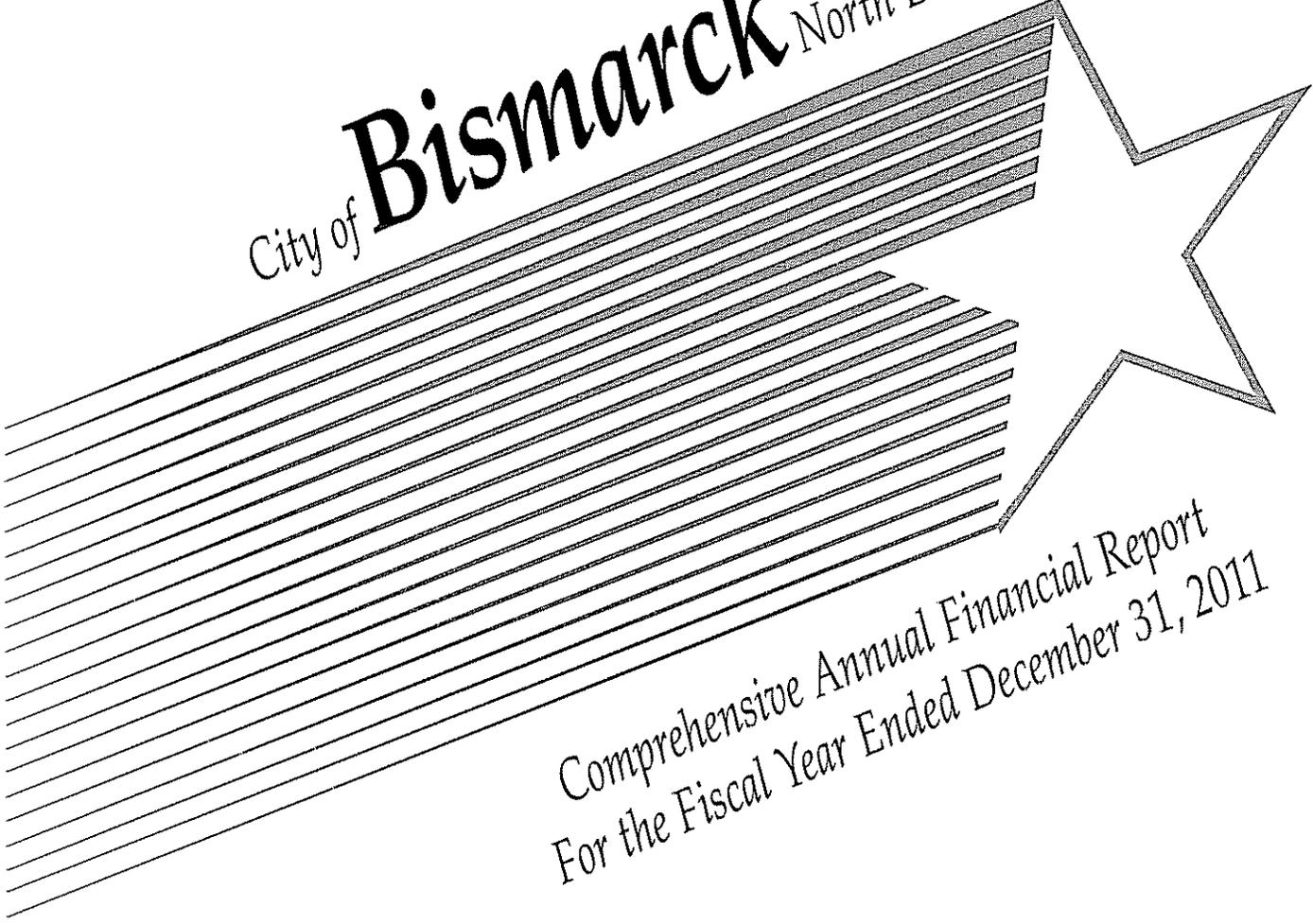


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2011

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2011

Prepared by Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

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Bismarck Finance Department

June 6, 2012

**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, 2011 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, 2011 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

www.bismarck.org



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 31.65 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.

The Commission is committed to new as well as current initiatives that support the economic growth of our City. 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 a \$23 million construction project for a three story mixed used building that includes residential units, office space, a restaurant and underground parking. Two rehabilitation projects, one of which was a single family residence and two leases were also approved in 2011. A total of 69 projects have been completed with 40 new businesses which have created 270 jobs to date. The building value of Zone projects has more than doubled and reflects 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 4th as most secure small city by Farmers Insurance Group. Members of the Bismarck Police Department are committed to working with members of our community to ensure this trend continues. The Police Department is also the only accredited Municipal Law Enforcement agency in the state and was re-accredited in 2011 with meritorious status for 15 or more years of accreditation.

Bismarck continues to receive national recognition from a number of publications in 2011. The Bismarck MSA maintained the #2 ranking on the 2011 Milken Institute Best Performing Cities Index. Forbes ranked Bismarck #2 for Best Cities for Job Growth in Small Metro Areas and was described as “the emerging capital of the expanding Dakota energy belt.” Forbes also ranked Bismarck #3 on the Best Small Places for Business and Career List and ranked North Dakota 4th on the Best State list. Bismarck was ranked 3rd in overall scores by the Gallop Healthway Well-being Index. Lending Tree identified Bismarck as the #1 healthiest real estate markets in the US. An Inman news special report ranked Bismarck 9th in the top ten real estate markets to watch in 2011. Burleigh county was also ranked #3 in the Associated Press Least Economically Stress Index in 2011. Bismarck was ranked #10 of the Top Towns by Outdoor Life Magazine. 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% as compared to the national rate of 8.6% in October of 2011. Total employment for the first quarter of 2011 increased 2.9% for a total of 60,144. The local economic outlook remains positive as Bismarck continues to create and sustain jobs.

The census data reports an increase in population from 55,532 in 2000 to 61,272 in 2010 for a 10.5% growth. The growth in Burleigh County exceeded 14%. The 2012 census population estimates has the Bismarck metro area as one of the 50 fastest growing areas. Population increased by 2,100 or 1.9% in the metro area since the last census as compared to the State’s overall growth rate of 1.7%.

The growth in population is reflected in the increase in taxable sales and purchases in 2011 as compared to 2010 for Bismarck. Sales tax was up 12.5% and hospitality taxes also increased. The revenue increase for motel, restaurant and liquor tax was 11.7%, the hotel and motel tax was 21.3% and car rental tax was 27.5%.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2011, 413 building permits were issued for residential construction within the City’s corporate limits which was up from 328 in 2010. This included 392 single-family homes and 21 multi-family homes, which provided an additional 494 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 104 single-family building permits issued in 2011. Commercial growth also increased which included retail services, hotels, apartments and medical facilities. Growth in the property tax base for the year 2011 was 3.89%. The table below provides the percentage change by property classification.

| Property Class | 2010 | 2011 | Percentage |
|----------------|------------------------|------------------------|---------------|
| | Market Value | Market Value | Change |
| Commercial | \$1,560,215,600 | \$1,607,799,800 | 3.05 % |
| Residential | 2,789,122,000 | 2,910,871,800 | 4.37 % |
| Agricultural | 293,000 | 338,900 | 15.67 % |
| Total | \$4,349,630,600 | \$4,519,010,500 | 3.89 % |

The oil industry in western North Dakota continues to have a statewide impact. North Dakota has the country’s fastest-growing economy and lowest unemployment rate. State reports indicate business taxable sales and purchased jumped by more than 40% from 2011 with the largest increases attributed to the oil industry. Since Bismarck is the capital city, many companies have come here or expanded their services for the oil business. Eight engineering firms opened Bismarck offices in 2011. The City plans to update the growth management plan so we are in a position to respond to rapid growth.

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 \$932,333 with an average interest rate of .76% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee pension and Police pension had a net investment increase of \$1,916,552 for an average gain of 2.3% for the fiscal year.

Major Initiatives in 2011

The Commission launched a Strategic Planning Project in March. The process included community stakeholders and citizen input meetings in the spring and a reengagement with additional meetings in December. The Commission is expected to adopt new vision, mission and value statements, as well as goals, objectives and initiatives in the spring of 2012. The focus of the Strategic plan will be planning for growth impacts to the community.

The City experienced a historical Missouri River flood event in May. The event last 92 days and over \$15 million was spent for emergency response, protective measures and recovery efforts. The event costs are eligible for reimbursement funding with 90% from FEMA and 7% from the State. Despite the flood event, the City has benefitted from the oil industry expansion in western North Dakota and continues to grow and prosper with increased building construction, sales tax base and employment.

The Commission continued phase 2 funding to replace the mercury vapor street lights with high pressure sodium lights to reduce energy consumption and costs. Combined with the installation of LED light technology upgrades in traffic signals, the green initiatives have reduced the overall electrical demand by 8.3% since 2008. This reduction also reflects the continued growth in new and residential and commercial developments.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$600,000 was used to replace 11 blocks for hard surfaced streets with permanent full depth concrete which was coordinated with the water main replacement. An additional \$1,350,000 was used to help fund annual resurfacing mill and overlay chip seal in 160 blocks. The Commission also authorized \$1.4 million for ground water impacted streets. This is a new program in 2011 and 13 blocks were reconstructed. The total estimated cost for the annual street maintenance exceeds \$8 million for 2011.

The construction of the East Century Avenue and Centennial Street project was started in 2011. This major reconstruction project widened the existing two-lane rural roadway section to a five-lane urban street with traffic signals, street lighting and storm sewer. The project budget was \$11 million dollars with \$8 million of the cost funded by the Federal and State regional highway funds. Another major street project was the mill and overlay of Expressway Avenue from Washington Street to Rosser. Expressway is the truck-by pass route so 90% of the \$5 million project cost was funded by regional highway funds.

Major upgrades are scheduled in the Water Treatment Plant. The construction project for the transmission pipeline and pumping station scheduled for 2011 was delayed due to the flood event. The project will be completed in 2012 and operational in 2013.

The Commission passed a no-smoking ordinance which banned smoking in bars, truck stops and tobacco shops. Smoking is already prohibited in all other public places so the change provided a comprehensive smoke free ordinance. The ordinance was referred to the citizens in a special election and officially reaffirmed by the voters in April.

Bismarck-Burleigh Public Health implemented "Moving More Eating Smarter" recognition program for child care centers, churches and restaurants. They also increased cancer awareness through community partnerships and expanded their TV segment on "Public Health Central Dakota."

The transload activity at the Northern Plains Commerce Centre continues to grow. In August Tubular Transport & Logistics (TTL) leased 9 acres which includes the transload facility. TTL became the new operator and continues to service existing accounts and started transloading pipe and other products for use in the Bakken oil region. The operation has created 16 new direct jobs with expansion planned in 2012. LaFarge North America, a large supplier of construction materials in the US and Canada, has a temporary site at NPCC with plans to build a 5 acre parcel in 2012. Two additional companies are currently working with the City on additional site selections in 2012. The Bobcat Manufacturing Support Center which is currently on site is operating at capacity and considering expansion in 2012.

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, .



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

**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..... Kristi Harms
 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, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. As described in Note V – G. to the financial statements, the City has reclassified certain funds in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012, 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 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.

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

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Bismarck's financial statements as a whole. 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 financial statements. The supplementary information - combining fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Bismarck, North Dakota
June 6, 2012

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, 2011. 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 \$596,289,987 (net assets). Of this amount, \$154,316,954 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$39,670,101 which was an increase of \$19,099,267 over 2010. The overall increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. The current year increase in funding due to the transfer of Civic Center Operations and the Northern Plains Commerce Centre from governmental funds to business-type funds.
- As of the close of the current fiscal year, the City of Bismarck's governmental activities reported combined ending fund balances of \$283,710,311, an increase of \$1,594,971 in comparison with the prior year. The unrestricted net assets of \$110,261,833, 39% of the governmental net assets, are available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,424,444 and the assigned fund balance was \$3,966,827. The assigned and unassigned fund balance is 80% of total general fund expenditures and 76% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$143,982,857 which was an increase of \$35,736,823 over 2010. This increase is attributed to the 2011 Missouri River Flood which resulted in \$16 million of FEMA reimbursement. \$11.2 million of State capital grants were used for construction of Century/Centennial arterial street and the repair of the expressway truck bypass.

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, Civic Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property, Northern Plains Commerce Centre 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-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, sales tax fund, 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 - 29 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Civic Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property, Northern Plains Commerce Centre and Parking Authority Lots. Airport, Civic Center, Water, 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 30 - 33 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 34 - 35 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 36 - 73 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bismarck's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 65 - 68 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 \$596,289,987 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, 2010 and December 31, 2011.

| City of Bismarck Net Assets | | | | | | |
|--|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Current and other assets | \$ 135,978,802 | \$ 145,365,892 | \$ 55,626,006 | \$ 60,994,381 | \$ 191,604,808 | \$ 206,360,273 |
| Capital assets | 224,249,280 | 216,727,259 | 257,433,778 | 291,298,697 | 481,683,058 | 508,025,956 |
| Total assets | 360,228,082 | 362,093,151 | 313,059,784 | 352,293,078 | 673,287,866 | 714,386,229 |
| Long-term liabilities outstanding | 70,375,079 | 70,878,003 | 32,944,449 | 31,936,486 | 103,319,528 | 102,814,489 |
| Other liabilities | 7,737,663 | 7,504,837 | 5,610,789 | 7,776,916 | 13,348,452 | 15,281,753 |
| Total liabilities | 78,112,742 | 78,382,840 | 38,555,238 | 39,713,402 | 116,667,980 | 118,096,242 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 156,675,941 | 148,375,719 | 226,357,253 | 261,533,235 | 383,033,194 | 409,908,954 |
| Restricted | 13,913,204 | 25,072,759 | 11,788,078 | 6,991,320 | 25,701,282 | 32,064,079 |
| Unrestricted | 111,526,195 | 110,261,833 | 36,359,215 | 44,055,121 | 147,885,410 | 154,316,954 |
| Total net assets | \$ 282,115,340 | \$ 283,710,311 | \$ 274,504,546 | \$ 312,579,676 | \$ 556,619,886 | \$ 596,289,987 |

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 20%. 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 \$154,316,954 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$110,261,833 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 8.47 and for the business-type activities is 6.18 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, 2010 and December 31, 2011.

| City of Bismarck Changes in Net Assets | | | | | | |
|---|----------------------------|--------------------|-----------------------------|-------------------|--------------------|--------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,248,607 | \$ 9,930,369 | \$ 26,862,266 | \$ 32,310,251 | \$ 40,110,873 | \$ 42,240,620 |
| Operating grants and contributions | 10,113,555 | 27,284,007 | - | 1,856 | 10,113,555 | 27,285,863 |
| Capital grants and contributions | 16,781,232 | 22,787,617 | 3,675,261 | 10,680,059 | 20,456,493 | 33,467,676 |
| General revenues: | | | | | | |
| Taxes | 35,995,326 | 39,946,325 | 63,107 | 60,524 | 36,058,433 | 40,006,849 |
| Investment earnings | 901,297 | 579,687 | 299,907 | 352,646 | 1,201,204 | 932,333 |
| Gain on disposal of assets | 244,748 | 31,259 | 60,728 | 18,257 | 305,476 | 49,516 |
| Total revenues | 77,284,765 | 100,559,264 | 30,961,269 | 43,423,593 | 108,246,034 | 143,982,857 |
| Expenses: | | | | | | |
| General Government | 13,379,249 | 28,399,400 | - | - | 13,379,249 | 28,399,400 |
| Public Safety | 17,956,779 | 18,250,946 | - | - | 17,956,779 | 18,250,946 |
| Highways and Streets | 8,567,797 | 8,099,656 | - | - | 8,567,797 | 8,099,656 |
| Health and Welfare | 2,911,995 | 2,915,310 | - | - | 2,911,995 | 2,915,310 |
| Culture and Recreation | 9,664,609 | 2,538,849 | - | - | 9,664,609 | 2,538,849 |
| Interest and Fiscal Charges | 2,350,187 | 2,174,135 | - | - | 2,350,187 | 2,174,135 |
| Public Works | 7,262,546 | 7,145,379 | - | - | 7,262,546 | 7,145,379 |
| Airport | - | - | 5,695,428 | 5,706,324 | 5,695,428 | 5,706,324 |
| Civic Center | - | - | - | 7,271,580 | - | 7,271,580 |
| Solid Waste Disposal | - | - | 2,525,468 | 2,480,955 | 2,525,468 | 2,480,955 |
| Solid Waste Collections | - | - | 1,964,611 | 2,194,976 | 1,964,611 | 2,194,976 |
| Water | - | - | 8,036,750 | 8,501,442 | 8,036,750 | 8,501,442 |
| Sanitary Sewer | - | - | 5,237,690 | 6,059,940 | 5,237,690 | 6,059,940 |
| Storm Water | - | - | 1,215,570 | 1,517,382 | 1,215,570 | 1,517,382 |
| Commercial Property | - | - | 33,312 | 151,021 | 33,312 | 151,021 |
| Parking Authority Lots | - | - | 873,209 | 905,461 | 873,209 | 905,461 |
| Total expenses | 62,093,162 | 69,523,675 | 25,582,038 | 34,789,081 | 87,675,200 | 104,312,756 |
| Increase in net assets before transfers | 15,191,603 | 31,035,589 | 5,379,231 | 8,634,512 | 20,570,834 | 39,670,101 |
| Transfers | (464,636) | (29,440,618) | 464,636 | 29,440,618 | - | - |
| Increase in net assets | 14,726,967 | 1,594,971 | 5,843,867 | 38,075,130 | 20,570,834 | 39,670,101 |
| Net assets, as adjusted - 1/1 | 267,388,373 | 282,115,340 | 268,660,679 | 274,504,546 | 536,049,052 | 556,619,886 |
| Net assets - 12/31 | \$ 282,115,340 | \$ 283,710,311 | \$ 274,504,546 | \$ 312,579,676 | \$ 556,619,886 | \$ 596,289,987 |

Governmental Activities

Governmental activities increased the City of Bismarck's net assets by \$1,594,971, accounting for 4% 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. The City also received \$1.3 million in additional funding from the state legislature to support street maintenance.

Business-type Activities

Business-type activities increased the City of Bismarck's net assets by \$38,075,130, accounting for 96% of the total growth in the City of Bismarck's net assets. The current year increase in funding is due to the transfer of Civic Center Operations of \$18.2 million and the Northern Plains Commerce Centre of \$7.9 million from governmental funds to business-type funds. Civic Center reported \$ 4.7 million in charges for services which is due to the reclassification of funds.

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 \$76,138,761, an increase of \$6,324,472 in comparison with the prior year. The total restricted due to external limitations is \$26,377,267 or 35% of the total fund balance. These limitations include \$197,703 for Building Construction Levy, \$14,013,340 for Special Assessment Debt Funds, \$10,727,915 for Tax Increment Levy, \$331,504 for highway weather-related operations and \$1,106,805 for Sales Tax. The unspendable funds of \$2,707,591 or 3.5% of fund balance is a result of \$2,499,879 in Advances to other funds and \$207,712 in Notes receivable. The committed funds of \$36,291,237 and assigned funds of \$3,966,827 are limited to its intended use. \$15,122,669 is committed to special programs in the Special Revenue Funds, \$296,247 is committed due to interest in the Lodging, Liquor Food Fund and \$20,850,278 is committed for use in the Special Deficiency, Highway Construction and the Tax Increment Construction Funds. The assigned uses include Fire Truck and Equipment Reserve of \$458,959, Contingencies of \$825,000, Department Equipment Reserve of \$1,580,343, Technology Equipment Reserve of \$59,281, Computer Expansion Reserve of \$623,464, Parking Lot Reserve of \$90,590 and Payroll Reserve of \$329,190.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18,424,444, while total fund balance reached \$22,611,017. The fund balance increased by \$1,666,711 from 2010. The change reflects the planned reduction for one-time expenditures including the purchase of a \$575,000 fire truck, various maintenance projects and fuel or utility reserves.

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 \$20,549,588. The tax increment district has a fund balance of \$18,635,070, special deficiency and assumptions was 1,994,747, highway construction fund was \$10,716,935, building improvements was \$375,804, street lights/signals was \$252,066 and commerce development was \$203,571 while the construction improvement districts for sewer, water, street and sidewalk had a combined negative fund balance of \$11,628,605. 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 2012. The highway construction fund receives funding from sales tax to construct and rehabilitate existing roads and streets. The special deficiency and assumptions receives a mill levy and an administration fee to repair a portion of the existing roads and streets.

Proprietary Funds

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

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$43,813,230. All individual proprietary funds reported increases in net assets.

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 \$411,899 which a majority was attributed to a discount of five percent on early payments.
- Intergovernmental revenue increased by \$744,643 which was attributed to an increase in state aid.
- Charges for services exceed budgeted by \$173,279 due to an increase of approximately \$86,786 in permits and \$98,746 in public health immunization fees.
- Administration has a positive variance of \$303,637 which is attributed to a proactive reserve for health insurance premiums that was not needed.
- Finance surplus of \$298,479 was due to vacant positions and delay in hiring current personnel and a reserve for financial software contingencies.
- Community Development surplus of \$431,474 was excess budget authority for MPO grant.
- One-time expenditures of \$195,000 were not utilized due to the service agreement for the Interoperability grant for \$60,000, the land records study for \$40,000, workforce development funds for \$50,000 and maintenance projects for \$45,000.
- Public Safety surplus in Combined Communications, Fire, and Police was \$446,118 and Engineering was \$0 which was attributed to delay in filling vacant positions.
- Public Health surplus of \$62,298 was partially attributed to a delay in filling vacant positions.
- Transfers of \$825,000 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, 2011, amounts to \$409,908,954 (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:

- The construction of the East Century Avenue and Centennial Street project was budgeted for \$11 million dollars with \$8 million of the cost funded by the Federal and State regional highway funds.
- Major upgrades are scheduled in the Water Treatment Plant. The construction project for the transmission pipeline and pumping station scheduled for 2011 was delayed due to the flood event.

- Another major street project was the mill and overlay of Expressway Avenue from Washington Street to Rosser. Expressway is the truck-by pass route so 90% of the \$5 million project cost was funded by regional highway funds.
- The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost for street repairs projects. Funding of \$600,000 was used to replace 11 blocks for hard surfaced streets with permanent full depth concrete which was coordinated with the water main replacement. An additional \$1,350,000 was used to help fund annual resurfacing mill and overlay chip seal in 160 blocks. The Commission also authorized \$1.4 million for ground water impacted streets. This is a new program was started in 2011 and 13 blocks were reconstructed. The total estimated cost for the annual street maintenance exceeds \$8 million for 2011.
- Phase 2 to replace the mercury vapor street lights with high pressure sodium lights to reduce energy consumption and costs was completed in 2011. Combined with the installation of LED light technology upgrades in traffic signals, the green initiatives have reduced the overall electrical demand by 8.3% since 2008. This reduction also reflects the continued growth in new and residential and commercial developments.
- Major Civic Center projects include a major lighting upgrade for \$369,900, and a stage deck improvement was \$74,721.
- Library replaced a generator for \$160,000 and replaced an air handling unit at the Police Department for \$105,200.

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

| | Governmental | | Business-type | | Total | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Land | \$ 3,762,614 | \$ 2,474,666 | \$ 12,351,426 | \$ 14,086,722 | \$ 16,114,040 | \$ 16,561,388 |
| Construction in Progress | 10,123,863 | 3,391,544 | 11,870,445 | 3,134,998 | 21,994,308 | 6,526,542 |
| Buildings | 34,128,437 | 21,384,001 | 75,965,279 | 98,133,460 | 110,093,716 | 119,517,461 |
| Improvements Other Than Buildings | 42,078 | 38,451 | 151,589,251 | 168,116,712 | 151,631,329 | 168,155,163 |
| Machinery and Equipment | 15,196,058 | 14,848,419 | 5,657,377 | 7,826,805 | 20,853,435 | 22,675,224 |
| Infrastructure | 160,996,230 | 174,590,178 | - | - | 160,996,230 | 174,590,178 |
| Total | \$ 224,249,280 | \$ 216,727,259 | \$ 257,433,778 | \$ 291,298,697 | \$ 481,683,058 | \$ 508,025,956 |

Additional information on the City of Bismarck's capital assets can be found in Note IV.C on pages 52 – 53 of this report

Long-term debt – At the end of the current fiscal year, the City of Bismarck had total long-term debt outstanding of \$102,814,489. Of this amount, \$66,155,000 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 | |
|-------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Special revenue bonds | \$ 2,850,000 | \$ 1,940,000 | \$ - | \$ - | \$ 2,850,000 | \$ 1,940,000 |
| Less unamortized discount | (12,260) | (6,900) | | | (12,260) | (6,900) |
| Special assessment bonds | 64,845,000 | 66,155,000 | - | - | 64,845,000 | 66,155,000 |
| Less unamortized discount | 109,400 | 263,440 | | | 109,400 | 263,440 |
| Capital Leases | - | - | 6,484 | 18,815 | 6,484 | 18,815 |
| Compensated Absences | 2,315,080 | 2,273,247 | 578,235 | 708,689 | 2,893,315 | 2,981,936 |
| Claims and Judgments | 267,859 | 253,216 | 68,573 | 79,367 | 336,432 | 332,583 |
| Closure and postclosure costs | - | - | 1,221,116 | 1,382,966 | 1,221,116 | 1,382,966 |
| Water revenue bonds | - | - | 7,860,000 | 7,280,000 | 7,860,000 | 7,280,000 |
| Less unamortized discount | - | - | (67,146) | (60,595) | (67,146) | (60,595) |
| Water Treatment | - | - | 5,662,187 | 5,722,244 | 5,662,187 | 5,722,244 |
| Wastewater revenue bonds | - | - | 17,615,000 | 16,805,000 | 17,615,000 | 16,805,000 |
| Total | <u>\$ 70,375,079</u> | <u>\$ 70,878,003</u> | <u>\$ 32,944,449</u> | <u>\$ 31,936,486</u> | <u>\$ 103,319,528</u> | <u>\$ 102,814,489</u> |

The City issued new special assessments debt of \$11,605,000 which includes sidewalk bonds of \$935,000. \$9,065,000 was issued in December of 2011 to fund projects completed in 2010. The City also refunded series S in May 2011 with Series D for an additional \$1,605,000. More detailed information about the debt position of the City can be found in Note IV G on pages 56 - 59 of the financial statements.

The City issued \$690,057 in Wastewater Revenue Bonds. The Wastewater Revenue Bond proceeds funded the Water Plant's Lime Sludge Dewatering and Standby Power. 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 56 – 59.

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

Growth is expected to continue in the property tax base with new construction and property value enhancement. Commercial growth continues with the construction of 4 hotels and 3 major office buildings 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 1.41 mills for a total of 79.27 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, five special assessment districts were authorized to fund these improvements in 2012. The growth also contributes to an increase in the need for additional support staff in Police and Inspections. Two new police officers and a new building inspector were authorized in 2012.

The economy in Bismarck and statewide continues to prosper with the impact of the oil industry in the western part of the state. For the first quarter of 2012, revenue for Sales Tax increased by 25% with similar increases in our hospitality taxes. Our State Aid revenue, which is a distribution of state sales tax, increased by 27% as compared to the prior year first quarter revenue. The commission is considering a new strategic plan with a focus on planning for continued growth impacts to the city.

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.

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CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-----------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 13,527,233 | \$ 26,570,508 | \$ 40,097,741 |
| Investments | 50,399,490 | 17,321,670 | 67,721,160 |
| Receivables: | | | |
| Taxes | 276,152 | - | 276,152 |
| Accounts | 14,442,876 | 2,421,998 | 16,864,874 |
| Special assessments | 61,890,016 | 3,608,752 | 65,498,768 |
| Interest receivable | 102,418 | 91,525 | 193,943 |
| Intergovernmental | 2,629 | - | 2,629 |
| Notes receivable | 443,578 | - | 443,578 |
| Internal balances | 1,122,332 | (1,122,332) | - |
| Inventories | 330,947 | 104,159 | 435,106 |
| Prepaid items | 89,929 | 90,070 | 179,999 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 582,200 | 582,200 |
| Investments | 1,303,780 | 4,315,311 | 5,619,091 |
| Revenue bond covenant accounts | - | 6,991,320 | 6,991,320 |
| Unamortized debt cost | 357,155 | 19,200 | 376,355 |
| Net pension obligation | 1,077,357 | - | 1,077,357 |
| Capital assets not being depreciated: | | | |
| Land | 2,474,666 | 14,086,722 | 16,561,388 |
| Construction in progress | 3,391,544 | 3,134,998 | 6,526,542 |
| Capital assets (net of accumulated depreciation): | | | |
| Building and building improvements | 21,384,001 | 98,133,460 | 119,517,461 |
| Improvements other than buildings | 38,451 | 168,116,712 | 168,155,163 |
| Machinery and equipment | 14,848,419 | 7,826,805 | 22,675,224 |
| Infrastructure | 174,590,178 | - | 174,590,178 |
| Total assets | <u>362,093,151</u> | <u>352,293,078</u> | <u>714,386,229</u> |
| LIABILITIES: | | | |
| Accounts payable | 2,763,121 | 1,981,215 | 4,744,336 |
| Retainage payable | 443,261 | 149,039 | 592,300 |
| Salaries payable | 1,360,172 | 431,042 | 1,791,214 |
| Interest payable | 357,180 | 313,398 | 670,578 |
| Unearned revenue | 1,277,323 | 967 | 1,278,290 |
| Customer deposits | 1,303,780 | 4,901,255 | 6,205,035 |
| Noncurrent liabilities: | | | |
| Due within one year | 11,572,485 | 2,634,185 | 14,206,670 |
| Due in more than one year | 59,305,518 | 29,302,301 | 88,607,819 |
| Total liabilities | <u>78,382,840</u> | <u>39,713,402</u> | <u>118,096,242</u> |
| NET ASSETS: | | | |
| Investment in capital assets, net of related debt | 148,375,719 | 261,533,235 | 409,908,954 |
| Restricted for: | | | |
| Debt service | 14,013,340 | 6,991,320 | 21,004,660 |
| Highway weather related projects | 331,504 | - | 331,504 |
| Capital projects | 10,727,915 | - | 10,727,915 |
| Unrestricted | 110,261,833 | 44,055,121 | 154,316,954 |
| Total net assets | <u>\$ 283,710,311</u> | <u>\$ 312,579,676</u> | <u>\$ 596,289,987</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, 2011

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | | |
|--|----------------------|------------------------------------|----------------------------------|---|-------------------------|--------------------------|----------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Expenses | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 28,399,400 | \$ 3,905,967 | \$ 18,444,940 | \$ - | (6,048,493) | \$ - | \$ (6,048,493) |
| Public safety | 18,250,946 | 1,236,829 | 1,793,147 | 52,226 | (15,168,744) | - | (15,168,744) |
| Highways and streets | 8,099,656 | 4,083,149 | 5,340,266 | - | 1,323,759 | - | 1,323,759 |
| Health and welfare | 2,915,310 | 554,209 | 1,425,983 | - | (935,118) | - | (935,118) |
| Culture and recreation | 2,538,849 | 150,215 | 279,671 | - | (2,108,963) | - | (2,108,963) |
| Interest and fiscal charges | 2,174,135 | - | - | - | (2,174,135) | - | (2,174,135) |
| Public works | 7,145,379 | - | 22,735,391 | - | 15,590,012 | - | 15,590,012 |
| Total governmental activities | 69,523,675 | 9,930,369 | 27,284,007 | 22,787,617 | (9,521,682) | - | (9,521,682) |
| Business-type activities: | | | | | | | |
| Airport | 5,706,324 | 4,903,504 | - | 7,371,701 | - | 6,568,881 | 6,568,881 |
| Civic Center | 7,271,580 | 5,019,304 | - | 42,396 | - | (2,209,880) | (2,209,880) |
| Solid waste disposal | 2,480,955 | 2,796,433 | 260 | - | - | 315,738 | 315,738 |
| Solid waste collections | 2,194,976 | 2,390,337 | 1,596 | - | - | 196,957 | 196,957 |
| Water | 8,501,442 | 9,468,281 | - | 1,602,935 | - | 2,569,774 | 2,569,774 |
| Sanitary sewer | 6,059,940 | 5,667,907 | - | 1,228,181 | - | 836,148 | 836,148 |
| Storm water | 1,517,382 | 920,664 | - | 434,846 | - | (161,872) | (161,872) |
| Commercial property | 151,021 | 201,831 | - | - | - | 50,810 | 50,810 |
| Parking authority lots | 905,461 | 941,990 | - | - | - | 36,529 | 36,529 |
| Total business-type activities | 34,789,081 | 32,310,251 | 1,856 | 10,680,059 | - | 8,203,085 | 8,203,085 |
| Total primary government | \$ 104,312,756 | \$ 42,240,620 | \$ 27,285,863 | \$ 33,467,676 | (9,521,682) | 8,203,085 | (1,318,597) |
| Taxes: | | | | | | | |
| Property taxes | | | | | 17,162,429 | - | 17,162,429 |
| Sales tax: | | | | | | | |
| Sales tax | | | | | 13,955,767 | - | 13,955,767 |
| Occupancy tax | | | | | 914,599 | - | 914,599 |
| Lodging/liquor/food tax | | | | | 2,292,498 | - | 2,292,498 |
| Unrestricted state aid distribution | | | | | 3,773,172 | - | 3,773,172 |
| Franchise taxes | | | | | 1,182,709 | - | 1,182,709 |
| Other taxes | | | | | 665,151 | 60,524 | 725,675 |
| Unrestricted investment earnings | | | | | 579,687 | 352,646 | 932,333 |
| Gain on disposal of assets | | | | | 31,259 | 18,257 | 49,516 |
| Transfers | | | | | (29,440,618) | 29,440,618 | - |
| Total general revenues and separate line items | | | | | 11,116,653 | 29,872,045 | 40,988,698 |
| Changes in net assets | | | | | 1,594,971 | 38,075,130 | 39,670,101 |
| Net assets - beginning | | | | | 282,115,340 | 274,504,546 | 556,619,886 |
| Net assets - ending | | | | | \$ 283,710,311 | \$ 312,579,676 | \$ 596,289,987 |

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

CITY OF BISMARCK, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| ASSETS | General | Sales Tax | Government Grants & Activities | Sewermain Bonds | Street Improvement Bonds | Street Improvement Construction | Governmental Funds | | Total |
|--|---------------------|---------------------|--------------------------------|---------------------|--------------------------|---------------------------------|----------------------|-----------------------------|-------|
| | | | | | | | Governmental Funds | Nonmajor Governmental Funds | |
| Cash and cash equivalents | \$ 553,568 | \$ 2,149,263 | - | - | - | - | \$ 9,836,186 | \$ 12,539,017 | |
| Investments | 16,595,909 | 2,304,272 | - | - | - | - | 28,939,610 | 47,839,791 | |
| Receivables: | | | | | | | | | |
| Taxes receivable | 184,474 | - | - | - | - | - | 91,678 | 276,152 | |
| Accounts receivable | 1,826,259 | 1,211,130 | 6,561,572 | - | - | - | 4,474,199 | 14,073,160 | |
| Special assessments | - | - | - | 13,302,023 | 42,935,903 | - | 5,652,090 | 61,890,016 | |
| Intergovernmental | - | - | - | 568 | 2,061 | - | - | 2,629 | |
| Notes receivable | - | - | - | - | - | - | 443,578 | 443,578 | |
| Due from other funds | 5,107,896 | - | - | 1,979,671 | 4,658,669 | - | 2,509,242 | 14,255,478 | |
| Advances to other funds | - | - | - | - | - | - | 2,499,879 | 2,499,879 | |
| Restricted assets: | | | | | | | | | |
| Investments | - | - | - | - | - | - | 1,303,780 | 1,303,780 | |
| Total assets | \$24,268,106 | \$ 5,664,665 | \$ 6,561,572 | \$15,282,262 | \$47,596,633 | \$ - | \$ 55,750,242 | \$ 155,123,480 | |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 336,511 | \$ - | \$ 434,582 | \$ - | \$ - | \$ 324,769 | \$ 1,009,580 | \$ 2,105,442 | |
| Retainage payable | - | - | - | - | - | 244,988 | 198,273 | 443,261 | |
| Due to other funds | - | - | 5,007,993 | - | - | 6,632,460 | 4,159,687 | 15,800,140 | |
| Advances from other funds | - | - | - | - | - | - | - | - | |
| Salaries payable | 1,101,683 | - | 53,143 | - | - | - | 180,603 | 1,335,429 | |
| Deferred revenue | 218,895 | - | 836,128 | 12,336,085 | 39,188,444 | - | 5,417,115 | 57,996,667 | |
| Customer deposits | - | - | - | - | - | - | 1,303,780 | 1,303,780 | |
| Total liabilities | 1,657,089 | - | 6,331,846 | 12,336,085 | 39,188,444 | 7,202,217 | 12,269,038 | 78,984,719 | |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 2,707,591 | 2,707,591 | |
| Restricted | 197,703 | 1,106,805 | - | 2,946,177 | 8,408,189 | - | 13,718,393 | 26,377,267 | |
| Committed | 22,043 | 4,557,860 | 229,726 | - | - | - | 31,481,608 | 36,291,237 | |
| Assigned | 3,966,827 | - | - | - | - | - | - | 3,966,827 | |
| Unassigned | 18,424,444 | - | - | - | - | (7,202,217) | (4,426,388) | 6,795,839 | |
| Total fund balances | 22,611,017 | 5,664,665 | 229,726 | 2,946,177 | 8,408,189 | (7,202,217) | 43,481,204 | 76,138,761 | |
| Total liabilities and fund balances | \$24,268,106 | \$ 5,664,665 | \$ 6,561,572 | \$15,282,262 | \$47,596,633 | \$ - | \$ 55,750,242 | \$ 155,123,480 | |

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

216,727,258
58,209,822

\$ 283,710,311

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

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | General | Sales Tax | Government | | Street | | Street | | Nonmajor | Total |
|---|---------------|---------------|---------------------|-----------------|-------------------|----------------|--------------------|---------------|------------|---------------|
| | | | Grants & Activities | Sewermain Bonds | Improvement Bonds | Construction | Governmental Funds | | | |
| REVENUES | | | | | | | | | | |
| Taxes | \$ 10,917,215 | \$ 13,955,767 | - | - | - | - | - | \$ 8,316,598 | \$ | \$ 33,189,580 |
| Licenses and permits | 1,956,383 | - | - | - | - | - | - | - | - | 1,956,383 |
| Special assessments | - | - | - | - | - | - | - | - | - | 12,107,061 |
| Intergovernmental | 5,414,434 | - | 17,270,884 | 2,244,299 | 8,136,698 | 125,549 | - | 1,600,515 | 15,480,624 | 38,165,942 |
| Charges for services | 2,843,318 | - | 186,080 | - | - | - | - | 2,695,041 | - | 5,724,439 |
| Fines and forfeits | 786,474 | - | 2,460 | - | - | - | - | 80,780 | - | 869,714 |
| Investment income | 123,135 | 31,383 | 817 | 94 | 601 | 6,152 | - | 608,567 | - | 770,749 |
| Rentals | 309,848 | - | - | - | - | - | - | 605,053 | - | 914,901 |
| Miscellaneous | 78,115 | - | 323,247 | - | - | - | - | 309,375 | - | 710,737 |
| Total revenues | 22,428,922 | 13,987,150 | 17,783,488 | 2,244,393 | 8,137,299 | 131,701 | - | 29,696,553 | - | 94,409,506 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 6,611,242 | 309 | 15,372,117 | - | - | - | - | 4,476,678 | - | 26,460,346 |
| Public safety | 15,592,577 | - | 881,315 | - | - | - | - | 46,749 | - | 16,520,641 |
| Highways and streets | 1,646,670 | - | 146,379 | - | - | - | - | 5,964,713 | - | 7,757,762 |
| Health and welfare | 1,880,067 | - | 939,891 | - | - | - | - | - | - | 2,819,958 |
| Culture and recreation | 288,658 | - | 5,778 | - | - | - | - | 1,659,594 | - | 1,954,030 |
| Public works | - | - | - | - | - | 165,590 | - | 1,095,311 | - | 1,260,901 |
| Capital outlays | | | | | | | | | | |
| General government | 94,304 | - | - | - | - | - | - | 2,289,679 | - | 2,383,983 |
| Public safety | 714,567 | - | 622,409 | - | - | - | - | - | - | 1,336,976 |
| Highways and streets | 66,959 | - | - | - | - | - | - | 124,386 | - | 191,345 |
| Health and welfare | 9,097 | - | 45,000 | - | - | - | - | - | - | 54,097 |
| Culture and recreation | - | - | - | - | - | - | - | 387,857 | - | 387,857 |
| Public works | - | - | - | - | - | 10,164,613 | - | 13,776,564 | - | 23,941,177 |
| Debt service | | | | | | | | | | |
| Principal | - | - | - | 1,444,241 | 6,015,185 | - | - | 1,895,574 | - | 9,355,000 |
| Interest and fiscal charges | - | - | - | 532,109 | 1,346,780 | - | - | 351,317 | - | 2,230,206 |
| Total expenditures | 26,904,141 | 309 | 18,012,889 | 1,976,350 | 7,361,965 | 10,330,203 | - | 32,068,422 | - | 96,654,279 |
| Excess (deficiency) of revenues over (under) expenditures | (4,475,219) | 13,986,841 | (229,401) | 268,043 | 775,334 | (10,198,502) | - | (2,371,869) | - | (2,244,773) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfer in | 6,979,376 | - | 36,744 | 24,412 | 159,871 | 3,581,077 | - | 12,406,123 | - | 23,187,603 |
| Transfer out | (837,445) | (13,909,536) | (81,944) | (142,700) | (459,922) | (46,554) | - | (9,027,458) | - | (24,505,560) |
| Refunding bonds issued | - | - | - | 213,399 | 1,363,599 | - | - | 28,002 | - | 1,605,000 |
| Premium on special assessment debt | - | - | - | (1,384) | - | 137,186 | - | (9,350) | - | 150,391 |
| Discount on special assessment debt | - | - | - | - | (8,839) | - | - | (32,277) | - | (18,189) |
| Payment to refunded bond escrow agent | - | - | - | (245,973) | (1,571,750) | - | - | (32,277) | - | (1,850,000) |
| Special assessment bonds issued | - | - | - | - | - | 8,184,043 | - | 1,815,957 | - | 10,000,000 |
| Total other financing sources (uses) | 6,141,930 | (13,909,536) | (45,200) | (152,246) | (517,041) | 11,855,752 | - | 5,195,586 | - | 8,569,245 |
| Net changes in fund balances | 1,666,711 | 77,305 | (274,601) | 115,797 | 258,293 | 1,657,250 | - | 2,823,717 | - | 6,324,472 |
| Fund balances - beginning | 20,944,306 | 5,587,360 | 504,327 | 2,830,380 | 8,149,896 | (8,859,467) | - | 40,657,487 | - | 69,814,289 |
| Fund balances - ending | \$ 22,611,017 | \$ 5,664,665 | \$ 229,726 | \$ 2,946,177 | \$ 8,408,189 | \$ (7,202,217) | \$ | \$ 43,481,204 | \$ | \$ 76,138,761 |

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, 2011**

| | |
|--|---------------------|
| Net change in fund balances-total governmental funds (Page 23) | 6,324,472 |
| The change in net assets reported for governmental activities in the statement of activities is different because: | |
| A transfer of Civic Center and NPCC capital asset from governmental to business type resulting in a decrease in net assets. | (23,694,672) |
| 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. | 16,413,241 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. | (216,446) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | 1,986,942 |
| 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. | (471,260) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | 4,174 |
| 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. | <u>1,248,520</u> |
| Change in net assets of governmental activities (Page 21) | <u>\$ 1,594,971</u> |

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, 2011

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget |
|--|----------------------|----------------------|-----------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary Fund Balance, January 1 | \$ 21,493,030 | \$ 21,493,030 | \$ 21,493,030 | \$ 18,791,397 |
| Resources (inflows) | | | | |
| Taxes | 11,329,114 | 11,329,114 | 10,917,215 | (411,899) |
| Licenses and permits | 1,646,845 | 1,646,845 | 1,956,383 | 309,538 |
| Intergovernmental | 4,669,791 | 4,669,791 | 5,414,434 | 744,643 |
| Charges for services | 2,670,039 | 2,670,039 | 2,843,318 | 173,279 |
| Fines and forfeits | 815,650 | 815,650 | 786,474 | (29,176) |
| Investment income | 142,525 | 142,525 | 123,135 | (19,390) |
| Rentals | 282,619 | 282,619 | 309,848 | 27,229 |
| Miscellaneous | 37,750 | 37,750 | 78,115 | 40,365 |
| Transfer in | 6,859,299 | 6,859,299 | 6,928,626 | 69,327 |
| Amount available for appropriation | <u>49,946,662</u> | <u>49,946,662</u> | <u>50,850,578</u> | <u>19,695,313</u> |
| Charges to appropriations (outflows) | | | | |
| General government | | | | |
| Administration | 927,703 | 927,703 | 624,066 | 303,637 |
| Building maintenance | 588,282 | 588,282 | 569,502 | 18,780 |
| Attorney | 364,705 | 364,705 | 360,322 | 4,383 |
| Finance | 2,614,281 | 2,614,281 | 2,315,802 | 298,479 |
| Human resources | 379,957 | 379,957 | 358,413 | 21,544 |
| Municipal court | 373,822 | 373,822 | 367,342 | 6,480 |
| Community development | 2,011,087 | 2,011,087 | 1,579,613 | 431,474 |
| One-time operations | 670,827 | 670,786 | 485,503 | 185,283 |
| Equipment reserve | 32,300 | 30,297 | 24,865 | 5,432 |
| Public safety | | | | |
| Combined communications | 1,796,186 | 1,796,186 | 1,588,229 | 207,957 |
| Fire & inspections | 5,463,371 | 5,465,454 | 5,330,622 | 134,832 |
| Police | 8,575,081 | 8,575,081 | 8,471,752 | 103,329 |
| One-time operations | 416,341 | 364,397 | 351,357 | 13,040 |
| Equipment reserve | 4,888 | 6,861 | 6,861 | - |
| Highways and streets | | | | |
| Weed control | 70,216 | 70,216 | 70,584 | (368) |
| Engineering | 1,700,853 | 1,700,853 | 1,570,264 | 130,589 |
| One-time operations | 45,000 | 45,000 | 39,000 | 6,000 |
| Equipment reserve | 49,700 | 49,730 | 26,479 | 23,251 |
| Health and welfare | | | | |
| Environmental health | 291,425 | 292,442 | 292,442 | - |
| Public health | 1,574,369 | 1,574,369 | 1,512,071 | 62,298 |
| One-time operations | 49,190 | 49,231 | 49,231 | - |
| Equipment reserve | 50,140 | 47,040 | 35,183 | 11,857 |
| Culture and recreation | | | | |
| Cable tv promotions | 269,781 | 269,781 | 269,781 | - |
| Centennial beach | 2,000 | 2,000 | 667 | 1,333 |
| One-time operations | 18,210 | 18,210 | 18,210 | - |
| Transfer out | | | | |
| Nondepartmental | 302,007 | 302,007 | 301,959 | 48 |
| Building construction | 380,000 | 380,000 | 380,000 | - |
| Contingencies | 825,000 | 825,000 | - | 825,000 |
| Combined communications | 70,626 | 70,626 | 59,956 | 10,670 |
| Community development | 9,907 | 9,907 | 9,324 | 583 |
| One-time operations | - | 51,944 | 51,944 | - |
| Equipment reserve | 34,178 | 34,178 | 34,178 | - |
| Total charges to appropriations | <u>29,961,433</u> | <u>29,961,433</u> | <u>27,155,522</u> | <u>2,805,911</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 19,985,229</u> | <u>\$ 19,985,229</u> | <u>\$ 23,695,056</u> | <u>\$ 22,501,224</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, 2011**

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 | \$ 50,850,578 |
| 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 | (21,493,030) |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes | <u>(6,928,626)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 22,428,922</u> |
| | |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 27,155,522 |
| 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 | 516,531 |
| The city budgets for salaries on the cash basis, rather than on the modified accrual basis | 69,449 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(837,361)</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 26,904,141</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, 2011

| | <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 | \$ 63,828 | \$ (2,436,172) | \$ 5,587,360 | \$ 8,023,533 |
| Resources (inflows) | | | | |
| Taxes | 11,991,677 | 11,991,677 | 13,955,767 | 1,964,090 |
| Investment income | <u>18,257</u> | <u>18,257</u> | <u>31,383</u> | <u>13,126</u> |
| Amount available for appropriation | <u>12,073,762</u> | <u>9,573,762</u> | <u>19,574,510</u> | <u>10,000,748</u> |
| Charges to appropriations (outflows) | | | | |
| General government | 1,000 | 1,000 | 309 | 691 |
| Transfer out | <u>14,478,038</u> | <u>14,478,038</u> | <u>13,909,536</u> | <u>568,502</u> |
| Total charges to appropriations | <u>14,479,038</u> | <u>14,479,038</u> | <u>13,909,845</u> | <u>569,193</u> |
| Budgetary Fund Balance, December 31 | <u><u>\$ (2,405,276)</u></u> | <u><u>\$ (4,905,276)</u></u> | <u><u>\$ 5,664,665</u></u> | <u><u>\$ 10,569,941</u></u> |

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

**CITY OF BISMARCK, NORTH DAKOTA
MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
GOVERNMENT GRANTS & ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <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 | \$ 391,923 | \$ 1,727,089 | \$ 504,327 | \$ (1,534,089) |
| Resources (inflows) | | | | |
| Intergovernmental | 5,409,112 | 5,409,112 | 17,270,884 | 11,861,772 |
| Charges for services | 264,051 | 264,051 | 186,080 | (77,971) |
| Fines and forfeits | 400 | 400 | 2,460 | 2,060 |
| Investment income | 2,450 | 2,450 | 817 | (1,633) |
| Miscellaneous | 29,900 | 29,900 | 323,247 | 293,347 |
| Transfer in | - | - | 36,744 | 36,744 |
| | <u>6,097,836</u> | <u>7,433,002</u> | <u>18,324,559</u> | <u>10,580,230</u> |
| Amount available for appropriation | | | | |
| Charges to appropriations (outflows) | | | | |
| General government | 787,878 | 15,372,117 | 15,372,117 | - |
| Public safety | 3,243,651 | 2,703,376 | 1,147,684 | 1,555,692 |
| Highways and streets | 141,500 | 406,900 | 146,379 | 260,521 |
| Health and welfare | 1,383,999 | 1,383,999 | 976,464 | 407,535 |
| Culture and recreation | 11,640 | 11,640 | 5,778 | 5,862 |
| Transfer out | 76,308 | 81,944 | 81,944 | - |
| | <u>5,644,976</u> | <u>19,959,976</u> | <u>17,730,366</u> | <u>2,229,610</u> |
| Total charges to appropriations | <u>5,644,976</u> | <u>19,959,976</u> | <u>17,730,366</u> | <u>2,229,610</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 452,860</u> | <u>\$ (12,526,974)</u> | <u>\$ 594,193</u> | <u>\$ 12,809,840</u> |

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

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

| | | <u>Government Grants & Activities</u> |
|--|-----------|---|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | \$ | 18,324,559 |
| 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 | | (504,327) |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes | | <u>(36,744)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>17,783,488</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ | 17,730,366 |
| 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 | | 363,836 |
| The City budgets for salaries are on the cash basis rather than on the modified accrual basis | | 631 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | | <u>(81,944)</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>18,012,889</u> |

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

CITY OF BISMARCK, NORTH DAKOTA
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|---|-----------------|---------------|-------------------|---------------------------------|---|
| | Airport | Civic Center | Water | Sanitary Sewer | Nonmajor Enterprise Funds | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 3,870,159 | \$ 655,680 | \$ 10,599,769 | \$ 62,024 | \$ 11,382,876 | \$ 26,570,508 |
| Investments | 296,792 | 1,237,114 | 61,518 | 11,046,558 | 4,141,504 | 16,783,486 |
| Receivables: | | | | | | |
| Accounts receivable | 528,904 | 128,757 | 983,895 | 510,934 | 258,424 | 2,410,914 |
| Special assessments | - | - | 1,714,089 | 1,545,184 | 349,479 | 3,608,752 |
| Interest receivable | 9,093 | 2,412 | 25,303 | 27,458 | 27,259 | 91,525 |
| Due from other funds | - | - | - | 1,605,409 | - | 1,605,409 |
| Inventories | - | - | 104,159 | - | - | 104,159 |
| Prepaid items | 9,161 | 23,334 | 28,771 | 11,550 | 17,254 | 90,070 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | - | 567,325 | - | - | 14,875 | 582,200 |
| Total current assets | 4,714,109 | 2,614,622 | 13,517,504 | 14,809,117 | 16,191,671 | 51,847,023 |
| Noncurrent assets: | | | | | | |
| Restricted assets: | | | | | | |
| Investments | - | - | 4,315,311 | - | - | 4,315,311 |
| Revenue bond covenant accounts | - | - | 3,124,313 | 3,867,007 | - | 6,991,320 |
| Unamortized debt cost | - | - | 19,200 | - | - | 19,200 |
| Capital assets not being depreciated: | | | | | | |
| Land | 6,515,486 | 912,100 | 879,448 | 324,591 | 5,455,097 | 14,086,722 |
| Construction in progress | 956,341 | 47,086 | 849,731 | 1,249,347 | 32,493 | 3,134,998 |
| Capital assets (net of accumulated depreciation): | | | | | | |
| Building and building improvements | 17,499,137 | 12,193,767 | 33,555,241 | 24,517,991 | 10,367,324 | 98,133,460 |
| Improvements other than buildings | 38,739,158 | - | 59,010,863 | 36,114,887 | 34,251,804 | 168,116,712 |
| Machinery and equipment | 1,563,347 | 1,911,354 | 289,252 | 566,209 | 3,496,643 | 7,826,805 |
| Total noncurrent assets | 65,273,469 | 15,064,307 | 102,043,359 | 66,640,032 | 53,603,361 | 302,624,528 |
| Total assets | 69,987,578 | 17,678,929 | 115,560,863 | 81,449,149 | 69,795,032 | 354,471,551 |
| | | | | | | 4,921,960 |

CITY OF BISMARCK, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds | |
|--|---|-----------------|---------------|-------------------|---------------------------------|-------------|---|--|
| | Airport | Civic Center | Water | Sanitary Sewer | Nonmajor Enterprise Funds | Total | | |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | 361,185 | 101,566 | 297,617 | 799,703 | 420,996 | 1,981,067 | 653,174 | |
| Retainage payable | - | 4,689 | 67,135 | 77,215 | - | 149,039 | - | |
| Leases payable | - | - | 2,708 | 1,596 | 1,584 | 5,888 | - | |
| Bonds payable | - | - | 1,255,000 | 835,000 | - | 2,090,000 | - | |
| Accrued interest payable | - | - | 145,348 | 168,050 | - | 313,398 | - | |
| Due to other funds | - | - | - | - | - | - | 60,747 | |
| Due to other entities | - | - | - | - | - | - | 4,650 | |
| Compensated benefits payable | 83,191 | 59,030 | 165,919 | 43,882 | 106,909 | 458,931 | - | |
| Salaries payable | 66,768 | 79,926 | 118,352 | 57,601 | 108,395 | 431,042 | 24,743 | |
| Deferred revenue | - | - | - | - | 967 | 967 | - | |
| Claims and judgments payable | - | - | - | - | - | - | 332,583 | |
| Total current liabilities | 511,144 | 245,211 | 2,052,079 | 1,983,047 | 638,851 | 5,430,332 | 1,075,897 | |
| Long-term liabilities: | | | | | | | | |
| Advances from other funds | - | - | 119,879 | - | 2,380,000 | 2,499,879 | - | |
| Customer deposits | - | 567,324 | 4,315,311 | - | 18,620 | 4,901,255 | - | |
| Compensated benefits payable | 40,455 | 42,491 | 26,253 | 51,596 | 88,964 | 249,759 | - | |
| Capital lease payable | - | - | 5,947 | 3,503 | 3,477 | 12,927 | - | |
| Revenue bonds payable | - | - | 11,686,648 | 15,970,000 | - | 27,656,648 | - | |
| Accrued closure/post closure costs | - | - | - | - | 1,382,966 | 1,382,966 | - | |
| Total long-term liabilities | 40,455 | 609,815 | 16,154,038 | 16,025,099 | 3,874,027 | 36,703,434 | - | |
| Total liabilities | 551,599 | 855,026 | 18,206,117 | 18,008,146 | 4,512,878 | 42,133,766 | 1,075,897 | |
| NET ASSETS | | | | | | | | |
| Invested in capital assets, net of related de | 65,273,470 | 15,064,307 | 81,634,232 | 45,962,926 | 53,598,300 | 261,533,235 | 34,188 | |
| Restricted for debt service | - | - | 3,124,313 | 3,867,007 | - | 6,991,320 | - | |
| Unrestricted | 4,162,509 | 1,759,596 | 12,596,201 | 13,611,070 | 11,683,854 | 43,813,230 | 3,811,875 | |
| Total net assets | \$ 69,435,979 | \$ 16,823,903 | \$ 97,354,746 | \$ 63,441,003 | \$ 65,282,154 | 312,337,785 | \$ 3,846,063 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | | 241,891 | |
| Net assets of business-type activities | | | | | | | \$ 312,579,676 | |

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, 2011

| | Business-type Activities - Enterprise Funds | | | | | Total | Governmental Activities-Internal Service Funds |
|---|---|----------------------|----------------------|----------------------|------------------------------|----------------------|--|
| | Airport | Civic Center | Water | Sanitary Sewer | Nonmajor Enterprise Funds | | |
| OPERATING REVENUES | | | | | | | |
| Charges for sales and services: | | | | | | | |
| Event sales | \$ - | \$ 4,702,380 | \$ - | \$ - | \$ - | 4,702,380 | \$ - |
| Sale of gas and oil | - | - | - | - | - | - | 1,361,640 |
| Sale of parts and labor | 37,567 | - | 284,532 | 2,814 | 999 | 325,902 | 1,797,114 |
| Water sales | 925 | - | 8,922,071 | - | - | 8,922,996 | - |
| Sanitation fees | - | - | 25,212 | 5,621,286 | 5,930,658 | 11,577,156 | - |
| Landing and airport fees | 1,948,447 | - | - | - | - | 1,948,447 | - |
| Miscellaneous sales | 13,403 | 22,032 | 47,102 | 1,901 | 85,728 | 170,166 | 104,133 |
| Rentals | 2,903,172 | 294,892 | 678,412 | 43,909 | 1,235,038 | 5,155,423 | 18,884 |
| Employer contributions | - | - | - | - | - | - | 6,306,553 |
| Employee contributions | - | - | - | - | - | - | 20,949 |
| Total operating revenues | <u>4,903,504</u> | <u>5,019,304</u> | <u>9,957,329</u> | <u>5,669,910</u> | <u>7,252,423</u> | <u>32,802,470</u> | <u>9,609,273</u> |
| OPERATING EXPENSES | | | | | | | |
| Cost of goods sold | - | 2,731,109 | 115,855 | - | - | 2,846,964 | 2,257,466 |
| Personal services - salaries & wages | 1,039,144 | 1,305,832 | 1,668,426 | 923,888 | 1,717,907 | 6,655,197 | 415,211 |
| Personal services - fringe benefits | 326,066 | 287,229 | 573,477 | 280,828 | 622,970 | 2,090,570 | 262,977 |
| Professional, legal, and contracted services | 820,925 | 152,383 | 130,222 | 14,991 | 719,015 | 1,837,536 | 1,830 |
| Building, equipment, and vehicle services | 648,694 | 653,497 | 1,882,604 | 1,675,000 | 1,775,619 | 6,635,414 | 188,392 |
| Travel & training | 20,334 | 11,584 | 3,132 | 7,640 | 6,483 | 49,173 | 7,298 |
| Operating services | 201,978 | 118,358 | 210,279 | 143,310 | 295,635 | 969,560 | 5,296,571 |
| Operating supplies | 228,286 | 58,277 | 1,053,543 | 477,630 | 579,391 | 2,397,127 | 16,098 |
| Depreciation expense | 2,460,991 | 1,999,255 | 2,689,053 | 2,100,134 | 1,646,728 | 10,896,161 | 24,144 |
| Total operating expenses | <u>5,746,418</u> | <u>7,317,524</u> | <u>8,326,591</u> | <u>5,623,421</u> | <u>7,363,748</u> | <u>34,377,702</u> | <u>8,469,987</u> |
| Operating income (loss) | <u>(842,914)</u> | <u>(2,298,220)</u> | <u>1,630,738</u> | <u>46,489</u> | <u>(111,325)</u> | <u>(1,575,232)</u> | <u>1,139,286</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Intergovernmental | 7,432,224 | 42,397 | - | - | 1,856 | 7,476,477 | - |
| Special assessments | - | - | 302,763 | 305,867 | 109,997 | 718,627 | - |
| Gain (loss) on disposal of assets | 13,340 | - | 9,806 | (66,548) | 61,637 | 18,235 | 23,412 |
| Investment income | 33,286 | 13,724 | 90,113 | 110,680 | 100,293 | 348,096 | 20,737 |
| Interest and fiscal charges | - | - | (326,230) | (520,864) | (3,095) | (850,189) | - |
| Total nonoperating revenues (expenses) | <u>7,478,850</u> | <u>56,121</u> | <u>76,452</u> | <u>(170,865)</u> | <u>270,688</u> | <u>7,711,246</u> | <u>44,149</u> |
| Income (loss) before contributions and transfer | <u>6,635,936</u> | <u>(2,242,099)</u> | <u>1,707,190</u> | <u>(124,376)</u> | <u>159,363</u> | <u>6,136,014</u> | <u>1,183,435</u> |
| CAPITAL CONTRIBUTIONS | | | | | | | |
| TRANSFERS IN | | | | | | | |
| Change in net assets | 10,000 | 3,067,011 | 57,548 | 21,721 | 510,997 | 3,667,277 | 150,104 |
| Total net assets - beginning | (169,665) | (330,350) | (1,527,981) | (193,297) | (240,729) | (2,462,022) | (133,855) |
| TRANSFERS OUT | | | | | | | |
| Change in net assets | 62,959,708 | 16,823,903 | 2,693,598 | 673,740 | 11,456,454 | 38,123,966 | 1,199,684 |
| Total net assets - ending | <u>\$ 69,435,979</u> | <u>\$ 16,823,903</u> | <u>\$ 97,354,746</u> | <u>\$ 62,767,263</u> | <u>\$ 53,825,700</u> | <u>\$ 38,075,130</u> | <u>\$ 2,646,379</u> |
| Total net assets - ending | | | | | | | <u>\$ 3,846,063</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, 2011

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Airport | Civic Center | Water | Sanitary Sewer | Enterprise Funds | Nonmajor Enterprise Funds | Total | Governmental Activities-Internal Service Funds |
|--|--------------|--------------|-------------|----------------|------------------|---------------------------|--------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from customers and users | 5,013,111 | 4,497,417 | 10,893,404 | 4,055,770 | 7,192,070 | - | 31,651,772 | 3,099,233 |
| Receipts from employer | - | - | - | - | - | - | - | 6,305,498 |
| Other operating cash receipts | - | - | - | - | - | - | - | 122,697 |
| Payments to suppliers | (2,024,668) | (4,050,432) | (3,925,843) | (2,182,712) | (5,629,825) | - | (17,613,480) | (8,044,155) |
| Payments to employees | (1,038,949) | (1,124,365) | (1,643,525) | (904,898) | (1,700,889) | - | (6,412,646) | (415,211) |
| Net cash provided by operating activities | 1,949,494 | (677,400) | 5,324,036 | 968,160 | (138,644) | - | 7,425,646 | 1,068,062 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Intergovernmental revenue | 6,914,271 | 42,397 | - | - | 1,856 | - | 6,958,524 | - |
| Payment on advance | - | - | (56,543) | - | 1,680,000 | - | 1,623,457 | - |
| Transfers from other funds | 10,000 | 2,679,334 | 57,548 | 21,721 | 510,997 | - | 3,279,600 | 150,104 |
| Transfers to other funds | (169,665) | (104,105) | (1,527,981) | (193,297) | (240,729) | - | (2,235,777) | (133,855) |
| Net cash provided (used) by noncapital financing activities | 6,754,606 | 2,617,626 | (1,526,976) | (171,576) | 1,952,124 | - | 9,625,804 | 16,249 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Capital lease payment | - | - | 5,608 | 3,303 | 3,703 | - | 12,612 | - |
| Revenue bond payment | - | - | (1,210,000) | (810,000) | - | - | (2,020,000) | - |
| Interest paid | - | - | (316,141) | (512,713) | (3,016) | - | (831,870) | - |
| Proceeds on bonds | 5,884 | - | 690,057 | - | 9,773 | - | 690,057 | - |
| Proceeds from sale of capital assets | 6,366 | - | 2,195 | - | - | - | 17,852 | 5,115 |
| Proceeds from insurance recoveries | - | - | 7,866 | - | - | - | 14,232 | 1,467 |
| Special assessments collected | - | - | 281,875 | 244,489 | 17,768 | - | 544,132 | - |
| Purchase of capital assets | (417,231) | (299,456) | (41,007) | (89,373) | (490,365) | - | (1,337,454) | - |
| Construction of capital assets | (8,528,374) | (424,168) | (2,507,947) | (1,225,727) | (18,403) | - | (12,704,619) | - |
| Construction of capital assets | (8,933,355) | (723,629) | (3,087,496) | (2,390,021) | (480,560) | - | (15,615,058) | - |
| Net cash provided (used) by capital and related financing activities | (12,202,820) | (1,427,222) | (4,408,165) | (4,005,120) | (1,958,248) | - | (23,001,475) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Proceeds from sales and maturities of investments | 277,076 | 72,633 | 13,547,476 | 14,992,631 | 4,796,776 | - | 33,686,592 | 2,607,969 |
| Purchase of investments | (296,792) | (1,804,439) | (7,501,142) | (14,913,565) | (4,141,504) | - | (28,657,442) | (3,097,883) |
| Investment income | 25,164 | 10,177 | 71,947 | 90,744 | 79,284 | - | 19,078 | - |
| Net cash provided (used) by investing activities | (94,552) | (1,781,629) | 6,116,281 | 169,810 | 734,556 | - | 5,305,466 | (470,836) |
| Net increase (decrease) in cash and cash equivalent | (223,807) | (505,029) | 6,827,845 | (1,423,827) | 2,067,476 | - | 6,742,858 | 620,057 |
| Cash and cash equivalents - January 1 | 4,093,966 | 1,160,709 | 3,771,924 | 1,485,651 | 9,330,275 | - | 19,842,525 | 368,159 |
| Cash and cash equivalents - December 31 | 3,870,159 | 655,680 | 10,599,769 | 62,024 | 11,397,751 | - | 26,585,383 | 988,216 |
| Reconciliation of operating income (loss) to net cash | | | | | | | | |
| Operating income (loss) | (842,914) | (2,298,220) | 1,630,738 | 46,489 | (111,325) | - | (1,575,232) | 1,139,286 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation expense | 2,460,991 | 1,999,255 | 2,689,053 | 2,100,134 | 1,646,728 | - | 10,896,161 | 24,144 |
| (Increase) decrease in accounts receivable | 109,607 | (125,782) | 2,425 | (8,731) | (42,505) | - | (64,866) | (81,845) |
| (Increase) decrease in due from other funds | - | - | 174,876 | (1,605,409) | - | - | (1,430,533) | - |
| (Increase) decrease in inventories | - | - | (39,556) | 522 | - | - | (39,556) | (14,118) |
| (Increase) decrease in prepaid items | 5,265 | (23,334) | 3,165 | - | 6,464 | - | (7,918) | (103,259) |
| Increase (decrease) in customer deposits | - | (396,105) | 758,774 | - | (2,340) | - | 360,329 | - |
| Increase (decrease) in accounts payable | 216,350 | (14,661) | 79,660 | 416,165 | (21,908) | - | 675,606 | 80,176 |
| Increase (decrease) in compensated benefits payable | (2,183) | 101,521 | 7,231 | 12,098 | 11,628 | - | 130,455 | - |
| Increase (decrease) in salaries payable | 2,378 | 79,926 | 17,670 | 6,932 | - | - | 112,096 | 1,809 |
| Increase (decrease) in due to other funds | - | - | - | - | (1,777,118) | - | (1,777,116) | 23,812 |
| Increase (decrease) in due to other entities | - | - | - | - | - | - | - | 1,806 |
| Increase (decrease) in deferred revenue | - | - | - | - | (15,508) | - | (15,508) | (3,849) |
| Increase (decrease) in estimated pending claims | - | - | - | - | - | - | - | - |
| Increase in closure and post closure costs | - | - | - | - | 161,850 | - | 161,850 | - |
| Total adjustments | 2,792,409 | 1,620,820 | 3,693,298 | 921,671 | (27,319) | - | 9,000,876 | (71,224) |
| Net cash provided by operating activities | 1,949,494 | (677,400) | 5,324,036 | 968,160 | (138,644) | - | 7,425,646 | 1,068,062 |
| NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES | | | | | | | | |
| Contribution of capital assets contributed through capital project funds | - | - | 1,156,668 | 53,877 | 11,026,824 | - | 1,210,545 | - |
| Contribution of capital assets from developers | - | - | 1,300,173 | 915,815 | - | - | 2,215,988 | - |
| Increase in fair value of investments | 2,241 | 1,135 | 6,714 | 8,644 | 7,140 | - | 25,874 | 1,659 |

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, 2011**

| | <u>Pension Trust Fund</u> | <u>Agency Fund</u> |
|---|-----------------------------------|------------------------|
| ASSETS | | |
| Receivables: | | |
| Taxes | \$ 28,956 | \$ 7,161 |
| Accounts | 58,502 | 15,378 |
| Accrued interest and dividends | 650,344 | - |
| Investments, at fair value: | | - |
| Domestic equities | 28,057,317 | - |
| International equities | 10,215,958 | - |
| Domestic fixed income | 18,474,456 | - |
| International fixed income | 7,737,676 | - |
| Real estate | 17,421,899 | - |
| Private equity | 1,320,556 | - |
| Mutual funds | 920,574 | - |
| Certificate of deposits and invested cash | 2,188,339 | 876 |
| Invested securities lending collateral | - | - |
| Total assets | <u>87,074,577</u> | <u>23,415</u> |
| LIABILITIES | | |
| Accounts payable | 117,451 | 876 |
| Due to other entities | - | 22,539 |
| Deferred revenue | 21,362 | - |
| Total liabilities | <u>138,813</u> | <u>23,415</u> |
| NET ASSETS | | |
| Assets held in trust for pension and other employee benefits | <u>86,935,764</u> | - |
| Total net assets held in trust | <u>\$ 86,935,764</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, 2011**

| | <u>Pension Trust Funds</u> |
|--|------------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 2,826,834 |
| Employee | 1,488,946 |
| Total contributions | <u>4,315,780</u> |
| Investment income: | |
| Net Increase (decrease) in fair value of investments | (433,156) |
| Interest and dividends | 2,374,178 |
| | <u>1,941,022</u> |
| Less: investment expense | (345,616) |
| Net investment income | <u>1,595,406</u> |
| Security lending activity: | |
| Securities lending income | <u>5,329</u> |
| Total additions | <u>5,916,515</u> |
| DEDUCTIONS | |
| Benefits paid to participants | 3,471,228 |
| Refunds | 335,846 |
| Administration expenses | 70,299 |
| Total deductions | <u>3,877,373</u> |
| Change in net assets | <u>2,039,142</u> |
| Net assets - beginning | <u>84,896,622</u> |
| Net assets - ending | <u>\$ 86,935,764</u> |

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011**

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.

Government Grants & Activities – This fund is used to account for federal and state grants & contributions, self-funded activities, and donations

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

Internal Service Funds – These funds are used by management to charge the cost of 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.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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, 2011.

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, 2011 was \$4,315,311.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

3. Receivables and Payables

Notes receivable as of December 31, 2011 were:

| | INTEREST RATE | MATURITY DATE | AMOUNT |
|---------------------------------------|------------------|-------------------------|------------------------------|
| NISC | 0-5% | 8/1/2011 | \$ 200,000 |
| HUD Brandon Heights II Project | 0% | 7/1/2003 - 7/1/2023 | 129,000 |
| HUD Habitat Home Ownership Project | 0% | 7/8/2009 - 7/8/2024 | 52,000 |
| HUD Housing Rehab Program | 0% | 10/15/2008 - 10/15/2013 | 33,266 |
| HUD Neighborhood Stabilization Progra | 0% | 3/30/2010 - 3/30/2025 | 21,600 |
| Grizella Corporation | 0% | 9/1/2008 | <u>7,712</u> |
| TOTAL NOTES RECEIVABLE | | | <u><u>\$ 443,578</u></u> |

Notes receivable to NISC and Grizella Corporation are made from the Vision Fund to promote economic and job development in the Bismarck area. The NISC Notes Receivable was paid in January 2012. The Grizella Corporation negotiated a new payment schedule and current repayments are made as expected. Repayments of the HUD loans are forgivable when the terms of the agreement are met. The details of the HUD loans are disclosed in Note IV on page 53.

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

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

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

4. Inventories and Prepaid Items

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

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2011, 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, 2011**

5. Restricted Assets

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

Investments restricted in the Water Enterprise Fund for Burleigh County Water Users are disclosed in Note I on pages 38-39.

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 pages 53-55.

6. Capital Assets

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

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

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

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

7. Compensated Absences/Termination Benefits

Sick Leave

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Annual Leave

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

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

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

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

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

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

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, 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, \$332,583 of claims and judgments are included in governmental activities. Compensated absences of \$2,273,247 generally have been liquidated by the General Fund and various Special Revenue Funds.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

9. Fund Equity

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

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

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

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

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

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

As of December 31, 2011, fund balances are composed of the following:

| | General Fund | Sales Tax | Government Grants and Activities | Sewermain Bonds | Street Improvement Bonds | Street Improvement Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|----------------------|---------------------|--|---------------------|--------------------------------|---------------------------------------|-----------------------------------|--------------------------------|
| <u>Nonspendable:</u> | | | | | | | | |
| Notes receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 207,712 | \$ 207,712 |
| Advance to other funds | - | - | - | - | - | - | 2,499,879 | 2,499,879 |
| <u>Restricted:</u> | | | | | | | | |
| Building construction | 197,703 | - | - | - | - | - | - | 197,703 |
| Highway weather projects | - | - | - | - | - | - | 331,504 | 331,504 |
| Capital projects | - | 1,106,805 | - | - | - | - | 10,727,915 | 11,834,720 |
| Debt payments | - | - | - | 2,946,177 | 8,408,189 | - | 2,658,974 | 14,013,340 |
| <u>Committed:</u> | | | | | | | | |
| Encumbrances | 22,043 | - | - | - | - | - | - | 22,043 |
| Public health programs | - | - | 229,726 | - | - | - | - | 229,726 |
| Transit system | - | - | - | - | - | - | 2,841 | 2,841 |
| Public library | - | - | - | - | - | - | 335,939 | 335,939 |
| Drug enforcement | - | - | - | - | - | - | 35,130 | 35,130 |
| Highways and streets | - | - | - | - | - | - | 3,056,453 | 3,056,453 |
| Street light operations | - | - | - | - | - | - | 411,171 | 411,171 |
| Civic center promotions | - | - | - | - | - | - | 13,060 | 13,060 |
| Civic center projects | - | - | - | - | - | - | 1,932,700 | 1,932,700 |
| Economic development | - | - | - | - | - | - | 3,655,733 | 3,655,733 |
| Social security payments | - | - | - | - | - | - | 892,056 | 892,056 |
| Capital projects | - | 4,557,860 | - | - | - | - | 20,850,278 | 25,408,138 |
| Debt payments | - | - | - | - | - | - | 296,247 | 296,247 |
| <u>Assigned:</u> | | | | | | | | |
| Fire truck/equipment | 458,959 | - | - | - | - | - | - | 458,959 |
| Contingencies | 825,000 | - | - | - | - | - | - | 825,000 |
| Department equipment | 1,580,343 | - | - | - | - | - | - | 1,580,343 |
| Technology equipment | 59,281 | - | - | - | - | - | - | 59,281 |
| Computer expansion | 623,464 | - | - | - | - | - | - | 623,464 |
| Parking lot | 90,590 | - | - | - | - | - | - | 90,590 |
| Payroll reserve | 329,190 | - | - | - | - | - | - | 329,190 |
| <u>Unassigned</u> | 18,424,444 | - | - | - | - | (7,202,217) | (4,426,388) | 6,795,839 |
| Total Fund Balances | \$ 22,611,017 | \$ 5,664,665 | \$ 229,726 | \$ 2,946,177 | \$ 8,408,189 | \$ (7,202,217) | \$ 43,481,204 | 76,138,761 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2011:

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. 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.

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 \$70,624,812 difference are as follows:

| | |
|---|----------------------------|
| Bonds payable | \$ (68,095,000) |
| Less: unamortized debt cost | 357,155 |
| unamortized bond discount | 203,113 |
| Plus: unamortized bond premium | (459,653) |
| Accrued interest payable | (357,180) |
| Compensated absences | <u>(2,273,247)</u> |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities | <u>\$ (70,624,812)</u> |

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 \$16,413,241 difference are as follows:

| | |
|--|--------------------------|
| Capital outlay | \$ 23,779,208 |
| Contributed Capital | \$ 2,188,875 |
| Depreciation expense | <u>(9,554,842)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 16,413,241</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 \$216,446 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>\$ (216,446)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (216,446)</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 \$471,260 difference are as follows:

| | |
|--|-------------------------|
| Debt issued or incurred: | |
| Issuance of refunded bond debt | \$ (1,605,000) |
| Issuance of special assessment debt | (10,000,000) |
| Less: discounts and bond cost | (95,383) |
| Plus: bond premium | 24,123 |
| Principal repayments: | |
| Payment to refunded bond escrow agent | 1,850,000 |
| General obligation debt | <u>9,355,000</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (471,260)</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 \$4,174 are as follows:

| | | |
|--|----|-----------|
| Compensated absences | \$ | 41,834 |
| Accrued interest | | (9,783) |
| Amortization of bond premium & interest on escrow | | (133,065) |
| Amortization of bond costs and discounts | | 98,150 |
| Net pension obligation | | 7,038 |
| | | |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ | 4,174 |

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA
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B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2011 expenditures exceeded budget at the fund level (i.e., the legal level of budgetary control) as follows:

| | Amount |
|---------------------------------|--------|
| <u>General Fund</u> | |
| Weed Control | 368 |
| <u>Special Revenue Fund</u> | |
| Gaming Enforcement Fund | 84 |
| <u>Debt Service Fund</u> | |
| Parking Lot Bonds | 862 |

The Special Revenue Fund and the Debt Service Fund exceeded appropriations due to the final transfer of remaining funds. The Gaming Enforcement Fund transferred to the general fund and the Parking Lot Bonds transferred to the Special Deficiency Fund. The General Fund Weed Control exceeded appropriations due to the cutting of additional assessed properties.

C. DEFICIT FUND BALANCE

The following individual funds had deficits at December 31, 2011, as measured by the balances in the total fund balance as follows:

| | Amount |
|---------------------------------|-----------|
| <u>Capital Projects Funds:</u> | |
| Sewermain Construction | 3,635,061 |
| Watermain Construction | 447 |
| Sidewalk Construction | 790,880 |
| Street Improvement Construction | 7,202,217 |

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December of 2012.

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, 2011, the carrying amount of the

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City's deposits was \$122,876,861 and the bank balance was \$124,643,626, all of which was insured and collateralized.

Cash and Investments

As of December 31, 2011 the city's cash and investments are as follows:

| | |
|----------------------------|-----------------------|
| Cash on hand | \$ 47,977 |
| Deposits | 122,876,861 |
| Investments | <u>84,424,325</u> |
| Total cash and investments | <u>\$ 207,349,163</u> |

The cash and investments presented in the Financial Statements December 31, 2011 are as follows:

| | |
|---|-----------------------|
| <u>Primary Government</u> | |
| Cash and cash equivalents | \$ 40,097,740 |
| Investments | 67,721,160 |
| Restricted: | |
| Cash and cash equivalents | 582,200 |
| Investments | 5,619,091 |
| Revenue bond covenant accounts | <u>6,991,320</u> |
| Total primary government cash and investments | <u>\$ 121,011,511</u> |
| <u>Fiduciary Funds</u> | |
| Investments | <u>86,337,652</u> |
| Total cash and investments | <u>\$ 207,349,163</u> |

B. INVESTMENTS

Primary Government

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

Interest Rate Risk

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

As of December 31, 2011 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

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Interest Rate Risk: City

| | Market Value | Less than 1 Year | 1-5 Years | 6-10 Years | 10+ Years |
|------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Certificate of Deposits | 43,763,353 | 9,211,633 | 34,551,720 | - | - |
| Government Agencies | 39,483 | - | - | 39,483 | - |
| Government Bonds | 7,111,754 | 129,923 | 1,391,709 | 1,454,344 | 4,135,778 |
| Federal Mortgage-Backed | 10,490,000 | - | 10,490,000 | - | - |
| External Investment Pool | 11,935,661 | 11,935,661 | - | - | - |
| Total Debt Securities | \$73,340,251 | \$21,277,217 | \$46,433,429 | \$1,493,827 | \$4,135,778 |

Some investments are more sensitive to interest rate changes than others. Variable and floating rates collateralized mortgage obligations (CMO), asset-backed securities (ABS), interest-only (IO) and principal-only (PO) securities are examples of investments whose fair values may be highly sensitive to interest rate changes. IO and PO securities are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The City held IO's valued at \$4,777,447 and PO's valued at \$2,334,304 at December 31, 2011. 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, 2011, the City (Primary Government) had the following debt securities with their respective ratings.

Credit Risk: City Investments

| <u>S&P Credit Rating</u> | Total Market Value | Government Agencies | Federal Mortgage- Backed | External Investment Pool |
|------------------------------|--------------------------|------------------------|--------------------------------|--------------------------------|
| AA | \$ 22,465,144 | \$ 39,483 | \$ 10,490,000 | \$ 11,935,661 |
| <u>Not Rated</u> | | | | |
| Government Bonds | 7,111,754 | | | |
| Certificate of Deposits | 43,763,353 | | | |
| Total Debt Securities | \$ 73,340,251 | | | |

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, 2011, 14.3 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>.

**CITY OF BISMARCK, NORTH DAKOTA
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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, 2011, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2011.

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 | \$ 182 | \$ - | \$ 39 | \$ 20 | \$ 123 | \$ - |
| Bank Loans | 1 | - | 1 | - | - | - |
| Commercial Mortgage-Backed | 258 | - | 1 | - | 257 | - |
| Guaranteed Fixed Income | 31 | 3 | 28 | - | - | - |
| Corporate Bonds | 5,817 | 55 | 1,878 | 1,812 | 2,072 | - |
| Corporate Convertible Bonds | 1,409 | 50 | 870 | 121 | 368 | - |
| Government Agencies | 1,264 | 3 | 803 | 351 | 107 | - |
| Government Bonds | 4,560 | 91 | 1,434 | 1,288 | 1,747 | - |
| Government Mortgage-Backed | 2,759 | 1 | 48 | 187 | 2,523 | - |
| Index Linked Government Bonds | 43 | - | - | - | 43 | - |
| Municipal/Provincial Bonds | 512 | 4 | 367 | 3 | 138 | - |
| Non-Government Backed CMOs | 820 | - | - | 205 | 615 | - |
| Other Fixed Income | 6 | 6 | - | - | - | - |
| Short Term Bills and Notes | 61 | 61 | - | - | - | - |
| Pooled Investments | 6,879 | - | 2,899 | 3,980 | - | - |
| Bond Mutual Funds | 61 | - | - | 61 | - | - |
| Fixed Mutual Funds | 239 | 239 | - | - | - | - |
| Total Debt Securities | \$24,902 | \$ 513 | \$ 8,368 | \$ 8,028 | \$ 7,993 | \$ - |

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, 2011. December 31, 2011 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2011.

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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 |
| AA | 2 | 2 | - | - |
| BBB | 55 | 55 | - | - |
| B | 3 | 3 | - | - |
| Not Rated | 24,842 | 1 | 239 | 24,602 |
| Total Debt Securities | \$ 24,902 | \$ 61 | \$ 239 | \$ 24,602 |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The City's foreign currency risk exposure portion of the investment pool is presented in the following table as of June 30, 2011. December 31, 2011 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 | \$ (389) | \$ 414 | \$ 203 | \$ 228 |
| Brazilian real | (149) | 215 | - | 66 |
| British pound sterling | 313 | 338 | 852 | 1,503 |
| Canadian dollar | (77) | 264 | 60 | 247 |
| Chinese yuan renminbi | 158 | - | - | 158 |
| Israeli shekel | - | - | 25 | 25 |
| Danish krone | - | - | 21 | 21 |
| Euro | 23 | 33 | 1,373 | 1,429 |
| Hong Kong dollar | - | - | 91 | 91 |
| Indian Rupee | - | 15 | - | 15 |
| Indonesian Rupiah | - | 240 | - | 240 |
| Japanese yen | (29) | - | 657 | 628 |
| Malaysian Ringgit | - | 185 | - | 185 |
| Mexican peso | - | 238 | - | 238 |
| New Zealand dollar | (130) | 141 | - | 11 |
| Norwegian krone | 2 | 165 | 137 | 304 |
| Philippine Peso | - | 42 | - | 42 |
| Polish zloty | - | 241 | - | 241 |
| Singapore dollar | 86 | - | 32 | 118 |
| South African rand | - | 119 | - | 119 |
| South Korean won | - | 230 | 1 | 231 |
| Swedish krona | - | - | 70 | 70 |
| Swiss franc | 3 | - | 250 | 253 |
| Turkish lira | 161 | - | - | 161 |
| International commingled funds (various currencies) | - | - | 1,704 | 1,704 |
| Total securities subject to foreign currency risk | \$ (28) | \$ 2,983 | \$ 5,476 | \$ 8,431 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------|-----------------|-------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,762,614 | \$ 67,912 | \$ (1,355,860) | \$ 2,474,666 |
| Construction in progress | 10,123,863 | 1,440,876 | (8,173,195) | 3,391,544 |
| Total capital assets, not being depreciated | 13,886,477 | 1,508,788 | (9,529,055) | 5,866,210 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 67,563,375 | 2,191,628 | (35,774,258) | 33,980,745 |
| Improvements other than buildings | 85,349 | - | - | 85,349 |
| Machinery & equipment | 36,889,065 | 4,015,241 | (4,733,187) | 36,171,119 |
| Infrastructure | 211,543,421 | 26,425,621 | (7,359,282) | 230,609,760 |
| Total capital assets being depreciated | 316,081,210 | 32,632,490 | (47,866,727) | 300,846,973 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (33,434,938) | (1,094,502) | 21,932,696 | (12,596,744) |
| Improvements other than buildings | (43,271) | (3,627) | - | (46,898) |
| Machinery & equipment | (21,693,006) | (2,226,763) | 2,597,069 | (21,322,700) |
| Infrastructure | (50,547,191) | (6,254,094) | 781,703 | (56,019,582) |
| Total accumulated depreciation | (105,718,406) | (9,578,986) | 25,311,468 | (89,985,924) |
| Total capital assets, being depreciated, net | 210,362,804 | 23,053,504 | (22,555,259) | 210,861,049 |
| Governmental activities capital assets, net | \$ 224,249,281 | \$ 24,562,292 | \$ (32,084,314) | \$ 216,727,259 |
| <u>Business-type Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 12,351,426 | \$ 1,735,296 | \$ - | \$ 14,086,722 |
| Construction in progress | 11,870,445 | 3,050,955 | (11,786,402) | 3,134,998 |
| Total capital assets, not being depreciated | 24,221,871 | 4,786,251 | (11,786,402) | 17,221,720 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 107,884,378 | 49,051,977 | (284,180) | 156,652,175 |
| Improvements other than buildings | 221,034,077 | 22,161,681 | - | 243,195,758 |
| Machinery & equipment | 15,371,604 | 5,275,142 | (467,499) | 20,179,247 |
| Total capital assets being depreciated | 344,290,059 | 76,488,800 | (751,679) | 420,027,180 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (31,919,099) | (26,819,529) | 219,913 | (58,518,715) |
| Improvements other than buildings | (69,444,825) | (5,634,221) | - | (75,079,046) |
| Machinery & equipment | (9,714,228) | (3,098,404) | 460,190 | (12,352,442) |
| Total accumulated depreciation | (111,078,152) | (35,552,154) | 680,103 | (145,950,203) |
| Total capital assets, being depreciated, net | 233,211,907 | 40,936,646 | (71,576) | 274,076,977 |
| Business-type activities capital assets, net | \$ 257,433,778 | \$ 45,722,897 | \$ (11,857,978) | \$ 291,298,697 |

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

Governmental activities:

| | |
|--|---------------------|
| General Government | \$ 1,118,778 |
| Public Safety | 1,214,973 |
| Highways and Streets | 483,864 |
| Health | 22,227 |
| Culture and Recreation | 490,511 |
| Public Works | 6,248,633 |
| Total depreciation expense - governmental activities | <u>\$ 9,578,986</u> |

Business-type activities:

| | |
|---|----------------------|
| Airport | \$ 2,460,991 |
| Civic Center | 1,999,255 |
| Solid Waste Disposal | 458,358 |
| Solid Waste Collections | 225,682 |
| Water | 2,689,053 |
| Sanitary Sewer | 2,100,134 |
| Storm Water | 565,243 |
| Commercial Property | 53,033 |
| Northern Plains Commerce Center | 16,173 |
| Parking Authority Lots | 328,239 |
| Total depreciation expense - business-type activities | <u>\$ 10,896,161</u> |

D. COMMITMENTS

As of December 31, 2011, the City had commitments on various construction contracts totaling approximately \$34,850,943.

The Community Development Block Grant Housing Rehabilitation Program has \$33,266 in five-year forgivable loans with 7 loans outstanding as of December 31, 2011. If the covenants of the agreement are met, the City will forgive 20% of the loan per year. The HOME Program has 2 outstanding loans in the amount of \$181,000 that is forgivable at 10% per year after 6 years, while the other requires a balloon payment (\$129,000) or loan forgiveness at the end of 20 years. The Neighborhood Stabilization Program has one loan outstanding in the amount of \$21,600 that is forgivable at 10% per year after 6 years.

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, 2011 was:

| Due From: | Due To: | | | | Total Due From |
|-----------------------------|-----------------------------------|--|---------------------------------------|---------------------------|----------------------|
| | Governmental Funds | | | Internal Service Funds | |
| | Nonmajor Governmental Funds | Government Grants and Activities | Street Improvement Construction | Unemployment Insurance | |
| <u>Governmental Funds:</u> | | | | | |
| General Fund | \$ 39,156 | \$ 5,007,993 | \$ - | \$ 60,747 | \$ 5,107,896 |
| Sewermain Bonds | 1,979,671 | - | - | - | 1,979,671 |
| Street Improvement Bonds | - | - | 4,658,669 | - | 4,658,669 |
| Nonmajor Governmental Funds | 535,451 | - | 1,973,791 | - | 2,509,242 |
| | <u>2,554,278</u> | <u>5,007,993</u> | <u>6,632,460</u> | <u>60,747</u> | <u>14,255,478</u> |
| <u>Business-Type Funds:</u> | | | | | |
| Sanitary Sewer | 1,605,409 | - | - | - | 1,605,409 |
| | <u>1,605,409</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,605,409</u> |
| Total Due To | <u>\$ 4,159,687</u> | <u>\$ 5,007,993</u> | <u>\$ 6,632,460</u> | <u>\$ 60,747</u> | <u>\$ 15,860,887</u> |

The due to/from other funds will be repaid in 2012.

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Advances

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

| Advance From: | Advance To: | | Total Advance From |
|-----------------------------|---------------------|---------------------------------|-----------------------|
| | Business-Type Funds | | |
| | Water | Nonmajor Enterprise Funds | |
| Nonmajor Governmental Funds | 119,879 | 2,380,000 | 2,499,879 |
| Total Advance To | \$119,879 | \$2,380,000 | \$ 2,499,879 |

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

Transfers

Governmental Funds:

| Transfer Out | Transfer In - Governmental Funds | | | | | |
|----------------------------------|----------------------------------|--|---------------------------------------|--------------------|--------------------------------|-----------------------------------|
| | General Fund | Government Grants and Activities | Street Improvement Construction | Sewermain Bonds | Street Improvement Bonds | Nonmajor Governmental Funds |
| General Fund | \$ - | \$ 36,744 | \$ - | \$ - | \$ - | \$ 621,853 |
| Sales Tax | 5,839,340 | - | - | - | - | 8,070,196 |
| Government Grants and Activities | 1,773 | - | - | - | - | 79,418 |
| Street Improvement Construction | - | - | - | - | 35,965 | 600 |
| Sewermain Bonds | - | - | - | - | - | 3,971 |
| Street Improvement Bonds | - | - | 9,654 | - | - | 450,268 |
| Nonmajor Governmental Funds | 529,429 | - | 3,011,935 | 11,118 | 123,906 | 1,868,438 |
| Airport | 85,603 | - | - | - | - | 83,314 |
| Civic Center | 81,051 | - | - | - | - | 99,761 |
| Water | 131,240 | - | 553,844 | - | - | 841,713 |
| Sanitary Sewer | 67,310 | - | 5,644 | 309 | - | 119,383 |
| Nonmajor Enterprise Funds | 90,996 | - | - | 12,985 | - | 135,527 |
| Internal Service Funds | 101,884 | - | - | - | - | 31,681 |
| Total Transfers Out | \$6,928,626 | \$ 36,744 | \$3,581,077 | \$ 24,412 | \$ 159,871 | \$ 12,406,123 |

**CITY OF BISMARCK, NORTH DAKOTA
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| Transfer Out: | Transfer In - Business-type Funds | | | | | | Totals |
|----------------------------------|-----------------------------------|---------------------|------------------|------------------|---------------------------|------------------------|----------------------|
| | Airport | Civic Center | Water | Sanitary Sewer | Nonmajor Enterprise Funds | Internal Service Funds | |
| General Fund | \$ - | \$ 34,178 | \$ - | \$ - | \$ - | \$ 144,671 | \$ 837,446 |
| Sales Tax | - | - | - | - | - | - | \$ 13,909,536 |
| Government Grants and Activities | - | - | - | - | - | 753 | \$ 81,944 |
| Street Improvement Construction | - | - | - | 9,989 | - | - | \$ 46,554 |
| Sewermain Bonds | - | - | - | 11,732 | 126,997 | - | \$ 142,700 |
| Street Improvement Bonds | - | - | - | - | - | - | \$ 459,922 |
| Nonmajor Governmental Funds | 10,000 | 3,031,041 | 57,548 | - | 384,000 | 44 | \$ 9,027,458 |
| Airport | - | - | - | - | - | 748 | \$ 169,665 |
| Civic Center | - | - | - | - | - | 542 | \$ 181,354 |
| Water | - | - | - | - | - | 1,184 | \$ 1,527,981 |
| Sanitary Sewer | - | - | - | - | - | 651 | \$ 193,297 |
| Nonmajor Enterprise Funds | - | - | - | - | - | 1,221 | \$ 240,729 |
| Internal Service Funds | - | - | - | - | - | 290 | \$ 133,855 |
| Total Transfers Out | \$ 10,000 | \$ 3,065,219 | \$ 57,548 | \$ 21,721 | \$ 510,997 | \$ 150,104 | \$ 26,952,441 |

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

The intent of the Civic Center Fund was changed and therefore reclassified from the governmental funds to an enterprise fund which results in \$1,792 of accrued interest revenue and \$148,995 of accrual annual leave and payroll expenses that is only reflected in the government-wide statements for the governmental funds. The transfers are as follows:

| Transfer Out | Transfer In | | | Totals |
|------------------------------|------------------------------|-----------------------------|------------------|-------------------|
| | Business Type - Civic Center | Nonmajor Governmental Funds | General Fund | |
| Governmental - General Fund | \$ 1,792 | \$ - | \$ - | \$ 1,792 |
| Business Type - Civic Center | - | 98,245 | 50,750 | \$ 148,995 |
| Total Transfers Out | \$ 1,792 | \$ 98,245 | \$ 50,750 | \$ 150,787 |

F. LEASES

Capital Leases

The City has financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, and Storm Sewer Funds. The purchase date for the leased equipment was December 30, 2011 in which depreciation did not start until 2012. 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:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

| | |
|--------------------------------|---------------------------------------|
| Asset: | |
| Machinery and equipment | Business-type Activities 18,815 |
| Less: accumulated depreciation | - |
| Total | \$ 18,815 |

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 were as follows:

| | |
|---|-----------------------------|
| | Business-type Activities |
| Year ending December 31 | |
| 2012 | 6,925 |
| 2013 | 6,925 |
| 2014 | 6,925 |
| Total minimum lease payments | \$ 20,775 |
| Less: amount representing interest | (1,960) |
| Present value of minimum lease payments | \$ 18,815 |

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, 2011 was \$111,119,103 with a remaining non-obligated margin of \$111,119,103. The City had no general obligation bonds outstanding as of December 31, 2011.

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, 2011 are as follows:

| | Date of Issue | Date of Final Payment | Interest Rate | Original Amount of Issue | Amount Outstanding 1/1/2011 | Amount Issued in 2011 | Amount Retired in 2011 | Amount Outstanding 12/31/2011 | Due Within One Year |
|---|------------------|-----------------------------|------------------|--------------------------------|-----------------------------------|-----------------------------|------------------------------|-------------------------------------|------------------------|
| Governmental Activities - Revenue Bonds | | | | | | | | | |
| Lodging, Liquor, Food | 5/1/2003 | 12/1/2013 | 2.50-4.10% | \$ 7,295,000 | \$ 2,850,000 | \$ - | \$ 910,000 | \$ 1,940,000 | \$ 950,000 |
| Business-type Activities - Revenue Bonds | | | | | | | | | |
| Water Utility | 4/15/2006 | 4/1/2021 | 4.00% | 10,000,000 | 7,860,000 | - | 580,000 | 7,280,000 | 605,000 |
| Water Treatment | 6/15/2009 | 9/1/2028 | 3.31% | 16,320,000 | 5,662,187 | 690,057 | 630,000 | 5,722,244 | 650,000 |
| Wastewater | 1/14/2006 | 9/1/2027 | 2.50% | 19,200,000 | 17,615,000 | - | 810,000 | 16,805,000 | 835,000 |
| Total Revenue Bonds | | | | \$ 52,815,000 | \$ 33,987,187 | \$ 690,057 | \$ 2,930,000 | \$ 31,747,244 | \$ 3,040,000 |

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

| Years | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | |
|-----------|-------------------------|------------|--------------------------|--------------|
| | Principal | Interest | Principal | Interest |
| 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 | 1,042,543 |
| 2015 | - | - | 2,305,000 | 970,879 |
| 2016 | - | - | 2,385,000 | 896,762 |
| 2017-2021 | - | - | 11,387,244 | 2,687,322 |
| 2022-2026 | - | - | 5,950,000 | 617,500 |
| 2027 | - | - | 1,300,000 | 32,500 |
| Total | \$ 1,940,000 | \$ 119,180 | \$ 29,807,244 | \$ 8,538,436 |

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, 2011 are as follows:

| Governmental Activities - Special Assessment Bonds | Date of Issue | Date of Final Payment | Interest Rates | Original Amount of Issue | Amount Outstanding 1/1/2011 | Amount Issued in 2011 | Amount Retired in 2011 | Amount Outstanding 12/31/2011 | Amount Due Within One Year |
|--|------------------|-----------------------------|-------------------|--------------------------------|-----------------------------------|-----------------------------|------------------------------|-------------------------------------|----------------------------------|
| Series J refunding | 5/1/1999 | 5/1/2014 | 4.00-4.40% | 3,920,000 | 625,000 | - | 160,000 | 465,000 | 155,000 |
| Series L refunding | 4/30/2001 | 6/1/2011 | 4.00-4.50% | 6,140,000 | 225,000 | - | 225,000 | - | - |
| Series O refunding | 11/12/2002 | 6/1/2012 | 2.10-4.00% | 1,990,000 | 265,000 | - | 180,000 | 85,000 | 85,000 |
| Series R refunding | 10/15/2004 | 5/1/2013 | 2.50-3.00% | 2,005,000 | 545,000 | - | 190,000 | 355,000 | 185,000 |
| Series S refunding | 6/15/2005 | 5/1/2020 | 3.25-4.10% | 3,180,000 | 2,090,000 | - | 2,090,000 | - | - |
| Series T refunding | 6/1/2006 | 5/1/2021 | 4.00-4.45% | 9,640,000 | 6,375,000 | - | 950,000 | 5,425,000 | 940,000 |
| Series U refunding | 7/1/2007 | 5/1/2022 | 4.00-4.75% | 14,395,000 | 11,655,000 | - | 1,095,000 | 10,560,000 | 1,080,000 |
| Series V refunding | 5/28/2008 | 5/1/2016 | 3.25-3.75% | 2,430,000 | 1,655,000 | - | 360,000 | 1,295,000 | 295,000 |
| Series W refunding | 12/23/2008 | 5/1/2023 | 3.50-4.45% | 8,914,000 | 7,980,000 | - | 670,000 | 7,310,000 | 655,000 |
| Series X refunding | 5/1/1999 | 6/1/2008 | 3.50-3.70% | 8,210,000 | 6,115,000 | - | 1,210,000 | 4,905,000 | 1,195,000 |
| Series Y refunding | 1/6/2010 | 5/1/2024 | 2.00-4.00% | 9,615,000 | 9,010,000 | - | 960,000 | 8,050,000 | 950,000 |
| Series A refunding | 3/25/2010 | 5/1/2019 | 2.00-3.00% | 3,855,000 | 3,855,000 | - | 795,000 | 3,060,000 | 525,000 |
| Series B refunding | 12/8/2010 | 5/1/2025 | 0.70-4.25% | 9,630,000 | 9,630,000 | - | 620,000 | 9,010,000 | 960,000 |
| Series C refunding | 12/14/2011 | 5/1/2026 | 2.00-2.75% | 9,065,000 | - | 9,065,000 | - | 9,065,000 | 620,000 |
| Series D refunding | 12/14/2011 | 5/1/2020 | 1.00-2.00% | 1,605,000 | - | 1,605,000 | - | 1,605,000 | 215,000 |
| Total refunding series | | | | \$ 94,594,000 | \$ 60,025,000 | \$ 10,670,000 | \$ 9,505,000 | \$ 61,190,000 | \$ 7,860,000 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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| Governmental Activities - Special Assessment Bonds | Date of Issue | Date of Final Payment | Interest Rates | Original Amount of Issue | Amount Outstanding 1/1/2011 | Amount Issued in 2011 | Amount Retired in 2011 | Amount Outstanding 12/31/2011 | Due Within One Year |
|--|------------------|-----------------------------|-------------------|--------------------------------|-----------------------------------|-----------------------------|------------------------------|-------------------------------------|------------------------|
| Sidewalk 00 | 5/15/2001 | 5/1/2011 | 4.30-4.70% | 420,000 | 40,000 | - | 40,000 | - | |
| Sidewalk 01 | 6/15/2002 | 5/1/2012 | 2.30-4.15% | 565,000 | 115,000 | - | 60,000 | 55,000 | 55,000 |
| Sidewalk 02 | 6/15/2003 | 5/1/2013 | 1.10-3.15% | 505,000 | 150,000 | - | 50,000 | 100,000 | 50,000 |
| Sidewalk 03 | 6/1/2004 | 5/1/2014 | 1.75-4.15% | 460,000 | 180,000 | - | 45,000 | 135,000 | 45,000 |
| Sidewalk 04 | 6/15/2005 | 5/1/2015 | 3.25-3.70% | 1,110,000 | 550,000 | - | 110,000 | 440,000 | 110,000 |
| Sidewalk 05 | 6/1/2006 | 5/1/2016 | 4.00-4.15% | 1,040,000 | 650,000 | - | 110,000 | 540,000 | 110,000 |
| Sidewalk 06 | 6/1/2006 | 5/1/2016 | 4.00-4.15% | 1,120,000 | 815,000 | - | 120,000 | 695,000 | 120,000 |
| Sidewalk 07 | 12/23/2008 | 5/1/2018 | 3.00-4.00% | 1,085,000 | 900,000 | - | 120,000 | 780,000 | 115,000 |
| Sidewalk 08 | 1/6/2010 | 5/1/2019 | 1.00-3.10% | 810,000 | 755,000 | - | 85,000 | 670,000 | 85,000 |
| Sidewalk 09 | 12/8/2010 | 5/1/2020 | 0.90-3.00% | 665,000 | 665,000 | - | 50,000 | 615,000 | 70,000 |
| Sidewalk 10 | 12/14/2011 | 5/1/2021 | 0.50-2.00% | 935,000 | - | 935,000 | - | 935,000 | 70,000 |
| Total sidewalk bonds | | | | \$ 8,715,000 | \$ 4,820,000 | \$ 935,000 | \$ 790,000 | \$ 4,965,000 | \$ 830,000 |
| Total special assessment bonds | | | | \$ 103,309,000 | \$ 64,845,000 | \$ 11,605,000 | \$ 10,295,000 | \$ 66,155,000 | \$ 8,690,000 |

The City issued \$1,605,000 Refunding Improvement Bonds (Series D) on December 1, 2011. The purpose of issuing the Series D Bonds was to advance refund the Series S Refunding Improvement Bonds for \$1,850,000 with a prepayment of \$245,000. The transaction resulted in an economic gain of \$128,919 and \$167,918 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 |
| 2012 | 8,690,000 | 1,983,270 |
| 2013 | 8,685,000 | 1,752,329 |
| 2014 | 8,010,000 | 1,509,364 |
| 2015 | 7,590,000 | 1,275,348 |
| 2016 | 6,175,000 | 1,062,161 |
| 2017-2021 | 20,320,000 | 2,922,611 |
| 2022-2026 | 6,685,000 | 395,425 |
| Total | \$ 66,155,000 | \$ 10,900,508 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| Special revenue bonds | \$ 2,850,000 | \$ - | \$ 910,000 | \$ 1,940,000 | \$ 950,000 |
| Less unamortized discount | (12,260) | - | (5,360) | (6,900) | - |
| Special assessment bonds | 64,845,000 | 11,605,000 | 10,295,000 | 66,155,000 | 8,690,000 |
| Plus unamortized premium | 109,400 | 196,740 | (42,700) | 263,440 | - |
| Compensated absences | 2,315,080 | 1,737,190 | 1,779,022 | 2,273,247 | 1,679,269 |
| Claims and judgments | 267,859 | 2,967,385 | 2,982,028 | 253,216 | 253,216 |
| TOTAL | \$ 70,375,079 | \$ 16,506,315 | \$ 15,917,990 | \$ 70,878,003 | \$ 11,572,485 |
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| Capital leases | \$ 6,484 | \$ 18,815 | \$ 6,484 | \$ 18,815 | \$ 5,888 |
| Compensated absences | 578,235 | 606,200 | 475,746 | 708,689 | 458,930 |
| Claims and judgments | 68,573 | 1,003,658 | 992,864 | 79,367 | 79,367 |
| Closure and postclosure costs | 1,221,116 | 161,850 | - | 1,382,966 | - |
| Water revenue bonds | 7,860,000 | - | 580,000 | 7,280,000 | 605,000 |
| Less unamortized discount | (67,146) | - | (6,551) | (60,595) | - |
| Water Treatment | 5,662,187 | 690,057 | 630,000 | 5,722,244 | 650,000 |
| Wastewater revenue bonds | 17,615,000 | - | 810,000 | 16,805,000 | 835,000 |
| TOTAL | \$ 32,944,449 | \$ 2,480,580 | \$ 3,488,543 | \$ 31,936,486 | \$ 2,634,185 |

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, 2011, 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, 2011 are as follows:

GOVERNMENTAL

Restricted Investments

| | |
|---|---------------------|
| Sidewalk Construction Certificate of Deposits | 1,303,780 |
| Total Governmental Restricted Assets | <u>\$ 1,303,780</u> |

BUSINESS-TYPE

Restricted Cash and Cash Equivalents

| | |
|-------------------------------------|---------|
| Civic Center Customer Deposits | 567,325 |
| Parking Authority Customer Deposits | 14,875 |

Restricted Investments

| | |
|-----------------------------|-----------|
| Burleigh County Water Users | 4,315,311 |
|-----------------------------|-----------|

Restricted Revenue Bond Covenant Accounts

| | |
|---|----------------------|
| Water Revenue Bond Covenant Accounts | 3,124,313 |
| Wastewater Revenue Bond Covenant Accounts | 3,867,007 |
| Total Business-Type Restricted Assets | <u>\$ 11,888,831</u> |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

V. OTHER INFORMATION

A. RISK MANAGEMENT

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

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

N.D.C.C. Chapter 32-12.1 provides that for actions in tort, the City has a liability limitation of \$250,000 per claim with a \$500,000 aggregate limit per event. At December 31, 2011 management estimates claims incurred prior to NDIRF but not paid of \$12,348. 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 |
|---------|---------------------------------------|---|-------------------|----------------------------------|
| 2011 \$ | 15,895 | \$ (110) | \$ 3,437 | \$ 12,348 |
| 2010 \$ | 239 | \$ 19,214 | \$ 3,558 | \$ 15,895 |
| 2009 \$ | 5,200 | \$ 1,412 | \$ 6,373 | \$ 239 |

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 \$708,297 for 2011. 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 \$320,235 as of December 31, 2011. 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 |
|---------|---------------------------------------|---|-------------------|----------------------------------|
| 2011 \$ | 320,537 | \$ 3,971,153 | \$ 3,971,455 | \$ 320,235 |
| 2010 \$ | 346,657 | \$ 3,621,538 | \$ 3,647,658 | \$ 320,537 |
| 2009 \$ | 313,279 | \$ 3,539,433 | \$ 3,506,055 | \$ 346,657 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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 \$1,382,966 reported as landfill closure and post closure care liability at December 31, 2011, represents the cumulative amount reported to date based on the use of 90.5 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$138,604 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 2011. 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 2011, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Operations excluding easements which the County funded at 100%. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees of the Center are the employees of the City. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

**CITY OF BISMARCK, NORTH DAKOTA
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| <u>Assets:</u> | <u>Total</u> |
|---|------------------------|
| Property and equipment | \$ 330,815 |
| Less value of accumulated depreciation | <u>(226,743)</u> |
| Net assets | <u>\$ 104,072</u> |
| Total operating expenditures - 2011 | <u>\$1,571,548</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, 2011 is as follows:

| | |
|---|-------|
| Retirees and beneficiaries receiving benefits | 139 |
| Terminated employees - vested | 39 |
| Active employees: | |
| Vested | 270 |
| Non-vested | 123 |
| Number of participating employers: | 2 |

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

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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, 2011 is \$59,108,805 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, 2011 is as follows:

| | |
|---|----|
| Retirees and beneficiaries receiving benefits | 56 |
| Terminated employees - vested | 12 |
| Active employees: | |
| Vested | 86 |
| 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.

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.

**CITY OF BISMARCK, NORTH DAKOTA
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Reserves - The fund balance at December 31, 2011 is \$26,059,127 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, 2011 is as follows:

| | |
|---|----|
| Retirees, beneficiaries and disabled receiving benefits | 49 |
| Terminated employees - vested | 4 |
| Active employees: | |
| Vested | 37 |
| Non-vested | 37 |

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, 2011**

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> |
|-------------|---|----------------------------------|---------------------------|
| 2011 | \$ 1,904,777 | \$ 2,076,309 | 109.0% |
| 2010 | 1,958,692 | 1,862,086 | 95.1% |
| 2009 | 2,010,653 | 2,649,359 | 131.8% |
| 2008 | 1,090,182 | 2,542,708 | 233.2% |
| 2007 | 1,068,130 | 2,182,902 | 204.4% |
| 2006 | 1,233,248 | 2,147,360 | 174.0% |
| 2005 | 1,414,021 | 2,113,743 | 149.5% |
| 2004 | 1,267,143 | 1,678,601 | 132.5% |
| 2003 | 1,531,586 | 906,670 | 59.2% |
| 2002 | 746,951 | 449,657 | 60.2% |

The information for 2012 is not available at this time.

Schedule of Funding Progress (In Thousands of Dollars)

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Plan Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | <u>UAAL (Funded excess) as a Percentage of Annual Covered Payroll</u> |
|---|---|--|--|-------------------------|---------------------------------------|---|
| 2002 | 28,325 | 32,465 | 4,140 | 87.2% | 11,807 | 35.1% |
| 2003 | 34,647 | 39,088 | 4,441 | 88.6% | 12,442 | 35.7% |
| 2004 | 37,922 | 42,856 | 4,934 | 88.5% | 12,765 | 38.7% |
| 2005 | 42,836 | 48,871 | 6,035 | 87.7% | 13,107 | 46.0% |
| 2006 | 49,154 | 50,826 | 1,672 | 96.7% | 13,893 | 12.0% |
| 2007 | 54,225 | 55,308 | 1,083 | 98.0% | 14,902 | 7.3% |
| 2008 | 43,690 | 59,315 | 15,625 | 73.7% | 15,933 | 98.1% |
| 2009 | 50,884 | 64,117 | 13,233 | 79.4% | 17,135 | 77.2% |
| 2010 | 57,155 | 68,666 | 11,511 | 83.2% | 17,409 | 66.1% |
| 2011 | 59,104 | 72,183 | 13,079 | 81.9% | 16,863 | 77.6% |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

City of Bismarck Police Pension

Schedule of Employer Contributions

| Year | Annual Required Contribution | Employer Contribution | Percent Funded |
|------|------------------------------------|--------------------------|-------------------|
| 2011 | \$ 786,899 | \$ 745,351 | 94.8% |
| 2010 | 807,055 | 689,422 | 85.4% |
| 2009 | 818,953 | 835,823 | 102.1% |
| 2008 | 413,396 | 835,054 | 202.0% |
| 2007 | 422,992 | 789,331 | 186.6% |
| 2006 | 471,750 | 769,252 | 163.1% |
| 2005 | 598,835 | 732,436 | 122.3% |
| 2004 | 473,610 | 700,906 | 148.0% |
| 2003 | 660,286 | 354,296 | 53.7% |
| 2002 | 317,993 | 221,346 | 69.6% |

The information for 2012 is not available at this time. The Annual Required Contribution includes a mid-year interest calculation.

Schedule of Funding Progress (In Thousands of Dollars)

| Actuarial Valuation Date | Actuarial Value of Plan Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess) | Funded Ratio | Annual Covered Payroll | UAAL (Funded excess) as a Percentage of Annual Covered Payroll |
|--------------------------------|--------------------------------------|--|--|-----------------|------------------------------|---|
| 2002 | 13,389 | 14,518 | 1,129 | 92.2% | 3,784 | 29.8% |
| 2003 | 16,407 | 17,701 | 1,294 | 92.7% | 3,873 | 33.4% |
| 2004 | 18,186 | 21,812 | 3,626 | 83.4% | 4,150 | 87.4% |
| 2005 | 20,447 | 24,198 | 3,751 | 84.5% | 4,302 | 87.2% |
| 2006 | 23,589 | 25,858 | 2,269 | 91.2% | 4,361 | 52.0% |
| 2007 | 25,907 | 28,120 | 2,213 | 92.1% | 4,384 | 50.5% |
| 2008 | 20,207 | 30,132 | 9,925 | 67.1% | 4,766 | 208.2% |
| 2009 | 23,090 | 32,314 | 9,224 | 71.5% | 5,072 | 181.9% |
| 2010 | 25,738 | 34,169 | 8,431 | 75.3% | 5,600 | 150.6% |
| 2011 | 26,059 | 35,799 | 9,740 | 72.8% | 5,306 | 183.6% |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 |
|------------|------------------------------------|-----------------|----------------|---------------------|--------------|--------------------|---------------|-------------|
| 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) |
| 2011 | 758,457 | (80,574) | 64,429 | 16.67 | 742,312 | 745,351 | (3,039) | (1,077,357) |

The information for 2012 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 |
|------|------------------------------|-----------------------|----------------|
| 2011 | \$ 597,607 | \$ 462,693 | 78% |
| 2010 | 536,674 | 366,437 | 68% |
| 2009 | 522,292 | 522,292 | 100% |
| 2008 | 468,201 | 468,201 | 100% |
| 2007 | 442,696 | 442,696 | 100% |
| 2006 | 426,491 | 426,491 | 100% |
| 2005 | 425,581 | 425,581 | 100% |
| 2004 | 285,326 | 310,072 | 109% |
| 2003 | 401,393 | 398,385 | 99% |
| 2002 | 293,561 | 384,617 | 132% |

The information for 2012 is not available at this time.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Schedule of Funding Progress (In Thousands of Dollars)

| Actuarial Valuation Date | Actuarial Value of Plan Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess) | Funded Ratio | Annual Covered Payroll | UAAL (Funded excess) as a Percentage of Annual Covered Payroll |
|--------------------------------|--------------------------------------|--|--|-----------------|------------------------------|---|
| 2002 | 15,705 | 16,882 | 1,177 | 93.0% | 2,555 | 46.1% |
| 2003 | 17,010 | 16,853 | (157) | 100.9% | 2,692 | -5.8% |
| 2004 | 17,521 | 17,801 | 280 | 98.4% | 2,690 | 10.4% |
| 2005 | 18,158 | 19,597 | 1,439 | 92.7% | 2,914 | 49.4% |
| 2006 | 19,258 | 20,544 | 1,286 | 93.7% | 3,055 | 42.1% |
| 2007 | 20,686 | 21,724 | 1,038 | 95.2% | 3,198 | 32.5% |
| 2008 | 21,146 | 23,104 | 1,958 | 91.5% | 3,744 | 52.3% |
| 2009 | 21,444 | 24,572 | 3,128 | 87.3% | 4,373 | 71.6% |
| 2010 | 21,779 | 25,455 | 3,676 | 85.6% | 4,271 | 86.1% |
| 2011 | 21,628 | 26,624 | 4,996 | 81.2% | 4,453 | 112.2% |

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 | 1/1/2012 | 1/1/2012 | 1/1/2012 |
| 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 | Infinite | 85 | 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, 2011**

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 | \$ - | \$ - | \$ 17,477 | \$ 11,479 | \$ 28,956 |
| Accounts | - | - | 39,033 | 19,469 | 58,502 |
| Accrued interest and dividends | 1,386 | - | 466,621 | 182,337 | 650,344 |
| Investments, at fair value: | | | | | |
| Domestic equities | 175,869 | - | 18,739,625 | 9,141,823 | 28,057,317 |
| International equities | 85,547 | - | 6,875,685 | 3,254,726 | 10,215,958 |
| Domestic fixed income | 570,414 | - | 13,143,971 | 4,760,071 | 18,474,456 |
| International fixed income | - | - | 5,482,508 | 2,255,168 | 7,737,676 |
| Real estate | - | - | 12,638,157 | 4,783,742 | 17,421,899 |
| Private Equity | - | - | 649,936 | 670,620 | 1,320,556 |
| Mutual funds | - | 920,574 | - | - | 920,574 |
| Certificate of deposits | 5,978 | - | 239,008 | 150,320 | 395,306 |
| Invested cash | 9,419 | - | 911,240 | 872,374 | 1,793,033 |
| Invested securities lending collateral | - | - | - | - | - |
| Total assets | 848,613 | 920,574 | 59,203,261 | 26,102,129 | 87,074,577 |
| LIABILITIES | | | | | |
| Accounts payable | 1,355 | - | 81,563 | 34,533 | 117,451 |
| Deferred revenue | - | - | 12,893 | 8,469 | 21,362 |
| Total liabilities | 1,355 | - | 94,456 | 43,002 | 138,813 |
| NET ASSETS | | | | | |
| Assets held in trust for pension and other employee benefits | 847,258 | 920,574 | 59,108,805 | 26,059,127 | 86,935,764 |
| Total net assets held in trust | \$ 847,258 | \$ 920,574 | \$ 59,108,805 | \$ 26,059,127 | \$ 86,935,764 |

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

| | Deferred Sick Leave | Employee Excess Retirement | City Pension | Police Pension | Total |
|--|---------------------------|----------------------------------|----------------------|----------------------|----------------------|
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | \$ - | \$ - | \$ 2,081,483 | \$ 745,351 | \$ 2,826,834 |
| Employee | - | - | 927,338 | 561,608 | 1,488,946 |
| Total contributions | - | - | 3,008,821 | 1,306,959 | 4,315,780 |
| Investment income: | | | | | |
| Net increase (decrease) in fair value of investments | 5,405 | (32,295) | (208,935) | (197,331) | (433,156) |
| Interest and dividends | 33,249 | - | 1,660,598 | 680,331 | 2,374,178 |
| | 38,654 | (32,295) | 1,451,663 | 483,000 | 1,941,022 |
| Less: investment expense | (3,007) | - | (236,264) | (106,345) | (345,616) |
| Net investment income | 35,647 | (32,295) | 1,215,399 | 376,655 | 1,595,406 |
| Security lending activity: | | | | | |
| Securities lending income | 80 | - | 3,585 | 1,664 | 5,329 |
| Net securities lending income | 80 | - | 3,585 | 1,664 | 5,329 |
| Total additions | 35,727 | (32,295) | 4,227,805 | 1,685,278 | 5,916,515 |
| DEDUCTIONS | | | | | |
| Benefits paid to participants | 74,846 | - | 2,120,313 | 1,276,069 | 3,471,228 |
| Refunds | - | 164,242 | 108,302 | 63,302 | 335,846 |
| Administration | - | - | 45,094 | 25,205 | 70,299 |
| Total deductions | 74,846 | 164,242 | 2,273,709 | 1,364,576 | 3,877,373 |
| Change in net assets | (39,119) | (196,537) | 1,954,096 | 320,702 | 2,039,142 |
| Net assets - beginning | 886,377 | 1,117,111 | 57,154,709 | 25,738,425 | 84,896,622 |
| Net assets - ending | <u>\$ 847,258</u> | <u>\$ 920,574</u> | <u>\$ 59,108,805</u> | <u>\$ 26,059,127</u> | <u>\$ 86,935,764</u> |

CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

E. Issued But Non-Effective Pronouncements

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. 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

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" was issued in June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

GASB Statement No. 64, *“Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53”* was issued in June 2011. Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty’s credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty’s credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities”* was issued in April 2012. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows and inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012.

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

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 and the City answered. In January 2011, the District Court granted summary judgment in favor of the City of Bismarck. In March of 2011, Haugland appealed the District Court’s decision to the North Dakota Supreme Court. The North Dakota Supreme Court heard oral arguments in November of 2011 and a decision is expected in the late spring early or summer of 2012. Based upon the known facts of the case, it is unlikely that the City or its employees have any monetary liability. If the Supreme Court was to find against the City, the City’s tax increment fund could be at risk to the extent that the City would have to

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

split it out with the other political subdivisions sharing in the property tax levy. The defense of this case is being provided by NDIRF (Randy Bakke).

F. Subsequent Events

Pension Funds

In January 2012, the City Commission authorized Callan Associates Inc. to prepare an asset/liability study for the City Employee and Police pension plans. The last study was completed in 2006. In the review of the draft January 1, 2012 valuations reports, the actuary noted that the last experience study for the pensions was completed in September of 2005. The City Commission authorized our actuary, Gallagher Benefit Services, Inc. to prepare an experience study and then update the valuation reports for both pension plans.

G. Reclassification

During the current year, the pricing policy of the Civic Center Fund was modified to establish fees and charges designed to recover its costs. Therefore, the fund was reclassified from a governmental fund to an enterprise fund.

The Northern Plains Commerce Center was reclassified to an enterprise fund due to the change in funding policy. The management of operations was privatized and funding has been changed to lease income to recover all of its cost.

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

| | <u>Special Revenue Totals</u> | <u>Debt Service Totals</u> | <u>Capital Projects Totals</u> | <u>Totals</u> |
|--|-----------------------------------|--------------------------------|------------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,705,293 | \$ - | \$ 5,130,893 | \$ 9,836,186 |
| Investments | 5,429,959 | 1,896,112 | 21,613,539 | 28,939,610 |
| Receivables: | | | | |
| Taxes receivable | 66,973 | - | 24,705 | 91,678 |
| Accounts receivable | 1,146,236 | - | 3,327,963 | 4,474,199 |
| Special assessments | - | 5,625,400 | 26,690 | 5,652,090 |
| Notes receivable | 207,712 | - | 235,866 | 443,578 |
| Due from other funds | - | 535,451 | 1,973,791 | 2,509,242 |
| Advances to other funds | 1,780,000 | 119,879 | 600,000 | 2,499,879 |
| Restricted assets: | | | | |
| Investments | - | - | 1,303,780 | 1,303,780 |
| Total assets | <u>\$ 13,336,173</u> | <u>\$ 8,176,842</u> | <u>\$ 34,237,227</u> | <u>\$ 55,750,242</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 451,875 | \$ - | \$ 557,705 | \$ 1,009,580 |
| Retainage payable | - | - | 198,273 | 198,273 |
| Due to other funds | - | - | 4,159,687 | 4,159,687 |
| Salaries payable | 180,603 | - | - | 180,603 |
| Deferred revenue | 49,396 | 5,101,742 | 265,977 | 5,417,115 |
| Customer deposits | - | - | 1,303,780 | 1,303,780 |
| Total liabilities | <u>681,874</u> | <u>5,101,742</u> | <u>6,485,422</u> | <u>12,269,038</u> |
| FUND BALANCES | | | | |
| Nonspendable | 1,987,712 | 119,879 | 600,000 | 2,707,591 |
| Restricted | 331,504 | 2,658,974 | 10,727,915 | 13,718,393 |
| Committed | 10,335,083 | 296,247 | 20,850,278 | 31,481,608 |
| Unassigned | - | - | (4,426,388) | (4,426,388) |
| Total fund balances | <u>12,654,299</u> | <u>3,075,100</u> | <u>27,751,805</u> | <u>43,481,204</u> |
| Total liabilities and fund balances | <u>\$ 13,336,173</u> | <u>\$ 8,176,842</u> | <u>\$ 34,237,227</u> | <u>\$ 55,750,242</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, 2011**

| | Special Revenue Totals | Debt Service Totals | Capital Projects Totals | Totals |
|--|---------------------------|------------------------|----------------------------|----------------------|
| REVENUES | | | | |
| Taxes | \$ 6,768,452 | \$ - | \$ 1,548,146 | \$ 8,316,598 |
| Special assessments | - | 1,322,962 | 277,553 | 1,600,515 |
| Intergovernmental | 8,783,419 | - | 6,697,205 | 15,480,624 |
| Charges for services | 2,324,926 | - | 370,115 | 2,695,041 |
| Fines and forfeits | 80,780 | - | - | 80,780 |
| Investment income | 59,519 | 9,413 | 539,635 | 608,567 |
| Rentals | 605,053 | - | - | 605,053 |
| Miscellaneous | 260,011 | - | 49,364 | 309,375 |
| Total revenues | 18,882,160 | 1,332,375 | 9,482,018 | 29,696,553 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 4,476,678 | - | - | 4,476,678 |
| Public safety | 46,749 | - | - | 46,749 |
| Highways and streets | 5,964,713 | - | - | 5,964,713 |
| Culture and recreation | 1,659,594 | - | - | 1,659,594 |
| Public works | - | - | 1,095,311 | 1,095,311 |
| Capital outlays | | | | |
| General government | 2,289,679 | - | - | 2,289,679 |
| Highways and streets | 124,386 | - | - | 124,386 |
| Culture and recreation | 387,857 | - | - | 387,857 |
| Public works | - | - | 13,776,564 | 13,776,564 |
| Debt service | | | | |
| Principal | - | 1,895,574 | - | 1,895,574 |
| Interest and fiscal charges | 621 | 330,620 | 20,076 | 351,317 |
| Total expenditures | 14,950,277 | 2,226,194 | 14,891,951 | 32,068,422 |
| Excess (deficiency) of revenues over (under) expenditures | 3,931,883 | (893,819) | (5,409,933) | (2,371,869) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 1,851,229 | 1,098,857 | 9,456,037 | 12,406,123 |
| Transfer out | (4,742,614) | (58,410) | (4,226,434) | (9,027,458) |
| Refunding bonds issued | - | 28,002 | - | 28,002 |
| Premium on special assessment debt | - | (181) | 14,770 | 14,589 |
| Discount on special assessment debt | - | - | (9,350) | (9,350) |
| Payment to refunded bond escrow agent | - | (32,277) | - | (32,277) |
| Special assessment bonds issued | - | - | 1,815,957 | 1,815,957 |
| Total other financing sources (uses) | (2,891,385) | 1,035,991 | 7,050,980 | 5,195,586 |
| Net changes in fund balances | 1,040,498 | 142,172 | 1,641,047 | 2,823,717 |
| Fund balances - beginning | 11,613,801 | 2,932,928 | 26,110,758 | 40,657,487 |
| Fund balances - ending | \$ 12,654,299 | \$ 3,075,100 | \$ 27,751,805 | \$ 43,481,204 |

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011

| | E/H Transit | Library | Police Drug Enforcement | Roads & Streets | Street Lights | NPCC Transload Operations |
|--|-------------------|-------------------|-------------------------------|---------------------|-------------------|---------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,343 | \$ 330,788 | \$ 26,370 | \$ 2,314,176 | \$ 442,935 | \$ 1,951 |
| Investments | 36 | 3,570 | 16,906 | 707,364 | 17,282 | - |
| Receivables: | | | | | | |
| Taxes receivable | 10,829 | 28,163 | - | 7,453 | - | - |
| Accounts receivable | 288,924 | 85,205 | - | 467,558 | 7,356 | - |
| Notes receivable | - | - | - | - | - | - |
| Advanced to other funds | - | - | - | - | - | - |
| Total assets | \$ 301,132 | \$ 447,726 | \$ 43,276 | \$ 3,496,551 | \$ 467,573 | \$ 1,951 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 290,302 | \$ 23,656 | \$ 6,651 | \$ 8,620 | \$ 39,129 | \$ 1,951 |
| Salaries payable | - | 67,357 | 1,495 | 94,478 | 17,273 | - |
| Deferred revenue | 7,989 | 20,774 | - | 5,496 | - | - |
| Total liabilities | 298,291 | 111,787 | 8,146 | 108,594 | 56,402 | 1,951 |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | 331,504 | - | - |
| Committed | 2,841 | 335,939 | 35,130 | 3,056,453 | 411,171 | - |
| Total fund balances | 2,841 | 335,939 | 35,130 | 3,387,957 | 411,171 | - |
| Total liabilities and fund balances | \$ 301,132 | \$ 447,726 | \$ 43,276 | \$ 3,496,551 | \$ 467,573 | \$ 1,951 |

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011

| | Hotel/ Motel Tax | Lodging/ Liquor/ Food Tax | Vision Fund | Social Security Tax | Total Special Revenue |
|--|---------------------|---------------------------------|---------------------|---------------------------|-----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,587,730 | \$ - | \$ - | \$ 4,705,293 |
| Investments | - | 140,429 | 3,655,733 | 888,639 | 5,429,959 |
| Receivables: | | | | | |
| Taxes receivable | - | - | - | 20,528 | 66,973 |
| Accounts receivable | 87,065 | 204,541 | - | 5,587 | 1,146,236 |
| Notes receivable | - | - | 207,712 | - | 207,712 |
| Advanced to other funds | - | 1,780,000 | - | - | 1,780,000 |
| Total assets | \$ 87,065 | \$ 3,712,700 | \$ 3,863,445 | \$ 914,754 | \$ 13,336,173 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 74,005 | - | \$ - | \$ 7,561 | 451,875 |
| Salaries payable | - | - | - | - | 180,603 |
| Deferred revenue | - | - | - | 15,137 | 49,396 |
| Total liabilities | 74,005 | - | - | 22,698 | 681,874 |
| FUND BALANCES | | | | | |
| Nonspendable | - | 1,780,000 | 207,712 | - | 1,987,712 |
| Restricted | - | - | - | - | 331,504 |
| Committed | 13,060 | 1,932,700 | 3,655,733 | 892,056 | 10,335,083 |
| Total fund balances | 13,060 | 3,712,700 | 3,863,445 | 892,056 | 12,654,299 |
| Total liabilities and fund balances | \$ 87,065 | \$ 3,712,700 | \$ 3,863,445 | \$ 914,754 | \$ 13,336,173 |

(Continued on next 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, 2011**

| | Arena/Exhibit Operations | E/H Transit | Library | Police Drug Enforcement | Police Gaming Enforcement | Roads & Streets | Street Lights |
|--|-----------------------------|-------------|--------------|-------------------------------|---------------------------------|--------------------|------------------|
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ 580,459 | \$ 1,511,212 | \$ - | \$ - | \$ 393,089 | \$ - |
| Intergovernmental | - | 3,050,088 | 494,522 | - | - | 5,205,508 | - |
| Charges for services | - | - | 99,746 | - | - | 393,589 | 1,744,566 |
| Fines and forfeits | - | - | 40,130 | 40,650 | - | - | - |
| Investment income | - | 45 | 4,744 | 131 | - | 15,420 | 3,605 |
| Rentals | - | - | 14,623 | - | - | 310,223 | 9,240 |
| Miscellaneous | - | - | 27,615 | - | - | 26,157 | 80,994 |
| Total revenues | - | 3,630,592 | 2,192,592 | 40,781 | - | 6,343,986 | 1,838,405 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General government | - | 1,342,105 | - | - | - | - | - |
| Public safety | - | - | - | 46,749 | - | - | - |
| Highways and streets | - | - | - | - | - | 4,654,063 | 1,310,650 |
| Culture and recreation | - | - | 1,659,594 | - | - | - | - |
| Capital outlays | | | | | | | |
| General government | - | 2,288,103 | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | 90,823 | 33,563 |
| Culture and recreation | - | - | 387,857 | - | - | - | - |
| Debt service | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - |
| Total expenditures | - | 3,630,208 | 2,047,451 | 46,749 | - | 4,744,886 | 1,344,213 |
| Excess (deficiency) of revenues over (under) expenditures | - | 384 | 145,141 | (5,968) | - | 1,599,100 | 494,192 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfer in | - | - | - | - | 84 | 151,241 | - |
| Transfer out | (1,907,363) | - | (34,788) | - | - | (271,675) | (351,367) |
| Total other financing sources (uses) | (1,907,363) | - | (34,788) | - | 84 | (120,434) | (351,367) |
| Net changes in fund balances | (1,907,363) | 384 | 110,353 | (5,968) | 84 | 1,478,666 | 142,825 |
| Fund balances - beginning | 1,907,363 | 2,457 | 225,586 | 41,098 | (84) | 1,909,291 | 268,346 |
| Fund balances - ending | \$ - | \$ 2,841 | \$ 335,939 | \$ 35,130 | \$ - | \$ 3,387,957 | \$ 411,171 |

**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, 2011**

| | NPCC Transload Operations | Hotel/ Motel Tax | Lodging/ Liquor/ Food Tax | Vision Fund | Social Security Tax | Total Special Revenue |
|--|---------------------------------|---------------------|---------------------------------|----------------|---------------------------|-----------------------------|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ 914,599 | \$ 2,292,498 | \$ - | \$ 1,076,595 | \$ 6,768,452 |
| Intergovernmental | - | - | - | - | 33,301 | 8,783,419 |
| Charges for services | 87,025 | - | - | - | - | 2,324,926 |
| Fines and forfeits | - | - | - | - | - | 80,780 |
| Investment income | 1,859 | - | 7,370 | 19,925 | 6,420 | 59,519 |
| Rentals | 251,767 | - | 19,200 | - | - | 605,053 |
| Miscellaneous | 120,000 | - | - | 3,823 | 1,422 | 260,011 |
| Total revenues | 460,651 | 914,599 | 2,319,068 | 23,748 | 1,117,738 | 18,882,160 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 232,028 | 777,502 | 10,147 | 496,952 | 1,617,944 | 4,476,678 |
| Public safety | - | - | - | - | - | 46,749 |
| Highways and streets | - | - | - | - | - | 5,964,713 |
| Culture and recreation | - | - | - | - | - | 1,659,594 |
| Capital outlays | | | | | | |
| General government | 1,576 | - | - | - | - | 2,289,679 |
| Highways and streets | - | - | - | - | - | 124,386 |
| Culture and recreation | - | - | - | - | - | 387,857 |
| Debt service | | | | | | |
| Interest and fiscal charges | - | - | 621 | - | - | 621 |
| Total expenditures | 233,604 | 777,502 | 10,768 | 496,952 | 1,617,944 | 14,950,277 |
| Excess (deficiency) of revenues over (under) expenditures | 227,047 | 137,097 | 2,308,300 | (473,204) | (500,206) | 3,931,883 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in | - | - | 226,245 | 772,987 | 700,672 | 1,851,229 |
| Transfer out | (384,000) | (124,037) | (1,669,384) | - | - | (4,742,614) |
| Total other financing sources (uses) | (384,000) | (124,037) | (1,443,139) | 772,987 | 700,672 | (2,891,385) |
| Net changes in fund balances | (156,953) | 13,060 | 865,161 | 299,783 | 200,466 | 1,040,498 |
| Fund balances - beginning | 156,953 | - | 2,847,539 | 3,563,662 | 691,590 | 11,613,801 |
| Fund balances - ending | \$ - | \$ 13,060 | \$ 3,712,700 | \$ 3,863,445 | \$ 892,056 | \$12,654,299 |

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, 2011

| | <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 | \$ 458,053 | \$ 458,053 | \$ 1,907,363 | \$ 1,449,310 |
| Amount available for appropriation | <u>458,053</u> | <u>458,053</u> | <u>1,907,363</u> | <u>1,449,310</u> |
| Charges to appropriations (outflows) | | | | |
| Transfer out | <u>2,206,135</u> | <u>2,206,135</u> | <u>1,907,363</u> | <u>298,772</u> |
| Total charges to appropriations | <u>2,206,135</u> | <u>2,206,135</u> | <u>1,907,363</u> | <u>298,772</u> |
| Budgetary Fund Balance, December 31 | <u><u>\$(1,748,082)</u></u> | <u><u>\$ (1,748,082)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,748,082</u></u> |

CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
E/H TRANSIT
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <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 | \$ 2,457 | \$ (998,876) |
| Resources (inflows) | | | | |
| Taxes | 614,248 | 614,248 | 580,459 | (33,789) |
| Intergovernmental | 5,011,900 | 5,011,900 | 3,050,088 | (1,961,812) |
| Investment income | 300 | 300 | 45 | (255) |
| Amount available for appropriation | <u>5,627,783</u> | <u>6,627,783</u> | <u>3,633,049</u> | <u>(2,994,732)</u> |
| Charges to appropriations (outflows) | | | | |
| General government | <u>5,626,448</u> | <u>5,626,448</u> | <u>3,630,208</u> | <u>1,996,240</u> |
| Total charges to appropriations | <u>5,626,448</u> | <u>5,626,448</u> | <u>3,630,208</u> | <u>1,996,240</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 1,335</u> | <u>\$ 1,001,335</u> | <u>\$ 2,841</u> | <u>\$ (998,492)</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, 2011

| | <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 | \$ 628,312 | \$ 579,146 | \$ 225,586 | (353,560) |
| Resources (inflows) | | | | |
| Taxes | 1,576,236 | 1,576,236 | 1,511,212 | (65,024) |
| Intergovernmental | 448,682 | 448,682 | 494,522 | 45,840 |
| Charges for services | 92,865 | 92,865 | 99,746 | 6,881 |
| Fines and forfeits | 38,650 | 38,650 | 40,130 | 1,480 |
| Investment income | 6,750 | 6,750 | 4,744 | (2,006) |
| Rentals | 17,900 | 17,900 | 14,623 | (3,277) |
| Miscellaneous | 2,000 | 2,000 | 27,615 | 25,615 |
| Amount available for appropriation | <u>2,811,395</u> | <u>2,762,229</u> | <u>2,418,178</u> | <u>(344,051)</u> |
| Charges to appropriations (outflows) | | | | |
| Culture and recreation | 2,133,136 | 2,133,136 | 2,046,108 | 87,028 |
| Transfer out | 35,000 | 35,000 | 34,788 | 212 |
| Total charges to appropriations | <u>2,168,136</u> | <u>2,168,136</u> | <u>2,080,896</u> | <u>87,240</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 643,259</u> | <u>\$ 594,093</u> | <u>\$ 337,282</u> | <u>\$ (256,811)</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 | \$ 2,418,178 |
| Differences - Budget to GAAP | |
| The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes | <u>(225,586)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 2,192,592</u></u> |
| | |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 2,080,896 |
| Differences - Budget to GAAP | |
| The city budgets for salaries on the cash basis, rather than on the modified accrual basis | 1,343 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(34,788)</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 2,047,451</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, 2011

| | <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 | \$ (144,541) | \$ (221,635) | \$ 41,098 | 262,733 |
| Resources (inflows) | | | | |
| Fines and forfeits | 30,000 | 30,000 | 40,650 | 10,650 |
| Investment income | <u>1,200</u> | <u>1,200</u> | <u>131</u> | <u>(1,069)</u> |
| Amount available for appropriation | <u>(113,341)</u> | <u>(190,435)</u> | <u>81,879</u> | <u>272,314</u> |
| Charges to appropriations (outflows) | | | | |
| Public safety | <u>50,450</u> | <u>50,450</u> | <u>45,254</u> | <u>5,196</u> |
| Total charges to appropriations | <u>50,450</u> | <u>50,450</u> | <u>45,254</u> | <u>5,196</u> |
| Budgetary Fund Balance, December 31 | <u><u>\$ (163,791)</u></u> | <u><u>\$ (240,885)</u></u> | <u><u>\$ 36,625</u></u> | <u><u>\$ 277,510</u></u> |

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

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

| | | <u>Police Drug Enforcement</u> |
|--|-----------|--|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | \$ | 81,879 |
| 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>(41,098)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>40,781</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ | 45,254 |
| Differences - Budget to GAAP | | |
| The city budgets for salaries on the cash basis, rather than on the modified accrual basis | | 1,495 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | | <u>-</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>46,749</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 GAMING ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------------|---------------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, January 1 | \$ (16,785) | \$ (16,785) | \$ (84) | \$ (16,701) |
| Resources (inflows) | | | | |
| Transfer in | - | - | 84 | (84) |
| Amount available for appropriation | (16,785) | (16,785) | - | (16,785) |
| | | | | |
| 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, 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, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|------------------------------|-------------------------------------|--|
| | Original | Final | | |
| Budgetary Fund Balance, January 1 | \$(1,504,532) | \$ (2,104,532) | \$ 1,909,291 | 4,013,823 |
| Resources (inflows) | | | | |
| Taxes | 415,953 | 415,953 | 393,089 | (22,864) |
| Licenses and permits | 825 | 825 | - | (825) |
| Intergovernmental | 3,134,673 | 3,134,673 | 5,205,508 | 2,070,835 |
| Charges for services | 264,696 | 264,696 | 393,589 | 128,893 |
| Investment income | 30,100 | 30,100 | 15,420 | (14,680) |
| Rentals | 90,248 | 90,248 | 310,223 | 219,975 |
| Miscellaneous | 11,000 | 11,000 | 26,157 | 15,157 |
| Transfer in | 586,698 | 586,698 | 151,241 | (435,457) |
| Amount available for appropriation | <u>3,029,661</u> | <u>2,429,661</u> | <u>8,404,518</u> | <u>5,974,857</u> |
| Charges to appropriations (outflows) | | | | |
| Highways and streets | 4,956,049 | 4,750,419 | 4,750,419 | - |
| Transfer out | 66,045 | 271,675 | 271,675 | - |
| Total charges to appropriations | <u>5,022,094</u> | <u>5,022,094</u> | <u>5,022,094</u> | <u>-</u> |
| Budgetary Fund Balance, December 31 | <u>\$(1,992,433)</u> | <u>\$ (2,592,433)</u> | <u>\$ 3,382,424</u> | <u>\$ 5,974,857</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 | \$ 8,404,518 |
| 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 | (1,909,291) |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes | <u>(151,241)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 6,343,986</u> |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 5,022,094 |
| Differences - Budget to GAAP | |
| The city budgets for salaries on the cash basis, rather than on the modified accrual basis | (5,533) |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(271,675)</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 4,744,886</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, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, January 1 | \$ (12,448) | \$ (12,448) | \$ 268,346 | \$ 280,794 |
| Resources (inflows) | | | | |
| Charges for services | 1,696,116 | 1,696,116 | 1,744,566 | 48,450 |
| Investment income | 2,759 | 2,759 | 3,605 | 846 |
| Rentals | 3,400 | 3,400 | 9,240 | 5,840 |
| Miscellaneous | 36,178 | 36,178 | 80,994 | 44,816 |
| Amount available for appropriation | <u>1,726,005</u> | <u>1,726,005</u> | <u>2,106,751</u> | <u>380,746</u> |
| Charges to appropriations (outflows) | | | | |
| Highways and streets | 1,354,569 | 1,354,569 | 1,342,800 | 11,769 |
| Transfer out | 351,367 | 351,367 | 351,367 | - |
| Total charges to appropriations | <u>1,705,936</u> | <u>1,705,936</u> | <u>1,694,167</u> | <u>11,769</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 20,069</u> | <u>\$ 20,069</u> | <u>\$ 412,584</u> | <u>\$ 392,515</u> |

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

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

| | | <u>Street Lights</u> |
|--|-----------|--------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | \$ | 2,106,751 |
| 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>(268,346)</u> |
| Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>1,838,405</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ | 1,694,167 |
| Differences - Budget to GAAP | | |
| The city budgets for salaries on the cash basis, rather than on the modified accrual basis | | 1,413 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | | <u>(351,367)</u> |
| Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$</u> | <u>1,344,213</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, 2011

| | <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 | \$ (237,611) | \$ (222,611) | \$ 156,953 | \$ 379,564 |
| Resources (inflows) | | | | |
| Charges for services | 30,450 | 30,450 | 87,025 | 56,575 |
| Investment income | - | - | 1,859 | 1,859 |
| Rentals | 141,175 | 141,175 | 251,767 | 110,592 |
| Miscellaneous | - | - | 120,000 | 120,000 |
| Amount available for appropriation | <u>(65,986)</u> | <u>(50,986)</u> | <u>617,604</u> | <u>668,590</u> |
| Charges to appropriations (outflows) | | | | |
| General government | 242,790 | 242,790 | 233,604 | 9,186 |
| Transfer out | - | 400,000 | 384,000 | 16,000 |
| Total charges to appropriations | <u>242,790</u> | <u>642,790</u> | <u>617,604</u> | <u>25,186</u> |
| Budgetary Fund Balance, December 31 | <u>\$ (308,776)</u> | <u>\$ (693,776)</u> | <u>\$ -</u> | <u>\$ 693,776</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, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, January 1 | \$ - | \$ (300,000) | \$ - | \$ 300,000 |
| Resources (inflows) | | | | |
| Taxes | <u>704,500</u> | <u>704,500</u> | <u>914,599</u> | <u>210,099</u> |
| Amount available for appropriation | <u>704,500</u> | <u>404,500</u> | <u>914,599</u> | <u>510,099</u> |
| Charges to appropriations (outflows) | | | | |
| General government | 598,825 | 777,502 | 777,502 | - |
| Transfer out | <u>105,675</u> | <u>126,998</u> | <u>124,037</u> | <u>2,961</u> |
| Total charges to appropriations | <u>704,500</u> | <u>904,500</u> | <u>901,539</u> | <u>2,961</u> |
| Budgetary Fund Balance, December 31 | <u>\$ -</u> | <u>\$ (500,000)</u> | <u>\$ 13,060</u> | <u>\$ 513,060</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, 2011

| | <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 | \$ 326,934 | \$ 300,934 | \$ 2,847,539 | \$ 2,546,605 |
| Resources (inflows) | | | | |
| Taxes | 2,018,167 | 2,018,167 | 2,292,498 | 274,331 |
| Investment income | 12,000 | 12,000 | 7,370 | (4,630) |
| Rentals | 19,200 | 19,200 | 19,200 | - |
| Transfer in | - | - | 226,245 | 226,245 |
| Amount available for appropriation | <u>2,376,301</u> | <u>2,350,301</u> | <u>5,392,852</u> | <u>3,042,551</u> |
| Charges to appropriations (outflows) | | | | |
| General government | 11,300 | 11,300 | 10,147 | 1,153 |
| Debt service | 850 | 850 | 621 | 229 |
| Transfer out | <u>1,655,843</u> | <u>1,675,843</u> | <u>1,669,384</u> | <u>6,459</u> |
| Total charges to appropriations | <u>1,667,993</u> | <u>1,687,993</u> | <u>1,680,152</u> | <u>7,841</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 708,308</u> | <u>\$ 662,308</u> | <u>\$ 3,712,700</u> | <u>\$ 3,050,392</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, 2011

| | <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 | \$(3,395,188) | \$(5,395,188) | \$ 3,563,662 | \$ 8,958,850 |
| Resources (inflows) | | | | |
| Investment income | 7,200 | 7,200 | 19,925 | 12,725 |
| Miscellaneous | 5,000 | 5,000 | 3,823 | (1,177) |
| Transfer in | <u>1,000,000</u> | <u>1,000,000</u> | <u>772,987</u> | <u>(227,013)</u> |
| Amount available for appropriation | <u>(2,382,988)</u> | <u>(4,382,988)</u> | <u>4,360,397</u> | <u>8,743,385</u> |
| Charges to appropriations (outflows) | | | | |
| General government | <u>2,139,297</u> | <u>2,139,297</u> | <u>496,952</u> | <u>1,642,345</u> |
| Total charges to appropriations | <u>2,139,297</u> | <u>2,139,297</u> | <u>496,952</u> | <u>1,642,345</u> |
| Budgetary Fund Balance, December 31 | <u>\$(4,522,285)</u> | <u>\$(6,522,285)</u> | <u>\$ 3,863,445</u> | <u>\$ 10,385,730</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, 2011

| | <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 | \$ 421,648 | \$ 421,648 | \$ 691,590 | 269,942 |
| Resources (inflows) | | | | |
| Taxes | 1,128,638 | 1,128,638 | 1,076,595 | (52,043) |
| Intergovernmental | 28,975 | 28,975 | 33,301 | 4,326 |
| Investment income | 4,100 | 4,100 | 6,420 | 2,320 |
| Miscellaneous | - | - | 1,422 | 1,422 |
| Transfer in | <u>550,400</u> | <u>550,400</u> | <u>700,672</u> | <u>150,272</u> |
| Amount available for appropriation | <u>2,133,761</u> | <u>2,133,761</u> | <u>2,510,000</u> | <u>376,239</u> |
| Charges to appropriations (outflows) | | | | |
| General government | <u>1,685,000</u> | <u>1,685,000</u> | <u>1,617,944</u> | <u>67,056</u> |
| Total charges to appropriations | <u>1,685,000</u> | <u>1,685,000</u> | <u>1,617,944</u> | <u>67,056</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 448,761</u> | <u>\$ 448,761</u> | <u>\$ 892,056</u> | <u>\$ 443,295</u> |

**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, 2011**

| | <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 | \$ 3,259,894 | \$4,384,894 | \$ 8,149,896 | \$ 3,765,002 |
| Resources (inflows) | | | | |
| Special assessments | 6,891,649 | 6,891,649 | 8,136,698 | 1,245,049 |
| Investment income | - | - | 601 | 601 |
| Transfer in | 394,935 | 412,041 | 159,871 | (252,170) |
| Refunding bonds issued | 3,000,000 | 2,982,894 | 1,363,599 | (1,619,295) |
| Premium on special assessment debt | 50,000 | 50,000 | - | (50,000) |
| Amount available for appropriation | <u>13,596,478</u> | <u>14,721,478</u> | <u>17,810,665</u> | <u>3,089,187</u> |
| Charges to appropriations (outflows) | | | | |
| Principal | 5,990,832 | 6,015,185 | 6,015,185 | - |
| Interest and fiscal charges | 1,377,425 | 1,377,425 | 1,346,780 | 30,645 |
| Discount on special assessment debt | 50,000 | 50,000 | 8,839 | 41,161 |
| Payment to refunded bond escrow agent | 3,000,000 | 2,951,243 | 1,571,750 | 1,379,493 |
| Transfer out | 435,518 | 459,922 | 459,922 | - |
| Total charges to appropriations | <u>10,853,775</u> | <u>10,853,775</u> | <u>9,402,476</u> | <u>1,451,299</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 2,742,703</u> | <u>\$3,867,703</u> | <u>\$ 8,408,189</u> | <u>\$ 4,540,486</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, 2011**

| | <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 | \$ 372,497 | \$ (502,503) | \$ 2,830,380 | \$ 3,332,883 |
| Resources (inflows) | | | | |
| Special assessments | 1,851,798 | 1,851,798 | 2,244,299 | 392,501 |
| Investment income | - | - | 94 | 94 |
| Transfer in | 162,986 | 162,986 | 24,412 | (138,574) |
| Refunding bonds issued | 500,000 | 500,000 | 213,399 | (286,601) |
| Premium on special assessment debt | 5,000 | 5,000 | - | (5,000) |
| | <u>2,892,281</u> | <u>2,017,281</u> | <u>5,312,584</u> | <u>3,295,303</u> |
| Amount available for appropriation | | | | |
| Charges to appropriations (outflows) | | | | |
| Principal | 1,412,772 | 1,444,241 | 1,444,241 | - |
| Interest and fiscal charges | 506,221 | 532,109 | 532,109 | - |
| Discount on special assessment debt | 5,000 | 5,000 | 1,384 | 3,616 |
| Payment to refunded bond escrow agent | 500,000 | 431,974 | 245,973 | 186,001 |
| Transfer out | 132,031 | 142,700 | 142,700 | - |
| | <u>2,556,024</u> | <u>2,556,024</u> | <u>2,366,407</u> | <u>189,617</u> |
| Total charges to appropriations | | | | |
| Budgetary Fund Balance, December 31 | <u>\$ 336,257</u> | <u>\$ (538,743)</u> | <u>\$ 2,946,177</u> | <u>\$ 3,484,920</u> |

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2011

| | Watermain Bonds | Sidewalk Bonds | Lodging/ Liquor/ Food Bonds | Total Debt Service |
|--|---------------------|---------------------|-----------------------------------|--------------------------|
| ASSETS | | | | |
| Investments | \$ 423,604 | \$ 476,261 | \$ 996,247 | \$ 1,896,112 |
| Receivables: | | | | |
| Special assessments | 1,400,310 | 4,225,090 | - | 5,625,400 |
| Due from other funds | 11,433 | 524,018 | - | 535,451 |
| Advance to other funds | 119,879 | - | - | 119,879 |
| Total assets | <u>\$ 1,955,226</u> | <u>\$ 5,225,369</u> | <u>\$ 996,247</u> | <u>\$ 8,176,842</u> |
| LIABILITIES | | | | |
| Deferred revenue | \$ 1,446,182 | \$ 3,655,560 | \$ - | \$ 5,101,742 |
| Total liabilities | <u>1,446,182</u> | <u>3,655,560</u> | <u>-</u> | <u>5,101,742</u> |
| FUND BALANCES | | | | |
| Nonspendable | 119,879 | - | - | 119,879 |
| Restricted | 389,165 | 1,569,809 | 700,000 | 2,658,974 |
| Committed | - | - | 296,247 | 296,247 |
| Total fund balances | <u>509,044</u> | <u>1,569,809</u> | <u>996,247</u> | <u>3,075,100</u> |
| Total liabilities and fund balances | <u>\$ 1,955,226</u> | <u>\$ 5,225,369</u> | <u>\$ 996,247</u> | <u>\$ 8,176,842</u> |

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

| REVENUES | Watermain Bonds | Sidewalk Bonds | Parking Lot Bonds | Lodging/ Liquor/ Food Bonds | Total Debt Service |
|--|----------------------------|---------------------------|------------------------------|--|-----------------------------------|
| Special assessments | \$ 303,541 | \$ 1,019,421 | \$ - | \$ - | \$ 1,322,962 |
| Investment income | 12 | - | 68 | 9,333 | 9,413 |
| Total revenues | <u>303,553</u> | <u>1,019,421</u> | <u>68</u> | <u>9,333</u> | <u>1,332,375</u> |
| EXPENDITURES | | | | | |
| Debt service | | | | | |
| Principal | 195,574 | 790,000 | - | 910,000 | 1,895,574 |
| Interest and fiscal charges | 64,186 | 153,719 | - | 112,715 | 330,620 |
| Total expenditures | <u>259,760</u> | <u>943,719</u> | <u>-</u> | <u>1,022,715</u> | <u>2,226,194</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>43,793</u> | <u>75,702</u> | <u>68</u> | <u>(1,013,382)</u> | <u>(893,819)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in | 4,692 | 71,450 | - | 1,022,715 | 1,098,857 |
| Transfer out | (57,548) | - | (862) | - | (58,410) |
| Refunding bonds issued | 28,002 | - | - | - | 28,002 |
| Premium on special assessment debt | (181) | - | - | - | (181) |
| Payment to refunded bond escrow agent | (32,277) | - | - | - | (32,277) |
| Total other financing sources (uses) | <u>(57,312)</u> | <u>71,450</u> | <u>(862)</u> | <u>1,022,715</u> | <u>1,035,991</u> |
| Net changes in fund balances | (13,519) | 147,152 | (794) | 9,333 | 142,172 |
| Fund balances - beginning | 522,563 | 1,422,657 | 794 | 986,914 | 2,932,928 |
| Fund balances - ending | <u>\$ 509,044</u> | <u>\$ 1,569,809</u> | <u>\$ -</u> | <u>\$ 996,247</u> | <u>\$ 3,075,100</u> |

**CITY OF BISMARCK, NORTH DAKOTA
NONMAJOR DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
WATERMAIN BONDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <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 | \$ (89,494) | \$ (189,494) | \$ 522,563 | \$ 712,056 |
| Resources (inflows) | | | | |
| Special assessments | 198,437 | 198,437 | 303,541 | 105,104 |
| Investment income | - | - | 12 | 12 |
| Transfer in | 99,310 | 99,310 | 4,692 | (94,618) |
| Refunding bonds issued | 250,000 | 250,000 | 28,002 | (221,998) |
| Premium on special assessment debt | 2,000 | 2,000 | - | (2,000) |
| Amount available for appropriation | <u>460,253</u> | <u>360,253</u> | <u>858,810</u> | <u>498,556</u> |
| Charges to appropriations (outflows) | | | | |
| Principal | 193,896 | 195,574 | 195,574 | - |
| Interest and fiscal charges | 64,570 | 64,570 | 64,186 | 384 |
| Discount on special assessment debt | 2,000 | 2,000 | 181 | 1,819 |
| Payment to refunded bond escrow agent | 250,000 | 245,068 | 32,277 | 212,791 |
| Transfer out | 54,294 | 57,548 | 57,548 | - |
| Total charges to appropriations | <u>564,760</u> | <u>564,760</u> | <u>349,766</u> | <u>214,994</u> |
| Budgetary Fund Balance, December 31 | <u>\$ (104,507)</u> | <u>\$ (204,507)</u> | <u>\$ 509,044</u> | <u>\$ 713,550</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, 2011

| | <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 | \$ 745,430 | \$ 595,430 | \$ 1,422,657 | \$ 827,228 |
| Resources (inflows) | | | | |
| Special assessments | 825,960 | 825,960 | 1,019,421 | 193,461 |
| Transfer in | 80,130 | 80,130 | 71,450 | (8,680) |
| Premium on special assessment debt | 5,000 | 5,000 | - | (5,000) |
| Amount available for appropriation | <u>1,656,520</u> | <u>1,506,520</u> | <u>2,513,528</u> | <u>1,007,009</u> |
| Charges to appropriations (outflows) | | | | |
| Principal | 740,000 | 790,000 | 790,000 | - |
| Interest and fiscal charges | 151,809 | 166,809 | 153,719 | 13,090 |
| Discount on special assessment debt | 5,000 | 5,000 | - | 5,000 |
| Total charges to appropriations | <u>896,809</u> | <u>961,809</u> | <u>943,719</u> | <u>18,090</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 759,711</u> | <u>\$ 544,711</u> | <u>\$ 1,569,809</u> | <u>\$ 1,025,099</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, 2011

| | <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 | \$ 794 | (23,799) |
| Resources (inflows) | | | | |
| Investment income | - | - | 68 | 68 |
| Amount available for appropriation | <u>24,593</u> | <u>24,593</u> | <u>862</u> | <u>(23,731)</u> |
| Charges to appropriations (outflows) | | | | |
| Transfer out | - | - | 862 | (862) |
| Total charges to appropriations | - | - | <u>862</u> | <u>(862)</u> |
| Budgetary Fund Balance, December 31 | <u>\$ 24,593</u> | <u>\$ 24,593</u> | <u>\$ -</u> | <u>\$ (24,593)</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, 2011

| | <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 | \$ 986,914 | \$ 62,372 |
| Resources (inflows) | | | | |
| Investment income | 27,000 | 27,000 | 9,333 | (17,667) |
| Transfer in | <u>997,640</u> | <u>997,640</u> | <u>1,022,715</u> | <u>25,075</u> |
| Amount available for appropriation | <u>1,949,182</u> | <u>1,949,182</u> | <u>2,018,962</u> | <u>69,780</u> |
| Charges to appropriations (outflows) | | | | |
| Principal | 910,000 | 910,000 | 910,000 | - |
| Interest and fiscal charges | <u>113,715</u> | <u>113,715</u> | <u>112,715</u> | <u>1,000</u> |
| Total charges to appropriations | <u>1,023,715</u> | <u>1,023,715</u> | <u>1,022,715</u> | <u>1,000</u> |
| Budgetary Fund Balance, December 31 | <u><u>\$ 925,467</u></u> | <u><u>\$ 925,467</u></u> | <u><u>\$ 996,247</u></u> | <u><u>\$ 70,780</u></u> |

CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2011

| | Special Deficiency/ Assumptions | Highway Construction | Tax Increment | Community Development | Building Improvements | Street Light/Signals |
|--|---------------------------------------|-------------------------|----------------------|--------------------------|--------------------------|-------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 5,130,893 | \$ - | \$ - | \$ - |
| Investments | 14,959 | 7,775,680 | 12,891,181 | - | 476,082 | 252,066 |
| Receivables: | | | | | | |
| Taxes receivable | 3,636 | - | 21,069 | - | - | - |
| Accounts receivable | - | 3,220,242 | - | 96,735 | - | - |
| Special assessments | 26,690 | - | - | - | - | - |
| Notes receivable | - | - | - | 235,866 | - | - |
| Due from other funds | 1,973,791 | - | - | - | - | - |
| Advance to other funds | - | - | 600,000 | - | - | - |
| Restricted assets: | | | | | | |
| Investments | - | - | - | - | - | - |
| Total assets | <u>\$ 2,019,076</u> | <u>\$ 10,995,922</u> | <u>\$ 18,643,143</u> | <u>\$ 332,601</u> | <u>\$ 476,082</u> | <u>\$ 252,066</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 2,291 | \$ 117,953 | \$ - | \$ 57,579 | \$ 79,697 | \$ - |
| Retainage payable | - | 161,034 | - | - | 20,581 | - |
| Due to other funds | - | - | - | 39,156 | - | - |
| Deferred revenue | 22,038 | - | 8,073 | 235,866 | - | - |
| Customer deposits | - | - | - | - | - | - |
| Total liabilities | <u>24,329</u> | <u>278,987</u> | <u>8,073</u> | <u>332,601</u> | <u>100,278</u> | <u>-</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | 600,000 | - | - | - |
| Restricted | - | - | 10,727,915 | - | - | - |
| Committed | 1,994,747 | 10,716,935 | 7,307,155 | - | 375,804 | 252,066 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>1,994,747</u> | <u>10,716,935</u> | <u>7,307,155</u> | <u>-</u> | <u>375,804</u> | <u>252,066</u> |
| Total liabilities and fund balances | <u>\$ 2,019,076</u> | <u>\$ 10,995,922</u> | <u>\$ 7,315,228</u> | <u>\$ 332,601</u> | <u>\$ 476,082</u> | <u>\$ 252,066</u> |

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2011**

| | Sewermain Construction | Watermain Construction | Sidewalk Construction | Commerce Development | Total Capital Projects |
|--|---------------------------|---------------------------|--------------------------|-------------------------|------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | - | - | \$ 5,130,893 |
| Investments | - | - | - | 203,571 | 21,613,539 |
| Receivables: | | | | | |
| Taxes receivable | - | - | - | - | 24,705 |
| Accounts receivable | - | 10,986 | - | - | 3,327,963 |
| Special assessments | - | - | - | - | 26,690 |
| Notes receivable | - | - | - | - | 235,866 |
| Due from other funds | - | - | - | - | 1,973,791 |
| Advance to other funds | - | - | - | - | 600,000 |
| Restricted assets: | | | | | |
| Investments | - | - | 1,303,780 | - | 1,303,780 |
| Total assets | \$ - | \$ 10,986 | \$ 1,303,780 | \$ 203,571 | \$ 34,237,227 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 33,323 | - | \$ 266,862 | - | \$ 557,705 |
| Retainage payable | 16,658 | - | - | - | 198,273 |
| Due to other funds | 3,585,080 | 11,433 | 524,018 | - | 4,159,687 |
| Deferred revenue | - | - | - | - | 265,977 |
| Customer deposits | - | - | 1,303,780 | - | 1,303,780 |
| Total liabilities | 3,635,061 | 11,433 | 2,094,660 | - | 6,485,422 |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | 600,000 |
| Restricted | - | - | - | - | 10,727,915 |
| Committed | - | - | - | 203,571 | 20,850,278 |
| Unassigned | (3,635,061) | (447) | (790,880) | - | (4,426,388) |
| Total fund balances | (3,635,061) | (447) | (790,880) | 203,571 | 27,751,805 |
| Total liabilities and fund balances | \$ - | \$ 10,986 | \$ 1,303,780 | \$ 203,571 | \$ 34,237,227 |

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, 2011

| | Special Deficiency/ Assumption | Highway Construction | Tax Increment | Community Development | Civic Center Improvements | Building Improvements |
|--|--------------------------------------|-------------------------|------------------|--------------------------|------------------------------|--------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 194,477 | \$ - | \$ 1,353,669 | \$ - | \$ - | \$ - |
| Special assessments | 22,954 | - | - | - | - | - |
| Intergovernmental | 5,227 | 5,906,422 | - | 785,556 | - | - |
| Charges for services | 370,115 | - | - | - | - | - |
| Investment income | 378,875 | 53,571 | 104,385 | - | - | 1,359 |
| Miscellaneous | 4,389 | - | - | - | - | 44,975 |
| Total revenues | 976,037 | 5,959,993 | 1,458,054 | 785,556 | - | 46,334 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public works | 192,576 | 8,705 | 25,000 | 710,244 | 2,520 | 962 |
| Capital outlays | | | | | | |
| Public works | 347,309 | 9,049,903 | - | - | 110,726 | 354,025 |
| Debt service | | | | | | |
| Interest and fiscal charges | 20,076 | - | - | - | - | - |
| Total expenditures | 559,961 | 9,058,608 | 25,000 | 710,244 | 113,246 | 354,987 |
| Excess (deficiency) of revenues over (under) expenditures | 416,076 | (3,098,615) | 1,433,054 | 75,312 | (113,246) | (308,653) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in | 451,130 | 7,810,686 | 78,007 | - | - | 395,200 |
| Transfer out | (491,346) | (3,017,980) | - | (75,253) | (613,922) | - |
| Premium on special assessment debt | - | - | - | - | - | - |
| Discount on special assessment debt | - | - | - | - | - | - |
| Special assessment bonds issued | - | - | - | - | - | - |
| Total other financing sources (uses) | (40,216) | 4,792,706 | 78,007 | (75,253) | (613,922) | 395,200 |
| Net changes in fund balances | 375,860 | 1,694,091 | 1,511,061 | 59 | (727,168) | 86,547 |
| Fund balances - beginning | 1,618,887 | 9,022,844 | 17,124,009 | (59) | 727,168 | 289,257 |
| Fund balances - ending | \$ 1,994,747 | \$ 10,716,935 | \$ 18,635,070 | \$ - | \$ - | \$ 375,804 |

(Continued from next page)

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

| | Street Light/Signals | Sewermain Construction | Watermain Construction | Sidewalk Construction | Commerce Development | Total Capital Projects |
|---|----------------------|------------------------|------------------------|-----------------------|----------------------|------------------------|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,548,146 |
| Special assessments | - | 47,224 | 31,733 | 175,642 | - | 277,553 |
| Intergovernmental | - | - | - | - | - | 6,697,205 |
| Charges for services | - | - | - | - | - | 370,115 |
| Investment income | - | 365 | 610 | 470 | - | 539,635 |
| Miscellaneous | - | - | - | - | - | 49,364 |
| Total revenues | - | 47,589 | 32,343 | 176,112 | - | 9,482,018 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public works | 79,952 | 42,004 | 11,152 | 22,196 | - | 1,095,311 |
| Capital outlays | | | | | | |
| Public works | 138,479 | 2,587,952 | 130,562 | 1,057,608 | - | 13,776,564 |
| Debt service | - | - | - | - | - | 20,076 |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 218,431 | 2,629,956 | 141,714 | 1,079,804 | - | 14,891,951 |
| Excess (deficiency) of revenues over (under) expenditures | (218,431) | (2,582,367) | (109,371) | (903,692) | - | (5,409,933) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in | 410,312 | 51,587 | 259,115 | - | - | 9,456,037 |
| Transfer out | - | (11,118) | (308) | (16,507) | - | (4,226,434) |
| Premium on special assessment debt | - | 6,549 | 8,221 | - | - | 14,770 |
| Discount on special assessment debt | - | - | - | (9,350) | - | (9,350) |
| Special assessment bonds issued | - | 390,941 | 490,016 | 935,000 | - | 1,815,957 |
| Total other financing sources (uses) | 410,312 | 437,959 | 757,044 | 909,143 | - | 7,050,980 |
| Net changes in fund balances | 191,881 | (2,144,408) | 647,673 | 5,451 | - | 1,641,047 |
| Fund balances - beginning | 60,185 | (1,490,653) | (648,120) | (796,331) | 203,571 | 26,110,758 |
| Fund balances - ending | \$ 252,066 | \$ (3,635,061) | \$ (447) | \$ (790,880) | \$ 203,571 | \$ 27,751,805 |

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011**

| | Solid Waste Disposal | Solid Waste Collections | Storm Water | Commercial Property | Northern Plains Commerce Centre | Parking Authority Lots | Total |
|--|-------------------------|----------------------------|----------------|------------------------|---------------------------------------|------------------------------|---------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 6,116,875 | \$ 1,599,444 | \$ 2,325,488 | \$ 116,832 | \$ 245,074 | \$ 979,163 | \$ 11,382,876 |
| Investments | 839,947 | 176,295 | 2,966,593 | 3,186 | 138,926 | 16,557 | 4,141,504 |
| Receivables: | | | | | | | |
| Accounts receivable | 240,401 | 67 | - | - | - | 17,956 | 258,424 |
| Special assessments | - | - | 349,479 | - | - | - | 349,479 |
| Interest receivable | 12,908 | 3,084 | 9,508 | 178 | - | 1,581 | 27,259 |
| Prepaid items | 9,435 | 3,221 | 4,272 | 224 | - | 102 | 17,254 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 14,875 | 14,875 |
| Total current assets | 7,219,566 | 1,782,111 | 5,655,340 | 120,420 | 384,000 | 1,030,234 | 16,191,671 |
| Noncurrent assets: | | | | | | | |
| Capital assets not being depreciated | | | | | | | |
| Land | 395,247 | 603,338 | 2,550,600 | 259,000 | 443,760 | 1,203,152 | 5,455,097 |
| Construction in progress | 6,262 | - | 24,655 | - | 1,576 | - | 32,493 |
| Capital assets (net of accumulated depreciation) | | | | | | | |
| Building and building improvements | 3,924,861 | - | - | 1,524,708 | 466,716 | 4,451,039 | 10,367,324 |
| Improvements other than buildings | 2,071,878 | 10,314 | 25,586,429 | - | 6,562,232 | 20,951 | 34,251,804 |
| Machinery and equipment | 1,667,662 | 1,530,079 | 120,846 | - | - | 178,056 | 3,496,643 |
| Total noncurrent assets | 8,065,910 | 2,143,731 | 28,282,530 | 1,783,708 | 7,474,284 | 5,853,198 | 53,603,361 |
| Total assets | \$ 15,285,476 | \$ 3,925,842 | \$ 33,937,870 | \$ 1,904,128 | \$ 7,858,284 | \$ 6,883,432 | \$ 69,795,032 |

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011

| | Solid Waste Disposal | Solid Waste Collections | Storm Water | Commercial Property | Northern Plains Commerce Centre | Parking Authority Lots | Total |
|---|----------------------|-------------------------|---------------------|---------------------|---------------------------------|------------------------|----------------------|
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 59,815 | \$ 11,321 | \$ 300,463 | \$ 32,877 | \$ - | \$ 16,520 | \$ 420,996 |
| Leases payable | 1,260 | - | 324 | - | - | - | 1,584 |
| Compensated benefits payable | 42,481 | 58,727 | 5,701 | - | - | - | 106,909 |
| Salaries payable | 38,768 | 60,487 | 9,140 | - | - | - | 108,395 |
| Deferred revenue | - | - | - | - | - | 967 | 967 |
| Total current liabilities | <u>142,324</u> | <u>130,535</u> | <u>315,628</u> | <u>32,877</u> | <u>-</u> | <u>17,487</u> | <u>638,851</u> |
| Long-term liabilities: | | | | | | | |
| Advances from other funds | - | - | - | 1,780,000 | - | 600,000 | 2,380,000 |
| Customer deposits | 795 | - | - | 2,950 | - | 14,875 | 18,620 |
| Compensated benefits payable | 33,286 | 50,021 | 5,657 | - | - | - | 88,964 |
| Capital lease | 2,766 | - | 711 | - | - | - | 3,477 |
| Accrued closure/post closure costs | 1,382,966 | - | - | - | - | - | 1,382,966 |
| Total long-term liabilities | <u>1,419,813</u> | <u>50,021</u> | <u>6,368</u> | <u>1,782,950</u> | <u>-</u> | <u>614,875</u> | <u>3,874,027</u> |
| Total liabilities | <u>1,562,137</u> | <u>180,556</u> | <u>321,996</u> | <u>1,815,827</u> | <u>-</u> | <u>632,362</u> | <u>4,512,878</u> |
| NET ASSETS | | | | | | | |
| Invested in capital assets, net of related debt | 8,061,884 | 2,143,731 | 28,281,495 | 1,783,708 | 7,474,284 | 5,853,198 | 53,598,300 |
| Unrestricted | 5,661,455 | 1,601,555 | 5,334,379 | (1,695,407) | 384,000 | 397,872 | 11,683,854 |
| Total net assets | <u>\$13,723,339</u> | <u>\$ 3,745,286</u> | <u>\$33,615,874</u> | <u>\$ 88,301</u> | <u>\$ 7,858,284</u> | <u>\$ 6,251,070</u> | <u>\$ 65,282,154</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, 2011

| | Solid Waste Disposal | Solid Waste Collections | Storm Water | Commercial Property | Northern Plains Commerce Centre | Parking Authority Lots | Total |
|--|----------------------|-------------------------|----------------------|---------------------|---------------------------------|------------------------|----------------------|
| OPERATING REVENUES | | | | | | | |
| Charges for services: | | | | | | | |
| Sale of gas and oil | \$ - | \$ - | \$ 999 | \$ - | \$ - | \$ - | \$ 999 |
| Sanitation fees | 2,670,039 | 2,340,285 | 920,334 | - | - | - | 5,930,658 |
| Miscellaneous sales | 28,473 | 39,404 | - | - | - | 17,851 | 85,728 |
| Rentals | 97,921 | 10,648 | 499 | 201,831 | - | 924,139 | 1,235,038 |
| Total operating revenues | <u>2,796,433</u> | <u>2,390,337</u> | <u>921,832</u> | <u>201,831</u> | <u>-</u> | <u>941,990</u> | <u>7,252,423</u> |
| OPERATING EXPENSES | | | | | | | |
| Personal services - salaries & wages | 613,934 | 948,751 | 155,222 | - | - | - | 1,717,907 |
| Personal services - fringe benefits | 226,294 | 351,090 | 45,586 | - | - | - | 622,970 |
| Professional, legal, and contracted services | 112,136 | 34,432 | 260,952 | 9,038 | - | 302,457 | 719,015 |
| Building, equipment, and vehicle services | 576,051 | 398,013 | 495,713 | 72,038 | - | 233,804 | 1,775,619 |
| Travel & training | 5,341 | 365 | 777 | - | - | - | 6,483 |
| Operating services | 247,232 | 18,260 | 5,623 | 222 | - | 24,298 | 295,635 |
| Operating supplies | 282,652 | 261,785 | 17,776 | 515 | - | 16,663 | 579,391 |
| Depreciation expense | 458,358 | 225,682 | 565,243 | 53,033 | 16,173 | 328,239 | 1,646,728 |
| Total operating expenses | <u>2,521,998</u> | <u>2,238,378</u> | <u>1,546,892</u> | <u>134,846</u> | <u>16,173</u> | <u>905,461</u> | <u>7,363,748</u> |
| Operating income (loss) | 274,435 | 151,959 | (625,060) | 66,985 | (16,173) | 36,529 | (111,325) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Intergovernmental | 260 | 1,596 | - | - | - | - | 1,856 |
| Special assessments | - | - | 109,997 | - | - | - | 109,997 |
| Gain (loss) on disposal of assets | 52,006 | 9,659 | (28) | - | - | - | 61,637 |
| Investment income | 47,678 | 11,243 | 34,503 | 525 | - | 6,344 | 100,293 |
| Interest and fiscal charges | (2,991) | - | (104) | - | - | - | (3,095) |
| Total nonoperating revenues (expenses) | <u>96,953</u> | <u>22,498</u> | <u>144,368</u> | <u>525</u> | <u>-</u> | <u>6,344</u> | <u>270,688</u> |
| Income (loss) before contributions and transfers | 371,388 | 174,457 | (480,692) | 67,510 | (16,173) | 42,873 | 159,363 |
| CAPITAL CONTRIBUTIONS | | | | | | | |
| TRANSFERS IN | | | | | | | |
| TRANSFERS OUT | | | | | | | |
| Change in net assets | 272,011 | 85,517 | 3,130,259 | 67,510 | 7,858,284 | 42,873 | 11,456,454 |
| Total net assets - beginning | 13,451,328 | 3,659,769 | 30,485,615 | 20,791 | - | 6,208,197 | 53,825,700 |
| Total net assets - ending | <u>\$ 13,723,339</u> | <u>\$ 3,745,286</u> | <u>\$ 33,615,874</u> | <u>\$ 88,301</u> | <u>\$ 7,858,284</u> | <u>\$ 6,251,070</u> | <u>\$ 65,282,154</u> |

**CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | Solid Waste Disposal | Solid Waste Collections | Storm Water | Commercial Property | Northern Plains Commerce Center | Parking Authority Lots | Total |
|---|----------------------|-------------------------|--------------|---------------------|---------------------------------|------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers and users | \$ 2,755,942 | \$ 2,391,088 | \$ 921,832 | \$ 201,831 | \$ - | \$ 921,377 | \$ 7,192,070 |
| Payments to suppliers | (1,246,198) | (1,054,972) | (856,870) | (1,862,158) | - | (609,627) | (5,629,825) |
| Payments to employees | (806,134) | (944,787) | (149,968) | - | - | - | (1,700,889) |
| Net cash provided by operating activities | 903,610 | 391,329 | (85,006) | (1,660,327) | - | 311,750 | (138,644) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Intergovernmental | 260 | 1,596 | - | - | - | - | 1,856 |
| Payment on advance | - | - | - | 1,780,000 | - | (100,000) | 1,680,000 |
| Transfers from other funds | - | - | 126,997 | - | 384,000 | - | 510,997 |
| Transfers to other funds | (99,377) | (88,940) | (52,412) | - | - | - | (240,729) |
| Net cash used by noncapital financing activities | (99,117) | (87,344) | 74,585 | 1,780,000 | 384,000 | (100,000) | 1,952,124 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Capital lease payment | 2,946 | - | 757 | - | - | - | 3,703 |
| Interest paid | (2,928) | - | (88) | - | - | - | (3,016) |
| Proceeds from sale of capital assets | 114 | 9,659 | - | - | - | - | 9,773 |
| Proceeds from insurance recoveries | - | - | - | - | - | - | - |
| Proceeds from special assessments | - | - | 17,768 | - | - | - | 17,768 |
| Purchase of capital assets | (376,427) | - | (7,985) | - | - | (105,973) | (490,385) |
| Construction of capital assets | (1,547) | - | (16,856) | - | - | - | (18,403) |
| Net cash used by capital and related financing activities | (377,842) | 9,659 | (6,404) | - | - | (105,973) | (480,560) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Proceeds from sales and maturities of investments | 1,712,709 | 24,011 | 3,047,195 | 12 | - | 12,849 | 4,796,776 |
| Purchase of investments | (839,947) | (176,295) | (2,966,593) | (3,186) | (138,926) | (16,557) | (4,141,504) |
| Investment income | 37,658 | 8,762 | 27,593 | 333 | - | 4,938 | 79,284 |
| Net cash provided (used) by investing activities | 910,420 | (143,522) | 108,195 | (2,841) | (138,926) | 1,230 | 734,556 |
| Net increase (decrease) in cash and cash equivalents | 1,337,071 | 170,122 | 91,370 | 116,832 | 245,074 | 107,007 | 2,067,476 |
| Cash and cash equivalents - January 1 | 4,779,804 | 1,429,322 | 2,234,118 | - | - | 887,031 | 9,330,275 |
| Cash and cash equivalents - December 31 | \$ 6,116,875 | \$ 1,599,444 | \$ 2,325,488 | \$ 116,832 | \$ 245,074 | \$ 994,038 | \$ 11,397,751 |
| Reconciliation of operating income to net cash provided by operating activities | | | | | | | |
| Operating income (loss) | \$ 274,435 | \$ 151,959 | \$ (625,060) | \$ 66,985 | \$ (16,173) | \$ 36,529 | \$ (111,325) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | | |
| Depreciation expense | 456,358 | 225,682 | 565,243 | 53,033 | 16,173 | 328,239 | 1,846,728 |
| (Increase) decrease in accounts receivable | (40,491) | 751 | - | - | - | (2,765) | (42,505) |
| (Increase) decrease in prepaid items | 6,106 | 3,260 | (2,878) | (222) | - | 198 | 6,464 |
| Increase (decrease) in customer deposits | - | - | - | - | - | (2,340) | (2,340) |
| Increase (decrease) in accounts payable | 35,552 | 5,713 | (27,565) | (3,005) | - | (32,603) | (21,908) |
| Increase (decrease) in compensated benefits payable | 5,214 | 2,108 | 4,506 | - | - | - | 11,828 |
| Increase (decrease) in salaries payable | 2,586 | 1,856 | 748 | - | - | - | 5,190 |
| Increase (decrease) in due to other funds | - | - | - | (1,777,118) | - | - | (1,777,118) |
| Increase (decrease) in deferred revenue | - | - | - | - | - | (15,508) | (15,508) |
| Increase in closure and post closure costs | 161,850 | - | - | - | - | - | 161,850 |
| Total adjustments | 629,175 | 239,370 | 540,054 | (1,727,312) | 16,173 | 275,221 | (27,319) |
| Net cash provided by operating activities | \$ 903,610 | \$ 391,329 | \$ (85,006) | \$ (1,660,327) | \$ - | \$ 311,750 | \$ (138,644) |
| NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES | | | | | | | |
| Construction of capital assets contributed through capital project funds | \$ - | \$ - | \$ 3,536,366 | \$ - | \$ 7,490,458 | \$ - | \$ 11,026,824 |
| Contribution of capital assets from developers | - | - | - | - | - | - | - |
| Increase in fair value of investments | 3,371 | 762 | 2,569 | 12 | - | 426 | 7,140 |

CITY OF BISMARCK, NORTH DAKOTA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2011

| | Fleet Services | Liability Insurance | Workforce Safety Insurance | Employee Insurance | Unemployment Insurance | Revolving | Total |
|---|----------------|---------------------|----------------------------|--------------------|------------------------|-----------|--------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 92,400 | \$ 47 | \$ 8,100 | \$ 812,669 | \$ - | \$ 75,000 | \$ 988,216 |
| Investments | 8,044 | 187,490 | 99,170 | 2,612,470 | - | 190,709 | 3,097,883 |
| Receivables: | | | | | | | |
| Accounts receivable | 4,886 | - | - | 44,747 | 45 | 331,119 | 380,797 |
| Inventories | 330,947 | - | - | - | - | - | 330,947 |
| Prepaid items | - | - | 89,929 | - | - | - | 89,929 |
| Total current assets | 436,277 | 187,537 | 197,199 | 3,469,886 | 45 | 596,828 | 4,887,772 |
| Noncurrent assets: | | | | | | | |
| Capital assets (net of accumulated depreciation): | | | | | | | |
| Machinery and equipment | 34,188 | - | - | - | - | - | 34,188 |
| Total noncurrent assets | 34,188 | - | - | - | - | - | 34,188 |
| Total assets | 470,465 | 187,537 | 197,199 | 3,469,886 | 45 | 596,828 | 4,921,960 |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | 68,809 | - | - | 607 | 5,322 | 578,436 | 653,174 |
| Due to other funds | - | - | - | - | 60,747 | - | 60,747 |
| Due to other entities | - | - | - | - | - | 4,650 | 4,650 |
| Salaries payable | 24,314 | - | - | - | - | 429 | 24,743 |
| Claims and judgments payable | - | 12,348 | - | 320,235 | - | - | 332,583 |
| Total current liabilities: | 93,123 | 12,348 | - | 320,842 | 66,069 | 583,515 | 1,075,897 |
| NET ASSETS | | | | | | | |
| Invested in capital assets, net of related debt | 34,188 | - | - | - | - | - | 34,188 |
| Unrestricted | 343,154 | 175,189 | 197,199 | 3,149,044 | (66,024) | 13,313 | 3,811,875 |
| Total net assets | \$ 377,342 | \$ 175,189 | \$ 197,199 | \$ 3,149,044 | \$ (66,024) | \$ 13,313 | \$ 3,846,063 |

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, 2011

| | Fleet Service | Liability Insurance | Workforce Safety Insurance | Employee Insurance | Unemployment Insurance | Revolving | Total |
|--|----------------------|----------------------------|-----------------------------------|---------------------------|-------------------------------|------------------|--------------------|
| OPERATING REVENUES | | | | | | | |
| Charges for services | | | | | | | |
| Sale of gas and oil | \$1,361,640 | \$ - | \$ - | \$ - | \$ - | \$ - | \$1,361,640 |
| Sale of parts and labor | 1,797,114 | - | - | - | - | - | 1,797,114 |
| Miscellaneous sales | 2,385 | 67,915 | 8,058 | 24,676 | 13 | 1,086 | 104,133 |
| Rentals | 18,884 | - | - | - | - | - | 18,884 |
| Employer contributions | - | - | 188,635 | 6,117,873 | 45 | - | 6,306,553 |
| Employee contributions | - | - | - | 20,949 | - | - | 20,949 |
| Total operating revenues | <u>3,180,023</u> | <u>67,915</u> | <u>196,693</u> | <u>6,163,498</u> | <u>58</u> | <u>1,086</u> | <u>9,609,273</u> |
| OPERATING EXPENSES | | | | | | | |
| Cost of goods sold | 2,257,466 | - | - | - | - | - | 2,257,466 |
| Personal services - salaries & wages | 414,541 | - | - | - | - | 670 | 415,211 |
| Personal services - fringe benefits | 145,940 | - | - | 10,514 | 31,504 | 75,019 | 262,977 |
| Professional, legal, and contracted services | 796 | 39 | - | 995 | - | - | 1,830 |
| Building, equipment, and vehicle services | 170,686 | - | - | - | - | 17,706 | 188,392 |
| Travel & training | 7,298 | - | - | - | - | - | 7,298 |
| Operating services | 8,269 | 172,349 | - | 5,113,580 | - | 2,373 | 5,296,571 |
| Operating supplies | 15,907 | - | - | 191 | - | - | 16,098 |
| Depreciation expense | 24,144 | - | - | - | - | - | 24,144 |
| Total operating expenses | <u>3,045,047</u> | <u>172,388</u> | <u>196,693</u> | <u>5,125,280</u> | <u>31,504</u> | <u>95,768</u> | <u>8,469,987</u> |
| Operating income (loss) | <u>134,976</u> | <u>(104,473)</u> | | <u>1,038,218</u> | <u>(31,446)</u> | <u>(94,682)</u> | <u>1,139,286</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Gain on disposal of assets | 5,115 | - | - | - | - | 18,297 | 23,412 |
| Investment income | 253 | 1,614 | 506 | 18,364 | - | - | 20,737 |
| Total nonoperating revenues (expenses) | <u>5,368</u> | <u>1,614</u> | <u>506</u> | <u>18,364</u> | <u>-</u> | <u>18,297</u> | <u>44,149</u> |
| Income (loss) before contributions and transfers | 140,344 | (102,859) | 197,199 | 1,056,582 | (31,446) | (76,385) | 1,183,435 |
| TRANSFER IN | | | | | | | |
| TRANSFER OUT | | | | | | | |
| Change in net assets | (77,595) | 144,000 | - | (41,014) | 6,104 | - | 150,104 |
| Total net assets - beginning | 62,749 | 25,895 | 197,199 | 1,015,568 | (25,342) | (76,385) | 1,199,684 |
| Total net assets - ending | 314,593 | 149,294 | - | 2,133,476 | (40,682) | 89,698 | 2,646,379 |
| | <u>\$ 377,342</u> | <u>\$ 175,189</u> | <u>\$ 197,199</u> | <u>\$3,149,044</u> | <u>\$ (66,024)</u> | <u>\$ 13,313</u> | <u>\$3,846,063</u> |

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

CITY OF BISMARCK, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Fleet Services | Liability Insurance | Workforce Safety | Employee Insurance | Unemployment Insurance | Revolving | Total |
|---|----------------|---------------------|------------------|--------------------|------------------------|-------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers and users | \$ 3,178,809 | \$ - | \$ - | \$ - | \$ (45) | \$ (79,531) | \$ 3,099,233 |
| Receipts from employer | - | - | 188,635 | 6,116,818 | 45 | - | 6,305,498 |
| Other operating cash receipts | - | 67,915 | 8,058 | 45,625 | 13 | 1,086 | 122,697 |
| Payments to suppliers | (2,620,669) | (175,935) | (104,014) | (5,126,704) | (6,117) | (10,716) | (8,044,155) |
| Payments to employees | (414,541) | - | - | - | - | (670) | (415,211) |
| Net cash provided (used) by operating activities | 143,599 | (108,020) | 92,679 | 1,035,739 | (6,104) | (89,831) | 1,068,062 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Transfers from other funds | - | 144,000 | - | - | 6,104 | - | 150,104 |
| Transfers to other funds | (77,595) | (15,246) | - | (41,014) | - | - | (133,855) |
| Net cash provided (used) by noncapital and related financing activities | (77,595) | 128,754 | - | (41,014) | 6,104 | - | 16,249 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Proceeds from sale of capital assets | 5,115 | - | - | - | - | - | 5,115 |
| Proceeds of claim/insurance recoveries | - | - | - | - | - | 1,467 | 1,467 |
| Purchase of capital assets | - | - | - | - | - | - | - |
| Net cash provided (used) by capital and related financing activities | 5,115 | - | - | - | - | 1,467 | 6,582 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Proceeds from sales and maturities of investments | 29,100 | 165,350 | 26 | 2,413,493 | - | - | 2,607,969 |
| Purchase of investments | (8,043) | (187,490) | (99,171) | (2,612,470) | - | (190,709) | (3,097,883) |
| Investment income | 224 | 1,453 | 480 | 16,921 | - | - | 19,078 |
| Net cash provided (used) by investing activities | 21,281 | (20,687) | (98,665) | (182,056) | - | (190,709) | (470,836) |
| Net increase (decrease) in cash and cash equivalents | 92,400 | 47 | (5,986) | 812,669 | - | (279,073) | 620,057 |
| Cash and cash equivalents - January 1 | - | - | 14,086 | - | - | 354,073 | 368,159 |
| Cash and cash equivalents - December 31 | \$ 92,400 | \$ 47 | \$ 8,100 | \$ 812,669 | \$ - | \$ 75,000 | \$ 988,216 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Operating income (loss) | \$ 134,976 | \$ (104,473) | \$ 196,693 | \$ 1,038,218 | \$ (31,446) | \$ (94,682) | \$ 1,199,286 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation expense | 24,144 | - | - | - | - | - | 24,144 |
| (Increase) decrease in accounts receivable | (1,214) | - | - | (1,055) | (45) | (79,531) | (81,845) |
| (Increase) decrease in inventories | (14,118) | - | - | - | - | - | (14,118) |
| (Increase) decrease in prepaid items | 755 | - | (104,014) | - | - | - | (103,259) |
| Increase (decrease) in customer deposits | - | - | - | - | - | - | - |
| Increase (decrease) in accounts payable | (2,605) | - | - | (1,122) | 1,575 | 82,328 | 80,176 |
| Increase (decrease) in salaries payable | 1,661 | - | - | - | - | 248 | 1,909 |
| Increase (decrease) in due to other funds | - | - | - | - | 23,812 | - | 23,812 |
| Increase (decrease) in due to other entities | - | - | - | - | - | 1,806 | 1,806 |
| Increase (decrease) in estimated pending claims | - | (3,547) | - | (302) | - | - | (3,849) |
| Total adjustments | 8,623 | (3,547) | (104,014) | (2,479) | 25,342 | 4,851 | (71,224) |
| Net cash provided (used) by operating activities | \$ 143,599 | \$ (108,020) | \$ 92,679 | \$ 1,035,739 | \$ (6,104) | \$ (89,831) | \$ 1,068,062 |
| NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES | | | | | | | |
| Construction of capital assets contributed through capital project funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Increase in fair value of investments | 29 | 161 | 26 | 1,443 | - | - | 1,659 |

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CITY OF BISMARCK, NORTH DAKOTA
 FIREMEN'S PENSION AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | Balance January 1, 2011 | Additions | Deletions | Balance December 31, 2011 |
|-----------------------|-------------------------------|-------------------|-------------------|---------------------------------|
| ASSETS | | | | |
| Investments | \$ 108,827 | \$ 574,326 | \$ 682,277 | \$ 876 |
| Receivables: | | | | |
| Taxes | 6,831 | 362 | 32 | 7,161 |
| Accounts | 11,684 | 15,378 | 11,684 | 15,378 |
| Total assets | <u>\$ 127,342</u> | <u>\$ 590,066</u> | <u>\$ 693,993</u> | <u>\$ 23,415</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 108,827 | \$ 574,206 | \$ 682,157 | \$ 876 |
| Due to other entities | 18,515 | 4,334 | 310 | 22,539 |
| Total liabilities | <u>\$ 127,342</u> | <u>\$ 578,540</u> | <u>\$ 682,467</u> | <u>\$ 23,415</u> |

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**CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2011**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

| | |
|---|-------------|
| Land | 2,474,666 |
| Buildings and building improvements | 33,980,745 |
| Improvements other than buildings | 85,349 |
| Machinery and equipment | 36,171,119 |
| Infrastructure | 230,609,760 |
| Construction in progress | 3,391,544 |
| Total governmental funds capital assets | 306,713,183 |

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

| | |
|---|-------------|
| General fund | 2,069,395 |
| Special revenue funds | 23,562,083 |
| Federal and state grants | 100,242,375 |
| Capital projects funds | 174,320,776 |
| Enterprise funds | 15,210 |
| Donations | 6,503,344 |
| Total governmental funds capital assets | 306,713,183 |

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011**

| 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 | - | - | - | 287,137 | - | 287,137 |
| 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 | - | - | - | 145,516 | - | 145,516 |
| Building maintenance | - | - | - | 50,648 | - | 50,648 |
| NPCC | - | - | - | - | - | - |
| E/H transit system | 108,421 | 3,145,962 | - | 4,748,763 | - | 8,003,146 |
| Total general government | 308,421 | 14,829,356 | 18,411 | 6,537,569 | - | 21,693,757 |
| Public safety: | | | | | | |
| Police | 499,500 | 7,420,290 | 37,078 | 5,625,468 | 176,850 | 13,759,186 |
| Fire and inspections | 580,688 | 5,479,738 | 15,790 | 6,174,392 | - | 12,250,608 |
| Combined communication center | - | - | - | 330,815 | - | 330,815 |
| Total public safety | 1,080,188 | 12,900,028 | 52,868 | 12,130,675 | 176,850 | 26,340,609 |
| Highways and streets: | | | | | | |
| Roads and streets | 50,923 | - | - | 7,498,994 | 65,184 | 7,615,101 |
| Engineering | - | - | - | 387,149 | - | 387,149 |
| Forestry | - | - | - | 485,021 | - | 485,021 |
| Total highways and streets | 50,923 | - | - | 8,371,164 | 65,184 | 8,487,271 |
| Health: | | | | | | |
| Bismarck burleigh public health | - | 170,524 | - | 215,116 | - | 385,640 |
| Total health | - | 170,524 | - | 215,116 | - | 385,640 |
| Culture and recreation: | | | | | | |
| Centennial beach | - | 297,838 | - | - | - | 297,838 |
| City auditorium | - | - | - | - | - | - |
| Civic center | - | - | - | - | - | - |
| Library | 324,000 | 5,782,999 | - | 8,916,595 | - | 15,023,594 |
| Total culture and recreation | 324,000 | 6,080,837 | - | 8,916,595 | - | 15,321,432 |
| Public works: | | | | | | |
| Sales tax fund | 22,721 | - | - | - | - | 22,721 |
| Special deficiency fund | - | - | - | - | - | - |
| Highway construction | 687,653 | - | - | - | 65,461,952 | 66,149,605 |
| Sidewalk construction | - | - | 14,070 | - | 19,807,312 | 19,821,382 |
| Street lights construction | - | - | - | - | 593,352 | 593,352 |
| Street improvements | 760 | - | - | - | 144,505,110 | 144,505,870 |
| Total public works | 711,134 | - | 14,070 | - | 230,367,726 | 231,092,930 |
| Construction in progress: | - | 14,042 | - | 5,000 | 3,372,502 | 3,391,544 |
| Total governmental funds capital assets | \$ 2,474,666 | \$ 33,994,787 | \$ 85,349 | \$ 36,176,119 | \$ 233,982,262 | \$ 306,713,183 |

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, 2011

| FUNCTION AND ACTIVITY | Balance January 1, 2011 | Additions | Deductions | Transfers | Balance December 31, 2011 |
|--|-------------------------------|----------------------|----------------------|-------------|---------------------------------|
| General government: | | | | | |
| Administration and management | \$ 43,879 | \$ - | \$ - | \$ - | \$ 43,879 |
| Fiscal, assessing and information services | 281,004 | 11,933 | 5,800 | - | 287,137 |
| Common software | 1,058,423 | - | - | - | 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 | 109,262 | 36,254 | - | - | 145,516 |
| Building maintenance | 50,648 | - | - | - | 50,648 |
| NPCC | 8,609,338 | - | 8,609,338 | - | - |
| E/H transit system | 5,775,344 | 2,288,102 | 60,300 | - | 8,003,146 |
| Total general government | 28,032,906 | 2,336,289 | 8,675,438 | - | 21,693,757 |
| Public safety: | | | | | |
| Police | 11,500,418 | 2,377,734 | 118,966 | - | 13,759,186 |
| Fire and inspections | 11,901,634 | 600,539 | 251,565 | - | 12,250,608 |
| Combined communications center | 340,430 | - | 9,615 | - | 330,815 |
| Total public safety | 23,742,482 | 2,978,273 | 380,146 | - | 26,340,609 |
| Highways and streets: | | | | | |
| Roads and streets | 7,608,931 | 123,613 | 117,443 | - | 7,615,101 |
| Engineering | 331,190 | 55,959 | - | - | 387,149 |
| Forestry | 485,021 | - | - | - | 485,021 |
| Total highways and streets | 8,425,142 | 179,572 | 117,443 | - | 8,487,271 |
| Health: | | | | | |
| Bismarck burleigh public health | 157,218 | 228,422 | - | - | 385,640 |
| Total health | 157,218 | 228,422 | - | - | 385,640 |
| Culture and recreation: | | | | | |
| Centennial beach | 297,838 | - | - | - | 297,838 |
| City auditorium | 3,477,977 | - | 3,477,977 | - | - |
| Civic center | 36,571,583 | - | 36,571,583 | - | - |
| Library | 14,539,281 | 484,313 | - | - | 15,023,594 |
| Total culture and recreation | 54,886,679 | 484,313 | 40,049,560 | - | 15,321,432 |
| Public works: | | | | | |
| Sales tax fund | 22,721 | - | - | - | 22,721 |
| Special deficiency fund | 14,070 | - | - | (14,070) | - |
| Highway construction | 57,687,696 | 8,461,909 | - | - | 66,149,605 |
| Sidewalk construction | 18,749,704 | 1,057,608 | - | 14,070 | 19,821,382 |
| Street light construction | 277,058 | 316,294 | - | - | 593,352 |
| Street improvements | 127,848,148 | 16,657,722 | - | - | 144,505,870 |
| Total public works | 204,599,397 | 26,493,533 | - | - | 231,092,930 |
| Construction in progress: | 10,123,863 | 1,440,876 | 8,173,195 | - | 3,391,544 |
| Total governmental funds capital assets | \$ 329,967,687 | \$ 34,141,278 | \$ 57,395,782 | \$ - | 306,713,183 |

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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.

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|--|--------------------|
| Financial Trends | 120 |
| These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time. | |
| Revenue Capacity | 125 |
| 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 | 130 |
| 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 | 135 |
| 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 | 138 |
| 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*
(ACCURAL BASIS OF ACCOUNTING)

| | 2003** | 2004** | 2005** | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related deb | \$ 43,276,686 | \$ 63,506,929 | \$ 117,467,134 | \$ 125,296,291 | \$ 139,763,417 | \$ 145,009,837 | \$ 156,325,434 | \$ 156,675,941 | \$ 148,375,719 |
| 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 | 25,072,759 |
| 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 | 110,261,893 |
| Total governmental activities net assets | \$ 117,317,181 | \$ 135,008,611 | \$ 186,903,191 | \$ 198,577,311 | \$ 227,076,984 | \$ 249,955,628 | \$ 267,388,373 | \$ 282,115,340 | \$ 283,710,311 |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related deb | \$ 147,607,448 | \$ 171,406,048 | \$ 185,085,706 | \$ 200,350,952 | \$ 207,550,023 | \$ 212,244,535 | \$ 224,137,364 | \$ 226,357,253 | \$ 261,533,235 |
| Restricted | - | - | - | 6,169,917 | 15,199,969 | 9,727,626 | 16,785,740 | 11,788,078 | 6,991,320 |
| 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 | \$ 44,055,121 |
| Total business-type activities net assets | \$ 185,376,268 | \$ 200,965,604 | \$ 214,963,390 | \$ 235,633,125 | \$ 250,017,235 | \$ 259,660,667 | \$ 268,650,679 | \$ 274,504,546 | \$ 312,579,676 |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related deb | \$ 190,884,134 | \$ 234,912,977 | \$ 302,552,840 | \$ 325,647,243 | \$ 347,333,440 | \$ 357,254,372 | \$ 380,462,798 | \$ 383,033,194 | \$ 409,908,954 |
| Restricted | 19,860,939 | 14,103,406 | 11,973,853 | 17,676,376 | 27,284,683 | 21,625,967 | 29,555,237 | 25,701,282 | 32,064,079 |
| Unrestricted | 91,948,376 | 86,957,832 | 87,339,888 | 90,866,817 | 102,476,096 | 130,745,956 | 126,051,017 | 147,885,410 | 154,316,954 |
| 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 | \$ 596,289,987 |

*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.

**Retrospective 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 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 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 | \$ 28,399,400 |
| Public safety | 11,796,743 | 12,800,931 | 13,519,865 | 15,140,144 | 15,493,552 | 15,366,898 | 16,986,774 | 17,956,779 | 18,250,946 |
| 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 | 8,099,656 |
| 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 | 2,915,310 |
| 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 | 2,538,849 |
| 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 | 2,174,135 |
| 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 | 7,145,379 |
| Total governmental activities expenses | 38,530,873 | 42,326,956 | 44,931,663 | 51,463,888 | 50,884,587 | 56,412,694 | 60,622,682 | 62,093,162 | 69,523,675 |
| Business-type activities: | | | | | | | | | |
| Airport | 3,189,893 | 3,381,964 | 3,861,147 | 4,390,771 | 4,585,664 | 5,301,641 | 5,660,499 | 5,695,428 | 5,706,324 |
| Airport flightline | 813,909 | 1,107,046 | 1,378,538 | 1,353,928 | 1,402,345 | 716,809 | - | - | - |
| Civic Center | - | - | - | - | - | - | - | - | 7,271,580 |
| Solid waste disposal | 1,722,807 | 1,997,566 | 2,421,202 | 2,152,830 | 2,074,212 | 2,457,040 | 2,449,207 | 2,525,468 | 2,480,955 |
| 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 | 2,194,976 |
| 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 | 8,501,442 |
| Sanitary sewer | 2,621,053 | 3,066,589 | 3,465,950 | 3,480,927 | 3,892,916 | 4,526,528 | 4,921,746 | 5,237,690 | 6,059,940 |
| Storm water | 303,776 | 508,290 | 549,854 | 651,098 | 894,853 | 847,819 | 989,869 | 1,215,570 | 1,517,382 |
| Commercial Property | - | - | - | - | - | - | - | 33,312 | 151,021 |
| Parking authority lots | 745,690 | 751,226 | 777,506 | 789,564 | 925,530 | 1,123,507 | 926,238 | 873,209 | 905,461 |
| Total business-type activities expenses | 16,378,066 | 18,284,993 | 20,169,391 | 21,671,903 | 23,071,742 | 25,004,901 | 24,655,580 | 25,582,038 | 34,789,081 |
| Total primary government expenses | \$ 54,908,959 | \$ 60,611,949 | \$ 65,091,054 | \$ 73,155,791 | \$ 73,956,329 | \$ 81,417,595 | \$ 85,278,262 | \$ 87,675,200 | \$ 104,312,756 |
| 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 | \$ 3,905,967 |
| Public safety | 1,455,663 | 2,030,048 | 1,972,048 | 2,230,428 | 1,978,685 | 1,068,372 | 1,075,509 | 1,351,519 | 1,236,829 |
| 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 | 4,083,149 |
| Health and welfare | 117,898 | 166,410 | 235,909 | 192,742 | 216,261 | 382,628 | 444,964 | 511,601 | 554,209 |
| Culture and recreation | 5,106,556 | 4,466,125 | 3,666,423 | 3,062,688 | 3,434,124 | 4,094,528 | 4,348,057 | 5,015,661 | 150,215 |
| 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 | 27,284,007 |
| 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 | 22,787,617 |
| 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 | 60,001,993 |
| Business-type activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| Airport | 2,506,636 | 3,004,977 | 3,350,033 | 3,559,509 | 3,759,687 | 3,991,015 | 4,293,102 | 4,559,948 | 4,903,504 |
| Airport flightline | 860,300 | 1,119,432 | 1,403,483 | 1,407,451 | 1,524,383 | 700,936 | - | - | - |
| ** Civic Center | - | - | - | - | - | - | - | - | 5,019,304 |
| 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 | 2,796,433 |
| 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 | 2,390,337 |
| Water | 8,584,721 | 8,364,265 | 9,292,463 | 11,231,908 | 10,445,955 | 10,864,440 | 10,010,899 | 10,320,520 | 9,468,281 |
| 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 | 5,667,907 |

(Continued from previous page)

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------|---------------|----------------|----------------|---------------|----------------|----------------|-----------------|----------------|
| Storm water | 616,636 | 630,804 | 800,159 | 957,724 | 998,671 | 938,624 | 1,040,526 | 900,844 | 920,664 |
| Commercial Property | - | - | - | - | - | - | - | - | - |
| Parking authority lots | 774,764 | 765,404 | 796,650 | 807,583 | 808,003 | 834,896 | 867,583 | 54,103 | 201,831 |
| Operating grants and contributions | 5,176,334 | 1,452,790 | 311,490 | 31,151 | 413,366 | 98,518 | - | 883,751 | 941,990 |
| 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 | 1,856 |
| 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 | 42,992,166 |
| 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 | \$ 70,880,921 | \$ 102,994,159 |
| 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) | (9,521,682) |
| 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 | 8,203,085 |
| 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) | \$ (1,318,597) |
| 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 | \$ 17,162,429 |
| 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 | 13,955,767 |
| Occupancy tax | 441,560 | 439,389 | 487,773 | 520,947 | 572,633 | 622,144 | 674,643 | 753,860 | 914,599 |
| 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 | 2,292,498 |
| 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 | 3,773,172 |
| Franchise taxes | 549,499 | 599,808 | 668,229 | 897,694 | 908,863 | 1,028,020 | 1,099,793 | 1,082,874 | 1,182,709 |
| Other taxes | 536,180 | 450,555 | 673,191 | 511,924 | 500,201 | 501,564 | 465,811 | 535,297 | 665,151 |
| Unrestricted investment earnings | 750,390 | 868,736 | 1,409,418 | 2,585,623 | 2,941,614 | 2,032,392 | 1,076,333 | 901,297 | 579,687 |
| Gain (loss) on disposal of assets | 14,324 | 27,892 | 176,949 | 173,018 | 145,575 | 163,874 | 28,153 | 244,748 | 31,259 |
| Transfers | 1,225,130 | (903,933) | (3,472,278) | (2,764,681) | (3,532,194) | (840,854) | 836,582 | (484,636) | (29,440,618) |
| Total governmental activities | 25,706,629 | 23,870,154 | 24,070,178 | 30,144,990 | 32,204,471 | 35,450,563 | 36,623,624 | 36,676,735 | 41,116,653 |
| Business-type activities: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Other taxes | 62,911 | 69,357 | 67,271 | 21,487 | 56,117 | 97,298 | 78,488 | 63,107 | 60,524 |
| Unrestricted investment earnings | 396,668 | 392,750 | 819,900 | 1,704,943 | 1,986,272 | 1,698,200 | 475,469 | 299,907 | 352,646 |
| Gain (loss) on disposal of assets | 537,287 | 40,850 | (2,381,188) | 60,795 | 126,685 | 215,175 | 43,735 | 60,728 | 18,257 |
| Transfers | (1,463,519) | 903,933 | 3,472,278 | 2,764,681 | 3,532,194 | 840,854 | (836,582) | 484,636 | 29,440,618 |
| 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 | 29,872,045 |
| 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 | \$ 40,988,698 |
| 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 | \$ 1,594,971 |
| 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 | 38,075,130 |
| 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 | \$ 39,670,101 |

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.

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

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | **2011 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 | - |
| Restricted | - | - | - | - | - | - | - | - | 197,703 |
| Committed | - | - | - | - | - | - | - | - | 22,043 |
| Assigned | - | - | - | - | - | - | - | - | 3,966,827 |
| Unassigned | - | - | - | - | - | - | - | - | 18,424,444 |
| Total general fund | \$ 16,228,669 | \$ 17,164,340 | \$ 17,454,005 | \$ 18,950,245 | \$ 20,791,889 | \$ 22,011,450 | \$ 21,602,186 | \$ 20,944,306 | \$ 22,611,017 |
| 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 | 15,688,666 | 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 | - |
| Nonspendable | - | - | - | - | - | - | - | - | 2,707,591 |
| Restricted | - | - | - | - | - | - | - | - | 26,179,564 |
| Committed | - | - | - | - | - | - | - | - | 36,269,194 |
| Unassigned | - | - | - | - | - | - | - | - | (11,628,605) |
| Total all other governmental funds | \$ 37,074,566 | \$ 31,072,916 | \$ 28,796,795 | \$ 26,262,258 | \$ 29,265,565 | \$ 32,744,882 | \$ 36,067,262 | \$ 48,869,985 | \$ 53,527,744 |

*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.

**Implemented GASB #54 with 2011 CAFR.

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$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 | \$33,189,580 |
| Licenses and permits | 1,021,652 | 1,199,400 | 1,495,736 | 1,790,488 | 1,668,051 | 1,527,745 | 1,546,941 | 1,352,746 | 1,508,083 | 1,956,383 |
| Special assessments | 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 | 12,107,061 |
| Intergovernmental | 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 | 38,165,942 |
| Charges for services | 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 | 5,724,439 |
| Fines and forfeits | 1,034,585 | 1,005,608 | 1,432,979 | 1,237,852 | 1,319,887 | 1,158,782 | 962,615 | 868,180 | 868,997 | 869,714 |
| Investment income | 1,500,271 | 715,746 | 844,944 | 1,377,270 | 2,101,972 | 2,855,441 | 2,022,472 | 1,315,694 | 968,974 | 770,749 |
| Rentals | 599,456 | 510,076 | 526,962 | 570,485 | 873,198 | 759,240 | 815,495 | 814,068 | 799,489 | 914,901 |
| Miscellaneous | 225,889 | 185,747 | 245,353 | 235,853 | 207,675 | 229,092 | 243,636 | 613,419 | 456,451 | 710,737 |
| Total revenues | 44,998,085 | 45,658,162 | 48,847,724 | 49,432,630 | 54,857,493 | 60,933,918 | 62,500,079 | 68,040,773 | 69,721,156 | 94,409,506 |
| EXPENDITURES | | | | | | | | | | |
| General government | 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 | 26,460,346 |
| Public safety | 10,174,805 | 11,050,363 | 11,777,432 | 12,254,611 | 13,107,591 | 13,341,670 | 13,730,955 | 15,414,803 | 16,134,498 | 16,520,641 |
| Highways and streets | 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 | 7,757,762 |
| Health and welfare | 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 | 2,819,958 |
| Culture and recreation | 3,217,681 | 3,794,278 | 3,290,157 | 3,216,287 | 3,306,751 | 3,603,065 | 4,003,495 | 4,159,604 | 4,369,646 | 1,954,030 |
| Public works | - | 736,087 | 1,397,143 | 481,233 | 1,177,137 | 2,092,389 | 2,136,119 | 1,380,553 | 1,244,878 | 1,260,901 |
| Capital outlays | 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 | 28,295,435 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 9,355,000 |
| Interest and fiscal charges | 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 | 2,230,206 |
| Total expenditures | 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 | 96,654,279 |
| Excess (deficiency) of revenues over (under) expenditures | (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) | (2,244,773) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfer in | 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 | 23,187,603 |
| Transfer out | (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) | (24,505,560) |
| Refunding bonds issued | 1,989,999 | 7,295,000 | 2,005,000 | - | - | - | 2,430,000 | - | 3,855,000 | 1,605,000 |
| Premium on special assessment debt | - | - | 21,084 | - | - | - | 22,881 | 70,495 | 240,378 | 150,391 |
| Discount on special assessment debt | - | - | (12,987) | (33,539) | (4,422) | (46,236) | (36,878) | - | (131,597) | (18,189) |
| Payment to refunded bond escrow agent | (4,825,000) | (1,925,000) | (8,960,000) | - | - | - | (2,430,000) | - | (3,880,000) | (1,850,000) |
| Special assessment bonds issued | 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 | 10,000,000 |
| Total other financing sources (uses) | 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 | 8,569,245 |
| Net changes in fund balances | (1,380,542) | 4,311,946 | (5,965,979) | (2,114,035) | (1,038,297) | 4,844,952 | 4,698,678 | 2,913,116 | 12,144,843 | 6,324,472 |
| Debt service as a percentage of noncapital expenditures | 22.0% | 20.9% | 20.2% | 19.5% | 16.9% | 17.5% | 17.4% | 19.3% | 20.4% | 16.9% |

Source: Fiscal Services

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

| Fiscal Year | Property ² Taxes | Sales Tax | Occupancy Tax | Lodging/ Liquor/Food Tax | | State Aid ¹ Distribution | Franchise ¹ Tax | Other ¹ Taxes | Total |
|-------------|-----------------------------|------------|---------------|-----------------------------|-----------|-------------------------------------|----------------------------|--------------------------|------------|
| | | | | | | | | | |
| 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 | 1,835,399 | 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 |
| 2011 | 17,162,429 | 13,955,767 | 914,599 | 2,292,498 | 3,773,172 | 1,182,709 | 665,151 | 665,151 | 39,946,325 |

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 Assessed Value | Total True and Full Value | Assessed Value as a Percentage of True and Full Value | Total Direct Tax Rate |
|------|-------------------------------------|--------------------------------------|----------------------|---------------------|----------------------------|---------------------------------|---|-----------------------------|
| | | | | | | | | |
| 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 |
| 2010 | 731,769,330 | 1,432,085,034 | 179,050 | 30,219,050 | 2,194,252,464 | 4,388,504,927 | 50% | 80.68 |

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 |
| 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 |
| 2010 | 80.68 | - | 80.68 | 54.55 | 142.13 | 39.82 | 1.00 | 318.18 |

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, 2010

**CITY OF BISMARCK, NORTH DAKOTA
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS
DECEMBER 31, 2011**

| Taxpayer | 2011 | | | 2002 | | |
|-------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Metropolitan Life Assurance Company | \$ 23,494,250 | 1 | 1.08 % | \$ 19,867,550 | 1 | 1.71 % |
| Medcenter One | 9,608,600 | 2 | 0.44 | 6,256,750 | 2 | 0.54 |
| Waterford on West Century | 8,997,150 | 3 | 0.41 | 3,669,700 | 7 | 0.32 |
| Clark Equipment | 8,480,900 | 4 | 0.39 | 4,124,950 | 4 | 0.36 |
| Wal-Mart Property North | 8,159,000 | 5 | 0.38 | | | |
| Inreit Properties (Edgewood) | 8,068,850 | 6 | 0.37 | | | |
| Wal-Mart Property South | 7,797,400 | 7 | 0.36 | | | |
| * Mid Dakota Clinic | 7,517,900 | 8 | 0.35 | 3,486,750 | 8 | 0.30 |
| * Menards | 6,936,750 | 9 | 0.32 | 3,417,000 | 9 | 0.29 |
| * Gateway Fashion Mall | 6,426,200 | 10 | 0.30 | 5,668,050 | 3 | 0.49 |
| Pinehurst Square Acquisition LLC | 6,365,100 | 11 | 0.29 | | | |
| Regency Midwest Ventures LTD | 6,031,350 | 12 | 0.28 | - | | |
| MinDakota LTD Partnership | - | | | 4,096,850 | 5 | 0.35 |
| Basin Electric | - | | | 3,974,100 | 6 | 0.34 |
| Wal-Mart Store | - | | | 2,873,750 | 10 | 0.25 |
| Totals | \$ 107,883,450 | | 4.97 | \$ 57,435,450 | | 4.95 |

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

Source: Assessing Division

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

| Fiscal Year | Total Tax Levy for Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|---|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 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 |
| 2011 | 16,143,005 | 15,207,718 | 0.9421 | 216,757 | 15,424,475 | 0.9555 |

¹ Previous fiscal year tax levy.

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

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|--------------------------|---------------|--------------------------|----------------|--------------------------|----------------|------------|--|--------------------------|--|-------------------------|
| | General Obligation Bonds | Revenue Bonds | Special Assessment Bonds | Capital Leases | Revenue Bonds | Capital Leases | Total | Percentage of Personal Income ¹ | | | |
| | | | | | | | | | | | |
| 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 | | |
| 2011 | - | 1,940,000 | 66,155,000 | - | 29,807,244 | 17,377 | 97,919,621 | 0.0256 | 1,588 | | |

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 135 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 |
| 2002 | 60,000 | 18,474 | 41,526 | 0.0000 | 1 |
| 2003 | - | - | - | - | - |
| 2004 | - | - | - | - | - |
| 2005 | - | - | - | - | - |
| 2006 | - | - | - | - | - |
| 2007 | - | - | - | - | - |
| 2008 | - | - | - | - | - |
| 2009 | - | - | - | - | - |
| 2010 | - | - | - | - | - |
| 2011 | - | - | - | - | - |

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 126 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 135.

Sources:
 Planning Department
 Assessing Division
 Fiscal Services

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-----------------|
| Debt limit | \$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 | \$1,111,119,103 |
| Total net debt applicable to limit | 41,526 | - | - | - | - | - | - | - | - | - |
| Legal debt margin | \$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 | \$1,111,119,103 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.07% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|--|-----------------|
| Total assessed value | \$2,222,382,050 |
| Debt limit (5% of total assessed value) | 111,119,103 |
| 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 | \$ 111,119,103 |

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, 2011**

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|--------------------------|-----------------------------|--|--|
| Bismarck Public School | \$ 13,508,652 | 79.73 | \$ 1,077,044,824 |
| Totals | <u>\$ 13,508,652</u> | | <u>\$ 1,077,044,824</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, 2011
Burleigh County Levies, 2011

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

| Fiscal Year | Water Revenue Bonds | | | | Special Assessment Bonds | | | |
|-------------|-------------------------------|--------------------------|-----------------------|--------------|--------------------------------|--------------|--------------|----------|
| | Water/Sewer Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | Special Assessment Collections | Debt Service | | Coverage |
| | | | | | | Principal | Interest | |
| 2002 | \$13,090,703 | \$ 5,461,252 | \$ 7,629,451 | - | \$ 3,997,121 | \$ 3,835,000 | \$ 1,535,127 | 0.74 |
| 2003 | 13,396,192 | 5,609,458 | 7,786,734 | - | 4,192,468 | 4,325,001 | 1,369,288 | 0.74 |
| 2004 | 13,608,651 | 5,884,521 | 7,724,130 | - | 4,485,376 | 4,685,000 | 1,236,404 | 0.76 |
| 2005 | 14,995,914 | 6,290,238 | 8,705,676 | - | 4,693,578 | 4,920,000 | 1,195,692 | 0.77 |
| 2006 | 17,290,470 | 7,149,479 | 10,140,991 | 184,444 | 4,922,034 | 4,935,000 | 1,160,817 | 0.81 |
| 2007 | 16,500,612 | 7,368,682 | 9,131,930 | 520,000 | 5,437,106 | 5,190,000 | 1,554,890 | 0.81 |
| 2008 | 16,952,988 | 8,574,428 | 8,378,560 | 1,320,000 | 6,219,909 | 5,585,002 | 2,079,602 | 0.81 |
| 2009 | 16,783,419 | 8,777,959 | 8,005,460 | 1,440,000 | 7,864,035 | 7,085,000 | 2,283,141 | 0.84 |
| 2010 | 16,611,127 | 8,410,454 | 8,200,673 | 1,950,000 | 9,109,289 | 8,165,000 | 2,213,955 | 0.88 |
| 2011 | 16,549,071 | 10,142,474 | 6,406,597 | 2,020,000 | 9,566,595 | 8,445,000 | 2,096,794 | 0.91 |

| Fiscal Year | Sales Tax Bonds | | | | Motel, Liquor, Restaurant Bonds | | | |
|-------------|-----------------------|--------------|----------|---------------------------------------|---------------------------------|----------|---------------------------------------|--------------|
| | Sales Tax Collections | Debt Service | Coverage | Lodging, Liquor, Food Tax Collections | Debt Service | Coverage | Lodging, Liquor, Food Tax Collections | Debt Service |
| | | | | | | | | |
| 2002 | \$ 8,324,913 | \$ 1,295,360 | 6.21 | \$ 1,204,279 | \$ 440,000 | 1.42 | \$ 409,385 | 1.42 |
| 2003 | 8,344,606 | 990,000 | 7.80 | 1,239,576 | 470,000 | 1.14 | 612,732 | 1.14 |
| 2004 | 8,615,944 | 1,015,000 | 8.10 | 1,300,551 | 525,000 | 1.15 | 609,142 | 1.15 |
| 2005 | 9,607,321 | 1,045,000 | 9.05 | 1,435,820 | 640,000 | 1.63 | 240,990 | 1.63 |
| 2006 | 10,955,561 | - | - | 1,534,606 | 685,000 | 1.69 | 224,990 | 1.69 |
| 2007 | 11,698,846 | - | - | 1,747,906 | 705,000 | 1.91 | 207,865 | 1.91 |
| 2008 | 11,943,929 | - | - | 1,835,399 | 760,000 | 1.93 | 190,240 | 1.93 |
| 2009 | 11,756,546 | - | - | 1,935,984 | 800,000 | 2.00 | 167,440 | 2.00 |
| 2010 | 12,403,143 | - | - | 2,043,586 | 855,000 | 2.05 | 142,640 | 2.05 |
| 2011 | 13,955,767 | - | - | 2,292,498 | 910,000 | 2.24 | 112,715 | 2.24 |

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

Source: Fiscal Services

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

| Fiscal Year | Population ¹ | Personal Income ² | Per Capita | | Median Age ³ | Public School Enrollment ⁴ | Unemployment Rate ⁵ |
|-------------|-------------------------|------------------------------|------------------------------|---------------------|-------------------------|---------------------------------------|--------------------------------|
| | | | Personal Income ² | Income 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 | |
| 2011 | 62,120 | 3,829,946,480 | 61,654 | 36.5 | 10,971 | 3.1 | |

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 NINE YEARS AGO***

| Employer | 2011 | | | 2002 | | |
|---|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| State of ND | 4,400 | 1 | 12.68 % | 4,309 | 1 | 13.19 % |
| Medcenter One | 3,064 | 2 | 8.83 | 2,350 | 2 | 7.20 |
| St. Alexius Medical Center | 2,215 | 3 | 6.38 | 1,900 | 3 | 5.82 |
| Bismarck Public Schools | 1,804 | 4 | 5.20 | 1,506 | 4 | 4.61 |
| US Government Offices | 1,200 | 5 | 3.46 | 1,198 | 5 | 3.67 |
| MDU Resources Group | 816 | 6 | 2.35 | 380 | 11 | 1.16 |
| Walmart | 690 | 7 | 1.99 | 715 | 7 | 2.19 |
| AETNA | 618 | 8 | 1.78 | 554 | 8 | 1.70 |
| City of Bismarck | 544 | 9 | 1.57 | 469 | 9 | 1.44 |
| Mid Dakota Clinic | 530 | 10 | 1.53 | 247 | 15 | 0.76 |
| Missouri Slope Lutheran Care Center | 530 | 11 | 1.53 | 250 | 14 | 0.77 |
| University of Mary | 503 | 12 | 1.45 | 400 | 10 | 1.22 |
| Coventry Healthcare | 460 | 13 | 1.33 | - | - | - |
| Basin Electric Power Cooperative Corporate Office | 455 | 14 | 1.31 | - | - | - |
| Bismarck State College | 332 | 15 | 0.96 | 360 | 13 | 1.10 |
| BOBCAT/Ingersoll Rand | - | - | - | 867 | 6 | 2.65 |
| United Tribes Technical College | - | - | - | 370 | 12 | 1.13 |
| Total | 18,161 | | 52.35 | 15,875 | | 48.61 |

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

Sources:
City of Bismarck 2012 Budget
Bismarck Mandan Development Association
ND Job Service-Labor Market Information Center website

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

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

* 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 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | | | |
| Number of building permits issued | 1,314 | 1,399 | 1,649 | 1,483 | 1,706 | 1,626 | 1,710 | 1,513 | 1,654 | 1,664 |
| Number of building inspections done | 4,597 | 4,826 | 6,672 | 6,605 | 6,454 | 6,693 | 8,135 | 7,103 | 6,330 | 6,734 |
| Number of plumbing permits issued | 440 | 515 | 620 | 570 | 631 | 630 | 607 | 539 | 639 | 696 |
| Number of plumbing inspections done | 1,753 | 1,862 | 2,219 | 2,294 | 2,263 | 2,219 | 2,171 | 1,745 | 1,887 | 2,127 |
| Number of mechanical permits issued | 880 | 958 | 1,116 | 1,013 | 995 | 1,237 | 1,354 | 1,256 | 1,348 | 1,577 |
| Number of mechanical inspections done | 1,969 | 2,088 | 2,589 | 2,560 | 2,280 | 2,624 | 2,950 | 2,754 | 2,340 | 2,648 |
| Number of electrical permits issued | 950 | 967 | 1,051 | 1,032 | 994 | 1,297 | 1,153 | 1,067 | 1,127 | 1,297 |
| Number of electrical inspections done | 2,658 | 2,653 | 3,410 | 3,715 | 3,092 | 3,441 | 3,596 | 3,257 | 3,286 | 4,121 |
| Number of septic permits issued | 88 | 122 | 199 | 253 | 201 | 169 | 133 | 102 | 109 | 122 |
| Number of septic inspections done | 191 | 192 | 278 | 337 | 264 | 241 | 174 | 233 | 283 | 240 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical arrests | 2,214 | 3,237 | 5,045 | 3,837 | 2,821 | 2,689 | 2,585 | 2,381 | 3,589 | 2,466 |
| Traffic citations | 10,466 | 10,954 | 14,111 | 12,785 | 13,230 | 10,882 | 10,926 | 12,008 | 12,995 | 12,869 |
| Parking citations | 24,205 | 19,990 | 14,055 | 13,717 | 13,670 | 10,154 | 10,523 | 8,977 | 8,296 | 6,892 |
| Number of accidents | 3,129 | 3,158 | 3,018 | 3,184 | 3,184 | 3,149 | 3,563 | 3,741 | 3,865 | 3,820 |
| Number of 911 emergency dispatches | 3,005 | 3,572 | 4,257 | 2,926 | 3,762 | 3,792 | 3,942 | 4,740 | 4,802 | 4,037 |
| Fire | | | | | | | | | | |
| Number of 911 emergency dispatches | 2,053 | 2,224 | 2,093 | 2,153 | 2,376 | 2,361 | 2,355 | 1,934 | 2,429 | 2,833 |
| Number of fire inspections conducted | 2,509 | 2,238 | 2,466 | 2,350 | 2,542 | 2,559 | 3,017 | 3,083 | 2,897 | 3,607 |
| Number of environmental health inspections | 3,676 | 3,172 | 4,684 | 3,966 | 3,770 | 3,974 | 4,107 | 3,866 | 4,988 | 2,437 |
| Highways and streets | | | | | | | | | | |
| Engineering | | | | | | | | | | |
| Number of excavation permits | 576 | 742 | 619 | 657 | 812 | 827 | 777 | 637 | 827 | 608 |
| Number of improvement projects | 43 | 58 | 38 | 57 | 77 | 79 | 43 | 36 | 36 | 35 |
| Forestry | | | | | | | | | | |
| Number of street trees planted | 408 | 397 | 506 | 549 | 495 | 491 | 300 | 328 | 480 | 423 |
| Number of street trees trimmed | 2,798 | 3,470 | 3,568 | 2,662 | 2,440 | 1,105 | 1,116 | 1,097 | 1,038 | 3,182 |
| Number of street trees removed | 98 | 144 | 163 | 96 | 177 | 341 | 150 | 178 | 212 | 194 |
| Roads and streets | | | | | | | | | | |
| Potholes repaired | 3,228 | 3,448 | 3,486 | 3,231 | 3,120 | 2,800 | 3,221 | 6,657 | 6,205 | 7,640 |
| Street striping (miles) | 190 | 104 | 185 | 104 | 105 | 110 | 125 | 110 | 215 | 195 |
| Snow removal (hours) | 2,523 | 2,497 | 25 | 1,673 | 3,421 | 3,918 | 7,465 | 20,000 | 20,553 | 11,947 |
| Sand Ice removal (tons) | 10,900 | 7,976 | 10,656 | 10,200 | 10,987 | 11,793 | 11,408 | 9,926 | 6,850 | 3,889 |
| Salt Ice removal (tons) | 640 | 578 | 1,162 | 1,014 | 762 | 926 | 868 | 849 | 902 | 1,547 |
| Loads of snow hauled | 1,400 | 1,668 | 16 | 1,122 | 1,974 | 2,771 | 2,899 | 12,925 | 14,481 | 5,321 |
| Health and welfare | | | | | | | | | | |
| Number of home visits | 4,453 | 4,401 | 4,480 | 5,248 | 5,848 | 5,264 | 5,290 | 6,216 | 5,239 | 5,190 |
| Number of immunizations | 5,417 | 3,505 | 4,494 | 2,928 | 6,243 | 9,553 | 8,107 | 14,766 | 12,482 | 8,473 |
| Number of office visits | 3,708 | 3,784 | 5,902 | 2,365 | 5,040 | 4,255 | 4,209 | 4,756 | 4,517 | 3,586 |

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

| Function | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Culture and recreation | | | | | | | | | | |
| Auditorium events | 54 | 57 | 55 | 65 | 55 | 108 | 121 | 115 | 113 | 108 |
| Auditorium admissions | 29,508 | 26,273 | 28,524 | 34,321 | 28,589 | 30,060 | 38,507 | 39,361 | 35,030 | 34,163 |
| Community center events | 302 | 200 | 211 | 250 | 283 | 346 | 393 | 412 | 411 | 484 |
| Community center admissions | 401,563 | 380,210 | 328,652 | 310,000 | 326,853 | 291,860 | 336,622 | 316,926 | 329,652 | 340,441 |
| Airport | | | | | | | | | | |
| Gallons fuel dispensed (City only) | 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) | 628,812 | 781,647 | 1,171,576 | 1,184,315 | 1,185,503 | 1,440,263 | 2,141,689 | 2,995,619 | 3,787,215 | 3,772,974 |
| Number of passengers-enplaning | 139,343 | 141,090 | 159,963 | 174,567 | 180,674 | 181,310 | 175,626 | 181,114 | 194,043 | 196,414 |
| Number of passengers-deplaning | 139,978 | 141,307 | 160,613 | 172,766 | 180,170 | 180,844 | 174,579 | 180,322 | 193,897 | 195,208 |
| Pounds of airmail-enplaning | 441,852 | 402,390 | 16,076 | 3,455 | - | - | - | - | 1 | - |
| Pounds of airmail-deplaning | 5,235 | 1,595 | 7 | - | - | - | - | - | 239 | - |
| Pounds of freight-enplaning | 126,783 | 125,547 | 153,600 | 115,018 | 123,791 | 98,467 | 98,816 | 66,997 | 35,301 | 29,858 |
| Pounds of freight-deplaning | 152,469 | 169,122 | 209,302 | 131,188 | 133,518 | 114,659 | 98,834 | 85,939 | 55,130 | 35,300 |
| Pounds of air cargo freight-enplaning | - | - | - | - | 667,453 | 1,889,204 | 1,445,581 | 1,297,017 | 1,357,768 | 1,412,447 |
| Pounds of air cargo freight-deplaning | - | - | - | - | 1,848,782 | 4,036,041 | 3,236,152 | 2,995,192 | 3,254,751 | 3,486,123 |
| Solid Waste | | | | | | | | | | |
| Refuse collected (tons/year) | 21,834 | 21,077 | 26,234 | 26,533 | 22,941 | 23,877 | 21,263 | 24,445 | 24,425 | 25,143 |
| Garbage accepted for disposal (tons/year) | 89,485 | 89,234 | 83,277 | 81,610 | 81,050 | 80,676 | 78,772 | 83,263 | 89,794 | 97,675 |
| Acres used at landfill | 3 | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 |
| Water | | | | | | | | | | |
| Number of service connections | 15,950 | 16,100 | 16,400 | 16,850 | 17,250 | 17,600 | 17,850 | 18,100 | 18,400 | 18,700 |
| Average daily consumption (thousand of gallons) | 10,324 | 10,285 | 9,360 | 9,947 | 11,690 | 10,420 | 10,300 | 9,350 | 8,840 | 8,260 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousand of gallons) | 6,170 | 6,040 | 5,960 | 6,290 | 6,040 | 6,220 | 6,010 | 6,630 | 6,830 | 7,150 |

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 | 2011 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 19 | 19 | 18 |
| Fire stations | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |
| Highways and streets | | | | | | | | | | |
| Paved streets (miles) | 239 | 245 | 255 | 262 | 269 | 279 | 286 | 293 | 300 | 311 |
| Streetlights | 5,650 | 5,900 | 6,204 | 6,619 | 6,718 | 7,044 | 7,181 | 7,263 | 7,468 | 7,755 |
| Traffic signals | 60 | 77 | 86 | 92 | 104 | 104 | 104 | 104 | 104 | 105 |
| 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 | 20 | 20 | 21 | 20 | 20 | 25 | 22 | 20 |
| Water | | | | | | | | | | |
| Watermains (miles) | 263 | 268 | 275 | 301 | 308 | 315 | 320 | 325 | 327 | 330 |
| Fire hydrants | 2,370 | 2,400 | 2,459 | 2,629 | 2,695 | 2,800 | 2,900 | 3,000 | 3,014 | 3,100 |
| 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) | 236 | 241 | 247 | 256 | 267 | 276 | 281 | 290 | 292 | 295 |
| Storm sewers (miles) | 99 | 100 | 102 | 133 | 134 | 137 | 139 | 143 | 144 | 146 |
| 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