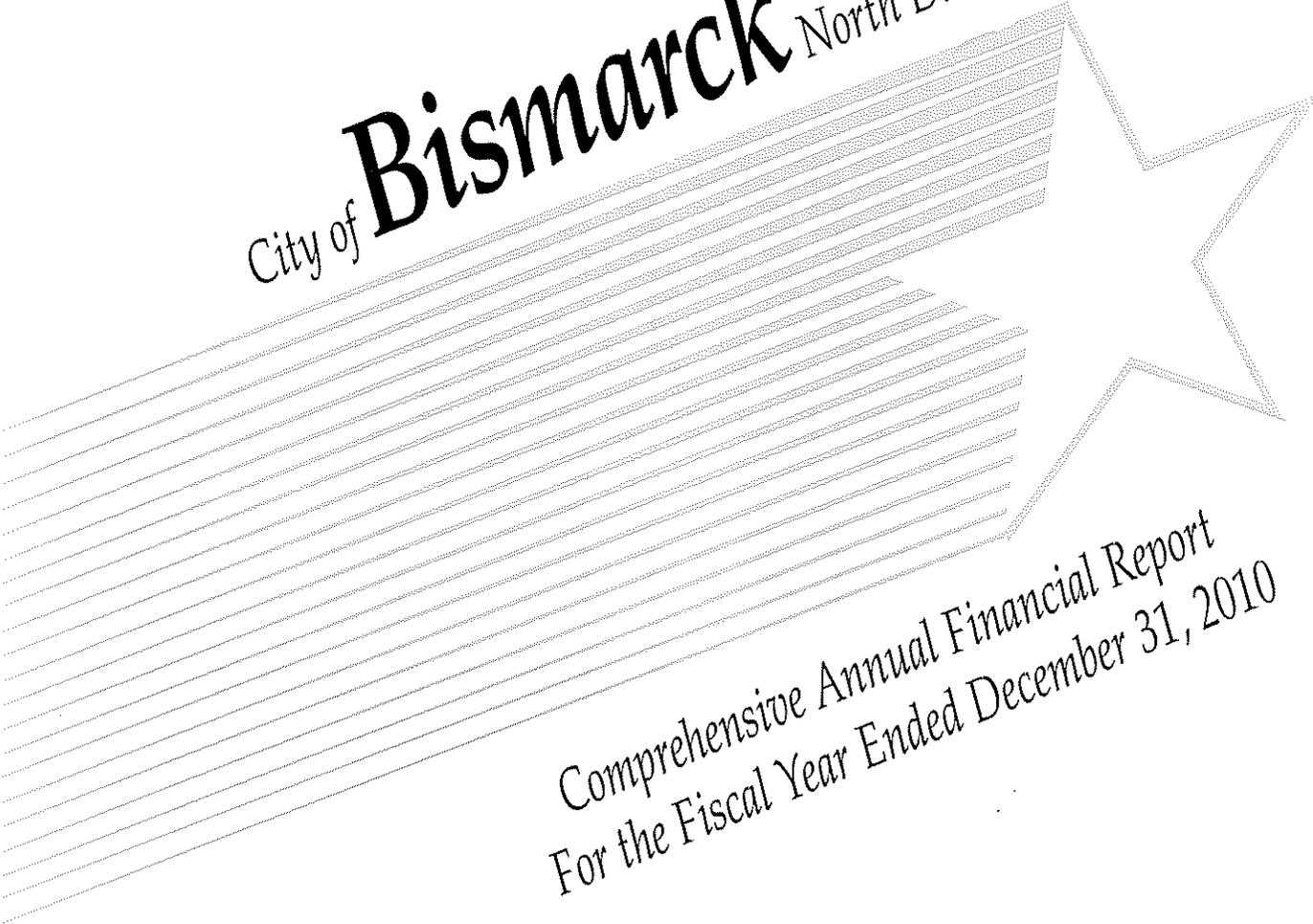


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2010

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2010

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

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Bismarck Finance Department

May 16, 2011

**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, 2010 is hereby submitted. This complete set of financial statements has been prepared by the Fiscal Services Division of the City's Finance Department in accordance with generally accepted accounting principles (GAAP) and audited by an independent licensed certified public accounting firm in accordance with the generally accepted auditing standards and applicable laws.

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

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

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

State statutes and local ordinances require an annual audit by independent certified public accountants. The firm of Eide Bailly LLP has audited the financial statements of the City of Bismarck. The audit provides reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Eide Bailly LLP concluded that the audit provides a reasonable basis for an unqualified opinion, and the City of Bismarck's financial statements for the fiscal year ending December 31, 2010 are in conformity with generally accepted accounting principles (GAAP). The auditor's report is presented in the financial section of this report.

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

221 N. Fifth Street ★ P.O. Box 5503 ★ Bismarck, ND 58506-5503 ★ Phone: 701-355-1600 ★ Fax: 701-221-3572

Assessing Division ★ Phone: 701.355.1630 ★ Fax: 701.222.6606

Fiscal Services Division ★ Phone: 701.355.1615 ★ Fax: 701.222.6606

Information Services Division ★ Phone: 701.355.1600 ★ Fax: 701.221.3572

TDD: 711

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 31.41 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 appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget in accordance with the North Dakota Century Code (N.D.C.C.) and the City of Bismarck's Home Rule Charter. All charges for fees and services are reviewed and adjusted at the time of budget approval by the governing board. A five-year capital projects budget is also updated and approved by the governing board.

Local Economic Condition and Statistics

Although the area's largest industry is farming, the City is also a major medical center for the region. The City continues to seek economic diversification. To support this effort, the citizens of Bismarck voted to dedicate a portion of sales tax revenue to be used to attract new business and industry to the City. The Vision Fund Committee administers this funding and has yielded some positive results in attracting new businesses to the City with development incentives such as building lease provisions, workforce training and property and corporate tax exemptions.

In 2008 the Mayor also established the Economic Development Advisory Group (MEDAG) in conjunction with the Mayor of the City of Mandan to develop a vision and provide specific recommendations to enable more efficient and effective local economic development efforts. In 2009 MEDAG identified enabling strategies for three global initiatives: quality of life, sustainable opportunity and opportunity development and identified objectives and goals for each area. The Mayors have re-established the collaborate group of city and county commissioners, school and park board members from the two local cities and counties, MBBM, (Mandan, Bismarck, Burleigh and Morton) to review strategies for opportunity developments. The goal is to enhance cooperation and collaboration to provide a sustainable government. MBBM is currently considering a needs assessment for a regional jail.

The Commission is committed to new as well as current initiatives that support the economic growth of our City. The Commission adopted a Growth Plan that manages residential and commercial development to enhance the quality of life and promote economic vitality. The Commission established the Renaissance Zone to encourage reinvestment in a 25-block area of downtown properties. This program provides both property and income tax incentives for investments in qualified projects. The City approved one new construction project, one rehabilitation project, one purchase with major improvement project and seven lease projects in 2010. The building value of Zone projects has more than doubled. This is supplemented by the CORE Incentives Programs to stimulate new development and encourage

rehabilitation of the downtown area. The incentives for the projects are funded by the downtown Tax Increment District. Two projects were approved in 2010 which brings the total number of CORE projects to thirty-eight. These programs reflect the commitment of the City Commission to support the revitalization of downtown and strengthen the core of our community.

An important factor instrumental in attracting new industry, business, and families to the Bismarck area is the exceptionally low crime rate. The City of Bismarck continues to enjoy one of the lowest crime rates in the country and was ranked 47th safest metro area by Morgan Quinto Press. Members of the Bismarck Police Department are committed to working with members of our community to ensure this trend continues. The Police Department is also the only accredited Municipal Law Enforcement agency in the state and was re-accredited in 2008 with meritorious status for 15 or more years of accreditation.

Bismarck continues to receive national recognition from a number of publications in 2010. The Bismarck MSA was ranked #2 on the 2010 Milken Institute Best Performing Cities Index. CNN Money identified Bismarck in the "Top 100 Best Places to Live." Bismarck was also designated by *Economy.com* as "#3 in the "Most Favorable Metro Area to Attract Business and Households." Forbes also ranked Bismarck as the 4th "Best Small Place for Business and Careers," and #12 in "America's Cleanest Cities." A report from MSNBC ranked Bismarck #5 of 384 MSA's across the US in new jobs created. Bismarck ranked #17 on the list of "Best 25 Housing Markets 2010" as compiled by Housing Predictor. Based on a report by *Garner Economics*, Bismarck was one of 18 metro cities showing year-over-year employment growth in the first five months of 2010. *The Business Insider* also reported in February that North Dakota was the only state to have higher level of activity year over year. The ratings reflect the City's commitment to preserve the tradition of excellence and be a vibrant and prospering community.

The Bismarck MSA continued to post the lowest unemployment rates in the country. The rate was 2.8% in September of 2010. The ND Job Service area profile shows jobs for primary sector were up 1.7%, health up 4.59% and transportation and warehousing up 3.7% for 2009. Total employment for the first quarter of 2010 increased .8% for a total of 58,430. The local economic outlook remains positive as Bismarck continues to create and sustain jobs.

Taxable sales and purchases have increased in 2010 as compared to 2009 for Bismarck. Sales tax was up 5.5% and hospitality taxes also increased. The revenue increase for motel, restaurant and liquor tax was 5.5%, the hotel and motel tax was 11.7% and car rental tax was 6.9%.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2010, 328 building permits were issued for residential construction within the City's corporate limits which was up from 202 in 2009. This included 319 single-family homes and 9 multi-family homes, which provided an additional 405 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 91 single-family building permits issued in 2010. Commercial growth also increased which included retail services, banks, apartments and senior living and retirement facilities. Growth in the property tax base for the year 2010 was 3.86%. The table below provides the percentage change by property classification.

Property Class	2009	2010	Percentage Change
	Market Value	Market Value	
Commercial	\$1,493,923,900	\$1,560,215,600	4.44 %
Residential	2,693,652,400	2,789,122,000	3.54 %
Agricultural	312,000	293,000	-6.09 %
Total	\$4,187,888,300	\$4,349,630,600	3.86 %

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 \$1,201,204 with an average interest rate of 1.1% 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 \$8,490,083 for an average gain of 11.5% for the fiscal year.

Major Initiatives in 2010

The Commission authorized a needs assessment to identify efficiencies in energy conservation that could be achieved in public buildings. The Commission will consider projects in 2011. This "green" initiative is funded by a federal grant. The Commission also provided funding to install LED light technology in traffic signals and to start the phase out of mercury vapor street lights to reduce energy consumption and costs.

The Commission continued the \$2 million annual funding from Sales Tax for a new street replacement program to replace hard surfaced streets in the City with permanent full depth concrete which is coordinated with water and sewer main replacement projects. The project in 2010 included a 25 blocks in various areas of the City with 12 blocks of water main replacement. The program was expanded to also include a \$1 million subsidy for the annual city wide street resurfacing mill and overlay chip seal project. The annual street project included 205 blocks for 2010. The City also created a special assessment district for the reconstruction of 26th street, a major arterial.

Major upgrades continue in the Water Treatment Plant. Phase one construction of the horizontal collector well water intake project was completed 2010. This collector is the first of its kind in North Dakota and ranks in the top four largest in North America. The construction project for the transmission pipeline and pumping station is scheduled for 2011.

The City is a member of a number of community partnerships to help address homelessness in the City. The City is working with Abused Adult Resource Center and Community Works ND on construction of a seven unit supportive housing project and with Community Works ND and Pride, Inc on two special needs housing projects. One of the projects is completed and the other one is underway. Another partnership with Community Action is for a tenant based rental assistance targeted to homeless families.

Bismarck Burleigh Public Health has several new health services initiatives. The Women's Way Community Partnerships was established to help defray the cost of cancer testing and treatment. The "Cribs for Kids" was a new program for Optimal Pregnancy Outcome. A pilot project for seasonal flu vaccinations for students was initiated with the schools and "Moving More Eating Smarter" program was introduced in the community.

The transload activity at the Northern Plains Commerce Centre is growing. NPCC transported 2.7 million pounds of steel and 1.9 million pounds of lumber in 2010. Oil-related businesses in the state are also interested in services at NPCC. Mains Crane USA opened a branch operation which provides crane, rigging and transportation services at the site.

All of these initiatives reflect the Commission's commitment to improve the level of service and enhance the quality of life in our community.

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, 2009. 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,

A handwritten signature in cursive script that reads "Sheila Hillman".

Sheila Hillman
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bismarck
North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

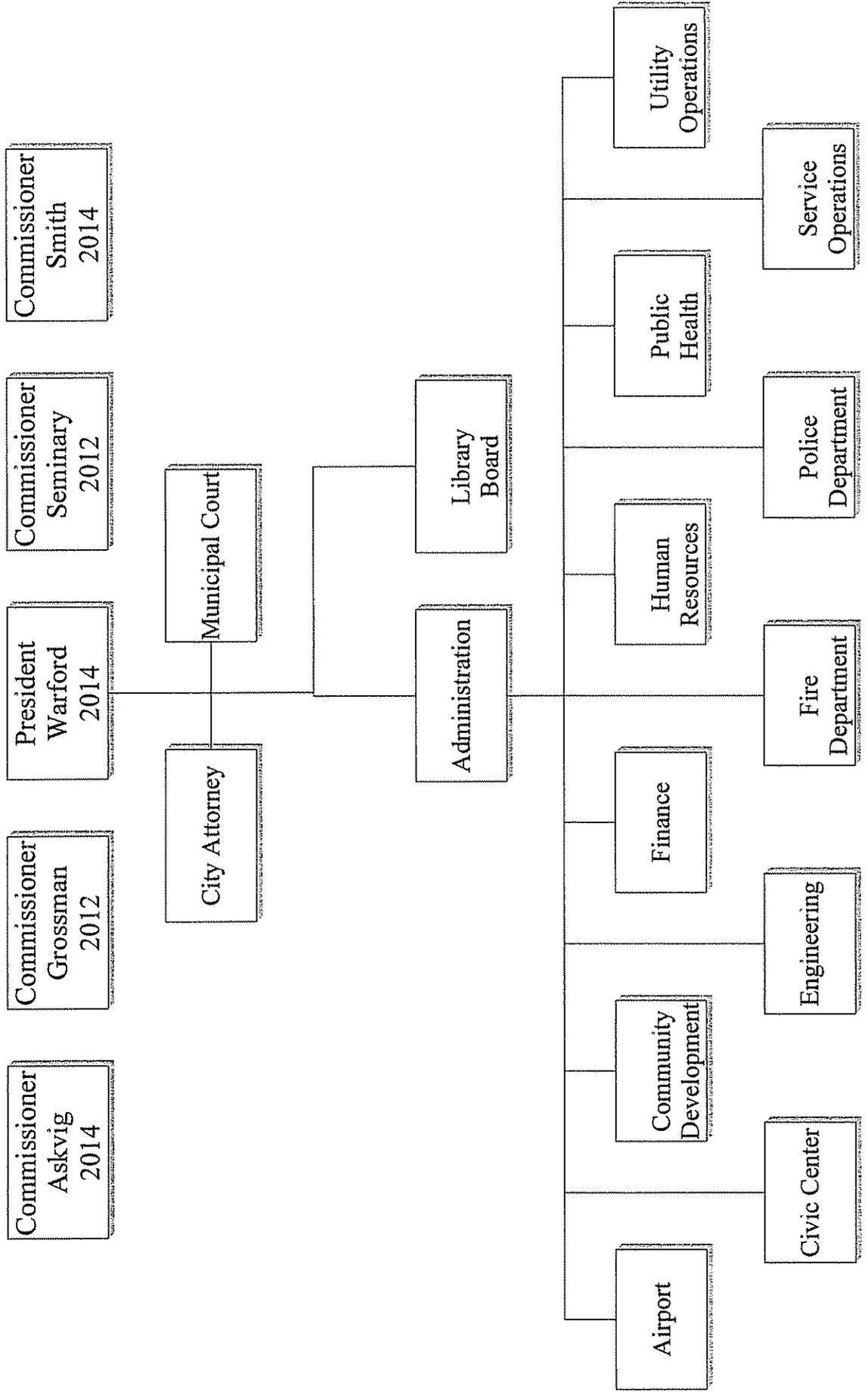
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Bismarck



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

Mayor-Commissioners:

	Initial Term <u>Commenced</u>	Current Term Expires <u>December 31</u>
Mayor, John Warford	2002	2014
Commissioner, Josh Askvig	2010	2014
Commissioner, Parrell Grossman	2008	2012
Commissioner, Mike Seminary	2008	2012
Commissioner, Brenda Smith	2010	2014

Other Elected Officials:

Municipal Judge..... William Severin

Appointed Officials:

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

Department Directors:

Airport..... Greg Haug
 Civic Center..... Charlie Jeske
 Engineering..... Mel Bullinger
 Finance..... Sheila Hillman
 Fire Department..... Joel Boespflug
 Human Resources..... Charles Klein
 Library..... Tom Jones
 Public Health..... Paula Flanders
 Community Development..... Carl Hokenstad
 Police Department..... Keith Witt
 Public Works Service Operations..... Jeff Heintz
 Public Works Utility Operations..... Keith Demke



Independent Auditor's Report

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bismarck's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison schedules for the General Fund and the Sales Tax Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011, 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 19, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Bismarck's basic financial statements. The introductory section, supplementary information - combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information - combining fund financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Eide Bailly LLP

Bismarck, North Dakota
May 16, 2011

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, 2010. 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 \$556,619,886 (net assets). Of this amount, \$147,885,410 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$20,570,834 which was a decrease of \$5,851,922 over 2009. 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 a result of the final construction of a major upgrade to the Waste Water Treatment Plant and the continued construction phase of the Water Treatment Plant.
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$282,115,340, an increase of \$14,726,967 in comparison with the prior year. The unrestricted net assets of \$111,526,195, 40% of the governmental net assets, are available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$20,369,528 which is 68% of total general fund expenditures and 70% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$108,246,034 which was a decrease of \$3,454,984 over 2009. This decrease is attributed to a decline in the interest rate earned on investments. Capital grants and contributions decreased in Airport AIP Project by \$1.6 million and special assessment sewer projects decreased by \$2.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Bismarck's basic financial statements. The City of Bismarck's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Bismarck's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Bismarck that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Bismarck include general government, public safety, highways and streets, health, and culture

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

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

The basic governmental fund financial statements can be found on pages 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, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots. Airport, Water, and Sanitary Sewer are considered major funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28 - 31 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 32 - 33 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 34 - 66 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 60 - 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bismarck, assets exceeded liabilities by \$556,619,886 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Assets as of December 31, 2009 and December 31, 2010.

City of Bismarck Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 121,345,906	\$ 135,978,802	\$ 52,089,889	\$ 55,626,006	\$ 173,435,795	\$ 191,604,808
Capital assets	212,301,700	224,249,280	252,828,613	257,433,778	465,130,313	481,683,058
Total assets	333,647,606	360,228,082	304,918,502	313,059,784	638,566,108	673,287,866
Long-term liabilities outstanding	58,478,671	70,375,079	30,373,575	32,944,449	88,852,246	103,319,528
Other liabilities	7,780,562	7,737,663	5,884,248	5,610,789	13,664,810	13,348,452
Total liabilities	66,259,233	78,112,742	36,257,823	38,555,238	102,517,056	116,667,980
Net assets:						
Invested in capital assets, net of related debt	156,325,434	156,675,941	224,137,364	226,357,253	380,462,798	383,033,194
Restricted	12,749,497	13,913,204	16,785,740	11,788,078	29,535,237	25,701,282
Unrestricted	98,313,442	111,526,195	27,737,575	36,359,215	126,051,017	147,885,410
Total net assets	\$ 267,388,373	\$ 282,115,340	\$ 268,660,679	\$ 274,504,546	\$ 536,049,052	\$ 556,619,886

By far the largest portion of the City of Bismarck's net assets (69%) 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 21%. The ratio reflects the City of Bismarck's strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Bismarck's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$147,885,410 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$111,526,195 in the unrestricted governmental activities can be attributed to the funding of capital assets, one-time expenditures, economic development, financing debt and prepaying the cost of the infrastructure in the capital project funds.

As capital projects are finalized and closed, the majority of infrastructure improvements are financed through the issuance of bonds, which are then repaid through special assessments from the benefiting property owners. As the bonds are issued and special assessments are approved, the special assessments are recorded as receivables. However, many infrastructure projects remain open at year-end, resulting in a deficit net asset amount.

The City of Bismarck's current ratio (current assets/current liabilities, including debt payments due in less than 1 year) for the governmental activities is 7.14 and for the business-type activities is 6.88 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Assets for the fiscal year ending December 31, 2009 and December 31, 2010.

City of Bismarck Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	\$ 11,926,693	\$ 13,248,607	\$ 25,857,397	\$ 26,862,266	\$ 37,784,090	\$ 40,110,873
Operating grants and contributions	11,508,981	10,113,555	-	-	11,508,981	10,113,555
Capital grants and contributions	17,986,128	16,781,232	8,037,085	3,675,261	26,023,213	20,456,493
General revenues:						
Taxes	34,682,556	35,995,326	78,488	63,107	34,761,044	36,058,433
Investment earnings	1,076,333	901,297	475,469	299,907	1,551,802	1,201,204
Gain on disposal of assets	28,153	244,748	43,735	60,728	71,888	305,476
Total revenues	77,208,844	77,284,765	34,492,174	30,961,269	111,701,018	108,246,034
Expenses:						
General Government	13,695,936	13,379,249	-	-	13,695,936	13,379,249
Public Safety	16,956,774	17,956,779	-	-	16,956,774	17,956,779
Highways and Streets	7,895,728	8,567,797	-	-	7,895,728	8,567,797
Health and Welfare	2,494,859	2,911,995	-	-	2,494,859	2,911,995
Culture and Recreation	8,902,739	9,664,609	-	-	8,902,739	9,664,609
Interest and Fiscal Charges	2,505,666	2,350,187	-	-	2,505,666	2,350,187
Public Works	8,170,980	7,262,546	-	-	8,170,980	7,262,546
Airport	-	-	5,680,499	5,695,428	5,680,499	5,695,428
Airport Flightline	-	-	-	-	-	-
Solid Waste Disposal	-	-	2,449,207	2,525,468	2,449,207	2,525,468
Solid Waste Collections	-	-	2,084,233	1,964,611	2,084,233	1,964,611
Water	-	-	7,603,788	8,036,750	7,603,788	8,036,750
Sanitary Sewer	-	-	4,921,746	5,237,690	4,921,746	5,237,690
Storm Water	-	-	989,869	1,215,570	989,869	1,215,570
Commercial Property	-	-	-	33,312	-	33,312
Parking Authority Lots	-	-	926,238	873,209	926,238	873,209
Total expenses	60,622,682	62,093,162	24,655,580	25,582,038	85,278,262	87,675,200
Increase in net assets before transfers	16,586,162	15,191,603	9,836,594	5,379,231	26,422,756	20,570,834
Transfers	836,582	(464,636)	(836,582)	464,636	-	-
Increase in net assets	17,422,744	14,726,967	9,000,012	5,843,867	26,422,756	20,570,834
Net assets as adjusted - 1/1	249,965,629	267,388,373	259,660,667	268,660,679	509,626,296	536,049,052
Net assets - 12/31	\$ 267,388,373	\$ 282,115,340	\$ 268,660,679	\$ 274,504,546	\$ 536,049,052	\$ 556,619,886

Governmental Activities

Governmental activities increased the City of Bismarck's net assets by \$14,726,967, accounting for 72% of the total increase in the net assets of the City of Bismarck. The increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. In 2010 the City completed the River Road Street Repair Project and purchased a new fire truck for approximately \$1 million. The City also received \$2 million in emergency snow removal funding from the state in 2009 that was spent in 2010. The City used over \$10 million of current revenue to cash flow new street improvement projects which are bonded in 2010.

Business-type Activities

Business-type activities increased the City of Bismarck's net assets by \$5,843,867, accounting for 28% of the total growth in the City of Bismarck's net assets. 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 \$69,814,291, an increase of \$12,144,843 in comparison with the prior year. Fund balance has been reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period of \$902,410, 2) to reserve for debt service payments of \$700,000, 3) for advances to other funds of \$969,084, and 4) for long-term receivables of \$337,500 and 5) for prepaid items of \$64,867.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unreserved fund balance of the general fund was \$20,369,528, while total fund balance reached \$22,779,450. The fund balance decreased by \$657,880 as compared to 2009. The change reflects the planned reduction for one-time expenditures including the purchase of a \$1 million fire truck and a match on the interoperability grant.

The debt service funds have a total fund balance of \$13,913,204, of which \$176,422 is reserved for the payment of advances to other funds and \$700,000 is reserved for future debt service payments. The net increase in fund balance during the current year in the debt service fund was \$1,163,707. The debt service funds have increased due to the growth in the commercial and residential development that is financed by special assessment revenue.

The construction project fund accounts for a majority of the improvements to the street, water and sewer mains. The construction projects have a fund balance of \$15,632,403. The tax increment district has a fund balance of \$17,124,010 while the construction funds for sewer, water, street and sidewalk had a combined negative fund balance of \$11,794,573. 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 2011. The highway construction fund had a fund balance of \$9,022,844 which receives funding from sales tax to construct and rehabilitate existing roads and streets

Proprietary Funds

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

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$36,068,487. All individual proprietary funds reported increases in net assets, except for Solid Waste Disposal. Solid Waste Disposal has a negative change in net assets of \$75,585 due to transfer of revenue to the Solid Waste Collection and Roads & Streets which reallocates the revenue.

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 \$531,096 which a majority was attributed to a discount of five percent on early payments.
- Intergovernmental revenue decreased by \$329,589 which was attributed to a \$293,400 decrease in MPO funding.
- Charges for services exceed budgeted by \$737,210 due to an increase of approximately \$115,000 in Public Health Services, \$280,000 in 911 Fees and an increase of approximately \$325,000 for Civic Center events.
- Administration has a positive variance of \$415,000 which is attributed to a proactive reserve for health insurance premiums that was not needed.
- Finance surplus of \$234,400 was due to vacant positions and delay in hiring current personnel and a reserve for financial software contingencies.
- Community Development surplus of \$407,228 was excess budget authority for MPO grant
- One-time expenditures of \$456,096 were due to the match for the Interoperability grant that was not utilized due to the timing of the grant program and utilization of the utility pools.
- Public Safety surplus in Combined Communications, Fire, and Police was \$434,499 which was attributed to delay in filling vacant positions.
- Public Health surplus of \$95,763 was attributed to part-time salaries and delay in filling vacant positions.
- Transfers of \$73,175 from Contingencies were not utilized in 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Bismarck’s investment in capital assets, net of related debt for its governmental and business type activities as of December 31, 2010, amounts to \$383,033,194 (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:

- Major upgrades continue in the Water Treatment Plant. Phase one construction of the horizontal collector well water intake project was completed 2010.
- The Commission continued the \$2 million annual funding from Sales Tax for a new street replacement program to replace hard surfaced streets in the City with permanent full depth concrete which is coordinated with water and sewer main replacement projects. The project in 2010 included 25 blocks in various areas of the City with 12 blocks of water main replacement. The program was expanded to also include a \$1 million subsidy for the annual city wide street resurfacing mill and overlay chip seal project.
- Major roof replacements were completed in 2010 at the Civic Center Arena, Belle Mehus, and the South Fire Station.
- Completed phase II of the conversion of traffic signal light to LED and upgrade of control cabinets, feed points and poles.

**City of Bismarck
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 3,538,480	\$ 3,762,614	\$ 11,568,724	\$ 12,351,426	\$ 15,107,204	\$ 16,114,040
Construction in Progress	8,270,355	10,123,863	6,189,846	11,870,445	14,460,201	21,994,308
Buildings	33,679,359	34,128,437	77,530,195	75,965,279	111,209,554	110,093,716
Improvements Other Than Buildings	45,705	42,078	151,587,805	151,589,251	151,633,510	151,631,329
Machinery and Equipment	13,083,579	15,196,058	5,952,043	5,657,377	19,035,622	20,853,435
Infrastructure	153,684,222	160,996,230	-	-	153,684,222	160,996,230
Total	\$ 212,301,700	\$ 224,249,280	\$ 252,828,613	\$ 257,433,778	\$ 465,130,313	\$ 481,683,058

Additional information on the City of Bismarck's capital assets can be found in Note IV C on pages 48 – 49 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 \$103,319,528. Of this amount, \$64,845,000 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	
	2009	2010	2009	2010	2008	2010
Special revenue bonds	\$ 3,705,000	\$ 2,850,000	\$ -	\$ -	\$ 3,705,000	\$ 2,850,000
Less unamortized discount	(17,620)	(12,260)			(17,620)	(12,260)
Special assessment bonds	52,315,000	64,845,000	-	-	52,315,000	64,845,000
Less unamortized discount	(26,114)	109,400			(26,114)	109,400
Capital Leases	-	-	12,555	6,484	12,555	6,484
Compensated Absences	2,232,288	2,315,080	580,861	578,235	2,813,149	2,893,315
Claims and Judgments	270,117	267,859	76,780	68,573	346,897	336,432
Closure and postclosure costs	-	-	1,082,670	1,221,116	1,082,670	1,221,116
Water revenue bonds	-	-	8,420,000	7,860,000	8,420,000	7,860,000
Less unamortized discount	-	-	(73,697)	(67,146)	(73,697)	(67,146)
Water Treatment	-	-	2,089,229	5,662,187	2,089,229	5,662,187
Wastewater revenue bonds	-	-	18,185,177	17,615,000	18,185,177	17,615,000
Total	\$ 58,478,671	\$ 70,375,079	\$ 30,373,575	\$ 32,944,449	\$ 88,852,246	\$ 103,319,528

The City issued new special assessments debt of \$24,575,000 which includes sidewalk bonds of \$1,475,000. \$9,615,000 was issued in January of 2010 to fund projects completed in 2008 and \$9,630,000 was issued in November of 2010 to fund projects completed in 2009. The City also refunded series N, P and Q in May 2010 with Series B for an additional \$3,855,000. More detailed information about the debt position of the City can be found in Note IV.G on pages 49 - 51 of the financial statements.

The City issued \$214,823 in Wastewater Revenue Bonds and \$4,177,958 in Water Treatment Bonds in 2010. The Wastewater Revenue Bond proceeds funded the Water Plant's Lime Sludge Dewatering and Standby Power project while the Water Treatment Revenue Bond funded the horizontal collector well water intake and the upgrade for the water transmission mains from the Treatment Plant. The revenue bonds are secured by water and sewer revenue which the Wastewater Revenue Bond matures in 2027 and the Water Treatment Bond matures in 2028. More detailed information about the debt position of the City can be found in Note IV.G on pages 51 - 54.

The City of Bismarck has received an Aa1 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

Moderate growth is expected to continue in the property tax base with new construction and property value enhancement. Commercial growth continues with the construction of a hotel and major medical center expansion which are in addition to several new businesses. Residential growth is also increasing with several new subdivision developments in the northern section of the City. This growth directly contributes to the continued reduction of the property tax mill levy. The 2011 budget reflects a reduction of .79 mills for a total of 79.87 mills. This reduction continues a trend of lowering the mill levy since 1993.

The commercial and residential growth has led to an increase in the need for new infrastructure, which includes storm water, sanitary sewer mains, water mains and streets. As a result, four special assessment districts were authorized to fund these improvements in 2011. The growth also contributes to an increase in the need for additional support staff in combined communications (911), engineering and inspections. Two new dispatch positions, two new engineering techs and a new plans examiner for inspections were authorized in 2011.

REQUEST FOR INFORMATION

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

**CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 27,571,918	\$ 18,664,601	\$ 46,236,519
Investments	36,942,941	18,820,730	55,763,671
Receivables:			
Taxes	313,895	-	313,895
Accounts	5,646,691	1,834,348	7,481,039
Special assessments	59,246,517	3,434,257	62,680,774
Interest receivable	53,820	46,621	100,441
Intergovernmental	32,026	-	32,026
Notes receivable	337,500	-	337,500
Internal balances	2,704,466	(2,704,466)	-
Inventories	316,829	64,603	381,432
Prepaid items	71,619	82,149	153,768
Restricted assets:			
Cash and cash equivalents	171,220	17,215	188,435
Investments	1,168,225	3,556,537	4,724,762
Revenue bond covenant accounts	-	11,788,078	11,788,078
Unamortized debt cost	330,817	21,333	352,150
Net pension obligation	1,070,318	-	1,070,318
Capital assets not being depreciated:			
Land	3,762,614	12,351,426	16,114,040
Construction in progress	10,123,863	11,870,445	21,994,308
Capital assets (net of accumulated depreciation):			
Building and building improvements	34,128,437	75,965,279	110,093,716
Improvements other than buildings	42,078	151,589,251	151,631,329
Machinery and equipment	15,196,058	5,657,377	20,853,435
Infrastructure	160,996,230	-	160,996,230
Total assets	<u>360,228,082</u>	<u>313,059,784</u>	<u>673,287,866</u>
LIABILITIES:			
Accounts payable	3,544,428	947,069	4,491,497
Retainage payable	447,531	432,757	880,288
Salaries payable	1,340,216	318,946	1,659,162
Interest payable	376,072	318,045	694,117
Unearned revenue	685,069	16,475	701,544
Customer deposits	1,344,347	3,577,497	4,921,844
Noncurrent liabilities:			
Due within one year	11,285,961	2,480,008	13,765,969
Due in more than one year	59,089,118	30,464,441	89,553,559
Total liabilities	<u>78,112,742</u>	<u>38,555,238</u>	<u>116,667,980</u>
NET ASSETS:			
Investment in capital assets, net of related debt	156,675,941	226,357,253	383,033,194
Restricted for debt service	13,913,204	11,788,078	25,701,282
Unrestricted	111,526,195	36,359,215	147,885,410
Total net assets	<u>\$ 282,115,340</u>	<u>\$ 274,504,546</u>	<u>\$ 556,619,886</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, 2010**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 13,379,249	\$ 2,999,341	\$ 1,315,169	\$ (6,798,142)	\$ -	\$ (6,798,142)
Public safety	17,956,779	1,351,519	669,282	(13,273,806)	-	(13,273,806)
Highways and streets	8,567,797	3,370,465	18,854	(1,776,674)	-	(1,776,674)
Health and welfare	2,911,995	511,601	-	(885,251)	-	(885,251)
Culture and recreation	9,664,609	5,015,681	-	(4,381,089)	-	(4,381,089)
Interest and fiscal charges	2,350,187	-	-	(2,350,187)	-	(2,350,187)
Public works	7,262,546	-	14,777,927	7,515,381	-	7,515,381
Total governmental activities	62,093,162	10,113,555	16,781,232	(21,949,768)	-	(21,949,768)
Business-type activities:						
Airport	5,695,428	-	1,897,969	-	762,489	762,489
Solid waste disposal	2,525,468	-	-	-	19,234	19,234
Solid waste collections	1,964,611	-	-	-	205,781	205,781
Water	8,036,750	-	749,139	-	3,032,909	3,032,909
Sanitary sewer	5,237,690	-	703,648	-	893,964	893,964
Storm water	1,215,570	-	324,505	-	9,779	9,779
Commercial property	33,312	-	-	-	20,791	20,791
Parking authority lots	873,209	-	-	-	10,542	10,542
Total business-type activities	25,582,038	-	3,675,261	-	4,955,489	4,955,489
Total primary government	\$ 87,675,200	\$ 10,113,555	\$ 20,456,493	(21,949,768)	4,955,489	(16,994,279)
Taxes:						
Property taxes				16,200,763	-	16,200,763
Sales tax:						
Sales tax				12,403,143	-	12,403,143
Occupancy tax				753,860	-	753,860
Lodging/liquor/food tax				2,043,586	-	2,043,586
Unrestricted state aid distribution				2,975,302	-	2,975,302
Franchise taxes				1,082,874	-	1,082,874
Other taxes				535,798	63,107	598,905
Unrestricted investment earnings				901,297	299,907	1,201,204
Gain on disposal of assets				244,748	60,728	305,476
Transfers				(464,636)	464,636	-
Total general revenues and separate line items				36,676,735	888,378	37,565,113
Changes in net assets				14,726,967	5,843,867	20,570,834
Net assets - beginning				267,388,373	268,660,679	536,049,052
Net assets - ending				\$ 282,115,340	\$ 274,504,546	\$ 556,619,886

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

ASSETS	General	Sales Tax	Street Improvement		Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds		Total
			Construction	Bonds			Governmental Funds	Total	
Cash and cash equivalents	\$ 18,700,060	\$ 841,679	\$ -	\$ 458,857	-	\$ -	\$ 7,183,396	\$ 27,183,992	
Investments	370,767	3,749,047	-	195,259	-	-	30,596,698	34,911,771	
Receivables:									
Taxes receivable	209,086	-	-	-	-	-	104,809	313,895	
Accounts receivable	1,715,430	926,797	-	-	-	-	2,708,805	5,351,032	
Special assessments	-	-	-	13,249,544	-	40,808,983	5,187,990	59,246,517	
Intergovernmental	-	-	-	3,875	-	25,801	2,350	32,026	
Notes receivable	-	-	-	-	-	-	337,500	337,500	
Due from other funds	1,742,903	-	-	1,474,157	-	4,951,435	4,076,373	12,244,868	
Advances to other funds	22,824	69,838	-	-	-	-	876,422	969,084	
Prepaid items	13,380	-	15,063	-	-	-	36,424	64,867	
Restricted assets:									
Investments	-	-	-	-	-	-	1,168,225	1,168,225	
Total assets	\$ 22,774,450	\$ 5,587,361	\$ 15,063	\$ 15,381,692	\$ 45,786,219	\$ 52,278,992	\$ 141,823,777		
LIABILITIES									
Accounts payable	\$ 432,975	\$ -	\$ 398,401	\$ -	\$ -	\$ -	\$ 2,095,688	\$ 2,927,064	
Retainage payable	-	-	394,403	-	-	-	53,128	447,531	
Due to other funds	-	-	8,081,726	-	-	-	2,523,965	10,605,691	
Advances from other funds	69,838	-	-	-	-	-	22,824	92,662	
Salaries payable	1,082,900	-	-	-	-	-	234,482	1,317,382	
Deferred revenue	249,431	-	-	12,551,312	-	37,636,323	5,013,963	55,451,029	
Customer deposits	-	-	-	-	-	-	1,173,127	1,173,127	
Total liabilities	1,835,144	-	8,874,530	12,551,312	37,636,323	11,117,177	72,014,486		
FUND BALANCES									
Reserved for encumbrances	538,574	-	-	-	-	-	363,836	902,410	
Reserved for debt service	-	-	-	-	-	-	700,000	700,000	
Reserved for advances to other funds	22,824	69,838	-	-	-	-	876,422	969,084	
Reserved for long-term receivable	-	-	-	-	-	-	337,500	337,500	
Reserved for prepaid items	13,380	-	15,063	-	-	-	36,424	64,867	
Unreserved, undesignated reported in:									
General fund	20,369,528	-	-	-	-	-	-	20,369,528	
Special revenue funds	-	5,517,523	-	-	-	-	13,156,430	18,673,953	
Debt service funds	-	-	-	2,830,380	8,149,896	-	2,056,506	13,036,782	
Capital projects funds	-	-	(8,874,530)	-	-	-	23,634,697	14,760,167	
Total fund balances	20,944,306	5,587,361	(8,859,467)	2,830,380	8,149,896	-	41,161,815	69,814,291	
Total liabilities and fund balances	\$ 22,779,450	\$ 5,587,361	\$ 15,063	\$ 15,381,692	\$ 45,786,219	\$ 52,278,992			

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

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

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

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

liability insurance, unemployment insurance, revolving cost to the individual funds. The assets and liabilities

of the internal service funds are included in governmental activities in the statement of net assets.

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

Net assets of governmental activities

	224,249,281
	55,846,814
	2,357,429
	(70,152,475)
	<u>\$ 282,115,340</u>

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, 2010

REVENUES	General	Sales Tax	Street Improvement		Sewermain Bonds	Street Improvement Bonds		Nonmajor Governmental Funds	Total
			Construction	\$		\$	\$		
Taxes	\$ 10,455,556	\$ 12,403,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,719,661	\$ 30,578,360
Licenses and permits	1,503,718	-	-	-	-	-	-	4,365	1,508,083
Special assessments	-	-	-	-	2,003,403	7,742,207	-	1,554,106	11,445,698
Intergovernmental	4,610,347	-	145,982	-	-	-	-	11,094,566	15,704,913
Charges for services	4,550,461	-	-	-	-	-	-	2,839,730	7,390,191
Fines and forfeits	780,772	-	-	-	-	-	-	88,225	868,997
Investment income	213,024	32,858	17,023	3,807	3,807	1,664	-	700,598	968,974
Rentals	279,551	-	-	-	-	-	-	519,938	799,489
Miscellaneous	162,158	-	-	-	-	-	-	294,293	456,451
Total revenues	22,555,587	12,436,001	163,005	2,007,210	2,007,210	7,743,871	-	24,815,482	69,721,156
EXPENDITURES									
Current									
General government	6,502,129	1,108	-	-	-	-	-	5,492,676	11,995,913
Public safety	15,375,975	-	-	-	-	-	-	758,523	16,134,498
Highways and streets	1,652,770	-	-	-	-	-	-	6,266,254	7,919,024
Health and welfare	1,763,388	-	-	-	-	-	-	1,041,070	2,804,458
Culture and recreation	2,540,650	-	-	-	-	-	-	1,828,996	4,369,646
Public works	-	-	277,659	-	-	-	-	967,219	1,244,878
Capital outlays									
General government	207,548	-	-	-	-	-	-	1,298,125	1,505,673
Public safety	1,151,995	-	-	-	-	-	-	1,918,310	3,070,305
Highways and streets	27,614	-	-	-	-	-	-	456,827	484,441
Health and welfare	7,576	-	-	-	-	-	-	14,898	22,474
Culture and recreation	-	-	-	-	-	-	-	399,737	399,737
Public works	-	-	12,704,302	-	-	-	-	5,926,002	18,630,304
Debt service									
Principal	-	-	-	1,420,573	1,420,573	5,741,201	1,858,226	1,858,226	9,020,000
Interest and fiscal charges	-	-	-	579,913	579,913	1,396,355	380,327	380,327	2,356,595
Total expenditures	29,229,645	1,108	12,981,961	2,000,486	2,000,486	7,137,556	28,607,190	79,957,946	
Excess (deficiency) of revenues over (under) expenditures	(6,674,058)	12,434,893	(12,818,956)	6,724	6,724	606,315	(3,791,708)	(10,236,790)	
OTHER FINANCING SOURCES (USES)									
Transfer in	6,751,410	-	4,179,836	38,234	38,234	409,373	9,671,372	21,050,225	
Transfer out	(735,232)	(11,505,056)	(275,205)	-	-	-	(6,956,880)	(19,472,373)	
Refunding bonds issued	-	-	-	1,080,191	1,080,191	2,552,952	221,857	3,855,000	
Premium on special assessment debt	-	-	150,475	40,210	40,210	17,574	32,119	240,378	
Discount on special assessment debt	-	-	(108,586)	-	-	-	(23,011)	(131,597)	
Payment to refunded bond escrow agent	-	-	-	(1,112,136)	(1,112,136)	(2,544,568)	(223,296)	(3,880,000)	
Special assessment bonds issued	-	-	17,132,030	-	-	-	3,587,970	20,720,000	
Total other financing sources (uses)	6,016,178	(11,505,056)	21,078,550	46,499	46,499	435,331	6,310,131	22,381,633	
Net changes in fund balances	(657,890)	929,837	8,259,594	53,223	53,223	1,041,646	2,518,423	12,144,843	
Fund balances - beginning	21,602,186	4,657,524	(17,119,061)	2,777,157	2,777,157	7,108,250	38,643,392	57,669,448	
Fund balances - ending	\$ 20,944,396	\$ 5,587,361	\$ (8,859,467)	\$ 2,830,380	\$ 2,830,380	\$ 8,149,896	\$ 41,161,815	\$ 69,814,291	

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, 2010**

Net change in fund balances-total governmental funds (Page 23) 12,144,843

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 11,933,077

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (14,525)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 2,027,788

The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (11,752,631)

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. (231,229)

Internal service funds are used by management to charge the cost of Civic Center event cost, health insurance, liability insurance, unemployment insurance, and revolving cost to the individual funds. A portion of the net revenue in the internal service funds is reported with governmental activities. 619,644

Change in net assets of governmental activities (Page 21) \$14,726,967

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary Fund Balance, January 1	\$ 4,260,098	\$ 4,998,177	\$ 21,720,032	\$ 16,721,855
Resources (inflows)				
Taxes	10,986,652	10,986,652	10,455,556	(531,096)
Licenses and permits	1,533,129	1,533,129	1,503,718	(29,411)
Intergovernmental	4,939,936	4,939,936	4,610,347	(329,589)
Charges for services	3,813,251	3,813,251	4,550,461	737,210
Fines and forfeits	860,650	860,650	780,772	(79,878)
Investment income	382,200	382,200	213,024	(169,176)
Rentals	294,384	294,384	279,551	(14,833)
Miscellaneous	33,410	33,410	162,158	128,748
Transfer in	6,778,352	6,778,352	6,751,410	(26,942)
Amount available for appropriation	<u>33,882,062</u>	<u>34,620,141</u>	<u>51,027,029</u>	<u>16,406,888</u>
Charges to appropriations (outflows)				
General government				
Administration	1,015,467	1,015,467	599,756	415,711
Building maintenance	565,685	565,685	539,759	25,926
Attorney	355,455	355,455	353,306	2,149
Finance	2,557,147	2,557,147	2,322,747	234,400
Human resources	369,122	369,122	295,019	74,103
Municipal court	369,786	369,786	359,907	9,879
Community development	2,037,550	2,037,550	1,630,322	407,228
One-time operations	923,332	894,332	438,236	456,096
Equipment reserve	65,000	35,600	34,359	1,241
Public safety				
Combined communications	1,659,506	1,659,506	1,476,860	182,646
Fire & inspections	5,791,405	5,791,405	5,655,104	136,301
Police	8,360,489	8,360,489	8,325,244	35,245
One-time operations	594,223	1,139,223	1,058,924	80,299
Equipment reserve	6,200	6,200	6,192	8
Highways and streets				
Weed control	69,249	69,249	68,676	573
Engineering	1,585,620	1,585,620	1,551,278	34,342
One-time operations	58,000	36,232	27,614	8,618
Equipment reserve	19,000	11,400	8,749	2,651
Health and welfare				
Public health	1,542,734	1,542,734	1,446,971	95,763
One-time operations	45,990	45,990	35,110	10,880
Equipment reserve	26,451	26,450	11,919	14,531
Culture and recreation				
Cable tv promotions	262,160	262,160	262,160	-
Centennial beach	2,000	2,000	629	1,371
Civic center	2,020,442	2,227,267	2,227,255	12
One-time operations	52,780	52,780	28,493	24,287
Equipment reserve	-	37,000	34,178	2,822
Transfer out				
Nondepartmental	527,007	527,007	487,260	39,747
Building construction	135,000	135,000	133,000	2,000
Contingencies	825,000	73,175	-	73,175
Combined communications	67,298	67,298	55,061	12,237
Community development	9,410	9,410	9,143	267
One-time operations	-	50,769	50,768	1
Total charges to appropriations	<u>31,918,508</u>	<u>31,918,508</u>	<u>29,533,999</u>	<u>2,384,509</u>
Budgetary Fund Balance, December 31	<u>\$ 1,963,554</u>	<u>\$ 2,701,633</u>	<u>\$ 21,493,030</u>	<u>\$ 18,791,397</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, 2010**

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	\$ 51,027,029
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	(21,720,032)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(6,751,410)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 22,555,587</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 29,533,999
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	381,091
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	49,787
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(735,232)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 29,229,645</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, 2010

	<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	\$ 111,665	\$ (2,388,335)	\$ 4,657,524	\$ 7,045,859
Resources (inflows)				
Taxes	11,943,929	11,943,929	12,403,143	459,214
Investment income	<u>33,033</u>	<u>33,033</u>	<u>32,858</u>	<u>(175)</u>
Amount available for appropriation	<u>12,088,627</u>	<u>9,588,627</u>	<u>17,093,525</u>	<u>7,504,898</u>
Charges to appropriations (outflows)				
General government	1,000	1,200	1,108	92
Transfer out	<u>12,023,799</u>	<u>12,023,599</u>	<u>11,505,056</u>	<u>518,543</u>
Total charges to appropriations	<u>12,024,799</u>	<u>12,024,799</u>	<u>11,506,164</u>	<u>518,635</u>
Budgetary Fund Balance, December 31	<u>\$ 63,828</u>	<u>\$ (2,436,172)</u>	<u>\$ 5,587,361</u>	<u>\$ 8,023,533</u>

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

(Continued on next page)

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,093,966	\$ 3,771,924	\$ 1,485,651	\$ 9,313,060	\$ 18,664,601	\$ 387,926
Investments	274,835	1,432,625	11,747,509	4,789,632	18,244,601	2,607,299
Receivables:						
Accounts receivable	120,557	986,322	502,203	215,920	1,825,002	305,006
Special assessments	-	1,693,201	1,483,806	257,250	3,434,257	-
Interest receivable	3,212	13,851	16,166	13,392	46,621	-
Due from other funds	-	174,876	-	-	174,876	-
Inventories	-	64,603	-	-	64,603	316,829
Prepaid items	14,426	31,936	12,072	23,715	82,149	1,754
Restricted assets:						
Cash and cash equivalents	-	-	-	17,215	17,215	171,220
Total current assets	4,506,996	8,169,338	15,247,407	14,630,184	42,553,925	3,790,034
Noncurrent assets:						
Restricted assets:						
Investments	-	3,556,537	-	-	3,556,537	-
Revenue bond covenant accounts	-	8,551,600	3,236,478	-	11,788,078	-
Unamortized debt cost	-	21,333	-	-	21,333	-
Capital assets (net of accumulated depreciation):						
Land	6,515,488	879,447	324,591	4,631,900	12,351,426	-
Building and building improvements	16,113,680	26,294,357	23,208,603	10,348,639	75,965,279	-
Improvements other than buildings	34,391,170	56,112,149	36,029,397	25,056,535	151,589,251	-
Machinery and equipment	1,282,264	339,459	572,452	3,463,202	5,657,377	58,333
Construction in progress	485,164	9,017,389	2,205,550	162,342	11,870,445	-
Total noncurrent assets	58,787,766	104,772,271	65,577,071	43,662,618	272,799,726	58,333
Total assets	63,294,762	112,941,609	80,824,478	58,292,802	315,353,651	3,848,367

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds	
LIABILITIES					
Current liabilities:					
Accounts payable	144,835	303,676	55,747	442,438	946,696
Retainage payable	-	358,285	74,472	-	432,757
Leases payable	-	2,983	1,757	1,744	6,484
Bonds payable	-	1,210,000	810,000	-	2,020,000
Accrued interest payable	-	141,895	176,150	-	318,045
Due to other funds	-	-	-	1,777,118	1,777,118
Due to other entities	-	-	-	-	-
Compensated benefits payable	78,121	156,082	46,359	104,389	384,951
Salaries payable	64,390	100,682	50,669	103,205	318,946
Deferred revenue	-	-	-	16,475	16,475
Claims and judgments payable	-	-	-	-	-
Total current liabilities	<u>287,346</u>	<u>2,273,603</u>	<u>1,215,154</u>	<u>2,445,369</u>	<u>6,221,472</u>
Long-term liabilities:					
Advances from other funds	-	176,422	-	700,000	876,422
Customer deposits	-	3,556,537	-	20,960	3,577,497
Compensated benefits payable	47,708	28,859	37,061	79,656	193,284
Capital lease payable	-	-	-	-	-
Revenue bonds payable	-	12,245,040	16,805,000	-	29,050,040
Accrued closure/post closure costs	-	-	-	1,221,116	1,221,116
Total long-term liabilities	<u>47,708</u>	<u>16,006,858</u>	<u>16,842,061</u>	<u>2,021,732</u>	<u>34,918,359</u>
Total liabilities	335,054	18,280,461	18,057,215	4,467,101	41,139,831
NET ASSETS					
Invested in capital assets, net of related debt	58,787,766	79,184,778	44,723,836	43,660,873	226,357,253
Restricted for debt service	-	8,551,600	3,236,478	-	11,788,078
Unrestricted	4,171,942	6,924,770	14,806,949	10,164,828	36,068,489
Total net assets	<u>\$ 62,959,708</u>	<u>\$ 94,661,148</u>	<u>\$ 62,767,263</u>	<u>\$ 53,825,701</u>	<u>\$ 274,213,820</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					290,726
Net assets of business-type activities					<u>\$ 274,504,546</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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds				Total	Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Charges for sales and services:						
Event sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,428,406
Sale of gas and oil	-	-	-	-	-	951,437
Sale of parts and labor	44,723	240,743	1,656	3,069	290,191	1,602,354
Water sales	959	9,383,943	-	-	9,384,902	-
Sanitation fees	-	25,603	5,421,491	5,533,378	10,980,472	-
Landing and airport fees	1,922,685	-	-	-	1,922,685	6,650
Miscellaneous sales	13,030	37,438	1,869	70,496	122,833	338,440
Rentals	2,578,552	590,817	2,989	951,023	4,123,381	-
Employer contributions	-	-	-	-	-	5,688,935
Employee contributions	-	-	-	-	-	33,724
Total operating revenues	<u>4,559,949</u>	<u>10,278,544</u>	<u>5,428,005</u>	<u>6,557,966</u>	<u>26,824,464</u>	<u>11,049,946</u>
OPERATING EXPENSES						
Cost of goods sold	-	102,076	-	-	102,076	4,299,469
Personal services - salaries & wages	1,029,599	1,619,362	883,340	1,672,061	5,204,362	560,664
Personal services - fringe benefits	327,409	544,972	276,677	616,862	1,765,920	188,810
Professional, legal, and contracted services	737,548	176,583	22,356	492,899	1,429,386	2,568
Building, equipment, and vehicle services	744,550	1,593,407	884,155	1,465,279	4,687,391	187,690
Travel & training	18,662	11,148	5,714	7,358	42,882	6,416
Operating services	207,854	201,093	111,842	473,047	993,836	5,016,492
Operating supplies	209,512	850,061	457,655	403,334	1,920,562	19,903
Depreciation expense	2,459,882	2,607,672	2,090,505	1,585,892	8,743,951	11,818
Total operating expenses	<u>5,735,016</u>	<u>7,706,374</u>	<u>4,732,244</u>	<u>6,716,732</u>	<u>24,890,366</u>	<u>10,293,830</u>
Operating income (loss)	<u>(1,175,067)</u>	<u>2,572,170</u>	<u>695,761</u>	<u>(158,766)</u>	<u>1,934,098</u>	<u>756,116</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	1,961,076	-	-	-	1,961,076	-
Special assessments	-	313,779	340,161	224,504	878,444	-
Gain (loss) on disposal of assets	2,615	27,909	53	30,153	60,730	33,160
Investment income	16,884	83,870	112,669	83,461	296,884	31,773
Interest and fiscal charges	-	(380,992)	(541,293)	(980)	(923,265)	-
Total nonoperating revenues (expenses)	<u>1,980,575</u>	<u>44,566</u>	<u>(88,410)</u>	<u>337,138</u>	<u>2,273,869</u>	<u>64,933</u>
Income (loss) before contributions and transfer	<u>805,508</u>	<u>2,616,736</u>	<u>607,351</u>	<u>178,372</u>	<u>4,207,967</u>	<u>821,049</u>
CAPITAL CONTRIBUTIONS						
TRANSFERS IN						
Change in net assets	10,000	21,768	-	-	31,768	169,471
Total net assets - beginning	(166,495)	(1,081,512)	(196,935)	(216,841)	(1,661,783)	(117,308)
Total net assets - ending	<u>649,013</u>	<u>3,367,622</u>	<u>966,386</u>	<u>588,429</u>	<u>5,571,450</u>	<u>892,066</u>
	<u>62,310,695</u>	<u>91,293,526</u>	<u>61,800,877</u>	<u>53,237,272</u>		<u>1,754,313</u>
	<u>\$ 62,959,708</u>	<u>\$ 94,661,148</u>	<u>\$ 62,767,263</u>	<u>\$ 53,825,701</u>		<u>\$ 2,646,379</u>
					<u>272,417</u>	
					<u>\$ 5,843,867</u>	

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

Change in net assets of business-type activities (page 20)

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Airport	Water	Sanitary Sewer	Enterprise Funds	Total	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 4,755,234	\$ 10,330,346	\$ 6,444,681	\$ 6,487,100	\$ 28,017,361	\$ 5,123,418
Other operating cash receipts	-	-	-	-	-	5,684,705
Payments to suppliers	(2,242,387)	(3,936,848)	(1,809,010)	(1,605,941)	(9,594,186)	111,220
Payments to employees	(1,041,235)	(1,610,973)	(877,775)	(1,654,904)	(5,184,887)	(9,698,272)
Net cash provided by operating activities	1,471,612	4,782,525	3,757,896	3,226,255	13,238,288	(588,410)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						652,661
Intergovernmental revenue	2,531,992	-	-	-	2,531,992	-
Payment on advance	-	(55,192)	-	(100,000)	(155,192)	-
Transfers from other funds	10,000	21,788	-	-	31,788	169,473
Transfers to other funds	(166,495)	(1,081,512)	(196,935)	(216,841)	(1,661,783)	(117,308)
Net cash provided (used) by noncapital financing activities	2,375,497	(1,114,936)	(196,935)	(316,841)	746,785	52,165
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital lease payment	-	(2,746)	(1,617)	(1,225)	(5,588)	-
Revenue bond payment	-	(1,165,000)	(785,000)	-	(1,950,000)	-
Interest paid	-	(341,326)	(535,562)	(945)	(877,833)	-
Proceeds on bonds	2,615	4,177,958	214,823	-	4,392,781	-
Proceeds from sale of capital assets	-	2,674	53	228,372	233,714	4,374
Proceeds from insurance recoveries	-	25,236	-	2,015	27,251	28,786
Special assessments collected	-	234,140	201,953	1,332	437,425	-
Purchase of capital assets	(69,622)	(240,825)	(32,829)	(2,076,518)	(2,419,794)	(21,993)
Construction of capital assets	(1,258,791)	(5,026,980)	(1,762,825)	(126,698)	(8,175,294)	-
Net cash provided (used) by capital and related financing activities	(1,325,798)	(2,336,869)	(2,701,004)	(1,973,667)	(6,337,338)	11,167
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	1,433,469	15,903,190	15,503,859	11,388,460	44,228,978	298,023
Purchase of investments	(274,835)	(13,540,762)	(14,983,987)	(4,789,632)	(33,589,216)	(2,778,520)
Investment income	16,203	78,776	105,822	79,489	280,300	28,284
Net cash provided (used) by investing activities	1,174,837	2,441,204	625,694	6,678,327	10,920,062	(2,452,213)
Net increase (decrease) in cash and cash equivalent	3,696,148	3,771,924	1,485,651	7,614,074	16,567,797	(1,736,220)
Cash and cash equivalents - January 1	397,818	-	-	1,716,201	2,114,019	2,124,146
Cash and cash equivalents - December 31	\$ 4,093,966	\$ 3,771,924	\$ 1,485,651	\$ 9,330,275	\$ 18,681,816	\$ 387,926
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (1,175,067)	\$ 2,572,170	\$ 695,761	\$ (166,766)	\$ 1,934,098	\$ 756,116
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	2,459,882	2,607,672	2,090,505	1,585,892	8,743,951	11,918
(Increase) decrease in accounts receivable	195,285	(21,869)	(42,698)	(88,718)	42,000	(60,624)
(Increase) decrease in due from other funds	-	(174,876)	1,059,374	-	884,498	-
(Increase) decrease in inventories	-	(5,188)	-	-	(5,188)	11,340
(Increase) decrease in prepaid items	5,088	597	(75)	(8,107)	(2,487)	58,836
Increase (decrease) in customer deposits	-	248,547	-	3,535	252,082	(69,979)
Increase (decrease) in accounts payable	(1,950)	(452,917)	(50,536)	(54,619)	(560,022)	(51,723)
Increase (decrease) in compensated benefits payable	(12,440)	934	1,586	6,860	(2,950)	-
Increase (decrease) in salaries payable	804	7,455	3,979	10,197	22,435	(7,770)
Increase (decrease) in due to other funds	-	-	-	1,777,118	1,777,118	15,120
Increase (decrease) in due to other entities	-	-	-	-	-	(9)
Increase (decrease) in deferred revenue	-	-	-	14,317	14,317	-
Increase (decrease) in estimated pending claims	-	-	-	-	-	(10,464)
Increase in closure and post closure costs	-	-	-	138,446	138,446	-
Total adjustments	2,646,679	2,210,355	3,062,135	3,385,021	11,304,180	(103,455)
Net cash provided by operating activities	\$ 1,471,612	\$ 4,782,525	\$ 3,757,896	\$ 3,226,255	\$ 13,238,288	\$ 652,661
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES						
Construction of capital assets contributed through capital project funds	\$ -	\$ 1,375,271	\$ 192,482	\$ 526,898	\$ 1,567,753	\$ 18,854
Contribution of capital assets from developers	-	435,359	363,488	100,000	898,847	-
Increase in fair value of investments	4,125	19,365	26,376	19,536	69,402	3,487

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Receivables:		
Taxes	\$ 32,045	\$ 6,831
Accounts	40,520	11,684
Accrued interest and dividends	94,435	-
Investments, at fair value.		-
Domestic equities	25,789,700	-
International equities	10,046,115	-
Domestic fixed income	24,275,344	-
International fixed income	6,765,972	-
Real estate	6,743,528	-
Alternative investments	1,111,469	-
Mutual funds	1,117,111	-
Certificate of deposits	367,984	2,217
Invested cash	8,636,424	106,610
Invested securities lending collateral	1,534,953	-
Total assets	<u>86,555,600</u>	<u>127,342</u>
LIABILITIES		
Accounts payable	96,805	108,827
Salary payable	1,634	-
Due to other entities	-	18,515
Deferred revenue	25,586	-
Securities lending collateral	1,534,953	-
Total liabilities	<u>1,658,978</u>	<u>127,342</u>
NET ASSETS		
Assets held in trust for pension and other employee benefits	<u>84,896,622</u>	-
Total net assets held in trust	<u>\$ 84,896,622</u>	<u>\$ -</u>

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2010

	Pension Trust Funds
ADDITIONS	
Contributions.	
Employer	\$ 2,551,542
Employee	1,487,754
Total contributions	4,039,296
Investment income:	
Net Increase (decrease) in fair value of investments	6,906,462
Interest and dividends	1,776,426
	8,682,888
Less: investment expense	(301,017)
Net investment income	8,381,871
Security lending activity:	
Securities lending income	4,703
Total additions	12,425,870
DEDUCTIONS	
Benefits paid to participants	3,277,299
Refunds	71,919
Administration expenses	57,113
Total deductions	3,406,331
Change in net assets	9,019,539
Net assets - beginning	75,877,083
Net assets - ending	\$ 84,896,622

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bismarck was incorporated in 1875. The City operates under a city commission form of government under the Home Rule Charter. The accompanying financial statements present the activities of the City of Bismarck. Only funds of the City have been included since the City does not have any blended or discrete component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities. For the most part, the interfund activity has been consolidated and is not eliminated. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

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

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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.

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

The City has prepared its government-wide and proprietary fund financial statements in accordance with all applicable pronouncements as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Cash and Cash Equivalents

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

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

The City has no cash overdrafts from pooled cash and investments at December 31, 2010.

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, 2010 was \$3,556,537.

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

3. Securities Lending

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

4. Receivables and Payables

Notes receivable as of December 31, 2010 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
NISC	0-5%	8/1/2011	\$ 200,000
Brandon Heights II Project	0%	7/1/2014 - 7/1/2023	129,000
Grizella Corporation	0%	9/1/2008	8,500
TOTAL NOTES RECEIVABLE			\$ 337,500

Notes receivable to NISC and Grizella Corporation are made from the Vision Fund to promote economic and job development in the Bismarck area. The Brandon Heights II Project (HUD) note came from the City of Bismarck 2003 HOME Program funds over a repayment term of 20 years.

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

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

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

5. Inventories and Prepaid Items

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

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2010, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

6. Restricted Assets

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

Investments restricted in the Water Enterprise Fund for Burleigh County Water Users are disclosed in Note I on pages 36.

Certain proceeds of the Water Enterprise Fund's revenue bonds and Sanitary Sewer Enterprise Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable revenue bond covenants. The balances of the revenue bond covenant accounts are disclosed in Note IV on page 49 - 50.

7. Capital Assets

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

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

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

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

8. Compensated Absences/Termination Benefits

Sick Leave

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Annual Leave

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

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

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

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

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

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

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

Internal service funds predominately serve the governmental funds. At year end, \$267,859 of claims and judgments are included in governmental activities. Compensated absences of \$2,315,080 generally have been liquidated by the General Fund and various Special Revenue Funds.

10. Fund Equity

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

Reserved – indicates the portion of fund equity which has been legally segregated for specific purposes.

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

**CITY OF BISMARCK, NORTH DAKOTA
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E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2010:

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" was issued in June 2007. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies which enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and establishes guidelines for intangible assets related to amortization. The provisions of this statement are effective for periods beginning after June 15, 2009.

GASB Statements No. 53, "Accounting and Financial Reporting for Derivative Instruments" was issued in June 2008. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement establishes that derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs), are reported at fair value. This Statement also describes the methods of evaluating effectiveness. The provisions of this statement are effective for periods beginning after June 15, 2009.

GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" was issued in March 2009. The purpose of this statement is to establish the hierarchy of the generally accepted accounting principles into GASB literature. This statement will make it easier for preparers to identify and apply all relevant guidelines by providing a single source for the literature.

GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" was issued in March 2009. The purpose of this statement is to include certain AICPA auditing standards in the GASB literature. This statement includes three accounting principles which are related party transactions, going concern considerations and subsequent events that were previously not included in the authoritative literature. It incorporates the existing accounting standards into the GASB literature. It will improve the financial statements by making it easier for preparers to identify and apply all relevant guidelines by providing a single source for the literature.

GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies" was issued in December 2009. This statement provides reporting guidance for governments that filed for bankruptcy under Chapter 9 of the US Bankruptcy Code. It requires liabilities to be re-measured when a new payment plan is confirmed by the bankruptcy court. The provisions for this statement are effective for periods beginning after June 15, 2009.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes the reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$70,152,475 difference are as follows:

Bonds payable	\$ (67,695,000)
Less: unamortized debt cost	330,817
unamortized bond discount	12,260
Plus: unamortized bond premium	(109,400)
Accrued interest payable	(376,072)
Compensated absences	<u>(2,315,080)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (70,152,475)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$11,933,077 difference are as follows:

Capital outlay	\$ 21,996,515
Contributed Capital	\$ 890,860
Depreciation expense	<u>(10,954,298)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 11,933,077</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$14,525 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (14,525)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (14,525)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$11,752,631 difference are as follows:

Debt issued or incurred:	
Issuance of refunded bond debt	\$ (3,855,000)
Issuance of special assessment debt	(20,720,000)
Less: discounts and bond cost	(113,723)
Plus: bond premium	36,092
Principal repayments:	
Payment to refunded bond escrow agent	3,880,000
General obligation debt	<u>9,020,000</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (11,752,631)</u>

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Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$231,229 are as follows:

Compensated absences	\$ (82,792)
Accrued interest	(21,950)
Amortization of bond premium & interest on escrow	(267,017)
Amortization of bond costs and discounts	214,573
Net pension obligation	<u>(74,043)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (231,229)</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 a reservation of fund balance (GAAP). Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget in accordance with the N.D.C.C.

A detailed explanation of differences between the budgetary outflows and GAAP expenditures are provided below:

	General	Arena/ Exhibit Operations	Roads & Streets	Government Grants & Activities
Uses/outflows of resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$29,533,999	\$284,338	\$5,415,749	\$3,673,718
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				
Beginning of year adjustment for encumbrances	919,665	46,766	31,675	484,349
End of year adjustment for encumbrances	(538,574)	-	-	(363,836)
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	49,787	(894)	(15,899)	7,404
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(735,232)</u>	<u>(126,422)</u>	<u>(77,695)</u>	<u>(55,382)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$29,229,645</u>	<u>\$203,788</u>	<u>\$5,353,830</u>	<u>\$3,746,253</u>

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

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

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

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

B. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2010, as measured by the balances in the total fund balance as follows:

<u>Special Revenue Fund:</u>	<u>Amount</u>
Police Gaming Enforcement	\$ 84
<u>Capital Projects Funds:</u>	
Community Development	\$ 59
Sewermain Construction	1,490,655
Watermain Construction	648,120
Sidewalk Construction	796,331
Street Improvement Construction	8,859,467

The Police Gaming Enforcement Fund will be funded through the General Fund in 2011. Community Development funding was received in 2011. Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December of 2011.

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, 2010, the carrying amount of the City's deposits was \$127,467,376 and the bank balance was \$128,602,884, all of which was insured and collateralized.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Cash and Investments

As of December 31, 2010 the city's cash and investments are as follows:

Cash on hand	\$ 45,861
Deposits	127,467,375
Investments	<u>77,685,656</u>
Total cash and investments	<u>\$ 205,198,892</u>

The cash and investments presented in the Financial Statements December 31, 2010 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 46,236,519
Investments	55,763,671
Restricted:	
Cash and cash equivalents	188,435
Investments	4,724,762
Revenue bond covenant accounts	<u>11,788,078</u>
Total primary government cash and investments	<u>\$ 118,701,465</u>
<u>Fiduciary Funds</u>	
Investments	<u>86,497,427</u>
Total cash and investments	<u>\$ 205,198,892</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, 2010 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

Interest Rate Risk: City

	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Certificate of Deposits	27,470,827	25,984,760	1,486,067	-	-
Government Agencies	34,677	-	-	34,677	-
Government Bonds	5,926,219	128,816	1,267,257	1,338,946	3,191,200
Federal Mortgage-Backed	5,014,181	5,014,181	-	-	-
External Investment Pool	22,042,529	22,042,529	-	-	-
Total Debt Securities	<u>\$60,488,433</u>	<u>\$53,170,286</u>	<u>\$ 2,753,324</u>	<u>\$ 1,373,623</u>	<u>\$ 3,191,200</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

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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 \$5,697,728 and PO's valued at \$228,493 at December 31, 2010. The City has no formal policy regarding IO and PO strips.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City of Bismarck does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2010, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

<u>S&P Credit Rating</u>	Total Market Value	Government Agencies	Federal Mortgage- Backed	External Investment Pool
AAA	\$ 27,091,387	\$ 34,677	\$ 5,014,181	\$22,042,529
<u>Not Rated</u>				
Government Bonds	5,926,219			
Certificate of Deposits	<u>27,470,827</u>			
Total Debt Securities	<u>\$ 60,488,433</u>			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2010, 8.3 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, 2010, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2010.

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Interest Rate Risk: Pension Investments

	All values in \$000					
	Market Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years	Maturity not Determined
Asset Backed Securities	\$ 189	\$ 1	\$ 42	\$ 5	\$ 141	\$ -
Bank Loans	1	-	1	-	-	-
Commercial Mortgage-Backed	298	-	26	-	272	-
Guaranteed Fixed Income	27	-	27	-	-	-
Corporate Bonds	6,882	97	1,860	2,679	2,246	-
Corporate Convertible Bonds	920	-	558	62	300	-
Government Agencies	792	2	351	329	101	9
Government Bonds	2,972	341	749	858	1,024	-
Government Mortgage-Backed	1,965	-	57	156	1,752	-
Index Linked Government Bonds	17	-	-	-	17	-
Municipal/Provincial Bonds	293	-	164	9	120	-
Non-Government Backed CMOs	1,010	-	-	102	908	-
Other Fixed Income	7	-	7	-	-	-
Short Term Bills and Notes	6	6	-	-	-	-
Pooled Investments	5,863	545	5,224	87	7	-
Bond Mutual Funds	79	-	-	79	-	-
Fixed Mutual Funds	319	319	-	-	-	-
Total Debt Securities	\$ 21,640	\$ 1,311	\$ 9,066	\$ 4,366	\$ 6,888	\$ 9

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, 2010. December 31, 2010 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2010.

Credit Risk: Pension Fund Investments

S&P Credit Rating	All values in \$000			
	Total Market Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
AAA	\$ 3	\$ 3	\$ -	\$ -
AA	2	2	-	-
BBB	60	60	-	-
B	12	12	-	-
Not Rated	21,563	2	319	21,242
Total Debt Securities	\$ 21,640	\$ 79	\$ 319	\$ 21,242

Foreign Currency Risk

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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, 2010. December 31, 2010 information for foreign currency risk is not available from NDRIO.

Foreign Currency Risk: Pensions

Currency	All values in \$000			
	Short- Term	Debt	Equity	Total
Australian dollar	\$ (390)	\$ 324	\$ 180	\$ 114
Brazilian real	-	171	125	296
British pound sterling	29	201	662	892
Canadian dollar	(57)	120	124	187
Chinese yuan renminbi	73	-	-	73
Israeli shekel	-	-	20	20
Danish krone	(4)	-	23	19
Euro	(546)	-	1,241	695
Hong Kong dollar	(47)	-	90	43
Indonesian Rupiah	-	143	-	143
Japanese yen	(384)	-	717	333
Malaysian Ringgit	-	182	-	182
Mexican peso	-	182	-	182
New Zealand dollar	52	123	-	175
Norwegian krone	64	74	35	173
Polish zloty	-	203	-	203
Singapore dollar	(10)	-	32	22
South African rand	-	44	-	44
South Korean won	-	181	1	182
Swedish krona	(144)	179	67	102
Swiss franc	(129)	-	335	206
Turkish lira	130	-	-	130
International commingled funds (various currencies)	-	2,403	4,322	6,725
Total securities subject to foreign currency risk	\$ (1,363)	\$ 4,530	\$ 7,974	\$ 11,141

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

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,538,480	\$ 224,134	\$ -	\$ 3,762,614
Construction in progress	8,270,355	9,590,731	(7,737,223)	10,123,863
Total capital assets, not being depreciated	11,808,835	9,814,865	(7,737,223)	13,886,477
Capital assets, being depreciated:				
Buildings and building improvements	64,414,983	3,148,392	-	67,563,375
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	33,083,417	4,483,677	(678,029)	36,889,065
Infrastructure	198,298,910	13,244,511	-	211,543,421
Total capital assets being depreciated	295,882,659	20,876,580	(678,029)	316,081,210
Less accumulated depreciation for:				
Buildings and building improvements	(30,735,624)	(2,699,314)	-	(33,434,938)
Improvements other than buildings	(39,644)	(3,627)	-	(43,271)
Machinery & equipment	(19,999,838)	(2,330,672)	637,504	(21,693,006)
Infrastructure	(44,614,688)	(5,932,503)	-	(50,547,191)
Total accumulated depreciation	(95,389,794)	(10,966,116)	637,504	(105,718,406)
Total capital assets, being depreciated, net	200,492,865	9,910,464	(40,525)	210,362,804
Governmental activities capital assets, net	\$ 212,301,700	\$ 19,725,329	\$ (7,777,748)	\$ 224,249,281
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,568,724	\$ 992,875	\$ (210,173)	\$ 12,351,426
Construction in progress	6,189,846	8,090,009	(2,409,410)	11,870,445
Total capital assets, not being depreciated	17,758,570	9,082,884	(2,619,583)	24,221,871
Capital assets, being depreciated:				
Buildings and building improvements	106,293,378	1,591,000	-	107,884,378
Improvements other than buildings	216,393,146	4,761,710	(120,779)	221,034,077
Machinery & equipment	15,207,006	563,436	(398,838)	15,371,604
Total capital assets being depreciated	337,893,530	6,916,146	(519,617)	344,290,059
Less accumulated depreciation for:				
Buildings and building improvements	(28,763,183)	(3,155,916)	-	(31,919,099)
Improvements other than buildings	(64,805,341)	(4,760,263)	120,779	(69,444,825)
Machinery & equipment	(9,254,963)	(827,772)	368,507	(9,714,228)
Total accumulated depreciation	(102,823,487)	(8,743,951)	489,286	(111,078,152)
Total capital assets, being depreciated, net	235,070,043	(1,827,805)	(30,331)	233,211,907
Business-type activities capital assets, net	\$ 252,828,613	\$ 7,255,079	\$ (2,649,914)	\$ 257,433,778

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

<u>Governmental activities:</u>	
General Government	\$ 957,769
Public Safety	1,088,196
Highways and Streets	501,271
Health	14,313
Culture and Recreation	2,475,627
Public Works	5,928,940
Total depreciation expense - governmental activities	<u>\$ 10,966,116</u>
<u>Business-type activities:</u>	
Airport	\$ 2,459,882
Solid Waste Disposal	471,828
Solid Waste Collections	229,840
Water	2,607,672
Sanitary Sewer	2,090,505
Storm Water	552,985
Commercial Property	13,258
Parking Authority Lots	317,981
Total depreciation expense - business-type activities	<u>\$ 8,743,951</u>

D. COMMITMENTS

As of December 31, 2010, the City had commitments on various construction contracts totaling approximately \$12,896,434.

The Community Development Block Grant Housing Rehabilitation Program has \$69,178 in five-year forgivable loans with 9 loans outstanding as of December 31, 2010. If the covenants of the agreement are met, the City will forgive 20% of the loan per year. The Community Development block Grant Housing Loan has one loan outstanding in the amount of \$50,000 that is forgivable at the end of the loan period. The HOME Program has 2 outstanding loans in the amount of \$181,000 that is forgivable at 10% per year after 6 years. The Neighborhood Stabilization Program has one loan outstanding in the amount of \$21,600 that is forgivable at 10% per year after 6 years.

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, 2010 was:

Due From:	Due To:				Total Due From
	Governmental Funds		Business- Type Funds	Internal Service Funds	
	Nonmajor Governmental Funds	Street Improvement Construction	Commercial Property	Unemployment Insurance	
<u>Governmental Funds:</u>					
General Fund	\$ 193,509	\$ 1,512,459	\$ -	\$ 36,935	\$ 1,742,903
Sewermain Bonds	1,474,157	-	-	-	1,474,157
Street Improvement Bonds	-	4,951,435	-	-	4,951,435
Nonmajor Governmental Funds	681,423	1,617,832	1,777,118	-	4,076,373
	<u>2,349,089</u>	<u>8,081,726</u>	<u>1,777,118</u>	<u>36,935</u>	<u>12,244,868</u>
<u>Business-Type Funds:</u>					
Water	174,876	-	-	-	174,876
Sanitary Sewer	-	-	-	-	-
	<u>174,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,876</u>
Total Due To	<u>\$ 2,523,965</u>	<u>\$ 8,081,726</u>	<u>\$ 1,777,118</u>	<u>\$ 36,935</u>	<u>\$ 12,419,744</u>

The due to/from other funds will be repaid in 2011.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Advances

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

Advance From:	Advance To:					Total Advance From
	Governmental Funds		Business-Type Funds		Total	
	General Fund	Nonmajor Governmental Funds	Water	Nonmajor Enterprise Funds		
General Fund	\$ -	\$ 22,824	\$ -	\$ -	\$ 22,824	
Sales Tax	69,838	-	-	-	69,838	
Nonmajor Governmental Funds	-	-	176,422	700,000	876,422	
Total Advance To	\$ 69,838	\$ 22,824	\$ 176,422	\$ 700,000	\$ 969,084	

The advances to/from other funds have scheduled repayment plans through 2017. Tax Increment advances will be repaid by future revenues generated in Parking Authority Lots. Sales Tax advance to the General Fund will be repaid by future revenue from a specific property lease and the General Fund advance to the Library will be paid in 2011. The watermain assumptions will be repaid to Watermain Bonds Debt Service Fund by revenue generated in the Water Enterprise Fund.

Transfers

Governmental Funds:

Transfer Out:	Transfer In - Governmental Funds				
	General Fund	Street Improvement Construction	Sewermain Bonds	Street Improvement Bonds	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 552,915
Sales Tax	5,649,337	-	-	-	5,855,719
St. Improvement Construction	-	-	-	275,205	-
Nonmajor Governmental Funds	666,473	3,315,514	38,234	134,168	2,787,262
Airport	82,617	-	-	-	83,212
Water	109,854	815,891	-	-	154,693
Sanitary Sewer	72,526	48,431	-	-	75,374
Nonmajor Enterprise Funds	84,112	-	-	-	131,632
Internal Service Funds	86,491	-	-	-	30,565
Total Transfers Out	\$ 6,751,410	\$ 4,179,836	\$ 38,234	\$ 409,373	\$ 9,671,372

Transfer Out:	Transfer In - Business-type Funds			
	Airport	Water	Internal Service Funds	Totals
General Fund	\$ -	\$ 21,768	\$ 160,549	\$ 735,232
Sales Tax	-	-	-	11,505,056
St. Improvement Construction	-	-	-	275,205
Nonmajor Governmental Funds	10,000	-	5,229	6,956,880
Airport	-	-	666	166,495
Water	-	-	1,074	1,081,512
Sanitary Sewer	-	-	604	196,935
Nonmajor Enterprise Funds	-	-	1,097	216,841
Internal Service Funds	-	-	252	117,308
Total Transfers Out	\$ 10,000	\$ 21,768	\$ 169,471	\$ 21,251,464

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, 2010**

F. LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, and Storm Sewer Funds. The purchase date for the leased equipment was December 17, 2008 in which depreciation did not start until 2009. These lease agreements qualify as capital leases for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Business-type
	<u>Activities</u>
Machinery and equipment	18,233 ⁿ
Less: accumulated depreciation	(12,156) ⁿ
Total	<u>\$ 6,077</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010 were as follows:

	Business-type
<u>Year ending December 31</u>	<u>Activities</u>
2011	6,757
Total minimum lease payments	\$ 6,757
Less: amount representing interest	(273)
Present value of minimum lease payments	<u>\$ 6,484</u>

G. LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The legal debt margin as of December 31, 2010 was \$109,712,623 with a remaining non-obligated margin of \$109,712,623. The City had no general obligation bonds outstanding as of December 31, 2010.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. The Water Revenue bonds were issued to fund the Bismarck Water Treatment Facility Sludge Plant Expansion and Standby Power project. The Sanitary Sewer bonds were issued to fund the Waste Water Treatment Plant Expansion and Upgrade project. The Wastewater Revenue bonds were issued to fund a major upgrade to the Wastewater Treatment Plant. Revenue bonds outstanding at December 31, 2010 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2009	Amount Issued in 2010	Amount Retired in 2010	Amount Outstanding 12/31/2010	Amount Due Within One Year
Governmental Activities - Revenue Bonds									
Lodging, Liquor, Food	5/1/2003	12/1/2013	2.50-4.10%	\$ 7,295,000	\$ 3,705,000	\$ -	\$ 855,000	\$ 2,850,000	\$ 910,000
Business-type Activities - Revenue Bonds									
Water Utility	4/15/2006	4/1/2021	4.00%	10,000,000	8,420,000	-	560,000	7,860,000	580,000
Water Treatment	9/1/2009	3/1/2028	3.31%	16,320,000	2,089,229	4,177,958	605,000	5,662,187	630,000
Wastewater	11/14/2006	9/1/2027	2.50%	19,200,000	18,185,177	2,148,223	785,000	17,615,000	810,000
Total Revenue Bonds				\$ 52,815,000	\$ 32,399,406	\$ 4,392,781	\$ 2,805,000	\$ 33,987,187	\$ 2,930,000

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

Years	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	Principal	Interest	Principal	Interest
2011	910,000	112,715	2,020,000	1,243,813
2012	950,000	78,590	2,090,000	1,179,010
2013	990,000	40,590	2,160,000	1,111,920
2014	-	-	2,230,000	981,075
2015	-	-	2,305,000	970,879
2016-2020	-	-	11,227,187	2,983,508
2021-2025	-	-	6,545,000	779,275
2026-2028	-	-	2,560,000	96,500
Total	<u>\$ 2,850,000</u>	<u>\$ 231,895</u>	<u>\$ 31,137,187</u>	<u>\$ 9,345,980</u>

Special Assessment Debt with Governmental Commitment

Special assessment bonds were issued annually to meet the cost of construction of street lights, streets, sewer mains, water mains, sidewalks, and public parking lots. The annual installment of principal and interest is met by special assessments levied against the benefiting property owners. In the event special assessment taxes are insufficient to meet principal and interest payments on bonds, the governing body is required to levy a general tax on all taxable property within the city for the payment of the assumption upon the maturity of the last bond principal installment, pursuant to City ordinance and N.D.C.C. Special assessment bonds outstanding at December 31, 2010 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2010	Amount Issued in 2010	Amount Retired in 2010	Amount Outstanding 12/31/2010	Due Within One Year
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	785,000	-	160,000	625,000	160,000
Series L refunding	4/30/2001	6/1/2011	4.00-4.50%	6,140,000	740,000	-	515,000	225,000	225,000
Series N refunding	6/15/2002	5/1/2017	3.30-4.30%	2,480,000	1,285,000	-	1,285,000	-	-
Series O refunding	11/12/2002	6/1/2012	2.10-4.00%	1,990,000	450,000	-	185,000	265,000	180,000
Series P refunding	6/15/2003	5/1/2018	1.50-3.50%	4,580,000	1,565,000	-	1,565,000	-	-
Series Q refunding	6/1/2004	5/1/2019	2.00-4.250%	4,215,000	2,145,000	-	2,145,000	-	-
Series R refunding	10/15/2004	5/1/2013	2.50-3.00%	2,005,000	735,000	-	190,000	545,000	190,000
Series S refunding	6/15/2005	5/1/2020	3.25-4.10%	3,180,000	2,330,000	-	240,000	2,090,000	240,000
Series T refunding	6/1/2006	5/1/2021	4.00-4.45%	9,640,000	7,335,000	-	960,000	6,375,000	950,000
Series U refunding	7/1/2007	5/1/2022	4.00-4.75%	14,395,000	12,780,000	-	1,125,000	11,655,000	1,095,000
Series V refunding	5/28/2008	5/1/2016	3.25-3.75%	2,430,000	2,040,000	-	385,000	1,655,000	360,000
Series W refunding	12/23/2008	5/1/2023	3.5-4.45%	8,914,000	8,665,000	-	685,000	7,980,000	670,000
Series X refunding	5/1/1999	6/1/2008	3.50-3.70%	8,210,000	7,335,000	-	1,220,000	6,115,000	1,210,000
Series Y refunding	1/6/2010	5/1/2024	2.00-4.00%	9,615,000	-	9,615,000	605,000	9,010,000	960,000
Series A refunding	3/25/2010	5/1/2019	2.00-3.00%	3,855,000	-	3,855,000	-	3,855,000	795,000
Series B refunding	12/8/2010	5/1/2025	7-4.25%	9,630,000	-	9,630,000	-	9,630,000	620,000
Total refunding series				<u>\$ 95,199,000</u>	<u>\$48,190,000</u>	<u>\$23,100,000</u>	<u>\$11,265,000</u>	<u>\$60,025,000</u>	<u>\$7,655,000</u>

**CITY OF BISMARCK, NORTH DAKOTA
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Governmental Activities - Special Assesmer Bonds	Date of Date of Issue	Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2010	Amount Issued in 2010	Amount Retired in 2010	Amount Outstanding 12/31/2010	Due Within One Year
Sidewalk 99	5/15/2000	5/1/2010	5.20-5.90%	480,000	50,000	-	50,000	-	-
Sidewalk 00	5/15/2001	5/1/2011	4.30-4.70%	420,000	80,000	-	40,000	40,000	40,000
Sidewalk 01	6/15/2002	5/1/2012	2.30-4.15%	565,000	175,000	-	60,000	115,000	60,000
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15%	505,000	200,000	-	50,000	150,000	50,000
Sidewalk 03	6/1/2004	5/1/2014	1.75-4.15%	460,000	230,000	-	50,000	180,000	45,000
Sidewalk 04	6/15/2005	5/1/2015	3.25-3.70%	1,110,000	670,000	-	120,000	550,000	110,000
Sidewalk 05	6/1/2006	5/1/2016	4.00-4.15%	1,040,000	760,000	-	110,000	650,000	110,000
Sidewalk 06	6/1/2006	5/1/2016	4.00-4.15%	1,120,000	940,000	-	125,000	815,000	120,000
Sidewalk 07	12/23/2008	5/1/2018	3.00-4.00%	1,085,000	1,020,000	-	120,000	900,000	120,000
Sidewalk 08	1/6/2010	5/1/2019	1.00-3.10%	810,000	-	810,000	55,000	755,000	85,000
Sidewalk 09	12/8/2010	5/1/2020	9-3.00	665,000	-	665,000	-	665,000	50,000
Total sidewalk bonds				\$ 8,260,000	\$ 4,125,000	\$ 1,475,000	\$ 780,000	\$ 4,820,000	\$ 790,000
Total special assessment bonds				\$ 103,459,000	\$ 52,315,000	\$ 24,575,000	\$ 12,045,000	\$ 64,845,000	\$ 8,445,000

The City issued \$3,855,000 of Refunding Improvement Bonds (Series A) on March 1, 2010. The purpose of issuing the Series A Bonds was to advance refund the Series N, P & Q Refunding Improvement Bonds. The transaction resulted in an economic gain of \$75,480 and \$145,029 reduction in future debt service payments.

Special Assessment Debt Requirement to Maturity

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

Years	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2011	8,445,000	2,081,189
2012	8,025,000	1,891,214
2013	7,635,000	1,612,946
2014	6,975,000	1,383,827
2015	6,570,000	1,163,936
2016-2020	19,560,000	3,304,601
2021-2025	7,635,000	551,675
Total	\$ 64,845,000	\$ 11,989,388

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

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Special revenue bonds	\$ 3,705,000	\$ -	\$ 855,000	\$ 2,850,000	\$ 910,000
Less unamortized discount	(17,620)	-	(5,360)	(12,260)	-
Special assessment bonds	52,315,000	24,575,000	12,045,000	64,845,000	8,445,000
Plus unamortized premium	(26,114)	63,243	(72,271)	109,400	-
Compensated absences	2,232,288	1,338,553	1,255,760	2,315,080	1,663,102
Claims and judgments	270,117	2,882,950	2,885,208	267,859	267,859
TOTAL	\$ 58,478,671	\$ 28,859,746	\$ 16,963,337	\$ 70,375,079	\$ 11,285,961
BUSINESS-TYPE ACTIVITIES:					
Capital leases	\$ 12,555	\$ -	\$ 6,071	\$ 6,484	\$ 6,484
Compensated absences	580,861	320,164	322,790	578,235	384,951
Claims and judgments	76,780	760,523	768,730	68,573	68,573
Closure and postclosure costs	1,082,670	138,446	-	1,221,116	-
Water revenue bonds	8,420,000	-	560,000	7,860,000	580,000
Less unamortized discount	(73,697)	-	(6,551)	(67,146)	-
Water Treatment	2,089,229	4,177,958	605,000	5,662,187	630,000
Wastewater revenue bonds	18,185,177	214,823	785,000	17,615,000	810,000
TOTAL	\$ 30,373,575	\$ 5,611,914	\$ 3,041,040	\$ 32,944,449	\$ 2,480,008

H. INDUSTRIAL REVENUE BONDS

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010, 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.

I. RESTRICTED ASSETS

The balances of the restricted asset accounts on December 31, 2010 are as follows:

GOVERNMENTAL

Restricted Cash and Cash Equivalents

Civic Center Customer Deposits 171,220

Restricted Investments

Sidewalk Construction Certificate of Deposits 1,168,225

Total Governmental Restricted Assets \$ 1,339,445

BUSINESS-TYPE

Restricted Cash and Cash Equivalents

Water Revenue Bond Covenant Accounts 8,551,600

Wastewater Revenue Bond Covenant Accounts 3,236,478

Parking Authority Customer Deposits 17,215

Restricted Investments

Burleigh County Water Users 3,556,537

Total Business-Type Restricted Assets \$ 15,361,830

**CITY OF BISMARCK, NORTH DAKOTA
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V. OTHER INFORMATION

A. RISK MANAGEMENT

The City pays an annual premium to the North Dakota Insurance Reserve Fund (NDRF) for its general insurance, personal injury insurance, and auto insurance. The coverage by NDRF 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, 2010 management estimates claims incurred prior to NDRF but not paid of \$15,895. This amount has been recorded as a liability.

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2010	\$ 239	\$ 19,214	\$ 3,558	\$ 15,895
2009	\$ 5,200	\$ 1,412	\$ 6,373	\$ 239
2008	\$ 5,000	\$ 7,233	\$ 7,033	\$ 5,200

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 \$20,437 for 2010. 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 \$320,537 as of December 31, 2010. A summary of the claim reserve liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2010	\$ 346,657	\$ 3,621,538	\$ 3,647,658	\$ 320,537
2009	\$ 313,279	\$ 3,539,433	\$ 3,506,055	\$ 346,657
2008	\$ 395,620	\$ 3,199,315	\$ 3,281,656	\$ 313,279

**CITY OF BISMARCK, NORTH DAKOTA
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State Fire and Tornado and Bonding Fund

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

Worker's Compensation

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

B. Closure and Post Closure Care Costs

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,221,116 reported as landfill closure and post closure care liability at December 31, 2010, represents the cumulative amount reported to date based on the use of 83 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$236,836 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2010. The City expects to close the existing landfill cell in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to determine the method they would choose to finance the closure and post closure costs. We are required to run an annual financial test as specified in the N.D.C.C. 33-20-14-07 to insure compliance. The City expects that future inflation costs will be paid from operating revenue. However, if the funds are inadequate or additional post closure requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by the sale of general obligation bonds and from future tax revenue.

C. Cost Sharing Arrangement

Combined Communications Center/Emergency Management

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

In 2007, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Department. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees

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

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 340,430
Less value of accumulated depreciation	(212,900)
Net assets	<u>\$ 127,530</u>
Total operating expenditures - 2010	<u>\$ 1,462,425</u>

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

D. Employee Retirement Systems

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

Summary of Significant Accounting Policies

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

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

City of Bismarck Employee's Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2010 is as follows:

Retirees and beneficiaries receiving benefits	130
Terminated employees - vested	35
Active employees:	
Vested	267
Non-vested	129
Number of participating employers:	2

Benefit provisions, amendments, and all requirements are established by city ordinance. Employees may be eligible for early or normal retirement, as well as death benefits. Normal retirement age for full benefits is age 62. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to one and three-quarters percent of the average of the member's highest 36 months base salary for each full and fractional year of contributing service before January 2005 and two and one-quarter percent for contributing service on or after January 2005. Married participants receive a joint and two-thirds to survivor annuity while single participants receive

**CITY OF BISMARCK, NORTH DAKOTA
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a life only annuity. There are no provisions or policies with respect to automatic and post-retirement benefit increases. Employees with 5 years of credited service may retire at an earlier age and receive a actuarially reduced retirement benefit. Benefit provisions are established under the authority of the City Commission.

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

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

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

Reserves - The fund balance at December 31, 2010 is \$57,154,709 and the entire amount is reserved for employee pension benefits

City of Bismarck Police Pension Plan

Plan Description - The Police plan is a single employer public employee retirement system. Membership in the plan on December 31, 2010 is as follows:

Retirees and beneficiaries receiving benefits	52
Terminated employees - vested	10
Active employees:	
Vested	92
Non-vested	33
 Number of participating employers:	 1

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Reserves - The fund balance at December 31, 2010 is \$25,738,425 and the entire amount is reserved for employee pension benefits.

Bismarck Firefighter's Relief Association Plan

Plan Description - The Fire plan is a single employer public employee retirement system governed by Section 18-11 of the North Dakota State Century Code. The Association is organized, operated, and maintained in accordance with its own articles of incorporation and by-laws. All full-time firefighters are eligible members.

Membership in the plan on December 31, 2010 is as follows:

Retirees, beneficiaries and disabled receiving benefits	49
Terminated employees - vested	2
Active employees:	
Vested	39
Non-vested	34

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

Benefit provisions and changes to benefit formulas are established under the authority of the plan's Board of Directors.

An employee who leaves is eligible to receive a lump sum payment of 100% of employee contribution without interest.

Contributions - Participating employees contribute to the plan at a rate of 7% of the First Class Firefighter's salary, as set annually by the Board of Directors. In addition, 50% of the amount received from the State for the assessed revenue from the 1.125% of the premiums assessed to insurance companies for fire and multi-peril insurance on property within the City is contributed to the plan. The employer contributes at a rate set by the City Commission.

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

City of Bismarck Employee's Pension

Schedule of Employer Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Funded</u>
2010	\$ 1,958,692	\$ 1,862,086	95.1%
2009	2,010,653	2,649,359	131.8%
2008	1,090,182	2,542,708	233.2%
2007	1,068,130	2,182,902	204.4%
2006	1,233,248	2,147,360	174.0%
2005	1,414,021	2,113,743	149.5%
2004	1,267,143	1,678,601	132.5%
2003	1,531,586	906,670	59.2%
2002	746,951	449,657	60.2%
2001	423,579	371,374	87.7%

The information for 2011 is not available at this time.

Schedule of Funding Progress (In Thousands of Dollars)

<u>Actuarial Valuation Date Jan 1</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL (Funded excess) as a Percentage of Annual Covered Payroll</u>
2002	31,269	34,499	3,230	90.6%	11,114	29.1%
2003	28,325	32,465	4,140	87.2%	11,807	35.1%
2004	34,647	39,088	4,441	88.6%	12,442	35.7%
2005	37,922	42,856	4,934	88.5%	12,765	38.7%
2006	42,836	48,871	6,035	87.7%	13,107	46.0%
2007	49,154	50,826	1,672	96.7%	13,893	12.0%
2008	54,225	55,308	1,083	98.0%	14,902	7.3%
2009	43,690	59,315	15,625	73.7%	15,933	98.1%
2010	50,884	64,117	13,233	79.4%	17,135	77.2%
2011	57,155	68,666	11,511	83.2%	17,409	66.1%

City of Bismarck Police Pension

Schedule of Employer Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Funded</u>
2010	\$ 807,055	\$ 689,422	85.4%
2009	818,953	835,823	102.1%
2008	413,396	835,054	202.0%
2007	422,992	789,331	186.6%
2006	471,750	769,252	163.1%
2005	598,835	732,436	122.3%
2004	473,610	700,906	148.0%
2003	660,286	354,296	53.7%
2002	317,993	221,346	69.6%
2001	193,941	113,939	58.7%

The information for 2011 is not available at this time. The Annual Required Contribution includes a mid-year interest calculation.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Schedule of Funding Progress (In Thousands of Dollars)

Actuarial Valuation Date Jan 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
2002	14,791	15,641	850	94.6%	3,882	21.9%
2003	13,389	14,518	1,129	92.2%	3,784	29.8%
2004	16,407	17,701	1,294	92.7%	3,873	33.4%
2005	18,186	21,812	3,626	83.4%	4,150	87.4%
2006	20,447	24,198	3,751	84.5%	4,302	87.2%
2007	23,589	25,858	2,269	91.2%	4,361	52.0%
2008	25,907	28,120	2,213	92.1%	4,384	50.5%
2009	20,207	30,132	9,925	67.1%	4,766	208.2%
2010	23,090	32,314	9,224	71.5%	5,072	181.9%
2011	25,738	34,169	8,431	75.3%	5,600	150.6%

Schedule of Net Pension Obligation (In Thousands of Dollars)

Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Amortization Factor	Pension Cost	Amount Contributed	Change in NPO	NPO Balance
2001	186,931	-	-	-	186,931	113,939	72,992	72,992
2002	306,499	5,474	5,316	13.73	306,657	221,346	85,311	158,303
2003	636,420	11,873	11,913	13.29	636,380	354,296	282,084	440,387
2004	456,492	33,029	34,339	12.82	455,182	700,906	(245,724)	194,663
2005	577,190	14,600	15,773	12.34	576,017	732,436	(156,419)	38,244
2006	454,699	2,868	3,231	11.84	454,336	769,252	(314,916)	(276,672)
2007	407,703	20,750	24,462	11.31	411,415	789,331	(377,916)	(654,588)
2008	398,454	49,094	60,830	10.76	410,190	835,054	(424,864)	(1,079,452)
2009	789,352	(80,959)	62,520	17.27	770,913	835,823	(64,910)	(1,144,362)
2010	777,884	85,827	67,409	16.98	759,446	689,422	(70,044)	(1,074,318)

The information for 2011 is not available at this time.

City of Bismarck Firefighter's Relief Association

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contribution	Percent Funded
2010	\$ 536,674	\$ 366,437	68%
2009	522,292	522,292	100%
2008	468,201	468,201	100%
2007	442,696	442,696	100%
2006	426,491	426,491	100%
2005	425,581	425,581	100%
2004	285,326	310,072	109%
2003	401,393	398,385	99%
2002	293,561	384,617	132%

The information for 2011 is not available at this time.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Schedule of Funding Progress (In Thousands of Dollars)

Actuarial Valuation Date Jan 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
2002	16,498	16,023	(475)	103.0%	2,488	-19.1%
2003	15,705	16,882	1,177	93.0%	2,555	46.1%
2004	17,010	16,853	(157)	100.9%	2,692	-5.8%
2005	17,521	17,801	280	98.4%	2,690	10.4%
2006	18,158	19,597	1,439	92.7%	2,914	49.4%
2007	19,258	20,544	1,286	93.7%	3,055	42.1%
2008	20,686	21,724	1,038	95.2%	3,198	32.5%
2009	21,146	23,104	1,958	91.5%	3,744	52.3%
2010	21,444	24,572	3,128	87.3%	4,373	71.6%
2011	21,779	25,455	3,676	85.6%	4,271	86.1%

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

Actuarial Methods and Assumption

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2011	1/1/2011	1/1/2011
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed	Level % of payroll over remaining amortization period-closed	Level % of payroll over period not to exceed 30 years
Remaining amortization period	28	28	Infinite
Asset Valuation Method	Market	Market	5 year Smoothed

Valuation Method - Actuarial assumptions:

Inflation rate	3.00%	3.00%	3.50%
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases			4.50%
0-9 years of service	5.00%	5.00%	
10 + years of service	4.00%	4.00%	
Post retirement cost of living adjustments	None	None	at age 62 CPI up to 2%

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Separate GAAP financial reports have not been issued for the individual City and Police Pension plans; therefore, the financial statements for those plans are presented here:

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ASSETS					
Receivables:					
Taxes	\$ -	\$ -	\$ 19,255	\$ 12,790	\$ 32,045
Accounts	-	-	25,727	14,793	40,520
Accrued interest and dividends	1,248	-	59,405	33,782	94,435
Investments, at fair value:					
Domestic equities	195,682	-	16,941,925	8,652,093	25,789,700
International equities	95,489	-	6,683,125	3,267,501	10,046,115
Domestic fixed income	583,164	-	17,092,654	6,599,526	24,275,344
International fixed income	-	-	4,710,236	2,055,736	6,765,972
Real estate	-	-	4,790,630	1,952,898	6,743,528
Alternative investments	-	-	460,182	651,287	1,111,469
Mutual funds	-	1,117,111	-	-	1,117,111
Certificate of deposits	5,964	-	220,222	141,798	367,984
Invested cash	8,552	-	6,230,684	2,397,188	8,636,424
Invested securities lending collateral	15,560	-	1,023,420	495,973	1,534,953
Total assets	<u>905,659</u>	<u>1,117,111</u>	<u>58,257,465</u>	<u>26,275,365</u>	<u>86,555,600</u>
LIABILITIES					
Accounts payable	2,088	-	63,990	30,727	96,805
Salary payable	1,634	-	-	-	1,634
Deferred revenue	-	-	15,346	10,240	25,586
Securities lending collateral	15,560	-	1,023,420	495,973	1,534,953
Total liabilities	<u>19,282</u>	<u>-</u>	<u>1,102,756</u>	<u>536,940</u>	<u>1,658,978</u>
NET ASSETS					
Assets held in trust for pension and other employee benefits	<u>886,377</u>	<u>1,117,111</u>	<u>57,154,709</u>	<u>25,738,425</u>	<u>84,896,622</u>
Total net assets held in trust	<u>\$ 886,377</u>	<u>\$ 1,117,111</u>	<u>\$ 57,154,709</u>	<u>\$ 25,738,425</u>	<u>\$ 84,896,622</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 1,862,120	\$ 689,422	\$ 2,551,542
Employee	-	-	914,306	573,448	1,487,754
Total contributions	-	-	2,776,426	1,262,870	4,039,296
Investment income:					
Net increase (decrease) in fair value of investments	64,119	89,894	4,582,745	2,169,704	6,906,462
Interest and dividends	35,836	-	1,212,363	528,227	1,776,426
	99,955	89,894	5,795,108	2,697,931	8,682,888
Less: investment expense	(3,470)	-	(204,414)	(93,133)	(301,017)
Net investment income	96,485	89,894	5,590,694	2,604,798	8,381,871
Security lending activity:					
Securities lending income	112	-	3,062	1,529	4,703
Net securities lending income	112	-	3,062	1,529	4,703
Total additions	96,597	89,894	8,370,182	3,869,197	12,425,870
DEDUCTIONS					
Benefits paid to participants	60,984	-	2,020,887	1,195,428	3,277,299
Refunds	-	25,553	41,549	4,817	71,919
Administration	-	-	36,877	20,236	57,113
Total deductions	60,984	25,553	2,099,313	1,220,481	3,406,331
Change in net assets	35,613	64,341	6,270,869	2,648,716	9,019,539
Net assets - beginning	850,764	1,052,770	50,883,840	23,089,709	75,877,083
Net assets - ending	<u>\$886,377</u>	<u>\$1,117,111</u>	<u>\$57,154,709</u>	<u>\$25,738,425</u>	<u>\$84,896,622</u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

E. Issued But Non-Effective Pronouncements

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," was issued in March 2009. The object of this Statement is to provide a concise definition with a clear consistent application of fund balance. Fund Balance will be classified as nonspendable, restricted, committed, assigned and unassigned based on the spending controls and accounting policies. These policies are required to be reported in the notes. The provisions of this statement are effective for periods beginning after June 15, 2010.

GASB Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*," was issued in December 2009. This statement relates to the alternative measurement method, frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. Statement No. 45 is amended to allow an agent employer with fewer than 100 plan members to use the alternative measurement method. It also amends Statement No. 43 which required an actuarial valuation. This statement allows an agent multiple-employer OPEB plan to report an aggregation of results of actuarial valuations and clarifies timing and frequency of reporting requirements. This change will result in a reduction of the cost of compliance while achieving a reliable measurement of reporting information. The provisions of this statement are effective for periods beginning after June 15, 2011.

GASB Statement No. 59, "*Financial Instruments Omnibus*," was issued in June 2010. This Statement establishes standards regarding financial reporting and disclosure requirements for external investment pools and certain financial instruments. This Statement will enhance the complete information by improving the consistency of measurements and clarity to the existing standards. The provisions of this statement are effective for periods beginning after June 15, 2010.

GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*" was issued in November 2010. This Statement addresses issues regarding service concession arrangements (SCAs), whether they are public-private or public-public relationships. SCA is an agreement between a transferor (government) and an operator (governmental or nongovernmental) to provide (1) services through the use of infrastructure or public asset (a facility) in exchange for considerable consideration and (2) is compensated by fees from third parties. This Statement provides guidance for recognizing and reporting financial information as well as disclosures about an SCA including a general description of the agreement and information regarding the associated assets, liabilities, and deferred inflows, and any rights, guarantees and commitments. The provisions of this statement are effective for periods beginning after December 15, 2011.

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

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*" was issued in December 2010. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that was included in the pronouncements issued on or before November 30, 1989 by FASB, Accounting Principles Board Opinions, and the AICPA Committee on Accounting Procedures that does not conflict with the GASB pronouncements. This Statement will provide generally accepted accounting principles from a single source. The provisions of this statement are effective for periods beginning after December 15, 2011.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

F. Contingent Litigation

Haugland v. The City of Bismarck

Curley Haugland, a Bismarck resident, sued the City seeking injunctive, declaratory, and mandamus relief in a matter regarding the use of tax increment financing. Mr. Haugland has alleged that the City's tax increment financing district and method are not authorized by law and in any case are unconstitutional. The suit was filed in April 2010. In January 2011, the District Court granted summary judgment in favor of the City of Bismarck. In March 2011, Mr. Haugland appealed to the ND Supreme Court and the approval is pending. If the ND Supreme Court was to rule against the City, the City's tax increment fund could be at risk to the extent that the City would have to split out with the other political subdivision sharing in the property tax levy. The defense of this case is being provided by NDIRF (Randy Bakke).

G. Subsequent Events

Pension Funds

The State Investment Board engaged a court-appointed receiver in February 2009, to collect investments and assets of Westridge Capital Management, WG Trading Company, and the individual principals of the two companies due to alleged fraudulent investment schemes. One of those individuals has pleaded guilty to fraud and the other is awaiting trial. The WG Trading Fraud court case affects the large cap domestic equity allocation of the City's pension funds.

The court recently approved the receiver's proposed distribution of \$815 million of the assets recovered so far. Based on that decision, the SIB expects to receive approximately \$63.9 million by the end of April 2011. This distribution represents approximately 85% of the remaining outstanding principal from this investment and brings the aggregate return of principal since inception to \$291.4 million out of the \$302.8 million total principal investment. The city's funds will receive its pro rata share of the total distribution when it is received.

The SIB voted on April 15, 2011 to join other institutional investors in an appeal of the court's order to pursue further recovery.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,387,004	\$ 794	\$ 3,795,598	\$ 7,183,396
Investments	5,915,355	1,698,984	22,982,359	30,596,698
Receivables:				
Taxes receivable	79,545	-	25,264	104,809
Accounts receivable	2,321,096	-	387,709	2,708,805
Special assessments	28,146	5,159,844	-	5,187,990
Intergovernmental	-	2,350	-	2,350
Notes receivable	208,500	-	129,000	337,500
Due from other funds	3,404,137	672,236	-	4,076,373
Advances to other funds	-	176,422	700,000	876,422
Prepaid items	8,251	-	28,173	36,424
Restricted assets:				
Investments	-	-	1,168,225	1,168,225
Total assets	<u>\$ 15,352,034</u>	<u>\$ 7,710,630</u>	<u>\$ 29,216,328</u>	<u>\$ 52,278,992</u>
LIABILITIES				
Accounts payable	\$ 1,067,362	\$ -	\$ 1,028,326	\$ 2,095,688
Retainage payable	-	-	53,128	53,128
Due to other funds	196,266	-	2,327,699	2,523,965
Advances from other funds	22,824	-	-	22,824
Salaries payable	234,482	-	-	234,482
Deferred revenue	89,181	4,777,702	147,080	5,013,963
Customer deposits	4,902	-	1,168,225	1,173,127
Total liabilities	<u>1,615,017</u>	<u>4,777,702</u>	<u>4,724,458</u>	<u>11,117,177</u>
FUND BALANCES				
Reserved for encumbrances	363,836	-	-	363,836
Reserved for debt service	-	700,000	-	700,000
Reserved for advances to other funds	-	176,422	700,000	876,422
Reserved for long-term receivable	208,500	-	129,000	337,500
Reserved for prepaid items	8,251	-	28,173	36,424
Unreserved, undesignated	13,156,430	2,056,506	23,634,697	38,847,633
Total fund balances	<u>13,737,017</u>	<u>2,932,928</u>	<u>24,491,870</u>	<u>41,161,815</u>
Total liabilities and fund balances	<u>\$ 15,352,034</u>	<u>\$ 7,710,630</u>	<u>\$ 29,216,328</u>	<u>\$ 52,278,992</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, 2010**

	Special Revenue Totals	Debt Service Totals	Capital Projects Totals	Totals
REVENUES				
Taxes	\$ 6,496,300	\$ -	\$ 1,223,361	\$ 7,719,661
Licenses and permits	4,365	-	-	4,365
Special assessments	26,514	1,217,364	310,228	1,554,106
Intergovernmental	10,158,678	-	935,888	11,094,566
Charges for services	2,839,730	-	-	2,839,730
Fines and forfeits	88,225	-	-	88,225
Investment income	485,594	10,734	204,270	700,598
Rentals	519,938	-	-	519,938
Miscellaneous	183,950	-	110,343	294,293
Total revenues	<u>20,803,294</u>	<u>1,228,098</u>	<u>2,784,090</u>	<u>24,815,482</u>
EXPENDITURES				
Current				
General government	5,492,676	-	-	5,492,676
Public safety	758,523	-	-	758,523
Highways and streets	6,266,254	-	-	6,266,254
Health and welfare	1,041,070	-	-	1,041,070
Culture and recreation	1,828,996	-	-	1,828,996
Public works	-	-	967,219	967,219
Capital outlays				
General government	1,298,125	-	-	1,298,125
Public safety	1,918,310	-	-	1,918,310
Highways and streets	456,827	-	-	456,827
Health and welfare	14,898	-	-	14,898
Culture and recreation	399,737	-	-	399,737
Public works	-	-	5,926,002	5,926,002
Debt service				
Principal	-	1,858,226	-	1,858,226
Interest and fiscal charges	-	380,327	-	380,327
Total expenditures	<u>19,475,416</u>	<u>2,238,553</u>	<u>6,893,221</u>	<u>28,607,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,327,878</u>	<u>(1,010,455)</u>	<u>(4,109,131)</u>	<u>(3,791,708)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,438,910	1,077,203	6,155,259	9,671,372
Transfer out	(4,091,351)	-	(2,865,529)	(6,956,880)
Refunding bonds issued	-	221,857	-	221,857
Premium on special assessment debt	-	3,529	28,590	32,119
Discount on special assessment debt	-	-	(23,011)	(23,011)
Payment to refunded bond escrow agent	-	(223,296)	-	(223,296)
Special assessment bonds issued	-	-	3,587,970	3,587,970
Total other financing sources (uses)	<u>(1,652,441)</u>	<u>1,079,293</u>	<u>6,883,279</u>	<u>6,310,131</u>
Net changes in fund balances	(324,563)	68,838	2,774,148	2,518,423
Fund balances - beginning	14,061,580	2,864,090	21,717,722	38,643,392
Fund balances - ending	<u>\$ 13,737,017</u>	<u>\$ 2,932,928</u>	<u>\$ 24,491,870</u>	<u>\$ 41,161,815</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Arena/Exhibit Operations	E/H Transit	Library	Police		Roads & Streets	Street Lights	NPCC Transload Operations
				Drug Enforcement	Gaming Enforcement			
Cash and cash equivalents	\$ 1,055,120	\$ 1,646	\$ 189,488	\$ 150	\$ 251	\$ 1,027,091	\$ 80,096	\$ 144,076
Investments	829,862	-	113,998	41,197	-	588,778	230,888	38,362
Receivables:								
Taxes receivable	-	12,097	31,540	-	-	8,698	-	-
Accounts receivable	36,492	400,195	33,552	-	-	413,263	3,408	8,069
Special assessments	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	9,187	-	-	-	-	-	-	-
Prepaid items	-	-	879	-	-	6,726	646	-
Total assets	\$ 1,930,661	\$ 413,938	\$ 369,457	\$ 41,347	\$ 251	\$ 2,044,556	\$ 315,038	\$ 190,507

LIABILITIES

Accounts payable	\$ 23,298	\$ 401,839	\$ 29,878	\$ 249	\$ 249	\$ 27,101	\$ 30,832	\$ 29,871
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	22,824	-	-	-	-	-
Salaries payable	-	-	66,014	-	86	100,010	15,860	-
Deferred revenue	-	9,640	25,155	-	-	6,935	-	-
Customer deposits	-	-	-	-	-	1,219	-	3,683
Total liabilities	23,298	411,479	143,871	249	335	135,265	46,692	33,554

FUND BALANCES

Reserved for encumbrances	-	-	-	-	-	-	-	-
Reserved for long-term receivable	-	-	-	-	-	-	-	-
Reserved for prepaid items	-	-	879	-	-	6,726	646	-
Unreserved, undesignated	1,907,363	2,459	224,707	41,098	(84)	1,902,565	267,700	156,953
Total fund balances	1,907,363	2,459	225,586	41,098	(84)	1,909,291	268,346	156,953
Total liabilities and fund balances	\$ 1,930,661	\$ 413,938	\$ 369,457	\$ 41,347	\$ 251	\$ 2,044,556	\$ 315,038	\$ 190,507

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
ASSETS							
Cash and cash equivalents	\$ -	\$ 716,642	\$ 166,133	\$ 6,311	\$ -	\$ -	\$ 3,387,004
Investments	-	192,495	3,189,029	690,746	-	-	5,915,355
Receivables:							
Taxes receivable	-	-	-	24,173	3,037	-	79,545
Accounts receivable	61,244	161,284	-	895	-	1,202,694	2,321,096
Special assessments	-	-	-	-	28,146	-	28,146
Notes receivable	-	-	208,500	-	-	-	208,500
Due from other funds	-	1,777,118	-	-	1,617,832	-	3,404,137
Prepaid items	-	-	-	-	-	-	8,251
Total assets	\$ 61,244	\$ 2,847,539	\$ 3,563,662	\$ 722,125	\$ 1,649,015	\$ 1,202,694	\$ 15,352,034
LIABILITIES							
Accounts payable	\$ 52,057	\$ -	\$ -	\$ 11,276	\$ 1,936	\$ 458,776	\$ 1,067,362
Due to other funds	9,187	-	-	-	-	187,079	196,266
Advance from other funds	-	-	-	-	-	-	22,824
Salaries payable	-	-	-	-	-	52,512	234,482
Deferred revenue	-	-	-	19,259	28,192	-	89,181
Customer Deposits	-	-	-	-	-	-	4,902
Total liabilities	61,244	-	-	30,535	30,128	698,367	1,615,017
FUND BALANCES							
Reserved for encumbrances	-	-	-	-	-	363,836	363,836
Reserved for long-term receivable	-	-	208,500	-	-	-	208,500
Reserved for prepaid items	-	-	-	-	-	-	8,251
Unreserved, undesignated	-	2,847,539	3,355,162	691,590	1,618,887	140,491	13,156,430
Total fund balances	-	2,847,539	3,563,662	691,590	1,618,887	504,327	13,737,017
Total liabilities and fund balances	\$ 61,244	\$ 2,847,539	\$ 3,563,662	\$ 722,125	\$ 1,649,015	\$ 1,202,694	\$ 15,352,034

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, 2010

	Arena/Exhibit Operations	E/H Transit	Library	Police Drug Enforcement	Police Gaming Enforcement	Roads & Streets	Street Lights	NPC Transload Operations
REVENUES								
Taxes	\$ -	\$ 556,805	\$ 1,445,094	\$ -	\$ -	\$ 399,033	\$ -	\$ -
Licenses and permits	-	-	-	-	2,865	1,500	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	2,715,724	446,285	-	34,051	3,343,272	-	-
Charges for services	240,245	-	93,017	-	-	317,340	1,599,698	30,377
Fines and forfeits	-	-	35,746	52,193	-	-	-	-
Investment income	12,521	332	6,597	377	137	20,004	2,598	1,355
Rentals	257,334	-	11,056	-	-	93,508	11,775	127,065
Miscellaneous	-	-	24,298	-	-	11,491	89,590	-
Total revenues	510,100	3,272,861	2,062,093	52,570	37,053	4,186,148	1,703,661	158,797
EXPENDITURES								
Current								
General government	-	1,974,240	-	-	-	-	-	227,712
Public safety	-	-	-	41,151	63,335	-	-	-
Highways and streets	-	-	-	-	-	4,897,003	1,299,924	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	172,218	-	1,651,622	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
General government	-	1,298,125	-	-	-	-	-	-
Public safety	-	-	-	14,096	-	-	-	-
Highways and streets	-	-	-	-	-	456,827	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	31,570	-	368,167	-	-	-	-	-
Total expenditures	203,788	3,272,365	2,019,789	55,247	63,335	5,353,830	1,299,924	227,712
Excess (deficiency) of revenues over (under) expenditures	306,312	496	42,304	(2,677)	(26,282)	(1,167,682)	403,737	(68,915)
OTHER FINANCING SOURCES (USES)								
Transfer in	146,888	-	-	-	-	192,073	-	-
Transfer out	(126,422)	-	(29,885)	-	(1,015)	(165,969)	(258,121)	-
Total other financing sources (uses)	20,466	-	(29,885)	-	(1,015)	26,104	(258,121)	-
Net changes in fund balances	326,778	496	12,419	(2,677)	(27,297)	(1,141,578)	145,616	(68,915)
Fund balances - beginning	1,580,585	1,963	213,167	43,775	27,213	3,050,869	122,730	225,868
Fund balances - ending	\$ 1,907,363	\$ 2,459	\$ 225,586	\$ 41,098	\$ (84)	\$ 1,909,291	\$ 268,346	\$ 156,953

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
REVENUES							
Taxes	\$ 753,860	\$ 2,043,586	\$ -	\$ 1,113,290	\$ 184,632	\$ -	\$ 6,496,300
Licenses and permits	-	-	-	-	-	-	4,365
Special assessments	-	-	-	-	26,514	-	26,514
Intergovernmental	-	-	-	25,990	4,434	3,588,922	10,158,678
Charges for services	-	-	-	-	317,675	241,378	2,839,730
Fines and forfeits	-	-	-	-	-	286	88,225
Investment income	-	19,401	17,002	7,667	396,571	1,032	485,594
Rentals	-	19,200	-	-	-	-	519,938
Miscellaneous	-	-	26,253	-	1,355	30,963	183,950
Total revenues	753,860	2,082,187	43,255	1,146,947	931,181	3,862,581	20,803,294
EXPENDITURES							
Current							
General government	640,870	10,888	874,370	1,594,805	112,240	57,551	5,492,676
Public safety	-	-	-	-	-	654,037	758,523
Highways and streets	-	-	-	-	-	69,327	6,266,254
Health and welfare	-	-	-	-	-	1,041,070	1,041,070
Culture and recreation	-	-	-	-	-	5,156	1,828,996
Capital outlays	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	1,298,125
Public safety	-	-	-	-	-	1,904,214	1,918,310
Highways and streets	-	-	-	-	-	-	456,827
Health and welfare	-	-	-	-	-	14,898	14,898
Culture and recreation	-	-	-	-	-	-	399,737
Total expenditures	640,870	10,888	874,370	1,594,805	112,240	3,746,253	19,475,416
Excess (deficiency) of revenues over (under) expenditures	112,990	2,071,299	(831,115)	(447,858)	818,941	116,328	1,327,878
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	1,500,000	567,064	-	32,885	2,438,910
Transfer out	(112,990)	(1,713,133)	(500,000)	(4,562)	(1,123,872)	(55,382)	(4,091,351)
Total other financing sources (uses)	(112,990)	(1,713,133)	1,000,000	562,502	(1,123,872)	(22,497)	(1,652,441)
Net changes in fund balances	-	358,166	168,885	114,644	(304,931)	93,831	(324,563)
Fund balances - beginning	-	2,489,373	3,394,777	576,946	1,923,818	410,496	14,061,580
Fund balances - ending	\$ -	\$ 2,847,539	\$ 3,563,662	\$ 691,590	\$ 1,618,887	\$ 504,327	\$ 13,737,017

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
ARENA/EXHIBIT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 136,603	\$ 136,603	\$ 1,534,713	\$ 1,398,110
Resources (inflows)				
Charges for services	177,000	177,000	240,245	63,245
Investment income	50,600	50,600	12,521	(38,079)
Rentals	282,000	282,000	257,334	(24,666)
Transfer in	126,000	126,000	146,888	20,888
Amount available for appropriation	<u>772,203</u>	<u>772,203</u>	<u>2,191,701</u>	<u>1,419,498</u>
Charges to appropriations (outflows)				
Culture and recreation	314,150	186,650	157,916	28,734
Transfer out	-	127,500	126,422	1,078
Total charges to appropriations	<u>314,150</u>	<u>314,150</u>	<u>284,338</u>	<u>29,812</u>
Budgetary Fund Balance, December 31	<u>\$ 458,053</u>	<u>\$ 458,053</u>	<u>\$ 1,907,363</u>	<u>\$ 1,449,310</u>

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

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

Sources/inflows of resources	<u>Arena/Exhibit Operations</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,191,701
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(1,534,713)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(146,888)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 510,100</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 284,338
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	46,766
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(894)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(126,422)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 203,788</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
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 1,335	\$ 1,001,335	\$ 1,963	\$ (999,372)
Resources (inflows)				
Taxes	593,971	593,971	556,805	(37,166)
Intergovernmental	3,417,587	3,417,587	2,715,724	(701,863)
Investment income	50	50	332	282
Amount available for appropriation	<u>4,012,943</u>	<u>5,012,943</u>	<u>3,274,824</u>	<u>(1,738,119)</u>
Charges to appropriations (outflows)				
General government	<u>4,011,608</u>	<u>4,011,608</u>	<u>3,272,365</u>	<u>739,243</u>
Total charges to appropriations	<u>4,011,608</u>	<u>4,011,608</u>	<u>3,272,365</u>	<u>739,243</u>
Budgetary Fund Balance, December 31	<u>\$ 1,335</u>	<u>\$ 1,001,335</u>	<u>\$ 2,459</u>	<u>\$ (998,876)</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, 2010**

	<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	\$ 606,323	\$ 557,157	\$ 272,990	\$ (284,167)
Resources (inflows)				
Taxes	1,544,851	1,544,851	1,445,094	(99,757)
Intergovernmental	450,880	450,880	446,285	(4,595)
Charges for services	89,000	89,000	93,017	4,017
Fines and forfeits	40,650	40,650	35,746	(4,904)
Investment income	11,850	11,850	6,597	(5,253)
Rentals	22,400	22,400	11,056	(11,344)
Miscellaneous	2,200	2,200	24,298	22,098
Amount available for appropriation	<u>2,768,154</u>	<u>2,718,988</u>	<u>2,335,083</u>	<u>(383,905)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,109,842	2,109,842	2,013,600	96,242
Transfer out	<u>30,000</u>	<u>30,000</u>	<u>29,885</u>	<u>115</u>
Total charges to appropriations	<u>2,139,842</u>	<u>2,139,842</u>	<u>2,043,485</u>	<u>96,357</u>
Budgetary Fund Balance, December 31	<u>\$ 628,312</u>	<u>\$ 579,146</u>	<u>\$ 291,598</u>	<u>\$ (287,548)</u>

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

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

Sources/inflows of resources	<u>LIBRARY</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,335,083
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>(272,990)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,062,093</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,043,485
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	6,189
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(29,885)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,019,789</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ (100,962)	\$ (178,056)	\$ 43,775	\$ 221,832
Resources (inflows)				
Fines and forfeits	25,000	25,000	52,193	27,193
Investment income	1,400	1,400	377	(1,023)
Miscellaneous	-	-	-	-
Amount available for appropriation	<u>(74,562)</u>	<u>(151,656)</u>	<u>96,345</u>	<u>248,002</u>
Charges to appropriations (outflows)				
Public safety	<u>69,979</u>	<u>69,979</u>	<u>55,247</u>	<u>14,732</u>
Total charges to appropriations	<u>69,979</u>	<u>69,979</u>	<u>55,247</u>	<u>14,732</u>
Budgetary Fund Balance, December 31	<u><u>\$ (144,541)</u></u>	<u><u>\$ (221,635)</u></u>	<u><u>\$ 41,098</u></u>	<u><u>\$ 262,734</u></u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
POLICE GAMING ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 13,380	\$ 13,380	\$ 29,976	\$ 16,596
Resources (inflows)				
Licenses and permits	4,000	4,000	2,865	(1,135)
Intergovernmental	41,000	41,000	34,051	(6,949)
Investment income	1,000	1,000	137	(863)
Amount available for appropriation	<u>59,380</u>	<u>59,380</u>	<u>67,029</u>	<u>7,649</u>
Charges to appropriations (outflows)				
Public safety	75,404	74,404	66,014	8,390
Transfer out	761	1,761	1,015	746
Total charges to appropriations	<u>76,165</u>	<u>76,165</u>	<u>67,029</u>	<u>9,136</u>
Budgetary Fund Balance, December 31	<u><u>\$ (16,785)</u></u>	<u><u>\$ (16,785)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,785</u></u>

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

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

Sources/inflows of resources	<u>Police Gaming Enforcement</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 67,029
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>(29,976)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 37,053</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 67,029
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(2,679)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,015)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 63,335</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
ROADS & STREETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 406,700	\$ (193,300)	\$ 3,135,102	\$ 3,328,402
Resources (inflows)				
Taxes	426,313	426,313	399,033	(27,280)
Licenses and permits	825	825	1,500	675
Intergovernmental	2,986,903	2,986,903	3,343,272	356,369
Charges for services	618,516	618,516	317,340	(301,176)
Investment income	29,100	29,100	20,004	(9,096)
Rentals	75,248	75,248	93,508	18,260
Miscellaneous	11,000	11,000	11,491	491
Transfer in	321,125	321,125	192,073	(129,052)
Amount available for appropriation	<u>4,875,730</u>	<u>4,275,730</u>	<u>7,513,323</u>	<u>3,237,593</u>
Charges to appropriations (outflows)				
Highways and streets	6,302,567	6,202,567	5,338,054	864,513
Transfer out	<u>77,695</u>	<u>177,695</u>	<u>165,969</u>	<u>11,726</u>
Total charges to appropriations	<u>6,380,262</u>	<u>6,380,262</u>	<u>5,504,023</u>	<u>876,239</u>
Budgetary Fund Balance, December 31	<u>\$(1,504,532)</u>	<u>\$(2,104,532)</u>	<u>\$ 2,009,300</u>	<u>\$ 4,113,832</u>

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

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

Sources/inflows of resources	<u>Roads & Streets</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,513,323
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	(3,135,102)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(192,073)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 4,186,148</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,504,023
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	31,675
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(15,899)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(165,969)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,353,830</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, 2010

	<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	\$ 19,963	\$ 19,963	\$ 137,475	\$ 117,512
Resources (inflows)				
Charges for services	1,599,724	1,599,724	1,599,698	(26)
Investment income	5,567	5,567	2,598	(2,969)
Rentals	3,400	3,400	11,775	8,375
Miscellaneous	36,493	36,493	89,590	53,097
Amount available for appropriation	<u>1,665,147</u>	<u>1,665,147</u>	<u>1,841,136</u>	<u>175,989</u>
Charges to appropriations (outflows)				
Highways and streets	1,416,147	1,416,147	1,298,810	117,337
Transfer out	261,448	261,448	258,121	3,327
Total charges to appropriations	<u>1,677,595</u>	<u>1,677,595</u>	<u>1,556,931</u>	<u>120,664</u>
Budgetary Fund Balance, December 31	<u><u>\$ (12,448)</u></u>	<u><u>\$ (12,448)</u></u>	<u><u>\$ 284,205</u></u>	<u><u>\$ 296,653</u></u>

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

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

Sources/inflows of resources	<u>Street Lights</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,841,136
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>(137,475)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,703,661</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,556,931
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	1,114
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(258,121)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,299,924</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
NPCC-TRANSLOAD OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ (96,263)	\$ (81,263)	\$ 225,868	\$ 307,131
Resources (inflows)				
Charges for services	84,100	84,100	30,377	(53,723)
Investment income	-	-	1,355	1,355
Rentals	<u>104,832</u>	<u>104,832</u>	<u>127,065</u>	<u>22,233</u>
Amount available for appropriation	<u>92,669</u>	<u>107,669</u>	<u>384,665</u>	<u>276,996</u>
Charges to appropriations (outflows)				
General government	<u>330,280</u>	<u>330,280</u>	<u>227,712</u>	<u>102,568</u>
Total charges to appropriations	<u>330,280</u>	<u>330,280</u>	<u>227,712</u>	<u>102,568</u>
Budgetary Fund Balance, December 31	<u><u>\$ (237,611)</u></u>	<u><u>\$ (222,611)</u></u>	<u><u>\$ 156,953</u></u>	<u><u>\$ 379,564</u></u>

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, 2010

	<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	\$ -	\$ (200,000)	\$ -	\$ 200,000
Resources (inflows)				
Taxes	<u>680,000</u>	<u>680,000</u>	<u>753,860</u>	<u>73,860</u>
Amount available for appropriation	<u>680,000</u>	<u>480,000</u>	<u>753,860</u>	<u>273,860</u>
Charges to appropriations (outflows)				
General government	578,000	663,000	640,870	22,130
Transfer out	<u>102,000</u>	<u>117,000</u>	<u>112,990</u>	<u>4,010</u>
Total charges to appropriations	<u>680,000</u>	<u>780,000</u>	<u>753,860</u>	<u>26,140</u>
Budgetary Fund Balance, December 31	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ -</u>	<u>\$ 300,000</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, 2010

	<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	\$ 345,883	\$ 331,883	\$ 2,489,373	\$ 2,157,490
Resources (inflows)				
Taxes	1,909,234	1,909,234	2,043,586	134,352
Investment income	18,800	18,800	19,401	601
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>2,293,117</u>	<u>2,279,117</u>	<u>4,571,560</u>	<u>2,292,443</u>
Charges to appropriations (outflows)				
General government	12,150	12,150	10,888	1,262
Transfer out	1,954,033	1,966,033	1,713,133	252,900
Total charges to appropriations	<u>1,966,183</u>	<u>1,978,183</u>	<u>1,724,021</u>	<u>254,162</u>
Budgetary Fund Balance, December 31	<u>\$ 326,934</u>	<u>\$ 300,934</u>	<u>\$ 2,847,539</u>	<u>\$ 2,546,605</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$(2,203,800)	\$(4,203,800)	\$ 3,394,777	\$ 7,598,577
Resources (inflows)				
Investment income	1,194	1,194	17,002	15,808
Miscellaneous	85	85	26,253	26,168
Transfer in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Amount available for appropriation	<u>(702,521)</u>	<u>(2,702,521)</u>	<u>4,938,032</u>	<u>7,640,553</u>
Charges to appropriations (outflows)				
General government	2,192,667	2,192,667	874,370	1,318,297
Transfer out	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total charges to appropriations	<u>2,692,667</u>	<u>2,692,667</u>	<u>1,374,370</u>	<u>1,318,297</u>
Budgetary Fund Balance, December 31	<u>\$(3,395,188)</u>	<u>\$(5,395,188)</u>	<u>\$ 3,563,662</u>	<u>\$ 8,958,850</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, 2010

	<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	\$ 351,956	\$ 351,956	\$ 576,946	\$ 224,990
Resources (inflows)				
Taxes	1,183,742	1,183,742	1,113,290	(70,452)
Intergovernmental	21,050	21,050	25,990	4,940
Investment income	12,000	12,000	7,667	(4,333)
Transfer in	489,900	489,900	567,064	77,164
Amount available for appropriation	<u>2,058,648</u>	<u>2,058,648</u>	<u>2,290,957</u>	<u>232,309</u>
Charges to appropriations (outflows)				
General government	1,637,000	1,632,000	1,594,805	37,195
Transfer out	-	5,000	4,562	438
Total charges to appropriations	<u>1,637,000</u>	<u>1,637,000</u>	<u>1,599,367</u>	<u>37,633</u>
Budgetary Fund Balance, December 31	<u>\$ 421,648</u>	<u>\$ 421,648</u>	<u>\$ 691,590</u>	<u>\$ 269,942</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
SPECIAL DEFICIENCY/ASSUMPTION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 899,078	\$ 878,078	\$ 1,923,818	\$ 1,045,740
Resources (inflows)				
Taxes	195,757	195,757	184,632	(11,125)
Special assessments	23,375	23,375	26,514	3,139
Intergovernmental	3,520	3,520	4,434	914
Charges for services	304,238	304,238	317,675	13,437
Investment income	382,429	382,429	396,571	14,142
Miscellaneous	-	-	1,355	1,355
Amount available for appropriation	<u>1,808,397</u>	<u>1,787,397</u>	<u>2,854,999</u>	<u>1,067,602</u>
Charges to appropriations (outflows)				
General government	128,825	128,825	112,240	16,585
Transfer out	<u>1,282,522</u>	<u>1,282,522</u>	<u>1,123,872</u>	<u>158,650</u>
Total charges to appropriations	<u>1,411,347</u>	<u>1,411,347</u>	<u>1,236,112</u>	<u>175,235</u>
Budgetary Fund Balance, December 31	<u>\$ 397,050</u>	<u>\$ 376,050</u>	<u>\$ 1,618,887</u>	<u>\$ 1,242,837</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, 2010

	<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	\$ 352,679	\$1,575,845	\$ 282,579	\$ (1,604,593)
Resources (inflows)				
Intergovernmental	5,050,614	5,050,614	3,588,922	(1,461,692)
Charges for services	338,210	338,210	241,378	(96,832)
Fines and forfeits	400	400	286	(114)
Investment income	2,790	2,790	1,032	(1,758)
Miscellaneous	29,900	29,900	30,963	1,063
Transfer in	-	-	32,885	32,885
	<u>5,774,593</u>	<u>6,997,759</u>	<u>4,178,045</u>	<u>(3,131,041)</u>
Amount available for appropriation				
	<u>5,774,593</u>	<u>6,997,759</u>	<u>4,178,045</u>	<u>(3,131,041)</u>
Charges to appropriations (outflows)				
General government	791,950	713,550	57,551	655,999
Public safety	2,979,899	2,979,899	2,429,000	550,899
Highways and streets	140,500	106,900	69,327	37,573
Health and welfare	1,385,221	1,385,221	1,057,302	327,919
Culture and recreation	11,708	11,708	5,156	6,552
Transfer out	73,392	73,392	55,382	18,010
	<u>5,382,670</u>	<u>5,270,670</u>	<u>3,673,718</u>	<u>1,596,952</u>
Total charges to appropriations				
	<u>5,382,670</u>	<u>5,270,670</u>	<u>3,673,718</u>	<u>1,596,952</u>
Budgetary Fund Balance, December 31	\$ 391,923	\$1,727,089	\$ 504,327	\$ (1,534,089)

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

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

	<u>Government Grants & Activities</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,178,045
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	(282,579)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reportin purposes	<u>(32,885)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,862,581</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,673,718
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	120,513
The City budgets for salaries are on the cash basis rather than on the modified accrual basis	7,404
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(55,382)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,746,253</u>

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

**CITY OF BISMARCK, NORTH DAKOTA
MAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
STREET IMPROVEMENT BONDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 3,254,141	\$3,704,141	\$ 7,108,250	\$ 3,404,109
Resources (inflows)				
Special assessments	7,420,890	7,420,890	7,742,207	321,317
Investment income	-	-	1,664	1,664
Transfer in	334,168	334,168	409,373	75,205
Refunding bonds issued	3,000,000	3,000,000	2,552,952	(447,048)
Premium on special assessment debt	50,000	50,000	17,574	(32,426)
Amount available for appropriation	<u>14,059,199</u>	<u>14,509,199</u>	<u>17,832,020</u>	<u>3,322,821</u>
Charges to appropriations (outflows)				
Principal	5,557,802	5,757,802	5,741,201	16,601
Interest and fiscal charges	1,991,503	1,791,503	1,396,355	395,148
Discount on special assessment debt	50,000	-	-	-
Payment to refunded bond escrow agent	3,000,000	2,575,000	2,544,568	30,432
Transfer out	200,000	-	-	-
Total charges to appropriations	<u>10,799,305</u>	<u>10,124,305</u>	<u>9,682,124</u>	<u>442,181</u>
Budgetary Fund Balance, December 31	<u>\$ 3,259,894</u>	<u>\$4,384,894</u>	<u>\$ 8,149,896</u>	<u>\$ 3,765,002</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, 2010**

	<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	\$ 370,575	\$ 70,575	\$ 2,777,157	\$ 2,706,582
Resources (inflows)				
Special assessments	2,051,467	2,051,467	2,003,403	(48,064)
Investment income	-	-	3,807	3,807
Transfer in	100,000	100,000	38,234	(61,766)
Refunding bonds issued	500,000	500,000	1,080,191	580,191
Premium on special assessment debt	-	-	40,210	40,210
Amount available for appropriation	<u>3,022,042</u>	<u>2,722,042</u>	<u>5,943,002</u>	<u>3,220,960</u>
Charges to appropriations (outflows)				
Principal	1,403,441	1,423,441	1,420,573	2,868
Interest and fiscal charges	641,104	621,104	579,913	41,191
Discount on special assessment debt	5,000	5,000	-	5,000
Payment to refunded bond escrow agent	500,000	1,175,000	1,112,136	62,864
Transfer out	100,000	-	-	-
Total charges to appropriations	<u>2,649,545</u>	<u>3,224,545</u>	<u>3,112,622</u>	<u>111,923</u>
Budgetary Fund Balance, December 31	<u>\$ 372,497</u>	<u>\$ (502,503)</u>	<u>\$ 2,830,380</u>	<u>\$ 3,332,883</u>

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2010

	Watermain Bonds	Sidewalk Bonds	Parking Lot Bonds	Lodging/ Liquor/ Food Bonds	Total Debt Service
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 794	\$ -	\$ 794
Investments	-	712,070	-	986,914	1,698,984
Receivables:					
Special assessments	1,040,711	4,119,133	-	-	5,159,844
Intergovernmental	2,350	-	-	-	2,350
Due from other funds	464,531	207,705	-	-	672,236
Advance to other funds	176,422	-	-	-	176,422
Total assets	\$ 1,684,014	\$ 5,038,908	\$ 794	\$ 986,914	\$ 7,710,630
LIABILITIES					
Accounts payable	-	-	-	-	-
Deferred revenue	1,161,452	3,616,250	-	-	4,777,702
Total liabilities	1,161,452	3,616,250	-	-	4,777,702
FUND BALANCES					
Reserved for debt service	-	-	-	700,000	700,000
Reserved for advances to other funds	176,422	-	-	-	176,422
Unreserved, undesignated	346,140	1,422,658	794	286,914	2,056,506
Total fund balances	522,562	1,422,658	794	986,914	2,932,928
Total liabilities and fund balances	\$ 1,684,014	\$ 5,038,908	\$ 794	\$ 986,914	\$ 7,710,630

**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, 2010**

REVENUES	Watermain Bonds	Sidewalk Bonds	Parking Lot Bonds	Lodging/ Liquor/ Food Bonds	Total Debt Service
Special assessments	\$ 267,819	\$ 949,545	\$ -	\$ -	\$ 1,217,364
Investment income	334	-	91	10,309	10,734
Total revenues	268,153	949,545	91	10,309	1,228,098
EXPENDITURES					
Debt service					
Principal	223,226	780,000	-	855,000	1,858,226
Interest and fiscal charges	70,392	167,295	-	142,640	380,327
Total expenditures	293,618	947,295	-	997,640	2,238,553
Excess (deficiency) of revenues over (under) expenditures	(25,465)	2,250	91	(987,331)	(1,010,455)
OTHER FINANCING SOURCES (USES)					
Transfer in	9,919	69,644	-	997,640	1,077,203
Refunding bonds issued	221,857				221,857
Premium on special assessment debt	3,529				3,529
Payment to refunded bond escrow agent	(223,296)	-	-	-	(223,296)
Total other financing sources (uses)	12,009	69,644	-	997,640	1,079,293
Net changes in fund balances	(13,456)	71,894	91	10,309	68,838
Fund balances - beginning	536,018	1,350,764	703	976,605	2,864,090
Fund balances - ending	\$ 522,562	\$ 1,422,658	\$ 794	\$ 986,914	\$ 2,932,928

**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, 2010**

	<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	\$ (89,890)	\$ (89,890)	\$ 536,018	\$ 625,908
Resources (inflows)				
Special assessments	217,323	217,323	267,819	50,496
Investment income	-	-	334	334
Transfer in	102,519	102,519	9,919	(92,600)
Refunding bonds issued	200,000	200,000	221,857	21,857
Premium on special assessment debt	2,000	2,000	3,529	1,529
Amount available for appropriation	<u>431,952</u>	<u>431,952</u>	<u>1,039,476</u>	<u>607,524</u>
Charges to appropriations (outflows)				
Principal	216,969	226,969	223,226	3,743
Interest and fiscal charges	67,477	70,477	70,392	85
Discount on special assessment debt	2,000	2,000	-	2,000
Payment to refunded bond escrow agent	200,000	300,000	223,296	76,704
Transfer out	35,000	22,000	-	22,000
Total charges to appropriations	<u>521,446</u>	<u>621,446</u>	<u>516,914</u>	<u>104,532</u>
Budgetary Fund Balance, December 31	<u>\$ (89,494)</u>	<u>\$ (189,494)</u>	<u>\$ 522,562</u>	<u>\$ 712,056</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, 2010**

	<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	\$ 745,393	\$ 595,393	\$ 1,350,764	\$ 755,371
Resources (inflows)				
Special assessments	1,052,931	1,052,931	949,545	(103,386)
Transfer in	105,045	105,045	69,644	(35,401)
Amount available for appropriation	<u>1,903,369</u>	<u>1,753,369</u>	<u>2,369,953</u>	<u>616,584</u>
Charges to appropriations (outflows)				
Principal	845,000	845,000	780,000	65,000
Interest and fiscal charges	257,939	257,939	167,295	90,644
Discount on special assessment debt	5,000	5,000	-	5,000
Transfer out	50,000	50,000	-	50,000
Total charges to appropriations	<u>1,157,939</u>	<u>1,157,939</u>	<u>947,295</u>	<u>210,644</u>
Budgetary Fund Balance, December 31	<u>\$ 745,430</u>	<u>\$ 595,430</u>	<u>\$ 1,422,658</u>	<u>\$ 827,228</u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
PARKING LOT BONDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 24,593	\$ 24,593	\$ 703	\$ (23,890)
Resources (inflows)				
Investment income	-	-	91	91
Amount available for appropriation	<u>24,593</u>	<u>24,593</u>	<u>794</u>	<u>(23,799)</u>
Charges to appropriations (outflows)				
Interest and fiscal charges	-	-	-	-
Total charges to appropriations	-	-	-	-
Budgetary Fund Balance, December 31	<u><u>\$ 24,593</u></u>	<u><u>\$ 24,593</u></u>	<u><u>\$ 794</u></u>	<u><u>\$ (23,799)</u></u>

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
LODGING LIQUOR FOOD BONDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 924,542	\$ 924,542	\$ 976,605	\$ 52,063
Resources (inflows)				
Investment income	27,000	27,000	10,309	(16,691)
Transfer in	<u>997,640</u>	<u>997,640</u>	<u>997,640</u>	<u>-</u>
Amount available for appropriation	<u>1,949,182</u>	<u>1,949,182</u>	<u>1,984,554</u>	<u>35,372</u>
Charges to appropriations (outflows)				
Principal	855,000	855,000	855,000	-
Interest and fiscal charges	<u>169,640</u>	<u>169,640</u>	<u>142,640</u>	<u>27,000</u>
Total charges to appropriations	<u>1,024,640</u>	<u>1,024,640</u>	<u>997,640</u>	<u>27,000</u>
Budgetary Fund Balance, December 31	<u><u>\$ 924,542</u></u>	<u><u>\$ 924,542</u></u>	<u><u>\$ 986,914</u></u>	<u><u>\$ 62,372</u></u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	Tax Increment	Community Development	Civic Center Improvements	Building Improvements	Street Light/Signals	Highway Construction
ASSETS						
Cash and cash equivalents	\$ 3,795,598	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	12,621,228	-	843,393	451,013	42,671	8,820,483
Receivables:						
Taxes receivable	25,264	-	-	-	-	-
Accounts receivable	-	73,451	-	-	-	314,258
Notes receivable	-	129,000	-	-	-	-
Advance to other funds	700,000	-	-	-	-	-
Prepaid items	-	-	-	-	28,173	-
Restricted assets:						
Investments	-	-	-	-	-	-
Total assets	\$ 17,142,090	\$ 202,451	\$ 843,393	\$ 451,013	\$ 70,844	\$ 9,134,741
LIABILITIES						
Accounts payable	\$ -	\$ 67,080	\$ 116,225	\$ 142,996	\$ -	\$ 111,897
Retainage payable	-	-	-	18,760	10,659	-
Due to other funds	-	6,430	-	-	-	-
Deferred revenue	18,080	129,000	-	-	-	-
Customer deposits	-	-	-	-	-	-
Total liabilities	18,080	202,510	116,225	161,756	10,659	111,897
FUND BALANCES						
Reserved for advances to other funds	700,000	-	-	-	-	-
Reserved for long-term receivable	-	129,000	-	-	-	-
Reserved for prepaid items	-	-	-	-	28,173	-
Unreserved, undesignated	16,424,010	(129,059)	727,168	289,257	32,012	9,022,844
Total fund balances	17,124,010	(59)	727,168	289,257	60,185	9,022,844
Total liabilities and fund balances	\$ 17,142,090	\$ 202,451	\$ 843,393	\$ 451,013	\$ 70,844	\$ 9,134,741

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**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010**

	Sewermain Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,795,598
Investments	-	-	-	203,571	22,982,359
Receivables:					
Taxes receivable	-	-	-	-	25,264
Accounts receivable	-	-	-	-	387,709
Notes receivable	-	-	-	-	129,000
Advance to other funds	-	-	-	-	700,000
Prepaid items	-	-	-	-	28,173
Restricted assets:					
Investments	-	-	1,168,225	-	1,168,225
Total assets	\$ -	\$ -	\$ 1,168,225	\$ 203,571	\$ 29,216,328
LIABILITIES					
Accounts payable	\$ 1,502	\$ -	\$ 588,626	\$ -	\$ 1,028,326
Retainage payable	14,996	8,713	-	-	53,128
Due to other funds	1,474,157	639,407	207,705	-	2,327,699
Deferred revenue	-	-	-	-	147,080
Customer deposits	-	-	1,168,225	-	1,168,225
Total liabilities	1,490,655	648,120	1,964,556	-	4,724,458
FUND BALANCES					
Reserved for advances to other funds	-	-	-	-	700,000
Reserved for long-term receivable	-	-	-	-	129,000
Reserved for prepaid items	-	-	-	-	28,173
Unreserved, undesignated	(1,490,655)	(648,120)	(796,331)	203,571	23,634,697
Total fund balances	(1,490,655)	(648,120)	(796,331)	203,571	24,491,870
Total liabilities and fund balances	\$ -	\$ -	\$ 1,168,225	\$ 203,571	\$ 29,216,328

**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, 2010**

	Tax Increment	Community Development	Civic Center Improvements	Building Improvements	Street Light/Signals	Highway Construction
REVENUES						
Taxes	\$ 1,223,361	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments intergovernmental	-	619,714	-	-	-	316,174
Investment income	119,528	-	6,298	4,956	-	69,677
Miscellaneous	-	-	-	110,343	-	-
Total revenues	1,342,889	619,714	6,298	115,299	-	385,851
EXPENDITURES						
Current						
Public works	170,509	545,652	118,890	-	79,377	-
Capital outlays	-	-	633,528	1,261,951	261,569	1,201,697
Public works	170,509	545,652	752,418	1,261,951	340,946	1,201,697
Total expenditures	1,172,380	74,082	(746,120)	(1,146,652)	(340,946)	(815,846)
Excess (deficiency) of revenues over (under) expenditures						
	78,007	(74,121)	645,202	264,962	401,131	4,202,274
OTHER FINANCING SOURCES (USES)						
Transfer in	-	(74,121)	-	(32,884)	-	(2,694,528)
Transfer out	-	-	-	-	-	-
Premium on special assessment debt	-	-	-	-	-	-
Discount on special assessment debt	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	78,007	(74,121)	645,202	264,962	401,131	1,507,746
Net changes in fund balances	1,250,387	(59)	(100,918)	(881,690)	60,185	691,900
Fund balances - beginning	15,873,623	-	828,086	1,170,947	-	8,330,944
Fund balances - ending	\$ 17,124,010	\$ (59)	\$ 727,168	\$ 289,257	\$ 60,185	\$ 9,022,844

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**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, 2010**

	Sewermain Construction	Watermain Construction	Sidewalk Construction	Commerce Development	Total Capital Projects
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,223,361
Special assessments	35,703	48,786	225,739	-	310,228
Intergovernmental	-	-	-	-	935,888
Investment income	2,310	355	1,146	-	204,270
Miscellaneous	-	-	-	-	110,343
Total revenues	38,013	49,141	226,885	-	2,784,090
EXPENDITURES					
Current					
Public works	21,293	5,756	22,198	3,544	967,219
Capital outlays					
Public works	687,101	748,173	1,131,983	-	5,926,002
Total expenditures	708,394	753,929	1,154,181	3,544	6,893,221
Excess (deficiency) of revenues over (under) expenditures	(670,381)	(704,788)	(927,296)	(3,544)	(4,109,131)
OTHER FINANCING SOURCES (USES)					
Transfer in	5,052	25,747	-	500,000	6,155,259
Transfer out	(38,234)	(9,919)	(15,843)	-	(2,865,529)
Premium on special assessment debt	24,902	3,688	-	-	28,590
Discount on special assessment debt	(5,776)	(1,155)	(16,080)	-	(23,011)
Special assessment bonds issued	1,818,642	294,328	1,475,000	-	3,587,970
Total other financing sources (uses)	1,804,586	312,689	1,443,077	500,000	6,883,279
Net changes in fund balances	1,134,205	(392,099)	515,781	496,456	2,774,148
Fund balances - beginning	(2,624,860)	(256,021)	(1,312,112)	(292,885)	21,717,722
Fund balances - ending	\$ (1,490,655)	\$ (648,120)	\$ (796,331)	\$ 203,571	\$ 24,491,870

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2010

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Parking Authority Lots	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,779,804	\$ 1,429,322	\$ 2,234,118	\$ -	\$ 869,816	\$ 9,313,060
Investments	1,709,338	23,245	3,044,626	-	12,423	4,789,632
Receivables:						
Accounts receivable	199,910	818	-	-	15,192	215,920
Special assessments	-	-	257,250	-	-	257,250
Interest receivable	6,259	1,365	5,167	-	601	13,392
Prepaid items	15,541	6,481	1,393	-	300	23,715
Restricted assets:						
Cash and cash equivalents	-	-	-	-	17,215	17,215
Total current assets	6,710,852	1,461,231	5,542,554	-	915,547	14,630,184
Noncurrent assets:						
Capital assets (net of accumulated depreciation)						
Land	395,247	603,338	2,171,163	259,000	1,203,152	4,631,900
Building and building improvements	4,026,296	-	-	1,577,742	4,744,601	10,348,639
Improvements other than buildings	2,195,736	11,038	22,824,551	-	25,210	25,056,535
Machinery and equipment	1,472,409	1,755,038	133,252	-	102,503	3,463,202
Construction in progress	4,715	-	157,627	-	-	162,342
Total noncurrent assets	8,094,403	2,369,414	25,286,593	1,836,742	6,075,466	43,662,618
Total assets	14,805,255	3,830,645	30,829,147	1,836,742	6,991,013	58,292,802

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**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2010**

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Parking Authority Lots	Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 23,893	\$ 5,605	\$ 327,932	\$ 35,882	\$ 49,126	\$ 442,438
Retainage payable	-	-	-	-	-	-
Leases payable	1,388	-	356	-	-	1,744
Due to other funds	-	-	-	1,777,118	-	1,777,118
Compensated benefits payable	40,776	59,498	4,115	-	-	104,389
Salaries payable	36,182	58,631	8,392	-	-	103,205
Deferred revenue	-	-	-	-	16,475	16,475
Total current liabilities	<u>102,239</u>	<u>123,734</u>	<u>340,795</u>	<u>1,813,000</u>	<u>65,601</u>	<u>2,445,369</u>
Long-term liabilities:						
Advances from other funds	-	-	-	-	700,000	700,000
Customer deposits	795	-	-	2,950	17,215	20,960
Compensated benefits payable	29,777	47,142	2,737	-	-	79,656
Capital lease	-	-	-	-	-	-
Accrued closure/post closure costs	1,221,116	-	-	-	-	1,221,116
Total long-term liabilities	<u>1,251,688</u>	<u>47,142</u>	<u>2,737</u>	<u>2,950</u>	<u>717,215</u>	<u>2,021,732</u>
Total liabilities	<u>1,353,927</u>	<u>170,876</u>	<u>343,532</u>	<u>1,815,950</u>	<u>782,816</u>	<u>4,467,101</u>
NET ASSETS						
Invested in capital assets, net of related debt	8,093,015	2,369,414	25,286,236	1,836,742	6,075,466	43,660,873
Unrestricted	5,358,313	1,290,355	5,199,379	(1,815,950)	132,731	10,164,828
Total net assets	<u>\$ 13,451,328</u>	<u>\$ 3,659,769</u>	<u>\$ 30,485,615</u>	<u>\$ 20,792</u>	<u>\$ 6,208,197</u>	<u>\$ 53,825,701</u>

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Parking Authority Lots	Total
OPERATING REVENUES						
Charges for services:						
Sale of gas and oil	\$ 2,518,974	\$ -	\$ 3,069	\$ -	\$ -	\$ 3,069
Sanitation fees		2,113,560	900,844	-	-	5,533,378
Landing and airport fees	-	-	-	-	-	-
Miscellaneous sales	13,488	57,008	-	-	-	70,496
Rentals	12,239	265	665	54,103	883,751	951,023
Total operating revenues	<u>2,544,701</u>	<u>2,170,833</u>	<u>904,578</u>	<u>54,103</u>	<u>883,751</u>	<u>6,557,966</u>
OPERATING EXPENSES						
Personal services - salaries & wages	590,926	949,721	131,414	-	-	1,672,061
Personal services - fringe benefits	224,394	356,961	35,507	-	-	616,862
Professional, legal, and contracted services	161,992	411	37,404	2,410	290,682	492,899
Building, equipment, and vehicle services	473,305	292,766	444,941	17,199	237,068	1,465,279
Travel & training	5,484	812	1,062	-	-	7,358
Operating services	434,523	11,541	7,720	273	18,990	473,047
Operating supplies	210,657	172,053	11,965	171	8,488	403,334
Depreciation expense	471,828	229,840	552,985	13,258	317,981	1,585,892
Total operating expenses	<u>2,573,109</u>	<u>2,014,105</u>	<u>1,222,998</u>	<u>33,311</u>	<u>873,209</u>	<u>6,716,732</u>
Operating income (loss)	<u>(28,408)</u>	<u>156,728</u>	<u>(318,420)</u>	<u>20,792</u>	<u>10,542</u>	<u>(158,766)</u>
NONOPERATING REVENUES (EXPENSES)						
Special assessments	-	-	224,504	-	-	224,504
Gain (loss) on disposal of assets	12,379	6,428	11,346	-	-	30,153
Investment income	40,270	8,108	31,773	-	3,310	83,461
Interest and fiscal charges	(942)	-	(38)	-	-	(980)
Total nonoperating revenues (expenses)	<u>51,707</u>	<u>14,536</u>	<u>267,585</u>	<u>-</u>	<u>3,310</u>	<u>337,138</u>
Income (loss) before contributions and transfers	23,299	171,264	(50,835)	20,792	13,852	178,372
CAPITAL CONTRIBUTIONS TRANSFERS OUT						
Change in net assets	(98,884)	(84,991)	626,898	-	-	626,898
	(75,585)	86,273	(32,966)	-	-	(216,841)
Total net assets - beginning	13,526,913	3,573,496	29,942,518	-	6,194,345	53,237,272
Total net assets - ending	<u>\$ 13,451,328</u>	<u>\$ 3,659,769</u>	<u>\$ 30,485,615</u>	<u>\$ 20,792</u>	<u>\$ 6,208,197</u>	<u>\$ 53,825,701</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Solid Waste Disposal	Solid Waste Collections	Storm Water	Commercial Property	Parking Authority Lots	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 2,463,215	\$ 2,170,015	\$ 904,578	\$ 57,053	\$ 892,239	\$ 6,487,100
Payments to suppliers	(1,555,608)	(842,641)	(460,759)	1,792,947	(539,880)	(1,605,941)
Payments to employees	(595,069)	(937,773)	(122,062)	-	-	(1,654,904)
Net cash provided by operating activities	<u>312,538</u>	<u>389,601</u>	<u>321,757</u>	<u>1,850,000</u>	<u>352,359</u>	<u>3,226,255</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental	-	-	-	-	-	-
Payment on advance	-	-	-	-	(100,000)	(100,000)
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(98,884)	(84,991)	(32,966)	-	-	(216,841)
Net cash used by noncapital financing activities	<u>(98,884)</u>	<u>(84,991)</u>	<u>(32,966)</u>	<u>-</u>	<u>(100,000)</u>	<u>(316,841)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital lease payment	(961)	-	(264)	-	-	(1,225)
Interest paid	(919)	-	(26)	-	-	(945)
Proceeds from sale of capital assets	11,924	5,615	660	-	210,173	228,372
Proceeds from insurance recoveries	1,000	1,015	-	-	-	2,015
Proceeds from special assessments	-	(158,567)	1,332	(1,850,000)	(67,951)	(2,076,518)
Purchase of capital assets	(4,715)	-	(121,983)	-	-	(126,698)
Construction of capital assets	6,329	(151,937)	(120,281)	(1,850,000)	142,222	(1,973,967)
Net cash used by capital and related financing activities	<u>5,532,640</u>	<u>474,788</u>	<u>5,079,847</u>	<u>-</u>	<u>301,185</u>	<u>11,388,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	(1,709,338)	(23,245)	(3,044,626)	-	(12,423)	(4,789,632)
Purchase of investments	38,501	7,805	30,387	-	2,806	79,499
Investment income	3,861,803	459,348	2,065,608	-	291,568	6,678,327
Net cash provided (used) by investing activities	<u>4,081,766</u>	<u>612,021</u>	<u>2,234,118</u>	<u>-</u>	<u>686,149</u>	<u>7,614,074</u>
Net increase (decrease) in cash and cash equivalents	<u>698,018</u>	<u>817,301</u>	<u>-</u>	<u>-</u>	<u>200,882</u>	<u>1,716,201</u>
Cash and cash equivalents - January 1	<u>4,779,804</u>	<u>1,429,322</u>	<u>2,234,118</u>	<u>-</u>	<u>887,031</u>	<u>9,330,275</u>
Cash and cash equivalents - December 31	<u>\$ 28,408</u>	<u>\$ 156,728</u>	<u>\$ (318,420)</u>	<u>\$ 20,792</u>	<u>\$ 10,542</u>	<u>\$ (158,766)</u>
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	471,828	229,840	552,985	13,258	317,981	1,585,892
Adjustments to reconcile operating income to net cash provided by operating activities:	(82,281)	(818)	-	-	(5,619)	(88,718)
Depreciation expense	(1,584)	(6,481)	258	-	(300)	(8,107)
(Increase) decrease in accounts receivable	795	-	-	2,950	(210)	3,535
(Increase) decrease in prepaid items	(182,115)	(1,616)	77,582	35,882	15,648	(54,619)
Increase (decrease) in customer deposits	(1,974)	5,502	3,432	-	-	6,960
Increase (decrease) in accounts payable	(2,169)	6,446	5,920	-	-	10,197
Increase (decrease) in compensated benefits payable	-	-	-	1,777,118	-	1,777,118
Increase (decrease) in salaries payable	-	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-	14,317	14,317
Increase (decrease) in deferred revenue	-	-	-	-	-	-
Increase in closure and post closure costs	138,446	-	-	-	-	138,446
Total adjustments	<u>340,946</u>	<u>232,873</u>	<u>640,177</u>	<u>1,829,208</u>	<u>341,817</u>	<u>3,385,021</u>
Net cash provided by operating activities	<u>\$ 312,538</u>	<u>\$ 389,601</u>	<u>\$ 321,757</u>	<u>\$ 1,850,000</u>	<u>\$ 352,359</u>	<u>\$ 3,226,255</u>
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES						
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 526,898	\$ -	\$ -	\$ 526,898
Contribution of capital assets from developers	-	-	100,000	-	-	100,000
Increase in fair value of investments	9,281	1,929	7,579	-	747	19,536

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2010

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 33,853	\$ -	\$ -	\$ -	\$ -	\$ 354,073	\$ 387,926
Investments	989	29,071	165,189	2,412,050	-	-	2,607,299
Receivables:							
Accounts receivable	6,054	3,672	-	43,692	-	251,588	305,006
Inventories	-	316,829	-	-	-	-	316,829
Prepaid items	999	755	-	-	-	-	1,754
Restricted assets:							
Cash and cash equivalents	171,220	-	-	-	-	-	171,220
Total current assets	213,115	350,327	165,189	2,455,742	-	605,661	3,790,034
Noncurrent assets:							
Capital assets (net of accumulated depreciation):							
Machinery and equipment	-	58,333	-	-	-	-	58,333
Total noncurrent assets	-	58,333	-	-	-	-	58,333
Total assets	213,115	408,660	165,189	2,455,742	-	605,661	3,848,367
LIABILITIES							
Current liabilities:							
Accounts payable	41,895	71,414	-	1,729	3,747	496,109	614,894
Due to other funds	-	-	-	-	36,935	-	36,935
Due to other entities	-	-	-	-	-	2,844	2,844
Salaries payable	-	22,653	-	-	-	181	22,834
Deferred revenue	-	-	-	-	-	16,829	16,829
Claims and judgments payable	-	-	15,895	320,537	-	-	336,432
Total current liabilities:	41,895	94,067	15,895	322,266	40,682	515,963	1,030,768
Long-term liabilities:							
Customer deposits	171,220	-	-	-	-	-	171,220
Total restricted long-term liabilities	171,220	-	-	-	-	-	171,220
Total liabilities	213,115	94,067	15,895	322,266	40,682	515,963	1,201,988
NET ASSETS							
Invested in capital assets, net of related debt	-	58,333	-	-	-	-	58,333
Unrestricted	-	256,260	149,294	2,133,476	(40,682)	89,698	2,588,046
Total net assets	\$ -	\$ 314,593	\$ 149,294	\$ 2,133,476	\$ (40,682)	\$ 89,698	\$ 2,646,379

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

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
OPERATING REVENUES							
Charges for services							
Event sales	\$2,428,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,428,406
Sale of gas and oil	-	951,437	-	-	-	-	951,437
Sale of parts and labor	-	1,602,354	-	-	-	-	1,602,354
Miscellaneous sales	259,967	760	63,199	14,514	-	-	338,440
Rentals	-	6,650	-	-	-	-	6,650
Employer contributions	-	-	-	5,688,935	-	-	5,688,935
Employee contributions	-	-	-	33,724	-	-	33,724
Total operating revenues	<u>2,688,373</u>	<u>2,561,201</u>	<u>63,199</u>	<u>5,737,173</u>	<u>-</u>	<u>-</u>	<u>11,049,946</u>
OPERATING EXPENSES							
Cost of goods sold	2,451,010	1,848,459	-	-	-	-	4,299,469
Personal services - salaries & wages	167,913	392,751	-	-	-	-	560,664
Personal services - fringe benefits	17,282	136,579	-	10,525	24,424	-	188,810
Professional, legal, and contracted services	715	970	39	844	-	-	2,568
Building, equipment, and vehicle services	-	160,740	-	-	-	26,950	187,690
Travel & training	-	6,416	-	-	-	-	6,416
Operating services	57,662	10,279	194,777	4,747,380	-	6,394	5,016,492
Operating supplies	274	19,466	-	163	-	-	19,903
Depreciation expense	-	11,818	-	-	-	-	11,818
Total operating expenses	<u>2,694,856</u>	<u>2,587,478</u>	<u>194,816</u>	<u>4,758,912</u>	<u>24,424</u>	<u>33,344</u>	<u>10,293,830</u>
Operating income (loss)	<u>(6,483)</u>	<u>(26,277)</u>	<u>(131,617)</u>	<u>978,261</u>	<u>(24,424)</u>	<u>(33,344)</u>	<u>756,116</u>
NONOPERATING REVENUES (EXPENSES)							
Gain on disposal of assets	-	4,374	-	-	-	28,786	33,160
Investment income	907	544	1,987	14,129	-	14,206	31,773
Total nonoperating revenues (expenses)	<u>907</u>	<u>4,918</u>	<u>1,987</u>	<u>14,129</u>	<u>-</u>	<u>42,992</u>	<u>64,933</u>
Income (loss) before contributions and transfers	(5,576)	(21,359)	(129,630)	992,390	(24,424)	9,648	821,049
CAPITAL CONTRIBUTIONS							
TRANSFER IN	15,921	-	144,000	-	9,550	-	169,471
TRANSFER OUT	-	(63,590)	(13,671)	(40,047)	-	-	(117,308)
Change in net assets	10,345	(66,095)	699	952,343	(14,874)	9,648	892,066
Total net assets - beginning	(10,345)	380,688	148,595	1,181,133	(25,808)	80,050	1,754,313
Total net assets - ending	\$ -	\$ 314,593	\$ 149,294	\$ 2,133,476	\$ (40,682)	\$ 89,698	\$ 2,646,379

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, 2010

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 2,612,340	\$ 2,560,219	\$ -	\$ -	\$ -	\$ (49,141)	\$ 5,123,418
Receipts from employer	-	-	-	5,684,705	-	-	5,684,705
Other operating cash receipts	-	-	63,199	48,021	-	-	111,220
Payments to suppliers	(2,539,383)	(2,231,492)	(179,431)	(4,784,701)	(9,550)	46,285	(9,698,272)
Payments to employees	(176,259)	(390,151)	-	-	-	-	(568,410)
Net cash provided (used) by operating activities	(105,302)	(61,424)	(116,232)	948,025	(9,550)	(2,856)	652,661
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	15,923	-	144,000	-	9,550	-	169,473
Transfers to other funds	-	(63,590)	(13,671)	(40,047)	-	-	(117,308)
Net cash provided (used) by noncapital and related financing activities	15,923	(63,590)	(13,671)	(40,047)	9,550	-	52,165
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	-	4,374	-	-	-	-	4,374
Proceeds of claim/insurance recoveries	-	-	-	-	-	28,786	28,786
Purchase of capital assets	-	(21,993)	-	-	-	-	(21,993)
Net cash provided (used) by capital and related financing activities	-	(17,619)	-	-	-	28,786	11,167
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	294,568	72	422	2,961	-	-	298,023
Purchase of investments	(172,209)	(29,071)	(165,190)	(2,412,050)	-	-	(2,778,520)
Investment income	873	472	1,565	11,168	-	14,206	28,284
Net cash provided (used) by investing activities	123,232	(28,527)	(163,203)	(2,397,921)	-	14,206	(2,452,213)
Net increase (decrease) in cash and cash equivalents	33,653	(171,160)	(149,106)	(1,489,943)	-	40,136	(1,736,220)
Cash and cash equivalents - January 1	-	171,160	149,106	1,489,943	-	313,937	2,124,146
Cash and cash equivalents - December 31	\$ 33,653	\$ -	\$ -	\$ -	\$ -	\$ 354,073	\$ 387,926
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (6,483)	\$ (26,277)	\$ (131,617)	\$ 978,261	\$ (24,424)	\$ (33,344)	\$ 756,116
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	-	11,818	-	-	-	-	11,818
(Increase) decrease in accounts receivable	(6,054)	(982)	-	(4,447)	-	(49,141)	(60,624)
(Increase) decrease in inventories	-	11,340	-	-	-	-	11,340
(Increase) decrease in prepaid items	(999)	(755)	-	-	-	60,590	58,836
Increase (decrease) in customer deposits	(69,979)	-	-	-	-	-	(69,979)
Increase (decrease) in accounts payable	(11,441)	(59,168)	(271)	331	(246)	19,072	(51,723)
Increase (decrease) in salaries payable	(10,346)	2,600	-	-	-	(24)	(7,770)
Increase (decrease) in due to other funds	-	-	-	-	15,120	-	15,120
Increase (decrease) in due to other entities	-	-	-	-	-	(9)	(9)
Increase (decrease) in estimated pending claims	-	-	15,656	(26,120)	-	-	(10,464)
Total adjustments	(98,819)	(35,147)	15,385	(30,236)	14,874	30,488	(103,455)
Net cash provided (used) by operating activities	\$ (105,302)	\$ (61,424)	\$ (116,232)	\$ 948,025	\$ (9,550)	\$ (2,856)	\$ 652,661
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES							
Construction of capital assets contributed through capital project funds	\$ -	\$ 18,854	\$ -	\$ -	\$ -	\$ -	\$ 18,854
Increase in fair value of investments	32	72	422	2,961	-	-	3,487

**CITY OF BISMARCK, NORTH DAKOTA
 FIREMEN'S PENSION AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
ASSETS				
Investments	\$ 732	\$ 474,532	\$ 366,437	\$ 108,827
Receivables:				
Taxes	6,084	1,131	384	6,831
Accounts	9,402	11,684	9,402	11,684
Total assets	<u>\$ 16,218</u>	<u>\$ 487,347</u>	<u>\$ 376,223</u>	<u>\$ 127,342</u>
LIABILITIES				
Accounts payable	\$ 737	\$ 474,527	\$ 366,437	\$ 108,827
Due to other entities	15,481	3,256	222	18,515
Total liabilities	<u>\$ 16,218</u>	<u>\$ 477,783</u>	<u>\$ 366,659</u>	<u>\$ 127,342</u>

**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2010**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	3,762,614
Buildings and building improvements	67,563,375
Improvements other than buildings	85,349
Machinery and equipment	36,889,065
Infrastructure	211,543,421
Construction in progress	10,123,863
Total governmental funds capital assets	329,967,687

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	13,587,018
Special revenue funds	23,894,111
Federal and state grants	87,523,354
Capital projects funds	198,547,518
Enterprise funds	15,210
Donations	6,400,476
Total governmental funds capital assets	329,967,687

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2010**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 43,879	\$ -	\$ 43,879
Fiscal, assessing and information services	-	-	-	281,004	-	281,004
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,609,410	18,411	173,551	-	10,801,372
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	-	-	-	109,262	-	109,262
Building maintenance	-	-	-	50,648	-	50,648
NPCC	443,760	496,486	-	309,810	7,359,282	8,609,338
E/H transit system	108,421	1,109,179	-	4,557,744	-	5,775,344
Total general government	752,181	13,289,059	18,411	6,613,973	7,359,282	28,032,906
Public safety:						
Police	499,500	7,420,290	37,078	3,366,700	176,850	11,500,418
Fire and inspections	580,688	5,479,727	15,790	5,825,429	-	11,901,634
Combined communication center	-	-	-	340,430	-	340,430
Total public safety	1,080,188	12,900,017	52,868	9,532,559	176,850	23,742,482
Highways and streets:						
Roads and streets	50,923	-	-	7,492,824	65,184	7,608,931
Engineering	-	-	-	331,190	-	331,190
Forestry	-	-	-	485,021	-	485,021
Total highways and streets	50,923	-	-	8,309,035	65,184	8,425,142
Health:						
Bismarck burleigh public health	-	21,200	-	136,018	-	157,218
Total health	-	21,200	-	136,018	-	157,218
Culture and recreation:						
Centennial beach	-	297,838	-	-	-	297,838
City auditorium	11,500	3,454,948	-	11,529	-	3,477,977
Civic center	900,600	31,822,824	-	3,848,159	-	36,571,583
Library	324,000	5,777,489	-	8,437,792	-	14,539,281
Total culture and recreation	1,236,100	41,353,099	-	12,297,480	-	54,886,679
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Special deficiency fund	-	-	14,070	-	-	14,070
Highway construction	619,741	-	-	-	57,067,955	57,687,696
Sidewalk construction	-	-	-	-	18,749,704	18,749,704
Street lights construction	-	-	-	-	277,058	277,058
Street improvements	760	-	-	-	127,847,388	127,848,148
Total public works	643,222	-	14,070	-	203,942,105	204,599,397
Construction in progress:	-	28,672	-	1,455,344	8,639,847	10,123,863
Total governmental funds capital assets	\$ 3,762,614	\$ 67,592,047	\$ 85,349	\$ 38,344,409	\$ 220,183,268	\$ 329,967,687

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, 2010

FUNCTION AND ACTIVITY	Balance	Additions	Deductions	Transfers	Balance
	January 1, 2010				December 31, 2010
General government:					
Administration and management	\$ 43,879	\$ -	\$ -	\$ -	\$ 43,879
Fiscal, assessing and information services	272,537	14,309	5,842	-	281,004
Common software	796,251	262,172	-	-	1,058,423
City/county office buildings	10,801,372	-	-	-	10,801,372
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	83,617	46,135	20,490	-	109,262
Building maintenance	43,186	7,462	-	-	50,648
NPCC	8,609,338	-	-	-	8,609,338
E/H transit system	4,604,586	1,298,215	127,457	-	5,775,344
Total general government	<u>26,558,402</u>	<u>1,628,293</u>	<u>153,789</u>	<u>-</u>	<u>28,032,906</u>
Public safety:					
Police	11,245,245	401,576	22,545	(123,858)	11,500,418
Fire and inspections	8,094,901	3,826,498	19,765	-	11,901,634
Combined communications center	401,617	-	61,187	-	340,430
Total public safety	<u>19,741,763</u>	<u>4,228,074</u>	<u>103,497</u>	<u>(123,858)</u>	<u>23,742,482</u>
Highways and streets:					
Roads and streets	7,303,905	484,966	303,798	123,858	7,608,931
Engineering	348,114	50,937	67,861	-	331,190
Forestry	466,524	18,497	-	-	485,021
Total highways and streets	<u>8,118,543</u>	<u>554,400</u>	<u>371,659</u>	<u>123,858</u>	<u>8,425,142</u>
Health:					
Bismarck burleigh public health	149,828	22,473	15,083	-	157,218
Total health	<u>149,828</u>	<u>22,473</u>	<u>15,083</u>	<u>-</u>	<u>157,218</u>
Culture and recreation:					
Centennial beach	297,838	-	-	-	297,838
City auditorium	3,477,977	-	-	-	3,477,977
Civic center	35,928,676	676,908	34,001	-	36,571,583
Library	14,017,360	521,921	-	-	14,539,281
Total culture and recreation	<u>53,721,851</u>	<u>1,198,829</u>	<u>34,001</u>	<u>-</u>	<u>54,886,679</u>
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Special deficiency fund	14,070	-	-	-	14,070
Highway construction	57,063,955	623,741	-	-	57,687,696
Sidewalk construction	17,617,720	1,131,984	-	-	18,749,704
Street light construction	193,304	83,754	-	-	277,058
Street improvements	116,218,982	11,629,166	-	-	127,848,148
Total public works	<u>191,130,752</u>	<u>13,468,645</u>	<u>-</u>	<u>-</u>	<u>204,599,397</u>
Construction in progress:	<u>8,270,355</u>	<u>9,590,731</u>	<u>7,737,223</u>	<u>-</u>	<u>10,123,863</u>
Total governmental funds capital assets	<u>\$ 307,691,494</u>	<u>\$ 30,691,445</u>	<u>\$ 8,415,252</u>	<u>\$ -</u>	<u>329,967,687</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	117
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	122
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
Debt Capacity	127
These schedules present information to help the reader assess the affordability of the government's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	135
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	2003**	2004**	2005**	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 43,276,686	\$ 63,506,929	\$ 117,467,134	\$ 125,296,291	\$ 139,783,417	\$ 145,009,837	\$ 156,325,434	\$ 156,675,941
Restricted	19,860,939	14,103,406	11,973,853	11,506,459	12,084,714	11,898,341	12,749,497	13,913,204
Unrestricted	54,179,556	57,398,276	57,462,204	61,774,561	75,208,853	93,057,450	98,313,442	111,526,195
Total governmental activities net assets	\$ 117,317,181	\$ 135,008,611	\$ 186,903,191	\$ 198,577,311	\$ 227,076,984	\$ 249,965,628	\$ 267,388,373	\$ 282,115,340
Business-type activities								
Invested in capital assets, net of related debt	\$ 147,607,448	\$ 171,406,048	\$ 185,085,706	\$ 200,350,952	\$ 207,550,023	\$ 212,244,535	\$ 224,137,364	\$ 226,357,253
Restricted	-	-	-	6,169,917	15,199,969	9,727,626	16,785,740	11,788,078
Unrestricted	37,768,820	29,559,556	29,877,684	29,112,256	27,267,243	37,688,506	27,737,575	36,359,215
Total business-type activities net assets	\$ 185,376,268	\$ 200,965,604	\$ 214,963,390	\$ 235,633,125	\$ 250,017,235	\$ 259,660,667	\$ 268,660,679	\$ 274,504,546
Primary government								
Invested in capital assets, net of related debt	\$ 190,884,134	\$ 234,912,977	\$ 302,552,840	\$ 325,647,243	\$ 347,333,440	\$ 357,254,372	\$ 380,462,798	\$ 383,033,194
Restricted	19,860,939	14,103,406	11,973,853	17,676,376	27,284,683	21,625,967	29,535,237	25,701,282
Unrestricted	91,948,376	86,957,832	87,339,888	90,886,817	102,476,096	130,745,956	126,051,017	147,885,410
Total primary government net assets	\$ 302,693,449	\$ 335,974,215	\$ 401,866,581	\$ 434,210,436	\$ 477,094,219	\$ 509,626,295	\$ 536,049,052	\$ 556,619,886

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

**Retroactive infrastructure assets were not included until 2006.

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

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 8,179,507	\$ 9,039,757	\$ 11,284,393	\$ 10,492,958	\$ 10,249,017	\$ 13,854,192	\$ 13,695,936	\$ 13,379,249
Public safety	11,796,743	12,800,931	13,519,865	15,140,144	15,493,552	15,366,898	16,956,774	17,956,779
Highways and streets	5,459,602	6,167,330	5,688,282	6,291,580	6,811,043	7,025,955	7,895,728	8,567,797
Health and welfare	1,570,817	1,551,325	1,758,290	2,031,386	2,170,397	2,411,139	2,494,859	2,911,995
Culture and recreation	8,909,217	7,778,554	7,192,544	7,091,216	7,057,007	8,083,899	8,902,739	9,664,609
Interest and fiscal charges	707,778	1,809,733	1,419,105	1,455,778	1,832,560	2,177,509	2,505,666	2,350,187
Public works	1,907,209	3,179,326	4,069,184	8,980,826	7,251,011	7,493,102	8,170,980	7,262,546
Total governmental activities expenses	38,530,873	42,326,956	44,931,663	51,483,888	50,864,587	56,412,694	60,622,682	62,093,162
Business-type activities:								
Airport	3,189,893	3,381,964	3,861,147	4,390,771	4,585,664	5,301,641	5,680,499	5,695,428
Airport flightline	813,909	1,107,046	1,378,538	1,353,928	1,402,345	716,809	-	-
Solid waste disposal	1,722,807	1,997,566	2,421,202	2,152,630	2,074,212	2,457,040	2,449,207	2,525,468
Solid waste collections	1,525,709	1,573,279	1,574,263	1,732,743	1,773,631	1,801,698	2,084,233	1,964,611
Water	5,455,249	5,899,033	6,130,931	7,120,142	7,522,591	8,229,859	7,603,788	8,036,750
Sanitary sewer	2,621,053	3,066,589	3,465,950	3,480,827	3,892,916	4,526,528	4,921,746	5,237,690
Storm water	303,776	508,290	549,854	651,098	894,853	847,819	989,869	1,215,570
Commercial Property	-	-	-	-	-	-	-	33,312
Parking authority lots	745,690	751,226	777,506	789,584	925,530	1,123,507	926,238	873,209
Total business-type activities expenses	16,378,086	18,284,993	20,159,391	21,671,903	23,071,742	25,004,901	24,655,580	25,582,038
Total primary government expenses	\$ 54,908,959	\$ 60,611,949	\$ 65,091,054	\$ 73,155,791	\$ 73,936,329	\$ 81,417,595	\$ 85,276,262	\$ 87,675,200
Program Revenues								
Governmental activities:								
Charges for Services:								
General government	\$ 1,309,787	\$ 2,123,174	\$ 2,175,505	\$ 2,540,798	\$ 2,409,303	\$ 3,510,544	\$ 2,906,616	\$ 2,999,341
Public safety	1,455,663	2,030,048	1,972,048	2,230,428	1,978,685	1,063,372	1,075,509	1,351,519
Highways and streets	1,062,264	2,101,050	1,501,637	2,663,024	2,500,250	3,123,784	3,151,547	3,370,465
Health and welfare	117,898	166,410	235,909	192,742	216,261	382,628	444,964	511,601
Culture and recreation	5,106,556	4,466,125	3,666,423	3,062,688	3,434,124	4,094,528	4,348,057	5,015,681
Public works	4,278	21,516	-	30,604	-	-	-	-
Operating grants and contributions	8,984,749	8,087,416	7,433,665	8,439,561	9,873,983	8,623,585	11,508,981	10,113,555
Capital grants and contributions	7,167,363	16,676,232	12,992,496	13,853,173	26,747,183	23,052,334	17,986,128	16,781,232
Total governmental activities program revenues	25,208,558	35,671,971	29,977,683	33,013,018	47,159,789	43,850,775	41,421,802	40,143,394
Business-type activities:								
Charges for services:								
Airport	2,506,636	3,004,977	3,350,033	3,559,509	3,759,667	3,991,015	4,293,102	4,559,948
Airport flightline	860,300	1,119,432	1,403,483	1,407,451	1,524,383	700,936	-	-
Solid waste disposal	2,472,678	2,643,140	2,371,950	2,525,982	2,567,905	2,512,560	2,262,373	2,544,702
Solid waste collections	1,220,645	1,285,912	1,616,615	1,654,140	1,685,987	1,621,413	2,071,090	2,170,392
Water	8,564,721	8,364,265	9,292,463	11,231,908	10,445,955	10,864,440	10,010,899	10,320,520
Sanitary sewer	4,178,097	4,575,391	4,856,558	5,053,527	5,003,913	5,095,871	5,311,824	5,428,006

(Continued from previous page)

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

	2003	2004	2005	2006	2007	2008	2009	2010
Storm water	616,636	630,804	800,159	957,724	998,671	938,624	1,040,526	900,844
Commercial Property	-	-	-	-	-	-	-	54,103
Parking authority lots	774,764	765,404	796,650	807,583	808,003	834,896	867,583	883,751
Operating grants and contributions	5,176,334	1,452,790	311,490	31,151	413,366	98,518	-	-
Capital grants and contributions	4,959,457	8,625,324	6,409,535	10,560,757	4,546,714	5,138,533	8,037,085	3,675,261
Total business-type activities program revenues	31,350,268	32,467,439	31,208,936	37,789,732	31,754,584	31,796,806	33,894,482	30,537,527
Total primary government program revenues	\$ 56,558,826	\$ 68,139,410	\$ 61,186,619	\$ 70,802,750	\$ 78,914,373	\$ 75,647,581	\$ 75,316,284	\$ 70,680,921
Net (expense)/revenue	(13,322,315)	(6,654,985)	(14,953,980)	(18,470,870)	(3,704,798)	(12,561,919)	(19,200,880)	(21,949,768)
Governmental activities	14,972,182	14,182,446	11,049,545	16,117,829	8,682,842	6,791,905	9,238,902	4,955,489
Business-type activities	\$ 1,649,867	\$ 7,527,461	\$ (3,904,435)	\$ (2,353,041)	\$ 4,978,044	\$ (5,770,014)	\$ (9,961,978)	\$ (16,994,279)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 11,108,956	\$ 10,780,238	\$ 11,325,760	\$ 13,806,279	\$ 14,913,006	\$ 15,479,043	\$ 16,167,137	\$ 16,200,763
Sales tax	8,344,606	8,615,944	9,607,321	10,955,561	11,746,147	11,943,929	11,756,546	12,403,143
Occupancy tax	441,560	439,389	487,773	520,947	572,633	622,144	674,643	763,860
Lodging/liquor/food tax	1,239,576	1,300,551	1,435,820	1,534,606	1,700,605	1,835,399	1,935,984	2,043,586
State aid distribution	1,496,408	1,690,974	1,757,995	1,923,989	2,308,021	2,685,052	2,582,642	2,975,302
Franchise taxes	549,499	599,808	668,229	897,694	908,863	1,028,020	1,099,793	1,082,874
Other taxes	536,180	450,555	673,191	511,954	500,201	501,564	465,811	535,798
Unrestricted investment earnings	750,390	868,736	1,409,418	2,585,623	2,941,614	2,032,392	1,076,333	901,297
Gain (loss) on disposal of assets	14,324	27,892	176,949	173,018	145,575	163,874	28,153	244,748
Transfers	1,225,130	(903,933)	(3,472,278)	(2,764,681)	(3,532,194)	(840,854)	836,582	(464,636)
Total governmental activities	25,705,629	23,670,154	24,070,178	30,144,990	32,204,471	35,450,563	36,623,624	36,676,735
Business-type activities:								
Taxes								
Other taxes	62,911	69,357	67,271	21,487	56,117	97,298	78,488	63,107
Unrestricted investment earnings	396,668	392,750	819,900	1,704,943	1,986,272	1,698,200	475,469	299,907
Gain (loss) on disposal of assets	537,287	40,850	(2,381,188)	60,795	126,685	215,175	43,735	60,728
Transfers	(1,463,519)	903,933	3,472,278	2,764,681	3,532,194	840,854	(836,582)	464,636
Total business-type activities	(466,653)	1,406,890	1,978,261	4,551,906	5,701,268	2,851,527	(238,890)	888,378
Total primary government	\$ 25,239,976	\$ 25,277,044	\$ 26,048,439	\$ 34,696,896	\$ 37,905,739	\$ 38,302,090	\$ 36,384,734	\$ 37,565,113
Change in Net Assets								
Governmental activities	\$ 12,384,314	\$ 17,215,169	\$ 9,116,198	\$ 11,674,120	\$ 28,499,673	\$ 22,888,644	\$ 17,422,744	\$ 14,726,967
Business-type activities	14,505,529	15,589,336	13,027,806	20,669,735	14,384,110	9,643,432	9,000,012	5,843,867
Total primary government	\$ 26,889,843	\$ 32,804,505	\$ 22,144,004	\$ 32,343,855	\$ 42,883,783	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834

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.

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

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

	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 38,301	\$ 12,722	\$ 107,382	\$ 166,269	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778
Unreserved	16,190,368	17,151,618	17,346,623	18,783,976	20,727,974	21,729,864	20,617,386	20,369,528
Total general fund	<u>\$ 16,228,669</u>	<u>\$ 17,164,340</u>	<u>\$ 17,454,005</u>	<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>
All other governmental funds								
Reserved	\$ 2,931,734	\$ 3,860,452	\$ 3,631,228	\$ 3,497,652	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083
Unreserved, reported in:								
Special revenue funds	16,018,061	15,688,686	16,296,449	14,824,377	12,940,107	14,651,662	16,727,976	18,673,953
Debt service funds	17,840,712	10,832,473	10,770,334	10,369,216	11,014,840	10,897,034	11,817,883	13,036,782
Capital project funds	284,059	691,325	(1,901,216)	(2,428,987)	1,916,906	3,928,717	3,669,661	14,760,167
Total all other governmental funds	<u>\$ 37,074,566</u>	<u>\$ 31,072,916</u>	<u>\$ 28,796,795</u>	<u>\$ 26,262,258</u>	<u>\$ 29,265,565</u>	<u>\$ 32,744,882</u>	<u>\$ 36,067,262</u>	<u>\$ 48,869,985</u>

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$19,955,956	\$21,352,293	\$21,605,720	\$21,654,618	\$23,439,089	\$25,735,796	\$27,929,837	\$28,963,692	\$29,681,652	\$30,578,360
Licenses and permits	991,339	1,021,662	1,199,400	1,495,736	1,790,488	1,668,051	1,527,745	1,546,941	1,352,746	1,508,083
Special assessments	5,905,661	4,970,403	5,105,366	5,558,789	5,873,191	6,185,745	7,404,159	8,013,382	11,601,197	11,445,698
Intergovernmental	12,600,047	9,868,621	11,060,656	12,179,858	10,611,893	11,386,666	13,674,293	13,198,149	15,218,722	15,704,913
Charges for services	4,246,430	4,424,915	4,269,843	4,908,485	4,296,509	5,378,503	5,395,329	6,733,696	6,575,095	7,390,191
Fines and forfeits	958,229	1,034,585	1,005,608	1,432,979	1,237,852	1,319,887	1,158,782	962,615	868,180	868,997
Investment income	2,324,339	1,500,271	715,746	844,944	1,377,270	2,101,972	2,855,441	2,022,473	1,315,694	968,974
Rentals	403,948	599,456	510,076	526,962	570,485	873,198	759,240	815,495	814,068	799,489
Miscellaneous	82,054	225,889	185,747	245,353	235,853	207,675	229,092	243,636	613,419	456,451
Total revenues	47,468,003	44,998,085	45,658,162	48,847,724	49,432,630	54,857,493	60,933,916	62,500,079	68,040,773	69,721,156
EXPENDITURES										
General government	5,813,893	9,205,332	7,669,823	8,571,651	10,466,183	9,497,701	9,084,824	12,316,706	12,174,121	11,995,913
Public safety	9,759,129	10,174,805	11,050,363	11,777,432	12,284,611	13,107,591	13,341,670	13,730,955	15,414,803	16,134,498
Highways and streets	4,489,716	4,665,493	5,150,211	5,525,879	5,177,548	5,381,364	5,995,613	6,324,834	7,596,100	7,919,024
Health and welfare	857,895	943,627	1,545,937	1,523,547	1,712,812	1,873,190	2,022,052	2,308,410	2,390,513	2,804,458
Culture and recreation	3,210,837	3,217,661	3,794,278	3,290,157	3,216,287	3,306,751	3,603,065	4,003,495	4,159,604	4,369,646
Public works	-	-	736,087	1,397,143	481,233	1,177,137	2,092,389	2,136,119	1,380,553	1,244,878
Capital outlays	13,028,701	15,115,563	17,150,742	13,929,004	15,401,924	26,441,850	28,456,115	20,056,098	24,142,618	24,112,934
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	5,380,065	5,855,360	5,845,001	6,225,000	6,605,000	5,620,000	5,895,000	6,345,002	7,885,000	9,020,000
Interest and fiscal charges	2,350,011	2,094,524	2,062,745	1,894,734	1,453,663	1,385,807	1,762,755	2,269,842	2,450,581	2,356,595
Total expenditures	44,890,247	51,272,385	55,005,187	54,134,547	56,769,261	67,791,391	72,253,483	69,491,461	77,593,893	79,957,946
Excess (deficiency) of revenues over (under) expenditures	2,577,756	(6,274,300)	(9,347,025)	(5,286,823)	(7,336,631)	(12,933,898)	(11,319,565)	(6,991,382)	(9,553,120)	(10,236,790)
OTHER FINANCING SOURCES (USES)										
Transfer in	10,308,050	21,796,551	17,003,809	14,579,467	14,479,141	21,670,671	20,486,409	19,848,116	22,825,204	21,050,225
Transfer out	(9,484,935)	(20,162,730)	(13,799,838)	(12,986,720)	(13,513,006)	(20,450,648)	(19,790,656)	(18,143,859)	(18,639,463)	(19,472,373)
Refunding bonds issued	6,090,880	1,989,999	7,295,000	2,005,000	-	-	-	2,430,000	-	3,855,000
Premium on special assessment debt	-	-	-	21,084	-	-	-	22,881	70,495	240,378
Discount on special assessment debt	-	-	-	(12,987)	(33,539)	(4,422)	(46,236)	(36,878)	-	(131,597)
Payment to refunded bond escrow agent	(1,050,000)	(4,825,000)	(1,925,000)	(8,960,000)	-	-	-	(2,430,000)	-	(3,880,000)
Special assessment bonds issued	5,685,439	6,094,938	5,085,000	4,675,000	4,290,000	10,680,000	15,515,000	10,000,000	8,210,000	20,720,000
Total other financing sources (uses)	11,549,434	4,893,758	13,658,971	(679,156)	5,222,596	11,895,601	16,164,517	11,690,260	12,466,236	22,381,633
Net changes in fund balances	14,127,190	(1,380,542)	4,311,946	(5,965,979)	(2,114,035)	(1,038,297)	4,844,952	4,698,878	2,913,116	12,144,843
Debt service as a percentage of noncapital expenditures	24.3%	22.0%	20.9%	20.2%	19.5%	16.9%	17.5%	17.4%	19.3%	20.4%

Source: Fiscal Services

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

Fiscal Year	Property ² Taxes	Sales Tax	Occupancy Tax	Lodging/ Liquor/Food		State Aid ¹ Distribution	Franchise ¹ Tax	Other ¹ Taxes	Total
				Tax	Tax				
2001	9,355,291	7,837,357	412,550	1,127,264	-	-	-	-	18,732,462
2002	9,589,715	8,324,913	433,946	1,204,279	-	-	-	-	19,552,853
2003	9,746,300	8,344,606	441,560	1,239,576	1,496,408	549,499	536,180	536,180	22,354,129
2004	10,780,238	8,615,944	439,389	1,300,551	1,690,974	599,808	450,555	450,555	23,877,459
2005	11,325,760	9,607,321	487,773	1,435,820	1,757,995	668,229	673,191	673,191	25,956,089
2006	13,806,279	10,955,561	520,947	1,534,606	2,034,093	787,590	511,954	511,954	30,151,030
2007	14,913,006	11,698,846	572,633	1,747,906	2,308,021	908,863	500,201	500,201	32,649,476
2008	15,479,043	11,943,929	622,144	1,635,399	2,685,052	1,028,020	501,564	501,564	34,095,151
2009	16,167,137	11,756,546	674,643	1,935,984	2,582,642	1,099,793	465,811	465,811	34,682,556
2010	16,200,763	12,403,143	753,860	2,043,586	2,975,302	1,082,874	535,798	535,798	35,995,326

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

² Includes tax revenues from pension trust funds.

Source: Fiscal Services

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

Year	Commercial Land and Buildings	Residential Land and Buildings	Agricultural Land	Public Utilities	Total Taxable Assessed Value	Total True and Full Value	Assessed Value as a Percentage of True and Full Value	Total Direct Tax Rate
2000	342,229,500	686,593,922	339,650	21,110,850	1,050,273,922	\$ 2,100,547,844	50%	106.37
2001	358,373,810	723,852,156	324,700	22,451,500	1,105,002,166	2,210,004,331	50%	106.41
2002	374,284,710	763,429,078	282,900	21,099,040	1,159,095,728	2,318,191,456	50%	104.44
2003	390,791,510	808,050,456	295,050	22,386,450	1,221,523,466	2,443,046,931	50%	102.41
2004	409,533,790	870,033,934	274,850	23,057,610	1,302,900,184	2,605,800,367	50%	101.56
2005	451,493,820	943,417,311	227,800	23,153,410	1,418,292,341	2,836,584,682	50%	98.59
2006	527,172,200	1,053,554,467	213,000	24,076,640	1,605,016,307	3,210,032,613	50%	94.37
2007	592,136,940	1,213,446,289	228,760	24,293,280	1,830,105,269	3,660,210,538	50%	87.93
2008	660,701,410	1,286,286,222	156,300	27,468,550	1,974,612,482	3,949,224,964	50%	82.78
2009	700,195,450	1,353,003,345	156,500	29,602,980	2,082,958,275	4,165,916,549	50%	80.63

Source: Burleigh County Auditor/Treasurer Office

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

Fiscal Year ²	City of Bismarck			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Burleigh County Millage	Public School Millage	Bismarck Park District	State of North Dakota	
2000	102.74	3.63	106.37	63.71	277.88	37.98	1.00	486.94
2001	106.17	0.24	106.41	61.54	275.82	38.95	1.00	483.72
2002	103.98	0.46	104.44	64.00	274.09	39.01	1.00	482.54
2003	102.41	-	102.41	62.71	267.77	39.65	1.00	473.54
2004	101.56	-	101.56	65.05	262.21	40.62	1.00	470.44
2005	98.59	-	98.59	62.33	255.02	40.67	1.00	457.61
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

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, 2009

**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS
DECEMBER 31, 2010**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Metropolitan Life Assurance Company	\$ 23,038,850	1	1.10 %	\$ 19,478,000	1	1.75 %
Medcenter One	9,513,450	2	0.45	6,398,750	2	0.57
Waterford on West Century	8,908,050	3	0.43	3,648,650	7	0.33
Clark Equipment	8,475,900	4	0.40	4,044,050	4	0.36
Wal-Mart Property North	7,998,650	5	0.38			
Inreit Properties (Edgewood)	7,988,950	6	0.38			
Wal-Mart Property South	7,720,200	7	0.37			
* Mid Dakota Clinic	7,517,650	8	0.36	3,418,400	8	0.31
* Gateway Fashion Mall	6,608,850	9	0.32	5,556,900	3	0.50
Pinehurst Square Acquisition LLC	6,302,100	10	0.30	4,016,500	5	0.36
Regency Midwest Ventures LTD	5,971,650	11	0.29	3,348,250	9	0.30
* Menards	5,879,800	12	0.28	3,896,200	6	0.35
Basin Electric	-			2,873,750	10	0.26
Wal-Mart Store	-					
Totals	\$ 105,924,100		5.06	\$ 56,679,450		5.09

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

Source: Assessing Division

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

Fiscal Year	Total Tax Levy for Fiscal Year ¹	Collected within the		Collections in		Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2001	10,442,538	9,816,710	0.9401	158,846	9,975,556	0.9553	
2002	10,986,290	10,234,527	0.9316	100,834	10,335,361	0.9408	
2003	11,307,411	10,712,862	0.9474	121,021	10,833,883	0.9581	
2004	11,679,935	10,982,789	0.9403	143,079	11,125,868	0.9526	
2005	12,348,232	11,640,116	0.9427	117,743	11,757,859	0.9522	
2006	13,055,553	12,260,459	0.9391	131,382	12,391,841	0.9492	
2007	14,151,324	13,314,078	0.9408	124,505	13,438,583	0.9496	
2008	14,694,901	13,787,071	0.9382	158,674	13,945,745	0.9490	
2009	15,280,109	14,361,482	0.9399	169,350	14,530,832	0.9510	
2010	15,701,034	14,671,145	0.9344	164,566	14,835,711	0.9449	

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		Special		Revenue		Capital				
	Obligation	Bonds	Revenue	Bonds	Assessment	Bonds	Leases	Leases			
2001	\$ 345,000	\$ 9,695,000	\$ 36,095,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,135,000	0.0195	1,089
2002	60,000	11,040,000	32,470,000	-	-	-	-	-	43,570,000	0.0179	1,015
2003	-	16,875,000	31,305,000	565,508	-	-	300,104	-	49,045,612	0.0198	1,140
2004	-	8,335,000	31,335,000	123,338	-	-	233,140	-	40,026,478	0.0157	900
2005	-	6,655,000	30,705,000	-	-	-	141,907	-	37,501,907	0.0137	791
2006	-	5,970,000	36,450,000	-	10,000,000	-	79,737	-	52,499,737	0.0179	1,046
2007	-	5,265,000	46,775,000	-	18,833,536	-	9,795	-	70,883,331	0.0226	1,336
2008	-	4,505,000	51,190,000	-	26,537,149	-	17,771	-	82,249,920	0.0246	1,465
2009	-	3,705,000	52,315,000	-	28,694,406	-	12,555	-	84,726,961	0.0240	1,447
2010	-	2,850,000	64,845,000	-	31,137,187	-	6,484	-	98,838,671	0.0283	1,732

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 132 for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value ¹ of	
				Property	Per Capita ²
2001	345,000	282,058	62,942	0.0001	1
2002	60,000	18,474	41,526	0.0000	1
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-

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

¹ See the Schedule of Assessed Value and True and Full Value of Taxable Property on page 123 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 132.

Sources:
Planning Department
Assessing Division
Fiscal Services

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$55,250,108	\$57,954,786	\$61,076,173	\$65,145,009	\$70,914,617	\$80,250,815	\$91,505,263	\$98,730,624	\$ 104,147,914	\$ 109,712,623
Total net debt applicable to limit	62,942	41,526	-	-	-	-	-	-	-	-
Legal debt margin	\$55,187,166	\$57,913,260	\$61,076,173	\$65,145,009	\$70,914,617	\$80,250,815	\$91,505,263	\$98,730,624	\$ 104,147,914	\$ 109,712,623
Total net debt applicable to the limit as a percentage of debt limit	0.11%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Total assessed value	\$2,194,252,464
Debt limit (5% of total assessed value)	109,712,623
Debt applicable to limit:	
General Obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 109,712,623</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, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Bismarck Public School	\$ 14,842,206	79.91	\$ 1,186,040,681
Totals	<u>\$ 14,842,206</u>		<u>\$ 1,186,040,681</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.

The 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, 2010
 Burleigh County Levies, 2010

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

Fiscal Year	Water Revenue Bonds				Special Assessment Bonds			
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue		Special Assessment Collections	Debt Service		Coverage
			Principal	Interest		Principal	Interest	
2001	\$11,918,706	\$ 5,075,069	\$ 6,843,637	-	\$ -	\$ 3,492,066	\$ 1,640,866	0.68
2002	13,090,703	5,461,252	7,629,451	-	-	3,997,121	3,835,000	0.74
2003	13,396,192	5,609,458	7,786,734	-	-	4,192,468	4,325,001	0.74
2004	13,608,651	5,884,521	7,724,130	-	-	4,485,376	4,685,000	0.76
2005	14,995,914	6,290,238	8,705,676	-	-	4,693,578	4,920,000	0.77
2006	17,290,470	7,149,479	10,140,991	-	184,444	4,922,034	4,935,000	0.81
2007	16,500,612	7,368,682	9,131,930	520,000	389,600	5,437,106	5,190,000	0.81
2008	16,952,988	8,574,428	8,378,560	1,320,000	368,800	6,219,909	5,585,002	0.81
2009	16,783,419	8,777,959	8,005,460	1,440,000	347,600	7,864,035	7,085,000	0.84
2010	16,611,127	8,410,454	8,200,673	1,950,000	325,600	9,109,289	8,165,000	0.88

Fiscal Year	Sales Tax Bonds				Motel, Liquor, Restaurant Bonds				
	Sales Tax Collections	Debt Service Principal	Debt Service Interest	Coverage	Lodging, Liquor, Food Tax Collections		Debt Service		
					Principal	Interest	Principal	Interest	
2001	\$ 7,837,357	\$ 1,185,000	\$ 116,415	6.02	\$ 1,127,264	\$ -	\$ 410,000	\$ 428,860	1.34
2002	8,324,913	1,295,360	45,674	6.21	1,204,279	-	440,000	409,385	1.42
2003	8,344,606	990,000	79,263	7.80	1,239,576	-	470,000	612,732	1.14
2004	8,615,944	1,015,000	49,188	8.10	1,300,551	-	525,000	609,142	1.15
2005	9,607,321	1,045,000	16,981	9.05	1,435,820	-	640,000	240,990	1.63
2006	10,955,561	-	-	-	1,534,606	-	685,000	224,990	1.69
2007	11,698,846	-	-	-	1,747,906	-	705,000	207,865	1.91
2008	11,943,929	-	-	-	1,835,399	-	760,000	190,240	1.93
2009	11,756,546	-	-	-	1,935,984	-	800,000	167,440	2.00
2010	12,403,143	-	-	-	2,043,586	-	855,000	142,640	2.05

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

Source: Fiscal Services

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

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ³	Public School Enrollment ⁴	Unemployment Rate ⁵
2001	55,873	2,366,556,788	42,356	36.5	10,460	2.2
2002	56,798	2,437,599,766	42,917	36.7	10,359	3.3
2003	57,530	2,475,918,610	43,037	36.7	10,361	3.1
2004	57,237	2,545,943,543	44,481	36.8	10,440	2.7
2005	57,578	2,729,657,824	47,408	36.5	10,496	3.0
2006	58,264	2,925,377,176	50,209	36.5	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	36.5	10,852	3.5

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

Sources:

- ¹ Community Development
- ² ND State Tax Department
- ³ northdakota.com website
- ⁴ Bismarck Public Schools
- ⁵ North Dakota Job Service Labor Market Information Center website

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

Employer	2010			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of ND	4,400	1	12.59 %	4,309	1	13.19 %
Medcenter One	3,038	2	8.69	2,350	2	7.20
St. Alexius Medical Center	2,176	3	6.23	1,900	3	5.82
Bismarck Public Schools	1,714	4	4.90	1,506	4	4.61
US Government Offices	1,200	5	3.43	1,198	5	3.67
Walmart	668	6	1.91	715	7	2.19
AETNA	618	7	1.77	554	8	1.70
City of Bismarck	540	8	1.55	469	9	1.44
MDU Resources Group	537	9	1.54	380	11	1.16
Missouri Slope Lutheran Care Center	530	10	1.52	250	14	0.77
Coventry Healthcare	475	11	1.36	-	-	-
Mid Dakota Clinic	465	12	1.33	247	15	0.76
Basin Electric Power Cooperative Corporate Office	459	13	1.31	-	-	-
University of Mary	435	14	1.24	400	10	1.22
Bismarck State College	334	15	0.96	360	13	1.10
BOBCAT/Ingersoll Rand	-	-	-	867	6	2.65
United Tribes Technical College	-	-	-	370	12	1.13
Total	17,589		50.33	15,875		48.61

* This was a new table with our 2006 CAFR. We are only able to obtain from eight years ago. Information from nine years ago is not available.

Sources:
City of Bismarck 2011 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***

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

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

Source: City of Bismarck Annual Budgets

(Continued on next page)

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Physical arrests	2,269	2,214	3,237	5,045	3,837	2,821	2,689	2,585	2,381	3,589
Traffic citations	9,604	10,466	10,954	14,111	12,785	13,230	10,882	10,926	12,008	12,995
Parking citations	29,113	24,205	19,990	14,055	13,717	13,670	10,154	10,523	8,977	8,296
Number of accidents	2,960	3,129	3,158	3,018	3,184	3,184	3,149	3,563	3,741	3,865
Number of 911 emergency dispatches	2,796	3,005	3,572	4,257	2,926	3,762	3,792	3,942	4,740	4,802
Fire										
Number of 911 emergency dispatches	1,900	2,053	2,224	2,093	2,153	2,376	2,361	2,355	1,934	2,429
Number of fire inspections conducted	2,250	2,509	2,238	2,466	2,350	2,542	2,559	3,017	3,083	2,897
Number of environmental health inspections	4,752	3,676	3,172	4,684	3,966	3,770	3,974	4,107	3,866	4,988
Highways and streets										
Engineering										
Number of excavation permits	531	576	742	619	657	812	827	777	637	827
Number of improvement projects	54	43	58	38	57	77	79	43	36	36
Forestry										
Number of street trees planted	475	408	397	506	549	495	491	300	328	480
Number of street trees trimmed	2,733	2,798	3,470	3,568	2,662	2,440	1,105	1,116	1,097	1,038
Number of street trees removed	61	98	144	163	96	177	341	150	178	212
Roads and streets										
Potholes repaired	2,685	3,228	3,448	3,486	3,231	3,120	2,800	3,221	6,657	6,205
Street striping (miles)	102	190	104	185	104	105	110	125	110	215
Snow removal (hours)	6,452	2,523	2,497	25	1,673	3,421	3,918	7,465	20,000	20,553
Sand ice removal (tons)	7,299	10,900	7,976	10,656	10,200	10,987	11,793	11,408	9,926	6,850
Salt ice removal (tons)	485	640	578	1,162	1,014	762	926	868	849	902
Loads of snow hauled	998	1,400	1,668	16	1,122	1,974	2,771	2,899	12,925	14,481
Health and welfare										
Number of home visits	4,427	4,453	4,401	4,480	5,248	5,848	5,264	5,290	6,216	5,239
Number of immunizations	8,155	5,417	3,505	4,494	2,928	6,243	9,553	8,107	14,766	12,482
Number of office visits	3,796	3,708	3,784	5,902	2,365	5,040	4,255	4,209	4,756	4,517
Culture and recreation										
Auditorium events	56	54	57	55	65	55	108	121	115	113
Auditorium admissions	29,469	29,508	26,273	28,524	34,321	28,589	30,060	38,507	39,361	35,030
Community center events	316	302	200	211	250	283	346	393	412	411
Community center admissions	355,884	401,563	380,210	328,652	310,000	326,853	291,860	336,622	316,926	329,652

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Airport										
Gallons fuel dispensed (City only)	1,339,070	1,702,615	1,534,584	1,730,473	1,541,152	1,368,186	1,529,540	738,027	-	-
Gallons fuel dispensed (fuel permit holders)	976,933	628,812	781,647	1,171,576	1,184,315	1,185,503	1,440,263	2,141,699	2,995,619	3,787,215
Number of passengers-enplaning	131,246	139,343	141,090	159,963	174,567	180,674	181,310	175,626	181,114	194,043
Number of passengers-deplaning	130,760	139,978	141,307	160,613	172,766	180,170	180,844	174,579	180,322	193,897
Pounds of airmail-enplaning	456,651	441,852	402,390	16,076	3,455	-	-	-	-	1
Pounds of airmail-deplaning	866,096	5,235	1,595	7	-	-	-	-	-	239
Pounds of freight-enplaning	171,193	126,783	125,547	153,600	115,018	123,791	98,467	98,816	66,997	35,301
Pounds of freight-deplaning	170,176	152,469	169,122	209,302	131,188	133,518	114,659	98,834	85,939	55,130
Pounds of air cargo freight-enplaning	-	-	-	-	-	667,453	1,889,204	1,445,581	1,297,017	1,357,768
Pounds of air cargo freight-deplaning	-	-	-	-	-	1,848,782	4,036,041	3,236,152	2,995,192	3,254,751
Solid Waste										
Refuse collected (tons/year)	18,090	21,834	21,077	26,234	26,533	22,941	23,877	21,263	24,445	24,425
Garbage accepted for disposal (tons/year)	86,125	89,485	89,234	83,277	81,610	81,050	80,676	78,772	83,263	89,794
Acres used at landfill	1	3	2	2	2	2	2	2.5	2.5	2.5
Water										
Number of service connections	15,900	15,950	16,100	16,400	16,850	17,250	17,600	17,850	18,100	18,400
Average daily consumption (thousand of gallons)	9,569	10,324	10,285	9,360	9,947	11,690	10,420	10,300	9,350	8,840
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,860	6,170	6,040	5,960	6,290	6,040	6,220	6,010	6,630	6,830

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

Sources:

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

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	16	17	17	17	17	17	19	19
Fire stations	3	3	3	4	4	4	4	4	4	5
Highways and streets										
Streets (miles)	235	239	245	255	262	269	279	286	293	300
Streetlights	5,650	5,650	5,900	6,204	6,619	6,718	7,044	7,181	7,263	7,468
Traffic signals	49	60	77	86	92	104	104	104	104	104
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	17	17	17	20	20	21	20	20	25	22
Water										
Watermains (miles)	258	263	268	275	301	308	315	320	325	327
Fire hydrants	2,319	2,370	2,400	2,459	2,629	2,695	2,800	2,900	3,000	3,014
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)	231	236	241	247	256	267	276	281	290	292
Storm sewers (miles)	98	99	100	102	133	134	137	139	143	144
Maximum daily wastewater treatment capacity (thousand of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Parking Lots										
Number of parking lots	4	4	4	4	4	4	4	4	4	4

Note: Parking lots only include Parking Authority lots.

Source:

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