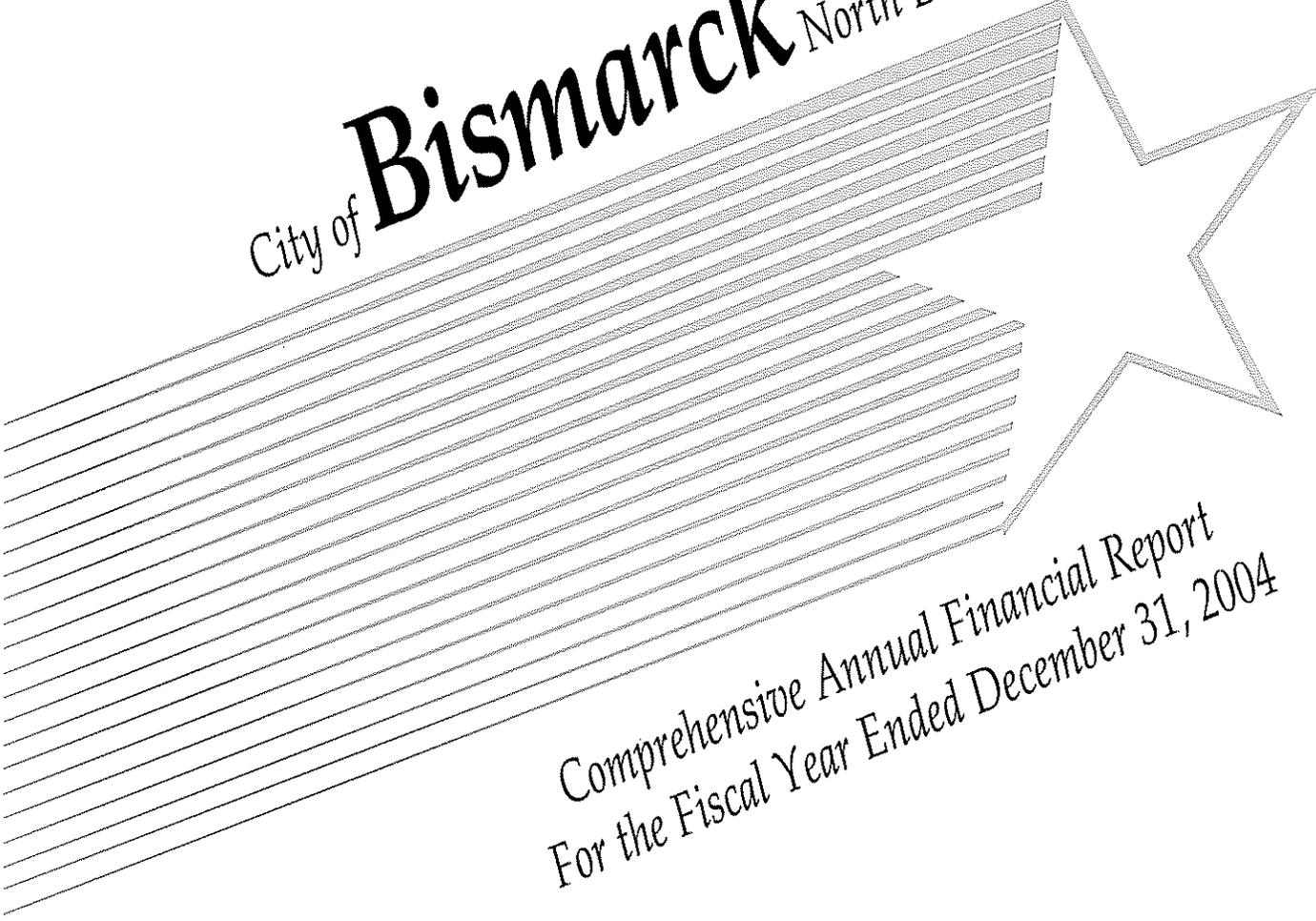


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2004

**CITY OF BISMARCK, NORTH DAKOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

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# Bismarck

## Fiscal Services

221 N. 5th St. ★ P.O. Box 5503  
Bismarck, ND 58506-5503

April 1, 2005

**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, 2004 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 the 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.

These financial statements have been prepared and presented in conformity with the new Governmental Accounting Standards Board statement #34 financial reporting requirements. 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 Brady Martz & Associates PC 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. Brady Martz & Associates PC concluded that the audit provides a reasonable basis for an unqualified opinion and the City of Bismarck's financial statement for the fiscal year ending December 31, 2004 are in conformity with the 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. The auditor's reports and results of this audit are contained in the Single Audit Section of this financial report.

## **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 28.09 square miles and an estimated population of 57,237. 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 adopted a Growth Plan that manages residential and commercial development to enhance the quality of life and promote economic vitality. The Commission also established the CORE Committee to develop a renewal program for the central downtown area. Their focus last year has been to develop two new downtown districts; to provide a transition from the core district to the residential neighborhoods. This is supplemented by the Renaissance Zone Program, which has been very successful with a total of seventeen redevelopment projects in the downtown area with estimated investments of \$6 million. All of these initiatives are continual efforts by the Commission to improve the level of service and enhance the quality of life in 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. 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.

Bismarck received recognition from a number of national publications in 2004. Bismarck was ranked #1 as "Least Stressful City" by Sperling's Best Places, #3 as "Safest Metropolitan Area" by Morgan Quitno and #7 as Best Smaller Metro Area in which to do Business" by Forbes Magazine. The ratings reflect the City's commitment to preserve the quality of life and attract new businesses.

Taxable sales and purchases continued to increase in 2004 as compared to 2003 for Bismarck. This growth is evidenced by the 3.25% increase in sales tax revenue and 4.92% increase in the motel, restaurant and liquor tax revenue in the year 2004.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2004, 305 building permits were issued for residential construction within the City's corporate limits. This included 277 single-family homes and 28 multi-family homes, which provided an additional 479 residential units. Residential construction in the City's extraterritorial jurisdiction and the adjacent zoned areas of Burleigh County also continues to grow with a total of 198 single-family building permits issued in 2004. Growth in the property tax base for the year 2004 was 6.66%. The table below provides the percentage change by property classification.

Property Class	2003	2004	Percentage Change
	Market Value	Market Value	
Commercial	\$ 835,273,400	\$ 873,691,400	4.60 %
Residential	1,614,729,100	1,739,587,900	7.73 %
Agricultural	590,100	550,200	(6.76) %
<b>Total</b>	<b>\$ 2,450,592,600</b>	<b>\$2,613,829,500</b>	<b>6.66 %</b>

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 \$2,017,832 with an average interest rate of 1.48% 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 gain of \$5,396,861 for an average gain of 10.57% for the fiscal year.

### **Major Initiatives in 2004**

The new airport terminal will be opened in the spring of 2005 after a three year building process. The new facility has a geo-thermal system to heat and cool the building and a state-of the art baggage handling system. The terminal also has other amenities, such as business kiosks and one stop check-in, for the convenience of travelers. Additional aircraft ramp space and the third boarding bridge will be added and employee and rental car parking lots will be completed by the fall of 2005. The total cost of the new facility and infrastructure is \$25 million with the federal government contributing of \$18.5 million and the balance of funding from the state and local governments.

The City Commission authorized the planning and design of a Community Health Center in the downtown area. The facility that will house the center was purchased last year because of its prime location downtown. The building will be remodeled to accommodate the services of the Bismarck Burleigh Public Health and the Bismarck State College Allied Health Programs. The college will lease the space from the City and those funds will help offset the project costs of \$1.6 million. The Center is expected to be operational by July of 2005.

The City authorized plans for the Bismarck Memorial Police and Fire Training Complex, a major regional training facility for fire, police and other emergency agencies. The training complex will include automated systems for firearms training, a police firing range, an explosives detonation area, K-9 and tactical training areas, and advanced communications technology. The site will also have equipment for remote sensing of chemical and biological threats, and will be used as a remote site for storage and investigation of suspicious packages and substances. The estimated cost of the project is \$2.2 million and the federal government appropriated \$900,000 to start the first phase of the project in 2005.

In September the City Commission announced plans to establish the Northern Plains Commerce Center (NPCC), a transload freight facility with full intermodal capability. The NPCC will link road, air and rail transportation providing an efficient means for regional companies to distribute products globally. The proposed location for the facility is city-owned property adjacent to the Bismarck Airport. Along with site development, construction will include roadway improvements, utility installation, rail construction, and port buildings. The first phase is estimated to cost \$7 million with \$5 million of the funding from Vision Fund and the balance from federal and state grants. The facility is expected to be operational by the fall of 2005.

### **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, 2003. 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, Brady Martz & Associates PC. 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, 2003

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.



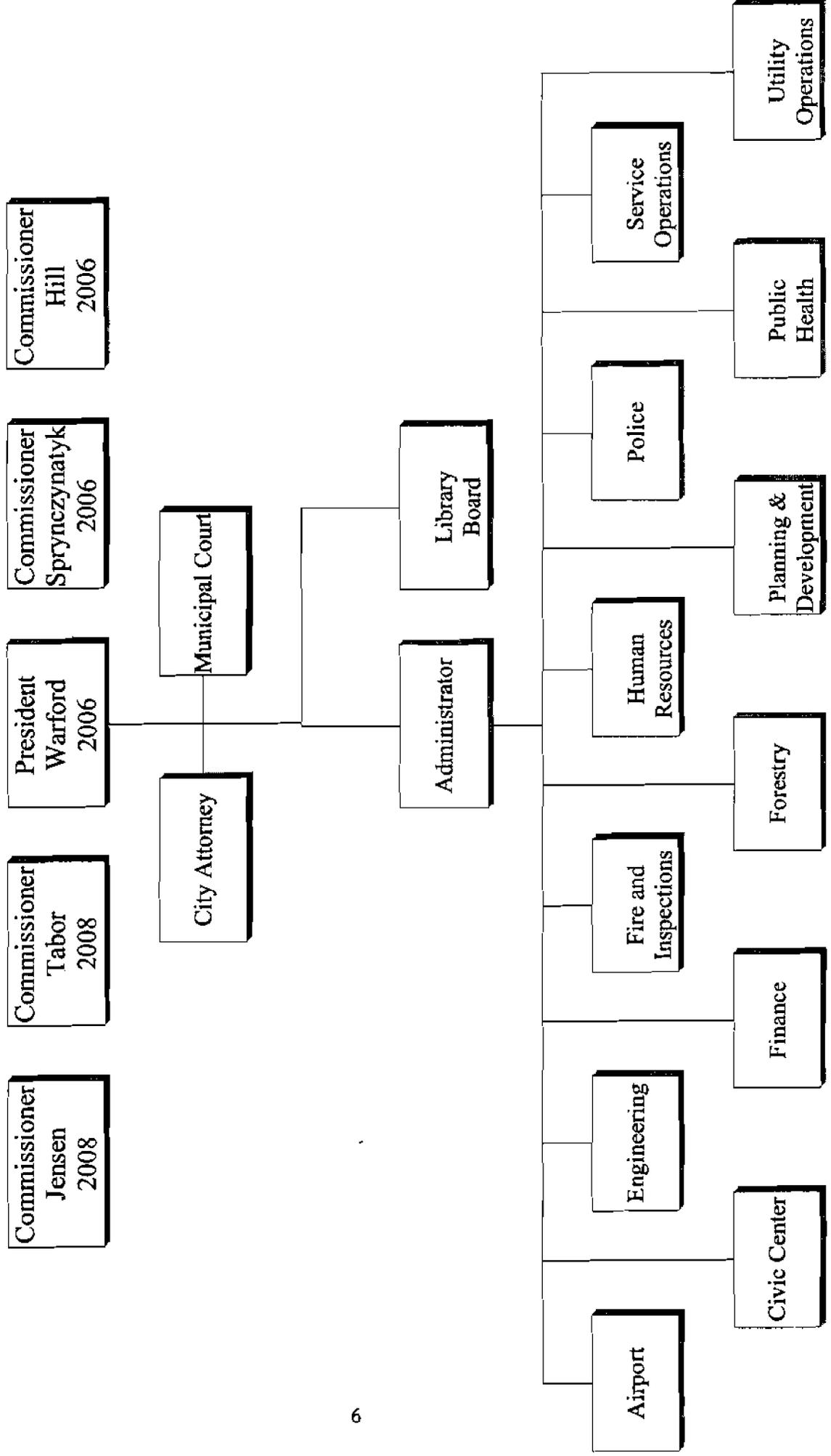
*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

# City of Bismarck



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

**Mayor-Commissioners:**

	Initial Term <u>Commenced</u>	Current Term Expires <u>December 31</u>
Mayor, John Warford	2002	2006
Commissioner, Dave Jensen	1988	2008
Commissioner, Sandi Tabor	1996	2008
Commissioner, Connie Sprynczynatyk	1990	2006
Commissioner, Bryce Hill	1994	2006

**Other Elected Officials:**

Municipal Judge..... William Severin

**Appointed Officials:**

City Administrator..... Bill Wocken  
City Attorney..... Charles Whitman

**Department Directors:**

Airport..... Greg Haug  
Civic Center..... Richard Petersen  
Engineering..... Mel Bullinger  
Finance..... Sheila Hillman  
Fire and Building Inspection..... Joel Boespflug  
Forestry..... Paul Blumhardt  
Human Resources..... Charles Klein  
Library..... Tom Jones  
Public Health..... Paula Flanders  
Planning and Development..... Carl Hokenstad  
Police..... Deborah Ness  
Public Works Service Operations..... Keith Hunke  
Public Works Utility Operations..... Keith Demke



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board  
of the 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, 2004, which collectively comprise the City of Bismarck's basic financial statements as listed in the table of contents. We have also audited the aggregate nonmajor governmental funds, nonmajor enterprise funds, the internal service fund type, and fiduciary fund type of the City as of and for the year ended December 31, 2004, as displayed in the City's basic financial statements. 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 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

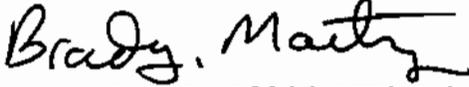
In accordance with "Government Auditing Standards," we have also issued our report dated April 1, 2005 on our consideration of the City of Bismarck's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 10 through 16 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BRADY, MARTZ & ASSOCIATES, P.C.  
207 East Broadway, P.O. Box 1297  
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

OTHER OFFICES: Minot and Grand Forks, ND  
Thief River Falls, MN

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bismarck's basic financial statements. The Introductory Section, Combining Fund Financial Statements, Other Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Combining Fund Financial Statements, Other Supplementary Information, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.



**BRADY, MARTZ & ASSOCIATES, P.C.**

April 1, 2005

# **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, 2004. 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 – 4 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 \$335,974,215 (net assets). Of this amount, \$86,957,832 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$32,804,505 which was an increase of \$10,650,523 over 2003. A majority of the increase was attributed to new and improved infrastructure.
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported a combined ending fund balances of \$135,008,611, an increase of \$17,215,169 in comparison with the prior year. The unrestricted net assets of \$57,398,276, 42.5% of the governmental net assets, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17,151,618 which is 85% of total general fund expenditures and 97% of total general fund revenues.
- Revenue from all sources totaled \$93,416,454 which was an increase of \$15,403,089 over 2003. Approximately \$12 million of this increase is attributed to operating and capital grants.

### **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, Airport Flightline, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots.

The government-wide financial statements can be found on pages 17 – 18 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 the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bismarck maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, sales tax fund, sewer improvement bond fund, street improvement bond fund, and lodging, liquor and food 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 19 – 24 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, Airport Flightline, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots. Airport, Water, and Sanitary Sewer are considered major funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 – 28 of this report.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 98 – 100 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 29 – 30 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 31 – 58 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 54 – 55 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 \$335,974,215 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, 2003 and December 31, 2004.

	City of Bismarck Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$ 82,546,457	\$ 79,605,410	\$ 36,485,721	\$ 35,414,238	\$ 119,032,178	\$ 115,019,648
Capital assets	91,598,455	103,305,267	155,234,690	171,639,188	246,833,145	274,944,455
<b>Total assets</b>	<b>174,144,912</b>	<b>182,910,677</b>	<b>191,720,411</b>	<b>207,053,426</b>	<b>365,389,062</b>	<b>389,964,103</b>
Long-term liabilities outstanding	50,619,662	41,661,238	791,333	725,422	51,410,995	42,386,660
Other liabilities	5,731,808	6,240,828	5,552,810	5,362,400	11,284,618	11,603,228
<b>Total liabilities</b>	<b>56,351,470</b>	<b>47,902,066</b>	<b>6,344,143</b>	<b>6,087,822</b>	<b>62,695,614</b>	<b>53,989,888</b>
Net assets:						
Invested in capital assets, net of related debt	42,852,947	63,506,929	147,607,448	171,406,048	190,460,395	234,912,977
Restricted	20,760,939	14,103,406	-	-	20,760,939	14,103,406
Unrestricted	54,179,556	57,398,276	37,768,820	29,559,556	91,948,376	86,957,832
<b>Total net assets</b>	<b>\$ 117,793,442</b>	<b>\$ 135,008,611</b>	<b>\$ 185,376,268</b>	<b>\$ 200,965,604</b>	<b>\$ 303,169,710</b>	<b>\$ 335,974,215</b>

By far the largest portion of the City of Bismarck's net assets (70%) 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 15%. 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 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$86,957,832 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$57,398,276 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 5.6 and for the business-type activities is 6.1 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, 2003 and December 31, 2004.

City of Bismarck Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,056,446	\$ 10,908,323	\$ 21,214,477	\$ 22,389,325	\$ 30,270,923	\$ 33,297,648
Operating grants and contributions	6,350,017	8,087,416	1,152,508	1,452,790	7,502,525	9,540,206
Capital grants and contributions	9,802,095	16,676,232	4,959,457	8,625,324	14,761,552	25,301,556
General revenues:						
Taxes	23,716,785	23,877,459	62,911	69,357	23,779,696	23,946,816
Investment earnings	750,390	868,736	396,668	392,750	1,147,058	1,261,486
Gain on disposal of assets	14,324	27,892	537,287	40,850	551,611	68,742
<b>Total revenues</b>	<b>49,690,057</b>	<b>60,446,058</b>	<b>28,323,308</b>	<b>32,970,396</b>	<b>78,013,365</b>	<b>93,416,454</b>
<b>Expenses:</b>						
General Government	8,179,507	9,039,757	-	-	8,179,507	9,039,757
Public Safety	11,796,743	12,800,931	-	-	11,796,743	12,800,931
Highways and Streets	5,459,602	6,167,330	-	-	5,459,602	6,167,330
Health and Welfare	1,570,817	1,551,325	-	-	1,570,817	1,551,325
Culture and Recreation	8,909,217	7,778,554	-	-	8,909,217	7,778,554
Interest and Fiscal Charges	1,907,209	1,809,733	-	-	1,907,209	1,809,733
Public Works	1,419,813	3,179,326	-	-	1,419,813	3,179,326
Airport	-	-	3,189,893	3,381,964	3,189,893	3,381,964
Airport Flightline	-	-	813,909	1,107,046	813,909	1,107,046
Solid Waste Disposal	-	-	1,722,807	1,997,566	1,722,807	1,997,566
Solid Waste Collections	-	-	1,525,709	1,573,279	1,525,709	1,573,279
Water	-	-	5,455,249	5,899,033	5,455,249	5,899,033
Sanitary Sewer	-	-	2,621,053	3,066,589	2,621,053	3,066,589
Storm Water	-	-	303,776	508,290	303,776	508,290
Parking Authority Lots	-	-	745,690	751,226	745,690	751,226
<b>Total expenses</b>	<b>39,242,908</b>	<b>42,326,956</b>	<b>16,378,086</b>	<b>18,284,993</b>	<b>55,620,994</b>	<b>60,611,949</b>
Increase in net assets before transfers	10,447,149	18,119,102	11,945,222	14,685,403	22,392,371	32,804,505
Transfers	(2,798,696)	(903,933)	2,560,307	903,933	(238,389)	-
Increase in net assets	7,648,453	17,215,169	14,505,529	15,589,336	22,153,982	32,804,505
Net assets, as adjusted - 1/1	110,144,989	117,793,442	170,870,739	185,376,268	281,015,728	303,169,710
Net assets - 12/31	<b>\$ 117,793,442</b>	<b>\$ 135,008,611</b>	<b>\$ 185,376,268</b>	<b>\$ 200,965,604</b>	<b>\$ 303,169,710</b>	<b>\$ 335,974,215</b>

## **Governmental Activities**

Governmental activities increased the City of Bismarck's net assets by \$17,215,169, accounting for 52% of the total increase in the net assets of the City of Bismarck. Approximately \$8 million was capital grant contributions from the North Dakota Department of Transportation and \$9 million from Special Assessment Revenue for street and highway construction projects.

## **Business-type Activities**

Business-type activities increase the City of Bismarck's net assets by \$15,589,336, accounting for 48% of the total growth in the City of Bismarck's net assets. Airport received approximately \$8 million in capital grants to fund the new Airport facility.

## **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 \$48,237,256, a decrease of \$5,965,979 in comparison with the prior year. Fund balance has been reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period of \$12,722, 2) to reserve for debt service payments of \$700,000, 3) for advances to other funds of \$1,871,452 and 4) for long-term receivables of \$1,289,000.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unreserved fund balance of the general fund was \$17,151,618, while total fund balance reached \$17,164,340.

The General Fund balance increased by \$935,671 during the current fiscal year. A key factor in this growth includes an increase in charges for services revenue of approximately \$600,000 with the balance attributed to expenditures below the budget.

The debt service funds have a total fund balance of \$12,035,992, of which \$503,519 is reserved for the payment of advances to other funds and \$700,000 is reserved for future debt service payments. The net decrease in fund balance during the current year in the debt service fund was \$7,073,479. Lodging, Liquor and Food Bonds paid refunding bonds of \$6,995,000. Special Assessment Bonds, Series R received refunding proceeds of \$2,005,000 to refund Special Assessment Bonds, Series H refunding bonds of \$1,965,000.

### **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 \$29,512,271. All individual proprietary funds reported increases in net assets, except for Water, Airport Flightline, Solid Waste Collections and Parking Authority Lots. The net asset decrease of \$387,282 in Water resulted from a \$3,200,000 transfer to Sanitary Sewers to realign construction reserves. Solid Waste Collections had a decrease in net assets of \$289,805 which is attributed from a disproportionate allocation of the revenue that is shared with Solid Waste Disposal and the rates were reallocated in 2005 to accurately reflect the expenditures. Parking Authority Lots have a negative change in net asset of \$193,902 due to the transfer out of \$213,815 to Tax Increment for capital funding of assets.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$230,162 decrease in appropriations between the original and final amended budget. However, significant variances between budget and actual are as follows:

- Charges for Service revenue exceeded budget by \$590,026 due to increased events at the Civic Center and engineering fees.
- License and Permits revenue exceeded budget by \$490,522 due to the increase in building permits.
- Fines and forfeits revenue exceeded budget by \$226,732 due to the increase in criminal and traffic fines.
- Taxes and intergovernmental revenue decreased by \$469,064 due to the discount of five percent on early payments.
- Administrations surplus of \$170,095 included reserves for utilities and special project that were not utilized in 2004.
- Finance budgeted for a computer expansion which was deferred to future years and reserves for department's equipment that attributed to an expenditure surplus of \$262,759.
- Staff turnover attributed to \$236,285 of expenditure surplus in Combined Communications.
- Public Health surplus of \$254,293 were a result of grant expenditures below anticipated levels.

## **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, 2004, amounts to \$234,912,977 (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:

- University Drive from 12<sup>th</sup> Street to Bismarck Expressway was reconstructed to widen the lanes and increase safety.
- Expressway from I-94 to Divide was completed to improve traffic flow.
- Reconstruction of East Divide improved the water trunk lines and widened the lanes.
- Construction began on Phase III of the new passenger airport terminal.

	City of Bismarck Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$ 1,712,508	\$ 2,397,430	\$ 7,474,245	\$ 7,549,179	\$ 9,186,753	\$ 9,946,609
Construction in Progress	2,161,595	3,028,911	16,468,442	22,337,015	18,630,037	25,365,926
Buildings	34,634,196	34,265,238	43,135,626	41,914,193	77,769,822	76,179,431
Improvements Other Than Buildings	15,789	14,209	83,355,904	94,845,419	83,371,693	94,859,628
Machinery and Equipment	8,094,154	9,340,566	4,800,473	4,993,382	13,318,366	14,333,948
Infrastructure	44,980,213	54,258,913	-	-	44,980,213	54,258,913
Total	<u>\$ 91,598,455</u>	<u>\$ 103,305,267</u>	<u>\$ 155,234,690</u>	<u>\$ 171,639,188</u>	<u>\$ 247,256,884</u>	<u>\$ 274,944,455</u>

Additional information on the City of Bismarck's capital assets can be found in Note IV.B on pages 41 – 42 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 \$42,386,660. Of this amount, \$31,335,000 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 Sales Tax and Lodging, Liquor and Food Tax.

**City of Bismarck Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Special Assessment Bonds	\$ 31,305,000	\$ 31,335,000	\$ -	\$ -	\$ 31,305,000	\$ 31,335,000
Revenue Bonds	16,875,000	8,340,000	-	-	16,875,000	8,340,000
Capital Leases	565,508	123,338	300,104	233,140	865,612	356,478
Compensated Absences	1,579,224	1,650,147	437,605	447,012	2,016,829	2,097,159
Claims and Judgments	294,931	212,753	53,624	45,270	348,555	258,023
Total	<u>\$ 50,619,663</u>	<u>\$ 41,661,238</u>	<u>\$ 791,333</u>	<u>\$ 725,422</u>	<u>\$ 51,410,996</u>	<u>\$ 42,386,660</u>

The City issued new special assessments debt of \$4,675,000. The 1998 Motel, Liquor, Restaurant revenue bonds were refunded in 2003 and \$6,995,000 was held in escrow and paid in 2004. More detailed information about the debt position of the City can be found in Note F of the financial statements.

The City of Bismarck has received an Aa2 bond rating from Moody's. These ratings are consistent with previous ratings received from this agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The City has no outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Growth in the property tax base through both property value enhancement and new construction is expected to continue. This growth directly attributed to a reduction of the property tax mill levy of 1 mill for a total of 101.56 mills for the 2005 budget. This reduction continues a trend of lowering the mill levy since 1993.

The Commission established funding plans for the multiple phases of the East Century Avenue street construction and the new Memorial Bridge. The Commission's goal is to continue to finance these large capital projects with Sales Tax.

The Water, Sanitary Sewer and Storm Water Utilities also have several major master plan projects over the next five years. Water and Sanitary Sewer rates are increased to help fund the future cost of these capital projects. The overall total rate increase in 2005 is approximately 5%.

**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](http://www.bismarck.org).

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,943,190	\$ 12,064,319	\$ 17,007,509
Investments	41,785,914	15,019,172	56,805,086
Receivables:			
Taxes	286,865	-	286,865
Accounts	3,027,430	2,974,630	6,002,060
Special assessments	25,710,202	1,316,242	27,026,444
Intergovernmental	555,477	-	555,477
Notes receivable	1,289,000	512,945	1,801,945
Internal balances	(298,877)	298,877	-
Due from fiduciary funds	754,422	-	754,422
Inventories	219,344	106,243	325,587
Prepaid items	2,512	77,076	79,588
Restricted assets:			
Investments	1,107,236	3,044,734	4,151,970
Unamortized debt cost	222,695	-	222,695
Capital assets (net of accumulated depreciation):			
Land	2,397,430	7,549,179	9,946,609
Building and building improvements	34,265,238	41,914,193	76,179,431
Improvements other than buildings	14,209	94,845,419	94,859,628
Machinery and equipment	9,340,566	4,993,382	14,333,948
Infrastructure	54,258,913	-	54,258,913
Construction in progress	3,028,911	22,337,015	25,365,926
<b>Total assets</b>	<u>182,910,677</u>	<u>207,053,426</u>	<u>389,964,103</u>
<b>LIABILITIES:</b>			
Accounts payable	3,267,645	760,473	4,028,118
Retainage payable	198,201	952,006	1,150,207
Interest payable	222,550	-	222,550
Unamortized bond premiums	20,732	-	20,732
Deferred revenue	1,534,415	-	1,534,415
Due to other entities	11,755	-	11,755
Customer deposits	985,530	3,044,734	4,030,264
Noncurrent liabilities:			
Due within one year	8,081,874	429,625	8,511,499
Due in more than one year	33,579,364	295,797	33,875,161
Accrued closure/postclosure costs	-	605,187	605,187
<b>Total liabilities</b>	<u>47,902,066</u>	<u>6,087,822</u>	<u>53,989,888</u>
<b>NET ASSETS:</b>			
Investment in capital assets, net of related debt	63,506,929	171,406,048	234,912,977
Restricted for:			
Restricted for debt service	12,052,473	-	12,052,473
Restricted for capital improvements	2,050,933	-	2,050,933
Unrestricted	57,398,276	29,559,556	86,957,832
<b>Total net assets</b>	<u>\$ 135,008,611</u>	<u>\$ 200,965,604</u>	<u>\$ 335,974,215</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, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,039,757	\$ 2,123,174	\$ 2,389,114	\$ 28,906	\$ (4,498,563)	\$ -	\$ (4,498,563)
Public safety	12,800,931	2,030,048	1,921,983	-	(8,848,900)	-	(8,848,900)
Highways and streets	6,167,330	2,101,050	2,528,766	-	(1,537,514)	-	(1,537,514)
Health and welfare	1,551,325	166,410	1,093,242	-	(291,673)	-	(291,673)
Culture and recreation	7,778,554	4,466,125	154,311	-	(3,158,118)	-	(3,158,118)
Interest and fiscal charges	1,809,733	-	-	-	(1,809,733)	-	(1,809,733)
Public works	3,179,326	21,516	-	16,647,326	13,489,516	-	13,489,516
Total governmental activities	<u>42,326,956</u>	<u>10,908,323</u>	<u>8,087,416</u>	<u>16,676,232</u>	<u>(6,654,985)</u>	<u>-</u>	<u>(6,654,985)</u>
Business-type activities:							
Airport	3,381,964	3,004,977	158,925	8,260,779	-	8,042,717	8,042,717
Airport flightline	1,107,046	1,119,432	-	-	-	12,386	12,386
Solid waste disposal	1,997,566	2,643,140	-	-	-	645,574	645,574
Solid waste collections	1,573,279	1,285,912	-	-	-	(287,367)	(287,367)
Water	5,899,033	8,364,265	832,707	228,940	-	3,526,879	3,526,879
Sanitary sewer	3,066,589	4,575,391	452,449	132,770	-	2,094,021	2,094,021
Storm water	508,290	630,804	8,709	2,835	-	134,058	134,058
Parking authority lots	751,226	765,404	-	-	-	14,178	14,178
Total business-type activities	<u>18,284,993</u>	<u>22,389,325</u>	<u>1,452,790</u>	<u>8,625,324</u>	<u>-</u>	<u>14,182,446</u>	<u>14,182,446</u>
Total primary government	<u>\$ 60,611,949</u>	<u>\$ 33,297,648</u>	<u>\$ 9,540,206</u>	<u>\$ 25,301,556</u>	<u>(6,654,985)</u>	<u>14,182,446</u>	<u>7,527,461</u>
General revenues:							
Taxes:							
Property taxes					10,780,238	-	10,780,238
Sales tax							
Sales tax					8,615,944	-	8,615,944
Occupancy tax					439,389	-	439,389
Lodging/liquor/food tax					1,300,551	-	1,300,551
State aid distribution					1,690,974	-	1,690,974
Franchise taxes					599,808	-	599,808
Other taxes					450,555	69,357	519,912
Unrestricted investment earnings					868,736	392,750	1,261,486
Gain on disposal of assets					27,892	40,850	68,742
Transfers					(903,933)	903,933	-
Total general revenues and separate line items					<u>23,870,154</u>	<u>1,406,890</u>	<u>25,277,044</u>
Changes in net assets					17,215,169	15,589,336	32,804,505
Net assets - beginning, as adjusted					117,793,442	185,376,268	303,169,710
Net assets - ending					<u>\$ 135,008,611</u>	<u>\$ 200,965,604</u>	<u>\$ 335,974,215</u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	General	Sales Tax	Sewer Improvement Bonds	Street Improvement Bonds	Lodging Liquor/Food Bonds	Nonmajor Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,215,644	\$ -	\$ -	\$ -	\$ -	\$ 19,398	\$ 3,235,042
Investments	12,727,098	2,755,538	-	1,042,369	797,979	24,462,930	41,785,914
Receivables:							
Taxes receivable	164,477	-	-	-	-	122,385	286,862
Accounts receivable	920,470	540,862	-	-	-	1,353,865	2,815,197
Special assessments	-	-	3,947,797	18,162,610	-	3,599,794	25,710,201
Intergovernmental	-	-	21,948	137,433	-	396,096	555,477
Notes receivable	-	-	-	-	-	1,289,000	1,289,000
Due from other funds	1,015,606	-	831,179	6,032,744	-	1,295,002	9,174,531
Advance to other funds	-	120,838	-	-	-	1,750,614	1,871,452
Prepaid items	-	-	-	-	-	2,085	2,085
Restricted assets:							
Investments	-	-	-	-	-	985,530	985,530
<b>Total Assets</b>	<b>\$ 18,043,295</b>	<b>\$ 3,417,238</b>	<b>\$ 4,800,924</b>	<b>\$ 25,375,156</b>	<b>\$ 797,979</b>	<b>\$ 35,276,699</b>	<b>\$ 87,711,291</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 584,128	\$ -	\$ -	\$ -	\$ -	\$ 2,169,219	\$ 2,753,347
Retainage payable	-	-	-	-	-	198,201	198,201
Due to other funds	-	-	-	-	-	10,220,759	10,220,759
Due to other entities	-	-	-	-	-	10,618	10,618
Advances from other funds	120,838	-	-	-	-	187,095	307,933
Deferred revenue	173,989	-	3,720,371	16,677,159	-	4,426,128	24,997,647
Customer deposits	-	-	-	-	-	985,530	985,530
<b>Total Liabilities</b>	<b>878,955</b>	<b>-</b>	<b>3,720,371</b>	<b>16,677,159</b>	<b>-</b>	<b>18,197,550</b>	<b>39,474,035</b>
<b>FUND BALANCES</b>							
Reserved for encumbrances	12,722	-	-	-	-	-	12,722
Reserved for debt service	-	-	-	-	700,000	-	700,000
Reserved for advances to other funds	-	120,838	-	-	-	1,750,614	1,871,452
Reserved for long-term receivable	-	-	-	-	-	1,289,000	1,289,000
Unreserved, undesignated reported in:							
General fund	17,151,618	-	-	-	-	-	17,151,618
Special revenue funds	-	3,296,400	-	-	-	12,392,266	15,688,666
Debt service funds	-	-	1,080,553	8,697,997	97,979	955,944	10,832,473
Capital projects funds	-	-	-	-	-	691,325	691,325
<b>Total Fund Balances</b>	<b>17,164,340</b>	<b>3,417,238</b>	<b>1,080,553</b>	<b>8,697,997</b>	<b>797,979</b>	<b>17,079,149</b>	<b>48,237,256</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,043,295</b>	<b>\$ 3,417,238</b>	<b>\$ 4,800,924</b>	<b>\$ 25,375,156</b>	<b>\$ 797,979</b>	<b>\$ 35,276,699</b>	

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

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.	103,305,267
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	23,463,232
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.	1,471,928
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(41,469,072)

**Net Assets of Governmental Activities**

**\$ 135,008,611**

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 FISCAL YEAR ENDED DECEMBER 31, 2004

	General	Sales Tax	Sewer Improvement Bonds	Street Improvement Bonds	Lodging Liquor/Food Bonds	Nonmajor Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 7,710,833	\$ 8,615,944	\$ -	\$ -	\$ -	\$ 5,327,841	\$ 21,654,618
Licenses and permits	1,491,781	-	-	-	-	3,955	1,495,736
Special assessments	-	-	586,068	3,969,246	-	1,003,475	5,558,789
Intergovernmental	3,541,126	-	-	-	-	8,638,732	12,179,858
Charges for services	3,478,714	-	-	-	-	1,429,771	4,908,485
Fines and forfeits	1,143,752	-	-	-	-	289,227	1,432,979
Investment income	228,586	43,375	95	590	232,387	339,911	844,944
Rentals	121,184	-	-	-	-	405,778	526,962
Miscellaneous	26,527	-	-	-	-	218,826	245,353
Total revenues	<u>17,742,503</u>	<u>8,659,319</u>	<u>586,163</u>	<u>3,969,836</u>	<u>232,387</u>	<u>17,657,516</u>	<u>48,847,724</u>
<b>EXPENDITURES</b>							
Current							
General government	3,909,828	8,612	-	-	-	4,653,211	8,571,651
Public safety	10,791,901	-	-	-	-	985,531	11,777,432
Highways and streets	1,928,529	-	-	-	-	3,597,350	5,525,879
Health and welfare	1,046,667	-	-	-	-	476,880	1,523,547
Culture and recreation	1,884,888	-	-	-	-	1,405,269	3,290,157
Public works	-	-	-	-	-	1,397,143	1,397,143
Capital outlays							
General government	200,000	-	-	-	-	208,467	408,467
Public safety	312,587	-	-	-	-	694,474	1,007,061
Highways and streets	36,663	-	-	-	-	937,361	974,024
Health and welfare	-	-	-	-	-	7,764	7,764
Culture and recreation	54,044	-	-	-	-	541,203	595,247
Public works	-	-	-	-	-	10,936,441	10,936,441
Debt service							
Principal	-	-	376,548	3,554,716	525,000	1,768,736	6,225,000
Interest and fiscal charges	-	-	145,229	911,882	609,142	228,481	1,894,734
Total expenditures	<u>20,165,107</u>	<u>8,612</u>	<u>521,777</u>	<u>4,466,598</u>	<u>1,134,142</u>	<u>27,838,311</u>	<u>54,134,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,422,604)</u>	<u>8,650,707</u>	<u>64,386</u>	<u>(496,762)</u>	<u>(901,755)</u>	<u>(10,180,795)</u>	<u>(5,286,823)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in	4,061,556	-	2,545	534,593	891,160	9,089,613	14,579,467
Transfer out	(703,281)	(8,904,130)	-	(85,291)	-	(3,294,018)	(12,986,720)
Refunding bonds issued	-	-	258,645	1,612,221	-	134,134	2,005,000
Premium on special assessment debt	-	-	-	-	-	21,084	21,084
Discount on special assessment debt	-	-	(1,082)	(6,744)	-	(5,161)	(12,987)
Payment to refunded bond escrow agent	-	-	(253,485)	(1,580,057)	(6,995,000)	(131,458)	(8,960,000)
Special assessment bonds issued	-	-	-	-	-	4,675,000	4,675,000
Total other financing sources (uses)	<u>3,358,275</u>	<u>(8,904,130)</u>	<u>6,623</u>	<u>474,722</u>	<u>(6,103,840)</u>	<u>10,489,194</u>	<u>(679,156)</u>
Net changes in fund balances	935,671	(253,423)	71,009	(22,040)	(7,005,595)	308,399	(5,965,979)
Fund balances - beginning, as adjusted	16,228,669	3,670,661	1,009,544	8,720,037	7,803,574	16,770,750	54,203,235
Fund balances - ending	<u>\$ 17,164,340</u>	<u>\$ 3,417,238</u>	<u>\$ 1,080,553</u>	<u>\$ 8,697,997</u>	<u>\$ 797,979</u>	<u>\$ 17,079,149</u>	<u>\$ 48,237,256</u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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Net change in fund balances-total governmental funds (Page 20) ( \$5,965,979)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	12,138,674
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.	( 207)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	3,228,494
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.	8,567,114
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.	( 81,794)
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>671,133</u> )
Change in net assets of governmental activities (Page 18)	<u>\$17,215,169</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amount, GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes	\$ 8,029,309	\$ 8,029,309	\$ 7,710,833	\$ -	\$ 7,710,833
Licenses and permits	1,001,259	1,001,259	1,491,781	-	1,491,781
Intergovernmental	3,691,714	3,691,714	3,541,126	-	3,541,126
Charges for services	2,888,688	2,888,688	3,478,714	-	3,478,714
Fines and forfeits	917,020	917,020	1,143,752	-	1,143,752
Investment income	245,150	245,150	228,586	-	228,586
Rentals	86,515	86,515	121,184	-	121,184
Miscellaneous	18,320	18,320	26,527	-	26,527
Total revenues	<u>16,877,975</u>	<u>16,877,975</u>	<u>17,742,503</u>	<u>-</u>	<u>17,742,503</u>
<b>EXPENDITURES</b>					
Current					
General government					
Administration	1,041,190	1,041,190	878,267	7,172	871,095
Attorney	262,894	262,894	247,114	-	247,114
Finance	1,649,200	1,649,200	1,420,748	(14,693)	1,435,441
Human resources	314,746	314,746	277,085	-	277,085
Municipal court	247,904	247,904	239,798	-	239,798
Planning & development	917,054	907,807	839,295	-	839,295
Public safety					
Combined communications	1,047,316	1,047,305	895,252	-	895,252
Fire & inspections	4,047,653	4,000,637	3,971,033	-	3,971,033
Police	5,971,495	5,983,687	5,925,616	-	5,925,616
Highways and streets					
Engineering	1,179,617	1,179,617	1,163,714	-	1,163,714
Fire & inspections	221,034	221,034	217,130	-	217,130
Forestry	578,313	578,313	547,685	-	547,685
Health and welfare					
Public health	1,270,960	1,270,960	1,046,667	-	1,046,667
Culture and recreation					
Cable TV promotions	205,472	205,472	205,472	-	205,472
Centennial beach	1,000	1,000	848	-	848
Civic center	1,675,304	1,755,831	1,678,568	-	1,678,568
Capital outlays					
General government					
Administration	-	200,000	200,000	-	200,000
Building construction	400,000	-	-	-	-
Finance	49,000	49,000	-	-	-
Planning & development	18,000	10,000	-	-	-
Public safety					
Combined communications	108,229	108,229	23,997	-	23,997
Fire & inspections	131,000	138,139	135,074	-	135,074
Police	168,000	153,600	153,516	-	153,516
Highways and streets					
Engineering	32,600	32,600	18,605	-	18,605
Forestry	25,000	25,000	-	(18,058)	18,058
Health and welfare					
Public health	30,000	30,000	-	-	-
Culture and recreation					
Civic center	142,750	84,075	54,044	-	54,044
Total expenditures	<u>21,735,731</u>	<u>21,498,240</u>	<u>20,139,528</u>	<u>(25,579)</u>	<u>20,165,107</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, 2004**

Excess (deficiency) of revenues over (under) expenditures	<u>(4,857,756)</u>	<u>(4,620,265)</u>	<u>(2,397,025)</u>	<u>25,579</u>	<u>(2,422,604)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	4,047,893	4,047,893	4,061,556	-	4,061,556
Transfer out	<u>(887,677)</u>	<u>(895,006)</u>	<u>(703,281)</u>	<u>-</u>	<u>(703,281)</u>
Total other financing sources (uses)	<u>3,160,216</u>	<u>3,152,887</u>	<u>3,358,275</u>	<u>-</u>	<u>3,358,275</u>
Net changes in fund balances	(1,697,540)	(1,467,378)	961,250	25,579	935,671
Fund balances - beginning	<u>16,228,669</u>	<u>16,228,669</u>	<u>16,190,368</u>	<u>(38,301)</u>	<u>16,228,669</u>
Fund balances - ending	<u>\$ 14,531,129</u>	<u>\$ 14,761,291</u>	<u>\$ 17,151,618</u>	<u>\$ (12,722)</u>	<u>\$ 17,164,340</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, 2004**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 3,670,661</b>	<b>\$ 3,670,661</b>	<b>\$ 3,670,661</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	7,652,320	7,652,320	8,615,944	963,624
Investment income	51,000	51,000	43,375	(7,625)
Amount available for appropriation	<u>11,373,981</u>	<u>11,373,981</u>	<u>12,329,980</u>	<u>955,999</u>
Charges to appropriations (outflows)				
General government	150	8,613	8,612	1
Transfer out	9,405,764	9,397,301	8,904,130	493,171
Total charges to appropriations	<u>9,405,914</u>	<u>9,405,914</u>	<u>8,912,742</u>	<u>493,172</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 1,968,067</u></b>	<b><u>\$ 1,968,067</u></b>	<b><u>\$ 3,417,238</u></b>	<b><u>\$ 1,449,171</u></b>

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, 2004**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>	
	<b>Airport</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Nonmajor Enterprise Funds</b>		<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 2,391,817	\$ 405	\$ 270	\$ 9,585,625	\$ 11,978,117	\$ 1,794,350
Investments	-	8,556,320	5,603,753	859,099	15,019,172	-
Receivables:						
Accounts	1,441,075	682,357	395,402	449,057	2,967,891	218,972
Special assessments	-	730,488	581,921	3,833	1,316,242	-
Notes	-	307,767	205,178	-	512,945	-
Due from other funds	-	-	1,927,635	-	1,927,635	-
Inventories	-	49,417	-	56,826	106,243	219,344
Prepaid insurance	15,139	32,811	11,107	18,019	77,076	427
Total current assets	<u>3,848,031</u>	<u>10,359,565</u>	<u>8,725,266</u>	<u>10,972,459</u>	<u>33,905,321</u>	<u>2,233,093</u>
Noncurrent assets:						
Restricted assets:						
Investments	-	3,044,734	-	-	3,044,734	121,706
Capital assets (net of accumulated depreciation):						
Land	3,801,177	876,448	324,591	2,546,963	7,549,179	-
Building and building improvements	2,087,534	27,244,685	3,176,026	9,405,948	41,914,193	-
Improvements other than buildings	25,729,986	24,436,991	32,122,795	12,555,647	94,845,419	-
Machinery and equipment	566,490	1,118,198	567,158	2,741,536	4,993,382	40,663
Construction in progress	19,585,842	2,285,257	465,916	-	22,337,015	-
Total noncurrent assets	<u>51,771,029</u>	<u>59,006,313</u>	<u>36,656,486</u>	<u>27,250,094</u>	<u>174,683,922</u>	<u>162,369</u>
Total assets	<u>55,619,060</u>	<u>69,365,878</u>	<u>45,381,752</u>	<u>38,222,553</u>	<u>208,589,243</u>	<u>2,395,462</u>

**CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Funds</b>
	<u>Airport</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	82,316	208,659	337,903	131,208	760,086	392,966
Retainage payable	807,749	61,671	82,586	-	952,006	-
Leases payable	-	1,637	1,637	90,055	93,329	-
Due to other funds	-	65,240	-	-	65,240	61,745
Due to other entities	-	-	-	-	-	1,137
Compensated benefits payable	31,789	99,555	40,129	119,553	291,026	-
Claims and judgments payable	-	-	-	-	-	258,023
Total current liabilities	<u>921,854</u>	<u>436,762</u>	<u>462,255</u>	<u>340,816</u>	<u>2,161,687</u>	<u>713,871</u>
Long-term liabilities:						
Advances from other funds	-	503,519	-	1,060,000	1,563,519	-
Customer deposits payable	-	3,044,734	-	-	3,044,734	121,706
Compensated benefits payable	35,963	36,746	15,478	67,799	155,986	-
Capital lease	-	5,094	5,094	129,623	139,811	-
Accrued closure/post closure costs	-	-	-	605,187	605,187	-
Total long-term liabilities	<u>35,963</u>	<u>3,590,093</u>	<u>20,572</u>	<u>1,862,609</u>	<u>5,509,237</u>	<u>121,706</u>
Total liabilities	<u>957,817</u>	<u>4,026,855</u>	<u>482,827</u>	<u>2,203,425</u>	<u>7,670,924</u>	<u>835,577</u>
<b>NET ASSETS</b>						
Invested in capital assest, net of related debt	51,771,029	55,954,848	36,649,755	27,030,416	171,406,048	-
Unrestricted	2,890,214	9,384,175	8,249,170	8,988,712	29,512,271	1,559,885
Total net assets	<u>\$ 54,661,243</u>	<u>\$ 65,339,023</u>	<u>\$ 44,898,925</u>	<u>\$ 36,019,128</u>	200,918,319	<u>\$ 1,559,885</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>47,285</u>	
Net assets of business-type activities					<u>\$ 200,965,604</u>	

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

CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Business-type Activities - Enterprise Funds				Total	Governmental Activities-Internal Service Funds
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES</b>						
Charges for sales and services:	\$ -	\$ 8,100	\$ 3,600	\$ -	\$ 11,700	\$ 532,697
Event sales	-	-	-	-	-	1,913,909
Sale of gas and oil	-	-	-	766,222	766,222	432,740
Sale of parts and labor	-	186,672	-	-	186,672	973,329
Water sales	-	7,733,455	-	-	7,733,455	-
Sanitation fees	-	10,345	4,573,492	4,502,679	9,086,516	-
Landing and airport fees	1,529,772	-	-	279,691	1,809,463	-
Miscellaneous sales	20,895	32,219	-	48,874	101,988	30,255
Rentals	1,454,310	427,450	2,514	853,841	2,738,115	194
Employer contributions	-	-	-	-	-	2,350,883
Employee contributions	-	-	-	-	-	37,910
Total operating revenues	<u>3,004,977</u>	<u>8,398,241</u>	<u>4,579,606</u>	<u>6,451,307</u>	<u>22,434,131</u>	<u>6,271,917</u>
<b>OPERATING EXPENSES</b>						
Cost of goods sold	-	101,512	-	710,234	811,746	2,872,946
Personal services - salaries & wages	555,987	1,264,357	608,236	1,627,230	4,055,810	560,659
Personal services - fringe benefits	80,227	191,224	89,960	301,282	662,693	184,189
Professional, legal, and contracted services	638,807	47,586	10,419	565,639	1,262,451	9,957
Building, equipment, and vehicle services	350,021	1,406,347	693,303	962,958	3,412,629	95,059
Travel & training	2,565	10,433	9,061	10,827	32,886	7,282
Operating services	121,846	124,651	136,427	273,875	656,799	3,263,505
Operating supplies	114,663	605,949	242,657	233,260	1,196,529	22,073
Grants & subsidies	-	-	-	-	-	21,500
Depreciation	1,432,433	1,942,926	1,203,299	1,009,700	5,588,358	6,439
Total operating expenses	<u>3,296,549</u>	<u>5,694,985</u>	<u>2,993,362</u>	<u>5,695,005</u>	<u>17,679,901</u>	<u>7,043,609</u>
Operating income (loss)	<u>(291,572)</u>	<u>2,703,256</u>	<u>1,586,244</u>	<u>756,302</u>	<u>4,754,230</u>	<u>(771,692)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental	8,455,146	-	87,760	1,141	8,544,047	45,810
Special assessments	-	220,840	129,170	2,835	352,845	-
Gain (Loss) on disposal of assets	-	24,851	(4,460)	20,459	40,850	-
Investment income	27,835	172,735	67,163	120,363	388,096	28,448
Taxes	-	-	-	-	-	218
Interest expense	-	(33,917)	(117)	(16,427)	(50,461)	-
Total nonoperating revenues (expenses)	<u>8,482,981</u>	<u>384,509</u>	<u>279,516</u>	<u>128,371</u>	<u>9,275,377</u>	<u>74,476</u>
Income (loss) before contributions and transfers	<u>8,191,409</u>	<u>3,087,765</u>	<u>1,865,760</u>	<u>884,673</u>	<u>14,029,607</u>	<u>(697,216)</u>
<b>CAPITAL CONTRIBUTIONS</b>	33,915	1,081,832	613,718	2,066,480	3,795,945	-
<b>TRANSFERS IN</b>	500,000	72,206	3,200,000	74,548	3,846,754	183,030
<b>TRANSFERS OUT</b>	(187,482)	(4,629,085)	(351,829)	(825,192)	(5,993,588)	(241,833)
Change in net assets	<u>8,537,842</u>	<u>(387,282)</u>	<u>5,327,649</u>	<u>2,200,509</u>	<u>15,678,718</u>	<u>(756,019)</u>
Total net assets - beginning as adjusted	<u>46,123,401</u>	<u>65,726,305</u>	<u>39,571,276</u>	<u>33,818,619</u>		<u>2,315,904</u>
Total net assets - ending	<u>\$ 54,661,243</u>	<u>\$ 65,339,023</u>	<u>\$ 44,898,925</u>	<u>\$ 36,019,128</u>		<u>\$ 1,559,885</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(89,382)	
Change in net assets of business-type activities (page 18)					<u>\$ 15,589,336</u>	

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, 2004**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>					<b>Governmental Activities-Internal Service Funds</b>
	Airport	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 2,719,473	\$ 9,116,748	\$ 3,294,938	\$ 6,455,808	\$ 21,586,967	\$ 3,856,160
Receipts from employer	-	-	-	-	-	2,388,270
Other operating cash receipts	-	-	-	-	-	30,228
Payments to suppliers	(1,448,683)	(2,569,914)	(1,210,945)	(2,992,745)	(8,222,287)	(6,850,228)
Payments to employees	(545,631)	(1,265,318)	(603,481)	(1,631,972)	(4,046,402)	(560,659)
Net cash provided (used) by operating activities	<u>725,159</u>	<u>5,281,516</u>	<u>1,480,512</u>	<u>1,831,091</u>	<u>9,318,278</u>	<u>(1,136,229)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental revenue	8,437,701	-	87,760	1,141	8,526,602	34,890
Taxes	-	-	-	-	-	256
Transfers from other funds	500,000	72,206	3,200,000	74,548	3,846,754	146,848
Transfers to other funds	(187,482)	(4,629,085)	(351,829)	(825,192)	(5,993,588)	(241,833)
Net cash provided (used) by noncapital financing activities	<u>8,750,219</u>	<u>(4,556,879)</u>	<u>2,935,931</u>	<u>(749,503)</u>	<u>6,379,768</u>	<u>(59,839)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital lease payment	-	(339)	(339)	(178,507)	(179,185)	-
Interest paid	-	(33,917)	(117)	(16,427)	(50,461)	-
Payment on advance	-	-	-	(20,000)	(20,000)	-
Proceeds on notes receivable	-	307,768	205,179	-	512,947	-
Proceeds from sale of capital assets	-	24,721	2,316	119,666	146,703	-
Special assessments collected	-	159,986	103,807	4,478	268,271	-
Purchase of capital assets	(74,773)	(330,814)	(176,234)	(453,989)	(1,035,810)	-
Construction of capital assets	(10,168,066)	(4,284,207)	(2,863,472)	(150,056)	(17,465,801)	-
Net cash used by capital and related financing activities	<u>(10,242,839)</u>	<u>(4,156,802)</u>	<u>(2,728,860)</u>	<u>(694,835)</u>	<u>(17,823,336)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	130,203	-	-	7,463,573	7,593,776	2,062,756
Purchase of investments	-	(1,257,595)	(1,780,961)	(851,518)	(3,890,074)	(121,650)
Investment income	10,793	68,888	31,413	40,844	151,938	28,392
Net cash provided (used) by investing activities	<u>140,996</u>	<u>(1,188,707)</u>	<u>(1,749,548)</u>	<u>6,652,899</u>	<u>3,855,640</u>	<u>1,969,498</u>
Net increase (decrease) in cash and cash equivalent	<u>(626,465)</u>	<u>(4,620,872)</u>	<u>(61,965)</u>	<u>7,039,652</u>	<u>1,730,350</u>	<u>773,430</u>
Cash and cash equivalents - January 1	3,018,282	4,621,277	62,235	2,545,973	10,247,767	1,020,920
Cash and cash equivalents - December 31	<u>\$ 2,391,817</u>	<u>\$ 405</u>	<u>\$ 270</u>	<u>\$ 9,585,625</u>	<u>\$ 11,978,117</u>	<u>\$ 1,794,350</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (291,572)	\$ 2,703,256	\$ 1,586,244	\$ 756,302	\$ 4,754,230	\$ (771,692)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,432,433	1,942,926	1,203,299	1,009,700	5,588,358	6,439
(Increase) decrease in accounts receivable	(285,504)	13,701	(44,183)	4,501	(311,485)	(5,240)
(Increase) decrease in due from other funds	-	704,806	(1,215,161)	-	(510,355)	-
Increase in inventories	-	(25,371)	-	(28,703)	(54,074)	(219,344)
Increase in prepaid items	(29,164)	(1,430)	(4,252)	(10,526)	(45,372)	(427)
Decrease in customer deposits	-	-	(25,325)	-	(25,325)	(52,318)
Increase (decrease) in accounts payable	(111,390)	8,845	(24,865)	52,701	(74,709)	(55,436)
Increase (decrease) in due to other funds	-	(64,256)	-	-	(64,256)	51,184
Increase in due to other entities	-	-	-	-	-	1,137
Increase (decrease) in compensated absences payable	10,356	(961)	4,755	(4,742)	9,408	-
Decrease in estimated pending claims	-	-	-	-	-	(90,532)
Increase in closure and post closure costs	-	-	-	51,858	51,858	-
Total adjustments	<u>1,016,731</u>	<u>2,578,260</u>	<u>(105,732)</u>	<u>1,074,789</u>	<u>4,564,048</u>	<u>(364,537)</u>
Net cash provided (used) by operating activities	<u>\$ 725,159</u>	<u>\$ 5,281,516</u>	<u>\$ 1,480,512</u>	<u>\$ 1,831,091</u>	<u>\$ 9,318,278</u>	<u>\$ (1,136,229)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Construction of capital assets contributed through capital project funds	\$ 33,915	\$ 1,081,832	\$ 613,718	\$ 2,066,480	\$ 1,729,465	\$ -
Contribution of capital assets from government	-	-	-	-	-	47,102
Capital asset trade-ins	-	800	-	8,500	9,300	-
Borrowing under capital lease	-	7,123	7,123	143,869	158,115	-
Increase in fair value of investments	17,042	103,847	35,750	79,519	236,158	56

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, 2004**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 325,634	\$ 792
Receivables:		
Taxes	25,384	6,384
Accounts	122,780	6,244
Accrued interest and dividends	84,279	-
Investments, at fair value:		
Domestic equities	19,992,799	-
International equities	2,501,324	-
Domestic fixed income	16,716,810	-
International fixed income	1,218,499	-
Real estate	1,529,466	-
Venture capital	482,373	-
Mutual funds	15,807,211	-
Invested cash	449,764	-
Invested securities lending collateral	4,056,158	-
Total assets	<u>63,312,481</u>	<u>13,420</u>
<b>LIABILITIES</b>		
Accounts payable	34,918	7,036
Due to other funds	754,422	-
Due to other entities	-	1,223
Deferred revenue	20,112	5,161
Securities lending collateral	4,056,158	-
Total liabilities	<u>4,865,610</u>	<u>13,420</u>
<b>NET ASSETS</b>		
Assets held in trust for pension and other employee benefits	58,446,871	-
Total net assets held in trust	<u>\$ 58,446,871</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, 2004**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,864,025
Employee	917,518
Transfer in	635,518
Total contributions	<u>3,417,061</u>
Investment income:	
Net increase in fair value of investments	4,505,106
Interest and dividends	1,064,595
	<u>5,569,701</u>
Less: investment expense	(128,024)
Net investment income	<u>5,441,677</u>
Security lending activity:	
Securities lending income	49,161
Less: securities lending expenses	(42,492)
Net securities lending income	<u>6,669</u>
Total additions	<u>8,865,407</u>
 <b>DEDUCTIONS</b>	
Benefits paid to participants	2,069,755
Refunds	179,554
Administrative expenses	45,344
Transfer out	22,628
Total deductions	<u>2,317,281</u>
Change in net assets	<u>6,548,126</u>
<b>Net assets - beginning</b>	<u>51,898,745</u>
<b>Net assets - ending</b>	<u><u>\$ 58,446,871</u></u>

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

# NOTES TO FINANCIAL STATEMENTS

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**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

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

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

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

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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, 2004**

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.

**Sewer Improvement Bond Fund** – This fund accounts for the collection of special assessments and the payment of special assessment bonds for sewer improvements.

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

**Lodging, Liquor, Food Bond Fund** – This fund accounts for the payment of bonds issued to finance the Civic Center addition. Financing is provided by a transfer from the Special Revenue Lodging, Liquor, Food Tax Fund.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

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.

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

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**1. Deposits and Investments**

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.

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.

Investments are stated at fair value.

**2. Receivables and Payables**

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 1<sup>st</sup> of the preceding year. A 5% discount is allowed if payment is received by February 15<sup>th</sup>. The tax levy is divided into two payments due March 1<sup>st</sup> and October 15<sup>th</sup>. Penalty and interest is assessed on any delinquent payment.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**3. 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, 2004, as prepaid items. The cost of services to governmental type funds is recorded as an expenditure when paid rather than the benefited period.

**4. 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 IV on page 43.

**5. 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. GASB 34 allows the retroactive reporting of infrastructure to occur within four years of the required implementation date of this statement. As such, infrastructure that was in existence prior to January 1, 2003 has not been reported in these statements. However, infrastructure for which construction has been completed since January 1, 2003 has been reported in these 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	20 - 50 Years
Improvements other than buildings	25 - 50 Years
Infrastructure	20-100 Years
Equipment	2 - 10 Years

**6. Compensated Absences/Termination Benefits**

Sick Leave

The sick leave plan for compensated absences commenced 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, 2004**

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 days 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.

## **7. 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, \$212,753 of claims and judgments are included in governmental activities. Compensated absences of \$1,650,147 generally have been liquidated by the General Fund and various Special Revenue Funds.

**CITY OF BISMARCK, NORTH DAKOTA  
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**8. Fund Equity**

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

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

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

**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 a 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 \$41,469,072 difference are as follows:

Bonds payable	\$ (39,675,000)
Less: unamortized debt cost	222,695
Plus: unamortized bond premium	(20,732)
Accrued interest payable	(222,550)
Capital leases payable	(123,338)
Compensated absences	<u>(1,650,147)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$ (41,469,072)</u></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 a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$12,138,674 difference are as follows:

Capital outlay	\$ 17,305,517
Depreciation expense	<u>(5,166,843)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u><u>\$ 12,138,674</u></u>

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Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$207 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>\$ (207)</u>
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Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (207)</u></u>
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Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$8,567,114 difference are as follows:

Debt issued or incurred:	
Proceeds of refunded revenue bonds	\$ (2,005,000)
Issuance of special assessment debt	(4,675,000)
Less: discounts and bond cost	83,198
Plus: premiums	(21,084)
Principal repayments:	
General obligation debt	6,225,000
Payment to escrow agent for refunding	<u>8,960,000</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 8,567,114</u></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 \$81,794 are as follows:

Compensated absences	\$ (70,923)
Accrued interest	5,750
Amortization of bond premium	351
Amortization of bond costs and discounts	<u>(16,972)</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (81,794)</u></u>
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**CITY OF BISMARCK, NORTH DAKOTA  
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**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.

Adjustments necessary to convert the General Funds' excess of revenues and other sources over expenditures and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other financing sources over expenditures and other financing uses - budget basis	\$ 961,250
Beginning of year adjustment for encumbrances recognized as expenditures	(38,301)
End of year adjustment for encumbrances not recognized as expenditures	<u>12,722</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u>\$ 935,671</u>

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

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.

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**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2004 expenditures exceeded budget at the department level (i.e., the legal level of budgetary control) as follows:

<u>Debt Service Funds</u>	
Parking Lot Bonds	\$ 57,169

The Debt Service Funds exceeded appropriations due to the payment of refunded bonds and the transfer of funds from the special assessment series that have completed their final debt payment.

**C. DEFICIT FUND BALANCE**

The following individual funds had deficits at December 31, 2004, as measured by the balances in the total fund balance or retained earnings as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Civic Center Improvements	\$ 316,541
Sewermain Construction	2,810,593
Watermain Construction	68,112
Sidewalk Construction	1,088,596
Street Improvement Construction	6,548,143

Civic Center Improvements will be funded through a transfer from Arena/Exhibit Operations, Special Revenue Fund in 2005. Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in May of 2005.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

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.

Deposits are categorized below to give an indication of the level of risk assumed by the City at year end.

Category 1 – deposits that are covered by Federal Depository Insurance (FDIC), Securities Investor Protection Corporation (SIPC), or by securities held by the City or its agent in the City's name.

Category 2 – deposits that are collateralized by securities held by the pledging institution's trust departments or agent in the City's name.

Category 3 – deposits that are uncollateralized or collateralized with securities held by the pledging institution or its trust department or agent, but not in the City's name.

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	Category			Total Bank Balance	Carrying Amount
	1	2	3		
Cash deposits	\$ 7,336,451	\$ -	\$ -	\$ 7,336,451	\$ 5,875,769
Certificates of deposit, recorded as deposits	-	-	1,378,710	1,378,710	1,378,710
Certificates of deposit, recorded as investments	23,835,668	-	1,194,485	25,030,153	25,030,153
US government securities, recorded as deposits	10,029,944	-	-	10,029,944	10,029,944
<b>Total deposits</b>	<b>\$ 41,202,063</b>	<b>\$ -</b>	<b>\$ 2,573,195</b>	<b>\$ 43,775,258</b>	<b>\$ 42,314,576</b>
Cash on hand					49,512
<b>Total deposits and cash on hand</b>					<b>\$ 42,364,088</b>

At December 31, 2004, the carrying amount of the City's deposits was \$42,364,088 and the bank balance was \$43,775,258, all of which was insured and collateralized except for the bank balance of \$2,573,195 at the Bank of North Dakota. These deposits are uncollateralized, a category 3 risk as defined by GASB, but are backed by the full faith and credit of the State of North Dakota.

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

Category 1 - investments that are insured or registered for which the securities are held by the City or its agent in the City's name.

Category 2 - investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or its agent in the City's name.

Category 3 - investments that are uninsured and unregistered for which the securities are held by the counterparty, its trust department, or its agent but not in the City's name.

	Category 1	Fair Value
US Government Securities	\$ 35,926,903	\$ 35,926,903
Investments in state investment board pool		42,891,035
Investments in mutual funds (Kemper)		15,807,211
Securities lending short-term collateral investment pool		4,056,158
<b>Total Investments</b>		<b>\$ 98,681,307</b>

State Investment and Securities Lending Pool

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

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Burleigh County Water Users Investment

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, 2004 was \$3,004,734.

**B. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 1,712,508	\$ 684,922	\$ -	\$ 2,397,430
Construction in progress	2,161,595	3,028,911	(2,161,595)	3,028,911
Total capital assets, not being depreciated	<u>3,874,103</u>	<u>3,713,833</u>	<u>(2,161,595)</u>	<u>5,426,341</u>
Capital assets, being depreciated:				
Buildings and building improvements	51,018,685	1,753,940	-	52,772,625
Improvements other than buildings	37,078	-	-	37,078
Machinery & equipment	20,463,023	2,737,860	(638,664)	22,562,219
Infrastructure	45,664,119	11,057,324	-	56,721,443
Total capital assets being depreciated	<u>117,182,905</u>	<u>15,549,124</u>	<u>(638,664)</u>	<u>132,093,365</u>
Less accumulated depreciation for:				
Buildings and building improvements	(16,384,489)	(2,122,898)	-	(18,507,387)
Improvements other than buildings	(21,289)	(1,580)	-	(22,869)
Machinery & equipment	(12,368,869)	(1,263,741)	410,957	(13,221,653)
Infrastructure	(683,906)	(1,778,624)	-	(2,462,530)
Total accumulated depreciation	<u>(29,458,553)</u>	<u>(5,166,843)</u>	<u>410,957</u>	<u>(34,214,439)</u>
Total capital assets, being depreciated, net	<u>87,724,352</u>	<u>10,382,281</u>	<u>(227,707)</u>	<u>97,878,926</u>
Governmental activities capital assets, net	<u>\$ 91,598,455</u>	<u>\$ 14,096,114</u>	<u>\$ (2,389,302)</u>	<u>\$ 103,305,267</u>

**CITY OF BISMARCK, NORTH DAKOTA  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 7,474,245	\$ 130,202	\$ (55,268)	\$ 7,549,179
Construction in progress	16,468,442	12,615,832	(6,747,259)	22,337,015
Total capital assets, not being depreciated	<u>23,942,687</u>	<u>12,746,034</u>	<u>(6,802,527)</u>	<u>29,886,194</u>
Capital assets, being depreciated:				
Buildings and building improvements	60,545,859	455,921	(127,355)	60,874,425
Improvements other than buildings	127,710,325	14,588,382	-	142,298,707
Machinery & equipment	11,070,597	1,158,030	(782,845)	11,445,782
Total capital assets being depreciated	<u>199,326,781</u>	<u>16,202,333</u>	<u>(910,200)</u>	<u>214,618,914</u>
Less accumulated depreciation for:				
Buildings and building improvements	(17,410,233)	(1,666,385)	116,386	(18,960,232)
Improvements other than buildings	(44,354,421)	(3,098,867)	-	(47,453,288)
Machinery & equipment	(6,270,124)	(823,106)	640,830	(6,452,400)
Total accumulated depreciation	<u>(68,034,778)</u>	<u>(5,588,358)</u>	<u>757,216</u>	<u>(72,865,920)</u>
Total capital assets, being depreciated, net	<u>131,292,003</u>	<u>10,613,975</u>	<u>(152,984)</u>	<u>141,752,994</u>
Business-type activities capital assets, net	<u>\$ 155,234,690</u>	<u>\$ 23,360,009</u>	<u>\$ (6,955,511)</u>	<u>\$ 171,639,188</u>

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

Governmental activities:

General government	\$ 196,187
Public safety	647,084
Highways and streets	433,048
Health	1,061
Culture and recreation	2,113,011
Public works	<u>1,776,452</u>
Total depreciation expense - governmental activities	<u>\$ 5,166,843</u>

Business-type activities:

Airport	\$ 1,432,433
Airport flightline	14,209
Solid waste disposal	377,887
Solid waste collections	177,320
Water	1,942,926
Sanitary sewer	1,203,299
Storm water	177,280
Parking authority lots	<u>263,004</u>
Total depreciation expense - business-type activities	<u>\$ 5,588,358</u>

**CITY OF BISMARCK, NORTH DAKOTA  
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**C. COMMITMENTS**

As of December 31, 2004, the City had commitments on various construction contracts totaling approximately \$13,661,227.

The Board of the City Commissioners voted to allocate Vision Fund money in the amount of \$500,000 to Bismarck State College and \$4,827,333 remaining of \$5,000,000 designated to the Northern Plains Commerce Center. The Board allocated an additional \$115,500 to Coventry Health Care contingent upon new employees. These payments are to be paid in 2005.

The Community Development Block Grant Housing Rehabilitation Program has \$123,046 in five-year forgivable loans with 4 years outstanding as of December 31, 2004. If the covenants of the agreement are met, the City will forgive 20% of the loan per year.

**D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables/payables are used when a fund has a cash deficit. The composition of interfund balances as of December 31, 2004 were:

<u>DUE FROM OTHER FUNDS</u>		<u>DUE TO OTHER FUNDS</u>		
General Fund	General Fund	Government Grants & Activities	Special Revenue	\$ 249,487
		Community Development	Capital Project	11,697
		City Pension	Fiduciary	754,422
				1,015,606
Arena/Exhibit Operations	Special Revenue	Civic Center Improvements	Capital Project	316,541
Roads & Streets	Special Revenue	Fleet Services	Internal Service	61,745
Sewer Improvement Bonds	Debt Service	Sewermain Construction	Capital Project	831,179
Street Improvement Bonds	Debt Service	Street Improvement Construction	Capital Project	6,032,744
Watermain Bonds	Debt Service	Watermain Construction	Capital Project	68,112
Watermain Bonds	Debt Service	Water	Enterprise	65,240
Sidewalk Bonds	Debt Service	Sidewalk Construction	Capital Project	783,364
Sanitary Sewer	Enterprise	Sewermain Construction	Capital Project	1,927,635
				\$ 11,102,166

The due to/from other funds will be repaid in 2005.

<u>ADVANCE FROM OTHER FUNDS</u>		<u>ADVANCE TO OTHER FUNDS</u>		
Tax Increment	Capital Project	Arena/Exhibit Operations	Special Revenue	\$ 187,095
		Parking Authority Lots	Enterprise	1,060,000
				1,247,095
Sales Tax	Special Revenue	General Fund	General Fund	120,838
Watermain Bonds	Debt Service	Water	Enterprise	503,519
				\$ 1,871,452

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

**CITY OF BISMARCK, NORTH DAKOTA  
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	Transfer In - Governmental Funds					
	General	Sewer	Street	Lodging,	Nonmajor	Pension
	Fund	Improvement	Improvement	Liquor, Food	Governmental	Trust
	Bonds	Bonds	Bonds	Bonds	Funds	Funds
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 677,218	\$ 25,113
Sales Tax	3,240,590	-	-	-	5,663,540	-
Street Improvement Bonds	-	-	-	-	85,291	-
Nonmajor Governmental Funds	284,559	2,545	534,593	891,160	862,606	71,890
Pension Trust Funds	22,628	-	-	-	-	-
Airport	91,701	-	-	-	31,308	64,473
Water	110,689	-	-	-	1,100,531	161,682
Sanitary Sewer	57,225	-	-	-	201,003	75,795
Nonmajor Enterprise Funds	76,795	-	-	-	448,462	191,755
Internal Service Funds	177,369	-	-	-	19,654	44,810
<b>Total Transfers Out</b>	<b>\$ 4,061,556</b>	<b>\$ 2,545</b>	<b>\$ 534,593</b>	<b>\$ 891,160</b>	<b>\$ 9,089,613</b>	<b>\$ 635,518</b>

	Transfer In - Business-type Funds					Totals
	Airport	Water	Sanitary	Nonmajor	Internal	
	Airport	Water	Sewer	Enterprise	Service	
	Funds	Funds	Funds	Funds	Funds	
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 950	\$ 703,281
Sales Tax	-	-	-	-	-	8,904,130
Street Improvement Bonds	-	-	-	-	-	85,291
Nonmajor Governmental Funds	500,000	206	-	74,548	71,911	3,294,018
Pension Trust Funds	-	-	-	-	-	22,628
Airport	-	-	-	-	-	187,482
Water	-	-	3,200,000	-	56,183	4,629,085
Sanitary Sewer	-	-	-	-	17,806	351,829
Nonmajor Enterprise Funds	-	72,000	-	-	36,180	825,192
Internal Service Funds	-	-	-	-	-	241,833
<b>Total Transfers Out</b>	<b>\$ 500,000</b>	<b>\$ 72,206</b>	<b>\$ 3,200,000</b>	<b>\$ 74,548</b>	<b>\$ 183,030</b>	<b>\$ 19,244,769</b>

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

**E. LEASES**

**Capital Leases**

The City has entered into a lease agreement to finance the mechanical portion of the parking ramp remodeling project for the Parking Lot Authority. The City has also financed the acquisition of certain equipment for its Solid Waste Disposal, Water, Sanitary Sewer, Storm Sewer and Roads & Streets Funds. 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.

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The assets acquired through capital leases are as follows:

Asset:	Governmental Activities	Business-type Activities
Buildings and systems	\$ -	\$ 405,000
Machinery and equipment	187,850	158,116
Less: accumulated depreciation	(37,570)	(67,573)
<b>Total</b>	<b>\$ 150,280</b>	<b>\$ 495,543</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004 were as follows:

Year ending December 31	Governmental Activities	Business-type Activities
2005	\$ 131,293	\$ 101,874
2006	-	67,644
2007	-	67,644
2008	-	12,437
Total minimum lease payments	\$ 131,293	\$ 249,599
Less: amount representing interest	(7,955)	(16,459)
<b>Present value of minimum lease payments</b>	<b>\$ 123,338</b>	<b>\$ 233,140</b>

**F. LONG-TERM DEBT**

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The legal debt margin as of December 31, 2004 was \$61,264,815 with a remaining non-obligated margin of \$61,264,815. The City had no general obligation bonds outstanding as of December 31, 2004.

Revenue Bonds

The government has also issued bonds where the government pledges income derived from current operations to pay debt service. Revenue bonds outstanding at December 31, 2004 are as follows:

Governmental Activities - Revenue Bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2004	Amount Issued in 2004	Amount Retired in 2004	Amount Outstanding 12/31/2004	Due Within One Year
Lodging, Liquor, Food	6/1/1998	12/1/2013	3.25-6.40%	\$ 9,400,000	\$ 7,520,000	\$ -	\$ 7,520,000	\$ -	\$ -
Lodging, Liquor, Food	5/1/2003	12/1/2013	2.50-4.10%	7,295,000	7,295,000	-	-	7,295,000	640,000
Sales Tax Bonds	6/15/2002	5/1/2005	3.00-3.25%	3,050,000	2,060,000	-	1,015,000	1,045,000	1,045,000
<b>Total Special Revenue Bonds</b>				<b>\$ 19,745,000</b>	<b>\$ 16,875,000</b>	<b>\$ -</b>	<b>\$ 8,535,000</b>	<b>\$ 8,340,000</b>	<b>\$ 1,685,000</b>

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

<u>Years</u>	<b>GOVERNMENTAL ACTIVITIES</b>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,685,000	\$ 257,971
2006	685,000	224,990
2007	705,000	207,865
2008	760,000	190,240
2009	800,000	167,440
2010-2013	3,705,000	374,535
Total	\$ 8,340,000	\$ 1,423,041

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, 2004 are as follows:

Governmental Activities -	Date of		Original	Amount	Amount	Amount	Amount	Amount	
Special Assessment	Date of	Final	Interest	Amount	Outstanding	Issued	Retired	Outstanding	Due Within
Bonds	Issue	Payment	Rates	of Issue	1/1/2004	in 2004	in 2004	12/31/2004	One Year
Series D refunding	3/28/1996	5/1/2005	4.00-4.70%	\$ 4,185,000	\$ 310,000	\$ -	\$ 180,000	\$ 130,000	\$ 130,000
Series H refunding	6/1/1998	5/1/2013	4.00-4.70%	3,815,000	2,335,000	-	2,335,000	-	-
Series I refunding	5/1/1999	6/1/2008	3.50-3.70%	3,465,000	1,665,000	-	380,000	1,285,000	380,000
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	2,720,000	-	400,000	2,320,000	400,000
Series K refunding	5/15/2000	5/1/2015	5.00-5.60%	3,530,000	2,540,000	-	495,000	2,045,000	495,000
Series L refunding	4/30/2001	6/1/2011	4.00-4.50%	6,140,000	4,965,000	-	780,000	4,185,000	750,000
Series M refunding	5/15/2001	5/1/2016	4.00-5.10%	5,310,000	4,745,000	-	565,000	4,180,000	565,000
Series N refunding	6/15/2002	5/1/2017	3.30-4.30%	2,480,000	2,480,000	-	220,000	2,260,000	215,000
Series O refunding	11/12/2002	6/1/2012	2.10-4.00%	1,990,000	1,990,000	-	460,000	1,530,000	240,000
Series P refunding	6/15/2003	5/1/2018	1.50-3.50%	4,580,000	4,580,000	-	300,000	4,280,000	565,000
Series Q refunding	6/1/2004	5/1/2019	2.00-4.250%	4,215,000	-	4,215,000	-	4,215,000	310,000
Series R refunding	10/15/2004	5/1/2013	2.50-3.00%	2,005,000	-	2,005,000	-	2,005,000	380,000
Total refunding series				\$ 45,635,000	\$ 28,330,000	\$ 6,220,000	\$ 6,115,000	\$ 28,435,000	\$ 4,430,000

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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Governmental Activities - Special Assessment Bonds	Date of		Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2004	Amount Issued in 2004	Amount Retired in 2004	Amount Outstanding 12/31/2004	Due Within One Year
	Date of Issue	Final Payment							
Sidewalk 94	6/1/1994	6/1/2004	3.90-5.10%	\$ 660,000	\$ 70,000	\$ -	\$ 70,000	\$ -	\$ -
Sidewalk 95	7/1/1996	6/1/2006	4.50-5.30%	415,000	135,000	-	45,000	90,000	45,000
Sidewalk 96	5/15/1997	6/1/2007	4.40-5.20%	590,000	260,000	-	65,000	195,000	65,000
Sidewalk 97	6/1/1998	5/1/2008	4.00-4.55%	590,000	325,000	-	65,000	260,000	65,000
Sidewalk 98	5/1/1999	4/1/2009	3.90-4.30%	570,000	390,000	-	65,000	325,000	65,000
Sidewalk 99	5/15/2000	5/1/2010	5.20-5.90%	480,000	360,000	-	55,000	305,000	55,000
Sidewalk 00	5/15/2001	5/1/2011	4.30-4.70%	420,000	365,000	-	50,000	315,000	50,000
Sidewalk 01	6/15/2002	5/1/2012	2.30-4.15%	565,000	565,000	-	90,000	475,000	60,000
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15%	505,000	505,000	-	30,000	475,000	55,000
Sidewalk 03	6/1/2004	5/1/2014	1.75-4.15%	460,000	-	460,000	-	460,000	30,000
Total sidewalk bonds				\$ 5,255,000	\$ 2,975,000	\$ 460,000	\$ 535,000	\$ 2,900,000	\$ 490,000
Total special assessment bonds				\$ 50,890,000	\$ 31,305,000	\$ 6,680,000	\$ 6,650,000	\$ 31,335,000	\$ 4,920,000

The City issued \$2,005,000 of Refunding Improvement Bonds (Series R) on September 28, 2004. The purpose of issuing the Series R Bonds was to advance refund the Series H Refunding Improvement Bonds. The transaction resulted in an economic gain of \$98,793 and \$101,619 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
2005	\$ 4,920,000	\$ 1,149,934
2006	4,735,000	911,125
2007	4,425,000	748,527
2008	3,670,000	602,358
2009	3,085,000	478,469
2010-2014	8,340,000	1,112,488
2015-2019	2,160,000	159,914
Total	\$ 31,335,000	\$ 5,162,815

**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, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Special revenue bonds	\$ 16,875,000	\$ -	\$ 8,535,000	\$ 8,340,000	\$ 1,685,000
Special assessment bonds	31,305,000	6,680,000	6,650,000	31,335,000	4,920,000
Capital leases	565,508	-	442,170	123,338	123,338
Compensated absences	1,579,224	1,513,117	1,442,194	1,650,147	1,264,121
Claims and judgments	294,931	57,626	139,804	212,753	89,415
<b>TOTAL</b>	<b>\$ 50,619,663</b>	<b>\$ 8,250,743</b>	<b>\$ 17,209,168</b>	<b>\$ 41,661,238</b>	<b>\$ 8,081,874</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital leases	\$ 300,104	\$ 119,723	\$ 186,689	\$ 233,140	\$ 93,329
Compensated absences	437,605	329,479	320,072	447,012	291,026
Claims and judgments	53,624	45,270	53,624	45,270	45,270
Closure and postclosure costs	553,329	51,858	-	605,187	-
<b>TOTAL</b>	<b>\$ 1,344,662</b>	<b>\$ 546,330</b>	<b>\$ 560,385</b>	<b>\$ 1,330,609</b>	<b>\$ 429,625</b>

**G. INDUSTRIAL REVENUE BONDS**

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, the 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, 2004, there were 2 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. Most of the time this amount is in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

**V. OTHER INFORMATION**

**A. RISK MANAGEMENT**

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
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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, 2004 management estimates claims incurred prior to NDIRF but not paid of \$55,000. 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
2004	\$ 120,000	\$ (46,574)	\$ 18,426	\$ 55,000
2003	274,904	(38,021)	116,883	120,000
2002	259,817	244,998	229,911	274,904

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 \$183,758 for 2004. 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 \$203,023 as of December 31, 2004. 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
2004	\$ 228,555	\$ 2,561,499	\$ 2,587,031	\$ 203,023
2003	114,340	2,060,637	1,946,422	228,555
2002	250,000	1,579,519	1,715,179	114,340

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

**CITY OF BISMARCK, NORTH DAKOTA  
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Worker's Compensation

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

**B. Closure and Post Closure Care Costs**

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$605,187 reported as landfill closure and post closure care liability at December 31, 2004, represents the cumulative amount reported to date based on the use of 47.5 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$668,186 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 2003. 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. The County Emergency Management reports to the County Commissioners.

In 2004, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Department. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees of the Center are the employees of the City with the exception of the County Emergency Manager. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 371,557
Less value of accumulated depreciation	(209,431)
Net assets	<u>\$ 162,126</u>
Total operating expenditures - 2004	<u>\$ 832,362</u>

**CITY OF BISMARCK, NORTH DAKOTA  
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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 report 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 Employees Pension

Plan Description - The City plan is a cost sharing multiple employer public employee retirement system. Membership in the plan on December 31, 2004 is as follows:

Retirees and beneficiaries receiving benefits	119
Terminated employees - vested	17
Active employees:	
Vested	238
Non-vested	96
 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. 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 a reduced retirement benefit. Benefit provisions are established under the authority of the City Commission.

If an employee leaves employment, the employee's contributions are refunded to the employee with accrued interest.

Employees direct the investment of their contribution utilizing a contracted City investment manager. The pension benefits available under this plan are funded in part from the accumulation of the employee's contribution with an employer's guarantee of five percent interest per annum. An employee is eligible to receive a distribution of the interest earned in excess of five percent upon retirement.

**CITY OF BISMARCK, NORTH DAKOTA  
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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.

Annual Required Contributions:

<u>Year</u>	<u>Amount</u>
2004	\$ 1,531,586
2003	746,951
2002	423,579
2001	251,444
2000	366,696
1999	452,174

The employer contributions exceeded the annual required contributions for the year ending December 31, 2004. The percentage funded was 100% for each year. NPO for the end of each year was zero.

Reserves - The fund balance at December 31, 2004 is \$38,949,696 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, 2004 is as follows:

Retirees and beneficiaries receiving benefits	36
Terminated employees - vested	3
Active employees:	
Vested	78
Non-vested	39
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 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 a 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 the actual amount earned.

Employees direct the investment of their contribution utilizing a contracted City investment manager. The pension benefits available under this plan are funded in part from the accumulation of the employee's contribution with an employer's guarantee of five percent interest per annum. An employee is eligible to receive a distribution of the interest earned in excess of five percent upon retirement.

Contributions - Participating employees contribute to the plan at a rate of 6% of salary and the employers contribute at a rate set by the City Commission.

**CITY OF BISMARCK, NORTH DAKOTA  
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Annual Required Contributions:	<u>Year</u>	<u>Amount</u>
	2004	\$ 660,286
	2003	317,943
	2002	193,941
	2001	104,609
	2000	156,825
	1999	183,805

The employer contributions exceeded the annual required contributions for the year ending December 31, 2004. The percentage funded was 100% for each year. The information needed to complete the Schedule of Net Pension Obligation is not available from the actuaries until 2005.

Reserves - The fund balance at December 31, 2004 is \$18,545,271 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, 2004 is not available at this time. Membership in the plan on December 31, 2003 is as follows:

Retirees and beneficiaries receiving benefits	38
Terminated employees - vested	2
Active employees:	
Vested	33
Non-vested	28

Employees who retire at or after age 50, with at least 10 years of credited service, are eligible to a retirement benefit payable monthly for life, equal to 20 to 60 percent of a first class firefighter's salary based on age and years of service. A cost-of-living adjustment (COLA) of 2% is made each January 1<sup>st</sup> effective at age 65. 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.

Annual Required Contributions:	<u>Year</u>	<u>Amount</u>
	2004	\$ 401,393
	2003	293,560
	2002	141,877
	2001	135,768
	2000	218,301
	1999	208,900

**CITY OF BISMARCK, NORTH DAKOTA  
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The employer contributions exceeded the annual required contributions for the year ending December 31, 2004. The percentage funded was 100% for each year. The information needed to complete the Schedule of Net Pension Obligation is not available from the actuaries until 2005.

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.

Schedule of Funding Progress

City of Bismarck Employees Pension (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
1999	\$ 27,868	\$ 20,190	(7,678)	138.0%	\$ 9,110	(84.3) %
2000	30,929	21,632	(9,297)	143.0%	9,685	(96.0) %
2001	31,609	23,299	(8,310)	135.7%	10,508	(79.1) %
2002	31,269	25,528	(5,741)	122.5%	11,114	(51.7) %
2003	28,315	28,816	501	98.3%	11,807	4.2 %
2004	34,646	31,528	(3,118)	109.9%	12,442	(25.1) %
2005	37,922	31,803	(6,119)	119.2%	12,765	(47.9) %

City of Bismarck Police Pension (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
1999	\$ 13,057	\$ 9,536	(3,521)	136.9%	\$ 3,234	(108.9) %
2000	14,742	10,402	(4,340)	141.7%	3,396	(127.8) %
2001	15,126	11,581	(3,545)	130.6%	3,723	(95.2) %
2002	14,791	12,521	(2,270)	118.1%	3,882	(58.5) %
2003	13,389	13,990	601	95.7%	3,784	15.9 %
2004	16,407	15,481	(926)	106.0%	3,873	(23.9) %
2005	18,186	18,417	231	98.7%	4,150	5.6 %

**CITY OF BISMARCK, NORTH DAKOTA  
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City of Bismarck Firefighter's Relief Association (In Thousand of Dollars)

Actuarial Valuation Date Jan 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded excess) as a Percentage of Annual Covered Payroll
1994	\$ 7,966	\$ 9,836	1,870	81.0%	\$ 1,770	105.6 %
1996	9,877	10,959	1,082	90.1%	2,120	51.0 %
1998	12,707	11,880	(827)	107.0%	2,265	(36.5) %
2000	15,939	13,450	(2,489)	118.5%	2,472	(100.7) %
2002	16,497	16,023	(474)	103.0%	2,488	(19.1) %
2003	15,705	16,882	1,177	93.0%	2,555	46.1 %
2004	17,010	16,853	(157)	100.9%	2,692	(5.8) %

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2005	1/1/2005	1/1/2004
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 30 year open period
Remaining amortization period	17 yrs	17 yrs	30 yrs

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	4.00%	4.00%	4.50%
Post retirement cost of living adjustments	None	None	2.00%

In 2002, the Asset Valuation Method of the Fire Fighters Relief Association changed its Asset Valuation Method from Market to 5 year Smoothing Market Value.

The above information on the Firefighter's Relief Association is the latest information available as of the date of this report.

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

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

	Deferred Sick Leave	City Pension	Police Pension	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 254,462	\$ -	\$ 71,172	\$ 325,634
Receivables:				
Taxes	-	15,191	10,193	25,384
Accounts	-	114,874	7,906	122,780
Accrued interest and dividends	772	52,084	31,423	84,279
Investments, at fair value:				
Domestic equities	177,877	13,370,592	6,444,330	19,992,799
International equities	71,999	1,341,605	1,087,720	2,501,324
Domestic fixed income	413,935	11,702,352	4,600,523	16,716,810
International fixed income	-	578,395	640,104	1,218,499
Real estate	-	844,838	684,628	1,529,466
Venture capital	-	196,361	286,012	482,373
Mutual funds	-	11,206,520	4,600,691	15,807,211
Invested cash	33,786	315,365	100,613	449,764
Invested securities lending collateral	151,003	2,776,415	1,128,740	4,056,158
Total assets	<u>1,103,834</u>	<u>42,514,592</u>	<u>19,694,055</u>	<u>63,312,481</u>
<b>LIABILITIES</b>				
Accounts payable	927	21,993	11,998	34,918
Due to other funds	-	754,422	-	754,422
Deferred revenue	-	12,066	8,046	20,112
Securities lending collateral	151,003	2,776,415	1,128,740	4,056,158
Total liabilities	<u>151,930</u>	<u>3,564,896</u>	<u>1,148,784</u>	<u>4,865,610</u>
<b>NET ASSETS</b>				
Assets held in trust for pension and other employee benefits	951,904	38,949,696	18,545,271	58,446,871
Total net assets held in trust	<u>\$ 951,904</u>	<u>\$ 38,949,696</u>	<u>\$ 18,545,271</u>	<u>\$ 58,446,871</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

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

	Deferred Sick Leave	City Pension	Police Pension	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 120,035	\$ 1,088,881	\$ 655,109	\$ 1,864,025
Employee	-	647,861	269,657	917,518
Transfer in	-	589,721	45,797	635,518
Total contributions	<u>120,035</u>	<u>2,326,463</u>	<u>970,563</u>	<u>3,417,061</u>
Investment income:				
Net increase in fair value of investments	29,032	3,036,004	1,440,070	4,505,106
Interest and dividends	25,100	691,021	348,474	1,064,595
	<u>54,132</u>	<u>3,727,025</u>	<u>1,788,544</u>	<u>5,569,701</u>
Less: investment expense	(2,770)	(80,354)	(44,900)	(128,024)
Net investment income	<u>51,362</u>	<u>3,646,671</u>	<u>1,743,644</u>	<u>5,441,677</u>
Security lending activity:				
Securities lending income	1,984	33,468	13,709	49,161
Less: securities lending expenses	(1,711)	(29,081)	(11,700)	(42,492)
Net securities lending income	<u>273</u>	<u>4,387</u>	<u>2,009</u>	<u>6,669</u>
Total additions	<u>171,670</u>	<u>5,977,521</u>	<u>2,716,216</u>	<u>8,865,407</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	64,885	1,472,406	532,464	2,069,755
Refunds	-	162,257	17,297	179,554
Administration	-	27,410	17,934	45,344
Transfer out	-	12,543	10,085	22,628
Total deductions	<u>64,885</u>	<u>1,674,616</u>	<u>577,780</u>	<u>2,317,281</u>
Change in net assets	<u>106,785</u>	<u>4,302,905</u>	<u>2,138,436</u>	<u>6,548,126</u>
<b>Net assets - beginning</b>	<u>845,119</u>	<u>34,646,791</u>	<u>16,406,835</u>	<u>51,898,745</u>
<b>Net assets - ending</b>	<u>\$ 951,904</u>	<u>\$ 38,949,696</u>	<u>\$ 18,545,271</u>	<u>\$ 58,446,871</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**E. Issued But Non-Effective Pronouncements**

In March 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. This statement addresses common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement also should be disclosed. This statement is effective for financial periods beginning after June 15, 2004. The City is planning to implement the new reporting requirements for the calendar year 2005 financial statements.

**F. Prior Period Adjustments**

The beginning net asset balance of the Statement of Activities was restated by \$476,261 to properly reflect the \$900,000 note receivable to Bismarck Industries and a \$423,739 net reduction in E/H Transit fixed assets.

The beginning fund balance of the Vision fund was restated by \$900,000 to properly reflect the notes receivable to Bismarck Industries.

The beginning net assets were reallocated between the Sanitary Sewer enterprise fund and Storm Water enterprise fund by \$2,333,200 to properly reflect the Construction in Progress in the appropriate fund.

**G. Subsequent Events**

Effective January 1, 2005, the City of Bismarck's pension plan increased the benefit multiplier from 1.75 to 2.25 for service after December 31, 2004. All employee contributions after January 1, 2005 will be invested with the city funds and individual self directed funds will be discontinued. Interest earned in excess of five percent of the contributions before January 1, 2005 will continue to be self directed.

Effective January 1, 2005, the City of Bismarck's Police pension plan increased the benefit multiplier from 2.0 to 2.5. All employee contributions after January 1, 2005 will be invested with the city funds and individual self directed funds will be discontinued. Interest earned in excess of five percent of the contributions before January 1, 2005 will continue to be self directed.

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,398	\$ -	\$ -	\$ 19,398
Investments	12,036,259	363,007	12,063,664	24,462,930
Receivables:				
Taxes receivable	53,552	-	68,833	122,385
Accounts receivable	1,198,953	-	154,912	1,353,865
Special assessments	20,794	3,579,000	-	3,599,794
Intergovernmental	-	310,757	85,339	396,096
Notes receivable	1,160,000	-	129,000	1,289,000
Due from other funds	378,286	916,716	-	1,295,002
Advance to other funds	-	503,519	1,247,095	1,750,614
Prepaid items	2,085	-	-	2,085
Restricted assets:				
Investments	-	-	985,530	985,530
<b>Total assets</b>	<u><u>\$ 14,869,327</u></u>	<u><u>\$ 5,672,999</u></u>	<u><u>\$ 14,734,373</u></u>	<u><u>\$ 35,276,699</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 807,687	\$ 242	\$ 1,361,290	\$ 2,169,219
Retainage payable	-	-	198,201	198,201
Due to other funds	249,487	-	9,971,272	10,220,759
Due to other entities	10,618	-	-	10,618
Advances from other funds	187,095	-	-	187,095
Deferred revenue	62,174	4,213,294	150,660	4,426,128
Customer deposits	-	-	985,530	985,530
<b>Total liabilities</b>	<u>1,317,061</u>	<u>4,213,536</u>	<u>12,666,953</u>	<u>18,197,550</u>
<b>FUND BALANCES</b>				
Reserved for advances to other funds	-	503,519	1,247,095	1,750,614
Reserved for long-term receivable	1,160,000	-	129,000	1,289,000
Unreserved, undesignated	12,392,266	955,944	691,325	14,039,535
<b>Total fund balances</b>	<u>13,552,266</u>	<u>1,459,463</u>	<u>2,067,420</u>	<u>17,079,149</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 14,869,327</u></u>	<u><u>\$ 5,672,999</u></u>	<u><u>\$ 14,734,373</u></u>	<u><u>\$ 35,276,699</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Totals</u>
<b>REVENUES</b>				
Taxes	\$ 4,091,672	\$ -	\$ 1,236,169	\$ 5,327,841
Licenses and permits	3,955	-	-	3,955
Special assessments	36,600	896,970	69,905	1,003,475
Intergovernmental	6,672,241	-	1,966,491	8,638,732
Charges for services	1,429,771	-	-	1,429,771
Fines and forfeits	289,227	-	-	289,227
Investment income	216,664	1,841	121,406	339,911
Rentals	405,778	-	-	405,778
Miscellaneous	197,310	-	21,516	218,826
Total revenues	<u>13,343,218</u>	<u>898,811</u>	<u>3,415,487</u>	<u>17,657,516</u>
<b>EXPENDITURES</b>				
Current				
General government	4,653,211	-	-	4,653,211
Public safety	985,531	-	-	985,531
Highways and streets	3,597,350	-	-	3,597,350
Health and welfare	476,880	-	-	476,880
Culture and recreation	1,405,269	-	-	1,405,269
Public works	-	-	1,397,143	1,397,143
Capital outlays				
General government	208,467	-	-	208,467
Public safety	694,474	-	-	694,474
Highways and streets	937,361	-	-	937,361
Health and welfare	7,764	-	-	7,764
Culture and recreation	541,203	-	-	541,203
Public works	-	-	10,936,441	10,936,441
Debt service				
Principal	-	1,768,736	-	1,768,736
Interest and fiscal charges	-	228,481	-	228,481
Total expenditures	<u>13,507,510</u>	<u>1,997,217</u>	<u>12,333,584</u>	<u>27,838,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(164,292)</u>	<u>(1,098,406)</u>	<u>(8,918,097)</u>	<u>(10,180,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	2,635,281	1,064,250	5,390,082	9,089,613
Transfer out	(2,486,977)	(84,812)	(722,229)	(3,294,018)
Refunding bonds issued	-	134,134	-	134,134
Premium on special assessment debt	-	-	21,084	21,084
Discount on special assessment debt	-	(561)	(4,600)	(5,161)
Payment to refunded bond escrow agent	-	(131,458)	-	(131,458)
Special assessment bonds issued	-	-	4,675,000	4,675,000
Total other financing sources (uses)	<u>148,304</u>	<u>981,553</u>	<u>9,359,337</u>	<u>10,489,194</u>
Net changes in fund balances	(15,988)	(116,853)	441,240	308,399
Fund balances - beginning, as adjusted	<u>13,568,254</u>	<u>1,576,316</u>	<u>1,626,180</u>	<u>16,770,750</u>
Fund balances - ending	<u>\$ 13,552,266</u>	<u>\$ 1,459,463</u>	<u>\$ 2,067,420</u>	<u>\$ 17,079,149</u>

## NONMAJOR SPECIAL REVENUE FUNDS

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

**ARENA/EXHIBIT OPERATIONS**-This fund accounts for parking and facility fees to fund equipment purchases and improvement projects for the Civic Center.

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

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

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

**POLICE GAMING ENFORCEMENT**-This fund accounts for programs related to gaming enforcement that is funded through the ND Attorney Generals Office.

**POLICE BLOCK GRANT VII THRU VIII** - This fund accounts for Police Officers' overtime wages and equipment funded through federal grants.

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

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

**HOTEL/MOTEL TAX**-This fund accounts for the distribution of 90% of the hotel/motel two percent tax collections. Revenues from this fund are passed through to Bismarck/Mandan Convention Visitors Bureau to promote tourism.

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

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

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

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

**GOVERNMENT GRANTS AND ACTIVITIES**-This fund is used to account for federal and state grants, self funded activities, and donations.

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**

	<u>Arena/Exhibit Operations</u>	<u>E/H Transit</u>	<u>Library</u>	<u>Police Drug Enforcement</u>	<u>Police Gaming Enforcement</u>	<u>Police LLBG VIII</u>	<u>Roads &amp; Streets</u>	<u>Street Lights</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 8,050	\$ 862	\$ 500	\$ 2,000	\$ 1,517	\$ -	\$ 200	\$ -
Investments	800,402	-	224,252	281,401	128,109	597	1,365,624	411,692
Receivables:								
Taxes receivable	-	6,808	23,525	-	-	-	-	-
Accounts receivable	49,274	69,561	31,162	-	9,855	-	261,190	83,271
Special assessments	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	316,541	-	-	-	-	-	61,745	-
Prepaid items	-	-	119	-	-	-	-	143
<b>Total assets</b>	<u>\$ 1,174,267</u>	<u>\$ 77,231</u>	<u>\$279,558</u>	<u>\$ 283,401</u>	<u>\$ 139,481</u>	<u>\$ 597</u>	<u>\$ 1,688,759</u>	<u>\$495,106</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 202,947	\$ 70,423	\$ 35,441	\$ 186	\$ 298	\$ 597	\$ 33,166	\$ 26,910
Retainage payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other entities	-	-	-	-	-	-	-	-
Advances from other funds	187,095	-	-	-	-	-	-	-
Deferred revenue	-	5,473	19,012	-	-	-	-	-
<b>Total liabilities</b>	<u>390,042</u>	<u>75,896</u>	<u>54,453</u>	<u>186</u>	<u>298</u>	<u>597</u>	<u>33,166</u>	<u>26,910</u>
<b>FUND BALANCES</b>								
Reserved for long-term receivable	-	-	-	-	-	-	-	-
Unreserved, undesignated	784,225	1,335	225,105	283,215	139,183	-	1,655,593	468,196
<b>Total fund balances</b>	<u>784,225</u>	<u>1,335</u>	<u>225,105</u>	<u>283,215</u>	<u>139,183</u>	<u>-</u>	<u>1,655,593</u>	<u>468,196</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,174,267</u>	<u>\$ 77,231</u>	<u>\$279,558</u>	<u>\$ 283,401</u>	<u>\$ 139,481</u>	<u>\$ 597</u>	<u>\$ 1,688,759</u>	<u>\$495,106</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**

	<u>Hotel/ Motel Tax</u>	<u>Lodging Liquor/Food Tax</u>	<u>Vision Fund</u>	<u>Social Security Tax</u>	<u>Special Deficiency/ Assumption</u>	<u>Government Grants &amp; Activities</u>	<u>Total Special Revenue</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,269	\$ 19,398
Investments	-	702,608	7,131,220	414,558	575,796	-	12,036,259
Receivables:							
Taxes receivable	-	-	-	19,837	3,382	-	53,552
Accounts receivable	27,705	109,560	-	-	-	557,375	1,198,953
Special assessments	-	-	-	-	20,794	-	20,794
Notes receivable	-	-	1,160,000	-	-	-	1,160,000
Due from other funds	-	-	-	-	-	-	378,286
Prepaid items	-	-	-	-	-	1,823	2,085
<b>Total assets</b>	<b><u>\$ 27,705</u></b>	<b><u>\$ 812,168</u></b>	<b><u>\$ 8,291,220</u></b>	<b><u>\$ 434,395</u></b>	<b><u>\$ 599,972</u></b>	<b><u>\$ 565,467</u></b>	<b><u>\$ 14,869,327</u></b>
<b>LIABILITIES</b>							
Accounts payable	\$ 27,705	\$ 200,000	\$ 166,914	\$ -	\$ 1,336	\$ 41,764	\$ 807,687
Due to other funds	-	-	-	-	-	249,487	249,487
Due to other entities	-	-	-	-	-	10,618	10,618
Advances from other funds	-	-	-	-	-	-	187,095
Deferred revenue	-	-	-	16,037	21,652	-	62,174
Total liabilities	<u>27,705</u>	<u>200,000</u>	<u>166,914</u>	<u>16,037</u>	<u>22,988</u>	<u>301,869</u>	<u>1,317,061</u>
<b>FUND BALANCES</b>							
Reserved for long-term receivable	-	-	1,160,000	-	-	-	1,160,000
Unreserved, undesignated	-	612,168	6,964,306	418,358	576,984	263,598	12,392,266
Total Fund Balances	<u>-</u>	<u>612,168</u>	<u>8,124,306</u>	<u>418,358</u>	<u>576,984</u>	<u>263,598</u>	<u>13,552,266</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 27,705</u></b>	<b><u>\$ 812,168</u></b>	<b><u>\$ 8,291,220</u></b>	<b><u>\$ 434,395</u></b>	<b><u>\$ 599,972</u></b>	<b><u>\$ 565,467</u></b>	<b><u>\$ 14,869,327</u></b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	<u>Arena/Exhibit Operations</u>	<u>E/H Transit</u>	<u>Library</u>	<u>Police Drug Enforcement</u>	<u>Police Gaming Enforcement</u>	<u>Police LLBG VII</u>	<u>Police LLBG VIII</u>	<u>Roads &amp; Streets</u>	<u>Street Lights</u>
<b>REVENUES</b>									
Taxes	\$ -	\$ 329,883	\$ 1,058,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	3,955	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,702,765	277,814	-	40,651	-	-	2,280,983	-
Charges for services	163,933	-	68,850	-	-	-	-	49,894	1,090,262
Fines and forfeits	-	-	27,899	261,328	-	-	-	-	-
Investment income	8,362	311	6,219	536	1,535	10	177	8,228	6,333
Rentals	328,323	-	4,651	-	-	-	-	52,172	1,432
Miscellaneous	33	-	7,652	1	-	-	-	17,705	19,620
Total revenues	<u>500,651</u>	<u>2,032,959</u>	<u>1,451,683</u>	<u>261,865</u>	<u>46,141</u>	<u>10</u>	<u>177</u>	<u>2,408,982</u>	<u>1,117,647</u>
<b>EXPENDITURES</b>									
Current									
General government	-	2,033,252	-	-	-	-	-	-	-
Public safety	-	-	-	19,908	52,378	15,234	40,638	-	-
Highways and streets	-	-	-	-	-	-	-	2,461,249	1,124,672
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	80,696	-	1,155,554	-	-	-	-	-	-
Capital outlays									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	770,743	166,618
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	226,100	-	315,103	-	-	-	-	-	-
Total expenditures	<u>306,796</u>	<u>2,033,252</u>	<u>1,470,657</u>	<u>19,908</u>	<u>52,378</u>	<u>15,234</u>	<u>40,638</u>	<u>3,231,992</u>	<u>1,291,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>193,855</u>	<u>(293)</u>	<u>(18,974)</u>	<u>241,957</u>	<u>(6,237)</u>	<u>(15,224)</u>	<u>(40,461)</u>	<u>(823,010)</u>	<u>(173,643)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer in	-	-	-	-	-	-	-	778,217	-
Transfer out	-	-	(17,718)	-	(7,426)	(1,391)	(4,146)	(115,686)	(17,540)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(17,718)</u>	<u>-</u>	<u>(7,426)</u>	<u>(1,391)</u>	<u>(4,146)</u>	<u>662,531</u>	<u>(17,540)</u>
Net changes in fund balances	193,855	(293)	(36,692)	241,957	(13,663)	(16,615)	(44,607)	(160,479)	(191,183)
Fund balances - beginning, as adjusted	590,370	1,628	261,797	41,258	152,846	16,615	44,607	1,816,072	659,379
Fund balances - ending	<u>\$ 784,225</u>	<u>\$ 1,335</u>	<u>\$ 225,105</u>	<u>\$ 283,215</u>	<u>\$ 139,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,655,593</u>	<u>\$ 468,196</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	Hotel/ Motel Tax	Lodging Liquor/Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
<b>REVENUES</b>							
Taxes	\$ 395,450	\$ 1,300,551	\$ -	\$ 894,579	\$ 112,611	\$ -	\$ 4,091,672
Licenses and permits	-	-	-	-	-	-	3,955
Special assessments	-	-	-	-	36,600	-	36,600
Intergovernmental	-	-	-	22,888	2,835	2,344,305	6,672,241
Charges for services	-	-	-	-	-	56,832	1,429,771
Fines and forfeits	-	-	-	-	-	-	289,227
Investment income	-	14,619	80,932	6,370	81,878	1,154	216,664
Rentals	-	19,200	-	-	-	-	405,778
Miscellaneous	-	-	96,517	-	-	55,782	197,310
Total revenues	<u>395,450</u>	<u>1,334,370</u>	<u>177,449</u>	<u>923,837</u>	<u>233,924</u>	<u>2,458,073</u>	<u>13,343,218</u>
<b>EXPENDITURES</b>							
Current							
General government	395,450	10,038	813,572	1,108,437	63,308	229,154	4,653,211
Public safety	-	-	-	-	-	857,373	985,531
Highways and streets	-	-	-	-	-	11,429	3,597,350
Health and welfare	-	-	-	-	-	476,880	476,880
Culture and recreation	-	-	-	-	-	169,019	1,405,269
Capital outlays							
General government	-	200,000	8,467	-	-	-	208,467
Public safety	-	-	-	-	-	694,474	694,474
Highways and streets	-	-	-	-	-	-	937,361
Health and welfare	-	-	-	-	-	7,764	7,764
Culture and recreation	-	-	-	-	-	-	541,203
Total expenditures	<u>395,450</u>	<u>210,038</u>	<u>822,039</u>	<u>1,108,437</u>	<u>63,308</u>	<u>2,446,093</u>	<u>13,507,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,124,332</u>	<u>(644,590)</u>	<u>(184,600)</u>	<u>170,616</u>	<u>11,980</u>	<u>(164,292)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in	-	134,933	1,000,000	339,449	170,106	212,576	2,635,281
Transfer out	-	(1,702,672)	-	-	(536,968)	(83,430)	(2,486,977)
Total other financing sources (uses)	<u>-</u>	<u>(1,567,739)</u>	<u>1,000,000</u>	<u>339,449</u>	<u>(366,862)</u>	<u>129,146</u>	<u>148,304</u>
Net changes in fund balances	-	(443,407)	355,410	154,849	(196,246)	141,126	(15,988)
Fund balances - beginning, as adjusted	-	1,055,575	7,768,896	263,509	773,230	122,472	13,568,254
Fund balances - ending	<u>\$ -</u>	<u>\$ 612,168</u>	<u>\$ 8,124,306</u>	<u>\$ 418,358</u>	<u>\$ 576,984</u>	<u>\$ 263,598</u>	<u>\$ 13,552,266</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
ARENA/EXHIBIT OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$590,370</b>	<b>\$590,370</b>	<b>\$ 590,370</b>	<b>\$ -</b>
Resources (inflows)				
Charges for services	85,000	85,000	163,933	78,933
Investment income	4,400	4,400	8,362	3,962
Rentals	190,000	190,000	328,323	138,323
Miscellaneous	-	-	33	33
Amount available for appropriation	<u>869,770</u>	<u>869,770</u>	<u>1,091,021</u>	<u>221,251</u>
Charges to appropriations (outflows)				
Culture and recreation	<u>202,514</u>	<u>402,514</u>	<u>306,796</u>	<u>95,718</u>
Total charges to appropriations	<u>202,514</u>	<u>402,514</u>	<u>306,796</u>	<u>95,718</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$667,256</u></b>	<b><u>\$467,256</u></b>	<b><u>\$ 784,225</u></b>	<b><u>\$ 316,969</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
E/H TRANSIT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,628</b>	<b>\$ 1,628</b>	<b>\$ 1,628</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	347,114	347,114	329,883	(17,231)
Intergovernmental	2,758,145	2,758,145	1,702,765	(1,055,380)
Investment income	600	600	311	(289)
Amount available for appropriation	<u>3,107,487</u>	<u>3,107,487</u>	<u>2,034,587</u>	<u>(1,072,900)</u>
Charges to appropriations (outflows)				
General government	<u>3,105,859</u>	<u>3,105,859</u>	<u>2,033,252</u>	<u>1,072,607</u>
Total charges to appropriations	<u>3,105,859</u>	<u>3,105,859</u>	<u>2,033,252</u>	<u>1,072,607</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 1,628</u></b>	<b><u>\$ 1,628</u></b>	<b><u>\$ 1,335</u></b>	<b><u>\$ (293)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 261,797</b>	<b>\$ 261,797</b>	<b>\$ 261,797</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	1,142,213	1,142,213	1,058,598	(83,615)
Intergovernmental	284,960	284,960	277,814	(7,146)
Charges for services	50,500	50,500	68,850	18,350
Fines and forfeits	30,500	30,500	27,899	(2,601)
Investment income	8,100	8,100	6,219	(1,881)
Rentals	6,000	6,000	4,651	(1,349)
Miscellaneous	13,000	13,000	7,652	(5,348)
Amount available for appropriation	<u>1,797,070</u>	<u>1,797,070</u>	<u>1,713,480</u>	<u>(83,590)</u>
Charges to appropriations (outflows)				
Culture and recreation	1,499,638	1,499,638	1,470,657	28,981
Transfer out	17,718	17,718	17,718	-
Total charges to appropriations	<u>1,517,356</u>	<u>1,517,356</u>	<u>1,488,375</u>	<u>28,981</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 279,714</u></b>	<b><u>\$ 279,714</u></b>	<b><u>\$ 225,105</u></b>	<b><u>\$ (54,609)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE DRUG ENFORCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$41,258</b>	<b>\$41,258</b>	<b>\$ 41,258</b>	<b>\$ -</b>
Resources (inflows)				
Fines and forfeits	-	-	261,328	261,328
Investment income	16,600	16,600	536	(16,064)
Miscellaneous	-	-	1	1
Amount available for appropriation	<u>57,858</u>	<u>57,858</u>	<u>303,123</u>	<u>245,265</u>
Charges to appropriations (outflows)				
Public safety	<u>24,275</u>	<u>24,275</u>	<u>19,908</u>	<u>4,367</u>
Total charges to appropriations	<u>24,275</u>	<u>24,275</u>	<u>19,908</u>	<u>4,367</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$33,583</u></b>	<b><u>\$33,583</u></b>	<b><u>\$ 283,215</u></b>	<b><u>\$ 249,632</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE GAMING ENFORCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$152,846</b>	<b>\$152,846</b>	<b>\$ 152,846</b>	<b>\$ -</b>
Resources (inflows)				
Licenses and permits	4,000	4,000	3,955	(45)
Intergovernmental	62,000	62,000	40,651	(21,349)
Investment income	5,700	5,700	1,535	(4,165)
Amount available for appropriation	<u>224,546</u>	<u>224,546</u>	<u>198,987</u>	<u>(25,559)</u>
Charges to appropriations (outflows)				
Public safety	60,783	56,416	52,378	4,038
Transfer out	3,061	7,428	7,426	2
Total charges to appropriations	<u>63,844</u>	<u>63,844</u>	<u>59,804</u>	<u>4,040</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$160,702</u></b>	<b><u>\$160,702</u></b>	<b><u>\$ 139,183</u></b>	<b><u>\$ (21,519)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE LLBG VII  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 16,615</b>	<b>\$ 16,615</b>	<b>\$ 16,615</b>	<b>\$ -</b>
Resources (inflows)				
Investment income	-	-	10	10
Amount available for appropriation	16,615	16,615	16,625	10
Charges to appropriations (outflows)				
Public safety	50,309	50,309	15,234	35,075
Transfer out	1,391	1,391	1,391	-
Total charges to appropriations	51,700	51,700	16,625	35,075
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$(35,085)</u></b>	<b><u>\$(35,085)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 35,085</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE LLBG VIII  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$44,607</b>	<b>\$44,607</b>	<b>\$ 44,607</b>	<b>\$ -</b>
Resources (inflows)				
Intergovernmental	105,000	105,000	-	(105,000)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>177</u>	<u>(1,823)</u>
Amount available for appropriation	<u>151,607</u>	<u>151,607</u>	<u>44,784</u>	<u>(106,823)</u>
Charges to appropriations (outflows)				
Public safety	60,854	60,854	40,638	20,216
Transfer out	<u>4,146</u>	<u>4,146</u>	<u>4,146</u>	<u>-</u>
Total charges to appropriations	<u>65,000</u>	<u>65,000</u>	<u>44,784</u>	<u>20,216</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$86,607</u></b>	<b><u>\$86,607</u></b>	<b><u>\$ -</u></b>	<b><u>\$(86,607)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
ROADS & STREETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,816,072</b>	<b>\$ 1,816,072</b>	<b>\$ 1,816,072</b>	<b>\$ -</b>
Resources (inflows)				
Intergovernmental	2,305,000	2,305,000	2,280,983	(24,017)
Charges for services	81,000	81,000	49,894	(31,106)
Investment income	30,000	30,000	8,228	(21,772)
Rentals	35,048	35,048	52,172	17,124
Miscellaneous	152,000	152,000	17,705	(134,295)
Transfer in	601,319	601,319	778,217	176,898
Amount available for appropriation	<u>5,020,439</u>	<u>5,020,439</u>	<u>5,003,271</u>	<u>(17,168)</u>
Charges to appropriations (outflows)				
Highways and streets	2,851,248	3,349,546	3,231,992	117,554
Transfer out	124,470	124,470	115,686	8,784
Total charges to appropriations	<u>2,975,718</u>	<u>3,474,016</u>	<u>3,347,678</u>	<u>126,338</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 2,044,721</u></b>	<b><u>\$ 1,546,423</u></b>	<b><u>\$ 1,655,593</u></b>	<b><u>\$ 109,170</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
STREET LIGHTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 659,379</b>	<b>\$ 659,379</b>	<b>\$ 659,379</b>	<b>\$ -</b>
Resources (inflows)				
Charges for services	999,000	999,000	1,090,262	91,262
Investment income	15,000	15,000	6,333	(8,667)
Rentals	-	-	1,432	1,432
Miscellaneous	-	-	19,620	19,620
Amount available for appropriation	<u>1,673,379</u>	<u>1,673,379</u>	<u>1,777,026</u>	<u>103,647</u>
Charges to appropriations (outflows)				
Highways and streets	1,284,674	1,304,674	1,291,290	13,384
Transfer out	17,540	17,540	17,540	-
Total charges to appropriations	<u>1,302,214</u>	<u>1,322,214</u>	<u>1,308,830</u>	<u>13,384</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 371,165</u></b>	<b><u>\$ 351,165</u></b>	<b><u>\$ 468,196</u></b>	<b><u>\$ 117,031</u></b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>450,000</u>	<u>450,000</u>	<u>395,450</u>	<u>(54,550)</u>
Amount available for appropriation	<u>450,000</u>	<u>450,000</u>	<u>395,450</u>	<u>(54,550)</u>
Charges to appropriations (outflows)				
General government	<u>450,000</u>	<u>450,000</u>	<u>395,450</u>	<u>54,550</u>
Total charges to appropriations	<u>450,000</u>	<u>450,000</u>	<u>395,450</u>	<u>54,550</u>
<b>Budgetary Fund Balance, December 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LODGING/LIQUOR/FOOD TAX  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,055,575</b>	<b>\$ 1,055,575</b>	<b>\$ 1,055,575</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	1,147,500	1,147,500	1,300,551	153,051
Investment income	8,200	8,200	14,619	6,419
Rentals	19,200	19,200	19,200	-
Transfer in	-	-	134,933	134,933
	<u>2,230,475</u>	<u>2,230,475</u>	<u>2,524,878</u>	<u>294,403</u>
Amount available for appropriation				
Charges to appropriations (outflows)				
General government	150	210,150	210,038	112
Transfer out	1,702,672	1,702,672	1,702,672	-
	<u>1,702,822</u>	<u>1,912,822</u>	<u>1,912,710</u>	<u>112</u>
Total charges to appropriations				
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 527,653</u></b>	<b><u>\$ 317,653</u></b>	<b><u>\$ 612,168</u></b>	<b><u>\$ 294,515</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
VISION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1, as adjusted</b>	<b>\$ 7,768,896</b>	<b>\$ 7,768,896</b>	<b>\$ 7,768,896</b>	<b>\$ -</b>
Resources (inflows)				
Investment income	70,000	70,000	80,932	10,932
Miscellaneous	-	-	96,517	96,517
Transfer in	1,500,000	1,500,000	1,000,000	(500,000)
Amount available for appropriation	<u>9,338,896</u>	<u>9,338,896</u>	<u>8,946,345</u>	<u>(392,551)</u>
Charges to appropriations (outflows)				
General government	<u>1,500,000</u>	<u>1,500,000</u>	<u>822,039</u>	<u>677,961</u>
Total charges to appropriations	<u>1,500,000</u>	<u>1,500,000</u>	<u>822,039</u>	<u>677,961</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 7,838,896</u></b>	<b><u>\$ 7,838,896</u></b>	<b><u>\$ 8,124,306</u></b>	<b><u>\$ 285,410</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SOCIAL SECURITY TAX  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 263,509</b>	<b>\$ 263,509</b>	<b>\$ 263,509</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	938,184	938,184	894,579	(43,605)
Intergovernmental	21,900	21,900	22,888	988
Investment income	6,800	6,800	6,370	(430)
Transfer in	311,104	311,104	339,449	28,345
Amount available for appropriation	<u>1,541,497</u>	<u>1,541,497</u>	<u>1,526,795</u>	<u>(14,702)</u>
Charges to appropriations (outflows)				
General government	<u>1,243,147</u>	<u>1,243,147</u>	<u>1,108,437</u>	<u>134,710</u>
Total charges to appropriations	<u>1,243,147</u>	<u>1,243,147</u>	<u>1,108,437</u>	<u>134,710</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 298,350</u></b>	<b><u>\$ 298,350</u></b>	<b><u>\$ 418,358</u></b>	<b><u>\$ 120,008</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SPECIAL DEFICIENCY/ASSUMPTION  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 773,230</b>	<b>\$ 773,230</b>	<b>\$ 773,230</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	118,988	118,988	112,611	(6,377)
Special assessments	-	-	36,600	36,600
Intergovernmental	2,400	2,400	2,835	435
Investment income	100,000	100,000	81,878	(18,122)
Transfer in	96,708	96,708	170,106	73,398
Amount available for appropriation	<u>1,091,326</u>	<u>1,091,326</u>	<u>1,177,260</u>	<u>85,934</u>
Charges to appropriations (outflows)				
General government	75,575	75,575	63,308	12,267
Transfer out	683,427	683,427	536,968	146,459
Total charges to appropriations	<u>759,002</u>	<u>759,002</u>	<u>600,276</u>	<u>158,726</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 332,324</u></b>	<b><u>\$ 332,324</u></b>	<b><u>\$ 576,984</u></b>	<b><u>\$ 244,660</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
GOVERNMENT GRANTS & ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 122,472</b>	<b>\$ 122,472</b>	<b>\$ 122,472</b>	<b>\$ -</b>
Resources (inflows)				
Intergovernmental	2,066,434	2,066,434	2,344,305	277,871
Charges for services	10,750	10,750	56,832	46,082
Investment income	750	750	1,154	404
Miscellaneous	53,500	53,500	55,782	2,282
Transfer in	-	-	212,576	212,576
	<u>2,253,906</u>	<u>2,253,906</u>	<u>2,793,121</u>	<u>539,215</u>
Amount available for appropriation				
Charges to appropriations (outflows)				
General government	127,000	415,417	229,154	186,263
Public safety	1,117,338	2,370,309	1,551,847	818,462
Highways and streets	124,410	124,410	11,429	112,981
Health and welfare	580,664	575,498	484,644	90,854
Culture and recreation	169,019	169,019	169,019	-
Transfer out	37,453	85,199	83,430	1,769
	<u>2,155,884</u>	<u>3,739,852</u>	<u>2,529,523</u>	<u>1,210,329</u>
Total charges to appropriations				
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 98,022</u></b>	<b><u>\$(1,485,946)</u></b>	<b><u>\$ 263,598</u></b>	<b><u>\$ 1,749,544</u></b>

## **MAJOR DEBT SERVICE FUNDS**

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

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

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

**LODGING, LIQUOR, FOOD BONDS**-This fund accounts for the payment of bonds issued to finance the Civic Center seating addition. Financing is provided by a transfer from the Special Revenue Motel, Liquor, Restaurant Tax Fund.

**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,009,544</b>	<b>\$ 1,009,544</b>	<b>\$ 1,009,544</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	476,648	476,648	586,068	109,420
Investment income	-	-	95	95
Transfer in	59,330	59,330	2,545	(56,785)
Refunded bonds issued	500,000	500,000	258,645	(241,355)
Amount available for appropriation	<u>2,045,522</u>	<u>2,045,522</u>	<u>1,856,897</u>	<u>(188,625)</u>
Charges to appropriations (outflows)				
Principal	376,549	376,549	376,548	1
Interest and fiscal charges	378,230	378,230	145,229	233,001
Discount on special assessment debt	1,082	1,082	1,082	-
Payment to refunded bond escrow agent	253,485	253,485	253,485	-
Total charges to appropriations	<u>1,009,346</u>	<u>1,009,346</u>	<u>776,344</u>	<u>233,002</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 1,036,176</u></b>	<b><u>\$ 1,036,176</u></b>	<b><u>\$ 1,080,553</u></b>	<b><u>\$ 44,377</u></b>

**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 8,720,036</b>	<b>\$ 8,720,036</b>	<b>\$ 8,720,037</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	3,827,617	3,827,617	3,969,246	141,629
Investment income	-	-	590	590
Transfer in	657,170	657,170	534,593	(122,577)
Refunded bonds issued	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,612,221</u>	<u>(1,387,779)</u>
Amount available for appropriation	<u>16,204,823</u>	<u>16,204,823</u>	<u>14,836,687</u>	<u>(1,368,137)</u>
Charges to appropriations (outflows)				
Principal	3,554,716	3,554,716	3,554,716	-
Interest and fiscal charges	2,255,531	2,255,531	911,882	1,343,649
Discount on special assessment debt	6,744	6,744	6,744	-
Payment to refunded bond escrow agent	1,580,057	1,580,057	1,580,057	-
Transfer out	<u>85,291</u>	<u>85,291</u>	<u>85,291</u>	<u>-</u>
Total charges to appropriations	<u>7,482,339</u>	<u>7,482,339</u>	<u>6,138,690</u>	<u>1,343,649</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 8,722,484</u></b>	<b><u>\$ 8,722,484</u></b>	<b><u>\$ 8,697,997</u></b>	<b><u>\$ (24,488)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
MAJOR 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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 7,803,574</b>	<b>\$ 7,803,574</b>	<b>\$ 7,803,574</b>	<b>\$ -</b>
Resources (inflows)				
Investment income	171,664	171,664	232,387	60,723
Transfer in	891,160	891,160	891,160	-
Amount available for appropriation	<u>8,866,398</u>	<u>8,866,398</u>	<u>8,927,121</u>	<u>60,723</u>
Charges to appropriations (outflows)				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	609,142	609,142	609,142	-
Payment to refunded bond escrow agent	6,995,000	6,995,000	6,995,000	-
Transfer out	29,008	29,008	-	29,008
Total charges to appropriations	<u>8,158,150</u>	<u>8,158,150</u>	<u>8,129,142</u>	<u>29,008</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 708,248</u></b>	<b><u>\$ 708,248</u></b>	<b><u>\$ 797,979</u></b>	<b><u>\$ 89,731</u></b>

## **NONMAJOR DEBT SERVICE FUNDS**

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

**HIGHWAY BONDS**-This fund accounts for the payment of bonds for the City's share of highway construction projects that are partially funded by the Department of Transportation. Financing is provided by a specific annual property tax levy.

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

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

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

**SALES TAX /BONDS**-This fund accounts for the payment of bonds issued for citywide improvement projects. Financing is provided by a transfer from Sales Tax Revenue.

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2004**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Parking Lot Bonds</u>	<u>Total Debt Service</u>
<b>ASSETS</b>				
Investments	\$ 216,485	\$ 57,128	\$ 89,394	\$ 363,007
Receivables:				
Special assessments	589,934	2,969,250	19,816	3,579,000
Intergovernmental	19,311	11,678	279,768	310,757
Due from other funds	133,352	783,364	-	916,716
Advance to other funds	503,519	-	-	503,519
	<u>503,519</u>	<u>-</u>	<u>-</u>	<u>503,519</u>
<b>Total assets</b>	<u>\$ 1,462,601</u>	<u>\$ 3,821,420</u>	<u>\$ 388,978</u>	<u>\$ 5,672,999</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 242	\$ -	\$ -	\$ 242
Deferred revenue	1,277,651	2,646,670	288,973	4,213,294
	<u>1,277,651</u>	<u>2,646,670</u>	<u>288,973</u>	<u>4,213,294</u>
Total liabilities	<u>1,277,893</u>	<u>2,646,670</u>	<u>288,973</u>	<u>4,213,536</u>
<b>FUND BALANCES</b>				
Reserved for advances to other funds	503,519	-	-	503,519
Unreserved, undesignated	(318,811)	1,174,750	100,005	955,944
	<u>(318,811)</u>	<u>1,174,750</u>	<u>100,005</u>	<u>955,944</u>
Total fund balances	<u>184,708</u>	<u>1,174,750</u>	<u>100,005</u>	<u>1,459,463</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,462,601</u>	<u>\$ 3,821,420</u>	<u>\$ 388,978</u>	<u>\$ 5,672,999</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	<u>Highway Bonds</u>	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Parking Lot Bonds</u>	<u>Sales Tax Bonds</u>	<u>Total Debt Service</u>
<b>REVENUES</b>						
Special assessments	\$ -	\$ 156,418	\$ 641,813	\$ 98,739	\$ -	\$ 896,970
Investment income	-	47	3	1,791	-	1,841
Total revenues	<u>-</u>	<u>156,465</u>	<u>641,816</u>	<u>100,530</u>	<u>-</u>	<u>898,811</u>
<b>EXPENDITURES</b>						
Current						
Principal	-	158,409	535,000	60,327	1,015,000	1,768,736
Interest and fiscal charges	-	42,123	125,370	11,800	49,188	228,481
Total expenditures	<u>-</u>	<u>200,532</u>	<u>660,370</u>	<u>72,127</u>	<u>1,064,188</u>	<u>1,997,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(44,067)</u>	<u>(18,554)</u>	<u>28,403</u>	<u>(1,064,188)</u>	<u>(1,098,406)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	62	-	1,064,188	1,064,250
Transfer out	(9,175)	-	(18,468)	(57,169)	-	(84,812)
Refunding bonds issued	-	134,134	-	-	-	134,134
Premium on special assessment debt	-	-	-	-	-	-
Discount on special assessment debt	-	(561)	-	-	-	(561)
Payment to refunded bond escrow agent	-	(131,458)	-	-	-	(131,458)
Total other financing sources (uses)	<u>(9,175)</u>	<u>2,115</u>	<u>(18,406)</u>	<u>(57,169)</u>	<u>1,064,188</u>	<u>981,553</u>
Net changes in fund balances	(9,175)	(41,952)	(36,960)	(28,766)	-	(116,853)
Fund balances - beginning	<u>9,175</u>	<u>226,660</u>	<u>1,211,710</u>	<u>128,771</u>	<u>-</u>	<u>1,576,316</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 184,708</u>	<u>\$ 1,174,750</u>	<u>\$ 100,005</u>	<u>\$ -</u>	<u>\$ 1,459,463</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**HIGHWAY BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 9,175</b>	<b>\$9,175</b>	<b>\$ 9,175</b>	<b>\$ -</b>
Resources (inflows)				
Amount available for appropriation	<u>9,175</u>	<u>9,175</u>	<u>9,175</u>	<u>-</u>
Charges to appropriations (outflows)				
Interest and fiscal charges	<u>-</u>	<u>9,175</u>	<u>9,175</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>9,175</u>	<u>9,175</u>	<u>-</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 9,175</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
WATERMAIN BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$226,660</b>	<b>\$226,660</b>	<b>\$ 226,660</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	70,705	70,705	156,418	85,713
Investment income	-	-	47	47
Transfer in	132,668	132,668	-	(132,668)
Refunded bonds issued	<u>200,000</u>	<u>200,000</u>	<u>134,134</u>	<u>(65,866)</u>
Amount available for appropriation	<u>630,033</u>	<u>630,033</u>	<u>517,259</u>	<u>(112,774)</u>
Charges to appropriations (outflows)				
Principal	158,410	158,410	158,409	1
Interest and fiscal charges	108,428	108,428	42,123	66,305
Discount on special assessment debt	561	561	561	-
Payment to refunded bond escrow agent	<u>131,458</u>	<u>131,458</u>	<u>131,458</u>	<u>-</u>
Total charges to appropriations	<u>398,857</u>	<u>398,857</u>	<u>332,551</u>	<u>66,306</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$231,176</u></b>	<b><u>\$231,176</u></b>	<b><u>\$ 184,708</u></b>	<b><u>\$ (46,468)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SIDEWALK BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,211,710</b>	<b>\$ 1,211,710</b>	<b>\$ 1,211,710</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	658,156	658,156	641,813	(16,343)
Investment income	-	-	3	3
Transfer in	35,200	35,200	62	(35,138)
Amount available for appropriation	<u>1,905,066</u>	<u>1,905,066</u>	<u>1,853,588</u>	<u>(51,478)</u>
Charges to appropriations (outflows)				
Principal	535,000	535,000	535,000	-
Interest and fiscal charges	125,841	125,841	125,370	471
Transfer out	57,579	57,579	18,468	39,111
Total charges to appropriations	<u>718,420</u>	<u>718,420</u>	<u>678,838</u>	<u>39,582</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 1,186,646</u></b>	<b><u>\$ 1,186,646</u></b>	<b><u>\$ 1,174,750</u></b>	<b><u>\$ (11,896)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
PARKING LOT BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	<b>\$128,771</b>	<b>\$128,771</b>	<b>\$ 128,771</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	77,858	77,858	98,739	20,881
Investment income	1,000	1,000	1,791	792
Amount available for appropriation	<u>207,629</u>	<u>207,629</u>	<u>229,302</u>	<u>21,673</u>
Charges to appropriations (outflows)				
Principal	60,327	60,327	60,327	-
Interest and fiscal charges	11,800	11,800	11,800	-
Transfer out	-	-	57,169	(57,169)
Total charges to appropriations	<u>72,129</u>	<u>72,129</u>	<u>129,297</u>	<u>(57,169)</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$135,500</u></b>	<b><u>\$135,500</u></b>	<b><u>\$ 100,005</u></b>	<b><u>\$ (35,496)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SALES TAX BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance, January 1</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Transfer in	<u>1,064,188</u>	<u>1,064,188</u>	<u>1,064,188</u>	<u>-</u>
Amount available for appropriation	<u>1,064,188</u>	<u>1,064,188</u>	<u>1,064,188</u>	<u>-</u>
Charges to appropriations (outflows)				
Principal	1,015,000	1,015,000	1,015,000	-
Interest and fiscal charges	<u>49,188</u>	<u>49,188</u>	<u>49,188</u>	<u>-</u>
Total charges to appropriations	<u>1,064,188</u>	<u>1,064,188</u>	<u>1,064,188</u>	<u>-</u>
<b>Budgetary Fund Balance, December 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

**CIVIC CENTER IMPROVEMENTS**-This fund accounts for various construction improvements for the Civic Center. Financing is provided by the proceeds from the Special Revenue Lodging, Liquor and Food Tax Fund, Tax Increment, and/or Special Revenue Arena/Exhibit Fund.

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

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

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

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

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

**STREET IMPROVEMENT CONSTRUCTION**-This fund accounts for the construction of street improvements. Financing is provided by the proceeds from the special assessment bonds.

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2004**

	<u>Tax Increment</u>	<u>Community Development</u>	<u>Civic Center Improvements</u>	<u>Building Improvements</u>	<u>Highway Construction</u>
<b>ASSETS</b>					
Investments	\$ 7,334,873	\$ -	\$ -	\$ 1,076,457	\$ 3,652,334
Receivables:					
Taxes receivable	68,833	-	-	-	-
Accounts receivable	-	64,042	-	12,315	-
Intergovernmental	-	-	-	-	85,339
Notes receivable	-	129,000	-	-	-
Advance to other funds	1,247,095	-	-	-	-
Restricted assets:					
Investments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 8,650,801</u>	<u>\$ 193,042</u>	<u>\$ -</u>	<u>\$ 1,088,772</u>	<u>\$ 3,737,673</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 52,344	\$ -	\$ 438,757	\$ 42,784
Retainage payable	-	-	-	74,641	-
Due to other funds	-	11,697	316,541	-	-
Deferred revenue	21,659	129,001	-	-	-
Customer deposits	-	-	-	-	-
<b>Total liabilities</b>	<u>21,659</u>	<u>193,042</u>	<u>316,541</u>	<u>513,398</u>	<u>42,784</u>
<b>FUND BALANCES</b>					
Reserved for advances to other funds	1,247,095	-	-	-	-
Reserved for long-term receivable	-	129,000	-	-	-
Unreserved, undesignated	<u>7,382,047</u>	<u>(129,000)</u>	<u>(316,541)</u>	<u>575,374</u>	<u>3,694,889</u>
<b>Total fund balances</b>	<u>8,629,142</u>	<u>-</u>	<u>(316,541)</u>	<u>575,374</u>	<u>3,694,889</u>
<b>Total liabilities and fund balances</b>	<u>\$ 8,650,801</u>	<u>\$ 193,042</u>	<u>\$ -</u>	<u>\$ 1,088,772</u>	<u>\$ 3,737,673</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2004**

	<u>Sewermain Construction</u>	<u>Watermain Construction</u>	<u>Sidewalk Construction</u>	<u>Street Improvement Construction</u>	<u>Total Capital Projects</u>
<b>ASSETS</b>					
Investments	\$ -	\$ -	\$ -	\$ -	\$ 12,063,664
Receivables:					
Taxes receivable	-	-	-	-	68,833
Accounts receivable	22,094	-	-	56,461	154,912
Intergovernmental	-	-	-	-	85,339
Notes receivable	-	-	-	-	129,000
Advance to other funds	-	-	-	-	1,247,095
Restricted assets:					
Investments	-	-	985,530	-	985,530
<b>Total assets</b>	<u>\$ 22,094</u>	<u>\$ -</u>	<u>\$ 985,530</u>	<u>\$ 56,461</u>	<u>\$ 14,734,373</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 68,158	\$ -	\$ 305,232	\$ 454,015	\$ 1,361,290
Retainage payable	5,715	-	-	117,845	198,201
Due to other funds	2,758,814	68,112	783,364	6,032,744	9,971,272
Deferred revenue	-	-	-	-	150,660
Customer deposits	-	-	985,530	-	985,530
<b>Total liabilities</b>	<u>2,832,687</u>	<u>68,112</u>	<u>2,074,126</u>	<u>6,604,604</u>	<u>12,666,953</u>
<b>FUND BALANCES</b>					
Reserved for advances to other funds	-	-	-	-	1,247,095
Reserved for long-term receivable	-	-	-	-	129,000
Unreserved, undesignated	<u>(2,810,593)</u>	<u>(68,112)</u>	<u>(1,088,596)</u>	<u>(6,548,143)</u>	<u>691,325</u>
<b>Total fund balances</b>	<u>(2,810,593)</u>	<u>(68,112)</u>	<u>(1,088,596)</u>	<u>(6,548,143)</u>	<u>2,067,420</u>
<b>Total liabilities and fund balances</b>	<u>\$ 22,094</u>	<u>\$ -</u>	<u>\$ 985,530</u>	<u>\$ 56,461</u>	<u>\$ 14,734,373</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	<u>Tax Increment</u>	<u>Community Development</u>	<u>Civic Center Improvements</u>	<u>Building Improvements</u>	<u>Highway Construction</u>
<b>REVENUES</b>					
Taxes	\$ 1,236,169	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	646,866	-	12,316	21,295
Investment income	79,179	-	68	6,484	35,675
Miscellaneous	-	-	21,393	123	-
Total revenues	<u>1,315,348</u>	<u>646,866</u>	<u>21,461</u>	<u>18,923</u>	<u>56,970</u>
<b>EXPENDITURES</b>					
Current					
Public works	125,289	566,115	89,216	225,389	41,617
Capital outlays					
Public works	-	-	637,091	1,161,054	1,044,419
Total expenditures	<u>125,289</u>	<u>566,115</u>	<u>726,307</u>	<u>1,386,443</u>	<u>1,086,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,190,059</u>	<u>80,751</u>	<u>(704,846)</u>	<u>(1,367,520)</u>	<u>(1,029,066)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	213,815	-	394,603	1,127,862	2,205,500
Transfer out	(143,961)	(80,751)	(134,933)	-	(58,820)
Premium on special assessment debt	-	-	-	-	-
Discount on special assessment debt	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>69,854</u>	<u>(80,751)</u>	<u>259,670</u>	<u>1,127,862</u>	<u>2,146,680</u>
Net changes in fund balances	1,259,913	-	(445,176)	(239,658)	1,117,614
Fund balances - beginning	<u>7,369,229</u>	<u>-</u>	<u>128,635</u>	<u>815,032</u>	<u>2,577,275</u>
Fund balances - ending	<u>\$ 8,629,142</u>	<u>\$ -</u>	<u>\$ (316,541)</u>	<u>\$ 575,374</u>	<u>\$ 3,694,889</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

	<b>Sewermain Construction</b>	<b>Watermain Construction</b>	<b>Sidewalk Construction</b>	<b>Street Improvement Construction</b>	<b>Total Capital Projects</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,236,169
Special assessments	2,559	29,341	19,837	18,168	69,905
Intergovernmental	201,418	-	-	1,084,596	1,966,491
Investment income	-	-	-	-	121,406
Miscellaneous	-	-	-	-	21,516
Total revenues	<u>203,977</u>	<u>29,341</u>	<u>19,837</u>	<u>1,102,764</u>	<u>3,415,487</u>
<b>EXPENDITURES</b>					
Current					
Public works	-	-	-	349,517	1,397,143
Capital outlays					
Public works	<u>2,307,940</u>	<u>249,125</u>	<u>1,085,558</u>	<u>4,451,254</u>	<u>10,936,441</u>
Total expenditures	<u>2,307,940</u>	<u>249,125</u>	<u>1,085,558</u>	<u>4,800,771</u>	<u>12,333,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,103,963)</u>	<u>(219,784)</u>	<u>(1,065,721)</u>	<u>(3,698,007)</u>	<u>(8,918,097)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	186,733	859,233	-	402,336	5,390,082
Transfer out	(76,073)	(206)	-	(227,485)	(722,229)
Premium on special assessment debt	6,251	1,354	-	13,479	21,084
Discount on special assessment debt	-	-	(4,600)	-	(4,600)
Special assessment bonds issued	<u>1,249,748</u>	<u>270,602</u>	<u>460,000</u>	<u>2,694,650</u>	<u>4,675,000</u>
Total other financing sources (uses)	<u>1,366,659</u>	<u>1,130,983</u>	<u>455,400</u>	<u>2,882,980</u>	<u>9,359,337</u>
Net changes in fund balances	(737,304)	911,199	(610,321)	(815,027)	441,240
Fund balances - beginning	<u>(2,073,289)</u>	<u>(979,311)</u>	<u>(478,275)</u>	<u>(5,733,116)</u>	<u>1,626,180</u>
Fund balances - ending	<u>\$ (2,810,593)</u>	<u>\$ (68,112)</u>	<u>\$ (1,088,596)</u>	<u>\$ (6,548,143)</u>	<u>\$ 2,067,420</u>

## **NONMAJOR ENTERPRISE FUNDS**

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

**AIRPORT FLIGHTLINE**-This fund accounts for the fuel and flightline services to the Bismarck Municipal Airport. It serves both commercial and general aviation flights.

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

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

**STORM WATER**-This fund accounts for the operations of the storm sewer system.

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

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2004**

(Continued on next page)

	<u>Airport Flightline</u>	<u>Solid Waste Disposal</u>	<u>Solid Waste Collections</u>	<u>Storm Water</u>	<u>Parking Authority Lots</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 6,931,835	\$ -	\$ 2,165,489	\$ 488,301	\$ 9,585,625
Investments	300,281	-	558,818	-	-	859,099
Receivables:						
Accounts	52,847	167,019	128,090	101,101	-	449,057
Special assessments	-	-	-	3,833	-	3,833
Inventories	39,181	17,645	-	-	-	56,826
Prepaid insurance	6,428	11,591	-	-	-	18,019
Total current assets	<u>398,737</u>	<u>7,128,090</u>	<u>686,908</u>	<u>2,270,423</u>	<u>488,301</u>	<u>10,972,459</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Land	-	289,551	603,338	450,922	1,203,152	2,546,963
Building and building improvements	-	3,371,292	-	-	6,034,656	9,405,948
Improvements other than buildings	181,728	2,319,483	15,381	10,007,823	31,232	12,555,647
Machinery and equipment	45,168	1,488,614	1,158,019	39,631	10,104	2,741,536
Total noncurrent assets	<u>226,896</u>	<u>7,468,940</u>	<u>1,776,738</u>	<u>10,498,376</u>	<u>7,279,144</u>	<u>27,250,094</u>
 Total assets	 <u>625,633</u>	 <u>14,597,030</u>	 <u>2,463,646</u>	 <u>12,768,799</u>	 <u>7,767,445</u>	 <u>38,222,553</u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2004**

(Continued from previous page)

	Airport Flightline	Solid Waste Disposal	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,313	35,244	4,727	89,924	-	131,208
Leases payable	-	37,017	-	1,637	51,401	90,055
Compensated benefits payable	23,027	35,512	61,014	-	-	119,553
Total current liabilities	<u>24,340</u>	<u>107,773</u>	<u>65,741</u>	<u>91,561</u>	<u>51,401</u>	<u>340,816</u>
Long-term liabilities:						
Advances from other funds	-	-	-	-	1,060,000	1,060,000
Compensated benefits payable	2,955	23,641	41,203	-	-	67,799
Capital lease	-	10,187	-	5,094	114,342	129,623
Accrued closure/post closure costs	-	605,187	-	-	-	605,187
Total long-term liabilities	<u>2,955</u>	<u>639,015</u>	<u>41,203</u>	<u>5,094</u>	<u>1,174,342</u>	<u>1,862,609</u>
Total liabilities	<u>27,295</u>	<u>746,788</u>	<u>106,944</u>	<u>96,655</u>	<u>1,225,743</u>	<u>2,203,425</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	226,896	7,421,736	1,776,738	10,491,645	7,113,401	27,030,416
Unrestricted	<u>371,442</u>	<u>6,428,506</u>	<u>579,964</u>	<u>2,180,499</u>	<u>(571,699)</u>	<u>8,988,712</u>
Total net assets	<u>\$ 598,338</u>	<u>\$ 13,850,242</u>	<u>\$ 2,356,702</u>	<u>\$ 12,672,144</u>	<u>\$ 6,541,702</u>	<u>\$ 36,019,128</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, 2004**

	Airport Flightline	Solid Waste Disposal	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>OPERATING REVENUES:</b>						
Charges for services:						
Sale of gas and oil	\$ 766,222	\$ -	\$ -	\$ -	\$ -	\$ 766,222
Sanitation fees	-	2,592,738	1,279,537	630,404	-	4,502,679
Landing and airport fees	279,691	-	-	-	-	279,691
Miscellaneous sales	1,485	40,686	6,303	400	-	48,874
Rentals	72,034	16,331	72	-	765,404	853,841
Total operating revenues	<u>1,119,432</u>	<u>2,649,755</u>	<u>1,285,912</u>	<u>630,804</u>	<u>765,404</u>	<u>6,451,307</u>
<b>OPERATING EXPENSES:</b>						
Cost of goods sold	710,234	-	-	-	-	710,234
Personal services - salaries & wages	237,844	632,621	756,765	-	-	1,627,230
Personal services - fringe benefits	33,115	122,810	144,656	701	-	301,282
Professional, legal, and contracted services	2,654	82,973	-	240,931	239,081	565,639
Building, equipment, and vehicle services	33,028	397,335	238,034	80,943	213,618	962,958
Travel & training	452	9,537	838	-	-	10,827
Operating services	30,793	188,976	31,227	5,538	17,341	273,875
Operating supplies	11,437	84,956	112,575	14,286	10,006	233,260
Depreciation expense	14,209	377,887	177,320	177,280	263,004	1,009,700
Total operating expenses	<u>1,073,766</u>	<u>1,897,095</u>	<u>1,461,415</u>	<u>519,679</u>	<u>743,050</u>	<u>5,695,005</u>
Operating income (loss)	<u>45,666</u>	<u>752,660</u>	<u>(175,503)</u>	<u>111,125</u>	<u>22,354</u>	<u>756,302</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Intergovernmental	-	-	-	1,141	-	1,141
Special assessments	-	-	-	2,835	-	2,835
Gain (loss) on disposal of assets	308	25,998	11,566	(17,413)	-	20,459
Investment income	4,176	80,061	7,379	23,012	5,735	120,363
Interest expense	-	(8,134)	-	(117)	(8,176)	(16,427)
Total nonoperating revenues (expenses)	<u>4,484</u>	<u>97,925</u>	<u>18,945</u>	<u>9,458</u>	<u>(2,441)</u>	<u>128,371</u>
Income (loss) before contributions and transfers	<u>50,150</u>	<u>850,585</u>	<u>(156,558)</u>	<u>120,583</u>	<u>19,913</u>	<u>884,673</u>
<b>CAPITAL CONTRIBUTIONS</b>	-	-	-	2,066,480	-	2,066,480
<b>TRANSFERS IN</b>	-	1,020	-	73,528	-	74,548
<b>TRANSFERS OUT</b>	<u>(50,584)</u>	<u>(319,882)</u>	<u>(133,247)</u>	<u>(107,664)</u>	<u>(213,815)</u>	<u>(825,192)</u>
Change in net assets	<u>(434)</u>	<u>531,723</u>	<u>(289,805)</u>	<u>2,152,927</u>	<u>(193,902)</u>	<u>2,200,509</u>
Total net assets - beginning, as adjusted	<u>598,772</u>	<u>13,318,519</u>	<u>2,646,507</u>	<u>10,519,217</u>	<u>6,735,604</u>	<u>33,818,619</u>
Total net assets - ending	<u>\$ 598,338</u>	<u>\$ 13,850,242</u>	<u>\$ 2,356,702</u>	<u>\$ 12,672,144</u>	<u>\$ 6,541,702</u>	<u>\$ 36,019,128</u>

**CITY OF BISMARCK , NORTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Airport Flightline	Solid Waste Disposal	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 1,101,853	\$ 2,710,939	\$ 1,248,473	\$ 629,139	\$ 765,404	\$ 6,455,808
Payments to suppliers	(854,420)	(862,961)	(535,944)	(259,374)	(480,046)	(2,992,745)
Payments to employees	(235,197)	(634,758)	(762,017)	-	-	(1,631,972)
Net cash provided (used) by operating activities	<u>12,236</u>	<u>1,213,220</u>	<u>(49,488)</u>	<u>369,765</u>	<u>285,358</u>	<u>1,831,091</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental revenue	-	-	-	1,141	-	1,141
Transfers from other funds	-	1,020	-	73,528	-	74,548
Transfers to other funds	(50,584)	(319,882)	(133,247)	(107,664)	(213,815)	(825,192)
Net cash used by noncapital financing activities	<u>(50,584)</u>	<u>(318,862)</u>	<u>(133,247)</u>	<u>(32,995)</u>	<u>(213,815)</u>	<u>(749,503)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital lease payment	-	(128,845)	-	(393)	(49,269)	(178,507)
Interest paid	-	(8,134)	-	(117)	(8,176)	(16,427)
Payment on advance	-	-	-	-	(20,000)	(20,000)
Proceeds from sale of capital assets	308	104,858	11,566	2,934	-	119,666
Special assessments collected	-	-	-	4,478	-	4,478
Purchase of capital assets	-	(377,858)	-	(76,131)	-	(453,989)
Construction of capital assets	-	(150,056)	-	-	-	(150,056)
Net cash provided (used) by capital and related financing activities	<u>308</u>	<u>(560,035)</u>	<u>11,566</u>	<u>(69,229)</u>	<u>(77,445)</u>	<u>(694,835)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	-	6,149,237	-	1,114,361	199,975	7,463,573
Purchase of investments	(297,398)	-	(554,120)	-	-	(851,518)
Investment income	1,293	27,708	2,681	8,858	304	40,844
Net cash provided (used) by investing activities	<u>(296,105)</u>	<u>6,176,945</u>	<u>(551,439)</u>	<u>1,123,219</u>	<u>200,279</u>	<u>6,652,899</u>
Net increase (decrease) in cash and cash equivalents	<u>(334,145)</u>	<u>6,511,268</u>	<u>(722,608)</u>	<u>1,390,760</u>	<u>194,377</u>	<u>7,039,652</u>
Cash and cash equivalents - January 1	334,145	420,567	722,608	774,729	293,924	2,545,973
Cash and cash equivalents - December 31	<u>\$ -</u>	<u>\$ 6,931,835</u>	<u>\$ -</u>	<u>\$ 2,165,489</u>	<u>\$ 488,301</u>	<u>\$ 9,585,625</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>						
Operating income (loss)	\$ 45,666	\$ 752,660	\$ (175,503)	\$ 111,125	\$ 22,354	\$ 756,302
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	14,209	377,887	177,320	177,280	263,004	1,009,700
(Increase) decrease in accounts receivable	(17,579)	61,184	(37,439)	(1,665)	-	4,501
Increase in inventories	(23,935)	(4,768)	-	-	-	(28,703)
Increase in prepaid items	(4,142)	(6,384)	-	-	-	(10,526)
Increase (decrease) in accounts payable	(4,630)	(17,080)	(8,614)	83,025	-	52,701
Increase (decrease) in compensated absences payable	2,647	(2,137)	(5,252)	-	-	(4,742)
Increase in closure and post closure costs	-	51,858	-	-	-	51,858
Total adjustments	<u>(33,430)</u>	<u>460,560</u>	<u>126,015</u>	<u>258,640</u>	<u>263,004</u>	<u>1,074,789</u>
Net cash provided by (used) operating activities	<u>\$ 12,236</u>	<u>\$ 1,213,220</u>	<u>\$ (49,488)</u>	<u>\$ 369,765</u>	<u>\$ 285,358</u>	<u>\$ 1,831,091</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ -	\$ 2,066,480	\$ -	\$ 2,066,480
Capital asset trade-ins	-	8,500	-	-	-	8,500
Borrowing under capital lease	-	136,746	-	7,123	-	143,869
Increase in fair value of investments	2,883	52,353	4,698	14,154	5,431	79,519

## **NONMAJOR INTERNAL SERVICE FUNDS**

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

**ARENA**-This fund accounts for revenue collected from promoters to pay event costs at the Civic Center.

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2004**

	<u>Arena</u>	<u>Fleet Services</u>	<u>Liability Insurance</u>	<u>Employee Insurance</u>	<u>Unemployment Insurance</u>	<u>Revolving</u>	<u>Total</u>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$14,518	\$ -	\$ 85,931	\$ 1,470,949	\$ 50,753	\$ 172,199	\$ 1,794,350
Receivables:							
Accounts	6,294	39,737	-	30,223	-	142,718	218,972
Inventories	-	219,344	-	-	-	-	219,344
Prepaid items	-	427	-	-	-	-	427
Total current assets	<u>20,812</u>	<u>259,508</u>	<u>85,931</u>	<u>1,501,172</u>	<u>50,753</u>	<u>314,917</u>	<u>2,233,093</u>
Noncurrent asset:							
Restricted assets:							
Investments	121,706	-	-	-	-	-	121,706
Capital assets (net of accumulated depreciation):							
Machinery and equipment	-	40,663	-	-	-	-	40,663
Total noncurrent asset	<u>121,706</u>	<u>40,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,369</u>
Total assets	<u>142,518</u>	<u>300,171</u>	<u>85,931</u>	<u>1,501,172</u>	<u>50,753</u>	<u>314,917</u>	<u>2,395,462</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	20,812	66,225	1,015	1,716	1,319	301,879	392,966
Due to other funds	-	61,745	-	-	-	-	61,745
Due to other entities	-	-	-	-	-	1,137	1,137
Claims and judgments payable	-	-	55,000	203,023	-	-	258,023
Total current liabilities	<u>20,812</u>	<u>127,970</u>	<u>56,015</u>	<u>204,739</u>	<u>1,319</u>	<u>303,016</u>	<u>713,871</u>
Long-term liabilities:							
Customer deposits	121,706	-	-	-	-	-	121,706
Total restricted current liabilities	<u>121,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,706</u>
Total liabilities	<u>142,518</u>	<u>127,970</u>	<u>56,015</u>	<u>204,739</u>	<u>1,319</u>	<u>303,016</u>	<u>835,577</u>
<b>NET ASSETS</b>							
Unrestricted	-	172,201	29,916	1,296,433	49,434	11,901	1,559,885
Total net assets	<u>\$ -</u>	<u>\$ 172,201</u>	<u>\$ 29,916</u>	<u>\$ 1,296,433</u>	<u>\$ 49,434</u>	<u>\$ 11,901</u>	<u>\$ 1,559,885</u>

**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, 2004**

	<u>Arena</u>	<u>Fleet Services</u>	<u>Liability Insurance</u>	<u>Employee Insurance</u>	<u>Unemployment Insurance</u>	<u>Revolving</u>	<u>Total</u>
<b>OPERATING REVENUES</b>							
Charges for services	\$ 532,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532,697
Event sales	1,913,909	-	-	-	-	-	1,913,909
Sale of gas and oil	-	432,740	-	-	-	-	432,740
Sale of parts and labor	-	973,329	-	-	-	-	973,329
Miscellaneous sales	1,977	27	12,407	15,844	-	-	30,255
Rentals	-	194	-	-	-	-	194
Employer contributions	-	-	-	2,350,883	-	-	2,350,883
Employee contributions	-	-	-	37,910	-	-	37,910
Total operating revenues	<u>2,448,583</u>	<u>1,406,290</u>	<u>12,407</u>	<u>2,404,637</u>	<u>-</u>	<u>-</u>	<u>6,271,917</u>
<b>OPERATING EXPENSES</b>							
Cost of goods sold	2,050,979	821,967	-	-	-	-	2,872,946
Personal services - salaries & wages	218,104	342,555	-	-	-	-	560,659
Personal services - fringe benefits	21,323	58,369	-	97,502	6,995	-	184,189
Professional, legal, and contracted services	2,005	-	6,571	781	-	600	9,957
Building, equipment, and vehicle services	-	95,059	-	-	-	-	95,059
Travel & training	-	7,282	-	-	-	-	7,282
Operating services	45,176	3,989	151,493	3,062,847	-	-	3,263,505
Operating supplies	-	21,824	-	249	-	-	22,073
Grants & subsidies	-	21,500	-	-	-	-	21,500
Depreciation expense	-	6,439	-	-	-	-	6,439
Total operating expenses	<u>2,337,587</u>	<u>1,378,984</u>	<u>158,064</u>	<u>3,161,379</u>	<u>6,995</u>	<u>600</u>	<u>7,043,609</u>
Operating income (loss)	<u>110,996</u>	<u>27,306</u>	<u>(145,657)</u>	<u>(756,742)</u>	<u>(6,995)</u>	<u>(600)</u>	<u>(771,692)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Intergovernmental	-	45,810	-	-	-	-	45,810
Investment income	4,837	-	2,151	20,873	587	-	28,448
Taxes	-	-	218	-	-	-	218
Total nonoperating revenues (expenses)	<u>4,837</u>	<u>45,810</u>	<u>2,369</u>	<u>20,873</u>	<u>587</u>	<u>-</u>	<u>74,476</u>
Income (loss) before contributions and transfer	<u>115,833</u>	<u>73,116</u>	<u>(143,288)</u>	<u>(735,869)</u>	<u>(6,408)</u>	<u>(600)</u>	<u>(697,216)</u>
<b>TRANSFERS IN</b>							
	-	163,548	17,806	-	1,676	-	183,030
<b>TRANSFERS OUT</b>							
	<u>(115,833)</u>	<u>(64,463)</u>	<u>(22,510)</u>	<u>(39,027)</u>	<u>-</u>	<u>-</u>	<u>(241,833)</u>
Change in net assets	-	172,201	(147,992)	(774,896)	(4,732)	(600)	(756,019)
Total net assets - beginning	-	-	177,908	2,071,329	54,166	12,501	2,315,904
Total net assets - ending	<u>\$ -</u>	<u>\$ 172,201</u>	<u>\$ 29,916</u>	<u>\$ 1,296,433</u>	<u>\$ 49,434</u>	<u>\$ 11,901</u>	<u>\$ 1,559,885</u>

**CITY OF BISMARCK , NORTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Arena	Fleet Services	Liability Insurance	Employee Insurance	Unemployment Insurance	Revolving	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 2,489,607	\$ 1,366,553	\$ -	\$ -	\$ -	\$ -	\$ 3,856,160
Receipts from employer	-	-	-	2,388,270	-	-	2,388,270
Other operating cash receipts	1,977	-	12,407	15,844	-	-	30,228
Payments to employees	(218,104)	(342,555)	-	-	-	-	(560,659)
Payments to suppliers	(2,200,284)	(1,121,791)	(230,428)	(3,254,435)	(7,555)	(35,735)	(6,850,228)
Net cash provided (used) by operating activities	<u>73,196</u>	<u>(97,793)</u>	<u>(218,021)</u>	<u>(850,321)</u>	<u>(7,555)</u>	<u>(35,735)</u>	<u>(1,136,229)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Intergovernmental revenue	-	34,890	-	-	-	-	34,890
Taxes	-	-	256	-	-	-	256
Transfers from (to) other funds	(115,833)	62,903	(4,704)	(39,027)	1,676	-	(94,985)
Net cash provided (used) by noncapital and related financing activities	<u>(115,833)</u>	<u>97,793</u>	<u>(4,448)</u>	<u>(39,027)</u>	<u>1,676</u>	<u>-</u>	<u>(59,839)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	-	-	1,819,542	55,280	187,934	2,062,756
Purchase of investments	(121,650)	-	-	-	-	-	(121,650)
Investment income	4,781	-	2,151	20,873	587	-	28,392
Net cash provided by investing activities	<u>(116,869)</u>	<u>-</u>	<u>2,151</u>	<u>1,840,415</u>	<u>55,867</u>	<u>187,934</u>	<u>1,969,498</u>
Net increase (decrease) in cash and cash equivalents	(159,506)	-	(220,318)	951,067	49,988	152,199	773,430
Cash and cash equivalents - January 1	174,024	-	306,249	519,882	765	20,000	1,020,920
Cash and cash equivalents - December 31	<u>\$ 14,518</u>	<u>\$ -</u>	<u>\$ 85,931</u>	<u>\$ 1,470,949</u>	<u>\$ 50,753</u>	<u>\$ 172,199</u>	<u>\$ 1,794,350</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 110,996	\$ 27,306	\$ (145,657)	\$ (756,742)	\$ (6,995)	\$ (600)	\$ (771,692)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	-	6,439	-	-	-	-	6,439
(Increase) decrease in accounts receivable	43,001	(39,737)	-	(523)	-	(7,981)	(5,240)
Increase in inventories	-	(219,344)	-	-	-	-	(219,344)
Increase in prepaid items	-	(427)	-	-	-	-	(427)
Decrease in customer deposits	(52,318)	-	-	-	-	-	(52,318)
Increase (decrease) in accounts payable	(17,922)	66,225	(7,364)	(67,524)	(560)	(28,291)	(55,436)
Increase (decrease) in due to other funds	(10,561)	61,745	-	-	-	-	51,184
Increase in due to other entities	-	-	-	-	-	1,137	1,137
Decrease in estimated pending claims	-	-	(65,000)	(25,532)	-	-	(90,532)
Total adjustments	<u>(37,800)</u>	<u>(125,099)</u>	<u>(72,364)</u>	<u>(93,579)</u>	<u>(560)</u>	<u>(35,135)</u>	<u>(364,537)</u>
Net cash provided (used) by operating activities	<u>\$ 73,196</u>	<u>\$ (97,793)</u>	<u>\$ (218,021)</u>	<u>\$ (850,321)</u>	<u>\$ (7,555)</u>	<u>\$ (35,735)</u>	<u>\$ (1,136,229)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>							
Contribution of capital assets from government	\$ -	\$ 47,102	\$ -	\$ -	\$ -	\$ -	\$ 47,102
Increase in fair value of investments	56	-	-	-	-	-	56

## **PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS**

Trust funds are established to account for assets held in trustee capacity for individuals, private organizations, other governments, and other funds.

**DEFERRED SICK LEAVE**-This fund accounts for the payment of employee sick leave accumulated prior to December 31, 1992. Financing is provided by contributions from the departments until such time the fund is solvent.

**CITY PENSION**-This fund accounts for the public employee's retirement system excluding police and firemen. Financing is provided by employee contributions of five percent of their gross salary and a specific annual property tax levy.

**POLICE PENSION**-This fund accounts for the police employee's retirement system. Financing is provided by employee contributions of six percent of their gross salary and a specific annual property tax levy.

*The Pension Plan financial statements are located in the notes to the financial statements, Note V on pages 56-57.*

## **AGENCY FUND**

The City has one agency fund used to account for assets held as an agent for others.

**FIREMEN'S PENSION**-This fund accounts for the funds collected on behalf of the Firemen's Relief Association, which is responsible for establishing, maintaining, and administering the plan.

**CITY OF BISMARCK, NORTH DAKOTA  
FIREMEN'S PENSION AGENCY FUND  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
<b>ASSETS</b>				
Cash	\$ 843	\$ 406,698	\$ 406,749	\$ 792
Receivables:				
Taxes	7,167	157	940	6,384
Accounts	5,850	6,244	5,850	6,244
Total assets	<u>\$ 13,860</u>	<u>\$ 413,099</u>	<u>\$ 413,539</u>	<u>\$ 13,420</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 840	\$ 412,778	\$ 406,582	\$ 7,036
Due to other entities	7,421	-	6,198	1,223
Deferred revenue	5,599	330	768	5,161
Total liabilities	<u>\$ 13,860</u>	<u>\$ 413,108</u>	<u>\$ 413,548</u>	<u>\$ 13,420</u>

**CITY OF BISMARCK, NORTH DAKOTA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 DECEMBER 31, 2004**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 2,397,430
Buildings and building improvements	52,772,625
Improvements other than buildings	37,078
Machinery and equipment	22,562,219
Infrastructure	56,721,443
Construction in progress	3,028,911
Total general fixed assets	\$ 137,519,706

**INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:**

General fund	\$ 11,355,013
Special revenue funds	19,829,913
Federal and state grants	40,935,964
Capital projects funds	65,235,113
Donations	163,703
Total governmental funds capital assets	\$ 137,519,706

**CITY OF BISMARCK, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2004**

<b>FUNCTION AND ACTIVITY</b>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>General government:</b>						
Administration and management	\$ -	\$ -	\$ -	\$ 11,353	\$ -	\$ 11,353
Fiscal and information services	-	-	-	214,275	-	214,275
Common software	-	-	-	181,271	-	181,271
City/County office building	-	4,770,246	-	36,103	-	4,806,349
Bismarck-Mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Planning	-	-	-	14,700	-	14,700
E/H transit system	108,421	1,094,831	-	-	-	1,203,252
Total general government	<u>308,421</u>	<u>6,669,552</u>	<u>-</u>	<u>457,702</u>	<u>-</u>	<u>7,435,675</u>
<b>Public safety:</b>						
Police	499,500	3,990,715	37,078	1,679,339	-	6,206,632
Fire and inspections	330,689	2,874,773	-	3,993,350	-	7,198,812
Combined communication center	-	-	-	371,557	-	371,557
Total public safety	<u>830,189</u>	<u>6,865,488</u>	<u>37,078</u>	<u>6,044,246</u>	<u>-</u>	<u>13,777,001</u>
<b>Highways and streets:</b>						
Roads and streets	-	-	-	5,707,229	65,184	5,772,413
Engineering	-	-	-	280,263	-	280,263
Forestry	-	-	-	464,118	-	464,118
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,451,610</u>	<u>65,184</u>	<u>6,516,794</u>
<b>Health:</b>						
Bismarck Burleigh public health	-	-	-	29,572	-	29,572
Total health	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,572</u>	<u>-</u>	<u>29,572</u>
<b>Culture and recreation:</b>						
Centennial beach	-	297,838	-	-	-	297,838
City auditorium	11,500	3,454,948	-	5,350	-	3,471,798
Civic center	900,600	30,773,865	-	2,608,793	-	34,283,258
Library	324,000	4,710,934	-	6,964,946	-	11,999,880
Total culture and recreation	<u>1,236,100</u>	<u>39,237,585</u>	<u>-</u>	<u>9,579,089</u>	<u>-</u>	<u>50,052,774</u>
<b>Public works:</b>						
Sales tax fund	22,720	-	-	-	-	22,720
Highway construction	-	-	-	-	31,097,511	31,097,511
Sidewalk construction	-	-	-	-	2,157,273	2,157,273
Street improvements	-	-	-	-	23,401,475	23,401,475
Total public works	<u>22,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,656,259</u>	<u>56,678,979</u>
Construction in progress:	<u>-</u>	<u>952,724</u>	<u>-</u>	<u>-</u>	<u>2,076,187</u>	<u>3,028,911</u>
Total general fixed assets	<u>\$ 2,397,430</u>	<u>\$ 53,725,349</u>	<u>\$ 37,078</u>	<u>\$ 22,562,219</u>	<u>\$ 58,797,630</u>	<u>\$ 137,519,706</u>

**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, 2004**

<b>FUNCTION AND ACTIVITY</b>	Balance January 1, 2004 as restated	Additions	Deductions	Balance December 31, 2004
<b>General government:</b>				
Administration and management	\$ 11,353	\$ -	\$ -	\$ 11,353
Fiscal and information services	230,392	5,983	22,100	214,275
Common software	181,271	-	-	181,271
City/County office buildings	4,806,349	-	-	4,806,349
Bismarck-Mandan visitors bureau	1,004,475	-	-	1,004,475
Planning	14,700	-	-	14,700
E/H transit system	903,865	299,387	-	1,203,252
<b>Total general government</b>	<b>7,152,405</b>	<b>305,370</b>	<b>22,100</b>	<b>7,435,675</b>
<b>Public safety:</b>				
Police	5,615,764	736,256	145,388	6,206,632
Fire and inspections	5,735,984	1,490,010	27,182	7,198,812
Combined communications center	368,660	23,997	21,100	371,557
<b>Total public safety</b>	<b>11,720,408</b>	<b>2,250,263</b>	<b>193,670</b>	<b>13,777,001</b>
<b>Highways and streets:</b>				
Roads and streets	5,434,156	710,569	372,312	5,772,413
Engineering	261,658	18,605	-	280,263
Forestry	456,010	18,058	9,950	464,118
<b>Total highways and streets</b>	<b>6,151,824</b>	<b>747,232</b>	<b>382,262</b>	<b>6,516,794</b>
<b>Health:</b>				
Bismarck Burleigh public health	21,808	7,764	-	29,572
<b>Total health</b>	<b>21,808</b>	<b>7,764</b>	<b>-</b>	<b>29,572</b>
<b>Culture and recreation:</b>				
Centennial beach	297,838	-	-	297,838
City auditorium	3,471,798	-	-	3,471,798
Civic center	32,750,158	1,550,991	17,891	34,283,258
Library	11,707,519	315,102	22,741	11,999,880
<b>Total culture and recreation</b>	<b>48,227,313</b>	<b>1,866,093</b>	<b>40,632</b>	<b>50,052,774</b>
<b>Public works:</b>				
Sales tax fund	22,720	-	-	22,720
Highway construction	24,940,739	6,156,772	-	31,097,511
Sidewalk construction	1,071,138	1,086,135	-	2,157,273
Street improvements	19,587,058	3,814,417	-	23,401,475
<b>Total public works</b>	<b>45,621,655</b>	<b>11,057,324</b>	<b>-</b>	<b>56,678,979</b>
Construction in progress:	2,161,595	3,028,911	2,161,595	3,028,911
<b>Total general fixed assets</b>	<b>\$ 121,057,008</b>	<b>\$ 19,262,957</b>	<b>\$ 2,800,259</b>	<b>\$ 137,519,706</b>

**CITY OF BISMARCK, NORTH DAKOTA  
GOVERNMENT-WIDE EXPENSES BY FUNCTION**

	<b>2004</b>	<b>2003</b>
General Government	\$ 9,039,757	\$ 8,179,507
Public Safety	12,800,931	11,796,743
Highways and Streets	6,167,330	5,459,602
Health and Welfare	1,551,325	1,570,817
Culture and Recreation	7,778,554	8,909,217
Interest and Fiscal Charges	1,809,733	1,907,209
Public Works	3,179,326	1,419,813
Airport	3,381,964	3,189,893
Airport Flightline	1,107,046	813,909
Solid Waste Disposal	1,997,566	1,722,807
Solid Waste Collections	1,573,279	1,525,709
Water	5,899,033	5,455,249
Sanitary Sewer	3,066,589	2,621,053
Storm Water	508,290	303,776
Parking Authority Lots	751,226	745,690
<b>TOTAL</b>	<b>\$ 60,611,949</b>	<b>\$ 55,620,994</b>

**CITY OF BISMARCK, NORTH DAKOTA  
GOVERNMENT-WIDE REVENUES BY SOURCE**

Fiscal Year	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Gain(Loss)	
2003	\$ 30,270,923	\$ 7,502,525	\$ 14,761,552	\$ 23,779,696	\$ 1,147,058	\$ 551,611	\$ 78,013,365
2004	33,297,648	9,540,206	25,301,556	23,946,816	1,261,486	68,742	93,416,454

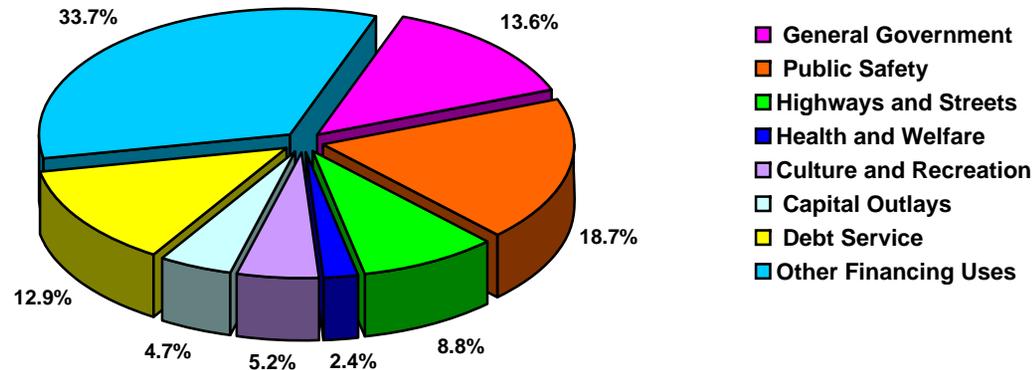
**CITY OF BISMARCK, NORTH DAKOTA  
GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION  
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Capital Outlays	Debt Service	Other Financing Uses	Total Expenditures
1995	\$ 7,347,903	\$ 7,474,780	\$ 3,276,392	\$ 627,199	\$ 2,296,797	\$ 894,669	\$ 7,868,746	\$ 13,541,156	\$ 43,327,642
1996	4,807,358	7,652,621	3,330,380	634,597	2,343,346	753,870	7,527,775	16,374,781	43,424,728
1997	7,559,506	7,979,209	3,445,070	660,760	2,559,493	1,547,243	18,957,762	13,053,502	55,762,545
1998	5,873,131	8,394,662	3,676,183	703,747	2,433,407	1,112,919	6,524,657	11,728,096	40,446,802
1999	5,433,036	8,505,848	3,685,136	737,108	2,691,887	1,188,475	12,179,992	12,598,548	47,020,030
2000	5,353,173	9,088,117	4,146,253	790,492	3,183,076	2,014,483	7,263,452	8,340,417	40,179,463
2001	5,813,893	9,759,129	4,489,716	857,895	3,210,837	1,086,027	7,730,076	9,624,257	42,571,830
2002	9,205,332	10,174,805	4,665,493	943,627	3,217,681	2,239,523	7,949,884	24,797,556	63,193,901
2003	7,668,466	11,050,363	5,150,211	1,545,937	3,794,278	1,366,920	7,907,746	14,597,118	53,081,039
2004	8,571,651	11,777,432	5,525,879	1,523,547	3,290,157	2,992,563	8,119,734	21,232,878	63,033,841

<sup>1</sup>Includes general, special revenue and debt service funds.

Source: Fiscal Services

**CURRENT GENERAL EXPENDITURES BY FUNCTION**



**CITY OF BISMARCK, NORTH DAKOTA  
GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES<sup>1</sup>  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Special Assessments</b>	<b>Intergovernmental</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Miscellaneous</b>	<b>Other Financing Sources</b>	<b>Total</b>
1995	\$ 13,934,191	\$ 605,621	\$ 5,872,592	\$ 4,527,949	\$ 3,540,612	\$ 622,587	\$ 2,024,106	\$ 13,213,914	44,341,572
1996	14,264,583	712,391	4,512,477	4,733,147	3,818,942	646,961	1,859,562	15,445,368	45,993,431
1997	14,856,696	795,784	4,198,901	6,410,810	3,740,502	682,588	1,765,921	11,761,076	44,212,278
1998	15,395,628	959,261	5,225,595	6,182,346	3,745,824	697,936	1,816,891	11,854,808	45,878,289
1999	16,350,342	963,334	4,561,559	6,564,675	3,400,131	914,009	1,890,192	15,358,425	50,002,667
2000	17,350,289	806,014	4,596,572	6,135,482	4,197,330	908,656	2,531,515	6,699,664	43,225,522
2001	18,898,071	991,339	5,062,951	7,374,184	4,246,430	958,229	2,500,548	13,436,231	53,467,983
2002	19,676,639	1,021,652	4,960,733	7,898,873	4,424,915	1,034,585	2,545,010	20,288,506	61,850,913
2003	19,939,493	1,199,400	4,128,879	8,425,924	4,269,843	1,005,608	1,708,849	17,574,016	58,252,012
2004	19,899,735	1,495,736	5,488,884	10,213,367	4,908,485	1,432,979	1,993,051	11,194,385	56,626,622

**CITY OF BISMARCK, NORTH DAKOTA  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE<sup>1</sup>  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Ad Valorem Tax</b>	<b>Mobile Home Tax</b>	<b>General Sales Tax</b>	<b>One Percent Motel/Liquor Restaurant Tax</b>	<b>Two Percent Motel Tax</b>	<b>Total</b>
1995	\$ 6,618,002	\$ 92,964	\$ 6,036,619	\$ 869,196	\$ 317,410	\$ 13,934,191
1996	6,709,731	93,747	6,225,485	914,446	321,174	14,264,583
1997	6,913,977	103,957	6,540,124	960,403	338,235	14,856,696
1998	7,185,873	109,587	6,802,804	935,628	361,736	15,395,628
1999	7,718,325	120,363	7,113,335	1,033,431	364,888	16,350,342
2000	8,242,803	134,934	7,500,496	1,075,264	396,792	17,350,289
2001	9,355,291	165,609	7,837,357	1,127,264	412,550	18,898,071
2002	9,589,715	123,786	8,324,913	1,204,279	433,946	19,676,639
2003	9,746,300	167,452	8,344,606	1,239,575	441,560	19,939,493
2004	9,408,412	135,440	8,615,944	1,300,551	439,388	19,899,735

<sup>1</sup>Includes general, special revenue and debt service funds.

Source: Fiscal Services

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

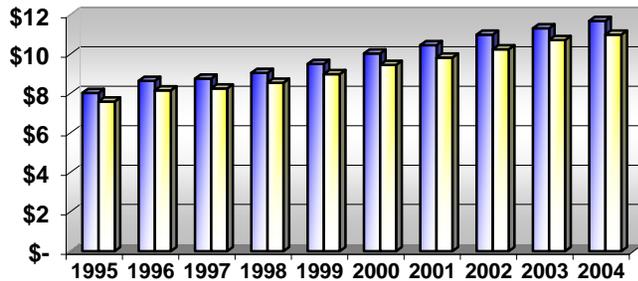
<b>Fiscal Year</b>	<b>Total Tax Levy<sup>1</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
1995	\$ 8,031,339	\$ 7,592,126	0.9453	\$ 114,538	\$ 7,706,664	0.9596	\$ 145,362	0.0181
1996	8,639,571	8,158,615	0.9443	132,089	8,290,704	0.9596	124,138	0.0144
1997	8,746,692	8,252,607	0.9435	62,420	8,315,027	0.9506	230,128	0.0263
1998	9,041,881	8,540,922	0.9446	96,995	8,637,917	0.9553	222,552	0.0246
1999	9,492,309	8,985,097	0.9466	78,815	9,063,912	0.9549	376,974	0.0397
2000	10,028,887	9,452,491	0.9425	155,733	9,608,224	0.9581	231,465	0.0231
2001	10,442,538	9,816,710	0.9401	158,846	9,975,556	0.9553	211,097	0.0202
2002	10,986,290	10,234,527	0.9316	100,834	10,335,361	0.9408	269,291	0.0245
2003	11,307,411	10,712,862	0.9474	121,021	10,833,884	0.9581	241,894	0.0214
2004	11,679,935	10,982,789	0.9403	143,079	11,125,868	0.9526	204,756	0.0175

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<sup>1</sup> Previous fiscal year tax levy.

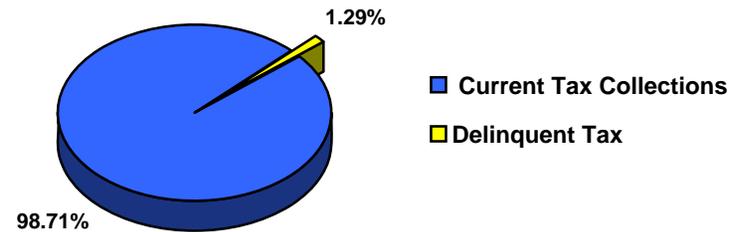
**TOTAL TAX LEVY COMPARED TO CURRENT TAX COLLECTIONS**

Millions



■ Total Tax Levy  
■ Current Tax Collections

**CURRENT TAX COLLECTIONS AND DELINQUENT TAX COLLECTIONS IN 2004**



■ Current Tax Collections  
■ Delinquent Tax

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

<b>Fiscal Year <sup>2</sup></b>	<b>Market Value</b>	<b>Real Property Assessed Value <sup>1</sup></b>	<b>Taxable Value</b>	<b>Increase in Taxable Value</b>
1994	\$ 1,433,407,200	\$ 716,703,600	\$ 67,043,133	15.68%
1995	1,597,075,800	798,537,900	74,641,058	11.33%
1996	1,685,999,800	849,999,900	78,740,180	5.49%
1997	1,777,475,200	888,737,600	82,999,595	5.41%
1998	1,883,173,300	941,586,650	87,986,429	6.01%
1999	2,009,280,200	1,004,640,100	93,923,274	6.75%
2000	2,104,265,600	1,052,132,800	98,353,445	4.72%
2001	2,215,064,500	1,107,532,250	103,514,806	5.25%
2002	2,322,615,900	1,161,307,950	108,501,897	4.82%
2003	2,450,592,600	1,225,296,300	114,460,710	5.49%

<sup>1</sup> The taxable value includes the incremental taxable value of urban development renewal project areas. The portion levied upon the incremental value of urban development is segregated to pay the redevelopment cost of the urban renewal project. After payment of total redevelopment costs, the incremental value is added to the tax base for general governmental purposes. Incremental taxable value deductions for the years 1993 through 2003 are as follows:

1994	\$ 1,188,311
1995	1,603,085 *
1996	1,608,849
1997	1,749,739
1998	2,097,497
1999	2,244,847
2000	2,289,515
2001	2,471,408
2002	2,538,809
2003	2,682,834

\*Tax increment area was expanded in April, 1995.

<sup>2</sup> Represents the year in which property taxes are levied. Collections of taxes will be received in the subsequent year.

Source: Assessing Annual Report

**CITY OF BISMARCK, NORTH DAKOTA  
PROPERTY TAX MILL RATES PER \$1,000 ASSESSED VALUATION  
DIRECT AND ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

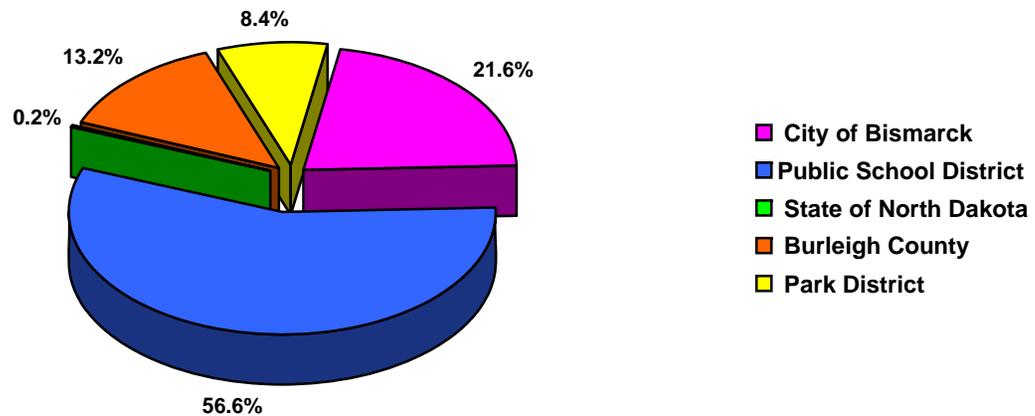
<b>Fiscal Year<sup>1</sup></b>	<b>City of Bismarck</b>	<b>Public School District</b>	<b>State of North Dakota</b>	<b>Burleigh County</b>	<b>Park District</b>	<b>Total All Governments</b>
1994	116.60	264.47	1.00	73.67	38.45	494.19
1995	113.76	262.84	1.00	69.96	39.19	486.75
1996	109.37	260.72	1.00	70.17	39.00	480.26
1997	107.25	263.29	1.00	68.31	38.69	478.54
1998	108.25	265.07	1.00	66.70	38.76	479.78
1999	107.30	279.88	1.00	64.32	38.44	490.94
2000	106.37	277.88	1.00	63.71	37.98	486.94
2001	106.41	275.82	1.00	61.54	38.95	483.72
2002	104.44	274.09	1.00	64.00	39.01	482.54
2003	102.41	267.77	1.00	62.71	39.65	473.54

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<sup>1</sup>Represents the year in which property taxes are levied. Collections of taxes will be received in the subsequent year.

Source: Burleigh County Auditor

**CURRENT PROPERTY TAX MILL RATES**



**CITY OF BISMARCK, NORTH DAKOTA  
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS  
DECEMBER 31, 2004**

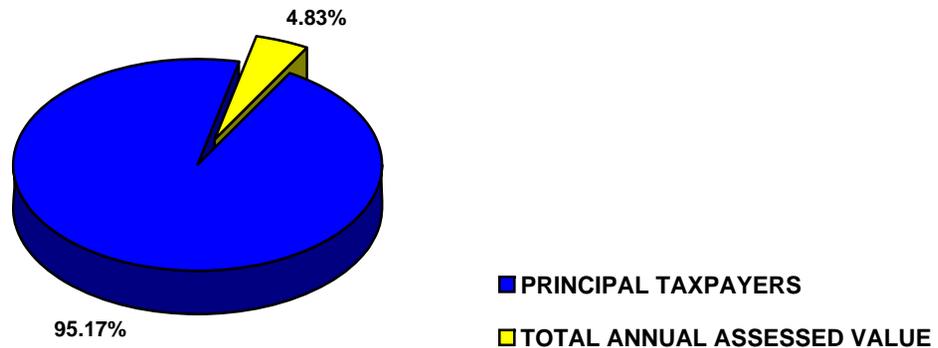
Taxpayer	Type of Business	Market Value	Assessed Value	Percentage of Total Assessed Valuation
Metropolitan Life Assurance Company	Kirkwood shopping center	\$ 41,543,100	\$ 20,364,250	1.66 %
Medcenter One	Hospital	13,647,400	6,689,900	0.55
* North Bismarck Associates	Gateway shopping center	11,336,100	5,668,050	0.46
* Clark Equipment	Manufacturing	8,625,200	4,228,050	0.35
MinDakota LTD Partnership	Motel	8,566,500	4,199,250	0.34
Basin Electric	Electric cooperative	8,381,300	4,073,450	0.33
Mid Dakota Medical Building	Clinic	7,860,200	3,853,050	0.31
* Waterford On West Century	Assisted Living Complex	7,624,400	3,669,700	0.30
Menards	Lumber shopping center	7,145,000	3,502,450	0.30
* Wal-Mart Store	Discount shopping center	5,747,500	2,873,750	0.23
Totals		<u>\$ 120,476,700</u>	<u>\$ 59,121,900</u>	<u>4.83</u>

**TOTAL ASSESSED ANNUAL VALUE FOR ALL TAXPAYERS IN CITY OF BISMARCK**

\$ 1,225,296,300

\* These properties are on 5 year exemptions  
The portion that is exempt is not included  
in the values.

**PRINCIPAL TAXPAYERS ASSESSED ANNUAL VALUE TO  
THE TOTAL ASSESSED VALUE**



Source: Assessing Annual Report

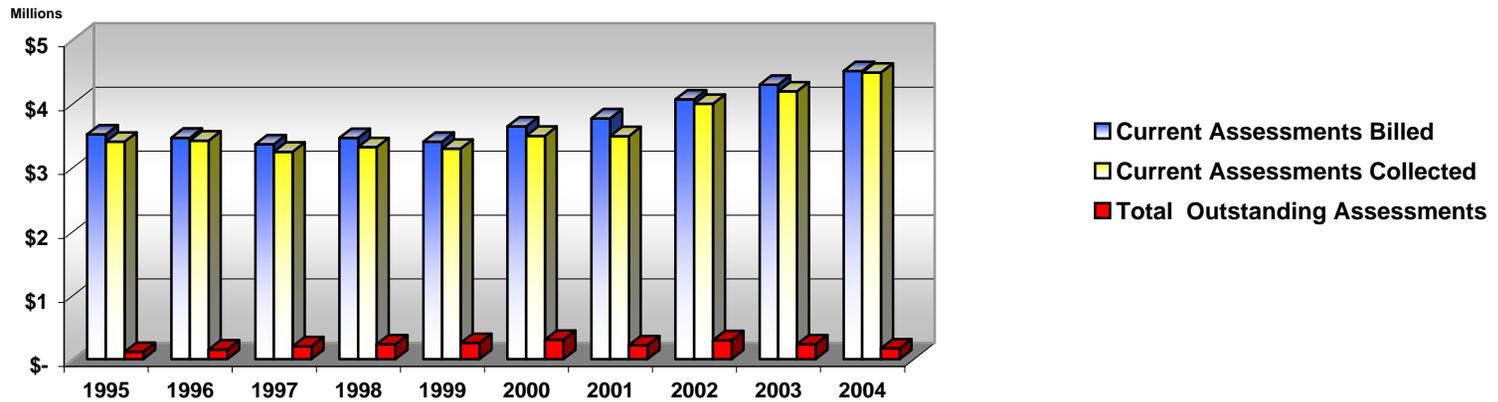
**CITY OF BISMARCK, NORTH DAKOTA  
CERTIFIED SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Current Assessments Billed</b>	<b>Current Assessments Collected</b>	<b>Ratio of Collections to Amount Due</b>	<b>Total Outstanding Assessments</b>
1995	3,519,161	3,404,091	0.9673	115,070
1996	3,466,581	3,421,356	0.9870	153,903
1997	3,365,102	3,247,021	0.9649	203,828
1998	3,463,963	3,318,697	0.9581	236,385
1999	3,404,063	3,293,877	0.9676	254,567
2000	3,643,828	3,496,227	0.9595	305,217
2001	3,770,858	3,492,066	0.9261	219,888
2002	4,066,549	3,997,121	0.9829	297,596
2003	4,296,642	4,192,468	0.9758	234,910
2004	4,510,539	4,485,376	0.9944	172,152

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Source: Fiscal Services

**CERTIFIED SPECIAL ASSESSMENTS  
BILLED, COLLECTED AND OUTSTANDING**



**CITY OF BISMARCK, NORTH DAKOTA  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2004**

Real Property Assessed Value	<u>\$ 1,225,296,300</u>
Legal debt limit - 5% of assessed value	\$ 61,264,815
General obligation debt net of cash available	<u>-</u>
Legal debt margin	<u>\$ 61,264,815</u>

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Sources:  
Assessing Division  
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA  
RATIO OF NET GENERAL BONDED DEBT  
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Census<sup>1</sup></b>	<b>Assessed Value<sup>2</sup></b>	<b>Gross Bonded Debt<sup>3</sup></b>	<b>Less Debt Service Fund<sup>3</sup></b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1995	53,168	716,703,600	3,695,000	271,634	3,423,366	0.0048	64.39
1996	53,917	798,537,900	3,305,000	338,049	2,966,951	0.0037	55.03
1997	53,982	849,999,900	3,225,000	491,493	2,733,507	0.0032	50.64
1998	54,040	888,837,600	2,755,000	342,085	2,412,915	0.0027	44.65
1999	54,571	941,856,650	960,000	191,185	768,815	0.0008	14.09
2000	55,392	1,004,640,100	665,000	253,822	411,178	0.0004	7.42
2001	55,873	1,052,132,800	345,000	282,058	62,942	0.0001	1.13
2002	56,798	1,107,532,250	60,000	18,474	41,526	-	.73
2003	57,530	1,161,307,950	-	-	-	-	-
2004	57,237	1,225,296,300	-	-	-	-	-

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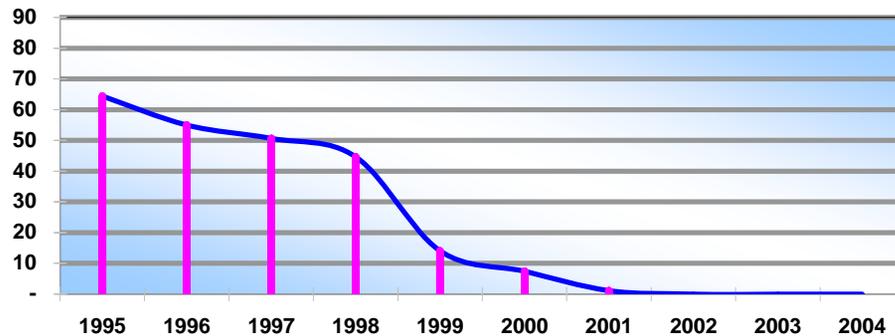
<sup>1</sup> Planning Department

<sup>2</sup> From Assessing Annual Report

<sup>3</sup> Amount does not include special assessment bonds and revenue bonds

Sources:  
Planning Department  
Assessing Division  
Fiscal Services

**NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**



**CITY OF BISMARCK, NORTH DAKOTA  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL BONDED DEBT TO TOTAL  
GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS**

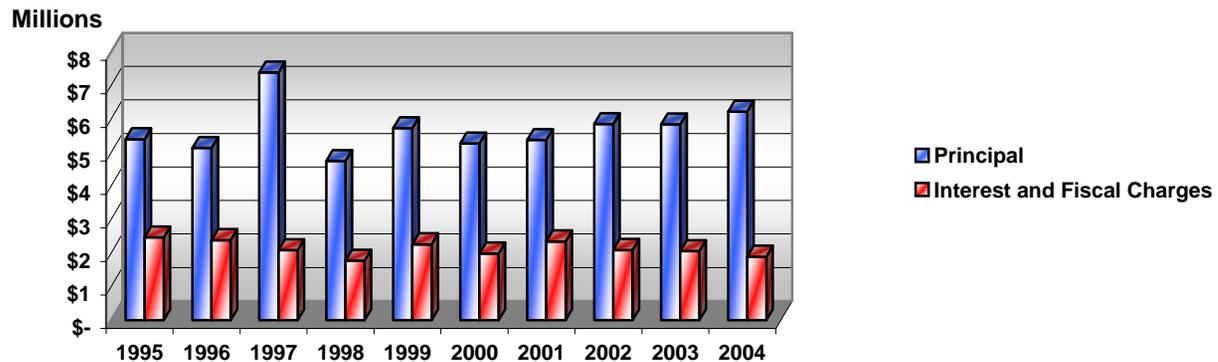
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest and Fiscal Charges</b>	<b>Total Debt Service<sup>1</sup></b>	<b>Total General Governmental Expenditures<sup>2</sup></b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1995	\$ 5,400,000	\$ 2,468,746	\$ 7,868,746	\$ 43,346,789	0.1815
1996	5,140,000	2,387,775	7,527,775	43,427,988	0.1733
1997	7,395,000	2,087,762	9,482,762	46,364,874	0.2045
1998	4,750,000	1,774,657	6,524,657	40,463,499	0.1612
1999	5,730,000	2,264,992	7,994,992	42,845,925	0.1866
2000	5,275,001	1,988,451	7,263,452	40,179,463	0.1808
2001	5,380,065	2,350,011	7,730,076	41,521,830	0.1862
2002	5,855,360	2,094,524	7,949,884	58,368,901	0.1362
2003	5,845,001	2,062,745	7,907,746	51,156,039	0.1546
2004	6,225,000	1,894,734	8,119,734	54,073,841	0.1502

<sup>1</sup> Total Debt Service includes the debt recorded in the Debt Service Fund less any refunding and transfers.

<sup>2</sup> Refer to the Total General Government Expenditures less any refunding.

Source: Fiscal Services

**COMPARISON OF PRINCIPAL AND INTEREST**



**CITY OF BISMARCK, NORTH DAKOTA  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 GENERAL OBLIGATION  
 DECEMBER 31, 2004**

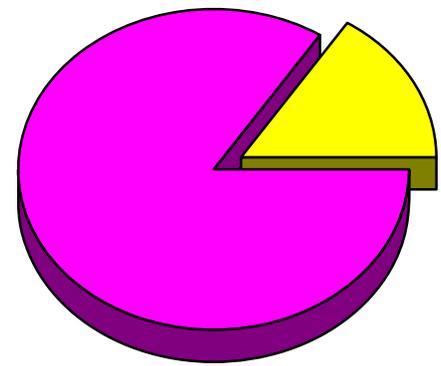
<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Bismarck Public School	\$ 23,577,177	84.03 %	\$ 19,811,430
Totals	<u>\$ 23,577,177</u>		<u>\$ 19,811,430</u>

Sources:  
 Bismarck Public School as of June 30, 2004  
 Fiscal Services

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**GENERAL OBLIGATION BONDED DEBT  
 APPLICABLE TO THE CITY**

**Applicable to  
 the City of  
 Bismarck  
 \$19,811,430**



**CITY OF BISMARCK, NORTH DAKOTA  
REVENUE BOND COVERAGE  
WATER AND SEWER UTILITIES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Payment</u>	<u>Coverage</u>
1995	8,029,199	5,260,653	2,768,546	500,000 *	382,472	882,472	3.14
1996	8,853,578	5,395,342	3,458,236	700,000	116,705	816,705	4.23
1997	9,747,058	5,533,229	4,213,829	700,000	92,555	792,555	5.32
1998	9,962,153	5,743,680	4,218,473	730,000	65,720	795,720	5.30
1999	9,867,647	4,965,072	4,902,575	810,000	31,973	841,973	5.82
2000	10,959,257	4,676,758	6,282,499	425,000	49,159	474,159	13.25
2001	11,918,706	5,075,069	6,843,637	-	-	-	-
2002	13,090,703	5,461,252	7,629,451	-	-	-	-
2003	13,396,192	5,609,458	7,786,734	-	-	-	-
2004	13,608,651	5,884,521	7,724,130	-	-	-	-

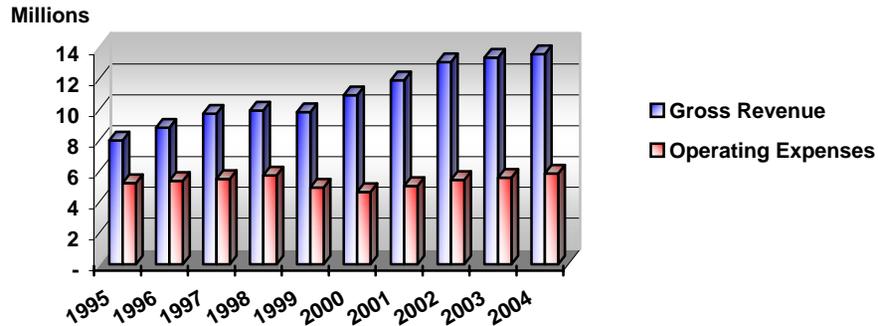
Note: Totals are exclusive of nonoperating revenues, expenditures and depreciation.

\* \$3,375,000 was also paid on the WD 1995 bond issue, which was refunded into WD 1993 and called in 1995.

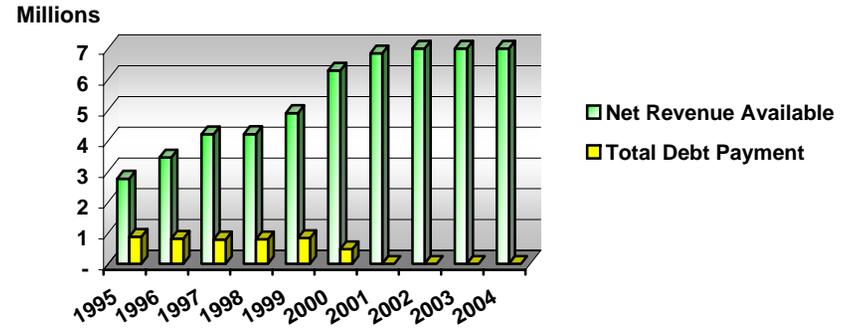
Source: Fiscal Services

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**WATER & SEWER UTILITIES GROSS REVENUE TO OPERATING EXPENSES**



**RATIO NET INCOME AVAILABLE TO TOTAL DEBT PAYMENT**



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

<u>Fiscal Year</u>	<u>Population<sup>1</sup></u>	<u>Per Capita Income<sup>2</sup></u>	<u>Median Age<sup>1</sup></u>	<u>Public School Enrollment<sup>3</sup></u>	<u>Unemployment Rate<sup>4</sup></u>
1995	53,168	34,458	34.5	10,834	3.5 %
1996	53,917	36,258	34.9	10,854	2.3
1997	53,982	37,269	35.4	10,747	2.3
1998	54,040	38,280	35.8	10,761	3.0
1999	54,571	39,317	36.0	10,607	3.0
2000	55,392	39,664	36.2	10,476	2.5
2001	55,873	42,356	36.5	10,460	2.2
2002	56,798	42,917	36.7	10,359	3.3
2003	57,530	43,037	36.7	10,361	3.1
2004	57,237	44,481	36.8	10,440	2.7

Sources:

<sup>1</sup>Planning Department

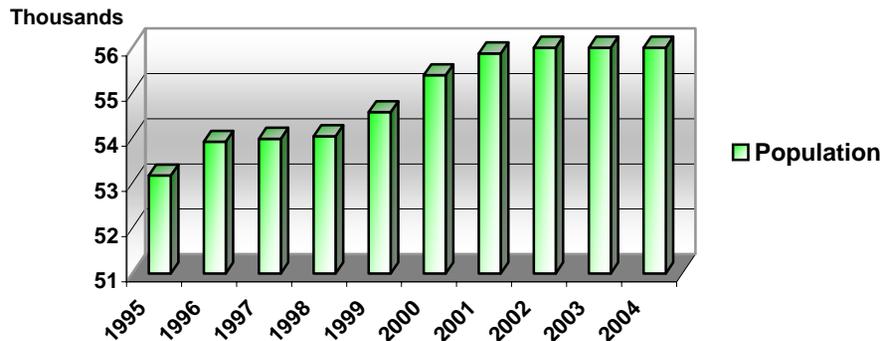
<sup>2</sup>State Tax Department

<sup>3</sup>Bismarck Public Schools

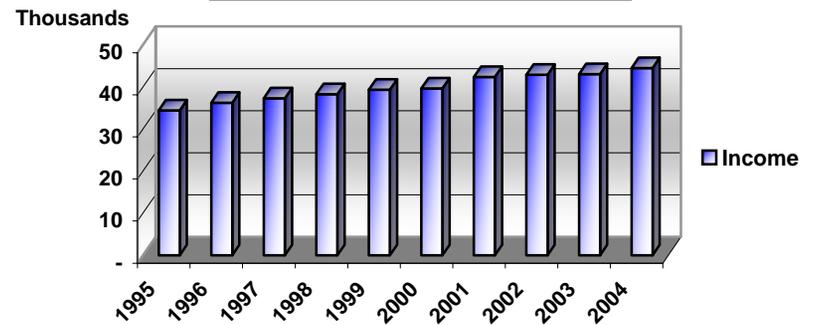
<sup>4</sup>North Dakota Job Service

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**DEMOGRAPHIC STATISTICS POPULATION**



**DEMOGRAPHIC STATISTICS PER CAPITAL INCOME**



**CITY OF BISMARCK, NORTH DAKOTA  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS**

Fiscal Year	Commercial Construction Value <sup>1</sup>	Residential Number of Units	Residential Construction Value	Market Value			Bank Deposits
				Commercial	Residential	Agricultural	
1995	25,267,361	314	22,325,807	552,932,000	1,043,476,100	667,700	747,242,000
1996	38,446,225	251	22,346,868	572,414,800	1,112,908,300	676,700	768,209,000
1997	57,354,145	456	31,176,102	598,995,900	1,177,801,400	677,900	789,162,000
1998	31,408,147	483	45,116,455	648,036,300	1,234,447,300	689,700	812,979,000
1999	43,866,775	267	33,239,904	699,557,400	1,309,059,600	838,700	844,026,000
2000	23,044,411	215	27,443,555	730,592,400	1,372,891,300	781,900	890,741,000
2001	45,697,614	453	46,707,968	766,745,200	1,447,672,800	646,400	1,099,461,000
2002	39,651,532	382	47,916,806	795,339,500	1,526,711,000	565,400	1,097,152,000
2003	55,785,065	479	65,723,949	835,273,400	1,614,729,100	590,100	1,118,589,000
2004	68,456,946	419	61,525,189	873,691,400	1,739,587,900	550,200	1,187,463,000

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<sup>1</sup>The number of units are not available in commercial construction.

Sources:  
Assessing Division  
Fire & Inspections

**CITY OF BISMARCK, NORTH DAKOTA  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2003**

Date of incorporation	1875
Form of government	City Commission
Number of employees (excluding police and fire)	289
Area in square miles	28

City of Bismarck facilities and services:

Miles of streets	320
Number of street lights	6,204
Fire protection and code enforcement:	
Number of stations	4
Number of building and environmental health officials	11
Number of fire personnel and officers	65
Number of emergency dispatches	2,093
Number of fire inspections conducted	2,466
Number of building inspection permits	4,796
Number of environmental health inspections conducted	4,684
Police protection:	
Number of stations	1
Number of police personnel and officers	115
Number of patrol and traffic units	43
Number of traffic citations	14,111
Number of parking citations	14,055
Number of accidents	3,018
Number of 911 emergency dispatches	4,257
Airline traffic:	
	159,963
Number of passengers-deplaning	160,613
Pounds of airmail-enplaning	16,076
Pounds of airmail-deplaning	7
Pounds of freight-enplaning	153,600
Pounds of freight-deplaning	209,302
Sewerage system:	
Miles of sanitary sewers	247
Miles of storm sewers	102
Number of treatment plants	1
Daily average treatment in gallons	5,960,000
Maximum daily capacity of plant in gallons	7,500,000

Water system:	
Miles of watermains	275
Number of service connections	16,400
Number of fire hydrants	2,459
Daily average consumption in gallons	9,360,000
Maximum daily capacity of plant in gallons	30,000,000
Education:	
Number of elementary schools	15
Number of secondary schools	6
Number of teaching staff elementary/secondary schools	813
Number of state colleges	1
Number of universities	1
Hospitals:	
Number of hospitals	2
Number of patient beds	546

Sources:

- Bismarck Public School
- Engineering Department
- Fire & Inspections
- Human Resources Department
- Planning Department
- Police Department
- Public Works Department
- St. Alexius and Medcenter One



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Board  
of City Commissioners  
City of Bismarck  
Bismarck, North Dakota

We have audited the 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, 2004, which collectively comprise the City of Bismarck's basic financial statements as listed in the table of contents and have issued our report thereon dated April 1, 2005. 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.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit, we considered City of Bismarck's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

***COMPLIANCE AND OTHER MATTERS***

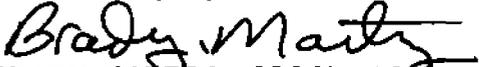
As part of obtaining reasonable assurance about whether the City of Bismarck's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City of Bismarck in a separate letter dated April 1, 2005.

BRADY, MARTZ & ASSOCIATES, P.C.  
207 East Broadway, P.O. Box 1297  
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

OTHER OFFICES: Minot and Grand Forks, ND  
Thief River Falls, MN

This report is intended solely for the information and use of the Mayor, the City Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
BRADY, MARTZ & ASSOCIATES, P.C.

April 1, 2005



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Honorable Mayor and Board  
of City Commissioners  
City of Bismarck  
Bismarck, North Dakota

**COMPLIANCE**

We have audited the compliance of the City of Bismarck with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Bismarck's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Bismarck's management. Our responsibility is to express an opinion on the City of Bismarck's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis evidence about the City of Bismarck's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Bismarck's compliance with those requirements.

As described in Finding #04-1 in the accompanying schedule of findings and questioned costs, the City of Bismarck, did not comply with the requirements regarding Allowable Costs/Cost Principles compliance requirement that are applicable to the State Domestic Preparedness Equipment Support Program. Compliance with such requirements is necessary, in our opinion, for the City of Bismarck to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Bismarck complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

BRADY, MARTZ & ASSOCIATES, P.C.  
207 East Broadway, P.O. Box 1297  
Bismarck, ND 58502-1297 (701) 223-1717 Fax (701) 222-0894

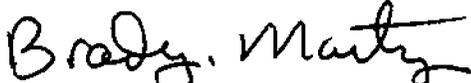
OTHER OFFICES: Minot and Grand Forks, ND  
Thief River Falls, MN

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City of Bismarck is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bismarck's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the of the Mayor, the City Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
BRADY, MARTZ & ASSOCIATES, P.C.

April 1, 2005

**CITY OF BISMARCK**  
**SCHEDULE OF FEDERAL EXPENDITURES AND PROGRAMS**  
**AS OF DECEMBER 31, 2004**

Grantor			
Passed through			
	Program	CFDA #	Expenditures
<b><i>Housing and Urban Development</i></b>			
Direct	CDBG	14.218	613,296
	HOME	14.239	33,570
<b>Total U.S. Department of Housing and Urban Development</b>			<b>646,866</b>
<b><i>Department of Justice</i></b>			
Direct	COPS Universal Hiring Program	16.710	67,493
Direct	COPS Cops in Schools	16.710	80,660
Direct	COPS Cops in Schools	16.710	60,414
			<u>208,567</u>
Direct	Local Law Enforcement Block Grant #7	16.592	16,625
Direct	Local Law Enforcement Block Grant #8	16.592	44,784
Direct	Local Law Enforcement Block Grant #9	16.592	17,957
			<u>79,366</u>
Direct	Bullet Proof Vest/Armor	16.607	4,177
Direct	Edward Byrne - Abused Adult Resource Center	16.579	28,668
<b><i>State Attorney General</i></b>			
	State Fire Marshall Training	20.703	10,704
	Safe Neighborhood Training	16.609	8,636
<b><i>ND Highway Patrol</i></b>			
	Alcohol Enforcement	16.540	10,565
<b><i>ND Association of Counties</i></b>			
	Juvenile Accountability Incentive Block Grants	16.523	854
	Juvenile Accountability Incentive Block Grants	16.523	18,215
			<u>19,069</u>
	Homeland Security	16.007	435
<b>Total Dept of Justice</b>			<b>370,187</b>
<b><i>Department of Transportation</i></b>			
Direct	Airport Improvement Project #26	20.106	8,248
Direct	Airport Improvement Project #27	20.106	7,065
Direct	Airport Improvement Project #28	20.106	1,804
Direct	Airport Improvement Project #29	20.106	6,259
Direct	Airport Improvement Project #32	20.106	1,269,893
Direct	Airport Improvement Project #33	20.106	6,950,418
Direct	Airport Improvement Project #34	20.106	17,092
			<u>8,260,779</u>
Direct	Small Community Air Service Research	20.930	190,375

	MPO	20.205	**	374,414
<b>Direct</b>	UMTA - E/H Transit	20.507		1,694,325
<b>North Dakota State University</b>				
	Highway Planning and Construction	20.205	**	16,000
<b>State Highway Department</b>				
	Occupant Protection Plan	20.604		2,378
	Safety Incentive Grants for Safety Belts	20.604		932
				<u>3,310</u>
	Alcohol Highway Safety	20.602		1,064
	Electronic Crash Reporting System Equipment	20.603		13,379
	Alcohol Incentive Plan	20.601		3,363
	Highway Construction	20.205	**	1,295
	Main Ave	20.205	**	639,508
	East Divide Ave	20.205	**	375,020
				<u>1,033,629</u>
<b>North Dakota Parks &amp; Recreation</b>				
	Walking Trails	20.219		20,000
<b>Total Dept of Transportation</b>				
				<u>11,592,832</u>
<b>National Endowment for the Arts</b>				
<b>North Dakota Council of the Arts</b>				
	Promotion of the Arts - Partnership Agreement	45.025		600
<b>Total National Endowment for the Arts</b>				
				<u>600</u>
<b>Department of Homeland Security</b>				
<b>North Dakota Department of Emergency Management</b>				
	Flood Mitigation	97.029		158,617
	Homeland Security-2003 II State Supplemental Grant	97.004	*	15,000
	Homeland Security-2003 II State Supplemental Grant	97.004	*	2,640
	Homeland Security-Emergency Manganement	97.004	*	2,053
	Homeland Security-Environmental Health	97.004	*	15,316
	Homeland Security-Environmental Health	97.004	*	118,093
	Homeland Security-Fire & Inspections	97.004	*	110,655
	Homeland Security-Fire & Inspections	97.004	*	319,651
	Homeland Security-Terrorism Annex	97.004	*	3,491
	Homeland Security-Equipment	97.004	*	38,341
	Homeland Security-Terrorism Prevention Equipment	97.004	*	13,390
	Homeland Security-Terrorism Prevention Equipment	97.004	*	21,500
	Emergency Medical Response	97.004	*	29,561
	Bomb Equipment	97.004	*	408,461
	Homeland Security Equipment	97.004	*	1,414
	Homeland Security-Law Enforcement Equipment	97.004	*	3,847
	DOJ State Domestic Preparedness Grant	97.004	*	772
	DOJ State Domestic Preparedness Grant	97.004	*	6,094
	DOJ State Domestic Preparedness Grant	97.004	*	2,525
	DOJ State Domestic Preparedness Grant	97.004	*	665
	DOJ State Domestic Preparedness Grant	97.004	*	401
	DOJ Decontamination	97.004	*	380
				<u>1,114,250</u>

<b>ND Association of Counties</b>		
Drill at Airport	97.004 *	34,477
<b>Total Department of Homeland Security</b>		<u>1,307,344</u>
<b>U.S. Department of Health and Human Services</b>		
<b>North Dakota Department of Health</b>		
Women's Way-Breast & Cervical Cancer Screening	93.283	52,134
Tobacco Prevention & Control	93.283	38,204
Local Assessment Instrument	93.283	570
Smallpox Vaccine	93.283	44,888
Health Alert Network	93.283	4,336
West Nile Virus-Mosquitos	93.283	3,674
West Nile Virus	93.283	7,745
Bioterrorism Reponse Coordinator	93.283	27,080
Bioterrorism Reponse Coordinator	93.283	155,685
Public Health Preparedness & Response for Bioterrorism Program	93.283	3,750
		<u>338,066</u>
Tuberculosis	93.116	8,135
Immunization	93.268	34,856
HIV Testing	93.340	4,560
Ryan White CARE	93.917	10,213
ND Health Tracks	93.991	120,388
Maternal & Child Health/OPOP	93.994	64,258
Storm Sewer	66.460	1,141
<b>Total Department of Health and Human Services</b>		<u>581,617</u>
<b>Department of Agriculture</b>		
Direct    USDA-Partners in Planting	10.664	418
Direct    USDA-Partners in Planting	10.664	1,925
		<u>2,343</u>
<b>North Dakota State University</b>		
Wildfire Hazard Mitigation	10.664	87,761
America the Beautiful	10.664	5,000
		<u>92,761</u>
<b>Total Department of Agriculture</b>		<u>95,104</u>
		<u>\$ 14,594,550</u>

**NOTES:**

See Note 1 of the financial statements for the City of Bismarck's significant accounting policies.

\* Total City of Bismarck expenditures for CFDA #97.004 equaled \$1,148,727

\*\* Total City of Bismarck expenditures for CFDA #20.205 equaled \$1,406,237

**Subrecipients**

Of the federal awards presented in the schedule, the City of Bismarck provided federal awards to subrecipients as follows:

Federal Grantor / Program Title	CFDA#	Amount Provided to Subrecipients
Department of Transportation UMTA - E/H Transit	20.507	\$ 1,694,325

**CITY OF BISMARCK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2004**

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NONE

# CITY OF BISMARCK

## Schedule of Federal Findings and Questioned Costs

December 31, 2004

### 1. Summary of auditor's results

a) Type of report issued on the financial statements.

An unqualified opinion was issued.

b) Disclosure of reportable conditions in internal controls and whether any were material weaknesses.

No reportable conditions were reported.

c) Disclosure of noncompliance which is material to the financial statements.

We noted no instances of noncompliance which were material to the financial statements.

d) Disclosure of reportable conditions in internal control over major programs and whether any were material weaknesses.

We noted no reportable conditions in internal controls over major programs.

e) Type of report issued on compliance for major programs.

The opinion was qualified for finding #04-1 (CFDA #93.283).

f) Disclosure of audit findings required to be reported.

#04-1      CFDA #93.283

Questioned Cost: \$69,537

During our testing of expenditures charged to the Centers for Disease Control and Prevention-Investigations and Technical Assistance grant by the City of Bismarck's Fire Department, we noted that unallowable costs were charged to the grant. Also, the total amount of certain indirect costs including utilities, repairs, telephone and supplies were charged to the grant instead of only a portion of those costs being allocated to the grant based upon FTE, usage or square footage. By not properly allocating the indirect costs, these federal funds were used to supplant other state and local funds that had paid these costs in prior years. The questioned cost represents the total of unallowable expenditures and the amount of indirect costs that were improperly allocated to the grant.

**Corrective Action Plan**

The City will work with the North Dakota Department of Health and US Department of Health and Human Services grant staff to resolve the issues from the finding. Pending resolution of the grant issues, the City Commission directed the Fire Department to only submit reimbursement requests for cost directly related to the Bioterrorism grant activities or those costs documented by the Health Department as eligible under the terms and purpose of the grants. Training on proper grant procedures will be provided to the Departments and that the Audit Committee will develop a policy to establish the proper basis for cost allocations in operating grants.

g) Identification of major programs:

97.004	State Domestic Preparedness Equipment Support Program
20.106	Airport Improvement Project
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance
16.710	Public Safety Partnership and Community Policing Grants (COPS)
97.029	Flood Mitigation Assistance
20.205	Highway Planning and Construction

h) Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

i) Statement as to whether the auditee qualified as a low-risk auditee.

The auditee did qualify as a low-risk auditee.

2. Findings relating to the financial statements.

None

3. Findings and questioned costs for federal awards.

See finding #04-1

4. Prior years findings and questioned costs for federal awards.

None