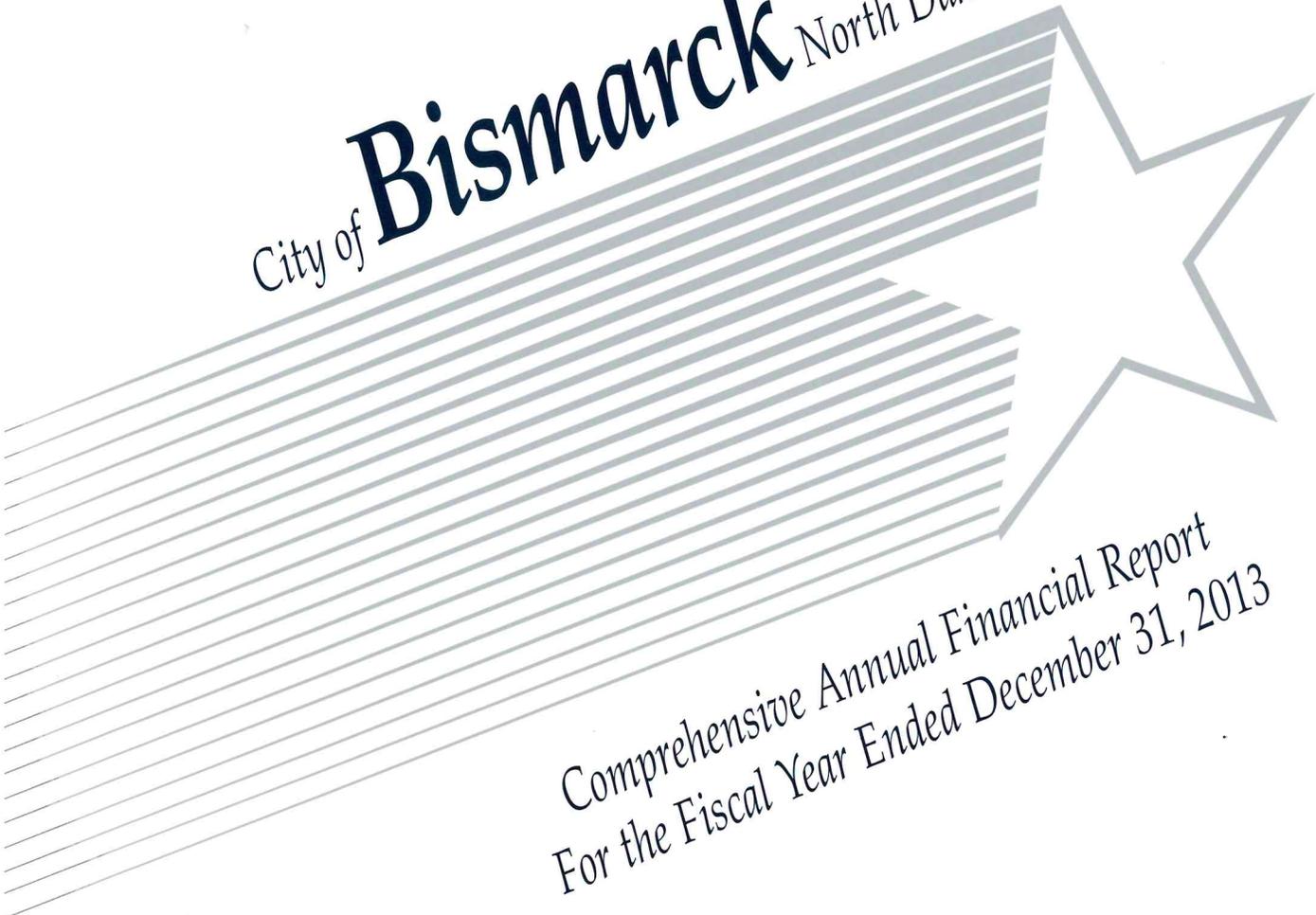


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2013

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2013

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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Bismarck Fiscal Services Division

June 24, 2014

**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, 2013 is hereby submitted. This complete set of financial statements has been prepared by the Fiscal Services Division of the City's Finance Department in accordance with generally accepted accounting principles (GAAP) and audited by an independent licensed certified public accounting firm in accordance with the generally accepted auditing standards and applicable laws.

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

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

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

State statutes and local ordinances require an annual audit by independent certified public accountants. The firm of Eide Bailly LLP has audited the financial statements of the City of Bismarck. The audit provides reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Eide Bailly LLP concluded that the audit provides a reasonable basis for an unqualified opinion, and the City of Bismarck's financial statements for the fiscal year ending December 31, 2013 are in conformity with generally accepted accounting principles (GAAP). The auditor's report is presented in the financial section of this report.

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

Finance Department ★ Fiscal Services Division

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City of Bismarck Profile

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

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

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

The City adopts an annual appropriation 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 appropriation 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 and is committed to new as well as current initiatives that support the economic growth of our City.

The City became a member of a consortium in 2012 that participates in the Small Business Credit Initiative, a federal program to help small businesses expand and create jobs. In 2013 this consortium, the North Dakota Opportunity Fund, had loan commitments of \$7.6 million for start-ups and expansions for 27 small businesses in the state. This included \$2.8 million for 8 small businesses in Bismarck which comprised office buildings, retail sales, day care and hotels.

The Commission continues the Renaissance Zone program established 2001 to encourage reinvestment through property and income tax incentives in a 39 block area of downtown properties. This program has contributed to revitalization of downtown with numerous new business including retail, services and residential units. The construction of a \$23 million a three story mixed used building that includes residential units, office space, a restaurant and underground parking was started in 2012 and is expected to be completed in 2015. A total of 88 projects have been completed with 55 new businesses which have created 371 jobs to date. The building value of Zone projects of \$32 million has more than doubled and reflects the commitment of the City Commission to strengthen the core of our community. The City also continues the Core Incentive Grant Program to encourage rehabilitation of current businesses and recreate new development downtown. The incentives are funded from the Tax Increment District and includes grants for façade and signage, housing, technical assistance and sidewalk subsurface vaults. Eight new grants were approved in 2013. Grants approved to date total \$532,595 which leveraged a total investment of \$1,331,342. The program serves as a foundation to stimulate new development and increased tax base in the downtown.

The City also completed a study to develop a master plan for improvements in the downtown subarea in 2013. The fundamental concepts of the study call for public investments to stimulate substantial private investments. The four key projects identified in the study include calming traffic flow on Main Avenue, a public gathering place on the Depot Plaza, seamless pedestrian walkway on 5th Street and a convention hotel site at the Civic Center. In the spring of 2014 the City Commission appointed a Downtown Subarea Task Force to review and consider implementation of the plan.

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

The Bismarck MSA continued to post the lowest unemployment rates in the country. The rate was 2.3% as compared to the national rate of 7% in November of 2013. The local economic outlook remains positive as Bismarck continues to create and sustain jobs. Total employment through November 2013 was 70,500 in comparison to 67,700 for the same time period in the prior year. This was reflected in the 2013 Milken Institute Best-Performing Cities Index which ranked Bismarck #4 on how well jobs and economic growth are created and sustained and the Forbes "Best Small Places for Business and Careers" for metros under 250,000 populations.

Growth in Bismarck-Mandan MSA continues. The MSA was ranked as the 5th fastest growing metropolitan with population of 50,000 based on the Census population estimates. The 2012 population estimate for the MSA was 113,875. Bismarck Public Schools have reported record enrollments of 11,776 for K-12 students.

The growth in jobs and businesses is reflected in the increase in taxable sales and purchases in 2013 as compared to 2012 for Bismarck. Sales tax was up 3.7% and hospitality taxes also had increases. The revenue increase for motel, restaurant and liquor tax was 7% and the hotel and motel tax was 10%. The increases follow double digit increases in 2012.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2013, 645 building permits were issued for residential construction within the City's corporate limits which was up from 594 in 2012. This included 412 single-family homes and 688 multi-family homes, which provided an additional 1,100 residential units. Residential construction in the City's extraterritorial jurisdiction and the adjacent zoned areas of Burleigh County also continued to grow with a total of 174 single-family building permits issued in 2013. Commercial growth also increased which included retail services, hotels, and apartments with 104 commercial buildings permits and 2 public buildings. Growth in the property tax base for the year 2013 was 14.57%. The table below provides the percentage change by property classification.

Property Class	2012	2013	Percentage
	Market Value	Market Value	Change
Commercial	\$1,695,619,400	\$1,943,319,400	14.61 %
Residential	3,130,391,500	3,585,963,600	14.55 %
Agricultural	574,400	575,200	.14 %
Total	\$4,826,585,300	\$5,529,858,200	14.57 %

The oil industry in western North Dakota continues to have a statewide impact as evidenced by the growth in property valuations. North Dakota has the country's fastest-growing economy and lowest unemployment rate. The Enterprise States report ranked North Dakota #1 in a 2013 study on economic performance. The State had top rankings in long-term and short-term growth, STEM growth, per capita growth and gross state product. It was noted that much of the growth is taking place outside of the oil boom, in larger cities such as Bismarck. With oil development, Bismarck has become an attractive location for businesses that work on a regional level with companies serving the oil industry.

The City is in the process of updating the 2003 Growth Management Plan. This will assist the community leader and staff in the management of infrastructure improvements and community investments so we are in a position to respond to rapid growth. The plan is scheduled for completion in the spring of 2014.

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 \$808,004 with an average interest rate of .83% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee pension and Police pension had a net investment increase of \$13,728,065 for an average gain of 14.2% for the fiscal year.

Major Initiatives in 2013

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

A city-wide project was initiated in 2012 to select an integrated land records management system. CRW was selected and the implementation of the TRAKit system was started in the fall with an expected "go live" date in the fall of 2014. TRAKit is a browser base city-wide system that provides mobile access, public on-line features and based on the City GIS database. The new system will provide improved efficiencies and redesigned workflows with less reliance on paper and custom developed databases.

The Bismarck Airport was one of five in North Dakota that set annual passenger records in 2013. The passenger boardings totaled 237,683 up from 236,172 in 2012. The Airport added a non-stop flight to Orlando, Florida and completed the last phase of a \$12.5 million reconstruction of the terminal apron.

Following the historical Missouri River flood event in 2011, the City developed a flood mitigation plan in 2012 for future flood or ice jam events. A major mitigation project at Riverwood Drive and Mills Avenue that raised the grade level for flood protections was substantially completed in the fall of 2013.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$2.2 million was used to replace 42 blocks of hard surfaced streets with permanent full depth concrete which was coordinated with the replacement of water main replacement in 24 blocks. An additional \$1.9 million was used to help fund annual resurfacing mill and overlay chip seal in 261 blocks and \$1.5 million the reconstruction of 11.5 blocks of ground water impacted streets. The total estimated cost for the annual street maintenance exceeded \$16 million for 2013.

Engineering used the results of the pavement management survey of 2012 that determined the condition of the streets, to prioritize and schedule the annual street maintenance projects and optimize the current funding. The survey will also be used to identify the five year funding requests for the Capital Improvement Project

The Water Utility selected New World Systems, (NWS), as the vendor for a new meter reading system and billing system to enhance services in the City. The system was implemented and was operational in October of 2013. NWS is also used for the City financial system so it also provides an integrated system for on-line billing and payment for customers. The City also selected Paymentus as the third part vendor for the payment processing. The selection process was started in 2013 to replace the meters and approval of the vendor is scheduled for the spring of 2014.

In 2013, there were 444 development applications, 437 residential lots approved and 32 annexations for a total of 481.5 acres and 75 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 23 special assessment districts in new developments for pavement, sanitary sewer, water and street light improvements. An interim traffic signal was installed at Washington Street and N. 43rd Avenue. Washington Street is a major arterial street in the City and the north is the area experiencing rapid growth.

The Commission approved a contract with Waste Management in the fall to start residential recycling collection in the spring of 2014. The bi-weekly service will provide curbside single-sort collection and also maintain nine disposal sites for excess or large recyclables.

The \$27 million expansion project at the Civic Center Exhibit Hall was started in 2013 with substantial completion expected in the May of 2014 for the Petroleum Conference annual event. A major boiler project was also completed at the Civic Center in 2013.

A new parking ramp is under construction on 6th street and Broadway. The \$30 million project will provide an additional 460 parking places downtown and completion is expected in the fall of 2014.

The activity at the Northern Plains Commerce Centre continues to grow. Tubular Transport & Logistics, the current operator of transload facility at NPCC, acquired additional 11.36 acres at the site in 2013. Northern Metals Recycling also acquired 8 acres for development. G&K Services signed a purchase agreement for 4.8 acres to build a new facility for a uniform rental and facility products. The Bobcat Manufacturing Support Center, the initial tenant at NPCC, also purchased 24.789 additional acres for the expansion of the Manufacturing Support Center. The ground breaking for the \$20 million expansion in the spring of 2013 will provide an additional 160,000 square feet and initially house 135 employees.

All of these initiatives reflect the Commission's commitment to the keys areas of the Strategic Plan for economic vitality, community character, civic engagement and community services.

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, 2012. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Sheila Hillman
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

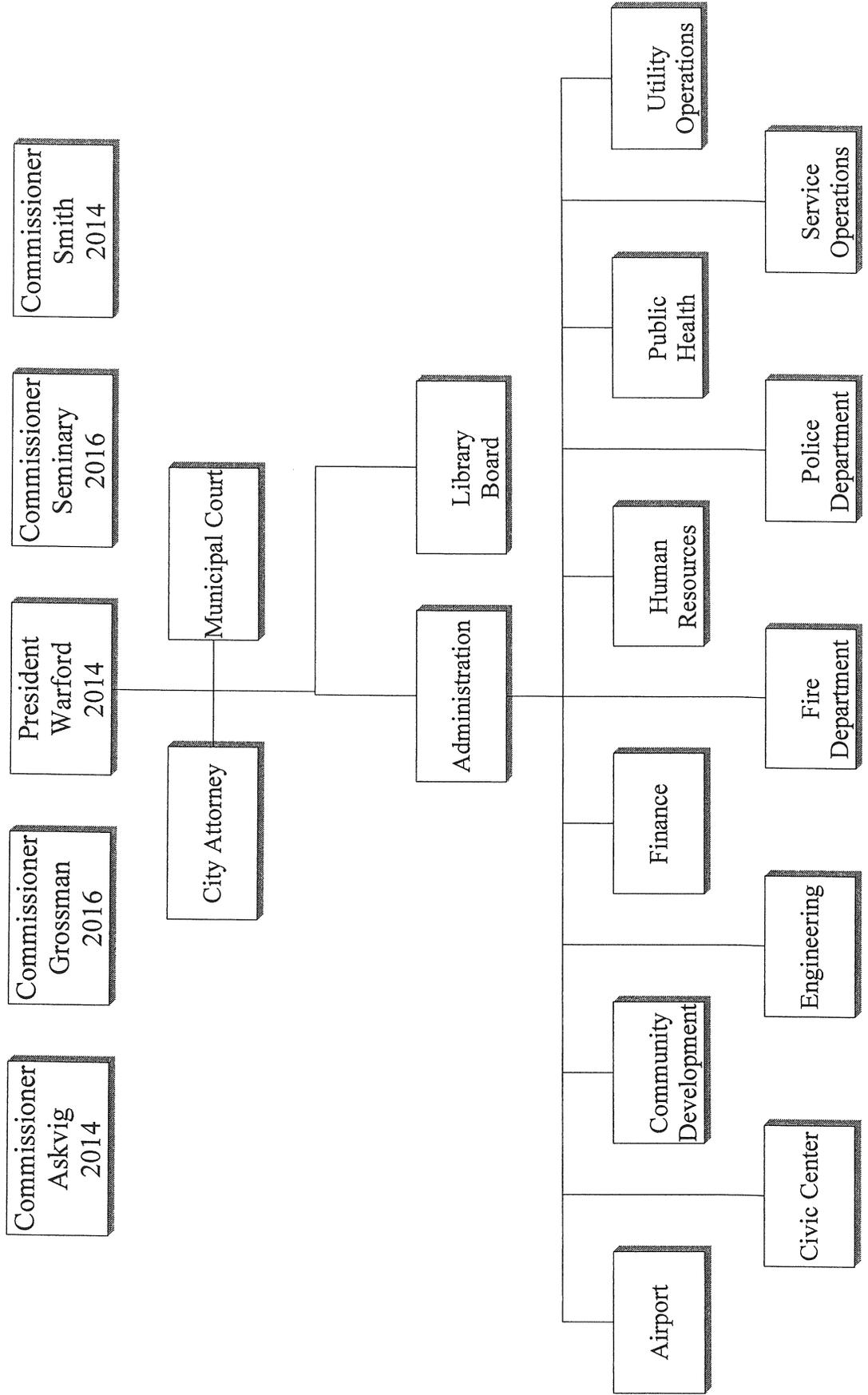
**City of Bismarck
North Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

City of Bismarck



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

Mayor-Commissioners:

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

Other Elected Officials:

Municipal Judge..... William Severin

Appointed Officials:

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

Department Directors:

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



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota, as of December 31, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof and the budgetary comparison for the General Fund and Sales Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of Management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2014 on our consideration of the City of Bismarck's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bismarck's internal control over financial reporting and compliance.



Bismarck, North Dakota
June 24, 2014

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 5 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bismarck exceeded its liabilities at the close of the most recent fiscal year by \$687,565,322 (net position). Of this amount, \$188,547,549 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$53,765,387 which was a increase of \$16,255,439 over 2012. The overall increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. The current year increase in funding is the result of an increase in special assessment improvement revenue.
- At the close of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$338,924,569, an increase of \$34,321,579 in comparison with the prior year. The unrestricted net position of \$136,188,454, 40.18% of the governmental net position, are available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,868,320 and the assigned fund balance was \$5,654,308. The assigned and unassigned fund balance is 98.45% of total general fund expenditures and 85.79% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$153,320,020 which was a increase of \$12,138,930 over 2012. This increase is attributed to charges for services and special assessment projects due to the significant growth in the City of Bismarck.

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

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

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

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

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

Fund financial statements

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 27 - 30 of this report.

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 73 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bismarck's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61 - 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bismarck, assets exceeded liabilities by \$687,565,322 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Position as of December 31, 2012 and December 31, 2013.

City of Bismarck Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 148,759,811	\$ 173,777,526	\$ 62,662,099	\$ 92,696,168	\$ 211,421,910	\$ 266,473,694
Capital assets	234,150,846	260,739,227	312,274,001	340,074,916	546,424,847	600,814,143
Total assets	382,910,657	434,516,753	374,936,100	432,771,084	757,846,757	867,287,837
Long-term liabilities outstanding	69,756,402	83,197,195	34,345,088	72,999,204	104,101,490	156,196,399
Other liabilities	8,551,265	12,394,989	11,394,067	11,131,127	19,945,332	23,526,116
Total liabilities	78,307,667	95,592,184	45,739,155	84,130,331	124,046,822	179,722,515
Net position:						
Net investment in capital assets	166,974,373	180,195,611	280,053,990	289,017,006	447,028,363	469,212,617
Restricted	17,512,811	22,540,504	8,419,928	7,264,652	25,932,739	29,805,156
Unrestricted	120,115,806	136,188,454	40,723,027	52,359,095	160,838,833	188,547,549
Total net position	\$ 304,602,990	\$ 338,924,569	\$ 329,196,945	\$ 348,640,753	\$ 633,799,935	\$ 687,565,322

By far the largest portion of the City of Bismarck's net position (68.2%) 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 26%. The ratio reflects the City of Bismarck's strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Bismarck's net position (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$188,547,549 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$136,188,454 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 position 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 6.92 and for the business-type activities is 6.14 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Position for the fiscal year ending December 31, 2012 and December 31, 2013.

City of Bismarck Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues:						
Charges for services	\$ 10,086,548	\$ 12,468,714	\$ 37,325,638	\$ 38,259,287	\$ 47,412,186	\$ 50,728,001
Operating grants and contributions	11,335,009	13,663,676	-	68,057	11,335,009	13,731,733
Capital grants and contributions	21,559,092	27,917,289	11,361,611	9,212,197	32,920,703	37,129,486
General revenues:						
Taxes	46,176,434	46,229,410	61,658	56,441	46,238,092	46,285,851
Investment earnings	632,739	362,192	189,974	82,393	822,713	444,585
Gain on disposal of assets	49,510	107,871	2,402,877	4,892,493	2,452,387	5,000,364
Total revenues	89,839,332	100,749,152	51,341,758	52,570,868	141,181,090	153,320,020
Expenses:						
General Government	15,456,780	15,602,062	-	-	15,456,780	15,602,062
Public Safety	19,192,839	19,578,855	-	-	19,192,839	19,578,855
Highways and Streets	8,061,851	8,324,951	-	-	8,061,851	8,324,951
Health and Welfare	3,024,156	3,068,043	-	-	3,024,156	3,068,043
Culture and Recreation	2,727,686	2,755,016	-	-	2,727,686	2,755,016
Interest and Fiscal Charges	2,067,666	2,245,752	-	-	2,067,666	2,245,752
Public Works	16,242,401	9,248,433	-	-	16,242,401	9,248,433
Airport	-	-	6,419,847	6,852,348	6,419,847	6,852,348
Civic Center	-	-	7,943,750	8,270,394	7,943,750	8,270,394
Solid Waste Disposal	-	-	2,385,838	2,655,380	2,385,838	2,655,380
Solid Waste Collections	-	-	2,165,553	2,198,750	2,165,553	2,198,750
Water	-	-	9,118,635	9,516,385	9,118,635	9,516,385
Sanitary Sewer	-	-	5,832,427	6,000,337	5,832,427	6,000,337
Storm Water	-	-	1,701,198	1,828,442	1,701,198	1,828,442
Commercial Property	-	-	339,567	379,303	339,567	379,303
Parking Authority Lots	-	-	990,948	1,030,182	990,948	1,030,182
Total expenses	66,773,379	60,823,112	36,897,763	38,731,521	103,671,142	99,554,633
Increase in net position before transfer	23,065,953	39,926,040	14,443,995	13,839,347	37,509,948	53,765,387
Transfers	(2,173,274)	(5,604,461)	2,173,274	5,604,461	-	-
Increase in net position	20,892,679	34,321,579	16,617,269	19,443,808	37,509,948	53,765,387
Net position, as adjusted - 1/1	283,710,311	304,602,990	312,579,676	329,196,945	596,289,987	633,799,935
Net position - 12/31	\$ 304,602,990	\$ 338,924,569	\$ 329,196,945	\$ 348,640,753	\$ 633,799,935	\$ 687,565,322

Governmental Activities

Governmental activities increased the City of Bismarck's net position by \$34,321,579, accounting for 63.8% of the total increase in the net position of the City of Bismarck. The increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. Projected projects included \$27.5 million in special assessment improvement revenue.

Business-type Activities

Business-type activities increased the City of Bismarck's net position by \$19,443,808, accounting for 36.2% of the total growth in the City of Bismarck's net position. Water and Sanitary Sewer rates were increased to provide revenue for future funding of infrastructure improvements. Capital Contributions from special assessments contributed to an increase in revenue for new water, sanitary sewer and storm sewer assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$86,909,136, an increase of \$14,135,916 in comparison with the prior year. The total restricted due to external limitations is \$28,941,105 or 33.3% of the total fund balance. These limitations include \$1,138,547 for Building Construction Levy, \$17,271,778 for Special Assessment Debt Funds, \$755,853 for Civic Center Expansion, \$288,366 for weather-related operations and \$9,486,561 for Sales Tax. The unspendable funds of \$2,243,109 or 2.6% of fund balance is a result of advances to other funds. The committed funds of \$43,582,085 and assigned funds of \$5,654,308 are limited to its intended use. \$1,243,193 is reserved for encumbrances, \$15,434,114 is committed to special programs in the Special Revenue Funds and \$26,904,778 is committed for capital project use in the Sales Tax, Special Deficiency, Building Improvements, Street Lights, Highway Construction, Commerce Development and Tax Increment Construction Funds. The assigned uses include Fire Truck and Equipment Reserve of \$853,825, Contingencies of \$825,000, Department Equipment Reserve of \$1,813,449, Technology Equipment Reserve of \$73,533, Computer Expansion Reserve of \$601,642, Parking Lot Reserve of \$91,291 and Payroll Reserve of \$1,395,568.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unassigned fund balance of the general fund was \$24,868,320, while total fund balance reached \$32,904,368. The fund balance increased by \$4,576,835 as compared to 2012. State Aid Tax and Intergovernmental Revenue increased approximately \$1 million and Charges for Services and Licenses and Permits Revenue increased \$2.2 million as a result of an increased growth in Bismarck, North Dakota.

The construction project fund accounts for a majority of the improvements to the street, water and sewer mains. The construction projects have a fund balance of \$4,319,167. The tax increment district has a fund balance of \$4,561,398, special deficiency and assumptions was \$2,513,248, highway construction fund was \$14,318,107, building improvements was \$521,685, street lights/signals was \$280,949, community development was \$300,000 and commerce development was \$203,571 while the construction for sewer, water, street and sidewalk had a combined negative fund balance of \$18,379,791. The City initially cash flows the construction improvement districts which results in the negative fund balances. The City funds the construction projects through a sale of special assessment bonds for these expenses in 2014. The highway construction fund receives funding from sales tax to construct and rehabilitate existing roads and streets. The special deficiency and assumptions receives a mill levy and an administration fee to repair a portion of the existing roads and streets.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$52,464,270. All individual proprietary funds reported increases in net position, except for Civic Center which has a negative change in net position of \$1,719,324 due to the planned funding of events and cost of bonding.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Taxes decreased by \$547,784 which is a result of the 2012 increase in a refund of Tax Increment.
- Intergovernmental revenue increased by \$553,508 which was attributed to an increase in state aid which is based on an increased growth in the State of North Dakota.
- License and Permits exceeded the budget by \$1,130,272 due to an increase in building permits and engineering excavation permits.
- Charges for Services increased \$1,305,758 due to special assessment administration and engineering fees which is attributed to the increased growth in the City of Bismarck.
- Finance surplus of \$268,647 was due to vacant positions and delay in hiring current personnel and a reserve for financial software contingencies.
- Combined Communications surplus of \$249,258, Police of \$368,049 and Fire & Inspections of \$131,731 was excess budget authority due to vacant positions.
- Nondepartmental of \$704,688 were due to the unused portion of the FEMA match.
- Transfers of one-time operations for the General government had a surplus of \$466,151 due to Public Safety operating expenditures that were less than anticipated.
- Public Health surplus of \$163,053 was attributed to part-time salaries and delay in filling vacant positions.
- Transfers of \$825,000 from Contingencies were not utilized in 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Bismarck's net investment in capital assets for its governmental and business type activities as of December 31, 2013, amounts to \$469,212,617 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset events during the current fiscal year included the following:

- Construction of the Civic Center Exhibit Hall expansion.
- Construction of the New Parking Ramp with 460 Parking Spaces.
- New Utility Billing and Land Records Management Software
- Finished the Horizontal Collector Well Water Intake.
- Construction of the West End Reservoir Expansion.

City of Bismarck
Capital Assets
(net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2013	2012	2013	2012	2013
Land	\$ 2,547,486	\$ 2,767,950	\$ 13,973,358	\$ 13,921,294	\$ 16,520,844	\$ 16,689,244
Construction in Progress	4,772,806	17,649,646	14,833,690	18,853,895	19,606,496	36,503,541
Buildings	20,717,693	19,609,534	93,652,312	106,413,554	114,370,005	126,023,088
Improvements Other Than Buildings	34,823	31,196	181,263,407	192,617,821	181,298,230	192,649,017
Machinery and Equipment	14,461,889	13,501,461	8,551,234	8,268,352	23,013,123	21,769,813
Infrastructure	191,616,149	207,179,440	-	-	191,616,149	207,179,440
Total	\$ 234,150,846	\$ 260,739,227	\$ 312,274,001	\$ 340,074,916	\$ 546,424,847	\$ 600,814,143

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 49 – 50 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 \$156,196,399. Of this amount, \$79,700,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Bismarck revenue bonds are secured by Water Revenue, Sanitary Sewer Revenue and Lodging, Liquor and Food Tax.

City of Bismarck Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2013	2012	2013	2012	2013
Special revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less unamortized discount	-	-	-	-	-	-
Special assessment bonds	66,810,000	79,700,000	-	-	66,810,000	79,700,000
Less unamortized premium	366,473	843,616	-	-	366,473	843,616
Capital Leases	-	-	12,927	5,037	12,927	5,037
Compensated Absences	2,310,147	2,353,891	715,640	743,119	3,025,787	3,097,010
Claims and Judgments	269,782	299,688	119,218	93,112	389,000	392,800
Closure and postclosure costs	-	-	1,290,219	1,479,002	1,290,219	1,479,002
Civic Center revenue bonds	-	-	-	27,695,000	-	27,695,000
Less unamortized discount	-	-	-	(27,614)	-	(27,614)
Water revenue bonds-2012	-	-	6,415,000	5,735,000	6,415,000	5,735,000
Plus unamortized premium	-	-	71,278	62,725	71,278	62,725
Water revenue bonds-2013	-	-	-	9,000,000	-	9,000,000
Plus unamortized premium	-	-	-	1,389	-	1,389
Water Treatment	-	-	9,750,806	13,102,434	9,750,806	13,102,434
Wastewater revenue bonds	-	-	15,970,000	15,110,000	15,970,000	15,110,000
Total	\$ 69,756,402	\$ 83,197,195	\$ 34,345,088	\$ 72,999,204	\$ 104,101,490	\$ 156,196,399

The City issued new special assessments debt of \$22,605,000. \$4,705,000 was issued in January of 2013 to refund Series G and SW2011. \$17,900,000 was issued in December of 2013 to fund Series H and SW2012 for projects that were completed in 2012. More detailed information

The City issued new special assessments debt of \$22,605,000. \$4,705,000 was issued in January of 2013 to refund Series G and SW2011. \$17,900,000 was issued in December of 2013 to fund Series H and SW2012 for projects that were completed in 2012. More detailed information about the debt position of the City can be found in Note IV.G on pages 54 - 56 of the financial statements.

The City issued \$40,716,628 in Revenue Bonds. The Water Treatment Revenue Bonds were issued for \$4,021,628 and \$9,000,000 refunded the Water Utility Revenue Bond for 2013. The Civic Center Revenue Bond was issued for \$27,695,000 to fund the Exhibit Hall Expansion. Revenue from the Lodging, Liquor Food Tax will fund the revenue bond payment. The Water Treatment Revenue Bond finalized the funding of the horizontal collector well water intake and the upgrade for the water transmission mains from the Treatment Plant and the Water Revenue Bond-2013 funded the construction of the West End Reservoir Expansion.

The revenue bonds are secured by water and sewer revenue matures in 2027. More detailed information about the debt position of the City can be found in Note IV.G on pages 53 – 54.

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 has continued in the property tax base with new construction and improvements in both residential and commercial properties with an estimated increase of 10% in 2014. The number of residential properties sales continues to increase with 445 through April. There are also 150 new residential building permits issued for that same time period. The growth in the property tax base directly contributes to the continued reduction of the property tax levy which declined by 6.71 mills in 2014.

The continued growth also leads to an increase in the need for the expansion of infrastructure improvements for streets and utilities. In 2013 there were 23 special assessment improvement districts and we are expected to exceed that number in 2014. The growth continues to impact our need for additional department employees so 13 new positions were added in 2014.

The economy in Bismarck and statewide continue to prosper with the impact of the oil industry in the western part of the state. For the first quarter of 2013, the revenue increased by 12.4% for Sales Tax and over 6% for hospitality and hotel/motel taxes.

This spring the Commission updated our growth management plan to better prepare the City to respond to the continued rapid growth. The Commission also completed a master plan for the downtown area and established a Task Force for implementation of the plan. Both plan support the goals of the City's strategic plan.

REQUEST FOR INFORMATION

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 35,887,453	\$ 38,131,468	\$ 74,018,921
Investments	49,053,727	35,848,676	84,902,403
Receivables:			
Taxes	168,262	-	168,262
Accounts	8,729,485	2,196,201	10,925,686
Special assessments	73,060,894	4,546,393	77,607,287
Interest receivable	89,263	66,667	155,930
Notes receivable	502,600	-	502,600
Internal balances	1,258,305	(1,258,305)	-
Inventories	341,979	114,061	456,040
Prepaid items	157,874	116,512	274,386
Restricted assets:			
Cash and cash equivalents	-	539,711	539,711
Investments	3,008,420	3,865,654	6,874,074
Revenue bond covenant accounts	-	8,529,130	8,529,130
Net pension asset	1,519,264	-	1,519,264
Capital assets not being depreciated:			
Land	2,767,950	13,921,294	16,689,244
Construction in progress	17,649,646	18,853,895	36,503,541
Capital assets (net of accumulated depreciation):			
Building and building improvements	19,609,534	106,413,554	126,023,088
Improvements other than buildings	31,196	192,617,821	192,649,017
Machinery and equipment	13,501,461	8,268,352	21,769,813
Infrastructure	207,179,440	-	207,179,440
Total assets	<u>434,516,753</u>	<u>432,771,084</u>	<u>867,287,837</u>
LIABILITIES:			
Accounts payable	4,915,941	4,502,945	9,418,886
Retainage payable	2,049,891	1,041,329	3,091,220
Salaries payable	1,674,512	486,608	2,161,120
Interest payable	371,684	667,718	1,039,402
Unearned revenue	353,437	21,367	374,804
Customer deposits	3,029,524	4,411,160	7,440,684
Noncurrent liabilities:			
Due within one year	12,687,292	3,945,338	16,632,630
Due in more than one year	70,509,903	69,053,866	139,563,769
Total liabilities	<u>95,592,184</u>	<u>84,130,331</u>	<u>179,722,515</u>
NET POSITION:			
Net investment in capital assets	180,195,611	289,017,006	469,212,617
Restricted for:			
Debt service	17,334,887	7,264,652	24,599,539
Highway weather related projects	288,366	-	288,366
Civic Center expansion	755,853	-	755,853
Capital projects	4,161,398	-	4,161,398
Unrestricted	136,188,454	52,359,095	188,547,549
Total net position	<u>\$ 338,924,569</u>	<u>\$ 348,640,753</u>	<u>\$ 687,565,322</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, 2013**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 15,602,062	\$ 2,450,318	\$ 358,363	\$ 15,602,062	(7,841,935)	\$ -	\$ (7,841,935)
Public safety	19,578,855	1,215,955	-	19,578,855	(17,140,927)	-	(17,140,927)
Highways and streets	8,324,951	7,143,594	-	8,324,951	4,130,795	-	4,130,795
Health and welfare	3,068,043	1,626,335	-	3,068,043	(886,766)	-	(886,766)
Culture and recreation	2,755,016	320,810	-	2,755,016	(2,306,240)	-	(2,306,240)
Interest and fiscal charges	2,245,752	-	-	2,245,752	(2,245,752)	-	(2,245,752)
Public works	9,248,433	906,664	27,558,926	9,248,433	19,517,392	-	19,517,392
Total governmental activities	60,823,112	13,663,676	27,917,289	60,823,112	(6,773,433)	-	(6,773,433)
Business-type activities:							
Airport	6,852,348	68,057	3,102,290	6,852,348	-	2,131,094	2,131,094
Civic Center	8,270,394	-	-	8,270,394	-	(2,870,225)	(2,870,225)
Solid waste disposal	2,655,380	-	-	2,655,380	-	1,083,819	1,083,819
Solid waste collections	2,198,750	-	-	2,198,750	-	1,073,233	1,073,233
Water	9,516,385	-	3,097,892	9,516,385	-	5,182,042	5,182,042
Sanitary sewer	6,000,337	-	2,569,935	6,000,337	-	2,410,161	2,410,161
Storm water	1,828,442	-	442,080	1,828,442	-	(202,659)	(202,659)
Commercial property	379,303	-	-	379,303	-	(33,161)	(33,161)
Parking authority lots	1,030,182	-	-	1,030,182	-	33,716	33,716
Total business-type activities	38,731,521	68,057	9,212,197	38,731,521	(6,773,433)	8,808,020	8,808,020
Total primary government	\$ 99,554,633	\$ 13,731,733	\$ 37,129,486	\$ 99,554,633	\$ (6,773,433)	\$ 8,808,020	\$ 2,034,587
Taxes:							
Property taxes					17,801,629		17,801,629
Sales tax:							
Sales tax					17,271,062	-	17,271,062
Occupancy tax					1,174,646	-	1,174,646
Lodging/liquor/food tax					2,750,004	-	2,750,004
Unrestricted state aid distribution					4,958,139	-	4,958,139
Franchise taxes					1,341,007	-	1,341,007
Other taxes					932,923	56,441	989,364
Unrestricted investment earnings					362,192	82,393	444,585
Gain on disposal of assets					107,871	4,892,493	5,000,364
Transfers					(5,604,461)	5,604,461	-
Total general revenues and separate line items					41,095,012	10,635,788	51,730,800
Changes in net position					34,321,579	19,443,808	53,765,387
Net position - beginning					304,602,990	329,196,945	633,799,935
Net position - ending					\$ 338,924,569	\$ 348,640,753	\$ 687,565,322

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

ASSETS	General	Sales Tax	Sewermain Bonds	Street		Nonmajor Governmental Funds	Total
				Improvement Bonds	Improvement Construction		
Cash and cash equivalents	\$ 19,568,357	\$ 4,426,698	-	-	-	\$ 11,371,400	\$ 35,366,455
Investments	8,905,808	7,960,350	-	-	-	26,498,726	43,364,884
Receivables:							
Taxes receivable	114,797	-	-	-	-	53,465	168,262
Accounts receivable	2,370,395	1,705,333	-	-	-	4,180,908	8,256,636
Special assessments	-	-	14,161,293	52,276,697	-	6,622,904	73,060,894
Notes receivable	-	-	-	-	-	502,600	502,600
Due from other funds	4,254,298	-	1,782,917	7,743,412	-	3,288,601	17,069,228
Advances to other funds	-	-	-	-	-	2,243,109	2,243,109
Restricted assets:							
Investments	-	-	-	-	-	3,008,420	3,008,420
Total assets	\$ 35,213,655	\$ 14,092,381	\$ 15,944,210	\$ 60,020,109	\$ -	\$ 57,770,133	\$ 183,040,488
LIABILITIES							
Accounts payable	\$ 774,733	\$ -	\$ -	\$ -	\$ 265,854	\$ 3,039,982	\$ 4,080,569
Retainage payable	-	-	-	-	1,079,463	970,428	2,049,891
Due to other funds	-	-	-	-	12,494,493	5,559,539	18,054,032
Salaries payable	1,355,758	-	-	-	-	288,729	1,644,487
Unearned revenue	86,828	-	-	-	-	266,609	353,437
Customer deposits	-	-	-	-	-	3,029,524	3,029,524
Total liabilities	2,217,319	-	-	-	13,839,810	13,154,811	29,211,940
DEFERRED INFLOWS OF RESOURCES							
Unavailable special assessment taxes	-	-	12,983,310	47,902,946	-	5,889,104	66,775,360
Unavailable property taxes	91,968	-	-	-	-	52,084	144,052
Total deferred inflows of resources	91,968	-	12,983,310	47,902,946	-	5,941,188	66,919,412
FUND BALANCES							
Nonspendable	-	-	-	-	-	2,243,109	2,243,109
Restricted	1,138,547	9,486,561	2,960,900	12,117,163	-	3,237,934	28,941,105
Committed	1,243,193	4,605,820	-	-	-	37,733,072	43,582,085
Assigned	5,654,308	-	-	-	-	-	5,654,308
Unassigned	24,868,320	-	-	-	(13,839,810)	(4,539,981)	6,488,529
Total fund balances	32,904,368	14,092,381	2,960,900	12,117,163	(13,839,810)	38,674,134	86,909,136
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,213,655	\$ 14,092,381	\$ 15,944,210	\$ 60,020,109	\$ -	\$ 57,770,133	260,739,227
							68,824,683
							5,720,714
							(83,269,191)
							\$ 338,924,569

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

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

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

Internal service funds are used by management to charge the cost of employee insurance, liability insurance, unemployment insurance, revolving cost to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

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

Net position of governmental activities

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, 2013**

REVENUES	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Street Improvement Construction	Governmental Funds		Total
						Governmental Funds	Nonmajor Governmental Funds	
Taxes	\$ 11,163,921	\$ 17,271,062	\$ -	\$ -	\$ -	\$ 9,625,543	\$ -	\$ 38,060,526
Licenses and permits	3,072,473	-	-	-	-	123,406	-	3,195,879
Special assessments	-	-	2,514,956	10,145,417	1,767,028	3,729,771	-	18,157,172
Intergovernmental	7,442,958	-	-	-	-	13,598,121	-	21,041,079
Charges for services	4,310,333	-	-	-	-	3,067,941	-	7,378,274
Fines and forfeits	961,343	-	-	-	-	120,911	-	1,082,254
Investment income	221,356	22,672	24,725	206,922	18,360	139,308	-	633,343
Rentals	313,290	-	-	-	-	162,761	-	476,051
Miscellaneous	43,781	-	235	-	-	568,859	-	612,875
Total revenues	27,529,455	17,293,734	2,539,916	10,352,339	1,785,388	31,136,621	-	90,637,453
EXPENDITURES								
Current								
General government	8,366,318	325	-	-	-	5,600,410	-	13,967,053
Public safety	16,692,974	-	-	-	-	699,177	-	17,392,151
Highways and streets	1,981,267	-	-	-	-	6,122,320	-	8,103,587
Health and welfare	1,797,631	-	-	-	-	1,094,905	-	2,892,536
Culture and recreation	302,583	-	-	-	-	1,775,602	-	2,078,185
Public works	-	-	-	-	206,513	2,197,743	-	2,404,256
Capital outlays								
General government	345,688	-	-	-	-	358,363	-	704,051
Public safety	194,919	-	-	-	-	103,738	-	298,657
Highways and streets	49,712	-	-	-	-	462,015	-	511,727
Culture and recreation	-	-	-	-	-	318,034	-	318,034
Public works	-	-	-	-	23,891,325	16,873,285	-	40,764,610
Debt service								
Principal	-	-	1,569,197	7,075,147	-	1,070,656	-	9,715,000
Interest and fiscal charges	-	-	432,576	1,215,021	-	192,454	-	1,840,051
Total expenditures	29,731,092	325	2,001,773	8,290,168	24,097,838	36,868,702	-	100,989,398
Excess (deficiency) of revenues over (under) expenditures	(2,201,637)	17,293,409	538,143	2,062,171	(22,312,450)	(5,732,081)	-	(10,352,445)
OTHER FINANCING SOURCES (USES)								
Transfer in	8,050,053	-	81,685	262,419	5,993,038	9,189,164	-	23,576,359
Transfer out	(1,271,581)	(13,192,163)	-	-	(262,419)	(7,480,699)	-	(22,206,862)
Premium on special assessment debt	-	-	-	-	493,936	27,206	-	521,142
Discount on special assessment funds	-	-	-	-	-	(7,278)	-	(7,278)
Special assessment bonds issued	-	-	-	-	19,030,439	3,574,561	-	22,605,000
Total other financing sources (uses)	6,778,472	(13,192,163)	81,685	262,419	25,254,994	5,302,954	-	24,488,361
Net changes in fund balances	4,576,835	4,101,246	619,828	2,324,590	2,942,544	(429,127)	-	14,135,916
Fund balances - beginning	28,327,533	9,991,135	2,341,072	9,792,573	(16,782,354)	39,103,261	-	72,773,220
Fund balances - ending	\$ 32,904,368	\$ 14,092,381	\$ 2,960,900	\$ 12,117,163	\$ (13,839,810)	\$ 38,674,134	\$ -	\$ 86,909,136

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, 2013**

Net change in fund balances-total governmental funds (Page 22) 14,135,916

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 26,673,335

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (79,903)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 6,142,569

The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (13,493,169)

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. (84,531)

Internal service funds are used by management to charge the cost of health insurance, liability insurance, unemployment insurance, and revolving cost to the individual funds. A portion of the net revenue in the internal service funds is reported with governmental activities. 1,027,362

Change in net position of governmental activities (Page 20) \$34,321,579

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary Fund Balance, January 1	\$ 28,327,533	\$ 28,327,533	\$ 28,327,533	-
Resources (inflows)				
Taxes	11,711,705	11,711,705	11,163,921	(547,784)
Licenses and permits	1,942,201	1,942,201	3,072,473	1,130,272
Intergovernmental	6,889,450	6,889,450	7,442,958	553,508
Charges for services	3,004,575	3,004,575	4,310,333	1,305,758
Fines and forfeits	790,450	790,450	961,343	170,893
Investment income	210,555	210,555	221,356	10,801
Rentals	282,867	282,867	313,290	30,423
Miscellaneous	36,650	36,650	43,781	7,131
Transfer in	8,082,598	8,082,598	8,050,053	(32,545)
Amount available for appropriation	<u>61,278,584</u>	<u>61,278,584</u>	<u>63,907,041</u>	<u>2,628,457</u>
Charges to appropriations (outflows)				
General government				
Nondepartmental	233,237	383,237	358,476	24,761
Administration	750,721	750,721	655,762	94,959
Building maintenance	664,066	664,066	638,334	25,732
Attorney	387,496	387,496	379,440	8,056
Finance	2,874,075	2,874,075	2,605,428	268,647
Human resources	417,786	417,786	384,695	33,091
Municipal court	390,324	390,324	381,561	8,763
Community development	2,480,871	2,480,871	2,439,128	41,743
One-time operations	1,681,839	1,681,839	1,494,995	186,844
Equipment reserve	56,275	56,275	32,475	23,800
Public safety				
Combined communications	1,969,307	1,969,307	1,720,049	249,258
Fire & inspections	5,838,903	5,838,903	5,707,172	131,731
Police	9,318,651	9,318,651	8,950,602	368,049
One-time operations	1,138,890	1,138,890	1,020,426	118,464
Equipment reserve	8,500	8,500	8,113	387
Highways and streets				
Weed control	72,336	72,336	63,314	9,022
Engineering	1,930,932	1,928,844	1,882,604	46,240
One-time operations	279,500	281,588	70,444	211,144
Equipment reserve	20,000	20,000	8,449	11,551
Health and welfare				
Environmental health	281,566	281,566	275,305	6,261
Public health	1,606,932	1,606,932	1,443,879	163,053
One-time operations	75,678	75,678	55,181	20,497
Equipment reserve	24,127	24,127	2,763	21,364
Culture and recreation				
Cable tv promotions	299,783	299,783	299,783	-
One-time operations	2,800	2,800	2,800	-
Transfer out				
Nondepartmental	991,528	991,528	286,840	704,688
Building construction	801,600	801,600	801,600	-
Contingencies	825,000	825,000	-	825,000
Combined communications	74,467	74,467	67,487	6,980
Community development	23,707	23,707	11,805	11,902
One-time operations	570,000	570,000	103,849	466,151
Total charges to appropriations	<u>35,857,660</u>	<u>35,857,660</u>	<u>32,152,759</u>	<u>4,063,377</u>
Budgetary Fund Balance, December 31	<u>\$ 25,420,924</u>	<u>\$ 25,420,924</u>	<u>\$ 31,754,282</u>	<u>\$ 6,691,834</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, 2013**

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	\$ 63,907,041
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	(28,327,533)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(8,050,053)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 27,529,455</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 32,152,759
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	(1,243,193)
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	93,107
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,271,581)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 29,731,092</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 9,991,135	\$ 9,991,135	\$ 9,991,135	-
Resources (inflows)				
Taxes	15,088,975	15,088,975	17,271,062	2,182,087
Investment income	<u>20,125</u>	<u>20,125</u>	<u>22,672</u>	<u>2,547</u>
Amount available for appropriation	<u>25,100,235</u>	<u>25,100,235</u>	<u>27,284,869</u>	<u>2,184,634</u>
Charges to appropriations (outflows)				
General government	1,000	1,000	325	675
Transfer out	<u>13,477,265</u>	<u>13,477,265</u>	<u>13,192,163</u>	<u>285,102</u>
Total charges to appropriations	<u>13,478,265</u>	<u>13,478,265</u>	<u>13,192,488</u>	<u>285,777</u>
Budgetary Fund Balance, December 31	<u>\$ 11,621,970</u>	<u>\$ 11,621,970</u>	<u>\$ 14,092,381</u>	<u>\$ 2,470,411</u>

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

(Continued on next page)

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 4,888,944	\$ 19,996,794	\$ 1,004,157	\$ 56,668	\$ 12,132,095	\$ 38,078,658	\$ 573,808
Investments	955,440	3,210,435	13,265,481	8,948,795	9,555,140	35,935,291	5,602,228
Receivables:							
Accounts receivable	499,006	148,158	560,137	406,284	560,749	2,174,334	494,718
Special assessments	-	-	1,915,776	1,882,091	748,526	4,546,393	-
Interest receivable	6,235	4,253	22,382	12,630	21,167	66,667	-
Due from other funds	-	-	-	984,804	-	984,804	-
Inventories	-	-	114,061	-	-	114,061	-
Prepaid items	9,052	26,885	52,384	11,100	17,092	116,513	341,979
Restricted assets:							
Cash and cash equivalents	-	521,771	-	-	17,940	539,711	-
Total current assets	6,358,677	23,908,296	16,934,378	12,302,372	23,052,709	82,556,432	7,170,607
Noncurrent assets:							
Restricted assets:							
Investments	-	-	3,865,654	-	-	3,865,654	-
Revenue bond covenant accounts	-	181,956	6,102,093	2,245,081	-	8,529,130	-
Capital assets not being depreciated:							
Land	6,511,508	912,100	879,447	324,591	5,293,648	13,921,294	-
Construction in progress	320,034	8,728,510	3,398,784	1,899,678	4,506,889	18,853,895	-
Capital assets (net of accumulated depreciation):							
Building and building improvements	16,205,663	10,070,707	42,106,828	28,484,775	9,545,581	106,413,554	-
Improvements other than buildings	44,910,951	-	69,119,024	39,219,643	39,368,203	192,617,821	-
Machinery and equipment	1,399,241	2,045,470	216,854	810,057	3,796,730	8,268,352	12,646
Total noncurrent assets	69,347,397	21,938,743	125,688,684	72,983,825	62,511,051	352,469,700	12,646
Total assets	75,706,074	45,847,039	142,623,062	85,286,197	85,563,760	435,026,132	7,183,253

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Nonmajor Enterprise Funds	
LIABILITIES						
Current liabilities:						
Accounts payable	335,837.00	2,254,850	869,023	153,759	889,351	4,502,820
Retainage payable	-	687,185	281,204	12,629	60,312	1,041,330
Leases payable	-	-	2,317	1,365	1,355	5,037
Bonds payable	-	830,000	1,685,000	885,000	-	3,400,000
Accrued interest payable	-	241,825	274,793	151,100	-	667,718
Due to other entities	-	-	-	-	-	-
Compensated benefits payable	76,189	67,025	130,329	62,067	111,579	447,189
Salaries payable	81,072	87,364	121,653	68,356	128,163	486,608
Unearned revenue	-	10,000	-	-	11,367	21,367
Claims and judgments payable	-	-	-	-	-	-
Total current liabilities	493,098	4,178,249	3,364,319	1,334,276	1,202,127	10,572,069
Long-term liabilities:						
Advances from other funds	-	-	63,109	-	2,180,000	2,243,109
Customer deposits	-	521,771	3,865,654	-	23,735	4,411,160
Compensated benefits payable	63,471	37,369	51,792	43,022	100,276	295,930
Revenue bonds payable	-	26,837,386	26,216,548	14,225,000	-	67,278,934
Accrued closure/post closure costs	-	-	-	-	1,479,002	1,479,002
Total long-term liabilities	63,471	27,396,526	30,197,103	14,268,022	3,783,013	75,708,135
Total liabilities	556,569	31,574,775	33,561,422	15,602,298	4,985,140	86,280,204
NET POSITION						
Net investment in capital assets	69,347,397	13,715,462	87,817,072	55,627,379	62,509,696	289,017,006
Restricted for debt service	-	181,956	4,530,824	2,551,872	-	7,264,652
Unrestricted	5,802,108	374,846	16,713,744	11,504,648	18,068,924	52,464,270
Total net position	\$ 75,149,505	\$ 14,272,264	\$ 109,061,640	\$ 69,683,899	\$ 80,578,620	\$ 348,745,928
						(105,175)
						\$ 348,640,753

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

Net position of business-type activities

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Airport	Civic Center	Water	Sewer	Enterprise Funds	Total	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	5,668,207	4,995,250	12,437,837	4,985,762	9,339,137	37,426,193	3,192,809
Receipts from employer	-	-	-	-	-	-	6,288,641
Other operating cash receipts	-	-	-	-	-	-	272,385
Payments to suppliers	(3,045,480)	(2,175,111)	(3,776,770)	(2,588,811)	(4,631,382)	(16,217,554)	(8,387,300)
Payments to employees	(1,062,085)	(1,144,367)	(1,097,384)	(858,648)	(1,806,801)	(5,969,285)	(420,379)
Net cash provided (used) by operating activities	1,560,642	1,675,772	7,563,683	1,538,303	2,900,954	15,239,354	946,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payment on advance	-	-	29,136	-	(100,000)	(70,864)	-
Transfers from other funds	19,285	1,406,354	-	-	18,343	1,443,982	144,000
Transfers to other funds	(188,154)	(220,274)	(1,742,408)	(180,254)	(487,985)	(2,819,075)	(138,405)
Net cash provided (used) by noncapital financing activities	(168,869)	1,186,080	(1,713,272)	(180,254)	(589,642)	(1,445,957)	5,596
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Intergovernmental revenue	2,977,792	-	-	-	-	2,977,792	-
Capital lease payment	-	-	(3,629)	(2,138)	1,254	(4,513)	-
Revenue bond payment	-	27,695,000	(1,350,000)	(860,000)	-	25,485,000	-
Interest paid	-	-	(117,896)	(462,108)	(206)	(580,210)	-
Proceeds on bonds	72,066	100	13,021,628	219	4,872,351	13,021,628	-
Proceeds from sale of capital assets	-	-	7,789	212	14,295	4,945,174	4,594
Proceeds from insurance recoveries	-	-	426,616	344,471	55,761	826,848	23,424
Special assessments collected	-	-	(77,520)	(81,479)	(961,998)	(1,238,458)	-
Purchase of capital assets	(96,091)	(21,369)	(11,667,868)	(2,285,957)	(1,848,182)	(33,286,885)	-
Construction of capital assets	(9,362,027)	(9,122,851)	239,558	(3,346,780)	2,133,274	12,168,672	-
Net cash provided (used) by capital and related financing activities	(5,406,260)	18,550,880	18,110,965	13,156,319	16,555,035	54,622,172	1,009,546
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	4,972,035	1,827,818	(23,233,228)	(11,193,876)	(9,565,140)	(48,330,075)	(5,602,228)
Purchase of investments	(955,440)	(3,392,391)	(10,233)	5,441	370	(9,905)	1,294
Investment income	(108)	(5,375)	(5,132,496)	1,967,884	7,000,265	6,282,192	(4,591,388)
Net cash provided (used) by investing activities	4,016,487	(1,569,948)	(5,132,496)	1,967,884	7,000,265	6,282,192	(4,591,388)
Net increase (decrease) in cash and cash equivalent	-	19,842,784	957,473	(20,847)	11,464,851	32,244,261	(3,611,619)
Cash and cash equivalents - January 1	4,888,944	154,010	46,984	77,515	667,244	5,834,397	4,185,427
Cash and cash equivalents - December 31	4,888,944	19,996,794	1,004,157	56,668	12,132,099	38,078,558	573,808
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ (1,034,819)	\$ (2,287,985)	\$ 2,847,918	\$ 237,122	\$ 1,291,353	\$ 1,053,589	\$ 894,183
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,941,962	2,100,170	3,113,065	2,215,905	2,031,893	12,402,995	5,052
(Increase) decrease in accounts receivable	(144,886)	(96,795)	732,767	130,003	(267,606)	353,481	6,235
(Increase) decrease in due from other funds	-	-	-	(984,804)	-	(984,804)	-
(Increase) decrease in inventories	17	681	(3,410)	(310)	-	(3,410)	(44,508)
Increase (decrease) in customer deposits	-	(308,125)	(517,163)	(147,995)	4,330	(820,958)	-
Increase (decrease) in accounts payable	(223,281)	2,121,955	880,919	(147,995)	(366,115)	2,265,483	131,973
Increase (decrease) in compensated benefits payable	15,268	131,806	521,015	81,923	9,903	759,915	-
Increase (decrease) in salaries payable	6,383	14,065	9,975	6,459	11,944	48,826	1,848
Increase (decrease) in due to other funds	-	-	-	-	-	-	-
Increase (decrease) in due to other entities	-	-	-	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-	(2,513)	(2,513)	-
Increase (decrease) in estimated pending claims	-	-	-	-	-	-	-
Increase in closure and post closure costs	-	-	-	-	-	-	-
Total adjustments	2,595,461	3,963,757	4,715,765	1,301,181	1,609,601	14,185,765	51,973
Net cash provided (used) by operating activities	\$ 1,560,642	\$ 1,675,772	\$ 7,563,683	\$ 1,538,303	\$ 2,900,954	\$ 15,239,354	\$ 946,156
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	-	-	1,186,665	1,049,397	4,462,188	6,696,250	-
Contribution of capital assets from developers	-	-	2,441,916	1,946,772	183,716	4,572,406	-
Increase in fair value of investments	10,560	4,223	32,590	25,998	35,413	108,784	10,678

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Pension Trust Fund	Agency Fund
ASSETS		
Receivables:		
Taxes	\$ 19,191	\$ 4,612
Accounts	64,073	18,476
Accrued interest and dividends	90,934	-
Investments, at fair value:		
Domestic equities	19,397,928	-
International equities	31,265,683	-
Domestic fixed income	30,071,086	-
International fixed income	4,117,422	-
Real estate	19,314,983	-
Private equity	3,921,448	-
Mutual funds	851,052	-
Certificate of deposits	397,259	438
Certificate of deposits and invested cash	2,321,253	117,193
Total assets	111,832,312	140,719
LIABILITIES		
Accounts payable	172,313	117,631
Due to other entities	162	23,088
Deferred revenue	15,372	-
Total liabilities	187,847	140,719
NET POSITION		
Assets held in trust for pension and other employee benefits	111,644,465	-
Total net position held in trust	\$ 111,644,465	\$ -

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2013**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,190,199
Employee	1,517,695
Total contributions	<u>4,707,894</u>
Investment income:	
Net Increase (decrease) in fair value of investments	11,925,581
Interest and dividends	2,102,876
	<u>14,028,457</u>
Less: investment expense	(364,870)
Net investment income	<u>13,663,587</u>
Total additions	<u>18,371,481</u>
DEDUCTIONS	
Benefits paid to participants	4,604,171
Refunds	617,955
Administration expenses	91,801
Total deductions	<u>5,313,927</u>
Change in net position	<u>13,057,554</u>
Net position - beginning	<u>98,586,911</u>
Net position- ending	<u><u>\$ 111,644,465</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. These highly liquid investments are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

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

The City has no cash overdrafts from pooled cash and investments at December 31, 2013.

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

2. Investments

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

- a) bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress,
- b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above,
- c) certificates of deposit fully insured by the federal deposit insurance corporation or the state,
- d) obligations of the state.

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

On January 5, 1996, the City of Bismarck entered into a contract with Burleigh County Water Users, to furnish the rural citizens with water for the next 40 years. The Burleigh County Water Users deposited \$2,300,000 up front to buy a specific number of gallons each year at a rate of \$.397 per billing unit of 100 cubic feet of water. The funds were invested in United States Zero Coupon Treasury Bonds with an annual maturity date to meet the current water obligation. Each year the City recognizes the value of these bonds at fair value. The funds are held as deposits. If the Burleigh County Water Users elected to cancel the contract, the deposit would be refunded at the current fair value. The value of the deposits in the Water and Sewer Utility fund at December 31, 2013 was \$3,865,654.

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

3. Receivables and Payables

Notes receivable as of December 31, 2013 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
HUD Brandon Heights II Project	0%	7/1/2003 - 7/1/2023	129,000
HUD Habitat Home Ownership Project	0%	7/8/2009 - 7/8/2024	52,000
HUD Neighborhood Stabilization Program	0%	3/30/2010 - 3/30/2025	21,600
HUD Patterson Place Apartments Loan	0%	none	300,000
TOTAL NOTES RECEIVABLE			<u>\$ 502,600</u>

Repayments of the HUD loans are forgivable when the terms of the agreement are met. The details of the HUD loans are disclosed in Note IV on page 50.

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

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

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

4. Inventories and Prepaid Items

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

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2013, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

5. Restricted Assets

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

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

Certain proceeds of the Water Enterprise Fund's revenue bonds and Sanitary Sewer Enterprise Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable revenue bond covenants. The balances of the revenue bond covenant accounts are disclosed in Note IV on pages 53-54.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

6. Capital Assets

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

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

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

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

7. Compensated Absences/Termination Benefits

Sick Leave

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

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

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Internal service funds predominately serve the governmental funds. At year end, \$392,800 of claims and judgments are included in governmental and business-type activities. Compensated absences of \$2,353,891 generally have been liquidated by the General Fund and various Special Revenue Funds.

9. Net Position/Fund Balance

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
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DECEMBER 31, 2013**

As of December 31, 2013, fund balances are composed of the following:

	General	Sales	Sewermain	Street	Street	Nonmajor	Total
	Fund	Tax	Bonds	Improvement	Improvement	Governmental	Governmental
				Bonds	Construction	Funds	Funds
<u>Nonspendable:</u>							
Advance to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,243,109	\$ 2,243,109
<u>Restricted:</u>							
Building construction	1,138,547	-	-	-	-	-	1,138,547
Highway weather projects	-	-	-	-	-	288,366	288,366
Civic center expansion	-	-	-	-	-	755,853	755,853
Capital projects	-	9,486,561	-	-	-	-	9,486,561
Debt payments	-	-	2,960,900	12,117,163	-	2,193,715	17,271,778
<u>Committed:</u>							
Encumbrances	1,243,193	-	-	-	-	-	1,243,193
Public health programs	-	-	-	-	-	225,678	225,678
Transit system	-	-	-	-	-	1,448	1,448
Public library	-	-	-	-	-	582,270	582,270
Drug enforcement	-	-	-	-	-	54,881	54,881
Highways and streets	-	-	-	-	-	7,162,700	7,162,700
Street light operations	-	-	-	-	-	1,260,623	1,260,623
Civic center projects	-	-	-	-	-	2,076,704	2,076,704
Economic development	-	-	-	-	-	3,057,734	3,057,734
Social security payments	-	-	-	-	-	1,012,076	1,012,076
Capital projects	-	4,605,820	-	-	-	22,298,958	26,904,778
<u>Assigned:</u>							
Fire truck/equipment	853,825	-	-	-	-	-	853,825
Contingencies	825,000	-	-	-	-	-	825,000
Department equipment	1,813,449	-	-	-	-	-	1,813,449
Technology equipment	73,533	-	-	-	-	-	73,533
Computer expansion	601,642	-	-	-	-	-	601,642
Parking lot	91,291	-	-	-	-	-	91,291
Payroll reserve	1,395,568	-	-	-	-	-	1,395,568
<u>Unassigned</u>	24,868,320	-	-	-	(13,839,810)	(4,539,981)	6,488,529
Total Fund Balances	\$ 32,904,368	\$ 14,092,381	\$ 2,960,900	\$ 12,117,163	\$ (13,839,810)	\$ 38,674,134	\$ 86,909,136

E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2013:

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34" was issued in November 2010. This Statement improves the financial reporting by addressing the reporting issues resulting from these statements. This Statement modifies certain requirements for the inclusion of component units and amends the criteria for reporting component units as if they were part of the primary government. This Statement also clarifies the reporting of equity interests in legally separate organizations by reporting its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" was issued in April 2012. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement No. 4, *Elements of*

**CITY OF BISMARCK, NORTH DAKOTA
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Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows and inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012.

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

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 position – governmental activities as reported in the government-wide statement of net position. 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 \$83,269,191 difference are as follows:

Bonds payable	\$ (79,700,000)
Less: unamortized bond discount	163,405
Plus: unamortized bond premium	(1,007,021)
Accrued interest payable	(371,684)
Compensated absences	<u>(2,353,891)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (83,269,191)</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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 position 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 \$26,673,335 difference are as follows:

Capital outlay	\$ 42,597,079
Contributed capital	\$ 1,825,366
Capital outlay transferred to Water & Sewer Fund	\$ (6,979,554)
Depreciation expense	<u>(10,769,556)</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 26,673,335</u>
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Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this \$79,903 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 position differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (79,903)</u>
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Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (79,903)</u>
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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 position. Also, governmental funds report the effect of 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 \$13,493,169 difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (22,605,000)
Less: discounts and bond cost	(82,027)
Plus: bond premium	(521,142)
Principal repayments:	
General obligation debt	<u>9,715,000</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (13,493,169)</u>
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**CITY OF BISMARCK, NORTH DAKOTA
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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 \$(84,531) are as follows:

Accrued interest	(57,176)
Amortization of bond premium & interest on escrow	56,039
Amortization of bond costs and discounts	(322,539)
Net pension asset	282,889
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (84,531)

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2013, as measured by the balances in the total fund balance as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Flood Construction	127,863
Sewermain Construction	2,806,197
Watermain Construction	40,143
Sidewalk Construction	1,565,778
Street Improvement Construction	13,839,810

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December 2014. Flood Construction will be funded through FEMA, State Land Grant and Special Assessments.

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The City does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, the City maintains deposits at those depository banks and savings and loans authorized by the City Commission, all of which are covered by federal deposit insurance. These statutes also require that the deposits be protected by insurance, collateral or surety bond. The fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. The only exception is for funds that are deposited with the Bank of North Dakota, which is owned and backed by the full faith and credit of the State of North Dakota. At December 31, 2013, the carrying amount of the City's deposits was \$177,371,071 and the bank balance was \$177,867,031, all of which was insured and collateralized.

Cash and Investments

As of December 31, 2013 the city's cash and investments are as follows:

Cash on hand	\$ 48,388
Deposits	177,371,071
Investments	109,220,526
Total cash and investments	<u>\$ 286,639,985</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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The cash and investments presented in the Financial Statements December 31, 2013 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 74,018,922
Investments	84,902,403
Restricted:	
Cash and cash equivalents	539,711
Investments	6,874,074
Revenue bond covenant accounts	8,529,130
Total primary government cash and investments	<u>\$ 174,864,240</u>
<u>Fiduciary Funds</u>	
Investments	111,775,745
Total cash and investments	<u>\$ 286,639,985</u>

B. INVESTMENTS

Primary Government

State statues, city ordinances and resolutions authorize the City's investments. State law governs investments by NDCC 6-09-07, 15-10-12, and 21-04-02, indicating that all public funds must be deposited in the Bank of North Dakota unless there are other constitutional or statutory provisions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rate. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

As of December 31, 2013 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

Interest Rate Risk: City

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Certificate of Deposits	38,016,845	25,931,219	12,085,626	-	-
Government Agencies	40,813	-	40,813	-	-
Government Bonds	6,612,918	926,621	618,269	1,427,174	3,640,855
Federal Mortgage-Backed	30,927,272	499,930	30,427,342	-	-
External Investment Pool	16,178,629	16,178,629	-	-	-
Total Debt Securities	<u>\$ 91,776,477</u>	<u>\$ 43,536,399</u>	<u>\$ 43,172,050</u>	<u>\$ 1,427,174</u>	<u>\$ 3,640,855</u>

**CITY OF BISMARCK, NORTH DAKOTA
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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 \$4,448,630 and PO's valued at \$2,164,288 at December 31, 2013. The City has no formal policy regarding IO and PO strips.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City of Bismarck does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2013, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

<u>S&P Credit Rating</u>	<u>Total Market Value</u>	<u>Government Agencies</u>	<u>Federal Mortgage- Backed</u>	<u>External Investment Pool</u>
AA	\$ 47,146,714	\$ 40,813	\$ 30,927,272	\$ 16,178,629
<u>Not Rated</u>				
Government Bonds	6,612,918			
Certificate of Deposits	38,016,845			
Total Debt Securities	\$ 91,776,477			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2013, 33.7 percent of the City's (Primary Government) investments were invested with the Federal National Mortgage association and the Federal Home Loan Mortgage Corporation.

Pension Funds

Interest Rate Risk

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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NDRIO has chosen to use the Segmented Time Distribution disclosure method for the Deferred Retirement, City and Police investments. The City's portion of interest rate risk for pension debt securities is shown in the table below by investment type and maturity as of June 30, 2011, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2013.

Interest Rate Risk: Pension Investments

All values in \$000

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 163	\$ -	\$ 42	\$ 29	\$ 92
Bank Loans	2	-	2	-	-
Commercial Mortgage-Backed	252	-	-	-	252
Corporate Bonds	3,421	158	1,098	961	1,204
Corporate Convertible Bonds	704	7	339	91	267
Government Agencies	592	74	344	124	50
Government Bonds	1,917	289	304	542	782
Government Mortgage-Backed	12,498	-	10	25	12,463
Index Linked Government Bonds	42	1	-	-	41
Municipal/Provincial Bonds	161	-	90	17	54
Non-Government Backed CMOs	166	-	57	11	98
Other Fixed Income	70	3	67	-	-
Short Term Bills and Notes	938	938	-	-	-
Pooled Investments	13,954	4	9,985	1,870	2,095
Bond Mutual Funds	54	-	-	54	-
Fixed Mutual Funds	114	114	-	-	-
Total Debt Securities	\$ 35,048	\$ 1,588	\$ 12,338	\$ 3,724	\$ 17,398

Credit Risk

The NDRIO maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each debt security manager is given a specific set of guidelines to invest based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories. The following table presents the NDRIO's external investment pool as of June 30, 2013. December 31, 2013 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2013.

Credit Risk: Pension Fund Investments

All values in \$000

S&P Credit Rating	Total Market Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AA	3	3	-	-
BBB	47	47	-	-
B	3	3	-	-
Not Rated	34,995	1	114	34,880
Total Debt Securities	\$ 35,048	\$ 54	\$ 114	\$ 34,880

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The City's foreign currency risk exposure portion of the investment pool is presented in the following table as of June 30, 2013. December 31, 2013 information for foreign currency risk is not available from NDRIO.

Foreign Currency Risk: Pensions

Currency	All values in \$000			
	Short-Term	Debt	Equity	Total
Australian dollar	\$ (162)	\$ 224	\$ 228	\$ 290
Brazilian real	35	123	164	322
British pound sterling	263	101	1,253	1,617
Canadian dollar	1	25	377	403
Chilean peso	62	-	-	62
Czech koruna	-	-	46	46
Israeli shekel	-	-	24	24
Danish krone	-	-	14	14
Euro	(352)	472	2,339	2,459
Hong Kong dollar	-	-	306	306
Hungarian forint	-	80	25	105
Iceland krona	1	-	-	1
Indian Rupee	93	-	-	93
Japanese yen	248	-	1,005	1,253
Malaysian Ringgit	-	84	52	136
Mexican peso	-	431	-	431
New Zealand dollar	(59)	61	-	2
Norwegian krone	1	-	46	47
Philippine peso	-	65	-	65
Polish zloty	-	84	30	114
Singapore dollar	2	-	55	57
South African rand	3	62	96	161
South Korean won	(86)	89	185	188
Swedish krona	12	-	110	122
Thai baht	1	-	29	30
Swiss franc	-	-	430	430
Turkish lira	-	54	24	78
International commingled funds (various currencies)	-	1,829	6,282	8,111
Total securities subject to foreign currency risk	\$ 63	\$ 3,784	\$ 13,120	\$ 16,967

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,547,486	\$ 220,464	\$ -	\$ 2,767,950
Construction in progress	4,772,806	16,601,156	(3,724,316)	17,649,646
Total capital assets, not being depreciated	7,320,292	16,821,620	(3,724,316)	20,417,596
Capital assets, being depreciated:				
Buildings and building improvements	34,318,690	54,194	-	34,372,884
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	37,540,927	1,598,044	(627,548)	38,511,423
Infrastructure	254,392,396	22,694,149	-	277,086,545
Total capital assets being depreciated	326,337,362	24,346,387	(627,548)	350,056,201
Less accumulated depreciation for:				
Buildings and building improvements	(13,600,997)	(1,162,353)	-	(14,763,350)
Improvements other than buildings	(50,526)	(3,627)	-	(54,153)
Machinery & equipment	(23,079,038)	(2,477,770)	546,846	(25,009,962)
Infrastructure	(62,776,247)	(7,130,858)	-	(69,907,105)
Total accumulated depreciation	(99,506,808)	(10,774,608)	546,846	(109,734,570)
Total capital assets, being depreciated, net	226,830,554	13,571,779	(80,702)	240,321,631
Governmental activities capital assets, net	\$ 234,150,846	\$ 30,393,399	\$ (3,805,018)	\$ 260,739,227
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 13,973,358	\$ -	\$ (52,064)	\$ 13,921,294
Construction in progress	14,833,690	18,498,699	(14,478,494)	18,853,895
Total capital assets, not being depreciated	28,807,048	18,498,699	(14,530,558)	32,775,189
Capital assets, being depreciated:				
Buildings and building improvements	157,352,166	17,956,529	-	175,308,695
Improvements other than buildings	261,744,887	17,212,504	-	278,957,391
Machinery & equipment	22,034,621	1,238,458	(528,600)	22,744,479
Total capital assets being depreciated	441,131,674	36,407,491	(528,600)	477,010,565
Less accumulated depreciation for:				
Buildings and building improvements	(63,699,854)	(5,195,287)	-	(68,895,141)
Improvements other than buildings	(80,481,480)	(5,858,090)	-	(86,339,570)
Machinery & equipment	(13,483,387)	(1,349,619)	356,879	(14,476,127)
Total accumulated depreciation	(157,664,721)	(12,402,996)	356,879	(169,710,838)
Total capital assets, being depreciated, net	283,466,953	24,004,495	(171,721)	307,299,727
Business-type activities capital assets, net	\$ 312,274,001	\$ 42,503,194	\$ (14,702,279)	\$ 340,074,916

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

Governmental activities:

General Government	\$ 1,129,212
Public Safety	1,383,316
Highways and Streets	523,815
Health	26,206
Culture and Recreation	594,694
Public Works	7,117,365
Total depreciation expense - governmental activities	<u>\$ 10,774,608</u>

Business-type activities:

Airport	\$ 2,941,962
Civic Center	2,100,170
Solid Waste Disposal	486,774
Solid Waste Collections	285,202
Water	3,113,066
Sanitary Sewer	2,215,905
Storm Water	682,192
Commercial Property	53,033
Northern Plains Commerce Center	233,779
Parking Authority Lots	290,913
Total depreciation expense - business-type activities	<u>\$ 12,402,996</u>

D. COMMITMENTS

As of December 31, 2013, the City had commitments on various construction contracts totaling approximately \$53,043,129.

The HOME Program has 2 outstanding loans in the amount of \$181,000 that is forgivable at 10% per year after 6 years, while the other requires a balloon payment (\$129,000) or loan forgiveness at the end of 20 years. The Neighborhood Stabilization Program has one loan outstanding in the amount of \$21,600 that is forgivable at 10% per year after 6 years. The Patterson Place Apartment Loan is a non-forgivable loan for \$300,000 with 0% interest. Payment is due from surplus cash if ownership changes including Façade Easements. The original 1983 loan was subordinated on 12/16/2003 with an extended term until April 1, 2024.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due To - Due From Other Funds

Interfund receivables (due from other funds) and payables (due to other funds) are used when a fund has a cash deficit. The composition of interfund balances as of December 31, 2013 was:

<u>Due From:</u>	Due To:		
	<u>Governmental Funds</u>		Total
	Nonmajor Governmental Funds	Street Improvement Construction	
			Due From
<u>Governmental Funds:</u>			
General Fund	\$ 2,012,038	\$ 2,242,260	\$ 4,254,298
Sewermain Bonds	1,782,917	-	1,782,917
Street Improvement Bonds	-	7,743,412	7,743,412
Nonmajor Governmental Funds	779,780	2,508,821	3,288,601
	<u>4,574,735</u>	<u>12,494,493</u>	<u>17,069,228</u>
<u>Business-Type Funds:</u>			
Nonmajor Enterprise Funds	984,804	-	984,804
	<u>984,804</u>	<u>-</u>	<u>984,804</u>
Total Due To	<u>\$ 5,559,539</u>	<u>\$ 12,494,493</u>	<u>\$ 18,054,032</u>

The due to/from other funds will be repaid in 2014.

Advances

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

<u>Advance From:</u>	Advance To:		
	<u>Business-Type Funds</u>		Total
	Water	Nonmajor Enterprise Funds	
			Advance From
Nonmajor Governmental Funds	63,109	2,180,000	2,243,109
Total Advance To	<u>\$ 63,109</u>	<u>\$ 2,180,000</u>	<u>\$ 2,243,109</u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Transfers

Governmental Funds:

Transfer Out:	Transfer In - Governmental Funds				Nonmajor Governmental Funds
	General Fund	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	
General Fund					\$ 1,127,581
Sales Tax	6,652,302				6,539,861
Street Improvement Construction				262,419	
Sewermain Bonds					
Street Improvement Bonds					
Nonmajor Governmental Funds	617,937	4,821,721	81,685		515,374
Airport	104,659				83,495
Civic Center	124,562				95,712
Water	136,400	1,167,755			438,253
Sanitary Sewer	71,132	3,562			105,560
Nonmajor Enterprise Funds	237,459				250,525
Internal Service Funds	105,602				32,803
Total Transfers Out	\$ 8,050,053	\$ 5,993,038	\$ 81,685	\$ 262,419	\$ 9,189,164

Transfer Out:	Airport	Civic Center	Water	Nonmajor Enterprise Funds	Internal Service Funds	Totals
General Fund					\$ 144,000	\$ 1,271,581
Sales Tax						\$ 13,192,163
Street Improvement Construction						\$ 262,419
Sewermain Bonds						\$ -
Street Improvement Bonds						\$ -
Nonmajor Governmental Funds	19,285	1,406,354		18,343		\$ 7,480,699
Airport						\$ 188,154
Civic Center						\$ 220,274
Water						\$ 1,742,408
Sanitary Sewer						\$ 180,254
Nonmajor Enterprise Funds						\$ 487,984
Internal Service Funds	-	-	-	-	-	\$ 138,405
Total Transfers Out	\$ 19,285	\$ 1,406,354	\$ -	\$ 18,343	\$ 144,000	\$ 25,164,341

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

F. LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, and Storm Sewer Funds. The purchase date for the leased equipment was December 30, 2013. 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:	Business-type Activities
Machinery and equipment	18,815
Less: accumulated depreciation	(12,544)
Total	<u>\$ 6,271</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year ending December 31	Business-type Activities
2014 minimum lease payments	\$ 6,925
Less: amount representing interest	(1,888)
Present value of minimum lease payments	<u>\$ 5,037</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, 2013 was \$136,124,636 with a remaining non-obligated margin of \$136,124,636. The City had no general obligation bonds outstanding as of December 31, 2013.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. The Water Revenue bonds were issued to fund the Bismarck Water Treatment Facility Sludge Plant Expansion and Standby Power project. The Water Treatment bonds were issued to fund the Water Treatment Plant intake project. The Wastewater Revenue bonds were

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

issued to fund a major upgrade to the intake to the Wastewater Treatment Plant. Revenue bonds outstanding at December 31, 2013 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2013	Amount Issued in 2013	Amount Retired in 2013	Amount Outstanding 12/31/2013
Business-type Activities								
Civic Center-Lodging, Liquor, Food	10/16/2013	12/1/2034	3-4.25%	\$27,695,000	\$ -	\$27,695,000	\$ -	\$27,695,000
Water Utility-2012	4/26/2012	4/1/2021	2%-2.5%	6,415,000	6,415,000	-	680,000	5,735,000
Water Utility-2013	10/10/2013	4/1/2028	1-4%	9,000,000	-	9,000,000	-	9,000,000
Water Treatment	6/15/2009	9/1/2027	3.31%	15,757,434	9,750,806	4,021,628	670,000	13,102,434
Wastewater	11/14/2006	9/1/2027	2.50%	18,400,000	15,970,000	-	860,000	15,110,000
Total Revenue Bonds				\$77,267,434	\$32,135,806	\$40,716,628	\$2,210,000	\$70,642,434

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

Years	BUSINESS-TYPE ACTIVITIES	
	Principal	Interest
2014	3,400,000	2,382,752
2015	3,850,000	2,125,729
2016	3,930,000	2,028,737
2017	4,010,000	1,924,068
2018	4,105,000	1,813,022
2019-2023	20,740,000	7,308,089
2024-2028	20,332,434	4,145,886
2029-2033	8,365,000	1,477,075
2034	1,910,000	81,175
Total	\$70,642,434	\$23,286,533

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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, 2013 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2013	Amount Issued in 2013	Amount Retired in 2013	Amount Outstanding 12/31/2013	Amount Due Within One Year
Series J refunding	5/1/1999	5/1/2014	4.00- 4.40%	3,920,000	310,000	-	155,000	155,000	155,000
Series R refunding	10/15/2004	5/1/2013	2.50- 3.00%	2,005,000	170,000	-	170,000	-	-
Series U refunding	7/1/2007	5/1/2022	4.00- 4.75%	14,395,000	9,480,000	-	1,060,000	8,420,000	1,015,000
Series V refunding	5/28/2008	5/1/2016	3.25- 3.75%	2,430,000	1,000,000	-	280,000	720,000	270,000
Series W refunding	12/23/2008	5/1/2023	3.50- 4.45%	8,915,000	6,655,000	-	650,000	6,005,000	635,000
Series X refunding	1/1/2009	5/1/2023	3.50- 5.375%	8,210,000	3,710,000	-	1,175,000	2,535,000	1,155,000
Series Y refunding	1/6/2010	5/1/2024	2.00- 4.00%	9,615,000	7,100,000	-	940,000	6,160,000	930,000
Series A refunding	3/25/2010	5/1/2019	2.00- 3.00%	3,855,000	2,535,000	-	415,000	2,120,000	475,000
Series B refunding	12/8/2010	5/1/2025	0.70- 4.25%	9,630,000	8,050,000	-	950,000	7,100,000	940,000
Series C refunding	12/14/2011	5/1/2026	2.00- 2.75%	9,065,000	8,445,000	-	960,000	7,485,000	950,000
Series D refunding	12/14/2011	5/1/2020	100- 2.00%	1,605,000	1,390,000	-	230,000	1,160,000	225,000
Series E refunding	4/15/2012	5/1/2021	2.00- 2.20%	4,365,000	4,365,000	-	960,000	3,405,000	540,000
Series F refunding	12/19/2012	5/1/2027	100- 1.80%	9,465,000	9,465,000	-	440,000	9,025,000	715,000
Series G refunding	1/3/2013	5/1/2022	150- 2.00%	3,790,000	-	3,790,000	455,000	3,335,000	535,000
Series H refunding	11/14/2013	5/1/2028	100- 1.80%	15,755,000	-	15,755,000	-	15,755,000	1,115,000
Total refunding series				\$ 107,020,000	\$ 62,675,000	\$ 19,545,000	\$ 8,840,000	\$ 73,380,000	\$ 9,655,000

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NOTES TO FINANCIAL STATEMENTS
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Governmental Activities - Special Assessment Bonds	Date of Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 12/31/2013	Amount Issued 2013	Amount Retired in 2013	Amount Outstanding 12/31/2013	Due Within One Year
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15% 1.75-	505,000	50,000	-	50,000	-	-
Sidewalk 03	6/1/2004	5/1/2014	4.15% 3.25-	460,000	90,000	-	45,000	45,000	45,000
Sidewalk 04	6/15/2005	5/1/2015	3.70% 4.00-	1,110,000	330,000	-	110,000	220,000	110,000
Sidewalk 05	6/1/2006	5/1/2016	4.15% 4.00-	1,040,000	430,000	-	110,000	320,000	110,000
Sidewalk 06	7/1/2007	5/1/2017	4.25% 3.00-	1,120,000	575,000	-	115,000	460,000	115,000
Sidewalk 07	12/23/2008	5/1/2018	4.00% 1.00-	1,085,000	665,000	-	115,000	550,000	115,000
Sidewalk 08	1/6/2010	5/1/2019	3.10% 0.90-	810,000	585,000	-	85,000	500,000	85,000
Sidewalk 09	12/8/2010	5/1/2020	3.00% 0.50-	665,000	545,000	-	70,000	475,000	70,000
Sidewalk 10	12/14/2011	5/1/2021	2.00% 1.20-	935,000	865,000	-	100,000	765,000	100,000
Sidewalk 11	1/3/2013	5/1/2022	1.70% 2.00-	915,000	-	915,000	75,000	840,000	100,000
Sidewalk 12	11/14/2013	5/1/2023	2.75%	2,145,000	-	2,145,000	-	2,145,000	155,000
Total sidewalk bonds				\$ 10,790,000	\$ 4,135,000	\$ 3,060,000	\$ 875,000	\$ 6,320,000	\$ 1,005,000
Total special assessment bonds				\$ 117,810,000	\$ 66,810,000	\$ 22,605,000	\$ 9,715,000	\$ 79,700,000	\$ 10,660,000

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>
2014	10,660,000	2,072,197
2015	10,785,000	1,793,073
2016	9,345,000	1,529,990
2017	8,445,000	1,305,041
2018	7,585,000	1,100,468
2019-2023	25,255,000	2,817,214
2024-2028	7,625,000	410,157
Total	<u>\$ 79,700,000</u>	<u>\$ 11,028,140</u>

**CITY OF BISMARCK, NORTH DAKOTA
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Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special assessment bonds	\$ 66,810,000	\$ 22,605,000	\$ 9,715,000	\$ 79,700,000	\$ 10,660,000
Plus unamortized premium	366,473	513,867	36,724	\$ 843,616	-
Compensated absences	2,310,147	1,461,957	1,418,213	2,353,891	1,727,604
Claims and judgments	269,782	3,257,432	3,227,526	299,688	299,688
TOTAL	\$ 69,756,402	\$ 27,838,256	\$ 14,397,463	\$ 83,197,195	\$ 12,687,292
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 12,927		\$ 7,890	\$ 5,037	\$ 5,037
Compensated absences	715,640	366,694	339,215	743,119	447,189
Claims and judgments	119,218	1,012,090	1,038,196	93,112	93,112
Closure and postclosure costs	1,290,219	188,783		1,479,002	
Civic Center revenue bonds	-	27,695,000	-	27,695,000	830,000
Less unamortized discount	-	394	28,008	(27,614)	
Water revenue bonds-2012	6,415,000		680,000	5,735,000	685,000
Plus unamortized premium	71,278	-	8,553	62,725	
Water revenue bonds-2013	-	9,000,000	-	9,000,000	310,000
Plus unamortized premium	-	1,413	24	1,389	
Water Treatment	9,750,806	4,021,628	670,000	13,102,434	690,000
Wastewater revenue bonds	15,970,000		860,000	15,110,000	885,000
TOTAL	\$ 34,345,088	\$ 42,286,002	\$ 3,631,886	\$ 72,999,204	\$ 3,945,338

H. INDUSTRIAL REVENUE BONDS

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2013, there were 3 series of Industrial Revenue Bonds outstanding; the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Bismarck has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. This amount is most often in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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I. RESTRICTED ASSETS

The balances of the restricted asset accounts on December 31, 2013 are as follows:

GOVERNMENTAL

Restricted Investments

Sidewalk Construction Certificate of Deposits	3,008,420
Total Governmental Restricted Assets	\$ 3,008,420

BUSINESS-TYPE

Restricted Cash and Cash Equivalents

Civic Center Customer Deposits	521,771
Parking Authority Customer Deposits	17,940

Restricted Investments

Burleigh County Water Users	3,865,654
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Restricted Revenue Bond Covenant Accounts

Civic Center Lodging Liquor Food Account	181,956
Water Revenue Bond Covenant Accounts	6,102,093
Wastewater Revenue Bond Covenant Accounts	2,245,081
Total Business-Type Restricted Assets	\$ 12,934,495

V. OTHER INFORMATION

A. RISK MANAGEMENT

The City pays an annual premium to the North Dakota Insurance Reserve Fund (NDRIF) for its general insurance, personal injury insurance, and auto insurance. The coverage by NDRIF 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, 2013 management estimates claims incurred prior to NDRIF but not paid of \$0 Sewer Claims and \$0 City-Wide Liability Claims. No liability has been recorded.

**CITY OF BISMARCK, NORTH DAKOTA
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City-Wide Liability Claims

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR		BALANCE AT FISCAL YEAR-END
		CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	
2013 \$	-	\$ 742	\$ 742	-
2012 \$	12,348	\$ 45,839	\$ 58,187	-
2011 \$	15,895	\$ (110)	\$ 3,437	12,348

Sewer Backup Claims

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR		BALANCE AT FISCAL YEAR-END
		CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	
2013 \$	-	\$ 54,574	\$ 54,574	-
2012 \$	-	\$ 85,934	\$ 53,934	32,000
2011 \$	-	\$ 82,929	\$ 82,929	-

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 \$1,028,751 for 2013. 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 \$392,800 as of December 31, 2013. A summary of the claim reserve liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR		BALANCE AT FISCAL YEAR-END
		CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	
2013 \$	357,000	\$ 4,305,322	\$ 4,269,522	\$ 392,800
2012 \$	320,235	\$ 3,986,072	\$ 3,949,307	\$ 357,000
2011 \$	320,537	\$ 3,971,153	\$ 3,971,455	\$ 320,235

State Fire and Tornado and Bonding Fund

The City participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The City pays an annual premium for the Fire and Tornado Fund to cover damage to buildings and contents. Replacement

**CITY OF BISMARCK, NORTH DAKOTA
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cost is estimated in consultation with the Fire and Tornado Fund to provide replacement cost coverage. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides the City with blanket fidelity bond coverage in the amount of \$5,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Worker's Compensation

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

B. Closure and Post Closure Care Costs

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,479,002 reported as landfill closure and post closure care liability at December 31, 2013, represents the cumulative amount reported to date based on the use of 88.9 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$175,431 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 2013. 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 2013, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Operations excluding easements which the County funded at 100%. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees of the Center are the employees of the City. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

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<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 330,815
Less value of accumulated depreciation	(261,122)
Net position	<u>\$ 69,693</u>
Total operating expenditures - 2013	<u>\$ 1,706,565</u>

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

D. Employee Retirement Systems

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

Summary of Significant Accounting Policies

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

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

City of Bismarck Employee's Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2013 is as follows:

Retirees and beneficiaries receiving benefits	157
Terminated employees - vested	54
Active employees:	
Vested	276
Non-vested	133
 Number of participating employers:	 2

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

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

**CITY OF BISMARCK, NORTH DAKOTA
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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, 2013 is \$76,786,991 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, 2013 is as follows:

Retirees and beneficiaries receiving benefits	65
Terminated employees - vested	22
Active employees:	
Vested	74
Non-vested	40
Number of participating employers:	1

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

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

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

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

Reserves - The fund balance at December 31, 2013 is \$33,156,607 and the entire amount is reserved for employee pension benefits.

**CITY OF BISMARCK, NORTH DAKOTA
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Bismarck Firefighter's Relief Association Plan

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

Membership in the plan on December 31, 2012 is as follows:

Retirees, beneficiaries and disabled receiving benefits	52
Terminated employees - vested	3
Active employees:	
Vested	37
Non-vested	36

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 City Commission. In addition, 50% of the amount received from the State for the assessed revenue from the 1.125% of the premiums assessed to insurance companies for fire and multi-peril insurance on property within the City is contributed to the plan. The employer contributes at a rate set by the City Commission.

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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City of Bismarck Employee's Pension

Schedule of Employer Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Funded</u>
2013	\$ 1,299,110	\$ 2,259,647	173.9%
2012	1,423,866	2,234,521	156.9%
2011	1,904,777	2,076,309	109.0%
2010	1,958,692	1,862,086	95.1%
2009	2,010,653	2,649,359	131.8%
2008	1,090,182	2,542,708	233.2%
2007	1,068,130	2,182,902	204.4%
2006	1,233,248	2,147,360	174.0%
2005	1,414,021	2,113,743	149.5%
2004	1,267,143	1,678,601	132.5%

Schedule of Funding Progress (In Thousands of Dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL (Funded excess) as a Percentage of Annual Covered Payroll</u>
2004	37,922	42,856	4,934	88.5%	12,765	38.7%
2005	42,836	48,871	6,035	87.7%	13,107	46.0%
2006	49,154	50,826	1,672	96.7%	13,893	12.0%
2007	54,225	55,308	1,083	98.0%	14,902	7.3%
2008	43,690	59,315	15,625	73.7%	15,933	98.1%
2009	50,884	64,117	13,233	79.4%	17,135	77.2%
2010	57,155	68,666	11,511	83.2%	17,409	66.1%
2011	59,104	67,314	8,210	87.8%	18,776	43.7%
2012	67,402	72,650	5,248	92.8%	19,394	27.1%
2013	76,787	75,826	(961)	101.3%	20,373	N/A

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

Schedule of Employer Contributions

<u>Year</u>	Annual Required Contribution	Employer Contribution	Percent Funded
2013	\$ 605,066	\$ 872,354	144.2%
2012	677,405	821,478	121.3%
2011	786,899	745,351	94.8%
2010	807,055	689,422	85.4%
2009	818,953	835,823	102.1%
2008	413,396	835,054	202.0%
2007	422,992	789,331	186.6%
2006	471,750	769,252	163.1%
2005	598,835	732,436	122.3%
2004	473,610	700,906	148.0%

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

Schedule of Funding Progress (In Thousands of Dollars)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL (Funded excess) as a Percentage of Annual Covered Payroll</u>
2004	18,186	21,812	3,626	83.4%	4,150	87.4%
2005	20,447	24,198	3,751	84.5%	4,302	87.2%
2006	23,589	25,858	2,269	91.2%	4,361	52.0%
2007	25,907	28,120	2,213	92.1%	4,384	50.5%
2008	20,207	30,132	9,925	67.1%	4,766	208.2%
2009	23,090	32,314	9,224	71.5%	5,072	181.9%
2010	25,738	34,169	8,431	75.3%	5,600	150.6%
2011	26,059	33,470	7,411	77.9%	6,020	123.1%
2012	29,337	35,381	6,044	82.9%	6,166	98.0%
2013	33,157	37,442	4,285	88.6%	5,985	71.6%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Schedule of Net Pension Obligation

Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Amount Contributed	Change in NPO	NPO Balance
2004	456,492	33,029	34,339	12.82	455,182	700,906	(245,724)	194,663
2005	577,190	14,600	15,773	12.34	576,017	732,436	(156,419)	38,244
2006	454,699	2,868	3,231	11.84	454,336	769,252	(314,916)	(276,672)
2007	407,703	20,750	24,462	11.31	411,415	789,331	(377,916)	(654,588)
2008	398,454	49,094	60,830	10.76	410,190	835,054	(424,864)	(1,079,452)
2009	789,352	(80,959)	62,520	17.27	770,913	835,823	(64,910)	(1,144,362)
2010	777,884	85,827	67,409	16.98	759,446	689,422	(70,044)	(1,074,318)
2011	758,457	(80,574)	64,429	16.67	742,312	745,351	(3,039)	(1,077,357)
2012	677,405	(80,802)	65,856	16.36	662,459	821,478	(159,019)	(1,236,375)
2013	605,066	(92,728)	77,127	16.03	589,465	872,354	(282,889)	(1,519,264)

City of Bismarck Firefighter's Relief Association

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2012	\$ 624,615	\$ 507,499	81%
2011	594,607	462,693	78%
2010	536,674	366,437	68%
2009	522,292	522,292	100%
2008	468,201	468,201	100%
2007	442,696	442,696	100%
2006	426,491	426,491	100%
2005	425,581	425,581	100%
2004	285,326	310,072	109%
2003	401,393	398,385	99%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Schedule of Funding Progress (In Thousands of Dollars)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
2003	17,010	16,853	(157)	100.9%	2,692	-5.8%
2004	17,521	17,801	280	98.4%	2,690	10.4%
2005	18,158	19,597	1,439	92.7%	2,914	49.4%
2006	19,258	20,544	1,286	93.7%	3,055	42.1%
2007	20,686	21,724	1,038	95.2%	3,198	32.5%
2008	21,146	23,104	1,958	91.5%	3,744	52.3%
2009	21,444	24,572	3,128	87.3%	4,373	71.6%
2010	21,779	25,455	3,676	85.6%	4,271	86.1%
2011	21,628	26,624	4,996	81.2%	4,453	112.2%
2012	21,457	27,410	5,953	78.3%	4,448	133.8%

The information needed for the Schedule of Net Pension Obligation is only available thru 2012 from the Firefighter's Relief Association, which is a separate legal entity which has responsibility for the plan. The Firefighter's Pension is an agency fund and is under no obligation from the City of Bismarck.

Schedule of Net Pension Obligation

Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Amount Contributed	Change in NPO	NPO Balance
2010	545,445	-	-	-	545,445	366,437	179,008	179,008
2011	590,915	13,426	10,758	16.64	593,583	462,693	130,890	309,898
2012	624,615	23,242	19,624	16.64	629,234	461,921	167,313	477,211

**CITY OF BISMARCK, NORTH DAKOTA
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Actuarial Methods and Assumption

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2014	1/1/2014	1/1/2013
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	0	8	Infinite
Asset Valuation Method	Market	Market	5 year Smoothed
<u>Valuation Method - Actuarial assumptions:</u>			
Inflation rate	3.00%	3.00%	3.00%
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases			4.50%
0-9 years of service	5.00%	5.00%	
10 + years of service	4.00%	4.00%	
Post retirement cost of living adjustments	None	None	at age 62 CPI up to 2%

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

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Receivables:					
Taxes	\$ -	\$ -	\$ 10,914	\$ 8,277	\$ 19,191
Accounts	-	-	40,681	23,392	64,073
Accrued interest and dividends	1,823	-	55,086	34,025	90,934
Investments, at fair value:					
Domestic equities	166,445	-	12,857,155	6,374,328	19,397,928
International equities	81,922	-	21,247,363	9,936,398	31,265,683
Domestic fixed income	510,150	-	21,705,054	7,855,882	30,071,086
International fixed income	-	-	2,842,843	1,274,579	4,117,422
Real estate	-	-	13,491,536	5,823,447	19,314,983
Private Equity	-	-	2,437,606	1,483,842	3,921,448
Mutual funds	17	851,035	-	-	851,052
Certificate of deposits	-	-	243,936	153,816	397,752
Invested cash	91,057	-	1,990,333	239,370	2,320,760
Total assets	851,414	851,035	76,922,507	33,207,356	111,832,312
LIABILITIES					
Accounts payable	1,421	-	126,771	44,121	172,313
Deferred revenue	-	-	8,745	6,627	15,372
Due to Primary Government	162	-	-	-	162
Total liabilities	1,583	-	135,516	50,748	187,847
NET POSITION					
Assets held in trust for pension and other employee benefits	849,831	851,035	76,786,991	33,156,608	111,644,465
Total net position held in trust	\$ 849,831	\$ 851,035	\$ 76,786,991	\$ 33,156,608	\$ 111,644,465

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 2,317,845	\$ 872,354	\$ 3,190,199
Employee	-	-	942,147	575,548	1,517,695
Total contributions	-	-	3,259,992	1,447,902	4,707,894
Investment income:					
Net increase (decrease) in fair value of investments	64,592	187,915	7,903,689	3,769,385	11,925,581
Interest and dividends	28,370	-	1,445,844	628,662	2,102,876
	92,962	187,915	9,349,533	4,398,047	14,028,457
Less: investment expense	(3,242)	-	(248,295)	(113,333)	(364,870)
Net investment income	89,720	187,915	9,101,238	4,284,714	13,663,587
Security lending activity:					
Total additions	89,720	187,915	12,361,230	5,732,616	18,371,481
DEDUCTIONS					
Benefits paid to participants	98,895	-	2,711,751	1,793,525	4,604,171
Refunds	-	325,300	205,671	86,984	617,955
Administration	-	-	59,183	32,618	91,801
Total deductions	98,895	325,300	2,976,605	1,913,127	5,313,927
Change in net position	(9,175)	(137,385)	9,384,625	3,819,489	13,057,554
Net position - beginning	859,006	988,420	67,402,366	29,337,119	98,586,911
Net position - ending	\$849,831	\$ 851,035	\$76,786,991	\$33,156,608	\$111,644,465

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

E. Issued But Non-Effective Pronouncements

GASB Statement No. 67, "*Financial Reporting for Pension Plans*", was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB STATEMENT No. 68, "*Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*" was issued in June, 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB STATEMENT No. 69 , "*GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS*" was issued in January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2013.

GASB STATEMENT No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*" was issued April 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

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GASB STATEMENT No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*” was issued November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

F. Contingent Litigation

Haugland v. The City of Bismarck. Curly Haugland, a Bismarck resident, sued the City seeking injunctive, declaratory and mandamus relief in a matter regarding the use of tax increment financing. Mr. Haugland has alleged that the City’s tax increment financing district and method are not authorized by law and in any case are unconstitutional. The suit was filed in April 2010 and the City answered. In January 2011, the District Court granted summary judgment in favor of the City of Bismarck. In March of 2011, Haugland appealed the District Court’s decision to the North Dakota Supreme Court. The case was argued before the North Dakota Supreme Court in November of 2011. The City received a favorable ruling from the North Dakota Supreme Court in July of 2012. Part of the ruling was to remand a portion of the case to the district court for a factual determination. The district court again granted a summary judgment in favor of the City in November of 2012. Haugland again appealed that summary judgment to the North Dakota Supreme Court and in March of 2014, the City received a favorable decision with regard to 3 programs at issue and the Court remanded the remaining issue to the district court for a factual determination. Based upon the known facts of the case, it is unlikely that the City or its employees have any monetary liability. If the District Court was to find against the City on the remaining issue, the City would be required to remove 6 blocks from its tax increment district that were added in 1994 and investigate whether or not it would have to refund any increments to the other political subdivisions sharing in the property tax levy. The defense of this case is being provided by NDIRF (Randy Bakke).

Liechty Homes, Inc. v. City of Bismarck, Melvin J. Bullinger - City Engineer, Attas Boutrous. Liechty Homes brought this action to assert that the City did not require appropriate drainage in a subdivision next to a Liechty-owned subdivision, thereby causing damage to the Liechty subdivision. The lawsuit has been filed and some discovery has been completed. It is unlikely that the City has liability in this case but if so, the damages would be limited to requiring modification to the storm water improvements in the area to alleviate the concerns of Liechty. The defense of this case is being provided by NDIRF (Randy Bakke).

Charles Odom v. Kenan Kaizer. Charles Odom is an inmate at the State Penitentiary who has sued Kenan Kaizer, a former Bismarck police officer, claiming that Kaizer lied during a probable cause hearing to obtain a search warrant that ultimately led to Odom’s arrest on drug charges. This matter has been around for many years and as Odom is pro se, he has been unable to successfully assert a claim. It appears that Kaizer’s

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DECEMBER 31, 2013**

testimony contained a factual misstatement that would not have affected the outcome of the warrant proceeding or the ultimate arrest and conviction of Odom. In any event, there would be no or little monetary damages if Odom is successful. The federal magistrate has recently recommended dismissal of this case and the federal district judge has adopted his recommendation. The defense of this case is being provided by NDIRF (Randy Bakke).

Michael Dwyer, et al, v. The City of Bismarck. Michael Dwyer sued the City to appeal the City's order requiring Michael Dwyer to install sidewalks adjacent to his property in Bismarck. The Record on Appeal has been completed and the City is in the process of responding to Dwyer's brief on appeal. It is unlikely that the City has monetary liability in this case but if Dwyer is successful, the damages would be limited to relieving Dwyer from the requirement of installing sidewalks adjacent to his property. The defense of this case is being provided by NDIRF (Randy Bakke).

Jerys Enget v. The City of Bismarck. This case arises out of a fall off of a bleacher at the Bismarck Civic Center during a high school event. Enget alleges that he was injured as a result of the fall. Also included in the suit are the North Dakota High School Activities Association and StageRight Corporation, the bleacher manufacturer. Enget has asserted damages in excess of \$50,000. If liable, it is likely that the City would share that liability with one or both of the other defendants. The defense of this case is being provided by NDIRF (Randy Bakke).

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

ASSETS	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
Cash and cash equivalents	\$ 10,352,212	\$ 68,041	\$ 951,147	\$ 11,371,400
Investments	5,462,541	690,420	20,345,765	26,498,726
Receivables:				
Taxes receivable	40,326	-	13,139	53,465
Accounts receivable	2,429,306	0	1,751,602	4,180,908
Special assessments	-	6,607,687	15,217	6,622,904
Notes receivable	-	-	502,600	502,600
Due from other funds	-	779,780	2,508,821	3,288,601
Advances to other funds	1,780,000	63,109	400,000	2,243,109
Restricted assets:				
Investments	-	-	3,008,420	3,008,420
Total assets	<u><u>\$ 20,064,385</u></u>	<u><u>\$ 8,209,037</u></u>	<u><u>\$ 29,496,711</u></u>	<u><u>\$ 57,770,133</u></u>
LIABILITIES				
Accounts payable	\$ 614,380	\$ -	\$ 2,425,602	\$ 3,039,982
Retainage payable	-	-	970,428	970,428
Due to other funds	848,628	-	4,710,911	5,559,539
Salaries payable	288,729	-	-	288,729
Unearned revenue	900	63,109	202,600	266,609
Customer deposits	21,104	-	3,008,420	3,029,524
Total liabilities	<u>1,773,741</u>	<u>63,109</u>	<u>11,317,961</u>	<u>13,154,811</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable special assessment taxes	-	5,889,104	-	5,889,104
Unavailable property taxes	32,311	-	19,773	52,084
Total deferred inflows of resources	<u>32,311</u>	<u>5,889,104</u>	<u>19,773</u>	<u>5,941,188</u>
FUND BALANCES				
Nonspendable	1,780,000	63,109	400,000	2,243,109
Restricted	1,044,219	2,193,715	-	3,237,934
Committed	15,434,114	-	22,298,958	37,733,072
Unassigned	-	-	(4,539,981)	(4,539,981)
Total fund balances	<u>18,258,333</u>	<u>2,256,824</u>	<u>18,158,977</u>	<u>38,674,134</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 20,064,385</u></u>	<u><u>\$ 8,209,037</u></u>	<u><u>\$ 29,496,711</u></u>	<u><u>\$ 57,770,133</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, 2013**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 7,445,218	\$ -	\$ 2,180,325	\$ 9,625,543
Licenses and permits	123,406	-	-	123,406
Special assessments	-	1,396,483	2,333,288	3,729,771
Intergovernmental	11,290,042	-	2,308,079	13,598,121
Charges for services	2,472,250	-	595,691	3,067,941
Fines and forfeits	120,911	-	-	120,911
Investment income	39,223	33,667	66,418	139,308
Rentals	162,761	-	-	162,761
Miscellaneous	236,859	-	332,000	568,859
Total revenues	<u>21,890,670</u>	<u>1,430,150</u>	<u>7,815,801</u>	<u>31,136,621</u>
EXPENDITURES				
Current				
General government	5,571,725	-	28,685	5,600,410
Public safety	699,177	-	-	699,177
Highways and streets	6,122,320	-	-	6,122,320
Health and welfare	1,094,905	-	-	1,094,905
Culture and recreation	1,775,602	-	-	1,775,602
Public works	-	-	2,197,743	2,197,743
Capital outlays				
General government	358,363	-	-	358,363
Public safety	103,738	-	-	103,738
Highways and streets	462,015	-	-	462,015
Culture and recreation	318,034	-	-	318,034
Public works	-	-	16,873,285	16,873,285
Debt service				
Principal	-	1,070,656	-	1,070,656
Interest and fiscal charges	-	192,454	-	192,454
Total expenditures	<u>16,505,879</u>	<u>1,263,110</u>	<u>19,099,713</u>	<u>36,868,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,384,791</u>	<u>167,040</u>	<u>(11,283,912)</u>	<u>(5,732,081)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	1,102,059	10,877	8,076,228	9,189,164
Transfer out	(1,988,803)	-	(5,491,896)	(7,480,699)
Premium on special assessment debt	-	-	27,206	27,206
Discount on special assessment debt	-	-	(7,278)	(7,278)
Special assessment bonds issued	-	-	3,574,561	3,574,561
Total other financing sources (uses)	<u>(886,744)</u>	<u>10,877</u>	<u>6,178,821</u>	<u>5,302,954</u>
Net changes in fund balances	4,498,047	177,917	(5,105,091)	(429,127)
Fund balances - beginning	<u>13,760,286</u>	<u>2,078,907</u>	<u>23,264,068</u>	<u>39,103,261</u>
Fund balances - ending	<u>\$ 18,258,333</u>	<u>\$ 2,256,824</u>	<u>\$ 18,158,977</u>	<u>\$ 38,674,134</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
ASSETS					
Cash and cash equivalents	\$ -	\$ 620,339	\$ 38,639	\$ 6,372,640	\$ 1,149,862
Investments	1,133	36,096	17,108	866,066	40,743
Receivables:					
Taxes receivable	7,248	17,291	-	5,375	-
Accounts receivable	256,700	53,055	-	495,654	135,114
Advanced to other funds	-	-	-	-	-
Total assets	\$ 265,081	\$ 726,781	\$ 55,747	\$ 7,739,735	\$ 1,325,719
LIABILITIES					
Accounts payable	\$ 257,834	\$ 50,123	\$ 866	\$ 139,611	\$ 41,736
Due to other funds	-	-	-	-	-
Salaries payable	-	80,527	-	122,764	23,360
Unearned revenue	-	-	-	900	-
Customer deposits	-	-	-	21,104	-
Total liabilities	257,834	130,650	866	284,379	65,096
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	5,799	13,861	-	4,290	-
Total deferred inflows of resources	5,799	13,861	-	4,290	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	288,366	-
Committed	1,448	582,270	54,881	7,162,700	1,260,623
Total fund balances	1,448	582,270	54,881	7,451,066	1,260,623
Total liabilities, deferred inflows of resources, and fund balances	\$ 265,081	\$ 726,781	\$ 55,747	\$ 7,739,735	\$ 1,325,719

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,065,176	\$ 21,247	\$ 84,309	\$ -	\$ 10,352,212
Investments	-	532,455	3,036,487	932,453	-	5,462,541
Receivables:						
Taxes receivable	-	-	-	10,412	-	40,326
Accounts receivable	91,883	234,926	-	1,275	1,160,699	2,429,306
Advanced to other funds	-	1,780,000	-	-	-	1,780,000
Total assets	\$ 91,883	\$ 4,612,557	\$ 3,057,734	\$ 1,028,449	\$ 1,160,699	\$ 20,064,385
LIABILITIES						
Accounts payable	\$ 78,101	\$ -	\$ -	\$ 8,012	\$ 38,097	\$ 614,380
Due to other funds	13,782	-	-	-	834,846	848,628
Salaries payable	-	-	-	-	62,078	288,729
Unearned revenue	-	-	-	-	-	900
Customer deposits	-	-	-	-	-	21,104
Total liabilities	91,883	-	-	8,012	935,021	1,773,741
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	-	-	-	8,361	-	32,311
Total deferred inflows of resources	-	-	-	8,361	-	32,311
FUND BALANCES						
Nonspendable	-	1,780,000	-	-	-	1,780,000
Restricted	-	755,853	-	-	-	1,044,219
Committed	-	2,076,704	3,057,734	1,012,076	225,678	15,434,114
Total fund balances	-	4,612,557	3,057,734	1,012,076	225,678	18,258,333
Total liabilities, deferred inflows of resources, and fund balances	\$ 91,883	\$ 4,612,557	\$ 3,057,734	\$ 1,028,449	\$ 1,160,699	\$ 20,064,385

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, 2013

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
REVENUES					
Taxes	\$ 644,731	\$ 1,501,264	\$ -	\$ 493,840	\$ -
Licenses and permits	-	-	-	975	-
Intergovernmental	1,888,441	563,305	-	7,146,292	-
Charges for services	-	79,350	-	267,633	2,035,584
Fines and forfeits	-	38,905	80,176	-	-
Investment income	88	3,958	30	17,878	2,685
Rentals	-	6,566	-	130,137	6,858
Miscellaneous	-	3,144	-	33,902	91,086
Total revenues	<u>2,533,260</u>	<u>2,196,492</u>	<u>80,206</u>	<u>8,090,657</u>	<u>2,136,213</u>
EXPENDITURES					
Current					
General government	2,175,778	-	-	-	-
Public safety	-	-	39,504	-	-
Highways and streets	-	-	-	4,686,086	1,428,658
Health and welfare	-	-	-	-	-
Culture and recreation	-	1,746,965	-	-	-
Capital outlays					
General government	358,363	-	-	-	-
Public safety	-	-	23,728	-	-
Highways and streets	-	-	-	427,671	34,344
Culture and recreation	-	318,034	-	-	-
Debt service					
Total expenditures	<u>2,534,141</u>	<u>2,064,999</u>	<u>63,232</u>	<u>5,113,757</u>	<u>1,463,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(881)</u>	<u>131,493</u>	<u>16,974</u>	<u>2,976,900</u>	<u>673,211</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	324,194	-
Transfer out	-	(48,041)	(9,114)	(97,699)	(305,398)
Total other financing sources (uses)	-	<u>(48,041)</u>	<u>(9,114)</u>	<u>226,495</u>	<u>(305,398)</u>
Net changes in fund balances	(881)	83,452	7,860	3,203,395	367,813
Fund balances - beginning	2,329	498,818	47,021	4,247,671	892,810
Fund balances - ending	<u>\$ 1,448</u>	<u>\$ 582,270</u>	<u>\$ 54,881</u>	<u>\$ 7,451,066</u>	<u>\$ 1,260,623</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, 2013**

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
REVENUES						
Taxes	\$ 1,174,646	\$ 2,750,004	\$ -	\$ 880,733	\$ -	\$ 7,445,218
Licenses and permits	-	-	-	-	122,431	123,406
Intergovernmental	-	-	-	42,673	1,649,331	11,290,042
Charges for services	-	-	-	-	89,683	2,472,250
Fines and forfeits	-	-	-	-	1,830	120,911
Investment income	-	2,364	7,808	3,922	490	39,223
Rentals	-	19,200	-	-	-	162,761
Miscellaneous	-	-	-	-	108,727	236,859
Total revenues	<u>1,174,646</u>	<u>2,771,568</u>	<u>7,808</u>	<u>927,328</u>	<u>1,972,492</u>	<u>21,890,670</u>
EXPENDITURES						
Current						
General government	998,553	260,407	288,441	1,726,196	122,350	5,571,725
Public safety	-	-	-	-	659,673	699,177
Highways and streets	-	-	-	-	7,576	6,122,320
Health and welfare	-	-	-	-	1,094,905	1,094,905
Culture and recreation	-	-	-	-	28,637	1,775,602
Capital outlays	-	-	-	-	-	-
General government	-	-	-	-	-	358,363
Public safety	-	-	-	-	80,010	103,738
Highways and streets	-	-	-	-	-	462,015
Culture and recreation	-	-	-	-	-	318,034
Debt service	-	-	-	-	-	-
Total expenditures	<u>998,553</u>	<u>260,407</u>	<u>288,441</u>	<u>1,726,196</u>	<u>1,993,151</u>	<u>16,505,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>176,093</u>	<u>2,511,161</u>	<u>(280,633)</u>	<u>(798,868)</u>	<u>(20,659)</u>	<u>5,384,791</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	768,751	9,114	1,102,059
Transfer out	(176,093)	(1,289,340)	-	-	(63,118)	(1,988,803)
Total other financing sources (uses)	<u>(176,093)</u>	<u>(1,289,340)</u>	<u>-</u>	<u>768,751</u>	<u>(54,004)</u>	<u>(886,744)</u>
Net changes in fund balances	-	1,221,821	(280,633)	(30,117)	(74,663)	4,498,047
Fund balances - beginning	-	3,390,736	3,338,367	1,042,193	300,341	13,760,286
Fund balances - ending	<u>-</u>	<u>\$ 4,612,557</u>	<u>\$ 3,057,734</u>	<u>\$ 1,012,076</u>	<u>\$ 225,678</u>	<u>\$ 18,258,333</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 2,329	\$ 2,329	\$ 2,329	\$ -
Resources (inflows)				
Taxes	679,158	679,158	644,731	(34,427)
Intergovernmental	3,517,025	3,517,025	1,888,441	(1,628,584)
Investment income	300	300	88	(212)
Miscellaneous	-	-	-	-
Amount available for appropriation	<u>4,198,812</u>	<u>4,198,812</u>	<u>2,535,589</u>	<u>(1,663,223)</u>
Charges to appropriations (outflows)				
General government	4,175,439	4,175,439	2,534,141	1,641,298
Transfer out	<u>21,044</u>	<u>21,044</u>	<u>-</u>	<u>21,044</u>
Total charges to appropriations	<u>4,196,483</u>	<u>4,196,483</u>	<u>2,534,141</u>	<u>1,662,342</u>
Budgetary Fund Balance, December 31	<u><u>\$ 2,329</u></u>	<u><u>\$ 2,329</u></u>	<u><u>\$ 1,448</u></u>	<u><u>\$ (881)</u></u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 498,818	\$ 498,818	\$ 498,818	-
Resources (inflows)				
Taxes	1,596,575	1,596,575	1,501,264	(95,311)
Intergovernmental	512,375	512,375	563,305	50,930
Charges for services	73,500	73,500	79,350	5,850
Fines and forfeits	39,200	39,200	38,905	(295)
Investment income	4,700	4,700	3,958	(742)
Rentals	14,000	14,000	6,566	(7,434)
Miscellaneous	4,000	4,000	3,144	(856)
Amount available for appropriation	<u>2,743,168</u>	<u>2,743,168</u>	<u>2,695,310</u>	<u>(47,858)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,115,456	2,104,754	2,060,555	44,199
Transfer out	37,339	48,041	48,041	-
Total charges to appropriations	<u>2,152,795</u>	<u>2,152,795</u>	<u>2,108,596</u>	<u>44,199</u>
Budgetary Fund Balance, December 31	<u>\$ 590,373</u>	<u>\$ 590,373</u>	<u>\$ 586,714</u>	<u>\$ (3,659)</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY
FOR YEAR ENDED DECEMBER 31, 2013**

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	\$ 2,695,310
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>(498,818)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,196,492</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,108,596
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	4,444
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(48,041)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,064,999</u>

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

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 47,021	\$ 47,021	\$ 47,021	-
Resources (inflows)				
Fines and forfeits	52,000	52,000	80,176	28,176
Investment income	2,000	2,000	30	(1,970)
Amount available for appropriation	<u>101,021</u>	<u>101,021</u>	<u>127,227</u>	<u>26,206</u>
Charges to appropriations (outflows)		10,000	(9,114)	886
Public safety	<u>69,655</u>	<u>69,655</u>	<u>63,232</u>	<u>6,423</u>
Total charges to appropriations	<u>69,655</u>	<u>69,655</u>	<u>63,232</u>	<u>7,309</u>
Budgetary Fund Balance, December 31	<u>\$ 31,366</u>	<u>\$ 31,366</u>	<u>\$ 63,995</u>	<u>\$ 33,515</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR YEAR ENDED DECEMBER 31, 2013**

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
ROADS & STREETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 4,247,671	\$ 4,247,671	\$ 4,247,671	-
Resources (inflows)				
Taxes	520,278	520,278	493,840	(26,438)
Licenses and permits	1,500	1,500	975	(525)
Intergovernmental	4,153,239	4,153,239	7,146,292	2,993,053
Charges for services	331,432	331,432	267,633	(63,799)
Investment income	16,000	16,000	17,878	1,878
Rentals	91,048	91,048	130,137	39,089
Miscellaneous	10,050	10,050	33,902	23,852
Transfer in	764,506	764,506	324,194	(440,312)
Amount available for appropriation	<u>10,135,724</u>	<u>10,135,724</u>	<u>12,662,522</u>	<u>2,526,798</u>
Charges to appropriations (outflows)				
Highways and streets	6,182,167	6,182,167	5,103,519	1,078,648
Transfer out	97,699	97,699	97,699	-
Total charges to appropriations	<u>6,279,866</u>	<u>6,279,866</u>	<u>5,201,218</u>	<u>1,078,648</u>
Budgetary Fund Balance, December 31	<u>\$ 3,855,858</u>	<u>\$ 3,855,858</u>	<u>\$ 7,461,304</u>	<u>\$ 3,605,446</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADS & STREETS
FOR YEAR ENDED DECEMBER 31, 2013**

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	\$ 12,662,522
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	(4,247,671)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(324,194)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,090,657</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,201,218
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	10,238
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(97,699)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,113,757</u>

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

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET LIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 892,810	\$ 892,810	\$ 892,810	-
Resources (inflows)				
Charges for services	1,824,506	1,824,506	2,035,584	211,078
Investment income	662	662	2,685	2,023
Rentals	6,240	6,240	6,858	618
Miscellaneous	64,998	64,998	91,086	26,088
Amount available for appropriation	<u>2,789,216</u>	<u>2,789,216</u>	<u>3,029,023</u>	<u>239,807</u>
Charges to appropriations (outflows)				
Highways and streets	1,588,881	1,588,881	1,461,703	127,178
Transfer out	305,398	305,398	305,398	-
Total charges to appropriations	<u>1,894,279</u>	<u>1,894,279</u>	<u>1,767,101</u>	<u>127,178</u>
Budgetary Fund Balance, December 31	<u>\$ 894,937</u>	<u>\$ 894,937</u>	<u>\$ 1,261,922</u>	<u>\$ 366,985</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET LIGHTS
FOR YEAR ENDED DECEMBER 31, 2013**

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

Sources/inflows of resources	<u>Street Lights</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,029,023
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>(892,810)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,136,213</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,767,101
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	1,299
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(305,398)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,463,002</u>

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

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>987,767</u>	<u>987,767</u>	<u>1,174,646</u>	<u>186,879</u>
Amount available for appropriation	<u>987,767</u>	<u>987,767</u>	<u>1,174,646</u>	<u>186,879</u>
Charges to appropriations (outflows)				
General government	839,602	999,802	998,553	1,249
Transfer out	<u>148,165</u>	<u>177,965</u>	<u>176,093</u>	<u>1,872</u>
Total charges to appropriations	<u>987,767</u>	<u>1,177,767</u>	<u>1,174,646</u>	<u>3,121</u>
Budgetary Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ (190,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 190,000</u></u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LODGING/LIQUOR/FOOD TAX
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$3,390,736	\$3,390,736	\$ 3,390,736	-
Resources (inflows)				
Taxes	2,520,048	2,520,048	2,750,004	229,956
Investment income	-	-	2,364	2,364
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>5,929,984</u>	<u>5,929,984</u>	<u>6,162,304</u>	<u>232,320</u>
Charges to appropriations (outflows)				
General government	261,200	261,200	260,407	793
Debt service	850	850	-	850
Transfer out	1,801,027	1,801,027	1,289,340	511,687
Total charges to appropriations	<u>2,063,077</u>	<u>2,063,077</u>	<u>1,549,747</u>	<u>513,330</u>
Budgetary Fund Balance, December 31	<u>\$3,866,907</u>	<u>\$3,866,907</u>	<u>\$ 4,612,557</u>	<u>\$ 745,650</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 3,338,367	\$ 3,338,367	\$ 3,338,367	-
Resources (inflows)				
Investment income	10,425	10,425	7,808	(2,617)
Miscellaneous	4,000	4,000	-	(4,000)
Transfer in	-	-	-	-
Amount available for appropriation	<u>3,352,792</u>	<u>3,352,792</u>	<u>3,346,175</u>	<u>(6,617)</u>
Charges to appropriations (outflows)				
General government	<u>3,489,560</u>	<u>3,489,560</u>	<u>288,441</u>	<u>3,201,119</u>
Total charges to appropriations	<u>3,489,560</u>	<u>3,489,560</u>	<u>288,441</u>	<u>3,201,119</u>
Budgetary Fund Balance, December 31	<u>\$ (136,768)</u>	<u>\$ (136,768)</u>	<u>\$ 3,057,734</u>	<u>\$ 3,194,502</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SOCIAL SECURITY TAX
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$1,042,193	\$1,042,193	\$ 1,042,193	-
Resources (inflows)				
Taxes	925,213	925,213	880,733	(44,480)
Intergovernmental	26,250	26,250	42,673	16,423
Investment income	6,000	6,000	3,922	(2,078)
Transfer in	830,000	830,000	768,751	(61,249)
Amount available for appropriation	<u>2,829,656</u>	<u>2,829,656</u>	<u>2,738,272</u>	<u>(91,384)</u>
Charges to appropriations (outflows)				
General government	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,726,196</u>	<u>13,804</u>
Total charges to appropriations	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,726,196</u>	<u>13,804</u>
Budgetary Fund Balance, December 31	<u>\$1,089,656</u>	<u>\$1,089,656</u>	<u>\$ 1,012,076</u>	<u>\$ (77,580)</u>

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 300,341	\$ 300,341	\$ 300,341	-
Resources (inflows)				
Licenses and permits	56,237	56,237	122,431	66,194
Intergovernmental	5,292,423	5,292,423	1,649,331	(3,643,092)
Charges for services	226,304	226,304	89,683	(136,621)
Fines and forfeits	1,000	1,000	1,830	830
Investment income	760	760	490	(270)
Miscellaneous	31,500	31,500	108,727	77,227
Transfers In	-	-	9,114	9,114
	<u>5,908,565</u>	<u>5,908,565</u>	<u>2,281,947</u>	<u>(3,626,618)</u>
Amount available for appropriation				
Charges to appropriations (outflows)				
General government	2,056,737	2,291,737	201,990	2,089,747
Public safety	1,770,856	1,303,746	674,092	629,654
Highways and streets	128,812	128,812	7,576	121,236
Health and welfare	1,491,227	1,491,227	1,099,160	392,067
Culture and recreation	5,872	35,872	28,637	7,235
Transfer out	71,314	73,424	63,118	10,306
	<u>5,524,818</u>	<u>5,324,818</u>	<u>2,074,573</u>	<u>3,250,245</u>
Total charges to appropriations				
Budgetary Fund Balance, December 31	<u>\$ 383,747</u>	<u>\$ 583,747</u>	<u>\$ 207,374</u>	<u>\$ (376,373)</u>

**CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2013**

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

	<u>Government Grants & Activities</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,281,947
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	(300,341)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(9,114)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,972,492</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,074,573
Differences - Budget to GAAP	
The City budgets for salaries are on the cash basis rather than on the modified accrual basis	(18,304)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(63,118)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,993,151</u></u>

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, 2013**

	<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	\$ 9,792,573	\$9,792,573	\$ 9,792,573	-
Resources (inflows)				
Special assessments	6,699,629	6,699,629	10,145,417	3,445,788
Investment income	273,562	273,562	206,922	(66,640)
Transfer in	371,012	371,012	262,419	(108,593)
Premium on special assessment debt	50,000	50,000	-	(50,000)
Amount available for appropriation	<u>17,186,776</u>	<u>17,186,776</u>	<u>20,407,331</u>	<u>3,220,555</u>
Charges to appropriations (outflows)				
Principal	6,968,924	6,968,924	7,075,147	(106,223)
Interest and fiscal charges	1,253,988	1,253,988	1,215,021	38,967
Discount on special assessment debt	50,000	50,000	-	50,000
Transfer out	423,468	423,468	-	423,468
Total charges to appropriations	<u>8,696,380</u>	<u>8,696,380</u>	<u>8,290,168</u>	<u>406,212</u>
Budgetary Fund Balance, December 31	<u>\$ 8,490,396</u>	<u>\$8,490,396</u>	<u>\$ 12,117,163</u>	<u>\$ 3,626,767</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 2,341,072	\$ 2,341,072	\$ 2,341,072	-
Resources (inflows)				
Special assessments	1,839,708	1,839,708	2,514,956	675,248
Investment income	9,326	9,326	24,725	15,399
Miscellaneous	-	-	235	235
Transfer in	150,000	150,000	81,685	(68,315)
Refunding bonds issued	2,500,000	2,500,000	-	(2,500,000)
Premium on special assessment debt	45,000	45,000	-	(45,000)
Amount available for appropriation	<u>6,885,106</u>	<u>6,885,106</u>	<u>4,962,673</u>	<u>(1,922,433)</u>
Charges to appropriations (outflows)				
Principal	1,647,969	1,647,969	1,569,197	78,772
Interest and fiscal charges	479,136	479,136	432,576	46,560
Discount on special assessment debt	45,000	45,000	-	45,000
Payment to refunded bond escrow agent	2,500,000	2,500,000	-	2,500,000
Transfer out	150,000	150,000	-	150,000
Total charges to appropriations	<u>4,822,105</u>	<u>4,822,105</u>	<u>2,001,773</u>	<u>2,820,332</u>
Budgetary Fund Balance, December 31	<u>\$ 2,063,001</u>	<u>\$ 2,063,001</u>	<u>\$ 2,960,900</u>	<u>\$ 897,899</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2013**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 68,041	\$ -	\$ 68,041
Investments	372,482	317,938	690,420
Receivables:			
Special assessments	1,081,235	5,526,452	6,607,687
Due from other funds	40,143	739,637	779,780
Advance to other funds	63,109	-	63,109
Total assets	<u><u>\$ 1,625,010</u></u>	<u><u>\$ 6,584,027</u></u>	<u><u>\$ 8,209,037</u></u>
LIABILITIES			
Unearned revenue	<u>\$ 63,109</u>	<u>\$ -</u>	<u>\$ 63,109</u>
Total liabilities	<u>63,109</u>	<u>-</u>	<u>63,109</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable special assessment taxes	<u>991,580</u>	<u>4,897,524</u>	<u>5,889,104</u>
Total deferred inflows of resources	<u>991,580</u>	<u>4,897,524</u>	<u>5,889,104</u>
FUND BALANCES			
Nonspendable	63,109	-	63,109
Restricted	<u>507,212</u>	<u>1,686,503</u>	<u>2,193,715</u>
Total fund balances	<u>570,321</u>	<u>1,686,503</u>	<u>2,256,824</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,625,010</u></u>	<u><u>\$ 6,584,027</u></u>	<u><u>\$ 8,209,037</u></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, 2013

REVENUES	Watermain Bonds	Sidewalk Bonds	Total Debt Service
Special assessments	\$ 224,499	\$ 1,171,984	\$ 1,396,483
Investment income	1,902	31,765	33,667
Total revenues	226,401	1,203,749	1,430,150
EXPENDITURES			
Debt service			
Principal	195,656	875,000	1,070,656
Interest and fiscal charges	52,953	139,501	192,454
Total expenditures	248,609	1,014,501	1,263,110
Excess (deficiency) of revenues over (under) expenditures	(22,208)	189,248	167,040
OTHER FINANCING SOURCES (USES)			
Transfer in	148	10,729	10,877
Total other financing sources (uses)	148	10,729	10,877
Net changes in fund balances	(22,060)	199,977	177,917
Fund balances - beginning	592,381	1,486,526	2,078,907
Fund balances - ending	\$ 570,321	\$ 1,686,503	\$ 2,256,824

**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, 2013**

	<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	\$ 592,381	\$ 592,381	\$ 592,381	-
Resources (inflows)				
Special assessments	186,612	186,612	224,499	37,887
Investment income	882	882	1,902	1,020
Transfer in	250,000	250,000	148	(249,852)
Premium on special assessment debt	5,000	5,000	-	(5,000)
Amount available for appropriation	<u>1,034,875</u>	<u>1,034,875</u>	<u>818,930</u>	<u>(215,945)</u>
Charges to appropriations (outflows)				
Principal	196,261	196,261	195,656	605
Interest and fiscal charges	56,518	56,518	52,953	3,565
Discount on special assessment debt	5,000	5,000	-	5,000
Transfer out	250,000	250,000	-	250,000
Total charges to appropriations	<u>507,779</u>	<u>507,779</u>	<u>248,609</u>	<u>259,170</u>
Budgetary Fund Balance, December 31	<u>\$ 527,096</u>	<u>\$ 527,096</u>	<u>\$ 570,321</u>	<u>\$ 43,225</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, 2013**

	<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	\$ 1,486,526	\$1,486,526	\$ 1,486,526	-
Resources (inflows)				
Special assessments	1,058,374	1,058,374	1,171,984	113,610
Investment income	26,775	26,775	31,765	4,990
Transfer in	25,000	25,000	10,729	(14,271)
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>2,606,675</u>	<u>2,606,675</u>	<u>2,701,004</u>	<u>94,329</u>
Charges to appropriations (outflows)				
Principal	940,000	940,000	875,000	65,000
Interest and fiscal charges	143,780	143,780	139,501	4,279
Discount on special assessment debt	10,000	10,000	-	10,000
Transfer out	27,216	27,216	-	27,216
Total charges to appropriations	<u>1,120,996</u>	<u>1,120,996</u>	<u>1,014,501</u>	<u>106,495</u>
Budgetary Fund Balance, December 31	<u>\$ 1,485,679</u>	<u>\$1,485,679</u>	<u>\$ 1,686,503</u>	<u>\$ 200,824</u>

(Continued on next page.)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2013**

	Special Deficiency/ Assumptions	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
ASSETS						
Cash and cash equivalents	\$ -	\$ 413,415	-	\$ 71,826	\$ 4,733	\$ 461,173
Investments	-	5,545,658	-	481,921	277,966	13,836,649
Receivables:						
Taxes receivable	6,058	7,081	-	-	-	-
Accounts receivable	-	-	35,160	-	-	-
Special assessments	15,217	-	-	-	-	145,003
Notes receivable	-	-	502,600	-	-	-
Due from other funds	2,508,821	-	-	-	-	-
Advance to other funds	-	400,000	-	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Total assets	\$ 2,530,096	\$ 6,366,154	\$ 537,760	\$ 553,747	\$ 282,699	\$ 14,442,825
LIABILITIES						
Accounts payable	199	\$ 1,099,416	\$ 13,659	-	\$ 1,750	\$ 46,286
Retainage payable	-	702,216	-	32,062	-	78,432
Due to other funds	-	-	21,501	-	-	-
Unearned revenue	-	-	202,600	-	-	-
Customer deposits	-	-	-	-	-	-
Total liabilities	199	1,801,632	237,760	32,062	1,750	124,718
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	16,649	3,124	-	-	-	-
Total deferred inflows of resources	16,649	3,124	-	-	-	-
FUND BALANCES						
Nonspendable	-	400,000	-	-	-	-
Committed	2,513,248	4,161,398	300,000	521,685	280,949	14,318,107
Unassigned	-	-	-	-	-	-
Total fund balances	2,513,248	4,561,398	300,000	521,685	280,949	14,318,107
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,530,096	\$ 6,366,154	\$ 537,760	\$ 553,747	\$ 282,699	\$ 14,442,825

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2013**

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Development	Commerce Development	Total Capital Projects
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 951,147
Investments	-	-	-	-	203,571	20,345,765
Receivables:						
Taxes receivable	-	-	-	-	-	13,139
Accounts receivable	1,016,447	554,992	-	-	-	1,751,602
Special assessments	-	-	-	-	-	15,217
Notes receivable	-	-	-	-	-	502,600
Due from other funds	-	-	-	-	-	2,508,821
Advance to other funds	-	-	-	-	-	400,000
Restricted assets:						
Investments	-	-	-	3,008,420	-	3,008,420
Total assets	\$ 1,016,447	\$ 554,992	\$ -	\$ 3,008,420	\$ 203,571	\$ 29,496,711
LIABILITIES						
Accounts payable	\$ 2,401	\$ 435,750	\$ -	\$ 826,141	\$ -	\$ 2,425,602
Retainage payable	-	157,718	-	-	-	970,428
Due to other funds	1,141,909	2,767,721	40,143	739,637	-	4,710,911
Unearned revenue	-	-	-	-	-	202,600
Customer deposits	-	-	-	3,008,420	-	3,008,420
Total liabilities	1,144,310	3,361,189	40,143	4,574,198	-	11,317,961
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	-	-	-	-	-	19,773
Total deferred inflows of resources	-	-	-	-	-	19,773
FUND BALANCES						
Nonspendable	-	-	-	-	-	400,000
Committed	-	-	-	-	203,571	22,298,958
Unassigned	(127,863)	(2,806,197)	(40,143)	(1,565,778)	-	(4,539,981)
Total fund balances	(127,863)	(2,806,197)	(40,143)	(1,565,778)	203,571	18,158,977
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,016,447	\$ 554,992	\$ -	\$ 3,008,420	\$ 203,571	\$ 29,496,711

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, 2013

	Special Deficiency/ Assumption	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
REVENUES						
Taxes	\$ 639,513	\$ 1,540,812	\$ -	\$ -	\$ -	\$ -
Special assessments	15,441	-	-	-	-	-
Intergovernmental	18,552	-	420,188	-	-	156,324
Charges for services	595,691	-	-	-	-	-
Investment income	679	32,083	-	808	-	30,669
Miscellaneous	-	-	300,000	-	-	32,000
Total revenues	1,269,876	1,572,895	720,188	808	-	218,993
EXPENDITURES						
Current						
General government	28,685	-	-	-	-	-
Public works	-	304,071	359,474	-	134,870	206,803
Capital outlays	-	-	-	-	-	-
Public works	-	7,818,490	-	497,905	78,360	742,636
Total expenditures	28,685	8,122,561	359,474	497,905	213,230	949,439
Excess (deficiency) of revenues over (under) expenditures	1,241,191	(6,549,666)	360,714	(497,097)	(213,230)	(730,446)
OTHER FINANCING SOURCES (USES)						
Transfer in	21,360	68,665	-	826,652	272,539	6,427,000
Transfer out	(779,602)	(76,454)	(60,714)	-	-	(4,464,222)
Premium on special assessment debt	-	-	-	-	-	-
Discount on special assessment funds	-	-	-	-	(7,278)	-
Special assessment bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	(758,242)	(7,789)	(60,714)	826,652	265,261	1,962,778
Net changes in fund balances	482,949	(6,557,455)	300,000	329,555	52,031	1,232,332
Fund balances - beginning	2,030,299	11,118,853	-	192,130	221,640	13,085,775
Fund balances - ending	\$ 2,513,248	\$ 4,561,398	\$ 300,000	\$ 521,685	\$ 273,671	\$ 14,318,107

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, 2013

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180,325
Special assessments	-	2,049,408	48,793	219,646	-	2,333,288
Intergovernmental	906,665	806,350	-	-	-	2,308,079
Charges for services	-	-	-	-	-	595,691
Investment income	-	442	71	1,666	-	66,418
Miscellaneous	-	-	-	-	-	332,000
Total revenues	906,665	2,856,200	48,864	221,312	-	7,815,801
EXPENDITURES						
Current						
General government	-	-	-	-	-	28,685
Public works	911,645	246,969	853	33,058	-	2,197,743
Capital outlays	-	-	-	-	-	-
Public works	-	5,564,921	127,293	2,043,680	-	16,873,285
Total expenditures	911,645	5,811,890	128,146	2,076,738	-	19,099,713
Excess (deficiency) of revenues over (under) expenditures	(4,980)	(2,955,690)	(79,282)	(1,855,426)	-	(11,283,912)
OTHER FINANCING SOURCES (USES)						
Transfer in	116,851	291,096	52,065	-	-	8,076,228
Transfer out	-	(100,027)	(148)	(10,729)	-	(5,491,896)
Premium on special assessment debt	-	11,541	1,859	13,806	-	27,206
Discount on special assessment funds	-	-	-	-	-	(7,278)
Special assessment bonds issued	-	443,174	71,387	3,060,000	-	3,574,561
Total other financing sources (uses)	116,851	645,784	125,163	3,063,077	-	6,178,821
Net changes in fund balances	111,871	(2,309,906)	45,881	1,207,651	-	(5,105,091)
Fund balances - beginning	(239,734)	(496,291)	(86,024)	(2,766,151)	203,571	23,264,068
Fund balances - ending	(127,863)	(2,806,197)	(40,143)	(1,558,500)	203,571	18,158,977

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 7,330,590	\$ 1,529,797	\$ 2,048,236	\$ 120,107	\$ 964,456	\$ 138,909	\$ 12,132,095
Investments	402,373	426,606	2,872,063	185,676	4,992,223	676,199	9,555,140
Receivables:							
Accounts receivable	267,410	191,856	75,725	-	-	25,758	560,749
Special assessments	-	-	748,526	-	-	-	748,526
Interest receivable	9,017	2,254	5,100	320	3,725	751	21,167
Prepaid items	10,293	3,361	1,620	1,245	434	139	17,092
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	17,940	17,940
Total current assets	8,019,683	2,153,874	5,751,270	307,348	5,960,838	859,696	23,052,709
Noncurrent assets:							
Capital assets not being depreciated							
Land	395,247	603,338	2,473,429	259,000	359,482	1,203,152	5,293,648
Construction in progress	6,262	-	3,801,766	-	-	698,861	4,506,889
Capital assets (net of accumulated depreciation)							
Building and building improvements	3,721,990	-	-	1,418,642	446,856	3,958,093	9,545,581
Improvements other than buildings	3,022,807	8,866	28,498,851	-	7,823,729	13,950	39,368,203
Machinery and equipment	1,394,993	2,159,172	79,270	-	-	163,295	3,796,730
Total noncurrent assets	8,541,299	2,771,376	34,853,316	1,677,642	8,630,067	6,037,351	62,511,051
Total assets	\$16,560,982	\$ 4,925,250	\$40,604,586	\$1,984,990	\$ 14,590,905	\$ 6,897,047	\$ 85,563,760

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 170,889	\$ 4,290	\$ 521,839	\$ 4,898	\$ 2,883	\$ 184,552	\$ 889,351
Retainage payable	-	-	-	-	-	60,312	60,312
Leases payable	1,078	-	277	-	-	-	1,355
Compensated benefits payable	38,914	62,247	10,418	-	-	-	111,579
Salaries payable	49,290	67,155	11,718	-	-	-	128,163
Unearned revenue	-	-	-	-	10,381	986	11,367
Total current liabilities	<u>260,171</u>	<u>133,692</u>	<u>544,252</u>	<u>4,898</u>	<u>13,264</u>	<u>245,850</u>	<u>1,202,127</u>
Long-term liabilities:							
Advances from other funds	-	-	-	1,780,000	-	400,000	2,180,000
Customer deposits	795	2,050	-	2,950	-	17,940	23,735
Compensated benefits payable	49,823	42,264	8,189	-	-	-	100,276
Accrued closure/post closure costs	1,479,002	-	-	-	-	-	1,479,002
Total long-term liabilities	<u>1,529,620</u>	<u>44,314</u>	<u>8,189</u>	<u>1,782,950</u>	<u>-</u>	<u>417,940</u>	<u>3,783,013</u>
Total liabilities	<u>1,789,791</u>	<u>178,006</u>	<u>552,441</u>	<u>1,787,848</u>	<u>13,264</u>	<u>663,790</u>	<u>4,985,140</u>
NET POSITION							
Net investment in Capital Assets Unrestricted	8,540,221	2,771,376	34,853,039	1,677,642	8,630,067	6,037,351	62,509,696
	6,230,970	1,975,868	5,199,106	(1,480,500)	5,947,574	195,906	18,068,924
Total net position	<u>\$14,771,191</u>	<u>\$ 4,747,244</u>	<u>\$40,052,145</u>	<u>\$ 197,142</u>	<u>\$ 14,577,641</u>	<u>\$ 6,233,257</u>	<u>\$ 80,578,620</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Centre	Parking Authority Lots	Total
OPERATING REVENUES							
Charges for services:							
Sanitation fees	\$ 3,722,225	\$ 3,263,882	\$ 1,090,361	\$ -	\$ -	\$ -	\$ 8,076,468
Miscellaneous sales	6,482	7,875	93,343	-	-	1,954	109,654
Rentals	10,492	226	-	168,888	177,254	1,061,944	1,418,804
Total operating revenues	<u>3,739,199</u>	<u>3,271,983</u>	<u>1,183,704</u>	<u>168,888</u>	<u>177,254</u>	<u>1,063,898</u>	<u>9,604,926</u>
OPERATING EXPENSES							
Personal services - salaries & wages	692,463	961,967	174,218	-	-	-	1,828,648
Personal services - fringe benefits	229,990	342,681	47,024	-	-	-	619,695
Professional, legal, and contracted services	34,893	2,195	299,895	13,862	22,961	360,404	734,210
Building, equipment, and vehicle services	784,319	413,981	633,383	48,447	-	265,300	2,145,430
Travel & training	2,215	1,320	1,335	-	-	-	4,870
Operating services	262,845	16,591	9,158	1,742	4,592	99,451	394,379
Operating supplies	281,210	241,319	16,919	886	-	14,114	554,448
Depreciation expense	486,774	285,202	682,192	53,033	233,779	290,913	2,031,893
Total operating expenses	<u>2,774,709</u>	<u>2,265,256</u>	<u>1,864,124</u>	<u>117,970</u>	<u>261,332</u>	<u>1,030,182</u>	<u>8,313,573</u>
Operating income (loss)	964,490	1,006,727	(680,420)	50,918	(84,078)	33,716	1,291,353
NONOPERATING REVENUES (EXPENSES)							
Special assessments	-	-	258,363	-	-	-	258,363
Gain (loss) on disposal of assets	(33,125)	28,739	10,700	-	4,815,369	-	4,821,683
Investment income	12,339	3,815	7,105	407	2,925	2,000	28,591
Interest and fiscal charges	(164)	-	(42)	-	-	-	(206)
Total nonoperating revenues (expenses)	<u>(20,950)</u>	<u>32,554</u>	<u>276,126</u>	<u>407</u>	<u>4,818,294</u>	<u>2,000</u>	<u>5,108,431</u>
Income (loss) before contributions and transfe	943,540	1,039,281	(404,294)	51,325	4,734,216	35,716	6,399,784
CAPITAL CONTRIBUTIONS							
TRANSFERS IN							
TRANSFERS OUT							
Change in net position	14,079,321	3,814,341	35,562,349	163,623	9,889,463	6,212,171	69,721,268
Total net position - beginning	\$ 14,771,191	\$ 4,747,244	\$ 40,052,145	\$ 197,142	\$ 14,577,641	\$ 6,233,257	\$ 80,578,620
Total net position - ending							

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Northern Plains Commerce Center	Parking Authority Lots	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,661,108	\$ 3,083,305	\$ 1,183,704	\$ 168,888	\$ 177,254	\$ 1,064,878	\$ 9,339,137
Payments to suppliers	(1,304,743)	(1,017,284)	(1,199,070)	(97,634)	(251,819)	(760,832)	(4,631,382)
Payments to employees	(677,487)	(963,570)	(165,744)	-	-	-	(1,806,801)
Net cash provided (used) by operating activities	1,678,878	1,102,451	(181,110)	71,254	(74,565)	304,046	2,900,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payment on advance	-	-	-	-	-	(100,000)	(100,000)
Transfers from other funds	-	-	18,343	-	-	-	18,343
Transfers to other funds	(251,670)	(106,378)	(51,463)	(17,806)	(46,038)	(14,630)	(487,985)
Net cash provided (used) by noncapital financing activities	(251,670)	(106,378)	(33,120)	(17,806)	(46,038)	(114,630)	(569,642)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Intergovernmental	-	-	-	-	-	-	-
Capital lease payment	1,688	-	(434)	-	-	-	1,254
Interest paid	(164)	-	(42)	-	-	-	(206)
Proceeds from sale of capital assets	6,562	13,037	(10,700)	-	4,863,452	-	4,872,351
Proceeds from insurance recoveries	-	14,295	-	-	-	-	14,295
Proceeds from special assessments	-	-	55,761	-	-	-	55,761
Purchase of capital assets	(368,575)	(593,424)	-	-	-	-	(961,999)
Construction of capital assets	(1,063,625)	-	(214,578)	-	(73,094)	(496,885)	(1,848,182)
Net cash provided (used) by capital and related financing activities	(1,424,114)	(566,092)	(169,993)	-	4,790,358	(496,885)	2,133,274
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	7,647,719	1,474,508	5,223,394	203,669	1,111,061	894,684	16,555,035
Purchase of investments	(402,373)	(426,606)	(2,872,063)	(185,676)	(4,992,223)	(676,199)	(9,555,140)
Investment income	1,225	408	1,477	2	(3,771)	1,029	370
Net cash provided (used) by investing activities	7,246,571	1,048,310	2,352,808	17,995	(3,884,933)	219,514	7,000,265
Net increase (decrease) in cash and cash equivalents	7,249,665	1,478,291	1,968,585	71,443	784,822	(87,955)	11,464,851
Cash and cash equivalents - January 1	80,925	51,506	79,651	48,664	179,634	244,804	685,184
Cash and cash equivalents - December 31	\$ 7,330,590	\$ 1,529,797	\$ 2,048,236	\$ 120,107	\$ 984,456	\$ 156,849	\$ 12,150,035
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 964,490	\$ 1,006,727	\$ (680,420)	\$ 50,918	\$ (84,076)	\$ 33,716	\$ 1,291,353
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	486,774	285,202	682,192	53,033	233,779	290,913	2,031,893
(Increase) decrease in accounts receivable	(78,886)	(190,728)	-	-	-	2,008	(287,606)
(Increase) decrease in prepaid items	(146)	81	(16)	(1,013)	102	(26)	(1,018)
Increase (decrease) in customer deposits	795	2,050	-	-	-	1,485	4,330
Increase (decrease) in accounts payable	102,092	722	(191,340)	(31,684)	(224,368)	(21,537)	(366,115)
Increase (decrease) in compensated benefits payable	8,160	(5,363)	7,106	-	-	-	9,903
Increase (decrease) in salaries payable	6,816	3,760	1,368	-	-	-	11,944
Increase (decrease) in due to other funds	-	-	-	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-	-	(2,513)	(2,513)
Increase in closure and post closure costs	188,783	-	-	-	-	-	188,783
Total adjustments	714,388	95,724	499,310	20,336	9,513	270,330	1,609,601
Net cash provided (used) by operating activities	\$ 1,678,878	\$ 1,102,451	\$ (181,110)	\$ 71,254	\$ (74,565)	\$ 304,046	\$ 2,900,954
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 4,462,188	\$ -	\$ -	\$ -	\$ 4,462,188
Contribution of capital assets from developers	-	-	183,716	-	-	-	183,716
Increase in fair value of investments	16,105	3,797	9,530	509	3,536	1,936	35,413

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013**

	Fleet Services	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 165,871	\$ 10,054	\$ 16,582	\$ 222,785	\$ 158,516	\$ 573,808
Investments	36,303	90,418	246,146	5,118,991	110,370	5,602,228
Receivables:						
Accounts receivable	4,304	-	-	92,253	398,161	494,718
Inventories	341,979	-	-	-	-	341,979
Prepaid items	-	-	157,874	-	-	157,874
Total current assets	548,457	100,472	420,602	5,434,029	667,047	7,170,607
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	12,646	-	-	-	-	12,646
Total noncurrent assets	12,646	-	-	-	-	12,646
Total assets	561,103	100,472	420,602	5,434,029	667,047	7,183,253
LIABILITIES						
Current liabilities:						
Accounts payable	179,737	-	-	546	646,620	826,903
Due to other entities	-	-	-	-	8,597	8,597
Salaries payable	29,880	-	-	-	145	30,025
Claims and judgments payable	-	-	-	392,800	-	392,800
Total current liabilities:	209,617	-	-	393,346	655,362	1,258,325
NET POSITION						
Net investment in Capital Assets	12,646	-	-	-	-	12,646
Unrestricted	338,840	100,472	420,602	5,040,683	11,685	5,912,282
Total net position	\$ 351,486	\$ 100,472	\$ 420,602	\$ 5,040,683	\$ 11,685	\$ 5,924,928

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Fleet Service	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
OPERATING REVENUES							
Charges for services							
Sale of gas and oil	\$ 1,220,872	\$ -	\$ -	\$ -	\$ -	-	\$ 1,220,872
Sale of parts and labor	1,953,002	-	-	-	-	-	1,953,002
Miscellaneous sales	1,715	51,366	99,236	32,114	-	114	184,545
Rentals	14,984	-	-	-	-	-	14,984
Employer contributions	-	-	-	6,284,642	-	-	6,284,642
Employee contributions	-	-	-	89,555	-	-	89,555
Total operating revenues	<u>3,190,573</u>	<u>51,366</u>	<u>99,236</u>	<u>6,406,311</u>	-	<u>114</u>	<u>9,747,600</u>
OPERATING EXPENSES							
Cost of goods sold	2,323,214	-	-	-	-	-	2,323,214
Personal services - salaries & wages	420,612	-	-	-	-	(233)	420,379
Personal services - fringe benefits	147,288	-	-	10,903	-	-	158,191
Professional, legal, and contracted services	732	41	11	1,022	-	-	1,806
Building, equipment, and vehicle services	168,344	-	-	-	-	23,424	191,768
Travel & training	2,183	-	-	-	-	-	2,183
Operating services	13,499	192,036	-	5,522,683	-	400	5,728,618
Operating supplies	21,812	-	-	394	-	-	22,206
Depreciation expense	5,052	-	-	-	-	-	5,052
Total operating expenses	<u>3,102,736</u>	<u>192,077</u>	<u>11</u>	<u>5,535,002</u>	-	<u>23,591</u>	<u>8,863,417</u>
Operating income (loss)	<u>87,837</u>	<u>(140,711)</u>	<u>99,225</u>	<u>871,309</u>	-	<u>(23,477)</u>	<u>894,183</u>
NONOPERATING REVENUES (EXPENSES)							
Gain on disposal of assets	4,594	-	-	-	-	23,424	28,018
Investment income	(89)	505	547	11,009	-	-	11,972
Total nonoperating revenues (expenses)	<u>4,505</u>	<u>505</u>	<u>547</u>	<u>11,009</u>	-	<u>23,424</u>	<u>39,990</u>
Income (loss) before contributions and transfe	92,342	(140,206)	99,772	882,318	-	(53)	934,173
TRANSFER IN							
Change in net position	-	144,000	-	-	-	-	144,000
TRANSFER OUT							
Total net position - beginning	(76,108)	(17,349)	(310)	(44,638)	-	-	(138,405)
Change in net position	16,234	(13,555)	99,462	837,680	-	(53)	939,768
Total net position - ending	335,252	114,027	321,140	4,203,003	-	11,738	4,985,160
Total net position - ending	<u>\$ 351,486</u>	<u>\$ 100,472</u>	<u>\$ 420,602</u>	<u>\$ 5,040,683</u>	<u>\$ -</u>	<u>\$ 11,685</u>	<u>\$ 5,924,928</u>

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

**CITY OF BISMARCK, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fleet Services	Liability Insurance	Workforce Safety	Employee Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,190,018	-	-	-	\$ 2,791	\$ 3,192,809
Receipts from employer	-	-	-	6,288,641	-	6,288,641
Other operating cash receipts	-	51,366	99,236	121,669	114	272,385
Payments to suppliers	(2,597,491)	(192,077)	(86,450)	(5,501,734)	(9,548)	(8,387,300)
Payments to employees	(420,612)	-	-	-	233	(420,379)
Net cash provided (used) by operating activities	<u>171,915</u>	<u>(140,711)</u>	<u>12,786</u>	<u>908,576</u>	<u>(6,410)</u>	<u>946,156</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	144,000	-	-	-	144,000
Transfers to other funds	(76,108)	(17,349)	(310)	(44,638)	-	(138,405)
Net cash provided (used) by noncapital and related financing activities	<u>(76,108)</u>	<u>126,651</u>	<u>(310)</u>	<u>(44,638)</u>	<u>-</u>	<u>5,595</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	4,594	-	-	-	-	4,594
Proceeds of claim/insurance recoveries	-	-	-	-	23,424	23,424
Purchase of capital assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>4,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,424</u>	<u>28,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	101,933	13,732	1,356	892,525	-	1,009,546
Purchase of investments	(36,303)	(90,418)	(246,146)	(5,118,991)	(110,370)	(5,602,228)
Investment income	(178)	247	(43)	1,268	-	1,294
Net cash provided (used) by investing activities	<u>65,452</u>	<u>(76,439)</u>	<u>(244,833)</u>	<u>(4,225,198)</u>	<u>(110,370)</u>	<u>(4,591,388)</u>
Net increase (decrease) in cash and cash equivalents	<u>165,853</u>	<u>(90,499)</u>	<u>(232,357)</u>	<u>(3,361,260)</u>	<u>(93,356)</u>	<u>(3,611,619)</u>
Cash and cash equivalents - January 1	18	100,553	248,939	3,584,045	251,872	4,185,427
Cash and cash equivalents - December 31	<u>\$ 165,871</u>	<u>\$ 10,054</u>	<u>\$ 16,582</u>	<u>\$ 222,785</u>	<u>\$ 158,516</u>	<u>\$ 573,808</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 87,837	\$ (140,711)	\$ 99,225	\$ 871,309	\$ (23,477)	\$ 894,183
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	5,052	-	-	-	-	5,052
(Increase) decrease in accounts receivable	(555)	-	-	3,999	2,791	6,235
(Increase) decrease in inventories	(44,508)	-	-	-	-	(44,508)
(Increase) decrease in prepaid items	-	-	(86,439)	-	-	(86,439)
Increase (decrease) in customer deposits	-	-	-	-	-	-
Increase (decrease) in accounts payable	122,008	-	-	(2,532)	12,497	131,973
Increase (decrease) in salaries payable	2,081	-	-	-	(233)	1,848
Increase (decrease) in due to other funds	-	-	-	-	-	-
Increase (decrease) in due to other entities	-	-	-	-	2,012	2,012
Increase (decrease) in estimated pending claims	-	-	-	35,800	-	35,800
Total adjustments	<u>84,078</u>	<u>(86,439)</u>	<u>\$ 12,786</u>	<u>37,267</u>	<u>17,067</u>	<u>51,973</u>
Net cash provided (used) by operating activities	<u>\$ 171,915</u>	<u>\$ (140,711)</u>	<u>\$ 12,786</u>	<u>\$ 908,576</u>	<u>\$ (6,410)</u>	<u>\$ 946,156</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES						
Construction of capital assets contributed through capital project funds	-	-	-	-	-	-
Increase in fair value of investments	89	258	590	9,741	-	10,678

**CITY OF BISMARCK, NORTH DAKOTA
 FIREMEN'S PENSION AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Investments	\$ 876	\$ 992,888	\$ 993,143	\$ 621
Receivables:				
Taxes	7,161	1,250	2,189	6,222
Accounts	15,378	18,621	15,378	18,621
Total assets	<u>\$ 23,415</u>	<u>\$ 1,012,759</u>	<u>\$ 1,010,710</u>	<u>\$ 25,464</u>
LIABILITIES				
Accounts payable	\$ 875	\$ 616,721	\$ 616,975	\$ 621
Due to other entities	22,539	4,408	2,104	24,843
Total liabilities	<u>\$ 23,414</u>	<u>\$ 621,129</u>	<u>\$ 619,079</u>	<u>\$ 25,464</u>

**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2013**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	2,767,950
Buildings and building improvements	34,372,884
Improvements other than buildings	85,349
Machinery and equipment	38,511,423
Infrastructure	277,086,545
Construction in progress	17,649,646
Total governmental funds capital assets	370,473,797

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	2,675,263
Special revenue funds	25,238,947
Federal and state grants	104,903,507
Capital projects funds	229,909,179
Enterprise funds	15,210
Donations	7,731,691
Total governmental funds capital assets	370,473,797

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2013**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 52,478	\$ -	\$ 52,478
Fiscal, assessing and information services	-	-	-	347,490	-	347,490
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,615,685	18,411	173,551	-	10,807,647
Bismarck-mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Human resources	-	-	-	21,229	-	21,229
Attorney	-	-	-	8,423	-	8,423
Municipal court	-	269,509	-	-	-	269,509
Community development	-	-	-	187,636	-	187,636
Building maintenance	-	-	-	50,648	-	50,648
E/H transit system	108,421	3,311,836	-	5,058,727	-	8,478,984
Total general government	308,421	15,001,505	18,411	6,958,605	-	22,286,942
Public safety:						
Police	499,500	7,654,600	37,078	5,887,213	176,850	14,255,241
Fire and inspections	580,688	5,655,333	15,790	6,012,185	-	12,263,996
Combined communication center	-	-	-	330,815	-	330,815
Total public safety	1,080,188	13,309,933	52,868	12,230,213	176,850	26,850,052
Highways and streets:						
Roads and streets	50,923	-	-	8,446,115	65,184	8,562,222
Engineering	-	-	-	464,353	-	464,353
Forestry	-	-	-	485,021	-	485,021
Total highways and streets	50,923	-	-	9,395,489	65,184	9,511,596
Health:						
Bismarck burleigh public health	-	170,524	-	215,116	-	385,640
Total health	-	170,524	-	215,116	-	385,640
Culture and recreation:						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	5,890,922	-	9,666,283	68,912	15,950,117
Total culture and recreation	324,000	5,890,922	-	9,696,239	68,912	15,980,073
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Highway construction	980,937	-	-	-	70,235,068	71,216,005
Sidewalk construction	-	-	14,070	-	23,942,213	23,956,283
Street lights construction	-	-	-	15,761	761,579	777,340
Street improvements	760	-	-	-	181,836,739	181,837,499
Total public works	1,004,418	-	14,070	15,761	276,775,599	277,809,848
Construction in progress:	-	6,495	-	189,210	17,453,941	17,649,646
Total governmental funds capital assets	\$ 2,767,950	\$ 34,379,379	\$ 85,349	\$ 38,700,633	\$ 294,540,486	\$ 370,473,797

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, 2013

FUNCTION AND ACTIVITY	Balance January 1, 2013	Additions	Deductions	Transfers	Balance December 31, 2013
General government:					
Administration and management	\$ 43,879	\$ 8,599	\$ -	\$ -	\$ 52,478
Fiscal, assessing and information services	305,479	65,035	23,024	-	347,490
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	10,801,372	6,275	-	-	10,807,647
Bismarck-mandan visitors bureau	1,004,475	-	-	-	1,004,475
Human resources	21,229	-	-	-	21,229
Attorney	8,423	-	-	-	8,423
Municipal court	269,509	-	-	-	269,509
Community development	164,143	23,493	-	-	187,636
Building maintenance	50,648	-	-	-	50,648
E/H transit system	8,412,236	358,363	291,615	-	8,478,984
Total general government	<u>22,139,816</u>	<u>461,765</u>	<u>314,639</u>	<u>-</u>	<u>22,286,942</u>
Public safety:					
Police	14,174,777	268,088	187,624	-	14,255,241
Fire and inspections	12,309,561	16,256	23,359	(38,462)	12,263,996
Combined communications center	330,815	-	-	-	330,815
Total public safety	<u>26,815,153</u>	<u>284,344</u>	<u>210,983</u>	<u>(38,462)</u>	<u>26,850,052</u>
Highways and streets:					
Roads and streets	8,163,671	462,015	101,926	38,462	8,562,222
Engineering	414,641	49,712	-	-	464,353
Forestry	485,021	-	-	-	485,021
Total highways and streets	<u>9,063,333</u>	<u>511,727</u>	<u>101,926</u>	<u>38,462</u>	<u>9,511,596</u>
Health:					
Bismarck burleigh public health	385,640	-	-	-	385,640
Total health	<u>385,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,640</u>
Culture and recreation:					
Centennial beach	29,956	-	-	-	29,956
Library	15,502,564	447,553	-	-	15,950,117
Total culture and recreation	<u>15,532,520</u>	<u>447,553</u>	<u>-</u>	<u>-</u>	<u>15,980,073</u>
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Highway construction	70,446,142	769,863	-	-	71,216,005
Sidewalk construction	21,912,602	2,043,681	-	-	23,956,283
Street light construction	698,979	78,361	-	-	777,340
Street improvements	161,867,942	19,969,557	-	-	181,837,499
Total public works	<u>254,948,386</u>	<u>22,861,462</u>	<u>-</u>	<u>-</u>	<u>277,809,848</u>
Construction in progress:	<u>4,772,806</u>	<u>16,601,156</u>	<u>3,724,316</u>	<u>-</u>	<u>17,649,646</u>
Total governmental funds capital assets	<u><u>\$ 333,657,654</u></u>	<u><u>\$ 41,168,007</u></u>	<u><u>\$ 4,351,864</u></u>	<u><u>\$ -</u></u>	<u><u>370,473,797</u></u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	117
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	122
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
Debt Capacity	127
These schedules present information to help the reader assess the affordability of the government's ability to issue additional debt in the future.	
Demographic and Economic Information	131
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	134
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	2004**	2005**	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 63,506,929	\$ 117,467,134	\$ 125,296,291	\$ 139,763,417	\$ 145,009,837	\$ 156,325,434	\$ 156,675,941	\$ 148,375,719	\$ 166,974,373	\$ 180,195,611
Restricted	14,103,406	11,973,853	11,506,459	12,084,714	11,898,341	12,749,497	13,913,204	25,072,759	17,512,811	22,540,504
Unrestricted	57,398,276	57,462,204	61,774,561	75,208,853	93,057,450	98,313,442	111,526,195	110,261,833	120,115,806	136,188,454
Total governmental activities net position	\$ 135,008,611	\$ 186,903,191	\$ 198,577,311	\$ 227,076,984	\$ 249,965,628	\$ 267,388,373	\$ 282,115,340	\$ 283,710,311	\$ 304,602,990	\$ 338,924,569
Business-type activities										
Invested in capital assets, net of related debt	\$ 171,406,048	\$ 185,085,706	\$ 200,350,952	\$ 207,550,023	\$ 212,244,535	\$ 224,137,364	\$ 226,357,253	\$ 261,533,235	\$ 280,053,990	\$ 289,017,006
Restricted	-	-	6,169,917	15,199,969	9,727,626	16,785,740	11,788,078	6,991,320	8,419,928	7,264,652
Unrestricted	29,559,556	29,877,684	29,112,256	27,267,243	37,688,506	27,737,575	36,359,215	44,055,121	40,723,027	52,359,095
Total business-type activities net position	\$ 200,965,604	\$ 214,963,390	\$ 235,633,125	\$ 250,017,235	\$ 259,660,667	\$ 268,660,679	\$ 274,504,546	\$ 312,579,676	\$ 329,196,945	\$ 348,640,753
Primary government										
Net investment in capital assets	\$ 234,912,977	\$ 302,552,840	\$ 325,647,243	\$ 347,333,440	\$ 357,254,372	\$ 380,462,798	\$ 383,033,194	\$ 409,908,954	\$ 447,028,363	\$ 469,212,617
Restricted	14,103,406	11,973,853	17,676,376	27,284,683	21,625,967	29,535,237	25,701,282	32,064,079	25,932,739	29,805,156
Unrestricted	86,957,832	87,339,888	90,886,817	102,476,096	130,745,956	126,051,017	147,885,410	154,316,954	160,838,833	188,547,549
Total primary government net position	\$ 335,974,215	\$ 401,866,581	\$ 434,210,436	\$ 477,094,219	\$ 509,626,295	\$ 536,049,052	\$ 556,619,886	\$ 596,289,987	\$ 633,799,935	\$ 687,565,322

**Retroactive infrastructure assets were not included until 2006.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 9,039,757	\$ 11,284,393	\$ 10,492,958	\$ 10,249,017	\$ 13,854,192	\$ 13,695,936	\$ 13,379,249	\$ 28,399,400	\$ 15,456,780	\$ 15,602,062
Public safety	12,800,931	13,519,865	15,140,144	15,493,552	15,366,898	16,956,774	17,956,779	18,250,946	19,192,839	19,578,855
Highways and streets	6,167,330	5,688,282	6,291,580	6,811,043	7,025,955	7,895,728	8,567,797	8,099,656	8,061,851	8,324,951
Health and welfare	1,551,325	1,758,290	2,031,386	2,170,397	2,411,139	2,494,859	2,911,995	2,915,310	3,024,156	3,068,043
Culture and recreation	7,778,554	7,192,544	7,091,216	7,057,007	8,083,899	8,902,739	9,664,609	2,538,849	2,727,686	2,755,016
Interest and fiscal charges	1,809,733	1,419,105	1,455,778	1,832,560	2,177,509	2,505,666	2,350,187	2,174,135	2,067,666	2,245,452
Public works	3,179,326	4,069,184	8,980,826	7,251,011	7,493,102	8,170,980	7,262,548	7,145,379	16,242,401	9,248,433
Total governmental activities expenses	42,326,956	44,931,663	51,483,888	50,864,587	56,412,694	60,622,682	62,093,162	69,523,675	66,773,379	60,823,112
Business-type activities:										
Airport	3,381,964	3,861,147	4,390,771	4,585,664	5,301,641	5,680,499	5,695,428	5,706,324	6,419,847	6,852,348
Airport flightline	1,107,046	1,378,538	1,353,928	1,402,345	716,809	-	-	-	-	-
Civic Center	-	-	-	-	-	-	-	-	-	-
Solid waste disposal	1,997,566	2,421,202	2,152,830	2,074,212	2,457,040	2,449,207	2,525,468	7,271,580	7,943,750	8,270,394
Solid waste collections	1,573,279	1,574,263	1,732,743	1,773,631	1,801,698	2,084,233	1,964,611	2,194,976	2,165,553	2,198,750
Water	5,899,033	6,130,931	7,120,142	7,522,591	8,229,859	7,603,788	8,036,750	8,501,442	9,118,635	9,516,385
Sanitary sewer	3,066,589	3,465,950	3,480,827	3,892,916	4,526,528	4,921,746	5,237,690	6,059,940	5,832,427	6,000,337
Storm water	508,290	549,854	651,098	894,853	847,819	989,869	1,215,570	1,517,382	1,701,198	1,828,442
Commercial Property	-	-	-	-	-	-	33,312	151,021	339,567	379,303
Parking authority lots	751,226	777,506	789,564	925,530	1,123,507	926,238	873,209	905,461	990,948	1,030,182
Total business-type activities expenses	18,284,993	20,159,391	21,671,903	23,071,742	25,004,901	24,655,580	25,582,038	34,789,081	36,897,763	38,731,521
Total primary government expenses	\$ 60,611,949	\$ 65,091,054	\$ 73,155,791	\$ 73,936,329	\$ 81,417,595	\$ 85,278,262	\$ 87,675,200	\$ 104,312,756	\$ 103,671,142	\$ 99,554,633
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 2,123,174	\$ 2,175,505	\$ 2,540,798	\$ 2,409,303	\$ 3,510,544	\$ 2,906,616	\$ 2,999,341	\$ 3,905,967	\$ 4,158,680	\$ 4,951,446
Public safety	2,030,048	1,972,048	2,230,428	1,978,685	1,063,372	1,075,509	1,351,519	1,236,829	1,315,180	1,221,973
Highways and streets	2,101,050	1,501,637	2,663,024	2,500,250	3,123,784	3,151,547	3,370,465	4,083,149	4,002,264	5,312,152
Health and welfare	166,410	235,909	192,742	216,261	382,628	444,964	511,601	554,209	473,245	554,942
Culture and recreation	4,466,125	3,666,423	3,062,688	3,434,124	4,094,528	4,348,057	5,015,681	150,215	137,179	127,966
Public works	21,516	-	30,604	-	-	-	-	-	-	300,235
Operating grants and contributions	8,087,416	7,433,665	8,439,561	9,873,983	8,623,585	11,508,981	10,113,555	27,284,007	11,335,009	13,663,676
Capital grants and contributions	16,676,232	12,992,496	13,853,173	26,747,183	23,052,334	17,986,128	16,781,232	22,787,617	21,559,092	27,917,289
Total governmental activities program revenues	35,671,971	29,977,683	33,013,018	47,159,789	43,850,775	41,421,802	40,143,394	60,001,993	42,980,649	54,049,679
Business-type activities:										
Charges for services:										
Airport	3,004,977	3,350,033	3,559,509	3,759,687	3,991,015	4,293,102	4,559,948	4,903,504	5,680,205	5,813,095
Airport flightline	1,119,432	1,403,483	1,407,451	1,524,383	700,936	-	-	-	-	-
Civic Center	-	-	-	-	-	-	-	-	-	-
Solid waste disposal	2,643,140	2,371,950	2,525,982	2,567,905	2,512,560	2,262,373	2,544,702	2,796,433	2,842,790	3,739,199
Solid waste collections	1,285,912	1,616,615	1,654,140	1,685,987	1,621,413	2,071,090	2,170,392	2,390,337	2,360,138	3,271,983
Water	8,364,265	9,292,463	11,231,908	10,445,955	10,864,440	10,010,899	10,320,520	9,468,281	12,276,473	11,600,535
Sanitary sewer	4,575,391	4,856,558	5,053,527	5,003,913	5,095,871	5,311,824	5,428,006	5,667,907	6,167,542	5,840,563

(Continued from previous page)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Storm water	630,804	800,159	957,724	998,671	938,624	1,040,526	900,844	920,664	983,176	1,183,703
Commercial Property							54,103	201,831	424,361	346,142
Parking authority lots	765,404	796,650	807,583	808,003	834,896	867,583	883,751	941,990	963,953	1,063,898
Operating grants and contributions	1,452,790	311,490	31,151	413,366	98,518	-	-	1,856	-	68,057
Capital grants and contributions	8,625,324	6,409,535	10,560,757	4,546,714	5,138,533	8,037,085	3,675,261	10,680,059	11,361,611	9,212,197
Total business-type activities program revenues	32,467,439	31,208,936	37,789,732	31,754,584	31,796,806	33,894,482	30,537,527	42,992,166	48,687,249	47,559,541
Total primary government program revenues	\$ 68,139,410	\$ 61,186,619	\$ 70,802,750	\$ 78,914,373	\$ 75,647,581	\$ 75,316,284	\$ 70,680,921	\$ 102,994,159	\$ 91,667,898	\$ 101,589,220
Net (expense)/revenue										
Government activities	(6,654,985)	(14,953,980)	(18,470,870)	(3,704,798)	(12,561,919)	(19,200,880)	(21,949,768)	(9,521,682)	(23,792,730)	(6,773,433)
Business-type activities	14,182,446	11,049,545	16,117,829	8,682,842	6,791,905	9,238,902	4,955,489	8,203,085	11,789,486	8,808,020
Total primary government net expense	\$ 7,527,461	\$ (3,904,435)	\$ (2,353,041)	\$ 4,978,044	\$ (5,770,014)	\$ (9,961,978)	\$ (16,994,279)	\$ (1,318,597)	\$ (12,003,244)	\$ 2,034,587
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 10,780,238	\$ 11,325,760	\$ 13,806,279	\$ 14,913,006	\$ 15,479,043	\$ 16,167,137	\$ 16,200,763	\$ 17,162,429	\$ 17,230,221	\$ 17,801,629
Sales tax	8,615,944	9,607,321	10,955,561	11,746,147	11,943,929	11,756,546	12,403,143	13,955,767	16,388,127	17,271,062
Occupancy tax	439,389	487,773	520,947	572,633	622,144	674,643	753,860	914,599	1,066,817	1,174,646
Lodging/liquor/food tax	1,300,551	1,435,820	1,534,606	1,700,605	1,835,399	1,935,984	2,043,586	2,292,498	2,585,466	2,750,004
State aid distribution	1,690,974	1,757,995	1,923,989	2,308,021	2,685,052	2,582,642	2,975,302	3,773,172	4,882,955	4,958,139
Franchise taxes	599,808	668,229	897,694	908,863	1,028,020	1,099,793	1,082,874	1,182,709	1,246,491	1,341,007
Other taxes	450,555	673,191	511,954	500,201	501,564	465,811	535,798	665,151	2,776,357	932,923
Unrestricted investment earnings	868,736	1,409,418	2,585,623	2,941,614	2,032,392	1,076,333	901,297	579,687	632,739	362,192
Gain (loss) on disposal of assets	27,892	176,949	173,018	145,575	163,874	28,153	244,748	31,259	49,510	107,871
Transfers	(903,933)	(3,472,278)	(2,764,681)	(3,532,194)	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)	(5,604,461)
Total governmental activities	23,870,154	24,070,178	30,144,990	32,204,471	35,450,563	36,623,624	36,676,735	44,685,409	44,685,409	41,095,012
Business-type activities:										
Taxes										
Other taxes	69,357	67,271	21,487	56,117	97,298	78,488	63,107	60,524	61,658	56,441
Unrestricted investment earnings	392,750	819,900	1,704,943	1,986,272	1,698,200	475,469	299,907	352,646	189,974	82,393
Gain (loss) on disposal of assets	40,850	(2,381,188)	60,795	126,685	215,175	43,735	60,728	18,257	2,402,877	4,892,493
Transfers	903,933	3,472,278	2,764,681	3,532,194	840,854	(836,582)	464,636	29,440,618	2,173,274	5,604,461
Total business-type activities	1,406,890	1,978,261	4,551,906	5,701,268	2,851,527	(238,890)	888,378	29,872,045	4,827,783	10,635,788
Total primary government	\$ 25,277,044	\$ 26,048,439	\$ 34,696,896	\$ 37,905,739	\$ 38,302,090	\$ 36,384,734	\$ 37,565,113	\$ 40,988,698	\$ 49,513,192	\$ 51,730,800
Change in Net Assets										
Governmental activities	\$ 17,215,169	\$ 9,116,198	\$ 11,674,120	\$ 28,499,673	\$ 22,888,644	\$ 17,422,744	\$ 14,726,967	\$ 1,594,971	\$ 20,892,679	\$ 34,321,579
Business-type activities	15,589,336	13,027,806	20,689,735	14,384,110	9,643,432	9,000,012	5,843,867	38,075,130	16,617,269	19,443,808
Total primary government	\$ 32,804,505	\$ 22,144,004	\$ 32,363,855	\$ 42,883,783	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834	\$ 39,670,101	\$ 37,509,948	\$ 53,765,387

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

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

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

	2004	2005	2006	2007	2008	2009	2010	**2011	2012	2013
General Fund										
Reserved	\$ 12,722	\$ 107,382	\$ 166,269	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -	\$ -
Unreserved	17,151,618	17,346,623	18,783,976	20,727,974	21,729,864	20,617,386	20,369,528	-	-	-
Restricted	-	-	-	-	-	-	-	197,703	387,263	1,138,547
Committed	-	-	-	-	-	-	-	22,043	-	1,243,193
Assigned	-	-	-	-	-	-	-	3,966,827	4,656,009	5,654,308
Unassigned	-	-	-	-	-	-	-	18,424,444	23,284,261	24,868,320
Total general fund	\$ 17,164,340	\$ 17,454,005	\$ 18,950,245	\$ 20,791,889	\$ 22,011,450	\$ 21,602,186	\$ 20,944,306	\$ 22,611,017	\$ 28,327,533	\$ 32,904,368
All other governmental funds										
Reserved	\$ 3,860,452	\$ 3,631,228	\$ 3,497,652	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	15,688,666	16,296,449	14,824,377	12,940,107	14,651,662	16,727,976	18,673,953	-	-	-
Debt service funds	10,832,473	10,770,334	10,369,216	11,014,840	10,897,034	11,817,883	13,036,782	-	-	-
Capital project funds	691,325	(1,901,216)	(2,428,987)	1,916,906	3,928,717	3,669,661	14,760,167	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	2,707,591	2,379,957	2,243,109
Committed	-	-	-	-	-	-	-	26,179,564	23,020,798	27,802,558
Unassigned	-	-	-	-	-	-	-	36,269,194	39,415,488	42,338,892
Total all other governmental funds	\$ 31,072,916	\$ 28,796,795	\$ 26,262,258	\$ 29,255,565	\$ 32,744,882	\$ 36,067,262	\$ 48,869,985	\$ 53,527,744	\$ 44,445,689	\$ 54,004,768

**Implemented GASB #54 with 2011 CAFR.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 21,654,618	\$ 23,439,089	\$ 25,735,796	\$ 27,929,837	\$ 28,963,692	\$ 29,681,652	\$ 30,578,360	\$ 33,189,580	\$ 38,399,225	\$ 38,060,526
Licenses and permits	1,495,736	1,790,488	1,668,051	1,527,745	1,546,941	1,352,746	1,508,083	1,956,383	2,552,169	3,195,879
Special assessments	5,558,789	5,873,191	6,185,745	7,404,159	8,013,382	11,601,197	11,445,698	12,107,061	13,253,134	18,157,172
Intergovernmental	12,179,858	10,611,893	11,386,666	13,674,293	13,198,149	15,218,722	15,704,913	38,165,942	17,763,798	21,041,079
Charges for services	4,908,485	4,296,509	5,378,503	5,395,329	6,733,696	6,575,095	7,390,191	5,724,439	5,788,168	7,378,274
Fines and forfeits	1,432,979	1,237,852	1,319,887	1,158,782	962,615	868,180	868,997	869,714	1,018,317	1,082,254
Investment income	844,944	1,377,270	2,101,972	2,855,441	2,022,473	1,315,694	968,974	770,749	789,381	633,343
Rentals	526,962	570,485	873,198	759,240	815,495	814,068	799,489	914,901	423,403	476,051
Miscellaneous	245,353	235,853	207,675	229,092	243,636	613,419	456,451	710,737	628,557	612,875
Total revenues	48,847,724	49,432,630	54,857,493	60,933,918	62,500,079	68,040,773	69,721,156	94,409,506	80,616,152	90,637,453
EXPENDITURES										
General government	8,571,651	10,466,183	9,497,701	9,084,824	12,316,706	12,174,121	11,995,913	26,460,346	13,785,186	13,967,053
Public safety	11,777,432	12,254,611	13,107,591	13,341,670	13,730,955	15,414,803	16,134,498	16,520,641	17,040,285	17,392,151
Highways and streets	5,525,879	5,177,548	5,381,364	5,995,613	6,324,834	7,596,100	7,919,024	7,757,762	7,923,168	8,103,587
Health and welfare	1,523,547	1,712,812	1,873,190	2,022,052	2,308,410	2,390,513	2,804,458	2,819,958	2,862,728	2,892,536
Culture and recreation	3,290,157	3,216,287	3,306,751	3,603,065	4,003,495	4,159,604	4,369,646	1,954,030	2,091,326	2,078,185
Public works	1,397,143	481,233	1,177,137	2,092,389	2,136,119	1,380,553	1,244,878	1,260,901	9,866,920	2,404,256
Capital outlays	13,929,004	15,401,924	26,441,850	28,456,115	20,056,098	24,142,618	24,112,934	28,295,435	27,843,527	42,597,079
Debt service										
Principal	6,225,000	6,605,000	5,620,000	5,895,000	6,345,002	7,885,000	9,020,000	9,355,000	9,690,000	9,715,000
Interest and fiscal charges	1,894,734	1,453,663	1,385,807	1,762,755	2,269,842	2,450,581	2,356,595	2,230,206	2,040,805	1,840,051
Total expenditures	54,134,547	56,769,261	67,791,391	72,253,483	69,491,461	77,593,893	79,957,946	96,654,279	93,143,945	100,989,898
Excess (deficiency) of revenues over (under) expenditures	(5,286,823)	(7,336,631)	(12,933,898)	(11,319,565)	(6,991,382)	(9,553,120)	(10,236,790)	(2,244,773)	(12,527,793)	(10,352,445)
OTHER FINANCING SOURCES (USES)										
Transfer in	14,579,467	14,479,141	21,670,671	20,486,409	19,848,116	22,825,204	21,050,225	23,187,603	23,914,275	23,576,359
Transfer out	(12,986,720)	(13,513,006)	(20,450,648)	(19,790,656)	(18,143,859)	(18,639,463)	(19,472,373)	(24,505,560)	(23,275,607)	(22,206,862)
Refunding bonds issued	2,005,000	-	-	-	2,430,000	-	3,855,000	1,605,000	4,365,000	-
Premium on special assessment debt	21,084	-	-	-	22,881	70,495	240,378	150,391	118,586	521,142
Discount on special assessment debt	(12,987)	(33,539)	(4,422)	(46,236)	(36,878)	-	(131,597)	(18,189)	-	(7,278)
Payment to refunded bond escrow agent	(8,960,000)	-	-	-	(2,430,000)	-	(3,880,000)	(1,850,000)	(5,425,000)	-
Special assessment bonds issued	4,675,000	4,290,000	10,680,000	15,515,000	10,000,000	8,210,000	20,720,000	10,000,000	9,465,000	22,605,000
Total other financing sources (uses)	(679,156)	5,222,596	11,895,601	16,164,517	11,690,260	12,466,236	22,381,633	8,569,245	9,162,254	24,488,361
Net changes in fund balances	(5,965,979)	(2,114,035)	(1,038,297)	4,844,952	4,698,678	2,913,116	12,144,843	6,324,472	(3,365,539)	14,135,916
Debt service as a percentage of noncapital expenditures	20.2%	19.5%	16.9%	17.5%	17.4%	19.3%	20.4%	16.9%	18.0%	19.8%

Source: Fiscal Services

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

Fiscal Year	Property ¹ Taxes	Sales		Occupancy		Lodging/ Liquor/Food		State Aid		Franchise		Other		Total
		Tax	Tax	Tax	Tax	Tax	Tax	Distribution	Tax	Tax	Taxes	Taxes		
2004	10,780,238	8,615,944	439,389	1,300,551	1,690,974	599,808	450,555						23,877,459	
2005	11,325,760	9,607,321	487,773	1,435,820	1,757,995	668,229	673,191						25,956,089	
2006	13,806,279	10,955,561	520,947	1,534,606	2,034,093	787,590	511,954						30,151,030	
2007	14,913,006	11,698,846	572,633	1,747,906	2,308,021	908,863	500,201						32,649,476	
2008	15,479,043	11,943,929	622,144	1,835,399	2,685,052	1,028,020	501,564						34,095,151	
2009	16,167,137	11,756,546	674,643	1,935,984	2,582,642	1,099,793	465,811						34,682,556	
2010	16,200,763	12,403,143	753,860	2,043,586	2,975,302	1,082,874	535,798						35,995,326	
2011	17,162,429	13,955,767	914,599	2,292,498	3,773,172	1,182,709	665,151						39,946,325	
2012	17,230,221	16,388,127	1,066,817	2,585,466	4,882,955	1,246,491	2,776,357						46,176,434	
2013	17,801,629	17,271,062	1,174,646	2,750,004	4,958,139	1,341,007	932,923						46,229,410	

¹ Includes tax revenues from pension trust funds.

Source: Fiscal Services

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

Year	Commercial Land and Buildings	Residential Land and Buildings	Agricultural Land	Public Utilities	Total Assessed Value	Total True and Full Value	Assessed Value as a Percentage of True and Full Value	Taxable Value	Total Direct Tax Rate
2003	390,791,510	808,050,456	295,050	22,386,450	1,221,523,466	2,443,046,931	50%	114,071,842	102.41
2004	409,533,790	870,033,934	274,850	23,057,610	1,302,900,184	2,605,800,367	50%	121,589,679	101.56
2005	451,493,820	943,417,311	227,800	23,153,410	1,418,292,341	2,836,584,682	50%	132,395,061	98.59
2006	527,172,200	1,053,554,467	213,000	24,076,640	1,605,016,307	3,210,032,613	50%	149,966,086	94.37
2007	592,136,940	1,213,446,289	228,760	24,293,280	1,830,105,269	3,660,210,538	50%	167,123,847	87.93
2008	660,701,410	1,286,286,222	156,300	27,468,550	1,974,612,482	3,949,224,964	50%	184,598,386	82.78
2009	700,195,450	1,353,003,345	156,500	29,602,980	2,082,958,275	4,165,916,549	50%	194,765,794	80.63
2010	731,769,330	1,432,085,034	179,050	30,219,050	2,194,252,464	4,388,504,927	50%	199,968,720	80.68
2011	750,575,750	1,437,185,900	169,450	34,450,950	2,222,382,050	4,444,764,100	50%	207,866,346	79.05
2012	802,091,790	1,545,634,922	287,200	37,619,840	2,385,633,752	4,771,267,504	50%	223,107,026	75.77

Source: Burleigh County Auditor/Treasurer Office

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

Fiscal Year ²	City of Bismarck			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Total City Millage	Burleigh County Millage	Public School Millage	Bismarck Park District	State of North Dakota		
2003	102.41	102.41	62.71	267.77	39.65	1.00	473.54	
2004	101.56	101.56	65.05	262.21	40.62	1.00	470.44	
2005	98.59	98.59	62.33	255.02	40.67	1.00	457.61	
2006	94.37	94.37	57.17	248.40	39.46	1.00	440.40	
2007	87.93	87.93	51.92	229.42	39.66	1.00	409.93	
2008	82.78	82.78	53.85	223.39	39.59	1.00	400.61	
2009	80.63	80.63	54.45	142.03	39.63	1.00	317.74	
2010	80.68	80.68	54.55	142.13	39.82	1.00	318.18	
2011	79.05	79.05	55.32	140.99	39.62	1.00	315.98	
2012	75.77	75.77	53.99	138.39	39.55	1.00	308.70	

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

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

Source: Burleigh County Levies

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kirkwood Mall Acquisition LLC	\$ 25,412,100	1	1.12 %	\$ 20,364,250	1	1.66 %
Medcenter One	10,892,300	2	0.48	6,689,900	2	0.55
Waterford on West Century	10,199,200	3	0.45	3,669,700	8	0.30
Inreit Properties (Edgewood)	8,727,250	4	0.39			
* Mid Dakota Clinic	8,603,900	5	0.38	3,853,050	7	0.31
Wal-Mart Property North	8,570,700	6	0.38			
Clark Equipment	8,475,900	7	0.38	4,228,050	4	0.35
Wal-Mart Property South	8,190,350	8	0.36			
* TNP SRT Portfolio I LLC (Pinehurst Square)	7,134,700	9	0.32			
Regency Midwest Ventures LTD	6,837,150	10	0.30	-		
Menards	6,649,300	11	0.29	3,502,450	9	0.30
* Gateway Fashion Mall	6,426,200	12	0.28	5,668,050	3	0.46
MinDakota LTD Partnership	-			4,199,250	5	0.34
Basin Electric	-			4,073,450	6	0.33
Wal-Mart Store	-			2,873,750	10	0.23
Totals	\$ 116,119,050		5.13	\$ 59,121,900		4.83

* 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
2004	11,682,098	10,982,789	0.9401	143,079	11,125,868	0.9524
2005	12,348,648	11,640,116	0.9426	117,743	11,757,859	0.9522
2006	13,052,829	12,260,459	0.9393	131,382	12,391,841	0.9494
2007	14,152,301	13,314,078	0.9408	124,505	13,438,583	0.9496
2008	14,695,200	13,787,071	0.9382	158,674	13,945,745	0.9490
2009	15,281,053	14,361,482	0.9398	169,350	14,530,832	0.9509
2010	15,703,966	14,671,145	0.9342	164,566	14,835,711	0.9447
2011	16,133,477	15,207,718	0.9426	216,757	15,424,475	0.9561
2012	16,431,836	15,478,265	0.9420	187,816	15,666,081	0.9534
2013	16,904,819	15,953,724	0.9437	139,427	16,093,151	0.9520

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		Special Assessment		Revenue		Capital Leases				
	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Leases	Leases			
2004	-	8,335,000	31,335,000	123,338	-	-	233,140	40,026,478	0.0157	699	
2005	-	6,655,000	30,705,000	-	-	-	141,907	37,501,907	0.0137	651	
2006	-	5,970,000	36,450,000	-	10,000,000	-	79,737	52,499,737	0.0179	901	
2007	-	5,265,000	46,775,000	-	18,833,536	-	9,795	70,883,331	0.0226	1,197	
2008	-	4,505,000	51,190,000	-	26,537,149	-	17,771	82,249,920	0.0246	1,382	
2009	-	3,705,000	52,315,000	-	28,694,406	-	12,555	84,726,961	0.0240	1,403	
2010	-	2,850,000	64,845,000	-	31,137,187	-	6,484	98,838,671	0.0283	1,613	
2011	-	1,940,000	66,155,000	-	29,807,244	-	17,377	97,919,621	0.0256	1,576	
2012	-	-	68,810,000	-	32,135,806	-	12,543	100,958,349	0.0246	1,563	
2013	-	-	79,700,000	-	70,642,434	-	5,037	150,347,471	0.0307	2,257	

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

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 65,145,009	\$ 70,914,617	\$ 80,250,815	\$ 91,505,263	\$ 98,730,624	\$ 104,147,914	\$ 109,712,623	\$ 111,119,103	\$ 119,281,688	\$ 136,124,636
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 65,145,009	\$ 70,914,617	\$ 80,250,815	\$ 91,505,263	\$ 98,730,624	\$ 104,147,914	\$ 109,712,623	\$ 111,119,103	\$ 119,281,688	\$ 136,124,636
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013	
Total assessed value	\$ 2,722,492,724
Debt limit (5% of total assessed value)	136,124,636
Debt applicable to limit:	
General Obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 136,124,636

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

Sources:
Assessing Division
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013**

<u>Governmental Unit</u>	<u>2013 Taxable Value</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Total Direct and Overlapping Debt</u>
City of Bismarck	\$ 223,107,026	\$ 62,365,113	100.00 %	\$ 62,365,113
Bismarck Public School	278,598,350	27,776,821	80.18	22,271,455
Total Direct and Overlapping Debt		<u>\$ 90,141,934</u>		<u>\$ 84,636,568</u>

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

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

Sources:

Bismarck Public School as of June 30, 2013
Burleigh County Levies, 2013

**CITY OF BISMARCK, NORTH DAKOTA
PLEGDED-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		Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest		Principal	Interest		
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	-	184,444	4,922,034	4,935,000	1,160,817	0.81	
2007	16,500,612	7,368,682	9,131,930	520,000	389,600	5,437,106	5,190,000	1,554,890	0.81	
2008	16,952,988	8,574,428	8,378,560	1,320,000	368,800	6,219,909	5,585,002	2,079,602	0.81	
2009	16,783,419	8,777,959	8,005,460	1,440,000	350,525	7,864,035	7,085,000	2,283,141	0.84	
2010	16,611,127	8,410,454	8,200,673	1,950,000	631,963	9,109,289	8,165,000	2,213,955	0.88	
2011	16,549,071	10,142,474	6,406,597	2,020,000	919,367	9,566,595	8,445,000	2,096,794	0.91	
2012	20,076,985	10,296,563	9,780,422	8,765,000	832,331	10,488,662	13,175,000	1,971,244	0.69	
2013	19,246,500	10,830,718	8,415,782	2,210,000	876,803	11,346,780	9,715,000	1,840,051	0.98	

Fiscal Year	Sales Tax Bonds					Motel, Liquor, Restaurant Bonds				
	Sales Tax Collections	Debt Service		Lodging, Liquor, Food Tax Collections	Coverage	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest				Principal	Interest		
2004	8,615,944	1,015,000	49,188	8.10	1,300,551	525,000	609,142	1.15		
2005	9,607,321	1,045,000	16,981	9.05	1,435,820	640,000	240,990	1.63		
2006	10,955,561	-	-	-	1,534,606	685,000	224,990	1.69		
2007	11,698,846	-	-	-	1,747,906	705,000	207,865	1.91		
2008	11,943,929	-	-	-	1,835,399	760,000	190,240	1.93		
2009	11,756,546	-	-	-	1,935,984	800,000	167,440	2.00		
2010	12,403,143	-	-	-	2,043,586	855,000	142,640	2.05		
2011	13,955,767	-	-	-	2,292,498	910,000	112,715	2.24		
2012	16,388,127	-	-	-	2,585,466	1,940,000	68,548	1.29		
2012	16,388,127	-	-	-	2,585,466	1,940,000	68,548	1.29		
2013	17,271,062	-	-	-	2,750,004	-	-	-		

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

Source: Fiscal Services

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

Fiscal Year	Population ¹	Personal Income ²	Per Capita		Median Age ¹	Public School Enrollment ³	Unemployment Rate ⁴
			Personal Income ²	Income ²			
2004	57,237	2,545,943,543	44,481	36.8	10,440	2.7	
2005	57,578	2,729,657,824	47,408	36.5	10,496	3.0	
2006	58,264	2,925,377,176	50,209	36.5	10,591	2.8	
2007	59,194	3,140,123,312	53,048	36.5	10,647	2.8	
2008	59,503	3,341,212,456	56,152	36.5	10,707	2.8	
2009	60,389	3,535,775,950	58,550	36.5	10,701	3.7	
2010	61,272	3,495,812,688	57,054	38.0	10,852	3.5	
2011	62,120	3,829,946,480	61,654	38.0	10,971	3.1	
2012	64,588	4,097,462,720	63,440	38.0	11,424	2.7	
2013	66,608	4,892,290,992	73,449	38.0	11,656	2.4	

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

Sources:

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

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

	2013				2004			
	Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
State of ND	4,400	1	12.47 %	4,309	1	12.71 %		
Sandford Health	3,102	2	8.79	1,954	2	5.76		
St. Alexius Medical Center	2,557	3	7.25	1,900	4	5.61		
Bismarck Public Schools	1,901	4	5.39	1,945	3	5.74		
US Government Offices	1,205	5	3.41	1,198	5	3.53		
MDU Resources Group	743	6	2.11	715	7	2.11		
Walmart	688	7	1.95	-				
City of Bismarck	574	8	1.63	481	11	1.42		
AETNA	573	9	1.62	602	8	1.78		
Mid Dakota Clinic	531	10	1.50	406	13	1.20		
Missouri Slope Lutheran Care Center	530	11	1.50	410	12	1.21		
University of Mary	503	12	1.43	569	9	1.68		
Dan's Super Markets	485	13	1.37	502	10	1.48		
Basin Electric Power Cooperative Corporate Office	455	14	1.29	-				
Coventry Healthcare	440	15	1.25	-				
Bismarck State College				398	14	1.17		
Bobcat/Ingersoll Rand				936	6	2.76		
Cross Country Courier				396	15	1.17		
Total	18,687		52.96	16,721		49.33		

Sources:
City of Bismarck 2014 Budget
Bismarck Mandan Development Association
ND Job Service-Labor Market Information Center website

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	51	53	58	61	72	71	71	72	73	80
Public safety										
Combined communications	20	20	21	22	22	24	24	26	26	26
Police										
Officers	91	92	90	91	92	96	101	101	103	109
Civilians	25	24	25	26	26	28	28	28	28	28
Fire										
Firefighters and officers	61	63	63	63	68	76	76	76	76	79
Civilians	14	13	13	14	7	6	6	6	6	6
Highways and streets										
Engineering	21	21	21	22	22	22	22	24	25	26
Maintenance	55	56	55	53	55	55	55	55	55	60
Health and welfare	19	20	22	24	25	26	27	26	26	26
Culture and recreation	15	15	15	16	16	16	16	16	17	17
Airport	19	19	19	19	21	21	21	21	21	21
Solid Waste	37	37	38	38	38	38	38	38	38	38
Water and sewer	53	54	53	54	55	55	55	55	55	58
Total	481	487	493	503	519	534	540	544	549	574

Source: City of Bismarck Annual Budgets

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Number of building permits issued	1,649	1,483	1,706	1,626	1,710	1,513	1,654	1,879	2,365	2,218
Number of building inspections done	6,672	6,605	6,454	6,693	8,135	7,103	6,330	7,830	9,745	9,460
Number of plumbing permits issued	620	570	631	630	607	539	639	707	1,092	1,153
Number of plumbing inspections done	2,219	2,294	2,263	2,219	2,171	1,745	1,887	1,972	2,861	3,050
Number of mechanical permits issued	1,116	1,013	995	1,237	1,354	1,256	1,348	1,564	2,037	2,037
Number of mechanical inspections done	2,589	2,560	2,280	2,624	2,950	2,754	2,340	2,991	2,091	3,210
Number of electrical permits issued	1,051	1,032	994	1,297	1,153	1,067	1,127	1,257	1,589	1,578
Number of electrical inspections done	3,410	3,715	3,092	3,441	3,596	3,257	3,286	4,024	4,789	5,220
Number of septic permits issued	199	253	201	169	133	102	109	122	225	193
Number of septic inspections done	278	337	264	241	174	233	283	240	298	249
Public Safety										
Police										
Physical arrests	5,045	3,837	2,821	2,689	2,585	2,381	3,589	2,480	3,862	4,768
Traffic citations	14,111	12,785	13,230	10,882	10,926	12,008	12,995	12,869	14,309	16,168
Parking citations	14,055	13,717	13,670	10,154	10,523	8,977	8,296	7,975	8,617	7,898
Number of accidents	3,018	3,184	3,184	3,149	3,563	3,741	3,865	3,820	3,747	3,985
Number of 911 emergency dispatches	4,257	2,926	3,762	3,792	3,942	4,740	4,802	4,037	4,858	3,554
Fire										
Number of 911 emergency dispatches	2,093	2,153	2,376	2,361	2,355	1,934	2,429	2,833	3,115	3,106
Number of fire inspections conducted	2,466	2,350	2,542	2,559	3,017	3,083	2,897	3,607	3,130	2,985
Number of environmental health inspections	4,684	3,966	3,770	3,974	4,107	3,866	4,988	2,437	2,270	1,534
Highways and streets										
Engineering										
Number of excavation permits	619	657	812	827	777	637	827	608	743	820
Number of improvement projects	38	57	77	79	43	36	36	35	72	82
Forestry										
Number of street trees planted	506	549	495	491	300	328	480	423	507	477
Number of street trees trimmed	3,568	2,662	2,440	1,105	1,116	1,097	1,038	3,182	2,948	2,248
Number of street trees removed	163	96	177	341	150	178	212	194	190	294
Roads and streets										
Potholes repaired	3,486	3,231	3,120	2,800	3,221	6,657	6,205	7,640	844	5,052
Street striping (miles)	185	104	105	110	125	110	215	195	204	211
Snow removal (hours)	25	1,673	3,421	3,918	7,465	20,000	20,553	11,947	1,199	8,854
Sand ice removal (tons)	10,656	10,200	10,987	11,793	11,408	9,926	6,850	3,889	4,005	6,216
Salt ice removal (tons)	1,162	1,014	762	926	868	849	902	1,547	1,937	1,927
Loads of snow hauled	16	1,122	1,974	2,771	2,899	12,925	14,481	5,321	1,382	4,049
Health and welfare										
Number of home visits	4,480	5,248	5,848	5,264	5,290	6,216	5,239	5,190	4,240	4,808
Number of immunizations	4,494	2,928	6,243	9,553	8,107	14,766	12,482	8,473	6,316	9,039
Number of office visits	5,902	2,365	5,040	4,255	4,209	4,756	4,517	3,586	3,150	3,174

(Continued from previous page)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Culture and recreation										
Auditorium events	55	65	55	108	121	115	113	108	128	123
Auditorium admissions	28,524	34,321	28,589	30,060	38,507	39,361	35,030	34,163	38,840	37,454
Community center events	211	250	283	346	393	412	411	484	504	416
Community center admissions	328,652	310,000	326,853	291,860	336,622	316,926	329,652	340,441	359,149	315,580
Function										
Airport										
Gallons fuel dispensed (City only)	1,730,473	1,541,152	1,368,186	1,529,540	738,027	-	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	1,171,576	1,184,315	1,185,503	1,440,263	2,141,689	2,995,619	3,787,215	3,772,974	4,084,352	4,110,507
Number of passengers-enplaning	159,963	174,567	180,674	181,310	175,626	181,114	194,043	196,414	236,172	237,683
Number of passengers-deplaning	160,613	172,766	180,170	180,844	174,579	180,322	193,897	195,208	235,207	237,450
Pounds of airmail-enplaning	16,076	3,455	-	-	-	-	1	-	-	-
Pounds of airmail-deplaning	7	-	-	-	-	-	239	-	-	-
Pounds of freight-enplaning	153,600	115,018	123,791	98,467	98,816	66,997	35,301	29,858	29,472	16,813
Pounds of freight-deplaning	209,302	131,188	133,518	114,659	98,834	85,939	55,130	35,300	48,135	13,738
Pounds of air cargo freight-enplaning	-	-	667,453	1,889,204	1,445,581	1,297,017	1,357,768	1,412,447	2,129,165	1,495,195
Pounds of air cargo freight-deplaning	-	-	1,848,782	4,036,041	3,236,152	2,995,192	3,254,751	3,486,123	4,853,797	4,535,773
Solid Waste										
Refuse collected (tons/year)	26,234	26,533	22,941	23,877	21,263	24,445	24,425	25,143	24,826	24,662
Garbage accepted for disposal (tons/year)	83,277	81,610	81,050	80,676	78,772	83,263	89,794	97,675	98,932	102,197
Acres used at landfill	2	2	2	2	2.5	2.5	2.5	2.5	2.5	6.5
Water										
Number of service connections	16,400	16,850	17,250	17,600	17,850	18,100	18,400	18,700	19,420	20,000
Average daily consumption (thousand of gallons)	9,360	9,947	11,690	10,420	10,300	9,350	8,840	8,260	10,290	9,640
Wastewater										
Average daily sewage treatment (thousand of gallons)	5,960	6,290	6,040	6,220	6,010	6,630	6,830	7,150	6,240	6,830

Sources:

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

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	19	19	18	19	21
Fire stations	4	4	4	4	4	4	5	5	5	5
Highways and streets										
Paved streets (miles)	255	262	269	279	286	293	300	311	313	319
Streetlights	6,204	6,619	6,718	7,044	7,181	7,263	7,468	7,755	7,990	8,149
Traffic signals	86	92	104	104	104	104	104	105	107	107
Culture and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Airport										
Terminal building	1	1	1	1	1	1	1	1	1	1
Waste Collection										
Collection Trucks	20	20	21	20	20	25	22	20	20	20
Water										
Watermains (miles)	275	301	308	315	320	325	327	330	336	378
Fire hydrants	2,459	2,629	2,695	2,800	2,900	3,000	3,014	3,100	3,256	3,355
Maximum daily water treatment capacity (thousand of gallons)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Sewer										
Sanitary sewers (miles)	247	256	267	276	281	290	292	295	297	300
Storm sewers (miles)	102	133	134	137	139	143	144	146	147	148
Maximum daily wastewater treatment capacity (thousand of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Parking Lots										
Number of parking lots	4	4	4	4	4	4	4	4	4	4

Note: Parking lots only include Parking Authority lots.

Source:

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