,279	1,574,263
Water	-	-	5,899,033	6,130,931	5,899,033	6,130,931
Sanitary Sewer	-	-	3,066,589	3,465,950	3,066,589	3,465,950
Storm Water	-	-	508,290	549,854	508,290	549,854
Parking Authority Lots	-	-	751,226	777,506	751,226	777,506
Total expenses	41,473,806	43,501,364	18,284,993	20,159,391	59,758,799	63,660,755
Increase in net assets before transfers	19,036,507	14,018,775	14,685,403	9,555,528	33,721,910	23,574,303
Transfers	(903,933)	(3,472,278)	903,933	3,472,278	-	-
Increase in net assets	18,132,574	10,546,497	15,589,336	13,027,806	33,721,910	23,574,303
Net assets, as adjusted - 1/1	118,699,700	136,832,274	185,376,268	200,965,604	304,075,968	337,797,878
Net assets - 12/31	\$ 136,832,274	\$ 147,378,771	\$ 200,965,604	\$ 213,993,410	\$ 337,797,878	\$ 361,372,181

Governmental Activities

Governmental activities increased the City of Bismarck's net assets by \$10,546,497, accounting for 44.7% of the total increase in the net assets of the City of Bismarck. Approximately \$8 million was capital grant contributions from the North Dakota Department of Transportation and \$5 million from Special Assessment Revenue for street and highway construction projects less the transfer increased of an estimated \$2.5 million related to an increase in Sewermain Projects.

Business-type Activities

Business-type activities increase the City of Bismarck's net assets by \$13,027,806, accounting for 55.3% of the total growth in the City of Bismarck's net assets. Airport received approximately \$3 million in capital grants and a loss of \$2 million on disposal of assets due to the new Airport facility. An estimated \$7 million in net revenue was generated to fund future waste water and water distribution upgrades. Transfers increased an estimated \$2.5 million due to an increase in Sewermain Projects.

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 \$46,250,800, a decrease of \$2,114,035 in comparison with the prior year. Fund balance has been reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period of \$147,253, 2) to reserve for debt service payments of \$700,000, 3) for advances to other funds of \$1,652,357 and 4) for long-term receivables of \$1,239,000.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unreserved fund balance of the general fund was \$17,346,623, while total fund balance reached \$17,454,005.

The debt service funds have a total fund balance of \$11,973,853, of which \$503,519 is reserved for the payment of advances to other funds and \$700,000 is reserved for future debt service payments. The net decrease in fund balance during the current year in the debt service fund was \$189,718.

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 \$30,808,303. All individual proprietary funds reported increases in net assets, except for Airport Flightline, Solid Waste Collections and Parking Authority Lots. Airport Flightline and Solid Waste Collections had a minor decrease in net assets which is attributed to the timing of fuel rates and an increase in repairs and maintenance. Parking Authority Lots have a negative change in net asset of \$184,717 due to the transfer out of \$213,643 to Tax Increment for capital funding of assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$138,094 increase in appropriations between the original and final amended budget. However, significant variances between budget and actual are as follows:

- License and Permits revenue exceeded budget by \$645,889 due to the increase in building permits and liquor licenses.
- Fines and forfeits revenue exceeded budget by \$168,619 due to the increase in criminal and traffic fines.
- Taxes decreased by \$374,272 which was attributed to a discount of five percent on early payments.
- Intergovernmental revenue had a surplus of \$315,964 which was attributed to an increase in State Aid and Cigarette Tax revenue.
- Interest rates increase in 2005 resulting in a surplus of \$356,305.
- Administrations surplus of \$151,574 was due to a vacant PIO position, delay of occupancy of the Public Health building and special projects that were not utilized in 2005.
- Finance budgeted for a computer expansion which was deferred to future years and reserves for department's equipment that attributed to an expenditure surplus of \$226,783.
- Utility reserves in One-Time operations of approximately \$100,000 and \$124,000 of technology projects funded by grants were not utilized in 2005.
- The nondepartmental transfer of \$1 million dollars from the General Fund to the Airport Utility Fund was not completed in 2005.
- Contingency funds of approximately \$600,000 were not utilized in 2005.

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, 2005, amounts to \$262,058,440 (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:

- Remodeling was complete on the Public Health Center and the 1st floor of the Police Department.
- New Airport Terminal was completed.
- University Drive from 12th Street to Bismarck Expressway was completed to add lanes.
- New water trunk lines were extended from 43rd Ave to Centennial Road.
- Construction at 26th Street and Bismarck Expressway improved the drainage area.
- Expansion of the Subtitle "D" Landfill Liner was completed.
- Construction began on the Northern Plains Commerce Center, the expansion Lime/Sludge Facility with standby power and upgrades to the Water Plant.

City of Bismarck
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land	\$ 2,397,430	\$ 2,428,975	\$ 7,549,179	\$ 8,372,961	\$ 9,946,609	\$ 10,801,936
Construction in Progress	3,028,911	4,170,972	22,337,015	6,423,120	25,365,926	10,594,092
Buildings	34,265,238	35,447,095	41,914,193	57,601,773	76,179,431	93,048,868
Improvements Other Than Buildings	14,209	31,040	94,845,419	107,159,312	94,859,628	107,190,352
Machinery and Equipment	11,036,650	10,795,163	4,993,382	4,700,467	16,030,032	15,495,630
Infrastructure	54,258,913	64,182,636	-	-	54,258,913	64,182,636
Total	<u>\$ 105,001,351</u>	<u>\$ 117,055,881</u>	<u>\$ 171,639,188</u>	<u>\$ 184,257,633</u>	<u>\$ 276,640,539</u>	<u>\$ 301,313,514</u>

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 45 - 46 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 \$40,577,181. Of this amount, \$30,705,000 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 Sales Tax and Lodging, Liquor and Food Tax.

City of Bismarck Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2005	2004	2005	2004	2005
Special Assessment Bonds	\$ 31,335,000	\$ 30,705,000	\$ -	\$ -	\$ 31,335,000	\$ 30,705,000
Revenue Bonds	8,340,000	6,655,000	-	-	8,340,000	6,655,000
Capital Leases	123,338	-	233,140	141,906	356,478	141,906
Compensated Absences	1,650,147	1,644,118	447,012	462,069	2,097,159	2,106,187
Claims and Judgments	212,753	216,340	45,270	61,176	258,023	277,516
Closure and postclosure costs	-	-	605,187	691,572	605,187	691,572
Total	<u>\$ 41,661,238</u>	<u>\$ 39,220,458</u>	<u>\$ 1,330,609</u>	<u>\$ 1,356,723</u>	<u>\$ 42,991,847</u>	<u>\$ 40,577,181</u>

The City issued new special assessments debt of \$4,290,000. More detailed information about the debt position of the City can be found in Note IV.G on page 51 of the financial statements.

The City of Bismarck has received an Aa2 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. Retail growth is booming with the addition of Best Buy, Home Depot, Lowes, and Kohls. Two Super Wal-Marts and Sam's Club will also open in the spring of 2006 as well the fill-in businesses that come with the big box retailers. This growth directly contributes to the continued reduction of the property tax mill levy. The 2006 budget reflects a reduction of 3 mills for a total of 98.56 mills. This reduction continues a trend of lowering the mill levy since 1993.

The Water and Sanitary Sewer Utilities have several major master plan projects over the next five years. Although their goal has been to fund the projects with current revenues and construction reserves, rate increases of at least 10% would have been required to achieve this goal. Instead, the Commission authorized a combination of utility rate increases of 2% to 4% and revenue bonds to finance the major Wastewater and Water Plant projects. This will help stabilize rate increases, maintain adequate cash reserves and provide sufficient funding for the master plan projects.

The Commission's top priority is the development of the Northern Plains Commerce Centre (NPCC), a multimodal freight facility that will provide access to road, rail and air transportation. The Commission committed \$5 million of Vision Funds for phase one of this major economic development initiative.

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 ASSETS
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 3,035,345	\$ 1,787,878	\$ 4,823,223
Investments	44,183,987	23,189,622	67,373,609
Receivables:			
Taxes	261,394	-	261,394
Accounts	3,766,848	2,581,068	6,347,916
Special assessments	24,518,778	1,297,427	25,816,205
Intergovernmental	343,405	-	343,405
Notes receivable	1,239,000	-	1,239,000
Internal balances	(3,770,153)	3,770,153	-
Inventories	276,256	59,388	335,644
Prepaid items	6,902	87,739	94,641
Restricted assets:			
Cash and cash equivalents	113,321	-	113,321
Investments	924,019	3,204,734	4,128,753
Unamortized debt cost	278,470	-	278,470
Capital assets (net of accumulated depreciation):			
Land	2,428,975	8,372,961	10,801,936
Building and building improvements	35,447,095	57,601,773	93,048,868
Improvements other than buildings	31,040	107,159,312	107,190,352
Machinery and equipment	10,795,163	4,700,467	15,495,630
Infrastructure	64,182,636	-	64,182,636
Construction in progress	4,170,972	6,423,120	10,594,092
Total assets	<u>192,233,453</u>	<u>220,235,642</u>	<u>412,469,095</u>
LIABILITIES:			
Accounts payable	2,936,831	1,272,649	4,209,480
Retainage payable	207,540	408,126	615,666
Interest payable	211,638	-	211,638
Unamortized bond premiums	19,326	-	19,326
Unearned revenue	1,221,549	-	1,221,549
Customer deposits	1,037,340	3,204,734	4,242,074
Noncurrent liabilities			
Due within one year	7,253,303	432,830	7,686,133
Due in more than one year	31,967,155	923,893	32,891,048
Total liabilities	<u>44,854,682</u>	<u>6,242,232</u>	<u>51,096,914</u>
NET ASSETS:			
Investment in capital assets, net of related debt	77,942,714	184,115,726	262,058,440
Restricted for debt service	11,973,853	-	11,973,853
Unrestricted	57,462,204	29,877,684	87,339,888
Total net assets	<u>\$ 147,378,771</u>	<u>\$ 213,993,410</u>	<u>\$ 361,372,181</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, 2005**

Functions/Programs	Expenses	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	\$ 11,284,393	\$ 2,175,505	\$ 2,377,877	\$ 31,657	\$ (6,699,354)	\$ -	\$ (6,699,354)
Public safety	13,519,865	1,972,048	1,164,863	-	(10,382,954)	-	(10,382,954)
Highways and streets	5,688,282	1,501,637	2,627,727	-	(1,558,918)	-	(1,558,918)
Health and welfare	1,758,290	235,909	1,102,395	-	(419,986)	-	(419,986)
Culture and recreation	7,192,544	3,666,423	160,803	-	(3,365,318)	-	(3,365,318)
Interest and fiscal charges	1,419,105	-	-	3,146	(1,415,959)	-	(1,415,959)
Public works	2,638,885	-	-	12,957,693	10,318,808	-	10,318,808
Total governmental activities	<u>43,501,364</u>	<u>9,551,522</u>	<u>7,433,665</u>	<u>12,992,496</u>	<u>(13,523,681)</u>	<u>-</u>	<u>(13,523,681)</u>
Business-type activities:							
Airport	3,861,147	3,350,033	311,490	3,753,982	-	3,554,358	3,554,358
Airport flightline	1,378,538	1,403,483	-	-	-	24,945	24,945
Solid waste disposal	2,421,202	2,371,950	-	12,309	-	(36,943)	(36,943)
Solid waste collections	1,574,263	1,616,615	-	-	-	42,352	42,352
Water	6,130,931	9,292,463	-	1,442,126	-	4,603,658	4,603,658
Sanitary sewer	3,465,950	4,856,558	-	1,059,777	-	2,450,385	2,450,385
Storm water	549,854	800,159	-	141,341	-	391,646	391,646
Parking authority lots	777,506	796,650	-	-	-	19,144	19,144
Total business-type activities	<u>20,159,391</u>	<u>24,487,911</u>	<u>311,490</u>	<u>6,409,535</u>	<u>-</u>	<u>11,049,545</u>	<u>11,049,545</u>
Total primary government	<u>\$ 63,660,755</u>	<u>\$ 34,039,433</u>	<u>\$ 7,745,155</u>	<u>\$ 19,402,031</u>	<u>(13,523,681)</u>	<u>11,049,545</u>	<u>(2,474,136)</u>
General revenues:							
Taxes:							
Property taxes					11,325,760	-	11,325,760
Sales tax							
Sales tax					9,607,321	-	9,607,321
Occupancy tax					487,773	-	487,773
Lodging/liquor/food tax					1,435,820	-	1,435,820
State aid distribution not restricted to specific programs					1,757,995	-	1,757,995
Franchise taxes					668,229	-	668,229
Other taxes					673,191	67,271	740,462
Unrestricted investment earnings					1,409,418	819,900	2,229,318
Gain (loss) on disposal of assets					176,949	(2,381,188)	(2,204,239)
Transfers					(3,472,278)	3,472,278	-
Total general revenues and separate line items					<u>24,070,178</u>	<u>1,978,261</u>	<u>26,048,439</u>
Changes in net assets					<u>10,546,497</u>	<u>13,027,806</u>	<u>23,574,303</u>
Net assets - beginning, as adjusted					<u>136,832,274</u>	<u>200,965,604</u>	<u>337,797,878</u>
Net assets - ending					<u>\$ 147,378,771</u>	<u>\$ 213,993,410</u>	<u>\$ 361,372,181</u>

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Sales Tax	Sewermain Construction	Street Improvement Construction	Street Improvement Bonds	Nonmajor Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 26,094	\$ 292,005	\$ -	\$ -	\$ -	\$ 2,326,155	\$ 2,644,254
Investments	16,129,015	4,255,538	-	-	686,304	22,266,783	43,337,640
Receivables:							
Taxes receivable	176,137	-	-	-	-	85,257	261,394
Accounts receivable	1,469,414	796,710	-	25,944	-	1,429,514	3,721,582
Special assessments	-	-	-	-	16,470,207	8,048,571	24,518,778
Intergovernmental	-	-	-	-	105,440	237,965	343,405
Notes receivable	-	-	-	-	-	1,239,000	1,239,000
Due from other funds	352,196	-	-	-	5,900,458	2,681,580	8,934,234
Advance to other funds	-	108,838	-	-	-	1,543,519	1,652,357
Prepaid items	2,920	-	-	-	-	2,851	5,771
Restricted assets:							
Investments	-	-	-	-	-	924,019	924,019
Total Assets	\$ 18,155,776	\$ 5,453,091	\$ -	\$ 25,944	\$ 23,162,409	\$ 40,785,214	\$ 87,582,434
LIABILITIES							
Accounts payable	\$ 415,303	\$ -	\$ 211,330	\$ 467,384	\$ -	\$ 1,445,366	\$ 2,539,383
Retainage payable	-	-	-	140,671	-	66,869	207,540
Due to other funds	-	-	5,679,886	5,900,458	-	2,576,095	14,156,439
Advances from other funds	108,838	-	-	-	-	-	108,838
Deferred revenue	177,630	-	-	-	14,929,699	8,288,086	23,395,415
Customer deposits	-	-	-	-	-	924,019	924,019
Total Liabilities	701,771	-	5,891,216	6,508,513	14,929,699	13,300,435	41,331,634
FUND BALANCES							
Reserved for encumbrances	107,382	-	-	-	-	39,871	147,253
Reserved for debt service	-	-	-	-	-	700,000	700,000
Reserved for advances to other funds	-	108,838	-	-	-	1,543,519	1,652,357
Reserved for long-term receivable	-	-	-	-	-	1,239,000	1,239,000
Unreserved, undesignated reported in:							
General fund	17,346,623	-	-	-	-	-	17,346,623
Special revenue funds	-	5,344,253	-	-	-	10,952,196	16,296,449
Debt service funds	-	-	-	-	8,232,710	2,537,624	10,770,334
Capital projects funds	-	-	(5,891,216)	(6,482,569)	-	10,472,569	(1,901,216)
Total Fund Balances	17,454,005	5,453,091	(5,891,216)	(6,482,569)	8,232,710	27,484,779	46,250,800
Total Liabilities and Fund Balances	\$ 18,155,776	\$ 5,453,091	\$ -	\$ 25,944	\$ 23,162,409	\$ 40,785,214	
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.							117,055,881
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							22,173,866
Internal service funds are used by management to charge the cost of Civic Center event cost, 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 assets.							854,836
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.							(38,956,612)
Net Assets of Governmental Activities							\$ 147,378,771

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	General	Sales Tax	Sewermain Construction	Street Improvement Construction	Street Improvement Bonds	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	\$ 8,515,024	\$ 9,607,321	\$ -	\$ -	\$ -	\$ 5,316,744	\$ 23,439,089
Licenses and permits	1,786,713	-	-	-	-	3,775	1,790,488
Special assessments	-	-	-	142,440	3,992,878	1,737,873	5,873,191
Intergovernmental	3,582,515	-	-	122,001	-	6,907,377	10,611,893
Charges for services	2,805,003	-	-	-	-	1,491,506	4,296,509
Fines and forfeits	1,152,789	-	-	-	-	85,063	1,237,852
Investment income	515,055	118,020	-	-	-	744,195	1,377,270
Rentals	197,645	-	-	-	-	372,840	570,485
Miscellaneous	34,396	-	-	-	-	201,457	235,853
Total revenues	<u>18,589,140</u>	<u>9,725,341</u>	<u>-</u>	<u>264,441</u>	<u>3,992,878</u>	<u>16,860,830</u>	<u>49,432,630</u>
EXPENDITURES							
Current							
General government	4,118,771	715	-	-	-	6,346,697	10,466,183
Public safety	11,599,237	-	-	-	-	655,374	12,254,611
Highways and streets	1,727,850	-	-	-	-	3,449,698	5,177,548
Health and welfare	992,942	-	-	-	-	719,870	1,712,812
Culture and recreation	1,875,399	-	-	-	-	1,340,888	3,216,287
Public works	-	-	-	107,537	-	373,696	481,233
Capital outlays							
General government	95,668	-	-	-	-	408,299	503,967
Public safety	140,729	-	-	-	-	206,687	347,416
Highways and streets	40,220	-	-	-	-	400,286	440,506
Health and welfare	22,487	-	-	-	-	34,536	57,023
Culture and recreation	12,500	-	-	-	-	354,900	367,400
Public works	-	-	3,532,823	3,872,753	-	6,280,036	13,685,612
Debt service							
Principal	-	-	-	-	3,774,123	2,830,877	6,605,000
Interest and fiscal charges	-	-	-	-	819,520	634,143	1,453,663
Total expenditures	<u>20,625,803</u>	<u>715</u>	<u>3,532,823</u>	<u>3,980,290</u>	<u>4,593,643</u>	<u>24,035,987</u>	<u>56,769,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,036,663)</u>	<u>9,724,626</u>	<u>(3,532,823)</u>	<u>(3,715,849)</u>	<u>(600,765)</u>	<u>(7,175,157)</u>	<u>(7,336,631)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	4,437,525	-	119,244	1,148,871	334,762	8,438,739	14,479,141
Transfer out	(2,111,197)	(7,688,773)	(68,905)	(59,870)	(199,284)	(3,384,977)	(13,513,006)
Discount on special assessment debt	-	-	(4,212)	(28,219)	-	(1,108)	(33,539)
Special assessment bonds issued	-	-	406,073	2,720,641	-	1,163,286	4,290,000
Total other financing sources (uses)	<u>2,326,328</u>	<u>(7,688,773)</u>	<u>452,200</u>	<u>3,781,423</u>	<u>135,478</u>	<u>6,215,940</u>	<u>5,222,596</u>
Net changes in fund balances	289,665	2,035,853	(3,080,623)	65,574	(465,287)	(959,217)	(2,114,035)
Fund balances - beginning, as adjusted	17,164,340	3,417,238	(2,810,593)	(6,548,143)	8,697,997	28,443,996	48,364,835
Fund balances - ending	<u>\$ 17,454,005</u>	<u>\$ 5,453,091</u>	<u>\$ (5,891,216)</u>	<u>\$ (6,482,569)</u>	<u>\$ 8,232,710</u>	<u>\$ 27,484,779</u>	<u>\$ 46,250,800</u>

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, 2005**

Net change in fund balances-total governmental funds (Page 20) (\$2,114,035)

The change in net assets 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. 12,199,584

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (21,713)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (1,289,370)

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 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,394,289

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. (5,168)

Internal service funds are used by management to charge the cost of Civic Center event cost, 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. (617,090)

Change in net assets of governmental activities (Page 18) \$10,546,497

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, 2005

	<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	\$ 17,164,340	\$ 17,164,340	\$ 17,151,618	\$ (12,722)
Resources (inflows)				
Taxes	8,889,296	8,889,296	8,515,024	(374,272)
Licenses and permits	1,140,824	1,140,824	1,786,713	645,889
Intergovernmental	3,266,551	3,266,551	3,582,515	315,964
Charges for services	2,782,548	2,782,548	2,805,003	22,455
Fines and forfeits	984,170	984,170	1,152,789	168,619
Investment income	158,750	158,750	515,055	356,305
Rentals	143,302	143,302	197,645	54,343
Miscellaneous	16,950	16,950	34,396	17,446
Transfer in	4,445,969	4,445,969	4,437,525	(8,444)
Amount available for appropriation	<u>38,992,700</u>	<u>38,992,700</u>	<u>40,178,283</u>	<u>1,185,583</u>
Charges to appropriations (outflows)				
General government				
Administration	1,046,599	1,046,599	895,025	151,574
Attorney	270,075	270,075	266,338	3,737
Finance	1,861,607	1,861,607	1,634,824	226,783
Human resources	300,207	300,207	272,410	27,797
Municipal court	273,680	273,680	255,315	18,365
Planning & development	613,468	649,848	625,640	24,208
One-time operations	503,105	503,105	278,740	224,365
Equipment reserve	38,100	18,467	9,728	8,739
Public safety				
Combined communications	1,085,931	976,802	976,802	-
Fire & inspections	4,335,338	4,335,336	4,248,405	86,931
Police	6,292,314	6,287,314	6,265,124	22,190
One-time operations	284,688	284,688	238,793	45,895
Equipment reserve	77,775	77,775	68,143	9,632
Highways and streets				
Leafy spurge	27,696	27,696	25,507	2,189
Weed control	27,696	27,696	26,133	1,563
Engineering	1,215,330	1,215,330	1,159,750	55,580
Forestry	534,571	534,571	499,220	35,351
One-time operations	33,700	33,700	29,924	3,776
Equipment reserve	57,600	57,600	41,314	16,286
Health and welfare				
Public health	1,026,079	1,026,079	991,921	34,158
Equipment reserve	25,200	25,200	23,508	1,692
Culture and recreation				
Cable tv promotions	205,472	205,472	205,472	-
Centennial beach	1,000	3,215	3,212	3
Civic center	1,708,865	1,708,865	1,670,033	38,832
One-time operations	14,800	14,800	9,182	5,618
Equipment reserve	14,980	14,980	-	14,980

**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, 2005**

	<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>
Transfer out				
Nondepartmental	1,576,391	1,576,391	480,012	1,096,379
Building construction	1,418,000	1,418,000	1,418,000	-
Contingencies	825,000	629,691	-	629,691
Combined communications	58,804	167,935	167,935	-
Planning & development	-	18,620	17,175	1,445
Police	4,007	9,007	8,442	565
Equipment reserve	-	19,633	19,633	-
	<u>25,758,078</u>	<u>25,619,984</u>	<u>22,831,660</u>	<u>2,788,324</u>
Budgetary Fund Balance, December 31	<u><u>\$ 13,234,622</u></u>	<u><u>\$ 13,372,716</u></u>	<u><u>\$ 17,346,623</u></u>	<u><u>\$ 3,973,907</u></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**

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	\$ 40,178,283
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	(17,151,618)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(4,437,525)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 18,589,140</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,831,660
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(94,660)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,111,197)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 20,625,803</u></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, 2005**

	<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	\$ 3,417,238	\$ 3,417,238	\$ 3,417,238	\$ -
Resources (inflows)				
Taxes	8,000,000	8,000,000	9,607,321	1,607,321
Investment income	<u>22,800</u>	<u>22,800</u>	<u>118,020</u>	<u>95,220</u>
Amount available for appropriation	<u>11,440,038</u>	<u>11,440,038</u>	<u>13,142,579</u>	<u>1,702,541</u>
Charges to appropriations (outflows)				
General government	151,800	1,800	715	1,085
Transfer out	<u>7,539,000</u>	<u>7,689,000</u>	<u>7,688,773</u>	<u>227</u>
Total charges to appropriations	<u>7,690,800</u>	<u>7,690,800</u>	<u>7,689,488</u>	<u>1,312</u>
Budgetary Fund Balance, December 31	<u><u>\$ 3,749,238</u></u>	<u><u>\$ 3,749,238</u></u>	<u><u>\$ 5,453,091</u></u>	<u><u>\$ 1,703,853</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 473,087	\$ 175,843	\$ 200,838	\$ 68,029	\$ 870,081	\$ 1,787,878	\$ 391,091
Investments	1,004,388	8,128,620	4,617,388	2,302,444	7,039,228	23,092,068	943,898
Receivables:							
Accounts	873,159	799,566	406,674	77,296	415,545	2,572,240	54,094
Special assessments	-	721,749	573,409	2,269	-	1,297,427	-
Due from other funds	-	553,235	4,760,437	-	-	5,313,672	-
Inventories	-	23,326	-	-	36,062	59,388	276,256
Prepaid insurance	18,312	40,581	10,529	1,116	17,201	87,739	1,131
Total current assets	<u>2,368,946</u>	<u>10,442,920</u>	<u>10,569,275</u>	<u>2,451,154</u>	<u>8,378,117</u>	<u>34,210,412</u>	<u>1,666,470</u>
Noncurrent assets:							
Restricted assets:							
Investments	-	3,204,734	-	-	-	3,204,734	113,321
Capital assets (net of accumulated depreciation):							
Land	4,137,578	876,448	324,591	832,607	2,201,737	8,372,961	-
Building and building improvements	18,869,320	26,662,727	3,001,624	-	9,068,102	57,601,773	-
Improvements other than buildings	30,766,005	27,941,071	32,624,389	12,761,215	3,066,632	107,159,312	-
Machinery and equipment	581,839	655,414	749,618	133,461	2,580,135	4,700,467	75,788
Construction in progress	29,308	5,649,572	524,126	206,441	13,673	6,423,120	-
Total noncurrent assets	<u>54,384,050</u>	<u>64,989,966</u>	<u>37,224,348</u>	<u>13,933,724</u>	<u>16,930,279</u>	<u>187,462,367</u>	<u>189,109</u>
Total assets	<u>56,752,996</u>	<u>75,432,886</u>	<u>47,793,623</u>	<u>16,384,878</u>	<u>25,308,396</u>	<u>221,672,779</u>	<u>1,855,579</u>

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	Business-type Activities-Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds		
LIABILITIES							
Current liabilities:							
Accounts payable	486,445	510,235	112,227	30,512	131,412	1,270,831	397,632
Retainage payable	117,098	260,048	30,980	-	-	408,126	-
Leases payable	-	1,719	1,719	1,719	57,064	62,221	-
Due to other funds	-	-	-	-	-	-	91,467
Due to other entities	-	-	-	-	-	-	1,636
Compensated benefits payable	34,195	106,264	46,108	-	122,866	309,433	-
Claims and judgments payable	-	-	-	-	-	-	277,516
Total current liabilities	637,738	878,266	191,034	32,231	311,342	2,050,611	768,251
Long-term liabilities:							
Advances from other funds	-	503,519	-	-	1,040,000	1,543,519	-
Customer deposits payable	-	3,204,734	-	-	-	3,204,734	113,321
Compensated benefits payable	36,071	36,609	8,850	-	71,105	152,635	-
Capital lease	-	3,794	3,794	3,794	68,304	79,686	-
Accrued closure/post closure costs	-	-	-	-	691,572	691,572	-
Total long-term liabilities	36,071	3,748,656	12,644	3,794	1,870,981	5,672,146	113,321
Total liabilities	673,809	4,626,922	203,678	36,025	2,182,323	7,722,757	881,572
NET ASSETS							
Invested in capital assets, net of related debt	54,384,050	61,779,719	37,218,835	13,928,211	16,804,911	184,115,726	-
Unrestricted	1,695,137	9,026,245	10,371,110	2,420,642	6,321,162	29,834,296	974,007
Total net assets	\$56,079,187	\$70,805,964	\$47,589,945	\$16,348,853	\$ 23,126,073	213,950,022	\$ 974,007
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						43,388	
Net assets of business-type activities						<u>\$213,993,410</u>	

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENSE AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities-Enterprise Funds					Total	Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds		
OPERATING REVENUES							
Charges for sales and services:							
Event sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,820,594
Sale of gas and oil	-	-	-	-	1,049,397	1,049,397	571,033
Sale of parts and labor	-	174,013	-	-	-	174,013	984,461
Water sales	-	8,596,354	-	-	-	8,596,354	-
Sanitation fees	-	16,634	4,850,796	800,159	3,987,331	9,654,920	-
Landing and airport fees	1,669,086	-	-	-	279,298	1,948,384	-
Miscellaneous sales	25,979	38,462	4,210	-	11,326	79,977	102,785
Rentals	1,692,710	513,248	2,038	-	887,274	3,095,270	288
Employer contributions	-	-	-	-	-	-	2,603,205
Employee contributions	-	-	-	-	-	-	44,274
Total operating revenues	<u>3,387,775</u>	<u>9,338,711</u>	<u>4,857,044</u>	<u>800,159</u>	<u>6,214,626</u>	<u>24,598,315</u>	<u>6,126,640</u>
OPERATING EXPENSES							
Cost of goods sold	-	111,763	-	-	1,003,598	1,115,361	2,494,879
Personal services - salaries & wages	573,507	1,324,749	660,480	-	1,630,944	4,189,680	554,382
Personal services - fringe benefits	83,117	200,378	97,968	-	314,298	695,761	194,389
Professional, legal, and contracted services	652,870	55,373	38,999	194,853	335,417	1,277,512	3,067
Building, equipment, and vehicle services	363,822	1,300,528	826,129	98,352	1,171,640	3,760,471	156,672
Travel & training	3,386	6,877	8,807	-	11,475	30,545	4,426
Operating services	131,380	176,884	90,771	3,233	343,321	745,589	3,409,886
Operating supplies	139,330	686,252	396,625	11,217	283,313	1,516,737	18,557
Depreciation expense	1,808,402	2,029,608	1,298,913	259,256	845,770	6,241,949	7,429
Total operating expenses	<u>3,755,814</u>	<u>5,892,412</u>	<u>3,418,692</u>	<u>566,911</u>	<u>5,939,776</u>	<u>19,573,605</u>	<u>6,843,687</u>
Operating income (loss)	<u>(368,039)</u>	<u>3,446,299</u>	<u>1,438,352</u>	<u>233,248</u>	<u>274,850</u>	<u>5,024,710</u>	<u>(717,047)</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	4,132,743	-	-	-	-	4,132,743	69,936
Special assessments	-	133,798	94,532	3,059	-	231,389	-
Gain (loss) on disposal of assets	(2,353,405)	5,355	8,533	(237)	(41,434)	(2,381,188)	19,726
Recovery of anticipated claims	-	-	-	-	-	-	50,000
Investment income	40,985	248,381	235,049	60,443	227,485	812,343	39,711
Interest expense	-	(30,355)	(312)	(312)	(6,668)	(37,647)	-
Total nonoperating revenues (expenses)	<u>1,820,323</u>	<u>357,179</u>	<u>337,802</u>	<u>62,953</u>	<u>179,383</u>	<u>2,757,640</u>	<u>179,373</u>
Income (loss) before contributions and transfers	<u>1,452,284</u>	<u>3,803,478</u>	<u>1,776,154</u>	<u>296,201</u>	<u>454,233</u>	<u>7,782,350</u>	<u>(537,674)</u>
CAPITAL CONTRIBUTIONS	-	2,681,336	1,177,635	3,392,098	12,309	7,263,378	33,914
TRANSFERS IN	195,000	-	-	-	2,040	197,040	169,011
TRANSFERS OUT	<u>(229,340)</u>	<u>(1,017,873)</u>	<u>(262,769)</u>	<u>(11,590)</u>	<u>(689,493)</u>	<u>(2,211,065)</u>	<u>(251,129)</u>
Change in net assets	<u>1,417,944</u>	<u>5,466,941</u>	<u>2,691,020</u>	<u>3,676,709</u>	<u>(220,911)</u>	<u>13,031,703</u>	<u>(585,878)</u>
Total net assets - beginning as adjusted	<u>54,661,243</u>	<u>65,339,023</u>	<u>44,898,925</u>	<u>12,672,144</u>	<u>23,346,984</u>	<u>155,988,585</u>	<u>1,559,885</u>
Total net assets - ending	<u>\$ 56,079,187</u>	<u>\$ 70,805,964</u>	<u>\$ 47,589,945</u>	<u>\$ 16,348,853</u>	<u>\$ 23,126,073</u>	<u>\$ 169,011</u>	<u>\$ 974,007</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(3,897)	
Change in net assets of business-type activities (page 18)						<u>\$ 13,027,806</u>	

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, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					Total	Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,659,552	\$ 8,668,267	\$ 2,012,970	\$ 823,964	\$ 6,147,037	\$ 21,311,790	\$ 3,411,453
Receipts from employer	-	-	-	-	-	-	2,638,449
Other operating cash receipts	-	-	-	-	-	-	101,150
Payments to suppliers	(1,329,332)	(2,626,844)	(1,459,061)	(368,183)	(3,343,825)	(9,127,245)	(554,382)
Payments to employees	(570,993)	(1,318,177)	(666,185)	-	(1,624,325)	(4,179,680)	(6,161,671)
Net cash provided (used) by operating activities	<u>1,759,227</u>	<u>4,723,246</u>	<u>(112,276)</u>	<u>455,781</u>	<u>1,178,887</u>	<u>8,004,865</u>	<u>(565,001)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenue	4,728,882	-	-	-	-	4,728,882	69,936
Proceeds of claim/insurance recoveries	-	-	-	-	-	-	69,726
Transfers from other funds	195,000	-	-	-	2,040	197,040	169,011
Transfers to other funds	(229,340)	(1,017,873)	(262,769)	(11,590)	(689,493)	(2,211,065)	(251,129)
Net cash provided (used) by noncapital financing activities	<u>4,694,542</u>	<u>(1,017,873)</u>	<u>(262,769)</u>	<u>(11,590)</u>	<u>(687,453)</u>	<u>2,714,857</u>	<u>57,544</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital lease payment	-	(1,218)	(1,218)	(1,218)	(87,579)	(91,233)	-
Interest paid	-	(30,355)	(312)	(312)	(6,668)	(37,647)	-
Payment on advance	-	-	-	-	(20,000)	(20,000)	-
Proceeds on notes receivable	-	307,767	205,178	-	-	512,945	-
Proceeds from sale of capital assets	770	5,355	12,319	794	4,311	23,549	-
Special assessments collected	-	142,537	103,044	4,623	-	250,204	-
Purchase of capital assets	(70,296)	(45,607)	(283,293)	(303,146)	(421,519)	(1,123,861)	-
Construction of capital assets	(7,339,570)	(4,787,926)	(685,781)	-	(587,962)	(13,401,239)	-
Net cash used by capital and related financing activities	<u>(7,409,096)</u>	<u>(4,409,447)</u>	<u>(650,063)</u>	<u>(299,259)</u>	<u>(1,119,417)</u>	<u>(13,887,282)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	-	671,583	1,030,128	-	404,911	2,106,622	81,226
Purchase of investments	(997,289)	-	-	(2,292,656)	(6,517,883)	(9,807,828)	(1,010,615)
Investment income	33,886	207,929	195,548	50,264	190,900	678,527	33,587
Net cash provided (used) by investing activities	<u>(963,403)</u>	<u>879,512</u>	<u>1,225,676</u>	<u>(2,242,392)</u>	<u>(5,922,072)</u>	<u>(7,022,679)</u>	<u>(895,802)</u>
Net increase (decrease) in cash and cash equivalent	<u>(1,918,730)</u>	<u>175,438</u>	<u>200,568</u>	<u>(2,097,460)</u>	<u>(6,550,055)</u>	<u>(10,190,239)</u>	<u>(1,403,259)</u>
Cash and cash equivalents - January 1	2,391,817	405	270	2,165,489	7,420,136	11,978,117	1,794,350
Cash and cash equivalents - December 31	<u>\$ 473,087</u>	<u>\$ 175,843</u>	<u>\$ 200,838</u>	<u>\$ 68,029</u>	<u>\$ 870,081</u>	<u>\$ 1,787,878</u>	<u>\$ 391,091</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (368,039)	\$ 3,446,299	\$ 1,438,352	\$ 233,248	\$ 274,850	\$ 5,024,710	\$ (717,047)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,808,402	2,029,608	1,298,913	259,256	845,770	6,241,949	7,429
(Increase) decrease in accounts receivable	271,777	(117,209)	(11,272)	23,805	(67,589)	99,512	156,238
Increase in due from other funds	-	(553,235)	(2,832,802)	-	-	(3,386,037)	-
(Increase) decrease in inventories	-	26,091	-	-	20,764	46,855	(56,912)
(Increase) decrease in prepaid items	(3,173)	(7,770)	578	(1,116)	818	(10,663)	(704)
Decrease in customer deposits	-	-	-	-	-	-	(8,385)
Increase (decrease) in accounts payable	47,746	(41,870)	(340)	(59,412)	11,270	(42,606)	4,666
Increase (decrease) in due to other funds	-	(65,240)	-	-	-	(65,240)	29,722
Increase in due to other entities	-	-	-	-	-	-	499
Increase (decrease) in compensated absences payable	2,514	6,572	(5,705)	-	6,619	10,000	-
Increase in estimated pending claims	-	-	-	-	-	-	19,493
Increase in closure and post closure costs	-	-	-	-	86,385	86,385	-
Total adjustments	<u>2,127,266</u>	<u>1,276,947</u>	<u>(1,550,628)</u>	<u>222,533</u>	<u>904,037</u>	<u>2,980,155</u>	<u>152,046</u>
Net cash provided (used) by operating activities	<u>\$ 1,759,227</u>	<u>\$ 4,723,246</u>	<u>\$ (112,276)</u>	<u>\$ 455,781</u>	<u>\$ 1,178,887</u>	<u>\$ 8,004,865</u>	<u>\$ (565,001)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:							
Construction of capital assets contributed through capital project funds	\$ -	\$ 1,366,813	\$ 212,391	\$ 3,047,376	\$ -	\$ 1,579,204	\$ -
Contribution of capital assets from government	-	-	-	-	12,309	12,309	42,556
Contribution of capital assets from developers	-	1,314,523	965,244	138,290	-	2,418,057	-
Capital asset trade-ins	-	-	-	-	105,000	105,000	-
Increase in fair value of investments	7,099	40,452	39,501	10,179	36,584	133,815	6,124

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 611,257	\$ 7,576
Receivables:		
Taxes	30,830	6,545
Accounts	513	-
Accrued interest and dividends	108,517	-
Investments, at fair value:		
Domestic equities	28,376,203	-
International equities	3,703,740	-
Domestic fixed income	24,889,464	-
International fixed income	1,537,598	-
Real estate	2,320,828	-
Venture capital	796,198	-
Mutual funds	1,363,555	-
Certificate of deposits	1,106,862	-
Invested cash	819,156	-
Invested securities lending collateral	5,888,955	-
Total assets	<u>71,553,676</u>	<u>14,121</u>
LIABILITIES		
Accounts payable	57,501	7,920
Due to other entities	-	6,201
Deferred revenue	23,060	-
Securities lending collateral	5,888,955	-
Total liabilities	<u>5,969,516</u>	<u>14,121</u>
NET ASSETS		
Assets held in trust for pension and other employee benefits	65,584,160	-
Total net assets held in trust	<u>\$ 65,584,160</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 ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2005**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,806,749
Employee	1,113,735
Transfer in	2,335,343
Total contributions	<u>5,255,827</u>
Investment income:	
Net Increase in fair value of investments	4,697,617
Interest and dividends	1,318,072
	<u>6,015,689</u>
Less: investment expense	<u>(293,274)</u>
Net investment income	5,722,415
Security lending activity:	
Securities lending income	166,303
Less: securities lending expense	<u>(156,701)</u>
Net securities lending income	<u>9,602</u>
Total additions	<u>10,987,844</u>
DEDUCTIONS	
Benefits paid to participants	2,293,396
Refunds	206,607
Administration expenses	30,766
Transfer out	1,319,786
Total deductions	<u>3,850,555</u>
Change in net assets	<u>7,137,289</u>
Net assets - beginning	<u>58,446,871</u>
Net assets - ending	<u><u>\$ 65,584,160</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

I. 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 assets and the statement of changes in net assets) report information on all of the nonfiduciary activities. For the most part, the effect of interfund activity has been removed from these 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. 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, 2005**

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 Construction Fund – This fund accounts for the construction of sewer mains. Financing is provided by the proceeds from the special assessment bonds.

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

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

The City reports the following major proprietary funds:

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

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

Sanitary Sewer Utility – This fund accounts for the operations of the storm water sewer system.

Storm 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 Civic Center event cost, fleet services, health insurance, liability insurance, unemployment insurance, and revolving cost 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES, AND NET ASSETS 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, 2005.

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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, 2005 was \$3,204,734.

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.

3. Securities Lending

North Dakota Retirement and Investment Office (NDRIO) manages the securities lending pools. NDRIO manages the Deferred Sick Leave, City Employee pension, and the Police pension and enters into security lending transactions. As part of these transactions, securities are loaned versus collateralized. At year-end, the pension plans have no credit risk exposure to borrowers because the amount the plans owe the borrowers exceed the amounts the borrowers owe the plans. The investment includes cash, U.S. government securities and irrevocable letters of credit. U.S. securities are valued at 102% of the market value of the securities plus any interest and non-U.S. securities collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash is invested in a short-term investment pool. The investment pool is not registered with the SEC and is regulated by the North Dakota Century Code. The fair market value of the investment pool is the same as the value of the pooled investment shares.

4. Receivables and Payables

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.

5. 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, 2005, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

6. 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 pages 34-35.

7. 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. GASB 34 allows the retroactive reporting of infrastructure to occur within four years of the required implementation date of this statement. As such, infrastructure that was in existence prior to January 1, 2003 has not been reported in these statements. However, infrastructure for which construction has been completed since January 1, 2003 has been reported in these 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	20 - 50 Years
Improvements other than buildings	25 - 50 Years
Infrastructure	20-100 Years
Equipment	2 - 10 Years

8. Compensated Absences/Termination Benefits

Sick Leave

The sick leave plan for compensated absences commenced 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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 days 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.

9. 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, \$277,516 of claims and judgments are included in governmental activities. Compensated absences of \$1,644,118 generally have been liquidated by the General Fund and various Special Revenue Funds.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

**CITY OF BISMARCK, NORTH DAKOTA
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Reserved – indicates the portion of fund equity which has been legally segregated for specific purposes.

Unreserved – undesignated – indicates the portion of fund equity which is available for appropriation in future periods.

E. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 40, “*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No.3,*” was implemented for the fiscal year ended December 31, 2005. Statement No. 40 revises the existing requirements regarding disclosures of custodial credit risk as required by Statement No. 3 and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

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 \$38,956,612 difference are as follows:

Bonds payable	\$ (37,360,000)
Less: unamortized debt cost	278,470
Plus: unamortized bond premium	(19,326)
Accrued interest payable	(211,638)
Compensated absences	<u>(1,644,118)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (38,956,612)</u></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. 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 \$12,199,584 difference are as follows:

Capital outlay	\$ 18,274,306
Depreciation expense	<u>(6,074,722)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 12,199,584</u></u>

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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 \$21,713 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>\$ (21,713)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (21,713)</u></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 \$2,394,289 difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (4,290,000)
Less: discounts and bond cost	79,289
Principal repayments:	
General obligation debt	<u>6,605,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 2,394,289</u></u>

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 \$5,168 are as follows:

Compensated absences	\$ 6,028
Accrued interest	10,912
Amortization of bond premium	1,406
Amortization of bond costs and discounts	<u>(23,514)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (5,168)</u></u>

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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 provided below:

	<u>General</u>	<u>Police Drug Enforcement</u>	<u>Government Grants & Activities</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,831,660	\$ 86,091	\$ 2,344,219
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Beginning of year adjustment for encumbrances	12,722		
End of year adjustment for encumbrances	(107,382)	(21,501)	(18,370)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,111,197)</u>	-	<u>(107,654)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,625,803</u>	<u>\$ 64,590</u>	<u>\$ 2,218,195</u>

Although the remaining Special Revenue Funds and Debt Service Funds are prepared on the budget basis, no differences exist between GAAP basis and budget basis in these funds.

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.

**CITY OF BISMARCK, NORTH DAKOTA
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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.

B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2005, as measured by the balances in the total fund balance or retained earnings as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Sewermain Construction	\$5,891,216
Watermain Construction	852,895
Sidewalk Construction	1,054,146
Street Improvement Construction	6,482,569
Commerce Development	1,162,458

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in May of 2006. Commerce Development will be funded from Vision Fund, Special Revenue Fund in 2006.

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, 2005, the carrying amount of the City's deposits was \$41,519,026 and the bank balance was \$42,553,245, all of which was insured and collateralized except for the bank balance of \$2,639,297 at the Bank of North Dakota. These deposits are uncollateralized, but are backed by the full faith and credit of the State of North Dakota.

**CITY OF BISMARCK, NORTH DAKOTA
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B. INVESTMENTS

State statutes, 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.

Investments in the Deferred Sick, City Pension and Police Pension funds are generally managed by 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. 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.

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, 2005 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

	Market Value	Less than 1 Year	1-6 Years	6-10 Years	10+ Years
Government Agencies	\$ 4,605,058	\$ 838,313	\$ 3,742,751	\$ -	\$ 23,994
Government Bonds	5,437,121	116,864	1,163,993	1,051,087	3,105,177
Government Mortgage-Backed	1,486,926	-	1,463,910	-	23,016
External Investment Pool	23,652,948	21,470,135	2,182,813	-	-
Total Debt Securities	\$ 35,182,053	\$ 22,425,312	\$ 8,553,467	\$ 1,051,087	\$ 3,152,187

The Government Mortgage-Backed and Government Agencies investments have call dates ranging from 2004 – 2007. The City assumes that its callable investments will not be called.

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 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 \$4,247,888 and PO's valued at \$1,189,233 at December 31, 2005. The City has no formal policy regarding IO and PO strips.

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As of June 30, 2005 the City's Trust funds had the following debt securities shown in the table below by investment type and maturity.

	All values in \$000				
	Market Value	Less than 1 Year	1-6 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 332	\$ 63	\$ 22	\$ 8	\$ 239
Commercial Mortgage-Backed	58	-	4	-	54
Corporate Bonds	6,627	55	2,227	2,523	1,822
Corporate Convertible Bonds	1,275	2	316	32	925
Government Agencies	1,226	103	855	181	87
Government Bonds	2,987	48	1,639	364	936
Government Mortgage-Backed	875	-	-	-	875
Index Linked Government Bonds	239	-	142	47	50
Municipal/Provincial Bonds	130	8	65	16	41
Non-Government Backed CMOs	323	-	1	1	321
Pooled Investments	1,021	-	38	983	-
Bond Mutual Funds	97	-	95	2	-
Fixed Mutual Funds	507	507	-	-	-
Total Debt Securities	\$ 15,697	\$ 786	\$ 5,404	\$ 4,157	\$ 5,350

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, 2005, the City (Primary Government) had the following debt securities with their respective ratings.

S&P Credit Rating	Total Market Value	Government Agencies	Government Mortgage-Backed	External Investment Pool
AAA	\$ 29,744,932	\$ 4,605,058	\$ 1,486,926	\$ 23,652,948
Total Credit Risk of Debt Securities	29,744,932	\$ 4,605,058	\$ 1,486,926	\$ 23,652,948
US Gov't & Agencies	5,437,121			
Total Debt Securities	\$ 35,182,053			

The State Investment Board which invests the City's Deferred Sick, City Pension and Police Pension funds, 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 State Investment Board's ratings as of June 30, 2005 and the Employee Excess Retirement's ratings as of December 31, 2005.

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All values in \$000

S&P Credit Rating	Total Market Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AAA	\$ 95	\$ 95	\$ -	\$ -
BB	2	2	-	-
Not Rated	15,600	-	507	15,093
Total Debt Securities	\$ 15,697	\$ 97	\$ 507	\$ 15,093

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. More than 5 percent of the City's (Primary Government) investments at December 31, 2005 were invested with the Federal Home Loan Bank. These investments represent 7.4 percent of the City's total investments.

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. As of June 30, 2005, the City had the following foreign currency risk exposure on investments.

All values in \$000

Currency	Short- Term	Debt	Equity	Total
Australian dollar	\$ (108)	\$ 97	\$ 59	\$ 48
Brazilian real	41	-	-	41
British pound sterling	(89)	34	373	318
Canadian dollar	(23)	108	25	110
Danish krone	(3)	-	13	10
Euro	(333)	119	654	440
Hong Kong dollar	(7)	-	30	23
Japanese yen	(54)	-	406	352
Mexican peso	2	35	-	37
New Zealand dollar	(29)	33	-	4
Norwegian krone	(5)	-	20	15
Polish zloty	-	57	-	57
Singapore dollar	(6)	45	10	49
Swedish krona	(8)	-	41	33
Swiss franc	(68)	-	148	80
Thai baht	15	-	-	15
International commingled funds(various currencies)	-	768	1,476	2,244
Total securities subject to foreign currency risk	\$ (675)	\$ 1,296	\$ 3,255	\$ 3,876

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C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance, restated	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,397,430	\$ 31,545	\$ -	\$ 2,428,975
Construction in progress	3,028,911	3,853,150	(2,711,089)	4,170,972
Total capital assets, not being depreciated	<u>5,426,341</u>	<u>3,884,695</u>	<u>(2,711,089)</u>	<u>6,599,947</u>
Capital assets, being depreciated:				
Buildings and building improvements	52,772,625	3,435,362	-	56,207,987
Improvements other than buildings	37,078	18,411	-	55,489
Machinery & equipment	24,678,968	1,562,673	(705,146)	25,536,495
Infrastructure	56,721,443	12,158,529	-	68,879,972
Total capital assets being depreciated	<u>134,210,114</u>	<u>17,174,975</u>	<u>(705,146)</u>	<u>150,679,943</u>
Less accumulated depreciation for:				
Buildings and building improvements	(18,507,387)	(2,253,505)	-	(20,760,892)
Improvements other than buildings	(22,869)	(1,580)	-	(24,449)
Machinery & equipment	(13,642,318)	(1,584,831)	485,817	(14,741,332)
Infrastructure	(2,462,530)	(2,234,806)	-	(4,697,336)
Total accumulated depreciation	<u>(34,635,104)</u>	<u>(6,074,722)</u>	<u>485,817</u>	<u>(40,224,009)</u>
Total capital assets, being depreciated, net	<u>99,575,010</u>	<u>11,100,253</u>	<u>(219,329)</u>	<u>110,455,934</u>
Governmental activities capital assets, net	<u>\$ 105,001,351</u>	<u>\$ 14,984,948</u>	<u>\$ (2,930,418)</u>	<u>\$ 117,055,881</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 7,549,179	\$ 824,423	\$ (641)	\$ 8,372,961
Construction in progress	22,337,015	4,037,763	(19,951,658)	6,423,120
Total capital assets, not being depreciated	<u>29,886,194</u>	<u>4,862,186</u>	<u>(19,952,299)</u>	<u>14,796,081</u>
Capital assets, being depreciated:				
Buildings and building improvements	60,874,425	18,265,707	(1,762,831)	77,377,301
Improvements other than buildings	142,298,707	17,469,596	(4,822,953)	154,945,350
Machinery & equipment	11,445,782	939,688	(622,012)	11,763,458
Total capital assets being depreciated	<u>214,618,914</u>	<u>36,674,991</u>	<u>(7,207,796)</u>	<u>244,086,109</u>
Less accumulated depreciation for:				
Buildings and building improvements	(18,960,232)	(1,962,765)	1,147,469	(19,775,528)
Improvements other than buildings	(47,453,288)	(3,416,888)	3,084,138	(47,786,038)
Machinery & equipment	(6,452,400)	(862,296)	251,705	(7,062,991)
Total accumulated depreciation	<u>(72,865,920)</u>	<u>(6,241,949)</u>	<u>4,483,312</u>	<u>(74,624,557)</u>
Total capital assets, being depreciated, net	<u>141,752,994</u>	<u>30,433,042</u>	<u>(2,724,484)</u>	<u>169,461,552</u>
Business-type activities capital assets, net	<u>\$ 171,639,188</u>	<u>\$ 35,295,228</u>	<u>\$ (22,676,783)</u>	<u>\$ 184,257,633</u>

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

Governmental activities:

General government	\$ 394,422
Public safety	796,199
Highways and streets	453,745
Health	8,152
Culture and recreation	2,189,878
Public works	<u>2,232,326</u>
Total depreciation expense - governmental activities	<u><u>\$ 6,074,722</u></u>

Business-type activities:

Airport	\$ 1,808,402
Airport flightline	13,336
Solid waste disposal	391,458
Solid waste collections	177,972
Water	2,029,608
Sanitary sewer	1,298,913
Storm water	259,256
Parking authority lots	<u>263,004</u>
Total depreciation expense - business-type activities	<u><u>\$ 6,241,949</u></u>

D. COMMITMENTS

As of December 31, 2005, the City had commitments on various construction contracts totaling approximately \$8,710,827.

The Board of the City Commissioners voted to allocate Vision Fund money in the amount of \$602,500 to Bobcat for job creation, \$135,000 to Bobcat for buy down of their interest rate and \$2,644,744 remaining of \$5,000,000 designated to the Northern Plains Commerce Center. The Board allocated an additional \$115,500 to Coventry Health Care and \$36,000 to Regal Knights Heirlooms Inc. contingent upon new employees. These payments are to be paid in 2006.

The Community Development Block Grant Housing Rehabilitation Program has \$92,285 in five-year forgivable loans with 3 years outstanding as of December 31, 2005. If the covenants of the agreement are met, the City will forgive 20% of the loan per year.

**CITY OF BISMARCK, NORTH DAKOTA
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E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables are used when a fund has a cash deficit. The composition of interfund balances as of December 31, 2005 were:

Due From:	Due To: Governmental Funds				Total Due From
	Nonmajor Governmental Funds	Sewermain Construction	Street Improvement Construction	Internal Service Funds	
<u>Governmental Funds:</u>					
General Fund	\$ 352,196	\$ -	\$ -	\$ -	\$ 352,196
Street Improvement Bonds	-	-	5,900,458	-	5,900,458
Nonmajor Governmental Funds	1,670,664	919,449	-	91,467	2,681,580
	<u>2,022,860</u>	<u>919,449</u>	<u>5,900,458</u>	<u>91,467</u>	<u>8,934,234</u>
<u>Business-Type Funds:</u>					
Water	553,235	-	-	-	553,235
Sanitary Sewer	-	4,760,437	-	-	4,760,437
	<u>553,235</u>	<u>4,760,437</u>	<u>-</u>	<u>-</u>	<u>5,313,672</u>
Total Due To	<u>\$ 2,576,095</u>	<u>\$ 5,679,886</u>	<u>\$ 5,900,458</u>	<u>\$ 91,467</u>	<u>\$ 14,247,906</u>

The due to/from other funds will be repaid in 2006.

Advance From:	Advance To:		Total Advance From
	Governmental Funds	Business-Type Funds	
	General Fund	Water Nonmajor Enterprise Funds	
Sales Tax	\$ 108,838	\$ -	\$ 108,838
Nonmajor Governmental Funds	-	503,519	1,543,519
Total Advance To	<u>\$ 108,838</u>	<u>\$ 503,519</u>	<u>\$ 1,652,357</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. Sales Tax advance to the General Fund will be repaid by future revenue from a specific property lease. The watermain assumptions will be repaid to Watermain Bonds Debt Service Fund by revenue generated in the Water Enterprise Fund.

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Transfer Out:	Transfer In - Governmental Funds				Nonmajor Governmental Funds
	General Fund	Sewermain Construction	Street Improvement Construction	Street Improvement Bonds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 1,664,565
Sales Tax	3,448,319	-	-	-	4,045,454
Sewermain Construction	-	-	-	-	68,905
Street Improvement Construction	-	-	-	59,870	-
Street Improvement Bonds	-	-	-	-	199,284
Nonmajor Governmental Funds	442,696	-	726,692	274,892	1,855,001
Pension Trust Funds	23,873	-	-	-	-
Airport	97,575	-	-	-	43,131
Water	82,550	85,632	418,943	-	150,993
Sanitary Sewer	69,985	33,612	3,236	-	49,872
Storm Water	11,590	-	-	-	-
Nonmajor Enterprise Funds	90,905	-	-	-	336,342
Internal Service Funds	170,032	-	-	-	25,192
Total Transfers Out	\$ 4,437,525	\$ 119,244	\$ 1,148,871	\$ 334,762	\$ 8,438,739

Transfer Out:	Transfer In - Business- type Funds				Totals
	Airport	Nonmajor Enterprise Funds	Internal Service Funds	Pension Trust Funds	
General Fund	\$ -	\$ -	\$ 76,551	\$ 370,081	\$ 2,111,197
Sales Tax	195,000	-	-	-	7,688,773
Sewermain Construction	-	-	-	-	68,905
Street Improvement Construction	-	-	-	-	59,870
Street Improvement Bonds	-	-	-	-	199,284
Nonmajor Governmental Funds	-	2,040	2,852	80,804	3,384,977
Pension Trust Funds	-	-	-	1,295,913	1,319,786
Airport	-	-	-	88,634	229,340
Water	-	-	63,321	216,434	1,017,873
Sanitary Sewer	-	-	-	106,064	262,769
Storm Water	-	-	-	-	11,590
Nonmajor Enterprise Funds	-	-	26,287	235,959	689,493
Internal Service Funds	-	-	-	55,905	251,129
Total Transfers Out	\$ 195,000	\$ 2,040	\$ 169,011	\$ 2,449,794	\$ 17,294,986

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

**CITY OF BISMARCK, NORTH DAKOTA
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F. LEASES

Capital Leases

The City has entered into a lease agreement to finance the mechanical portion of the parking ramp remodeling project for the Parking Lot Authority. The City has also financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, and Storm Sewer Funds. 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>
Buildings and systems	\$ 405,000
Machinery and equipment	35,616
Less: accumulated depreciation	(73,093)
Total	<u><u>\$ 367,523</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 were as follows:

<u>Year ending December 31</u>	<u>Business-type Activities</u>
2006	67,644
2007	67,644
2008	14,987
Total minimum lease payments	\$ 150,275
Less: amount representing interest	(8,368)
Present value of minimum lease payments	<u><u>\$ 141,907</u></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, 2005 was \$65,345,738 with a remaining non-obligated margin of \$65,345,738. The City had no general obligation bonds outstanding as of December 31, 2005.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. Revenue bonds outstanding at December 31, 2005 are as follows:

Governmental Activities -	Date of	Date of	Interest	Original	Amount	Amount	Amount	Amount	Amount	Due Within
Revenue Bonds	Date of	Final	Rate	Amount	Outstanding	Issued	Retired	Outstanding	Outstanding	One Year
	Issue	Payment	Rate	of Issue	1/1/2005	in 2005	in 2005	12/31/2005	12/31/2005	One Year
Lodging, Liquor, Food	5/1/2003	12/1/2013	2.50-4.10%	\$ 7,295,000	\$ 7,295,000	\$ -	\$ 640,000	\$ 6,655,000	\$ 685,000	-
Sales Tax Bonds	6/15/2002	5/1/2005	3.00-3.25%	3,050,000	1,045,000	-	1,045,000	-	-	-
Total Special Revenue Bonds				\$ 10,345,000	\$ 8,340,000	\$ -	\$ 1,685,000	\$ 6,655,000	\$ 685,000	-

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

<u>Years</u>	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2006	\$ 685,000	\$ 224,990
2007	705,000	207,865
2008	760,000	190,240
2009	800,000	167,440
2010	855,000	142,640
2011-2013	2,850,000	231,895
Total	\$ 6,655,000	\$ 1,165,070

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, 2005 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2005	Amount Issued in 2005	Amount Retired in 2005	Amount Outstanding 12/31/2005	Due Within One Year
Series D refunding	3/28/1996	5/1/2005	4.00-4.70%	\$ 4,185,000	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -
Series I refunding	5/1/1999	6/1/2008	3.50-3.70%	3,465,000	1,285,000	-	380,000	905,000	370,000
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	2,320,000	-	400,000	1,920,000	400,000
Series K refunding	5/15/2000	5/1/2015	5.00-5.60%	3,530,000	2,045,000	-	495,000	1,550,000	485,000
Series L refunding	4/30/2001	6/1/2011	4.00-4.50%	6,140,000	4,185,000	-	750,000	3,435,000	720,000
Series M refunding	5/15/2001	5/1/2016	4.00-5.10%	5,310,000	4,180,000	-	565,000	3,615,000	565,000
Series N refunding	6/15/2002	5/1/2017	3.30-4.30%	2,480,000	2,260,000	-	215,000	2,045,000	215,000
Series O refunding	11/12/2002	6/1/2012	2.10-4.00%	1,990,000	1,530,000	-	240,000	1,290,000	235,000
Series P refunding	6/15/2003	5/1/2018	1.50-3.50%	4,580,000	4,280,000	-	565,000	3,715,000	565,000
Series Q refunding	6/1/2004	5/1/2019	2.00-4.250%	4,215,000	4,215,000	-	310,000	3,905,000	440,000
Series R refunding	10/15/2004	5/1/2013	2.50-3.00%	2,005,000	2,005,000	-	380,000	1,625,000	235,000
Series S refunding	6/15/2005	5/1/2020	3.25-4.10%	3,180,000	-	3,180,000	-	3,180,000	120,000
Total refunding series				\$ 45,000,000	\$ 28,435,000	\$ 3,180,000	\$ 4,430,000	\$ 27,185,000	\$ 4,350,000

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Governmental Activities - Special Assessment Bonds	Date of		Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2005	Amount Issued in 2005	Amount Retired in 2005	Amount Outstanding 12/31/2005	Due Within One Year
	Date of Issue	Final Payment							
Sidewalk 95	7/1/1996	6/1/2006	4.50-5.30%	\$ 415,000	\$ 90,000	\$ -	\$ 45,000	\$ 45,000	\$ 45,000
Sidewalk 96	5/15/1997	6/1/2007	4.40-5.20%	590,000	195,000	-	65,000	130,000	65,000
Sidewalk 97	6/1/1998	5/1/2008	4.00-4.55%	590,000	260,000	-	65,000	195,000	65,000
Sidewalk 98	5/1/1999	4/1/2009	3.90-4.30%	570,000	325,000	-	65,000	260,000	65,000
Sidewalk 99	5/15/2000	5/1/2010	5.20-5.90%	480,000	305,000	-	55,000	250,000	50,000
Sidewalk 00	5/15/2001	5/1/2011	4.30-4.70%	420,000	315,000	-	50,000	265,000	50,000
Sidewalk 01	6/15/2002	5/1/2012	2.30-4.15%	565,000	475,000	-	60,000	415,000	60,000
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15%	505,000	475,000	-	55,000	420,000	55,000
Sidewalk 03	6/1/2004	5/1/2014	1.75-4.15%	460,000	460,000	-	30,000	430,000	50,000
Sidewalk 04	6/15/2005	5/1/2015	3.25-3.70%	1,110,000	-	1,110,000	-	1,110,000	80,000
Total sidewalk bonds				\$ 5,705,000	\$ 2,900,000	\$ 1,110,000	\$ 490,000	\$ 3,520,000	\$ 585,000
Total special assessment bonds				\$ 50,705,000	\$ 31,335,000	\$ 4,290,000	\$ 4,920,000	\$ 30,705,000	\$ 4,935,000

Special Assessment Debt Requirement to Maturity

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

Years	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2006	\$ 4,935,000	\$ 1,113,562
2007	4,790,000	885,387
2008	4,035,000	727,354
2009	3,445,000	591,684
2010	3,145,000	469,145
2011-2015	7,965,000	1,150,656
2016-2020	2,390,000	171,454
Total	\$ 30,705,000	\$ 5,109,242

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special revenue bonds	\$ 8,340,000	\$ -	\$ 1,685,000	\$ 6,655,000	\$ 685,000
Special assessment bonds	31,335,000	4,290,000	4,920,000	30,705,000	4,935,000
Capital leases	123,338	-	123,338	-	-
Compensated absences	1,650,147	1,507,378	1,513,407	1,644,118	1,416,963
Claims and judgments	212,753	211,340	207,753	216,340	216,340
TOTAL	\$ 41,661,238	\$ 6,008,718	\$ 8,449,498	\$ 39,220,458	\$ 7,253,303
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 233,140	\$ -	\$ 91,234	\$ 141,906	\$ 62,221
Compensated absences	447,012	332,286	317,229	462,069	309,433
Claims and judgments	45,270	61,176	45,270	61,176	61,176
Closure and postclosure costs	605,187	86,385	-	691,572	-
TOTAL	\$ 1,330,609	\$ 479,847	\$ 453,733	\$ 1,356,723	\$ 432,830

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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, the 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, 2005, there were 2 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. Most of the time this amount is in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

V. OTHER INFORMATION

A. RISK MANAGEMENT

The City pays an annual premium to the North Dakota Insurance Reserve Fund (NDIRF) for its general insurance, personal injury insurance, and auto insurance. The coverage by NDIRF 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, 2005 management estimates claims incurred prior to NDIRF but not paid of \$5,500. This amount has been recorded as a liability.

	BEGINNING FISCAL YEAR LIABILITY		CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES		CLAIM PAYMENTS		BALANCE AT FISCAL YEAR-END
2005	\$ 55,000	\$	(35,359)	\$	14,141	\$	5,500
2004	120,000		(46,574)		18,426		55,000
2003	274,904		(38,021)		116,883		120,000

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

**CITY OF BISMARCK, NORTH DAKOTA
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Shield of North Dakota. The Plan has paid an excess of stop loss coverage of \$186,425 for 2005. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 \$272,016 as of December 31, 2005. 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		BALANCE AT FISCAL YEAR-END
2005	\$ 203,023	\$	2,696,895	\$	2,627,902
2004	228,555		2,561,499		2,587,031
2003	114,340		2,060,637		1,946,422
					272,016
					203,023
					228,555

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. Estimating replacement cost in consultation with the Fire provides replacement cost coverage and Tornado Fund. 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 \$691,572 reported as landfill closure and post closure care liability at December 31, 2005, represents the cumulative amount reported to date based on the use of 52.5 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$625,245 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 2005. 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.

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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. The County Emergency Management reports to the County Commissioners.

In 2005, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Department. 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 with the exception of the County Emergency Manager. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 379,614
Less value of accumulated depreciation	<u>(200,362)</u>
Net assets	<u>\$ 179,252</u>
Total operating expenditures - 2005	<u><u>\$ 1,188,683</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 Assets. 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 report 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.

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City of Bismarck Employees Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2005 is as follows:

Retirees and beneficiaries receiving benefits	117
Terminated employees - vested	21
Active employees:	
Vested	256
Non-vested	83
 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 ad hoc 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.

For the Employees' Pension Plan, contributions for the years ended December 31, 2005, 2004, and 2003 were \$2,113,743, \$1,678,602, and \$906,669, respectively. The annual pension cost for the years ended December 31, 2005, 2004, and 2003 were \$2,113,743, \$1,531,586, and \$746,951, respectively. The percentage funded was 100%, 110%, and 121% for the years 2005, 2004, and 2003, respectively.

Reserves - The fund balance at December 31, 2005 is \$42,836,388 and the entire amount is reserved for employee pension benefits.

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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, 2005 is as follows:

Retirees and beneficiaries receiving benefits	40
Terminated employees - vested	5
Active employees:	
Vested	77
Non-vested	38
 Number of participating employers:	 1

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.

For the Police Pension Plan, contributions for the years ended December 31, 2005, 2004, and 2003 were \$732,436, \$700,906, and \$354,295, respectively. The annual pension cost for the years ended December 31, 2005, 2004, and 2003 were \$732,436, \$660,286, and \$317,943, respectively. The percentage funded was 100%, 106%, and 111% for the years 2005, 2004, and 2003, respectively. NPO for 2005 was zero. The information needed to complete the NPO for previous years is not available.

Reserves - The fund balance at December 31, 2005 is \$20,447,463 and the entire amount is reserved for employee pension benefits.

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Bismarck Firefighter's Relief Association Plan

Plan Description - The Fire plan is a single employer public employee retirement system governed by Section 18-11 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. All full-time firefighters are eligible members.

Membership in the plan on December 31, 2005 is not available at this time. Membership in the plan on December 31, 2004 is as follows:

Retirees, beneficiarie and disabled receiving benefits	43
Terminated employees - vested	2
Active employees:	
Vested	36
Non-vested	23

Employees who retire at or after age 50, with at least 10 years of credited service, are eligible to a retirement benefit payable monthly for life, equal to 20 to 70 percent of a first class firefighter's salary based on age and years of service. A cost-of-living adjustment (COLA) of 2% is made each January 1st effective at age 65. The plan also provides for death and disability benefits.

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 Board of Directors. 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.

Employer and Annual Required Contributions:

<u>Year</u>	<u>Amount</u>
2005	\$ 285,326
2004	401,393
2003	293,560
2002	141,877
2001	135,768
2000	218,301

The employer contributions exceeded the annual required contributions for the year ending December 31, 2005. The percentage funded was 100% for each year. 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.

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, NORTH DAKOTA
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Schedule of Funding Progress

City of Bismarck Employees Pension (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	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
2000	30,929	21,632	(9,297)	143.0%	9,685	(96.0) %
2001	31,609	23,299	(8,310)	135.7%	10,508	(79.1) %
2002	31,269	25,528	(5,741)	122.5%	11,114	(51.7) %
2003	28,315	28,816	501	98.3%	11,807	4.2 %
2004	34,646	31,528	(3,118)	109.9%	12,442	(25.1) %
2005	37,922	31,803	(6,119)	119.2%	12,765	(47.9) %
2006	42,836	34,964	(7,872)	122.5%	13,107	(60.1) %

City of Bismarck Police Pension (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	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
2000	14,742	10,402	(4,340)	141.7%	3,396	(127.8) %
2001	15,126	11,581	(3,545)	130.6%	3,723	(95.2) %
2002	14,791	12,521	(2,270)	118.1%	3,882	(58.5) %
2003	13,389	13,990	601	95.7%	3,784	15.9 %
2004	16,407	15,481	(926)	106.0%	3,873	(23.9) %
2005	18,186	18,417	231	98.7%	4,150	5.6 %
2006	20,447	20,058	(389)	101.9%	4,302	(9.0) %

City of Bismarck Firefighter's Relief Association (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	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
1996	9,877	10,959	1,082	90.1%	2,120	51.0 %
1998	12,707	11,880	(827)	107.0%	2,265	(36.5) %
2000	15,939	13,450	(2,489)	118.5%	2,472	(100.7) %
2002	16,497	16,023	(474)	103.0%	2,488	(19.1) %
2003	15,705	16,882	1,177	93.0%	2,555	46.1 %
2004	17,010	16,853	(157)	100.9%	2,692	(5.8) %
2005	17,522	17,801	279	98.4%	2,690	10.4 %

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2006	1/1/2006	1/1/2005
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 remaining amortization period-closed
Remaining amortization period	9 yrs	10 yrs	2 yrs
Asset Valuation Method	Market	Market	5 year Smoothed
<u>Valuation Method - Actuarial assumptions:</u>			
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	2.00%

In 2002, the Asset Valuation Method of the Fire Fighters Relief Association changed its Asset Valuation Method from Market to 5 year Smoothing Market Value.

The above information on the Firefighter's Relief Association is the latest information available as of the date of this report.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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 ASSETS**

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Cash and cash equivalents	\$ 201,963	\$ 23	\$ 4,337	\$ 404,934	\$ 611,257
Receivables:					
Taxes	-	-	18,087	12,743	30,830
Accounts	-	-	513	-	513
Accrued interest and dividends	1,624	-	68,770	38,123	108,517
Investments, at fair value:					
Domestic equities	149,601	-	19,340,834	8,885,768	28,376,203
International equities	80,164	-	2,047,098	1,576,478	3,703,740
Domestic fixed income	465,451	-	17,776,887	6,647,126	24,889,464
International fixed income	-	-	746,864	790,734	1,537,598
Real estate	-	-	1,319,927	1,000,901	2,320,828
Venture capital	-	-	338,728	457,470	796,198
Mutual funds	-	1,363,555	-	-	1,363,555
Certificate of deposits	1,846	-	594,067	510,949	1,106,862
Invested cash	37,344	-	632,914	148,898	819,156
Invested securities lending collateral	174,122	-	4,083,485	1,631,348	5,888,955
Total assets	<u>1,112,115</u>	<u>1,363,578</u>	<u>46,972,511</u>	<u>22,105,472</u>	<u>71,553,676</u>
LIABILITIES					
Accounts payable	955	306	39,086	17,154	57,501
Deferred revenue	-	-	13,553	9,507	23,060
Securities lending collateral	174,122	-	4,083,485	1,631,348	5,888,955
Total liabilities	<u>175,077</u>	<u>306</u>	<u>4,136,124</u>	<u>1,658,009</u>	<u>5,969,516</u>
NET ASSETS					
Assets held in trust for pension and other employee benefits	<u>937,038</u>	<u>1,363,272</u>	<u>42,836,387</u>	<u>20,447,463</u>	<u>65,584,160</u>
Total net assets held in trust	<u>\$ 937,038</u>	<u>\$ 1,363,272</u>	<u>\$ 42,836,387</u>	<u>\$ 20,447,463</u>	<u>\$ 65,584,160</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

**PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS**

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 1,147,315	\$ 659,434	\$ 1,806,749
Employee	-	-	674,193	439,542	1,113,735
Transfer in	-	1,295,913	966,428	73,002	2,335,343
Total contributions	<u>-</u>	<u>1,295,913</u>	<u>2,787,936</u>	<u>1,171,978</u>	<u>5,255,827</u>
Investment income:					
Net increase in fair value of investments	13,001	87,822	3,134,541	1,462,253	4,697,617
Interest and dividends	31,293	-	851,577	435,202	1,318,072
	<u>44,294</u>	<u>87,822</u>	<u>3,986,118</u>	<u>1,897,455</u>	<u>6,015,689</u>
Less: investment expense	(2,792)	-	(196,573)	(93,909)	(293,274)
Net investment income	<u>41,502</u>	<u>87,822</u>	<u>3,789,545</u>	<u>1,803,546</u>	<u>5,722,415</u>
Security lending activity:					
Securities lending income	5,142	-	114,099	47,062	166,303
Less: securities lending expenses	(4,780)	-	(107,778)	(44,143)	(156,701)
Net securities lending income	<u>362</u>	<u>-</u>	<u>6,321</u>	<u>2,919</u>	<u>9,602</u>
Total additions	<u>41,864</u>	<u>1,383,735</u>	<u>6,583,802</u>	<u>2,978,443</u>	<u>10,987,844</u>
DEDUCTIONS					
Benefits paid to participants	56,730	-	1,559,967	676,699	2,293,396
Refunds	-	20,463	88,747	97,397	206,607
Administration	-	-	13,096	17,670	30,766
Transfer out	-	-	1,035,301	284,485	1,319,786
Total deductions	<u>56,730</u>	<u>20,463</u>	<u>2,697,111</u>	<u>1,076,251</u>	<u>3,850,555</u>
Change in net assets	<u>(14,866)</u>	<u>1,363,272</u>	<u>3,886,691</u>	<u>1,902,192</u>	<u>7,137,289</u>
Net assets - beginning	<u>951,904</u>	<u>-</u>	<u>38,949,696</u>	<u>18,545,271</u>	<u>58,446,871</u>
Net assets - ending	<u>\$ 937,038</u>	<u>\$ 1,363,272</u>	<u>\$ 42,836,387</u>	<u>\$ 20,447,463</u>	<u>\$ 65,584,160</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

E. Issued But Non-Effective Pronouncements

GASB Statement No. 42, "*Accounting and Financial Reporting for Improvement of Capital Assets and Insurance Recoveries*," was issued in November 2003 and establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2005.

GASB Statement No. 43, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," was issued in April 2004. This statement establishes financial reporting standards for other postemployment benefit plans. The provisions of this statement are effective for periods beginning after December 31, 2005.

GASB Statement No. 44, "*Economic Condition Reporting: The Statistical Section*," was issued in May 2004. This statement establishes and modifies requirements related to the information presented in the statistical section. The provisions of this statement are effective for statistical sections prepared for periods beginning after June 15, 2005.

GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*," was issued in June 2004. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities and assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. The provisions of this statement are effective for periods beginning after December 15, 2006.

GASB Statement No. 46, "*Net Assets Restricted for Enabling Legislation*," was issued in December 2004. This statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. The provisions of this statement are effective for periods beginning after June 15, 2005.

GASB Statement No. 47, "*Accounting for Termination Benefits*," was issued in June 2005. This statement establishes accounting standards for employee termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provision of this statement should be implemented simultaneously with the requirements of Statement 45 above. For all other termination benefits, including those that affect an employer's obligations for defined pension benefits, this statement is effective for periods beginning after June 15, 2005.

F. Prior Period Adjustments

The beginning net asset balance on the Statement of Activities was restated by \$1,696,084 net increase in E/H Transit fixed assets due to the federal audit determining the assets that were recorded under E/H Transit should have been recorded under the City of Bismarck.

The beginning fund balance of Watermain Bonds was restated by \$127,578 due to the deferred revenue that should have been reported as income.

The beginning net asset balance on the Statement of Activities was restated by \$127,578 due to the deferred revenue of Watermain Bonds that should have been reported as income.

G. Subsequent Events

The Airport Enterprise Fund is in the final stages of receiving a federal grant of \$947,061 for reimbursement of 2005 security assets in the new terminal. The federal CFDA number was not available and therefore the federal government has waived the audit requirement for the fiscal year 2005.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue Totals	Debt Service Totals	Capital Projects Totals	Totals
ASSETS				
Cash and cash equivalents	\$ 1,747,048	\$ 120,225	\$ 458,882	\$ 2,326,155
Investments	7,884,614	1,104,953	13,277,216	22,266,783
Receivables:				
Taxes receivable	53,400	-	31,857	85,257
Accounts receivable	1,408,052	-	21,462	1,429,514
Special assessments	39,681	8,008,890	-	8,048,571
Intergovernmental	-	237,965	-	237,965
Notes receivable	1,110,000	-	129,000	1,239,000
Due from other funds	768,139	1,819,894	93,547	2,681,580
Advance to other funds	-	503,519	1,040,000	1,543,519
Prepaid items	2,851	-	-	2,851
Restricted assets:				
Investments	-	-	924,019	924,019
Total assets	\$ 13,013,785	\$ 11,795,446	\$ 15,975,983	\$ 40,785,214
 LIABILITIES				
Accounts payable	\$ 393,963	\$ -	\$ 1,051,403	\$ 1,445,366
Retainage payable	-	-	66,869	66,869
Due to other funds	440,284	-	2,135,811	2,576,095
Deferred revenue	77,471	8,054,303	156,312	8,288,086
Customer deposits	-	-	924,019	924,019
Total liabilities	911,718	8,054,303	4,334,414	13,300,435
 FUND BALANCES				
Reserved for encumbrances	39,871	-	-	39,871
Reserved for debt service	-	700,000	-	700,000
Reserved for advances to other funds	-	503,519	1,040,000	1,543,519
Reserved for long-term receivable	1,110,000	-	129,000	1,239,000
Unreserved, undesignated	10,952,196	2,537,624	10,472,569	23,962,389
Total fund balances	12,102,067	3,741,143	11,641,569	27,484,779
Total liabilities and fund balances	\$ 13,013,785	\$ 11,795,446	\$ 15,975,983	\$ 40,785,214

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 4,168,356	\$ -	\$ 1,148,388	\$ 5,316,744
Licenses and permits	3,775	-	-	3,775
Special assessments	13,755	1,711,862	12,256	1,737,873
Intergovernmental	6,265,004	-	642,373	6,907,377
Charges for services	1,491,506	-	-	1,491,506
Fines and forfeits	85,063	-	-	85,063
Investment income	370,863	33,391	339,941	744,195
Rentals	372,840	-	-	372,840
Miscellaneous	106,836	-	94,621	201,457
	<u>12,877,998</u>	<u>1,745,253</u>	<u>2,237,579</u>	<u>16,860,830</u>
Total revenues				
EXPENDITURES				
Current				
General government	6,346,697	-	-	6,346,697
Public safety	655,374	-	-	655,374
Highways and streets	3,449,698	-	-	3,449,698
Health and welfare	719,870	-	-	719,870
Culture and recreation	1,340,888	-	-	1,340,888
Public works	-	-	373,696	373,696
Capital outlays				
General government	408,299	-	-	408,299
Public safety	206,687	-	-	206,687
Highways and streets	400,286	-	-	400,286
Health and welfare	34,536	-	-	34,536
Culture and recreation	354,900	-	-	354,900
Public works	-	-	6,280,036	6,280,036
Debt service				
Principal	-	2,830,877	-	2,830,877
Interest and fiscal charges	-	634,143	-	634,143
	<u>13,917,235</u>	<u>3,465,020</u>	<u>6,653,732</u>	<u>24,035,987</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(1,039,237)</u>	<u>(1,719,767)</u>	<u>(4,416,153)</u>	<u>(7,175,157)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,138,660	2,024,391	4,275,688	8,438,739
Transfer out	(2,549,622)	(29,055)	(806,300)	(3,384,977)
Discount on special assessment debt	-	-	(1,108)	(1,108)
Special assessment bonds issued	-	-	1,163,286	1,163,286
	<u>(410,962)</u>	<u>1,995,336</u>	<u>4,631,566</u>	<u>6,215,940</u>
Total other financing sources (uses)				
Net changes in fund balances	(1,450,199)	275,569	215,413	(959,217)
Fund balances - beginning, as adjusted	13,552,266	3,465,574	11,426,156	28,443,996
Fund balances - ending	<u>\$ 12,102,067</u>	<u>\$ 3,741,143</u>	<u>\$ 11,641,569</u>	<u>\$ 27,484,779</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are established to account for specific revenue sources (other than Expendable Trusts or Major Capital Projects) that are legally restricted to expenditures for specified purposes.

ARENA/EXHIBIT OPERATIONS-This fund accounts for parking and facility fees to fund equipment purchases and improvement projects for the Civic Center.

E/H TRANSIT SYSTEM-This fund accounts for the pass through of federal funds and a tax levy of 3 mills to the Bismarck-Mandan Transit Board. These funds are used to operate a bus system for the elderly and handicapped citizens and a fixed route for general transportation in Bismarck and Mandan.

LIBRARY-This fund accounts for the operation of the Public Library. Financing is provided by a specific annual property tax levy.

POLICE DRUG ENFORCEMENT-This fund accounts for programs related to drug enforcement that is funded through forfeitures.

POLICE GAMING ENFORCEMENT-This fund accounts for programs related to gaming enforcement that is funded through the ND Attorney Generals Office.

ROADS AND STREETS-This fund accounts for the maintenance of all public streets. Financing is provided by motor vehicle license and gasoline tax collected by the State and reimbursed on a per capita basis. Snow gating activities are funded by Sales Tax.

STREET LIGHTS-This fund accounts for the cost of providing electricity and maintenance of the City's residential street lights and traffic signals. Financing is provided by a monthly fee billed to each property owner.

HOTEL/MOTEL TAX-This fund accounts for the distribution of 90% of the hotel/motel two percent tax collections. Revenues from this fund are passed through to Bismarck/Mandan Convention Visitors Bureau to promote tourism.

LODGING, LIQUOR AND FOOD TAX- This fund accounts for the collection of the one percent lodging, liquor and food tax used for visitor's promotion capital projects.

VISION FUND-This fund accounts for the economic development activities for the City of Bismarck and is funded by Sales Tax.

SOCIAL SECURITY TAX-This fund accounts for the costs of Social Security for all City employees. Financing is provided by a specific annual property tax and enterprise funds.

SPECIAL DEFICIENCY/ASSUMPTION-This fund is used for the deficiencies in the special assessment funds and accounts for the city's share of the special assessment improvements and taxes on public property.

GOVERNMENT GRANTS AND ACTIVITIES-This fund is used to account for federal and state grants, self funded activities, and donations.

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	<u>Arena/Exhibit Operations</u>	<u>E/H Transit</u>	<u>Library</u>	<u>Police Drug Enforcement</u>	<u>Police Gaming Enforcement</u>	<u>Roads & Streets</u>	<u>Street Lights</u>
ASSETS							
Cash and cash equivalents	\$ 165,540	\$ 964	\$122,323	\$ 18,777	\$ 6,262	\$ 607,381	\$ 72,425
Investments	537,664	222	51,712	264,930	110,183	1,068,944	236,759
Receivables:							
Taxes receivable	-	7,695	24,258	-	-	-	-
Accounts receivable	41,067	78,946	-	-	-	279,356	82,465
Special assessments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	91,467	-
Prepaid items	247	-	74	-	18	847	1,665
Total assets	<u>\$ 744,518</u>	<u>\$ 87,827</u>	<u>\$198,367</u>	<u>\$ 283,707</u>	<u>\$ 116,463</u>	<u>\$ 2,047,995</u>	<u>\$393,314</u>
LIABILITIES							
Accounts payable	\$ 1,466	\$ 80,682	\$ 29,443	\$ 1,150	\$ 146	\$ 8,892	\$ 41,659
Due to other funds	93,547	-	-	-	-	-	-
Deferred revenue	-	5,811	18,445	-	-	-	-
Total liabilities	<u>95,013</u>	<u>86,493</u>	<u>47,888</u>	<u>1,150</u>	<u>146</u>	<u>8,892</u>	<u>41,659</u>
FUND BALANCES							
Reserved for encumbrances	-	-	-	21,501	-	-	-
Reserved for long-term receivable	-	-	-	-	-	-	-
Unreserved, undesignated	649,505	1,334	150,479	261,056	116,317	2,039,103	351,655
Total fund balances	<u>649,505</u>	<u>1,334</u>	<u>150,479</u>	<u>282,557</u>	<u>116,317</u>	<u>2,039,103</u>	<u>351,655</u>
Total liabilities and fund balances	<u>\$ 744,518</u>	<u>\$ 87,827</u>	<u>\$198,367</u>	<u>\$ 283,707</u>	<u>\$ 116,463</u>	<u>\$ 2,047,995</u>	<u>\$393,314</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

	<u>Hotel/ Motel Tax</u>	<u>Lodging/ Liquor/ Food Tax</u>	<u>Vision Fund</u>	<u>Social Security Tax</u>	<u>Special Deficiency/ Assumption</u>	<u>Government Grants & Activities</u>	<u>Total Special Revenue</u>
ASSETS							
Cash and cash equivalents	\$ -	\$555,448	\$ 65,567	\$ 8,056	\$ 124,305	\$ -	\$ 1,747,048
Investments	-	-	4,713,993	523,826	376,381	-	7,884,614
Receivables:							
Taxes receivable	-	-	-	18,766	2,681	-	53,400
Accounts receivable	32,065	126,204	-	-	-	767,949	1,408,052
Special assessments	-	-	-	-	39,681	-	39,681
Notes receivable	-	-	1,110,000	-	-	-	1,110,000
Due from other funds	-	-	676,672	-	-	-	768,139
Prepaid items	-	-	-	-	-	-	2,851
Total assets	<u>\$ 32,065</u>	<u>\$681,652</u>	<u>\$ 6,566,232</u>	<u>\$550,648</u>	<u>\$ 543,048</u>	<u>\$ 767,949</u>	<u>\$ 13,013,785</u>
LIABILITIES							
Accounts payable	\$ 32,065	\$ -	\$ 54,381	\$ -	\$ 1,250	\$ 142,829	\$ 393,963
Due to other funds	-	-	-	-	-	346,737	440,284
Deferred revenue	-	-	-	14,392	38,823	-	77,471
Total liabilities	<u>32,065</u>	<u>-</u>	<u>54,381</u>	<u>14,392</u>	<u>40,073</u>	<u>489,566</u>	<u>911,718</u>
FUND BALANCES							
Reserved for encumbrances	-	-	-	-	-	18,370	39,871
Reserved for long-term receivable	-	-	1,110,000	-	-	-	1,110,000
Unreserved, undesignated	-	681,652	5,401,851	536,256	502,975	260,013	10,952,196
Total fund balances	<u>-</u>	<u>681,652</u>	<u>6,511,851</u>	<u>536,256</u>	<u>502,975</u>	<u>278,383</u>	<u>12,102,067</u>
Total liabilities and fund balances	<u>\$ 32,065</u>	<u>\$681,652</u>	<u>\$ 6,566,232</u>	<u>\$550,648</u>	<u>\$ 543,048</u>	<u>\$ 767,949</u>	<u>\$ 13,013,785</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Arena/Exhibit Operations</u>	<u>E/H Transit</u>	<u>Library</u>	<u>Police Drug Enforcement</u>	<u>Police Gaming Enforcement</u>	<u>Roads & Streets</u>	<u>Street Lights</u>
REVENUES							
Taxes	\$ -	\$ 351,402	\$ 1,059,325	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	3,775	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	1,279,394	253,386	-	31,382	2,471,186	-
Charges for services	154,712	-	62,218	-	-	149,990	993,392
Fines and forfeits	-	-	29,422	55,641	-	-	-
Investment income	19,039	943	15,261	8,291	3,240	27,963	9,128
Rentals	269,106	-	5,300	-	-	77,204	2,030
Miscellaneous	525	-	10,689	-	-	13,410	36,117
Total revenues	<u>443,382</u>	<u>1,631,739</u>	<u>1,435,601</u>	<u>63,932</u>	<u>38,397</u>	<u>2,739,753</u>	<u>1,040,667</u>
EXPENDITURES							
Current							
General government	-	1,424,682	-	-	-	-	-
Public safety	-	-	-	39,435	52,815	-	-
Highways and streets	-	-	-	-	-	2,320,911	1,119,875
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	38,464	-	1,184,817	-	-	-	-
Capital outlays							
General government	-	207,058	-	-	-	-	-
Public safety	-	-	-	25,155	-	-	-
Highways and streets	-	-	-	-	-	381,289	18,997
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	48,540	-	306,360	-	-	-	-
Total expenditures	<u>87,004</u>	<u>1,631,740</u>	<u>1,491,177</u>	<u>64,590</u>	<u>52,815</u>	<u>2,702,200</u>	<u>1,138,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>356,378</u>	<u>(1)</u>	<u>(55,576)</u>	<u>(658)</u>	<u>(14,418)</u>	<u>37,553</u>	<u>(98,205)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	-	394,055	-
Transfer out	<u>(491,098)</u>	<u>-</u>	<u>(19,050)</u>	<u>-</u>	<u>(8,448)</u>	<u>(48,098)</u>	<u>(18,336)</u>
Total other financing sources (uses)	<u>(491,098)</u>	<u>-</u>	<u>(19,050)</u>	<u>-</u>	<u>(8,448)</u>	<u>345,957</u>	<u>(18,336)</u>
Net changes in fund balances	(134,720)	(1)	(74,626)	(658)	(22,866)	383,510	(116,541)
Fund balances - beginning	<u>784,225</u>	<u>1,335</u>	<u>225,105</u>	<u>283,215</u>	<u>139,183</u>	<u>1,655,593</u>	<u>468,196</u>
Fund balances - ending	<u>\$ 649,505</u>	<u>\$ 1,334</u>	<u>\$ 150,479</u>	<u>\$ 282,557</u>	<u>\$ 116,317</u>	<u>\$ 2,039,103</u>	<u>\$ 351,655</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>Hotel/ Motel Tax</u>	<u>Lodging/ Liquor/ Food Tax</u>	<u>Vision Fund</u>	<u>Social Security Tax</u>	<u>Special Deficiency/ Assumption</u>	<u>Government Grants & Activities</u>	<u>Total Special Revenue</u>
REVENUES							
Taxes	\$ 438,997	\$ 1,435,819	\$ -	\$ 764,688	\$ 118,125	\$ -	\$ 4,168,356
Licenses and permits	-	-	-	-	-	-	3,775
Special assessments	-	-	-	-	13,755	-	13,755
Intergovernmental	-	-	125,000	19,239	2,937	2,082,480	6,265,004
Charges for services	-	-	-	-	-	131,194	1,491,506
Fines and forfeits	-	-	-	-	-	-	85,063
Investment income	-	16,566	160,471	19,025	88,973	1,963	370,863
Rentals	-	19,200	-	-	-	-	372,840
Miscellaneous	-	-	2,000	-	-	44,095	106,836
Total revenues	<u>438,997</u>	<u>1,471,585</u>	<u>287,471</u>	<u>802,952</u>	<u>223,790</u>	<u>2,259,732</u>	<u>12,877,998</u>
EXPENDITURES							
Current							
General government	438,997	11,745	2,655,636	1,120,419	102,604	592,614	6,346,697
Public safety	-	-	-	-	-	563,124	655,374
Highways and streets	-	-	-	-	-	8,912	3,449,698
Health and welfare	-	-	-	-	-	719,870	719,870
Culture and recreation	-	-	-	-	-	117,607	1,340,888
Capital outlays							
General government	-	-	201,241	-	-	-	408,299
Public safety	-	-	-	-	-	181,532	206,687
Highways and streets	-	-	-	-	-	-	400,286
Health and welfare	-	-	-	-	-	34,536	34,536
Culture and recreation	-	-	-	-	-	-	354,900
Total expenditures	<u>438,997</u>	<u>11,745</u>	<u>2,856,877</u>	<u>1,120,419</u>	<u>102,604</u>	<u>2,218,195</u>	<u>13,917,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,459,840</u>	<u>(2,569,406)</u>	<u>(317,467)</u>	<u>121,186</u>	<u>41,537</u>	<u>(1,039,237)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	1,000,000	435,365	228,338	80,902	2,138,660
Transfer out	-	(1,390,356)	(43,049)	-	(423,533)	(107,654)	(2,549,622)
Total other financing sources (uses)	<u>-</u>	<u>(1,390,356)</u>	<u>956,951</u>	<u>435,365</u>	<u>(195,195)</u>	<u>(26,752)</u>	<u>(410,962)</u>
Net changes in fund balances	-	69,484	(1,612,455)	117,898	(74,009)	14,785	(1,450,199)
Fund balances - beginning	-	612,168	8,124,306	418,358	576,984	263,598	13,552,266
Fund balances - ending	<u>\$ -</u>	<u>\$ 681,652</u>	<u>\$ 6,511,851</u>	<u>\$ 536,256</u>	<u>\$ 502,975</u>	<u>\$ 278,383</u>	<u>\$ 12,102,067</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
ARENA/EXHIBIT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 784,225	\$ 784,225	\$ 784,225	\$ -
Resources (inflows)				
Charges for services	105,000	105,000	154,712	49,712
Investment income	1,400	1,400	19,039	17,639
Rentals	150,000	150,000	269,106	119,106
Miscellaneous	-	-	525	525
	<u>1,040,625</u>	<u>1,040,625</u>	<u>1,227,607</u>	<u>186,982</u>
Amount available for appropriation				
	<u>1,040,625</u>	<u>1,040,625</u>	<u>1,227,607</u>	<u>186,982</u>
Charges to appropriations (outflows)				
Culture and recreation	174,400	174,400	87,004	87,396
Transfer out	492,652	492,652	491,098	1,554
	<u>667,052</u>	<u>667,052</u>	<u>578,102</u>	<u>88,950</u>
Total charges to appropriations	<u>667,052</u>	<u>667,052</u>	<u>578,102</u>	<u>88,950</u>
Budgetary Fund Balance, December 31	<u>\$ 373,573</u>	<u>\$ 373,573</u>	<u>\$ 649,505</u>	<u>\$ 275,932</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 1,335	\$ 1,335	\$ 1,335	\$ -
Resources (inflows)				
Taxes	371,073	371,073	351,402	(19,671)
Intergovernmental	2,807,450	2,807,450	1,279,394	(1,528,056)
Investment Income	430	430	943	513
Amount available for appropriation	<u>3,180,288</u>	<u>3,180,288</u>	<u>1,633,074</u>	<u>(1,547,214)</u>
Charges to appropriations (outflows)				
General government	<u>3,178,953</u>	<u>2,178,953</u>	<u>1,631,740</u>	<u>547,213</u>
Total charges to appropriations	<u>3,178,953</u>	<u>2,178,953</u>	<u>1,631,740</u>	<u>547,213</u>
Budgetary Fund Balance, December 31	<u>\$ 1,335</u>	<u>\$ 1,001,335</u>	<u>\$ 1,334</u>	<u>\$ (1,000,001)</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 225,105	\$ 225,105	\$ 225,105	\$ -
Resources (inflows)				
Taxes	1,123,730	1,123,730	1,059,325	(64,405)
Intergovernmental	309,060	309,060	253,386	(55,674)
Charges for services	62,000	62,000	62,218	218
Fines and forfeits	27,700	27,700	29,422	1,722
Investment income	9,400	9,400	15,261	5,861
Rentals	5,500	5,500	5,300	(200)
Miscellaneous	9,000	9,000	10,689	1,689
Amount available for appropriation	<u>1,771,495</u>	<u>1,771,495</u>	<u>1,660,706</u>	<u>(110,789)</u>
Charges to appropriations (outflows)				
Culture and recreation	1,526,928	1,526,928	1,491,177	35,751
Transfer out	<u>19,050</u>	<u>19,050</u>	<u>19,050</u>	<u>-</u>
Total charges to appropriations	<u>1,545,978</u>	<u>1,545,978</u>	<u>1,510,227</u>	<u>35,751</u>
Budgetary Fund Balance, December 31	<u>\$ 225,517</u>	<u>\$ 225,517</u>	<u>\$ 150,479</u>	<u>\$ (75,038)</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 283,215	\$ 283,215	\$ 283,215	\$ -
Resources (inflows)				
Fines and forfeits	12,000	12,000	55,641	43,641
Investment income	500	500	8,291	7,791
Miscellaneous	400	400	-	(400)
	<u>296,115</u>	<u>296,115</u>	<u>347,147</u>	<u>51,032</u>
Amount available for appropriation				
	<u>296,115</u>	<u>296,115</u>	<u>347,147</u>	<u>51,032</u>
Charges to appropriations (outflows)				
Public safety	<u>30,900</u>	<u>107,994</u>	<u>86,091</u>	<u>21,903</u>
Total charges to appropriations	<u>30,900</u>	<u>107,994</u>	<u>86,091</u>	<u>21,903</u>
Budgetary Fund Balance, December 31	<u><u>\$ 265,215</u></u>	<u><u>\$ 188,121</u></u>	<u><u>\$ 261,056</u></u>	<u><u>\$ 72,935</u></u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT**

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

		Police Drug Enforcement
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	347,147
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		(283,215)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	63,932
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	86,091
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(21,501)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	64,590

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE GAMING ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 139,183	\$ 139,183	\$ 139,183	\$ -
Resources (inflows)				
Licenses and permits	4,575	4,575	3,775	(800)
Intergovernmental	63,000	63,000	31,382	(31,618)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>3,240</u>	<u>1,240</u>
Amount available for appropriation	<u>208,758</u>	<u>208,758</u>	<u>177,580</u>	<u>(31,178)</u>
Charges to appropriations (outflows)				
Public safety	59,524	58,996	52,815	6,181
Transfer out	<u>7,921</u>	<u>8,449</u>	<u>8,448</u>	<u>1</u>
Total charges to appropriations	<u>67,445</u>	<u>67,445</u>	<u>61,263</u>	<u>6,182</u>
Budgetary Fund Balance, December 31	<u>\$ 141,313</u>	<u>\$ 141,313</u>	<u>\$ 116,317</u>	<u>\$ (24,996)</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
ROADS & STREETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$1,655,593	\$ 1,655,593	\$ 1,655,593	\$ -
Resources (inflows)				
Intergovernmental	2,483,340	2,483,340	2,471,186	(12,154)
Charges for services	77,000	77,000	149,990	72,990
Investment income	10,000	10,000	27,963	17,963
Rentals	55,072	55,072	77,204	22,132
Miscellaneous	152,000	152,000	13,410	(138,590)
Transfer in	790,199	790,199	394,055	(396,144)
Amount available for appropriation	<u>5,223,204</u>	<u>5,223,204</u>	<u>4,789,401</u>	<u>(433,803)</u>
Charges to appropriations (outflows)				
Highways and streets	3,213,329	3,213,329	2,702,200	511,129
Transfer out	56,373	56,373	48,098	8,275
Total charges to appropriations	<u>3,269,702</u>	<u>3,269,702</u>	<u>2,750,298</u>	<u>519,404</u>
Budgetary Fund Balance, December 31	<u><u>\$1,953,502</u></u>	<u><u>\$ 1,953,502</u></u>	<u><u>\$ 2,039,103</u></u>	<u><u>\$ 85,601</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET LIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 468,196	\$ 468,196	\$ 468,196	\$ -
Resources (inflows)				
Charges for services	1,026,975	1,026,975	993,392	(33,583)
Investment income	5,000	5,000	9,128	4,128
Rentals	1,000	1,000	2,030	1,030
Miscellaneous	12,500	12,500	36,117	23,617
Amount available for appropriation	<u>1,513,671</u>	<u>1,513,671</u>	<u>1,508,863</u>	<u>(4,808)</u>
Charges to appropriations (outflows)				
Highways and streets	1,186,972	1,186,972	1,138,872	48,100
Transfer out	23,474	23,474	18,336	5,138
Total charges to appropriations	<u>1,210,446</u>	<u>1,210,446</u>	<u>1,157,208</u>	<u>53,238</u>
Budgetary Fund Balance, December 31	<u>\$ 303,225</u>	<u>\$ 303,225</u>	<u>\$ 351,655</u>	<u>\$ 48,430</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>425,000</u>	<u>425,000</u>	<u>438,997</u>	<u>13,997</u>
Amount available for appropriation	<u>425,000</u>	<u>425,000</u>	<u>438,997</u>	<u>13,997</u>
Charges to appropriations (outflows)				
General government	<u>425,000</u>	<u>465,000</u>	<u>438,997</u>	<u>26,003</u>
Total charges to appropriations	<u>425,000</u>	<u>465,000</u>	<u>438,997</u>	<u>26,003</u>
Budgetary Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ (40,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,000</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LODGING/LIQUOR/FOOD TAX
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 612,168	\$ 612,168	\$ 612,168	\$ -
Resources (inflows)				
Taxes	1,170,450	1,170,450	1,435,819	265,369
Investment income	7,000	7,000	16,566	9,566
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>1,808,818</u>	<u>1,808,818</u>	<u>2,083,753</u>	<u>274,935</u>
Charges to appropriations (outflows)				
General government	12,800	12,800	11,745	1,055
Transfer out	<u>1,436,482</u>	<u>1,436,482</u>	<u>1,390,356</u>	<u>46,126</u>
Total charges to appropriations	<u>1,449,282</u>	<u>1,449,282</u>	<u>1,402,101</u>	<u>47,181</u>
Budgetary Fund Balance, December 31	<u>\$ 359,536</u>	<u>\$ 359,536</u>	<u>\$ 681,652</u>	<u>\$ 322,116</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 8,124,306	\$8,124,306	\$ 8,124,306	\$ -
Resources (inflows)				
Intergovernmental	-	-	125,000	125,000
Investment income	49,000	49,000	160,471	111,471
Miscellaneous	-	-	2,000	2,000
Transfer in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Amount available for appropriation	<u>9,173,306</u>	<u>9,173,306</u>	<u>9,411,777</u>	<u>238,471</u>
Charges to appropriations (outflows)				
General government	1,049,000	3,005,000	2,856,877	148,123
Transfer out	<u>-</u>	<u>44,000</u>	<u>43,049</u>	<u>951</u>
Total charges to appropriations	<u>1,049,000</u>	<u>3,049,000</u>	<u>2,899,926</u>	<u>149,074</u>
Budgetary Fund Balance, December 31	<u><u>\$ 8,124,306</u></u>	<u><u>\$6,124,306</u></u>	<u><u>\$ 6,511,851</u></u>	<u><u>\$ 387,545</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SOCIAL SECURITY TAX
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 418,358	\$ 418,358	\$ 418,358	\$ -
Resources (inflows)				
Taxes	805,342	805,342	764,688	(40,654)
Intergovernmental	21,100	21,100	19,239	(1,861)
Investment income	4,200	4,200	19,025	14,825
Transfer In	<u>455,388</u>	<u>455,388</u>	<u>435,365</u>	<u>(20,023)</u>
Amount available for appropriation	<u>1,704,388</u>	<u>1,704,388</u>	<u>1,656,675</u>	<u>(47,713)</u>
Charges to appropriations (outflows)				
General government	<u>1,245,910</u>	<u>1,245,910</u>	<u>1,120,419</u>	<u>125,491</u>
Total charges to appropriations	<u>1,245,910</u>	<u>1,245,910</u>	<u>1,120,419</u>	<u>125,491</u>
Budgetary Fund Balance, December 31	<u>\$ 458,478</u>	<u>\$ 458,478</u>	<u>\$ 536,256</u>	<u>\$ 77,778</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SPECIAL DEFICIENCY/ASSUMPTION
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 576,984	\$ 576,984	\$ 576,984	\$ -
Resources (inflows)				
Taxes	122,481	122,481	118,125	(4,356)
Special assessments	9,200	9,200	13,755	4,555
Intergovernmental	2,845	2,845	2,937	92
Investment income	108,000	108,000	88,973	(19,027)
Transfer in	144,696	144,696	228,338	83,642
Amount available for appropriation	<u>964,206</u>	<u>964,206</u>	<u>1,029,112</u>	<u>64,906</u>
Charges to appropriations (outflows)				
General government	108,125	129,125	102,604	26,521
Transfer out	<u>526,512</u>	<u>526,512</u>	<u>423,533</u>	<u>102,979</u>
Total charges to appropriations	<u>634,637</u>	<u>655,637</u>	<u>526,137</u>	<u>129,500</u>
Budgetary Fund Balance, December 31	<u>\$ 329,569</u>	<u>\$ 308,569</u>	<u>\$ 502,975</u>	<u>\$ 194,406</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 263,598	\$ 263,598	\$ 263,598	\$ -
Resources (inflows)				
Intergovernmental	5,038,280	5,038,280	2,082,480	(2,955,800)
Charges for services	10,000	10,000	131,194	121,194
Investment income	550	550	1,963	1,413
Miscellaneous	31,500	31,500	44,095	12,595
Transfer in	<u>70,000</u>	<u>70,000</u>	<u>80,902</u>	<u>10,902</u>
Amount available for appropriation	<u>5,413,928</u>	<u>5,413,928</u>	<u>2,604,232</u>	<u>(2,809,696)</u>
Charges to appropriations (outflows)				
General government	1,630,000	597,500	592,614	4,886
Public safety	2,509,383	2,496,383	763,026	1,733,357
Highways and streets	62,000	62,000	8,912	53,088
Health and welfare	783,832	769,207	754,406	14,801
Culture and recreation	97,530	130,030	117,607	12,423
Transfer out	<u>82,615</u>	<u>110,240</u>	<u>107,654</u>	<u>2,586</u>
Total charges to appropriations	<u>5,165,360</u>	<u>4,165,360</u>	<u>2,344,219</u>	<u>1,821,141</u>
Budgetary Fund Balance, December 31	<u>\$ 248,568</u>	<u>\$ 1,248,568</u>	<u>\$ 260,013</u>	<u>\$ (988,555)</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES**

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

		Government Grants & Activities
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	2,604,232
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		(263,598)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes		(80,902)
		(80,902)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	2,259,732
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	2,344,219
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(18,370)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(107,654)
		(107,654)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	2,218,195

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

MAJOR DEBT SERVICE FUNDS

The debt service funds are established to account for the accumulation of resources and the payment of general long-term debt principal and interest.

STREET IMPROVEMENT BONDS-This fund accounts for the collection of special assessments and payment of special assessment bonds.

**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, 2005**

	<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	\$ 8,697,997	\$ 8,697,997	\$ 8,697,997	\$ -
Resources (inflows)				
Special assessments	3,521,021	3,521,021	3,992,878	471,857
Transfer in	374,893	374,893	334,762	(40,131)
Refunded bonds issued	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
Amount available for appropriation	<u>15,593,911</u>	<u>15,593,911</u>	<u>13,025,637</u>	<u>(2,568,274)</u>
Charges to appropriations (outflows)				
Principal	3,768,841	3,774,141	3,774,123	18
Interest and fiscal charges	3,851,447	3,682,147	819,520	2,862,627
Transfer out	<u>117,132</u>	<u>281,132</u>	<u>199,284</u>	<u>81,848</u>
Total charges to appropriations	<u>7,737,420</u>	<u>7,737,420</u>	<u>4,792,927</u>	<u>2,944,493</u>
Budgetary Fund Balance, December 31	<u>\$ 7,856,491</u>	<u>\$ 7,856,491</u>	<u>\$ 8,232,710</u>	<u>\$ 376,219</u>

NONMAJOR DEBT SERVICE FUNDS

The debt service funds are established to account for the accumulation of resources and the payment of general long-term debt principal and interest.

SEWERMAIN BONDS-This fund accounts for the collection of special assessments and payment of special assessment bonds.

WATERMAIN BONDS-This fund accounts for the collection of special assessments and payment of special assessment bonds.

SIDEWALK BONDS-This fund accounts for the collection of special assessments and payment of special assessment bonds.

PARKING LOT BONDS-This fund accounts for the collection of special assessments and the payment of special assessment bonds.

LODGING, LIQUOR, FOOD BONDS-This fund accounts for the payment of bonds issued to finance the Civic Center seating addition. Financing is provided by a transfer from the Special Revenue Motel, Liquor, Restaurant Tax Fund.

SALES TAX /BONDS-This fund accounts for the payment of bonds issued for citywide improvement projects. Financing is provided by a transfer from Sales Tax Revenue.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2005**

	<u>Sewermain Bonds</u>	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Parking Lot Bonds</u>	<u>Lodging/ Liquor/ Food Bonds</u>	<u>Total Debt Service</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 73,130	\$ 35,038	\$ 12,057	\$ 120,225
Investments	-	-	198,284	90,447	816,222	1,104,953
Receivables:						
Special assessments	3,900,150	543,547	3,555,285	9,908	-	8,008,890
Intergovernmental	15,392	14,657	7,007	200,909	-	237,965
Due from other funds	919,449	291,893	608,552	-	-	1,819,894
Advance to other funds	-	503,519	-	-	-	503,519
Total assets	<u>\$ 4,834,991</u>	<u>\$ 1,353,616</u>	<u>\$ 4,442,258</u>	<u>\$ 336,302</u>	<u>\$ 828,279</u>	<u>\$ 11,795,446</u>
LIABILITIES						
Deferred revenue	<u>\$ 3,633,645</u>	<u>\$ 1,029,467</u>	<u>\$ 3,190,282</u>	<u>\$ 200,909</u>	<u>\$ -</u>	<u>\$ 8,054,303</u>
Total liabilities	<u>3,633,645</u>	<u>1,029,467</u>	<u>3,190,282</u>	<u>200,909</u>	<u>-</u>	<u>8,054,303</u>
FUND BALANCES						
Reserved for debt service	-	-	-	-	700,000	700,000
Reserved for advances to other funds	-	503,519	-	-	-	503,519
Unreserved, undesignated	<u>1,201,346</u>	<u>(179,370)</u>	<u>1,251,976</u>	<u>135,393</u>	<u>128,279</u>	<u>2,537,624</u>
Total fund balances	<u>1,201,346</u>	<u>324,149</u>	<u>1,251,976</u>	<u>135,393</u>	<u>828,279</u>	<u>3,741,143</u>
Total liabilities and fund balances	<u>\$ 4,834,991</u>	<u>\$ 1,353,616</u>	<u>\$ 4,442,258</u>	<u>\$ 336,302</u>	<u>\$ 828,279</u>	<u>\$ 11,795,446</u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>Sewermain Bonds</u>	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Parking Lot Bonds</u>	<u>Lodging/ Liquor/ Food Bonds</u>	<u>Sales Tax Bonds</u>	<u>Total Debt Service</u>
REVENUES							
Special assessments	\$ 684,844	\$ 204,754	\$ 720,905	\$ 101,359	\$ -	\$ -	\$ 1,711,862
Investment income	<u>3</u>	<u>1</u>	<u>3</u>	<u>3,084</u>	<u>30,300</u>	<u>-</u>	<u>33,391</u>
Total revenues	<u>684,847</u>	<u>204,755</u>	<u>720,908</u>	<u>104,443</u>	<u>30,300</u>	<u>-</u>	<u>1,745,253</u>
EXPENDITURES							
Debt service							
Principal	436,711	158,841	490,000	60,325	640,000	1,045,000	2,830,877
Interest and fiscal charges	<u>196,249</u>	<u>46,566</u>	<u>124,627</u>	<u>8,730</u>	<u>240,990</u>	<u>16,981</u>	<u>634,143</u>
Total expenditures	<u>632,960</u>	<u>205,407</u>	<u>614,627</u>	<u>69,055</u>	<u>880,990</u>	<u>1,061,981</u>	<u>3,465,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,887</u>	<u>(652)</u>	<u>106,281</u>	<u>35,388</u>	<u>(850,690)</u>	<u>(1,061,981)</u>	<u>(1,719,767)</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	68,906	12,514	-	-	880,990	1,061,981	2,024,391
Transfer out	<u>-</u>	<u>-</u>	<u>(29,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,055)</u>
Total other financing sources (uses)	<u>68,906</u>	<u>12,514</u>	<u>(29,055)</u>	<u>-</u>	<u>880,990</u>	<u>1,061,981</u>	<u>1,995,336</u>
Net changes in fund balances	120,793	11,862	77,226	35,388	30,300	-	275,569
Fund balances - beginning, as adjusted	<u>1,080,553</u>	<u>312,287</u>	<u>1,174,750</u>	<u>100,005</u>	<u>797,979</u>	<u>-</u>	<u>3,465,574</u>
Fund balances - ending	<u>\$ 1,201,346</u>	<u>\$ 324,149</u>	<u>\$ 1,251,976</u>	<u>\$ 135,393</u>	<u>\$ 828,279</u>	<u>\$ -</u>	<u>\$ 3,741,143</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SEWERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 1,080,553	\$ 1,080,553	\$ 1,080,553	\$ -
Resources (inflows)				
Special assessments	605,335	605,335	684,844	79,509
Investment income	-	-	3	3
Transfer in	50,000	50,000	68,906	18,906
Refunded bonds issued	500,000	500,000	-	(500,000)
Amount available for appropriation	<u>2,235,888</u>	<u>2,235,888</u>	<u>1,834,306</u>	<u>(401,582)</u>
Charges to appropriations (outflows)				
Principal	435,423	436,723	436,711	12
Interest and fiscal charges	708,572	707,272	196,249	511,023
Transfer out	5,000	5,000	-	5,000
Total charges to appropriations	<u>1,148,995</u>	<u>1,148,995</u>	<u>632,960</u>	<u>516,035</u>
Budgetary Fund Balance, December 31	<u>\$ 1,086,893</u>	<u>\$ 1,086,893</u>	<u>\$ 1,201,346</u>	<u>\$ 114,453</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, 2005**

	<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, as adjusted	\$ 184,708	\$ 184,708	\$ 312,287	\$ 127,579
Resources (inflows)				
Special assessments	84,155	84,155	204,754	120,599
Investment income	-	-	1	1
Transfer in	109,510	109,510	12,514	(96,996)
Refunded bonds issued	200,000	200,000	-	(200,000)
Amount available for appropriation	<u>578,373</u>	<u>578,373</u>	<u>529,556</u>	<u>(48,817)</u>
Charges to appropriations (outflows)				
Principal	155,414	158,914	158,841	73
Interest and fiscal charges	251,436	247,936	46,566	201,370
Total charges to appropriations	<u>406,850</u>	<u>406,850</u>	<u>205,407</u>	<u>201,443</u>
Budgetary Fund Balance, December 31	<u>\$ 171,523</u>	<u>\$ 171,523</u>	<u>\$ 324,149</u>	<u>\$ 152,626</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, 2005**

	<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	\$1,174,750	\$1,174,750	\$ 1,174,750	\$ -
Resources (inflows)				
Special assessments	525,934	525,934	720,905	194,971
Investment income	-	-	3	3
Transfer in	35,000	35,000	-	(35,000)
Amount available for appropriation	<u>1,735,684</u>	<u>1,735,684</u>	<u>1,895,658</u>	<u>159,974</u>
Charges to appropriations (outflows)				
Principal	490,000	490,000	490,000	-
Interest and fiscal charges	126,837	125,337	124,627	710
Transfer out	27,564	29,064	29,055	9
Total charges to appropriations	<u>644,401</u>	<u>644,401</u>	<u>643,682</u>	<u>719</u>
Budgetary Fund Balance, December 31	<u>\$1,091,283</u>	<u>\$1,091,283</u>	<u>\$ 1,251,976</u>	<u>\$ 160,693</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
PARKING LOT BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 100,005	\$ 100,005	\$ 100,005	\$ -
Resources (inflows)				
Special assessments	102,334	102,334	101,359	(975)
Investment income	-	-	3,084	3,084
Amount available for appropriation	<u>202,339</u>	<u>202,339</u>	<u>204,448</u>	<u>2,109</u>
Charges to appropriations (outflows)				
Principal	60,324	60,324	60,325	(1)
Interest and fiscal charges	<u>8,730</u>	<u>8,730</u>	<u>8,730</u>	<u>-</u>
Total charges to appropriations	<u>69,054</u>	<u>69,054</u>	<u>69,055</u>	<u>(1)</u>
Budgetary Fund Balance, December 31	<u>\$ 133,285</u>	<u>\$ 133,285</u>	<u>\$ 135,393</u>	<u>\$ 2,108</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, 2005**

	<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	\$ 797,979	\$ 797,979	\$ 797,979	\$ -
Resources (inflows)				
Investment income	8,890	8,890	30,300	21,410
Transfer in	<u>880,990</u>	<u>880,990</u>	<u>880,990</u>	<u>-</u>
Amount available for appropriation	<u>1,687,859</u>	<u>1,687,859</u>	<u>1,709,269</u>	<u>21,410</u>
Charges to appropriations (outflows)				
Principal	640,000	640,000	640,000	-
Interest and fiscal charges	<u>240,990</u>	<u>240,990</u>	<u>240,990</u>	<u>-</u>
Total charges to appropriations	<u>880,990</u>	<u>880,990</u>	<u>880,990</u>	<u>-</u>
Budgetary Fund Balance, December 31	<u>\$ 806,869</u>	<u>\$ 806,869</u>	<u>\$ 828,279</u>	<u>\$ 21,410</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SALES TAX BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Transfer in	<u>1,061,982</u>	<u>1,061,982</u>	<u>1,061,981</u>	<u>(1)</u>
Amount available for appropriation	<u>1,061,982</u>	<u>1,061,982</u>	<u>1,061,981</u>	<u>(1)</u>
Charges to appropriations (outflows)				
Principal	1,045,000	1,045,000	1,045,000	-
Interest and fiscal charges	<u>16,982</u>	<u>16,982</u>	<u>16,981</u>	<u>1</u>
Total charges to appropriations	<u>1,061,982</u>	<u>1,061,982</u>	<u>1,061,981</u>	<u>1</u>
Budgetary Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

The capital projects funds are established to account for the acquisition or construction of major capital facilities and improvements (other than those financed by Proprietary Funds and Trust Funds).

TAX INCREMENT-This fund accounts for improvements made in the tax increment district. Financing is provided by a specific annual property tax on property within the district as set by NDCC.

COMMUNITY DEVELOPMENT-This fund accounts for capital improvement expenditures financed with HUD Grant Funds.

CIVIC CENTER IMPROVEMENTS-This fund accounts for various construction improvements for the Civic Center. Financing is provided by the proceeds from the Special Revenue Lodging, Liquor and Food Tax Fund, Tax Increment, and/or Special Revenue Arena/Exhibit Fund.

BUILDING IMPROVEMENTS-This fund accounts for major improvements made to the City of Bismarck buildings and is funded by Sales Tax or General Fund Revenues.

HIGHWAY CONSTRUCTION -This fund accounts for improvements made to the arterial streets and the traffic signal lights system. Financing is provided by Sales Tax and ND Department of Transportation.

WATERMAIN CONSTRUCTION-This fund accounts for the construction of watermains. Financing is provided by the proceeds from the special assessment bonds.

SIDEWALK CONSTRUCTION-This fund accounts for the construction of sidewalks. Financing is provided by the proceeds from the special assessment bonds.

COMMERCE DEVELOPMENT-This fund accounts for the construction of Northern Plains Commerce Center.

(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2005**

	<u>Tax Increment</u>	<u>Community Development</u>	<u>Civic Center Improvements</u>	<u>Building Improvements</u>	<u>Highway Construction</u>
ASSETS					
Cash and cash equivalents	\$ 207,892	\$ -	\$ 120,712	\$ 112,046	\$ 18,232
Investments	8,834,873	-	-	500,000	3,942,343
Receivables:					
Taxes receivable	31,857	-	-	-	-
Accounts receivable	-	21,462	-	-	-
Notes receivable	-	129,000	-	-	-
Due from other funds	93,547	-	-	-	-
Advance to other funds	1,040,000	-	-	-	-
Restricted assets:					
Investments	-	-	-	-	-
Total assets	<u>\$ 10,208,169</u>	<u>\$ 150,462</u>	<u>\$ 120,712</u>	<u>\$ 612,046</u>	<u>\$ 3,960,575</u>
LIABILITIES					
Accounts payable	\$ -	\$ 16,003	\$ 9,887	\$ 11,975	\$ 141,260
Retainage payable	-	-	-	-	-
Due to other funds	-	5,459	-	-	-
Deferred revenue	27,312	129,000	-	-	-
Customer deposits	-	-	-	-	-
Total liabilities	<u>27,312</u>	<u>150,462</u>	<u>9,887</u>	<u>11,975</u>	<u>141,260</u>
FUND BALANCES					
Reserved for advances to other funds	1,040,000	-	-	-	-
Reserved for long-term receivable	-	129,000	-	-	-
Unreserved, undesignated	<u>9,140,857</u>	<u>(129,000)</u>	<u>110,825</u>	<u>600,071</u>	<u>3,819,315</u>
Total fund balances	<u>10,180,857</u>	<u>-</u>	<u>110,825</u>	<u>600,071</u>	<u>3,819,315</u>
Total liabilities and fund balances	<u>\$ 10,208,169</u>	<u>\$ 150,462</u>	<u>\$ 120,712</u>	<u>\$ 612,046</u>	<u>\$ 3,960,575</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2005**

	<u>Watermain Construction</u>	<u>Sidewalk Construction</u>	<u>Commerce Development</u>	<u>Total Capital Projects</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 458,882
Investments	-	-	-	13,277,216
Receivables:				
Taxes receivable	-	-	-	31,857
Accounts receivable	-	-	-	21,462
Notes receivable	-	-	-	129,000
Due from other funds	-	-	-	93,547
Advance to other funds	-	-	-	1,040,000
Restricted assets:				
Investments	-	924,019	-	924,019
Total assets	<u>\$ -</u>	<u>\$ 924,019</u>	<u>\$ -</u>	<u>\$ 15,975,983</u>
LIABILITIES				
Accounts payable	\$ 3,516	\$ 445,594	\$ 423,168	\$ 1,051,403
Retainage payable	4,251	-	62,618	66,869
Due to other funds	845,128	608,552	676,672	2,135,811
Deferred revenue	-	-	-	156,312
Customer deposits	-	924,019	-	924,019
Total liabilities	<u>852,895</u>	<u>1,978,165</u>	<u>1,162,458</u>	<u>4,334,414</u>
FUND BALANCES				
Reserved for advances to other funds	-	-	-	1,040,000
Reserved for long-term receivable	-	-	-	129,000
Unreserved, undesignated	(852,895)	(1,054,146)	(1,162,458)	10,472,569
Total fund balances	<u>(852,895)</u>	<u>(1,054,146)</u>	<u>(1,162,458)</u>	<u>11,641,569</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 924,019</u>	<u>\$ -</u>	<u>\$ 15,975,983</u>

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**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2005**

	<u>Tax Increment</u>	<u>Community Development</u>	<u>Civic Center Improvements</u>	<u>Building Improvements</u>	<u>Highway Construction</u>
REVENUES					
Taxes	\$ 1,148,388	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	396,501	-	93,289	152,583
Investment income	230,818	-	-	1,652	107,471
Miscellaneous	-	-	-	1,200	93,421
Total revenues	<u>1,379,206</u>	<u>396,501</u>	<u>-</u>	<u>96,141</u>	<u>353,475</u>
EXPENDITURES					
Current					
Public works	50	306,070	62,961	4,615	-
Capital outlays					
Public works	-	-	345,135	2,248,786	517,278
Total expenditures	<u>50</u>	<u>306,070</u>	<u>408,096</u>	<u>2,253,401</u>	<u>517,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,379,156</u>	<u>90,431</u>	<u>(408,096)</u>	<u>(2,157,260)</u>	<u>(163,803)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	213,643	-	835,462	2,181,957	950,500
Transfer out	(41,084)	(90,431)	-	-	(662,271)
Discount on special assessment debt	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>172,559</u>	<u>(90,431)</u>	<u>835,462</u>	<u>2,181,957</u>	<u>288,229</u>
Net changes in fund balances	1,551,715	-	427,366	24,697	124,426
Fund balances - beginning	<u>8,629,142</u>	<u>-</u>	<u>(316,541)</u>	<u>575,374</u>	<u>3,694,889</u>
Fund balances - ending	<u>\$ 10,180,857</u>	<u>\$ -</u>	<u>\$ 110,825</u>	<u>\$ 600,071</u>	<u>\$ 3,819,315</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2005**

	<u>Watermain Construction</u>	<u>Sidewalk Construction</u>	<u>Commerce Development</u>	<u>Total Capital Projects</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,148,388
Special assessments	2,618	9,638	-	12,256
Intergovernmental	-	-	-	642,373
Investment income	-	-	-	339,941
Miscellaneous	-	-	-	94,621
Total revenues	<u>2,618</u>	<u>9,638</u>	<u>-</u>	<u>2,237,579</u>
EXPENDITURES				
Current				
Public works	-	-	-	373,696
Capital outlays				
Public works	878,698	1,084,633	1,205,506	6,280,036
Total Expenditures	<u>878,698</u>	<u>1,084,633</u>	<u>1,205,506</u>	<u>6,653,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876,080)</u>	<u>(1,074,995)</u>	<u>(1,205,506)</u>	<u>(4,416,153)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	51,078	-	43,048	4,275,688
Transfer out	(12,514)	-	-	(806,300)
Discount on special assessment debt	(553)	(555)	-	(1,108)
Special assessment bonds issued	53,286	1,110,000	-	1,163,286
Total other financing sources (uses)	<u>91,297</u>	<u>1,109,445</u>	<u>43,048</u>	<u>4,631,566</u>
Net changes in fund balances	(784,783)	34,450	(1,162,458)	215,413
Fund balances - beginning	<u>(68,112)</u>	<u>(1,088,596)</u>	<u>-</u>	<u>11,426,156</u>
Fund balances - ending	<u>\$ (852,895)</u>	<u>\$ (1,054,146)</u>	<u>\$ (1,162,458)</u>	<u>\$ 11,641,569</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is to see that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

AIRPORT FLIGHTLINE-This fund accounts for the fuel and flightline services to the Bismarck Municipal Airport. It serves both commercial and general aviation flights.

SOLID WASTE DISPOSAL-This fund accounts for the disposal of solid waste.

SOLID WASTE COLLECTIONS-This fund accounts for the operations of solid waste collections.

PARKING AUTHORITY LOTS-This fund accounts for the operations of the parking lots under the jurisdiction of the Parking Authority Board.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005**

(Continued on next page)

	<u>Airport Flightline</u>	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Parking Authority Lots</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 218,620	\$ 10,708	\$ 145,924	\$ 494,829	\$ 870,081
Investments	67,286	6,571,942	400,000	-	7,039,228
Receivables:					
Accounts	89,211	195,806	130,171	357	415,545
Inventories	36,062	-	-	-	36,062
Prepaid insurance	2,833	11,429	2,939	-	17,201
Total current assets	<u>414,012</u>	<u>6,789,885</u>	<u>679,034</u>	<u>495,186</u>	<u>8,378,117</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	-	-	-	-	-
Land	-	395,247	603,338	1,203,152	2,201,737
Building and building improvements	-	3,291,561	-	5,776,541	9,068,102
Improvements other than buildings	175,814	2,848,567	14,657	27,594	3,066,632
Machinery and equipment	37,746	1,409,125	1,124,410	8,854	2,580,135
Construction in progress	-	13,673	-	-	13,673
Total noncurrent assets	<u>213,560</u>	<u>7,958,173</u>	<u>1,742,405</u>	<u>7,016,141</u>	<u>16,930,279</u>
Total assets	<u>627,572</u>	<u>14,748,058</u>	<u>2,421,439</u>	<u>7,511,327</u>	<u>25,308,396</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005**

(Continued from previous page)

	<u>Airport Flightline</u>	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Parking Authority Lots</u>	<u>Total</u>
LIABILITIES					
Current liabilities:					
Accounts payable	25,180	103,137	3,095	-	131,412
Leases payable	-	3,438	-	53,626	57,064
Compensated benefits payable	24,662	37,528	60,676	-	122,866
Total current liabilities	<u>49,842</u>	<u>144,103</u>	<u>63,771</u>	<u>53,626</u>	<u>311,342</u>
Long-term liabilities:					
Advances from other funds	-	-	-	1,040,000	1,040,000
Compensated benefits payable	1,839	21,020	48,246	-	71,105
Capital lease	-	7,588	-	60,716	68,304
Accrued closure/post closure costs	-	691,572	-	-	691,572
Total long-term liabilities	<u>1,839</u>	<u>720,180</u>	<u>48,246</u>	<u>1,100,716</u>	<u>1,870,981</u>
Total liabilities	<u>51,681</u>	<u>864,283</u>	<u>112,017</u>	<u>1,154,342</u>	<u>2,182,323</u>
NET ASSETS					
Invested in capital assets, net of related debt	213,560	7,962,323	1,742,405	6,901,799	16,820,087
Unreserved, undesignated	362,331	5,921,452	567,017	(544,814)	6,305,986
Total net assets	<u>\$ 575,891</u>	<u>\$ 13,883,775</u>	<u>\$ 2,309,422</u>	<u>\$ 6,356,985</u>	<u>\$23,126,073</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Airport Flightline</u>	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Parking Authority Lots</u>	<u>Total</u>
OPERATING REVENUES:					
Charges for services:					
Sale of gas and oil	\$ 1,049,397	\$ -	\$ -	\$ -	\$ 1,049,397
Sanitation fees	-	2,379,395	1,607,936	-	3,987,331
Landing and airport fees	279,298	-	-	-	279,298
Miscellaneous sales	1,130	1,589	8,607	-	11,326
Rentals	73,658	16,677	289	796,650	887,274
Total operating revenues	<u>1,403,483</u>	<u>2,397,661</u>	<u>1,616,832</u>	<u>796,650</u>	<u>6,214,626</u>
OPERATING EXPENSES:					
Cost of goods sold	1,003,598	-	-	-	1,003,598
Personal services - salaries & wages	240,826	662,613	727,505	-	1,630,944
Personal services - fringe benefits	36,194	135,776	142,328	-	314,298
Professional, legal, and contracted services	1,342	81,155	340	252,580	335,417
Building, equipment, and vehicle services	25,701	644,846	273,520	227,573	1,171,640
Travel & training	596	10,496	383	-	11,475
Operating services	38,081	280,235	3,997	21,008	343,321
Operating supplies	15,956	143,919	116,140	7,298	283,313
Depreciation expense	13,336	391,458	177,972	263,004	845,770
Total operating expenses	<u>1,375,630</u>	<u>2,350,498</u>	<u>1,442,185</u>	<u>771,463</u>	<u>5,939,776</u>
Operating income	<u>27,853</u>	<u>47,163</u>	<u>174,647</u>	<u>25,187</u>	<u>274,850</u>
NONOPERATING REVENUES (EXPENSES):					
Gain (loss) on disposal of assets	687	23,276	(65,397)	-	(41,434)
Investment income	11,004	189,052	17,647	9,782	227,485
Interest expense	-	(625)	-	(6,043)	(6,668)
Total nonoperating revenues (expenses)	<u>11,691</u>	<u>211,703</u>	<u>(47,750)</u>	<u>3,739</u>	<u>179,383</u>
Income before contributions and transfers	39,544	258,866	126,897	28,926	454,233
CAPITAL CONTRIBUTIONS	-	12,309	-	-	12,309
TRANSFERS IN	-	2,040	-	-	2,040
TRANSFERS OUT	<u>(61,991)</u>	<u>(239,682)</u>	<u>(174,177)</u>	<u>(213,643)</u>	<u>(689,493)</u>
Change in net assets	<u>(22,447)</u>	<u>33,533</u>	<u>(47,280)</u>	<u>(184,717)</u>	<u>(220,911)</u>
Total net assets - beginning	598,338	13,850,242	2,356,702	6,541,702	23,346,984
Total net assets - ending	<u>\$ 575,891</u>	<u>\$ 13,883,775</u>	<u>\$ 2,309,422</u>	<u>\$ 6,356,985</u>	<u>\$ 23,126,073</u>

**CITY OF BISMARCK , NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Airport Flightline	Solid Waste Disposal	Solid Waste Collections	Parking Authority Lots	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,367,119	\$ 2,368,874	\$ 1,614,751	\$ 796,293	\$ 6,147,037
Payments to suppliers	(1,090,887)	(1,203,200)	(541,279)	(508,459)	(3,343,825)
Payments to employees	(240,307)	(663,218)	(720,800)	-	(1,624,325)
Net cash provided (used) by operating activities	<u>35,925</u>	<u>502,456</u>	<u>352,672</u>	<u>287,834</u>	<u>1,178,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	2,040	-	-	2,040
Transfers to other funds	(61,991)	(239,682)	(174,177)	(213,643)	(689,493)
Net cash used by noncapital financing activities	<u>(61,991)</u>	<u>(237,642)</u>	<u>(174,177)</u>	<u>(213,643)</u>	<u>(687,453)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital lease payment	-	(36,178)	-	(51,401)	(87,579)
Interest paid	-	(625)	-	(6,043)	(6,668)
Payment on advance	-	-	-	(20,000)	(20,000)
Proceeds from sale of capital assets	687	916	2,708	-	4,311
Purchase of capital assets	-	(201,133)	(220,386)	-	(421,519)
Construction of capital assets	-	(587,962)	-	-	(587,962)
Net cash provided (used) by capital and related financing activities	<u>687</u>	<u>(824,982)</u>	<u>(217,678)</u>	<u>(77,444)</u>	<u>(1,119,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	234,394	-	170,517	-	404,911
Purchase of investments	-	(6,517,883)	-	-	(6,517,883)
Investment income	9,605	156,924	14,590	9,781	190,900
Net cash provided (used) by investing activities	<u>243,999</u>	<u>(6,360,959)</u>	<u>185,107</u>	<u>9,781</u>	<u>(5,922,072)</u>
Net increase (decrease) in cash and cash equivalents	218,620	(6,921,127)	145,924	6,528	(6,550,055)
Cash and cash equivalents - January 1	-	6,931,835	-	488,301	7,420,136
Cash and cash equivalents - December 31	<u>\$ 218,620</u>	<u>\$ 10,708</u>	<u>\$ 145,924</u>	<u>\$ 494,829</u>	<u>\$ 870,081</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 27,853	\$ 47,163	\$ 174,647	\$ 25,187	\$ 274,850
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	13,336	391,458	177,972	263,004	845,770
Increase in accounts receivable	(36,364)	(28,787)	(2,081)	(357)	(67,589)
Decrease in inventories	3,119	17,645	-	-	20,764
(Increase) decrease in prepaid items	3,595	162	(2,939)	-	818
Increase (decrease) in accounts payable	23,867	(10,965)	(1,632)	-	11,270
Increase (decrease) in compensated absences payable	519	(605)	6,705	-	6,619
Increase in closure and post closure costs	-	86,385	-	-	86,385
Total adjustments	<u>8,072</u>	<u>455,293</u>	<u>178,025</u>	<u>262,647</u>	<u>904,037</u>
Net cash provided by operating activities	<u>\$ 35,925</u>	<u>\$ 502,456</u>	<u>\$ 352,672</u>	<u>\$ 287,834</u>	<u>\$ 1,178,887</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:					
Capital asset trade-ins	\$ -	\$ 80,000	\$ 25,000	\$ -	\$ 105,000
Contribution of capital assets from government	-	12,309	-	-	12,309
Increase in fair value of investments	1,399	32,128	3,057	-	36,584

NONMAJOR INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

ARENA-This fund accounts for revenue collected from promoters to pay event costs at the Civic Center.

FLEET SERVICES-This fund accounts for the distribution of vehicle maintenance and fuel sales to the departments.

LIABILITY INSURANCE-This fund provides general liability and vehicle insurance coverage for all non-enterprise funds through the North Dakota Insurance Fund.

EMPLOYEE INSURANCE-This fund accounts for the employee health, life and disability plans. This is a self-insurance fund with funding provided from each department based on a pre-established rate per employee.

UNEMPLOYMENT INSURANCE-This fund accounts for the unemployment benefit payments. Financing is provided from the interest earned on reserves from previous years.

REVOLVING-This fund accounts for the expenditures of goods and services that are redistributed to other departments.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2005**

	<u>Arena</u>	<u>Fleet Services</u>	<u>Liability Insurance</u>	<u>Employee Insurance</u>	<u>Unemployment Insurance</u>	<u>Revolving</u>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 11,413	\$ -	\$ -	\$ -	\$ 37,620	\$ 342,058	\$ 391,091
Investments	-	-	13,096	928,676	2,126	-	943,898
Receivables:							
Accounts receivable	105	3,844	-	39,253	-	10,892	54,094
Inventories	-	276,256	-	-	-	-	276,256
Prepaid items	-	1,131	-	-	-	-	1,131
Total current assets	<u>11,518</u>	<u>281,231</u>	<u>13,096</u>	<u>967,929</u>	<u>39,746</u>	<u>352,950</u>	<u>1,666,470</u>
Noncurrent assets:							
Restricted assets:							
Investments	113,321	-	-	-	-	-	113,321
Capital assets (net of accumulated depreciation):							
Machinery and equipment	-	75,788	-	-	-	-	75,788
Total noncurrent assets	<u>113,321</u>	<u>75,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,109</u>
Total assets	<u>124,839</u>	<u>357,019</u>	<u>13,096</u>	<u>967,929</u>	<u>39,746</u>	<u>352,950</u>	<u>1,855,579</u>
LIABILITIES							
Current liabilities:							
Accounts payable	11,518	44,328	150	8,083	424	333,129	397,632
Due to other funds	-	91,467	-	-	-	-	91,467
Due to other entities	-	-	-	-	-	1,636	1,636
Claims and judgments payable	-	-	5,500	272,016	-	-	277,516
Total current liabilities	<u>11,518</u>	<u>135,795</u>	<u>5,650</u>	<u>280,099</u>	<u>424</u>	<u>334,765</u>	<u>768,251</u>
Long-term liabilities:							
Customer deposits	113,321	-	-	-	-	-	113,321
Total restricted long-term liabilities	<u>113,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,321</u>
Total liabilities	<u>124,839</u>	<u>135,795</u>	<u>5,650</u>	<u>280,099</u>	<u>424</u>	<u>334,765</u>	<u>881,572</u>
NET ASSETS:							
Unrestricted	-	221,224	7,446	687,830	39,322	18,185	974,007
Total net assets	<u>\$ -</u>	<u>\$ 221,224</u>	<u>\$ 7,446</u>	<u>\$ 687,830</u>	<u>\$ 39,322</u>	<u>\$ 18,185</u>	<u>\$ 974,007</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Arena</u>	<u>Fleet Services</u>	<u>Liability Insurance</u>	<u>Employee Insurance</u>	<u>Unemployment Insurance</u>	<u>Revolving</u>	<u>Total</u>
OPERATING REVENUES							
Charges for services							
Event sales	\$1,820,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,820,594
Sale of gas and oil	-	571,033	-	-	-	-	571,033
Sale of parts and labor	-	984,461	-	-	-	-	984,461
Miscellaneous sales	1,608	27	41,590	53,276	-	6,284	102,785
Rentals	-	288	-	-	-	-	288
Employer contributions	-	-	-	2,603,205	-	-	2,603,205
Employee contributions	-	-	-	44,274	-	-	44,274
Total operating revenues	<u>1,822,202</u>	<u>1,555,809</u>	<u>41,590</u>	<u>2,700,755</u>	<u>-</u>	<u>6,284</u>	<u>6,126,640</u>
OPERATING EXPENSES							
Cost of goods sold	1,438,219	1,056,660	-	-	-	-	2,494,879
Personal services - salaries & wages	221,338	333,044	-	-	-	-	554,382
Personal services - fringe benefits	22,122	58,444	-	100,791	13,032	-	194,389
Professional, legal, and contracted services	1,122	933	82	930	-	-	3,067
Building, equipment, and vehicle services	-	136,946	-	-	-	19,726	156,672
Travel & training	-	4,426	-	-	-	-	4,426
Operating services	40,801	3,059	164,830	3,201,196	-	-	3,409,886
Operating supplies	-	18,206	-	351	-	-	18,557
Depreciation expense	-	7,429	-	-	-	-	7,429
Total operating expenses	<u>1,723,602</u>	<u>1,619,147</u>	<u>164,912</u>	<u>3,303,268</u>	<u>13,032</u>	<u>19,726</u>	<u>6,843,687</u>
Operating income (loss)	<u>98,600</u>	<u>(63,338)</u>	<u>(123,322)</u>	<u>(602,513)</u>	<u>(13,032)</u>	<u>(13,442)</u>	<u>(717,047)</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	-	69,936	-	-	-	-	69,936
Gain on disposal of assets	-	-	-	-	-	19,726	19,726
Recovery of anticipated claims	-	-	50,000	-	-	-	50,000
Investment income	3,579	-	1,419	33,580	1,133	-	39,711
Total nonoperating revenues (expenses)	<u>3,579</u>	<u>69,936</u>	<u>51,419</u>	<u>33,580</u>	<u>1,133</u>	<u>19,726</u>	<u>179,373</u>
Income (loss) before contributions and transfer	102,179	6,598	(71,903)	(568,933)	(11,899)	6,284	(537,674)
CAPITAL CONTRIBUTIONS	-	33,914	-	-	-	-	33,914
TRANSFER IN	-	89,608	72,000	5,616	1,787	-	169,011
TRANSFER OUT	<u>(102,179)</u>	<u>(81,097)</u>	<u>(22,567)</u>	<u>(45,286)</u>	<u>-</u>	<u>-</u>	<u>(251,129)</u>
Change in net assets	-	49,023	(22,470)	(608,603)	(10,112)	6,284	(585,878)
Total net assets - beginning	-	172,201	29,916	1,296,433	49,434	11,901	1,559,885
Total net assets - ending	<u>\$ -</u>	<u>\$ 221,224</u>	<u>\$ 7,446</u>	<u>\$ 687,830</u>	<u>\$ 39,322</u>	<u>\$ 18,185</u>	<u>\$ 974,007</u>

**CITY OF BISMARCK , NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,828,391	\$ 1,583,062	\$ -	\$ -	\$ -	\$ -	\$ 3,411,453
Receipts from employer	-	-	-	2,638,449	-	-	2,638,449
Other operating cash receipts	-	-	41,590	53,276	-	6,284	101,150
Payments to employees	(221,338)	(333,044)	-	-	-	-	(554,382)
Payments to suppliers	(1,519,943)	(1,328,465)	(215,277)	(3,227,908)	(13,927)	143,849	(6,161,671)
Net cash provided (used) by operating activities	<u>87,110</u>	<u>(78,447)</u>	<u>(173,687)</u>	<u>(536,183)</u>	<u>(13,927)</u>	<u>150,133</u>	<u>(565,001)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenue	-	69,936	-	-	-	-	69,936
Proceeds of claim/insurance recoveries	-	-	50,000	-	-	19,726	69,726
Transfers from (to) other funds	(102,179)	8,511	49,433	(39,670)	1,787	-	(82,118)
Net cash provided (used) by noncapital and related financing activities	<u>(102,179)</u>	<u>78,447</u>	<u>99,433</u>	<u>(39,670)</u>	<u>1,787</u>	<u>19,726</u>	<u>57,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	8,391	-	72,835	-	-	-	81,226
Purchase of investments	-	-	(85,617)	(923,068)	(1,930)	-	(1,010,615)
Investment income	3,573	-	1,105	27,972	937	-	33,587
Net cash provided by investing activities	<u>11,964</u>	<u>-</u>	<u>(11,677)</u>	<u>(895,096)</u>	<u>(993)</u>	<u>-</u>	<u>(895,802)</u>
Net increase (decrease) in cash and cash equivalents	(3,105)	-	(85,931)	(1,470,949)	(13,133)	169,859	(1,403,259)
Cash and cash equivalents - January 1	14,518	-	85,931	1,470,949	50,753	172,199	1,794,350
Cash and cash equivalents - December 31	<u>\$ 11,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,620</u>	<u>\$ 342,058</u>	<u>\$ 391,091</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 98,600	\$ (63,338)	\$ (123,322)	\$ (602,513)	\$ (13,032)	\$ (13,442)	\$ (717,047)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	-	7,429	-	-	-	-	7,429
(Increase) decrease in accounts receivable	6,189	27,253	-	(9,030)	-	131,826	156,238
Increase in inventories	-	(56,912)	-	-	-	-	(56,912)
Increase in prepaid items	-	(704)	-	-	-	-	(704)
Decrease in customer deposits	(8,385)	-	-	-	-	-	(8,385)
Increase (decrease) in accounts payable	(9,294)	(21,897)	(865)	6,367	(895)	31,250	4,666
Increase in due to other funds	-	29,722	-	-	-	-	29,722
Increase in due to other entities	-	-	-	-	-	499	499
Increase (decrease) in estimated pending claims	-	-	(49,500)	68,993	-	-	19,493
Total adjustments	<u>(11,490)</u>	<u>(15,109)</u>	<u>(50,365)</u>	<u>66,330</u>	<u>(895)</u>	<u>163,575</u>	<u>152,046</u>
Net cash provided (used) by operating activities	<u>\$ 87,110</u>	<u>\$ (78,447)</u>	<u>\$ (173,687)</u>	<u>\$ (536,183)</u>	<u>\$ (13,927)</u>	<u>\$ 150,133</u>	<u>\$ (565,001)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:							
Contribution of capital assets from government	\$ -	\$ 42,556	\$ -	\$ -	\$ -	\$ -	\$ 42,556
Increase in fair value of investments	6	-	314	5,608	196	-	6,124

PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS

Trust funds are established to account for assets held in trustee capacity for individuals, private organizations, other governments, and other funds.

DEFERRED SICK LEAVE-This fund accounts for the payment of employee sick leave accumulated prior to December 31, 1992. Financing is provided by contributions from the departments until such time the fund is solvent.

EMPLOYEE ACCESS RETIREMENT FUND-This fund accounts for the employee's Kemper balance that exceeded contributions plus five percent.

CITY PENSION-This fund accounts for the public employee's retirement system excluding police and firemen. Financing is provided by employee contributions of five percent of their gross salary and a specific annual property tax levy.

POLICE PENSION-This fund accounts for the police employee's retirement system. Financing is provided by employee contributions of six percent of their gross salary and a specific annual property tax levy.

The Pension Plan financial statements are located in the notes to the financial statements, Note V on pages 60-61.

AGENCY FUND

The City has one agency fund used to account for assets held as an agent for others.

FIREMEN'S PENSION-This fund accounts for the funds collected on behalf of the Firemen's Relief Association, which is responsible for establishing, maintaining, and administering the plan.

**CITY OF BISMARCK, NORTH DAKOTA
FIREMEN'S PENSION AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
ASSETS				
Cash	\$ 792	\$ 672,156	\$ 665,372	\$ 7,576
Receivables:				
Taxes	6,384	293	132	6,545
Accounts	6,244	-	6,244	-
Total assets	<u>\$ 13,420</u>	<u>\$ 672,449</u>	<u>\$ 671,748</u>	<u>\$ 14,121</u>
LIABILITIES				
Accounts payable	\$ 7,036	\$ 551,684	\$ 550,800	\$ 7,920
Due to other entities	6,384	63	246	6,201
Total liabilities	<u>\$ 13,420</u>	<u>\$ 551,747</u>	<u>\$ 551,046</u>	<u>\$ 14,121</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2005**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 2,428,975
Buildings and building improvements	56,207,987
Improvements other than buildings	55,489
Machinery and equipment	25,536,495
Infrastructure	68,879,972
Construction in progress	4,170,972
Total general fixed assets	\$ 157,279,890

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 11,306,217
Special revenue funds	19,910,698
Federal and state grants	47,601,815
Capital projects funds	75,260,633
Donations	3,200,527
Total governmental funds capital assets	\$ 157,279,890

CITY OF BISMARCK, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2005

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 11,353	\$ -	\$ 11,353
Fiscal and information services	-	-	-	214,275	-	214,275
Common software	-	-	-	181,271	-	181,271
City/County office building	-	6,631,055	18,411	36,103	-	6,685,569
Bismarck-Mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Planning	-	-	-	15,933	-	15,933
E/H transit system	108,421	1,094,831	-	2,323,807	-	3,527,059
Total general government	<u>308,421</u>	<u>8,530,361</u>	<u>18,411</u>	<u>2,782,742</u>	<u>-</u>	<u>11,639,935</u>
Public safety:						
Police	499,500	5,009,716	37,078	1,781,153	-	7,327,447
Fire and inspections	330,689	3,035,196	-	4,110,783	-	7,476,668
Combined communication center	-	-	-	379,614	-	379,614
Total public safety	<u>830,189</u>	<u>8,044,912</u>	<u>37,078</u>	<u>6,271,550</u>	<u>-</u>	<u>15,183,729</u>
Highways and streets:						
Roads and streets	-	-	-	5,913,371	65,184	5,978,555
Engineering	-	-	-	305,518	-	305,518
Forestry	-	-	-	464,118	-	464,118
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,683,007</u>	<u>65,184</u>	<u>6,748,191</u>
Health:						
Bismarck Burleigh public health	-	-	-	95,840	-	95,840
Total health	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,840</u>	<u>-</u>	<u>95,840</u>
Culture and recreation:						
Centennial beach	-	297,838	-	-	-	297,838
City auditorium	11,500	3,454,948	-	5,350	-	3,471,798
Civic center	900,600	31,119,002	-	2,426,698	-	34,446,300
Library	324,000	4,760,926	-	7,271,308	-	12,356,234
Total culture and recreation	<u>1,236,100</u>	<u>39,632,714</u>	<u>-</u>	<u>9,703,356</u>	<u>-</u>	<u>50,572,170</u>
Public works:						
Sales tax fund	22,720	-	-	-	-	22,720
Highway construction	31,545	-	-	-	33,181,193	33,212,738
Sidewalk construction	-	-	-	-	3,233,395	3,233,395
Street improvements	-	-	-	-	32,400,200	32,400,200
Total public works	<u>54,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,814,788</u>	<u>68,869,053</u>
Construction in progress:	-	1,609,069	-	91,871	2,470,032	4,170,972
Total general fixed assets	<u>\$ 2,428,975</u>	<u>\$ 57,817,056</u>	<u>\$ 55,489</u>	<u>\$ 25,628,366</u>	<u>\$ 71,350,004</u>	<u>\$ 157,279,890</u>

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, 2005

FUNCTION AND ACTIVITY	Balance January 1, 2005 as restated	Additions	Deductions	Balance December 31, 2005
General government:				
Administration and management	\$ 11,353	\$ -	\$ -	\$ 11,353
Fiscal and information services	214,275	-	-	214,275
Common software	181,271	-	-	181,271
City/County office buildings	4,806,349	1,879,220	-	6,685,569
Bismarck-Mandan visitors bureau	1,004,475	-	-	1,004,475
Planning	14,700	10,228	8,995	15,933
E/H transit system	3,320,001	207,058	-	3,527,059
Total general government	<u>9,552,424</u>	<u>2,096,506</u>	<u>8,995</u>	<u>11,639,935</u>
Public safety:				
Police	6,206,632	1,254,335	133,520	7,327,447
Fire and inspections	7,198,812	277,856	-	7,476,668
Combined communications center	371,557	43,948	35,891	379,614
Total public safety	<u>13,777,001</u>	<u>1,576,139</u>	<u>169,411</u>	<u>15,183,729</u>
Highways and streets:				
Roads and streets	5,772,413	495,679	289,537	5,978,555
Engineering	280,263	25,255	-	305,518
Forestry	464,118	-	-	464,118
Total highways and streets	<u>6,516,794</u>	<u>520,934</u>	<u>289,537</u>	<u>6,748,191</u>
Health:				
Bismarck Burleigh public health	29,572	66,268	-	95,840
Total health	<u>29,572</u>	<u>66,268</u>	<u>-</u>	<u>95,840</u>
Culture and recreation:				
Centennial beach	297,838	-	-	297,838
City auditorium	3,471,798	-	-	3,471,798
Civic center	34,283,258	400,245	237,203	34,446,300
Library	11,999,880	356,354	-	12,356,234
Total culture and recreation	<u>50,052,774</u>	<u>756,599</u>	<u>237,203</u>	<u>50,572,170</u>
Public works:				
Sales tax fund	22,720	-	-	22,720
Highway construction	31,097,511	2,115,227	-	33,212,738
Sidewalk construction	2,157,273	1,154,772	-	3,312,045
Street improvements	23,401,475	8,920,075	-	32,321,550
Total public works	<u>56,678,979</u>	<u>12,190,074</u>	<u>-</u>	<u>68,869,053</u>
Construction in progress:	<u>3,028,911</u>	<u>3,853,150</u>	<u>2,711,089</u>	<u>4,170,972</u>
Total general fixed assets	<u><u>\$ 139,636,455</u></u>	<u><u>21,059,670</u></u>	<u><u>\$ 3,416,235</u></u>	<u><u>\$ 157,279,890</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
GOVERNMENT-WIDE EXPENSES BY FUNCTION**

	2005	2004	2003
General Government	\$ 11,284,393	\$ 9,039,757	\$ 8,179,507
Public Safety	13,519,865	12,800,931	11,796,743
Highways and Streets	5,688,282	6,167,330	5,459,602
Health and Welfare	1,758,290	1,551,325	1,570,817
Culture and Recreation	7,192,544	7,778,554	8,909,217
Interest and Fiscal Charges	1,419,105	1,809,733	1,907,209
Public Works	2,638,885	3,179,326	1,419,813
Airport	3,861,147	3,381,964	3,189,893
Airport Flightline	1,378,538	1,107,046	813,909
Solid Waste Disposal	2,421,202	1,997,566	1,722,807
Solid Waste Collections	1,574,263	1,573,279	1,525,709
Water	6,130,931	5,899,033	5,455,249
Sanitary Sewer	3,465,950	3,066,589	2,621,053
Storm Water	549,854	508,290	303,776
Parking Authority Lots	777,506	751,226	745,690
TOTAL	\$ 63,660,755	\$ 60,611,949	\$ 55,620,994

**CITY OF BISMARCK, NORTH DAKOTA
GOVERNMENT-WIDE REVENUES BY SOURCE**

Fiscal Year	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Gain(Loss)	
2003	\$ 30,270,923	\$ 7,502,525	\$ 14,761,552	\$ 23,779,696	\$ 1,147,058	\$ 551,611	\$ 78,013,365
2004	33,297,648	9,540,206	25,301,556	23,946,816	1,261,486	68,742	\$ 93,416,454
2005	34,039,433	7,745,155	19,402,031	26,023,360	2,229,318	(2,204,239)	87,235,058

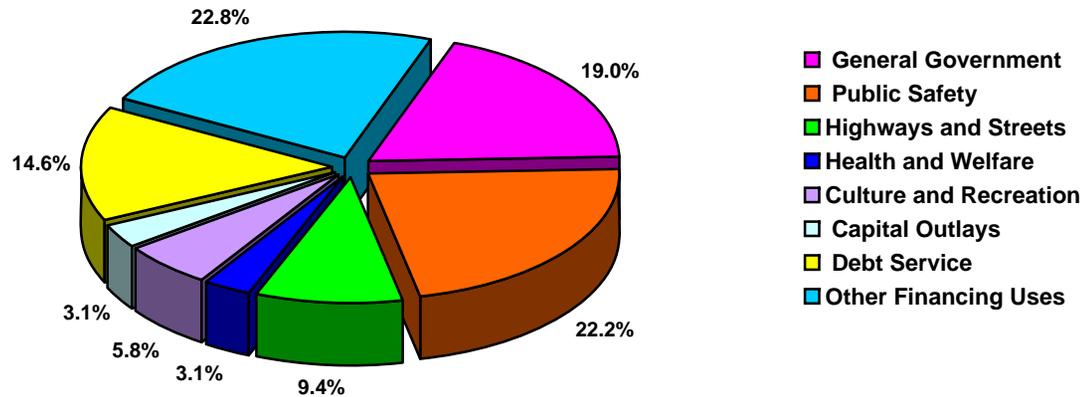
**CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Capital Outlays	Debt Service	Other Financing Uses	Total Expenditures
1996	4,807,358	7,652,621	3,330,380	634,597	2,343,346	753,870	7,527,775	16,374,781	43,424,728
1997	7,559,506	7,979,209	3,445,070	660,760	2,559,493	1,547,243	18,957,762	13,053,502	55,762,545
1998	5,873,131	8,394,662	3,676,183	703,747	2,433,407	1,112,919	6,524,657	11,728,096	40,446,802
1999	5,433,036	8,505,848	3,685,136	737,108	2,691,887	1,188,475	12,179,992	12,598,548	47,020,030
2000	5,353,173	9,088,117	4,146,253	790,492	3,183,076	2,014,483	7,263,452	8,340,417	40,179,463
2001	5,813,893	9,759,129	4,489,716	857,895	3,210,837	1,086,027	7,730,076	9,624,257	42,571,830
2002	9,205,332	10,174,805	4,665,493	943,627	3,217,681	2,239,523	7,949,884	24,797,556	63,193,901
2003	7,668,466	11,050,363	5,150,211	1,545,937	3,794,278	1,366,920	7,907,746	14,597,118	53,081,039
2004	8,571,651	11,777,432	5,525,879	1,523,547	3,290,157	2,992,563	8,119,734	21,232,878	63,033,841
2005	10,466,183	12,254,611	5,177,548	1,712,812	3,216,287	1,716,312	8,058,663	12,577,931	55,180,347

¹Includes general, special revenue and debt service funds.

Source: Fiscal Services

CURRENT GENERAL EXPENDITURES BY FUNCTION



**CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES¹
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes	Licenses and Permits	Special Assessments	Intergovernmental	Charges for Services	Fines and Forfeitures	Miscellaneous	Other Financing Sources	Total
1996	14,264,583	712,391	4,512,477	4,733,147	3,818,942	646,961	1,859,562	15,445,368	45,993,431
1997	14,856,696	795,784	4,198,901	6,410,810	3,740,502	682,588	1,765,921	11,761,076	44,212,278
1998	15,395,628	959,261	5,225,595	6,182,346	3,745,824	697,936	1,816,891	11,854,808	45,878,289
1999	16,350,342	963,334	4,561,559	6,564,675	3,400,131	914,009	1,890,192	15,358,425	50,002,667
2000	17,350,289	806,014	4,596,572	6,135,482	4,197,330	908,656	2,531,515	6,699,664	43,225,522
2001	18,898,071	991,339	5,062,951	7,374,184	4,246,430	958,229	2,500,548	13,436,231	53,467,983
2002	19,676,639	1,021,652	4,960,733	7,898,873	4,424,915	1,034,585	2,545,010	20,288,506	61,850,913
2003	19,939,493	1,199,400	4,128,879	8,425,924	4,269,843	1,005,608	1,708,849	17,574,016	58,252,012
2004	19,899,735	1,495,736	5,488,884	10,213,367	4,908,485	1,432,979	1,993,051	11,194,385	56,626,622
2005	21,708,286	1,790,488	5,688,495	9,847,519	4,296,509	1,237,852	2,331,461	8,935,338	55,835,948

**CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE¹
LAST TEN FISCAL YEARS**

Fiscal Year	General Ad Valorem Tax	Mobile Home Tax	General Sales Tax	One Percent Motel/Liquor Restaurant Tax	Two Percent Motel Tax	Total
1996	6,709,731	93,747	6,225,485	914,446	321,174	14,264,583
1997	6,913,977	103,957	6,540,124	960,403	338,235	14,856,696
1998	7,185,873	109,587	6,802,804	935,628	361,736	15,395,628
1999	7,718,325	120,363	7,113,335	1,033,431	364,888	16,350,342
2000	8,242,803	134,934	7,500,496	1,075,264	396,792	17,350,289
2001	9,355,291	165,609	7,837,357	1,127,264	412,550	18,898,071
2002	9,589,715	123,786	8,324,913	1,204,279	433,946	19,676,639
2003	9,746,300	167,452	8,344,606	1,239,575	441,560	19,939,493
2004	9,408,412	135,440	8,615,944	1,300,551	439,388	19,899,735
2005	10,036,514	140,858	9,607,321	1,435,820	487,773	21,708,286

¹Includes general, special revenue and debt service funds.

Source: Fiscal Services

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

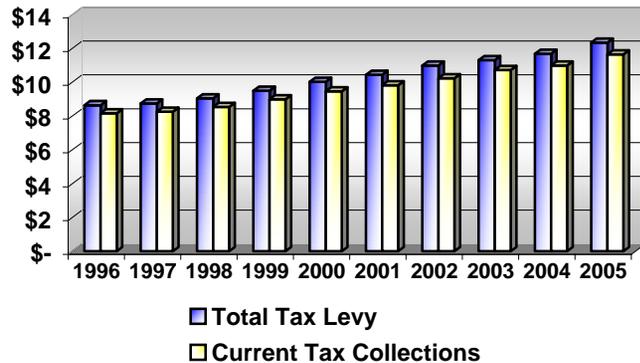
Fiscal Year	Total Tax Levy¹	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1996	\$ 8,639,571	\$ 8,158,615	0.9443	\$ 132,089	\$ 8,290,704	0.9596	\$ 124,138	0.0144
1997	8,746,692	8,252,607	0.9435	62,420	8,315,027	0.9506	230,128	0.0263
1998	9,041,881	8,540,922	0.9446	96,995	8,637,917	0.9553	222,552	0.0246
1999	9,492,309	8,985,097	0.9466	78,815	9,063,912	0.9549	376,974	0.0397
2000	10,028,887	9,452,491	0.9425	155,733	9,608,224	0.9581	231,465	0.0231
2001	10,442,538	9,816,710	0.9401	158,846	9,975,556	0.9553	211,097	0.0202
2002	10,986,290	10,234,527	0.9316	100,834	10,335,361	0.9408	269,291	0.0245
2003	11,307,411	10,712,862	0.9474	121,021	10,833,884	0.9581	241,894	0.0214
2004	11,679,935	10,982,789	0.9403	143,079	11,125,868	0.9526	204,756	0.0175
2005	12,348,232	11,640,116	0.9427	117,743	11,757,859	0.9522	220,675	0.0179

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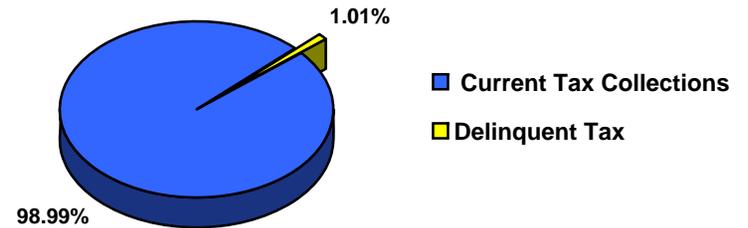
¹ Previous fiscal year tax levy.

TOTAL TAX LEVY COMPARED TO CURRENT TAX COLLECTIONS

Millions



CURRENT TAX COLLECTIONS AND DELINQUENT TAX COLLECTIONS IN 2004



**CITY OF BISMARCK, NORTH DAKOTA
 ASSESSED AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year ²	Market Value	Real Property Assessed Value ¹	Taxable Value	Increase in Taxable Value
1995	1,597,075,800	798,537,900	74,641,058	11.33%
1996	1,685,999,800	849,999,900	78,740,180	5.49%
1997	1,777,475,200	888,737,600	82,999,595	5.41%
1998	1,883,173,300	941,586,650	87,986,429	6.01%
1999	2,009,280,200	1,004,640,100	93,923,274	6.75%
2000	2,104,265,600	1,052,132,800	98,353,445	4.72%
2001	2,215,064,500	1,107,532,250	103,514,806	5.25%
2002	2,322,615,900	1,161,307,950	108,501,897	4.82%
2003	2,450,592,600	1,225,296,300	114,460,710	5.49%
2004	2,613,829,500	1,306,914,750	121,998,325	6.59%

¹ The taxable value includes the incremental taxable value of urban development renewal project areas. The portion levied upon the incremental value of urban development is segregated to pay the redevelopment cost of the urban renewal project. After payment of total redevelopment costs, the incremental value is added to the tax base for general governmental purposes. Incremental taxable value deductions for the years 1995 through 2004 are as follows:

1995	1,603,085 *
1996	1,608,849
1997	1,749,739
1998	2,097,497
1999	2,244,847
2000	2,289,515
2001	2,471,408
2002	2,538,809
2003	2,682,834
2004	2,567,701

*Tax increment area was expanded in April, 1995.

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

Source: Assessing Annual Report

**CITY OF BISMARCK, NORTH DAKOTA
PROPERTY TAX MILL RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

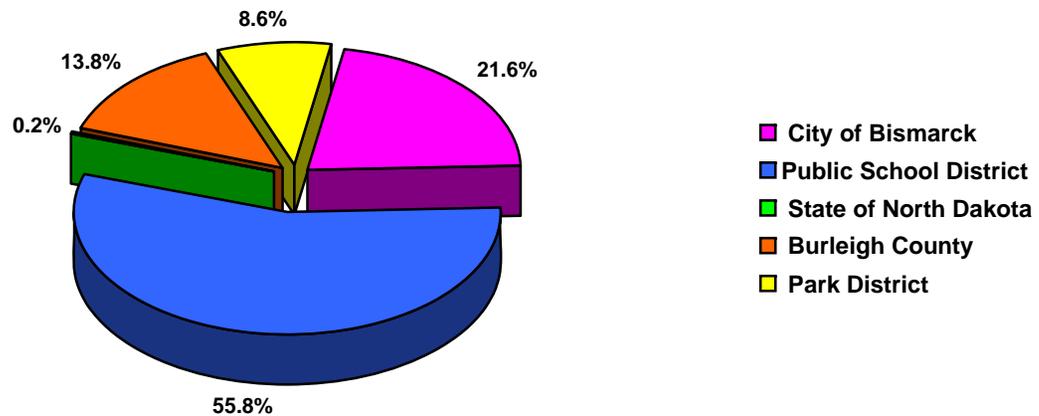
<u>Fiscal Year¹</u>	<u>City of Bismarck</u>	<u>Public School District</u>	<u>State of North Dakota</u>	<u>Burleigh County</u>	<u>Park District</u>	<u>Total All Governments</u>
1995	113.76	262.84	1.00	69.96	39.19	486.75
1996	109.37	260.72	1.00	70.17	39.00	480.26
1997	107.25	263.29	1.00	68.31	38.69	478.54
1998	108.25	265.07	1.00	66.70	38.76	479.78
1999	107.30	279.88	1.00	64.32	38.44	490.94
2000	106.37	277.88	1.00	63.71	37.98	486.94
2001	106.41	275.82	1.00	61.54	38.95	483.72
2002	104.44	274.09	1.00	64.00	39.01	482.54
2003	102.41	267.77	1.00	62.71	39.65	473.54
2004	101.56	262.21	1.00	65.05	40.62	470.44

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¹Represents the year in which property taxes are levied. Collections of taxes will be received in the subsequent year.

Source: Burleigh County Auditor

CURRENT PROPERTY TAX MILL RATES

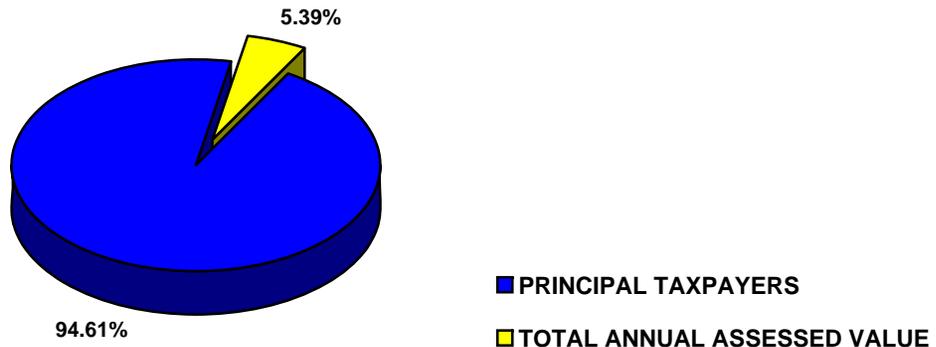


**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS
DECEMBER 31, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Valuation</u>
Metropolitan Life Assurance Company	Kirkwood shopping center	\$ 43,412,500	\$ 21,706,250	1.66 %
Medcenter One	Hospital	14,261,500	7,130,750	0.55
* VP Investments	Gateway shopping center	11,099,500	5,549,750	0.42
Clark Equipment	Manufacturing	9,013,300	4,506,650	0.34
MinDakota LTD Partnership	Motel	8,952,000	4,476,000	0.34
Basin Electric	Electric cooperative	8,758,500	4,379,250	0.34
* Mid Dakota Medical Building	Clinic	8,232,600	4,116,300	0.31
* Waterford On West Century	Assisted Living Complex	7,977,500	3,988,750	0.31
Menards	Lumber shopping center	7,466,500	3,733,250	0.29
Future Source	Electric cooperative	6,130,000	3,065,000	0.23
* Wal-Mart Store	Discount shopping center	5,747,500	2,873,750	0.22
Super Value Warehouse	Grocery store warehouse	5,030,100	2,515,050	0.19
Target	Discount shopping center	4,897,800	2,448,900	0.19
Totals		<u>\$ 140,979,300</u>	<u>\$ 70,489,650</u>	<u>5.39</u>
TOTAL ASSESSED ANNUAL VALUE FOR ALL TAXPAYERS IN CITY OF BISMARCK			<u><u>\$ 1,306,914,750</u></u>	

* These properties are on 5 year exemptions
The portion that is exempt is not included
in the values.

**PRINCIPAL TAXPAYERS ASSESSED ANNUAL VALUE TO
THE TOTAL ASSESSED VALUE**



Source: Assessing Annual Report

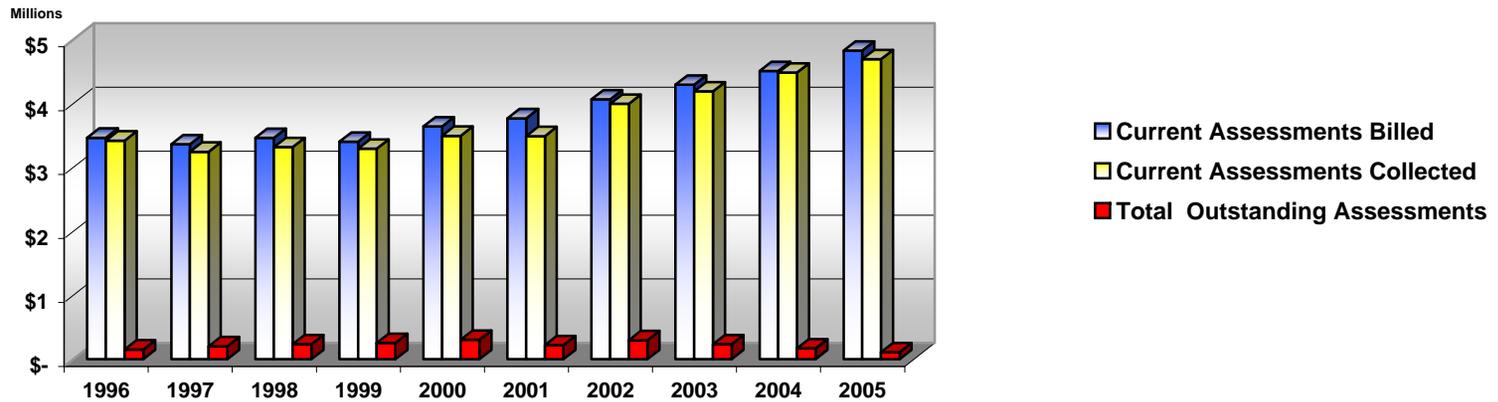
**CITY OF BISMARCK, NORTH DAKOTA
CERTIFIED SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Current Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Assessments
1996	3,466,581	3,421,356	0.9870	153,903
1997	3,365,102	3,247,021	0.9649	203,828
1998	3,463,963	3,318,697	0.9581	236,385
1999	3,404,063	3,293,877	0.9676	254,567
2000	3,643,828	3,496,227	0.9595	305,217
2001	3,770,858	3,492,066	0.9261	219,888
2002	4,066,549	3,997,121	0.9829	297,596
2003	4,296,642	4,192,468	0.9758	234,910
2004	4,510,539	4,485,376	0.9944	172,152
2005	4,828,999	4,693,578	0.9720	109,639

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Source: Fiscal Services

**CERTIFIED SPECIAL ASSESSMENTS
BILLED, COLLECTED AND OUTSTANDING**



**CITY OF BISMARCK, NORTH DAKOTA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005**

Real Property Assessed Value	<u>\$ 1,306,914,750</u>
Legal debt limit - 5% of assessed value	\$ 65,345,738
General obligation debt net of cash available	<u>-</u>
Legal debt margin	<u>\$ 65,345,738</u>

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Sources:
Assessing Division
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Census¹	Assessed Value²	Gross Bonded Debt³	Less Debt Service Fund³	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	53,917	798,537,900	3,305,000	338,049	2,966,951	0.0037	55.03
1997	53,982	849,999,900	3,225,000	491,493	2,733,507	0.0032	50.64
1998	54,040	888,837,600	2,755,000	342,085	2,412,915	0.0027	44.65
1999	54,571	941,856,650	960,000	191,185	768,815	0.0008	14.09
2000	55,392	1,004,640,100	665,000	253,822	411,178	0.0004	7.42
2001	55,873	1,052,132,800	345,000	282,058	62,942	0.0001	1.13
2002	56,798	1,107,532,250	60,000	18,474	41,526	-	.73
2003	57,530	1,161,307,950	-	-	-	-	-
2004	57,237	1,225,296,300	-	-	-	-	-
2005	57,578	1,306,914,750	-	-	-	-	-

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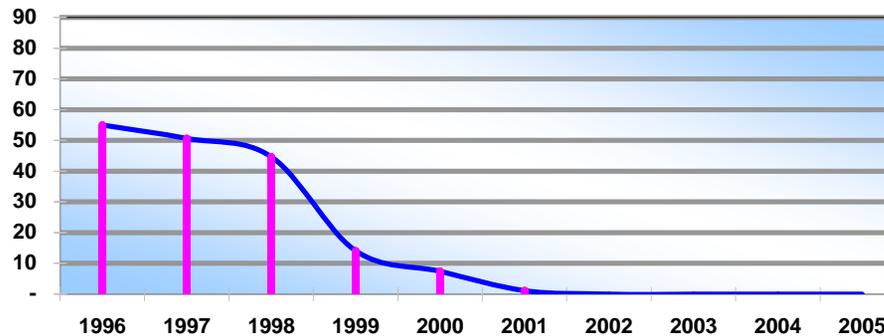
¹ Planning Department

² From Assessing Annual Report

³ Amount does not include special assessment bonds and revenue bonds

Sources:
Planning Department
Assessing Division
Fiscal Services

**NET GENERAL OBLIGATION BONDED
DEBT PER CAPITA**



**CITY OF BISMARCK, NORTH DAKOTA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

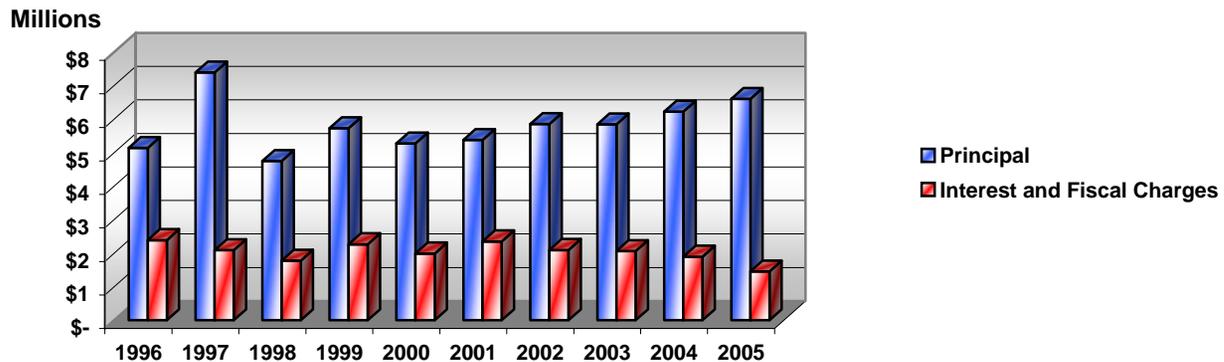
Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service¹	Total General Governmental Expenditures²	Ratio of Debt Service to General Governmental Expenditures
1996	\$ 5,140,000	\$ 2,387,775	\$ 7,527,775	\$ 43,427,988	0.1733
1997	7,395,000	2,087,762	9,482,762	46,364,874	0.2045
1998	4,750,000	1,774,657	6,524,657	40,463,499	0.1612
1999	5,730,000	2,264,992	7,994,992	42,845,925	0.1866
2000	5,275,001	1,988,451	7,263,452	40,179,463	0.1808
2001	5,380,065	2,350,011	7,730,076	41,521,830	0.1862
2002	5,855,360	2,094,524	7,949,884	58,368,901	0.1362
2003	5,845,001	2,062,745	7,907,746	51,156,039	0.1546
2004	6,225,000	1,894,734	8,119,734	54,073,841	0.1502
2005	6,605,000	1,453,663	8,058,663	55,180,347	0.1460

¹ Total Debt Service includes the debt recorded in the Debt Service Fund less any refunding and transfers.

² Refer to the Total General Governmental Expenditures less any refunding.

Source: Fiscal Services

COMPARISON OF PRINCIPAL AND INTEREST



**CITY OF BISMARCK, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION
DECEMBER 31, 2005**

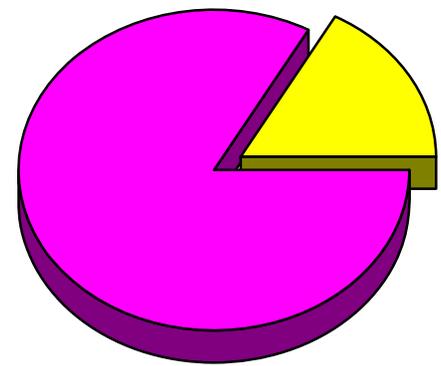
<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Bismarck Public School	\$ 21,111,695	83.14 %	\$ 17,552,263
Totals	<u>\$ 21,111,695</u>		<u>\$ 17,552,263</u>

Sources:
Bismarck Public School as of June 30, 2005
Fiscal Services

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**GENERAL OBLIGATION BONDED DEBT
APPLICABLE TO THE CITY**

**Applicable to
the City of
Bismarck
\$17,552,263**



**CITY OF BISMARCK, NORTH DAKOTA
REVENUE BOND COVERAGE
WATER AND SEWER UTILITIES
LAST TEN FISCAL YEARS**

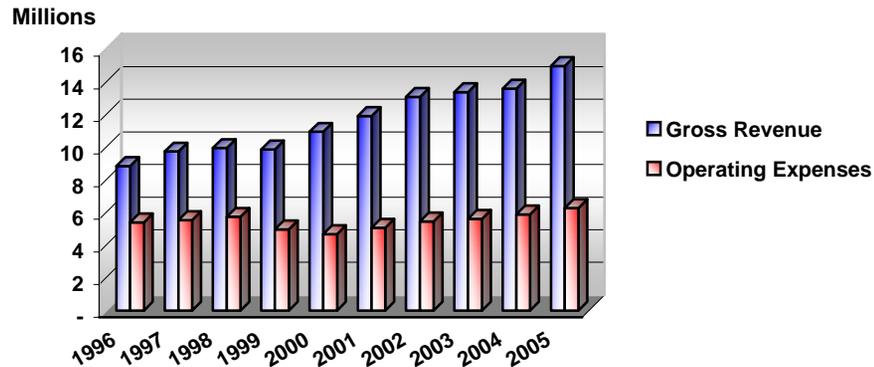
<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Payment</u>	<u>Coverage</u>
1996	8,853,578	5,395,342	3,458,236	700,000	116,705	816,705	4.23
1997	9,747,058	5,533,229	4,213,829	700,000	92,555	792,555	5.32
1998	9,962,153	5,743,680	4,218,473	730,000	65,720	795,720	5.30
1999	9,867,647	4,965,072	4,902,575	810,000	31,973	841,973	5.82
2000	10,959,257	4,676,758	6,282,499	425,000	49,159	474,159	13.25
2001	11,918,706	5,075,069	6,843,637	-	-	-	-
2002	13,090,703	5,461,252	7,629,451	-	-	-	-
2003	13,396,192	5,609,458	7,786,734	-	-	-	-
2004	13,608,651	5,884,521	7,724,130	-	-	-	-
2005	14,995,914	6,290,238	8,705,676	-	-	-	-

Note: Totals are exclusive of nonoperating revenues, expenditures and depreciation.

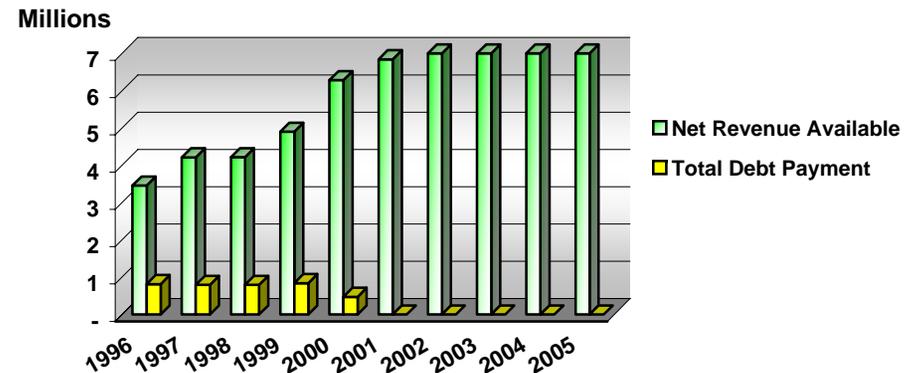
Source: Fiscal Services

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WATER & SEWER UTILITIES GROSS REVENUE TO OPERATING EXPENSES



RATIO NET INCOME AVAILABLE TO TOTAL DEBT PAYMENT



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

Fiscal Year	Population¹	Per Capita Income²	Median Age¹	Public School Enrollment³	Unemployment Rate⁴
1996	53,917	36,258	34.9	10,854	2.3 %
1997	53,982	37,269	35.4	10,747	2.3
1998	54,040	38,280	35.8	10,761	3.0
1999	54,571	39,317	36.0	10,607	3.0
2000	55,392	39,664	36.2	10,476	2.5
2001	55,873	42,356	36.5	10,460	2.2
2002	56,798	42,917	36.7	10,359	3.3
2003	57,530	43,037	36.7	10,361	3.1
2004	57,237	44,481	36.8	10,440	2.7
2005	57,578	47,408	36.5	10,496	3.0

Sources:

¹Planning Department

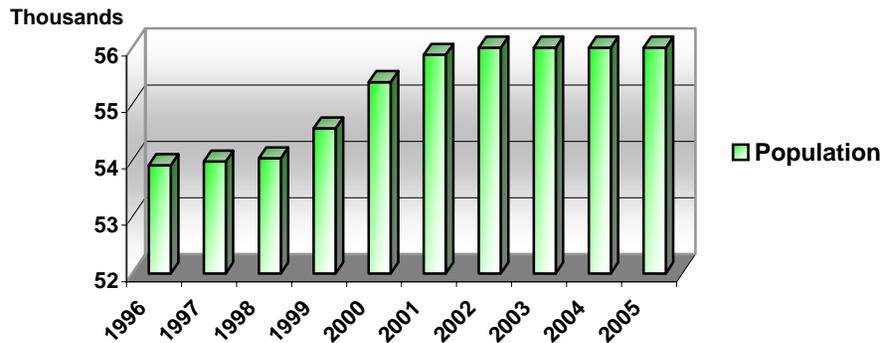
²State Tax Department

³Bismarck Public Schools

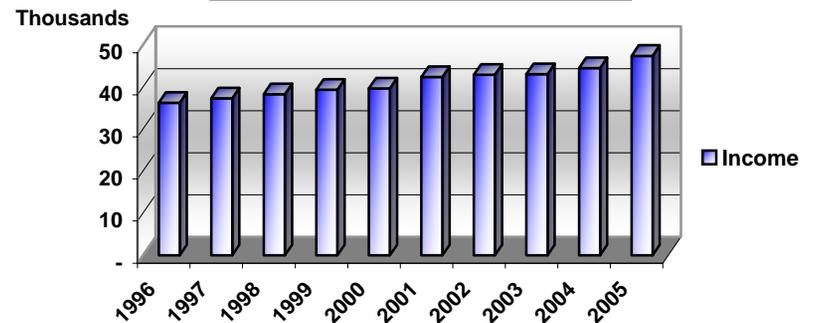
⁴North Dakota Job Service

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DEMOGRAPHIC STATISTICS POPULATION



DEMOGRAPHIC STATISTICS PER CAPITAL INCOME



**CITY OF BISMARCK, NORTH DAKOTA
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Fiscal Year	Commercial Construction Value ¹	Residential Number of Units	Residential Construction Value	Market Value			Bank Deposits
				Commercial	Residential	Agricultural	
1996	38,446,225	251	22,346,868	572,414,800	1,112,908,300	676,700	768,209,000
1997	57,354,145	456	31,176,102	598,995,900	1,177,801,400	677,900	789,162,000
1998	31,408,147	483	45,116,455	648,036,300	1,234,447,300	689,700	812,979,000
1999	43,866,775	267	33,239,904	699,557,400	1,309,059,600	838,700	844,026,000
2000	23,044,411	215	27,443,555	730,592,400	1,372,891,300	781,900	890,741,000
2001	45,697,614	453	46,707,968	766,745,200	1,447,672,800	646,400	1,099,461,000
2002	39,651,532	382	47,916,806	795,339,500	1,526,711,000	565,400	1,097,152,000
2003	55,785,065	479	65,723,949	835,273,400	1,614,729,100	590,100	1,118,589,000
2004	68,456,946	419	61,525,189	873,691,400	1,739,587,900	550,200	1,187,463,000
2005	107,682,688	285	49,109,410	961,682,700	1,886,793,200	456,300	1,282,156,000

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¹The number of units are not available in commercial construction.

Sources:
Assessing Division
Fire & Inspections

**CITY OF BISMARCK, NORTH DAKOTA
MISCELLANEOUS STATISTICS
DECEMBER 31, 2005**

Date of incorporation	1875
Form of government	City Commission
Number of employees (excluding police and fire)	288
Area in square miles	29

City of Bismarck facilities and services:

Miles of streets	345
Number of street lights	6,619
Fire protection and code enforcement:	
Number of stations	4
Number of building and environmental health officials	13
Number of fire personnel and officers	65
Number of emergency dispatches	1,869
Number of fire inspections conducted	2,583
Number of building inspection permits	4,998
Number of environmental health inspections conducted	4,941
Police protection:	
Number of stations	1
Number of police personnel and officers	115
Number of patrol and traffic units	43
Number of traffic citations	12,785
Number of parking citations	13,717
Number of accidents	3,184
Number of 911 emergency dispatches	2,926
Airline traffic:	
Number of passengers-enplaning	174,606
Number of passengers-deplaning	172,766
Pounds of airmail-enplaning	3,455
Pounds of airmail-deplaning	-
Pounds of freight-enplaning	115,018
Pounds of freight-deplaning	131,188
Sewerage system:	
Miles of sanitary sewers	256
Miles of storm sewers	133
Number of treatment plants	1
Daily average treatment in gallons	6,290,000
Maximum daily capacity of plant in gallons	7,500,000

Water system:	
Miles of watermains	301
Number of service connections	16,850
Number of fire hydrants	3,125
Daily average consumption in gallons	9,947,000
Maximum daily capacity of plant in gallons	30,000,000
Education:	
Number of elementary schools	15
Number of secondary schools	6
Number of teaching staff elementary/secondary schools	834
Number of state colleges	1
Number of universities	1
Hospitals:	
Number of hospitals	2
Number of patient beds	546

Sources:

- Bismarck Public School
- Engineering Department
- Fire & Inspections
- Human Resources Department
- Planning Department
- Police Department
- Public Works Department
- St. Alexius and Medcenter One



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the 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, 2005, which collectively comprise the City of Bismarck's basic financial statements as listed in the table of contents and have issued our report thereon dated April 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered City of Bismarck's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Bismarck's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City of Bismarck in a separate letter dated April 4, 2006.

This report is intended solely for the information and use of the Mayor, the City Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brady Martz
BRADY, MARTZ & ASSOCIATES, P.C.

April 4, 2006



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

COMPLIANCE

We have audited the compliance of the City of Bismarck with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City of Bismarck's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Bismarck's management. Our responsibility is to express an opinion on the City of Bismarck's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis evidence about the City of Bismarck's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Bismarck's compliance with those requirements.

In our opinion, the City of Bismarck complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

INTERNAL CONTROL OVER COMPLIANCE

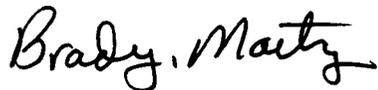
The management of the City of Bismarck is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bismarck's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

BRADY, MARTZ & ASSOCIATES, P.C.
207 East Broadway, P.O. Box 1297
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

OTHER OFFICES: Minot and Grand Forks, ND
Thief River Falls, MN

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the of the Mayor, the City Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

BRADY, MARTZ & ASSOCIATES, P.C.

April 4, 2006

CITY OF BISMARCK
SCHEDULE OF FEDERAL EXPENDITURES AND PROGRAMS
AS OF DECEMBER 31, 2005

Grantor	Passed through	Program	CFDA #	Expenditures
<i>Housing and Urban Development</i>				
Direct		CDBG	14.218	370,003
		ND Department of Commerce		
		HOME	14.239	26,498
		Total U.S. Department of Housing and Urban Development		396,501
<i>Department of Justice</i>				
Direct		COPS Universal Hiring Program	16.710	46,446
Direct		COPS Cops in Schools	16.710	93,587
Direct		COPS Secure our Schools	16.710	29,192
Direct		Interoperable Communications Grant	16.710	4,542
				<u>173,767</u>
Direct		Local Law Enforcement Block Grant #9	16.592	1,844
Direct		Bullet Proof Vest/Armor	16.607	10,144
Direct		Edward Byrne - Abused Adult Resource Center	16.579	29,356
		State Attorney General		
		State Fire Marshall Training	20.703	7,131
		Safe Neighborhood Training	16.609	3,601
		ND Highway Patrol		
		Alcohol Enforcement	16.540	8,710
		ND Association of Counties		
		Juvenile Accountability Incentive Block Grants	16.523	20,967
		Total Department of Justice		255,520
<i>Department of Transportation</i>				
Direct		Airport Improvement Project #31	20.106	3
Direct		Airport Improvement Project #32	20.106	209,340
Direct		Airport Improvement Project #33	20.106	580,291
Direct		Airport Improvement Project #34	20.106	2,950,662
Direct		Airport Improvement Project #35	20.106	14,609
				<u>3,754,905</u>
Direct		Small Community Air Service Research	20.930	69,375
Direct		Small Community Air Service Research	20.930	249,750
				<u>319,125</u>
		ND Department of Transportation		
		MPO	20.205 *	299,670
		MPO-I-94/Expressway Study	20.205 *	104,790
				<u>404,460</u>
		MPO-US 83 Corridor Study	20.021	139,343
Direct		UMTA - E/H Transit	20.507	1,270,540

North Dakota State University

Highway Planning and Construction	20.205	*	16,000
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State Highway Department

Safety Incentive Grants for Safety Belts	20.604		1,250
Alcohol Highway Safety	20.602		7,353
Alcohol Compliance and Server Training	20.601		1,518
Northern Plains Commerce Center	20.205	*	125,000
Main Ave	20.205	*	117,381
East Divide Ave	20.205	*	61,082
Traffic Signal Cabinet Replacement	20.205	*	173,386
Pebble/Haycreek Trail Project	20.205	*	42,570

519,419

6,433,913

Total Department of Transportation*National Endowment for the Arts***North Dakota Council of the Arts**

Promotion of the Arts - Partnership Agreement	45.025		575
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Total National Endowment for the Arts

575

*Department of Homeland Security***North Dakota Department of Emergency Management**

Homeland Security-Emergency Mangement	97.004		22,305
Homeland Security-Equipment Grant	97.004		21,665
Homeland Security-American Red Cross	97.004		62,691
Homeland Security-Environmental Health	97.004		4,884
Homeland Security-Environmental Health	97.004		18,408
Homeland Security-Fire & Inspections	97.004		61,125
Homeland Security-Fire & Inspections	97.004		11,933
Homeland Security-Terrorism Annex	97.004		11,508
Homeland Security-Training Activities	97.004		12,887
Homeland Security-Equipment	97.004		11,683
Homeland Security-Terrorism Prevention Equipment	97.004		23,878
Homeland Security-Terrorism Prevention Equipment	97.004		47,608
Emergency Medical Response	97.004		46,338
Bomb Equipment	97.004		13,399
Homeland Security-Law Enforcement Equipment	97.004		6,896
Homeland Security-Law Enforcement Equipment	97.004		107,673
Homeland Security-Robot Training Activity	97.074		3,117
Homeland Security-Law Enforcement Equipment	97.004		93,289
Homeland Security-Flu Clinic Exercise	97.004		4,811

586,098

Homeland Security-Environmental Health	97.073		1,964
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Total Department of Homeland Security

588,062

U.S. Department of Health and Human Services

North Dakota Department of Health

Women's Way-Breast & Cervical Cancer Screening	93.283	50,743
Tobacco Prevention & Control	93.283	48,316
West Nile Virus-Vector Control	93.283	7,906
Bioterrorism Reponse Coordinator	93.283	8,341
Bioterrorism Reponse Coordinator	93.283	31,394
Bioterrorism Reponse Coordinator	93.283	53,647
Bioterrorism Reponse Coordinator	93.283	21,057
Preparedness/Response for Bioterrorism	93.283	46,964
Public Health Volunteer Reserve Program	93.283	1,667
Public Health Emergency Preparedness and Response	93.283	12,983
Bioterrorism Project	93.283	19,780
		<hr/>
		302,798
Immunization	93.268	35,871
ND Health Tracks	93.991	79,271
Ryan White CARE	93.917	3,327
Maternal & Child Health/OPOP	93.994	61,624
HIV Testing	93.940	5,425
Tuberculosis	93.116	6,646
Volunteer Coordination-HRSA	93.003	5,000
		<hr/>
Total Department of Health and Human Services		499,962

Totals

\$ 8,174,533

NOTES:

See Note 1 of the financial statements for the City of Bismarck's significant accounting policies.

* Total City of Bismarck expenditures for CFDA #20.205 equaled \$939,879

Subrecipients

Of the federal awards presented in the schedule, the City of Bismarck provided federal awards to subrecipients as follows:

Federal Grantor / Program Title	CFDA#	Amount Provided to Subrecipients
<hr/>		
Department of Transportation		
UMTA - E/H Transit	20.507	\$ 1,270,540

**CITY OF BISMARCK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005**

#04-1 CFDA #93.283

Questioned Cost: \$69,537

During our testing of expenditures charged to the Centers for Disease Control and Prevention-Investigations and Technical Assistance grant by the City of Bismarck's Fire Department, we noted that unallowable costs were charged to the grant. Also, the total amount of certain indirect costs including utilities, repairs, telephone and supplies were charged to the grant instead of only a portion of those costs being allocated to the grant based upon FTE, usage or square footage. By not properly allocating the indirect costs, these federal funds were used to supplant other state and local funds that had paid these costs in prior years. The questioned cost represents the total of unallowable expenditures and the amount of indirect costs that were improperly allocated to the grant.

Corrective Action Plan

The City will work with the North Dakota Department of Health and US Department of Health and Human Services grant staff to resolve the issues from the finding. Pending resolution of the grant issues, the City Commission directed the Fire Department to only submit reimbursement requests for cost directly related to the Bioterrorism grant activities or those costs documented by the Health Department as eligible under the terms and purpose of the grants. Training on proper grant procedures will be provided to the Departments and that the Audit Committee will develop a policy to establish the proper basis for cost allocations in operating grants.

Current status

Based upon our current year testing, the North Dakota Department of Health examined the finding and questioned cost and determined that \$57,498 was unallowable. This amount has been reimbursed to the Agency and the finding has been cleared.

CITY OF BISMARCK

Schedule of Federal Findings and Questioned Costs

December 31, 2005

1. Summary of auditor's results

- a) Type of report issued on the financial statements.

An unqualified opinion was issued.

- b) Disclosure of reportable conditions in internal controls and whether any were material weaknesses.

No reportable conditions were reported.

- c) Disclosure of noncompliance which is material to the financial statements.

We noted no instances of noncompliance which were material to the financial statements.

- d) Disclosure of reportable conditions in internal control over major programs and whether any were material weaknesses.

We noted no reportable conditions in internal controls over major programs.

- e) Type of report issued on compliance for major programs.

An unqualified opinion was issued.

- f) Disclosure of audit findings required to be reported.

None

- g) Identification of major programs:

97.004	State Domestic Preparedness Equipment Support Program
20.106	Airport Improvement Project
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance
14.218	Community Development Block Grant
20.930	Small Community Air Service Research

- h) Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

- i) Statement as to whether the auditee qualified as a low-risk auditee.

The auditee did not qualify as a low-risk auditee.

2. Findings relating to the financial statements.

None

3. Findings and questioned costs for federal awards.

None

4. Prior years findings and questioned costs for federal awards.

#04-1 CFDA #93.283

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