

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2006

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

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May 4, 2007

**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, 2006 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.

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, 2006 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 29.21 square miles and an estimated population of 58,264. 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 that developed a renewal program for the central downtown area. This program includes incentive programs to stimulate new development and encourage rehabilitation and reinvestment in the downtown area. The incentives for the projects are funded by the downtown Tax Increment District. This is supplemented by the Renaissance Zone Program, which has been very successful with a total of thirty one redevelopment projects in the downtown area with estimated investments of \$9.1 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 2006. Bismarck ranked #1 as Least Stressful Small City in Sperlings' Best Places, #3 Safest Metro Area in America in the Morgan Quitno Awards and #4 Best Small Places for Business and Careers according to 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 2006 as compared to 2005 for Bismarck. This growth is evidenced by the 13.7% increase in sales tax revenue and 6.9% increase in the motel, restaurant and liquor tax revenue in the year 2006.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2006, 293 building permits were issued for residential construction within the City's corporate limits. This included 265 single-family homes and 28 multi-family homes, which provided an additional 410 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 224 single-family building permits issued in 2006. Growth in the property tax base for the year 2006 was 13.06%. The table below provides the percentage change by property classification.

Property Class	2005	2006	Percentage Change
	Market Value	Market Value	
Commercial	\$ 961,682,700	\$1,113,433,900	15.78 %
Residential	1,886,793,200	2,107,115,700	11.68 %
Agricultural	456,300	424,900	(6.88) %
Total	\$ 2,848,932,200	\$3,220,974,500	13.06 %

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 \$4,290,566 with an average interest rate of 4.64% 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 \$9,122,470 for an average gain of 14.4% for the fiscal year.

Major Initiatives in 2006

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 gathered public input and worked with an engineering consultant to develop a context-sensitive streetscape design to improve capacity and safety in the neighborhood. The project will be bid in the spring of 2007.

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 the first tenant at the facility with the completion of their \$10 million expansion facility at the Centre. They will be the first company to benefit from the easier access to rail and air transportation.

Construction on the Centre began in the fall of 2005 with the major infrastructure projects completed in 2006. This includes water, sewer, storm water, security, site grading, roads and phase 1 rail projects. The total cost is approximately \$14 million with funding from City Sales Tax and Vision Fund and grants from EDA and ND Department of Transportation. The City has contracted with Mallory Alexander to develop and market the facility operations. Negotiations are currently underway with the BNSF Railroad to establish rates and the Centre is expected to be operational in the spring of 2007.

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 issued 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 constructed a new household hazardous waste storage facility that is located at the disposal site. This will provide a permanent collection for residents to dispose of waste on a timely basis. The estimated total cost is \$300,000 with funding from the Utility.

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, 2005. 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, 2005

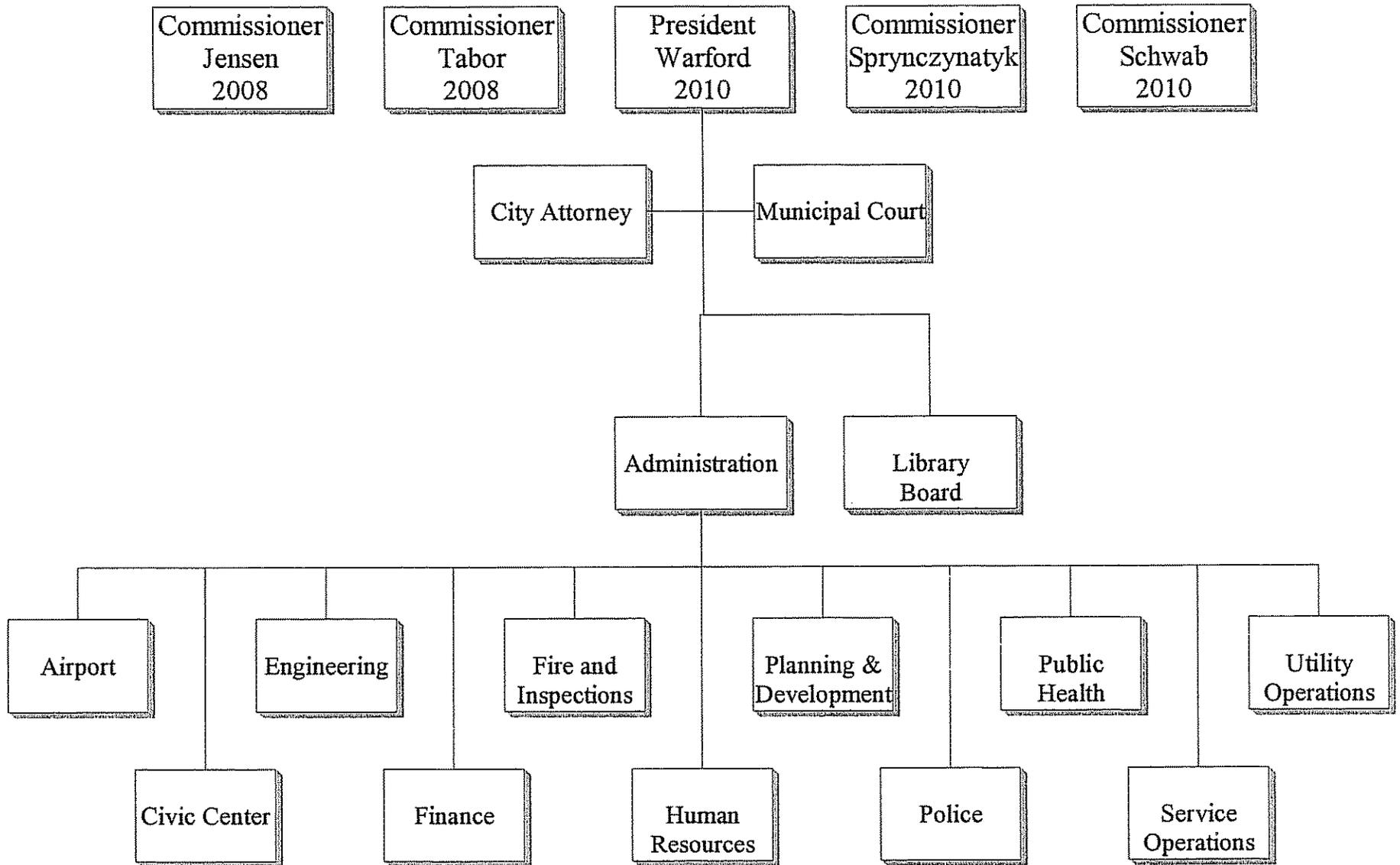
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Bismarck



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

Mayor-Commissioners:

	<u>Initial Term Commenced</u>	<u>Current Term Expires</u>
Mayor, John Warford	2002	2010
Commissioner, Dave Jensen	1988	2008
Commissioner, Sandi Tabor	1996	2008
Commissioner, Connie Sprynczynatyk	1990	2010
Commissioner, Steve Schwab	1994	2010

Other Elected Officials:

Municipal Judge..... William Severin

Appointed Officials:

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

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.....Jeff Heintz
 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, 2006, 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, 2006, 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, 2006, 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 May 4, 2007 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.

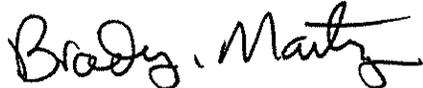
The Management's Discussion and Analysis (MD&A) on pages 10 through 17 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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

RSM McGladrey Network
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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.

May 4, 2007

**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, 2006. 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 \$434,210,436 (net assets). Of this amount, \$91,066,817 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$32,343,855 which was an increase of \$10,199,851 over 2005. A majority of the increase was attributed to new infrastructure to support commercial and residential development.
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported a combined ending fund balances of \$198,577,311, an increase of \$11,674,120 in comparison with the prior year. The unrestricted net assets of \$61,954,561, 31% 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 \$18,783,976 which is 87% of total general fund expenditures and 93% of total general fund revenues.
- Revenue from all sources totaled \$105,499,646 which was an increase of \$18,264,588 over 2005. Approximately \$2.2 million of this increase is attributed to a loss that was recorded in 2005 from the disposal of the Airport's old facility. An additional increase of approximately \$5 million in capital grants was due to a new \$1 million EDA grant for the Northern Plains Commerce Centre and an increase of \$4 million for new sewer assets that are contributed from special assessments. Investment earnings increased \$2 million due to an increase in interest rates and charges for services increased \$2 million due to an increase in water rates and sales which resulted from a dry season. Taxes increased \$4 million due to a substantial growth in sales tax and property taxes which resulted from an increase in commercial and residential areas.

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 18 – 19 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of 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, sewermain bond fund and street improvement bond fund which are considered to be major funds. Data from the other twenty-six 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 20 – 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 105 - 107 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 – 63 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 \$434,210,436 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, 2005 and December 31, 2006.

	City of Bismarck Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 75,082,106	\$ 81,611,123	\$ 35,978,008	\$ 44,692,074	\$ 111,060,114	\$ 126,303,197
Capital assets	156,580,302	167,446,578	185,227,613	208,444,518	341,807,915	375,891,096
Total assets	<u>231,662,408</u>	<u>249,057,701</u>	<u>221,205,621</u>	<u>253,136,592</u>	<u>452,868,029</u>	<u>502,194,293</u>
Long-term liabilities outstanding	39,124,993	44,221,467	1,356,722	11,341,959	40,481,715	55,563,426
Other liabilities	5,634,224	6,258,923	4,885,509	6,161,508	10,519,733	12,420,431
Total liabilities	<u>44,759,217</u>	<u>50,480,390</u>	<u>6,242,231</u>	<u>17,503,467</u>	<u>51,001,448</u>	<u>67,983,857</u>
Net assets:						
Invested in capital assets, net of related debt	117,467,134	125,116,291	185,085,706	200,350,952	302,552,840	325,467,243
Restricted	11,973,853	11,506,459	-	6,169,917	11,973,853	17,676,376
Unrestricted	57,462,204	61,954,561	29,877,684	29,112,256	87,339,888	91,066,817
Total net assets	<u>\$ 186,903,191</u>	<u>\$ 198,577,311</u>	<u>\$ 214,963,390</u>	<u>\$ 235,633,125</u>	<u>\$ 401,866,581</u>	<u>\$ 434,210,436</u>

By far the largest portion of the City of Bismarck's net assets (75%) 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 15%. 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 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$91,066,817 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$61,954,561 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 5.9 and for the business-type activities is 6.2 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, 2005 and December 31, 2006.

City of Bismarck Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenues:						
Charges for services	\$ 9,551,522	\$ 10,720,284	\$ 24,487,911	\$ 27,197,824	\$ 34,039,433	\$ 37,918,108
Operating grants and contributions	7,433,665	8,439,561	311,490	31,151	7,745,155	8,470,712
Capital grants and contributions	12,992,496	13,853,173	6,409,535	10,560,757	19,402,031	24,413,930
General revenues:						
Taxes	25,956,089	30,151,030	67,271	21,487	26,023,360	30,172,517
Investment earnings	1,409,418	2,585,623	819,900	1,704,943	2,229,318	4,290,566
Gain on disposal of assets	176,949	173,018	(2,381,188)	60,795	(2,204,239)	233,813
Total revenues	<u>57,520,139</u>	<u>65,922,689</u>	<u>29,714,919</u>	<u>39,576,957</u>	<u>87,235,058</u>	<u>105,499,646</u>
Expenses:						
General Government	11,284,393	10,492,958	-	-	11,284,393	10,492,958
Public Safety	13,519,865	15,140,144	-	-	13,519,865	15,140,144
Highways and Streets	5,688,282	6,291,580	-	-	5,688,282	6,291,580
Health and Welfare	1,758,290	2,031,386	-	-	1,758,290	2,031,386
Culture and Recreation	7,192,544	7,091,216	-	-	7,192,544	7,091,216
Interest and Fiscal Charges	1,419,105	1,455,778	-	-	1,419,105	1,455,778
Public Works	4,069,184	8,980,826	-	-	4,069,184	8,980,826
Airport	-	-	3,861,147	4,390,771	3,861,147	4,390,771
Airport Flightline	-	-	1,378,538	1,353,928	1,378,538	1,353,928
Solid Waste Disposal	-	-	2,421,202	2,152,830	2,421,202	2,152,830
Solid Waste Collections	-	-	1,574,263	1,732,743	1,574,263	1,732,743
Water	-	-	6,130,931	7,120,142	6,130,931	7,120,142
Sanitary Sewer	-	-	3,465,950	3,480,827	3,465,950	3,480,827
Storm Water	-	-	549,854	651,098	549,854	651,098
Parking Authority Lots	-	-	777,506	789,564	777,506	789,564
Total expenses	<u>44,931,663</u>	<u>51,483,888</u>	<u>20,159,391</u>	<u>21,671,903</u>	<u>65,091,054</u>	<u>73,155,791</u>
Increase in net assets before transfers	12,588,476	14,438,801	9,555,528	17,905,054	22,144,004	32,343,855
Transfers	(3,472,278)	(2,764,681)	3,472,278	2,764,681	-	-
Increase in net assets	9,116,198	11,674,120	13,027,806	20,669,735	22,144,004	32,343,855
Net assets, as adjusted - 1/1	177,786,993	186,903,191	201,935,584	214,963,390	379,722,577	401,866,581
Net assets - 12/31	<u>\$ 186,903,191</u>	<u>\$ 198,577,311</u>	<u>\$ 214,963,390</u>	<u>\$ 235,633,125</u>	<u>\$ 401,866,581</u>	<u>\$ 434,210,436</u>

Governmental Activities

Governmental activities increased the City of Bismarck's net assets by \$11,674,120, accounting for 36% of the total increase in the net assets of the City of Bismarck. Approximately \$1 million was capital grant contributions from the North Dakota State Government and \$12 million from Special Assessment Revenue for street and highway construction projects less the a transfer of approximately \$2 million for Sewermain and Watermain Projects.

Business-type Activities

Business-type activities increase the City of Bismarck's net assets by \$20,669,735, accounting for 64% of the total growth in the City of Bismarck's net assets. Airport received approximately \$3 million in capital grants due to improvement to the Airport facility. An estimated \$7 million in net revenue was generated to fund waste water and water distribution upgrades. Water Revenue increased approximately \$ 2 million due to an increase in rates and sales which resulted from a dry season. Capital Contributions from special assessments contributed to revenue of \$2.6 million for new sanitary sewer assets and \$2.9 million for storm sewer assets. Investment earnings contributed \$1.7 million in revenue due to a substantial increase in rates.

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 \$45,212,503, a decrease of \$1,038,297 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 \$170,840, 2) to reserve for debt service payments of \$700,000, 3) for advances to other funds of \$1,554,081 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 \$18,783,976, while total fund balance reached \$18,950,245.

The debt service funds have a total fund balance of \$11,506,459, of which \$437,243 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 \$467,394.

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 \$29,063,266. All individual proprietary funds reported increases in net assets, except for Airport Flightline, Solid Waste Collections and Parking Authority Lots. Airport Flightline had a minor decrease in net assets which is attributed to the timing of fuel rates and an increase in repairs and maintenance. Solid Waste had a decrease in net assets of \$111,407 due to an increase in salaries, repairs & maintenance and depreciation expense. Parking Authority Lots have a negative change in net asset of \$188,894 due to the transfer out of \$217,640 to Tax Increment for capital funding of assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were no variances 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 \$210,145 due to the increase in building permits and liquor licenses.
- Taxes decreased by \$399,340 which a majority was attributed to a discount of five percent on early payments.
- Charges for services exceed budgeted by \$1,011,856 due to an increase administration and engineer fees from special assessment projects which resulted from a growth in commercial and residential development.
- Interest rates increase in 2006 resulting in a surplus of \$309,422.
- Administrations surplus of \$205,321 was due to the assistant city engineer position that was not hired in 2006 and special projects that were not utilized in 2006.
- Finance surplus of \$384,057 was due to vacant positions and delay in hiring current personnel.
- Transfers of \$1,180,098 from Nondepartmental, Building Construction and Contingencies were not completed in 2006.

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, 2006, amounts to \$325,647,243 (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 2nd floor of the City/County Building.
- Construction was started on the Memorial Bridge.
- Construction continued on the Northern Plains Commerce Center including the rail lines and infrastructure which included storm water and Yegan road.
- Construction continued on the expansion of the 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	
	2005	2006	2005	2006	2005	2006
Land	\$ 2,428,975	\$ 3,322,431	\$ 8,372,961	\$ 9,061,261	\$ 10,801,936	\$ 12,383,692
Construction in Progress	3,200,992	12,188,407	6,423,120	17,877,763	9,624,112	30,066,170
Buildings	35,447,095	34,450,956	57,601,773	60,825,777	93,048,868	95,276,733
Improvements Other Than Buildings	31,040	41,833	107,159,312	115,706,026	107,190,352	115,747,859
Machinery and Equipment	10,795,163	11,586,796	4,700,467	4,973,691	15,495,630	16,560,487
Infrastructure	104,677,037	105,856,155	-	-	104,677,037	105,856,155
Total	\$ 156,580,302	\$ 167,446,578	\$ 184,257,633	\$ 208,444,518	\$ 340,837,935	\$ 375,891,096

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 \$55,563,426. Of this amount, \$36,450,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Bismarck revenue bonds are secured by Water Revenue and Lodging, Liquor and Food Tax.

City of Bismarck Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Special revenue bonds	\$ 6,655,000	\$ 5,970,000	\$ -	\$ -	\$ 6,655,000	\$ 5,970,000
Less unamortized discount	(39,057)	(33,698)			(39,057)	(33,698)
Special assessment bonds	30,705,000	36,450,000	-	-	30,705,000	36,450,000
Less unamortized discount	(56,408)	(56,015)			(56,408)	(56,015)
Capital Leases	-	-	141,906	79,736	141,906	79,736
Compensated Absences	1,644,118	1,663,267	462,069	481,451	2,106,187	2,144,718
Claims and Judgments	216,340	227,913	61,176	93,122	277,516	321,035
Closure and postclosure costs	-	-	691,571	781,000	691,571	781,000
Water revenue bonds	-	-	-	10,000,000	-	10,000,000
Less unamortized discount	-	-	-	(93,350)	-	(93,350)
Total	\$ 39,124,993	\$ 44,221,467	\$ 1,356,722	\$ 11,341,959	\$ 40,481,715	\$ 55,563,426

The City issued new special assessments debt of \$10,680,000. More detailed information about the debt position of the City can be found in Note IV.G on pages 50 - 51 of the financial statements.

The City issued \$10 million in Water Revenue Bonds in 2006. The proceeds funded the Water Plant's Lime Sludge Dewatering and Standby Power project. The revenue bond is secured by water revenue which matures April 1, 2007 thru 2021. More detailed information about the debt position of the City can be found in Note IV.G on pages 49 - 50.

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 continues to boom with the addition of Target Expansion, Furniture Row, Eckroth Plaza and Menards. This growth directly contributes to the continued reduction of the property tax mill levy. The 2007 budget reflects a reduction of 4.06 mills for a total of 94.5mills. This reduction continues a trend of lowering the mill levy since 1993.

As a result of the commercial growth the city will continue to have a substantial increase in the taxes including sales tax and lodging liquor food tax. The commercial and residential growth has lead to an increase in the need for new infrastructure which includes storm water, sanitary sewer mains, water mains and streets. The growth also contributes to an increase in the need for public safety services including police, combined communications (911) and fire protection. The City capital improvement plans include the future construction of a new fire station where the growth is occurring in the northern section of the City.

The Commission's top priority is the operation of the Northern Plains Commerce Centre (NPCC), a multimodal freight facility that will provide access to road, rail and air transportation. Bobcat is the primary patron of the facility who is one of the major manufacturers in the region.

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, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 837,824	\$ 1,176,440	\$ 2,014,264
Investments	44,256,173	24,739,795	68,995,968
Receivables:			
Taxes	249,765	-	249,765
Accounts	4,425,944	2,633,098	7,059,042
Special assessments	31,152,562	1,334,125	32,486,687
Interest receivable	446,059	333,194	779,253
Intergovernmental	217,958	-	217,958
Notes receivable	1,239,000	-	1,239,000
Internal balances	(3,116,364)	3,116,364	-
Inventories	302,503	65,761	368,264
Prepaid items	8,563	86,073	94,636
Restricted assets:			
Cash and cash equivalents	172,813	-	172,813
Investments	947,399	3,114,618	4,062,017
Revenue bond covenant accounts	-	8,062,739	8,062,739
Unamortized debt cost	194,252	29,867	224,119
Net pension obligation asset	276,672	-	276,672
Capital assets (net of accumulated depreciation):			
Land	3,322,431	9,061,261	12,383,692
Building and building improvements	34,450,956	60,825,777	95,276,733
Improvements other than buildings	41,833	115,706,026	115,747,859
Machinery and equipment	11,586,796	4,973,691	16,560,487
Infrastructure	105,856,155	-	105,856,155
Construction in progress	12,188,407	17,877,763	30,066,170
Total assets	<u>249,057,701</u>	<u>253,136,592</u>	<u>502,194,293</u>
LIABILITIES:			
Accounts payable	2,449,554	1,889,034	4,338,588
Retainage payable	558,647	862,294	1,420,941
Salaries payable	787,142	189,728	976,870
Interest payable	302,012	100,000	402,012
Unearned revenue	1,041,356	5,834	1,047,190
Customer deposits	1,120,212	3,114,618	4,234,830
Noncurrent liabilities:			
Due within one year	7,607,529	1,003,946	8,611,475
Due in more than one year	36,613,938	10,338,013	46,951,951
Total liabilities	<u>50,480,390</u>	<u>17,503,467</u>	<u>67,983,857</u>
NET ASSETS:			
Investment in capital assets, net of related debt	125,116,291	200,350,952	325,467,243
Restricted for debt service	11,506,459	6,169,917	17,676,376
Unrestricted	61,954,561	29,112,256	91,066,817
Total net assets	<u>\$ 198,577,311</u>	<u>\$ 235,633,125</u>	<u>\$ 434,210,436</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, 2006

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	\$ 10,492,958	\$ 2,540,798	\$ 2,905,425	\$ 8,895	\$ (5,037,840)	\$ -	\$ (5,037,840)
Public safety	15,140,144	2,230,428	1,574,716	9,615	(11,325,385)	-	(11,325,385)
Highways and streets	6,291,580	2,663,024	2,650,786	25,057	(952,713)	-	(952,713)
Health and welfare	2,031,386	192,742	1,089,420	-	(749,224)	-	(749,224)
Culture and recreation	7,091,216	3,062,688	212,898	-	(3,815,630)	-	(3,815,630)
Interest and fiscal charges	1,455,778	-	-	-	(1,455,778)	-	(1,455,778)
Public works	8,980,826	30,604	6,316	13,809,606	4,865,700	-	4,865,700
Total governmental activities	<u>51,483,888</u>	<u>10,720,284</u>	<u>8,439,561</u>	<u>13,853,173</u>	<u>(18,470,870)</u>	<u>-</u>	<u>(18,470,870)</u>
Business-type activities:							
Airport	4,390,771	3,559,509	31,151	3,240,888	-	2,440,777	2,440,777
Airport flightline	1,353,928	1,407,451	-	-	-	53,523	53,523
Solid waste disposal	2,152,830	2,525,982	-	-	-	373,152	373,152
Solid waste collections	1,732,743	1,654,140	-	-	-	(78,603)	(78,603)
Water	7,120,142	11,231,908	-	1,722,725	-	5,834,491	5,834,491
Sanitary sewer	3,480,827	5,053,527	-	2,666,840	-	4,239,540	4,239,540
Storm water	651,098	957,724	-	2,930,304	-	3,236,930	3,236,930
Parking authority lots	789,564	807,583	-	-	-	18,019	18,019
Total business-type activities	<u>21,671,903</u>	<u>27,197,824</u>	<u>31,151</u>	<u>10,560,757</u>	<u>-</u>	<u>16,117,829</u>	<u>16,117,829</u>
Total primary government	<u>\$ 73,155,791</u>	<u>\$ 37,918,108</u>	<u>\$ 8,470,712</u>	<u>\$ 24,413,930</u>	<u>(18,470,870)</u>	<u>16,117,829</u>	<u>(2,353,041)</u>
Taxes:							
Property taxes					13,806,279	-	13,806,279
Sales tax:							
Sales tax					10,955,561	-	10,955,561
Occupancy tax					520,947	-	520,947
Lodging/liquor/food tax					1,534,606	-	1,534,606
State aid distribution					2,034,093	-	1,923,989
Franchise taxes					787,590	-	897,694
Other taxes					511,954	21,487	533,441
Unrestricted investment earnings					2,585,623	1,704,943	4,290,566
Gain on disposal of assets					173,018	60,795	233,813
Transfers					(2,764,681)	2,764,681	-
Total general revenues and separate line items					<u>30,144,990</u>	<u>4,551,906</u>	<u>34,696,896</u>
Changes in net assets					11,674,120	20,669,735	32,343,855
Net assets - beginning, as adjusted					186,903,191	214,963,390	401,866,581
Net assets - ending					<u>\$ 198,577,311</u>	<u>\$ 235,633,125</u>	<u>\$ 434,210,436</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, 2006**

ASSETS	General	Sales Tax	Sewermain Construction	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 592,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,484	\$ 727,225
Investments	18,026,268	3,442,846	-	-	-	-	22,073,079	43,542,193
Receivables:								
Taxes receivable	168,053	-	-	-	-	-	81,712	249,765
Accounts receivable	1,106,965	900,224	-	25,944	-	-	2,202,604	4,235,737
Special assessments	-	-	-	-	6,975,276	19,541,729	4,635,557	31,152,562
Intergovernmental	-	-	-	-	8,836	73,566	135,556	217,958
Notes receivable	-	-	-	-	-	-	1,239,000	1,239,000
Due from other funds	435,072	1,503,736	-	-	1,172,762	5,782,065	4,682,558	13,576,193
Advances to other funds	-	96,838	-	-	-	-	1,457,243	1,554,081
Prepaid items	7,786	-	-	-	-	-	28	7,814
Restricted assets:								
Investments	-	-	-	-	-	-	947,399	947,399
Total assets	\$ 20,336,885	\$ 5,943,644	\$ -	\$ 25,944	\$ 8,156,874	\$ 25,397,360	\$ 37,589,220	\$ 97,449,927
LIABILITIES								
Accounts payable	\$ 460,957	\$ -	\$ 107,024	\$ 415,127	\$ -	\$ -	\$ 979,691	\$ 1,962,799
Retainage payable	-	-	111,453	151,882	-	-	295,312	558,647
Due to other funds	-	-	5,309,200	6,534,437	-	-	6,305,759	18,149,396
Advances from other funds	96,838	-	-	-	-	-	-	96,838
Salaries payable	644,327	-	-	-	-	-	130,928	775,255
Deferred revenue	184,518	-	-	-	6,614,060	17,964,649	4,983,863	29,747,091
Customer deposits	-	-	-	-	-	-	947,399	947,399
Total liabilities	1,386,640	-	5,527,677	7,101,446	6,614,060	17,964,649	13,642,952	52,237,424
FUND BALANCES								
Reserved for encumbrances	166,269	-	-	-	-	-	4,571	170,840
Reserved for debt service	-	-	-	-	-	-	700,000	700,000
Reserved for advances to other funds	-	96,838	-	-	-	-	1,457,243	1,554,081
Reserved for long-term receivable	-	-	-	-	-	-	1,239,000	1,239,000
Unreserved, undesignated reported in:								
General fund	18,783,976	-	-	-	-	-	-	18,783,976
Special revenue funds	-	5,846,806	-	-	-	-	8,977,571	14,824,377
Debt service funds	-	-	-	-	1,542,814	7,432,711	1,393,691	10,369,216
Capital projects funds	-	-	(5,527,677)	(7,075,502)	-	-	10,174,192	(2,428,987)
Total fund balances	<u>18,950,245</u>	<u>5,943,644</u>	<u>(5,527,677)</u>	<u>(7,075,502)</u>	<u>1,542,814</u>	<u>7,432,711</u>	<u>23,946,268</u>	<u>45,212,503</u>
Total liabilities and fund balances	\$ 20,336,885	\$ 5,943,644	\$ -	\$ 25,944	\$ 8,156,874	\$ 25,397,360	\$ 37,589,220	

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.

167,446,578

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

29,428,467

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

591,080

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.

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

(44,101,317)

Net assets of governmental activities

\$ 198,577,311

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 YEAR ENDED DECEMBER 31, 2006

	General	Sales Tax	Sewermain Construction	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds	Total
REVENUES								
Taxes	\$ 8,860,020	\$ 10,923,015	\$ -	\$ -	\$ -	\$ -	\$ 5,952,761	\$ 25,735,796
Licenses and permits	1,663,111	-	-	-	-	-	4,940	1,668,051
Special assessments	-	-	58,130	156,404	1,044,269	3,718,294	1,208,648	6,185,745
Intergovernmental	3,347,045	-	-	-	-	-	8,039,621	11,386,666
Charges for services	3,907,054	-	-	-	-	-	1,471,449	5,378,503
Fines and forfeits	1,221,646	-	-	-	-	-	98,241	1,319,887
Investment income	779,172	206,159	-	-	-	-	1,116,641	2,101,972
Rentals	276,692	-	-	-	-	-	596,506	873,198
Miscellaneous	42,860	-	-	-	-	-	164,815	207,675
Total revenues	20,097,600	11,129,174	58,130	156,404	1,044,269	3,718,294	18,653,622	54,857,493
EXPENDITURES								
Current								
General government	4,385,813	1,109	-	-	-	-	5,678,093	9,497,701
Public safety	12,385,765	-	-	-	-	-	721,826	13,107,591
Highways and streets	1,369,038	-	-	-	-	-	4,012,326	5,381,364
Health and welfare	1,200,994	-	-	-	-	-	672,196	1,873,190
Culture and recreation	1,907,084	-	-	-	-	-	1,399,660	3,306,751
Public works	-	-	-	10,733	-	-	1,166,404	1,177,137
Capital outlays								
General government	90,148	-	-	-	-	-	323,880	981,342
Public safety	168,487	-	-	-	-	-	703,059	871,546
Highways and streets	8,695	-	-	-	-	-	157,983	166,678
Health and welfare	21,700	-	-	-	-	-	-	21,700
Culture and recreation	23,596	-	-	-	-	-	365,204	388,793
Public works	-	-	3,576,280	7,061,309	-	-	13,374,202	24,011,791
Debt service								
Principal	-	-	-	-	441,865	3,718,056	1,460,079	5,620,000
Interest and fiscal charges	-	-	-	-	174,575	795,516	415,716	1,385,807
Total expenditures	21,561,320	1,109	3,576,280	7,072,042	616,440	4,513,572	30,450,628	67,791,391
Excess (deficiency) of revenues over (under) expenditures	(1,463,720)	11,128,065	(3,518,150)	(6,915,638)	427,829	(795,278)	(11,797,006)	(12,933,898)
OTHER FINANCING SOURCES (USES)								
Transfer in	4,654,405	-	57,872	671,275	870	380,608	15,905,641	21,670,671
Transfer out	(1,694,445)	(10,637,512)	(870)	(116,674)	(87,231)	(385,329)	(7,528,587)	(20,450,648)
Discount on special assessment debt	-	-	(1,207)	(1,819)	-	-	(1,396)	(4,422)
Special assessment bonds issued	-	-	3,825,894	5,769,923	-	-	1,084,183	10,680,000
Total other financing sources (uses)	2,959,960	(10,637,512)	3,881,689	6,322,705	(86,361)	(4,721)	9,459,841	11,895,601
Net changes in fund balances	1,496,240	490,553	363,539	(592,933)	341,468	(799,999)	(2,337,165)	(1,038,297)
Fund balances - beginning	17,454,005	5,453,091	(5,891,216)	(6,482,569)	1,201,346	8,232,710	26,283,433	46,250,800
Fund balances - ending	\$ 18,950,245	\$ 5,943,644	\$ (5,527,677)	\$ (7,075,502)	\$ 1,542,814	\$ 7,432,711	\$ 23,946,268	\$ 45,212,503

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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, 2006**

Net change in fund balances-total governmental funds (Page 21) (\$1,038,297)

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. 10,876,822

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (10,544)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 6,977,919

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. (5,008,328)

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. 140,299

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. (263,751)

Change in net assets of governmental activities (Page 19) \$11,674,120

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary Fund Balance, January 1	\$ 13,234,622	\$ 13,372,716	\$ 17,346,623	\$ 3,973,907
Resources (inflows)				
Taxes	9,259,360	9,259,360	8,860,020	(399,340)
Licenses and permits	1,452,966	1,452,966	1,663,111	210,145
Intergovernmental	3,412,880	3,412,880	3,347,045	(65,835)
Charges for services	2,895,198	2,895,198	3,907,054	1,011,856
Fines and forfeits	1,135,900	1,135,900	1,221,646	85,746
Investment income	469,750	469,750	779,172	309,422
Rentals	272,050	272,050	276,692	4,642
Miscellaneous	17,700	17,700	42,860	25,160
Transfer in	4,784,359	4,784,359	4,654,405	(129,954)
Amount available for appropriation	<u>36,934,785</u>	<u>37,072,879</u>	<u>42,098,628</u>	<u>5,025,749</u>
Charges to appropriations (outflows)				
General government				
Administration	1,163,456	1,163,456	958,135	205,321
Attorney	286,912	286,912	280,446	6,466
Finance	2,073,559	2,073,559	1,689,502	384,057
Human resources	313,995	313,995	288,992	25,003
Municipal court	293,815	306,534	304,566	1,968
Planning & development	775,599	775,599	662,997	112,602
One-time operations	284,415	284,415	181,837	102,578
Equipment reserve	123,400	123,400	32,304	91,096
Public safety				
Combined communications	1,170,134	1,170,134	981,354	188,780
Fire & inspections	4,496,873	4,496,873	4,386,609	110,264
Police	6,628,122	6,628,922	6,628,922	-
One-time operations	321,495	275,125	150,954	124,171
Equipment reserve	63,944	47,854	29,115	18,739
Highways and streets				
Weed control	57,908	57,908	51,163	6,745
Engineering	1,259,326	1,266,326	1,217,074	49,252
One-time operations	-	46,370	40,749	5,621
Equipment reserve	27,500	18,381	12,394	5,987
Health and welfare				
Public health	1,203,945	1,203,492	1,183,130	20,362
Equipment reserve	35,000	35,000	3,370	31,630
Culture and recreation				
Cable tv promotions	223,964	223,964	223,964	-
Centennial beach	1,000	1,000	771	229
Civic center	1,743,072	1,743,072	1,661,095	81,977
Equipment reserve	12,000	12,000	6,437	5,563
Transfer out				
Nondepartmental	1,772,732	1,772,732	1,528,974	243,758
Building construction	300,000	289,400	-	289,400
Contingencies	646,940	646,940	-	646,940
Combined communications	173,910	173,910	133,213	40,697
Planning & development	18,322	18,322	16,515	1,807
Public health	-	453	453	-
One-time operations	6,500	6,500	-	6,500
Equipment reserve	-	15,290	15,290	-
Total charges to appropriations	<u>25,477,838</u>	<u>25,477,838</u>	<u>22,670,325</u>	<u>2,807,513</u>
Budgetary Fund Balance, December 31	<u>\$ 11,456,947</u>	<u>\$ 11,595,041</u>	<u>\$ 19,428,303</u>	<u>\$ 7,833,262</u>

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

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

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	\$ 42,098,628
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	(17,346,623)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(4,654,405)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,097,600</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,670,325
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	(58,887)
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	644,327
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,694,445)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 21,561,320</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, 2006

	<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	\$ 3,749,238	\$3,749,238	\$ 5,453,091	\$ 1,703,853
Resources (inflows)				
Taxes	8,000,000	8,000,000	10,923,015	2,923,015
Investment income	54,200	54,200	206,159	151,959
Amount available for appropriation	<u>11,803,438</u>	<u>11,803,438</u>	<u>16,582,265</u>	<u>4,778,827</u>
Charges to appropriations (outflows)				
General government	1,000	2,001,109	2,001,109	-
Transfer out	8,313,062	8,812,953	8,637,512	175,441
Total charges to appropriations	<u>8,314,062</u>	<u>10,814,062</u>	<u>10,638,621</u>	<u>175,441</u>
Budgetary Fund Balance, December 31	<u>\$ 3,489,376</u>	<u>\$ 989,376</u>	<u>\$ 5,943,644</u>	<u>\$ 4,954,268</u>

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31,2006

Business-type Activities - Enterprise Funds

**Governmental
Activities -
Internal Service
Funds**

	Airport	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 240,743	\$ 403,961	\$ 175,635	\$ 49,037	\$ 296,964	\$ 1,166,340	\$ 120,699
Investments	2,208,236	5,605,287	6,424,692	3,155,670	7,238,198	24,632,083	821,694
Receivables:							
Accounts receivable	834,492	871,267	413,962	81,543	425,888	2,627,152	196,154
Special assessments	-	763,918	564,901	5,306	-	1,334,125	-
Interest receivable	22,831	135,940	72,367	29,931	72,125	333,194	-
Due from other funds	-	437,169	4,136,438	-	-	4,573,607	-
Inventories	-	35,718	-	-	30,043	65,761	302,503
Prepaid items	19,642	40,637	9,756	1,189	14,849	86,073	749
Total current assets	<u>3,325,944</u>	<u>8,293,897</u>	<u>11,797,751</u>	<u>3,322,676</u>	<u>8,078,067</u>	<u>34,818,335</u>	<u>1,441,799</u>
Noncurrent assets:							
Restricted assets:							
Investments	-	3,114,618	-	-	-	3,114,618	172,813
Revenue bond covenant accounts	-	8,062,739	-	-	-	8,062,739	-
Unamortized debt cost	-	29,867	-	-	-	29,867	-
Capital assets (net of accumulated depreciation):							
Land	4,137,578	876,448	324,591	1,310,734	2,411,910	9,061,261	-
Building and building improvements	18,523,181	30,709,075	2,827,223	-	8,766,296	60,825,775	-
Improvements other than buildings	31,882,864	31,845,640	34,875,688	14,160,407	2,941,427	115,706,026	-
Machinery and equipment	1,232,027	396,991	671,969	117,211	2,555,492	4,973,690	63,409
Construction in progress	6,387	9,392,373	3,278,078	4,201,127	999,800	17,877,765	-
Total noncurrent assets	<u>55,782,037</u>	<u>84,427,751</u>	<u>41,977,549</u>	<u>19,789,479</u>	<u>17,674,925</u>	<u>219,651,741</u>	<u>236,222</u>
Total assets	<u>59,107,981</u>	<u>92,721,648</u>	<u>53,775,300</u>	<u>23,112,155</u>	<u>25,752,992</u>	<u>254,470,076</u>	<u>1,678,021</u>

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31,2006**

Business-type Activities - Enterprise Funds

	Airport	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	368,237	605,496	719,666	60,001	124,758	1,878,158	494,674
Retainage payable	25,501	589,407	171,521	-	75,865	862,294	-
Leases payable	-	1,835	1,835	1,835	59,615	65,120	-
Bonds payable	-	520,000	-	-	-	520,000	-
Accrued interest payable	-	100,000	-	-	-	100,000	-
Due to other funds	-	-	-	-	-	-	404
Due to other entities	-	-	-	-	-	-	2,958
Compensated benefits payable	38,358	109,121	49,306	-	128,920	325,705	-
Salaries payable	29,008	66,615	29,546	-	64,559	189,728	11,887
Deferred revenue	-	-	-	-	5,834	5,834	-
Claims and judgments payable	-	-	29,228	-	-	29,228	291,806
Total current liabilities	<u>461,104</u>	<u>1,992,474</u>	<u>1,001,102</u>	<u>61,836</u>	<u>459,551</u>	<u>3,976,067</u>	<u>801,729</u>
Long-term liabilities:							
Advances from other funds	-	437,243	-	-	1,020,000	1,457,243	-
Customer deposits	-	3,114,618	-	-	-	3,114,618	172,813
Compensated benefits payable	38,841	48,037	10,504	-	58,364	155,746	-
Capital lease	-	1,959	1,959	1,959	8,740	14,617	-
Revenue bonds payable	-	9,386,650	-	-	-	9,386,650	-
Accrued closure/post closure costs	-	-	-	-	781,000	781,000	-
Total long-term liabilities	<u>38,841</u>	<u>12,988,507</u>	<u>12,463</u>	<u>1,959</u>	<u>1,868,104</u>	<u>14,909,874</u>	<u>172,813</u>
Total liabilities	<u>499,945</u>	<u>14,980,981</u>	<u>1,013,565</u>	<u>63,795</u>	<u>2,327,655</u>	<u>18,885,941</u>	<u>974,542</u>
NET ASSETS							
Invested in capital assets, net of related debt	55,782,037	65,202,905	41,973,755	19,785,685	17,606,570	200,350,952	-
Restricted for debt service	-	6,169,917	-	-	-	6,169,917	-
Unrestricted	2,825,999	6,367,845	10,787,980	3,262,675	5,818,767	29,063,266	703,479
Total net assets	<u>\$ 58,608,036</u>	<u>\$ 77,740,667</u>	<u>\$ 52,761,735</u>	<u>\$ 23,048,360</u>	<u>\$ 23,425,337</u>	235,584,135	<u>\$ 703,479</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						48,990	
Net assets of business-type activities						<u>\$ 235,633,125</u>	

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

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds					Total	Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds		
OPERATING REVENUES							
Charges for sales and services:							
Event sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,315,468
Sale of gas and oil	-	-	-	-	1,072,179	1,072,179	671,125
Sale of parts and labor	-	196,721	-	-	-	196,721	1,158,229
Water sales	-	10,518,264	-	-	-	10,518,264	-
Sanitation fees	-	17,797	5,032,432	957,724	4,152,731	10,160,684	-
Landing and airport fees	1,739,824	-	-	-	257,483	1,997,307	-
Miscellaneous sales	25,095	37,963	19,351	-	24,056	106,465	78,682
Rentals	1,850,915	508,125	2,093	-	894,107	3,255,240	138
Employer contributions	-	-	-	-	-	-	3,021,375
Employee contributions	-	-	-	-	-	-	58,793
Total operating revenues	3,615,834	11,278,870	5,053,876	957,724	6,400,556	27,306,860	6,303,810
OPERATING EXPENSES							
Cost of goods sold	-	105,100	-	-	975,833	1,080,933	2,127,993
Personal services - salaries & wages	649,993	1,493,103	709,774	3,533	1,672,156	4,528,559	503,686
Personal services - fringe benefits	90,800	231,408	105,935	192	302,008	730,343	96,125
Professional, legal, and contracted services	865,996	123,153	9,455	208,358	370,829	1,577,791	4,700
Building, equipment, and vehicle services	419,858	1,835,815	668,209	113,437	1,023,184	4,060,503	194,863
Travel & training	5,923	13,077	7,261	-	3,463	29,724	4,744
Operating services	130,916	143,708	109,678	5,574	277,537	667,413	3,661,589
Operating supplies	117,808	817,870	431,365	13,474	317,309	1,697,826	15,539
Depreciation expense	2,006,307	2,110,427	1,357,510	320,508	891,015	6,685,767	12,379
Total operating expenses	4,287,601	6,873,661	3,399,187	665,076	5,833,334	21,058,859	6,621,618
Operating income (loss)	(671,767)	4,405,209	1,654,689	292,648	567,222	6,248,001	(317,808)
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	3,293,526	-	-	-	-	3,293,526	892
Special assessments	-	225,332	153,102	6,396	-	384,830	-
Gain (loss) on disposal of assets	35,670	24,062	12,440	-	(11,377)	60,795	87,164
Investment income	101,021	583,076	474,287	146,588	392,513	1,697,485	45,054
Interest and fiscal charges	-	(29,072)	(7,821)	(321)	(4,511)	(41,725)	-
Total nonoperating revenues (expenses)	3,430,217	803,398	632,008	152,663	376,625	5,394,911	133,110
Income (loss) before contributions and transfer	2,758,450	5,208,607	2,286,697	445,311	943,847	11,642,912	(184,698)
CAPITAL CONTRIBUTIONS	-	2,334,513	2,739,478	6,274,447	-	11,348,438	-
TRANSFERS IN	10,000	37,651	82,173	-	2,040	131,864	144,435
TRANSFERS OUT	(239,601)	(1,294,378)	(258,228)	(20,251)	(646,623)	(2,459,081)	(230,265)
Change in net assets	2,528,849	6,286,393	4,850,120	6,699,507	299,264	20,664,133	(270,528)
Total net assets - beginning as adjusted	56,079,187	71,454,274	47,911,615	16,348,853	23,126,073	974,007	974,007
Total net assets - ending	\$ 58,608,036	\$ 77,740,667	\$ 52,761,735	\$ 23,048,360	\$ 23,425,337	\$ 20,669,735	\$ 703,479

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

Change in net assets of business-type activities (page 19)

5,602

\$ 20,669,735

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, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,641,132	\$ 11,323,235	\$ 5,670,587	\$ 953,477	\$ 6,396,047	\$ 27,984,478	\$ 3,144,470
Receipts from employer	-	-	-	-	-	-	3,092,732
Proceeds of claim/insurance recoveries	-	-	-	-	-	-	87,164
Other operating cash receipts	-	-	-	-	-	-	75,511
Payments to suppliers	(1,587,827)	(3,196,948)	(1,317,843)	(311,619)	(3,179,018)	(9,593,255)	(491,799)
Payments to employees	(614,052)	(1,412,203)	(675,376)	(3,533)	(1,614,284)	(4,319,448)	(6,201,298)
Net cash provided (used) by operating activities	<u>1,439,253</u>	<u>6,714,084</u>	<u>3,677,368</u>	<u>638,325</u>	<u>1,602,745</u>	<u>14,071,775</u>	<u>(293,220)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenue	3,306,895	-	-	-	-	3,306,895	892
Transfers from other funds	10,000	37,651	82,173	-	2,040	131,864	144,435
Transfers to other funds	(239,601)	(1,294,378)	(258,228)	(20,251)	(646,623)	(2,459,081)	(230,265)
Net cash provided (used) by noncapital financing activities	<u>3,077,294</u>	<u>(1,256,727)</u>	<u>(176,055)</u>	<u>(20,251)</u>	<u>(644,583)</u>	<u>979,678</u>	<u>(84,936)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital lease payment	-	(1,719)	(1,719)	(1,719)	(57,013)	(62,170)	-
Interest paid	-	(213,516)	(7,821)	(321)	(4,511)	(226,169)	-
Payment on advance	-	-	-	-	(20,000)	(20,000)	-
Proceeds on bonds	-	9,906,181	-	-	-	9,906,181	-
Proceeds from sale of capital assets	35,670	24,062	13,360	-	13,680	86,772	-
Special assessments collected	-	183,163	161,610	3,359	-	348,132	-
Purchase of capital assets	(730,434)	(27,894)	(33,174)	-	(618,804)	(1,410,306)	-
Construction of capital assets	(2,928,469)	(10,135,122)	(2,253,391)	-	(966,051)	(16,283,033)	-
Net cash provided (used) by capital and related financing activities	<u>(3,623,233)</u>	<u>(264,845)</u>	<u>(2,121,135)</u>	<u>1,319</u>	<u>(1,652,699)</u>	<u>(7,660,593)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	1,004,388	8,128,620	4,617,388	2,302,444	7,039,228	23,092,068	1,057,219
Purchase of investments	(2,193,988)	(13,590,353)	(6,384,686)	(3,039,532)	(7,195,813)	(32,404,372)	(990,448)
Investment income	63,942	497,339	361,917	98,703	278,005	1,299,906	40,995
Net cash provided (used) by investing activities	<u>(1,125,658)</u>	<u>(4,964,394)</u>	<u>(1,405,381)</u>	<u>(638,385)</u>	<u>121,420</u>	<u>(8,012,398)</u>	<u>107,766</u>
Net Increase (decrease) in cash and cash equivalent	(232,344)	228,118	(25,203)	(18,992)	(573,117)	(621,538)	(270,392)
Cash and cash equivalents - January 1	473,087	175,843	200,638	68,029	870,081	1,787,878	391,091
Cash and cash equivalents - December 31	<u>\$ 240,743</u>	<u>\$ 403,961</u>	<u>\$ 175,635</u>	<u>\$ 49,037</u>	<u>\$ 296,964</u>	<u>\$ 1,166,340</u>	<u>\$ 120,699</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ (671,767)	\$ 4,405,209	\$ 1,654,689	\$ 292,848	\$ 567,222	\$ 6,248,001	\$ (317,808)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,006,307	2,110,427	1,357,510	320,508	891,015	6,685,767	12,379
Proceeds of claim/insurance recoveries	-	-	-	-	-	-	87,164
(Increase) decrease in accounts receivable	25,298	(71,701)	(7,288)	(4,247)	(10,343)	(68,281)	(142,060)
Decrease in due from other funds	-	116,066	623,999	-	-	740,065	-
(Increase) decrease in inventories	-	(12,392)	-	-	6,019	(6,373)	(26,247)
(Increase) decrease in prepaid items	(1,330)	(56)	773	(73)	2,352	1,666	382
Decrease in customer deposits	-	-	-	-	-	-	59,492
Increase (decrease) in accounts payable	44,804	85,631	(15,941)	29,489	(6,654)	137,329	97,042
Decrease in due to other funds	-	-	-	-	-	-	(91,063)
Increase in due to other entities	-	-	-	-	-	-	1,322
Increase (decrease) in compensated benefits payable	6,933	14,285	4,852	-	(6,687)	19,383	-
Increase in salaries payable	29,008	66,615	29,546	-	64,559	189,728	11,887
Increase in deferred revenue	-	-	-	-	5,834	5,834	-
Increase in estimated pending claims	-	-	29,228	-	-	29,228	14,290
Increase in closure and post closure costs	-	-	-	-	89,428	89,428	-
Total adjustments	<u>2,111,020</u>	<u>2,308,875</u>	<u>2,022,679</u>	<u>345,677</u>	<u>1,035,523</u>	<u>7,823,774</u>	<u>24,588</u>
Net cash provided (used) by operating activities	<u>\$ 1,439,253</u>	<u>\$ 6,714,084</u>	<u>\$ 3,677,368</u>	<u>\$ 638,325</u>	<u>\$ 1,602,745</u>	<u>\$ 14,071,775</u>	<u>\$ (293,220)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:							
Construction of capital assets contributed through capital project funds	\$ -	\$ 858,827	\$ 712,156	\$ 6,274,447	\$ -	\$ 1,570,983	\$ -
Contribution of capital assets from developers	-	1,475,686	2,027,322	-	-	3,503,008	-
Increase in fair value of investments	14,248	77,673	40,006	17,954	42,385	192,266	4,059

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, 2006**

	Pension Trust Fund	Agency Fund
ASSETS		
Receivables:		
Taxes	\$ 30,268	\$ 6,058
Accounts	25,104	7,239
Accrued interest and dividends	98,896	-
Investments, at fair value:		
Domestic equities	24,333,812	-
International equities	9,716,238	-
Domestic fixed income	22,724,381	-
International fixed income	6,229,166	-
Real estate	6,630,164	-
Venture capital	733,782	-
Mutual funds	1,437,495	-
Certificate of deposits	3,103,080	111,826
Invested cash	159,685	-
Invested securities lending collateral	6,546,434	-
Total assets	81,768,505	125,123
LIABILITIES		
Accounts payable	75,218	111,772
Due to other entities	-	13,351
Deferred revenue	25,673	-
Securities lending collateral	6,546,434	-
Total liabilities	6,647,325	125,123
NET ASSETS		
Assets held in trust for pension and other employee benefits	75,121,180	-
Total net assets held in trust	\$ 75,121,180	\$ -

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, 2006**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,807,835
Employee	1,169,184
Transfer in	1,108,776
Total contributions	<u>4,085,795</u>
Investment income:	
Net Increase in fair value of investments	6,969,439
Interest and dividends	1,999,461
	<u>8,968,900</u>
Less: investment expense	(655,319)
Net investment income	<u>8,313,581</u>
Security lending activity:	
Securities lending income	317,289
Less: securities lending expense	(306,420)
Net securities lending income	<u>10,869</u>
Total additions	<u>12,410,245</u>
DEDUCTIONS	
Benefits paid to participants	2,463,794
Refunds	359,652
Administration expenses	23,150
Transfer out	26,629
Total deductions	<u>2,873,225</u>
Change in net assets	<u>9,537,020</u>
Net assets - beginning	<u>65,584,160</u>
Net assets - ending	<u><u>\$ 75,121,180</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, 2006**

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, 2006**

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.

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

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

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, 2006**

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, 2006.

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, 2006**

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, 2006 was \$3,114,618.

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, 2006, 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, 2006**

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.

Certain proceeds of the Water Enterprise Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable revenue bond covenants. The balances of the revenue bond covenant accounts are disclosed in Note IV on page 52.

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. 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.

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Annual Leave

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

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

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

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

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

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

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, \$227,913 of claims and judgments are included in governmental activities. Compensated absences of \$1,498,247 generally have been liquidated by the General Fund and various Special Revenue Funds.

**CITY OF BISMARCK, NORTH DAKOTA
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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.

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

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2006:

GASB Statement No. 42, “*Accounting and Financial Reporting for Improvement of Capital Assets and Insurance Recoveries*,” which establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries. Implementation had no material effect on the City’s financial statements.

GASB Statement No. 44, “*Economic Condition Reporting: The Statistical Section*,” which establishes and modifies requirements related to the information presented in the statistical section. Implementation significantly changed the Statistical Section.

GASB Statement No. 46, “*Net Assets Restricted for Enabling Legislation*,” which establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. Implementation had no material effect on the City’s financial statements.

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 \$44,101,317 difference are as follows:

Bonds payable	\$ (42,420,000)
Less: unamortized debt cost	301,883
Plus: unamortized bond premium	(17,921)
Accrued interest payable	(302,012)
Compensated absences	(1,663,267)
	<u>(1,663,267)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (44,101,317)</u>

**CITY OF BISMARCK, NORTH DAKOTA
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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 \$10,876,822 difference are as follows:

Capital outlay	\$ 19,202,128
Depreciation expense	<u>(8,325,306)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 10,876,822</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$10,544 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>\$ (10,544)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (10,544)</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 \$5,008,328 difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (10,680,000)
Less: discounts and bond cost	51,672
Principal repayments:	
General obligation debt	<u>5,620,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,008,328)</u>

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Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$136,373 are as follows:

Compensated absences	\$ (19,149)
Accrued interest	(90,374)
Amortization of bond premium	1,406
Amortization of bond costs and discounts	(28,256)
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 \$ (136,373)

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:

	General	Police Drug Enforcement	Government Grants & Activities
Uses/outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,670,325	\$ 145,730	\$ 3,093,022
 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	107,382	21,501	18,370
End of year adjustment for encumbrances	(166,269)	(4,571)	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	644,327	-	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,694,445)	-	(107,251)
 Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	 \$ 21,561,320	 \$ 162,660	 \$ 3,004,141

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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.

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, 2006, as measured by the balances in the total fund balance as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Sewermain Construction	\$ 5,527,677
Watermain Construction	730,301
Sidewalk Construction	1,086,663
Street Improvement Construction	7,075,502
Commerce Development	3,889,169

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in May of 2007. Commerce Development will be funded from North Dakota Department of Transportation grant and an Economic Development Administration grant in 2007.

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

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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, 2006, the carrying amount of the City's deposits was \$52,606,342 and the bank balance was \$54,248,999, all of which was insured and collateralized except for the bank balance of \$2,734,841 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.

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, 2006 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	\$ 13,829,083	\$ 9,996,900	\$ 3,807,448	\$ -	\$ 24,735
Government Bonds	5,424,989	118,351	1,229,026	1,069,874	3,007,738
Government Mortgage-Backed	3,051,591	1,491,480	701,588	835,718	22,805
External Investment Pool	11,570,343	11,570,343	-	-	-
Total Debt Securities	\$ 33,876,006	\$ 23,177,074	\$ 5,738,062	\$ 1,905,592	\$ 3,055,278

The Government Mortgage-Backed and Government Agencies investments have call dates ranging from 2004 – 2008. 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 \$4,248,256 and PO's valued at \$1,176,733 at December 31, 2006. The City has no formal policy regarding IO and PO strips.

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As of June 30, 2006 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	\$ 602	\$ 9	\$ -	\$ 5	\$ 588
Commercial Mortgage-Backed	73	-	2	11	60
Commercial Paper	3	3	-	-	-
Corporate Bonds	6,549	130	2,224	2,347	1,848
Corporate Convertible Bonds	1,615	8	369	114	1,124
Government Agencies	910	-	601	109	200
Government Bonds	5,010	67	2,742	759	1,442
Government Mortgage-Backed	976	-	-	-	976
Index Linked Government Bonds	96	-	5	31	60
Municipal/Provincial Bonds	302	-	122	150	30
Non-Government Backed CMOs	498	-	58	3	437
Short Term Bills and Notes	318	318	-	-	-
Pooled Investments	5,292	-	95	5,197	-
Bond Mutual Funds	98	-	-	98	-
Fixed Mutual Funds	453	453	-	-	-
Total Debt Securities	\$ 22,795	\$ 988	\$ 6,218	\$ 8,824	\$ 6,765

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, 2006, 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	\$ 28,451,017	\$ 13,829,083	\$ 3,051,591	\$ 11,570,343
Total Credit Risk of Debt Securities	28,451,017	\$ 13,829,083	\$ 3,051,591	\$ 11,570,343
US Gov't & Agencies	5,424,989			
Total Debt Securities	\$ 33,876,006			

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, 2006 and the Employee Excess Retirement's ratings as of December 31, 2006.

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All values in \$000

S&P Credit Rating	Total Market Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AA	\$ 96	\$ 96	\$ -	\$ -
BB	2	2	-	-
Not Rated	22,697	-	453	22,244
Total Debt Securities	<u>\$ 22,795</u>	<u>\$ 98</u>	<u>\$ 453</u>	<u>\$ 22,244</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. More than 5 percent of the City's (Primary Government) investments at December 31, 2006 were invested with the Federal Home Loan Bank. These investments represent 21 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, 2006, the City had the following foreign currency risk exposure on investments.

All values in \$000

Currency	Short- Term	Debt	Equity	Total
Australian dollar	\$ (353)	\$ 308	\$ 181	\$ 136
Brazilian real	-	115	-	115
British pound sterling	(312)	132	989	809
Canadian dollar	30	169	167	366
Columbian peso	-	7	-	7
Danish krone	(12)	-	28	16
Euro	(997)	385	1,701	1,089
Hong Kong dollar	(18)	-	117	99
Indonesian Rupiah	-	89	-	89
Japanese yen	413	-	1,513	1,926
Mayaysian Ringgit	-	64	-	64
Mexican peso	8	185	-	193
New Zealand dollar	(89)	96	-	7
Norwegian krone	(10)	-	53	43
Polish zloty	12	203	-	215
Singapore dollar	(10)	271	35	296
South African rand	-	10	-	10
South Korean won	-	18	69	87
Swedish krona	(26)	211	114	299
Swiss franc	(169)	-	378	209
Thai baht	48	71	-	119
International commingled funds(various currencies)	-	3,010	2,759	5,769
Total securities subject to foreign currency risk	<u>\$ (1,485)</u>	<u>\$ 5,344</u>	<u>\$ 8,104</u>	<u>\$ 11,963</u>

**CITY OF BISMARCK, NORTH DAKOTA
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C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance, restated	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,428,975	\$ 893,456	\$ -	\$ 3,322,431
Construction in progress	3,200,992	11,136,390	(2,148,975)	12,188,407
Total capital assets, not being depreciated	<u>5,629,967</u>	<u>12,029,846</u>	<u>(2,148,975)</u>	<u>15,510,838</u>
Capital assets, being depreciated:				
Buildings and building improvements	56,207,987	1,383,819	-	57,591,806
Improvements other than buildings	55,489	14,070	-	69,559
Machinery & equipment	25,536,495	2,516,486	(658,319)	27,394,662
Infrastructure	129,839,239	5,422,115	(77,623)	135,183,731
Total capital assets being depreciated	<u>211,639,210</u>	<u>9,336,490</u>	<u>(735,942)</u>	<u>220,239,758</u>
Less accumulated depreciation for:				
Buildings and building improvements	(20,760,892)	(2,379,958)	-	(23,140,850)
Improvements other than buildings	(24,449)	(3,277)	-	(27,726)
Machinery & equipment	(14,741,332)	(1,699,074)	632,540	(15,807,866)
Infrastructure	(25,162,202)	(4,242,997)	77,623	(29,327,576)
Total accumulated depreciation	<u>(60,688,875)</u>	<u>(8,325,306)</u>	<u>710,163</u>	<u>(68,304,018)</u>
Total capital assets, being depreciated, net	<u>150,950,335</u>	<u>1,011,184</u>	<u>(25,779)</u>	<u>151,935,740</u>
Governmental activities capital assets, net	<u>\$ 156,580,302</u>	<u>\$ 13,041,030</u>	<u>\$ (2,174,754)</u>	<u>\$ 167,446,578</u>
	Beginning Balance, restated	Increases	Decreases	Ending Balance
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,372,961	\$ 688,300	\$ -	\$ 9,061,261
Construction in progress	7,393,100	15,294,113	(4,809,450)	17,877,763
Total capital assets, not being depreciated	<u>15,766,061</u>	<u>15,982,413</u>	<u>(4,809,450)</u>	<u>26,939,024</u>
Capital assets, being depreciated:				
Buildings and building improvements	77,377,301	5,316,218	-	82,693,519
Improvements other than buildings	154,945,350	12,239,336	-	167,184,686
Machinery & equipment	11,763,458	1,200,133	(318,110)	12,645,481
Total capital assets being depreciated	<u>244,086,109</u>	<u>18,755,687</u>	<u>(318,110)</u>	<u>262,523,686</u>
Less accumulated depreciation for:				
Buildings and building improvements	(19,775,528)	(2,092,214)	-	(21,867,742)
Improvements other than buildings	(47,786,038)	(3,692,622)	-	(51,478,660)
Machinery & equipment	(7,062,991)	(900,933)	292,134	(7,671,790)
Total accumulated depreciation	<u>(74,624,557)</u>	<u>(6,685,769)</u>	<u>292,134</u>	<u>(81,018,192)</u>
Total capital assets, being depreciated, net	<u>169,461,552</u>	<u>12,069,918</u>	<u>(25,976)</u>	<u>181,505,494</u>
Business-type activities capital assets, net	<u>\$ 185,227,613</u>	<u>\$ 28,052,331</u>	<u>\$ (4,835,426)</u>	<u>\$ 208,444,518</u>

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

Governmental activities:

General government	\$ 509,063
Public safety	865,154
Highways and streets	444,916
Health	7,494
Culture and recreation	2,257,386
Public works	<u>4,241,293</u>
Total depreciation expense - governmental activities	<u><u>\$ 8,325,306</u></u>

Business-type activities:

Airport	\$ 2,006,307
Airport flightline	14,295
Solid waste disposal	420,737
Solid waste collections	191,522
Water	2,110,427
Sanitary sewer	1,357,510
Storm water	320,508
Parking authority lots	<u>264,461</u>
Total depreciation expense - business-type activities	<u><u>\$ 6,685,767</u></u>

D. COMMITMENTS

As of December 31, 2006, the City had commitments on various construction contracts totaling approximately \$32,338,960.

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; \$14,000 to Coventry Health Care; and \$36,000 to Regal Knights Heirlooms Inc. contingent upon new employees. The Board allocated an additional \$700,000 to Bismarck State College for the Career Technology Institute 4th Floor. These payments are to be paid in 2007.

The Community Development Block Grant Housing Rehabilitation Program has \$61,524 in five-year forgivable loans with 2 years outstanding as of December 31, 2006. If the covenants of the agreement are met, the City will forgive 20% of the loan per year.

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, 2006 were:

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Due From:	Due To:				
	Governmental Funds			Internal Service Funds	Total Due From
	Nonmajor Governmental Funds	Sewermain Construction	Street Improvement Construction		
<u>Governmental Funds:</u>					
General Fund	\$ 271,217	\$ -	\$ 163,855	\$ -	\$ 435,072
Sales Tax Fund	1,503,736	-	-	-	1,503,736
Sewermain Bonds	-	1,172,762	-	-	1,172,762
Street Improvement Bonds	-	-	5,782,065	-	5,782,065
Nonmajor Governmental Funds	4,093,637	-	588,517	404	4,682,558
	5,868,590	1,172,762	6,534,437	404	13,576,193
<u>Business-Type Funds:</u>					
Water	437,169	-	-	-	437,169
Sanitary Sewer	-	4,136,438	-	-	4,136,438
	437,169	4,136,438	-	-	4,573,607
 Total Due To	\$ 6,305,759	\$ 5,309,200	\$ 6,534,437	\$ 404	\$ 18,149,800

The due to/from other funds will be repaid in 2007.

Advance From:	Advance To:			
	Governmental Funds	Business-Type Funds		Total Advance From
	General Fund	Water	Nonmajor Enterprise Funds	
Sales Tax	\$ 96,838	\$ -	\$ -	\$ 96,838
Nonmajor Governmental Funds	-	437,243	1,020,000	1,457,243
Total Advance To	\$ 96,838	\$ 437,243	\$ 1,020,000	\$ 1,554,081

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					
	General Fund	Sewermain Construction	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131,524
Sales Tax	3,773,964	-	-	-	-	6,863,548
Sewermain Construction	-	-	-	870	-	-
Street Improvement Construction	-	-	-	-	116,674	-
Sewermain Bonds	-	5,058	-	-	-	-
Street Improvement Bonds	-	-	276,107	-	-	109,222
Nonmajor Governmental Funds	332,955	-	394,340	-	263,934	6,414,453
Pension Trust Funds	26,629	-	-	-	-	-
Airport	103,927	-	-	-	-	43,495
Water	98,212	25,212	-	-	-	939,108
Sanitary Sewer	72,846	27,602	828	-	-	48,257
Storm Water	18,177	-	-	-	-	859
Nonmajor Enterprise Funds	67,981	-	-	-	-	334,082
Internal Service Funds	159,714	-	-	-	-	21,093
Total Transfers Out	\$ 4,654,405	\$ 57,872	\$ 671,275	\$ 870	\$ 380,608	\$ 15,905,641

Transfer Out:	Transfer In - Business-type Funds						Totals
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Internal Service Funds	Pension Trust Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 144,226	\$ 418,695	\$ 1,694,445
Sales Tax	-	-	-	-	-	-	10,637,512
Sewermain Construction	-	-	-	-	-	-	870
Street Improvement Construction	-	-	-	-	-	-	116,674
Sewermain Bonds	-	-	82,173	-	-	-	87,231
Street Improvement Bonds	-	-	-	-	-	-	385,329
Nonmajor Governmental Funds	10,000	37,651	-	2,040	209	73,005	7,528,587
Pension Trust Funds	-	-	-	-	-	-	26,629
Airport	-	-	-	-	-	92,179	239,601
Water	-	-	-	-	-	231,846	1,294,378
Sanitary Sewer	-	-	-	-	-	108,695	258,228
Storm Water	-	-	-	-	-	1,215	20,251
Nonmajor Enterprise Funds	-	-	-	-	-	244,560	646,623
Internal Service Funds	-	-	-	-	-	49,458	230,265
Total Transfers Out	\$ 10,000	\$ 37,651	\$ 82,173	\$ 2,040	\$ 144,435	\$ 1,219,653	\$ 23,166,623

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	(86,779)
Total	<u><u>\$ 353,837</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 were as follows:

<u>Year ending December 31</u>	<u>Business-type Activities</u>
2007	67,644
2008	15,040
Total minimum lease payments	\$ 82,684
Less: amount representing interest	(2,947)
Present value of minimum lease payments	<u><u>\$ 79,737</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, 2006 was \$80,250,815 with a remaining non-obligated margin of \$80,250,815. The City had no general obligation bonds outstanding as of December 31, 2006.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. The Water Revenue bonds were issued to fund the Bismarck Water Treatment Facility Sludge Plant Expansion and Standby Power project. Revenue bonds outstanding at December 31, 2006 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2006	Amount Issued in 2006	Amount Retired in 2006	Amount Outstanding 12/31/2006	Amount Due Within One Year
Governmental Activities - Revenue Bonds									
Lodging, Liquor, Food	5/1/2003	12/1/2013	2.50-4.10%	\$ 7,295,000	\$ 6,655,000	\$ -	\$ 685,000	\$ 5,970,000	\$ 705,000
Business-type Activities - Revenue Bonds									
Water Utility	4/15/2006	4/1/2021	4.00%	10,000,000	-	10,000,000	-	10,000,000	520,000
Total Revenue Bonds				<u>\$ 17,295,000</u>	<u>\$ 6,655,000</u>	<u>\$ 10,000,000</u>	<u>\$ 685,000</u>	<u>\$ 15,970,000</u>	<u>\$ 1,225,000</u>

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Annual debt service requirements to maturity for revenue bonds are as follows:

Years	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	Principal	Interest	Principal	Interest
2007	\$ 705,000	\$ 207,865	\$ 520,000	\$ 389,600
2008	760,000	190,240	520,000	368,800
2009	800,000	167,440	540,000	347,600
2010	855,000	142,640	560,000	325,600
2011	910,000	112,715	580,000	302,800
2012-2016	1,940,000	119,180	3,275,000	1,138,500
2017-2021	-	-	4,005,000	414,100
Total	<u>\$ 5,970,000</u>	<u>\$ 940,080</u>	<u>\$ 10,000,000</u>	<u>\$ 3,287,000</u>

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, 2006 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2006	Amount Issued in 2006	Amount Retired in 2006	Amount Outstanding 12/31/2006	Due Within One Year
Series I refunding	5/1/1999	6/1/2008	3.50-3.70%	3,465,000	905,000	-	370,000	535,000	360,000
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	1,920,000	-	400,000	1,520,000	245,000
Series K refunding	5/15/2000	5/1/2015	5.00-5.60%	3,530,000	1,550,000	-	485,000	1,065,000	465,000
Series L refunding	4/30/2001	6/1/2011	4.00-4.50%	6,140,000	3,435,000	-	720,000	2,715,000	670,000
Series M refunding	5/15/2001	5/1/2016	4.00-5.10%	5,310,000	3,615,000	-	565,000	3,050,000	565,000
Series N refunding	6/15/2002	5/1/2017	3.30-4.30%	2,480,000	2,045,000	-	215,000	1,830,000	215,000
Series O refunding	11/12/2002	6/1/2012	2.10-4.00%	1,990,000	1,290,000	-	235,000	1,055,000	230,000
Series P refunding	6/15/2003	5/1/2018	1.50-3.50%	4,580,000	3,715,000	-	565,000	3,150,000	550,000
Series Q refunding	6/1/2004	5/1/2019	2.00-4.250%	4,215,000	3,905,000	-	440,000	3,465,000	440,000
Series R refunding	10/15/2004	5/1/2013	2.50-3.00%	2,005,000	1,625,000	-	235,000	1,390,000	230,000
Series S refunding	6/15/2005	5/1/2020	3.25-4.10%	3,180,000	3,180,000	-	120,000	3,060,000	245,000
Series T refunding	6/1/2006	5/1/2021	4.00-4.45%	9,640,000	-	9,640,000	-	9,640,000	350,000
Total refunding series				\$ 50,455,000	\$ 27,185,000	\$ 9,640,000	\$ 4,350,000	\$ 32,475,000	\$ 4,565,000

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Governmental Activities - Special Assessment Bonds	Date of		Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2006	Amount Issued in 2006	Amount Retired in 2006	Amount Outstanding 12/31/2006	Due Within One Year
	Date of Issue	Final Payment							
Sidewalk 95	7/1/1996	6/1/2006	4.50-5.30%	\$ 415,000	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -
Sidewalk 96	5/15/1997	6/1/2007	4.40-5.20%	590,000	130,000	-	65,000	65,000	65,000
Sidewalk 97	6/1/1998	5/1/2008	4.00-4.55%	590,000	195,000	-	65,000	130,000	65,000
Sidewalk 98	5/1/1999	4/1/2009	3.90-4.30%	570,000	260,000	-	65,000	195,000	65,000
Sidewalk 99	5/15/2000	5/1/2010	5.20-5.90%	480,000	250,000	-	50,000	200,000	50,000
Sidewalk 00	5/15/2001	5/1/2011	4.30-4.70%	420,000	265,000	-	50,000	215,000	45,000
Sidewalk 01	6/15/2002	5/1/2012	2.30-4.15%	565,000	415,000	-	60,000	355,000	60,000
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15%	505,000	420,000	-	55,000	365,000	55,000
Sidewalk 03	6/1/2004	5/1/2014	1.75-4.15%	460,000	430,000	-	50,000	380,000	50,000
Sidewalk 04	6/15/2005	5/1/2015	3.25-3.70%	1,110,000	1,110,000	-	80,000	1,030,000	120,000
Sidewalk 05	6/1/2006	5/1/2016	4.00-4.15%	1,040,000	-	1,040,000	-	1,040,000	50,000
Total sidewalk bonds				\$ 6,745,000	\$ 3,520,000	\$ 1,040,000	\$ 585,000	\$ 3,975,000	\$ 625,000
Total special assessment bonds				\$ 57,200,000	\$ 30,705,000	\$ 10,680,000	\$ 4,935,000	\$ 36,450,000	\$ 5,190,000

Special Assessment Debt Requirement to Maturity

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

<u>Years</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 5,190,000	\$ 1,497,639
2008	5,130,000	1,127,279
2009	4,535,000	947,909
2010	4,215,000	782,173
2011	3,470,000	633,663
2012-2016	10,290,000	1,668,444
2017-2021	3,620,000	319,876
Total	<u>\$ 36,450,000</u>	<u>\$ 6,976,983</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special revenue bonds	\$ 6,655,000	\$ -	\$ 685,000	\$ 5,970,000	\$ 705,000
Less unamortized discount	(39,057)	-	(5,359)	(33,698)	-
Special assessment bonds	30,705,000	10,680,000	4,935,000	36,450,000	5,190,000
Less unamortized discount	(56,408)	(4,422)	(4,815)	(56,015)	-
Compensated absences	1,644,118	1,517,396	1,498,247	1,663,267	1,484,616
Claims and judgments	216,340	222,913	211,340	227,913	227,913
TOTAL	\$ 39,124,993	\$ 12,415,887	\$ 7,319,413	\$ 44,221,467	\$ 7,607,529
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 141,906	\$ -	\$ 62,170	\$ 79,736	\$ 65,120
Compensated absences	462,069	359,199	339,817	481,451	325,705
Claims and judgments	61,176	93,122	61,176	93,122	93,121
Closure and postclosure costs	691,571	89,429	-	781,000	-
Water revenue bonds	-	10,000,000	-	10,000,000	520,000
Less unamortized discount	-	(93,350)	-	(93,350)	-
TOTAL	\$ 1,356,722	\$ 10,448,400	\$ 463,163	\$ 11,341,959	\$ 1,003,946

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, 2006, there were 3 series of Industrial Revenue Bonds outstanding; the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Bismarck has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. 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.

I. RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

Investments - Burleigh County Water Users	\$ 3,114,618
Revenue bond construction accounts	1,892,822
Revenue bond operations and maintenance account	598,363
Revenue bond account	490,000
Revenue bond reserve account	885,800
Revenue bond surplus account	4,195,754
	<u>\$ 11,177,357</u>

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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, 2006 management estimates claims incurred prior to NDIRF but not paid of \$5,000. 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
2006	\$ 5,500	\$ 2,727	\$ 3,227	\$ 5,000
2005	55,000	(35,359)	14,141	5,500
2004	120,000	(46,574)	18,426	55,000

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 Shield of North Dakota. The Plan has paid an excess of stop loss coverage of \$456,432 for 2006. 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 \$286,806 as of December 31, 2006. A summary of the claim reserve liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2006	\$ 272,016	\$ 2,840,682	\$ 2,825,892	\$ 286,806
2005	203,023	2,696,895	2,627,902	272,016
2004	228,555	2,561,499	2,587,031	203,023

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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 \$781,000 reported as landfill closure and post closure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 57.8 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$569,126 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 2006. 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.

C. Cost Sharing Arrangement

Combined Communications Center/Emergency Management

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

In 2006, 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.

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The employees of the Center are the employees of the City. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 389,879
Less value of accumulated depreciation	<u>(231,498)</u>
Net assets	<u>\$ 158,381</u>
Total operating expenditures - 2006	<u>\$ 1,049,393</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 reports are not available. The Firefighter's Relief Association is a separate legal entity and is not administered by the City. This plan has not been included in the reporting entity and therefore is not shown in the accompanying financial statements. The City and Police plans are included in the City's financial reports as Pension Trust Funds. Administrative costs are funded through earnings of the plans.

Summary of Significant Accounting Policies

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

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

City of Bismarck Employees Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2006 is as follows:

Retirees and beneficiaries receiving benefits	121
Terminated employees - vested	23
Active employees:	
Vested	251
Non-vested	95
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

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of contributing service before January 2005 and two and one-quarter percent for contributing service on or after January 2005. Married participants receive a joint and two-thirds to survivor annuity while single participants receive a life only annuity. There are no provisions or policies with respect to automatic and post-retirement benefit increases. Employees with 5 years of credited service may retire at an earlier age and receive a actuarially reduced retirement benefit. Benefit provisions are established under the authority of the City Commission.

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

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

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

Reserves - The fund balance at December 31, 2006 is \$49,153,640 and the entire amount is reserved for employee pension benefits.

City of Bismarck Police Pension Plan

Plan Description - The Police plan is a single employer public employee retirement system.

Membership in the plan on December 31, 2006 is as follows:

Retirees and beneficiaries receiving benefits	44
Terminated employees - vested	6
Active employees:	
Vested	78
Non-vested	37
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

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discontinued. Interest earned in excess of five percent for the individual employee accounts as of December 31, 2004 has been transferred to an Employee Excess Retirement Fund and the excess funds in the individual employee accounts continue to be self-directed.

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

Reserves - The fund balance at December 31, 2006 is \$23,588,658 and the entire amount is reserved for employee pension benefits.

Bismarck Firefighter's Relief Association Plan

Plan Description - The Fire plan is a single employer public employee retirement system governed by Section 18-11 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, 2006 is as follows:

Retirees, beneficiaries and disabled receiving benefits	46
Terminated employees - vested	1
Active employees:	
Vested	35
Non-vested	24

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

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. The employer contributes at a rate set by the City Commission.

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

City of Bismarck Employees Pension

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2006	\$ 1,233,248	\$ 2,147,360	174.1 %
2005	1,414,021	2,113,743	149.5 %
2004	1,267,143	1,678,601	132.5 %
2003	1,531,586	906,670	59.2 %
2002	746,951	449,657	60.2 %
2001	423,579	371,374	87.7 %

Schedule of Funding Progress (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
2001	31,609	31,609	-	100.0%	10,508	- %
2002	31,269	34,499	3,230	90.6%	11,114	29.1 %
2003	28,325	32,465	4,140	87.2%	11,807	35.1 %
2004	34,647	39,088	4,441	88.6%	12,442	35.7 %
2005	37,922	42,856	4,934	88.5%	12,765	38.7 %
2006	42,836	48,871	6,035	87.7%	13,107	46.0 %
2007	49,154	50,826	1,672	96.7%	13,893	12.0 %

City of Bismarck Police Pension

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2006	\$ 471,750	\$ 769,252	163.1 %
2005	598,835	732,436	122.3 %
2004	473,610	700,906	148.0 %
2003	660,286	354,296	53.7 %
2002	317,993	221,346	69.6 %
2001	193,941	113,939	58.7 %

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

Schedule of Funding Progress (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
2001	15,126	15,126	-	100.0%	3,723	- %
2002	14,791	15,641	850	94.6%	3,882	21.9 %
2003	13,389	14,518	1,129	92.2%	3,784	29.8 %
2004	16,407	17,701	1,294	92.7%	3,873	33.4 %
2005	18,186	21,812	3,626	83.4%	4,150	87.4 %
2006	20,447	24,198	3,751	84.5%	4,302	87.2 %
2007	23,589	25,858	2,269	91.2%	4,361	52.0 %

Schedule of Net Pension Obligation (In Thousand of Dollars)

Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Amount Contributed	Change in NPO	NPO Balance
2001	186,931	-	-	-	186,931	113,939	72,992	72,992
2002	306,499	5,474	5,316	13.73	306,657	221,346	85,311	158,303
2003	636,420	11,873	11,913	13.29	636,380	354,296	282,084	440,387
2004	456,492	33,029	34,339	12.82	455,182	700,906	(245,724)	194,663
2005	577,190	14,600	15,773	12.34	576,017	732,436	(156,419)	38,244
2006	454,699	2,868	3,231	11.84	454,336	769,252	(314,916)	(276,672)

City of Bismarck Firefighter's Relief Association

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2006	\$ 426,491	\$ 426,491	100 %
2005	425,581	425,581	100 %
2004	285,326	310,072	109 %
2003	401,393	398,385	99 %
2002	293,561	384,617	132 %
2001	141,877	396,083	279 %

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

Schedule of Funding Progress (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	15,939	13,450	(2,489)	118.5%	2,472	(100.7) %
2002	16,498	16,023	(475)	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	17,521	17,801	280	98.4%	2,690	10.4 %
2006	18,158	19,597	1,439	92.7%	2,914	49.4 %
2007	19,258	20,544	1,286	93.7%	3,055	42.1 %

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

Actuarial Methods and Assumption

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2007	1/1/2007	1/1/2007
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed	Level % of payroll over remaining amortization period-closed	Level % of payroll over period not to exceed 30 years
Remaining amortization period	2 yrs	6 yrs	6.9 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%

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:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Receivables:					
Taxes	\$ -	\$ -	\$ 17,661	\$ 12,607	\$ 30,268
Accounts	-	-	15,939	9,165	25,104
Accrued interest and dividends	1,335	-	62,537	35,024	98,896
Investments, at fair value:					
Domestic equities	166,319	-	15,885,964	8,281,529	24,333,812
International equities	85,115	-	6,385,475	3,245,648	9,716,238
Domestic fixed income	507,892	-	15,975,655	6,240,834	22,724,381
International fixed income	-	-	4,287,201	1,941,965	6,229,166
Real estate	-	-	4,673,864	1,956,300	6,630,164
Venture capital	-	-	312,174	421,608	733,782
Mutual funds	-	1,437,495	-	-	1,437,495
Certificate of deposits	142,713	-	1,553,769	1,406,598	3,103,080
Invested cash	38,946	-	48,631	72,108	159,685
Invested securities lending collateral	172,537	-	4,457,228	1,916,669	6,546,434
Total assets	<u>1,114,857</u>	<u>1,437,495</u>	<u>53,676,098</u>	<u>25,540,055</u>	<u>81,768,505</u>
LIABILITIES					
Accounts payable	933	-	50,246	24,039	75,218
Deferred revenue	-	-	14,984	10,689	25,673
Securities lending collateral	172,537	-	4,457,228	1,916,669	6,546,434
Total liabilities	<u>173,470</u>	<u>-</u>	<u>4,522,458</u>	<u>1,951,397</u>	<u>6,647,325</u>
NET ASSETS					
Assets held in trust for pension and other employee benefits	941,387	1,437,495	49,153,640	23,588,658	75,121,180
Total net assets held in trust	<u>\$ 941,387</u>	<u>\$ 1,437,495</u>	<u>\$ 49,153,640</u>	<u>\$ 23,588,658</u>	<u>\$ 75,121,180</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 1,145,407	\$ 662,428	\$ 1,807,835
Employee	-	-	703,594	465,590	1,169,184
Transfer in	-	-	1,001,951	106,825	1,108,776
Total contributions	<u>-</u>	<u>-</u>	<u>2,850,952</u>	<u>1,234,843</u>	<u>4,085,795</u>
Investment income:					
Net increase in fair value of investments	39,069	155,004	4,516,296	2,259,070	6,969,439
Interest and dividends	35,982	-	1,342,298	621,181	1,999,461
	<u>75,051</u>	<u>155,004</u>	<u>5,858,594</u>	<u>2,880,251</u>	<u>8,968,900</u>
Less: investment expense	(2,740)	-	(466,698)	(185,881)	(655,319)
Net investment income	<u>72,311</u>	<u>155,004</u>	<u>5,391,896</u>	<u>2,694,370</u>	<u>8,313,581</u>
Security lending activity:					
Securities lending income	7,434	-	217,159	92,696	317,289
Less: securities lending expenses	(7,187)	-	(209,802)	(89,431)	(306,420)
Net securities lending income	<u>247</u>	<u>-</u>	<u>7,357</u>	<u>3,265</u>	<u>10,869</u>
Total additions	<u>72,558</u>	<u>155,004</u>	<u>8,250,205</u>	<u>3,932,478</u>	<u>12,410,245</u>
DEDUCTIONS					
Benefits paid to participants	68,209	-	1,626,559	769,026	2,463,794
Refunds	-	80,781	274,702	4,169	359,652
Administration	-	-	15,510	7,640	23,150
Transfer out	-	-	16,181	10,448	26,629
Total deductions	<u>68,209</u>	<u>80,781</u>	<u>1,932,952</u>	<u>791,283</u>	<u>2,873,225</u>
Change in net assets	<u>4,349</u>	<u>74,223</u>	<u>6,317,253</u>	<u>3,141,195</u>	<u>9,537,020</u>
Net assets - beginning	<u>937,038</u>	<u>1,363,272</u>	<u>42,836,387</u>	<u>20,447,463</u>	<u>65,584,160</u>
Net assets - ending	<u>\$ 941,387</u>	<u>\$ 1,437,495</u>	<u>\$ 49,153,640</u>	<u>\$ 23,588,658</u>	<u>\$ 75,121,180</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

E. Issued But Non-Effective Pronouncements

GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post employment 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. 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 for governmental activities on the Statement of Activities was restated by \$39,524,420 which consists of a net increase of \$40,494,400 to retroactively report infrastructure that was in existence prior to January 1, 2003 per GASB 34 and a \$969,980 net decrease to properly reflect construction in progress that was previously reported as a governmental asset as a business-type asset.

The beginning net asset balance of the Water Fund was restated by \$648,310 to properly reflect construction in progress as an enterprise asset.

The beginning net asset balance of the Sanitary Sewer Fund was restated by \$321,670 to properly reflect construction in progress as an enterprise asset.

The beginning net asset balance for business-type activities on the Statement of Activities was restated by \$969,980 to properly reflect construction in progress that was previously reported as a governmental asset as a business-type asset.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 134,484	\$ -	\$ -	\$ 134,484
Investments	7,506,568	1,017,510	13,549,001	22,073,079
Receivables:				
Taxes receivable	54,488	-	27,224	81,712
Accounts receivable	2,114,255	-	88,349	2,202,604
Special assessments	36,861	4,598,696	-	4,635,557
Intergovernmental	-	135,556	-	135,556
Notes receivable	1,110,000	-	129,000	1,239,000
Due from other funds	588,921	1,093,637	3,000,000	4,682,558
Advance to other funds	-	437,243	1,020,000	1,457,243
Prepaid items	28	-	-	28
Restricted assets:				
Investments	-	-	947,399	947,399
Total assets	<u><u>\$ 11,545,605</u></u>	<u><u>\$ 7,282,642</u></u>	<u><u>\$ 18,760,973</u></u>	<u><u>\$ 37,589,220</u></u>
LIABILITIES				
Accounts payable	\$ 271,998	\$ -	\$ 707,693	\$ 979,691
Retainage payable	-	-	295,312	295,312
Due to other funds	973,828	-	5,331,931	6,305,759
Salaries payable	130,928	-	-	130,928
Deferred revenue	76,709	4,751,708	155,446	4,983,863
Customer deposits	-	-	947,399	947,399
Total liabilities	<u>1,453,463</u>	<u>4,751,708</u>	<u>7,437,781</u>	<u>13,642,952</u>
FUND BALANCES				
Reserved for encumbrances	4,571	-	-	4,571
Reserved for debt service	-	700,000	-	700,000
Reserved for advances to other funds	-	437,243	1,020,000	1,457,243
Reserved for long-term receivable	1,110,000	-	129,000	1,239,000
Unreserved, undesignated	8,977,571	1,393,691	10,174,192	20,545,454
Total fund balances	<u>10,092,142</u>	<u>2,530,934</u>	<u>11,323,192</u>	<u>23,946,268</u>
Total liabilities and fund balances	<u><u>\$ 11,545,605</u></u>	<u><u>\$ 7,282,642</u></u>	<u><u>\$ 18,760,973</u></u>	<u><u>\$ 37,589,220</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006**

	Special Revenue Totals	Debt Service Totals	Capital Projects Totals	Totals
REVENUES				
Taxes	\$ 4,701,854	\$ -	\$ 1,250,907	\$ 5,952,761
Licenses and permits	4,940	-	-	4,940
Special assessments	15,164	1,090,316	103,168	1,208,648
Intergovernmental	7,523,454	-	516,167	8,039,621
Charges for services	1,471,449	-	-	1,471,449
Fines and forfeits	98,191	-	50	98,241
Investment income	440,447	50,547	625,647	1,116,641
Rentals	596,506	-	-	596,506
Miscellaneous	130,397	-	34,418	164,815
Total revenues	<u>14,982,402</u>	<u>1,140,863</u>	<u>2,530,357</u>	<u>18,653,622</u>
EXPENDITURES				
Current				
General government	5,678,093	-	-	5,678,093
Public safety	721,826	-	-	721,826
Highways and streets	4,012,326	-	-	4,012,326
Health and welfare	672,196	-	-	672,196
Culture and recreation	1,399,660	-	-	1,399,660
Public works	-	-	1,166,404	1,166,404
Capital outlays				
General government	323,880	-	-	323,880
Public safety	703,059	-	-	703,059
Highways and streets	157,983	-	-	157,983
Culture and recreation	365,204	-	-	365,204
Public works	-	-	13,374,202	13,374,202
Debt service				
Principal	-	1,460,079	-	1,460,079
Interest and fiscal charges	-	415,716	-	415,716
Total expenditures	<u>14,034,227</u>	<u>1,875,795</u>	<u>14,540,606</u>	<u>30,450,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>948,175</u>	<u>(734,932)</u>	<u>(12,010,249)</u>	<u>(11,797,006)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,757,245	915,837	12,232,559	15,905,641
Transfer out	(5,715,345)	(189,768)	(1,623,474)	(7,528,587)
Discount on special assessment debt	-	-	(1,396)	(1,396)
Special assessment bonds issued	-	-	1,084,183	1,084,183
Total other financing sources (uses)	<u>(2,958,100)</u>	<u>726,069</u>	<u>11,691,872</u>	<u>9,459,841</u>
Net changes in fund balances	(2,009,925)	(8,863)	(318,377)	(2,337,165)
Fund balances - beginning	<u>12,102,067</u>	<u>2,539,797</u>	<u>11,641,569</u>	<u>26,283,433</u>
Fund balances - ending	<u>\$ 10,092,142</u>	<u>\$ 2,530,934</u>	<u>\$ 11,323,192</u>	<u>\$ 23,946,268</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

	Arena/Exhibit Operations	E/H Transit	Library	Police Drug Enforcement	Police Gaming Enforcement	Roads & Streets	Street Lights	Northern Plains Commerce Center
ASSETS								
Cash and cash equivalents	\$ 6,025	\$ -	\$ 126,207	\$ 1,752	\$ -	\$ 500	\$ -	\$ -
Investments	852,024	1,202	-	215,960	98,112	2,322,864	289,290	144,547
Receivables:								
Taxes receivable	-	7,767	23,632	-	-	5,484	-	-
Accounts receivable	113,067	76,592	20,787	-	-	323,529	88,293	-
Special assessments	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	404	-	-
Prepaid items	28	-	-	-	-	-	-	-
Total assets	\$ 971,144	\$ 85,561	\$ 170,626	\$ 217,712	\$ 98,112	\$ 2,652,781	\$ 377,583	\$ 144,547
LIABILITIES								
Accounts payable	\$ 3,930	\$ 77,740	\$ 22,334	\$ 22,685	\$ 168	\$ 19,175	\$ 26,491	\$ 16,260
Due to other funds	-	-	-	-	-	-	-	-
Salaries payable	166	-	38,411	-	1,727	60,364	8,905	-
Deferred revenue	-	6,575	20,036	-	-	4,498	-	-
Total liabilities	4,096	84,315	80,781	22,685	1,895	84,037	35,396	16,260
FUND BALANCES								
Reserved for encumbrances	-	-	-	4,571	-	-	-	-
Reserved for long-term receivable	-	-	-	-	-	-	-	-
Unreserved, undesignated	967,048	1,246	89,845	190,456	96,217	2,568,744	342,187	128,287
Total fund balances	967,048	1,246	89,845	195,027	96,217	2,568,744	342,187	128,287
Total liabilities and fund balances	\$ 971,144	\$ 85,561	\$ 170,626	\$ 217,712	\$ 98,112	\$ 2,652,781	\$ 377,583	\$ 144,547

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,484
Investments	18,430	956,484	2,207,166	400,489	-	-	7,506,568
Receivables:							
Taxes receivable	-	-	-	15,072	2,533	-	54,488
Accounts receivable	2,304	120,968	-	-	-	1,368,715	2,114,255
Special assessments	-	-	-	-	36,861	-	36,861
Notes receivable	-	-	1,110,000	-	-	-	1,110,000
Due from other funds	-	-	-	-	588,517	-	588,921
Prepaid items	-	-	-	-	-	-	28
Total assets	<u>\$ 20,734</u>	<u>\$ 1,077,452</u>	<u>\$ 3,317,166</u>	<u>\$ 415,561</u>	<u>\$ 627,911</u>	<u>\$ 1,368,715</u>	<u>\$ 11,545,605</u>
LIABILITIES							
Accounts payable	\$ 20,734	\$ -	\$ -	\$ 8,997	\$ 2,601	\$ 50,883	\$ 271,998
Due to other funds	-	-	-	-	-	973,828	973,828
Salaries payable	-	-	-	-	-	21,355	130,928
Deferred revenue	-	-	-	12,941	32,659	-	76,709
Total liabilities	<u>20,734</u>	<u>-</u>	<u>-</u>	<u>21,938</u>	<u>35,260</u>	<u>1,046,066</u>	<u>1,453,463</u>
FUND BALANCES							
Reserved for encumbrances	-	-	-	-	-	-	4,571
Reserved for long-term receivable	-	-	1,110,000	-	-	-	1,110,000
Unreserved, undesignated	-	1,077,452	2,207,166	393,623	592,651	322,649	8,977,571
Total fund balances	<u>-</u>	<u>1,077,452</u>	<u>3,317,166</u>	<u>393,623</u>	<u>592,651</u>	<u>322,649</u>	<u>10,092,142</u>
Total liabilities and fund balances	<u>\$ 20,734</u>	<u>\$ 1,077,452</u>	<u>\$ 3,317,166</u>	<u>\$ 415,561</u>	<u>\$ 627,911</u>	<u>\$ 1,368,715</u>	<u>\$ 11,545,605</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES	Arena/Exhibit Operations	E/H Transit	Library	Police Drug Enforcement	Police Gaming Enforcement	Roads & Streets	Street Lights	Northern Plains Commerce Center
Taxes	\$ -	\$ 381,447	\$1,148,793	\$ -	\$ -	\$ 369,901	\$ -	\$ -
Licenses and permits	-	-	-	-	4,115	825	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	1,510,195	302,608	-	37,126	2,650,877	-	-
Charges for services	115,821	-	77,673	-	-	201,900	993,055	-
Fines and forfeits	-	-	32,879	65,312	-	-	-	-
Investment income	35,038	2,136	21,695	9,818	4,462	72,005	11,519	3,005
Rentals	281,700	-	5,018	-	-	96,162	2,762	191,664
Miscellaneous	-	-	8,753	-	-	21,301	44,948	-
Total revenues	<u>432,559</u>	<u>1,893,778</u>	<u>1,597,419</u>	<u>75,130</u>	<u>45,703</u>	<u>3,412,971</u>	<u>1,052,284</u>	<u>194,669</u>
EXPENDITURES								
Current								
General government	-	1,326,552	-	-	-	-	-	100,206
Public safety	-	-	-	89,982	57,126	-	-	-
Highways and streets	-	-	-	-	-	2,972,893	1,030,317	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	62,266	-	1,324,277	-	-	-	-	-
Capital outlays								
General government	-	567,314	-	-	-	-	-	309,810
Public safety	-	-	-	72,678	-	-	-	-
Highways and streets	-	-	-	-	-	146,083	11,900	-
Culture and recreation	53,000	-	312,197	-	-	-	-	-
Total expenditures	<u>115,266</u>	<u>1,893,866</u>	<u>1,636,474</u>	<u>162,660</u>	<u>57,126</u>	<u>3,118,976</u>	<u>1,042,217</u>	<u>410,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>317,293</u>	<u>(88)</u>	<u>(39,055)</u>	<u>(87,530)</u>	<u>(11,423)</u>	<u>293,995</u>	<u>10,067</u>	<u>(215,347)</u>
OTHER FINANCING SOURCES (USES)								
Transfer in	250	-	-	-	-	274,665	-	343,634
Transfer out	-	-	(21,579)	-	(8,677)	(39,019)	(19,535)	-
Total other financing sources (uses)	<u>250</u>	<u>-</u>	<u>(21,579)</u>	<u>-</u>	<u>(8,677)</u>	<u>235,646</u>	<u>(19,535)</u>	<u>343,634</u>
Net changes in fund balances	317,543	(88)	(60,634)	(87,530)	(20,100)	529,641	(9,468)	128,287
Fund balances - beginning	649,505	1,334	150,479	282,557	116,317	2,039,103	351,655	-
Fund balances - ending	<u>\$ 967,048</u>	<u>\$ 1,246</u>	<u>\$ 89,845</u>	<u>\$ 195,027</u>	<u>\$ 96,217</u>	<u>\$2,568,744</u>	<u>\$ 342,187</u>	<u>\$ 128,287</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
Taxes	\$ 468,852	\$ 1,567,152	\$ -	\$ 638,837	\$ 126,872	\$ -	\$ 4,701,854
Licenses and permits	-	-	-	-	-	-	4,940
Special assessments	-	-	-	-	15,164	-	15,164
Intergovernmental	-	-	-	17,208	3,414	3,002,026	7,523,454
Charges for services	-	-	-	-	-	83,000	1,471,449
Fines and forfeits	-	-	-	-	-	-	98,191
Investment income	-	34,651	134,557	27,022	81,862	2,679	440,447
Rentals	-	19,200	-	-	-	-	596,506
Miscellaneous	-	-	2,110	-	622	52,663	130,397
Total revenues	<u>468,852</u>	<u>1,621,003</u>	<u>136,667</u>	<u>683,067</u>	<u>227,934</u>	<u>3,140,368</u>	<u>14,982,402</u>
EXPENDITURES							
Current							
General government	468,852	11,872	789,332	1,244,024	65,335	1,104,606	5,678,093
Public safety	-	-	-	-	-	574,718	721,826
Highways and streets	-	-	-	-	-	9,116	4,012,326
Health and welfare	-	-	-	-	-	672,196	672,196
Culture and recreation	-	-	-	-	-	13,124	1,399,660
Capital outlays							
General government	-	-	-	-	14,070	-	323,880
Public safety	-	-	-	-	-	630,381	703,059
Highways and streets	-	-	-	-	-	-	157,983
Culture and recreation	-	-	-	-	-	-	365,204
Total expenditures	<u>-</u>	<u>11,872</u>	<u>789,332</u>	<u>1,244,024</u>	<u>79,405</u>	<u>3,004,141</u>	<u>14,034,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,609,131</u>	<u>(652,665)</u>	<u>(560,957)</u>	<u>148,529</u>	<u>136,227</u>	<u>948,175</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	1,500,000	418,324	205,081	15,290	2,757,245
Transfer out	-	(1,213,331)	(4,042,020)	-	(263,934)	(107,251)	(5,715,345)
Total other financing sources (uses)	<u>-</u>	<u>(1,213,331)</u>	<u>(2,542,020)</u>	<u>418,324</u>	<u>(58,853)</u>	<u>(91,961)</u>	<u>(2,958,100)</u>
Net changes in fund balances	-	395,800	(3,194,685)	(142,633)	89,676	44,266	(2,009,925)
Fund balances - beginning	-	681,652	6,511,851	536,256	502,975	278,383	12,102,067
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,077,452</u>	<u>\$ 3,317,166</u>	<u>\$ 393,623</u>	<u>\$ 592,651</u>	<u>\$ 322,649</u>	<u>\$10,092,142</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, 2006

	<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	\$ 373,573	\$ 373,573	\$ 649,505	\$ 275,932
Resources (inflows)				
Charges for services	77,300	77,300	115,821	38,521
Investment income	-	-	35,038	35,038
Rentals	190,000	190,000	281,700	91,700
Transfer in	30,000	30,000	250	(29,750)
Amount available for appropriation	<u>670,873</u>	<u>670,873</u>	<u>1,082,314</u>	<u>411,441</u>
Charges to appropriations (outflows)				
Culture and recreation	<u>306,950</u>	<u>306,950</u>	<u>115,100</u>	<u>191,850</u>
Total charges to appropriations	<u>306,950</u>	<u>306,950</u>	<u>115,100</u>	<u>191,850</u>
Budgetary Fund Balance, December 31	<u>\$ 363,923</u>	<u>\$ 363,923</u>	<u>\$ 967,214</u>	<u>\$ 603,291</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ARENA/EXHIBIT OPERATIONS**

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

Sources/inflows of resources	<u>Arena/Exhibit Operations</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,082,314
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	(649,505)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(250)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 432,559</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 115,100
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	<u>166</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 115,266</u>

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
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 1,335	\$ 1,001,335	\$ 1,334	\$ (1,000,001)
Resources (inflows)				
Taxes	402,151	402,151	381,447	(20,704)
Intergovernmental	2,472,715	2,472,715	1,510,195	(962,520)
Investment income	975	975	2,136	1,161
Amount available for appropriation	<u>2,877,176</u>	<u>3,877,176</u>	<u>1,895,112</u>	<u>(1,982,064)</u>
Charges to appropriations (outflows)				
General government	<u>2,875,841</u>	<u>2,875,841</u>	<u>1,893,866</u>	<u>981,975</u>
Total charges to appropriations	<u>2,875,841</u>	<u>2,875,841</u>	<u>1,893,866</u>	<u>981,975</u>
Budgetary Fund Balance, December 31	<u><u>\$ 1,335</u></u>	<u><u>\$ 1,001,335</u></u>	<u><u>\$ 1,246</u></u>	<u><u>\$ (1,000,089)</u></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, 2006

	<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	\$ 225,517	\$ 225,517	\$ 150,479	\$ (75,038)
Resources (inflows)				
Taxes	1,221,816	1,221,816	1,148,793	(73,023)
Intergovernmental	336,953	336,953	302,608	(34,345)
Charges for services	76,415	76,415	77,673	1,258
Fines and forfeits	30,600	30,600	32,879	2,279
Investment income	7,400	7,400	21,695	14,295
Rentals	5,000	5,000	5,018	18
Miscellaneous	9,000	9,000	8,753	(247)
Amount available for appropriation	<u>1,912,701</u>	<u>1,912,701</u>	<u>1,747,898</u>	<u>(164,803)</u>
Charges to appropriations (outflows)				
Culture and recreation	1,613,768	1,613,768	1,598,063	15,705
Transfer out	21,600	21,600	21,579	21
Total charges to appropriations	<u>1,635,368</u>	<u>1,635,368</u>	<u>1,619,642</u>	<u>15,726</u>
Budgetary Fund Balance, December 31	<u>\$ 277,333</u>	<u>\$ 277,333</u>	<u>\$ 128,256</u>	<u>\$ (149,077)</u>

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

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

Sources/inflows of resources	<u>LIBRARY</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,747,898
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(150,479)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,597,419</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,619,642
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	38,411
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(21,579)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,636,474</u>

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 DRUG ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 265,215	\$ 188,121	\$ 261,056	\$ 72,935
Resources (inflows)				
Fines and forfeits	25,000	25,000	65,312	40,312
Investment income	4,000	4,000	9,818	5,818
Amount available for appropriation	<u>294,215</u>	<u>217,121</u>	<u>336,186</u>	<u>119,065</u>
Charges to appropriations (outflows)				
Public safety	<u>186,042</u>	<u>186,042</u>	<u>145,730</u>	<u>40,312</u>
Total charges to appropriations	<u>186,042</u>	<u>186,042</u>	<u>145,730</u>	<u>40,312</u>
Budgetary Fund Balance, December 31	<u>\$ 108,173</u>	<u>\$ 31,079</u>	<u>\$ 190,456</u>	<u>\$ 159,377</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:

	<u>Police Drug Enforcement</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 336,186
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(261,056)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 75,130</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 145,730
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	<u>16,930</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 162,660</u>

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, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 141,313	\$ 141,313	\$ 116,317	\$ (24,996)
Resources (inflows)				
Licenses and permits	3,633	3,633	4,115	482
Intergovernmental	40,660	40,660	37,126	(3,534)
Investment income	1,600	1,600	4,462	2,862
Amount available for appropriation	<u>187,206</u>	<u>187,206</u>	<u>162,020</u>	<u>(25,186)</u>
Charges to appropriations (outflows)				
Public safety	63,778	63,537	55,399	8,138
Transfer out	8,437	8,678	8,677	1
Total charges to appropriations	<u>72,215</u>	<u>72,215</u>	<u>64,076</u>	<u>8,139</u>
Budgetary Fund Balance, December 31	<u><u>\$ 114,991</u></u>	<u><u>\$ 114,991</u></u>	<u><u>\$ 97,944</u></u>	<u><u>\$ (17,047)</u></u>

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

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

		<u>Police Gaming Enforcement</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	162,020
Differences - Budget to GAAP		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes		<u>(116,317)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$</u>	<u>45,703</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	64,076
Differences - Budget to GAAP		
The city budgets for salaries on the cash basis, rather than on the modified accrual basis		1,727
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		<u>(8,677)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$</u>	<u>57,126</u>

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
ROADS & STREETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 1,953,502	\$ 1,953,502	\$ 2,039,103	\$ 85,601
Resources (inflows)				
Taxes	386,792	386,792	369,901	(16,891)
Licenses and permits	975	975	825	(150)
Intergovernmental	2,559,750	2,559,750	2,650,877	91,127
Charges for services	148,450	148,450	201,900	53,450
Fines and forfeits	20	20	-	(20)
Investment income	845	845	72,005	71,160
Rentals	55,072	55,072	96,162	41,090
Miscellaneous	28,800	28,800	21,301	(7,499)
Transfer in	397,623	397,623	274,665	(122,958)
Amount available for appropriation	<u>5,531,829</u>	<u>5,531,829</u>	<u>5,726,739</u>	<u>194,910</u>
Charges to appropriations (outflows)				
Highways and streets	3,753,881	3,753,881	3,058,613	695,268
Transfer out	44,501	44,501	39,019	5,483
Total charges to appropriations	<u>3,798,382</u>	<u>3,798,382</u>	<u>3,097,631</u>	<u>700,751</u>
Budgetary Fund Balance, December 31	<u>\$ 1,733,447</u>	<u>\$ 1,733,447</u>	<u>\$ 2,629,108</u>	<u>\$ 895,661</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADS & STREETS**

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

Sources/inflows of resources	<u>Roads & Streets</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,726,739
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	(2,039,103)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(274,665)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,412,971</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,097,631
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	60,364
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(39,019)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,118,976</u>

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
STREET LIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 303,225	\$ 303,225	\$ 351,655	\$ 48,430
Resources (inflows)				
Charges for services	1,026,975	1,026,975	993,055	(33,920)
Investment income	5,000	5,000	11,519	6,519
Rentals	2,000	2,000	2,762	762
Miscellaneous	16,500	16,500	44,948	28,448
Amount available for appropriation	<u>1,353,700</u>	<u>1,353,700</u>	<u>1,403,939</u>	<u>50,239</u>
Charges to appropriations (outflows)				
Highways and streets	1,225,358	1,217,380	1,033,312	184,068
Transfer out	11,557	19,535	19,535	-
Total charges to appropriations	<u>1,236,915</u>	<u>1,236,915</u>	<u>1,052,847</u>	<u>184,068</u>
Budgetary Fund Balance, December 31	<u>\$ 116,785</u>	<u>\$ 116,785</u>	<u>\$ 351,092</u>	<u>\$ 234,307</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET LIGHTS**

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

	<u>Street Lights</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,403,939
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(351,655)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,052,284</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,052,847
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	8,905
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(19,535)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,042,217</u>

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
NORTHERN PLAINS COMMERCE CENTER
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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)				
Intergovernmental	-	3,024,049	-	(3,024,049)
Investment income	-	-	3,005	3,005
Rentals	-	-	191,664	191,664
Transfer in	-	9,253,191	343,634	(8,909,557)
Amount available for appropriation	-	12,277,240	538,303	(11,738,937)
Charges to appropriations (outflows)				
General government	-	12,203,692	410,016	11,793,676
Total charges to appropriations	-	12,203,692	410,016	11,793,676
Budgetary Fund Balance, December 31	<u>\$ -</u>	<u>\$ 73,548</u>	<u>\$ 128,287</u>	<u>\$ 54,739</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, 2006

	<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	\$ -	\$ (40,000)	\$ -	\$ 40,000
Resources (inflows)				
Taxes	<u>450,000</u>	<u>450,000</u>	<u>468,852</u>	<u>18,852</u>
Amount available for appropriation	<u>450,000</u>	<u>410,000</u>	<u>468,852</u>	<u>58,852</u>
Charges to appropriations (outflows)				
General government	<u>450,000</u>	<u>450,000</u>	<u>468,852</u>	<u>(18,852)</u>
Total charges to appropriations	<u>450,000</u>	<u>450,000</u>	<u>468,852</u>	<u>(18,852)</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, 2006

	<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	\$ 359,536	\$ 359,536	\$ 681,652	\$ 322,116
Resources (inflows)				
Taxes	1,233,859	1,233,859	1,567,152	333,293
Investment income	14,000	14,000	34,651	20,651
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>1,626,595</u>	<u>1,626,595</u>	<u>2,302,655</u>	<u>676,060</u>
Charges to appropriations (outflows)				
General government	42,100	42,100	11,872	30,228
Transfer out	<u>1,247,879</u>	<u>1,247,879</u>	<u>1,213,331</u>	<u>34,548</u>
Total charges to appropriations	<u>1,289,979</u>	<u>1,289,979</u>	<u>1,225,203</u>	<u>64,776</u>
Budgetary Fund Balance, December 31	<u>\$ 336,616</u>	<u>\$ 336,616</u>	<u>\$ 1,077,452</u>	<u>\$ 740,836</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, 2006

	<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	\$6,124,306	\$ 6,511,851	\$ 387,545
Resources (inflows)				
Investment income	75,000	75,000	134,557	59,557
Miscellaneous	-	-	2,110	2,110
Transfer in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,500,000</u>	<u>500,000</u>
Amount available for appropriation	<u>9,199,306</u>	<u>7,199,306</u>	<u>8,148,518</u>	<u>949,212</u>
Charges to appropriations (outflows)				
General government	5,001,500	5,001,500	789,332	3,868,534
Transfer out	<u>-</u>	<u>-</u>	<u>4,042,020</u>	<u>(3,698,386)</u>
Total charges to appropriations	<u>5,001,500</u>	<u>5,001,500</u>	<u>4,831,352</u>	<u>170,148</u>
Budgetary Fund Balance, December 31	<u>\$4,197,806</u>	<u>\$2,197,806</u>	<u>\$ 3,317,166</u>	<u>\$ 1,119,360</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, 2006**

	<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	\$ 458,478	\$ 458,478	\$ 536,256	\$ 77,778
Resources (inflows)				
Taxes	682,315	682,315	638,837	(43,478)
Intergovernmental	19,270	19,270	17,208	(2,062)
Investment income	15,000	15,000	27,022	12,022
Transfer in	437,600	437,600	418,324	(19,276)
Amount available for appropriation	<u>1,612,663</u>	<u>1,612,663</u>	<u>1,637,647</u>	<u>24,984</u>
Charges to appropriations (outflows)				
General government	<u>1,318,864</u>	<u>1,318,864</u>	<u>1,244,024</u>	<u>74,840</u>
Total charges to appropriations	<u>1,318,864</u>	<u>1,318,864</u>	<u>1,244,024</u>	<u>74,840</u>
Budgetary Fund Balance, December 31	<u>\$ 293,799</u>	<u>\$ 293,799</u>	<u>\$ 393,623</u>	<u>\$ 99,824</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, 2006**

	<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	\$ 329,569	\$ 308,569	\$ 502,975	\$ 194,406
Resources (inflows)				
Taxes	135,963	135,963	126,872	(9,091)
Special assessments	8,200	8,200	15,164	6,964
Intergovernmental	3,015	3,015	3,414	399
Investment income	83,000	83,000	81,862	(1,138)
Miscellaneous	-	-	622	622
Transfer in	<u>302,533</u>	<u>302,533</u>	<u>205,081</u>	<u>(97,452)</u>
Amount available for appropriation	<u>862,280</u>	<u>841,280</u>	<u>935,990</u>	<u>94,710</u>
Charges to appropriations (outflows)				
General government	72,425	79,405	79,405	-
Transfer out	<u>517,718</u>	<u>510,738</u>	<u>263,934</u>	<u>246,804</u>
Total charges to appropriations	<u>590,143</u>	<u>590,143</u>	<u>343,339</u>	<u>246,804</u>
Budgetary Fund Balance, December 31	<u>\$ 272,137</u>	<u>\$ 251,137</u>	<u>\$ 592,651</u>	<u>\$ 341,514</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, 2006**

	<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	\$ 248,568	\$1,248,568	\$ 260,013	\$ (988,555)
Resources (inflows)				
Intergovernmental	8,640,055	8,640,055	3,002,026	(5,638,029)
Charges for services	10,000	10,000	83,000	73,000
Investment income	618	618	2,679	2,061
Miscellaneous	42,100	42,100	52,663	10,563
Transfer in	-	-	15,290	15,290
Amount available for appropriation	<u>8,941,341</u>	<u>9,941,341</u>	<u>3,415,671</u>	<u>(6,525,670)</u>
Charges to appropriations (outflows)				
General government	1,440,000	1,440,000	1,104,606	335,394
Public safety	6,321,130	6,312,270	1,186,729	5,125,541
Highways and streets	12,300	12,300	9,116	3,184
Health and welfare	805,384	805,384	672,196	133,188
Culture and recreation	26,072	26,072	13,124	12,948
Transfer out	98,391	107,251	107,251	-
Total charges to appropriations	<u>8,703,277</u>	<u>8,703,277</u>	<u>3,093,022</u>	<u>5,631,606</u>
Budgetary Fund Balance, December 31	<u>\$ 238,064</u>	<u>\$1,238,064</u>	<u>\$ 322,649</u>	<u>\$ (894,064)</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	\$	3,415,671
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		(260,013)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes		(15,290)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	3,140,368
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	3,093,022
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		(107,251)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	3,004,141

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

**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, 2006**

	<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	\$ 7,856,491	\$ 7,856,491	\$ 8,232,710	\$ 376,219
Resources (inflows)	-	-	-	-
Special assessments	3,487,893	3,487,893	3,718,294	230,401
Transfer in	231,121	231,121	380,608	149,487
Proceeds of refunded bonds	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
Amount available for appropriation	<u>14,575,505</u>	<u>14,575,505</u>	<u>12,331,612</u>	<u>(2,243,893)</u>
Charges to appropriations (outflows)				
Principal	3,718,059	3,718,059	3,718,056	3
Interest and fiscal charges	3,787,416	3,637,416	1,071,623	2,565,793
Transfer out	<u>263,701</u>	<u>263,701</u>	<u>109,222</u>	<u>154,479</u>
Total charges to appropriations	<u>7,769,176</u>	<u>7,619,176</u>	<u>4,898,901</u>	<u>2,720,275</u>
Budgetary Fund Balance, December 31	<u>\$ 6,806,329</u>	<u>\$ 6,956,329</u>	<u>\$ 7,432,711</u>	<u>\$ 476,382</u>

**CITY OF BISMARCK, NORTH DAKOTA
MAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SEWERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$1,086,893	\$ 1,086,893	\$ 1,201,346	\$ 114,453
Resources (inflows)				
Special assessments	520,141	520,141	1,044,269	524,128
Transfer in	69,797	69,797	870	(68,927)
Proceeds of refunded bonds	500,000	500,000	-	(500,000)
Amount available for appropriation	<u>2,176,831</u>	<u>2,176,831</u>	<u>2,246,485</u>	<u>69,654</u>
Charges to appropriations (outflows)				
Principal	441,864	441,865	441,865	-
Interest and fiscal charges	673,286	673,285	179,633	493,652
Transfer out	86,505	86,505	82,173	4,332
Total charges to appropriations	<u>1,201,655</u>	<u>1,201,655</u>	<u>703,671</u>	<u>497,984</u>
Budgetary Fund Balance, December 31	<u>\$ 975,176</u>	<u>\$ 975,176</u>	<u>\$ 1,542,814</u>	<u>\$ 567,638</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2006**

	<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					
Investments	\$ -	\$ 3	\$ 146,444	\$ 871,063	\$ 1,017,510
Receivables:					
Special assessments	576,331	4,022,365	-	-	4,598,696
Intergovernmental	10,003	3,503	122,050	-	135,556
Due from other funds	266,699	826,938	-	-	1,093,637
Advance to other funds	437,243	-	-	-	437,243
Total assets	<u>\$ 1,290,276</u>	<u>\$ 4,852,809</u>	<u>\$ 268,494</u>	<u>\$ 871,063</u>	<u>\$ 7,282,642</u>
LIABILITIES					
Deferred revenue	<u>\$ 991,943</u>	<u>\$ 3,637,715</u>	<u>\$ 122,050</u>	<u>\$ -</u>	<u>\$ 4,751,708</u>
Total liabilities	<u>991,943</u>	<u>3,637,715</u>	<u>122,050</u>	<u>-</u>	<u>4,751,708</u>
FUND BALANCES					
Reserved for debt service	-	-	-	700,000	700,000
Reserved for advances to other funds	437,243	-	-	-	437,243
Unreserved, undesignated	<u>(138,910)</u>	<u>1,215,094</u>	<u>146,444</u>	<u>171,063</u>	<u>1,393,691</u>
Total fund balances	<u>298,333</u>	<u>1,215,094</u>	<u>146,444</u>	<u>871,063</u>	<u>2,530,934</u>
Total liabilities and fund balances	<u>\$ 1,290,276</u>	<u>\$ 4,852,809</u>	<u>\$ 268,494</u>	<u>\$ 871,063</u>	<u>\$ 7,282,642</u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES	Watermain Bonds	Sidewalk Bonds	Parking Lot Bonds	Lodging/ Liquor/ Food Bonds	Total Debt Service
Special assessments	\$ 192,085	\$ 810,329	\$ 87,902	\$ -	\$ 1,090,316
Investment income	-	-	7,763	42,784	50,547
Total revenues	192,085	810,329	95,665	42,784	1,140,863
EXPENDITURES					
Debt service					
Principal	149,339	585,000	40,740	685,000	1,460,079
Interest and fiscal charges	36,758	148,926	5,042	224,990	415,716
Total expenditures	186,097	733,926	45,782	909,990	1,875,795
Excess (deficiency) of revenues over (under) expenditures	5,988	76,403	49,883	(867,206)	(734,932)
OTHER FINANCING SOURCES (USES)					
Transfer in	5,847	-	-	909,990	915,837
Transfer out	(37,651)	(113,285)	(38,832)	-	(189,768)
Total other financing sources (uses)	(31,804)	(113,285)	(38,832)	909,990	726,069
Net changes in fund balances	(25,816)	(36,882)	11,051	42,784	(8,863)
Fund balances - beginning	324,149	1,251,976	135,393	828,279	2,539,797
Fund balances - ending	<u>\$ 298,333</u>	<u>\$ 1,215,094</u>	<u>\$ 146,444</u>	<u>\$ 871,063</u>	<u>\$ 2,530,934</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, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 171,523	\$ 171,523	\$ 324,149	\$ 25,047
Resources (inflows)				
Special assessments	123,988	123,988	192,085	68,097
Transfer in	42,132	42,132	5,847	(36,285)
Proceeds of refunded bonds	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Amount available for appropriation	<u>537,643</u>	<u>537,643</u>	<u>522,081</u>	<u>(143,141)</u>
Charges to appropriations (outflows)				
Principal	149,341	149,341	149,339	2
Interest and fiscal charges	<u>277,445</u>	<u>277,445</u>	<u>74,409</u>	<u>203,036</u>
Total charges to appropriations	<u>426,786</u>	<u>426,786</u>	<u>223,748</u>	<u>203,038</u>
Budgetary Fund Balance, December 31	<u><u>\$ 110,857</u></u>	<u><u>\$ 110,857</u></u>	<u><u>\$ 298,333</u></u>	<u><u>\$ 59,897</u></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, 2006**

	<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	\$ 1,091,283	\$ 1,091,283	\$ 1,251,976	\$ 160,693
Resources (inflows)				
Special assessments	615,037	615,037	810,329	195,292
Transfer in	103,033	103,033	-	(103,033)
Amount available for appropriation	<u>1,809,353</u>	<u>1,809,353</u>	<u>2,062,305</u>	<u>252,952</u>
Charges to appropriations (outflows)				
Principal	565,000	589,406	585,000	4,406
Interest and fiscal charges	136,617	148,926	148,926	-
Transfer out	-	113,285	113,285	-
Total charges to appropriations	<u>701,617</u>	<u>851,617</u>	<u>847,211</u>	<u>4,406</u>
Budgetary Fund Balance, December 31	<u>\$ 1,107,736</u>	<u>\$ 957,736</u>	<u>\$ 1,215,094</u>	<u>\$ 257,358</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, 2006**

	<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	\$ 133,285	\$ 133,285	\$ 135,393	\$ 2,108
Resources (inflows)				
Special assessments	97,216	97,216	87,902	(9,314)
Investment income	4,435	4,435	7,763	3,328
Amount available for appropriation	<u>234,936</u>	<u>234,936</u>	<u>231,058</u>	<u>(3,878)</u>
Charges to appropriations (outflows)				
Principal	40,740	40,740	40,740	-
Interest and fiscal charges	5,042	5,042	5,042	-
Transfer out	38,832	38,832	38,832	-
Total charges to appropriations	<u>84,614</u>	<u>84,614</u>	<u>84,614</u>	<u>-</u>
Budgetary Fund Balance, December 31	<u>\$ 150,322</u>	<u>\$ 150,322</u>	<u>\$ 146,444</u>	<u>\$ (3,878)</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, 2006

	<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	\$ 806,869	\$ 806,869	\$ 828,279	\$ 21,410
Resources (inflows)				
Investment income	28,283	28,283	42,784	14,501
Transfer in	<u>909,990</u>	<u>909,990</u>	<u>909,990</u>	<u>-</u>
Amount available for appropriation	<u>1,745,142</u>	<u>1,745,142</u>	<u>1,781,053</u>	<u>35,911</u>
Charges to appropriations (outflows)				
Principal	685,000	685,000	685,000	-
Interest and fiscal charges	<u>224,990</u>	<u>224,990</u>	<u>224,990</u>	<u>-</u>
Total charges to appropriations	<u>909,990</u>	<u>909,990</u>	<u>909,990</u>	<u>-</u>
Budgetary Fund Balance, December 31	<u>\$ 835,152</u>	<u>\$ 835,152</u>	<u>\$ 871,063</u>	<u>\$ 35,911</u>

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2006

	Tax Increment	Community Development	Civic Center Improvements	Building Improvements	Highway Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
ASSETS									
Investments	\$ 6,792,169	\$ -	\$ 128,284	\$ 1,108,269	\$ 5,520,279	\$ -	\$ -	\$ -	\$ 13,549,001
Receivables:									
Taxes receivable	27,224	-	-	-	-	-	-	-	27,224
Accounts receivable	-	87,724	-	625	-	-	-	-	88,349
Notes receivable	-	129,000	-	-	-	-	-	-	129,000
Due from other funds	3,000,000	-	-	-	-	-	-	-	3,000,000
Advance to other funds	1,020,000	-	-	-	-	-	-	-	1,020,000
Restricted assets:									
Investments	-	-	-	-	-	-	947,399	-	947,399
Total assets	\$ 10,839,393	\$ 216,724	\$ 128,284	\$ 1,108,894	\$ 5,520,279	\$ -	\$ 947,399	\$ -	\$ 18,760,973
LIABILITIES									
Accounts payable	\$ -	\$ 76,232	\$ 10,115	\$ 307,374	\$ 158,588	\$ 2,451	\$ -	\$ 152,933	\$ 707,693
Retainage payable	-	-	-	65,002	-	23,982	-	206,328	295,312
Due to other funds	-	11,492	-	-	-	703,868	1,086,663	3,529,908	5,331,931
Deferred revenue	26,446	129,000	-	-	-	-	-	-	155,446
Customer deposits	-	-	-	-	-	-	947,399	-	947,399
Total liabilities	26,446	216,724	10,115	372,376	158,588	730,301	2,034,062	3,889,169	7,437,781
FUND BALANCES									
Reserved for advances to other funds	1,020,000	-	-	-	-	-	-	-	1,020,000
Reserved for long-term receivable	-	129,000	-	-	-	-	-	-	129,000
Unreserved, undesignated	9,792,947	(129,000)	118,169	736,518	5,361,691	(730,301)	(1,086,663)	(3,889,169)	10,174,192
Total fund balances	10,812,947	-	118,169	736,518	5,361,691	(730,301)	(1,086,663)	(3,889,169)	11,323,192
Total liabilities and fund balances	\$ 10,839,393	\$ 216,724	\$ 128,284	\$ 1,108,894	\$ 5,520,279	\$ -	\$ 947,399	\$ -	\$ 18,760,973

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Tax Increment	Community Development	Civic Center Improvements	Building Improvements	Highway Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
REVENUES									
Taxes	\$ 1,250,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,907
Special assessments	-	-	-	-	-	83,071	20,097	-	103,168
Intergovernmental	-	475,527	-	6,316	34,324	-	-	-	516,167
Fines and forfeits	-	-	-	50	-	-	-	-	50
Investment income	424,452	-	2,348	4,173	194,341	-	-	333	625,647
Miscellaneous	-	-	-	34,418	-	-	-	-	34,418
Total revenues	1,675,359	475,527	2,348	44,957	228,665	83,071	20,097	333	2,530,357
EXPENDITURES									
Current									
Public works	13,345	401,515	62,573	12,756	674,630	-	-	1,585	1,166,404
Capital outlays									
Public works	-	-	123,588	2,060,353	781,806	837,116	1,147,494	8,423,845	13,374,202
Total expenditures	13,345	401,515	186,161	2,073,109	1,456,436	837,116	1,147,494	8,425,430	14,540,606
Excess (deficiency) of revenues over (under) expenditures	1,662,014	74,012	(183,813)	(2,028,152)	(1,227,771)	(754,045)	(1,127,397)	(8,425,097)	(12,010,249)
OTHER FINANCING SOURCES (USES)									
Transfer in	286,335	-	191,157	2,164,599	2,997,500	838,320	56,262	5,698,386	12,232,559
Transfer out	(1,316,259)	(74,012)	-	-	(227,353)	(5,850)	-	-	(1,623,474)
Discount on special assessment debt	-	-	-	-	-	(14)	(1,382)	-	(1,396)
Special assessment bonds issued	-	-	-	-	-	44,183	1,040,000	-	1,084,183
Total other financing sources (uses)	(1,029,924)	(74,012)	191,157	2,164,599	2,770,147	876,639	1,094,880	5,698,386	11,691,872
Net changes in fund balances	632,090	-	7,344	136,447	1,542,376	122,594	(32,517)	(2,726,711)	(318,377)
Fund balances - beginning	10,180,857	-	110,825	600,071	3,819,315	(852,895)	(1,054,146)	(1,162,458)	11,641,569
Fund balances - ending	\$ 10,812,947	\$ -	\$ 118,169	\$ 736,518	\$ 5,361,691	\$ (730,301)	\$ (1,086,663)	\$ (3,889,169)	\$ 11,323,192

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006**

(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	\$ 646	\$ 100,033	\$ 76,869	\$ 119,416	\$ 296,964
Investments	330,572	6,424,466	351,885	131,275	7,238,198
Receivables:					
Accounts receivable	34,934	250,363	133,461	7,130	425,888
Interest receivable	1,775	65,106	3,872	1,372	72,125
Inventories	30,043	-	-	-	30,043
Prepaid items	2,479	12,370	-	-	14,849
	<u>400,449</u>	<u>6,852,338</u>	<u>566,087</u>	<u>259,193</u>	<u>8,078,067</u>
Total current assets					
Noncurrent assets:					
Capital assets (net of accumulated depreciation)					
Land	-	395,247	603,338	1,413,325	2,411,910
Building and building improvements	-	3,211,829	-	5,554,467	8,766,296
Improvements other than buildings	169,900	2,715,349	13,933	42,245	2,941,427
Machinery and equipment	36,562	1,312,406	1,198,920	7,604	2,555,492
Construction in progress	-	999,800	-	-	999,800
	<u>206,462</u>	<u>8,634,631</u>	<u>1,816,191</u>	<u>7,017,641</u>	<u>17,674,925</u>
Total noncurrent assets					
	<u>606,911</u>	<u>15,486,969</u>	<u>2,382,278</u>	<u>7,276,834</u>	<u>25,752,992</u>
Total assets					

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006**

(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	1,213	63,369	38,034	22,142	124,758
Retainage payable	-	75,865	-	-	75,865
Leases payable	-	3,670	-	55,945	59,615
Compensated benefits payable	24,371	42,055	62,494	-	128,920
Salaries payable	11,854	18,474	34,231	-	64,559
Deferred revenue	-	-	-	5,834	5,834
Total current liabilities	<u>37,438</u>	<u>203,433</u>	<u>134,759</u>	<u>83,921</u>	<u>459,551</u>
Long-term liabilities:					
Advances from other funds	-	-	-	1,020,000	1,020,000
Compensated benefits payable	5,350	3,510	49,504	-	58,364
Capital lease	-	3,918	-	4,822	8,740
Accrued closure/post closure costs	-	781,000	-	-	781,000
Total long-term liabilities	<u>5,350</u>	<u>788,428</u>	<u>49,504</u>	<u>1,024,822</u>	<u>1,868,104</u>
Total liabilities	<u>42,788</u>	<u>991,861</u>	<u>184,263</u>	<u>1,108,743</u>	<u>2,327,655</u>
NET ASSETS					
Invested in capital assets, net of related debt	206,462	8,627,043	1,816,191	6,956,874	17,606,570
Unrestricted	<u>357,661</u>	<u>5,868,065</u>	<u>381,824</u>	<u>(788,783)</u>	<u>5,818,767</u>
Total net assets	<u>\$ 564,123</u>	<u>\$ 14,495,108</u>	<u>\$ 2,198,015</u>	<u>\$ 6,168,091</u>	<u>\$ 23,425,337</u>

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 1,072,179	\$ -	\$ -	\$ -	\$ 1,072,179
Sanitation fees	-	2,505,020	1,647,711	-	4,152,731
Landing and airport fees	257,483	-	-	-	257,483
Miscellaneous sales	9,354	686	6,393	7,623	24,056
Rentals	68,435	25,676	36	799,960	894,107
Total operating revenues	<u>1,407,451</u>	<u>2,531,382</u>	<u>1,654,140</u>	<u>807,583</u>	<u>6,400,556</u>
OPERATING EXPENSES					
Cost of goods sold	975,833	-	-	-	975,833
Personal services - salaries & wages	257,771	608,722	805,663	-	1,672,156
Personal services - fringe benefits	39,124	122,081	140,803	-	302,008
Professional, legal, and contracted services	3,151	82,379	392	284,907	370,829
Building, equipment, and vehicle services	31,175	474,932	317,341	199,736	1,023,184
Travel & training	215	3,024	224	-	3,463
Operating services	42,128	198,615	8,790	28,004	277,537
Operating supplies	8,080	158,707	141,935	8,587	317,309
Depreciation expense	14,295	420,737	191,522	264,461	891,015
Total operating expenses	<u>1,371,772</u>	<u>2,069,197</u>	<u>1,606,670</u>	<u>785,695</u>	<u>5,833,334</u>
Operating income	<u>35,679</u>	<u>462,185</u>	<u>47,470</u>	<u>21,888</u>	<u>567,222</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	5,998	(10,158)	(7,217)	-	(11,377)
Investment income	13,964	348,753	19,039	10,757	392,513
Interest and fiscal charges	-	(642)	-	(3,869)	(4,511)
Total nonoperating revenues (expenses)	<u>19,962</u>	<u>337,953</u>	<u>11,822</u>	<u>6,888</u>	<u>376,625</u>
Income before contributions and transfers	<u>55,641</u>	<u>800,138</u>	<u>59,292</u>	<u>28,776</u>	<u>943,847</u>
TRANSFERS IN	-	2,040	-	-	2,040
TRANSFERS OUT	<u>(67,409)</u>	<u>(190,845)</u>	<u>(170,699)</u>	<u>(217,670)</u>	<u>(646,623)</u>
Change in net assets	<u>(11,768)</u>	<u>611,333</u>	<u>(111,407)</u>	<u>(188,894)</u>	<u>299,264</u>
Total net assets - beginning	575,891	13,883,775	2,309,422	6,356,985	23,126,073
Total net assets - ending	<u>\$ 564,123</u>	<u>\$ 14,495,108</u>	<u>\$ 2,198,015</u>	<u>\$ 6,168,091</u>	<u>\$ 23,425,337</u>

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

**CITY OF BISMARCK , NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Airport Flightline	Solid Waste Disposal	Solid Waste Collections	Parking Authority Lots	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,461,728	\$ 2,476,825	\$ 1,650,850	\$ 806,644	\$ 6,396,047
Payments to suppliers	(1,117,300)	(991,019)	(571,607)	(499,092)	(3,179,018)
Payments to employees	(242,697)	(603,231)	(768,356)	-	(1,614,284)
Net cash provided by operating activities	<u>101,731</u>	<u>882,575</u>	<u>310,887</u>	<u>307,552</u>	<u>1,602,745</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	2,040	-	-	2,040
Transfers to other funds	(67,409)	(190,845)	(170,699)	(217,670)	(646,623)
Net cash used by noncapital financing activities	<u>(67,409)</u>	<u>(188,805)</u>	<u>(170,699)</u>	<u>(217,670)</u>	<u>(644,583)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital lease payment	-	(3,438)	-	(53,575)	(57,013)
Interest paid	-	(642)	-	(3,869)	(4,511)
Payment on advance	-	-	-	(20,000)	(20,000)
Proceeds from sale of capital assets	5,998	5,791	1,891	-	13,680
Purchase of capital assets	(7,198)	(127,017)	(274,416)	(210,173)	(618,804)
Construction of capital assets	-	(910,262)	-	(55,789)	(966,051)
Net cash used by capital and related financing activities	<u>(1,200)</u>	<u>(1,035,568)</u>	<u>(272,525)</u>	<u>(343,406)</u>	<u>(1,652,699)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	67,286	6,571,942	400,000	-	7,039,228
Purchase of investments	(329,541)	(6,386,351)	(349,463)	(130,458)	(7,195,813)
Investment income	11,159	245,532	12,745	8,569	278,005
Net cash provided (used) by investing activities	<u>(251,096)</u>	<u>431,123</u>	<u>63,282</u>	<u>(121,889)</u>	<u>121,420</u>
Net increase (decrease) in cash and cash equivalents	(217,974)	89,325	(69,055)	(375,413)	(573,117)
Cash and cash equivalents - January 1	218,620	10,708	145,924	494,829	870,081
Cash and cash equivalents - December 31	<u>\$ 646</u>	<u>\$ 100,033</u>	<u>\$ 76,869</u>	<u>\$ 119,416</u>	<u>\$ 296,964</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 35,679	\$ 462,185	\$ 47,470	\$ 21,888	\$ 567,222
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	14,295	420,737	191,522	264,461	891,015
(Increase) decrease in accounts receivable	54,277	(54,557)	(3,290)	(6,773)	(10,343)
Decrease in inventories	6,019	-	-	-	6,019
(Increase) decrease in prepaid items	354	(941)	2,939	-	2,352
Increase (decrease) in accounts payable	(23,967)	(39,768)	34,939	22,142	(6,654)
Increase (decrease) in compensated absences payable	3,220	(12,983)	3,076	-	(6,687)
Increase in salaries payable	11,854	18,474	34,231	-	64,559
Increase in deferred revenue	-	-	-	5,834	5,834
Increase in closure and post closure costs	-	89,428	-	-	89,428
Total adjustments	<u>66,052</u>	<u>420,390</u>	<u>263,417</u>	<u>285,664</u>	<u>1,035,523</u>
Net cash provided by operating activities	<u>\$ 101,731</u>	<u>\$ 882,575</u>	<u>\$ 310,887</u>	<u>\$ 307,552</u>	<u>\$ 1,602,745</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:					
Increase in fair value of investments	\$ 1,031	\$ 38,115	\$ 2,422	\$ 817	\$ 42,385

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2006**

	<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	\$ 10,999	\$ -	\$ -	\$ 45,336	\$ 24,364	\$ 40,000	\$ 120,699
Investments	7,068	-	42,368	550,639	4,970	216,649	821,694
Receivables:							
Accounts receivable	-	7,610	-	26,689	-	161,855	196,154
Inventories	-	302,503	-	-	-	-	302,503
Prepaid items	749	-	-	-	-	-	749
Total current assets	<u>18,816</u>	<u>310,113</u>	<u>42,368</u>	<u>622,664</u>	<u>29,334</u>	<u>418,504</u>	<u>1,441,799</u>
Noncurrent assets:							
Restricted assets:							
Investments	172,813	-	-	-	-	-	172,813
Capital assets (net of accumulated depreciation):							
Machinery and equipment	-	63,409	-	-	-	-	63,409
Total noncurrent assets	<u>172,813</u>	<u>63,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,222</u>
Total assets	<u>191,629</u>	<u>373,522</u>	<u>42,368</u>	<u>622,664</u>	<u>29,334</u>	<u>418,504</u>	<u>1,678,021</u>
LIABILITIES							
Current liabilities:							
Accounts payable	18,816	48,606	1,410	48,821	3,359	373,662	494,674
Due to other funds	-	404	-	-	-	-	404
Due to other entities	-	-	-	-	-	2,958	2,958
Salaries payable	-	11,887	-	-	-	-	11,887
Claims and judgments payable	-	-	5,000	286,806	-	-	291,806
Total current liabilities:	<u>18,816</u>	<u>60,897</u>	<u>6,410</u>	<u>335,627</u>	<u>3,359</u>	<u>376,620</u>	<u>801,729</u>
Long-term liabilities:							
Customer deposits	172,813	-	-	-	-	-	172,813
Total restricted long-term liabilities	<u>172,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,813</u>
Total liabilities	<u>191,629</u>	<u>60,897</u>	<u>6,410</u>	<u>335,627</u>	<u>3,359</u>	<u>376,620</u>	<u>974,542</u>
NET ASSETS							
Unrestricted	-	312,625	35,958	287,037	25,975	41,884	703,479
Total net assets	<u>\$ -</u>	<u>\$ 312,625</u>	<u>\$ 35,958</u>	<u>\$ 287,037</u>	<u>\$ 25,975</u>	<u>\$ 41,884</u>	<u>\$ 703,479</u>

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

OPERATING REVENUES	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
Charges for services							
Event sales	\$1,315,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,315,468
Sale of gas and oil	-	671,125	-	-	-	-	671,125
Sale of parts and labor	-	1,158,229	-	-	-	-	1,158,229
Miscellaneous sales	1,236	1,935	59,616	15,895	-	-	78,682
Rentals	-	138	-	-	-	-	138
Employer contributions	-	-	-	3,021,375	-	-	3,021,375
Employee contributions	-	-	-	58,793	-	-	58,793
Total operating revenues	<u>1,316,704</u>	<u>1,831,427</u>	<u>59,616</u>	<u>3,096,063</u>	<u>-</u>	<u>-</u>	<u>6,303,810</u>
OPERATING EXPENSES							
Cost of goods sold	1,010,009	1,117,984	-	-	-	-	2,127,993
Personal services - salaries & wages	191,438	312,248	-	-	-	-	503,686
Personal services - fringe benefits	17,374	55,942	-	7,692	15,117	-	96,125
Professional, legal, and contracted services	538	1,031	120	1,011	-	2,000	4,700
Building, equipment, and vehicle services	-	135,614	-	-	-	59,249	194,863
Travel & training	-	4,744	-	-	-	-	4,744
Operating services	25,716	4,149	155,845	3,475,483	-	396	3,661,589
Operating supplies	-	15,208	-	331	-	-	15,539
Depreciation expense	-	12,379	-	-	-	-	12,379
Total operating expenses	<u>1,245,075</u>	<u>1,659,299</u>	<u>155,965</u>	<u>3,484,517</u>	<u>15,117</u>	<u>61,645</u>	<u>6,621,618</u>
Operating income (loss)	<u>71,629</u>	<u>172,128</u>	<u>(96,349)</u>	<u>(388,454)</u>	<u>(15,117)</u>	<u>(61,645)</u>	<u>(317,808)</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	-	892	-	-	-	-	892
Gain on disposal of assets	-	1,820	-	-	-	85,344	87,164
Investment income	6,980	-	3,247	33,492	1,335	-	45,054
Total nonoperating revenues (expenses)	<u>6,980</u>	<u>2,712</u>	<u>3,247</u>	<u>33,492</u>	<u>1,335</u>	<u>85,344</u>	<u>133,110</u>
Income (loss) before contributions and transfers	78,609	174,840	(93,102)	(354,962)	(13,782)	23,699	(184,698)
TRANSFER IN	-	-	144,000	-	435	-	144,435
TRANSFER OUT	<u>(78,609)</u>	<u>(83,439)</u>	<u>(22,386)</u>	<u>(45,831)</u>	<u>-</u>	<u>-</u>	<u>(230,265)</u>
Change in net assets	-	91,401	28,512	(400,793)	(13,347)	23,699	(270,528)
Total net assets - beginning	-	221,224	7,446	687,830	39,322	18,185	974,007
Total net assets - ending	<u>\$ -</u>	<u>\$ 312,625</u>	<u>\$ 35,958</u>	<u>\$ 287,037</u>	<u>\$ 25,975</u>	<u>\$ 41,884</u>	<u>\$ 703,479</u>

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

CITY OF BISMARCK , NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,316,809	\$ 1,827,661	\$ -	\$ -	\$ -	\$ -	\$ 3,144,470
Receipts from employer	-	-	-	3,092,732	-	-	3,092,732
Proceeds of claim/insurance recoveries	-	1,820	-	-	-	85,344	87,164
Other operating cash receipts	-	-	59,616	15,895	-	-	75,511
Payments to employees	(191,438)	(300,361)	-	-	-	-	(491,799)
Payments to suppliers	(987,596)	(1,446,573)	(155,205)	(3,428,989)	(12,182)	(170,753)	(6,201,298)
Net cash provided (used) by operating activities	<u>137,775</u>	<u>82,547</u>	<u>(95,589)</u>	<u>(320,362)</u>	<u>(12,182)</u>	<u>(85,409)</u>	<u>(293,220)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenue	-	892	-	-	-	-	892
Transfers from (to) other funds	(78,609)	(83,439)	121,614	(45,831)	435	-	(85,830)
Net cash provided (used) by noncapital and related financing activities	<u>(78,609)</u>	<u>(82,547)</u>	<u>121,614</u>	<u>(45,831)</u>	<u>435</u>	<u>-</u>	<u>(84,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	113,321	-	13,096	928,676	2,126	-	1,057,219
Purchase of investments	(179,781)	-	(42,252)	(546,919)	(4,847)	(216,649)	(990,448)
Investment income	6,880	-	3,131	29,772	1,212	-	40,995
Net cash provided (used) by investing activities	<u>(59,580)</u>	<u>-</u>	<u>(26,025)</u>	<u>411,529</u>	<u>(1,509)</u>	<u>(216,649)</u>	<u>107,766</u>
Net increase (decrease) in cash and cash equivalents	(414)	-	-	45,336	(13,256)	(302,058)	(270,392)
Cash and cash equivalents - January 1	11,413	-	-	-	37,620	342,058	391,091
Cash and cash equivalents - December 31	<u>\$ 10,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,336</u>	<u>\$ 24,364</u>	<u>\$ 40,000</u>	<u>\$ 120,699</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 71,629	\$ 172,128	\$ (96,349)	\$ (388,454)	\$ (15,117)	\$ (61,645)	\$ (317,808)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	-	12,379	-	-	-	-	12,379
Proceeds of claim/insurance recoveries	-	1,820	-	-	-	85,344	87,164
(Increase) decrease in accounts receivable	105	(3,766)	-	12,564	-	(150,963)	(142,060)
Increase in inventories	-	(26,247)	-	-	-	-	(26,247)
(Increase) decrease in prepaid items	(749)	1,131	-	-	-	-	382
Increase in customer deposits	59,492	-	-	-	-	-	59,492
Increase in accounts payable	7,298	4,278	1,260	40,738	2,935	40,533	97,042
Decrease in due to other funds	-	(91,063)	-	-	-	-	(91,063)
Increase in due to other entities	-	-	-	-	-	1,322	1,322
Increase in salaries payable	-	11,887	-	-	-	-	11,887
Increase (decrease) in estimated pending claims	-	-	(500)	14,790	-	-	14,290
Total adjustments	<u>66,146</u>	<u>(89,581)</u>	<u>760</u>	<u>68,092</u>	<u>2,935</u>	<u>(23,764)</u>	<u>24,588</u>
Net cash provided (used) by operating activities	<u>\$ 137,775</u>	<u>\$ 82,547</u>	<u>\$ (95,589)</u>	<u>\$ (320,362)</u>	<u>\$ (12,182)</u>	<u>\$ (85,409)</u>	<u>\$ (293,220)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:							
Increase in fair value of investments	\$ 100	\$ -	\$ 116	\$ 3,720	\$ 123	\$ -	\$ 4,059

**CITY OF BISMARCK, NORTH DAKOTA
 FIREMEN'S PENSION AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Investments	\$ 7,576	\$ 542,134	\$ 437,884	\$ 111,826
Receivables:				
Taxes	6,545	-	487	6,058
Accounts	-	7,239	-	7,239
Total assets	<u>\$ 14,121</u>	<u>\$ 549,373</u>	<u>\$ 438,371</u>	<u>\$ 125,123</u>
 LIABILITIES				
Accounts payable	\$ 7,920	\$ 532,982	\$ 429,130	\$ 111,772
Due to other entities	6,201	7,282	132	13,351
Total liabilities	<u>\$ 14,121</u>	<u>\$ 540,264</u>	<u>\$ 429,262</u>	<u>\$ 125,123</u>

**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2006**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 3,322,431
Buildings and building improvements	57,591,806
Improvements other than buildings	69,559
Machinery and equipment	27,394,662
Infrastructure	135,183,731
Construction in progress	12,188,407
Total general fixed assets	<u>\$ 235,750,596</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 11,458,625
Special revenue funds	20,513,030
Federal and state grants	70,681,330
Capital projects funds	129,497,689
Enterprise funds	15,210
Donations	3,584,712
Total governmental funds capital assets	<u>\$ 235,750,596</u>

CITY OF BISMARCK, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2006

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 9,199	\$ -	\$ 9,199
Fiscal and information services	-	-	-	229,575	-	229,575
Common software	-	-	-	181,271	-	181,271
City/County office building	-	7,964,197	18,411	61,801	-	8,044,409
Bismarck-Mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Planning	-	-	-	28,104	-	28,104
NPCC	435,293	-	-	309,810	-	745,103
E/H transit system	108,421	1,094,831	-	2,838,432	-	4,041,684
Total general government	743,714	9,863,503	18,411	3,658,192	-	14,283,820
Public safety:						
Police	499,500	5,009,716	37,078	2,166,568	-	7,712,862
Fire and inspections	580,689	3,035,946	-	4,443,869	-	8,060,504
Combined communication center	-	-	-	389,879	-	389,879
Total public safety	1,080,189	8,045,662	37,078	7,000,316	-	16,163,245
Highways and streets:						
Roads and streets	50,923	-	-	5,921,559	65,184	6,037,666
Engineering	-	-	-	329,178	-	329,178
Forestry	-	-	-	443,664	-	443,664
Total highways and streets	50,923	-	-	6,694,401	65,184	6,810,508
Health:						
Bismarck Burleigh public health	-	-	-	117,540	-	117,540
Total health	-	-	-	117,540	-	117,540
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	-	2,639,462	-	34,659,064
Library	324,000	4,810,853	-	7,279,401	-	12,414,254
Total culture and recreation	1,236,100	39,682,641	-	9,924,213	-	50,842,954
Public works:						
Sales tax fund	22,720	-	-	-	-	22,720
Special deficiency fund	-	-	14,070	-	-	14,070
Highway construction	188,785	-	-	-	38,967,668	39,156,453
Sidewalk construction	-	-	-	-	15,134,483	15,134,483
Street improvements	-	-	-	-	81,016,396	81,016,396
Total public works	211,505	-	14,070	-	135,118,547	135,344,122
Construction in progress:	-	460,854	-	129,695	11,597,858	12,188,407
Total general fixed assets	\$ 3,322,431	\$ 58,052,660	\$ 69,559	\$ 27,524,357	\$ 146,781,589	\$ 235,750,596

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, 2006

FUNCTION AND ACTIVITY	Balance January 1, 2006 as restated	Additions	Deductions	Balance December 31, 2006
General government:				
Administration and management	\$ 11,353	\$ 9,199	\$ 11,353	\$ 9,199
Fiscal and information services	214,275	15,300	-	229,575
Common software	181,271	-	-	181,271
City/County office buildings	6,685,569	1,358,840	-	8,044,409
Bismarck-Mandan visitors bureau	1,004,475	-	-	1,004,475
Planning	15,933	12,171	-	28,104
NPCC	-	745,103	-	745,103
E/H transit system	3,527,059	567,314	52,689	4,041,684
Total general government	<u>11,639,935</u>	<u>2,707,927</u>	<u>64,042</u>	<u>14,283,820</u>
Public safety:				
Police	7,327,447	481,584	96,169	7,712,862
Fire and inspections	7,476,668	736,380	152,544	8,060,504
Combined communications center	379,614	10,265	-	389,879
Total public safety	<u>15,183,729</u>	<u>1,228,229</u>	<u>248,713</u>	<u>16,163,245</u>
Highways and streets:				
Roads and streets	5,978,555	183,040	123,929	6,037,666
Engineering	305,518	23,660	-	329,178
Forestry	464,118	-	20,454	443,664
Total highways and streets	<u>6,748,191</u>	<u>206,700</u>	<u>144,383</u>	<u>6,810,508</u>
Health:				
Bismarck Burleigh public health	95,840	21,700	-	117,540
Total health	<u>95,840</u>	<u>21,700</u>	<u>-</u>	<u>117,540</u>
Culture and recreation:				
Centennial beach	297,838	-	-	297,838
City auditorium	3,471,798	-	-	3,471,798
Civic center	34,446,300	250,124	37,360	34,659,064
Library	12,356,234	368,331	310,311	12,414,254
Total culture and recreation	<u>50,572,170</u>	<u>618,455</u>	<u>347,671</u>	<u>50,842,954</u>
Public works:				
Sales tax fund	22,720	-	-	22,720
Special deficiency fund	-	14,070	-	14,070
Highway construction	38,858,641	364,459	66,647	39,156,453
Sidewalk construction	13,986,989	1,147,494	-	15,134,483
Street improvements	76,959,969	4,067,403	10,976	81,016,396
Total public works	<u>129,828,319</u>	<u>5,593,426</u>	<u>77,623</u>	<u>135,344,122</u>
Construction in progress:	<u>3,200,992</u>	<u>11,136,390</u>	<u>2,148,975</u>	<u>12,188,407</u>
Total general fixed assets	<u><u>\$ 217,269,176</u></u>	<u><u>\$ 21,512,827</u></u>	<u><u>\$ 3,031,407</u></u>	<u><u>\$ 235,750,596</u></u>

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

	FISCAL YEAR			
	2003**	2004**	2005**	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 43,276,686	\$ 63,506,929	\$ 117,467,134	\$ 125,116,291
Restricted	19,860,939	14,103,406	11,973,853	11,506,459
Unrestricted	54,179,556	57,398,276	57,462,204	61,954,561
Total governmental activities net assets	<u>\$ 117,317,181</u>	<u>\$ 135,008,611</u>	<u>\$ 186,903,191</u>	<u>\$ 198,577,311</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 147,607,448	\$ 171,406,048	\$ 185,085,706	\$ 200,350,952
Restricted	-	-	-	6,169,917
Unrestricted	37,768,820	29,559,556	29,877,684	29,112,256
Total business-type activities net assets	<u>\$ 185,376,268</u>	<u>\$ 200,965,604</u>	<u>\$ 214,963,390</u>	<u>\$ 235,633,125</u>
Primary government				
Invested in capital assets, net of related debt	\$ 190,884,134	\$ 234,912,977	\$ 302,552,840	\$ 325,467,243
Restricted	19,860,939	14,103,406	11,973,853	17,676,376
Unrestricted	91,948,376	86,957,832	87,339,888	91,066,817
Total primary government net assets	<u>\$ 302,693,449</u>	<u>\$ 335,974,215</u>	<u>\$ 401,866,581</u>	<u>\$ 434,210,436</u>

*This report is new with the 2006 CAFR, and these line items have only been available since we implemented GABS #34 with our fiscal year ended December 31, 2003.

**Retroactive infrastructure assets were not included until 2006.

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

	FISCAL YEAR			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 8,179,507	\$ 9,039,757	\$ 11,284,393	\$ 10,492,958
Public safety	11,796,743	12,800,931	13,519,865	15,140,144
Highways and streets	5,459,602	6,167,330	5,688,282	6,291,580
Health and welfare	1,570,817	1,551,325	1,758,290	2,031,386
Culture and recreation	8,909,217	7,778,554	7,192,544	7,091,216
Interest and fiscal charges	707,778	1,809,733	1,419,105	1,455,778
Public works	1,907,209	3,179,326	4,069,184	8,980,826
Total governmental activities expenses	<u>38,530,873</u>	<u>42,326,956</u>	<u>44,931,663</u>	<u>51,483,888</u>
Business-type activities:				
Airport	3,189,893	3,381,964	3,861,147	4,390,771
Airport flightline	813,909	1,107,046	1,378,538	1,353,928
Solid waste disposal	1,722,807	1,997,566	2,421,202	2,152,830
Solid waste collections	1,525,709	1,573,279	1,574,263	1,732,743
Water	5,455,249	5,899,033	6,130,931	7,120,142
Sanitary sewer	2,621,053	3,066,589	3,465,950	3,480,827
Storm water	303,776	508,290	549,854	651,098
Parking authority lots	745,690	751,226	777,506	789,564
Total business-type activities expenses	<u>16,378,086</u>	<u>18,284,993</u>	<u>20,159,391</u>	<u>21,671,903</u>
Total primary government expenses	<u>\$ 54,908,959</u>	<u>\$ 60,611,949</u>	<u>\$ 65,091,054</u>	<u>\$ 73,155,791</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 1,309,787	\$ 2,123,174	\$ 2,175,505	\$ 2,540,798
Public safety	1,455,663	2,030,048	1,972,048	2,230,428
Highways and streets	1,062,264	2,101,050	1,501,637	2,663,024
Health and welfare	117,898	166,410	235,909	192,742
Culture and recreation	5,106,556	4,466,125	3,666,423	3,062,688
Public works	4,278	21,516	-	30,604
Operating grants and contributions	8,984,749	8,087,416	7,433,665	8,439,561
Capital grants and contributions	7,167,363	16,676,232	12,992,496	13,853,173
Total governmental activities program revenues	<u>25,208,558</u>	<u>35,671,971</u>	<u>29,977,683</u>	<u>33,013,018</u>
Business-type activities:				
Charges for services:				
Airport	2,506,636	3,004,977	3,350,033	3,559,509
Airport flightline	860,300	1,119,432	1,403,483	1,407,451
Solid waste disposal	2,472,678	2,643,140	2,371,950	2,525,982

Solid waste collections	1,220,645	1,285,912	1,616,615	1,654,140
Water	8,584,721	8,364,265	9,292,463	11,231,908
Sanitary sewer	4,178,097	4,575,391	4,856,558	5,053,527
Storm water	616,636	630,804	800,159	957,724
Parking authority lots	774,764	765,404	796,650	807,583
Operating grants and contributions	5,176,334	1,452,790	311,490	31,151
Capital grants and contributions	4,959,457	8,625,324	6,409,535	10,560,757
Total business-type activities program revenues	<u>31,350,268</u>	<u>32,467,439</u>	<u>31,208,936</u>	<u>37,789,732</u>
Total primary government program revenues	<u>\$ 56,558,826</u>	<u>\$ 68,139,410</u>	<u>\$ 61,186,619</u>	<u>\$ 70,802,750</u>
Net (expense)/revenue				
Government activities	(13,322,315)	(6,654,985)	(14,953,980)	(18,470,870)
Business-type activities	14,972,182	14,182,446	11,049,545	16,117,829
Total primary government net expense	<u>\$ 1,649,867</u>	<u>\$ 7,527,461</u>	<u>\$ (3,904,435)</u>	<u>\$ (2,353,041)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes				
Property taxes	\$ 11,108,956	\$ 10,780,238	\$ 11,325,760	\$ 13,806,279
Sales tax	8,344,606	8,615,944	9,607,321	10,955,561
Occupancy tax	441,560	439,389	487,773	520,947
Lodging/liquor/food tax	1,239,576	1,300,551	1,435,820	1,534,606
State aid distribution	1,496,408	1,690,974	1,757,995	1,923,989
Franchise taxes	549,499	599,808	668,229	897,694
Other taxes	536,180	450,555	673,191	511,954
Unrestricted investment earnings	750,390	868,736	1,409,418	2,585,623
Gain (loss) on disposal of assets	14,324	27,892	176,949	173,018
Transfers	1,225,130	(903,933)	(3,472,278)	(2,764,681)
Total governmental activities	<u>25,706,629</u>	<u>23,870,154</u>	<u>24,070,178</u>	<u>30,144,990</u>

Business-type activities:

Taxes				
Other taxes	62,911	69,357	67,271	21,487
Unrestricted investment earnings	396,668	392,750	819,900	1,704,943
Gain (loss) on disposal of assets	537,287	40,850	(2,381,188)	60,795
Transfers	(1,463,519)	903,933	3,472,278	2,764,681
Total business-type activities	<u>(466,653)</u>	<u>1,406,890</u>	<u>1,978,261</u>	<u>4,551,906</u>
Total primary government	<u>\$ 25,239,976</u>	<u>\$ 25,277,044</u>	<u>\$ 26,048,439</u>	<u>\$ 34,696,896</u>

Change in Net Assets

Governmental activities	\$ 12,384,314	\$ 17,215,169	\$ 9,116,198	\$ 11,674,120
Business-type activities	14,505,529	15,589,336	13,027,806	20,669,735
Total primary government	<u>\$ 26,889,843</u>	<u>\$ 32,804,505</u>	<u>\$ 22,144,004</u>	<u>\$ 32,343,855</u>

Note: The change in net assets in business-type activities from 2005 to 2006 is primarily due to an estimated \$7 million in net revenue that was generated to fund wastewater and water distribution upgrades.

*This report is new with the 2006 CAFR, and these line items have only been available since we implemented GABS #34 with our fiscal year ended December 31, 2003.

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

Fiscal Year	Property Taxes	Sales Tax	Occupancy Tax	Lodging/ Liquor/Food Tax	State Aid¹ Distribution	Franchise¹ Tax	Other¹ Taxes	Total
1997	\$ 6,913,977	\$ 6,540,124	\$ 338,235	\$ 960,403	\$ -	\$ -	\$ -	\$ 14,752,739
1998	7,185,873	6,802,804	361,736	935,628	-	-	-	15,286,041
1999	7,718,325	7,113,335	364,888	1,033,431	-	-	-	16,229,979
2000	8,242,803	7,500,496	396,792	1,075,264	-	-	-	17,215,355
2001	9,355,291	7,837,357	412,550	1,127,264	-	-	-	18,732,462
2002	9,589,715	8,324,913	433,946	1,204,279	-	-	-	19,552,853
2003	9,746,300	8,344,606	441,560	1,239,576	1,496,408	549,499	536,180	22,354,129
2004	10,780,238	8,615,944	439,389	1,300,551	1,690,974	599,808	450,555	23,877,459
2005	11,325,760	9,607,321	487,773	1,435,820	1,757,995	668,229	673,191	25,956,089
2006 ²	13,806,279	10,955,561	520,947	1,534,606	2,034,093	787,590	511,954	30,151,030

¹ This report is new with the 2006 CAFR, and these items have only been available since we implemented GASB #34 with our fiscal year end December 31, 2003.

² Includes tax revenues from pension trust funds.

Source: Fiscal Services

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

	FISCAL YEAR			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 38,301	\$ 12,722	\$ 107,382	\$ 166,269
Unreserved	16,190,368	17,151,618	17,346,623	18,783,976
Total general fund	<u>\$ 16,228,669</u>	<u>\$ 17,164,340</u>	<u>\$ 17,454,005</u>	<u>\$ 18,950,245</u>
All other governmental funds				
Reserved	\$ 2,931,734	\$ 3,860,452	\$ 3,631,228	\$ 3,497,652
Unreserved, reported in:				
Special revenue funds	16,018,061	15,688,666	16,296,449	14,824,377
Debt service funds	17,840,712	10,832,473	10,770,334	10,369,216
Capital project funds	284,059	691,325	(1,901,216)	(2,428,987)
Total all other governmental funds	<u>\$ 37,074,566</u>	<u>\$ 31,072,916</u>	<u>\$ 28,796,795</u>	<u>\$ 26,262,258</u>

*This report is new with the 2006 CAFR, and these line items have only been available since we implemented GABS #34 with our fiscal year ended December 31, 2003.

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

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
Taxes	\$ 15,684,714	\$ 16,192,658	\$ 17,326,647	\$ 18,389,491	\$ 19,955,956	\$ 21,352,293	\$ 21,605,720	\$ 21,654,618	\$ 23,439,089	\$ 25,735,796
Licenses and permits	795,784	959,261	963,334	806,014	991,339	1,021,652	1,199,400	1,495,736	1,790,488	1,668,051
Special assessments	4,198,901	5,225,595	4,561,559	4,596,572	5,905,661	4,970,403	5,105,366	5,558,789	5,873,191	6,185,745
Intergovernmental	7,388,333	7,500,733	8,032,882	8,489,067	12,600,047	9,868,621	11,060,656	12,179,858	10,611,893	11,386,666
Charges for services	3,740,502	3,748,281	3,402,431	4,362,725	4,246,430	4,424,915	4,269,843	4,908,485	4,296,509	5,378,503
Fines and forfeits	682,588	697,936	914,009	914,156	958,229	1,034,585	1,005,608	1,432,979	1,237,852	1,319,887
Investment income	1,762,881	1,577,020	1,935,278	2,343,258	2,324,339	1,500,271	715,746	844,944	1,377,270	2,101,972
Rentals	55,900	259,199	344,250	339,856	403,948	599,456	510,076	526,962	570,485	873,198
Miscellaneous	319,573	1,085,309	105,238	174,583	82,054	225,889	185,747	245,353	235,853	207,675
Total revenues	<u>34,629,176</u>	<u>37,245,992</u>	<u>37,585,628</u>	<u>40,415,722</u>	<u>47,468,003</u>	<u>44,998,085</u>	<u>45,658,162</u>	<u>48,847,724</u>	<u>49,432,630</u>	<u>54,857,493</u>
EXPENDITURES										
General government	8,007,861	6,078,553	5,460,350	5,353,173	5,813,893	9,205,332	7,669,823	8,571,651	10,466,183	9,497,701
Public safety	8,467,210	13,485,195	9,069,081	9,257,992	9,759,129	10,174,805	11,050,363	11,777,432	12,254,611	13,107,591
Highways and streets	3,852,841	4,175,204	4,211,093	4,146,253	4,489,716	4,665,493	5,150,211	5,525,879	5,177,548	5,381,364
Health and welfare	660,760	707,137	755,889	790,492	857,895	943,627	1,545,937	1,523,547	1,712,812	1,873,190
Culture and recreation	2,773,038	2,623,665	2,755,972	3,183,076	3,210,837	3,217,681	3,794,278	3,290,157	3,216,287	3,306,751
Public works	-	-	-	-	-	-	736,087	1,397,143	481,233	1,177,137
Capital outlays	12,258,459	8,047,599	13,009,448	12,169,518	13,028,701	15,115,563	17,150,742	13,929,004	15,401,924	26,441,850
Debt service										
Principal	4,340,000	4,750,000	5,730,000	5,275,001	5,380,065	5,855,360	5,845,001	6,225,000	6,605,000	5,620,000
Interest and fiscal charges	2,087,762	1,774,657	2,264,992	1,988,451	2,350,011	2,094,524	2,062,745	1,894,734	1,453,663	1,385,807
Total expenditures	<u>42,447,931</u>	<u>41,642,010</u>	<u>43,256,825</u>	<u>42,163,956</u>	<u>44,890,247</u>	<u>51,272,385</u>	<u>55,005,187</u>	<u>54,134,547</u>	<u>56,769,261</u>	<u>67,791,391</u>
Excess (deficiency) of revenues over (under) expenditures	(7,818,755)	(4,396,018)	(5,671,197)	(1,748,234)	2,577,756	(6,274,300)	(9,347,025)	(5,286,823)	(7,336,631)	(12,933,898)
OTHER FINANCING SOURCES (USES)										
Transfer in	14,086,633	13,881,283	14,424,691	9,548,753	10,308,050	21,796,551	17,003,809	14,579,467	14,479,141	21,670,671
Transfer out	(13,769,199)	(13,573,356)	(13,796,417)	(10,097,950)	(9,484,935)	(20,162,730)	(13,799,838)	(12,986,720)	(13,513,006)	(20,450,648)
Refunding bonds issued	-	-	3,920,000	-	6,090,880	1,989,999	7,295,000	2,005,000	-	-
Premium on special assessment debt	-	-	-	-	-	-	-	21,084	-	-
Discount on special assessment debt	-	-	-	-	-	-	-	(12,987)	(33,539)	(4,422)
Payment to refunded bond escrow agent	(12,530,000)	-	(4,247,972)	-	(1,050,000)	(4,825,000)	(1,925,000)	(8,960,000)	-	-
Special assessment bonds issued	4,562,650	4,361,792	4,035,000	3,981,095	5,685,439	6,094,938	5,085,000	4,675,000	4,290,000	10,680,000
Revenue bonds issued	5,709,927	8,638,826	-	-	-	-	-	-	-	-
General obligation bonds issued	340,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,599,989)</u>	<u>13,308,545</u>	<u>4,335,302</u>	<u>3,431,898</u>	<u>11,549,434</u>	<u>4,893,758</u>	<u>13,658,971</u>	<u>(679,156)</u>	<u>5,222,596</u>	<u>11,895,601</u>
Net changes in fund balances	<u>(9,418,744)</u>	<u>8,912,527</u>	<u>(1,335,895)</u>	<u>1,683,664</u>	<u>14,127,190</u>	<u>(1,380,542)</u>	<u>4,311,946</u>	<u>(5,965,979)</u>	<u>(2,114,035)</u>	<u>(1,038,297)</u>
Debt service as a percentage of noncapital expenditures	21.3%	19.4%	26.4%	24.2%	24.3%	22.0%	20.9%	20.2%	19.5%	16.9%

Source: Fiscal Services

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

Year	Commercial Land and Buildings	Residential Land and Buildings	Agricultural Land	Public Utilities	Total Taxable Assessed Value	Total True and Full Value	Assessed Value as a Percentage of True and Full Value	Total Direct Tax Rate
1996	\$ 268,638,660	\$ 556,395,033	\$ 370,400	\$ 29,979,370	\$ 855,383,463	\$ 1,710,766,926	50%	109.37
1997	282,367,460	588,472,245	353,700	30,719,690	901,913,095	1,803,826,189	50%	107.25
1998	303,040,640	617,220,978	335,450	18,012,760	938,609,828	1,877,219,656	50%	108.25
1999	326,128,580	654,613,945	394,650	18,816,080	999,953,255	1,999,906,509	50%	107.30
2000	342,229,500	686,593,922	339,650	21,110,850	1,050,273,922	2,100,547,844	50%	106.37
2001	358,373,810	723,852,156	324,700	22,451,500	1,105,002,166	2,210,004,331	50%	106.41
2002	374,284,710	763,429,078	282,900	21,099,040	1,159,095,728	2,318,191,456	50%	104.44
2003	390,791,510	808,050,456	295,050	22,386,450	1,221,523,466	2,443,046,931	50%	102.41
2004	409,533,790	870,033,934	274,850	23,057,610	1,302,900,184	2,605,800,367	50%	101.56
2005	451,493,820	943,417,311	227,800	23,153,410	1,418,292,341	2,836,584,682	50%	98.59

Source: Burleigh County Auditor/Treasurer Office

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

Fiscal Year ²	City of Bismarck			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Burleigh County Millage	Public School Millage	Bismarck Park District	State of North Dakota	
1996	105.05	4.32	109.37	70.17	260.72	39.00	1.00	480.26
1997	102.98	4.27	107.25	68.31	263.29	38.69	1.00	478.54
1998	104.03	4.22	108.25	66.70	265.07	38.76	1.00	479.78
1999	103.15	4.15	107.30	64.32	279.88	38.44	1.00	490.94
2000	102.74	3.63	106.37	63.71	277.88	37.98	1.00	486.94
2001	106.17	0.24	106.41	61.54	275.82	38.95	1.00	483.72
2002	103.98	0.46	104.44	64.00	274.09	39.01	1.00	482.54
2003	102.41	-	102.41	62.71	267.77	39.65	1.00	473.54
2004	101.56	-	101.56	65.05	262.21	40.62	1.00	470.44
2005	98.59	-	98.59	62.33	255.02	40.67	1.00	457.61

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

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

Source: Burleigh County Auditor

**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS
DECEMBER 31, 2006**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Metropolitan Life Assurance Company	\$ 20,877,050	1	1.47 %	\$ 17,968,350	1	2.02 %
Medcenter One	7,772,500	2	0.55	5,971,200	2	0.67
Wal-Mart Property North	6,443,900	3	0.45	-		
Wal-Mart Property South	6,139,200	4	0.43	-		
* VP Investments	5,660,750	5	0.40	5,597,000	3	0.63
Clark Equipment	4,912,250	6	0.34	3,576,550	4	0.40
Mindakota LTD	4,878,850	7	0.34	3,570,300	5	0.40
Future Source	4,815,500	8	0.34	-		
Basin Electric Cooperative	4,773,400	9	0.34	3,496,000	6	0.39
Sams Real Estate Trust	4,509,450	10	0.32	-		
* Mid Dakota Clinic	4,486,750	11	0.31	3,189,950	7	0.36
Menards	4,203,700	12	0.30	-		
Lowes Home Center	3,988,750	13	0.28	-		
Wal-Mart Store	-			2,655,950	8	0.30
Dakota Northwestern Associates	-			2,595,550	9	0.29
McKenzie Hotel	-			2,208,300	10	0.25
Totals	\$ 83,462,050		5.87	\$ 50,829,150		5.71

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

Source: Assessing Division

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

Fiscal Year	Total Tax Levy for Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	8,746,692	8,252,607	0.9435	62,420	8,315,027	0.9506
1998	9,041,881	8,540,922	0.9446	96,995	8,637,917	0.9553
1999	9,492,309	8,985,097	0.9466	78,815	9,063,912	0.9549
2000	10,028,887	9,452,491	0.9425	155,733	9,608,224	0.9581
2001	10,442,538	9,816,710	0.9401	158,846	9,975,556	0.9553
2002	10,986,290	10,234,527	0.9316	100,834	10,335,361	0.9408
2003	11,307,411	10,712,862	0.9474	121,021	10,833,883	0.9581
2004	11,679,935	10,982,789	0.9403	143,079	11,125,868	0.9526
2005	12,348,232	11,640,116	0.9427	117,743	11,757,859	0.9522
2006	13,055,553	12,260,459	0.9391	131,382	12,391,841	0.9492

¹ Previous fiscal year tax levy.

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
1997	\$ 3,225,000	\$ 5,720,000	\$ 26,105,000	\$ -	\$ 1,965,000	\$ -	\$ 37,015,000	0.0184 %	\$ 993
1998	2,755,000	14,075,000	27,280,000	-	1,235,000	-	45,345,000	0.0219	1,185
1999	960,000	12,805,000	28,380,000	-	425,000	-	42,570,000	0.0198	1,083
2000	665,000	11,290,000	28,900,000	-	-	-	40,855,000	0.0186	1,030
2001	345,000	9,695,000	36,095,000	-	-	-	46,135,000	0.0195	1,089
2002	60,000	11,040,000	32,470,000	-	-	-	43,570,000	0.0179	1,015
2003	-	16,875,000	31,305,000	565,508	-	300,104	49,045,612	0.0198	1,140
2004	-	8,335,000	31,335,000	123,338	-	233,140	40,026,478	0.0157	900
2005	-	6,655,000	30,705,000	-	-	141,907	37,501,907	0.0137	791
2006	-	5,970,000	36,450,000	-	10,000,000	79,737	52,499,737	0.0179	1,046

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

¹ See the Schedule of Demographic and Economic Statistics on page 126 for personal income and population data.

**CITY OF BISMARCK, NORTH DAKOTA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
1997	3,225,000	491,493	2,733,507	0.0030 %	\$ 51
1998	2,755,000	342,085	2,412,915	0.0026	45
1999	960,000	191,185	768,815	0.0008	14
2000	665,000	253,822	411,178	0.0004	7
2001	345,000	282,058	62,942	0.0001	1
2002	60,000	18,474	41,526	0.0000	1
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-

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

¹ See the Schedule of Assessed Value and True and Full Value of Taxable Property on page 118 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 126.

Sources:

Planning Department
Assessing Division
Fiscal Services

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$45,095,655	\$46,930,491	\$49,997,663	\$52,513,696	\$55,250,108	\$57,954,786	\$61,076,173	\$65,145,009	\$70,914,617	\$ 80,250,815
Total net debt applicable to limit	<u>7,852,703</u>	<u>15,396,947</u>	<u>12,322,174</u>	<u>411,178</u>	<u>62,942</u>	<u>41,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$37,242,952</u>	<u>\$31,533,544</u>	<u>\$37,675,489</u>	<u>\$52,102,518</u>	<u>\$55,187,166</u>	<u>\$57,913,260</u>	<u>\$61,076,173</u>	<u>\$65,145,009</u>	<u>\$70,914,617</u>	<u>\$ 80,250,815</u>
Total net debt applicable to the limit as a percentage of debt limit	17.41%	32.81%	24.65%	0.78%	0.11%	0.07%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2006

Total assessed value	\$ 1,605,016,307
Debt limit (5% of total assessed value)	80,250,815
Debt applicable to limit:	
General Obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 80,250,815</u>

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

Sources:
Assessing Division
Fiscal Services

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

Fiscal Year	Water Revenue Bonds						Special Assessment Bonds			
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
1997	\$9,747,058	\$ 5,533,229	\$ 4,213,829	\$700,000	\$ 92,555	5.32	\$ 3,247,021	\$ 3,220,000	\$ 241,363	0.94
1998	9,962,153	5,743,680	4,218,473	730,000	65,720	5.30	3,318,697	3,235,000	1,340,759	0.73
1999	9,867,647	4,965,072	4,902,575	810,000	31,973	5.82	3,293,877	3,390,000	1,358,419	0.69
2000	10,959,257	4,676,758	6,282,499	425,000	49,159	13.25	3,496,227	3,465,001	1,329,858	0.73
2001	11,918,706	5,075,069	6,843,637	-	-	-	3,492,066	3,465,065	1,640,866	0.68
2002	13,090,703	5,461,252	7,629,451	-	-	-	3,997,121	3,835,000	1,535,127	0.74
2003	13,396,192	5,609,458	7,786,734	-	-	-	4,192,468	4,325,001	1,369,288	0.74
2004	13,608,651	5,884,521	7,724,130	-	-	-	4,485,376	4,685,000	1,236,404	0.76
2005	14,995,914	6,290,238	8,705,676	-	-	-	4,693,578	4,920,000	1,195,692	0.77
2006	17,290,470	7,149,479	10,140,991	-	-	-	4,922,034	4,935,000	1,160,817	0.81

Fiscal Year	Sales Tax Bonds					Motel, Liquor, Restaurant Bonds			
	Sales Tax Collections	Debt Service			Coverage	Lodging, Liquor, Food Tax Collections	Debt Service		
		Principal	Interest	Coverage			Principal	Interest	Coverage
1997	\$ 6,540,124	\$ -	\$100,804	64.88	\$ 960,403	\$ 3,755,000	\$ 212,247	0.24	
1998	6,802,804	1,045,000	266,835	5.19	935,628	-	-	-	
1999	7,113,335	1,090,000	218,765	5.44	1,033,431	180,000	589,568	1.34	
2000	7,500,496	1,135,000	168,625	5.75	1,075,264	380,000	446,910	1.30	
2001	7,837,357	1,185,000	116,415	6.02	1,127,264	410,000	428,860	1.34	
2002	8,324,913	1,295,360	45,674	6.21	1,204,279	440,000	409,385	1.42	
2003	8,344,606	990,000	79,263	7.80	1,239,576	470,000	612,732	1.14	
2004	8,615,944	1,015,000	49,188	8.10	1,300,551	525,000	609,142	1.15	
2005	9,607,321	1,045,000	16,981	9.05	1,435,820	640,000	240,990	1.63	
2006	10,955,561	-	-	-	1,534,606	685,000	224,990	1.69	

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

Source: Fiscal Services

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

Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income²	Median Age¹	Education Level in Years of Formal Schooling⁴	Public School Enrollment³	Unemployment Rate⁴
1997	53,982	\$ 2,011,855,158	\$ 37,269	35.4	-	10,747	2.3%
1998	54,040	2,068,651,200	38,280	35.8	-	10,761	3.0
1999	54,571	2,145,568,007	39,317	36.0	-	10,607	3.0
2000	55,392	2,197,068,288	39,664	36.2	-	10,476	2.5
2001	55,873	2,366,556,788	42,356	36.5	-	10,460	2.2
2002	56,798	2,437,599,766	42,917	36.7	-	10,359	3.3
2003	57,530	2,475,918,610	43,037	36.7	-	10,361	3.1
2004	57,237	2,545,943,543	44,481	36.8	-	10,440	2.7
2005	57,578	2,729,657,824	47,408	36.5	-	10,496	3.0
2006	58,264	2,925,377,176	50,209	36.5	13.6	10,591	2.8

**This is a new table with our 2006 CAFR. Some of the previous year information is not available.

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

Sources:

- ¹ Planning Department
- ² State Tax Department
- ³ Bismarck Public Schools
- ⁴ North Dakota Job Service

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

Function	Full-time Equivalent Employees as of December 31		
	2004	2005	2006
General government	51	53	58
Public safety			
Combined communications	20	20	21
Police			
Officers	92	92	90
Civilians	24	24	25
Fire			
Firefighters and officers	63	63	63
Civilians	12	13	13
Highways and streets			
Engineering	21	21	21
Maintenance	55	56	56
Health and welfare	19	20	22
Culture and recreation	15	15	15
Airport	19	20	20
Solid Waste	37	37	37
Water and sewer	53	54	53
Total	481	488	494

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

Source: Fiscal Services

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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Physical arrests	3,258	3,314	2,687	2,812	2,269	2,214	3,237	5,045	3,837	2,821
Traffic citations	9,227	10,037	9,598	8,938	9,604	10,466	10,954	14,111	12,785	13,230
Parking citations	42,252	35,242	31,475	29,819	29,113	24,205	19,990	14,055	13,717	13,670
Number of accidents	3,337	3,142	2,921	2,865	2,960	3,129	3,158	3,018	3,184	3,184
Number of 911 emergency dispatches	6,685	6,316	5,622	2,597	2,796	3,005	3,572	4,257	2,926	3,762
Fire										
Number of calls answered	2,887	1,799	2,100	1,745	1,900	2,053	2,224	2,093	2,153	2,376
Number of fire inspections conducted	1,692	2,279	2,000	2,000	2,250	2,509	2,238	2,466	2,350	2,542
Number of building inspections conducted	11,514	11,259	11,779	9,589	11,302	4,119	4,480	4,796	5,352	5,864
Number of environmental health inspector	2,664	3,583	4,000	3,698	4,752	3,676	3,172	4,684	3,966	3,770
Highways and streets										
Engineering										
Number of excavation permits	707	700	672	543	531	576	742	619	657	812
Number of improvement projects	49	48	57	54	54	43	58	38	57	77
Forestry										
Number of street trees planted	665	777	520	545	475	408	397	506	549	495
Number of street trees trimmed	1,652	1,978	3,191	3,378	2,733	2,798	3,470	3,568	2,662	2,440
Number of street trees removed	222	172	213	114	61	98	144	163	96	177
Roads and streets										
Potholes repaired	1,250	2,000	1,500	2,245	2,685	3,228	3,448	3,486	3,231	3,120
Street striping (miles)	140	150	150	98	102	190	104	185	104	105
Snow removal (hours)	8,719	6,521	2,013	5,888	6,452	2,523	2,497	25	1,673	3,421
Sand Ice removal (tons)	9,160	14,260	14,807	12,860	7,299	10,900	7,976	10,656	10,200	10,987
Salt Ice removal (tons)	415	594	540	514	485	640	578	1,162	1,014	762
Loads of snow hauled	6,253	10,797	1,103	4,856	998	1,400	1,668	16	1,122	1,974
Health and welfare										
Number of home visits	4,566	4,457	4,880	4,132	4,427	4,453	4,401	4,480	5,248	5,848
Number of immunizations	7,955	5,398	7,305	4,349	8,155	5,417	3,505	4,494	2,928	6,243
Number of office visits	2,220	2,128	4,175	3,442	3,796	3,708	3,784	5,902	2,365	5,040
Culture and recreation										
Auditorium events	47	45	54	55	56	54	57	55	65	55
Auditorium admissions	20,798	24,488	31,804	32,679	29,469	29,508	26,273	28,524	34,321	28,589
Community center events	340	350	338	319	316	302	200	211	250	283
Community center admissions	426,245	475,000	305,020	432,280	355,884	401,563	380,210	328,652	310,000	326,853

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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Airport										
Gallons fuel dispensed	1,644,342	2,019,342	2,253,610	1,888,249	1,339,070	1,702,615	1,534,584	1,730,473	1,541,152	1,368,186
Number of passengers-enplaning	122,435	122,058	127,812	134,483	131,246	139,343	141,090	159,963	174,567	180,674
Number of passengers-deplaning	122,094	122,316	128,296	134,396	130,760	139,978	141,307	160,613	172,766	180,170
Pounds of airmail-enplaning	1,121,849	642,950	631,243	236,627	456,651	441,852	402,390	16,076	3,455	-
Pounds of airmail-deplaning	1,500,572	1,313,513	1,125,120	1,127,393	856,096	5,235	1,595	7	-	-
Pounds of freight-enplaning	147,543	159,400	141,213	171,222	171,193	126,783	125,547	153,600	115,018	123,791
Pounds of freight-deplaning	372,769	270,680	247,518	219,325	170,176	152,469	169,122	209,302	131,188	133,518
Solid Waste										
Refuse collected (tons/year)	Unavailable		20,333	22,896	18,090	21,834	21,077	26,234	26,533	22,941
Garbage accepted for disposal (tons/year)	Unavailable		85,510	84,004	86,125	89,485	89,234	83,277	81,610	81,050
Acres used at landfill	1	1	3	1	1	3	2	2	2	2
Water										
Number of service connections	14,706	14,850	14,900	15,900	15,900	15,950	16,100	16,400	16,850	17,250
Average daily consumption (thousand of gallons)	9,903	9,510	8,560	9,027	9,569	10,324	10,285	9,360	9,947	11,690
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,580	6,430	7,280	6,770	6,860	6,170	6,040	5,960	6,290	6,040

Note: Indicators are not available for the general government functions.

Sources:

Fiscal Services
Engineering Department
Fire & Inspections
Police Department
Airport Department
Public Works Departments

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	20	18	19	19	20	20	21	21	21
Fire stations	3	3	3	3	3	3	3	4	4	4
Highways and streets										
Streets (miles)	213	217	233	235	239	245	295	320	345	357
Streetlights	5,207	5,308	5,385	5,390	5,650	5,650	5,900	6,204	6,619	6,718
Traffic signals	27	29	31	42	49	60	77	86	92	106
Culture and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Airport										
Terminal building	1	1	1	1	1	1	1	1	1	1
Waste Collection										
Collection Trucks	16	16	16	16	17	17	17	20	20	21
Water										
Watermains (miles)	241	246	248	235	258	263	268	275	301	308
Fire hydrants	2,158	2,196	2,221	2,300	2,319	2,370	2,400	2,459	2,629	2,695
Maximum daily water treatment capacity (thousand of gallons)	29,000	29,000	26,000	26,000	30,000	30,000	30,000	30,000	30,000	30,000
Sewer										
Sanitary sewers (miles)	214	217	221	225	231	236	241	247	256	267
Storm sewers (miles)	94	96	96	97	98	99	100	102	133	134
Maximum daily wastewater treatment capacity (thousand of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Parking Lots										
Number of parking lots	4	4	4	4	4	4	4	4	4	4

Note: Parking lots only include Parking Authority lots.

Source:

Fiscal Services
Police Department
Public Works



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, 2006, 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 May 4, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bismarck's internal control over financial reporting. Accordingly, we do not express an opinion on the City of Bismarck's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

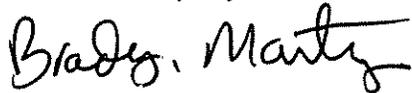
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management of the City of Bismarck in a separate letter dated May 4, 2007.

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 & ASSOCIATES, P.C.

May 4, 2007



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, 2006. 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, 2006.

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.

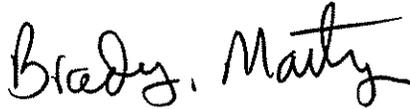
BRADY, MARTZ & ASSOCIATES, P C
207 East Broadway, P O Box 1297
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

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

RSM McGladrey Network
An Independently Owned Member

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.

May 4, 2007

CITY OF BISMARCK
SCHEDULE OF FEDERAL EXPENDITURES AND PROGRAMS
AS OF DECEMBER 31, 2006

Grantor	Passed through Program	CFDA #	Expenditures
<i>Housing and Urban Development</i>			
Direct	CDBG	14.218	\$ 345,164
	ND Department of Commerce		
	HOME	14.239	<u>130,363</u>
	Total U.S. Department of Housing and Urban Development		<u><u>475,527</u></u>
<i>Department of Justice</i>			
Direct	COPS Universal Hiring Program	16.710	417
Direct	COPS Cops in Schools	16.710	95,999
Direct	COPS Secure our Schools	16.710	18,986
Direct	Interoperable Communications Grant	16.710	28,500
Direct	Law Enforcement Technology	16.710	<u>27,743</u>
			<u>171,645</u>
Direct	Justice Assistance Grant	16.738	6,720
Direct	Bullet Proof Vest/Armor	16.607	3,741
Direct	Edward Byrne - Abused Adult Resource Center	16.579	11,036
	ND Highway Patrol		
	Alcohol Enforcement	16.540	<u>8,652</u>
	Total Department of Justice		<u><u>201,794</u></u>
<i>Department of Agriculture</i>			
	ND Forest Service		
	America The Beautiful Tree Planting	10.675	3,000
<i>Department of Transportation</i>			
Direct	Airport Improvement Project #34	20.106	78,101
Direct	Airport Improvement Project #35	20.106	229,889
Direct	Airport Improvement Project #36	20.106	<u>1,985,837</u>
			<u>2,293,827</u>
Direct	Small Community Air Service Research	20.930	956,750
Direct	UMTA - E/H Transit	20.507	1,499,918
	ND Department of Transportation		
	MPO	20.205 *	211,011
	MPO-I-94/Expressway Study	20.205 *	108,248
	MPO-US 83 Corridor Study	20.205 *	<u>28,350</u>
			<u>347,609</u>
	State Attorney General		
	State Fire Marshall Training	20.703	15,000
	State Fire Marshall Training	20.703	<u>570</u>
			<u><u>15,570</u></u>

North Dakota State University			
	Highway Planning and Construction	20 205 *	8,201
State Highway Department			
	Safety Incentive Grants for Safety Belts	20.600	4,782
	Radar Equipment	20.600	1,308
			<u>6,090</u>
	Alcohol Compliance and Server Training	20.601	6,839
	Alcohol Compliance and Server Training	20.601	1,246
			<u>8,085</u>
	Audible Pedestrian Signal	20 205 *	4,360
	Wetland Nature trail	20 205 *	22,957
			<u>27,317</u>
			<u>5,163,367</u>
Total Department of Transportation			
 <i>US Department of Commerce</i>			
Direct	Northern Plains Commerce Center	11 307	1,024,050
 <i>National Endowment for the Arts</i>			
	North Dakota Council of the Arts		
	Promotion of the Arts - Partnership Agreement	45 025	600
 <i>Department of Homeland Security</i>			
	North Dakota Department of Emergency Management		
	Homeland Security-Equipment	97.004	86,804
	Homeland Security-Equipment	97.004	390,000
	Homeland Security-Equipment	97.004	2,776
	Homeland Security-Fire & Inspections	97.004	18,370
	Homeland Security-Training Activities	97.004	13,667
	Homeland Security-Terrorism Prevention Equipment	97.004	892
	Homeland Security-Law Enforcement Equipment	97.004	26,575
	Homeland Security-Flu Clinic Exercise	97.004	190
	Emergency Medical Response	97.004	1,468
			<u>540,742</u>
	Emergency Mgt Performance Grant	97.042	6,884
	Homeland Security-Environmental Health	97.073	7,129
	Homeland Security-Environmental Health	97.073	585
	Homeland Security-Fire & Inspections	97.073	37,129
	Homeland Security-Law Enforcement Equipment	97.073	74,576
	Homeland Security-CBRNE Equipment & Supplies	97.073	18,540
			<u>137,959</u>
	Homeland Security-Law Enforcement Equipment	97.074	165,276
	Homeland Security-Law Enforcement Equipment	97.074	4,000
	Homeland Security - Emergency Mgt	97.074	13,967
			<u>183,243</u>
	Homeland Security-Law Enforcement Equipment	97.078	49,941
			<u>918,769</u>
Total Department of Homeland Security			

U.S. Department of Health and Human Services

North Dakota Department of Health

Tuberculosis	93.116	7,966
Immunization	93.268	229
Immunization	93.268	37,460
		<hr/>
		37,689
Women's Way-Breast & Cervical Cancer Screening	93.283	42,197
Tobacco Prevention & Control	93.283	37,208
West Nile Virus-Vector Control	93.283	5,962
Bioterrorism - PIO	93.283	18,353
Bioterrorism - Env Health	93.283	45,703
Bioterrorism - Env Health	93.283	22,150
Bioterrorism Reponse Coordinator	93.283	66,839
Bioterrorism Reponse Coordinator	93.283	21,461
Emergency Preparedness & Resp/Pan Flu Asst	93.283	3,715
Emergency Preparedness & Resp/Pan Flu Asst	93.283	41
Emergency Preparedness & Resp/Pan Flu Asst	93.283	6,752
Public Health Volunteer Reserve Program	93.283	3,333
Public Health Emergency Preparedness and Response	93.283	33,981
Public Health Emergency Preparedness and Response	93.283	3,375
		<hr/>
		311,070
Ryan White CARE	93.917	6,040
HIV Testing	93.940	8,890
ND Health Tracks	93.991	69,985
Maternal & Child Health/OPOP	93.994	82,965
		<hr/>
		524,605

Total Department of Health and Human Services

Environmental Protection Agency

Direct	Capitalization Grant for State Revolving Funds	66.458	2,181,657
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Totals

\$ 10,493,369

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 \$383,127

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
Department of Transportation UMTA - E/H Transit	20.507	\$ 1,499,918

CITY OF BISMARCK

Schedule of Federal Findings and Questioned Costs

December 31, 2006

1. Summary of auditor's results

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

An unqualified opinion was issued.

- b) Disclosure of significant deficiencies in internal controls and whether any were material weaknesses.

No significant deficiencies 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 significant deficiencies in internal control over major programs and whether any were material weaknesses.

We noted no significant deficiencies 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:

11.307	Economic Adjustment Assistance
20.507	UMTA – E/H Transit
66.458	Capitalization grant for clean water state revolving funds
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance
97.004	State Domestic Preparedness Equipment Support Program
97.073	Homeland Security Grant
97.074	Homeland Security Grant

- 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.

None