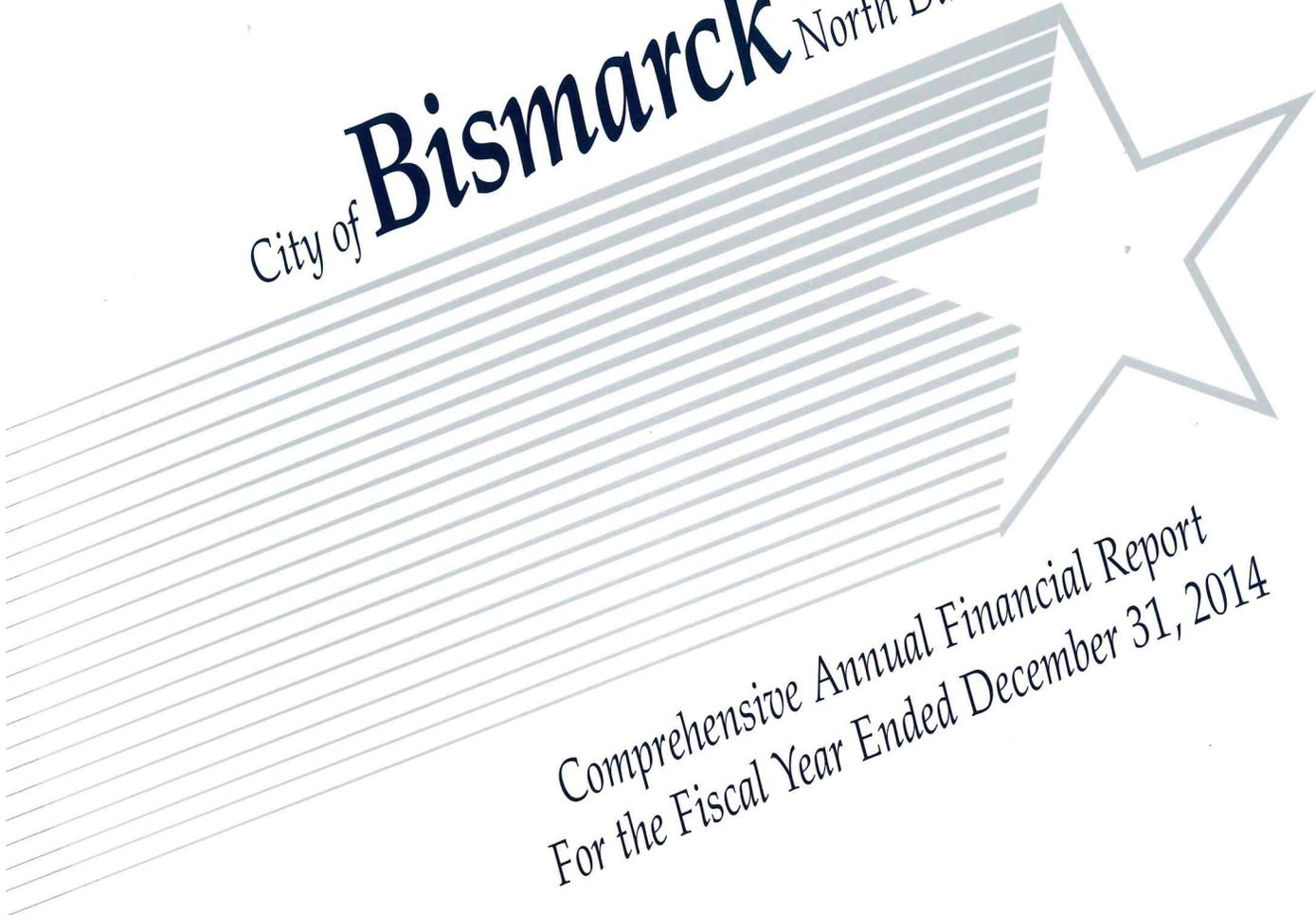


City of **Bismarck** North Dakota

A decorative graphic consisting of two sets of parallel lines that converge towards a five-pointed star on the right side. The lines are light gray and the star is outlined in gray.

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2014

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2014

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

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Bismarck Fiscal Services Division

June 25, 2015

**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, 2014 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 unmodified opinion, and the City of Bismarck's financial statements for the fiscal year ending December 31, 2014 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 33.5 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 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 109 projects have been completed with 57 new businesses which have created 471 jobs to date. The building value of Zone projects of \$51 million has more than tripled 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. Seven new grants were approved in 2014. Grants approved to date total \$507,417 which leveraged a total investment of \$1,331,343. The program serves as a foundation to stimulate new development and increased tax base in the downtown.

The City Commission appointed a Downtown Subarea Task Force to review and consider implementation of the downtown master plan completed 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. Progress on the plan includes a pilot project for Main Avenue in 2015 and a developer group currently exploring opportunities for new housing, mixed retail space and a hotel as well as a parking ramp on south 5th Street. The Depot

Plaza located on the corner of 5th Street and Main Avenue has also announced plans to provide a public site for downtown activities and events. The first festival is scheduled in the spring of 2015.

An important factor instrumental in attracting new industry, business, and families to the Bismarck area is the exceptionally low crime rate. The City of Bismarck continues to enjoy one of the lowest crime rates in the country. Members of the Bismarck Police Department are committed to working with members of our community to ensure this trend continues. The Police Department is also the only accredited Municipal Law Enforcement agency in the state and was re-accredited in 2014 with meritorious status and received an Accreditation with Excellence Award. The Department has maintained continuous accreditation since the initial achievement in 1991.

The Bismarck MSA continued to post one of the lowest unemployment rates in the country. The rate was 2.5% as compared to the national rate of 5.5% in November of 2014. The local economic outlook remains positive as Bismarck continues to create and sustain jobs. Total employment through November 2014 was 72,900 in comparison to 70,600 for the same time period in the prior year. This was reflected in the New Geography's Best for Jobs index which ranked Bismarck #1 in the list of small cities and of all cities based on short, medium and long-term job creation and the momentum of the growth. Movoto Real Estate also ranked Bismarck as 5th best city in North Dakota because of the low unemployment and good place to work and #2 for amenities of the community. This is also reflected in the Bismarck's designation as a Playful City USA by KaBOOM which is a national recognition program sponsored by the Humana Foundation. This is the fifth time Bismarck has been recognized for its commitment to a providing a balance of active play.

North Dakota ranked #1 in the nation with an increase of 3.1% for housing growth in the U.S. Census Bureau 2013 statistics. Bismarck was also included in the top five counties in the nation for housing growth. The population estimates identify an increase of 2,257 residents since 2012 for a 3.5% gain for Bismarck placing Bismarck in the five largest growing cities in North Dakota. Growth in Bismarck-Burleigh continues as indicated by the Bureau. Bismarck Public Schools have reported record enrollments of 11,987 for K-12 students.

Those statistics and rankings helped place Bismarck #1 on the list for the America's Top Thriving State Capitals. This list was developed based on population growth, per capita income growth, unemployment rate and poverty rate. Bismarck also ranked in the top 10 Best City Economies by the Business Insider based the low poverty rate and unemployment rate.

All of the growth in jobs and businesses is reflected in the changes in taxable sales and services in 2014 as compared to 2013 for Bismarck. Although sales tax remained stable, hospitality taxes had increases. The revenue increase for motel, restaurant and liquor tax was 5% and the hotel and motel tax was 4%. 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 2014, 340 building permits were issued for residential construction within the City's corporate limits. This included 314 single-family homes and 1,144 multi-family homes, which provided an additional 1,455 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 95 residential building permits issued in 2014. Commercial growth also increased which included retail services, hotels, and apartments with 91 commercial buildings permits and 4 public buildings. Growth in the property tax base for the year 2014 was 14.29%. The table below provides the percentage change by property classification.

Property Class	2013	2014	Percentage
	Market Value	Market Value	Change
Commercial	\$1,943,319,400	\$2,208,300,300	13.64 %
Residential	3,585,963,600	4,110,675,200	14.63 %
Agricultural	575,200	831,400	44.54 %
Total	\$5,529,858,200	\$6,319,905,900	14.29 %

The oil industry in western North Dakota continued to have a statewide impact as evidenced by the growth in property valuations in 2014. North Dakota is the leader in the nation with a 3.9% job growth, 3.6% income growth and 9.5% gross state product growth over the last five years and is ranked 2nd Best State for Business for 2014 by Forbes. With this development, Bismarck continues to be an attractive location for businesses that work on a regional level with companies serving the oil industry.

The City Commission adopted a new Growth Management Plan in 2014 to assist in the management of infrastructure improvements and community investments. With this, the Mayor has initiated a collaborative effort to address urban sprawl and increased costs associated with growth in the City. Elected officials from Burleigh County, Bismarck Park District, Public Schools and the City will hold joint meetings to consider collaborating on the growth challenges. The advisory group will meet quarterly and will use the Growth Management Plan in addition to the future land use plans and fringe area master plans as the basis of the discussions to address the growth challenges.

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 \$963,703 with an average interest rate of .81% 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 \$6,968,368 for an average gain of 6.34% for the fiscal year.

Major Initiatives in 2014

The City Commission used our strategic plan and growth management plan to facilitate and promote our economic activity with the continued growth in 2014.

The City Commission authorized an affordable housing initiative to determine the housing needs in Bismarck. The study is intended to assess the housing needs in the community and define affordable for different age groups that require housing. The study is expected to be completed in 2015.

A project that selected the CRW TRAKIT for the integrated land record management system went live in the November 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 public on-line access is expected to "go live" in the spring of 2015.

The Bismarck Airport was one of the airports in North Dakota that set annual passenger records in 2014. The passenger boardings totaled 245,205 up from 237,683 in 2013. The Airport added a non-stop flight to Chicago and Dallas, Texas and initiated a multi-phase study to mitigate hazardous wetlands.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$1.8 million was used to replace 43 blocks of hard surfaced streets with permanent full depth concrete which was coordinated with the replacement of water main replacement in 23 blocks. An additional \$2 million was used to help fund annual resurfacing mill and overlay chip seal in 233 blocks and \$1.4 million in the reconstruction of 10 blocks of ground water impacted streets. The total estimated cost for the annual street maintenance exceeded \$23 million for 2014.

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

The Water Utility selected Itron to provide and implement an Advanced Metering Infrastructure (AMI) system which includes the replacement of 20,000 meters. The City also partnered with Montana Dakota Utilities (MDU) to provide the water meter data by leveraging MDU's fixed network infrastructure. MDU is a regional utility company providing natural gas and electricity to the City. This is the City's first public-private service agreements and is expected to reduce meter reading costs. The installation of the meters started in the fall with expected completion in 2016. The new horizontal water well intake system was completed in November. The \$16 million project provides capacity processing of 34 million gallons of water daily.

In 2014, there were 437 residential lots approved and 9 annexations for a total of 387.97 acres and 70 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 18 special assessment districts in new developments for pavement, sanitary sewer, water and street light improvements. Engineering and design was completed for extending and widening of Washington Street from Calgary Avenue to 57th Street. Washington is a major arterial street in the City and the north is the area experiencing rapid growth.

The new residential recycling collection started in April. The bi-weekly service provides curbside single-sort collection and also maintains nine disposal sites for excess or large recyclables. The services were also expanded to include multi-family homes. The first year has been deemed successful with 3,057 tons of waste diverted from the land fill in 2014.

The \$27 million expansion project at the Civic Center Exhibit Hall was substantially completed in 2014. The 50,000 square feet addition was enclosed in May for the Williston Basin Petroleum Conference annual event. A new digital sign was also installed to help promote the expansion.

The new parking ramp was completed in the downtown area on 6th street and Broadway. The \$13 million project provides an additional 483 parking places with 300 designated for Sanford Health, 125 for City employees and the balance to the public.

The activity at the Northern Plains Commerce Centre continues to grow. G & K Services, Traffic Safety Services, Lafarge, Pulse Properties, LLC and MBI Holdings purchased acreage at the Centre. Tubular Transport & Logistics also purchased an additional 11.4 acres to expand their current site. Bobcat Manufacturing, an initial tenant at NPCC, opened a new \$28 million Acceleration Center on site. It house 175 employees and is considered a world-class facility for prototype engineering and manufacturing and computer stimulation and testing. There was also a \$2 million project to install concrete on the Global, Trade and Northern Plains roads to provide for truck traffic at the site area.

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, 2013. 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

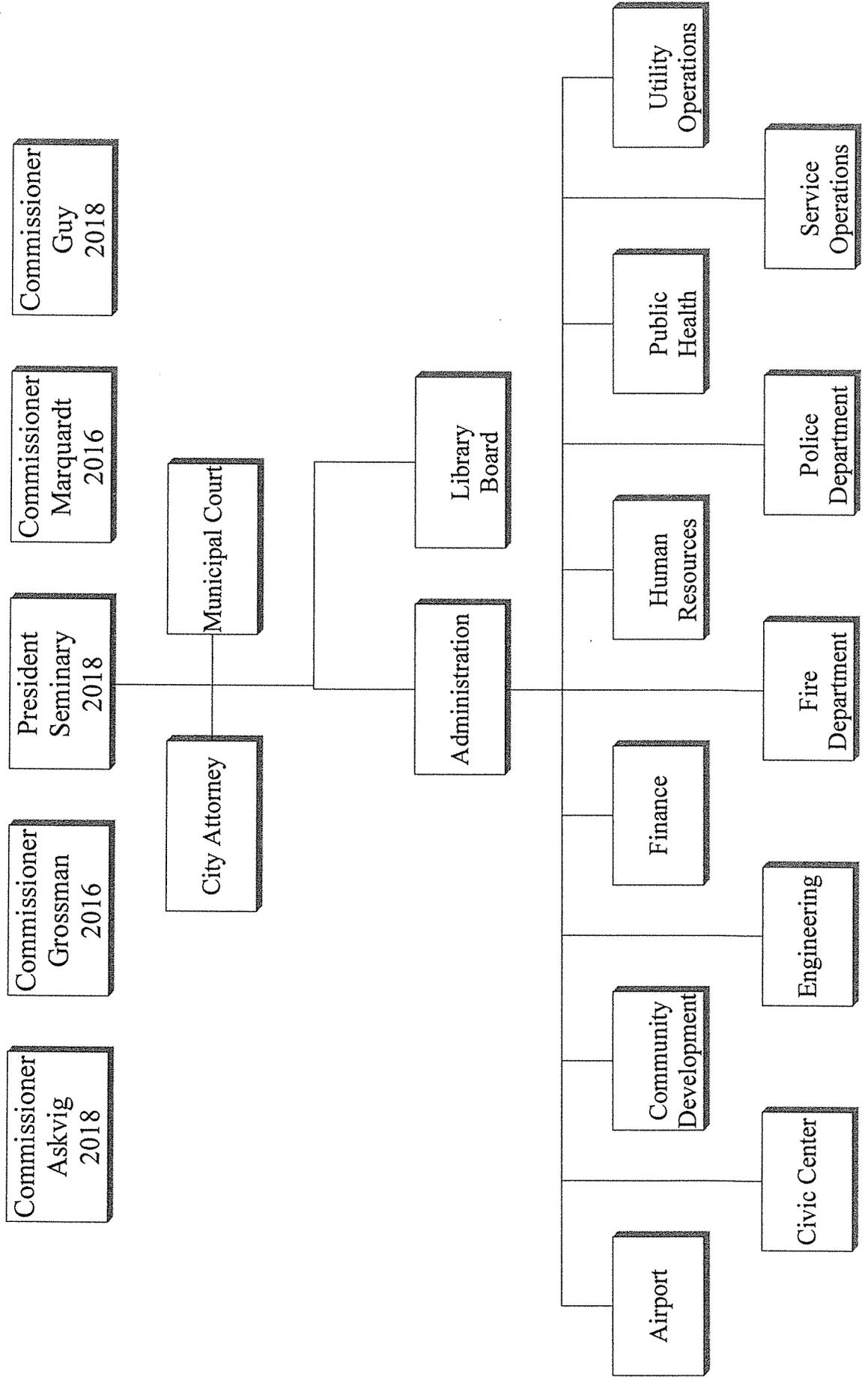
**City of Bismarck
North Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

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, Mike Seminary	2014	2018
Commissioner, Josh Askvig	2010	2018
Commissioner, Parrell Grossman	2008	2016
Commissioner, Steve Marquardt	2014	2016
Commissioner, Nancy Guy	2014	2018

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, 2014, 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.

www.eidebailly.com

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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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons 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 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 nonmajor fund financial statements, budget and actual comparisons, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the 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 section 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 25, 2015 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bismarck's internal control over financial reporting and compliance.

Handwritten signature of Eide Bailly LLP in cursive script.

Bismarck, North Dakota
June 25, 2015

**Management's
Discussion
and
Analysis**

CITY OF BISMARCK, NORTH DAKOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bismarck, we offer readers of the City of Bismarck's financial statements this narrative overview and analysis of the financial activities of the City of Bismarck for the fiscal year ended December 31, 2014. 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 \$750,353,278 (net position). Of this amount, \$207,830,012 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$62,787,956 which was an increase of \$9,022,569 over 2013. 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 activities reported combined ending net position of \$361,609,404, an increase of \$22,684,835 in comparison with the prior year. The unrestricted net position of \$148,773,677, 41.14% of the governmental net position, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30,743,043 and the assigned fund balance was \$4,928,903. The assigned and unassigned fund balance is 98.73% of total general fund expenditures and 90.25% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$170,653,783 which was an increase of \$17,333,763 over 2013. 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 20 - 21 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 twenty-eight 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-eight 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 22 - 27 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, Civic Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property, Northern Plains Commerce Centre and Parking Authority Lots. Airport, Civic Center, Water, Sanitary Sewer, Storm Sewer and Parking Authority Lots 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 28 - 32 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 33 - 34 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 35 - 76 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 62 - 74 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 \$750,353,278 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, 2013 and December 31, 2014.

City of Bismarck Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 173,777,526	\$ 184,313,730	\$ 92,696,168	\$ 82,910,988	\$ 266,473,694	\$ 267,224,718
Capital assets	260,739,227	288,795,011	340,074,916	400,422,465	600,814,143	689,217,476
Total assets	434,516,753	473,108,741	432,771,084	483,333,453	867,287,837	956,442,194
Long-term liabilities outstanding	83,197,195	98,901,085	72,999,204	83,173,981	156,196,399	182,075,066
Other liabilities	12,394,989	12,598,252	11,131,127	11,415,598	23,526,116	24,013,850
Total liabilities	95,592,184	111,499,337	84,130,331	94,589,579	179,722,515	206,088,916
Net position:						
Net investment in capital assets	180,195,611	192,652,784	289,017,006	319,745,687	469,212,617	512,398,471
Restricted	22,540,504	20,182,943	7,264,652	9,941,852	29,805,156	30,124,795
Unrestricted	136,188,454	148,773,677	52,359,095	59,056,335	188,547,549	207,830,012
Total net position	\$ 338,924,569	\$ 361,609,404	\$ 348,640,753	\$ 388,743,874	\$ 687,565,322	\$ 750,353,278

By far the largest portion of the City of Bismarck's net position (68.29%) 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 26.4%. 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%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$207,830,012 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$148,773,677 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 6.74 and for the business-type activities is 4.93 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, 2013 and December 31, 2014.

City of Bismarck Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$ 12,468,714	\$ 12,756,905	\$ 38,259,287	\$ 41,067,983	\$ 50,728,001	\$ 53,824,888
Operating grants and contributions	13,663,676	12,042,851	68,057	1,212,522	13,731,733	13,255,373
Capital grants and contributions	27,917,289	39,286,234	9,212,197	13,475,408	37,129,486	52,761,642
General revenues:						
Taxes	46,229,410	47,944,204	56,441	43,158	46,285,851	47,987,362
Investment earnings	362,192	837,497	82,393	543,817	444,585	1,381,314
Gain on disposal of assets	107,871	(416,026)	4,892,493	1,859,230	5,000,364	1,443,204
Total revenues	<u>100,749,152</u>	<u>112,451,665</u>	<u>52,570,868</u>	<u>58,202,118</u>	<u>153,320,020</u>	<u>170,653,783</u>
Expenses:						
General Government	15,602,062	17,017,718	-	-	15,602,062	17,017,718
Public Safety	19,578,855	20,852,897	-	-	19,578,855	20,852,897
Highways and Streets	8,324,951	8,727,481	-	-	8,324,951	8,727,481
Health and Welfare	3,068,043	2,782,462	-	-	3,068,043	2,782,462
Culture and Recreation	2,755,016	2,757,172	-	-	2,755,016	2,757,172
Interest and Fiscal Charges	2,245,752	2,063,752	-	-	2,245,752	2,063,752
Public Works	9,248,433	9,243,920	-	-	9,248,433	9,243,920
Airport	-	-	6,852,348	8,361,929	6,852,348	8,361,929
Civic Center	-	-	8,270,394	9,594,634	8,270,394	9,594,634
Solid Waste Disposal	-	-	2,655,380	2,694,350	2,655,380	2,694,350
Solid Waste Collections	-	-	2,198,750	3,118,929	2,198,750	3,118,929
Water	-	-	9,516,385	10,581,458	9,516,385	10,581,458
Sanitary Sewer	-	-	6,000,337	6,401,858	6,000,337	6,401,858
Storm Water	-	-	1,828,442	2,167,522	1,828,442	2,167,522
Commercial Property	-	-	379,303	385,053	379,303	385,053
Parking Authority Lots	-	-	1,030,182	1,114,692	1,030,182	1,114,692
Total expenses	<u>60,823,112</u>	<u>63,445,402</u>	<u>38,731,521</u>	<u>44,420,425</u>	<u>99,554,633</u>	<u>107,865,827</u>
Increase in net position before transfer	39,926,040	49,006,263	13,839,347	13,781,693	53,765,387	62,787,956
Transfers	(5,604,461)	(26,321,428)	5,604,461	26,321,428	-	-
Increase in net position	34,321,579	22,684,835	19,443,808	40,103,121	53,765,387	62,787,956
Net position, as adjusted - 1/1	304,602,990	338,924,569	329,196,945	348,640,753	633,799,935	687,565,322
Net position - 12/31	<u>\$ 338,924,569</u>	<u>\$ 361,609,404</u>	<u>\$ 348,640,753</u>	<u>\$ 388,743,874</u>	<u>\$ 687,565,322</u>	<u>\$ 750,353,278</u>

Governmental Activities

Governmental activities increased the City of Bismarck's net position by \$22,684,835, accounting for 36.1% 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 \$40.4 million in special assessment improvement revenue.

Business-type Activities

Business-type activities increased the City of Bismarck's net position by \$40,103,121, accounting for 63.9% 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 \$82,096,038, an decrease of \$4,813,098 in comparison with the prior year. The total restricted due to external limitations is \$32,027,456 or 39% of the total fund balance. These limitations include \$423,884 for Building Construction Levy, \$19,862,187 for Special Assessment Debt Funds, \$288,366 for weather-related operations and \$11,453,019 for Sales Tax. The unspendable funds of \$2,312,390 or 2.8% of fund balance is a result of advances to other funds. The committed funds of \$40,212,743 and assigned funds of \$4,928,903 are limited to its intended use. \$15,520,640 is committed to special programs in the Special Revenue Funds and \$24,692,103 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 \$186,733, Contingencies of \$825,000, Department Equipment Reserve of \$1,763,201, Technology Equipment Reserve of \$85,127, Computer Expansion Reserve of \$581,263, Parking Lot Reserve of \$92,011 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 \$30,743,043, while total fund balance reached \$36,295,830. The fund balance increased by \$3,391,462 as compared to 2013. State Aid Tax and Intergovernmental Revenue increased approximately \$1 million, Special Assessment Engineering Fees increased \$700,000 as a result of an increased growth in Bismarck, North Dakota. Also, there was \$1,400,000 of vacant salaries due to the shortage of workforce.

The construction project fund accounts for a majority of the improvements to the street, water and sewer mains. The construction projects have a negative fund balance of \$7,904,282. The special deficiency and assumptions was \$3,107,956, highway construction fund was \$14,478,463, building improvements was \$1,543,126, street lights/signals was \$291,099, community development was \$300,000 and commerce development was \$203,571 while the tax increment district has a negative fund balance of \$982,482 and the construction for sewer, water, street and sidewalk had a combined negative fund balance of \$26,846,015. 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 2015. 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. Tax increment will receive incremental tax funds based on the mills to fund various downtown projects.

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 \$59,402,243. All individual proprietary funds reported increases in net position, except for Solid Waste Collections which has a negative change in net position of \$14,804 due to a new recycling program.

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 \$574,605 which is a result of the 5% discount on early payment.
- Intergovernmental revenue increased by \$872,260 which was attributed to an increase in state aid which is based on an increased growth in the State of North Dakota.
- Charges for services exceeded the budget by \$752,702 due to an increase in special assessment engineering fees.
- Fines and forfeits increased by \$301,150 due to an increase in the number of violations.
- Finance surplus of \$299,223 was due to vacant positions and delay in hiring current personnel and a reserve for financial software contingencies.
- Combined Communications surplus of \$213,004, Police of \$404,836 and Fire & Inspections of \$208,016 was excess budget authority due to vacant positions.
- Community Development had a surplus of \$618,228 of which \$453,920 was due to a reduction in federal expenditures for the Metropolitan Planning Organization.
- Nondepartmental of \$346,235 were due to the unused portion of the FEMA match.
- 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, 2014, amounts to \$512,398,471 (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:

- Finished the construction of the Civic Center Exhibit Hall expansion.
- Finished the construction of the New Parking Ramp.
- Implemented Land Records Management Software and started the implementation of City-wide Water Meter Replacement Program.
- Started the construction of the Water Softening Expansion Project.

City of Bismarck
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 2,767,950	\$ 2,767,950	\$ 13,921,294	\$ 14,081,717	\$ 16,689,244	\$ 16,849,667
Construction in Progress	17,649,646	12,539,715	18,853,895	9,199,847	36,503,541	21,739,562
Buildings	19,609,534	17,934,225	106,413,554	157,035,557	126,023,088	174,969,782
Improvements Other Than Buildings	31,196	27,568	192,617,821	212,407,492	192,649,017	212,435,060
Machinery and Equipment	13,501,461	15,078,037	8,268,352	7,697,852	21,769,813	22,775,889
Infrastructure	207,179,440	240,447,516	-	-	207,179,440	240,447,516
Total	\$ 260,739,227	\$ 288,795,011	\$ 340,074,916	\$ 400,422,465	\$ 600,814,143	\$ 689,217,476

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 51 – 52 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 \$182,075,066. Of this amount, \$95,600,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Bismarck revenue bonds are secured by Water Revenue, Sanitary Sewer Revenue and Lodging, Liquor and Food Tax.

City of Bismarck Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Special assessment bonds	\$ 79,700,000	\$ 95,600,000	\$ -	\$ -	\$ 79,700,000	\$ 95,600,000
Less unamortized premiums	843,616	539,227	-	-	843,616	539,227
Capital Leases	-	-	5,037	-	5,037	-
Compensated Absences	2,353,891	2,490,721	743,119	731,909	3,097,010	3,222,630
Claims and Judgments	299,688	271,137	93,112	111,141	392,800	382,278
Closure and postclosure costs	-	-	1,479,002	1,654,149	1,479,002	1,654,149
Civic Center revenue bonds	-	-	27,695,000	26,865,000	27,695,000	26,865,000
Less unamortized discount	-	-	(27,614)	(26,280)	(27,614)	(26,280)
Water revenue bonds-2012	-	-	5,735,000	5,050,000	5,735,000	5,050,000
Plus unamortized premium	-	-	62,725	54,171	62,725	54,171
Water revenue bonds-2013	-	-	9,000,000	8,690,000	9,000,000	8,690,000
Plus unamortized premium	-	-	1,389	1,295	1,389	1,295
Water revenue bonds-2014	-	-	-	13,535,000	-	13,535,000
Less unamortized discount	-	-	-	(129,838)	-	(129,838)
Water Treatment	-	-	13,102,434	12,412,434	13,102,434	12,412,434
Wastewater revenue bonds	-	-	15,110,000	14,225,000	15,110,000	14,225,000
Total	\$ 83,197,195	\$ 98,901,085	\$ 72,999,204	\$ 83,173,981	\$ 156,196,399	\$ 182,075,066

The City issued new special assessments debt of \$26,560,000 which was issued in November of 2014 to fund Series I and SW2013 for projects that were completed in 2013. More detailed information about the debt position of the City can be found in Note IV.F on pages 55 - 58 of the financial statements.

The City issued \$13,535,000 in Revenue Bonds. The Water Utility Revenue Bonds were issued for \$13,535,000 in October 2014. The Water Utility Revenue Bond finalized the funding of the Water Softening Expansion Project.

The revenue bonds are secured by water and sewer revenue matures in 2029. More detailed information about the debt position of the City can be found in Note IV.F on page 55.

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 11.54% in 2015. The number of residential properties sales were 302 through April. There are also 156 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 6.25 mills in 2015.

The continued growth also leads to an increase in the need for the expansion of infrastructure improvements for streets and utilities. In 2014 there were 24 special assessment improvement districts and we are expected to exceed that number in 2015. The growth continues to impact our need for additional department employees so 21 new positions were added in 2015. The economy in Bismarck continue to prosper despite the lower price of oil that may impact the western part of our state. For the first quarter of 2015, the revenue increased by 6.6% for Sales Tax and over 11.5% for hospitality and hotel/motel taxes.

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.bismarcknd.gov.

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 16,917,405	\$ 14,727,330	\$ 31,644,735
Investments	64,390,751	41,766,411	106,157,162
Receivables:			
Taxes	165,955	-	165,955
Accounts	8,649,282	4,109,027	12,758,309
Special assessments	88,656,100	6,540,155	95,196,255
Interest receivable	66,241	59,861	126,102
Notes receivable	1,143,606	-	1,143,606
Due from fiduciary funds	252,370	-	252,370
Internal balances	(888,977)	888,977	-
Inventories	296,933	94,759	391,692
Prepaid items	3,876	131,767	135,643
Restricted assets:			
Cash and cash equivalents	-	358,580	358,580
Investments	2,663,493	4,292,269	6,955,762
Revenue bond covenant accounts	-	9,941,852	9,941,852
Net pension asset	1,996,695	-	1,996,695
Capital assets not being depreciated:			
Land	2,767,950	14,081,717	16,849,667
Construction in progress	12,539,715	9,199,847	21,739,562
Capital assets (net of accumulated depreciation):			
Building and building improvements	17,934,225	157,035,557	174,969,782
Improvements other than buildings	27,568	212,407,492	212,435,060
Machinery and equipment	15,078,037	7,697,852	22,775,889
Infrastructure	240,447,516	-	240,447,516
Total assets	<u>473,108,741</u>	<u>483,333,453</u>	<u>956,442,194</u>
LIABILITIES:			
Accounts payable	5,167,825	3,527,340	8,695,165
Retainage payable	1,542,531	2,074,137	3,616,668
Salaries payable	1,838,863	543,728	2,382,591
Interest payable	417,084	578,682	995,766
Unearned revenue	968,456	36,322	1,004,778
Customer deposits	2,663,493	4,655,389	7,318,882
Noncurrent liabilities:			
Due within one year	14,742,028	5,399,117	20,141,145
Due in more than one year	84,159,057	77,774,864	161,933,921
Total liabilities	<u>111,499,337</u>	<u>94,589,579</u>	<u>206,088,916</u>
NET POSITION:			
Net investment in capital assets	192,652,784	319,745,687	512,398,471
Restricted for:			
Debt service	19,894,577	9,941,852	29,836,429
Highway weather related projects	288,366	-	288,366
Unrestricted	148,773,677	59,056,335	207,830,012
Total net position	<u>\$ 361,609,404</u>	<u>\$ 388,743,874</u>	<u>\$ 750,353,278</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, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 17,017,718	\$ 4,803,514	\$ 3,130,668	\$ 346,955	\$ (8,736,581)	\$ -	\$ (8,736,581)
Public safety	20,852,897	1,165,470	1,482,048	262,439	(17,942,940)	-	(17,942,940)
Highways and streets	8,727,481	6,219,938	4,546,153	-	2,038,610	-	2,038,610
Health and welfare	2,782,462	446,889	1,540,725	-	(794,848)	-	(794,848)
Culture and recreation	2,757,172	121,094	291,196	2,800	(2,342,082)	-	(2,342,082)
Interest and fiscal charges	2,063,752	-	-	-	(2,063,752)	-	(2,063,752)
Public works	9,243,920	-	1,052,061	38,674,040	30,482,181	-	30,482,181
Total governmental activities	63,445,402	12,756,905	12,042,851	39,286,234	640,588	-	640,588
Business-type activities:							
Airport	8,361,929	5,688,130	1,196,135	4,790,183	-	3,312,519	3,312,519
Civic Center	9,594,634	6,178,766	16,387	-	-	(3,399,481)	(3,399,481)
Solid waste disposal	2,694,350	4,201,932	-	-	-	1,507,582	1,507,582
Solid waste collections	3,118,929	3,250,198	-	-	-	131,269	131,269
Water	10,581,458	12,320,934	-	3,487,524	-	5,227,000	5,227,000
Sanitary sewer	6,401,858	6,719,385	-	2,915,237	-	3,232,764	3,232,764
Storm water	2,167,522	1,242,126	-	2,282,464	-	1,357,068	1,357,068
Commercial property	385,053	235,951	-	-	-	(149,102)	(149,102)
Parking authority lots	1,114,692	1,230,561	-	-	-	115,869	115,869
Total business-type activities	44,420,425	41,067,993	1,212,522	13,475,408	-	11,335,488	11,335,488
Total primary government	\$ 107,865,827	\$ 53,824,898	\$ 13,255,373	\$ 52,761,642	640,588	11,335,488	11,976,076
Taxes:							
Property taxes					18,398,151		18,398,151
Sales tax:							
Sales tax					17,238,016	-	17,238,016
Occupancy tax					1,219,152	-	1,219,152
Lodging/liquor/food tax					2,809,757	-	2,809,757
Car rental tax					72,999	-	72,999
Unrestricted state aid distribution					5,539,292	-	5,539,292
Franchise taxes					1,427,837	-	1,427,837
Other taxes					1,239,000	43,158	1,282,158
Unrestricted investment earnings					837,497	543,817	1,381,314
Gain (Loss) on disposal of assets					(416,026)	1,859,230	1,443,204
Transfers					(26,321,428)	26,321,428	-
Total general revenues and separate line items					22,044,247	28,767,633	50,811,880
Changes in net position					22,684,835	40,103,121	62,787,956
Net position - beginning					338,924,569	348,640,753	687,565,322
Net position - ending					\$ 361,609,404	\$ 388,743,874	\$ 750,353,278

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

ASSETS	General	Sales Tax	Street		Nonmajor Governmental Funds	Total
			Sewermain Bonds	Improvement Bonds		
Cash and cash equivalents	\$ 2,669,785	\$ 4,225,270	-	-	\$ 6,749,002	\$ 13,644,057
Investments	31,773,888	10,326,492	-	-	18,591,986	60,692,366
Receivables:						
Taxes receivable	117,895	-	-	-	48,060	165,955
Accounts receivable	2,640,377	1,669,145	-	111,901	3,631,729	8,053,152
Special assessments	-	-	16,985,177	64,419,613	7,251,310	88,656,100
Notes receivable	-	-	-	-	1,143,606	1,143,606
Due from fiduciary funds	252,370	-	-	-	-	252,370
Due from other funds	747,500	-	2,004,472	8,545,087	10,989,359	22,286,418
Advances to other funds	200,000	-	-	-	2,112,390	2,312,390
Restricted assets:						
Investments	-	-	-	-	2,663,493	2,663,493
Total assets	\$ 38,401,815	\$ 16,220,907	\$ 18,989,649	\$ 72,964,700	\$ 53,180,935	\$ 199,869,907
LIABILITIES						
Accounts payable	\$ 407,644	\$ -	\$ -	\$ 956,739	2,886,158	4,250,541
Retainage payable	-	-	-	1,264,573	277,958	1,542,531
Due to other funds	-	-	-	16,280,212	9,207,573	25,487,785
Salaries payable	1,519,157	-	-	-	287,981	1,807,138
Unearned revenue	87,563	-	-	-	875,996	963,559
Customer deposits	-	-	-	-	2,663,493	2,663,493
Total liabilities	2,014,364	-	-	18,501,524	16,199,159	36,715,047
DEFERRED INFLOWS OF RESOURCES						
Unavailable special assessment tax:	-	-	15,451,419	59,014,098	6,466,075	80,931,592
Unavailable property taxes	91,621	-	-	-	35,609	127,230
Total deferred inflows of resources	91,621	-	15,451,419	59,014,098	6,501,684	81,058,822
FUND BALANCES						
Nonspendable	200,000	-	-	-	2,112,390	2,312,390
Restricted	423,884	11,453,019	3,538,230	13,950,602	2,661,721	32,027,456
Committed	-	4,767,888	-	-	35,444,855	40,212,743
Assigned	4,928,903	-	-	-	-	4,928,903
Unassigned	30,743,043	-	-	(18,389,623)	(9,738,874)	2,614,546
Total fund balances	36,295,830	16,220,907	3,538,230	13,950,602	30,480,092	82,096,038
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,401,815	\$ 16,220,907	\$ 18,989,649	\$ 72,964,700	\$ 53,180,935	

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

288,795,011
83,482,074
6,283,312
(99,047,031)
\$ 361,609,404

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, 2014

REVENUES	General	Sales Tax	Sewermain		Street Improvement		Street Construction	Nonmajor Governmental Funds		Total
			Bonds	Bonds	Bonds	Construction		Governmental Funds	Governmental Funds	
Taxes	\$ 13,633,375	\$ 17,238,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,046,865	\$ -	\$ 40,918,256
Licenses and permits	2,409,055	-	-	-	-	-	-	69,523	-	2,478,578
Special assessments	-	-	2,631,201	10,873,751	2,228,466	-	-	1,983,629	-	17,717,047
Intergovernmental	8,647,130	-	-	-	-	-	-	11,902,064	-	20,549,194
Charges for services	4,923,488	-	-	-	-	-	-	3,449,666	-	8,373,154
Fines and forfeits	1,176,450	-	-	-	-	-	-	205,649	-	1,382,099
Investment income	306,759	162,068	62,997	198,257	-	-	-	369,910	-	1,099,991
Rentals	276,520	-	-	-	-	-	-	128,270	-	404,790
Miscellaneous	75,030	-	-	-	-	-	-	343,836	-	418,866
Total revenues	31,447,807	17,400,084	2,694,198	11,072,008	2,228,466	-	-	28,499,412	-	93,341,975
EXPENDITURES										
Current										
General government	9,043,667	160	-	-	-	-	-	6,706,491	-	15,750,318
Public safety	18,999,981	-	-	-	-	-	-	993,571	-	19,993,552
Highways and streets	2,105,049	-	-	-	-	-	-	6,551,272	-	8,656,321
Health and welfare	2,033,058	-	-	-	-	-	-	753,407	-	2,786,465
Culture and recreation	380,143	-	-	-	-	-	-	1,804,698	-	2,184,841
Public works	-	-	-	-	206,588	-	-	1,769,061	-	1,975,649
Capital outlays	-	-	-	-	-	-	-	-	-	-
General government	433,773	-	-	-	-	-	-	346,955	-	780,728
Public safety	1,030,431	-	-	-	-	-	-	283,579	-	1,314,010
Highways and streets	62,786	-	-	-	-	-	-	869,639	-	932,425
Culture and recreation	-	-	-	-	-	-	-	385,722	-	385,722
Public works	-	-	-	-	32,317,685	-	-	22,778,533	-	55,096,218
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	1,700,697	7,761,104	-	-	-	1,198,199	-	10,660,000
Interest and fiscal charges	-	-	416,171	1,477,465	-	-	-	214,484	-	2,108,120
Total expenditures	34,088,888	160	2,116,868	9,238,569	32,524,273	-	-	44,655,611	-	122,624,369
Excess (deficiency) of revenues over (under) expenditures	(2,641,081)	17,399,924	577,330	1,833,439	(30,295,807)	-	-	(16,156,199)	-	(29,282,394)
OTHER FINANCING SOURCES (USES)										
Transfer in	8,076,074	-	-	-	5,702,943	-	-	13,084,358	-	26,863,375
Transfer out	(2,043,531)	(15,271,398)	-	-	-	-	-	(11,395,706)	-	(28,710,635)
Premium on special assessment debt	-	-	-	-	-	-	-	18,507	-	18,507
Discount on special assessment funds	-	-	-	-	(214,622)	-	-	(47,329)	-	(261,951)
Special assessment bonds issued	-	-	-	-	20,257,673	-	-	6,302,327	-	26,560,000
Total other financing sources (uses)	6,032,543	(15,271,398)	-	-	25,745,994	-	-	7,962,157	-	24,469,296
Net changes in fund balances	3,391,462	2,128,526	577,330	1,833,439	(4,549,813)	-	-	(8,194,042)	-	(4,813,098)
Fund balances - beginning	32,904,368	14,092,381	2,960,900	12,117,163	(13,839,810)	-	-	38,674,134	-	86,909,136
Fund balances - ending	\$ 36,295,830	\$ 16,220,907	\$ 3,538,230	\$ 13,950,602	\$ (18,389,623)	-	-	\$ 30,480,092	-	\$ 82,096,038

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, 2014**

Net change in fund balances-total governmental funds (Page 23) \$ (4,813,098)

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. 28,757,482

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (698,272)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 14,111,490

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 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. (15,656,555)

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. 356,144

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. 627,644

Change in net position of governmental activities (Page 21) \$ 22,684,835

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 32,904,368	\$ 32,904,368	\$ 32,904,368	-
Resources (inflows)				
Taxes	14,207,980	14,207,980	13,633,375	(574,605)
Licenses and permits	2,267,704	2,267,704	2,409,055	141,351
Intergovernmental	7,774,870	7,774,870	8,647,130	872,260
Charges for services	4,170,786	4,170,786	4,923,488	752,702
Fines and forfeits	875,300	875,300	1,176,450	301,150
Investment income	202,300	202,300	306,759	104,459
Rentals	283,695	283,695	276,520	(7,175)
Miscellaneous	39,550	39,550	75,030	35,480
Transfer in	8,133,835	8,133,835	8,076,074	(57,761)
Amount available for appropriation	<u>70,860,388</u>	<u>70,860,388</u>	<u>72,428,249</u>	<u>1,567,861</u>
Charges to appropriations (outflows)				
General government				
Nondepartmental	1,462,884	1,336,399	1,251,656	84,743
Administration	793,807	793,807	687,267	106,540
Building maintenance	678,177	678,177	654,066	24,111
Attorney	491,856	491,856	463,578	28,278
Finance	3,035,942	3,035,942	2,736,719	299,223
Human resources	382,825	382,825	357,033	25,792
Municipal court	463,888	463,888	432,705	31,183
Community development	2,496,409	2,496,409	1,878,181	618,228
One-time operations	731,391	731,391	334,441	396,950
Equipment reserve	170,536	185,396	185,396	-
Public safety				
Combined communications	2,037,454	2,037,454	1,824,450	213,004
Fire & inspections	6,641,708	6,768,193	6,560,177	208,016
Police	10,428,575	10,428,575	10,023,739	404,836
One-time operations	1,049,990	1,049,990	923,136	126,854
Equipment reserve	36,591	35,374	35,374	-
Highways and streets				
Weed control	73,620	73,620	67,249	6,371
Engineering	2,030,789	2,030,789	1,973,264	57,525
One-time operations	189,500	189,500	90,566	98,934
Equipment reserve	26,450	22,987	22,987	-
Health and welfare				
Environmental health	292,064	292,064	289,571	2,493
Public health	1,793,884	1,793,884	1,682,953	110,931
One-time operations	87,817	87,817	47,981	39,836
Equipment reserve	20,725	10,545	10,545	-
Culture and recreation				
Cable tv promotions	312,143	312,143	312,143	-
One-time operations	68,000	68,000	68,000	-
Transfer out				
Nondepartmental	799,612	645,847	299,612	346,235
Building construction	1,018,000	1,018,000	1,018,000	-
Contingencies	825,000	825,000	-	825,000
Combined communications	80,305	80,305	71,364	8,941
Community development	22,869	22,869	10,790	12,079
One-time operations	490,000	643,765	643,765	-
Total charges to appropriations	<u>39,032,811</u>	<u>39,032,811</u>	<u>34,956,708</u>	<u>4,076,103</u>
Budgetary Fund Balance, December 31	<u>\$ 31,827,577</u>	<u>\$ 31,827,577</u>	<u>\$ 37,471,541</u>	<u>\$ 5,643,964</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, 2014**

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	\$ 72,428,249
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	(32,904,368)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(8,076,074)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 31,447,807</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 34,956,708
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	1,012,312
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	163,399
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,043,531)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 34,088,888</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, 2014

	<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	\$ 14,092,381	\$ 14,092,381	\$ 14,092,381	\$ -
Resources (inflows)				
Taxes	16,388,127	16,388,127	17,238,016	849,889
Investment income	57,245	57,245	162,068	104,823
Amount available for appropriation	<u>30,537,753</u>	<u>30,537,753</u>	<u>31,492,465</u>	<u>954,712</u>
Charges to appropriations (outflows)				
General government	1,000	1,000	160	840
Transfer out	16,073,888	16,073,888	15,271,398	802,490
Total charges to appropriations	<u>16,074,888</u>	<u>16,074,888</u>	<u>15,271,558</u>	<u>803,330</u>
Budgetary Fund Balance, December 31	<u>\$ 14,462,865</u>	<u>\$ 14,462,865</u>	<u>\$ 16,220,907</u>	<u>\$ 1,758,042</u>

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

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Storm Water	Parking Authority Lots	Nonmajor Enterprise Funds	Total	Governmental		
									Activities -	Funds	
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 2,088,207	\$ 65,792	\$ 1,871,331	\$ 621,712	\$ 4,843	\$ 25,765	\$ 9,104,467	\$ 13,782,117	\$ 4,218,561		
Investments	3,344,809	3,966,750	12,834,721	7,039,444	4,286,505	8,577	11,491,069	42,971,875	2,492,921		
Receivables:											
Accounts receivable	2,268,511	97,522	581,908	459,853	89,856	10,034	600,924	4,108,608	596,549		
Special assessments	-	-	2,294,613	2,502,240	1,743,302	-	-	6,540,155	-		
Interest receivable	4,983	2,126	20,483	9,377	3,946	13	18,933	59,861	-		
Due from other funds	-	19,053	-	3,182,314	-	-	-	3,201,367	-		
Inventories	-	-	94,759	-	-	-	-	94,759	296,933		
Prepaid items	4,347	74,266	30,982	8,454	1,781	149	11,788	131,767	3,876		
Restricted assets:											
Cash and cash equivalents	-	335,835	-	-	-	22,745	-	358,580	-		
Total current assets	7,710,857	4,561,344	17,728,797	13,823,394	6,130,233	67,283	21,227,181	71,249,089	7,608,840		
Noncurrent assets:											
Restricted assets:											
Investments	-	-	4,292,269	-	-	-	-	4,292,269	-		
Revenue bond covenant accounts	-	165,851	7,235,205	2,540,796	-	-	-	9,941,852	-		
Capital assets not being depreciated:											
Land	6,815,184	912,100	879,448	324,591	2,433,391	1,203,152	1,513,851	14,081,717	-		
Construction in progress	443,353	26,005	5,315,875	474,552	2,458,060	475,740	6,262	9,199,847	-		
Capital assets (net of accumulated depreciation):											
Building and building improvements	15,598,835	36,476,805	53,007,769	27,276,307	-	19,563,050	5,112,791	157,035,557	-		
Improvements other than buildings	47,544,808	-	72,201,804	43,686,237	38,661,249	20,006	10,293,388	212,407,492	-		
Machinery and equipment	1,270,549	1,934,002	153,111	732,869	58,481	271,163	3,277,677	7,697,852	9,220		
Total noncurrent assets	71,672,729	39,514,763	143,085,481	75,035,352	43,611,181	21,533,111	20,203,969	414,656,586	9,220		
Total assets	79,383,586	44,076,107	160,814,278	88,858,746	49,741,414	21,600,394	41,431,150	485,905,675	7,618,060		

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Storm Water	Parking Authority Lots	Nonmajor Enterprise Funds	
LIABILITIES								
Current liabilities:								
Accounts payable	775,403.00	845,045	842,520	367,314	469,939	79,607	145,299	3,525,127
Retainage payable	-	1,287,164	750,488	-	13,135	23,350	-	2,074,137
Bonds payable	-	1,000,000	2,930,000	910,000	-	-	-	4,840,000
Accrued interest payable	-	122,203	314,229	142,250	-	-	-	578,682
Due to other entities	-	-	-	-	-	-	-	-
Compensated benefits payable	75,529	68,378	133,379	62,582	3,096	-	105,012	447,976
Salaries payable	91,494	99,570	139,723	72,041	9,141	-	131,759	543,728
Unearned revenue	-	30,000	-	-	-	6,322	-	36,322
Claims and judgments payable	-	-	-	27,278	-	-	-	27,278
Total current liabilities	942,426	3,452,360	5,110,339	1,581,465	495,311	109,279	382,070	12,073,250
Long-term liabilities:								
Advances from other funds	-	-	32,390	-	-	500,000	1,780,000	2,312,390
Customer deposits	-	335,835	4,292,269	-	-	22,745	4,540	4,655,389
Compensated benefits payable	55,314	45,957	44,872	47,675	-	-	90,115	283,933
Revenue bonds payable	-	25,838,720	36,683,062	13,315,000	-	-	-	75,836,782
Accrued closure/post closure costs	-	-	-	-	-	-	1,654,149	1,654,149
Total long-term liabilities	55,314	26,220,512	41,052,593	13,362,675	-	522,745	3,528,804	84,742,643
Total liabilities	997,740	29,672,872	46,162,932	14,944,140	495,311	632,024	3,910,874	96,815,893
NET POSITION								
Net investment in capital assets	71,672,729	12,510,192	91,944,945	58,269,556	43,611,185	21,533,111	20,203,969	319,745,687
Restricted for debt service	-	165,851	7,235,205	2,540,796	-	-	-	9,941,852
Unrestricted	6,713,117	1,727,192	15,471,196	13,104,254	5,634,918	(564,741)	17,316,307	59,402,243
Total net position	\$ 78,385,846	\$ 14,403,235	\$ 114,651,346	\$ 73,914,606	\$ 49,246,103	\$ 20,968,370	\$ 37,520,276	\$ 389,089,782
								\$ 6,311,838
								(345,908)
								\$ 388,743,874

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

Net position of business-type activities

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds										Total	Governmental Activities- Internal Service Funds	
	Airport	Civic Center	Water	Sanitary Sewer	Storm Sewer	Authority	Parking Lots	Enterprise Funds	Nonmajor Enterprise Funds				
OPERATING REVENUES													
Charges for sales and services:													
Event sales	-	\$ 5,768,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,768,175	\$ -
Sale of gas and oil	-	-	-	-	-	-	-	-	-	-	-	-	1,179,228
Sale of parts and labor	74,906	-	380,542	1,289	-	-	-	-	-	-	-	456,737	1,851,484
Water sales	1,172	-	11,800,562	-	-	-	-	-	-	-	-	11,801,734	-
Sanitation fees	-	-	21,616	6,705,494	1,192,409	-	-	-	7,328,185	-	-	15,247,704	-
Landing and airport fees	2,179,430	-	-	-	-	-	-	-	-	-	-	2,179,430	-
Miscellaneous sales	20,943	19,412	50,162	10,330	49,718	1,383	-	-	39,748	-	-	191,696	183,819
Rentals	3,411,676	397,569	616,551	2,277	-	1,229,181	-	-	320,144	-	-	5,977,398	20,755
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	6,243,539
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	91,041
Total operating revenues	5,688,127	6,185,156	12,869,433	6,719,390	1,242,127	1,230,564	-	-	7,688,077	-	-	41,622,874	9,569,866
OPERATING EXPENSES													
Cost of goods sold	-	3,175,207	239,265	-	-	-	-	-	-	-	-	3,414,472	2,131,543
Personal services - salaries & wages	1,073,330	1,494,601	1,723,644	1,026,065	157,748	-	-	-	1,681,093	-	-	7,156,481	437,949
Personal services - fringe benefits	313,260	314,704	540,018	306,873	43,353	-	-	-	567,862	-	-	2,086,070	344,703
Professional, legal, and contracted services	849,139	315,403	156,353	21,737	251,190	458,223	-	-	167,978	-	-	2,220,023	1,733
Building, equipment, and vehicle services	1,507,310	805,588	2,185,351	1,392,189	991,822	327,517	-	-	1,003,320	-	-	8,213,097	320,096
Travel and training	14,870	29,705	15,439	6,311	1,003	-	-	-	4,036	-	-	71,364	2,376
Operating supplies	1,369,389	203,140	286,708	190,068	19,286	27,192	-	-	1,151,248	-	-	3,247,031	5,978,950
Operating supplies	256,813	86,269	1,049,160	644,818	10,933	16,221	-	-	533,234	-	-	2,597,448	17,684
Depreciation expense	2,993,995	2,136,362	3,518,709	2,412,861	723,445	285,540	-	-	1,140,991	-	-	13,211,903	3,426
Total operating expenses	8,378,106	8,560,979	9,714,647	6,000,922	2,198,780	1,114,693	-	-	6,249,762	-	-	42,217,889	9,238,460
Operating income (loss)	(2,689,979)	(2,375,823)	3,154,786	718,468	(956,653)	115,871	-	-	1,438,315	-	-	(595,015)	331,406
NONOPERATING REVENUES (EXPENSES)													
Intergovernmental	1,239,293	10,000	-	-	-	-	-	-	-	-	-	1,249,293	-
Special assessments	-	-	771,204	953,750	1,078,291	-	-	-	-	-	-	2,803,245	-
Gain (loss) on disposal of assets	15,635	(229,774)	12,936	(12,577)	54,579	-	-	-	2,005,703	-	-	1,846,502	-
Investment income	57,955	19,319	142,768	89,130	43,016	1,851	-	-	177,755	-	-	531,794	56,374
Interest and fiscal charges	-	(1,067,231)	(971,958)	(445,527)	(9)	-	-	-	(829)	-	-	(2,485,554)	-
Total nonoperating revenues (expenses)	1,312,883	(1,267,686)	(45,050)	584,776	1,175,877	1,851	-	-	2,182,629	-	-	3,945,280	56,374
Income (loss) before contributions and transfer	(1,377,096)	(3,643,509)	3,109,736	1,303,244	219,224	117,722	-	-	3,620,944	-	-	3,350,265	387,780
CAPITAL CONTRIBUTIONS													
TRANSFERS IN	4,790,183	-	3,314,932	3,161,307	9,248,320	14,630,717	-	-	-	-	-	35,145,459	144,000
TRANSFERS OUT	(194,996)	4,036,725	(834,962)	(233,844)	(273,586)	(13,326)	-	-	(393,886)	-	-	(2,206,845)	(144,870)
Change in net position	3,236,341	130,971	5,589,706	4,230,707	9,193,958	14,735,113	-	-	3,227,058	-	-	40,343,854	386,910
Total net position - beginning	75,149,505	14,272,264	109,061,640	69,683,899	40,052,145	6,233,257	-	-	34,293,218	-	-	5,924,928	5,924,928
Total net position - ending	\$ 78,385,846	\$ 14,403,235	\$ 114,651,346	\$ 73,914,606	\$ 49,246,103	\$ 20,968,370	\$ -	\$ -	\$ 37,520,276	\$ -	\$ -	\$ 6,311,838	\$ 6,311,838

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

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

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

(240,733)
\$ 40,103,121

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS										Governmental Activities- Internal Service Funds	
	Airport	Civic Center	Water	Sanitary Sewer	Storm Water	Parking Authority Lots	Nonmajor Enterprise Funds	Total				
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts from customers and users	\$ 3,918,622	\$ 6,050,803	\$ 13,274,277	\$ 4,468,311	\$ 1,228,000	\$ 1,256,429	\$ 7,534,783	\$ 37,731,225	\$	\$ 3,169,018		
Receipts from employer	-	-	-	-	-	-	-	-	-	6,334,017		
Other operating cash receipts	-	-	-	-	-	-	-	-	-	318,837		
Payments to suppliers	(3,866,510)	(6,387,202)	(4,458,093)	(2,318,517)	(1,369,648)	(934,108)	(3,286,647)	(22,620,725)		(8,903,981)		
Payments to employees	(1,071,725)	(1,472,454)	(1,709,444)	(1,017,212)	(175,836)	-	(1,663,900)	(7,110,571)		(437,949)		
Net cash provided (used) by operating activities	(1,019,613)	(1,808,853)	7,106,740	1,132,582	(317,484)	322,321	2,584,236	7,999,929		479,942		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES												
Payment on advance	-	-	(30,719)	-	-	(100,000)	-	(130,719)		-		
Proceeds from advance	-	-	-	-	-	200,000	-	200,000		-		
Transfers from other funds	18,250	4,036,725	-	-	-	-	-	4,054,975		144,000		
Transfers to other funds	(194,996)	(262,245)	(834,962)	(233,844)	(273,586)	(13,326)	(393,886)	(2,206,845)		(144,870)		
Net cash provided (used) by noncapital financing activities	(176,746)	3,774,480	(865,681)	(233,844)	(273,586)	86,674	(393,886)	1,917,411		(970)		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES												
Intergovernmental revenue	6,029,476	10,000	-	-	-	-	-	6,039,476		-		
Capital lease payment	-	-	(2,317)	(1,365)	(277)	-	(1,078)	(5,037)		-		
Revenue bond payment	-	(830,000)	(1,685,000)	(885,000)	-	-	-	(3,400,000)		-		
Interest paid	-	(1,185,519)	(1,071,008)	(454,377)	(9)	-	(829)	(2,711,742)		-		
Proceeds on bonds	-	-	13,535,000	-	-	-	-	13,535,000		-		
Proceeds from sale of capital assets	7,345	(229,774)	-	-	54,579	-	3,071,064	2,903,214		-		
Proceeds from insurance recoveries	8,290	-	12,936	-	-	-	-	21,226		-		
Special assessments collected	-	-	392,367	333,601	83,515	-	-	809,483		-		
Purchase of capital assets	(38,365)	-	-	(12,577)	-	(1,187,545)	(521,538)	(1,760,025)		-		
Construction of capital assets	(5,280,962)	(19,128,506)	(15,571,563)	(1,019,995)	(219,859)	-	(268,399)	(41,489,286)		-		
Net cash provided (used) by capital and related financing activities	725,784	(21,363,801)	(4,389,585)	(2,039,713)	(82,051)	(1,187,545)	2,279,220	(26,057,691)		-		
CASH FLOWS FROM INVESTING ACTIVITIES												
Proceeds from sales and maturities of investments	971,545	3,230,337	11,727,345	8,667,262	2,879,181	676,572	6,035,239	34,187,481		5,611,643		
Purchase of investments	(3,344,809)	(3,986,750)	(12,834,721)	(7,039,444)	(4,286,505)	(8,577)	(11,491,069)	(42,971,875)		(2,492,921)		
Investment income	43,102	17,649	123,076	78,201	37,052	2,216	145,777	447,073		46,959		
Net cash provided (used) by investing activities	(2,330,162)	(7,187,644)	(984,300)	1,706,019	(1,370,272)	670,211	(5,310,053)	(8,337,321)		3,165,661		
Net increase (decrease) in cash and cash equivalent	(2,800,737)	(20,116,938)	867,174	565,044	(2,043,393)	(108,339)	(840,483)	(24,477,672)		3,644,753		
Cash and cash equivalents - January 1	4,888,944	20,518,565	1,004,157	56,668	2,048,236	156,849	9,944,950	38,618,369		573,808		
Cash and cash equivalents - December 31	\$ 2,088,207	\$ 401,627	\$ 1,871,331	\$ 621,712	\$ 4,843	\$ 48,510	\$ 9,104,467	\$ 14,140,697		\$ 4,218,561		

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS										Governmental Activities- Internal Service Funds
	Airport	Civic Center	Water	Sanitary Sewer	Storm Water	Parking Authority Lots	Nonmajor Enterprise Funds	Total			
Operating income (loss)	\$ (2,689,979)	\$ (2,375,823)	\$ 3,154,786	\$ 718,468	\$ (956,653)	\$ 115,871	\$ 1,438,315	\$ (595,015)			\$ 331,406
Adjustments to reconcile operating income to net cash provided (used) by operating activities:											
Depreciation expense	2,993,995	2,136,362	3,518,709	2,412,861	723,445	285,540	1,140,991	13,211,903			3,426
(Increase) decrease in accounts receivable	(1,769,505)	50,636	(21,771)	(53,569)	(14,127)	15,724	(141,658)	(1,934,270)			(101,831)
(Increase) decrease in due from other funds	-	(19,063)	-	(2,197,510)	-	-	-	(2,216,563)			-
(Increase) decrease in inventories	-	-	19,302	-	-	-	-	19,302			45,046
(Increase) decrease in prepaid items	4,705	(47,381)	21,402	2,646	(161)	(10)	3,545	(15,254)			153,998
Increase (decrease) in customer deposits	-	(185,936)	426,615	-	-	4,805	(1,255)	244,229			-
Increase (decrease) in accounts payable	439,566	(1,409,805)	(26,503)	213,555	(51,900)	(104,945)	(37,661)	(977,693)			84,234
Increase (decrease) in compensated benefits payable	(8,817)	9,941	(3,870)	5,168	(15,511)	-	1,879	(11,210)			-
Increase (decrease) in salaries payable	10,422	12,206	18,070	3,685	(2,577)	-	15,314	57,120			1,700
Increase (decrease) in due to other entities	-	-	-	-	-	-	-	-			(237)
Increase (decrease) in deferred revenue	-	20,000	-	-	-	5,336	(10,381)	14,955			-
Increase (decrease) in estimated pending claims	-	-	-	27,278	-	-	-	27,278			(37,800)
Increase in closure and post closure costs	-	-	-	-	-	-	175,147	175,147			-
Total adjustments	1,670,366	566,970	3,951,954	414,114	639,169	206,450	1,145,921	8,594,944			148,536
Net cash provided (used) by operating activities	\$ (1,019,613)	\$ (1,808,853)	\$ 7,106,740	\$ 1,132,582	\$ (317,484)	\$ 322,321	\$ 2,584,236	\$ 7,999,929			\$ 479,942

NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:

Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 598,612	\$ 1,199,820	\$ 8,044,146	\$ 14,630,717	\$ -	\$ 24,473,295			\$ -
Contribution of capital assets from developers	-	-	2,716,320	1,961,487	1,204,174	-	-	5,881,981			-
Increase in fair value of investments	16,105	3,797	21,591	14,182	7,118	373	28,361	91,527			9,415

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, 2014**

	Pension Trust Fund
ASSETS	
Receivables:	
Accrued interest and dividends	\$ 141,384
Investments, at fair value:	
Domestic equities	19,669,054
International equities	30,530,687
Domestic fixed income	34,436,426
International fixed income	4,504,271
Real estate	20,697,349
Private equity	4,388,849
Mutual funds	765,275
Certificate of deposits	258,241
Certificate of deposits and invested cash	2,479,607
Total assets	117,871,143
 LIABILITIES	
Accounts payable	206,707
Due to other entities	252,370
Total liabilities	459,077
 NET POSITION	
Net position - restricted for pension benefits	117,412,066
Total net position held in trust	\$ 117,412,066

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, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,122,998
Employee	1,637,794
Total contributions	<u>4,760,792</u>
Investment income:	
Net Increase (decrease) in fair value of investments	4,843,992
Interest and dividends	2,229,748
	<u>7,073,740</u>
Less: investment expense	(460,876)
Net investment income	<u>6,612,864</u>
Total additions	<u>11,373,656</u>
DEDUCTIONS	
Benefits paid to participants	5,179,396
Refunds	323,498
Administration expenses	103,158
Total deductions	<u>5,606,052</u>
Change in net position	<u>5,767,604</u>
Net position - beginning	<u>111,644,462</u>
Net position- ending	<u><u>\$ 117,412,066</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 activities) 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; 2% Motel tax and the car rental tax collected are 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.

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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.

Storm Sewer Utility – This fund accounts for the operations of storm sewers.

Parking Authority Lots – This fund accounts for the operations of the parking lots.

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.

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 OF BISMARCK, NORTH DAKOTA
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City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

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

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

The City has no cash overdrafts from pooled cash and investments at December 31, 2014.

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, 2014 was \$4,292,269.

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.

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3. Receivables and Payables

Notes receivable as of December 31, 2014 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
HUD Brandon Heights II Project	0%	7/1/2003 - 7/1/2023	129,000
HUD Abused Adult Resource Bonnie's House	0%	7/24/2013 - 9/20/2033	100,563
HUD Habitat Home Ownership Project	0%	7/8/2009 - 7/8/2024	52,000
HUD Home Dakota Apartments Project	0%	12/20/2011 - 12/20/2031	347,000
HUD Neighborhood Stabilization Program	0%	3/30/2010 - 3/30/2025	21,600
HUD NSP Dakota Apartments	0%	12/20/2011 - 12/20/2031	193,443
HUD Patterson Place Apartments Loan	0%	none	<u>300,000</u>
 TOTAL NOTES RECEIVABLE			 <u>\$ 1,143,606</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 52.

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, 2014, 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 37.

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Certain proceeds of the Civic Center's Lodging, Liquor, Food's revenue bonds, Water Enterprise Fund's revenue bonds and the 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 55-56.

6. Capital Assets

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

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

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

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

7. Compensated Absences/Termination Benefits

Sick Leave

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

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

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

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Annual Leave

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

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

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

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

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

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

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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, \$382,000 of claims and judgments are included in governmental and business-type activities. Compensated absences of \$2,490,721 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.

The Bismarck City Commission in 2011 approved the following policy which provides 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:

**CITY OF BISMARCK, NORTH DAKOTA
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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).
2. Legally or contractually required to be maintained intact.

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

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

Committed fund balance – are those the City of Bismarck Board of Commissioners has authorized to set aside funds for a specific purpose based on a single majority vote. Any funds set aside as committed Fund Balance requires formal motion by a simple majority vote 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.

The City Commission establishes, modifies or rescinds fund balance commitments by passage of a resolution. A resolution is the highest level of authority and requires another simple majority vote to modify or rescind. Assigned fund balance is established through adoption or amendment of the budget for its intended specific purpose.

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

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

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As of December 31, 2014, fund balances are composed of the following:

	General Fund	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Street Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>							
Advance to other funds	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 2,112,390	\$ 2,312,390
<u>Restricted:</u>							
Building construction	423,884	-	-	-	-	-	423,884
Highway weather projects	-	-	-	-	-	288,366	288,366
Capital projects	-	11,453,019	-	-	-	-	11,453,019
Debt payments	-	-	3,538,230	13,950,602	-	2,373,355	19,862,187
<u>Committed:</u>							
Public health programs	-	-	-	-	-	278,125	278,125
Transit system	-	-	-	-	-	1,494	1,494
Public library	-	-	-	-	-	617,915	617,915
Drug enforcement	-	-	-	-	-	147,081	147,081
Highways and streets	-	-	-	-	-	7,135,301	7,135,301
Street light operations	-	-	-	-	-	1,735,640	1,735,640
Civic center projects	-	-	-	-	-	1,531,199	1,531,199
Economic development	-	-	-	-	-	2,896,744	2,896,744
Social security payments	-	-	-	-	-	1,177,141	1,177,141
Capital projects	-	4,767,888	-	-	-	19,924,215	24,692,103
<u>Assigned:</u>							
Fire truck/equipment	186,733	-	-	-	-	-	186,733
Contingencies	825,000	-	-	-	-	-	825,000
Department equipment	1,763,201	-	-	-	-	-	1,763,201
Technology equipment	85,127	-	-	-	-	-	85,127
Computer expansion	581,263	-	-	-	-	-	581,263
Parking lot	92,011	-	-	-	-	-	92,011
Payroll reserve	1,395,568	-	-	-	-	-	1,395,568
<u>Unassigned</u>	30,743,043	-	-	-	(18,389,623)	(9,738,874)	2,614,546
Total Fund Balances	\$ 36,295,830	\$ 16,220,907	\$ 3,538,230	\$ 13,950,602	\$ (18,389,623)	\$ 30,480,092	82,096,038

E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2014:

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.

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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 fiscal years beginning after June 15, 2013.

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 POSITION

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 \$99,047,031 difference are as follows:

Bonds payable	\$ (95,600,000)
Less: unamortized bond discount	405,019
Plus: unamortized bond premium	(944,245)
Accrued interest payable	(417,084)
Compensated absences	<u>(2,490,721)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (99,047,031)</u></u>

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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 \$28,757,482 difference are as follows:

Capital outlay	\$ 58,509,103
Contributed capital	\$ 5,976,346
Capital outlay transferred to Enterprise Funds	\$ (24,473,298)
Depreciation expense	<u>(11,254,669)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 28,757,482</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.” The details of this \$698,272 difference are as follows:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale decrease financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (698,272)</u>
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Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (698,272)</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 \$15,656,555 difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (26,560,000)
Less: bond discounts	261,952
Plus: bond premium	(18,507)
Principal repayments:	
General obligation debt	<u>10,660,000</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ (15,656,555)</u>

**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 \$356,144 are as follows:

Accrued interest	(45,400)
Amortization of bond premium & interest on escrow	81,283
Amortization of bond discounts	(20,339)
Net pension asset	477,430
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 356,144

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 the Net Position. 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
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B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2014, as measured by the balances in the total fund balance as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Tax Increment	(982,482)
Flood Construction	(290,995)
Sewermain Construction	(5,863,296)
Watermain Construction	(430,266)
Sidewalk Construction	(1,871,835)
Street Improvement Construction	(18,389,623)
Revolving	(1,493)

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December 2015. Flood Construction will be funded through FEMA, State Land Grant and Special Assessments. Tax Increment will be funded in 2015 through the property taxes and Revolving will be funded through the General Fund due to damage from the basement in the City/County Building.

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, 2014, the carrying amount of the City's deposits was \$157,010,517 and the bank balance was \$156,740,857, all of which was insured and collateralized.

Cash and Investments

As of December 31, 2014 the city's cash and investments are as follows:

Cash on hand	\$ 42,332
Deposits	157,010,517
Investments	<u>115,735,001</u>
Total cash and investments	<u>\$ 272,787,850</u>

**CITY OF BISMARCK, NORTH DAKOTA
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The cash and investments presented in the Financial Statements December 31, 2014 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 31,644,735
Investments	106,157,162
Restricted:	
Cash and cash equivalents	358,580
Investments	6,955,762
Revenue bond covenant accounts	9,941,852
Total primary government cash and investments	<u>\$ 155,058,091</u>
<u>Fiduciary Funds</u>	
Investments	<u>117,729,759</u>
Total cash and investments	<u><u>\$ 272,787,850</u></u>

B. INVESTMENTS

Primary Government

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

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, 2014 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	49,272,315	38,363,234	10,909,081	-	-
Government Agencies	42,305	-	42,305	-	-
Government Bonds	7,473,127	134,829	2,619,226	622,514	4,096,558
Federal Mortgage-Backed	36,236,553	1,003,875	35,232,678	-	-
External Investment Pool	20,088,624	20,088,624	-	-	-
Total Debt Securities	<u>\$ 113,112,924</u>	<u>\$ 59,590,562</u>	<u>\$ 48,803,290</u>	<u>\$ 622,514</u>	<u>\$ 4,096,558</u>

Some investments are more sensitive to interest rate changes than others. Variable and floating rates collateralized mortgage obligations (CMO), asset-backed securities (ABS), interest-only (IO) and principal-only (PO) securities are examples of investments whose fair values may be highly sensitive to 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 \$3,853,076 and PO's valued at \$2,602,665 at December 31, 2014. The City has no formal policy regarding IO and PO strips.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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, 2014, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

<u>S&P Credit Rating</u>	Total Market Value	Government Agencies	Federal Mortgage- Backed	External Investment Pool
AA	\$ 56,367,482	\$ 42,305	\$ 36,236,553	\$ 20,088,624
<u>Not Rated</u>				
Government Bonds	7,473,127			
Certificate of Deposits	49,272,315			
Total Debt Securities	<u>\$ 113,112,924</u>			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2014, 21.2 percent of the City's (Primary Government) investments were invested with the Federal National Mortgage association and the Federal Home Loan Mortgage Corporation.

Pension Funds

Interest Rate Risk

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

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

NDRIO has chosen to use the Segmented Time Distribution disclosure method for the Deferred Retirement, City and Police investments. The City's portion of interest rate risk for pension debt securities is shown in the table below by investment type and maturity as of June 30, 2014, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2014.

CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Interest Rate Risk: Pension Investments

All values in \$000

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 735	\$ -	\$ 126	\$ 136	\$ 473
Bank Loans	14	-	13	1	-
Collateralized Bonds	-	-	-	-	-
Commercial Mortgage-Backed	236	-	27	-	208
Commercial Paper	-	-	-	-	-
Corporate Bonds	6,155	178	2,947	1,805	1,224
Corporate Convertible Bonds	656	63	309	89	195
Government Agencies	739	16	683	1	39
Government Bonds	3,062	163	547	1,412	940
Gov't Mortgage Backed and CMB	13,399	-	35	47	13,318
Repurchase Agreements	878	878	-	-	-
Index Linked Government Bonds	10	1	-	2	7
Municipal/Provincial Bonds	226	1	21	39	166
Non-Government Backed CMOs	403	-	49	1	353
Other Fixed Income	171	18	152	-	-
Short Term Bills and Notes	2,321	2,321	-	-	-
Pooled Investments	14,852	171	3,965	5,530	5,186
Total Debt Securities	\$ 43,857	\$ 3,810	\$ 8,874	\$ 9,063	\$ 22,109

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, 2014. December 31, 2014 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2014.

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	-	-	-	-
BBB	-	-	-	-
B	-	-	-	-
Not Rated	43,857	-	-	43,857
Total Debt Securities	\$ 43,857	\$ -	\$ -	\$ 43,857

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, 2014. December 31, 2014 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	\$ (132)	\$ 286	\$ 301	\$ 455
Brazilian real	11	192	156	\$ 359
British pound sterling	(26)	159	1,772	\$ 1,905
Canadian dollar	1	-	456	\$ 457
Chilean peso	188	30	-	\$ 218
Czech koruna	-	-	36	\$ 36
Israeli shekel	1	-	31	\$ 32
Danish krone	-	-	31	\$ 31
Euro	(551)	463	2,860	\$ 2,772
Hong Kong dollar	3	-	337	\$ 340
Hungarian forint	1	85	32	\$ 118
Iceland krona	1	-	-	\$ 1
Indian Rupee	15	-	-	\$ 15
Indonesian Rupiah	-	85	-	\$ 85
Japanese yen	(79)	-	1,622	\$ 1,543
Malaysian Ringgit	2	48	-	\$ 50
Mexican peso	89	584	-	\$ 673
New Zealand dollar	(65)	68	2	\$ 5
Norwegian krone	-	-	107	\$ 107
Philippine peso	-	62	-	\$ 62
Polish zloty	(91)	101	69	\$ 79
Singapore dollar	-	-	39	\$ 39
South African rand	-	76	81	\$ 157
South Korean won	6	103	207	\$ 316
Swedish krona	1	-	140	\$ 141
Swiss franc	4	3	519	\$ 526
Thai baht	3	-	49	\$ 52
Turkish lira	-	31	36	\$ 67
International commingled funds (various currencies)	-	2,351	11,259	\$ 13,610
Total securities subject to foreign currency risk	\$ (618)	\$ 4,727	\$ 20,142	\$ 24,251

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,767,950	\$ -	\$ -	\$ 2,767,950
Construction in progress	17,649,646	12,286,225	(17,396,156)	12,539,715
Total capital assets, not being depreciated	<u>20,417,596</u>	<u>12,286,225</u>	<u>(17,396,156)</u>	<u>15,307,665</u>
Capital assets, being depreciated:				
Buildings and building improvements	34,372,884	170,000	(850,807)	33,692,077
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	38,511,423	4,121,827	(7,979,702)	34,653,548
Infrastructure	277,086,545	40,830,255	-	317,916,800
Total capital assets being depreciated	<u>350,056,201</u>	<u>45,122,082</u>	<u>(8,830,509)</u>	<u>386,347,774</u>
Less accumulated depreciation for:				
Buildings and building improvements	(14,763,350)	(1,162,248)	167,746	(15,757,852)
Improvements other than buildings	(54,153)	(3,628)	-	(57,781)
Machinery & equipment	(25,009,962)	(2,530,040)	7,964,491	(19,575,511)
Infrastructure	(69,907,105)	(7,562,179)	-	(77,469,284)
Total accumulated depreciation	<u>(109,734,570)</u>	<u>(11,258,095)</u>	<u>8,132,237</u>	<u>(112,860,428)</u>
Total capital assets, being depreciated, net	<u>240,321,631</u>	<u>33,863,987</u>	<u>(698,272)</u>	<u>273,487,346</u>
Governmental activities capital assets, net	<u>\$ 260,739,227</u>	<u>\$ 46,150,212</u>	<u>\$ (18,094,428)</u>	<u>\$ 288,795,011</u>
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 13,921,294	\$ 303,676	\$ (143,253)	\$ 14,081,717
Construction in progress	18,853,895	8,545,148	(18,199,196)	9,199,847
Total capital assets, not being depreciated	<u>32,775,189</u>	<u>8,848,824</u>	<u>(18,342,449)</u>	<u>23,281,564</u>
Capital assets, being depreciated:				
Buildings and building improvements	175,308,695	56,674,712	(496,486)	231,486,921
Improvements other than buildings	278,957,391	26,592,240	(652,093)	304,897,538
Machinery & equipment	22,744,479	1,061,586	(1,621,744)	22,184,321
Total capital assets being depreciated	<u>477,010,565</u>	<u>84,328,538</u>	<u>(2,770,323)</u>	<u>558,568,780</u>
Less accumulated depreciation for:				
Buildings and building improvements	(68,895,141)	(5,614,956)	58,733	(74,451,364)
Improvements other than buildings	(86,339,570)	(6,278,177)	127,701	(92,490,046)
Machinery & equipment	(14,476,127)	(1,318,770)	1,308,428	(14,486,469)
Total accumulated depreciation	<u>(169,710,838)</u>	<u>(13,211,903)</u>	<u>1,494,862</u>	<u>(181,427,879)</u>
Total capital assets, being depreciated, net	<u>307,299,727</u>	<u>71,116,635</u>	<u>(1,275,461)</u>	<u>377,140,901</u>
Business-type activities capital assets, net	<u>\$ 340,074,916</u>	<u>\$ 79,965,459</u>	<u>\$ (19,617,910)</u>	<u>\$ 400,422,465</u>

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

<u>Governmental activities:</u>	
General Government	\$ 1,167,765
Public Safety	1,349,932
Highways and Streets	578,219
Health	25,650
Culture and Recreation	589,090
Public Works	7,547,439
Total depreciation expense - governmental activities	<u>\$ 11,258,095</u>
 <u>Business-type activities:</u>	
Airport	\$ 2,993,995
Civic Center	2,136,362
Solid Waste Disposal	546,258
Solid Waste Collections	308,015
Water	3,518,709
Sanitary Sewer	2,412,861
Storm Water	723,445
Commercial Property	53,033
Northern Plains Commerce Center	233,685
Parking Authority Lots	285,540
Total depreciation expense - business-type activities	<u>\$ 13,211,903</u>

D. COMMITMENTS

As of December 31, 2014, the City had commitments on various construction contracts totaling approximately \$42,185,182.

The HOME Program and Neighborhood Stabilization Program has 4 outstanding loans with Dakota Apartments having both a Home and a Neighborhood Stabilization Program loan. Dakota Apartments Home Program is \$347,000 and the Neighborhood Stabilization Program is \$193,443 is forgiven after 20 years or if ownership changes starting as of 12/20/2011. Habitat Home Ownership project in the amount of \$52,000 is forgivable at 10% per year starting on 7/8/2015 and is 100% forgiveness if owned for 15 years. Brandon Heights II Home Project requires a balloon payment \$129,000 or loan forgiveness at the end of 20 years. The Abused Adult Resource Center for Bonnie's House is \$100,563 that is forgiven after 20 years or if ownership changes starting as of 12/24/2013. 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
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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, 2014 was:

Due From:	Due To:		Total Due From
	Governmental Funds		
	Nonmajor Governmental Funds	Street Improvement Construction	
<u>Governmental Funds:</u>			
General Fund	\$ 747,500	\$ -	\$ 747,500
Sewermain Bonds	2,004,472	-	2,004,472
Street Improvement Bonds	-	8,545,087	8,545,087
Nonmajor Governmental Funds	3,254,234	7,735,125	10,989,359
	6,006,206	16,280,212	22,286,418
<u>Business-Type Funds:</u>			
Civic Center	19,053	-	19,053
Sanitary Sewer	3,182,314	-	3,182,314
	3,201,367	-	3,201,367
Total Due To	\$ 9,207,573	\$ 16,280,212	\$ 25,487,785

The due to/from other funds will be repaid in 2015.

Advances

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

Advance From:	Advance To:			Total Advance From
	Business-Type Funds			
	Water	Parking Authority Lots	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ -	\$ 200,000	\$ 200,000
Nonmajor Governmental Funds	32,390	500,000	1,580,000	2,112,390
Total Advance To	\$ 32,390	\$ 500,000	\$ 1,780,000	\$ 2,312,390

The advances to/from other funds have scheduled repayment plans through 2017. Tax Increment advances and General Fund 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, 2014**

Transfers

Governmental Funds:

Transfer Out:	Transfer In - Governmental Funds		
	General Fund	Street Improvement Construction	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ 1,899,531
Sales Tax	6,440,135	103,996	8,727,267
Nonmajor Governmental Funds	770,225	5,510,832	1,059,674
Airport	113,996	-	81,000
Civic Center	153,092	-	109,153
Water	203,845	88,115	543,002
Sanitary Sewer	74,566	-	159,278
Parking Authority Lots	13,326	-	-
Storm Sewer	44,298	-	229,288
Nonmajor Enterprise Funds	150,250	-	243,636
Internal Service Funds	112,341	-	32,529
Total Transfers Out	\$ 8,076,074	\$ 5,702,943	\$ 13,084,358

Transfer Out:	Transfer In - Business-type Funds			
	Airport	Civic Center	Internal Service Funds	Totals
General Fund	\$ -	\$ -	\$ 144,000	\$ 2,043,531
Sales Tax	-	-	-	15,271,398
Nonmajor Governmental Funds	18,250	4,036,725	-	11,395,706
Airport	-	-	-	194,996
Civic Center	-	-	-	262,245
Water	-	-	-	834,962
Sanitary Sewer	-	-	-	233,844
Parking Authority Lots	-	-	-	13,326
Storm Sewer	-	-	-	273,586
Nonmajor Enterprise Funds	-	-	-	393,886
Internal Service Funds	-	-	-	144,870
Total Transfers Out	\$ 18,250	\$ 4,036,725	\$ 144,000	\$ 31,062,350

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

**CITY OF BISMARCK, NORTH DAKOTA
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F. 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, 2014 was \$155,287,825 with a remaining non-obligated margin of \$155,287,825. The City had no general obligation bonds outstanding as of December 31, 2014.

Revenue Bonds

The government has also issued bonds where the government pledges income from the Lodging, Liquor Food Tax were bonded to fund the Civic Center Exhibit Hall Expansion. The Water Revenue was pledged to fund the 2012, 2013 & 2014 Water Utility Bonds for the Bismarck Water Treatment Facility Sludge Plant Expansion, Standby Power and the Water Softening Expansion project. Also, the Water Revenue was pledged for the Water Treatment bonds to fund the Water Treatment Plant intake project. The Sanitary Sewer Revenue was pledged to fund the Wastewater Revenue bonds which were issued for a major upgrade to the intake to the Wastewater Treatment Plant. Revenue bonds outstanding at December 31, 2014 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2014	Amount Issued in 2014	Amount Retired in 2014	Amount Outstanding 12/31/2014
Business-type Activities								
Civic Center-Lodging, Liquor, Food	10/16/2013	12/1/2034	3-4.25%	\$27,695,000	\$27,695,000	\$ -	\$ 830,000	\$26,865,000
Water Utility-2012	4/26/2012	4/1/2021	2%-2.5%	6,415,000	5,735,000	-	685,000	5,050,000
Water Utility-2013	10/10/2013	4/1/2028	1-4%	9,000,000	9,000,000	-	310,000	8,690,000
Water Utility-2014	11/1/2014	4/1/2029	.05-3.0%	13,535,000	-	13,535,000	-	13,535,000
Water Treatment	6/15/2009	9/1/2027	3.31%	16,320,000	13,102,434	-	690,000	12,412,434
Wastewater	11/14/2006	9/1/2027	2.50%	18,400,000	15,110,000	-	885,000	14,225,000
Total Revenue Bonds				\$91,365,000	\$70,642,434	\$13,535,000	\$3,400,000	\$80,777,434

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

Years	BUSINESS-TYPE ACTIVITIES	
	Principal	Interest
2015	4,840,000	2,404,620
2016	4,715,000	2,307,707
2017	4,800,000	2,179,413
2018	4,900,000	2,048,567
2019	5,020,000	1,920,730
2020-2024	24,900,000	7,534,655
2025-2029	22,857,434	3,695,120
2030-2034	8,745,000	1,133,642
Total	\$ 80,777,434	\$ 23,224,454

**CITY OF BISMARCK, NORTH DAKOTA
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Special Assessment Debt with Governmental Commitment

Special assessment bonds were issued annually to meet the cost of construction of street lights, streets, sewer mains, water mains, sidewalks, and public parking lots. The annual installment of principal and interest is met by special assessments levied against the benefiting property owners. In the event special assessment taxes are insufficient to meet principal and interest payments on bonds, the governing body is required to levy a general tax on all taxable property within the city for the payment of the assumption upon the maturity of the last bond principal installment, pursuant to City ordinance and N.D.C.C. Special assessment bonds outstanding at December 31, 2014 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2014	Amount Issued in 2014	Amount Retired in 2014	Amount Outstanding 12/31/2014	Amount Due Within One Year
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	155,000	-	155,000	-	-
Series U refunding	7/1/2007	5/1/2022	4.00-4.75%	14,395,000	8,420,000	-	1,015,000	7,405,000	1,000,000
Series V refunding	5/28/2008	5/1/2016	3.25-3.75%	2,430,000	720,000	-	270,000	450,000	255,000
Series W refunding	12/23/2008	5/1/2023	3.50-4.45%	8,915,000	6,005,000	-	635,000	5,370,000	625,000
Series X refunding	1/1/2009	5/1/2023	3.50-5.375%	8,210,000	2,535,000	-	1,155,000	1,380,000	1,150,000
Series Y refunding	1/6/2010	5/1/2024	2.00-4.00%	9,615,000	6,160,000	-	930,000	5,230,000	865,000
Series A refunding	3/25/2010	5/1/2019	2.00-3.00%	3,855,000	2,120,000	-	475,000	1,645,000	435,000
Series B refunding	12/8/2010	5/1/2025	0.70-4.25%	9,630,000	7,100,000	-	940,000	6,160,000	930,000
Series C refunding	12/14/2011	5/1/2026	2.00-2.75%	9,065,000	7,485,000	-	950,000	6,535,000	940,000
Series D refunding	12/14/2011	5/1/2020	1.00-2.00%	1,605,000	1,160,000	-	225,000	935,000	180,000
Series E refunding	4/15/2012	5/1/2021	2.00-2.20%	4,365,000	3,405,000	-	540,000	2,865,000	525,000
Series F refunding	12/19/2012	5/1/2027	1.00-1.80%	9,465,000	9,025,000	-	715,000	8,310,000	710,000
Series G refunding	1/3/2013	5/1/2022	1.50-2.00%	3,790,000	3,335,000	-	535,000	2,800,000	535,000
Series H refunding	11/14/2013	5/1/2028	1.00-1.80%	15,755,000	15,755,000	-	1,115,000	14,640,000	1,615,000
Series I refunding	12/1/2014	5/1/2029	.05-3.0%	24,725,000	-	24,725,000	-	24,725,000	1,800,000
Total refunding series				\$ 129,740,000	\$73,380,000	\$24,725,000	\$ 9,655,000	\$88,450,000	\$11,565,000

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2014	Amount Issued in 2014	Amount Retired in 2014	Amount Outstanding 12/31/2014	Amount Due Within One Year
Sidewalk 03	6/1/2004	5/1/2014	175-4.5%	460,000	45,000	-	45,000	-	-
Sidewalk 04	6/15/2005	5/1/2015	3.25-3.70%	1,110,000	220,000	-	110,000	110,000	110,000
Sidewalk 05	6/1/2006	5/1/2016	4.00-4.5%	1,040,000	320,000	-	110,000	210,000	105,000
Sidewalk 06	7/1/2007	5/1/2017	4.00-4.25%	1,120,000	460,000	-	115,000	345,000	115,000
Sidewalk 07	12/23/2008	5/1/2018	3.00-4.00%	1,085,000	550,000	-	115,000	435,000	115,000
Sidewalk 08	1/6/2010	5/1/2019	100-3.1%	810,000	500,000	-	85,000	415,000	85,000
Sidewalk 09	12/8/2010	5/1/2020	0.90-3.00%	665,000	475,000	-	70,000	405,000	70,000
Sidewalk 10	12/14/2011	5/1/2021	0.50-2.00%	935,000	765,000	-	100,000	665,000	100,000
Sidewalk 11	1/3/2013	5/1/2022	120-170%	915,000	840,000	-	100,000	740,000	95,000
Sidewalk 12	1/14/2013	5/1/2023	2.00-2.75%	2,145,000	2,145,000	-	155,000	1,990,000	225,000
Sidewalk 13	12/1/2014	5/1/2024	2.00-3.00%	1,835,000	-	1,835,000	-	1,835,000	145,000
Total sidewalk bonds				\$ 12,120,000	\$ 6,320,000	\$ 1,835,000	\$ 1,005,000	\$ 7,150,000	\$ 1,165,000
Total special assessment bonds				\$ 141,860,000	\$ 79,700,000	\$ 26,560,000	\$ 10,660,000	\$ 95,600,000	\$ 12,730,000

Special Assessment Debt Requirement to Maturity

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

Years	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2015	12,730,000	2,354,765
2016	12,065,000	2,077,031
2017	11,090,000	1,773,508
2018	10,225,000	1,497,685
2019	9,350,000	1,238,669
2020-2024	29,890,000	2,997,870
2025-2029	10,250,000	370,337
Total	\$ 95,600,000	\$ 12,309,865

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special assessment bonds	\$ 79,700,000	\$ 26,560,000	\$ 10,660,000	\$ 95,600,000	\$ 12,730,000
Plus unamortized premium	843,616	38,846	343,235	539,227	-
Compensated absences	2,353,891	1,955,714	1,818,884	2,490,721	1,740,891
Claims and judgments	299,688	3,295,855	3,324,406	271,137	271,137
TOTAL	\$ 83,197,195	\$ 31,850,415	\$ 16,146,525	\$ 98,901,085	\$ 14,742,028
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 5,037	\$ -	\$ 5,037	\$ -	\$ -
Compensated absences	743,119	496,392	507,602	731,909	447,976
Claims and judgments	93,112	1,046,690	1,028,661	111,141	111,141
Closure and postclosure costs	1,479,002	175,147	-	1,654,149	-
Civic Center revenue bonds	27,695,000	-	830,000	26,865,000	1,000,000
Less unamortized discount	(27,614)	1,334	-	(26,280)	-
Water revenue bonds-2012	5,735,000	-	685,000	5,050,000	690,000
Plus unamortized premium	62,725	-	8,554	54,171	-
Water revenue bonds-2013	9,000,000	-	310,000	8,690,000	535,000
Plus unamortized premium	1,389	-	94	1,295	-
Water revenue bonds-2014	-	13,535,000	-	13,535,000	990,000
Less unamortized discount	-	1,519	131,357	(129,838)	-
Water Treatment	13,102,434	-	690,000	12,412,434	715,000
Wastewater revenue bonds	15,110,000	-	885,000	14,225,000	910,000
TOTAL	\$ 72,999,204	\$ 15,256,082	\$ 5,081,305	\$ 83,173,981	\$ 5,399,117

G. 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, 2014, 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
DECEMBER 31, 2014**

H. RESTRICTED ASSETS

The balances of the restricted asset accounts on December 31, 2014 are as follows:

GOVERNMENTAL

Restricted Investments

Sidewalk Construction Certificate of Deposits	2,663,493
Total Governmental Restricted Assets	\$ 2,663,493

BUSINESS-TYPE

Restricted Cash and Cash Equivalents

Civic Center Customer Deposits	335,835
Parking Authority Customer Deposits	22,745

Restricted Investments

Burleigh County Water Users	4,292,269
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Restricted Revenue Bond Covenant Accounts

Civic Center Lodging Liquor Food Account	165,851
Water Revenue Bond Covenant Accounts	7,235,205
Wastewater Revenue Bond Covenant Accounts	2,540,796
Total Business-Type Restricted Assets	\$ 14,592,701

V. OTHER INFORMATION

A. RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has established a general liability self-insurance fund. The fund is structured so that only expenses under \$2,500 relating to covered liabilities of the City are charged against it. The Fund earns interest and is subject to periodic funding from property taxation as deemed necessary by the Board of City Commissioners. The self-insurance fund does not provide collision or comprehensive automotive coverage for the City.

N.D.C.C. Chapter 32-12.1 provides that for actions in tort, the City has a liability limitation of \$250,000 per claim with a \$500,000 aggregate limit per event. At December 31, 2014 management estimates claims incurred prior to NDIRF but not paid of \$27,278 Sewer Claims and \$0 City-Wide Liability Claims. The sewer claim has been recorded as a liability.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

City-Wide Liability Claims								
CURRENT-YEAR								
2014	\$	-	\$	688	\$	688	\$	-
2013	\$	-	\$	742	\$	742	\$	-
2012	\$	12,348	\$	45,839	\$	58,187	\$	-

Sewer Backup Claims								
CURRENT-YEAR								
2014	\$	-	\$	90,302	\$	63,024	\$	27,278
2013	\$	-	\$	54,574	\$	54,574	\$	-
2012	\$	-	\$	85,934	\$	53,934	\$	32,000

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

Employee Insurance

The City has established a medical self-insurance fund. The purpose of this fund is to pay medical claims for the City of Bismarck and Parks and Recreation employees and their covered dependents and to minimize the total cost of annual medical insurance premiums paid by the City of Bismarck. Medical claims exceeding \$50,000 per individual per year is covered through Blue Cross and Blue Shield of North Dakota. The Plan has paid an excess of stop loss coverage of \$1,176,935 for 2014. 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 \$355,000 as of December 31, 2014. A summary of the claim reserve liabilities and related claim payments is shown below:

CURRENT-YEAR								
2014	\$	392,800	\$	4,315,267	\$	4,353,067	\$	355,000
2013	\$	357,000	\$	4,305,322	\$	4,269,522	\$	392,800
2012	\$	320,235	\$	3,986,072	\$	3,949,307	\$	357,000

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

State Fire and Tornado and Bonding Fund

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

Worker's Compensation

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

B. Closure and Post Closure Care Costs

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,654,149 reported as landfill closure and post closure care liability at December 31, 2014, represents the cumulative amount reported to date based on the use of 97.23 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$45,189 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 2014. 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 2014, 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 351,705
Less value of accumulated depreciation	<u>(277,485)</u>
Net position	<u>\$ 74,220</u>
 Total operating expenditures - 2014	 <u>\$ 1,835,376</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 administers a defined benefit plan for full-time city and police employees for the City and Police Pension Funds. These Pension plans are reported in the City's financial reports as Pension Trust Funds which is disclosed in Note V on page 73. Actuarial reports are available for the City and Police Pension Funds by contacting:

City of Bismarck Finance
PO Box 5506
Bismarck, ND 58506-5506

The full-time Firemen are administered by the Firefighter's Relief Association which is a separate legal entity and is not included in the City's financial pension reports. 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. Participating employees contribute to the plan at a minimum of \$201.46 per bi-weekly payroll or 8% of their covered payroll whichever is greater. The employer contributed \$684,188 in 2014 as set by the City Commission. The complete audited financial and pension information can be obtained by contacting:

Firefighter's Relief Association
PO Box 5503
Bismarck, ND 58506-5503

For the year ended December 31, 2014, the City implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*, which establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pension through pension plans. As a result of implementing this statement, the City provided enhanced note disclosures on the defined benefit pension plan. The actuarial valuation was done for the year ended December 31, 2014 and applied retroactively in order to provide relevant historical information.

City of Bismarck Employee's Pension

Plan Description - The Bismarck City Employee Pension Plan (BCEPP) is a cost sharing, multiple employer public employee retirement system with the Bismarck Park District. The BCEPP document provides for all full-time City employees with the exclusion of sworn police officers, non-sworn members of the police department who began employment before December 31, 2006 and members of the firefighter's relief fund.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Plan Membership - Memberships begin with their hire date before December 31, 2014 and are vested after five years of service. Membership in the BCEPP on December 31, 2014 is as follows:

Retirees and beneficiaries receiving benefits	173
Terminated employees - vested	58
Active employees:	
Vested	271
Non-vested	160
Number of participating employers:	2

Plan Administration – North Dakota Century Code (NDCC) 40-46 and in accordance with Chapter 9-07 of the Bismarck Code of Ordinance grants the authority to establish and amend the benefit terms to the City Commission. Management of the BCEPP plan is vested in the Board of Trustees which consists of the City Administrator and all department heads with the exception of the Chief of Police.

Benefits Provided - Benefit provisions, amendments, and all requirements are established under the authority of the City Commission. 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 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.

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

Employee Contributions - Participating active employees contribute to the plan at a rate of 5% of covered payroll. If an employee leaves covered employment before attaining the five year service credit, the accumulated contributions plus interest earnings at 5% per annum are refunded to the employee or designated beneficiary. All member contributions are made by payroll deductions applied to regular bi-weekly pay.

Employer Contributions – Employer contributions are based on an actuarial formula identified as entry age normal cost method. This method produces an employer contribution rate consisting of an amount for normal cost and an amount for amortization of the unfunded accrued liability over a closed period of 30 years. The annual contribution is recommended to the City Commission and considered for approval and adoption.

Net Position - The net position at December 31, 2014 is \$81,274,325 and the entire amount is restricted for employee pension benefits.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Schedule of Contributions

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contributions	\$ 981,273	\$ 1,299,110	\$ 1,423,866	\$ 1,904,777	\$ 1,958,692	\$ 2,010,653	\$ 1,090,182	\$ 1,068,130	\$ 1,233,248	\$ 1,414,021
Contributions in relation to the actuarially determined contribution	2,181,183	2,259,647	2,234,521	2,076,309	1,862,086	2,649,359	2,542,708	2,182,902	2,147,360	2,113,743
Contribution deficiency (excess)	\$ (1,199,910)	\$ (960,537)	\$ (810,655)	\$ (171,532)	\$ 96,606	\$ (638,706)	\$ (1,452,526)	\$ (1,114,772)	\$ (914,112)	\$ (699,722)
Covered-employee Payroll	\$ 21,850,884	\$ 20,372,796	\$ 19,393,833	\$ 18,776,386	\$ 17,408,878	\$ 17,134,528	\$ 15,932,987	\$ 14,901,848	\$ 13,892,759	\$ 13,106,843
Contributions as a percentage of covered-employee payroll	10.0%	11.1%	11.5%	11.1%	10.7%	15.5%	16.0%	14.6%	15.5%	16.1%

Measurement Focus and Basis of Accounting – The City's Pension financial statements are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer and plan member contributions are recognized when due pursuant to formal commitments, as well as ordinance requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/depreciation in fair value of investments is recorded as an increase/decrease to investment income based on the fair market value of the investments. The entire expense of the Plan administration is charged against the earnings of the Plan.

Investments

Investment Policy – The BCEPP investment policy and asset class allocations are established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the BCEPP to pursue an investment strategy to improve the Plan's funding status to protect and sustain current and future benefits, minimize the employee and employer contributions needed to fund the Plan over the long-term, avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

BCEPP Board has entered into a contract with the North Dakota State Investment Board (SIB) for investment services as allowed under NDCC 21-10-06 and to implement these policies by investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Management's responsibility that is not assigned to the SIB in Chapter 21-10 of the NDCC is delegated to the SIB who must establish written policies for the operation of the investment program consistent with this investment policy.

The BCEPP Board of Trustees adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2014:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

<u>Asset Class</u>	<u>Target Allocation</u>
Large Domestic Equity	15%
Small Domestic Equity	10%
Developed International Equity	12%
Emerging International Equity	5%
Private Equity	4%
Domestic Fixed Income	30%
International Fixed Income	4%
Real Estate	10%
Infrastructure	5%
Timber	5%
	<u>100%</u>

Investment Valuation – Investments are recorded at fair value determined by reference to published market data for publicly traded securities and using independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investment between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

Long-term Expected Return on Plan Assets – The long-term expected rate of return of 7.5% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage. The projected 10 year geometric real rates of return by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Domestic Equity	7.60%
Small Domestic Equity	7.90%
Developed International Equity	7.60%
Emerging International Equity	8.00%
Private Equity	8.80%
Domestic Fixed Income	3.25%
International Fixed Income	2.85%
Real Estate	6.40%
Infrastructure	7.50%
Timber	7.10%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Actuarial Assumptions

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	1
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%
Projected salary increases	
0-9 years of service	5.00%
10 + years of service	4.00%
Post retirement cost of living adjustments	None

Measurements – Presented below are the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Changes in Plan Fiduciary Net Position and the Schedule of Investment Returns.

Schedule of Net Pension Liability	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability	\$ 82,241,317	\$ 75,825,558	\$ 72,650,145	\$ 67,314,169	\$ 68,666,067	\$ 64,117,376	\$ 59,315,384	\$ 55,307,884	\$ 50,825,581	\$ 48,054,647
Plan fiduciary net position	81,274,325	76,786,991	67,402,366	59,103,632	57,154,675	50,883,840	43,690,842	54,224,695	49,153,640	42,836,388
Net pension liability (asset)	\$ 966,992	\$ (961,433)	\$ 5,247,779	\$ 8,210,537	\$ 11,511,392	\$ 13,233,536	\$ 15,624,542	\$ 1,083,189	\$ 1,671,941	\$ 5,218,259
 Plan fiduciary net position as a percentage of the total pension liability	98.8%	101.3%	92.8%	87.8%	83.2%	79.4%	73.7%	98.0%	96.7%	89.1%
Covered-employee payroll	\$ 21,850,884	\$ 20,372,796	\$ 19,393,833	\$ 18,776,386	\$ 17,408,878	\$ 17,134,528	\$ 15,932,987	\$ 14,901,848	\$ 13,892,759	\$ 13,106,843
 Net pension liability (asset) as a percentage of covered- employee payroll	4.4%	-4.7%	27.1%	43.7%	66.1%	77.2%	98.1%	7.3%	12.0%	39.8%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

**Schedule of
Changes in Net
Pension Liability**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Service Cost	\$ 2,025,734	\$ 1,894,480	\$ 1,809,331	\$ 2,016,014	\$ 1,965,100	\$ 1,829,688	\$ 1,695,210	\$ 1,576,341	\$ 1,435,999
Interest	5,716,895	5,481,444	5,092,993	5,217,583	4,878,844	4,511,559	4,198,666	3,856,901	3,640,501
Changes of benefit terms	753,175	-	663,059	-	-	-	-	392,761	380,360
Differences between expected and actual experience	1,172,019	(1,283,089)	204,436	(1,488,543)	(232,818)	442,639	155,390	609,445	(784,666)
Changes of assumptions	-	-	-	(4,868,338)	-	-	-	-	-
Benefit payments, including refunds of member contributions	(3,252,064)	(2,917,422)	(2,433,843)	(2,228,614)	(2,062,435)	(1,981,894)	(2,041,766)	(1,953,145)	(1,901,260)
Net change in total pension liability	\$ 6,415,759	\$ 3,175,413	\$ 5,335,976	\$ (1,351,898)	\$ 4,548,691	\$ 4,801,992	\$ 4,007,500	\$ 4,482,303	\$ 2,770,934
Total pension liability-beginning	75,825,558	72,650,145	67,314,169	68,666,067	64,117,376	59,315,384	55,307,884	50,825,581	48,054,647
Total pension liability-ending	\$ 82,241,317	\$ 75,825,558	\$ 72,650,145	\$ 67,314,169	\$ 68,666,067	\$ 64,117,376	\$ 59,315,384	\$ 55,307,884	\$ 50,825,581

**Schedule of
Changes in Plan
Fiduciary Net
Position**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contributions-employer	\$ 2,181,183	\$ 2,259,647	\$ 2,234,521	\$ 2,076,309	\$ 1,862,086	\$ 2,649,359	\$ 2,542,707	\$ 1,154,710	\$ 1,145,408
Contributions-member	1,059,009	1,000,345	954,286	927,338	914,306	872,988	800,896	744,952	703,594
Net investment income	4,893,235	9,336,336	7,845,011	1,438,858	5,793,226	5,856,342	(11,469,288)	4,729,268	6,129,544
Benefit payments, including refunds of member contributions	(3,252,064)	(2,917,422)	(2,433,843)	(2,228,614)	(2,062,435)	(1,981,894)	(2,041,766)	(1,953,145)	(1,901,260)
Administrative expense	(394,029)	(294,281)	(301,241)	(264,934)	(236,348)	(203,797)	(366,402)	(606,478)	(745,805)
Other	-	-	-	-	-	-	-	1,001,748	985,771
Net change in fiduciary net position	\$ 4,487,334	\$ 9,384,625	\$ 8,298,734	\$ 1,948,957	\$ 6,270,835	\$ 7,192,998	\$ (10,533,853)	\$ 5,071,055	\$ 6,317,252
Plan fiduciary net position-beginning	76,786,991	67,402,366	59,103,632	57,154,675	50,883,840	43,690,842	54,224,695	49,153,640	42,836,388
Plan fiduciary net position-ending	\$ 81,274,325	\$ 76,786,991	\$ 67,402,366	\$ 59,103,632	\$ 57,154,675	\$ 50,883,840	\$ 43,690,842	\$ 54,224,695	\$ 49,153,640

**Schedule of Investment
Returns**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return, net of investment expense	6.4%	13.9%	13.2%	2.5%	11.3%	13.2%	-21%	9.6%	14.3%	10.9%

Sensitivity of the Net Pension Liability to changes in the Discount Rate – The net pension liability of the BCEPP is calculated at a discount rate of 7.5 percent, as well as what the BCEPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate:

**CITY OF BISMARCK, NORTH DAKOTA
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Sensitivity of the Net Pension Liability to Changes in the Discount

	1 % Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Total pension liability	\$ 92,470,039	\$ 82,241,317	\$ 73,573,132
Plan fiduciary net position	81,274,325	81,274,325	81,274,325
Net pension liability (asset)	\$ 11,195,714	\$ 966,992	\$ (7,701,193)

City of Bismarck Police Pension

Plan Description - The Bismarck City Police Pension Plan (BCPPP) is a single employer public employee retirement system. The BCPMP document provides for all full-time sworn police officers and non-sworn members of the police department who began employment before December 31, 2006.

Plan Membership - Memberships begin with their hire date before December 31, 2014 and are vested after five years of service. Membership in the BCPMP on December 31, 2014 is as follows:

Retirees and beneficiaries receiving benefits	74
Terminated employees - vested	21
Active employees:	
Vested	75
Non-vested	41
Number of participating employers:	1

Plan Administration – North Dakota Century Code (NDCC) 40-45 and in accordance with Chapter 9-08 of the Bismarck Code of Ordinance grants the authority to establish and amend the benefit terms to the City Commission. Management of the BCPMP plan is vested in the Board of Trustees which consists of the Chief of Police, 2 members of the police department appointed by the chief of police with no less than eight years of service and two elected members of the police department with no less than eight years of service. Each appointed trustee shall serve a two-year term.

Benefits Provided - Benefit provisions, amendments, and all requirements are established under the authority of the City Commission. 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 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.

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.

**CITY OF BISMARCK, NORTH DAKOTA
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Contributions

Employee Contributions - Participating active employees contribute to the plan at a rate of 9.4% of covered payroll. If an employee leaves covered employment before attaining the five year service credit, the accumulated contributions plus interest earnings at 5% per annum are refunded to the employee or designated beneficiary. All member contributions are made by payroll deductions applied to regular bi-weekly pay.

Employer Contributions – Employer contributions are based on an actuarial formula identified as entry age normal cost method. This method produces an employer contribution rate consisting of an amount for normal cost and an amount for amortization of the unfunded accrued liability over a closed period of 30 years. The annual contribution is recommended to the City Commission and considered for approval and adoption.

Net Position - The net position at December 31, 2014 is \$34,525,350 and the entire amount is restricted for employee pension benefits.

Schedule of Contributions

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contributions	\$ 481,480	\$ 605,066	\$ 677,405	\$ 786,899	\$ 807,055	\$ 818,953	\$ 413,396	\$ 422,992	\$ 471,750	\$ 598,835
Contributions in relation to the actuarially determined contribution	941,815	872,354	821,478	745,351	689,422	835,823	835,053	789,331	769,252	732,436
Contribution deficiency (excess)	\$ (460,335)	\$ (267,288)	\$ (144,073)	\$ 41,548	\$ 117,633	\$ (16,870)	\$ (421,657)	\$ (366,339)	\$ (297,502)	\$ (133,601)
Covered-employee Payroll	\$ 6,214,690	\$ 5,984,760	\$ 6,165,842	\$ 6,020,061	\$ 5,599,816	\$ 5,071,614	\$ 4,765,761	\$ 4,383,623	\$ 4,361,183	\$ 4,301,625
Contributions as a percentage of covered-employee payroll	15.2%	14.6%	13.3%	12.4%	12.3%	16.5%	17.5%	18.0%	17.6%	17.0%

Measurement Focus and Basis of Accounting – The City's Pension financial statements are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer and plan member contributions are recognized when due pursuant to formal commitments, as well as ordinance requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/depreciation in fair value of investments is recorded as an increase/decrease to investment income based on the fair market value of the investments. The entire expense of the Plan administration is charged against the earnings of the Plan.

Investments

Investment Policy – The BCPPP investment policy and asset class allocations are established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the BCPPP to pursue an investment strategy to improve the Plan's funding status to protect and sustain current and future benefits, minimize the employee and employer contributions needed to fund the Plan over the long-term, avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

BCPPP Board has entered into a contract with the North Dakota State Investment Board (SIB) for investment services as allowed under NDCC 21-10-06 and to implement these policies by investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Management's responsibility that is not assigned to the SIB in Chapter 21-10 of the NDCC is delegated to the SIB who must establish written policies for the operation of the investment program consistent with this investment policy.

The BCPPP Board of Trustees adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative

**CITY OF BISMARCK, NORTH DAKOTA
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inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk. The following was the plans asset allocation as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Domestic Equity	16%
Small Domestic Equity	11%
Developed International Equity	13%
Emerging International Equity	6%
Private Equity	5%
Domestic Fixed Income	25%
International Fixed Income	4%
Real Estate	10%
Infrastructure	5%
Timber	5%
	<u>100%</u>

Investment Valuation – Investments are recorded at fair value determined by reference to published market data for publicly traded securities and using independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investment between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

Long-term Expected Return on Plan Assets – The long-term expected rate of return of 7.5% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage. The projected 10-year geometric real rates of return by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Domestic Equity	7.60%
Small Domestic Equity	7.90%
Developed International Equity	7.60%
Emerging International Equity	8.00%
Private Equity	8.80%
Domestic Fixed Income	3.25%
International Fixed Income	2.85%
Real Estate	6.40%
Infrastructure	7.50%
Timber	7.10%

**CITY OF BISMARCK, NORTH DAKOTA
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Actuarial Assumptions

Valuation date	1/1/2015
Actuarial cost method	Entry Age
	Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	11
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%
Projected salary increases	
0-9 years of service	5.00%
10 + years of service	4.00%
Post retirement cost of living adjustments	None

Measurements – Presented below are the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Changes in Plan Fiduciary Net Position and the Schedule of Investment Returns.

Schedule of Net Pension Liability

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability	\$ 39,959,458	\$ 37,442,141	\$ 35,381,046	\$ 33,469,994	\$ 34,168,949	\$ 32,313,982	\$ 30,131,736	\$ 28,119,650	\$ 25,857,728	\$ 24,197,693
Plan fiduciary net position	34,525,350	33,156,607	29,337,119	26,059,127	25,738,425	23,089,708	20,208,111	25,906,905	23,588,693	20,447,463
Net pension liability (asset)	\$ 5,434,108	\$ 4,285,534	\$ 6,043,927	\$ 7,410,867	\$ 8,430,524	\$ 9,224,274	\$ 9,923,625	\$ 2,212,745	\$ 2,269,035	\$ 3,750,230

Plan fiduciary net position as a percentage of the total pension liability

	86.4%	88.6%	82.9%	77.9%	75.3%	71.5%	67.1%	92.1%	91.2%	84.5%
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Covered-employee payroll	\$ 6,214,690	\$ 5,984,760	\$ 6,165,842	\$ 6,020,061	\$ 5,599,816	\$ 5,071,614	\$ 4,765,761	\$ 4,383,623	\$ 4,361,183	\$ 4,301,625
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net pension liability (asset) as a percentage of covered-employee payroll

	87.4%	71.6%	98.0%	123.1%	150.6%	181.9%	208.2%	50.5%	52.0%	87.2%
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**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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**Schedule of
Changes in Net
Pension Liability**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Service Cost	\$ 753,453	\$ 785,754	\$ 765,799	\$ 779,245	\$ 711,260	\$ 662,579	\$ 604,887	\$ 617,040	\$ 605,178
Interest	2,787,966	2,641,991	2,511,705	2,570,888	2,431,884	2,267,014	2,115,025	1,950,228	1,797,069
Changes of benefit terms	574,760	-	-	-	-	-	-	254,740	273,679
Differences between expected and actual experience	446,562	513,859	126,320	(380,637)	(87,932)	387,575	340,584	383,382	212,664
Changes of assumptions	-	-	-	(2,329,080)	-	-	-	-	-
Benefit payments, including refunds of member contributions	(2,045,424)	(1,880,509)	(1,492,771)	(1,339,371)	(1,200,245)	(1,134,922)	(1,048,410)	(943,468)	(773,196)
Net change in total pension liability	\$ 2,517,317	\$ 2,061,095	\$ 1,911,053	\$ (698,955)	\$ 1,854,967	\$ 2,182,246	\$ 2,012,086	\$ 2,261,922	\$ 2,115,394
Total pension liability-beginning	37,442,142	35,381,047	33,469,994	34,168,949	32,313,982	30,131,736	28,119,650	25,857,728	23,742,334
Total pension liability-ending	\$ 39,959,459	\$ 37,442,142	\$ 35,381,047	\$ 33,469,994	\$ 34,168,949	\$ 32,313,982	\$ 30,131,736	\$ 28,119,650	\$ 25,857,728

**Schedule of
Changes in Plan
Fiduciary Net
Position**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contributions-employer	\$ 941,815	\$ 872,354	\$ 821,478	\$ 745,351	\$ 689,422	\$ 835,823	\$ 835,053	\$ 666,288	\$ 662,428
Contributions-member	578,785	575,547	571,980	561,608	573,448	537,202	498,361	478,665	465,591
Net investment income	2,075,134	4,391,729	3,526,178	477,728	2,696,856	2,742,352	(5,820,546)	2,279,562	2,992,890
Benefit payments, including refunds of member contributions	(2,045,424)	(1,880,509)	(1,492,771)	(1,339,371)	(1,200,245)	(1,134,922)	(1,048,410)	(943,468)	(773,196)
Administrative expense	(181,567)	(139,633)	(148,873)	(124,614)	(110,764)	(98,858)	(163,252)	(274,912)	(302,859)
Other	-	-	-	-	-	-	-	112,077	96,376
Net change in fiduciary net position	\$ 1,368,743	\$ 3,819,488	\$ 3,277,992	\$ 320,702	\$ 2,648,717	\$ 2,881,597	\$ (5,698,794)	\$ 2,318,212	\$ 3,141,230
Plan fiduciary net position-beginning	33,156,607	29,337,119	26,059,127	25,738,425	23,089,708	20,208,111	25,906,905	23,588,693	20,447,463
Plan fiduciary net position-ending	\$ 34,525,350	\$ 33,156,607	\$ 29,337,119	\$ 26,059,127	\$ 25,738,425	\$ 23,089,708	\$ 20,208,111	\$ 25,906,905	\$ 23,588,693

**Schedule of Investment
Returns**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return, net of investment expense	6.3%	15.1%	13.6%	1.9%	11.7%	13.5%	-22.4%	9.7%	14.6%	10.7%

Sensitivity of the Net Pension Liability to changes in the Discount Rate – The net pension liability of the BCPFP is calculated at a discount rate of 7.5 percent, as well as what the BCEPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount

	1 % Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Total pension liability	\$ 44,970,565	\$ 39,959,458	\$ 35,774,764
Plan fiduciary net position	34,525,350	34,525,350	34,525,350
Net pension liability	\$ 10,445,215	\$ 5,434,108	\$ 1,249,414

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Receivables:					
Accrued interest and dividends	\$ 3,635	\$ -	\$ 90,222	\$ 47,527	\$ 141,384
Investments, at fair value:					
Domestic equities	173,291	-	12,985,307	6,510,456	19,669,054
International equities	83,827	-	20,728,910	9,717,950	30,530,687
Domestic fixed income	556,525	-	24,744,746	9,135,155	34,436,426
International fixed income	-	-	3,076,959	1,427,312	4,504,271
Real estate	-	-	14,456,078	6,241,271	20,697,349
Private Equity	-	-	2,821,343	1,567,506	4,388,849
Mutual funds	-	765,275	-	-	765,275
Certificate of deposits	-	-	258,241	-	258,241
Invested cash	42,370	-	2,249,419	187,818	2,479,607
Total assets	<u>859,648</u>	<u>765,275</u>	<u>81,411,225</u>	<u>34,834,995</u>	<u>117,871,143</u>
LIABILITIES					
Accounts payable	1,004	5,275	136,899	63,529	206,707
Due to Primary Government	6,254	-	-	246,116	252,370
Total liabilities	<u>7,258</u>	<u>5,275</u>	<u>136,899</u>	<u>309,645</u>	<u>459,077</u>
NET POSITION					
Net positions - restricted for pension benefits	<u>852,390</u>	<u>760,000</u>	<u>81,274,326</u>	<u>34,525,350</u>	<u>117,412,066</u>
Total net position held in trust	<u>\$ 852,390</u>	<u>\$ 760,000</u>	<u>\$ 81,274,326</u>	<u>\$ 34,525,350</u>	<u>\$ 117,412,066</u>

**CITY OF BISMARCK, NORTH DAKOTA
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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	\$ -	\$ -	\$ 2,181,183	\$ 941,815	\$ 3,122,998
Employee	-	-	1,059,009	578,785	1,637,794
Total contributions	-	-	3,240,192	1,520,600	4,760,792
Investment income:					
Net increase (decrease) in fair value of investments	35,342	64,438	3,339,867	1,404,345	4,843,992
Interest and dividends	19,384	-	1,544,152	666,212	2,229,748
	54,726	64,438	4,884,019	2,070,557	7,073,740
Less: investment expense	(2,230)	-	(318,501)	(140,145)	(460,876)
Net investment income	52,496	64,438	4,565,518	1,930,412	6,612,864
Security lending activity:					
Total additions	52,496	64,438	7,805,710	3,451,012	11,373,656
DEDUCTIONS					
Benefits paid to participants	49,936	-	3,104,159	2,025,301	5,179,396
Refunds	-	155,472	147,904	20,122	323,498
Administration	-	-	66,312	36,846	103,158
Total deductions	49,936	155,472	3,318,375	2,082,269	5,606,052
Change in net position	2,560	(91,034)	4,487,335	1,368,743	5,767,604
Net position - beginning	849,830	851,034	76,786,991	33,156,607	111,644,462
Net position - ending	\$852,390	\$ 760,000	\$81,274,326	\$34,525,350	\$117,412,066

E. Issued But Non-Effective Pronouncements

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

CITY OF BISMARCK, NORTH DAKOTA
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(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, 2014.

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 effective for financial statements for fiscal years beginning after June 15, 2014.

GASB STATEMENT No. 72, "*Fair Value Measurement and Application*" was issued on February 2015. This statement provides guidance on the fair value measurements reported on the financial statements. Fair value is the exit prices based on the unit of account which is the assets or liability in aggregate or disaggregate for measurement, recognition or disclosure purposes. This statement requires a government to use valuation techniques where there is significant data available to measure its fair value. One or more of these valuation techniques should be consistently used: the market approach, the cost approach, or the income approach. These techniques maximize the relevant observable inputs and minimize the use of unobservable inputs. A hierarchy of inputs to valuation techniques is used to measure fair value which has three levels: Level 1 input are quoted prices (unadjusted) in markets with identical assets or liabilities, Level 2 exclude quoted prices that are included in Level 1 that are directly or indirectly observable and Level 3 are unobservable inputs. Investments must be valued at fair value with a few exceptions such as money market investments and 2a7-like external investment pools. This statement also requires donated assets to be measured at acquisition value. Disclosers are required to report fair value measurements, the level of fair value hierarch and valuation techniques. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.

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

**CITY OF BISMARCK, NORTH DAKOTA
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DECEMBER 31, 2014**

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. On March 25, 2015, the parties entered into a stipulation where Haugland agreed to dismiss the remaining claim, with prejudice, costs to neither party. A judgment of dismissal was filed March 26, 2015, thus ending the litigation. The defense of this case was 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 discovery has been completed. It is unlikely that the City has sole liability in this case but if so, the damages would be limited to modification of the storm water improvements in the area to alleviate the concerns of Liechty. This case has progressed to settlement negotiations regarding the remedial dirt work necessary to correct the problem. An appropriate reserve for this case would be \$15,000. The defense of this case is being provided by NDIRF (Randy Bakke).

Charles Odom v. Kenan Kaizer. Charles Odom is an inmate at the State Penitentiary who has sued Kenan Kaizer, a former Bismarck police officer, claiming that Kaizer lied during a probable cause hearing to obtain a search warrant that ultimately led to Odom's arrest on drug charges. This matter has been around for many years and as Odom is pro se, he has been unable to successfully assert a claim. It appears that Kaizer's testimony contained a factual misstatement that would not have affected the outcome of the warrant proceeding or the ultimate arrest and conviction of Odom. In any event, there would be no or little monetary damages if Odom is successful. The federal magistrate has recently recommended dismissal of this case and the federal district judge has adopted his recommendation. Odom has appealed to the 8th Circuit Court of Appeals and the case hasn't been decided. 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. By order dated August 11, 2014, the District Court affirmed the City Commission's decision. This ended the litigation and there was no appeal within the statutory period. The defense of this case was 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 asserted damages in excess of \$50,000. On April 2nd, 2015, the Plaintiff accepted the City's offer to settle this case for the amount of \$14,000. Closing documents are pending. The defense of this case is being provided by NDIRF (Randy Bakke).

William Wedemeyer v. The City of Bismarck, The Bismarck Police Department and Officers Dale Schaffer, Sheldon Welch and Timothy Sass. The above officers responded to a report of a motor vehicle accident at the Kirkwood Mall parking lot where Wedemeyer had hit another vehicle and was attempting to drive away. Onlookers prevented him from leaving and when the officers arrived they found him to be intoxicated and resistive of their attempts to arrest him. Later, Wedemeyer claimed excessive force was employed by the police in subduing him. Mr. Wedemeyer is representing himself. It is unlikely that the City will have any liability in this case and a specific dollar amount has not been requested as this case has been styled as a civil rights violation. The defense of this case is being provided by NDIRF (Scott Porsborg).

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 6,134,210	\$ 114	\$ 614,678	\$ 6,749,002
Investments	8,719,027	124,939	9,748,020	18,591,986
Receivables:				
Taxes receivable	35,797	-	12,263	48,060
Accounts receivable	3,266,502	-	365,227	3,631,729
Special assessments	-	7,237,526	13,784	7,251,310
Notes receivable	-	-	1,143,606	1,143,606
Due from other funds	-	1,498,798	9,490,561	10,989,359
Advances to other funds	1,780,000	32,390	300,000	2,112,390
Restricted assets:				
Investments	-	-	2,663,493	2,663,493
Total assets	<u><u>\$ 19,935,536</u></u>	<u><u>\$ 8,893,767</u></u>	<u><u>\$ 24,351,632</u></u>	<u><u>\$ 53,180,935</u></u>
LIABILITIES				
Accounts payable	\$ 1,288,996	\$ -	\$ 1,597,162	\$ 2,886,158
Retainage payable	-	-	277,958	277,958
Due to other funds	741,745	-	8,465,828	9,207,573
Salaries payable	287,981	-	-	287,981
Unearned revenue	-	32,390	843,606	875,996
Customer deposits	-	-	2,663,493	2,663,493
Total liabilities	<u>2,318,722</u>	<u>32,390</u>	<u>13,848,047</u>	<u>16,199,159</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable special assessment taxes	-	6,455,632	10,443	6,466,075
Unavailable property taxes	27,808	-	7,801	35,609
Total deferred inflows of resources	<u>27,808</u>	<u>6,455,632</u>	<u>18,244</u>	<u>6,501,684</u>
FUND BALANCES				
Nonspendable	1,780,000	32,390	300,000	2,112,390
Restricted	288,366	2,373,355	-	2,661,721
Committed	15,520,640	-	19,924,215	35,444,855
Unassigned	-	-	(9,738,874)	(9,738,874)
Total fund balances	<u>17,589,006</u>	<u>2,405,745</u>	<u>10,485,341</u>	<u>30,480,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 19,935,536</u></u>	<u><u>\$ 8,893,767</u></u>	<u><u>\$ 24,351,632</u></u>	<u><u>\$ 53,180,935</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, 2014**

	Special Revenue Totals	Debt Service Totals	Capital Projects Totals	Totals
REVENUES				
Taxes	\$ 7,958,141	\$ -	\$ 2,088,724	\$ 10,046,865
Licenses and permits	69,523	-	-	69,523
Special assessments	-	1,522,592	461,037	1,983,629
Intergovernmental	9,839,473	-	2,062,591	11,902,064
Charges for services	2,541,289	-	908,377	3,449,666
Fines and forfeits	205,649	-	-	205,649
Investment income	167,640	39,012	163,258	369,910
Rentals	128,270	-	-	128,270
Miscellaneous	343,836	-	-	343,836
Total revenues	<u>21,253,821</u>	<u>1,561,604</u>	<u>5,683,987</u>	<u>28,499,412</u>
EXPENDITURES				
Current				
General government	6,528,069	-	178,422	6,706,491
Public safety	993,571	-	-	993,571
Highways and streets	6,551,272	-	-	6,551,272
Health and welfare	753,407	-	-	753,407
Culture and recreation	1,804,698	-	-	1,804,698
Public works	-	-	1,769,061	1,769,061
Capital outlays				
General government	346,955	-	-	346,955
Public safety	283,579	-	-	283,579
Highways and streets	869,639	-	-	869,639
Culture and recreation	385,722	-	-	385,722
Public works	-	-	22,778,533	22,778,533
Debt service				
Principal	-	1,198,199	-	1,198,199
Interest and fiscal charges	-	214,484	-	214,484
Total expenditures	<u>18,516,912</u>	<u>1,412,683</u>	<u>24,726,016</u>	<u>44,655,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,736,909</u>	<u>148,921</u>	<u>(19,042,029)</u>	<u>(16,156,199)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	1,127,630	-	11,956,728	13,084,358
Transfer out	(4,533,866)	-	(6,861,840)	(11,395,706)
Premium on special assessment debt	-	-	18,507	18,507
Discount on special assessment debt	-	-	(47,329)	(47,329)
Special assessment bonds issued	-	-	6,302,327	6,302,327
Total other financing sources (uses)	<u>(3,406,236)</u>	<u>-</u>	<u>11,368,393</u>	<u>7,962,157</u>
Net changes in fund balances	(669,327)	148,921	(7,673,636)	(8,194,042)
Fund balances - beginning	18,258,333	2,256,824	18,158,977	38,674,134
Fund balances - ending	<u>\$ 17,589,006</u>	<u>\$ 2,405,745</u>	<u>\$ 10,485,341</u>	<u>\$ 30,480,092</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

HOTEL/MOTEL TAX-This fund accounts for the distribution of 85% of the hotel/motel two percent tax collections. Revenues from this fund are passed through to Bismarck/Mandan Convention Visitors Bureau to promote tourism.

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

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

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

GOVERNMENT GRANTS AND ACTIVITIES-This fund accounts for federal and state grants, self-funded activities, and donations.

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
ASSETS					
Cash and cash equivalents	\$ 18	\$ 635,949	\$ 131,933	\$ 2,762,870	\$ 1,585,365
Investments	931	19,418	15,300	4,296,395	81,273
Receivables:					
Taxes receivable	6,764	14,737	-	4,861	-
Accounts receivable	423,148	66,473	-	564,571	152,674
Advanced to other funds	-	-	-	-	-
Total assets	\$ 430,861	\$ 736,577	\$ 147,233	\$ 7,628,697	\$ 1,819,312
LIABILITIES					
Accounts payable	\$ 424,113	\$ 23,748	\$ 152	\$ 72,689	\$ 58,057
Due to other funds	-	-	-	-	-
Salaries payable	-	83,463	-	128,562	25,615
Unearned revenue	-	-	-	-	-
Customer deposits	-	-	-	-	-
Total liabilities	424,113	107,211	152	201,251	83,672
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	5,254	11,451	-	3,779	-
Total deferred inflows of resources	5,254	11,451	-	3,779	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	288,366	-
Committed	1,494	617,915	147,081	7,135,301	1,735,640
Total fund balances	1,494	617,915	147,081	7,423,667	1,735,640
Total liabilities, deferred inflows of resources, and fund balances	\$ 430,861	\$ 736,577	\$ 147,233	\$ 7,628,697	\$ 1,819,312

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,013,902	\$ 2,224	\$ 1,949	\$ -	\$ 6,134,210
Investments	-	237,448	2,894,520	1,173,742	-	8,719,027
Receivables:						
Taxes receivable	-	-	-	9,435	-	35,797
Accounts receivable	127,020	279,849	-	-	1,652,767	3,266,502
Advanced to other funds	-	1,780,000	-	-	-	1,780,000
Total assets	\$ 127,020	\$ 3,311,199	\$ 2,896,744	\$ 1,185,126	\$ 1,652,767	\$ 19,935,536
LIABILITIES						
Accounts payable	\$ 107,967	\$ -	\$ -	\$ 661	\$ 601,609	\$ 1,288,996
Due to other funds	19,053	-	-	-	722,692	741,745
Salaries payable	-	-	-	-	50,341	287,981
Total liabilities	127,020	-	-	661	1,374,642	2,318,722
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	-	-	-	7,324	-	27,808
Total deferred inflows of resources	-	-	-	7,324	-	27,808
FUND BALANCES						
Nonspendable	-	1,780,000	-	-	-	1,780,000
Restricted	-	-	-	-	-	288,366
Committed	-	1,531,199	2,896,744	1,177,141	278,125	15,520,640
Total fund balances	-	3,311,199	2,896,744	1,177,141	278,125	17,589,006
Total liabilities, deferred inflows of resources, and fund balances	\$ 127,020	\$ 3,311,199	\$ 2,896,744	\$ 1,185,126	\$ 1,652,767	\$ 19,935,536

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, 2014

	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
REVENUES					
Taxes	\$ 737,458	\$ 1,564,694	\$ -	\$ 516,397	\$ -
Licenses and permits	-	-	-	1,050	-
Intergovernmental	2,189,506	533,907	-	4,557,500	-
Charges for services	-	73,211	-	279,405	2,170,704
Fines and forfeits	-	36,273	155,206	-	-
Investment income	421	10,779	1,193	67,258	15,309
Rentals	-	6,510	-	100,565	1,995
Miscellaneous	-	5,100	-	31,175	106,431
Total revenues	<u>2,927,385</u>	<u>2,230,474</u>	<u>156,399</u>	<u>5,553,350</u>	<u>2,294,439</u>
EXPENDITURES					
Current					
General government	2,580,384	-	-	-	-
Public safety	-	-	43,059	-	-
Highways and streets	-	-	-	5,015,484	1,529,589
Health and welfare	-	-	-	-	-
Culture and recreation	-	1,780,567	-	-	-
Capital outlays					
General government	346,955	-	-	-	-
Public safety	-	-	21,140	-	-
Highways and streets	-	-	-	799,011	70,628
Culture and recreation	-	373,222	-	-	-
Debt service					
Total expenditures	<u>2,927,339</u>	<u>2,153,789</u>	<u>64,199</u>	<u>5,814,495</u>	<u>1,600,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46</u>	<u>76,685</u>	<u>92,200</u>	<u>(261,145)</u>	<u>694,222</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	346,979	-
Transfer out	-	(41,040)	-	(113,233)	(219,205)
Total other financing sources (uses)	-	<u>(41,040)</u>	-	<u>233,746</u>	<u>(219,205)</u>
Net changes in fund balances	46	35,645	92,200	(27,399)	475,017
Fund balances - beginning	1,448	582,270	54,881	7,451,066	1,260,623
Fund balances - ending	<u>\$ 1,494</u>	<u>\$ 617,915</u>	<u>\$ 147,081</u>	<u>\$ 7,423,667</u>	<u>\$ 1,735,640</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, 2014

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
REVENUES						
Taxes	\$ 1,219,152	\$ 2,882,756	\$ -	\$ 1,037,684	\$ -	\$ 7,958,141
Licenses and permits	-	-	-	-	68,473	69,523
Intergovernmental	-	-	-	39,701	2,518,859	9,839,473
Charges for services	-	-	-	-	17,969	2,541,289
Fines and forfeits	-	-	-	-	14,170	205,649
Investment income	-	29,367	27,649	13,040	2,624	167,640
Rentals	-	19,200	-	-	-	128,270
Miscellaneous	-	-	67,382	-	133,748	343,836
Total revenues	<u>1,219,152</u>	<u>2,931,323</u>	<u>95,031</u>	<u>1,090,425</u>	<u>2,755,843</u>	<u>21,253,821</u>
EXPENDITURES						
Current						
General government	1,036,385	312,538	256,021	1,706,011	636,730	6,528,069
Public safety	-	-	-	-	950,512	993,571
Highways and streets	-	-	-	-	6,199	6,551,272
Health and welfare	-	-	-	-	753,407	753,407
Culture and recreation	-	-	-	-	24,131	1,804,698
Capital outlays	-	-	-	-	-	-
General government	-	-	-	-	-	346,955
Public safety	-	-	-	-	262,439	283,579
Highways and streets	-	-	-	-	-	869,639
Culture and recreation	-	-	-	-	12,500	385,722
Debt service	-	-	-	-	-	-
Total expenditures	<u>1,036,385</u>	<u>312,538</u>	<u>256,021</u>	<u>1,706,011</u>	<u>2,645,918</u>	<u>18,516,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,767</u>	<u>2,618,785</u>	<u>(160,990)</u>	<u>(615,586)</u>	<u>109,925</u>	<u>2,736,909</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	780,651	-	1,127,630
Transfer out	(182,767)	(3,920,143)	-	-	(57,478)	(4,533,866)
Total other financing sources (uses)	<u>(182,767)</u>	<u>(3,920,143)</u>	<u>-</u>	<u>780,651</u>	<u>(57,478)</u>	<u>(3,406,236)</u>
Net changes in fund balances	-	(1,301,358)	(160,990)	165,065	52,447	(669,327)
Fund balances - beginning	-	4,612,557	3,057,734	1,012,076	225,678	18,258,333
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,311,199</u>	<u>\$ 2,896,744</u>	<u>\$ 1,177,141</u>	<u>\$ 278,125</u>	<u>\$ 17,589,006</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 1,448	\$ 1,448	\$ 1,448	\$ -
Resources (inflows)				
Taxes	780,447	780,447	737,458	(42,989)
Intergovernmental	4,015,955	4,015,955	2,189,506	(1,826,449)
Investment income	300	300	421	121
Amount available for appropriation	<u>4,798,150</u>	<u>4,798,150</u>	<u>2,928,833</u>	<u>(1,869,317)</u>
Charges to appropriations (outflows)				
General government	4,796,702	4,796,702	2,927,339	1,869,363
Total charges to appropriations	<u>4,796,702</u>	<u>4,796,702</u>	<u>2,927,339</u>	<u>1,869,363</u>
Budgetary Fund Balance, December 31	<u>\$ 1,448</u>	<u>\$ 1,448</u>	<u>\$ 1,494</u>	<u>\$ 46</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 582,270	\$ 582,270	\$ 582,270	\$ -
Resources (inflows)				
Taxes	1,659,391	1,659,391	1,564,694	(94,697)
Intergovernmental	592,050	592,050	533,907	(58,143)
Charges for services	82,000	82,000	73,211	(8,789)
Fines and forfeits	38,100	38,100	36,273	(1,827)
Investment income	4,600	4,600	10,779	6,179
Rentals	5,000	5,000	6,510	1,510
Miscellaneous	4,150	4,150	5,100	950
Amount available for appropriation	<u>2,967,561</u>	<u>2,967,561</u>	<u>2,812,744</u>	<u>(154,817)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,268,350	2,268,350	2,150,853	117,497
Transfer out	41,040	41,040	41,040	-
Total charges to appropriations	<u>2,309,390</u>	<u>2,309,390</u>	<u>2,191,893</u>	<u>117,497</u>
Budgetary Fund Balance, December 31	<u>\$ 658,171</u>	<u>\$ 658,171</u>	<u>\$ 620,851</u>	<u>\$ (37,320)</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, 2014**

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	\$ 2,812,744
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>(582,270)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,230,474</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,191,893
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	2,936
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(41,040)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,153,789</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 54,881	\$ 54,881	\$ 54,881	\$ -
Resources (inflows)				
Fines and forfeits	50,000	50,000	155,206	105,206
Investment income	500	500	1,193	693
Amount available for appropriation	<u>105,381</u>	<u>105,381</u>	<u>211,280</u>	<u>105,899</u>
Charges to appropriations (outflows)				
Public safety	<u>69,655</u>	<u>69,655</u>	<u>64,199</u>	<u>5,456</u>
Total charges to appropriations	<u>69,655</u>	<u>69,655</u>	<u>64,199</u>	<u>6,342</u>
Budgetary Fund Balance, December 31	<u>\$ 35,726</u>	<u>\$ 35,726</u>	<u>\$ 147,081</u>	<u>\$ 112,241</u>

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 7,451,066	\$ 7,451,066	\$ 7,451,066	\$ -
Resources (inflows)				
Taxes	543,586	543,586	516,397	(27,189)
Licenses and permits	1,000	1,000	1,050	50
Intergovernmental	4,667,256	4,667,256	4,557,500	(109,756)
Charges for services	259,067	259,067	279,405	20,338
Investment income	16,000	16,000	67,258	51,258
Rentals	91,048	91,048	100,565	9,517
Miscellaneous	12,000	12,000	31,175	19,175
Transfer in	463,753	463,753	346,979	(116,774)
Amount available for appropriation	<u>13,504,776</u>	<u>13,504,776</u>	<u>13,351,395</u>	<u>(153,381)</u>
Charges to appropriations (outflows)				
Highways and streets	6,843,969	6,843,969	5,808,697	1,035,272
Transfer out	118,633	118,633	113,233	5,400
Total charges to appropriations	<u>6,962,602</u>	<u>6,962,602</u>	<u>5,921,930</u>	<u>1,040,672</u>
Budgetary Fund Balance, December 31	<u>\$ 6,542,174</u>	<u>\$ 6,542,174</u>	<u>\$ 7,429,465</u>	<u>\$ 887,291</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, 2014

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	\$ 13,351,395
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	(7,451,066)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(346,979)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,553,350</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,921,930
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	5,798
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(113,233)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,814,495</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, 2014

	<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	\$ 1,260,623	\$ 1,260,623	\$ 1,260,623	\$ -
Resources (inflows)				
Charges for services	2,175,803	2,175,803	2,170,704	(5,099)
Investment income	2,000	2,000	15,309	13,309
Rentals	2,300	2,300	1,995	(305)
Miscellaneous	84,082	84,082	106,431	22,349
Amount available for appropriation	<u>3,524,808</u>	<u>3,524,808</u>	<u>3,555,062</u>	<u>30,254</u>
Charges to appropriations (outflows)				
Highways and streets	1,744,076	1,744,076	1,597,962	146,114
Transfer out	574,873	574,873	219,205	355,668
Total charges to appropriations	<u>2,318,949</u>	<u>2,318,949</u>	<u>1,817,167</u>	<u>501,782</u>
Budgetary Fund Balance, December 31	<u>\$ 1,205,859</u>	<u>\$ 1,205,859</u>	<u>\$ 1,737,895</u>	<u>\$ 532,036</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, 2014**

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	\$ 3,555,062
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	(1,260,623)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,294,439</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,817,167
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	2,255
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(219,205)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,600,217</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>1,214,000</u>	<u>1,214,000</u>	<u>1,219,152</u>	<u>5,152</u>
Amount available for appropriation	<u>1,214,000</u>	<u>1,214,000</u>	<u>1,219,152</u>	<u>5,152</u>
Charges to appropriations (outflows)				
General government	1,031,900	1,036,900	1,036,385	515
Transfer out	<u>182,100</u>	<u>183,100</u>	<u>182,767</u>	<u>333</u>
Total charges to appropriations	<u>1,214,000</u>	<u>1,220,000</u>	<u>1,219,152</u>	<u>848</u>
Budgetary Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ (6,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,000</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, 2014

	<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	\$ 4,612,557	\$4,612,557	\$ 4,612,557	\$ -
Resources (inflows)				
Taxes	2,624,000	2,624,000	2,882,756	258,756
Investment income	8,937	8,937	29,367	20,430
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>7,264,694</u>	<u>7,264,694</u>	<u>7,543,880</u>	<u>279,186</u>
Charges to appropriations (outflows)				
General government	381,450	351,450	330,038	21,412
Debt service	850	850	-	850
Transfer out	3,629,770	3,923,602	3,920,143	3,459
Total charges to appropriations	<u>4,012,070</u>	<u>4,275,902</u>	<u>4,250,181</u>	<u>25,721</u>
Budgetary Fund Balance, December 31	<u>\$ 3,252,624</u>	<u>\$2,988,792</u>	<u>\$ 3,293,699</u>	<u>\$ 304,907</u>

CITY OF BISMARCK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Lodging/Liquor/Food Tax
FOR YEAR ENDED DECEMBER 31, 2014

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

Sources/inflows of resources	<u>Lodging/ Liquor/ Food Tax</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,543,880
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	(4,612,557)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,931,323</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,250,181
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	(17,500)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(3,920,143)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 312,538</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
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 3,057,734	\$ 3,057,734	\$ 3,057,734	\$ -
Resources (inflows)				
Investment income	10,033	10,033	27,649	17,616
Miscellaneous	-	-	67,382	67,382
Amount available for appropriation	<u>3,067,767</u>	<u>3,067,767</u>	<u>3,152,765</u>	<u>84,998</u>
Charges to appropriations (outflows)				
General government	<u>3,482,806</u>	<u>3,482,806</u>	<u>256,021</u>	<u>3,226,785</u>
Total charges to appropriations	<u>3,482,806</u>	<u>3,482,806</u>	<u>256,021</u>	<u>3,226,785</u>
Budgetary Fund Balance, December 31	<u><u>\$ (415,039)</u></u>	<u><u>\$ (415,039)</u></u>	<u><u>\$ 2,896,744</u></u>	<u><u>\$ 3,311,783</u></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, 2014

	<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	\$ 1,012,076	\$ 1,012,076	\$ 1,012,076	\$ -
Resources (inflows)				
Taxes	1,084,646	1,084,646	1,037,684	(46,962)
Intergovernmental	17,115	17,115	39,701	22,586
Investment income	5,000	5,000	13,040	8,040
Transfer in	808,481	808,481	780,651	(27,830)
Amount available for appropriation	<u>2,927,318</u>	<u>2,927,318</u>	<u>2,883,152</u>	<u>(44,166)</u>
Charges to appropriations (outflows)				
General government	<u>1,751,466</u>	<u>1,751,466</u>	<u>1,706,011</u>	<u>45,455</u>
Total charges to appropriations	<u>1,751,466</u>	<u>1,751,466</u>	<u>1,706,011</u>	<u>45,455</u>
Budgetary Fund Balance, December 31	<u>\$ 1,175,852</u>	<u>\$ 1,175,852</u>	<u>\$ 1,177,141</u>	<u>\$ 1,289</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 225,678	\$ 225,678	\$ 225,678	\$ -
Resources (inflows)				
Licenses and permits	100,500	10,500	68,473	57,973
Intergovernmental	4,051,560	4,051,560	2,518,859	(1,532,701)
Charges for services	248,311	248,311	17,969	(230,342)
Fines and forfeits	1,000	1,000	14,170	13,170
Investment income	1,518	1,518	2,624	1,106
Miscellaneous	76,100	76,100	133,748	57,648
Amount available for appropriation	<u>4,704,667</u>	<u>4,614,667</u>	<u>2,981,521</u>	<u>(1,633,146)</u>
Charges to appropriations (outflows)				
General government	1,088,501	809,669	636,378	173,291
Public safety	1,825,019	1,825,019	1,207,398	617,621
Highways and streets	119,050	119,050	6,199	112,851
Health and welfare	1,322,876	1,322,376	771,049	551,327
Culture and recreation	55,882	55,882	36,631	19,251
Transfer out	57,049	57,549	57,478	71
Total charges to appropriations	<u>4,468,377</u>	<u>4,189,545</u>	<u>2,715,133</u>	<u>1,474,412</u>
Budgetary Fund Balance, December 31	<u>\$ 236,290</u>	<u>\$ 425,122</u>	<u>\$ 266,388</u>	<u>\$ (158,734)</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, 2014**

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	\$	2,981,521
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>(225,678)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	<u><u>2,755,843</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	2,715,133
Differences - Budget to GAAP		
The City budgets for salaries are on the cash basis rather than on the modified accrual basis		(11,737)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		<u>(57,478)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	<u><u>2,645,918</u></u>

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

MAJOR DEBT SERVICE FUNDS

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

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

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

CITY OF BISMARCK, NORTH DAKOTA
 MAJOR DEBT SERVICE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 STREET IMPROVEMENT BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 12,117,163	\$ 12,117,163	\$ 12,117,163	\$ -
Resources (inflows)				
Special assessments	8,897,493	8,897,493	10,873,751	1,976,258
Investment income	437,800	437,800	198,257	(239,543)
Transfer in	250,000	250,000	-	(250,000)
Premium on special assessment debt	50,000	50,000	-	(50,000)
Amount available for appropriation	<u>21,752,456</u>	<u>21,752,456</u>	<u>23,189,171</u>	<u>1,436,715</u>
Charges to appropriations (outflows)				
Principal	7,882,528	7,882,528	7,761,104	121,424
Interest and fiscal charges	1,253,662	1,478,662	1,477,465	1,197
Discount on special assessment debt	50,000	50,000	-	50,000
Transfer out	250,000	25,000	-	25,000
Total charges to appropriations	<u>9,436,190</u>	<u>9,436,190</u>	<u>9,238,569</u>	<u>197,621</u>
Budgetary Fund Balance, December 31	<u>\$ 12,316,266</u>	<u>\$ 12,316,266</u>	<u>\$ 13,950,602</u>	<u>\$ 1,634,336</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, 2014**

	<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	\$ 2,960,900	\$ 2,960,900	\$ 2,960,900	\$ -
Resources (inflows)				
Special assessments	2,135,946	2,135,946	2,631,201	495,255
Investment income	79,900	79,900	62,997	(16,903)
Transfer in	150,000	150,000	-	(150,000)
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>7,871,746</u>	<u>7,871,746</u>	<u>5,655,098</u>	<u>(2,216,648)</u>
Charges to appropriations (outflows)				
Principal	1,697,637	1,701,637	1,700,697	940
Interest and fiscal charges	410,569	416,569	416,171	398
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	140,000	-	140,000
Total charges to appropriations	<u>4,803,206</u>	<u>4,803,206</u>	<u>2,116,868</u>	<u>2,686,338</u>
Budgetary Fund Balance, December 31	<u>\$ 3,068,540</u>	<u>\$ 3,068,540</u>	<u>\$ 3,538,230</u>	<u>\$ 469,690</u>

NONMAJOR DEBT SERVICE FUNDS

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2014**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 114	\$ -	\$ 114
Investments	124,939	-	124,939
Receivables:			
Special assessments	886,238	6,351,288	7,237,526
Due from other funds	401,163	1,097,635	1,498,798
Advance to other funds	32,390	-	32,390
Total assets	<u><u>\$ 1,444,844</u></u>	<u><u>\$ 7,448,923</u></u>	<u><u>\$ 8,893,767</u></u>
LIABILITIES			
Unearned revenue	\$ 32,390	\$ -	\$ 32,390
Total liabilities	<u>32,390</u>	<u>-</u>	<u>32,390</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable special assessment taxes	809,352	5,646,280	6,455,632
Total deferred inflows of resources	<u>809,352</u>	<u>5,646,280</u>	<u>6,455,632</u>
FUND BALANCES			
Nonspendable	32,390	-	32,390
Restricted	570,712	1,802,643	2,373,355
Total fund balances	<u>603,102</u>	<u>1,802,643</u>	<u>2,405,745</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,444,844</u></u>	<u><u>\$ 7,448,923</u></u>	<u><u>\$ 8,893,767</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, 2014

REVENUES	Watermain Bonds	Sidewalk Bonds	Total Debt Service
Special assessments	\$ 269,374	\$ 1,253,218	\$ 1,522,592
Investment income	5,694	33,318	39,012
Total revenues	<u>275,068</u>	<u>1,286,536</u>	<u>1,561,604</u>
EXPENDITURES			
Debt service			
Principal	193,199	1,005,000	1,198,199
Interest and fiscal charges	49,088	165,396	214,484
Total expenditures	<u>242,287</u>	<u>1,170,396</u>	<u>1,412,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,781</u>	<u>116,140</u>	<u>148,921</u>
Net changes in fund balances	32,781	116,140	148,921
Fund balances - beginning	570,321	1,686,503	2,256,824
Fund balances - ending	<u>\$ 603,102</u>	<u>\$ 1,802,643</u>	<u>\$ 2,405,745</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
WATERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 570,321	\$ 570,321	\$ 570,321	\$ -
Resources (inflows)				
Special assessments	169,338	169,338	269,374	100,036
Investment income	850	850	5,694	4,844
Transfer in	250,000	250,000	-	(250,000)
Premium on special assessment debt	5,000	5,000	-	(5,000)
Amount available for appropriation	<u>995,509</u>	<u>995,509</u>	<u>845,389</u>	<u>(150,120)</u>
Charges to appropriations (outflows)				
Principal	191,654	193,254	193,199	55
Interest and fiscal charges	51,022	49,422	49,088	334
Discount on special assessment debt	5,000	5,000	-	5,000
Transfer out	250,000	250,000	-	250,000
Total charges to appropriations	<u>497,676</u>	<u>497,676</u>	<u>242,287</u>	<u>255,389</u>
Budgetary Fund Balance, December 31	<u>\$ 497,833</u>	<u>\$ 497,833</u>	<u>\$ 603,102</u>	<u>\$ 105,269</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, 2014

	<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	\$ 1,686,503	\$1,686,503	\$ 1,686,503	\$ -
Resources (inflows)				
Special assessments	1,049,433	1,049,433	1,253,218	203,785
Investment income	73,300	73,300	33,318	(39,982)
Transfer in	25,000	25,000	-	(25,000)
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>2,844,236</u>	<u>2,844,236</u>	<u>2,973,039</u>	<u>128,803</u>
Charges to appropriations (outflows)				
Principal	1,045,000	1,005,000	1,005,000	-
Interest and fiscal charges	122,593	167,593	165,396	2,197
Discount on special assessment debt	10,000	10,000	-	10,000
Transfer out	25,000	20,000	-	20,000
Total charges to appropriations	<u>1,202,593</u>	<u>1,202,593</u>	<u>1,170,396</u>	<u>32,197</u>
Budgetary Fund Balance, December 31	<u>\$ 1,641,643</u>	<u>\$1,641,643</u>	<u>\$ 1,802,643</u>	<u>\$ 161,000</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

STREET LIGHT/SIGNALS-This fund accounts for the construction and improvements to the street lights and traffic signals systems. Financing is provided by the General Fund and Street Light/Traffic Signal Special Revenue Fund.

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

FLOOD CONSTRUCTION-This fund accounts for the construction of flood mitigation projects.

SEWERMAIN CONSTRUCTION-This fund accounts for the construction of sewer mains. Financing is provided by the proceeds from the special assessment bonds.

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

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

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

(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2014**

	Special Deficiency/ Assumptions	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,723	\$ 67	\$ 612,888
Investments	-	-	-	1,596,073	291,032	7,657,344
Receivables:						
Taxes receivable	6,766	5,497	-	-	-	-
Accounts receivable	-	-	58,257	-	-	115,170
Special assessments	13,784	-	-	-	-	-
Notes receivable	-	-	1,143,606	-	-	-
Due from other funds	3,103,110	-	-	-	-	6,387,451
Advance to other funds	-	300,000	-	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Total assets	<u>\$ 3,123,660</u>	<u>\$ 305,497</u>	<u>\$ 1,201,863</u>	<u>\$ 1,597,796</u>	<u>\$ 291,099</u>	<u>\$ 14,772,853</u>
LIABILITIES						
Accounts payable	-	\$ 709,264	\$ 33,449	\$ 40,819	-	\$ 294,390
Retainage payable	-	-	-	13,851	-	-
Due to other funds	-	576,175	24,808	-	-	-
Unearned revenue	-	-	843,606	-	-	-
Customer deposits	-	-	-	-	-	-
Total liabilities	-	<u>1,285,439</u>	<u>901,863</u>	<u>54,670</u>	-	<u>294,390</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable special assessment taxes	10,443	-	-	-	-	-
Unavailable property taxes	5,261	2,540	-	-	-	-
Total deferred inflows of resources	<u>15,704</u>	<u>2,540</u>	-	-	-	-
FUND BALANCES						
Nonspendable	-	300,000	-	-	-	-
Committed	3,107,956	-	300,000	1,543,126	291,099	14,478,463
Unassigned	-	(1,282,482)	-	-	-	-
Total fund balances	<u>3,107,956</u>	<u>(982,482)</u>	<u>300,000</u>	<u>1,543,126</u>	<u>291,099</u>	<u>14,478,463</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,123,660</u>	<u>\$ 305,497</u>	<u>\$ 1,201,863</u>	<u>\$ 1,597,796</u>	<u>\$ 291,099</u>	<u>\$ 14,772,853</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2014**

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Development	Commerce Development	Total Capital Projects
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,678
Investments	-	-	-	-	-	9,748,020
Receivables:						
Taxes receivable	-	-	-	-	-	12,263
Accounts receivable	191,800	-	-	-	-	365,227
Special assessments	-	-	-	-	-	13,784
Notes receivable	-	-	-	-	-	1,143,606
Due from other funds	-	-	-	-	-	9,490,561
Advance to other funds	-	-	-	-	-	300,000
Restricted assets:						
Investments	-	-	-	2,663,493	-	2,663,493
Total assets	\$ 191,800	\$ -	\$ -	\$ 2,663,493	\$ 203,571	\$ 24,351,632
LIABILITIES						
Accounts payable	\$ -	\$ 441,507	\$ -	\$ 77,733	\$ -	\$ 1,597,162
Retainage payable	-	235,004	29,103	-	-	277,958
Due to other funds	482,795	5,186,785	401,163	1,794,102	-	8,465,828
Unearned revenue	-	-	-	-	-	843,606
Customer deposits	-	-	-	2,663,493	-	2,663,493
Total liabilities	482,795	5,863,296	430,266	4,535,328	-	13,848,047
DEFERRED INFLOWS OF RESOURCES						
Unavailable special assessment taxes	-	-	-	-	-	10,443
Unavailable property taxes	-	-	-	-	-	7,801
Total deferred inflows of resources	-	-	-	-	-	18,244
FUND BALANCES						
Nonspendable	-	-	-	-	-	300,000
Committed	-	-	-	-	203,571	19,924,215
Unassigned	(290,995)	(5,863,296)	(430,266)	(1,871,835)	-	(9,738,874)
Total fund balances	(290,995)	(5,863,296)	(430,266)	(1,871,835)	203,571	10,485,341
Total liabilities, deferred inflows of resources, and fund balances	\$ 191,800	\$ -	\$ -	\$ 2,663,493	\$ 203,571	\$ 24,351,632

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, 2014

	Special Deficiency/ Assumption	Tax Increment	Community Development	Building Improvements	Street Light/Signals	Highway Construction
REVENUES						
Taxes	\$ 738,928	\$ 1,349,796	\$ -	\$ -	\$ -	\$ -
Special assessments	9,053	-	-	-	-	-
Intergovernmental	20,398	-	839,081	-	-	389,493
Charges for services	908,377	-	-	-	-	-
Investment income	-	28,485	-	1,369	-	133,404
Total revenues	1,676,756	1,378,281	839,081	1,369	-	522,897
EXPENDITURES						
Current						
General government	178,422	-	-	-	-	-
Public works	-	45,932	767,485	126	65,319	312,815
Capital outlays	-	-	-	-	-	-
Public works	-	6,812,227	-	553,802	116,084	3,257,472
Total expenditures	178,422	6,858,159	767,485	553,928	181,403	3,570,287
Excess (deficiency) of revenues over (under) expenditures	1,498,334	(5,479,878)	71,596	(552,559)	(181,403)	(3,047,390)
OTHER FINANCING SOURCES (USES)						
Transfer in	-	68,665	-	1,574,000	191,553	8,961,697
Transfer out	(903,626)	(132,667)	(71,596)	-	-	(5,753,951)
Premium on special assessment debt	-	-	-	-	-	-
Discount on special assessment funds	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	(903,626)	(64,002)	(71,596)	1,574,000	191,553	3,207,746
Net changes in fund balances	594,708	(5,543,880)	-	1,021,441	10,150	160,356
Fund balances - beginning	2,513,248	4,561,398	300,000	521,685	280,949	14,318,107
Fund balances - ending	\$ 3,107,956	\$ (982,482)	\$ 300,000	\$ 1,543,126	\$ 291,099	\$ 14,478,463

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, 2014

	Flood Construction	Sewermain Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,088,724
Special assessments	-	188,163	193,250	70,571	-	461,037
Intergovernmental	-	813,619	-	-	-	2,062,591
Charges for services	-	-	-	-	-	908,377
Investment income	-	-	-	-	-	163,258
Total revenues	-	1,001,782	193,250	70,571	-	5,683,987
EXPENDITURES						
Current						
General government	-	-	-	-	-	178,422
Public works	163,132	379,449	1,096	33,707	-	1,769,061
Capital outlays	-	-	-	-	-	-
Public works	-	9,243,967	598,553	2,196,428	-	22,778,533
Total expenditures	163,132	9,623,416	599,649	2,230,135	-	24,726,016
Excess (deficiency) of revenues over (under) expenditures	(163,132)	(8,621,634)	(406,399)	(2,159,564)	-	(19,042,029)
OTHER FINANCING SOURCES (USES)						
Transfer in	-	1,160,813	-	-	-	11,956,728
Transfer out	-	-	-	-	-	(6,861,840)
Premium on special assessment debt	-	-	-	18,507	-	18,507
Discount on special assessment funds	-	(47,155)	(174)	-	-	(47,329)
Special assessment bonds issued	-	4,450,877	16,450	1,835,000	-	6,302,327
Total other financing sources (uses)	-	5,564,535	16,276	1,853,507	-	11,368,393
Net changes in fund balances	(163,132)	(3,057,099)	(390,123)	(306,057)	-	(7,673,636)
Fund balances - beginning	(127,863)	(2,806,197)	(40,143)	(1,565,778)	203,571	18,158,977
Fund balances - ending	(290,995)	(5,863,296)	(430,266)	(1,871,835)	203,571	10,485,341

NONMAJOR ENTERPRISE FUNDS

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

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

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

COMMERCIAL PROPERTY-This fund accounts for the retail properties at the Bowen Avenue Commercial Center.

NORTHERN PLAINS COMMERCE CENTRE-This fund accounts for the operations of the northern plains commerce centre.

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2014

(Continued on next page)

	Solid Waste Disposal	Solid Waste Collections	Commercial Property	Northern Plains Commerce Centre	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,133,139	\$ 1,929,910	\$ 267,549	\$ 3,773,869	\$ 9,104,467
Investments	6,183,276	97,150	165,360	5,045,283	11,491,069
Receivables:					
Accounts receivable	349,894	251,030	-	-	600,924
Special assessments	-	-	-	-	-
Interest receivable	8,570	1,857	397	8,109	18,933
Prepaid items	8,680	3,045	63	-	11,788
Total current assets	<u>9,683,559</u>	<u>2,282,992</u>	<u>433,369</u>	<u>8,827,261</u>	<u>21,227,181</u>
Noncurrent assets:					
Capital assets not being depreciated					
Land	395,247	603,338	259,000	256,266	1,513,851
Construction in progress	6,262	-	-	-	6,262
Capital assets (net of accumulated depreciation)					
Building and building improvements	3,747,182	-	1,365,609	-	5,112,791
Improvements other than buildings	2,942,091	8,143	-	7,343,154	10,293,388
Machinery and equipment	1,165,294	2,112,383	-	-	3,277,677
Total noncurrent assets	<u>8,256,076</u>	<u>2,723,864</u>	<u>1,624,609</u>	<u>7,599,420</u>	<u>20,203,969</u>
Total assets	<u>\$17,939,635</u>	<u>\$ 5,006,856</u>	<u>\$ 2,057,978</u>	<u>\$ 16,426,681</u>	<u>\$ 41,431,150</u>

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2014

(Continued from previous page)

	Solid Waste Disposal	Solid Waste Collections	Commercial Property	Northern Plains Commerce Centre	Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 19,245	\$ 91,533	\$ 27,928	\$ 6,593	\$ 145,299
Compensated benefits payable	41,154	63,858	-	-	105,012
Salaries payable	56,984	74,775	-	-	131,759
Total current liabilities	117,383	230,166	27,928	6,593	382,070
Long-term liabilities:					
Advances from other funds	-	-	1,780,000	-	1,780,000
Customer deposits	1,590	-	2,950	-	4,540
Compensated benefits payable	45,865	44,250	-	-	90,115
Accrued closure/post closure costs	1,654,149	-	-	-	1,654,149
Total long-term liabilities	1,701,604	44,250	1,782,950	-	3,528,804
Total liabilities	1,818,987	274,416	1,810,878	6,593	3,910,874
NET POSITION					
Net investment in Capital Assets	8,256,076	2,723,864	1,624,609	7,599,420	20,203,969
Unrestricted	7,864,572	2,008,576	(1,377,509)	8,820,668	17,316,307
Total net position	\$16,120,648	\$ 4,732,440	\$ 247,100	\$ 16,420,088	\$ 37,520,276

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, 2014

	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Commercial Property</u>	<u>Northern Plains Commerce Centre</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services:					
Sanitation fees	\$ 4,104,042	\$ 3,224,143	-	-	\$ 7,328,185
Miscellaneous sales	16,362	23,386	-	-	39,748
Rentals	81,531	2,666	176,915	59,032	320,144
Total operating revenues	<u>4,201,935</u>	<u>3,250,195</u>	<u>176,915</u>	<u>59,032</u>	<u>7,688,077</u>
OPERATING EXPENSES					
Personal services - salaries & wages	682,702	998,391	-	-	1,681,093
Personal services - fringe benefits	225,069	342,793	-	-	567,862
Professional, legal, and contracted services	121,235	1,799	8,018	36,926	167,978
Building, equipment, and vehicle services	559,147	394,638	42,958	6,577	1,003,320
Travel & training	2,053	1,983	-	-	4,036
Operating services	338,459	809,713	2,493	583	1,151,248
Operating supplies	244,865	287,589	780	-	533,234
Depreciation expense	546,258	308,015	53,033	233,685	1,140,991
Total operating expenses	<u>2,719,788</u>	<u>3,144,921</u>	<u>107,282</u>	<u>277,771</u>	<u>6,249,762</u>
Operating income (loss)	<u>1,482,147</u>	<u>105,274</u>	<u>69,633</u>	<u>(218,739)</u>	<u>1,438,315</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	44,302	(29,421)	-	1,990,822	2,005,703
Investment income	77,450	19,955	3,388	76,962	177,755
Interest and fiscal charges	(829)	-	-	-	(829)
Total nonoperating revenues (expenses)	<u>120,923</u>	<u>(9,466)</u>	<u>3,388</u>	<u>2,067,784</u>	<u>2,182,629</u>
Income (loss) before contributions and transfers	<u>1,603,070</u>	<u>95,808</u>	<u>73,021</u>	<u>1,849,045</u>	<u>3,620,944</u>
TRANSFERS OUT					
Change in net position	<u>(253,613)</u>	<u>(110,612)</u>	<u>(23,063)</u>	<u>(6,598)</u>	<u>(393,886)</u>
Total net position - beginning	<u>1,349,457</u>	<u>(14,804)</u>	<u>49,958</u>	<u>1,842,447</u>	<u>3,227,058</u>
Total net position - ending	<u>14,771,191</u>	<u>4,747,244</u>	<u>197,142</u>	<u>14,577,641</u>	<u>34,293,218</u>
Total net position - ending	<u>\$ 16,120,648</u>	<u>\$ 4,732,440</u>	<u>\$ 247,100</u>	<u>\$ 16,420,088</u>	<u>\$ 37,520,276</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Solid Waste Disposal	Solid Waste Collections	Commercial Property	Northern Plains Commerce Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,120,246	\$ 3,188,971	\$ 176,915	\$ 48,651	\$ 7,534,783
Payments to suppliers	(1,465,712)	(1,750,956)	(30,037)	(39,942)	(3,286,647)
Payments to employees	(676,726)	(987,174)	-	-	(1,663,900)
Net cash provided (used) by operating activities	<u>1,977,808</u>	<u>450,841</u>	<u>146,878</u>	<u>8,709</u>	<u>2,584,236</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(253,613)	(110,612)	(23,063)	(6,598)	(393,886)
Net cash provided (used) by noncapital financing activities	<u>(253,613)</u>	<u>(110,612)</u>	<u>(23,063)</u>	<u>(6,598)</u>	<u>(393,886)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital lease payment	(1,078)	-	-	-	(1,078)
Interest paid	(829)	-	-	-	(829)
Proceeds from sale of capital assets	44,302	(29,421)	-	3,056,183	3,071,064
Purchase of capital assets	(261,035)	(260,503)	-	-	(521,538)
Construction of capital assets	-	-	-	(268,399)	(268,399)
Net cash provided (used) by capital and related financing activities	<u>(218,640)</u>	<u>(289,924)</u>	<u>-</u>	<u>2,787,784</u>	<u>2,279,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	415,118	429,658	186,221	5,004,242	6,035,239
Purchase of investments	(6,183,276)	(97,150)	(165,360)	(5,045,283)	(11,491,069)
Investment income	65,152	17,300	2,766	60,559	145,777
Net cash provided (used) by investing activities	<u>(5,703,006)</u>	<u>349,808</u>	<u>23,627</u>	<u>19,518</u>	<u>(5,310,053)</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,197,451)</u>	<u>400,113</u>	<u>147,442</u>	<u>2,809,413</u>	<u>(840,483)</u>
Cash and cash equivalents - January 1	7,330,590	1,529,797	120,107	964,456	9,944,950
Cash and cash equivalents - December 31	<u>\$ 3,133,139</u>	<u>\$ 1,929,910</u>	<u>\$ 267,549</u>	<u>\$ 3,773,869</u>	<u>\$ 9,104,467</u>

Reconciliation of operating income to net cash provided (used) by operating activities	\$ 1,482,147	\$ 105,274	\$ 69,633	\$ (218,739)	\$ 1,438,315
Operating income (loss)					
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	546,258	308,015	53,033	233,685	1,140,991
(Increase) decrease in accounts receivable	(82,484)	(59,174)	-	-	(141,658)
(Increase) decrease in prepaid items	1,613	316	1,182	434	3,545
Increase (decrease) in customer deposits	795	(2,050)	-	-	(1,255)
Increase (decrease) in accounts payable	(151,644)	87,243	23,030	3,710	(37,661)
Increase (decrease) in compensated benefits payable	(1,718)	3,597	-	-	1,879
Increase (decrease) in salaries payable	7,694	7,620	-	-	15,314
Increase (decrease) in deferred revenue	-	-	-	(10,381)	(10,381)
Increase in closure and post closure costs	175,147	-	-	-	175,147
Total adjustments	<u>495,661</u>	<u>345,567</u>	<u>77,245</u>	<u>227,448</u>	<u>1,145,921</u>
Net cash provided (used) by operating activities	<u>\$ 1,977,808</u>	<u>\$ 450,841</u>	<u>\$ 146,878</u>	<u>\$ 8,709</u>	<u>\$ 2,584,236</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:					
Increase in fair value of investments	12,745	3,052	545	12,019	28,361

NONMAJOR INTERNAL SERVICE FUNDS

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

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

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

WORKFORCE SAFETY INSURANCE-This fund provides workers compensation coverage for all employees through the North Dakota Workforce Safety.

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

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

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

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2014

	Fleet Services	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 80,255	\$ 923	\$ 2,381	\$ 4,001,180	\$ 133,822	\$ 4,218,561
Investments	80,944	74,544	330,945	1,881,649	124,839	2,492,921
Receivables:						
Accounts receivable	2,495	-	-	1,775	592,279	596,549
Inventories	296,933	-	-	-	-	296,933
Prepaid items	2,386	-	1,490	-	-	3,876
Total current assets	463,013	75,467	334,816	5,884,604	850,940	7,608,840
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	9,220	-	-	-	-	9,220
Total noncurrent assets	9,220	-	-	-	-	9,220
Total assets	472,233	75,467	334,816	5,884,604	850,940	7,618,060
LIABILITIES						
Current liabilities:						
Accounts payable	57,697	-	-	9,367	844,073	911,137
Due to other entities	-	-	-	-	8,360	8,360
Salaries payable	31,725	-	-	-	-	31,725
Claims and judgments payable	-	-	-	355,000	-	355,000
Total current liabilities:	89,422	-	-	364,367	852,433	1,306,222
NET POSITION						
Net investment in Capital Assets	9,220	-	-	-	-	9,220
Unrestricted	373,591	75,467	334,816	5,520,237	(1,493)	6,302,618
Total net position	\$ 382,811	\$ 75,467	\$ 334,816	\$ 5,520,237	\$ (1,493)	\$ 6,311,838

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, 2014

	Fleet Service	Liability Insurance	Workforce Safety Insurance	Employee Insurance	Revolving	Total
OPERATING REVENUES						
Charges for services	\$ 1,179,228	-	\$ -	\$ -	-	\$ 1,179,228
Sale of gas and oil	1,851,484	-	-	-	-	1,851,484
Sale of parts and labor	2,954	38,796	-	32,614	109,455	183,819
Miscellaneous sales	20,755	-	-	-	-	20,755
Rentals	-	-	-	6,243,539	-	6,243,539
Employer contributions	-	-	-	91,041	-	91,041
Employee contributions	-	-	-	6,367,194	109,455	9,569,866
Total operating revenues	3,054,421	38,796	-	6,367,194	109,455	9,569,866
OPERATING EXPENSES						
Cost of goods sold	2,131,543	-	-	-	-	2,131,543
Personal services - salaries & wages	437,949	-	-	-	-	437,949
Personal services - fringe benefits	147,127	-	84,947	112,629	-	344,703
Professional, legal, and contracted services	700	30	10	993	-	1,733
Building, equipment, and vehicle services	197,581	-	-	-	122,515	320,096
Travel & training	2,376	-	-	-	-	2,376
Operating services	12,417	189,153	-	5,777,262	118	5,978,950
Operating supplies	17,434	-	-	250	-	17,684
Depreciation expense	3,426	-	-	-	-	3,426
Total operating expenses	2,950,553	189,183	84,957	5,891,134	122,633	9,238,460
Operating income (loss)	103,868	(150,387)	(84,957)	476,060	(13,178)	331,406
NONOPERATING REVENUES (EXPENSES)						
Investment income	1,307	1,474	2,718	50,875	-	56,374
Total nonoperating revenues (expenses)	1,307	1,474	2,718	50,875	-	56,374
Income (loss) before contributions and transfe	105,175	(148,913)	(82,239)	526,935	(13,178)	387,780
TRANSFER IN	-	144,000	-	-	-	144,000
TRANSFER OUT	(73,850)	(20,092)	(3,547)	(47,381)	-	(144,870)
Change in net position	31,325	(25,005)	(85,786)	479,554	(13,178)	386,910
Total net position - beginning	351,486	100,472	420,602	5,040,683	11,685	5,924,928
Total net position - ending	\$ 382,811	\$ 75,467	\$ 334,816	\$ 5,520,237	\$ (1,493)	\$ 6,311,838

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, 2014

	Fleet Services	Liability Insurance	Workforce Safety	Employee Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,056,230	\$ -	\$ -	\$ -	\$ 112,788	\$ 3,169,018
Receipts from employer	-	-	-	6,334,017	-	6,334,017
Other operating cash receipts	-	38,796	156,384	123,655	2	318,837
Payments to suppliers	(2,586,713)	(189,183)	(84,957)	(5,920,113)	(123,015)	(8,903,981)
Payments to employees	(437,949)	-	-	-	-	(437,949)
Net cash provided (used) by operating activities	31,568	(150,387)	71,427	537,559	(10,225)	479,942
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	144,000	-	-	-	144,000
Transfers to other funds	(73,850)	(20,092)	(3,547)	(47,381)	-	(144,870)
Net cash provided (used) by noncapital and related financing activities	(73,850)	123,908	(3,547)	(47,381)	-	(870)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	36,529	90,656	246,595	5,127,493	110,370	5,611,643
Purchase of investments	(80,944)	(74,544)	(330,945)	(1,881,649)	(124,839)	(2,492,921)
Investment income	1,081	1,236	2,269	42,373	-	46,959
Net cash provided (used) by investing activities	(43,334)	17,348	(82,081)	3,288,217	(14,469)	3,165,681
Net increase (decrease) in cash and cash equivalents	(85,616)	(9,131)	(14,201)	3,778,395	(24,694)	3,644,753
Cash and cash equivalents - January 1	165,871	10,054	16,582	222,785	158,516	573,808
Cash and cash equivalents - December 31	\$ 80,255	\$ 923	\$ 2,381	\$ 4,001,180	\$ 133,822	\$ 4,218,561
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 103,868	\$ (150,387)	\$ (84,957)	\$ 476,060	\$ (13,178)	\$ 331,406
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	3,426	-	-	-	-	3,426
(Increase) decrease in accounts receivable	1,809	-	-	90,478	(194,118)	(101,831)
(Increase) decrease in inventories	45,046	-	-	-	-	45,046
(Increase) decrease in prepaid items	(2,386)	-	156,384	-	-	153,998
Increase (decrease) in accounts payable	(122,040)	-	-	8,821	197,453	84,234
Increase (decrease) in salaries payable	1,845	-	-	-	(145)	1,700
Increase (decrease) in due to other entities	-	-	-	-	(237)	(237)
Increase (decrease) in estimated pending claims	-	-	-	(37,800)	-	(37,800)
Total adjustments	(72,300)	-	156,384	61,499	2,953	148,536
Net cash provided (used) by operating activities	\$ 31,568	\$ (150,387)	\$ 71,427	\$ 537,559	\$ (10,225)	\$ 479,942
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:						
Increase in fair value of investments	226	238	449	8,502	-	9,415

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

**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2014**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 2,767,950.00
Buildings and building improvements	33,692,077
Improvements other than buildings	85,349
Machinery and equipment	34,653,548
Infrastructure	317,916,800
Construction in progress	12,539,715
Total governmental funds capital assets	\$ 401,655,439.00

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 3,757,217.00
Special revenue funds	19,008,483
Federal and state grants	112,361,689
Capital projects funds	258,781,149
Enterprise funds	15,210
Donations	7,731,691
Total governmental funds capital assets	\$ 401,655,439.00

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2014**

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	-	-	-	898,559	-	898,559
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,785,685	18,411	751,338	-	11,555,434
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	-	-	-	181,402	-	181,402
Building maintenance	-	-	-	50,648	-	50,648
E/H transit system	108,421	3,311,836	-	5,405,682	-	8,825,939
Total general government	308,421	15,171,505	18,411	8,428,182	-	23,926,519
Public safety:						
Police	499,500	6,803,793	37,078	6,222,803	176,850	13,740,024
Fire and inspections	580,688	5,655,333	15,790	6,541,752	88,826	12,882,389
Combined communication center	-	-	-	351,705	-	351,705
Total public safety	1,080,188	12,459,126	52,868	13,116,260	265,676	26,974,118
Highways and streets:						
Roads and streets	50,923	-	-	9,043,760	65,184	9,159,867
Engineering	-	-	-	527,347	-	527,347
Forestry	-	-	-	638,676	-	638,676
Total highways and streets	50,923	-	-	10,209,783	65,184	10,325,890
Health:						
Bismarck burleigh public health	-	170,524	-	194,927	203,741	569,192
Total health	-	170,524	-	194,927	203,741	569,192
Culture and recreation:						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	5,890,922	-	2,658,680	68,912	8,942,514
Total culture and recreation	324,000	5,890,922	-	2,688,636	68,912	8,972,470
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Highway construction	980,937	-	-	-	79,269,257	80,250,194
Sidewalk construction	-	-	14,070	-	26,138,641	26,152,711
Street lights construction	-	-	-	15,760	877,663	893,423
Street improvements	760	-	-	-	211,027,726	211,028,486
Total public works	1,004,418	-	14,070	15,760	317,313,287	318,347,535
Construction in progress:	-	12,612	-	4,700	12,522,403	12,539,715
Total governmental funds capital assets	\$ 2,767,950	\$ 33,704,689	\$ 85,349	\$ 34,658,248	\$ 330,439,203	\$ 401,655,439

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, 2014

FUNCTION AND ACTIVITY	Balance January 1, 2014	Additions	Deductions	Transfers	Balance December 31, 2014
General government:					
Administration and management	\$ 52,478	\$ -	\$ -	\$ -	\$ 52,478
Fiscal, assessing and information services	347,490	570,218	19,149	-	898,559
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	10,807,647	747,787	-	-	11,555,434
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	187,636	-	6,234	-	181,402
Building maintenance	50,648	-	-	-	50,648
E/H transit system	8,478,984	346,955	-	-	8,825,939
Total general government	22,286,942	1,664,960	25,383	-	23,926,519
Public safety:					
Police	14,255,241	672,172	1,187,389	-	13,740,024
Fire and inspections	12,263,996	701,476	83,083	-	12,882,389
Combined communications center	330,815	20,890	-	-	351,705
Total public safety	26,850,052	1,394,538	1,270,472	-	26,974,118
Highways and streets:					
Roads and streets	8,562,222	715,984	118,339	-	9,159,867
Engineering	464,353	62,994	-	-	527,347
Forestry	485,021	153,655	-	-	638,676
Total highways and streets	9,511,596	932,633	118,339	-	10,325,890
Health:					
Bismarck burleigh public health	385,640	203,741	20,189	-	569,192
Total health	385,640	203,741	20,189	-	569,192
Culture and recreation:					
Centennial beach	29,956	-	-	-	29,956
Library	15,950,117	388,523	7,396,126	-	8,942,514
Total culture and recreation	15,980,073	388,523	7,396,126	-	8,972,470
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Highway construction	71,216,005	9,034,189	-	-	80,250,194
Sidewalk construction	23,956,283	2,196,428	-	-	26,152,711
Street light construction	777,340	116,083	-	-	893,423
Street improvements	181,837,499	29,190,987	-	-	211,028,486
Total public works	277,809,848	40,537,687	-	-	318,347,535
Construction in progress:	17,649,646	12,286,225	17,396,156	-	12,539,715
Total governmental funds capital assets	\$ 370,473,797	\$ 57,408,307	\$ 26,226,665	\$ -	401,655,439

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	118
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	123
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	128
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	132
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	135
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
(ACCURAL BASIS OF ACCOUNTING)

	2005**	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 117,467,134	\$ 125,296,291	\$ 139,783,417	\$ 145,009,837	\$ 156,325,434	\$ 156,675,941	\$ 148,375,719	\$ 166,974,373	\$ 180,195,611	\$ 192,652,784
Restricted	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	20,182,943
Unrestricted	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	148,773,677
Total governmental activities net position	\$ 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	\$ 361,609,404
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 319,745,687
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	9,941,852
Unrestricted	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	59,056,335
Total business-type activities net position	\$ 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	\$ 388,743,874
Primary government										
Net investment in capital assets	\$ 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	\$ 512,398,471
Restricted	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	30,124,795
Unrestricted	87,339,888	90,866,817	102,476,096	130,745,956	126,051,017	147,885,410	154,316,954	160,838,833	188,547,549	207,830,012
Total primary government net position	\$ 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	\$ 750,353,278

**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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 17,017,718
Public safety	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	20,852,897
Highways and streets	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	8,727,481
Health and welfare	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	2,762,462
Culture and recreation	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	2,757,172
Interest and fiscal charges	1,419,105	1,455,778	1,832,560	2,177,509	2,505,666	2,350,187	2,174,135	2,174,752	2,063,752	2,063,752
Public works	4,069,184	8,980,826	7,251,011	7,493,102	8,170,980	7,262,546	7,145,379	16,242,401	9,248,433	9,243,920
Total governmental activities expenses	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	63,445,402
Business-type activities:										
Airport	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	8,361,929
Airport flightline	1,378,538	1,353,928	1,402,345	716,809	-	-	-	-	-	-
Civic Center	-	-	-	-	-	-	-	-	-	-
Solid waste disposal	2,421,202	2,152,830	2,074,212	2,457,040	2,449,207	2,525,468	2,480,955	7,943,750	8,270,394	9,594,634
Solid waste collections	1,574,263	1,732,743	1,773,631	1,801,698	2,084,233	1,984,611	2,194,976	2,385,838	2,655,380	2,694,350
Water	6,130,931	7,120,142	7,522,591	8,229,859	7,603,788	8,036,750	8,501,442	9,118,635	2,198,750	3,118,929
Sanitary sewer	3,465,950	3,480,827	3,892,916	4,526,528	4,921,746	5,237,690	6,059,940	5,832,427	9,516,385	10,581,458
Storm water	549,854	651,098	894,853	847,819	989,869	1,215,570	1,517,382	1,701,198	6,000,337	6,401,858
Commercial Property	-	-	-	-	-	33,312	151,021	339,567	1,828,442	2,167,522
Parking authority lots	777,506	789,564	925,530	1,123,507	926,238	873,209	905,461	990,948	1,030,182	385,053
Total business-type activities expenses	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	44,420,425
Total primary government expenses	\$ 65,091,054	\$ 73,155,791	\$ 73,936,329	\$ 81,417,595	\$ 85,278,262	\$ 87,675,200	\$ 104,312,756	\$ 103,671,142	\$ 89,554,633	\$ 107,865,827

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 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	\$ 4,803,514
Public safety	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	1,165,470
Highways and streets	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	6,219,938
Health and welfare	235,909	192,742	216,261	382,628	444,964	511,601	554,209	473,245	554,942	446,889
Culture and recreation	3,666,423	3,062,688	3,434,124	4,094,528	4,348,057	5,015,681	150,215	137,179	127,966	121,094
Public works	-	30,604	-	-	-	-	-	-	300,235	-
Operating grants and contributions	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	12,042,851
Capital grants and contributions	12,992,496	13,853,173	26,747,183	23,052,334	17,986,128	16,781,232	22,787,617	21,569,092	27,917,289	39,286,234
Total governmental activities program revenues	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	64,085,990
Business-type activities:										
Charges for services:										
Airport	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	5,688,130
Airport flightline	1,403,483	1,407,451	1,524,383	700,936	-	-	-	-	-	-
** Civic Center	-	-	-	-	-	-	-	-	-	-
Solid waste disposal	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	4,201,932
Solid waste collections	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	3,250,198
Water	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	12,320,934
Sanitary sewer	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	6,719,385

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Storm water	800,159	957,724	998,671	938,624	1,040,526	900,844	920,664	983,176	1,183,703	1,242,126
Commercial Property	-	-	-	-	-	54,103	201,831	424,361	346,142	235,951
Parking authority lots	796,650	807,583	808,003	834,896	867,583	883,751	941,990	963,953	1,063,898	1,230,561
Operating grants and contributions	311,490	31,151	413,366	98,518	-	-	1,856	-	68,057	1,212,522
Capital grants and contributions	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	13,475,408
Total business-type activities program revenues	31,208,936	37,789,732	31,754,584	31,796,806	33,894,482	30,537,527	42,992,166	48,687,249	47,539,541	55,755,913
Total primary government program revenues	\$ 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	\$ 119,841,903
Net (expense)/revenue	(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)	640,588
Governmental activities	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	11,335,488
Business-type activities	\$ (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	\$ 11,976,076

General Revenues and Other Changes in Net Assets

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 18,398,151
Sales tax	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	17,238,016
Occupancy tax	487,773	520,947	572,633	622,144	674,643	753,860	914,599	1,066,817	1,174,646	1,219,152
Lodging/liquor/food tax	1,435,820	1,534,606	1,700,605	1,788,085	1,880,879	1,984,688	2,217,379	2,498,156	2,672,862	2,809,757
Car rental tax	-	32,546	47,301	47,314	55,105	58,898	75,119	87,310	77,142	72,999
State aid distribution	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	5,539,292
Franchise taxes	668,229	897,694	908,863	1,028,020	1,099,793	1,082,874	1,182,709	1,246,491	1,341,007	1,427,837
Other taxes	673,191	511,954	500,201	501,564	465,811	535,798	665,151	2,776,357	932,923	1,239,000
Unrestricted investment earnings	1,409,418	2,585,623	2,941,614	2,032,392	1,076,333	901,297	579,687	632,739	362,192	837,497
Gain (loss) on disposal of assets	176,949	173,018	145,575	163,874	28,153	244,748	31,259	49,510	107,871	(416,026)
Transfers	(3,472,278)	(2,764,681)	(3,532,194)	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)	(5,604,461)	(26,321,428)
Total governmental activities	24,070,178	30,177,536	32,251,772	35,450,563	36,623,624	36,676,735	44,685,409	41,095,012	41,095,012	22,044,247
Business-type activities:										
Taxes										
Other taxes	67,271	21,487	56,117	97,298	78,488	63,107	60,524	61,658	56,441	43,158
Unrestricted investment earnings	819,900	1,704,943	1,986,272	1,698,200	475,469	299,907	352,646	189,974	82,393	543,817
Gain (loss) on disposal of assets	(2,381,188)	60,795	126,685	215,175	43,735	60,728	18,257	2,402,877	4,892,493	1,859,230
Transfers	3,472,278	2,764,681	3,532,194	840,854	(836,582)	464,636	29,440,618	2,173,274	5,604,461	26,321,428
Total business-type activities	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	28,767,633
Total primary government	\$ 26,048,439	\$ 34,729,442	\$ 37,953,040	\$ 38,302,090	\$ 36,384,734	\$ 37,565,113	\$ 40,988,698	\$ 49,513,192	\$ 51,730,800	\$ 50,811,880

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Change in Net Assets	\$ 9,116,198	\$ 11,706,666	\$ 28,546,974	\$ 22,888,644	\$ 17,422,744	\$ 14,726,967	\$ 1,594,971	\$ 20,892,679	\$ 34,321,579	\$ 22,684,835
Governmental activities	13,027,806	20,669,735	14,384,110	9,843,432	9,000,012	5,843,867	38,075,130	16,617,269	19,443,808	40,103,121
Business-type activities	\$ 22,144,004	\$ 32,376,401	\$ 42,931,084	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834	\$ 39,670,101	\$ 37,509,948	\$ 53,765,387	\$ 62,877,956

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)

	2005	2006	2007	2008	2009	2010	**2011	2012	2013	2014
General Fund										
Reserved	\$ 107,382	\$ 166,269	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -	\$ -	\$ -
Unreserved	17,346,623	18,783,976	20,727,974	21,729,864	20,617,386	20,369,528	-	-	-	200,000
Nonspendable	-	-	-	-	-	-	197,703	387,263	1,138,547	423,884
Restricted	-	-	-	-	-	-	22,043	-	1,243,193	-
Committed	-	-	-	-	-	-	3,966,827	4,656,009	5,654,308	4,928,903
Assigned	-	-	-	-	-	-	18,424,444	23,284,261	24,868,320	30,743,043
Unassigned	-	-	-	-	-	-	22,611,017	28,327,533	32,904,368	36,295,830
Total general fund	\$ 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	\$ 36,295,830
All other governmental funds										
Reserved	\$ 3,631,228	\$ 3,497,652	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	16,296,449	14,824,377	12,940,107	14,651,662	16,727,976	18,673,953	-	-	-	-
Debt service funds	10,770,334	10,369,216	11,014,840	10,897,034	11,817,883	13,036,782	-	-	-	-
Capital project funds	(1,901,216)	(2,428,987)	1,916,906	3,928,717	3,669,661	14,760,167	-	-	-	-
Nonspendable	-	-	-	-	-	-	2,707,591	2,379,957	2,243,109	2,112,390
Restricted	-	-	-	-	-	-	26,179,564	23,020,798	27,802,558	31,603,572
Committed	-	-	-	-	-	-	36,269,194	39,415,488	42,338,892	40,212,743
Unassigned	-	-	-	-	-	-	(11,628,605)	(20,370,554)	(18,379,791)	(28,128,497)
Total all other governmental funds	\$ 28,796,795	\$ 26,262,258	\$ 29,265,565	\$ 32,744,882	\$ 36,067,262	\$ 48,869,985	\$ 53,527,744	\$ 44,445,689	\$ 54,004,768	\$ 45,800,208

**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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 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	\$ 40,918,256
Licenses and permits	1,790,488	1,668,051	1,527,745	1,548,941	1,352,746	1,508,083	1,956,383	2,552,169	3,195,879	2,478,578
Special assessments	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	17,717,047
Intergovernmental	10,611,893	11,386,666	13,674,293	13,198,149	15,218,722	15,704,913	38,166,942	17,763,798	21,041,079	20,549,194
Charges for services	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	8,373,154
Fines and forfeits	1,237,852	1,319,887	1,158,782	962,615	868,180	868,997	869,714	1,018,317	1,082,254	1,382,099
Investment income	1,377,270	2,101,972	2,855,441	2,022,473	1,315,694	968,974	770,749	789,381	633,343	1,099,991
Rentals	570,485	873,198	759,240	815,495	814,068	799,489	914,901	423,403	476,051	404,790
Miscellaneous	235,853	207,675	229,092	243,636	613,419	456,451	710,737	628,557	612,875	418,866
Total revenues	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	93,341,975
EXPENDITURES										
General government	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	15,750,318
Public safety	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	19,993,552
Highways and streets	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	8,656,321
Health and welfare	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	2,786,465
Culture and recreation	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	2,184,841
Public works	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	1,975,649
Capital outlays	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	58,509,103
Debt service										
Principal	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	10,660,000
Interest and fiscal charges	1,453,663	1,385,807	1,762,755	2,269,942	2,450,581	2,356,595	2,230,206	2,040,805	1,840,051	2,108,120
Total expenditures	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	122,624,369
Excess (deficiency) of revenues over (under) expenditures	(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)	(29,282,394)
OTHER FINANCING SOURCES (USES)										
Transfer in	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	26,863,375
Transfer out	(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)	(28,710,635)
Refunding bonds issued	-	-	-	2,430,000	-	3,855,000	1,605,000	4,365,000	-	-
Premium on special assessment debt	-	-	-	22,881	70,495	240,378	150,391	118,586	521,142	18,507
Discount on special assessment debt	(33,539)	(4,422)	(46,236)	(36,878)	-	(131,597)	(18,189)	-	(7,278)	(261,951)
Payment to refunded bond escrow agent	-	-	-	(2,430,000)	-	(3,880,000)	(1,850,000)	(5,425,000)	-	-
Special assessment bonds issued	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	26,560,000
Total other financing sources (uses)	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	24,469,296
Net changes in fund balances	(2,114,035)	(1,038,297)	4,844,952	4,698,878	2,913,116	12,144,843	6,324,472	(3,365,539)	14,135,916	(4,813,098)
Debt service as a percentage of noncapital expenditures	19.5%	16.9%	17.5%	17.4%	19.3%	20.4%	16.9%	18.0%	19.8%	19.9%

Source: Fiscal Services

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

Fiscal Year	Property ¹ Taxes	Sales Tax	Occupancy Tax	Lodging/		Car Rental Tax	State Aid Distribution	Franchise Tax	Other Taxes	Total
				Liquor/Food Tax	Tax					
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	32,546	2,034,093	787,590	511,954	30,183,576	
2007	14,913,006	11,698,846	572,633	1,700,605	47,301	2,308,021	908,863	500,201	32,649,476	
2008	15,479,043	11,943,929	622,144	1,788,085	47,314	2,685,052	1,028,020	501,564	34,095,151	
2009	16,167,137	11,756,546	674,643	1,880,879	55,105	2,582,642	1,099,793	465,811	34,682,556	
2010	16,200,763	12,403,143	753,860	1,984,688	58,898	2,975,302	1,082,874	535,798	35,995,326	
2011	17,162,429	13,955,767	914,599	2,217,379	75,119	3,773,172	1,182,709	665,151	39,946,325	
2012	17,230,221	16,388,127	1,066,817	2,498,156	87,310	4,882,955	1,246,491	2,776,357	46,176,434	
2013	17,801,629	17,271,062	1,174,646	2,672,862	77,142	4,958,139	1,341,007	932,923	46,229,410	
2014	18,398,151	17,238,016	1,219,152	2,809,757	72,999	5,539,292	1,427,837	1,239,000	47,944,204	

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
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
2013	917,646,830	1,760,180,545	361,800	44,303,550	2,722,492,725	5,444,985,449	50%	254,647,467	69.35

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	
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
2013	69.35	69.35	50.28	101.68	38.50	1.00	260.81

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**

	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kirkwood Mall Acquisition LLC	\$ 26,428,100	1	0.96 %	21,706,250	1	1.66 %
Medcenter One	11,872,600	2	0.43	7,130,750	2	0.55
Waterford on West Century	11,117,150	3	0.40	3,988,750	8	0.31
EVI Bismarck Village LLC (Edgewood)	9,512,700	4	0.34	-		
Clark Equipment	9,238,750	5	0.33	4,506,650	4	0.34
* Mid Dakota Medical Building Partnership	8,947,700	6	0.32	4,116,300	7	0.31
Wal-Mart Property North	8,913,350	7	0.32	-		
Wal-Mart Property South	8,517,950	8	0.31	-		
* TNP SRT Portfolio I LLC (Pinehurst Square)	7,420,100	10	0.27	-		
Regency Midwest Ventures LTD	7,452,500	9	0.27	-		
Menards	6,902,450	11	0.25	3,733,250	9	0.29
Pine Properties LLC	6,566,300	12	0.24	-		
Basin Electric	-			4,379,250	6	0.34
Future Source	-			3,065,000	10	0.23
Gateway Fashion Mall	-			5,549,750	3	0.42
MinDakota LTD Partnership	-			4,476,000	5	0.34
Super Value Warehouse	-			2,515,050	12	0.19
Target	-			2,448,900	13	0.19
Wal-Mart Store	-			2,873,750	11	0.22
Totals	\$ 122,889,650		4.44	\$ 70,489,650		5.39

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

Source: Assessing Division

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

Fiscal Year	Total Tax Levy for Fiscal Year ¹	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount			Amount	
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
2014	17,659,802	16,786,435	0.9505	101,201	16,887,636	0.9563

¹ Previous fiscal year tax levy.

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
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
2014	-	-	95,600,000	-	80,777,434	-	176,377,434	0.0584	2,571

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 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	\$ 155,287,825
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 155,287,825
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 2014	
Total assessed value	\$ 3,105,756,491
Debt limit (5% of total assessed value)	155,287,825
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	\$ 155,287,825

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, 2014**

<u>Governmental Unit</u>	<u>2014 Taxable Value</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Total Direct and Overlapping Debt</u>
City of Bismarck	\$ 290,448,208	\$ 76,143,998	100.00 %	\$ 76,143,998
Bismarck Public School	362,466,644	100,731,698	80.13	80,716,310
Total Direct and Overlapping Debt		<u>\$ 176,875,696</u>		<u>\$ 156,860,308</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, 2014

Burleigh County Levies, 2014

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

Fiscal Year	Water Revenue Bonds					Sanitary Sewer Bonds				
	Water Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Sanitary Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Coverage				Principal	Coverage
2005	9,338,711	3,862,804	5,475,907	-	-	4,857,044	2,119,779	2,737,265	-	-
2006	11,278,870	4,763,234	6,515,636	-	184,444	5,053,876	2,041,677	3,012,199	-	-
2007	10,498,027	4,615,846	5,882,181	520,000	381,366	5,003,915	2,251,296	2,752,619	-	47,518
2008	10,918,494	5,410,958	5,507,536	520,000	368,800	5,095,871	2,797,003	2,298,868	800,000	267,800
2009	10,431,069	5,240,741	5,190,328	640,000	350,525	5,311,824	3,058,353	2,253,471	800,000	449,537
2010	10,278,544	5,098,702	5,179,842	1,165,000	403,604	5,428,005	2,641,739	2,786,266	785,000	455,674
2011	9,957,329	5,637,538	4,319,791	1,210,000	478,992	5,669,910	3,523,287	2,146,623	810,000	440,375
2012	12,926,268	5,945,048	6,981,220	7,930,000	412,206	6,167,541	3,254,117	2,913,424	835,000	420,125
2013	12,222,233	6,261,250	5,960,983	1,350,000	477,553	5,840,563	3,387,536	2,453,027	860,000	399,250
2014	12,869,433	6,195,938	6,673,495	1,685,000	818,438	6,719,390	3,588,061	3,131,329	885,000	377,750

Fiscal Year	Special Assessment Bonds					Sales Tax Bonds					Motel, Liquor, Restaurant Bonds				
	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage		Sales Tax Collections	Debt Service Principal	Debt Service Interest	Lodging, Liquor, Food Tax Collections *	Coverage	Debt Service Principal	Debt Service Interest	Coverage		
				Principal	Coverage										
2005	4,693,578	4,920,000	1,195,692	0.77	0.77	9,607,321	1,045,000	16,981	1,435,820	9.05	640,000	240,990	1.63		
2006	4,922,034	4,935,000	1,160,817	0.81	0.81	10,955,561	-	-	1,534,606	-	685,000	224,990	1.69		
2007	5,437,106	5,190,000	1,554,890	0.81	0.81	11,698,846	-	-	1,700,605	-	705,000	207,865	1.86		
2008	6,219,909	5,585,002	2,079,602	0.81	0.81	11,943,929	-	-	1,788,085	-	760,000	190,240	1.88		
2009	7,864,035	7,085,000	2,283,141	0.84	0.84	11,756,546	-	-	1,880,879	-	800,000	167,440	1.94		
2010	9,109,289	8,165,000	2,213,955	0.88	0.88	12,403,143	-	-	1,984,688	-	855,000	142,640	1.99		
2011	9,566,595	8,445,000	2,096,794	0.91	0.91	13,955,767	-	-	2,217,379	-	910,000	112,715	2.17		
2012	10,488,662	13,175,000	1,971,244	0.69	0.69	16,388,127	-	-	2,498,156	-	1,940,000	68,548	1.24		
2013	11,346,780	9,715,000	1,840,051	0.98	0.98	17,271,052	-	-	2,672,862	-	-	-	-		
2014	11,690,035	10,660,000	2,108,120	0.92	0.92	17,238,016	-	-	2,809,757	-	830,000	1,184,291	1.39		

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

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ¹	Public School Enrollment ³	Unemployment Rate ⁴
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
2014	68,601	3,019,653,476	73,371	38.0	12,020	2.5

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

Sources:

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

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of ND	4,600	1	13.02 %	4,309	1	12.85 %
Sandford Health	3,110	2	8.80	1,954	3	5.83
St. Alexius Medical Center	2,305	3	6.52	2,129	2	6.35
Bismarck Public Schools	1,970	4	5.58	1,678	4	5.00
US Government Offices	1,200	5	3.40	1,198	5	3.57
AETNA	880	6	2.49	569	8	1.70
MDU Resources Group	780	7	2.21	748	7	2.23
Bismarck State College	779	8	2.21	439	12	1.31
Walmart	660	9	1.87			
City of Bismarck	588	10	1.66	487	11	1.45
Housing Industry Training (HIT)	586	11	1.66			
Missouri Slope Lutheran Care Center	576	12	1.63	430	13	1.28
Dan's Super Markets	575	13	1.63	517	10	1.54
Mid Dakota Clinic	537	14	1.52	410	14	1.22
University of Mary	505	15	1.43	569	9	1.70
Basin Electric Power Cooperative Corporate Office				409	15	
Bobcat/Ingersoll Rand				1,130	6	3.37
Total	19,651		55.63	16,976		49.40

Sources:
City of Bismarck 2015 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	53	58	61	72	71	71	72	73	80	85
Public safety	20	21	22	22	24	24	26	26	26	26
Combined communications										
Police	92	90	91	92	96	101	101	103	109	112
Officers	24	25	26	26	28	28	28	28	28	28
Civilians										
Fire	63	63	63	68	76	76	76	76	79	80
Firefighters and officers	13	13	14	7	6	6	6	6	6	6
Civilians										
Highways and streets	21	21	22	22	22	22	24	25	26	28
Engineering	56	55	53	55	55	55	55	55	60	59
Maintenance	20	22	24	25	26	27	26	26	26	25
Health and welfare	15	15	16	16	16	16	16	17	17	19
Culture and recreation	19	19	19	21	21	21	21	21	21	21
Airport	37	38	38	38	38	38	38	38	38	38
Solid Waste	54	53	54	55	55	55	55	55	58	61
Water and sewer	487	493	503	519	534	540	544	549	574	588
Total										

Source: City of Bismarck Annual Budgets

(Continued on next page)

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Number of building permits issued	1,483	1,706	1,626	1,710	1,513	1,654	1,879	2,365	2,218	1,951
Number of building inspections done	6,605	6,454	6,693	8,135	7,103	6,330	7,830	9,745	9,460	8,926
Number of plumbing permits issued	570	631	630	607	539	639	707	1,092	1,153	920
Number of plumbing inspections done	2,294	2,263	2,219	2,171	1,745	1,887	1,972	2,861	3,050	2,006
Number of mechanical permits issued	1,013	995	1,237	1,354	1,256	1,348	1,564	2,037	2,037	1,692
Number of mechanical inspections done	2,560	2,280	2,624	2,950	2,754	2,340	2,361	2,991	3,210	2,296
Number of electrical permits issued	1,032	994	1,297	1,153	1,067	1,127	1,257	1,589	1,578	1,248
Number of electrical inspections done	3,715	3,092	3,441	3,596	3,257	3,286	4,024	4,789	5,220	3,141
Number of septic permits issued	253	201	169	133	102	109	122	225	193	101
Number of septic inspections done	337	264	241	174	233	283	240	298	249	121
Public Safety										
Police										
Physical arrests	3,837	2,821	2,689	2,585	2,381	3,589	2,480	3,862	4,768	4,672
Traffic citations	12,785	13,230	10,882	10,926	12,008	12,995	12,869	14,309	16,168	15,623
Parking citations	13,717	13,670	10,154	10,523	8,977	8,296	7,975	8,617	7,898	15,188
Number of accidents	3,184	3,184	3,149	3,563	3,741	3,865	3,820	3,747	3,985	3,824
Number of 911 emergency dispatches	2,926	3,762	3,792	3,942	4,740	4,802	4,037	4,858	3,554	3,907
Fire										
Number of 911 emergency dispatches	2,153	2,376	2,361	2,355	1,934	2,429	2,833	3,115	3,106	3,475
Number of fire inspections conducted	2,350	2,542	2,559	3,017	3,083	2,897	3,607	3,130	2,985	3,236
Number of environmental health inspections	3,966	3,770	3,974	4,107	3,866	4,988	2,437	2,270	1,534	2,091
Highways and streets										
Engineering										
Number of excavation permits	657	812	827	777	637	827	608	743	820	739
Number of improvement projects	57	77	79	43	36	36	35	72	82	57
Forestry										
Number of street trees planted	549	495	491	300	328	480	423	507	477	235
Number of street trees trimmed	2,662	2,440	1,105	1,116	1,097	1,038	3,182	2,948	2,248	2,910
Number of street trees removed	96	177	341	150	178	212	194	190	294	162
Roads and streets										
Potholes repaired	3,231	3,120	2,800	3,221	6,657	6,205	7,640	844	5,052	5,634
Street striping (miles)	104	105	110	125	110	215	195	204	211	211
Snow removal (hours)	1,673	3,421	3,918	7,465	20,000	20,553	11,947	1,199	8,854	7,695
Sand Ice removal (tons)	10,200	10,987	11,793	11,408	9,926	6,850	3,889	4,005	6,216	4,730
Salt Ice removal (tons)	1,014	762	926	868	849	902	1,547	1,937	1,927	1,658
Loads of snow hauled	1,122	1,974	2,771	2,899	12,925	14,481	5,321	1,382	4,049	1,579
Health and welfare										
Number of home visits	5,248	5,848	5,264	5,290	6,216	5,239	5,190	4,240	4,808	4,302
Number of immunizations	2,928	6,243	9,553	8,107	14,766	12,482	8,473	6,316	9,039	8,833
Number of office visits	2,365	5,040	4,255	4,209	4,756	4,517	3,586	3,150	3,174	3,081

(Continued from previous page)

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Culture and recreation										
Auditorium events	65	55	108	121	115	113	108	128	123	174
Auditorium admissions	34,321	28,589	30,060	38,507	39,361	35,030	34,163	38,840	37,454	51,820
Community center events	250	283	346	393	412	411	484	504	416	530
Community center admissions	310,000	326,853	291,860	336,622	316,926	329,652	340,441	359,149	315,580	353,218
Airport										
Gallons fuel dispensed (City only)	1,541,152	1,368,186	1,529,540	738,027	-	-	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	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	4,550,313
Number of passengers-enplaning	174,567	180,674	181,310	175,626	181,114	194,043	196,414	236,172	237,683	245,205
Number of passengers-deplaning	172,766	180,170	180,844	174,579	180,322	193,897	195,208	235,207	237,450	245,062
Pounds of airmail-enplaning	3,455	-	-	-	-	1	-	-	-	-
Pounds of airmail-deplaning	-	-	-	-	-	239	-	-	-	-
Pounds of freight-enplaning	115,018	123,791	98,467	98,816	66,997	35,301	29,858	29,472	16,813	12,856
Pounds of freight-deplaning	131,188	133,518	114,659	98,834	85,939	55,130	35,300	48,135	13,738	8,149
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	1,399,845
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	5,193,061
Solid Waste										
Refuse collected (tons/year)	26,533	22,941	23,877	21,263	24,445	24,425	25,143	24,826	24,662	25,033
Garbage accepted for disposal (tons/year)	81,610	81,050	80,676	78,772	83,263	89,794	97,675	98,932	102,197	106,758
Acres used at landfill	2	2	2	2.5	2.5	2.5	2.5	2.5	6.5	6.5
Water										
Number of service connections	16,850	17,250	17,600	17,850	18,100	18,400	18,700	19,420	20,000	20,350
Average daily consumption (thousand of gallons)	9,947	11,690	10,420	10,300	9,350	8,840	8,260	10,290	9,640	9,390
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,290	6,040	6,220	6,010	6,630	6,830	7,150	6,240	6,830	6,620

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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	19	19	18	19	21	21
Fire stations	4	4	4	4	4	5	5	5	5	5
Highways and streets										
Paved streets (miles)	262	269	279	286	293	300	311	313	319	339
Streetlights	6,619	6,718	7,044	7,181	7,263	7,468	7,755	7,990	8,149	8,522
Traffic signals	92	104	104	104	104	104	105	107	107	108
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	21	20	20	25	22	20	20	20	21
Water										
Watermains (miles)	301	308	315	320	325	327	330	336	348	354
Fire hydrants	2,629	2,695	2,800	2,900	3,000	3,014	3,100	3,256	3,355	3,430
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)	256	267	276	281	290	292	295	297	300	305
Storm sewers (miles)	133	134	137	139	143	144	146	147	148	149
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	5

Note: Parking lots only include Parking Authority lots.

Source:

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