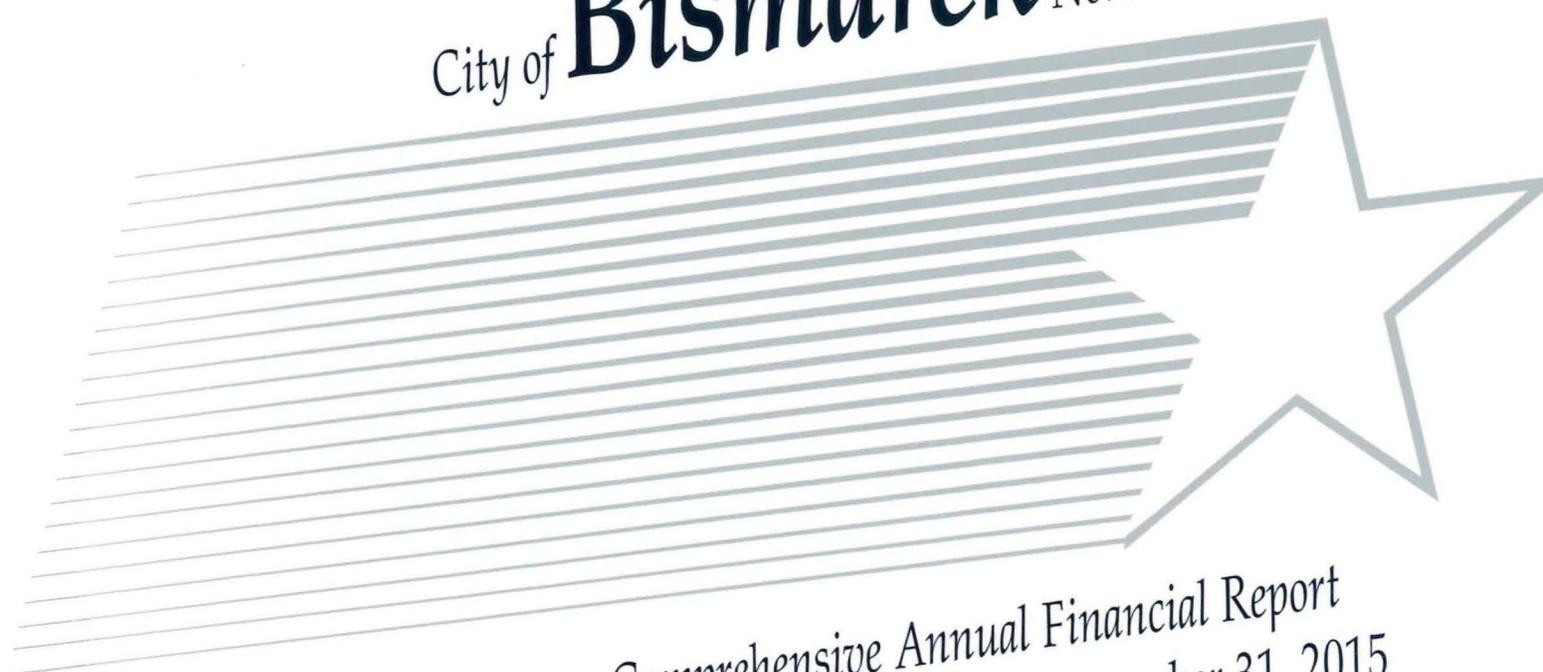


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2015

CITY OF BISMARCK, NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

December 31, 2015

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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Fiscal Services Division

June 24, 2016

**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, 2015 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, 2015 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)".

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 33.94 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. Nine new projects were approved in 2015 for a total of 118 projects have been completed which includes 17 new downtown housing units. The projects have created 465 new positions date and building value of Zone projects of \$25.5 million has more than doubled to \$65 million. The Renaissance Zone program 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. Six new grants were approved in 2015. Grants approved to date total \$725,379 which leveraged a total investment of \$1,491,421. 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 to reduce Main Avenue to three lanes in the spring 2016 for three months to

evaluate the impact of the change. The Downtowners Association held the first inaugural event, German Days, in July at the Depot Plaza located on the corner of 5th Street and Main Avenue. This festival is also scheduled in 2016. Although the Task Force initially discussed a walking underpass at the railroad tracks on 5th Street, a covered skywalk overpass is now being considered to enhance pedestrian and bike access. BNSF has presented its infrastructure plans to the City for quiet rail to silence the trains at 3rd, 5th and 12th streets with a tentative fall installation in 2016. The study of a historical cultural trail on 6th Street from Main Avenue to the Capital continues to be considered. The Downtowners Association is also considering a Business Improvement District (BID) as another step for the improvements downtown.

In September, the City Commission approved a development agreement and the creation of new tax increment finance (TIF) district for a planned redevelopment project downtown. The private-public partnership is with Cardon Development and Bismarck Futures. The redevelopment is named FiveSouth and includes a full-service hotel, apartments and mixed used buildings with the City funding the public infrastructure and 2 parking ramps. Once the housing and hotel developments are confirmed, the design of the parking ramps will begin.

The University of Mary has an option with the City to buy the Bismarck-Burleigh Public Health Building which is located on the corner of 5th and Front Street. The University's Vision 2030 strategic plan calls for a downtown campus to be used primarily by graduate students in the health sciences field. The future downtown campus will be in close proximity to the FiveSouth development.

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 one of two 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.

Despite the decline in the oil investments in the western part of the State and the low oil prices, the Bismarck metro area continues moderate growth. The Bismarck MSA continued to post one of the lowest unemployment rates in the country. The rate was 2.7% as compared to the national rate of 5% in December of 2015. The local economic outlook remains positive as Bismarck continues to create and sustain jobs. Total employment through December 2015 reflects a 2.2% increase for the same time period in the prior year. The US Census population estimates also reflect an increase of 2,849 in Bismarck-Mandan or a 2.25% increase in 2015. This was reflected in Bismarck's #2 spot on the Milken Institute list of Best Performing Cities which ranks areas by how well they are creating and sustaining jobs and economic growth.

Smart Asset has ranked Bismarck as #3 for cities with the most stable growth in the housing market. This is attributed to the consistent growth in the State over the last three decades. This is further supported by Livability ranking of Bismarck as 2nd for most affordable place to live. The site indicates that residents spend less than 23% of their income on house payments. Plus the City also has other perks such as scenic parks, historic sites and entertainment. 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 sixth time Bismarck has been recognized for its commitment to a providing a balance of active play.

The continued growth in jobs and businesses is reflected in the changes in taxable sales and services in 2015 as compared to 2014 for Bismarck. Sales tax revenue had a 1.15% increase and hospitality tax revenues had an increase of 3.85% for motel, restaurant and liquor tax but a decline of 2.5% for the hotel and motel tax.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2015, 319 building permits were issued for residential construction within the City's corporate limits. This included 302 single-family homes and 17 multi-family homes, which provided an additional 556 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 69 residential building permits issued in 2015. Commercial growth also increased which included retail services, hotels, and

apartments with 360 commercial buildings permits which is an increase from the 216 in the prior year. Growth in the property tax base for the year 2015 was 11.54%. The table below provides the percentage change by property classification.

Property Class	2014	2015	Percentage
	Market Value	Market Value	Change
Commercial	\$2,208,399,300	\$2,487,141,400	12.62 %
Residential	4,110,675,200	4,561,028,300	10.96 %
Agricultural	831,400	750,700	9.71 %
Total	\$6,319,905,900	\$7,048,920,400	11.54 %

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. The City Commission approved reducing the minimum local residential street standard width from 40 to 32 feet. This will help manage the City’s footprint and provide traffic calming in residential areas. Narrower residential streets will also be less expensive to construct and maintain and help lower special assessments.

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 \$1,019,722 with an average interest rate of .67% 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 \$1,170,243 for an average gain of 1.01% for the fiscal year.

Major Initiatives in 2015

The City Commission used our strategic plan and growth management plan to facilitate and promote our economic activity with the continued growth in 2015.

The City Commission authorized an affordable housing initiative to determine the housing needs in Bismarck. The study identified a need for an additional 9,077 housing units, including 5,306 private owner and 3,771 rentals in Bismarck over the next 15 year. The study also included recommendations including consideration of a housing assistance program, downtown housing and the needs of those ages 55 and older.

CRW TRAKIT, the integrated land record management system for the City, went live in the November of 2014 and the public online access was launched in the spring of 2015. TRAKit allows citizens or contractors access to the system from home, office, mobile devices or a kiosk in the City County Building. The new system will provide improved efficiencies and redesigned workflows with less reliance on paper and custom developed databases.

The Bismarck Airport continued to set annual passenger records in 2015. The passenger boardings totaled 259,734 up from 245,205 in 2014. In June the Commission approved a private public partnership agreement with Conrac Solutions to design, build and finance a consolidated cash wash facility at the Airport. This will serve the three Rent-A-Car (RAC) companies operating at the Airport by providing a maintenance/hand wash bay for each company and shared access to an automatic wash bay and fueling system. The City pledged the revenue for customer facility charge from the rental car companies to finance the project.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$.8 million was used to replace 26 blocks of hard surfaced streets with permanent full depth concrete which was coordinated with the replacement of water main replacement in 21 blocks. An additional \$1.8 million was used to help fund annual resurfacing mill and overlay chip seal in 179 blocks and \$1.1 million in the reconstruction of 12 blocks of ground water impacted streets. The total estimated cost for the annual street maintenance projects is less than \$36 million for 2015.

The Water Utility completed the replacement of 20,000 meters in the City as part of the implementation of the Itron Advanced Metering Infrastructure (AMI) system. Waste Water Utility started phase 1 of the WWTP trickling filter improvement project. The new filter will increase the plant's capacity to 10.5 million gallons per day (MGD) from its current capacity of 7.5. This phase also includes the construction of a new pumping station which also provides for the addition of future pumps. The improvements are designed for a 2035 service population of 106,000.

In 2015, there were 88 residential lots approved and 10 annexations for a total of 277.77 acres and 61 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 24 special assessment districts in new developments for pavement, sanitary sewer, water and street light improvements. The City Commission approved the construction contract for the Washington Street project from Calgary Avenue to 57th Street. The \$18.8 million project includes \$10 million in federal funding, \$5 million in Sales Tax with the balance from Utilities and special assessments.

In October the City Commission approved a charter agreement for the Combined Communication Center merger with the City of Mandan effective January 1, 2016. Central Dakota Communications Center (CenCom) replaces the Combined Communications Center. CenCom will dispatch all emergency calls for law enforcement, fire and emergency medical services in Bismarck, Mandan and Burleigh County. The consolidation is the result of a 15 month study by the City and County Commissions in Burleigh and Morton to provide consistent regional service, improved information sharing and greater efficiency in the dispatching of emergency calls.

The Commission also initiated the discussion of a potential Sales Tax increase to fund new streets attributed in part to growth in the City. The ten year capital improvement plan for new road infrastructure totals \$246 million and the current funding from Sales Tax will not provide adequate funding. If approved, the tax increase would be presented to the voters in the fall of 2016.

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, 2014. 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

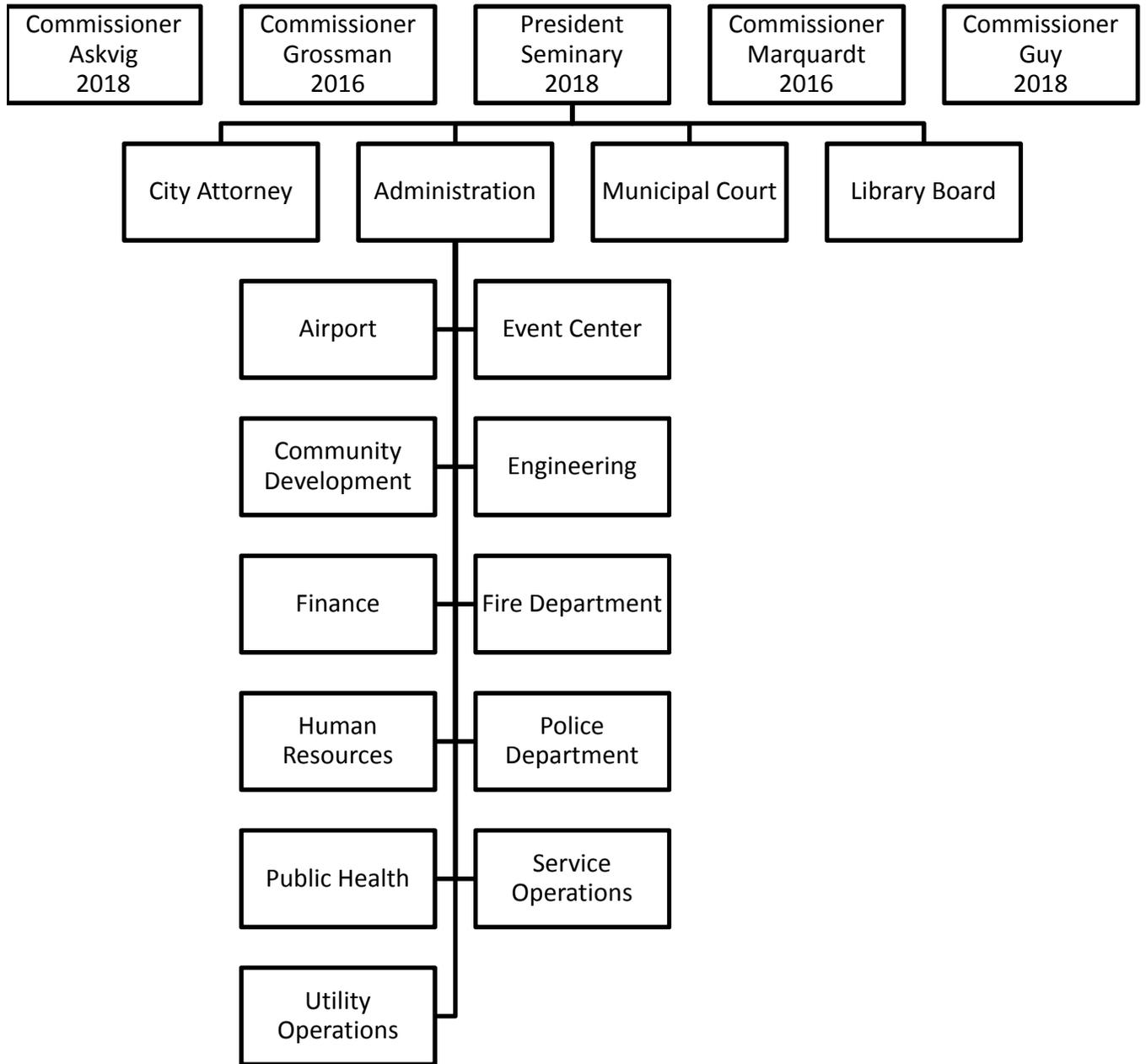
**City of Bismarck
North Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

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



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of and for the year ended December 31, 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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.

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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, 2015, 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.

Emphasis of Matter

As discussed in Notes I and III to the financial statements, the City of Bismarck has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of January 1, 2015. Our opinions are not modified with respect to this matter.

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 24, 2016 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.

Eide Sallee LLP

Bismarck, North Dakota
June 24, 2016

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, 2015. 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 \$790,349,824 (net position). Of this amount, \$211,856,281 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$48,274,793 which was a decrease of \$14,513,163 over 2014. The overall increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. The current year decrease in funding is the result of the implementation of GASB 67 & 68 and a decrease in the capital contribution revenue.
- At the close of the current fiscal year, the City of Bismarck's governmental activities reported combined ending net position of \$396,259,577, an increase of \$42,659,366 in comparison with the prior year. The unrestricted net position of \$173,102,587, 43.7% 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 \$31,714,584 and the assigned fund balance was \$4,236,860. The assigned and unassigned fund balance is 93.8% of total general fund expenditures and 88.49% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$169,539,524 which was a decrease of \$1,114,259 over 2014. This decrease is attributed to a gain on disposal of assets for the land sales that declined at the Northern Plains Commerce Centre.

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, deferred outflows, deferred inflows 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, highway construction fund, sewermain bond fund and street improvement bond fund which are considered to be major funds. Data from the other twenty-two 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 - 82 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 63 - 78 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 \$790,349,824 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, 2014 and December 31, 2015.

City of Bismarck Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 184,313,730	\$ 221,786,872	\$ 82,910,988	\$ 90,810,270	\$ 267,224,718	\$ 312,597,142
Capital assets	288,795,011	317,106,717	400,422,465	424,568,751	689,217,476	741,675,468
Total assets	473,108,741	538,893,589	483,333,453	515,379,021	956,442,194	1,054,272,610
Deferred outflows of resources	-	6,524,527	-	1,834,470	-	8,358,997
Long-term liabilities outstanding	98,901,085	136,355,978	83,173,981	110,160,938	182,075,066	246,516,916
Other liabilities	12,598,252	10,525,700	11,415,598	12,155,158	24,013,850	22,680,858
Total liabilities	111,499,337	146,881,678	94,589,579	122,316,096	206,088,916	269,197,774
Deferred inflows of resources	-	2,276,861	-	807,148	-	3,084,009
Net position:						
Net investment in capital assets	192,652,784	197,951,649	319,745,687	319,247,440	512,398,471	517,199,089
Restricted	20,182,943	25,205,341	9,941,852	36,089,113	30,124,795	61,294,454
Unrestricted	148,773,677	173,102,587	59,056,335	38,753,694	207,830,012	211,856,281
Total net position	\$ 361,609,404	\$ 396,259,577	\$ 388,743,874	\$ 394,090,247	\$ 750,353,278	\$ 790,349,824

By far the largest portion of the City of Bismarck's net position (65.4%) 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 33.24%. 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 (7.78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$211,856,281 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$173,102,587 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 5.39 and for the business-type activities is 4.41 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, 2015.

City of Bismarck						
Changes in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$ 12,756,905	\$ 12,915,337	\$ 41,067,983	\$ 45,893,004	\$ 53,824,888	\$ 58,808,341
Operating grants and contributions	12,042,851	11,067,383	1,212,522	227,245	13,255,373	11,294,628
Capital grants and contributions	39,286,234	39,485,749	13,475,408	9,924,565	52,761,642	49,410,314
General revenues:						
Taxes	47,944,204	48,404,239	43,158	39,923	47,987,362	48,444,162
Investment earnings	837,497	675,796	543,817	419,227	1,381,314	1,095,023
Gain on disposal of assets	(416,026)	-	1,859,230	487,056	1,443,204	487,056
Total revenues	112,451,665	112,548,504	58,202,118	56,991,020	170,653,783	169,539,524
Expenses:						
General Government	17,017,718	18,265,605	-	-	17,017,718	18,265,605
Public Safety	20,852,897	24,641,875	-	-	20,852,897	24,641,875
Highways and Streets	8,727,481	10,413,928	-	-	8,727,481	10,413,928
Health and Welfare	2,782,462	3,201,291	-	-	2,782,462	3,201,291
Culture and Recreation	2,757,172	2,953,530	-	-	2,757,172	2,953,530
Interest and Fiscal Charges	2,063,752	2,400,187	-	-	2,063,752	2,400,187
Public Works	9,243,920	9,972,223	-	-	9,243,920	9,972,223
Airport	-	-	8,361,929	8,679,828	8,361,929	8,679,828
Event Center	-	-	9,594,634	11,436,810	9,594,634	11,436,810
Solid Waste Disposal	-	-	2,694,350	2,453,612	2,694,350	2,453,612
Solid Waste Collections	-	-	3,118,929	4,065,304	3,118,929	4,065,304
Water	-	-	10,581,458	11,722,982	10,581,458	11,722,982
Sanitary Sewer	-	-	6,401,858	7,014,055	6,401,858	7,014,055
Storm Water	-	-	2,167,522	1,993,037	2,167,522	1,993,037
Commercial Property	-	-	385,053	441,991	385,053	441,991
Parking Authority Lots	-	-	1,114,692	1,608,473	1,114,692	1,608,473
Total expenses	63,445,402	71,848,639	44,420,425	49,416,092	107,865,827	121,264,731
Increase in net position before transfer	49,006,263	40,699,865	13,781,693	7,574,928	62,787,956	48,274,793
Transfers	(26,321,428)	1,959,501	26,321,428	(1,959,501)	-	-
Increase in net position	22,684,835	42,659,366	40,103,121	5,615,427	62,787,956	48,274,793
Net position, as adjusted - 1/1	338,924,569	353,600,211	348,640,753	388,474,820	687,565,322	742,075,031
Net position - 12/31	\$ 361,609,404	\$ 396,259,577	\$ 388,743,874	\$ 394,090,247	\$ 750,353,278	\$ 790,349,824

Changes in Net Position

There was an adjustment to the beginning net position in the amount of \$8,278,248 to record the City's proportionate share of net pension liability in accordance with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This resulted in the recognition of a net pension liability in the amount of \$16,717,654, the deferred outflows of resources related to pension in the amount of \$8,358,997, and the deferred inflows of resources related to pension in the amount of \$3,084,009. Due to the implementation of GASB 68 in 2015, 2014 figures presented may not be comparable in some areas of the financial statements.

Governmental Activities

Governmental activities increased the City of Bismarck's net position by \$42,659,366, accounting for 88.3% 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 \$5,615,427, accounting for 11.7% 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 \$104,032,300, an increase of \$21,936,262 in comparison with the prior year. The total restricted due to external limitations is \$35,211,863 or 33.85% of the total fund balance. These limitations include \$2,414,706 for Building Construction Levy, \$24,916,975 for Special Assessment Debt Funds, \$288,366 for weather-related operations and \$7,591,816 for Sales Tax. The nonspendable funds of \$2,210,000 or .2% of fund balance is a result of advances to other funds. The committed funds of \$53,843,594 and assigned funds of \$4,236,860 are limited to its intended use. \$16,947,630 is committed to special programs in the Special Revenue Funds and \$36,895,964 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 \$923,287, Contingencies of \$825,000, Department Equipment Reserve of \$1,745,001, Technology Equipment Reserve of \$93,193, Computer Expansion Reserve of \$557,708, and Parking Lot Reserve of \$92,671.

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 \$31,714,584, while total fund balance reached \$38,596,150. The fund balance increased by \$2,300,320 as compared to 2014. Special Assessment Engineering Fees increased \$900,000 as a result of an increased growth in Bismarck, North Dakota. Also, there was \$1,090,000 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 positive fund balance of \$10,794,978. The special deficiency and assumptions was \$3,845,913, highway construction fund was \$23,099,627, building improvements was \$4,407,404, street lights/signals was \$47,582, tax increment was \$299,053 and community development was \$300,000 while the construction for sewer, water, street and sidewalk had a combined negative fund balance of \$21,204,601. 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 receives 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 \$39,180,186. All individual proprietary funds reported increases in net position, except for Solid Waste Collections of \$308,461 due to a new recycling program, Northern Plains Commerce Centre of \$1,384,285 due to the transfer to Building Construction for CIP projects, Parking Authority of \$44,332 due to an increase in maintenance and repair of the Parkade and Event Center \$1,620,551 due to an increase in operating costs of the Exhibit Hall expansion project.

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 \$663,747 which is a result the 5% discount on early payment.
- Intergovernmental revenue decreased by \$920,030 which was attributed to a decrease in state aid which is based on a decline in the sales tax collections at the state level.
- Charges for services exceeded the budget by \$1,124,648 due to an increase in special assessment engineering fees.
- Transfer in increased by \$475,856 due to a funding change for the fire trucks.
- Administration surplus of \$306,632 was due to a surplus in the salary pool established for the implementation of the compensation study.
- Combined Communications surplus of \$206,015 and Police of \$323,389 was excess budget authority due to vacant positions.
- Community Development had a surplus of \$1,041,328 due to a reduction in federal expenditures for the Metropolitan Planning Organization.
- Transfers of \$700,000 from Contingencies were not utilized in 2015.

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, 2015, amounts to \$517,199,089 (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 Event Center Exhibit Hall expansion.
- Completed the implementation of City-wide Water Meter Replacement Program.

- Continued with the construction of the Water Softening Expansion Project.
- Started the trickling filter improvement project at the Wastewater Treatment Plant.

City of Bismarck
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 2,767,950	\$ 2,767,950	\$ 14,081,717	\$ 15,740,055	\$ 16,849,667	\$ 18,508,005
Construction in Progress	12,539,715	2,587,854	9,199,847	17,989,350	21,739,562	20,577,204
Buildings	17,934,225	16,807,632	157,035,557	153,455,219	174,969,782	170,262,851
Improvements Other Than Buildings	27,568	24,226	212,407,492	220,509,455	212,435,060	220,533,681
Machinery and Equipment	15,078,037	15,187,092	7,697,852	16,874,672	22,775,889	32,061,764
Infrastructure	240,447,516	279,731,963	-	-	240,447,516	279,731,963
Total	\$ 288,795,011	\$ 317,106,717	\$ 400,422,465	\$ 424,568,751	\$ 689,217,476	\$ 741,675,468

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 52 – 53 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 \$229,799,262. Of this amount, \$116,830,000 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	
	2014	2015	2014	2015	2014	2015
Net Pension Liability	\$ -	\$ 14,194,215	\$ -	\$ 2,523,439	\$ -	\$ 16,717,654
Special assessment bonds	95,600,000	116,830,000	-	-	95,600,000	116,830,000
Less unamortized premiums	539,227	2,325,068	-	-	539,227	2,325,068
Compensated Absences	2,490,721	2,694,284	731,909	798,363	3,222,630	3,492,647
Claims and Judgments	271,137	312,411	111,141	107,545	382,278	419,956
Closure and postclosure costs	-	-	1,654,149	1,410,280	1,654,149	1,410,280
Civic Center revenue bonds	-	-	26,865,000	25,865,000	26,865,000	25,865,000
Less unamortized discount	-	-	(26,280)	(24,946)	(26,280)	(24,946)
Water revenue bonds-2012	-	-	5,050,000	4,360,000	5,050,000	4,360,000
Plus unamortized premium	-	-	54,171	45,617	54,171	45,617
Water revenue bonds-2013	-	-	8,690,000	8,155,000	8,690,000	8,155,000
Plus unamortized premium	-	-	1,295	1,201	1,295	1,201
Water revenue bonds-2014	-	-	13,535,000	12,545,000	13,535,000	12,545,000
Less unamortized discount	-	-	(129,838)	(120,727)	(129,838)	(120,727)
Water Treatment	-	-	12,412,434	12,255,000	12,412,434	12,255,000
Wastewater revenue bonds-2006	-	-	14,225,000	13,315,000	14,225,000	13,315,000
Wastewater revenue bonds-2015	-	-	-	29,000,000	-	29,000,000
Less unamortized discount	-	-	-	(74,834)	-	(74,834)
Total	\$ 98,901,085	\$ 122,161,763	\$ 83,173,981	\$ 107,637,499	\$ 182,075,066	\$ 229,799,262

The City issued new special assessments debt of \$33,855,000 which was issued in November of

2015 to fund Series K and SW2014 for projects that were completed in 2014. Series J refunded Series U in March of 2015 in the amount of \$6,510,000. More detailed information about the debt position of the City can be found in Note IV.F on pages 56 - 59 of the financial statements.

The City issued \$29,562,566 in Revenue Bonds. The Wastewater Revenue Bonds were issued for \$29,000,000 in November 2015 and an additional \$562,566 for the Water Treatment Revenue Bonds in January 2015. The Water Treatment Revenue Bond finalized the funding of the Water Treatment Plant Intake Project and the Wastewater Revenue Bond will fund the new Wastewater Pumping Station that will deliver wastewater to the trickling filters.

The revenue bonds are secured by water and sewer revenue matures in 2035. More detailed information about the debt position of the City can be found in Note IV.F on page 56.

In addition, net pension liability of \$16,717,654 was recorded due to the implementation of GASB Statement No. 68.

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 8.72% in 2016. The number of residential properties sales was 361 through April. There are also 92 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 3.97 mills in 2016.

The continued growth also leads to an increase in the need for the expansion of infrastructure improvements for streets and utilities. In 2015 there were 21 special assessment improvement districts. The growth continues to impact our need for additional department employees so 11 new positions were added in 2016. The unemployment remains at a low rate of 2.7% and the economy in Bismarck continue to grow despite the lower price of oil that impacts the western part of our state.

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, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 32,948,102	\$ 9,889,001	\$ 42,837,103
Investments	67,764,074	30,977,231	98,741,305
Receivables:			
Taxes	154,962	-	154,962
Accounts	6,103,600	2,504,025	8,607,625
Special assessments	108,186,508	8,409,078	116,595,586
Interest receivable	47,265	50,010	97,275
Notes receivable	1,163,406	-	1,163,406
Internal balances	2,198,040	(2,198,040)	-
Inventories	300,313	91,116	391,429
Prepaid items	44,898	104,060	148,958
Restricted assets:			
Cash and cash equivalents	-	662,194	662,194
Investments	2,875,704	4,232,482	7,108,186
Revenue bond covenant accounts	-	36,089,113	36,089,113
Capital assets not being depreciated:			
Land	2,767,950	15,740,055	18,508,005
Construction in progress	2,587,854	17,989,350	20,577,204
Capital assets (net of accumulated depreciation):			
Building and building improvements	16,807,632	153,455,219	170,262,851
Improvements other than buildings	24,226	220,509,455	220,533,681
Machinery and equipment	15,187,092	16,874,672	32,061,764
Infrastructure	279,731,963	-	279,731,963
Total assets	<u>538,893,589</u>	<u>515,379,021</u>	<u>1,054,272,610</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Derived from pensions	<u>6,524,527</u>	<u>1,834,470</u>	<u>8,358,997</u>
Total deferred outflows of resources	<u>6,524,527</u>	<u>1,834,470</u>	<u>8,358,997</u>
LIABILITIES:			
Accounts payable	4,075,495	4,481,695	8,557,190
Retainage payable	1,034,941	1,740,575	2,775,516
Salaries payable	1,026,904	290,350	1,317,254
Interest payable	565,135	741,169	1,306,304
Unearned revenue	947,421	2,153	949,574
Customer deposits	2,875,804	4,899,216	7,775,020
Noncurrent liabilities:			
Net pension liability	14,194,215	2,523,439	16,717,654
Due within one year	16,474,827	5,889,577	22,364,404
Due in more than one year	105,686,936	101,747,922	207,434,858
Total liabilities	<u>146,881,678</u>	<u>122,316,096</u>	<u>269,197,774</u>
DEFERRED INFLOWS OF RESOURCES:			
Derived from pensions	<u>2,276,861</u>	<u>807,148</u>	<u>3,084,009</u>
Total deferred inflows of resources	<u>2,276,861</u>	<u>807,148</u>	<u>3,084,009</u>
NET POSITION:			
Net investment in capital assets	197,951,649	319,247,440	517,199,089
Restricted for:			
Debt service	24,916,975	36,089,113	61,006,088
Highway weather related projects	288,366	-	288,366
Unrestricted	173,102,587	38,753,694	211,856,281
Total net position	<u>\$ 396,259,577</u>	<u>\$ 394,090,247</u>	<u>\$ 790,349,824</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, 2015**

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	\$ 18,265,605	\$ 4,903,933	\$ 3,031,788	\$ -	\$ (10,329,884)	\$ -	\$ (10,329,884)
Public safety	24,641,875	1,122,078	1,394,033	-	(22,125,764)	-	(22,125,764)
Highways and streets	10,413,928	6,310,840	4,246,203	2,396	145,511	-	145,511
Health and welfare	3,201,291	446,618	1,626,862	-	(1,127,811)	-	(1,127,811)
Culture and recreation	2,953,530	131,868	351,830	-	(2,469,832)	-	(2,469,832)
Interest and fiscal charges	2,400,187	-	-	-	(2,400,187)	-	(2,400,187)
Public works	9,972,223	-	416,667	39,483,353	29,927,797	-	29,927,797
Total governmental activities	71,848,639	12,915,337	11,067,383	39,485,749	(8,380,170)	-	(8,380,170)
Business-type activities:							
Airport	8,679,828	6,004,126	154,248	2,937,245	-	415,791	415,791
Event center	11,436,810	7,106,440	72,997	-	-	(4,257,373)	(4,257,373)
Solid waste disposal	2,453,612	4,307,855	-	-	-	1,854,243	1,854,243
Solid waste collections	4,065,304	3,899,855	-	-	-	(165,449)	(165,449)
Water	11,722,982	14,179,792	-	3,025,044	-	5,481,854	5,481,854
Sanitary sewer	7,014,055	7,224,309	-	2,815,042	-	3,025,296	3,025,296
Storm water	1,993,037	1,352,712	-	1,147,234	-	506,909	506,909
Commercial property	441,991	255,917	-	-	-	(186,074)	(186,074)
Parking authority lots	1,608,473	1,561,998	-	-	-	(46,475)	(46,475)
Total business-type activities	49,416,092	45,893,004	227,245	9,924,565	-	6,628,722	6,628,722
Total primary government	\$ 121,264,731	\$ 58,808,341	\$ 11,294,628	\$ 49,410,314	(8,380,170)	6,628,722	(1,751,448)
Taxes:							
Property taxes					19,270,501		19,270,501
Sales tax:							
Sales tax					17,436,203	-	17,436,203
Occupancy tax					1,188,853	-	1,188,853
Lodging/liquor/food tax					2,910,312	-	2,910,312
Car rental tax					71,808	-	71,808
Unrestricted state aid distribution					5,069,954	-	5,069,954
Franchise taxes					1,123,478	-	1,123,478
Other taxes					1,333,130	39,923	1,373,053
Unrestricted investment earnings					675,796	419,227	1,095,023
Gain (Loss) on disposal of assets					-	487,056	487,056
Transfers					1,959,501	(1,959,501)	-
Total general revenues and separate line items					51,039,536	(1,013,295)	50,026,241
Changes in net position					42,659,366	5,615,427	48,274,793
Net position - beginning, as restated					353,600,211	388,474,820	742,075,031
Net position - ending					\$ 396,259,577	\$ 394,090,247	\$ 790,349,824

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

**CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

ASSETS	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Highway Construction	Street Improvement Construction	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 8,251,205	\$ 2,136,984	\$ 1,285,176	\$ -	\$ 7,208,374	\$ -	\$ 13,966,363	\$ 32,848,102
Investments	29,150,720	9,067,561	-	-	15,630,093	-	7,165,431	61,013,805
Receivables:								
Taxes receivable	110,048	-	-	-	-	-	44,914	154,962
Accounts receivable	1,995,756	1,283,656	45,251	40,829	118,167	-	2,234,088	5,717,747
Special assessments	-	-	21,987,377	77,870,946	-	-	8,328,185	108,186,508
Notes receivable	-	-	-	-	-	-	1,163,406	1,163,406
Due from other funds	391,325	-	1,683,994	12,710,837	389,386	-	3,759,124	18,934,666
Advances to other funds	230,000	-	-	-	-	-	1,980,000	2,210,000
Restricted assets:								
Investments	-	-	-	-	-	-	2,875,704	2,875,704
Total assets	\$ 40,129,054	\$ 12,488,201	\$ 25,001,798	\$ 90,622,612	\$ 23,346,020	\$ -	\$ 41,517,215	\$ 233,104,900
LIABILITIES								
Accounts payable	\$ 514,031	\$ -	\$ 7,537	\$ 24,511	\$ 246,393	\$ 967,243	\$ 1,597,381	\$ 3,357,096
Retainage payable	-	-	-	-	-	960,035	74,906	1,034,941
Due to other funds	-	-	-	-	-	14,526,891	4,419,735	18,946,626
Salaries payable	854,190	-	-	-	-	-	152,472	1,006,662
Unearned revenue	84,015	-	-	-	-	-	863,406	947,421
Customer deposits	100	-	-	-	-	-	2,875,704	2,875,804
Total liabilities	1,452,336	-	7,537	24,511	246,393	16,454,169	9,983,604	28,168,550
DEFERRED INFLOWS OF RESOURCES								
Unavailable special assessment taxes	-	-	21,079,438	72,219,089	-	-	7,492,619	100,791,146
Unavailable property taxes	80,568	-	-	-	-	-	32,336	112,904
Total deferred inflows of resources	80,568	-	21,079,438	72,219,089	-	-	7,524,955	100,904,050
FUND BALANCES								
Nonspendable	230,000	-	-	-	-	-	1,980,000	2,210,000
Restricted	2,414,706	7,591,816	3,914,823	18,379,012	-	-	2,911,506	35,211,863
Committed	-	4,896,385	-	-	23,099,627	-	23,867,582	51,863,594
Assigned	4,236,860	-	-	-	-	-	-	4,236,860
Unassigned	31,714,584	-	-	-	-	(16,454,169)	(4,750,432)	10,509,983
Total fund balances	38,596,150	12,488,201	3,914,823	18,379,012	23,099,627	(16,454,169)	24,008,656	104,032,300
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,129,054	\$ 12,488,201	\$ 25,001,798	\$ 90,622,612	\$ 23,346,020	\$ -	\$ 41,517,215	

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.	317,106,717
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	100,951,317
The net pension liability is not due and payable in the current period and therefore is not reported in the funds. Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(9,946,549)
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.	6,530,279
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(122,414,487)
Net position of governmental activities	\$ 396,259,577

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, 2015

			Street		Street		Nonmajor		Total
	General	Sales Tax	Sewermain Bonds	Improvement Bonds	Highway Construction	Improvement Construction	Funds		
REVENUES									
Taxes	\$ 13,970,665	\$ 17,436,203	\$ -	\$ -	\$ -	\$ -	\$ 10,603,713	\$ 42,010,581	
Licenses and permits	2,259,826	-	-	-	-	-	74,121	2,333,947	
Special assessments	-	-	1,877,632	13,001,569	-	1,716,045	1,944,118	18,539,364	
Intergovernmental	7,945,488	-	-	-	416,667	-	9,492,138	17,854,293	
Charges for services	4,882,323	-	-	-	-	-	3,778,465	8,660,788	
Fines and forfeits	1,079,840	-	-	-	-	-	113,853	1,193,693	
Investment income	232,002	128,498	93,374	395,591	89,250	-	203,857	1,142,572	
Rentals	287,653	-	-	-	-	-	140,282	427,935	
Miscellaneous	64,562	-	-	-	-	-	334,230	398,792	
Total revenues	<u>30,722,359</u>	<u>17,564,701</u>	<u>1,971,006</u>	<u>13,397,160</u>	<u>505,917</u>	<u>1,716,045</u>	<u>26,684,777</u>	<u>92,561,965</u>	
EXPENDITURES									
Current									
General government	9,548,059	320	-	-	-	-	6,167,189	15,715,568	
Public safety	20,734,241	-	-	-	-	-	795,688	21,529,929	
Highways and streets	2,271,945	-	-	-	-	-	6,859,714	9,131,659	
Health and welfare	2,113,463	-	-	-	-	-	791,431	2,904,894	
Culture and recreation	370,458	-	-	-	-	-	1,860,349	2,230,807	
Public works	-	-	-	-	371,618	401,216	930,587	1,703,421	
Capital outlays									
General government	189,052	-	-	-	-	-	791,182	980,234	
Public safety	488,393	-	-	-	-	-	87,690	576,083	
Highways and streets	69,220	-	-	-	-	-	848,804	918,024	
Health and welfare	22,850	-	-	-	-	-	-	22,850	
Culture and recreation	-	-	-	-	-	-	375,551	375,551	
Public works	-	-	-	-	969,010	33,610,704	7,297,723	41,877,437	
Debt service									
Principal	-	-	1,511,430	8,930,788	-	-	1,287,782	11,730,000	
Interest and fiscal charges	-	-	401,688	1,663,048	-	-	210,981	2,275,717	
Total expenditures	<u>35,807,681</u>	<u>320</u>	<u>1,913,118</u>	<u>10,593,836</u>	<u>1,340,628</u>	<u>34,011,920</u>	<u>28,304,671</u>	<u>111,972,174</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(5,085,322)</u>	<u>17,564,381</u>	<u>57,888</u>	<u>2,803,324</u>	<u>(834,711)</u>	<u>(32,295,875)</u>	<u>(1,619,894)</u>	<u>(19,410,209)</u>	
OTHER FINANCING SOURCES (USES)									
Transfer in	9,906,114	-	1,226,844	2,042,291	15,882,110	14,577,361	6,298,229	49,932,949	
Transfer out	(2,520,472)	(21,297,087)	(526,976)	(43,718)	(6,426,235)	(5,681,611)	(6,899,703)	(43,395,802)	
Refunding bonds issues	-	-	3,225,290	2,903,458	-	-	381,252	6,510,000	
Premium on special assessment debt	-	-	47,306	42,114	-	1,295,236	464,668	1,849,324	
Payment to refunded bond escrow agent	-	-	(3,653,759)	(3,319,059)	-	-	(432,182)	(7,405,000)	
Special assessment bonds issued	-	-	-	-	-	24,040,343	9,814,657	33,855,000	
Total other financing sources (uses)	<u>7,385,642</u>	<u>(21,297,087)</u>	<u>318,705</u>	<u>1,625,086</u>	<u>9,455,875</u>	<u>34,231,329</u>	<u>9,626,921</u>	<u>41,346,471</u>	
Net changes in fund balances	2,300,320	(3,732,706)	376,593	4,428,410	8,621,164	1,935,454	8,007,027	21,936,262	
Fund balances - beginning	36,295,830	16,220,907	3,538,230	13,950,602	14,478,463	(18,389,623)	16,001,629	82,096,038	
Fund balances - ending	<u>\$ 38,596,150</u>	<u>\$ 12,488,201</u>	<u>\$ 3,914,823</u>	<u>\$18,379,012</u>	<u>\$ 23,099,627</u>	<u>\$(16,454,169)</u>	<u>\$ 24,008,656</u>	<u>\$ 104,032,300</u>	

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

**CITY OF BISMARCK, NORTH DAKOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances-total governmental funds (Page 23) \$ 21,936,262

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. 28,579,219

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (264,429)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 19,831,152

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. (23,079,324)

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. (4,222,185)

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. 121,329

Change in net position of governmental activities (Page 21) \$ 42,659,366

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, 2015

	<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	\$ 36,295,830	\$ 36,295,830	\$ 36,295,830	\$ -
Resources (inflows)				
Taxes	14,634,412	14,634,412	13,970,665	(663,747)
Licenses and permits	2,338,340	2,338,340	2,259,826	(78,514)
Intergovernmental	8,865,518	8,865,518	7,945,488	(920,030)
Charges for services	3,757,675	3,757,675	4,882,323	1,124,648
Fines and forfeits	975,300	975,300	1,079,840	104,540
Investment income	219,896	219,896	232,002	12,106
Rentals	279,547	279,547	287,653	8,106
Miscellaneous	32,650	32,650	64,562	31,912
Transfer in	9,430,258	9,430,258	9,906,114	475,856
Amount available for appropriation	<u>76,829,426</u>	<u>76,829,426</u>	<u>76,924,303</u>	<u>94,877</u>
Charges to appropriations (outflows)				
General government				
Nondepartmental	1,514,779	1,353,882	1,213,610	140,272
Administration	1,033,571	1,021,570	714,938	306,632
Building maintenance	684,167	684,167	647,963	36,204
Attorney	500,474	500,474	492,854	7,620
Finance	3,124,090	3,123,890	2,937,511	186,379
Human resources	484,085	484,085	416,512	67,573
Municipal court	473,594	473,794	473,711	83
Community development	3,039,164	3,039,164	1,997,836	1,041,328
One-time operations	1,176,210	1,180,409	888,115	292,294
Equipment reserve	87,407	193,203	119,413	73,790
Public safety				
Combined communications	2,219,568	2,219,568	2,013,553	206,015
Fire & inspections	7,008,466	7,169,363	7,107,850	61,513
Police	11,000,488	11,000,488	10,677,099	323,389
One-time operations	1,888,728	1,895,692	1,820,235	75,457
Equipment reserve	10,872	8,641	8,641	-
Highways and streets				
Weed control	75,864	75,864	67,650	8,214
Engineering	2,162,103	2,162,103	2,099,555	62,548
One-time operations	286,991	287,829	207,342	80,487
Equipment reserve	15,000	18,010	18,010	-
Health and welfare				
Environmental health	306,753	306,753	300,030	6,723
Public health	1,826,744	1,826,744	1,731,376	95,368
One-time operations	215,720	215,720	132,258	83,462
Equipment reserve	23,990	16,128	16,128	-
Culture and recreation				
Cable tv promotions	338,943	338,943	338,943	-
One-time operations	31,515	31,515	31,515	-
Transfer out				
Nondepartmental	817,434	817,434	317,434	-
Building construction	1,892,340	2,017,340	2,000,864	16,476
Contingencies	825,000	700,000	-	700,000
Combined communications	90,229	90,229	85,313	4,916
Community development	25,884	25,884	12,938	12,946
One-time operations	173,253	173,253	103,923	69,330
Total charges to appropriations	<u>43,353,426</u>	<u>43,452,139</u>	<u>38,993,120</u>	<u>3,959,019</u>
Budgetary Fund Balance, December 31	<u>\$ 33,476,000</u>	<u>\$ 33,377,287</u>	<u>\$ 37,931,183</u>	<u>\$ 4,053,896</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, 2015**

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	\$ 76,924,303
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	(36,295,830)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(9,906,114)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 30,722,359</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 38,993,120
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(664,967)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,520,472)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 35,807,681</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, 2015**

	<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	\$ 16,220,907	\$ 16,220,907	\$ 16,220,907	\$ -
Resources (inflows)				
Taxes	17,271,063	17,271,063	17,436,203	165,140
Investment income	63,816	63,816	128,498	64,682
Amount available for appropriation	<u>33,555,786</u>	<u>33,555,786</u>	<u>33,785,608</u>	<u>229,822</u>
Charges to appropriations (outflows)				
General government	500	500	320	180
Transfer out	24,527,445	24,527,445	21,297,087	3,230,358
Total charges to appropriations	<u>24,527,945</u>	<u>24,527,945</u>	<u>21,297,407</u>	<u>3,230,538</u>
Budgetary Fund Balance, December 31	<u>\$ 9,027,841</u>	<u>\$ 9,027,841</u>	<u>\$ 12,488,201</u>	<u>\$ 3,460,360</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, 2015

	Business-type Activities - Enterprise Funds						Governmental	
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Activities - Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 178,759	\$ 874,918	\$ 44,821	\$ 33,081	\$ 31,579	\$ 8,725,843	\$ 9,889,001	\$ 100,000
Investments	7,194,910	183,506	-	8,369,037	4,125,940	11,438,545	31,311,938	6,415,562
Receivables:								
Accounts receivable	527,844	140,837	575,573	503,963	95,169	649,317	2,492,703	397,176
Special assessments	-	-	2,925,791	3,193,212	2,290,075	-	8,409,078	-
Interest receivable	5,218	338	6,142	21,566	2,693	14,053	50,010	-
Due from other funds	-	11,960	-	-	-	-	11,960	-
Inventories	-	-	91,116	-	-	-	91,116	300,313
Prepaid items	11,494	26,411	36,858	11,957	1,966	15,374	104,060	44,898
Restricted assets:								
Cash and cash equivalents	-	637,719	-	-	-	24,475	662,194	-
Total current assets	<u>7,918,225</u>	<u>1,875,689</u>	<u>3,680,301</u>	<u>12,132,816</u>	<u>6,547,422</u>	<u>20,867,607</u>	<u>53,022,060</u>	<u>7,257,949</u>
Noncurrent assets:								
Restricted assets:								
Investments	-	-	4,232,482	-	-	-	4,232,482	-
Revenue bond covenant accounts	-	164,601	7,030,562	28,893,950	-	-	36,089,113	-
Capital assets not being depreciated:								
Land	8,471,470	912,100	877,448	324,591	2,443,853	2,710,593	15,740,055	-
Construction in progress	516,847	-	11,036,417	6,049,551	30,397	356,138	17,989,350	-
Capital assets (net of accumulated depreciation):								
Building and building improvements	15,057,524	35,040,172	52,264,130	27,246,249	-	23,847,144	153,455,219	-
Improvements other than buildings	46,140,973	-	75,305,643	45,594,501	43,569,315	9,899,023	220,509,455	-
Machinery and equipment	1,158,769	2,238,725	6,389,322	1,720,481	43,281	5,324,094	16,874,672	6,136
Total noncurrent assets	<u>71,345,583</u>	<u>38,355,598</u>	<u>157,136,004</u>	<u>109,829,323</u>	<u>46,086,846</u>	<u>42,136,992</u>	<u>464,890,346</u>	<u>6,136</u>
Total assets	<u>79,263,808</u>	<u>40,231,287</u>	<u>160,816,305</u>	<u>121,962,139</u>	<u>52,634,268</u>	<u>63,004,599</u>	<u>517,912,406</u>	<u>7,264,085</u>
DEFERRED OUTFLOWS OF RESOURCES								
Derived from pensions	308,478	281,178	479,272	259,278	47,141	459,123	1,834,470	134,667
Total deferred outflows of resources	<u>308,478</u>	<u>281,178</u>	<u>479,272</u>	<u>259,278</u>	<u>47,141</u>	<u>459,123</u>	<u>1,834,470</u>	<u>134,667</u>

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds						Governmental	
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Activities - Internal Service Funds	
LIABILITIES								
Current liabilities:								
Accounts payable	208,009	190,782	1,541,809	1,458,684	710,416	366,877	4,476,577	713,787
Retainage payable	-	284,545	1,032,542	423,488	-	-	1,740,575	-
Bonds payable	-	1,015,000	2,765,000	1,535,000	-	-	5,315,000	-
Accrued interest payable	-	117,689	325,812	297,668	-	-	741,169	-
Due to other entities	-	-	-	-	-	-	-	9,730
Compensated benefits payable	79,619	73,427	131,157	62,027	12,743	108,059	467,032	-
Salaries payable	45,287	55,385	74,725	37,535	8,454	68,964	290,350	20,242
Unearned revenue	-	-	-	-	-	2,153	2,153	-
Claims and judgments payable	-	-	-	9,556	-	-	9,556	410,400
Total current liabilities	<u>332,915</u>	<u>1,736,828</u>	<u>5,871,045</u>	<u>3,823,958</u>	<u>731,613</u>	<u>546,053</u>	<u>13,042,412</u>	<u>1,154,159</u>
Long-term liabilities:								
Net pension liability	426,654	376,763	661,857	358,054	65,101	635,010	2,523,439	183,110
Advances from other funds	-	-	-	-	-	2,210,000	2,210,000	-
Customer deposits	-	637,719	4,232,482	-	-	29,015	4,899,216	-
Compensated benefits payable	53,689	65,795	75,106	41,694	365	94,682	331,331	-
Revenue bonds payable	-	24,825,054	34,476,092	40,705,165	-	-	100,006,311	-
Accrued closure/post closure costs	-	-	-	-	-	1,410,280	1,410,280	-
Total long-term liabilities	<u>480,343</u>	<u>25,905,331</u>	<u>39,445,537</u>	<u>41,104,913</u>	<u>65,466</u>	<u>4,378,987</u>	<u>111,380,577</u>	<u>183,110</u>
Total liabilities	<u>813,258</u>	<u>27,642,159</u>	<u>45,316,582</u>	<u>44,928,871</u>	<u>797,079</u>	<u>4,925,040</u>	<u>124,422,989</u>	<u>1,337,269</u>
DEFERRED INFLOWS OF RESOURCES								
Derived from pensions	137,666	118,265	207,756	112,393	20,435	210,633	807,148	57,478
Total deferred inflows of resources	<u>137,666</u>	<u>118,265</u>	<u>207,756</u>	<u>112,393</u>	<u>20,435</u>	<u>210,633</u>	<u>807,148</u>	<u>57,478</u>
NET POSITION								
Net investment in capital assets	71,345,583	12,350,943	108,631,868	38,695,208	46,086,846	42,136,992	319,247,440	6,136
Restricted for debt service	-	164,601	7,030,562	28,893,950	-	-	36,089,113	-
Unrestricted	7,275,779	236,497	108,809	9,590,995	5,777,049	16,191,057	39,180,186	5,997,869
Total net position	<u>\$ 78,621,362</u>	<u>\$ 12,752,041</u>	<u>\$ 115,771,239</u>	<u>\$ 77,180,153</u>	<u>\$ 51,863,895</u>	<u>\$ 58,328,049</u>	<u>394,516,739</u>	<u>\$ 6,004,005</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(426,492)	
Net position of business-type activities							<u>\$ 394,090,247</u>	

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, 2015

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Event Center	Water	Sanitary Sewer	Storm Sewer	Nonmajor Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
Charges for sales and services:							
Event sales	\$ -	\$ 6,662,726	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of gas and oil	-	-	-	-	-	-	793,686
Sale of parts and labor	48,440	-	224,110	1,856	-	-	2,264,209
Water sales	1,477	-	13,669,053	-	-	-	-
Sanitation fees	-	-	22,116	7,217,615	1,288,513	8,043,395	-
Landing and airport fees	2,409,318	-	-	-	-	-	-
Miscellaneous sales	17,567	67,989	40,877	2,740	64,199	56,058	249,430
Rentals	3,527,323	438,721	601,250	2,097	-	1,926,171	6,495,562
Employer contributions	-	-	-	-	-	-	6,554,137
Employee contributions	-	-	-	-	-	-	73,540
Total operating revenues	<u>6,004,125</u>	<u>7,169,436</u>	<u>14,557,406</u>	<u>7,224,308</u>	<u>1,352,712</u>	<u>10,025,624</u>	<u>46,333,611</u>
OPERATING EXPENSES							
Cost of goods sold	-	3,788,676	151,693	-	-	-	3,940,369
Personal services - salaries & wages	1,155,863	1,825,086	1,965,289	1,074,420	228,655	1,849,077	8,098,390
Personal services - fringe benefits	531,705	546,817	931,882	493,435	89,549	924,020	3,517,408
Professional, legal, and contracted services	1,666,889	276,627	134,835	33,433	412,131	752,801	3,276,716
Building, equipment, and vehicle services	1,410,275	908,453	1,913,893	1,374,706	317,291	1,312,250	7,236,868
Travel & training	17,859	21,300	18,895	7,216	262	5,429	70,961
Operating services	522,486	202,918	342,578	293,497	20,415	1,455,823	2,837,717
Operating supplies	248,290	155,286	1,199,358	574,812	10,353	443,080	2,631,179
Depreciation expense	3,116,547	2,714,213	3,920,308	2,523,287	935,420	1,897,037	15,106,812
Total operating expenses	<u>8,669,914</u>	<u>10,439,376</u>	<u>10,578,731</u>	<u>6,374,806</u>	<u>2,014,076</u>	<u>8,639,517</u>	<u>46,716,420</u>
Operating income (loss)	<u>(2,665,789)</u>	<u>(3,269,940)</u>	<u>3,978,675</u>	<u>849,502</u>	<u>(661,364)</u>	<u>1,386,107</u>	<u>(382,809)</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	194,170	10,000	-	-	-	-	204,170
Special assessments	-	-	954,009	1,031,343	702,221	-	2,687,573
Gain (loss) on disposal of assets	(3,019)	(232)	9,887	4,757	4,052	471,380	486,825
Investment income	40,266	15,317	120,539	59,250	28,060	146,189	409,621
Interest and fiscal charges	-	(988,176)	(1,143,895)	(675,663)	-	-	(2,807,734)
Total nonoperating revenues (expenses)	<u>231,417</u>	<u>(963,091)</u>	<u>(59,460)</u>	<u>419,687</u>	<u>734,333</u>	<u>617,569</u>	<u>980,455</u>
Income (loss) before contributions and transfer	<u>(2,434,372)</u>	<u>(4,233,031)</u>	<u>3,919,215</u>	<u>1,269,189</u>	<u>72,969</u>	<u>2,003,676</u>	<u>597,646</u>
CAPITAL CONTRIBUTIONS	2,937,245	-	2,749,049	2,669,304	3,249,177	-	11,604,775
TRANSFERS IN	17,952	2,930,648	-	-	-	203,571	3,152,171
TRANSFERS OUT	<u>(236,935)</u>	<u>(318,168)</u>	<u>(5,479,869)</u>	<u>(635,886)</u>	<u>(697,615)</u>	<u>(2,290,108)</u>	<u>(9,658,581)</u>
Change in net position	<u>283,890</u>	<u>(1,620,551)</u>	<u>1,188,395</u>	<u>3,302,607</u>	<u>2,624,531</u>	<u>(82,861)</u>	<u>5,696,011</u>
Total net position - beginning, as restated	<u>78,337,472</u>	<u>14,372,592</u>	<u>114,582,844</u>	<u>73,877,546</u>	<u>49,239,364</u>	<u>58,410,910</u>	<u>6,294,957</u>
Total net position - ending	<u>\$ 78,621,362</u>	<u>\$ 12,752,041</u>	<u>\$ 115,771,239</u>	<u>\$ 77,180,153</u>	<u>\$ 51,863,895</u>	<u>\$ 58,328,049</u>	<u>\$ 6,004,005</u>
						(80,584)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							
Change in net position of business-type activities (page 19)						<u>\$ 5,615,427</u>	

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

CITY OF BISMARCK, NORTH DAKOTA

(Continued on next page)

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental	
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Activities- Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 7,744,792	\$ 7,405,098	\$ 14,503,954	\$ 10,362,512	\$ 1,347,399	\$ 9,984,826	\$ 51,348,581	\$ 3,088,215
Receipts from employer	-	-	-	-	-	-	-	6,508,538
Other operating cash receipts	-	-	-	-	-	-	-	216,208
Payments to suppliers	(4,972,045)	(6,506,485)	(3,996,078)	(1,706,954)	(609,709)	(4,813,467)	(22,604,738)	(9,615,738)
Payments to employees	(992,137)	(1,661,177)	(1,680,437)	(941,353)	(187,674)	(1,780,744)	(7,243,522)	(463,755)
Net cash provided (used) by operating activities	1,780,610	(762,564)	8,827,439	7,714,205	550,016	3,390,615	21,500,321	(266,532)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Payment on advance	-	-	(32,390)	-	-	(100,000)	(132,390)	-
Proceeds from advance	-	-	-	-	-	30,000	30,000	-
Transfers from other funds	17,952	2,930,648	-	-	-	203,571	3,152,171	144,000
Transfers to other funds	(236,935)	(318,168)	(5,479,871)	(635,886)	(697,615)	(2,290,107)	(9,658,582)	(174,737)
Net cash provided (used) by noncapital financing activities	(218,983)	2,612,480	(5,512,261)	(635,886)	(697,615)	(2,156,536)	(6,608,801)	(30,737)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Intergovernmental revenue	3,131,415	10,000	-	-	-	-	3,141,415	2,396
Revenue bond payment	-	(1,000,000)	(2,935,000)	(910,000)	-	-	(4,845,000)	-
Interest paid	-	(991,588)	(1,131,847)	(595,080)	-	-	(2,718,515)	-
Proceeds on bonds	-	-	562,566	29,000,000	-	-	29,562,566	-
Proceeds from sale of capital assets	1,112	-	8,132	1,750	-	383,304	394,298	5,848
Proceeds from insurance recoveries	8,181	-	1,755	3,007	4,052	1,881	18,876	50,776
Special assessments collected	-	-	322,831	340,371	155,448	-	818,650	-
Purchase of capital assets	(67,575)	(725,809)	(6,317,425)	(444,439)	(151,443)	(2,222,886)	(9,929,577)	(2,396)
Construction of capital assets	(2,734,138)	(1,833,108)	(8,886,733)	(7,426,873)	(23,600)	(11,218)	(21,090,713)	-
Net cash provided (used) by capital and related financing activities	338,995	(4,540,505)	(18,375,721)	19,968,736	(15,543)	(1,848,920)	(4,472,958)	56,624
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturities of investments	3,358,724	3,973,853	13,142,569	9,590,307	4,296,348	11,549,758	45,911,559	2,507,922
Purchase of investments	(7,194,910)	(183,506)	-	(37,262,987)	(4,125,940)	(11,438,545)	(60,205,888)	(6,415,562)
Investment income	26,116	11,252	91,464	36,994	19,470	100,969	286,265	29,724
Net cash provided (used) by investing activities	(3,810,070)	3,801,599	13,234,033	(27,635,686)	189,878	212,182	(14,008,064)	(3,877,916)
Net increase (decrease) in cash and cash equivalent	(1,909,448)	1,111,010	(1,826,510)	(588,631)	26,736	(402,659)	(3,589,502)	(4,118,561)
Cash and cash equivalents - January 1	2,088,207	401,627	1,871,331	621,712	4,843	9,152,977	14,140,697	4,218,561
Cash and cash equivalents - December 31	\$ 178,759	\$ 1,512,637	\$ 44,821	\$ 33,081	\$ 31,579	\$ 8,750,318	\$ 10,551,195	\$ 100,000

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued from previous page)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental	
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ (2,665,789)	\$ (3,269,940)	\$ 3,978,675	\$ 849,502	\$ (661,364)	\$ 1,386,107	\$ (382,809)	\$ (363,960)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	3,116,547	2,714,213	3,920,308	2,523,287	935,420	1,897,038	15,106,813	5,480
Deferred outflows	(308,478)	(281,178)	(479,272)	(259,278)	(47,141)	(459,123)	(1,834,470)	(134,667)
Deferred inflows	137,666	118,265	207,756	112,393	20,435	210,633	807,148	57,478
(Increase) decrease in accounts receivable	1,740,667	(43,315)	6,335	(44,110)	(5,313)	(38,359)	1,615,905	199,373
(Increase) decrease in due from other funds	-	7,093	-	3,182,314	-	-	3,189,407	-
(Increase) decrease in inventories	-	-	3,643	-	-	-	3,643	(3,380)
(Increase) decrease in prepaid items	(7,147)	47,855	(5,876)	(3,503)	(185)	(3,437)	27,707	(41,022)
Increase (decrease) in customer deposits	-	301,884	(59,787)	-	-	1,730	243,827	-
Increase (decrease) in accounts payable	(567,394)	(654,263)	699,289	1,091,370	240,477	141,971	951,450	(197,350)
Increase (decrease) in compensated benefits payable	2,465	24,887	28,012	(6,536)	10,012	7,614	66,454	-
Increase (decrease) in net pension liability	378,280	346,120	593,354	320,994	58,362	557,274	2,254,384	166,229
Increase (decrease) in salaries payable	(46,207)	(44,185)	(64,998)	(34,506)	(687)	(62,795)	(253,378)	(11,483)
Increase (decrease) in due to other entities	-	-	-	-	-	-	-	1,370
Increase (decrease) in deferred revenue	-	(30,000)	-	-	-	(4,169)	(34,169)	-
Increase (decrease) in estimated pending claims	-	-	-	(17,722)	-	-	(17,722)	55,400
Increase in closure and post closure costs	-	-	-	-	-	(243,869)	(243,869)	-
Total adjustments	4,446,399	2,507,376	4,848,764	6,864,703	1,211,380	2,004,508	21,883,130	97,428
Net cash provided (used) by operating activities	<u>\$ 1,780,610</u>	<u>\$ (762,564)</u>	<u>\$ 8,827,439</u>	<u>\$ 7,714,205</u>	<u>\$ 550,016</u>	<u>\$ 3,390,615</u>	<u>\$ 21,500,321</u>	<u>\$ (266,532)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:								
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 678,014	\$ 885,605	\$ 2,804,163	\$ -	\$ 4,367,782	\$ -
Contribution of capital assets from developers	-	-	2,071,035	1,783,699	445,014	-	4,299,748	-
Increase in fair value of investments	13,915	5,853	43,418	10,067	9,843	50,112	133,208	15,001

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Pension Trust Fund</u>
ASSETS	
Receivables:	
Accrued interest and dividends	\$ 176,910
Investments, at fair value:	
Domestic equities	18,666,712
International equities	31,329,461
Domestic fixed income	33,176,818
International fixed income	4,587,164
Real estate	21,310,995
Private equity	3,905,262
Mutual funds	692,125
Certificate of deposits	268,756
Invested cash	3,019,406
Invested securities lending collateral	<u>779,729</u>
Total assets	<u>117,913,338</u>
LIABILITIES	
Accounts payable	203,368
Securities lending collateral	<u>779,729</u>
Total liabilities	<u>983,097</u>
NET POSITION	
Net position - restricted for pension benefits	<u>116,930,241</u>
Total net position held in trust	<u><u>\$ 116,930,241</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2015**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,207,695
Employee	<u>1,864,671</u>
Total contributions	<u>5,072,366</u>
Investment income:	
Net increase (decrease) in fair value of investments	(1,242,978)
Interest and dividends	<u>2,415,235</u>
	1,172,257
Less: investment expense	<u>(402,094)</u>
Net investment income	<u>770,163</u>
Securities lending Income	5,628
Less: securities lending expense	<u>(1,125)</u>
Net securities lending income	<u>4,503</u>
Total additions	<u>5,847,032</u>
DEDUCTIONS	
Benefits paid to participants	5,973,205
Refunds	240,685
Administration expenses	<u>114,967</u>
Total deductions	<u>6,328,857</u>
Change in net position	<u>(481,825)</u>
Net position - beginning	<u>117,412,066</u>
Net position- ending	<u><u>\$ 116,930,241</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, 2015**

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.

Highway Construction Fund – This fund accounts for the improvements made to the arterial streets and the traffic signal lights systems. Financing is provided by Sales Tax and the North Dakota Department of Transportation.

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.

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

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

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

The City has no cash overdrafts from pooled cash and investments at December 31, 2015.

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, 2015 was \$4,232,482.

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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3. Receivables and Payables

Notes receivable as of December 31, 2015 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	46,800
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 Horizons Bldg (RMHH)	0%	4/28/2015-12/20/2031	25,000
HUD Patterson Place Apartments Loan	0%	none	<u>300,000</u>
 TOTAL NOTES RECEIVABLE			 <u>\$ 1,163,406</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 53.

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, 2015, 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Certain proceeds of the Event 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 56-57.

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. Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position by the government that would not be recognized as an outflow of resources (expense/expenditure) until future period(s) in which it is applicable. Deferred outflows are recorded in the government-wide Statement of Net Position under the governmental or business-type columns. Deferred outflows of resources of proprietary and internal service funds are reported in detail in their respective fund statements.

8. 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.

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

Annual Leave

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

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

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

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

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

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

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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, \$410,400 of claims and judgments are included in governmental and business-type activities. Compensated absences of \$2,694,284 generally have been liquidated by the General Fund and various Special Revenue Funds.

10. Pensions

The City's portion of the Bismarck City Employee Pension Plan is based on it's proportionate share of the net pension liability, deferred outflows/inflows and pension expense. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The City's proportionate share was further reallocated between governmental and business-type funds (proprietary/internal service funds) based on the present value of future payroll.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

11. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that that would not be recognized as an inflow of resources (revenue) until the future period(s) in which it is applicable. Deferred inflows are recorded in the government-wide Statement of Net Position under the governmental or business-type columns. Deferred inflows of resources of proprietary and internal service funds are reported in detail in their respective fund statements.

12. Net Position/Fund Balance

The difference between assets, deferred outflows, liabilities and deferred inflows 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:

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.

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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.

As of December 31, 2015, fund balances are composed of the following:

	General Fund	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Highway Construction	Street Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>								
Advance to other funds	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,980,000	\$ 2,210,000
<u>Restricted:</u>								
Building construction	2,414,706	-	-	-	-	-	-	2,414,706
Highway weather projects	-	-	-	-	-	-	288,366	288,366
Capital projects	-	7,591,816	-	-	-	-	-	7,591,816
Debt payments	-	-	3,914,823	18,379,012	-	-	2,623,140	24,916,975
<u>Committed:</u>								
Public health programs	-	-	-	-	-	-	354,879	354,879
Transit system	-	-	-	-	-	-	1,893	1,893
Public library	-	-	-	-	-	-	770,835	770,835
Drug enforcement	-	-	-	-	-	-	145,774	145,774
Highways and streets	-	-	-	-	-	-	6,542,127	6,542,127
Street light operations	-	-	-	-	-	-	2,020,896	2,020,896
Event center projects	-	-	-	-	-	-	1,405,780	1,405,780
Economic development	-	-	-	-	-	-	2,693,303	2,693,303
Social security payments	-	-	-	-	-	-	1,232,143	1,232,143
Capital projects	-	4,896,385	-	-	23,099,627	-	8,699,952	36,695,964
<u>Assigned:</u>								
Fire truck/equipment	923,287	-	-	-	-	-	-	923,287
Contingencies	825,000	-	-	-	-	-	-	825,000
Department equipment	1,745,001	-	-	-	-	-	-	1,745,001
Technology equipment	93,193	-	-	-	-	-	-	93,193
Computer expansion	557,708	-	-	-	-	-	-	557,708
Parking lot	92,671	-	-	-	-	-	-	92,671
<u>Unassigned</u>	31,714,584	-	-	-	-	(16,454,169)	(4,750,432)	10,509,983
Total Fund Balances	\$ 38,596,150	\$ 12,488,201	\$ 3,914,823	\$ 18,379,012	\$ 23,099,627	\$ (16,454,169)	\$ 24,008,656	104,032,300

**CITY OF BISMARCK, NORTH DAKOTA
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DECEMBER 31, 2015**

E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2015:

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

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.

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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 \$122,414,487 difference are as follows:

Bonds payable	\$ (116,830,000)
Less: unamortized bond discount	354,335
Plus: unamortized bond premium	(2,679,403)
Accrued interest payable	(565,135)
Compensated absences	<u>(2,694,284)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (122,414,487)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net 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 \$28,579,219 difference are as follows:

Capital outlay	\$ 44,750,178
Contributed capital	630,872
Capital outlay transferred to Enterprise Funds	(4,367,782)
Depreciation expense	<u>(12,434,049)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 28,579,219</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 \$264,429 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>\$ (264,429)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (264,429)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any

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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 \$23,079,324 difference are as follows:

Debt issued or incurred:	
Issuance of refunded bond debt	\$ (6,510,000)
Issuance of special assessment debt	(33,855,000)
Plus: bond premium	(1,849,324)
Principal repayments:	
Payment to refunded bond escrow agent	7,405,000
General obligation debt	<u>11,730,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (23,079,324)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(4,222,185) are as follows:

Compensated absences	\$ (203,565)
Accrued interest	(148,051)
Amortization of bond premium & interest on escrow	114,166
Amortization of bond discounts	(50,684)
Net pension liability	<u>(3,934,051)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (4,222,185)</u>

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

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for the transfer of appropriations from one department to another. The entire budget can be amended only by ordinance and commission approval.

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

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

B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2015, as measured by the balances in the total fund balance as follows:

	<u>Amount</u>
<u>Capital Projects Funds:</u>	
Flood Construction	(293,874)
Sewermain Construction	(1,857,993)
Watermain Construction	(533,357)
Sidewalk Construction	(2,065,208)
Street Improvement Construction	(16,454,169)

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December 2016. Flood Construction will be funded through FEMA, State Land Grant and Special Assessments.

C. RESTATEMENTS

GASB 68 & 71 Adjustments

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* which established standards for measuring and recognizing a proportionate share of the deferred outflows/inflows of resources, net pension liability and pension expense. The following changes to beginning net position as previously reported, is summarized in the following table:

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	Government-wide	
	Government Activities	Business-type Activities
December 31, 2014, net position as previously reported	\$ 361,609,404	\$ 388,743,875
Prior period adjustment:		
GASB 68		
Governmental activities	(7,992,312)	-
Airport	-	(48,374)
Event center	-	(30,643)
Water	-	(68,503)
Sanitary sewer	-	(37,060)
Storm water	-	(6,739)
Nonmajor enterprise funds	-	(77,736)
Internal service funds	(16,881)	-
December 31, 2014, net position as restated	\$ 353,600,211	\$ 388,474,820

The cumulative effect for Governmental Activities was an increase in pension deferred outflows of \$4,025,927 and an increase in pension deferred inflows of \$1,779,036, an increase in net pension liability of \$14,194,215 and a decrease in net position of \$8,009,193 on the Statement of Activities. The cumulative effect for Business-Type Activities was an increase in pension deferred outflows of \$1,834,470 and an increase in pension deferred inflows of \$807,148, an increase in net pension liability of \$2,523,439 and a decrease in net position of \$269,055 on the Statement of Activities.

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, 2015, the carrying amount of the City's deposits was \$188,220,093 and the bank balance was \$188,763,264, all of which was insured and collateralized.

Cash and Investments

As of December 31, 2015 the city's cash and investments are as follows:

Cash on hand	\$ 42,401
Deposits	79,546,009
Investments	223,585,919
Total cash and investments	\$ 303,174,329

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The cash and investments presented in the Financial Statements December 31, 2015 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 42,837,103
Investments	98,741,305
Restricted:	
Cash and cash equivalents	662,194
Investments	7,108,186
Revenue bond covenant accounts	36,089,113
Total primary government cash and investments	<u>185,437,901</u>
<u>Fiduciary Funds</u>	
Investments	<u>117,736,428</u>
Total cash and investments	<u><u>\$ 303,174,329</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, 2015 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

Interest Rate Risk: City

	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Certificate of Deposits	\$ 48,532,563	\$ 36,069,596	\$ 12,462,968	\$ -	\$ -
Government Agencies	43,018	-	43,018	-	-
Government Bonds	7,453,936	1,230,108	1,545,990	503,064	4,174,774
Federal Mortgage-Backed	33,754,922	7,005,540	26,749,382	-	-
External Investment Pool	16,065,052	16,065,052	-	-	-
Total Debt Securities	<u>\$ 105,849,491</u>	<u>\$ 60,370,296</u>	<u>\$ 40,801,358</u>	<u>\$ 503,064</u>	<u>\$ 4,174,774</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 \$3,787,312 and PO's valued at \$2,651,816 at December 31, 2015. The City has no formal policy regarding IO and PO strips.

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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, 2015, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

<u>S&P Credit Rating</u>	Total Fair Value	Government Agencies	Federal Mortgage- Backed	External Investment Pool
AA	\$ 49,862,992	\$ 43,018	\$ 33,754,922	\$ 16,065,052
<u>Not Rated</u>				
Government Bonds	7,453,936			
Certificate of Deposits	48,532,563			
Total Debt Securities	\$ 105,849,491			

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, 2015, 26.87 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, 2015, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2015.

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Interest Rate Risk: Pension Investments

All values in \$000

	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 957	\$ -	\$ 35	\$ 101	\$ 821
Bank Loans	1	-	1	-	-
Collateralized Bonds	-	-	-	-	-
Commercial Mortgage-Backed	485	-	24	-	461
Commercial Paper	16	16	-	-	-
Corporate Bonds	6,042	380	2,526	2,163	973
Corporate Convertible Bonds	526	123	254	97	53
Government Agencies	893	143	684	-	65
Government Bonds	3,377	144	1,318	802	1,113
Gov't Mortgage Backed and CMB	13,354	-	325	1,089	11,940
Repurchase Agreements	5,601	5,601	-	-	-
Index Linked Government Bonds	337	2	-	199	136
Municipal/Provincial Bonds	127	-	1	104	22
Non-Government Backed CMOs	857	-	30	1	826
Other Fixed Income	144	80	64	-	-
Short Term Bills and Notes	245	245	-	-	-
Pooled Investments	14,680	1,220	4,204	5,634	3,621
Total Debt Securities	\$ 47,642	\$ 7,954	\$ 9,466	\$ 10,190	\$ 20,031

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, 2015. December 31, 2015 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2015.

Credit Risk: Pension Fund Investments

All values in \$000

S&P Credit Rating	Total Fair Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AA	\$ -	\$ -	\$ -	\$ -
BBB	-	-	-	-
B	-	-	-	-
Not Rated	47,642	-	-	47,642
Total Debt Securities	\$ 47,642	\$ -	\$ -	\$ 47,642

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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, 2015. December 31, 2015 information for foreign currency risk is not available from NDRIO.

Foreign Currency Risk: Pensions Currency	All values in \$001			
	Short-term	Debt	Equity	Total
Australian dollar	\$ (31)	\$ 226	\$ 254	\$ 449
Brazilian real	(19)	202	123	306
British pound sterling	(22)	24	1,522	1,524
Canadian dollar	(7)	-	475	468
Chilean peso	193	26	4	223
Czech koruna	-	-	26	26
Israeli shekel	-	-	44	44
Danish krone	-	-	75	75
Euro	(551)	423	3,792	3,664
Hong Kong dollar	3	-	395	398
Hungarian forint	-	102	26	128
Indian Rupee	-	163	-	163
Indonesian Rupiah	-	121	-	121
Japanese yen	(112)	3	1,406	1,297
Malaysian Ringgit	1	75	-	76
Mexican peso	73	573	-	646
New Zealand dollar	(83)	87	4	8
Norwegian krone	84	-	101	185
Philippine peso	-	60	-	60
Polish zloty	-	57	49	106
Singapore dollar	(19)	-	39	20
South African rand	-	111	75	186
South Korean won	(57)	114	223	280
Swedish krona	86	-	195	281
Swiss franc	-	-	751	751
Thai baht	6	-	99	105
Turkish lira	-	-	45	45
International commingled funds (various currencies)	-	2,026	10,970	12,996
Total securities subject to foreign currency risk	\$ (455)	\$ 4,393	\$ 20,693	\$ 24,631

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C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,767,950	\$ -	\$ -	\$ 2,767,950
Construction in progress	12,539,715	1,694,485	(11,646,346)	2,587,854
Total capital assets, not being depreciated	<u>15,307,665</u>	<u>1,694,485</u>	<u>(11,646,346)</u>	<u>5,355,804</u>
Capital assets, being depreciated:				
Buildings and building improvements	33,692,077	-	-	33,692,077
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	34,653,548	3,163,123	(1,183,061)	36,633,610
Infrastructure	317,916,800	47,896,065	-	365,812,865
Total capital assets being depreciated	<u>386,347,774</u>	<u>51,059,188</u>	<u>(1,183,061)</u>	<u>436,223,901</u>
Less accumulated depreciation for:				
Buildings and building improvements	(15,757,852)	(1,126,593)	-	(16,884,445)
Improvements other than buildings	(57,781)	(3,342)	-	(61,123)
Machinery & equipment	(19,575,511)	(2,728,120)	857,113	(21,446,518)
Infrastructure	(77,469,284)	(8,611,618)	-	(86,080,902)
Total accumulated depreciation	<u>(112,860,428)</u>	<u>(12,469,673)</u>	<u>857,113</u>	<u>(124,472,988)</u>
Total capital assets, being depreciated, net	<u>273,487,346</u>	<u>38,589,515</u>	<u>(325,948)</u>	<u>311,750,913</u>
Governmental activities capital assets, net	<u>\$ 288,795,011</u>	<u>\$ 40,284,000</u>	<u>\$ (11,972,294)</u>	<u>\$ 317,106,717</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 14,081,717	\$ 1,666,748	\$ (8,410)	\$ 15,740,055
Construction in progress	9,199,847	13,654,798	(4,865,295)	17,989,350
Total capital assets, not being depreciated	<u>23,281,564</u>	<u>15,321,546</u>	<u>(4,873,705)</u>	<u>33,729,405</u>
Capital assets, being depreciated:				
Buildings and building improvements	231,486,921	3,311,654	(25,000)	234,773,575
Improvements other than buildings	304,897,538	14,994,978	-	319,892,516
Machinery & equipment	22,184,321	10,518,195	(750,198)	31,952,318
Total capital assets being depreciated	<u>558,568,780</u>	<u>28,824,827</u>	<u>(775,198)</u>	<u>586,618,409</u>
Less accumulated depreciation for:				
Buildings and building improvements	(74,451,364)	(6,887,130)	20,138	(81,318,356)
Improvements other than buildings	(92,490,046)	(6,893,015)	-	(99,383,061)
Machinery & equipment	(14,486,469)	(1,326,668)	735,491	(15,077,646)
Total accumulated depreciation	<u>(181,427,879)</u>	<u>(15,106,813)</u>	<u>755,629</u>	<u>(195,779,063)</u>
Total capital assets, being depreciated, net	<u>377,140,901</u>	<u>13,718,014</u>	<u>(19,569)</u>	<u>390,839,346</u>
Business-type activities capital assets, net	<u>\$ 400,422,465</u>	<u>\$ 29,039,560</u>	<u>\$ (4,893,274)</u>	<u>\$ 424,568,751</u>

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

<u>Governmental activities:</u>	
General Government	\$ 1,370,001
Public Safety	1,289,837
Highways and Streets	603,229
Health	33,859
Culture and Recreation	569,968
Public Works	8,602,779
Total depreciation expense - governmental activities	<u>\$ 12,469,673</u>
 <u>Business-type activities:</u>	
Airport	\$ 3,116,547
Event Center	2,714,213
Solid Waste Disposal	606,625
Solid Waste Collections	309,894
Water	3,920,308
Sanitary Sewer	2,523,287
Storm Water	935,420
Commercial Property	53,033
Northern Plains Commerce Center	215,007
Parking Authority Lots	712,479
Total depreciation expense - business-type activities	<u>\$ 15,106,813</u>

D. COMMITMENTS

As of December 31, 2015, the City had commitments on various construction contracts totaling approximately \$41,260,065.

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 is due if ownership changes starting as of 12/20/2011. Habitat Home Ownership project in the amount of \$46,800 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. The CDBG program has one outstanding loan for rehab of the Horizons Building (RMHH). This loan is for \$25,000 with 0% interest. If there is no change in use or ownership within 5 years, the loan will be forgiven on 4/28/20.

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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, 2015 was:

<u>Due From:</u>	<u>Due To:</u>		<u>Total Due From</u>
	<u>Governmental Funds</u>		
	<u>Nonmajor Governmental Funds</u>	<u>Street Improvement Construction</u>	
<u>Governmental Funds:</u>			
General Fund	\$ 391,325	\$ -	\$ 391,325
Sewermain Bonds	1,683,994	-	1,683,994
Street Improvement Bonds	-	12,710,837	12,710,837
Highway Construction	389,386	-	389,386
Nonmajor Governmental Funds	1,943,070	1,816,054	3,759,124
	<u>4,407,775</u>	<u>14,526,891</u>	<u>18,934,666</u>
<u>Business-Type Funds:</u>			
Event Center	11,960	-	11,960
	<u>11,960</u>	<u>-</u>	<u>11,960</u>
Total Due To	<u>\$ 4,419,735</u>	<u>\$ 14,526,891</u>	<u>\$ 18,946,626</u>

The due to/from other funds will be repaid in 2016.

Advances

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

<u>Advance From:</u>	<u>Advance To:</u>	
	<u>Business-Type Funds</u>	
	<u>Nonmajor Enterprise Funds</u>	<u>Total Advance From</u>
General Fund	\$ 230,000	\$ 230,000
Nonmajor Governmental Funds	1,980,000	1,980,000
Total Advance To	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>

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.

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Transfers

Governmental Funds:

Transfer Out:	Transfer In - Governmental Funds					
	General Fund	Street		Street		Nonmajor Governmental Funds
		Improvement Construction	Sewermain Bonds	Improvement Bonds	Highway Construction	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,376,472
Sales Tax	7,310,252	1,636,406	-	-	12,242,790	107,639
Street Improvement Construction	-	-	-	2,042,291	3,639,320	-
Sewermain Bonds	-	-	-	-	-	526,976
Street Improvement Bonds	-	43,718	-	-	-	-
Highway Construction	-	6,426,235	-	-	-	-
Nonmajor Governmental Funds	1,288,042	1,057,991	600,921	-	-	800,578
Airport	145,631	-	-	-	-	91,304
Event Center	179,122	-	-	-	-	139,046
Water	355,657	4,959,629	-	-	-	164,583
Sanitary Sewer	97,777	453,382	-	-	-	84,727
Storm Sewer	54,672	-	625,923	-	-	17,020
Nonmajor Enterprise Funds	341,518	-	-	-	-	1,948,590
Internal Service Funds	133,443	-	-	-	-	41,294
Total Transfers Out	\$ 9,906,114	\$ 14,577,361	\$ 1,226,844	\$ 2,042,291	\$ 15,882,110	\$ 6,298,229

Transfer Out:	Transfer In - Business-type Funds				
	Airport	Event Center	Other Enterprise Funds	Internal Service Funds	Totals
Sales Tax	-	-	-	-	21,297,087
Street Improvement Construction	-	-	-	-	5,681,611
Sewermain Bonds	-	-	-	-	526,976
Street Improvement Bonds	-	-	-	-	43,718
Highway Construction	-	-	-	-	6,426,235
Nonmajor Governmental Funds	17,952	2,930,648	203,571	-	6,899,703
Airport	-	-	-	-	236,935
Event Center	-	-	-	-	318,168
Water	-	-	-	-	5,479,869
Sanitary Sewer	-	-	-	-	635,886
Storm Sewer	-	-	-	-	697,615
Nonmajor Enterprise Funds	-	-	-	-	2,290,108
Internal Service Funds	-	-	-	-	174,737
Total Transfers Out	\$ 17,952	\$ 2,930,648	\$ 203,571	\$ 144,000	\$ 53,229,120

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015 was \$173,219,069 with a remaining non-obligated margin of \$173,219,069. The City had no general obligation bonds outstanding as of December 31, 2015.

Revenue Bonds

The City has issued \$27,695,000 bonds in 2013 where the government pledges future income from the Lodging, Liquor Food Tax revenue to fund the Event Center Exhibit Hall Expansion. Principal and interest for the current year was \$1,990,206. Lodging, Liquor Food Tax revenue totaled \$3,018,909 for the year.

The City has issued \$45,270,000 bonds in 2009, 2012, 2013 and 2014 where the government pledges future Water revenue to fund the Bismarck Water Treatment Facility Sludge Plant Expansion, Standby Power, the Water Softening Expansion project and the Water Treatment Plant intake project. Principal and interest for the current year was \$3,999,726. Water revenue totaled \$14,557,406 for the year.

The City has issued \$47,400,000 bonds in 2006 and 2015 where the government pledges future Sanitary Sewer revenue to fund a major upgrade to the intake to the Wastewater Treatment Plant and a new Wastewater Pumping Station that will deliver wastewater to the trickling filters. Principal and interest for the current year was \$1,265,625. Sanitary Sewer revenue totaled \$7,224,308 for the year.

Revenue bonds outstanding at December 31, 2015 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2015	Amount Issued in 2015	Amount Retired in 2015	Amount Outstanding 12/31/2015	Amount Due Within One Year
Business-type Activities									
Civic Center-Lodging, Liquor, Food	10/16/2013	12/1/2034	3.00-4.25%	\$ 27,695,000	\$ 26,865,000	\$ -	\$ 1,000,000	\$ 25,865,000	\$ 1,015,000
Water Utility-2012	4/26/2012	4/1/2021	2.00%-2.50%	6,415,000	5,050,000	-	690,000	4,360,000	695,000
Water Utility-2013	10/10/2013	4/1/2028	1.00-4.00%	9,000,000	8,690,000	-	535,000	8,155,000	540,000
Water Utility-2014	11/1/2014	4/1/2029	.05-3.00%	13,535,000	13,535,000	-	990,000	12,545,000	785,000
Water Treatment-2009	6/15/2009	9/1/2028	3.31%	16,320,000	12,412,434	562,566	720,000	12,255,000	745,000
Wastewater-2006	11/14/2006	9/1/2027	2.50%	18,400,000	14,225,000	-	910,000	13,315,000	940,000
Wastewater-2015	11/1/2015	5/1/2035	2.00-5.00%	29,000,000	-	29,000,000	-	29,000,000	595,000
Total Revenue Bonds				\$ 120,365,000	\$ 80,777,434	\$ 29,562,566	\$ 4,845,000	\$ 105,495,000	\$ 5,315,000

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

Years	BUSINESS-TYPE ACTIVITIES	
	Principal	Interest
2016	\$ 5,315,000.00	\$ 3,307,536
2017	6,000,000	3,134,526
2018	6,120,000	2,939,574
2019	6,265,000	2,748,578
2020	6,420,000	2,556,252
2021-2025	31,760,000	9,736,777
2026-2030	27,305,000	4,550,459
2031-2035	16,310,000	1,241,238
Total	\$ 105,495,000	\$ 30,214,940

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Pledged Revenues

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, 2015 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2015	Amount Issued in 2015	Amount Retired in 2015	Amount Outstanding 12/31/2015	Due Within One Year
Series U Refunding	7/1/2007	5/1/2015	4.00- 4.750%	\$ 14,395,000	\$ 7,405,000	\$ -	\$ 7,405,000	\$ -	\$ -
Series V refunding	5/28/2008	5/1/2016	3.25-3.75%	2,430,000	450,000	-	255,000	195,000	195,000
Series W refunding	12/23/2008	5/1/2023	3.50-4.45%	8,915,000	5,370,000	-	625,000	4,745,000	620,000
Series X refunding	1/1/2009	5/1/2023	3.50-5.375%	8,210,000	1,380,000	-	1,150,000	230,000	60,000
Series Y refunding	1/6/2010	5/1/2024	2.00-4.00%	9,615,000	5,230,000	-	865,000	4,365,000	855,000
Series A refunding	3/25/2010	5/1/2019	2.00-3.00%	3,855,000	1,645,000	-	435,000	1,210,000	425,000
Series B refunding	12/8/2010	5/1/2025	0.70-4.25%	9,630,000	6,160,000	-	930,000	5,230,000	865,000
Series C refunding	12/14/2011	5/1/2026	2.00-2.75%	9,065,000	6,535,000	-	940,000	5,595,000	930,000
Series D refunding	12/14/2011	5/1/2020	1.00-2.00%	1,605,000	935,000	-	180,000	755,000	175,000
Series E refunding	4/15/2012	5/1/2021	2.00-2.20%	4,365,000	2,865,000	-	525,000	2,340,000	490,000
Series F refunding	12/19/2012	5/1/2027	1.00-1.80%	9,465,000	8,310,000	-	710,000	7,600,000	710,000
Series G refunding	1/3/2013	5/1/2022	1.50-2.00%	3,790,000	2,800,000	-	535,000	2,265,000	530,000
Series H refunding	11/14/2013	5/1/2028	1.00-1.80%	15,755,000	14,640,000	-	1,615,000	13,025,000	1,615,000
Series I refunding	12/1/2014	5/1/2029	.05-3.00%	24,725,000	24,725,000	-	1,800,000	22,925,000	2,530,000
Series J refunding	3/25/2015	5/1/2022	2.00-3.00%	6,510,000	-	6,510,000	-	6,510,000	1,075,000
Series K refunding	11/10/2015	5/1/2030	2.50-5.00%	31,905,000	-	31,905,000	-	31,905,000	2,100,000
Total refunding series				\$ 164,235,000	\$88,450,000	\$38,415,000	\$17,970,000	\$ 108,895,000	\$13,175,000

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2015	Amount Issued in 2015	Amount Retired in 2015	Amount Outstanding 12/31/2015	Amount Due Within One Year
Sidewalk 04	6/15/2005	5/1/2015	3.25-3.70%	\$ 1,110,000	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -
Sidewalk 05	6/1/2006	5/1/2016	4.00-4.15%	1,040,000	210,000	-	105,000	105,000	105,000
Sidewalk 06	7/1/2007	5/1/2017	4.00-4.25%	1,120,000	345,000	-	115,000	230,000	115,000
Sidewalk 07	12/23/2008	5/1/2018	3.00-4.00%	1,085,000	435,000	-	115,000	320,000	110,000
Sidewalk 08	1/6/2010	5/1/2019	1.00-3.10%	810,000	415,000	-	85,000	330,000	85,000
Sidewalk 09	12/8/2010	5/1/2020	0.90-3.00%	665,000	405,000	-	70,000	335,000	70,000
Sidewalk 10	12/14/2011	5/1/2021	0.50-2.00%	935,000	665,000	-	100,000	565,000	95,000
Sidewalk 11	1/3/2013	5/1/2022	1.20-1.70%	915,000	740,000	-	95,000	645,000	95,000
Sidewalk 12	11/14/2013	5/1/2023	2.00-2.75%	2,145,000	1,990,000	-	225,000	1,765,000	225,000
Sidewalk 13	12/1/2014	5/1/2024	2.00-3.00%	1,835,000	1,835,000	-	145,000	1,690,000	190,000
Sidewalk 14	12/1/2015	5/1/2025	2.00-3.00%	1,950,000	-	1,950,000	-	1,950,000	150,000
Total sidewalk bonds				\$ 13,610,000	\$ 7,150,000	\$ 1,950,000	\$ 1,165,000	\$ 7,935,000	\$ 1,240,000
Total special assessment bonds				\$ 177,845,000	\$ 95,600,000	\$ 40,365,000	\$ 19,135,000	\$ 116,830,000	\$ 14,415,000

The City issued \$6,510,000 Refunding Improvement Bonds (Series J) on March 25, 2015. The purpose of issuing the Series J Bonds was to advance refund the Series U Refunding Improvement Bonds for \$7,405,000 with a prepayment of \$895,000. The transaction resulted in an economic gain of \$399,099 and \$613,084 reduction in future debt service payments.

Special Assessment Debt Requirement to Maturity

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

<u>Years</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 14,415,000	\$ 3,162,647
2017	14,475,000	2,749,683
2018	13,575,000	2,327,423
2019	12,415,000	1,934,116
2020	11,375,000	1,566,689
2021-2025	35,765,000	3,982,291
2026-2030	14,810,000	751,609
Total	\$ 116,830,000	\$ 16,474,458

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special assessment bonds	\$ 95,600,000	\$ 40,365,000	\$ 19,135,000	\$ 116,830,000	\$ 14,415,000
Plus unamortized premium	539,226	1,849,324	63,482	2,325,068	-
Compensated absences	2,490,721	2,208,714	2,005,151	2,694,284	1,747,416
Claims and judgments	271,137	3,835,150	3,793,876	312,411	312,411
TOTAL	\$ 98,901,084	\$ 48,258,188	\$ 24,997,509	\$ 122,161,763	\$ 16,474,827
BUSINESS-TYPE ACTIVITIES:					
Compensated absences	\$ 731,909	\$ 607,990	\$ 541,536	\$ 798,363	\$ 467,032
Claims and judgments	111,141	1,213,899	1,217,495	107,545	107,545
Closure and postclosure costs	1,654,149	-	243,869	1,410,280	-
Event Center revenue bonds	26,865,000	-	1,000,000	25,865,000	1,015,000
Less unamortized discount	(26,280)	1,334	-	(24,946)	-
Water revenue bonds-2012	5,050,000	-	690,000	4,360,000	695,000
Plus unamortized premium	54,171	-	8,554	45,617	-
Water revenue bonds-2013	8,690,000	-	535,000	8,155,000	540,000
Plus unamortized premium	1,295	-	94	1,201	-
Water revenue bonds-2014	13,535,000	-	990,000	12,545,000	785,000
Less unamortized discount	(129,838)	9,111	-	(120,727)	-
Water Treatment-2009	12,412,434	562,566	720,000	12,255,000	745,000
Wastewater-2006	14,225,000	-	910,000	13,315,000	940,000
Wastewater-2015	-	29,000,000	-	29,000,000	595,000
Less unamortized discount	-	323	75,157	(74,834)	-
TOTAL	\$ 83,173,981	\$ 31,395,223	\$ 6,931,705	\$ 107,637,499	\$ 5,889,577

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, 2015, 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, 2015**

H. RESTRICTED ASSETS

The balances of the restricted asset accounts on December 31, 2015 are as follows:

GOVERNMENTAL

Restricted Investments

Sidewalk Construction Certificate of Deposits	\$ 2,875,704
Total Governmental Restricted Assets	\$ 2,875,704

BUSINESS-TYPE

Restricted Cash and Cash Equivalents

Event Center Customer Deposits	\$ 637,719
Parking Authority Customer Deposits	24,475

Restricted Investments

Burleigh County Water Users	4,232,482
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Restricted Revenue Bond Covenant Accounts

Event Center Lodging Liquor Food Account	164,601
Water Revenue Bond Covenant Accounts	7,030,562
Wastewater Revenue Bond Covenant Accounts	28,893,950
Total Business-Type Restricted Assets	\$ 40,983,789

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, 2015 management estimates claims incurred prior to NDIRF but not paid of \$9,556 Sewer Claims and \$400 City-Wide Liability Claims. The sewer claim has been recorded as a liability.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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City-Wide Liability Claims				
BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR			BALANCE AT FISCAL YEAR-END
	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS		
2015 \$	-	\$ 1,325	\$ 925	\$ 400
2014	-	688	688	-
2013	-	742	742	-

Sewer Backup Claims				
BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR			BALANCE AT FISCAL YEAR-END
	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS		
2015 \$	27,278	\$ 166,784	\$ 184,506	\$ 9,556
2014	-	90,302	63,024	27,278
2013	-	54,574	54,574	-

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 \$1,446,872 for 2015. 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 \$410,000 as of December 31, 2015. A summary of the claim reserve liabilities and related claim payments is shown below:

BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR			BALANCE AT FISCAL YEAR-END
	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS		
2015 \$	355,000	\$ 5,039,094	\$ 4,984,094	\$ 410,000
2014	392,800	4,315,267	4,353,067	355,000
2013	357,000	4,305,322	4,269,522	392,800

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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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 \$1,410,280 reported as landfill closure and post closure care liability at December 31, 2015, represents the cumulative amount reported to date based on the use of 79.14 percent of the estimated capacity of the landfill. The City will recognize a reduction in the estimated cost of closure and post closure care of \$243,870 due to the reevaluation of the capacity that was used. These amounts are based on what it would cost to perform all closure and post closure care in 2015. 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.

On October 27, 2015 the City Commission approved a charter agreement for the Combined Communication Center merger with the City of Mandan effective January 1, 2016. Central Dakota Communications Center (CenCom) replaces the Combined Communications Center. CenCom will dispatch all emergency calls for law enforcement, fire and emergency medical services in Bismarck, Mandan and Burleigh County, including Wilton.

In 2015, 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
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<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 382,655
Less value of accumulated depreciation	(292,911)
Net position	<u>\$ 89,744</u>
 Total operating expenditures - 2015	 <u>\$ 2,157,120</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 77. 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 \$619,751 in 2015 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, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* which established standards for measuring and recognizing a proportionate share of the deferred outflows/inflows of resources, net pension liability and pension expense. As a result of implementing these statements, the City provided enhanced note disclosures on the defined benefit pension plan. The actuarial valuation was done for the year ended December 31, 2015 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
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Plan Membership - Memberships begin with their hire date before December 31, 2015 and are vested after five years of service. Membership in the BCEPP on December 31, 2015 is as follows:

Retirees and beneficiaries receiving benefits	188
Terminated employees - vested	59
Active employees:	
Vested	260
Non-vested	195
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, 2015 is \$81,585,134 and the entire amount is restricted for employee pension benefits.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Schedule of Contributions

	2015	2014
Actuarially determined contributions	\$ 1,205,086	\$ 981,273
Contributions in relation to the actuarially determined contribution	2,314,892	2,181,183
Contribution deficiency (excess)	\$ (1,109,806)	\$ (1,199,910)
Covered-employee Payroll	\$ 25,581,345	\$ 21,850,884
Contributions as a percentage of covered-employee payroll	9.0%	10.0%

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

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 Trustee’s 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

The following was the plans asset allocation as of December 31, 2015:

<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
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Actuarial Assumptions

Valuation date	1/1/2016
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 for BCEPP.

Schedule of Net Pension Liability	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 90,776,213	\$ 82,241,317
Plan fiduciary net position	81,585,449	81,274,325
Net pension liability (asset)	<u>\$ 9,190,764</u>	<u>\$ 966,992</u>
Plan fiduciary net position as a percentage of the total pension liability	3.33%	3.31%
Covered-employee payroll	\$ 25,581,345	\$ 21,850,884
Net pension liability (asset) as a percentage of covered-employee payroll	35.9%	4.4%

* Complete data for this schedule is not available prior to 2014. The 2015

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

Liability	2015	2014
Service Cost	\$ 2,190,985	\$ 2,025,734
Interest	6,192,444	5,716,895
Changes of benefit terms	-	753,175
Differences between expected and actual experience	3,884,241	1,172,019
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(3,732,774)	(3,252,064)
Net change in total pension liability	\$ 8,534,896	\$ 6,415,759
Total pension liability-beginning	82,241,317	75,825,558
Total pension liability-ending	<u>\$ 90,776,213</u>	<u>\$ 82,241,317</u>

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

Schedule of Changes in Plan Fiduciary Net Position

	2015	2014
Contributions-employer	\$ 2,314,892	\$ 2,181,183
Contributions-member	1,216,077	1,059,009
Net investment income	867,726	4,893,235
Benefit payments, including refunds of member contributions	(3,732,774)	(3,252,064)
Administrative expense	(354,797)	(394,029)
Other	-	-
Net change in fiduciary net position	\$ 311,124	\$ 4,487,334
Plan fiduciary net position-beginning	81,274,325	76,786,991
Plan fiduciary net position-ending	<u>\$ 81,585,449</u>	<u>\$ 81,274,325</u>

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

Schedule of Investment Returns

	2015	2014
Annual money-weighted rate of return, net of investment expense	1.1%	6.4%

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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:

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	\$ 102,045,272	\$ 90,776,213	\$ 81,230,513
Plan fiduciary net position	81,585,449	81,585,449	81,585,449
Net pension liability (asset)	<u>\$ 20,459,823</u>	<u>\$ 9,190,764</u>	<u>\$ (354,936)</u>
City Share	\$ 17,859,379	\$ 8,022,941	\$ (309,824)

Proportionate Share of the Net Pension Liability – The net pension liability for the BCEPP was recorded at \$8,022,941 as of 12/31/2015. The calculation was determined by an actuarial valuation based on the City's share of present value of future payroll. The City's proportionate share was 87.29%.

Net Pension Liability	2014	2015
Employer's proportion of the net pension liability	3.33%	3.31%
Employer's proportionate share of the net pension liability	32,031	306,348
Employer's covered-employee payroll	171,373,684	200,522,165
Plan fiduciary net position	81,274,325	81,585,449
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.02%	0.15%
Plan fiduciary net position as a percentage of the total pension liability	98.82%	89.88%

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Deferred Inflows and Outflows of Resources – The City recognized pension expense of \$3,901,284 as of 12/31/2015. Deferred inflows and outflows of resources related to pensions are from the following sources:

Deferred Outflows and Inflows of Resources

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,326	\$ 43,534
Changes of assumptions	-	52,628
Net difference between projected and actual earnings on pension plan investments	76,169	-
Changes in proportionate and differences between employer contributions and proportionate share of contributions	492	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 221,987	\$ 96,162

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Expense	
2016	\$ (533,760)
2017	16,068
2018	1,230,928
2019	1,367,780
2020	542,190
Thereafter	659,123
Total	\$ 3,282,329

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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Plan Membership - Memberships begin with their hire date before December 31, 2015 and are vested after five years of service. Membership in the BCPPP on December 31, 2015 is as follows:

Retirees and beneficiaries receiving benefits	79
Terminated employees - vested	26
Active employees:	
Vested	70
Non-vested	50
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 BCPPP 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.

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, 2015 is \$33,861,051 and the entire amount is restricted for employee pension benefits.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Schedule of Contributions

	2015	2014
Actuarially determined contributions	\$ 576,620	\$ 481,480
Contributions in relation to the actuarially determined contribution	892,803	941,815
Contribution deficiency (excess)	<u>\$ (316,183)</u>	<u>\$ (460,335)</u>
Covered-employee Payroll	\$ 7,101,508	\$ 6,214,690
Contributions as a percentage of covered-employee payroll	12.6%	15.2%

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

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 inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

The following was the plans asset allocation as of December 31, 2015:

Asset Class	Target Allocation
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%
	100%

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:

Asset Class	Long-Term Expected Real Rate of Return
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, 2015**

Actuarial Assumptions

Valuation date	1/1/2016
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	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 42,555,764	\$ 39,959,458
Plan fiduciary net position	33,861,051	34,525,350
Net pension liability (asset)	<u>\$ 8,694,713</u>	<u>\$ 5,434,108</u>
Plan fiduciary net position as a percentage of the total pension liability	79.6%	86.4%
Covered-employee payroll	\$ 7,101,508	\$ 6,214,690
Net pension liability (asset) as a percentage of covered-employee payroll	122.4%	87.4%

* Complete data for this schedule is not available prior to 2014. The 2015

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Schedule of Changes in Net Pension

Liability	2015	2014
Service Cost	\$ 785,453	\$ 753,453
Interest	2,967,949	2,787,966
Changes of benefit terms	-	574,760
Differences between expected and actual experience	1,187,426	446,562
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(2,344,522)</u>	<u>(2,045,424)</u>
Net change in total pension liability	\$ 2,596,306	\$ 2,517,317
Total pension liability-beginning	<u>39,959,459</u>	<u>37,442,142</u>
Total pension liability-ending	<u><u>\$ 42,555,765</u></u>	<u><u>\$ 39,959,459</u></u>

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

Schedule of Changes in Plan

Fiduciary Net Position	2015	2014
Contributions-employer	\$ 892,803	\$ 941,815
Contributions-member	648,594	578,785
Net investment income	302,518	2,075,134
Benefit payments, including refunds of member contributions	(2,344,522)	(2,045,424)
Administrative expense	(163,692)	(181,567)
Other	-	-
Net change in fiduciary net position	\$ (664,299)	\$ 1,368,743
Plan fiduciary net position-beginning	<u>34,525,350</u>	<u>33,156,607</u>
Plan fiduciary net position-ending	<u><u>\$ 33,861,051</u></u>	<u><u>\$ 34,525,350</u></u>

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

Schedule of Investment Returns

	2015	2014
Annual money-weighted rate of return, net of investment expense	0.9%	6.3%

* Complete data for this schedule is not available prior to 2014. The 2015 information presented has a measurement date of December 31, 2015

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Sensitivity of the Net Pension Liability to changes in the Discount Rate – The net pension liability of the BCPPP is calculated at a discount rate of 7.5 percent, as well as what the BCPPP 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	\$ 47,926,949	\$ 42,555,764	\$ 38,076,425
Plan fiduciary net position	33,861,051	33,861,051	33,861,051
Net pension liability	\$ 14,065,898	\$ 8,694,713	\$ 4,215,374

Deferred Inflows and Outflows of Resources – The City recognized a reduction in pension expense of \$2,000,775 for the BCEPP as of 12/31/2015. Deferred inflows and outflows of resources related to pensions are from the following sources:

Deferred Outflows and Inflows of Resources

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,668,396	\$ 77,825
Changes of assumptions	-	420,000
Net difference between projected and actual earnings on pension plan investments	830,204	-
Total	\$ 2,498,600	\$ 497,825

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Expense	
2016	\$ (354,081)
2017	366,757
2018	836,335
2019	759,310
2020	237,573
Thereafter	154,880
Total	\$ 2,000,774

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**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	\$ 1,360	\$ -	\$ 116,268	\$ 59,282	\$ 176,910
Investments, at fair value:					
Domestic equities	120,883	-	12,701,346	5,844,483	18,666,712
International equities	60,404	-	21,736,698	9,532,359	31,329,461
Domestic fixed income	402,103	-	24,454,108	8,320,607	33,176,818
International fixed income	-	-	3,261,829	1,325,335	4,587,164
Real estate	-	-	14,884,382	6,426,613	21,310,995
Private Equity	-	-	2,510,474	1,394,788	3,905,262
Mutual funds	(148)	692,273	-	-	692,125
Certificate of deposits	(154)	-	269,459	(549)	268,756
Invested cash	208,108	-	1,791,082	1,020,216	3,019,406
Invested Securities Lending	5,721	-	544,434	229,574	779,729
Total assets	<u>798,277</u>	<u>692,273</u>	<u>82,270,080</u>	<u>34,152,708</u>	<u>117,913,338</u>
LIABILITIES					
Accounts payable	772	-	140,512	62,084	203,368
Securities Lending Collateral	5,721	-	544,434	229,574	779,729
Total liabilities	<u>6,493</u>	<u>-</u>	<u>684,946</u>	<u>291,658</u>	<u>983,097</u>
NET POSITION					
Assets held in trust for pension and other employee benefits	<u>791,784</u>	<u>692,273</u>	<u>81,585,134</u>	<u>33,861,050</u>	<u>116,930,241</u>
Total net position held in trust	<u>\$ 791,784</u>	<u>\$ 692,273</u>	<u>\$ 81,585,134</u>	<u>\$ 33,861,050</u>	<u>\$ 116,930,241</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 2,314,892	\$ 892,803	\$ 3,207,695
Employee	-	-	1,216,077	648,594	1,864,671
Total contributions	-	-	3,530,969	1,541,397	5,072,366
Investment income:					
Net increase (decrease) in fair value of investments	(10,840)	2,137	(849,152)	(385,123)	(1,242,978)
Interest and dividends	19,240	-	1,711,026	684,969	2,415,235
	8,400	2,137	861,874	299,846	1,172,257
Less: investment expense	(2,612)	-	(277,996)	(121,486)	(402,094)
Net investment income	5,788	2,137	583,878	178,360	770,163
Security lending activity:					
Securities lending income	25	-	3,944	1,659	5,628
Less: securities lending expenses	(5)	-	(788)	(332)	(1,125)
Net securities lending income	20	-	3,156	1,327	4,503
Total additions	5,808	2,137	4,118,003	1,721,084	5,847,032
DEDUCTIONS					
Benefits paid to participants	66,414	-	3,578,515	2,328,276	5,973,205
Refunds	-	69,865	154,574	16,246	240,685
Administration	-	-	74,105	40,862	114,967
Total deductions	66,414	69,865	3,807,194	2,385,384	6,328,857
Change in net position	(60,606)	(67,728)	310,809	(664,300)	(481,825)
Net position - beginning	852,390	760,001	81,274,325	34,525,350	117,412,066
Net position - ending	\$791,784	\$ 692,273	\$81,585,134	\$33,861,050	\$116,930,241

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

E. Issued But Non-Effective Pronouncements

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 it’s 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.

GASB Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”* was issued on June 2015. This statement provides information for pensions and postemployment benefits for reporting decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement provides guidance on requirements for contributing entities that are not covered under GASB 68, establishes requirements for accumulation of assets for all pensions and clarifies the application of certain provisions of GASB 67 and 68. *The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.*

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”* was issued on June 2015. This statement provides guidance for reporting information for other postemployment benefits (OPEB) other than pensions. This statement replaces GASB 43 for financial reporting and 57 for OPEB measurements. This statement also established the criteria for defined benefit and defined contribution OPEB plans and replaces those requirements in GASB 25. The requirements of this statement will enhance the note disclosures and schedules of required supplementary information and improve the measurements of net liabilities of OPEB plans. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”* was issued on June 2015. This statement improves the accounting and reporting information of financial support by other entities for postemployment benefits other than pensions (OPEB). This statement replaces GASB 45 for accounting and financial reporting and GASB 57 for OPEB measurements. This statement establishes standards for recognizing and measuring liabilities, deferred outflows, deferred inflows and expenses. The statement also identifies the methods and assumptions requirements for determining the liability for benefits to provide a more comprehensive measurement of OPEB and the requirements for note disclosures and the required supplementary information to improve the decision-usefulness and accountability. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *“The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”* was issued on June 2015. This statement establishes the hierarchy of generally accepted accounting principles (GAAP) used in the preparation of financial statements. The statement reduces the hierarchy to two categories of authoritative GAAP and addresses the use of literature for transactions or events not specified in GAAP. The statement raises the GASB Implementation Guides in the hierarchy and requires the consideration for consistency with the GASB Concept Statements. This statement supersedes GASB 55 and is intended to provide reporting guidance with less variation and enhance the comparability of financial statements

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among governments. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015 and should be applied retroactively.

GASB Statement No. 77, “*Tax Abatement Disclosures*” was issued on August 2015. This statement defines tax abatements and the disclosure requirements for financial statements. This statement establishes the information required to assess the financial and operating impacts of tax abatements. This statement provides the reporting of comprehensive and consistent information on the nature and magnitude of tax abatement for the public. *The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2015.*

GASB Statement No. 78, “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*” was issued on December 2015. This statement amends the scope and applicability of GASB 68 for Accounting and Financial Reporting for Pensions for certain multiple-employer defined benefit plans. The amendments exclude multiple-employer defined benefits plans from GASB 68 that are not state or local plans, provide pension to both state or local and non-state or local employees and have no predominant state or local employer. The statement further establishes the requirements for pension expenses, expenditures and liabilities, note disclosures and required supplementary information for reporting of those types of pensions. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2015.

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*” was issued on December 2015. This statement establishes the qualification criteria for reporting all investments at amortized costs. The statement clarifies that if the external pool does not meet the criteria, the pool should apply provision 16 of GASB 31 and measure the investment at fair value as provided in paragraph 11 of GASB 31. The statement also establishes the additional note disclosures for qualifying external investments pools that use the measurement of amortized costs to report investments. *The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.*

GASB Statement No. 80, “*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*” was issued on January 2016. This statement amends the blending requirements of GASB 14 for certain component units. The additional criterion requires blending of component units incorporated as not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016.

GASB Statement No. 81, “*Irrevocable Split-Interest Agreements*” was issued on March 2016. This statement requires a government that receives resources pursuant to an irrevocable split-interest agreement to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Examples of these types of agreements include charitable lead and remainder trusts and life-interests in real estate. This statement enhances the comparability of financial statements and more clearly identifies the resources available to government. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2016.

GASB Statement No. 82, “*Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*” was issued on March 2016. This statement addresses issues raised in GASB 67, 68 and 73 regarding payroll-related measurements in the required supplementary information, selection of assumptions and treatment of deviations from the guidance Actuarial Standard of Practice for financial reporting and the classification of employments payments. The statement amends GASB 67 and 68 to require the presentation of covered payroll and defines covered payroll and provides the ratios to be used. The statement clarifies the term deviation as used in the Actuarial Standard of Practice is not in conformity with the selection of assumptions requirements of GASB 67, 68 and 73. This statement also clarifies that qualifying employer contributions identified as plan member contribution should be classified as plan member contributions for GASB 67 and as employee contributions for GASB 68. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016 and June 15, 2017 when the pension liability reporting period used is not than the employer’s most recent fiscal year.

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F. Contingent Litigation

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 but there has been little progress. This case is scheduled for trial in the fall of 2016. 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 appealed to the 8th Circuit Court of Appeals and the case was remanded for further action by the District Court. 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 City recently file a motion for summary judgment and that motion is pending. The defense of this case is being provided by NDIRF (Scott Porsborg).

Dakota Outdoor Advertising v. The City of Bismarck. Dakota Outdoor Advertising appealed the City's refusal to grant a special use permit for Dakota Outdoor Advertising to place an electronic billboard at a specific location in north Bismarck to the Burleigh County District Court. The City responded and the District Court upheld the decision of the City. Dakota Outdoor Advertising recently appealed the decision of the district court to the North Dakota Supreme Court. The City has not yet received the briefing schedule. It is unlikely that the City has any monetary exposure in this case as the remedy requested by Dakota Outdoor Advertising would be to be allowed to place their sign. The defense of this case is being provided by NDIRF (Scott Porsborg).

Clairmont Development Company and Clairmont 3G, LLLP v. The City of Bismarck, a municipal Corporation. Clairmont sued the City regarding its imposition of special assessments for the improvement of South 26th Street adjacent to Clairmont owned property. Clairmont alleges that the decision of the City Commission affirming the levying of the assessments was inequitable and contrary to statute. The amount at stake here is approximately \$300,000 of costs for the project. The City has made a motion to dismiss the complaint, which is pending. The defense of this case is being provided by NDIRF (Randy Bakke).

Ruben Slater. Ruben Slater filed a complaint with the North Dakota Department of Labor and Human Rights alleging that the Bismarck Police Department discriminated against him regarding a traffic stop

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

that occurred in October of 2015. Slater alleges that he was stopped because he is a minority. The Department of Labor has not yet investigated the claim and has assigned the case "pending" status, citing a large backlog of claims. It is unlikely this case has much monetary value, if it were to proceed to district court. The defense of this case is being provided by NDIRF (Scott Porsborg).

Dean Thorpe and Alicia Hegland Thorpe, husband and wife, individually and as the parents of minor child CT v. The City of Bismarck; Bismarck Parks and Recreation District; The Enrichment Garden, Inc. The plaintiffs allege that their child was injured while at a Bismarck Parks swimming pool and under the supervision of Enrichment Garden, a daycare. The plaintiffs have erroneously included the City in the lawsuit under the assumption that the City owns the swimming pool in question. In Bismarck, the Park District and the City are separate political subdivisions and the City has no ownership or operational involvement in Park District operations. The City should be dismissed from the suit fairly early in the proceedings. 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, 2015**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 7,485,024	\$ 232,745	\$ 6,248,594	\$ 13,966,363
Investments	7,127,830	-	37,601	7,165,431
Receivables:				
Taxes receivable	34,668	-	10,246	44,914
Accounts receivable	2,078,335	5,368	150,385	2,234,088
Special assessments	-	8,311,105	17,080	8,328,185
Notes receivable	-	-	1,163,406	1,163,406
Due from other funds	-	1,561,061	2,198,063	3,759,124
Advances to other funds	1,780,000	-	200,000	1,980,000
Restricted assets:				
Investments	-	-	2,875,704	2,875,704
Total assets	<u><u>\$ 18,505,857</u></u>	<u><u>\$ 10,110,279</u></u>	<u><u>\$ 12,901,079</u></u>	<u><u>\$ 41,517,215</u></u>
LIABILITIES				
Accounts payable	\$ 720,551	\$ 6,483	\$ 870,347	\$ 1,597,381
Retainage payable	-	-	74,906	74,906
Due to other funds	371,471	-	4,048,264	4,419,735
Salaries payable	152,472	-	-	152,472
Unearned revenue	-	-	863,406	863,406
Customer deposits	-	-	2,875,704	2,875,704
Total liabilities	<u>1,244,494</u>	<u>6,483</u>	<u>8,732,627</u>	<u>9,983,604</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable special assessment taxes	-	7,480,656	11,963	7,492,619
Unavailable property taxes	25,367	-	6,969	32,336
Total deferred inflows of resources	<u>25,367</u>	<u>7,480,656</u>	<u>18,932</u>	<u>7,524,955</u>
FUND BALANCES				
Nonspendable	1,780,000	-	200,000	1,980,000
Restricted	288,366	2,623,140	-	2,911,506
Committed	15,167,630	-	8,699,952	23,867,582
Unassigned	-	-	(4,750,432)	(4,750,432)
Total fund balances	<u>17,235,996</u>	<u>2,623,140</u>	<u>4,149,520</u>	<u>24,008,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 18,505,857</u></u>	<u><u>\$ 10,110,279</u></u>	<u><u>\$ 12,901,079</u></u>	<u><u>\$ 41,517,215</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, 2015**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 8,247,135	\$ -	\$ 2,356,578	\$ 10,603,713
Licenses and permits	74,121	-	-	74,121
Special assessments	-	1,665,268	278,850	1,944,118
Intergovernmental	9,016,745	-	475,393	9,492,138
Charges for services	2,568,819	-	1,209,646	3,778,465
Fines and forfeits	113,853	-	-	113,853
Investment income	130,908	54,786	18,163	203,857
Rentals	140,282	-	-	140,282
Miscellaneous	334,230	-	-	334,230
Total revenues	<u>20,626,093</u>	<u>1,720,054</u>	<u>4,338,630</u>	<u>26,684,777</u>
EXPENDITURES				
Current				
General government	6,136,467	-	30,722	6,167,189
Public safety	795,688	-	-	795,688
Highways and streets	6,859,714	-	-	6,859,714
Health and welfare	791,431	-	-	791,431
Culture and recreation	1,860,349	-	-	1,860,349
Public works	-	-	930,587	930,587
Capital outlays				
General government	791,182	-	-	791,182
Public safety	87,690	-	-	87,690
Highways and streets	848,804	-	-	848,804
Culture and recreation	375,551	-	-	375,551
Public works	-	-	7,297,723	7,297,723
Debt service				
Principal	-	1,287,782	-	1,287,782
Interest and fiscal charges	-	210,981	-	210,981
Total expenditures	<u>18,546,876</u>	<u>1,498,763</u>	<u>8,259,032</u>	<u>28,304,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,079,217</u>	<u>221,291</u>	<u>(3,920,402)</u>	<u>(1,619,894)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	1,288,070	206,637	4,803,522	6,298,229
Transfer out	(3,720,297)	(167,648)	(3,011,758)	(6,899,703)
Refunding bond issued	-	381,252	-	381,252
Premium on special assessment debt	-	8,045	456,623	464,668
Payment to refunded bond escrow agent	-	(432,182)	-	(432,182)
Special assessment bonds issued	-	-	9,814,657	9,814,657
Total other financing sources (uses)	<u>(2,432,227)</u>	<u>(3,896)</u>	<u>12,063,044</u>	<u>9,626,921</u>
Net changes in fund balances	(353,010)	217,395	8,142,642	8,007,027
Fund balances - beginning	<u>17,589,006</u>	<u>2,405,745</u>	<u>(3,993,122)</u>	<u>16,001,629</u>
Fund balances - ending	<u>\$ 17,235,996</u>	<u>\$ 2,623,140</u>	<u>\$ 4,149,520</u>	<u>\$ 24,008,656</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, 2015**

	<u>E/H Transit</u>	<u>Library</u>	<u>Police Drug Enforcement</u>	<u>Roads & Streets</u>	<u>Street Lights</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 802,431	\$ 137,046	\$ 2,330,425	\$ 1,883,033
Investments	1,506	20,988	12,478	4,273,962	38,473
Receivables:					
Taxes receivable	7,056	13,998	-	4,614	-
Accounts receivable	327,517	46,109	-	452,449	158,637
Advanced to other funds	-	-	-	-	-
Total assets	<u>\$ 336,079</u>	<u>\$ 883,526</u>	<u>\$ 149,524</u>	<u>\$ 7,061,450</u>	<u>\$ 2,080,143</u>
LIABILITIES					
Accounts payable	\$ 329,032	\$ 60,783	\$ 3,750	\$ 147,832	\$ 47,016
Due to other funds	-	-	-	-	-
Salaries payable	-	41,664	-	79,749	12,231
Total liabilities	<u>329,032</u>	<u>102,447</u>	<u>3,750</u>	<u>227,581</u>	<u>59,247</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	<u>5,154</u>	<u>10,244</u>	<u>-</u>	<u>3,376</u>	<u>-</u>
Total deferred inflows of resources	<u>5,154</u>	<u>10,244</u>	<u>-</u>	<u>3,376</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	288,366	-
Committed	<u>1,893</u>	<u>770,835</u>	<u>145,774</u>	<u>6,542,127</u>	<u>2,020,896</u>
Total fund balances	<u>1,893</u>	<u>770,835</u>	<u>145,774</u>	<u>6,830,493</u>	<u>2,020,896</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 336,079</u>	<u>\$ 883,526</u>	<u>\$ 149,524</u>	<u>\$ 7,061,450</u>	<u>\$ 2,080,143</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015**

	<u>Hotel/ Motel Tax</u>	<u>Lodging/ Liquor/ Food Tax</u>	<u>Vision Fund</u>	<u>Social Security Tax</u>	<u>Government Grants & Activities</u>	<u>Total Special Revenue</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,015,331	\$ 158,010	\$ 1,158,748	\$ -	\$ 7,485,024
Investments	-	174,056	2,535,293	71,074	-	7,127,830
Receivables:						
Taxes receivable	-	-	-	9,000	-	34,668
Accounts receivable	79,733	216,393	-	920	796,577	2,078,335
Advanced to other funds	-	1,780,000	-	-	-	1,780,000
Total assets	<u>\$ 79,733</u>	<u>\$ 3,185,780</u>	<u>\$ 2,693,303</u>	<u>\$ 1,239,742</u>	<u>\$ 796,577</u>	<u>\$ 18,505,857</u>
LIABILITIES						
Accounts payable	\$ 67,773	\$ -	\$ -	\$ 1,006	\$ 63,359	\$ 720,551
Due to other funds	11,960	-	-	-	359,511	371,471
Salaries payable	-	-	-	-	18,828	152,472
Total liabilities	<u>79,733</u>	<u>-</u>	<u>-</u>	<u>1,006</u>	<u>441,698</u>	<u>1,244,494</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	-	-	-	6,593	-	25,367
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,593</u>	<u>-</u>	<u>25,367</u>
FUND BALANCES						
Nonspendable	-	1,780,000	-	-	-	1,780,000
Restricted	-	-	-	-	-	288,366
Committed	-	1,405,780	2,693,303	1,232,143	354,879	15,167,630
Total fund balances	<u>-</u>	<u>3,185,780</u>	<u>2,693,303</u>	<u>1,232,143</u>	<u>354,879</u>	<u>17,235,996</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,733</u>	<u>\$ 3,185,780</u>	<u>\$ 2,693,303</u>	<u>\$ 1,239,742</u>	<u>\$ 796,577</u>	<u>\$ 18,505,857</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, 2015**

REVENUES	E/H Transit	Library	Police Drug Enforcement	Roads & Streets	Street Lights
Taxes	\$ 844,021	\$ 1,647,381	\$ -	\$ 540,477	\$ -
Licenses and permits	-	-	-	1,500	-
Intergovernmental	1,903,513	631,001	-	4,239,144	-
Charges for services	-	86,166	-	200,660	2,273,948
Fines and forfeits	-	36,934	69,260	-	-
Investment income	1,364	9,939	1,071	52,015	15,128
Rentals	-	6,104	-	112,020	2,958
Miscellaneous	-	2,867	-	91,134	115,266
Total revenues	<u>2,748,898</u>	<u>2,420,392</u>	<u>70,331</u>	<u>5,236,950</u>	<u>2,407,300</u>
EXPENDITURES					
Current					
General government	1,957,317	-	-	-	-
Public safety	-	-	55,138	-	-
Highways and streets	-	-	-	5,224,206	1,613,463
Health and welfare	-	-	-	-	-
Culture and recreation	-	1,834,615	-	-	-
Capital outlays					
General government	791,182	-	-	-	-
Public safety	-	-	16,500	-	-
Highways and streets	-	-	-	848,804	-
Culture and recreation	-	371,551	-	-	-
Total expenditures	<u>2,748,499</u>	<u>2,206,166</u>	<u>71,638</u>	<u>6,073,010</u>	<u>1,613,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>399</u>	<u>214,226</u>	<u>(1,307)</u>	<u>(836,060)</u>	<u>793,837</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	360,534	-
Transfer out	-	(61,306)	-	(117,648)	(508,581)
Total other financing sources (uses)	<u>-</u>	<u>(61,306)</u>	<u>-</u>	<u>242,886</u>	<u>(508,581)</u>
Net changes in fund balances	399	152,920	(1,307)	(593,174)	285,256
Fund balances - beginning	1,494	617,915	147,081	7,423,667	1,735,640
Fund balances - ending	<u>\$ 1,893</u>	<u>\$ 770,835</u>	<u>\$ 145,774</u>	<u>\$ 6,830,493</u>	<u>\$ 2,020,896</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, 2015**

REVENUES	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
Taxes	\$ 1,188,853	\$ 2,982,119	\$ -	\$ 1,044,284	\$ -	\$ 8,247,135
Licenses and permits	-	-	-	-	72,621	74,121
Intergovernmental	-	-	-	28,724	2,214,363	9,016,745
Charges for services	-	-	-	-	8,045	2,568,819
Fines and forfeits	-	-	-	-	7,659	113,853
Investment income	-	17,590	20,344	11,361	2,096	130,908
Rentals	-	19,200	-	-	-	140,282
Miscellaneous	-	-	51,215	-	73,748	334,230
Total revenues	<u>1,188,853</u>	<u>3,018,909</u>	<u>71,559</u>	<u>1,084,369</u>	<u>2,378,532</u>	<u>20,626,093</u>
EXPENDITURES						
Current						
General government	1,010,612	327,567	275,000	1,956,903	609,068	6,136,467
Public safety	-	-	-	-	740,550	795,688
Highways and streets	-	-	-	-	22,045	6,859,714
Health and welfare	-	-	-	-	791,431	791,431
Culture and recreation	-	-	-	-	25,734	1,860,349
Capital outlays						
General government	-	-	-	-	-	791,182
Public safety	-	-	-	-	71,190	87,690
Highways and streets	-	-	-	-	-	848,804
Culture and recreation	-	-	-	-	4,000	375,551
Total expenditures	<u>1,010,612</u>	<u>327,567</u>	<u>275,000</u>	<u>1,956,903</u>	<u>2,264,018</u>	<u>18,546,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>178,241</u>	<u>2,691,342</u>	<u>(203,441)</u>	<u>(872,534)</u>	<u>114,514</u>	<u>2,079,217</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	927,536	-	1,288,070
Transfer out	(178,241)	(2,816,761)	-	-	(37,760)	(3,720,297)
Total other financing sources (uses)	<u>(178,241)</u>	<u>(2,816,761)</u>	<u>-</u>	<u>927,536</u>	<u>(37,760)</u>	<u>(2,432,227)</u>
Net changes in fund balances	-	(125,419)	(203,441)	55,002	76,754	(353,010)
Fund balances - beginning	-	3,311,199	2,896,744	1,177,141	278,125	17,589,006
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,185,780</u>	<u>\$ 2,693,303</u>	<u>\$ 1,232,143</u>	<u>\$ 354,879</u>	<u>\$ 17,235,996</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, 2015**

	<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	\$ 1,494	\$ 1,494	\$ 1,494	\$ -
Resources (inflows)				
Taxes	885,118	885,118	844,021	(41,097)
Intergovernmental	4,031,500	4,031,500	1,903,513	(2,127,987)
Investment income	500	500	1,364	864
Amount available for appropriation	<u>4,918,612</u>	<u>4,918,612</u>	<u>2,750,392</u>	<u>(2,168,220)</u>
Charges to appropriations (outflows)				
General government	<u>4,917,118</u>	<u>4,917,118</u>	<u>2,748,499</u>	<u>2,168,619</u>
Total charges to appropriations	<u>4,917,118</u>	<u>4,917,118</u>	<u>2,748,499</u>	<u>2,168,619</u>
Budgetary Fund Balance, December 31	<u>\$ 1,494</u>	<u>\$ 1,494</u>	<u>\$ 1,893</u>	<u>\$ 399</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, 2015**

	<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	\$ 701,378	\$ 701,378	\$ 701,378	\$ -
Resources (inflows)				
Taxes	1,726,123	1,726,123	1,647,381	(78,742)
Intergovernmental	639,274	639,274	631,001	(8,273)
Charges for services	103,316	103,316	86,166	(17,150)
Fines and forfeits	40,400	40,400	36,934	(3,466)
Investment income	4,083	4,083	9,939	5,856
Rentals	6,000	6,000	6,104	104
Miscellaneous	3,144	3,144	2,867	(277)
Transfer In	29,485	29,485	-	(29,485)
Amount available for appropriation	<u>3,253,203</u>	<u>3,253,203</u>	<u>3,121,770</u>	<u>(131,433)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,394,503	2,394,503	2,247,965	146,538
Transfer out	61,306	61,306	61,306	-
Total charges to appropriations	<u>2,455,809</u>	<u>2,455,809</u>	<u>2,309,271</u>	<u>146,538</u>
Budgetary Fund Balance, December 31	<u>\$ 797,394</u>	<u>\$ 797,394</u>	<u>\$ 812,499</u>	<u>\$ 15,105</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, 2015**

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	\$ 3,121,770
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>(701,378)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,420,392</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,309,271
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(41,799)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(61,306)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,206,166</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 147,081	\$ 147,081	\$ 147,081	\$ -
Resources (inflows)				
Fines and forfeits	50,000	50,000	69,260	19,260
Investment income	500	500	1,071	571
Amount available for appropriation	<u>197,581</u>	<u>197,581</u>	<u>217,412</u>	<u>19,831</u>
Charges to appropriations (outflows)				
Public safety	<u>85,046</u>	<u>85,046</u>	<u>71,638</u>	<u>13,408</u>
Total charges to appropriations	<u>85,046</u>	<u>85,046</u>	<u>71,638</u>	<u>13,408</u>
Budgetary Fund Balance, December 31	<u>\$ 112,535</u>	<u>\$ 112,535</u>	<u>\$ 145,774</u>	<u>\$ 33,239</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, 2015**

	<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	\$ 7,423,667	\$ 7,423,667	\$ 7,423,667	\$ -
Resources (inflows)				
Taxes	566,096	566,096	540,477	(25,619)
Licenses and permits	1,000	1,000	1,500	500
Intergovernmental	4,762,744	4,762,744	4,239,144	(523,600)
Charges for services	237,500	237,500	200,660	(36,840)
Investment income	21,000	21,000	52,015	31,015
Rentals	91,048	91,048	112,020	20,972
Miscellaneous	13,000	13,000	91,134	78,134
Transfer in	630,555	630,555	360,534	(270,021)
Amount available for appropriation	<u>13,746,610</u>	<u>13,746,610</u>	<u>13,021,151</u>	<u>(725,459)</u>
Charges to appropriations (outflows)				
Highways and streets	7,131,795	7,131,795	6,121,823	1,009,972
Transfer out	123,048	123,048	117,648	5,400
Total charges to appropriations	<u>7,254,843</u>	<u>7,254,843</u>	<u>6,239,471</u>	<u>1,015,372</u>
Budgetary Fund Balance, December 31	<u>\$ 6,491,767</u>	<u>\$ 6,491,767</u>	<u>\$ 6,781,680</u>	<u>\$ 289,913</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, 2015**

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	\$ 13,021,151
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	(7,423,667)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(360,534)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,236,950</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,239,471
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(48,813)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(117,648)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 6,073,010</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET LIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 1,735,640	\$ 1,735,640	\$ 1,735,640	\$ -
Resources (inflows)				
Charges for services	2,229,876	2,229,876	2,273,948	44,072
Investment income	2,500	2,500	15,128	12,628
Rentals	2,500	2,500	2,958	458
Miscellaneous	<u>85,106</u>	<u>85,106</u>	<u>115,266</u>	<u>30,160</u>
Amount available for appropriation	<u>4,055,622</u>	<u>4,055,622</u>	<u>4,142,940</u>	<u>87,318</u>
Charges to appropriations (outflows)				
Highways and streets	1,859,629	1,658,355	1,626,847	31,508
Transfer out	<u>313,039</u>	<u>514,313</u>	<u>508,581</u>	<u>5,732</u>
Total charges to appropriations	<u>2,172,668</u>	<u>2,172,668</u>	<u>2,135,428</u>	<u>37,240</u>
Budgetary Fund Balance, December 31	<u><u>\$ 1,882,954</u></u>	<u><u>\$ 1,882,954</u></u>	<u><u>\$ 2,007,512</u></u>	<u><u>\$ 124,558</u></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, 2015**

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	\$ 4,142,940
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>(1,735,640)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,407,300</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,135,428
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(13,384)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(508,581)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,613,463</u></u>

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

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>1,282,000</u>	<u>1,282,000</u>	<u>1,188,853</u>	<u>(93,147)</u>
Amount available for appropriation	<u>1,282,000</u>	<u>1,282,000</u>	<u>1,188,853</u>	<u>(93,147)</u>
Charges to appropriations (outflows)				
General government	1,089,700	1,089,700	1,010,612	79,088
Transfer out	<u>192,300</u>	<u>192,300</u>	<u>178,241</u>	<u>14,059</u>
Total charges to appropriations	<u>1,282,000</u>	<u>1,282,000</u>	<u>1,188,853</u>	<u>93,147</u>
Budgetary Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2015**

	<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	\$ 3,311,199	\$3,311,199	\$ 3,311,199	\$ -
Resources (inflows)				
Taxes	2,676,000	2,676,000	2,982,119	306,119
Investment income	4,369	4,369	17,590	13,221
Rentals	<u>19,200</u>	<u>19,200</u>	<u>19,200</u>	<u>-</u>
Amount available for appropriation	<u>6,010,768</u>	<u>6,010,768</u>	<u>6,330,108</u>	<u>319,340</u>
Charges to appropriations (outflows)				
General government	311,550	331,550	327,567	3,983
Debt service	850	850	-	850
Transfer out	<u>2,710,845</u>	<u>2,890,845</u>	<u>2,816,761</u>	<u>74,084</u>
Total charges to appropriations	<u>3,023,245</u>	<u>3,223,245</u>	<u>3,144,328</u>	<u>78,917</u>
Budgetary Fund Balance, December 31	<u>\$ 2,987,523</u>	<u>\$2,787,523</u>	<u>\$ 3,185,780</u>	<u>\$ 398,257</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, 2015**

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	\$ 6,330,108
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>(3,311,199)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,018,909</u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,144,328
Differences - Budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,816,761)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 327,567</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, 2015**

	<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	\$ 2,896,744	\$ 2,896,744	\$ 2,896,744	\$ -
Resources (inflows)				
Investment income	20,000	20,000	20,344	344
Miscellaneous	-	-	51,215	51,215
Amount available for appropriation	<u>2,916,744</u>	<u>2,916,744</u>	<u>2,968,303</u>	<u>51,559</u>
Charges to appropriations (outflows)				
General government	<u>2,919,056</u>	<u>2,919,056</u>	<u>275,000</u>	<u>2,644,056</u>
Total charges to appropriations	<u>2,919,056</u>	<u>2,919,056</u>	<u>275,000</u>	<u>2,644,056</u>
Budgetary Fund Balance, December 31	<u><u>\$ (2,312)</u></u>	<u><u>\$ (2,312)</u></u>	<u><u>\$ 2,693,303</u></u>	<u><u>\$ 2,695,615</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, 2015**

	<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	\$ 1,177,141	\$ 1,177,141	\$ 1,177,141	\$ -
Resources (inflows)				
Taxes	1,087,592	1,087,592	1,044,284	(43,308)
Intergovernmental	19,235	19,235	28,724	9,489
Investment income	-	-	11,361	11,361
Transfer in	902,767	902,767	927,536	24,769
Amount available for appropriation	<u>3,186,735</u>	<u>3,186,735</u>	<u>3,189,046</u>	<u>2,311</u>
Charges to appropriations (outflows)				
General government	<u>1,961,000</u>	<u>1,961,000</u>	<u>1,956,903</u>	<u>4,097</u>
Total charges to appropriations	<u>1,961,000</u>	<u>1,961,000</u>	<u>1,956,903</u>	<u>4,097</u>
Budgetary Fund Balance, December 31	<u>\$ 1,225,735</u>	<u>\$ 1,225,735</u>	<u>\$ 1,232,143</u>	<u>\$ 6,408</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, 2015**

	<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	\$ 278,125	\$ 278,125	\$ 278,125	\$ -
Resources (inflows)				
Licenses and permits	75,000	75,000	72,621	(2,379)
Intergovernmental	5,012,401	5,012,401	2,214,363	(2,798,038)
Charges for services	114,275	114,275	8,045	(106,230)
Fines and forfeits	1,000	1,000	7,659	6,659
Investment income	1,650	1,650	2,096	446
Miscellaneous	82,700	82,700	73,748	(8,952)
Amount available for appropriation	<u>5,565,151</u>	<u>5,565,151</u>	<u>2,656,657</u>	<u>(2,908,494)</u>
Charges to appropriations (outflows)				
General government	1,099,246	869,246	612,581	256,665
Public safety	1,579,312	1,579,312	829,931	749,381
Highways and streets	36,600	36,600	22,045	14,555
Health and welfare	1,058,206	1,058,206	801,240	256,966
Culture and recreation	46,045	34,645	29,734	4,911
Transfer out	54,298	54,298	37,760	16,538
Total charges to appropriations	<u>3,873,707</u>	<u>3,632,307</u>	<u>2,333,291</u>	<u>1,299,016</u>
Budgetary Fund Balance, December 31	<u><u>\$ 1,691,444</u></u>	<u><u>\$ 1,932,844</u></u>	<u><u>\$ 323,366</u></u>	<u><u>\$ (1,609,478)</u></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, 2015**

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

		Government Grants & Activities
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	2,656,657
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		(278,125)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	2,378,532
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	2,333,291
Differences - Budget to GAAP		
The City budgets for salaries are on the cash basis rather than on the modified accrual basis		(31,513)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(37,760)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$	2,264,018

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$13,950,602	\$13,950,602	\$ 13,950,602	\$ -
Resources (inflows)				
Special assessments	11,581,455	11,581,455	13,001,569	1,420,114
Investment income	450,000	450,000	395,591	(54,409)
Transfer in	750,000	750,000	2,042,291	1,292,291
Refunding bonds issued		1,000,000	2,903,458	1,903,458
Premium on special assessment debt	50,000	50,000	42,114	(7,886)
Amount available for appropriation	<u>26,782,057</u>	<u>27,782,057</u>	<u>32,335,625</u>	<u>4,553,568</u>
Charges to appropriations (outflows)				
Principal	10,218,447	9,868,447	8,930,788	937,659
Interest and fiscal charges	1,803,201	1,803,201	1,663,048	140,153
Discount on special assessment debt	50,000	50,000	-	50,000
Payment to refunded bond escrow agent	5,000,000	4,000,000	3,319,059	680,941
Transfer out	750,000	750,000	43,718	706,282
Total charges to appropriations	<u>17,821,648</u>	<u>16,471,648</u>	<u>13,956,613</u>	<u>2,515,035</u>
Budgetary Fund Balance, December 31	<u>\$ 8,960,409</u>	<u>\$11,310,409</u>	<u>\$ 18,379,012</u>	<u>\$ 7,068,603</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, 2015

	<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	\$ 3,538,230	\$ 3,538,230	\$ 3,538,230	\$ -
Resources (inflows)				
Special assessments	2,143,379	2,143,379	1,877,632	(265,747)
Investment income	85,000	85,000	93,374	8,374
Transfer in	500,000	500,000	1,226,844	726,844
Refunding bonds issued	-	-	3,225,290	3,225,290
Premium on special assessment debt	45,000	45,000	47,306	2,306
Amount available for appropriation	<u>6,311,609</u>	<u>6,311,609</u>	<u>10,008,676</u>	<u>3,697,067</u>
Charges to appropriations (outflows)				
Principal	1,802,894	1,612,894	1,511,430	101,464
Interest and fiscal charges	414,374	424,374	401,688	22,686
Discount on special assessment debt	45,000	45,000	-	45,000
Payment to refunded bond escrow agent	3,500,000	4,500,000	3,653,759	846,241
Transfer out	500,000	530,000	526,976	3,024
Total charges to appropriations	<u>6,262,268</u>	<u>7,112,268</u>	<u>6,093,853</u>	<u>1,018,415</u>
Budgetary Fund Balance, December 31	<u>\$ 49,341</u>	<u>\$ (800,659)</u>	<u>\$ 3,914,823</u>	<u>\$ 4,715,482</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, 2015**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 232,745	\$ -	\$ 232,745
Receivables:			
Accounts receivable	5,368	-	5,368
Special assessments	1,128,072	7,183,033	8,311,105
Due from other funds	418,141	1,142,920	1,561,061
Total assets	<u>\$ 1,784,326</u>	<u>\$ 8,325,953</u>	<u>\$ 10,110,279</u>
LIABILITIES			
Accounts payable	<u>\$ 481</u>	<u>\$ 6,002</u>	<u>\$ 6,483</u>
Total liabilities	<u>481</u>	<u>6,002</u>	<u>6,483</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable special assessment taxes	<u>1,046,646</u>	<u>6,434,010</u>	<u>7,480,656</u>
Total deferred inflows of resources	<u>1,046,646</u>	<u>6,434,010</u>	<u>7,480,656</u>
FUND BALANCES			
Restricted	<u>737,199</u>	<u>1,885,941</u>	<u>2,623,140</u>
Total fund balances	<u>737,199</u>	<u>1,885,941</u>	<u>2,623,140</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,784,326</u>	<u>\$ 8,325,953</u>	<u>\$ 10,110,279</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, 2015**

REVENUES	Watermain Bonds	Sidewalk Bonds	Total Debt Service
Special assessments	\$ 296,517	\$ 1,368,751	\$ 1,665,268
Investment income	8,393	46,393	54,786
Total revenues	304,910	1,415,144	1,720,054
EXPENDITURES			
Debt service			
Principal	122,782	1,165,000	1,287,782
Interest and fiscal charges	36,457	174,524	210,981
Total expenditures	159,239	1,339,524	1,498,763
 Excess (deficiency) of revenues over (under) expenditures	 <u>145,671</u>	 <u>75,620</u>	 <u>221,291</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	68,962	137,675	206,637
Transfer out	(37,651)	(129,997)	(167,648)
Refunding bond issued	381,252	-	381,252
Premium on special assessment debt	8,045	-	8,045
Payment to refunded bond escrow agent	(432,182)	-	(432,182)
Total other financing sources (uses)	<u>(11,574)</u>	<u>7,678</u>	<u>(3,896)</u>
 Net changes in fund balances	 134,097	 83,298	 217,395
 Fund balances - beginning	 <u>603,102</u>	 <u>1,802,643</u>	 <u>2,405,745</u>
 Fund balances - ending	 <u>\$ 737,199</u>	 <u>\$ 1,885,941</u>	 <u>\$ 2,623,140</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, 2015**

	<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	\$ 603,102	\$ 603,102	\$ 603,102	\$ -
Resources (inflows)				
Special assessments	193,627	193,627	296,517	102,890
Investment income	5,000	5,000	8,393	3,393
Transfer in	284,150	284,150	68,962	(215,188)
Refunding bonds issued	-	-	381,252	381,252
Premium on special assessment debt	5,000	5,000	8,045	3,045
Amount available for appropriation	<u>1,090,879</u>	<u>1,090,879</u>	<u>1,366,271</u>	<u>275,392</u>
Charges to appropriations (outflows)				
Principal	184,664	184,664	122,782	61,882
Interest and fiscal charges	46,955	46,955	36,457	10,498
Discount on special assessment debt	5,000	5,000	-	5,000
Payment to refunded bond escrow agent	350,000	600,000	432,182	167,818
Transfer out	250,000	250,000	37,651	212,349
Total charges to appropriations	<u>836,619</u>	<u>1,086,619</u>	<u>629,072</u>	<u>457,547</u>
Budgetary Fund Balance, December 31	<u>\$ 254,260</u>	<u>\$ 4,260</u>	<u>\$ 737,199</u>	<u>\$ 732,939</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, 2015**

	<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	\$ 1,802,643	\$1,802,643	\$ 1,802,643	\$ -
Resources (inflows)				
Special assessments	1,327,282	1,327,282	1,368,751	41,469
Investment income	95,000	95,000	46,393	(48,607)
Transfer in	25,900	25,900	137,675	111,775
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>3,260,825</u>	<u>3,260,825</u>	<u>3,355,462</u>	<u>94,637</u>
Charges to appropriations (outflows)				
Principal	1,245,000	1,245,000	1,165,000	80,000
Interest and fiscal charges	176,709	176,709	174,524	2,185
Discount on special assessment debt	10,000	10,000	-	10,000
Transfer out	25,000	200,000	129,997	70,003
Total charges to appropriations	<u>1,456,709</u>	<u>1,631,709</u>	<u>1,469,521</u>	<u>162,188</u>
Budgetary Fund Balance, December 31	<u>\$ 1,804,116</u>	<u>\$1,629,116</u>	<u>\$ 1,885,941</u>	<u>\$ 256,825</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.

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.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2015**

	Special Deficiency/ Assumptions	Tax Increment	Community Development	Building Improvements	Street Light/Signals
ASSETS					
Cash and cash equivalents	\$ 1,636,252	\$ 144,835	\$ -	\$ 4,413,630	\$ 53,877
Investments	5,238	8,168	-	24,195	-
Receivables:					
Taxes receivable	7,060	3,186	-	-	-
Accounts receivable	-	-	54,873	-	-
Special assessments	17,080	-	-	-	-
Notes receivable	-	-	1,163,406	-	-
Due from other funds	2,198,063	-	-	-	-
Advance to other funds	-	200,000	-	-	-
Restricted assets:					
Investments	-	-	-	-	-
Total assets	\$ 3,863,693	\$ 356,189	\$ 1,218,279	\$ 4,437,825	\$ 53,877
LIABILITIES					
Accounts payable	\$ 659	\$ 55,325	\$ 23,059	\$ 16,570	\$ 6,295
Retainage payable	-	-	-	13,851	-
Due to other funds	-	-	31,814	-	-
Unearned revenue	-	-	863,406	-	-
Customer deposits	-	-	-	-	-
Total liabilities	659	55,325	918,279	30,421	6,295
DEFERRED INFLOWS OF RESOURCES					
Unavailable special assessment taxes	11,963	-	-	-	-
Unavailable property taxes	5,158	1,811	-	-	-
Total deferred inflows of resources	17,121	1,811	-	-	-
FUND BALANCES					
Nonspendable	-	200,000	-	-	-
Committed	3,845,913	99,053	300,000	4,407,404	47,582
Unassigned	-	-	-	-	-
Total fund balances	3,845,913	299,053	300,000	4,407,404	47,582
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,863,693	\$ 356,189	\$ 1,218,279	\$ 4,437,825	\$ 53,877

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2015**

	<u>Flood Construction</u>	<u>Sewermain Construction</u>	<u>Watermain Construction</u>	<u>Sidewalk Development</u>	<u>Commerce Development</u>	<u>Total Capital Projects</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,248,594
Investments	-	-	-	-	-	37,601
Receivables:						
Taxes receivable	-	-	-	-	-	10,246
Accounts receivable	95,512	-	-	-	-	150,385
Special assessments	-	-	-	-	-	17,080
Notes receivable	-	-	-	-	-	1,163,406
Due from other funds	-	-	-	-	-	2,198,063
Advance to other funds	-	-	-	-	-	200,000
Restricted assets:						
Investments	-	-	-	2,875,704	-	2,875,704
Total assets	<u>\$ 95,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,875,704</u>	<u>\$ -</u>	<u>\$ 12,901,079</u>
LIABILITIES						
Accounts payable	\$ -	\$ 112,944	\$ 115,216	\$ 540,279	\$ -	\$ 870,347
Retainage payable	-	61,055	-	-	-	74,906
Due to other funds	389,386	1,683,994	418,141	1,524,929	-	4,048,264
Unearned revenue	-	-	-	-	-	863,406
Customer deposits	-	-	-	2,875,704	-	2,875,704
Total liabilities	<u>389,386</u>	<u>1,857,993</u>	<u>533,357</u>	<u>4,940,912</u>	<u>-</u>	<u>8,732,627</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable special assessment taxes	-	-	-	-	-	11,963
Unavailable property taxes	-	-	-	-	-	6,969
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,932</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	200,000
Committed	-	-	-	-	-	8,699,952
Unassigned	(293,874)	(1,857,993)	(533,357)	(2,065,208)	-	(4,750,432)
Total fund balances	<u>(293,874)</u>	<u>(1,857,993)</u>	<u>(533,357)</u>	<u>(2,065,208)</u>	<u>-</u>	<u>3,949,520</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,875,704</u>	<u>\$ -</u>	<u>\$ 12,701,079</u>

**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, 2015**

	<u>Special Deficiency/ Assumption</u>	<u>Tax Increment</u>	<u>Community Development</u>	<u>Building Improvements</u>	<u>Street Light/Signals</u>
REVENUES					
Taxes	\$ 837,762	\$ 1,518,816	\$ -	\$ -	\$ -
Special assessments	11,484	-	-	-	-
Intergovernmental	21,830	-	453,563	-	-
Charges for services	1,209,646	-	-	-	-
Investment income	7,426	-	-	10,737	-
	<u>2,088,148</u>	<u>1,518,816</u>	<u>453,563</u>	<u>10,737</u>	<u>-</u>
Total revenues	<u>2,088,148</u>	<u>1,518,816</u>	<u>453,563</u>	<u>10,737</u>	<u>-</u>
EXPENDITURES					
Current					
General government	30,722	-	-	-	-
Public works	-	146,071	422,278	-	213,769
Capital outlays					
Public works	-	-	-	340,241	386,199
	<u>30,722</u>	<u>146,071</u>	<u>422,278</u>	<u>340,241</u>	<u>599,968</u>
Total expenditures	<u>30,722</u>	<u>146,071</u>	<u>422,278</u>	<u>340,241</u>	<u>599,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,057,426</u>	<u>1,372,745</u>	<u>31,285</u>	<u>(329,504)</u>	<u>(599,968)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	68,665	-	3,683,782	356,451
Transfer out	(1,319,469)	(159,875)	(31,285)	(490,000)	-
Premium on special assessment debt	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
	<u>(1,319,469)</u>	<u>(91,210)</u>	<u>(31,285)</u>	<u>3,193,782</u>	<u>356,451</u>
Total other financing sources (uses)	<u>(1,319,469)</u>	<u>(91,210)</u>	<u>(31,285)</u>	<u>3,193,782</u>	<u>356,451</u>
Net changes in fund balances	737,957	1,281,535	-	2,864,278	(243,517)
Fund balances - beginning	<u>3,107,956</u>	<u>(982,482)</u>	<u>300,000</u>	<u>1,543,126</u>	<u>291,099</u>
Fund balances - ending	<u>\$ 3,845,913</u>	<u>\$ 299,053</u>	<u>\$ 300,000</u>	<u>\$ 4,407,404</u>	<u>\$ 47,582</u>

**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, 2015**

	<u>Flood Construction</u>	<u>Sewermain Construction</u>	<u>Watermain Construction</u>	<u>Sidewalk Construction</u>	<u>Commerce Development</u>	<u>Total Capital Projects</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,356,578
Special assessments	-	72,408	114,481	80,477	-	278,850
Intergovernmental	-	-	-	-	-	475,393
Charges for services	-	-	-	-	-	1,209,646
Investment income	-	-	-	-	-	18,163
Total revenues	<u>-</u>	<u>72,408</u>	<u>114,481</u>	<u>80,477</u>	<u>-</u>	<u>4,338,630</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	30,722
Public works	2,879	94,049	5,977	45,564	-	930,587
Capital outlays						
Public works	-	3,689,767	678,014	2,203,502	-	7,297,723
Total expenditures	<u>2,879</u>	<u>3,783,816</u>	<u>683,991</u>	<u>2,249,066</u>	<u>-</u>	<u>8,259,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,879)</u>	<u>(3,711,408)</u>	<u>(569,510)</u>	<u>(2,168,589)</u>	<u>-</u>	<u>(3,920,402)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	526,976	37,651	129,997	-	4,803,522
Transfer out	-	(600,921)	(68,962)	(137,675)	(203,571)	(3,011,758)
Premium on special assessment debt	-	398,283	25,446	32,894	-	456,623
Special assessment bonds issued	-	7,392,373	472,284	1,950,000	-	9,814,657
Total other financing sources (uses)	<u>-</u>	<u>7,716,711</u>	<u>466,419</u>	<u>1,975,216</u>	<u>(203,571)</u>	<u>12,063,044</u>
Net changes in fund balances	(2,879)	4,005,303	(103,091)	(193,373)	(203,571)	8,142,642
Fund balances - beginning	<u>(290,995)</u>	<u>(5,863,296)</u>	<u>(430,266)</u>	<u>(1,871,835)</u>	<u>203,571</u>	<u>(3,993,122)</u>
Fund balances - ending	<u>\$ (293,874)</u>	<u>\$ (1,857,993)</u>	<u>\$ (533,357)</u>	<u>\$ (2,065,208)</u>	<u>\$ -</u>	<u>\$ 4,149,520</u>

NONMAJOR ENTERPRISE FUNDS

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

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.

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

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015**

(Continued on next page)

	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Commercial Property</u>	<u>Northern Plains Commerce Centre</u>	<u>Parking Authority Lots</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,827,794	\$ 1,529,420	\$ 353,428	\$ 2,615,333	\$ 399,868	\$ 8,725,843
Investments	6,144,820	56,287	140,315	5,088,252	8,871	11,438,545
Receivables:						
Accounts receivable	340,366	255,783	-	-	53,168	649,317
Special assessments	-	-	-	-	-	-
Interest receivable	6,460	1,053	308	6,152	80	14,053
Prepaid items	10,830	3,032	1,246	-	266	15,374
Restricted assets:						
Investments	-	-	-	-	24,475	24,475
Total current assets	<u>10,330,270</u>	<u>1,845,575</u>	<u>495,297</u>	<u>7,709,737</u>	<u>486,728</u>	<u>20,867,607</u>
Noncurrent assets:						
Capital assets not being depreciated						
Land	395,247	603,338	259,000	249,856	1,203,152	2,710,593
Construction in progress	6,262	-	-	-	349,876	356,138
Capital assets (net of accumulated depreciation)						
Building and building improvements	3,642,548	-	1,312,575	-	18,892,021	23,847,144
Improvements other than buildings	2,733,520	7,419	-	7,139,366	18,718	9,899,023
Machinery and equipment	<u>2,337,012</u>	<u>2,410,688</u>	<u>-</u>	<u>-</u>	<u>576,394</u>	<u>5,324,094</u>
Total noncurrent assets	<u>9,114,589</u>	<u>3,021,445</u>	<u>1,571,575</u>	<u>7,389,222</u>	<u>21,040,161</u>	<u>42,136,992</u>
Total assets	<u>\$ 19,444,859</u>	<u>\$ 4,867,020</u>	<u>\$ 2,066,872</u>	<u>\$ 15,098,959</u>	<u>\$ 21,526,889</u>	<u>\$ 63,004,599</u>
DEFERRED OUTFLOWS OF RESOURCES						
Derived from pensions	<u>183,649</u>	<u>275,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,123</u>
Total deferred outflows of resources	<u>183,649</u>	<u>275,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,123</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015**

(Continued from previous page)

	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Commercial Property</u>	<u>Northern Plains Commerce Centre</u>	<u>Parking Authority Lots</u>	<u>Total</u>
LIABILITIES						
Current liabilities:						
Accounts payable	17,097	109,871	30,530	63,156	146,223	366,877
Compensated benefits payable	44,171	63,888	-	-	-	108,059
Salaries payable	28,161	40,803	-	-	-	68,964
Unearned revenue	-	-	-	-	2,153	2,153
Total current liabilities	<u>89,429</u>	<u>214,562</u>	<u>30,530</u>	<u>63,156</u>	<u>148,376</u>	<u>546,053</u>
Long-term liabilities:						
Net pension liability	254,004	381,006	-	-	-	635,010
Advances from other funds	-	-	1,780,000	-	430,000	2,210,000
Customer deposits	1,590	-	2,950	-	24,475	29,015
Compensated benefits payable	51,473	43,209	-	-	-	94,682
Accrued closure/post closure costs	1,410,280	-	-	-	-	1,410,280
Total long-term liabilities	<u>1,717,347</u>	<u>424,215</u>	<u>1,782,950</u>	<u>-</u>	<u>454,475</u>	<u>4,378,987</u>
Total liabilities	<u>1,806,776</u>	<u>638,777</u>	<u>1,813,480</u>	<u>63,156</u>	<u>602,851</u>	<u>4,925,040</u>
DEFERRED INFLOWS OF RESOURCES						
Derived from pensions	84,253	126,380	-	-	-	210,633
Total deferred outflows of resources	<u>84,253</u>	<u>126,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,633</u>
NET POSITION						
Net investment in capital assets	9,114,589	3,021,445	1,571,575	7,389,222	21,040,161	42,136,992
Unrestricted	8,622,890	1,355,892	(1,318,183)	7,646,581	(116,123)	16,191,057
Total net position	<u>\$ 17,737,479</u>	<u>\$ 4,377,337</u>	<u>\$ 253,392</u>	<u>\$ 15,035,803</u>	<u>\$ 20,924,038</u>	<u>\$ 58,328,049</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Commercial Property</u>	<u>Northern Plains Commerce Centre</u>	<u>Parking Authority Lots</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services:						
Sanitation fees	\$ 4,152,367	\$ 3,891,028	\$ -	\$ -	\$ -	\$ 8,043,395
Miscellaneous sales	47,205	8,803	50	-	-	56,058
Rentals	108,282	24	194,217	61,650	1,561,998	1,926,171
Total operating revenues	<u>4,307,854</u>	<u>3,899,855</u>	<u>194,267</u>	<u>61,650</u>	<u>1,561,998</u>	<u>10,025,624</u>
OPERATING EXPENSES						
Personal services - salaries & wages	735,040	1,114,037	-	-	-	1,849,077
Personal services - fringe benefits	344,443	579,577	-	-	-	924,020
Professional, legal, and contracted services	131,461	82,455	63,755	895	474,235	752,801
Building, equipment, and vehicle services	237,530	609,687	44,099	63,153	357,781	1,312,250
Travel & training	4,503	926	-	-	-	5,429
Operating services	292,577	1,115,567	1,294	44	46,341	1,455,823
Operating supplies	168,950	255,780	713	-	17,637	443,080
Depreciation expense	606,625	309,894	53,033	215,007	712,478	1,897,037
Total operating expenses	<u>2,521,129</u>	<u>4,067,923</u>	<u>162,894</u>	<u>279,099</u>	<u>1,608,472</u>	<u>8,639,517</u>
Operating income (loss)	<u>1,786,725</u>	<u>(168,068)</u>	<u>31,373</u>	<u>(217,449)</u>	<u>(46,474)</u>	<u>1,386,107</u>
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposal of assets	96,826	11,536	-	344,964	18,054	471,380
Investment income	64,575	14,894	3,003	63,165	552	146,189
Total nonoperating revenues (expenses)	<u>161,401</u>	<u>26,430</u>	<u>3,003</u>	<u>408,129</u>	<u>18,606</u>	<u>617,569</u>
Income (loss) before contributions and transfers	1,948,126	(141,638)	34,376	190,680	(27,868)	2,003,676
TRANSFERS IN	-	-	-	203,571	-	203,571
TRANSFERS OUT	(300,201)	(166,823)	(28,084)	(1,778,536)	(16,464)	(2,290,108)
Change in net position	<u>1,647,925</u>	<u>(308,461)</u>	<u>6,292</u>	<u>(1,384,285)</u>	<u>(44,332)</u>	<u>(82,861)</u>
Total net position - beginning, as restated	16,089,554	4,685,798	247,100	16,420,088	20,968,370	58,410,910
Total net position - ending	<u>\$ 17,737,479</u>	<u>\$ 4,377,337</u>	<u>\$ 253,392</u>	<u>\$ 15,035,803</u>	<u>\$ 20,924,038</u>	<u>\$ 58,328,049</u>

**CITY OF BISMARCK , NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Commercial Property</u>	<u>Northern Plains Commerce Center</u>	<u>Parking Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 4,317,382	\$ 3,895,102	\$ 194,267	\$ 61,650	\$ 1,516,425	\$ 9,984,826
Payments to suppliers	(1,427,631)	(2,440,371)	(108,441)	(7,529)	(829,495)	(4,813,467)
Payments to employees	(631,724)	(1,149,020)	-	-	-	(1,780,744)
Net cash provided (used) by operating activities	<u>2,258,027</u>	<u>305,711</u>	<u>85,826</u>	<u>54,121</u>	<u>686,930</u>	<u>3,390,615</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payment on advance	-	-	-	-	(100,000)	(100,000)
Proceeds from advance	-	-	-	-	30,000	30,000
Transfers from other funds	-	-	-	203,571	-	203,571
Transfers to other funds	(300,201)	(166,823)	(28,084)	(1,778,535)	(16,464)	(2,290,107)
Net cash provided (used) by noncapital financing activities	<u>(300,201)</u>	<u>(166,823)</u>	<u>(28,084)</u>	<u>(1,574,964)</u>	<u>(86,464)</u>	<u>(2,156,536)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	1,826	12,051	-	351,373	18,054	383,304
Proceeds from insurance recoveries	-	1,881	-	-	-	1,881
Purchase of capital assets	(1,370,138)	(609,871)	-	-	(242,878)	(2,222,886)
Construction of capital assets	-	-	-	(11,218)	-	(11,218)
Net cash provided (used) by capital and related financing activities	<u>(1,368,312)</u>	<u>(595,939)</u>	<u>-</u>	<u>340,155</u>	<u>(224,824)</u>	<u>(1,848,920)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	6,205,153	102,235	166,423	5,067,182	8,765	11,549,758
Purchase of investments	(6,144,820)	(56,287)	(140,315)	(5,088,252)	(8,871)	(11,438,545)
Investment income	44,808	10,613	2,029	43,222	297	100,969
Net cash provided (used) by investing activities	<u>105,141</u>	<u>56,561</u>	<u>28,137</u>	<u>22,152</u>	<u>191</u>	<u>212,182</u>
Net increase (decrease) in cash and cash equivalents	694,655	(400,490)	85,879	(1,158,536)	375,833	(402,659)
Cash and cash equivalents - January 1	3,133,139	1,929,910	267,549	3,773,869	48,510	9,152,977
Cash and cash equivalents - December 31	<u>\$ 3,827,794</u>	<u>\$ 1,529,420</u>	<u>\$ 353,428</u>	<u>\$ 2,615,333</u>	<u>\$ 424,343</u>	<u>\$ 8,750,318</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,786,725	\$ (168,068)	\$ 31,373	\$ (217,449)	\$ (46,474)	\$ 1,386,107
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	606,625	309,894	53,034	215,007	712,478	1,897,038
Deferred Outflows	(183,649)	(275,474)	-	-	-	(459,123)
Deferred Inflows	84,253	126,380	-	-	-	210,633
(Increase) decrease in accounts receivable	9,528	(4,753)	-	-	(43,134)	(38,359)
(Increase) decrease in prepaid items	(2,150)	13	(1,183)	-	(117)	(3,437)
Increase (decrease) in customer deposits	-	-	-	-	1,730	1,730
Increase (decrease) in accounts payable	(2,148)	18,338	2,602	56,563	66,616	141,971
Increase (decrease) in compensated benefits payable	8,625	(1,011)	-	-	-	7,614
Increase (decrease) in net pension liability	222,910	334,364	-	-	-	557,274
Increase (decrease) in salaries payable	(28,823)	(33,972)	-	-	-	(62,795)
Increase (decrease) in deferred revenue	-	-	-	-	(4,169)	(4,169)
Increase (decrease) in closure and post closure costs	(243,869)	-	-	-	-	(243,869)
Total adjustments	<u>471,302</u>	<u>473,779</u>	<u>54,453</u>	<u>271,570</u>	<u>733,404</u>	<u>2,004,508</u>
Net cash provided (used) by operating activities	<u>\$ 2,258,027</u>	<u>\$ 305,711</u>	<u>\$ 85,826</u>	<u>\$ 54,121</u>	<u>\$ 686,930</u>	<u>\$ 3,390,615</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:						
Increase in fair value of investments	\$ 21,877	\$ 5,085	\$ 1,063	\$ 21,899	\$ 188	\$ 50,112

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, 2015**

	<u>Fleet Services</u>	<u>Liability Insurance</u>	<u>Workforce Safety Insurance</u>	<u>Employee Insurance</u>	<u>Revolving</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Investments	393,712	31,945	239,411	5,567,101	183,393	6,415,562
Receivables:						
Accounts receivable	4,722	-	-	47,374	345,080	397,176
Inventories	300,313	-	-	-	-	300,313
Prepaid items	2,651	-	42,247	-	-	44,898
Total current assets	<u>701,398</u>	<u>31,945</u>	<u>281,658</u>	<u>5,614,475</u>	<u>628,473</u>	<u>7,257,949</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	6,136	-	-	-	-	6,136
Total noncurrent assets	<u>6,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,136</u>
Total assets	<u>707,534</u>	<u>31,945</u>	<u>281,658</u>	<u>5,614,475</u>	<u>628,473</u>	<u>7,264,085</u>
DEFERRED OUTFLOWS OF RESOURCES						
Derived from pensions	134,667	-	-	-	-	134,667
Total deferred outflows of resources	<u>134,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,667</u>
LIABILITIES						
Current liabilities:						
Accounts payable	85,835	-	-	21,414	606,538	713,787
Due to other entities	-	-	-	-	9,730	9,730
Salaries payable	20,242	-	-	-	-	20,242
Claims and judgments payable	-	400	-	410,000	-	410,400
Total current liabilities	<u>106,077</u>	<u>400</u>	<u>-</u>	<u>431,414</u>	<u>616,268</u>	<u>1,154,159</u>
Long-term liabilities:						
Net pension liability	183,110	-	-	-	-	183,110
Total long-term liabilities	<u>183,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,110</u>
Total liabilities	<u>289,187</u>	<u>400</u>	<u>-</u>	<u>431,414</u>	<u>616,268</u>	<u>1,337,269</u>
DEFERRED INFLOWS OF RESOURCES						
Derived from pensions	57,478	-	-	-	-	57,478
Total deferred inflows of resources	<u>57,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,478</u>
NET POSITION						
Net investment in capital assets	6,136	-	-	-	-	6,136
Unrestricted	489,400	31,545	281,658	5,183,061	12,205	5,997,869
Total net position	<u>\$ 495,536</u>	<u>\$ 31,545</u>	<u>\$ 281,658</u>	<u>\$ 5,183,061</u>	<u>\$ 12,205</u>	<u>\$ 6,004,005</u>

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Fleet Service</u>	<u>Liability Insurance</u>	<u>Workforce Safety Insurance</u>	<u>Employee Insurance</u>	<u>Revolving</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services						
Sale of gas and oil	\$ 793,686	\$ -	\$ -	\$ -	\$ -	\$ 793,686
Sale of parts and labor	2,264,209	-	-	-	-	2,264,209
Miscellaneous sales	7,273	35,487	-	107,181	-	149,941
Rentals	15,610	-	-	-	-	15,610
Employer contributions	-	-	-	6,554,137	-	6,554,137
Employee contributions	-	-	-	73,540	-	73,540
Total operating revenues	<u>3,080,778</u>	<u>35,487</u>	<u>-</u>	<u>6,734,858</u>	<u>-</u>	<u>9,851,123</u>
OPERATING EXPENSES						
Cost of goods sold	1,812,269	-	-	-	-	1,812,269
Personal services - salaries & wages	552,795	-	-	-	-	552,795
Personal services - fringe benefits	267,339	-	50,905	127,950	-	446,194
Professional, legal, and contracted services	708	23	20	1,376	-	2,127
Building, equipment, and vehicle services	196,419	-	-	-	37,078	233,497
Travel & training	1,734	-	-	-	-	1,734
Operating services	19,763	200,490	-	6,922,096	-	7,142,349
Operating supplies	18,337	-	-	301	-	18,638
Depreciation expense	5,480	-	-	-	-	5,480
Total operating expenses	<u>2,874,844</u>	<u>200,513</u>	<u>50,925</u>	<u>7,051,723</u>	<u>37,078</u>	<u>10,215,083</u>
Operating income (loss)	<u>205,934</u>	<u>(165,026)</u>	<u>(50,925)</u>	<u>(316,865)</u>	<u>(37,078)</u>	<u>(363,960)</u>
NONOPERATING REVENUES (EXPENSES)						
Gain on disposal of assets	5,848	-	-	-	50,776	56,624
Investment income	1,491	952	2,089	40,193	-	44,725
Total nonoperating revenues (expenses)	<u>7,339</u>	<u>952</u>	<u>2,089</u>	<u>40,193</u>	<u>50,776</u>	<u>101,349</u>
Income (loss) before contributions and transfers	213,273	(164,074)	(48,836)	(276,672)	13,698	(262,611)
CAPITAL CONTRIBUTIONS	2,396	-	-	-	-	2,396
TRANSFER IN	-	144,000	-	-	-	144,000
TRANSFER OUT	<u>(86,063)</u>	<u>(23,848)</u>	<u>(4,322)</u>	<u>(60,504)</u>	<u>-</u>	<u>(174,737)</u>
Change in net position	129,606	(43,922)	(53,158)	(337,176)	13,698	(290,952)
Total net position - beginning, as restated	<u>365,930</u>	<u>75,467</u>	<u>334,816</u>	<u>5,520,237</u>	<u>(1,493)</u>	<u>6,294,957</u>
Total net position - ending	<u>\$ 495,536</u>	<u>\$ 31,545</u>	<u>\$ 281,658</u>	<u>\$ 5,183,061</u>	<u>\$ 12,205</u>	<u>\$ 6,004,005</u>

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

**CITY OF BISMARCK , NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Fleet Services	Liability Insurance	Workforce Safety	Employee Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,078,551	\$ -	\$ -	\$ -	\$ 9,664	\$ 3,088,215
Receipts from employer	-	-	-	6,508,538	-	6,508,538
Other operating cash receipts	-	35,487	-	180,721	-	216,208
Payments to suppliers	(2,303,559)	(200,113)	(91,682)	(6,984,676)	(35,708)	(9,615,738)
Payments to employees	(463,755)	-	-	-	-	(463,755)
Net cash provided (used) by operating activities	<u>311,237</u>	<u>(164,626)</u>	<u>(91,682)</u>	<u>(295,417)</u>	<u>(26,044)</u>	<u>(266,532)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	144,000	-	-	-	144,000
Transfers to other funds	(86,063)	(23,848)	(4,322)	(60,504)	-	(174,737)
Net cash provided (used) by noncapital and related financing activities	<u>(86,063)</u>	<u>120,152</u>	<u>(4,322)</u>	<u>(60,504)</u>	<u>-</u>	<u>(30,737)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Intergovernmental	2,396	-	-	-	-	2,396
Proceeds from sale of capital assets	5,848	-	-	-	-	5,848
Proceeds from insurance recoveries	-	-	-	-	50,776	50,776
Purchase of Capital Assets	(2,396)	-	-	-	-	(2,396)
Net cash provided (used) by capital and related financing activities	<u>5,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,776</u>	<u>56,624</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	81,439	74,943	331,587	1,895,114	124,839	2,507,922
Purchase of investments	(393,712)	(31,945)	(239,411)	(5,567,101)	(183,393)	(6,415,562)
Investment income	996	553	1,447	26,728	-	29,724
Net cash provided (used) by investing activities	<u>(311,277)</u>	<u>43,551</u>	<u>93,623</u>	<u>(3,645,259)</u>	<u>(58,554)</u>	<u>(3,877,916)</u>
Net increase (decrease) in cash and cash equivalents	(80,255)	(923)	(2,381)	(4,001,180)	(33,822)	(4,118,561)
Cash and cash equivalents - January 1	80,255	923	2,381	4,001,180	133,822	4,218,561
Cash and cash equivalents - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 205,934	\$ (165,026)	\$ (50,925)	\$ (316,865)	\$ (37,078)	\$ (363,960)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	5,480	-	-	-	-	5,480
Deferred Outflows	(134,667)	-	-	-	-	(134,667)
Deferred Inflows	57,478	-	-	-	-	57,478
(Increase) decrease in accounts receivable	(2,227)	-	-	(45,599)	247,199	199,373
(Increase) decrease in inventories	(3,380)	-	-	-	-	(3,380)
(Increase) decrease in prepaid items	(265)	-	(40,757)	-	-	(41,022)
Increase (decrease) in accounts payable	28,138	-	-	12,047	(237,535)	(197,350)
Increase (decrease) in pension liability	166,229	-	-	-	-	166,229
Increase (decrease) in salaries payable	(11,483)	-	-	-	-	(11,483)
Increase (decrease) in due to other entities	-	-	-	-	1,370	1,370
Increase (decrease) in estimated pending claims	-	400	-	55,000	-	55,400
Total adjustments	<u>105,303</u>	<u>400</u>	<u>(40,757)</u>	<u>21,448</u>	<u>11,034</u>	<u>97,428</u>
Net cash provided (used) by operating activities	<u>\$ 311,237</u>	<u>\$ (164,626)</u>	<u>\$ (91,682)</u>	<u>\$ (295,417)</u>	<u>\$ (26,044)</u>	<u>\$ (266,532)</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:						
Increase in fair value of investments	\$ 495	\$ 399	\$ 642	\$ 13,465	\$ -	\$ 15,001

**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, 2015**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 2,767,950
Buildings and building improvements	33,692,077
Improvements other than buildings	85,349
Machinery and equipment	36,633,610
Infrastructure	365,812,865
Construction in progress	2,587,854
Total governmental funds capital assets	<u>\$ 441,579,705</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 4,123,384
Special revenue funds	19,580,553
Federal and state grants	113,951,112
Capital projects funds	296,177,755
Enterprise funds	15,210
Donations	7,731,691
Total governmental funds capital assets	<u>\$ 441,579,705</u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2015**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 57,638	\$ -	\$ 57,638
Fiscal, assessing and information services	-	-	-	1,006,688	-	1,006,688
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,785,685	18,411	762,788	-	11,566,884
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	-	-	-	219,445	-	219,445
Building maintenance	-	-	-	50,648	-	50,648
E/H transit system	108,421	3,311,836	-	5,588,346	-	9,008,603
Total general government	308,421	15,171,505	18,411	8,773,628	-	24,271,965
Public safety:						
Police	499,500	6,803,793	37,078	6,689,561	176,850	14,206,782
Fire and inspections	580,688	5,655,333	15,790	6,539,957	101,099	12,892,867
Combined communication center	-	-	-	382,655	-	382,655
Total public safety	1,080,188	12,459,126	52,868	13,612,173	277,949	27,482,304
Highways and streets:						
Roads and streets	50,923	-	-	9,677,848	65,184	9,793,955
Engineering	-	-	-	596,567	-	596,567
Forestry	-	-	-	675,671	-	675,671
Total highways and streets	50,923	-	-	10,950,086	65,184	11,066,193
Health:						
Bismarck burleigh public health	-	170,524	-	217,777	220,000	608,301
Total health	-	170,524	-	217,777	220,000	608,301
Culture and recreation:						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	5,890,922	-	3,034,230	68,912	9,318,064
Total culture and recreation	324,000	5,890,922	-	3,064,186	68,912	9,348,020
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Highway construction	980,937	-	-	-	81,220,663	82,201,600
Sidewalk construction	-	-	14,070	-	28,342,143	28,356,213
Street lights construction	-	-	-	15,760	1,263,862	1,279,622
Street improvements	760	-	-	-	254,354,152	254,354,912
Total public works	1,004,418	-	14,070	15,760	365,180,820	366,215,068
Construction in progress:	-	129,953	-	3,200	2,454,701	2,587,854
Total governmental funds capital assets	\$ 2,767,950	\$ 33,822,030	\$ 85,349	\$ 36,636,810	\$ 368,267,566	\$ 441,579,705

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, 2015

FUNCTION AND ACTIVITY	Balance	Additions	Deductions	Transfers	Balance
	January 1, 2015				December 31, 2015
General government:					
Administration and management	\$ 52,478	\$ 5,160	\$ -	\$ -	\$ 57,638
Fiscal, assessing and information services	898,559	126,328	18,199	-	1,006,688
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	11,555,434	11,450	-	-	11,566,884
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	181,402	58,019	19,976	-	219,445
Building maintenance	50,648	-	-	-	50,648
E/H transit system	8,825,939	791,182	608,518	-	9,008,603
Total general government	<u>23,926,519</u>	<u>992,139</u>	<u>646,693</u>	<u>-</u>	<u>24,271,965</u>
Public safety:					
Police	13,740,024	722,423	124,370	(131,295)	14,206,782
Fire and inspections	12,882,389	29,767	39,290	-	12,872,866
Combined communications center	351,705	30,950	-	-	382,655
Total public safety	<u>26,974,118</u>	<u>783,140</u>	<u>163,660</u>	<u>(131,295)</u>	<u>27,462,303</u>
Highways and streets:					
Roads and streets	9,159,867	727,916	239,923	146,095	9,793,955
Engineering	527,347	69,220	-	-	596,567
Forestry	638,676	204,581	132,785	(14,800)	695,672
Total highways and streets	<u>10,325,890</u>	<u>1,001,717</u>	<u>372,708</u>	<u>131,295</u>	<u>11,086,194</u>
Health:					
Bismarck burleigh public health	569,192	39,109	-	-	608,301
Total health	<u>569,192</u>	<u>39,109</u>	<u>-</u>	<u>-</u>	<u>608,301</u>
Culture and recreation:					
Centennial beach	29,956	-	-	-	29,956
Library	8,942,514	375,550	-	-	9,318,064
Total culture and recreation	<u>8,972,470</u>	<u>375,550</u>	<u>-</u>	<u>-</u>	<u>9,348,020</u>
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Highway construction	80,250,194	1,951,406	-	-	82,201,600
Sidewalk construction	26,152,711	2,203,502	-	-	28,356,213
Street light construction	893,423	386,199	-	-	1,279,622
Street improvements	211,028,486	43,326,426	-	-	254,354,912
Total public works	<u>318,347,535</u>	<u>47,867,533</u>	<u>-</u>	<u>-</u>	<u>366,215,068</u>
Construction in progress:	<u>12,539,715</u>	<u>1,694,485</u>	<u>11,646,346</u>	<u>-</u>	<u>2,587,854</u>
Total governmental funds capital assets	<u>\$ 401,655,439</u>	<u>\$ 52,753,673</u>	<u>\$ 12,829,407</u>	<u>\$ -</u>	<u>\$ 441,579,705</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	124
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	129
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	134
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	138
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	141
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 197,951,649
Restricted	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	25,205,341
Unrestricted	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	171,295,399
Total governmental activities net position	<u>\$ 198,577,311</u>	<u>\$ 227,076,984</u>	<u>\$ 249,965,628</u>	<u>\$ 267,388,373</u>	<u>\$ 282,115,340</u>	<u>\$ 283,710,311</u>	<u>\$ 304,602,990</u>	<u>\$ 338,924,569</u>	<u>\$ 361,609,404</u>	<u>\$ 394,452,389</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 319,247,440
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	36,089,113
Unrestricted	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	\$ 38,560,107
Total business-type activities net position	<u>\$ 235,633,125</u>	<u>\$ 250,017,235</u>	<u>\$ 259,660,667</u>	<u>\$ 268,660,679</u>	<u>\$ 274,504,546</u>	<u>\$ 312,579,676</u>	<u>\$ 329,196,945</u>	<u>\$ 348,640,753</u>	<u>\$ 388,743,874</u>	<u>\$ 393,896,660</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 517,199,089
Restricted	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	61,294,454
Unrestricted	90,886,817	102,476,096	130,745,956	126,051,017	147,885,410	154,316,954	160,838,833	188,547,549	207,830,012	209,855,506
Total primary government net position	<u>\$ 434,210,436</u>	<u>\$ 477,094,219</u>	<u>\$ 509,626,295</u>	<u>\$ 536,049,052</u>	<u>\$ 556,619,886</u>	<u>\$ 596,289,987</u>	<u>\$ 633,799,935</u>	<u>\$ 687,565,322</u>	<u>\$ 750,353,278</u>	<u>\$ 788,349,049</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 18,265,605
Public safety	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	26,642,650
Highways and streets	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	10,413,928
Health and welfare	2,031,386	2,170,397	2,411,139	2,494,859	2,911,995	2,915,310	3,024,156	3,068,043	2,782,462	3,201,291
Culture and recreation	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	2,953,530
Interest and fiscal charges	1,455,778	1,832,560	2,177,509	2,505,666	2,350,187	2,174,135	2,067,666	2,245,752	2,063,752	2,400,187
Public works	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	9,972,223
Total governmental activities expenses	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	73,849,414
Business-type activities:										
Airport	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	8,679,828
Airport flightline	1,353,928	1,402,345	716,809	-	-	-	-	-	-	-
Event center	-	-	-	-	-	7,271,580	7,943,750	8,270,394	9,594,634	11,436,810
Solid waste disposal	2,152,830	2,074,212	2,457,040	2,449,207	2,525,468	2,480,955	2,385,838	2,655,380	2,694,350	2,453,612
Solid waste collections	1,732,743	1,773,631	1,801,698	2,084,233	1,964,611	2,194,976	2,165,553	2,198,750	3,118,929	4,065,304
Water	7,120,142	7,522,591	8,229,859	7,603,788	8,036,750	8,501,442	9,118,635	9,516,385	10,581,458	11,722,982
Sanitary sewer	3,480,827	3,892,916	4,526,528	4,921,746	5,237,690	6,059,940	5,832,427	6,000,337	6,401,858	7,014,055
Storm water	651,098	894,853	847,819	989,869	1,215,570	1,517,382	1,701,198	1,828,442	2,167,522	1,993,037
Commercial property	-	-	-	-	33,312	151,021	339,567	379,303	385,053	441,991
Parking authority lots	789,564	925,530	1,123,507	926,238	873,209	905,461	990,948	1,030,182	1,114,692	1,608,473
Total business-type activities expenses	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	49,416,092
Total primary government expenses	\$ 73,155,791	\$ 73,936,329	\$ 81,417,595	\$ 85,278,262	\$ 87,675,200	\$ 104,312,756	\$ 103,671,142	\$ 99,554,633	\$ 107,865,827	\$ 123,265,506
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 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	\$ 4,903,933
Public safety	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	1,122,078
Highways and streets	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	6,310,840
Health and welfare	192,742	216,261	382,628	444,964	511,601	554,209	473,245	554,942	446,889	446,618
Culture and recreation	3,062,688	3,434,124	4,094,528	4,348,057	5,015,681	150,215	137,179	127,966	121,094	131,868
Public works	30,604	-	-	-	-	-	-	300,235	-	-
Operating grants and contributions	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	11,067,383
Capital grants and contributions	13,853,173	26,747,183	23,052,334	17,986,128	16,781,232	22,787,617	21,559,092	27,917,289	39,286,234	39,485,749
Total governmental activities program revenues	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	63,468,469
Business-type activities:										
Charges for services:										
Airport	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	6,004,126
Airport flightline	1,407,451	1,524,383	700,936	-	-	-	-	-	-	-
** Event center	-	-	-	-	-	5,019,304	5,627,000	5,400,169	6,178,766	7,106,440
Solid waste disposal	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	4,307,855
Solid waste collections	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	3,899,855
Water	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	14,179,792
Sanitary sewer	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	7,224,309

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Storm water	957,724	998,671	938,624	1,040,526	900,844	920,664	983,176	1,183,703	1,242,126	1,352,712
Commercial property	-	-	-	-	54,103	201,831	424,361	346,142	235,951	255,917
Parking authority lots	807,583	808,003	834,896	867,583	883,751	941,990	963,953	1,063,898	1,230,561	1,561,998
Operating grants and contributions	31,151	413,366	98,518	-	-	1,856	-	68,057	1,212,522	227,245
Capital grants and contributions	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	9,924,565
Total business-type activities program revenues	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	56,044,814
Total primary government program revenues	\$ 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	\$ 119,513,283
Net (expense)/revenue										
Government activities	(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	(10,380,945)
Business-type activities	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	6,628,722
Total primary government net expense	\$ (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	\$ (3,752,223)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 19,270,501
Sales tax	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	17,436,203
Occupancy tax	520,947	572,633	622,144	674,643	753,860	914,599	1,066,817	1,174,646	1,219,152	1,188,853
Lodging/liquor/food tax	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	2,910,312
Car rental tax	32,546	47,301	47,314	55,105	58,898	75,119	87,310	77,142	72,999	71,808
State aid distribution	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	5,069,954
Franchise taxes	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	1,123,478
Other taxes	511,954	500,201	501,564	465,811	535,798	665,151	2,776,357	932,923	1,239,000	1,333,130
Unrestricted investment earnings	2,585,623	2,941,614	2,032,392	1,076,333	901,297	579,687	632,739	362,192	837,497	675,796
Gain (loss) on disposal of assets	173,018	145,575	163,874	28,153	244,748	31,259	49,510	107,871	(416,026)	-
Transfers	(2,764,681)	(3,532,194)	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)	(5,604,461)	(26,321,428)	2,153,088
Total governmental activities	30,177,536	32,251,772	35,450,563	36,623,624	36,676,735	11,116,653	44,685,409	41,095,012	22,044,247	51,233,123
Business-type activities:										
Taxes										
Other taxes	21,487	56,117	97,298	78,488	63,107	60,524	61,658	56,441	43,158	39,923
Unrestricted investment earnings	1,704,943	1,986,272	1,698,200	475,469	299,907	352,646	189,974	82,393	543,817	419,227
Gain (loss) on disposal of assets	60,795	126,685	215,175	43,735	60,728	18,257	2,402,877	4,892,493	1,859,230	487,056
Transfers	2,764,681	3,532,194	840,854	(836,582)	464,636	29,440,618	2,173,274	5,604,461	26,321,428	(2,153,088)
Total business-type activities	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	(1,206,882)
Total primary government	\$ 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	\$ 50,026,241
Change in Net Assets										
Governmental activities	\$ 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	\$ 40,852,178
Business-type activities	20,669,735	14,384,110	9,643,432	9,000,012	5,843,867	38,075,130	16,617,269	19,443,808	40,103,121	5,421,840
Total primary government	\$ 32,376,401	\$ 42,931,084	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834	\$ 39,670,101	\$ 37,509,948	\$ 53,765,387	\$ 62,787,956	\$ 46,274,018

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.

**Event 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)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>**2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 166,269	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,783,976	20,727,974	21,729,864	20,617,386	20,369,528	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	200,000	230,000
Restricted	-	-	-	-	-	197,703	387,263	1,138,547	423,884	2,414,706
Committed	-	-	-	-	-	22,043	-	1,243,193	-	-
Assigned	-	-	-	-	-	3,966,827	4,656,009	5,654,308	4,928,903	4,236,860
Unassigned	-	-	-	-	-	18,424,444	23,284,261	24,868,320	30,743,043	31,714,584
Total general fund	<u>\$ 18,950,245</u>	<u>\$ 20,791,889</u>	<u>\$ 22,011,450</u>	<u>\$ 21,602,186</u>	<u>\$ 20,944,306</u>	<u>\$ 22,611,017</u>	<u>\$ 28,327,533</u>	<u>\$ 32,904,368</u>	<u>\$ 36,295,830</u>	<u>\$ 38,596,150</u>
All other governmental funds										
Reserved	\$ 3,497,652	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,824,377	12,940,107	14,651,662	16,727,976	18,673,953	-	-	-	-	-
Debt service funds	10,369,216	11,014,840	10,897,034	11,817,883	13,036,782	-	-	-	-	-
Capital project funds	(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	10,503,322
Committed	-	-	-	-	-	36,269,194	39,415,488	42,338,892	40,212,743	76,137,429
Unassigned	-	-	-	-	-	(11,628,605)	(20,370,554)	(18,379,791)	(28,128,497)	(21,204,601)
Total all other governmental funds	<u>\$ 26,262,258</u>	<u>\$ 29,265,565</u>	<u>\$ 32,744,882</u>	<u>\$ 36,067,262</u>	<u>\$ 48,869,985</u>	<u>\$ 53,527,744</u>	<u>\$ 44,445,689</u>	<u>\$ 54,004,768</u>	<u>\$ 45,800,208</u>	<u>\$ 65,436,150</u>

**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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 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	\$ 42,010,581
Licenses and permits	1,668,051	1,527,745	1,546,941	1,352,746	1,508,083	1,956,383	2,552,169	3,195,879	2,478,578	2,333,947
Special assessments	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	18,539,363
Intergovernmental	11,386,666	13,674,293	13,198,149	15,218,722	15,704,913	38,165,942	17,763,798	21,041,079	20,549,194	17,854,293
Charges for services	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	8,660,788
Fines and forfeits	1,319,887	1,158,782	962,615	868,180	868,997	869,714	1,018,317	1,082,254	1,382,099	1,193,693
Investment income	2,101,972	2,855,441	2,022,473	1,315,694	968,974	770,749	789,381	633,343	1,099,991	1,142,573
Rentals	873,198	759,240	815,495	814,068	799,489	914,901	423,403	476,051	404,790	427,935
Miscellaneous	207,675	229,092	243,636	613,419	456,451	710,737	628,557	612,875	418,866	398,792
Total revenues	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	92,561,965
EXPENDITURES										
General government	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	15,715,568
Public safety	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	21,529,929
Highways and streets	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	9,131,659
Health and welfare	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	2,904,894
Culture and recreation	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	2,230,807
Public works	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	1,703,421
Capital outlays	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	44,750,179
Debt service										
Principal	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	11,730,000
Interest and fiscal charges	1,385,807	1,762,755	2,269,842	2,450,581	2,356,595	2,230,206	2,040,805	1,840,051	2,108,120	2,315,618
Total expenditures	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	112,012,075
Excess (deficiency) of revenues over (under) expenditures	(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)	(19,450,110)
OTHER FINANCING SOURCES (USES)										
Transfer in	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	49,932,949
Transfer out	(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)	(43,395,802)
Refunding bonds issued	-	-	2,430,000	-	3,855,000	1,605,000	4,365,000	-	-	6,510,000
Premium on special assessment debt	-	-	22,881	70,495	240,378	150,391	118,586	521,142	18,507	1,889,225
Discount on special assessment debt	(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)	-	-	(7,405,000)
Special assessment bonds issued	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	33,855,000
Total other financing sources (uses)	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	41,386,372
Net changes in fund balances	(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)	21,936,262
Debt service as a percentage of noncapital expenditures	16.9%	17.5%	17.4%	19.3%	20.4%	16.9%	18.0%	19.8%	19.9%	20.9%

Source: Fiscal Services

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

Fiscal Year	Property¹ Taxes	Sales Tax	Occupancy Tax	Lodging/ Liquor/Food Tax	Car Rental Tax	State Aid Distribution	Franchise Tax	Other Taxes	Total
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
2015	19,270,501	17,436,203	1,188,853	2,910,312	71,808	5,069,954	1,123,478	1,333,130	48,404,239

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
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
2014	1,041,981,000	2,012,744,111	401,100	50,630,280	3,105,756,491	6,211,512,982	50%	290,448,208	63.10

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	
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
2014	63.10	63.10	48.63	103.60	37.30	1.00	253.63

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**

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Kirkwood Mall Acquistiion LLC	\$ 27,221,350	1	0.86 %	\$ 20,877,050	1	1.47 %
Medcenter One	12,941,150	2	0.41	7,772,500	2	0.55
Waterford on West Century	11,561,850	3	0.37	-		
EVI Bismarck Village LLC (Edgewood)	9,893,200	4	0.31	-		
Clark Equipment	9,608,000	5	0.30	4,912,250	6	0.34
* Mid Dakota Medical Building Partnership	9,454,100	6	0.30	4,486,750	11	0.31
Wal-Mart Property North	9,372,050	7	0.30	6,443,900	3	0.45
Wal-Mart Property South	8,773,500	8	0.28	6,139,200	4	
* Regency Midwest Ventures LTD	7,825,100	9	0.25	-		
TNP SRT Portfolio I LLC (Pinehurst Square)	7,716,900	10	0.24	-		
Menards	7,178,550	11	0.23	4,203,700	12	0.30
Iret-River Ridge Apartments LLC	6,509,050	12	0.21	-		
Basin Electric	-			4,773,400	9	0.34
Future Source	-			4,815,500	8	0.34
MinDakota LTD Partnership	-			4,878,850	7	0.34
Sams Real Estate Trust	-			4,509,450	10	0.32
* VP Investments (Gateway Fashion Mall)	-			5,660,750	5	0.40
Totals	<u><u>\$ 128,054,800</u></u>		<u><u>4.06</u></u>	<u><u>\$ 79,473,300</u></u>		<u><u>5.16</u></u>

* 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 Year¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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
2015	18,327,284	17,501,225	0.9549	86,534	17,587,759	0.9596

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			
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
2015	-	-	116,830,000	-	105,495,000	-	222,325,000	0.0656	3,142

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 138 for personal income and population data.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 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	\$ 173,219,069
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 80,250,815</u>	<u>\$ 91,505,263</u>	<u>\$ 98,730,624</u>	<u>\$ 104,147,914</u>	<u>\$ 109,712,623</u>	<u>\$ 111,119,103</u>	<u>\$ 119,281,688</u>	<u>\$ 136,124,636</u>	<u>\$ 155,287,825</u>	<u>\$ 173,219,069</u>
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 2015

Total assessed value	\$ 3,464,381,389
Debt limit (5% of total assessed value)	173,219,069
Debt applicable to limit:	
General Obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 173,219,069</u>

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

Sources:
Assessing Division
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015**

<u>Governmental Unit</u>	<u>2015 Taxable Value</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Total Direct and Overlapping Debt</u>
City of Bismarck	\$ 324,136,621	\$ 94,064,404	100.00 %	\$ -
Bismarck Public School	408,476,930	88,035,580	79.35	69,856,233
Burleigh County	438,023,113	90,000,000	93.25	66,600,000
Total Direct and Overlapping Debt		<u>\$ 182,099,984</u>		<u>\$ 136,456,233</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, 2015
Burleigh County Levies, 2015

**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		Coverage	Sanitary Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest	Principal	Interest			Principal	Interest			
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	57.93
2008	10,918,494	5,410,958	5,507,536	520,000	368,800	6.20	5,095,871	2,797,003	2,298,868	800,000	267,800	2.15
2009	10,431,069	5,240,741	5,190,328	640,000	350,525	5.24	5,311,824	3,058,353	2,253,471	800,000	449,537	1.80
2010	10,278,544	5,098,702	5,179,842	1,165,000	403,604	3.30	5,428,005	2,641,739	2,786,266	785,000	455,674	2.25
2011	9,957,329	5,637,538	4,319,791	1,210,000	478,992	2.56	5,669,910	3,523,287	2,146,623	810,000	440,375	1.72
2012	12,926,268	5,945,048	6,981,220	7,930,000	412,206	0.84	6,167,541	3,254,117	2,913,424	835,000	420,125	2.32
2013	12,222,233	6,261,250	5,960,983	1,350,000	477,553	3.26	5,840,563	3,387,536	2,453,027	860,000	399,250	1.95
2014	12,869,433	6,195,938	6,673,495	1,685,000	818,438	2.67	6,719,390	3,588,061	3,131,329	885,000	377,750	2.48
2015	14,557,406	6,658,423	7,898,983	2,215,000	1,063,525	2.41	7,224,308	3,851,519	3,372,789	910,000	355,625	2.66

Fiscal Year	Special Assessment Bonds				Motel, Liquor, Restaurant Bonds			
	Special Assessment Collections	Debt Service		Coverage	Lodging, Liquor, Food Tax Collections *	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	4,922,034	4,935,000	1,160,817	0.81	1,534,606	685,000	224,990	1.69
2007	5,437,106	5,190,000	1,554,890	0.81	1,700,605	705,000	207,865	1.86
2008	6,219,909	5,585,002	2,079,602	0.81	1,788,085	760,000	190,240	1.88
2009	7,864,035	7,085,000	2,283,141	0.84	1,880,879	800,000	167,440	1.94
2010	9,109,289	8,165,000	2,213,955	0.88	1,984,688	855,000	142,640	1.99
2011	9,566,595	8,445,000	2,096,794	0.91	2,217,379	910,000	112,715	2.17
2012	10,488,662	13,175,000	1,971,244	0.69	2,498,156	1,940,000	68,548	1.24
2013	11,346,780	9,715,000	1,840,051	0.98	2,672,862	-	-	-
2014	11,690,035	10,660,000	2,108,120	0.92	2,809,757	830,000	1,184,291	1.39
2015	15,506,201	19,135,000	2,315,618	0.72	2,910,312	1,000,000	990,206	1.46

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

Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income²	Median Age¹	Public School Enrollment³	Unemployment Rate⁴
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
2015	70,766	3,387,188,980	80,166	38.0	12,380	2.3

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	2015			2006		
	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	3,146	2	8.91	2,500	2	7.46
CHI St. Alexius	2,377	3	6.73	2,129	3	6.35
Bismarck Public Schools	2,108	4	5.97	1,658	4	4.95
US Government Offices	1,200	5	3.40	1,198	5	3.57
AETNA	728	6	2.06	619	9	1.85
MDU Resources Group	850	7	2.41	748	8	2.23
Bismarck State College	752	8	2.13	439	14	1.31
University of Mary	748	9	2.12	520	10	1.55
Walmart North/South	742	10	2.10	800	7	2.39
Housing Industry Training (HIT)	637	11	1.80			
City of Bismarck	607	12	1.72	493	12	1.47
Dan's Super Markets	600	13	1.70	517	11	1.54
Missouri Slope Lutheran Care Center	580	14	1.64	430	15	1.28
Mid Dakota Clinic	551	15	1.56			0.00
Bobcat/Ingersoll Rand				1,130	6	
United Tribes Technical College				440	13	1.31
Total	20,226		57.27	17,930		50.11

Sources:
City of Bismarck 2016 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	58	61	72	71	71	72	73	80	85	86
Public safety										
Combined communications	21	22	22	24	24	26	26	26	26	28
Police										
Officers	90	91	92	96	101	101	103	109	112	113
Civilians	25	26	26	28	28	28	28	28	28	30
Fire										
Firefighters and officers	63	63	68	76	76	76	76	79	80	83
Civilians	13	14	7	6	6	6	6	6	6	1
Highways and streets										
Engineering	21	22	22	22	22	24	25	26	28	29
Maintenance	55	53	55	55	55	55	55	60	59	63
Health and welfare	22	24	25	26	27	26	26	26	25	29
Culture and recreation	15	16	16	16	16	16	17	17	19	22
Airport	19	19	21	21	21	21	21	21	21	21
Solid Waste	38	38	38	38	38	38	38	38	38	38
Water and sewer	53	54	55	55	55	55	55	58	61	64
Total	493	503	519	534	540	544	549	574	588	607

Source: City of Bismarck Annual Budgets

(Continued on next page)

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Number of building permits issued	1,706	1,626	1,710	1,513	1,654	1,879	2,365	2,218	1,951	1,756
Number of building inspections done	6,454	6,693	8,135	7,103	6,330	7,830	9,745	9,460	8,926	5,581
Number of plumbing permits issued	631	630	607	539	639	707	1,092	1,153	920	696
Number of plumbing inspections done	2,263	2,219	2,171	1,745	1,887	1,972	2,861	3,050	2,006	2,170
Number of mechanical permits issued	995	1,237	1,354	1,256	1,348	1,564	2,037	2,037	1,692	1,454
Number of mechanical inspections done	2,280	2,624	2,950	2,754	2,340	2,361	2,991	3,210	2,296	2,924
Number of electrical permits issued	994	1,297	1,153	1,067	1,127	1,257	1,589	1,578	1,248	-
Number of electrical inspections done	3,092	3,441	3,596	3,257	3,286	4,024	4,789	5,220	3,141	-
Number of septic permits issued	201	169	133	102	109	122	225	193	101	102
Number of septic inspections done	264	241	174	233	283	240	298	249	121	200
Public Safety										
Police										
Physical arrests	2,821	2,689	2,585	2,381	3,589	2,480	3,862	4,768	4,672	4,750
Traffic citations	13,230	10,882	10,926	12,008	12,995	12,869	14,309	16,168	15,623	14,831
Parking citations	13,670	10,154	10,523	8,977	8,296	7,975	8,617	7,898	15,188	11,845
Number of accidents	3,184	3,149	3,563	3,741	3,865	3,820	3,747	3,985	3,824	3,723
Number of 911 emergency dispatches	3,762	3,792	3,942	4,740	4,802	4,037	4,858	3,554	3,907	5,704
Fire										
Number of 911 emergency dispatches	2,376	2,361	2,355	1,934	2,429	2,833	3,115	3,106	3,475	3,799
Number of fire inspections conducted	2,542	2,559	3,017	3,083	2,897	3,607	3,130	2,985	3,236	3,256
Highways and streets										
Engineering										
Number of excavation permits	812	827	777	637	827	608	743	820	739	706
Number of improvement projects	77	79	43	36	36	35	72	82	57	65
Forestry										
Number of street trees planted	495	491	300	328	480	423	507	477	235	889
Number of street trees trimmed	2,440	1,105	1,116	1,097	1,038	3,182	2,948	2,248	2,910	1,904
Number of street trees removed	177	341	150	178	212	194	190	294	162	408
Roads and streets										
Potholes repaired	3,120	2,800	3,221	6,657	6,205	7,640	844	5,052	5,634	108,628
Street striping (miles)	105	110	125	110	215	195	204	211	211	157
Snow removal (hours)	3,421	3,918	7,465	20,000	20,553	11,947	1,199	8,854	7,695	12,877
Sand Ice removal (tons)	10,987	11,793	11,408	9,926	6,850	3,889	4,005	6,216	4,730	2,329
Salt Ice removal (tons)	762	926	868	849	902	1,547	1,937	1,927	1,658	1,278
Loads of snow hauled	1,974	2,771	2,899	12,925	14,481	5,321	1,382	4,049	1,579	1,417
Health and welfare										
Number of home visits	5,848	5,264	5,290	6,216	5,239	5,190	4,240	4,808	4,302	4,033
Number of immunizations	6,243	9,553	8,107	14,766	12,482	8,473	6,316	9,039	8,833	9,719
Number of office visits	5,040	4,255	4,209	4,756	4,517	3,586	3,150	3,174	3,081	3,292
Number of environmental health inspections	3,770	3,974	4,107	3,866	4,988	2,437	2,270	1,534	2,091	1,718

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Culture and recreation										
Auditorium events	207	108	108	115	113	108	90	123	174	153
Auditorium admissions	28,589	29,480	34,369	39,361	35,030	34,163	38,840	37,454	51,820	55,051
Community center events	343	381	446	412	411	484	452	416	430	498
Community center admissions	269,725	291,860	328,940	316,926	329,652	340,331	359,149	315,580	353,218	420,403
Function										
Airport										
Gallons fuel dispensed (City only)	1,368,186	1,529,540	738,027	-	-	-	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	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	4,895,740
Number of passengers-enplaning	180,674	181,310	175,626	181,114	194,043	196,414	236,172	237,683	245,205	259,734
Number of passengers-deplaning	180,170	180,844	174,579	180,322	193,897	195,208	235,207	237,450	245,062	261,459
Pounds of airmail-enplaning	-	-	-	-	1	-	-	-	-	-
Pounds of airmail-deplaning	-	-	-	-	239	-	-	-	-	-
Pounds of freight-enplaning	123,791	98,467	98,816	66,997	35,301	29,858	29,472	16,813	12,856	19,591
Pounds of freight-deplaning	133,518	114,659	98,834	85,939	55,130	35,300	48,135	13,738	8,149	10,667
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	1,976,260
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	5,926,322
Solid Waste										
Refuse collected (tons/year)	22,941	23,877	21,263	24,445	24,425	25,143	24,826	24,662	25,033	26,789
Garbage accepted for disposal (tons/year)	81,050	80,676	78,772	83,263	89,794	97,675	98,932	102,197	106,758	108,919
Acres used at landfill	2	2	2.5	2.5	2.5	2.5	2.5	6.5	6.5	6.5
Water										
Number of service connections	17,250	17,600	17,850	18,100	18,400	18,700	19,420	20,000	20,350	20,978
Average daily consumption (thousand of gallons)	11,690	10,420	10,300	9,350	8,840	8,260	10,290	9,640	9,390	8,582
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,040	6,220	6,010	6,630	6,830	7,150	6,240	6,830	6,620	6,410

Sources:

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

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	19	19	18	19	21	21	21
Fire stations	4	4	4	4	5	5	5	5	5	5
Highways and streets										
Paved streets (miles)	269	279	286	293	300	311	313	319	339	345
Streetlights	6,718	7,044	7,181	7,263	7,468	7,755	7,990	8,149	8,522	8,596
Traffic signals	104	104	104	104	104	105	107	107	108	110
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	21	20	20	25	22	20	20	20	21	21
Water										
Watermains (miles)	308	315	320	325	327	330	336	348	354	365
Fire hydrants	2,695	2,800	2,900	3,000	3,014	3,100	3,256	3,355	3,430	3,625
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)	267	276	281	290	292	295	297	300	305	307
Storm sewers (miles)	134	137	139	143	144	146	147	148	149	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	5	5

Note: Parking lots only include Parking Authority lots.

Source:
 Engineering Department
 Fiscal Services
 Police Department
 Public Works