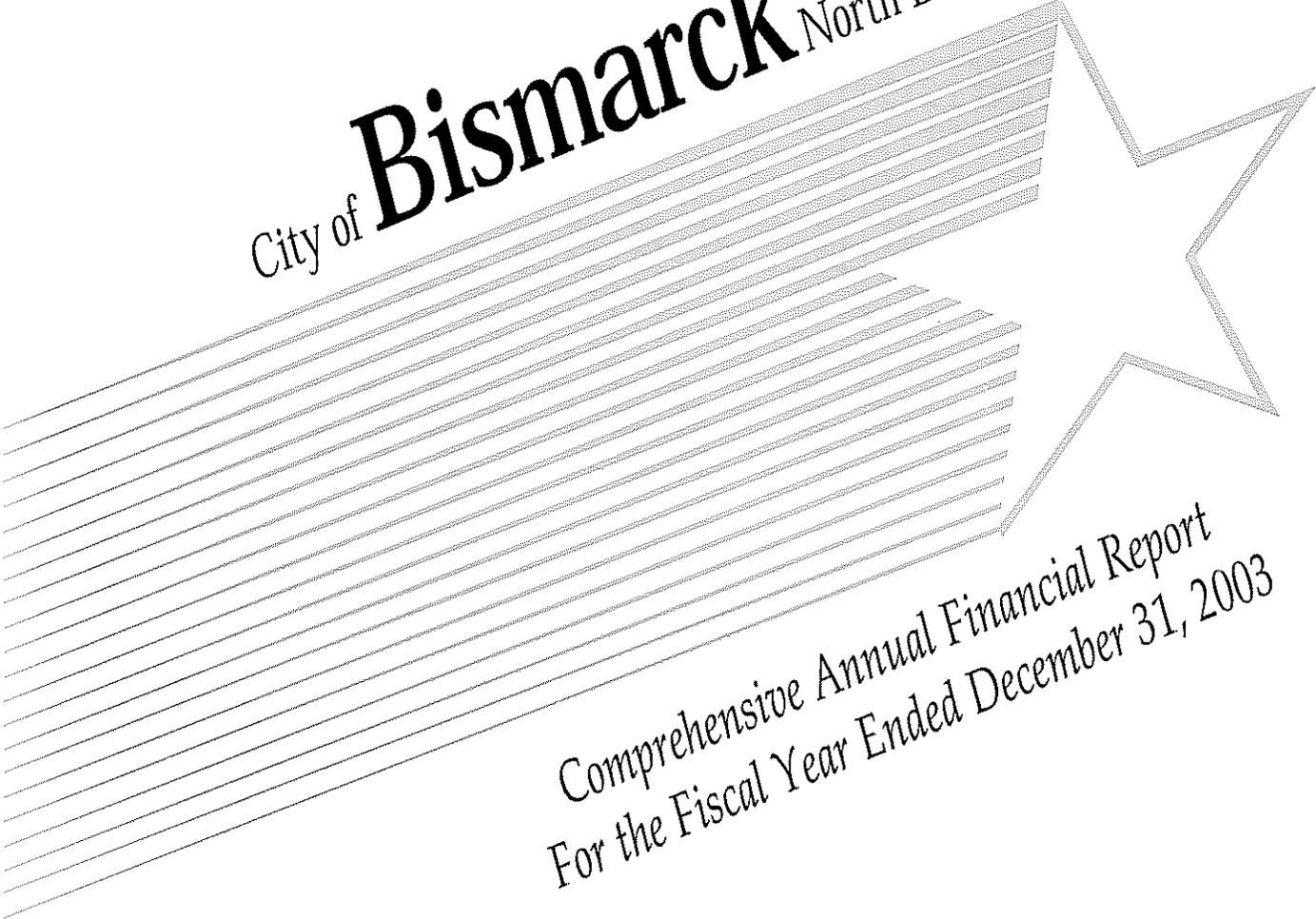


City of **Bismarck** North Dakota



*Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2003*

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**  
**December 31, 2003**

**Prepared by Fiscal Services**

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**CITY OF BISMARCK, NORTH DAKOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

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April 13, 2004

**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, 2003 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. This is the first year of implementation for the City. More information on this change can be found in Management's Discussion and Analysis (MD&A) and in the notes to the financial statements. 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 was selected by the City's audit committee to audit 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, 2003 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 27.93 square miles and an estimated population of 57,530. 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. In addition, the Commission is considering the cost benefit of a Walkway project that would link the major businesses in downtown. This is supplemented by the Renaissance Zone Program, which has been very successful this last year with the approval of ten new projects with estimated investments of \$4 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.

Taxable sales and purchases continued to increase in 2003 as compared to 2002 for Bismarck. This growth is evidenced by the .24% increase in sales tax revenue and 2.93% increase in the motel, restaurant and liquor tax revenue in the year 2003.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2003, 281 building permits were issued for residential construction within the City's corporate limits. This included 253 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 229 single-family building permits issued in 2003. Growth in the property tax base for the year 2003 was 5.51%. The table below provides the percentage change by property classification.

<b>Property Class</b>	<b>2003</b>	<b>2002</b>	<b>Percentage</b>
	<b>Market Value</b>	<b>Market Value</b>	<b>Change</b>
Commercial	\$ 835,273,400	\$ 795,339,500	5.02 %
Residential	1,614,729,100	1,526,711,000	5.77 %
Agricultural	590,100	565,400	4.37 %
<b>Total</b>	<b>\$ 2,450,592,600</b>	<b>\$2,322,615,900</b>	<b>5.51 %</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 \$2,164,360 with an average interest rate of 2.1% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee pension and Police pension had a net investment gain of \$9,375,137 for an average gain of 22.46% for the fiscal year.

### **Major Initiatives in 2003**

Infrastructure investments continue to be a top priority for the City. Several major facility projects were undertaken or completed during the year.

In June, 2002 the City Commission authorized the construction of the multi-year new terminal area project for the Bismarck Municipal Airport. This first phase included reconfiguration of the airport entrance/exit roadway and parking lot system and demolition of the older addition of the terminal. The second phase, which includes construction of the terminal, began in the summer of 2003 and is expected to be completed in 2005.

The Commission authorized the planning, design and construction of a new Fire Station. East and northeast Bismarck has experienced much of the City's growth and this new station is strategically located in the northeast area to help ensure adequate response time to fire scenes. The engine company at the current North Fire station will be relocated in January 2004 to the new station site at 2510 East Divide.

Bismarck and Burleigh County authorized the relocation of the Combined Communications Center to the former National Weather Service Station at the Bismarck Airport. The Center has been looking for an alternate site since groundwater and bad air forced it to vacate the basement of the Law Enforcement Center in September of 1999. The Center moved to the new location in the spring of 2003.

The City authorized a multi-year project for renovation of the Law Enforcement Center. Restoration of the basement has been completed with the addition of an indoor shooting range. The garage roof was also replaced. The first floor remodeling was started in the winter of 2003 with expected completion in 2004.

The City Commission authorized the purchase of an office building located in the downtown area. Plans are being developed to remodel the building to accommodate the relocation of administrative space within the City/County Building. The building is also adjacent to the Civic Center so it is a prime location for any future expansion of the Civic Center.

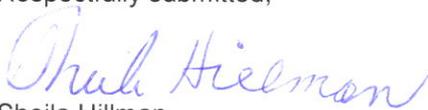
## **Awards and Acknowledgements**

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, 2002. 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. CAFRs 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, 2002

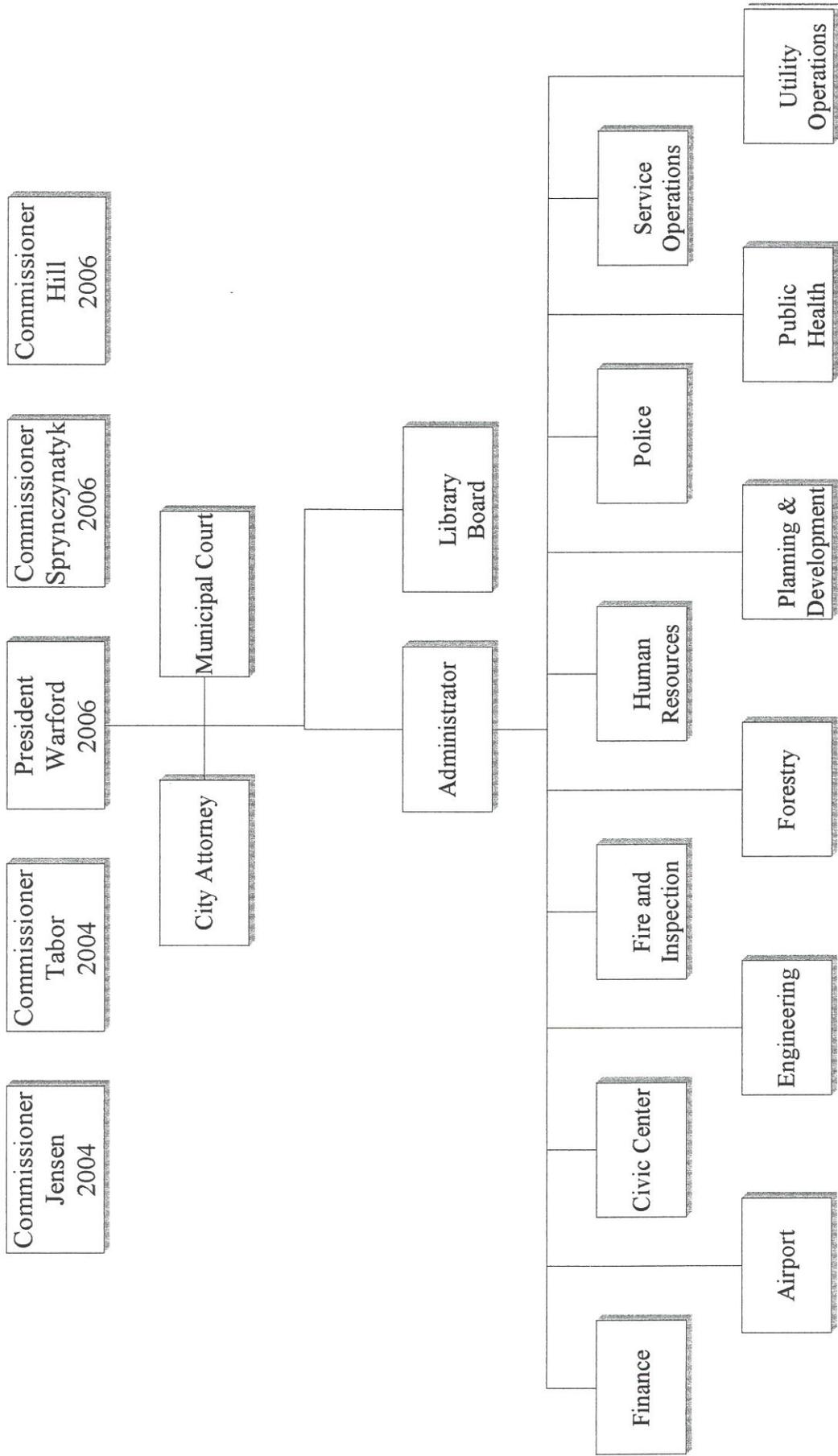
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Bismarck



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

**Mayor-Commissioners:**

	Initial Term Commenced	Current Term Expires
Mayor, John Warford	2002	2006
Commissioner, Dave Jensen	1988	2004
Commissioner, Sandi Tabor	1996	2004
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

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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, 2003, 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, 2003, 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.

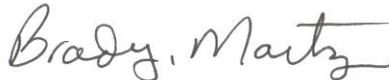
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as of the aggregate nonmajor governmental funds, nonmajor enterprise funds, the internal service fund type, and fiduciary fund type of the City of Bismarck, North Dakota as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV. (Other Information) E., the City adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as of January 1, 2003.

In accordance with "Government Auditing Standards," we have also issued our report dated April 13, 2004 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 grants. 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.

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 13, 2004

# **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, 2003. 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 \$302,693,449 (net assets).
- As of the close of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$117,317,181, an increase of \$12,384,314 in comparison with prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,228,669 or 85% of total general fund expenditures.
- Total revenue from all sources of \$82,037,191 exceeded the cost of all programs of \$54,908,959.

### **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-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, sales tax fund, street improvement bond fund, and lodging, liquor and food bond fund, which are considered to be major funds. Data from the other thirty-seven 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 – 26 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, Solid Waste Disposal, 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 27 – 30 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 31 – 32 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 33 – 59 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 55 – 56 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 \$302,693,449 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.

	<b>City of Bismarck Net Assets</b>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 81,646,457	\$ 36,485,721	\$118,132,178
Capital assets	92,022,194	155,234,690	247,256,884
<b>Total assets</b>	<u>173,668,651</u>	<u>191,720,411</u>	<u>365,389,062</u>
Long-term liabilities outstanding	50,619,663	791,333	51,410,996
Other liabilities	5,731,808	5,552,810	11,284,618
<b>Total liabilities</b>	<u>56,351,471</u>	<u>6,344,143</u>	<u>62,695,614</u>
Net assets:			
Invested in capital assets, net of related debt	43,276,686	147,607,448	190,884,134
Restricted	19,860,939	-	19,860,939
Unrestricted	54,179,556	37,768,820	91,948,376
<b>Total net assets</b>	<u>\$ 117,317,181</u>	<u>\$ 185,376,268</u>	<u>\$302,693,449</u>

By far the largest portion of the City of Bismarck’s net assets (63%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City of Bismarck uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bismarck’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City of Bismarck’s ratio of long-term liabilities to capital assets is 21%. The ratio reflects the City of Bismarck’s strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Bismarck’s net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$91,948,376 may be used to meet the City’s ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$54,179,556 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 4.0 and for the business activities is 6.2 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.

**City of Bismarck  
Changes in Net Assets**

	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 9,056,446	\$ 21,214,477	\$ 30,270,923
Operating grants and contributions	8,984,749	5,176,334	14,161,083
Capital grants and contributions	7,167,363	4,959,457	12,126,820
General revenues:			
Taxes	23,716,785	62,911	23,779,696
Investment earnings	750,390	396,668	1,147,058
Miscellaneous	14,324	537,287	551,611
<b>Total revenues</b>	<u>49,690,057</u>	<u>32,347,134</u>	<u>82,037,191</u>
<b>Expenses:</b>			
General Government	8,179,507	-	8,179,507
Public Safety	11,796,743	-	11,796,743
Highways and Streets	5,459,602	-	5,459,602
Health and Welfare	1,570,817	-	1,570,817
Culture and Recreation	8,909,217	-	8,909,217
Interest and Fiscal Charges	1,907,209	-	1,907,209
Public Works	707,778	-	707,778
Airport	-	3,189,893	3,189,893
Airport Flightline	-	813,909	813,909
Solid Waste Disposal	-	1,722,807	1,722,807
Solid Waste Collections	-	1,525,709	1,525,709
Water	-	5,455,249	5,455,249
Sanitary Sewer	-	2,621,053	2,621,053
Storm Water	-	303,776	303,776
Parking Authority Lots	-	745,690	745,690
<b>Total expenses</b>	<u>38,530,873</u>	<u>16,378,086</u>	<u>54,908,959</u>
Increase in net assets before transfers	11,159,184	15,969,048	27,128,232
Transfers	1,225,130	(1,463,519)	(238,389)
Increase in net assets	12,384,314	14,505,529	26,889,843
Net assets - 1/1/2003	104,932,867	170,870,739	275,803,606
Net assets - 12/31/2003	<u>\$ 117,317,181</u>	<u>\$ 185,376,268</u>	<u>\$ 302,693,449</u>

**Governmental Activities**

Governmental activities increased the City of Bismarck's net assets by \$12,384,314, accounting for 46% of the total increase in the net assets of the City of Bismarck. Approximately \$7 million was capital grant contributions from the North Dakota Department of Transportation and \$5 million from Special Assessment Revenue.

### **Business-type Activities**

Business-type activities increase the City of Bismarck's net assets by \$14,505,529, accounting for 54% of the total growth in the City of Bismarck's net assets. Airport received approximately \$5 million in capital grants to fund the new Airport facility and Water and Sewer Utilities charges for services increased to \$9 million for improvements.

## **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 \$53,303,235, and increase of \$4,311,946 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 \$38,301, 2) to reserve for debt service payments of \$700,000, 3) for advances to other funds of \$1,648,759 4) to pay for inventory of \$60,854, and 5) for long-term receivables of \$522,121.

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 \$16,190,368, while total fund balance reached \$16,228,669. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 85% of the total general fund expenditures.

The General Fund balance increased by \$1,234,904 during the current fiscal year. Key factors in this growth includes an increase in charges for services revenue of approximately \$500,000 and expenditures were under the budget by approximately \$700,000.

The debt service funds have a total fund balance of \$19,109,471, of which \$568,759 is reserved for the payment of advances to other funds and \$700,000 is reserved for future debt service payments. The net increase in fund balance during the current year in the debt service fund was \$4,526,485. Lodging, Liquor and Food Bonds received refunding proceeds of \$7,295,000 and Street Improvement Bonds paid refunding bonds of \$1,925,000.

### **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 \$29,169,842. All individual proprietary funds reported increases in net assets, except for Solid Waste Collections and Parking Authority Lots. Solid Waste Collections phased in a new waste collection system in 2002 thru 2003. Associated startup cost and depreciation account for the negative change in net asset of \$669,177. Parking Authority Lots have a negative change in net asset of \$177,866 due to the transfer out to Tax Increment for capital funding of assets.

## GENERAL FUND BUDGETARY HIGHLIGHTS

There were no variances between original and final budget. However, significant variances between budget and actual are as follows:

- Charges for Service revenue exceeded budget by \$355,477 due to increased events at the Civic Center and engineering fees.
- License and Permits revenue exceeded budget by \$247,760 due to the increase in building permits.
- Two new divisions were established in Administrations budget but were not implemented until the fall of 2003 which resulted in an expenditure surplus of \$220,443.
- Finance budgeted for a computer expansion which was deferred to future years and staff turnover that attributed to an expenditure surplus of \$229,437.
- Staff turnover attributed to \$124,109 of expenditure surplus in the Police department.

## 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, 2003, amounts to \$190,884,134 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress. Major capital asset events during the current fiscal year included the following:

- Phase II of the State Street Reconstruction, north of I-94 was completed to prevent further deterioration.
- Highway 1804 from 12<sup>th</sup> Street to 48<sup>th</sup> Ave. South was reconstructed to improve traffic flow.
- 3<sup>rd</sup> Street from Main Ave. to Arbor Ave. was widened to add turning lanes.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 1,712,508	\$ 7,474,245	\$ 9,186,753
Construction in Progress	2,161,595	16,468,442	18,630,037
Buildings	34,634,196	43,135,626	77,769,822
Improvements Other Than Buildings	15,789	83,355,904	83,371,693
Machinery and Equipment	8,517,893	4,800,473	13,318,366
Infrastructure	44,980,213	-	44,980,213
Total	<u>\$ 92,022,194</u>	<u>\$ 155,234,690</u>	<u>\$ 247,256,884</u>

Additional information on the City of Bismarck’s capital assets can be found in Note IV.B on pages 43 – 44 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 \$51,410,996. Of this amount, \$31,305,000 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
Special Assessment Bonds	\$ 31,305,000	\$ -	\$ 31,305,000
Revenue Bonds	16,875,000	-	16,875,000
Capital Leases	565,508	300,104	865,612
Compensated Absences	1,579,224	437,605	2,016,829
Claims and Judgements	294,931	53,624	348,555
Total	<u>\$ 50,619,663</u>	<u>\$ 791,333</u>	<u>\$ 51,410,996</u>

The City issued new debt of special assessments of \$5,085,000. The 1998 Motel, Liquor, Restaurant revenue bonds was refinanced for \$7,295,000 which is held in escrow and payable 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 1.94 mills for a total of 102.56 mills for the 2004 budget. This reduction continues a trend of lowering the mill levy since 1993.

The Commission considered the multi-year funding requirements for some major street projects including East Century Avenue and the new Memorial Bridge starting in 2006. Both projects have significant future costs impact on our current Sales Tax funding level for street projects. 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 2004 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).

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**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,098,780	\$ 10,020,431	\$ 39,119,211
Investments	23,022,670	18,786,162	41,808,832
Receivables:			
Taxes	308,561	-	308,561
Accounts	2,925,045	2,597,173	5,522,218
Special assessments	22,317,021	1,231,668	23,548,689
Intergovernmental	687,367	-	687,367
Notes receivable	368,313	1,025,892	1,394,205
Internal balances	295,734	(295,734)	-
Due from fiduciary funds	1,208,578	-	1,208,578
Inventories	60,854	52,169	113,023
Prepaid items	-	59,754	59,754
Restricted assets:			
Cash and cash equivalents	174,024	35,005	209,029
Investments	1,023,040	2,952,854	3,975,894
Fixed assets held for resale	-	20,347	20,347
Unamortized debt cost	156,470	-	156,470
Capital assets (net of accumulated depreciation):			
Land	1,712,508	7,474,245	9,186,753
Building and building improvements	34,634,196	43,135,626	77,769,822
Improvements other than buildings	15,789	83,355,904	83,371,693
Machinery and equipment	8,517,893	4,800,473	13,318,366
Infrastructure	44,980,213	-	44,980,213
Construction in progress	2,161,595	16,468,442	18,630,037
Total assets	<u>173,668,651</u>	<u>191,720,411</u>	<u>365,389,062</u>
<b>LIABILITIES</b>			
Accounts payable	2,363,211	1,451,157	3,814,368
Retainage payable	237,517	560,473	797,990
Interest payable	253,967	-	253,967
Deferred revenue	1,679,982	-	1,679,982
Customer deposits	1,197,131	2,987,851	4,184,982
Noncurrent liabilities:			
Due within one year	14,489,035	385,285	14,874,320
Due in more than one year	36,130,628	406,048	36,536,676
Closure and postclosure costs	-	553,329	553,329
Total liabilities	<u>56,351,471</u>	<u>6,344,143</u>	<u>62,695,614</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	43,276,686	147,607,448	190,884,134
Restricted for:			
Restricted for debt service	18,814,539	-	18,814,539
Restricted for capital improvements	1,046,400	-	1,046,400
Unrestricted	54,179,556	37,768,820	91,948,376
Total net assets	<u>\$ 117,317,181</u>	<u>\$ 185,376,268</u>	<u>\$ 302,693,449</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, 2003**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	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	\$ 8,179,507	\$ 1,309,787	\$ 1,408,213	\$ 35,775	\$ (5,425,732)	\$ -	\$ (5,425,732)
Public safety	11,796,743	1,455,663	1,307,169	-	(9,033,911)	-	(9,033,911)
Highways and streets	5,459,602	1,062,264	2,435,244	-	(1,962,094)	-	(1,962,094)
Health and welfare	1,570,817	117,898	1,035,781	-	(417,138)	-	(417,138)
Culture and recreation	8,909,217	5,106,556	163,610	-	(3,639,051)	-	(3,639,051)
Interest and fiscal charges	1,907,209	-	-	-	(1,907,209)	-	(1,907,209)
Public works	707,778	4,278	2,634,732	7,131,588	9,062,820	-	9,062,820
Total governmental activities	38,530,873	9,056,446	8,984,749	7,167,363	(13,322,315)	-	(13,322,315)
Business-type activities:							
Airport	3,189,893	2,506,636	994,542	4,854,505	-	5,165,790	5,165,790
Airport flightline	813,909	860,300	-	-	-	46,391	46,391
Solid waste disposal	1,722,807	2,472,678	37,234	-	-	787,105	787,105
Solid waste collections	1,525,709	1,220,645	-	-	-	(305,064)	(305,064)
Water	5,455,249	8,584,721	1,011,389	70,421	-	4,211,282	4,211,282
Sanitary sewer	2,621,053	4,178,097	2,714,452	-	-	4,271,496	4,271,496
Storm water	303,776	616,636	418,717	34,531	-	766,108	766,108
Parking authority lots	745,690	774,764	-	-	-	29,074	29,074
Total business-type activities	16,378,086	21,214,477	5,176,334	4,959,457	-	14,972,182	14,972,182
Total primary government	\$ 54,908,959	\$ 30,270,923	\$ 14,161,083	\$ 12,126,820	(13,322,315)	14,972,182	1,649,867
General revenues:							
Taxes:							
Property taxes					11,108,956	-	11,108,956
Sales tax					10,025,742	-	10,025,742
State aid distribution					1,496,408	-	1,496,408
Franchise taxes					549,499	-	549,499
Other taxes					536,180	62,911	599,091
Unrestricted investment earnings					750,390	396,668	1,147,058
Gain on disposal of assets					14,324	537,287	551,611
Transfers					1,225,130	(1,463,519)	(238,389)
Total general revenues and separate line items					25,706,629	(466,653)	25,239,976
Changes in net assets					12,384,314	14,505,529	26,889,843
Net assets - beginning					104,932,867	170,870,739	275,803,606
Net assets - ending					\$ 117,317,181	\$ 185,376,268	\$ 302,693,449

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

**CITY OF BISMARCK, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	<u>General</u>	<u>Sales Tax</u>	<u>Street Improvement Bonds</u>	<u>Lodging Liquor/Food Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,079,922	\$ 2,631,135	\$ 1,701,229	\$ 7,466,623	\$ 11,156,200	\$ 28,035,109
Investments	9,561,590	-	-	336,951	11,477,718	21,376,259
Receivables:						
Taxes receivable	193,555	-	-	-	114,723	308,278
Accounts receivable	828,988	911,688	-	-	977,604	2,718,280
Special assessments	-	-	16,196,568	-	6,120,453	22,317,021
Intergovernmental	-	-	173,416	-	428,612	602,028
Notes receivable	-	-	-	-	368,313	368,313
Due from other funds	1,306,445	127,838	5,509,296	-	1,610,301	8,553,880
Intergovernmental	-	-	-	-	85,339	85,339
Advance to other funds	-	-	-	-	2,014,353	2,014,353
Inventories	-	-	-	-	60,854	60,854
Restricted assets:						
Investments	-	-	-	-	1,023,040	1,023,040
<b>Total Assets</b>	<u>\$ 16,970,500</u>	<u>\$ 3,670,661</u>	<u>\$ 23,580,509</u>	<u>\$ 7,803,574</u>	<u>\$ 35,437,510</u>	<u>\$ 87,462,754</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 422,030	\$ -	\$ -	\$ -	\$ 1,509,024	\$ 1,931,054
Retainage payable	-	-	-	-	237,517	237,517
Due to other funds	127,838	-	-	-	8,559,928	8,687,766
Advances from other funds	-	-	-	-	365,594	365,594
Deferred revenue	191,963	-	14,860,472	-	6,862,046	21,914,481
Customer deposits	-	-	-	-	1,023,107	1,023,107
<b>Total Liabilities</b>	<u>741,831</u>	<u>-</u>	<u>14,860,472</u>	<u>-</u>	<u>18,557,216</u>	<u>34,159,519</u>
<b>FUND BALANCES</b>						
Reserved for encumbrances	38,301	-	-	-	-	38,301
Reserved for debt service	-	-	-	700,000	-	700,000
Reserved for advances to other funds	-	-	-	-	1,648,759	1,648,759
Reserved for merchandise inventory	-	-	-	-	60,854	60,854
Reserved for long-term receivable	-	-	-	-	522,121	522,121
Unreserved, undesignated reported in:						
General fund	16,190,368	-	-	-	-	16,190,368
Special revenue funds	-	3,670,661	-	-	12,347,400	16,018,061
Debt service funds	-	-	8,720,037	7,103,574	2,017,101	17,840,712
Capital projects funds	-	-	-	-	284,059	284,059
<b>Total Fund Balances</b>	<u>16,228,669</u>	<u>3,670,661</u>	<u>8,720,037</u>	<u>7,803,574</u>	<u>16,880,294</u>	<u>53,303,235</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 16,970,500</u>	<u>\$ 3,670,661</u>	<u>\$ 23,580,509</u>	<u>\$ 7,803,574</u>	<u>\$ 35,437,510</u>	

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.	92,022,194
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,391,209
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.	2,179,242
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(50,578,699)

Net Assets of governmental activities

\$ 117,317,181

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 BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Sales Tax	Street Improvement Bonds	Lodging Liquor/Food Bonds	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 8,132,170	\$ 8,344,606	\$ -	\$ -	\$ 5,128,944	\$ 21,605,720
Licenses and permits	1,196,090	-	-	-	3,310	1,199,400
Special assessments	-	-	2,684,139	-	2,421,227	5,105,366
Intergovernmental	3,393,877	-	-	-	7,666,779	11,060,656
Charges for services	2,907,882	-	-	-	1,361,961	4,269,843
Fines and forfeits	965,169	-	-	-	40,439	1,005,608
Investment income	239,357	51,794	17,840	35,666	371,089	715,746
Rentals	107,892	-	-	-	402,184	510,076
Miscellaneous	58,069	-	-	-	127,678	185,747
Total revenues	<u>17,000,506</u>	<u>8,396,400</u>	<u>2,701,979</u>	<u>35,666</u>	<u>17,523,611</u>	<u>45,658,162</u>
<b>EXPENDITURES</b>						
Current						
General government	3,493,382	274,453	-	-	3,901,988	7,669,823
Public safety	10,437,461	-	-	-	612,902	11,050,363
Highways and streets	1,775,283	-	-	-	3,374,928	5,150,211
Health and welfare	1,001,245	-	-	-	544,692	1,545,937
Culture and recreation	1,849,324	-	-	-	1,944,954	3,794,278
Public works	-	-	-	-	736,087	736,087
Capital outlays						
General government	42,504	72,136	-	-	-	114,640
Public safety	492,261	-	-	-	290,400	782,661
Highways and streets	17,985	-	-	-	367,932	385,917
Culture and recreation	7,386	-	-	-	76,316	83,702
Public works	-	-	-	-	15,783,822	15,783,822
Debt service						
Principal	-	-	3,263,001	470,000	2,112,000	5,845,001
Interest and fiscal charges	-	-	1,013,646	612,732	436,367	2,062,745
Total expenditures	<u>19,116,831</u>	<u>346,589</u>	<u>4,276,647</u>	<u>1,082,732</u>	<u>30,182,388</u>	<u>55,005,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,116,325)</u>	<u>8,049,811</u>	<u>(1,574,668)</u>	<u>(1,047,066)</u>	<u>(12,658,777)</u>	<u>(9,347,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfer in	3,819,560	-	1,351,651	858,485	10,974,113	17,003,809
Operating transfer out	(468,331)	(8,934,975)	(151,944)	(267,396)	(3,977,192)	(13,799,838)
Proceeds of refunding bonds	-	-	-	7,295,000	-	7,295,000
Payment of refunding bonds	-	-	(1,925,000)	-	-	(1,925,000)
Special assessment bond proceeds	-	-	-	-	5,085,000	5,085,000
Total other financing sources (uses)	<u>3,351,229</u>	<u>(8,934,975)</u>	<u>(725,293)</u>	<u>7,886,089</u>	<u>12,081,921</u>	<u>13,658,971</u>
Net changes in fund balances	1,234,904	(885,164)	(2,299,961)	6,839,023	(576,856)	4,311,946
Fund balances - beginning, as adjusted	<u>14,993,765</u>	<u>4,555,825</u>	<u>11,019,998</u>	<u>964,551</u>	<u>17,457,150</u>	<u>48,991,289</u>
Fund balances - ending	<u>\$ 16,228,669</u>	<u>\$ 3,670,661</u>	<u>\$ 8,720,037</u>	<u>\$ 7,803,574</u>	<u>\$ 16,880,294</u>	<u>\$ 53,303,235</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, 2003**

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Net change in fund balances-total governmental funds (Page 20) \$4,311,946

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. 13,266,354

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. ( 78,868)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 1,708,153

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. ( 4,373,608)

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. 6,237

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. ( 2,455,900)

Change in net assets of governmental activities (Page 18) \$12,384,314

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET TO ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<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	\$ 8,421,838	\$ 8,421,838	\$ 8,132,170	\$ -	\$ 8,132,170
Licenses and permits	948,330	948,330	1,196,090	-	1,196,090
Intergovernmental	3,385,836	3,385,836	3,393,877	-	3,393,877
Charges for services	2,552,405	2,552,405	2,907,882	-	2,907,882
Fines and forfeits	902,400	902,400	965,169	-	965,169
Investment income	284,840	284,840	239,357	-	239,357
Rentals	126,950	126,950	107,892	-	107,892
Miscellaneous	23,300	23,300	58,069	-	58,069
Total revenues	<u>16,645,899</u>	<u>16,645,899</u>	<u>17,000,506</u>	<u>-</u>	<u>17,000,506</u>
<b>EXPENDITURES</b>					
Current					
General government					
Administration	938,549	938,547	718,104	5,550	712,554
Attorney	213,804	217,735	214,588	-	214,588
Finance	1,639,114	1,639,114	1,409,677	14,693	1,394,984
Human resources	284,820	284,828	229,496	-	229,496
Municipal court	236,243	236,243	227,502	-	227,502
Planning & development	838,036	838,458	669,158	(45,100)	714,258
Public safety					
Combined communications	931,332	944,082	853,406	-	853,406
Fire & inspections	3,906,416	3,832,666	3,806,536	-	3,806,536
Police	5,879,292	5,901,628	5,777,519	-	5,777,519
Highways and streets					
Engineering	1,134,543	1,134,543	1,092,517	-	1,092,517
Fire & inspections	221,623	221,623	217,164	-	217,164
Forestry	501,008	504,208	465,602	-	465,602
Health and welfare					
Public health	1,059,762	1,059,762	1,001,245	-	1,001,245
Culture - recreation					
Cable TV promotions	205,632	205,632	205,632	-	205,632
Centennial beach	10,000	10,000	243	-	243
Civic center	1,603,071	1,628,618	1,643,449	-	1,643,449
Capital outlays					
General government					
Building construction	347,500	347,500	-	-	-
Finance	130,000	103,522	7,799	(29,000)	36,799
Human resources	60,000	59,992	-	-	-
Planning & development	2,740	5,705	5,705	-	5,705
Public safety					
Combined communications	65,574	52,824	28,339	-	28,339
Fire & inspections	90,000	101,600	94,313	(15,759)	110,072
Police	376,698	354,362	353,850	-	353,850
Highways and streets					
Engineering	41,300	41,300	17,985	-	17,985
Forestry	51,200	48,000	18,058	18,058	-
Health and welfare					
Public health	6,500	6,500	-	-	-
Culture - recreation					
Civic center	43,200	31,200	7,386	-	7,386
Total expenditures	<u>20,817,957</u>	<u>20,750,192</u>	<u>19,065,273</u>	<u>(51,558)</u>	<u>19,116,831</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET TO ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

Excess (deficiency) of revenues over (under) expenditures	(4,172,058)	(4,104,293)	(2,064,767)	51,558	(2,116,325)
<hr/>					
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	3,767,733	3,767,733	3,819,560	-	3,819,560
Operating transfer out	(884,033)	(951,798)	(468,331)	-	(468,331)
<hr/>					
Total other financing sources (uses)	2,883,700	2,815,935	3,351,229	-	3,351,229
<hr/>					
Net changes in fund balances	(1,288,358)	(1,288,358)	1,286,462	51,558	1,234,904
<hr/>					
Fund balances - beginning	14,993,765	14,993,765	14,903,906	(89,859)	14,993,765
<hr/>					
Fund balances - ending	\$ 13,705,407	\$ 13,705,407	\$ 16,190,368	\$ (38,301)	\$ 16,228,669
<hr/> <hr/>					

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

CITY OF BISMARCK, NORTH DAKOTA  
MAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SALES TAX  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1, as adjusted	\$ 4,555,825	\$ 4,555,825	\$ 4,555,825	\$ -
Resources (inflows)				
Taxes	7,652,320	7,652,320	8,344,606	692,286
Investment income	40,000	40,000	51,794	11,794
Amount available for appropriation	<u>12,248,145</u>	<u>12,248,145</u>	<u>12,952,225</u>	<u>704,080</u>
Charges to appropriations (outflows)				
General government	125,000	125,000	346,589	(221,589)
Transfer out	8,528,770	8,528,770	8,934,975	(406,205)
Total charges to appropriations	<u>8,653,770</u>	<u>8,653,770</u>	<u>9,281,564</u>	<u>(627,794)</u>
Budgetary fund balance, December 31	<u>\$ 3,594,375</u>	<u>\$ 3,594,375</u>	<u>\$ 3,670,661</u>	<u>\$ 76,286</u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**MAJOR DEBT SERVICE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**STREET IMPROVEMENT BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1, as adjusted	\$ 11,019,998	\$ 11,019,998	\$ 11,019,998	\$ -
Resources (inflows)				
Special assessments	3,491,899	3,491,899	2,684,139	(807,760)
Investment income	-	-	17,840	17,840
Transfer in	579,939	579,939	1,351,651	771,712
Amount available for appropriation	<u>15,091,836</u>	<u>15,091,836</u>	<u>15,073,628</u>	<u>(18,208)</u>
Charges to appropriations (outflows)				
Principal	3,263,000	3,263,000	3,263,001	(1)
Interest and fiscal charges	989,056	1,006,864	1,013,647	(6,783)
Payment of refunding bonds	-	-	1,925,000	(1,925,000)
Transfer out	-	39,130	151,944	(112,814)
Total charges to appropriations	<u>4,252,056</u>	<u>4,308,994</u>	<u>6,353,592</u>	<u>(2,044,598)</u>
Budgetary fund balance, December 31	<u>\$ 10,839,780</u>	<u>\$ 10,782,842</u>	<u>\$ 8,720,036</u>	<u>\$ (2,062,806)</u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**MAJOR DEBT SERVICE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**LODGING LIQUOR FOOD BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1, as adjusted	\$ 964,551	\$ 964,551	\$ 964,551	\$ -
Resources (inflows)				
Investment income	-	172,428	35,666	(136,762)
Transfer in	858,485	858,485	858,485	-
Proceeds of refunded bonds	-	7,268,203	7,295,000	26,797
	<u>1,823,036</u>	<u>9,263,667</u>	<u>9,153,702</u>	<u>(109,965)</u>
Amount available for appropriation				
	<u>1,823,036</u>	<u>9,263,667</u>	<u>9,153,702</u>	<u>(109,965)</u>
Charges to appropriations (outflows)				
Principal	470,000	470,000	470,000	-
Interest and fiscal charges	388,485	704,163	612,732	91,431
Transfer out	-	297,396	267,396	30,000
	<u>858,485</u>	<u>1,471,559</u>	<u>1,350,128</u>	<u>121,431</u>
Total charges to appropriations	<u>858,485</u>	<u>1,471,559</u>	<u>1,350,128</u>	<u>121,431</u>
Budgetary Fund Balance, December 31	<u>\$ 964,551</u>	<u>\$ 7,792,108</u>	<u>\$ 7,803,574</u>	<u>\$ 11,466</u>

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

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**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2003**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Solid Waste Disposal	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 3,018,282	\$ 420,567	\$ 4,621,277	\$ 62,235	\$ 2,125,406	\$ 10,247,767	\$ 846,896
Investments	113,161	6,096,884	7,194,923	3,659,538	1,294,751	18,359,257	2,062,756
Receivables:							
Taxes	-	-	-	-	-	-	283
Accounts	1,138,126	228,203	696,058	351,219	176,599	2,590,205	213,732
Special assessments	-	-	669,634	556,558	5,476	1,231,668	-
Notes	-	-	615,535	410,357	-	1,025,892	-
Due from other funds	-	-	704,806	712,474	-	1,417,280	-
Inventories	-	12,877	24,046	-	15,246	52,169	-
Prepaid insurance	14,025	5,207	31,381	6,855	2,286	59,754	-
Total current assets	<u>4,283,594</u>	<u>6,763,738</u>	<u>14,557,660</u>	<u>5,759,236</u>	<u>3,619,764</u>	<u>34,983,992</u>	<u>3,123,667</u>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	-	9,680	25,325	-	35,005	174,024
Investments	-	-	2,952,854	-	-	2,952,854	-
Fixed asset held for resale	-	-	-	-	20,347	20,347	-
Capital assets (net of accumulated depreciation)							
Land	3,801,177	289,551	878,448	270,390	2,234,679	7,474,245	-
Buildings and building improvements	2,225,207	3,150,166	28,117,056	3,350,427	6,292,770	43,135,626	-
Improvements other than buildings	26,921,613	2,371,480	21,712,830	26,331,362	6,018,619	83,355,904	-
Machinery and equipment	541,022	1,338,924	1,073,011	410,285	1,437,231	4,800,473	-
Construction in progress	9,500,739	156,696	456,028	6,354,979	-	16,468,442	-
Total noncurrent assets	<u>42,989,758</u>	<u>7,306,817</u>	<u>55,199,907</u>	<u>36,742,768</u>	<u>16,003,646</u>	<u>158,242,896</u>	<u>174,024</u>
Total assets	<u>47,273,352</u>	<u>14,070,555</u>	<u>69,757,567</u>	<u>42,502,004</u>	<u>19,623,410</u>	<u>193,226,888</u>	<u>3,297,691</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2003**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Solid Waste Disposal	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	754,266	52,324	282,725	314,901	30,694	1,434,910	448,402
Retainage payable	338,289	-	15,735	206,450	-	560,474	-
Leases payable	-	6,611	-	-	49,268	55,879	-
Due to other funds	-	-	64,255	-	-	64,255	10,561
Compensated benefits payable	30,366	30,742	99,255	40,129	75,290	275,782	-
Deferred revenue	-	-	-	-	-	-	245
Claims and judgments payable	-	-	-	-	-	-	318,555
Total current liabilities	<u>1,122,921</u>	<u>89,677</u>	<u>461,970</u>	<u>561,480</u>	<u>155,252</u>	<u>2,391,300</u>	<u>777,763</u>
Current liabilities payable from restricted assets:							
Customer deposits payable	-	-	2,962,526	25,325	-	2,987,851	174,024
Long-term liabilities							
Advances from other funds	-	-	568,759	-	1,080,000	1,648,759	-
Compensated benefits payable	27,030	30,548	38,007	10,723	55,515	161,823	-
Capital lease	-	78,482	-	-	165,743	244,225	-
Claims and judgments payable	-	-	-	-	-	-	30,000
Closure and post closure costs	-	553,329	-	-	-	553,329	-
Total long-term liabilities	<u>27,030</u>	<u>662,359</u>	<u>606,766</u>	<u>10,723</u>	<u>1,301,258</u>	<u>2,608,136</u>	<u>30,000</u>
Total liabilities	<u>1,149,951</u>	<u>752,036</u>	<u>4,031,262</u>	<u>597,528</u>	<u>1,456,510</u>	<u>7,987,287</u>	<u>981,787</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	42,989,758	7,221,723	52,237,373	36,717,443	15,768,287	154,934,584	-
Unrestricted	3,133,643	6,096,796	13,488,932	5,187,033	2,398,613	30,305,017	2,315,904
Total net assets	<u>\$ 46,123,401</u>	<u>\$ 13,318,519</u>	<u>\$ 65,726,305</u>	<u>\$ 41,904,476</u>	<u>\$ 18,166,900</u>	<u>\$ 185,239,601</u>	<u>\$ 2,315,904</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						136,667	
Net assets of business-type activities						<u>\$ 185,376,268</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, 2003**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Airport	Solid Waste Disposal	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>							
Charges for sales and services:							
Event Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,142,081
Sales of Gas and Oil	-	-	7,537	-	605,754	613,291	-
Sales of Parts and Labor	-	-	179,361	96	-	179,457	-
Water Sales	-	-	8,320,177	-	-	8,320,177	-
Sanitation Fees	-	2,590,546	9,031	4,177,821	1,823,323	8,600,721	-
Landing and Airport Fees	1,328,152	-	-	-	178,435	1,506,587	-
Miscellaneous Sales	14,803	40	34,107	100	15,310	64,360	54,656
Rentals	1,163,681	12,485	49,322	2,004	849,523	2,077,015	3,353
Employer Contributions	-	-	-	-	-	-	2,108,939
Employee Contributions	-	-	-	-	-	-	39,700
Total operating revenues	<u>2,506,636</u>	<u>2,603,071</u>	<u>8,598,535</u>	<u>4,180,021</u>	<u>3,472,345</u>	<u>21,361,608</u>	<u>5,348,729</u>
<b>OPERATING EXPENSES</b>							
Costs of goods sold	-	-	85,616	-	460,393	546,009	2,773,991
Personal services - salaries & wages	534,292	598,693	1,245,009	549,880	964,560	3,892,434	217,741
Personal services - fringe benefits	71,738	105,910	188,158	74,915	161,076	581,977	136,625
Professional, legal, and contracted services	592,797	42,678	260,089	180,452	210,041	1,286,057	56,510
Building, equipment, and vehicle services	367,194	404,470	1,186,595	604,177	751,925	3,314,901	11,100
Travel & training	4,142	5,416	4,628	5,216	1,154	20,556	-
Operating services	94,502	127,750	122,796	55,671	159,236	559,955	2,786,076
Operating supplies	105,731	65,062	660,866	243,331	100,183	1,175,173	258
Grants & subsidies	-	-	-	-	20,400	20,400	-
Depreciation	1,398,242	341,824	1,882,854	1,072,660	605,713	5,301,293	-
Total operating expenses	<u>3,168,638</u>	<u>1,691,803</u>	<u>5,616,611</u>	<u>2,786,842</u>	<u>3,434,681</u>	<u>16,698,575</u>	<u>5,982,301</u>
Operating income (loss)	<u>(662,002)</u>	<u>911,268</u>	<u>2,982,924</u>	<u>1,393,179</u>	<u>37,664</u>	<u>4,663,033</u>	<u>(633,572)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Intergovernmental	5,050,112	37,234	-	11,799	67,832	5,166,977	-
Special assessments	-	-	70,421	-	34,531	104,952	-
Gain (loss) on disposal of assets	(27,606)	11,686	362,407	438,166	(247,369)	537,284	-
Investment income	36,304	79,850	164,090	62,391	46,359	390,994	40,393
Taxes	-	-	-	-	-	-	499
Interest expense	-	(5,889)	(36,862)	-	(11,967)	(54,718)	-
Total nonoperating revenue (expenses)	<u>5,060,810</u>	<u>122,881</u>	<u>560,056</u>	<u>512,356</u>	<u>(110,614)</u>	<u>6,145,489</u>	<u>40,892</u>
Income (loss) before contributions and transfers	<u>4,398,808</u>	<u>1,034,149</u>	<u>3,542,980</u>	<u>1,905,535</u>	<u>(72,950)</u>	<u>10,808,522</u>	<u>(592,680)</u>
<b>CAPITAL CONTRIBUTIONS</b>							
TRANSFERS IN	861,846	-	1,011,389	2,702,653	350,885	4,926,773	-
TRANSFERS OUT	(163,163)	(228,952)	(827,340)	(489,968)	(333,509)	(2,042,932)	2,842
Change in net assets	<u>5,597,491</u>	<u>805,197</u>	<u>3,816,219</u>	<u>4,122,277</u>	<u>(55,574)</u>	<u>14,285,610</u>	<u>(2,585,355)</u>
Total net assets - beginning as adjusted	<u>40,525,910</u>	<u>12,513,322</u>	<u>61,910,086</u>	<u>37,782,199</u>	<u>18,222,474</u>	<u>4,901,259</u>	<u>4,901,259</u>
Total net assets - ending	<u>\$ 46,123,401</u>	<u>\$ 13,318,519</u>	<u>\$ 65,726,305</u>	<u>\$ 41,904,476</u>	<u>\$ 18,166,900</u>	<u>\$ 2,315,904</u>	<u>\$ 2,315,904</u>

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

Change in net assets of business-type activities (page 18)

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

219,919  
\$ 14,505,529

CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental Activities - Internal Service Funds
	Airport	Solid Waste Disposal	Water	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 2,190,685	\$ 2,576,868	\$ 7,908,498	\$ 3,455,731	\$ 3,509,121	\$ 19,640,903	\$ 3,101,391
Receipts from employer	-	-	-	-	-	-	2,148,537
Other operating cash receipts	-	-	-	-	-	-	54,656
Payments to suppliers	(1,266,376)	(837,524)	(2,631,817)	(1,140,673)	(1,916,655)	(7,793,045)	(5,671,716)
Payments to employees	(520,703)	(594,511)	(1,240,422)	(546,855)	(967,121)	(3,869,612)	(217,741)
Net cash provided (used) by operating activities	403,606	1,144,833	4,036,259	1,768,203	625,345	7,978,246	(584,873)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Intergovernmental revenue	5,050,112	37,234	-	11,799	67,832	5,166,977	-
Taxes	-	-	-	-	-	-	461
Transfers from other funds	500,000	-	89,190	4,057	-	593,247	2,842
Transfers to other funds	(163,163)	(228,952)	(827,340)	(489,968)	(333,509)	(2,042,932)	(1,984,151)
Net cash provided (used) by noncapital financing activities	5,386,949	(191,718)	(738,150)	(474,112)	(265,677)	3,717,292	(1,980,848)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital lease payment	-	(6,211)	-	-	(56,064)	(62,275)	-
Interest paid	-	(5,889)	(36,862)	-	(11,967)	(54,718)	-
Payment on advance	-	-	-	-	(20,000)	(20,000)	-
Proceeds from advance	1,869	8,253	311,298	134,173	51,156	51,156	-
Proceeds from sale of capital assets	-	-	106,522	113,602	69,757	460,245	-
Special assessments collected	(422,486)	(441,524)	(92,203)	(142,030)	(740,749)	(289,881)	-
Purchase of capital assets	(5,414,599)	(145,119)	(3,535,375)	(4,242,029)	(109,180)	(13,446,302)	-
Construction of capital assets	(5,835,218)	(590,490)	(3,246,620)	(4,136,284)	(812,395)	(14,621,007)	-
Net cash used by capital and related financing activities							
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment income	38,304	79,850	164,090	62,391	46,359	390,994	40,393
Net cash provided by investing activities	38,304	79,850	164,090	62,391	46,359	390,994	40,393
Net increase (decrease) in cash and cash equivalent	(6,359)	442,475	215,579	(2,779,802)	(406,366)	(2,534,475)	(2,525,328)
Cash and cash equivalents - January 1	3,024,641	(21,908)	4,415,378	2,867,362	2,531,774	12,817,247	3,372,224
Cash and cash equivalents - December 31	\$ 3,018,282	\$ 420,567	\$ 4,630,957	\$ 87,560	\$ 2,125,406	\$ 10,282,772	\$ 846,896
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ (662,002)	\$ 911,268	\$ 2,982,924	\$ 1,393,179	\$ 37,664	\$ 4,663,033	\$ (633,572)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,398,242	341,824	1,882,854	1,072,660	605,713	5,301,293	-
(Increase) decrease in accounts receivable	(315,951)	(26,203)	13,769	(12,140)	36,776	(303,749)	(60,897)
Increase in due from other funds	-	-	(704,806)	(712,475)	-	(1,417,281)	-
(Increase) decrease in inventories	-	(12,877)	22,069	(365)	5,981	15,173	-
Increase in prepaid items	(5,014)	(4,194)	(24,568)	(325)	(1,490)	(35,631)	-
Increase (decrease) in customer deposits	-	-	-	325	-	325	-
Increase (decrease) in accounts payable	(21,350)	(121,132)	(67,041)	29,010	(56,045)	(236,558)	(11,366)
Increase (decrease) in due to other funds	(3,908)	(7,604)	(73,529)	(5,016)	(693)	(90,750)	151,090
Increase (decrease) in compensated absences payable	13,589	4,182	4,587	3,025	(2,561)	22,822	10,561
Decrease in estimated pending claims	-	-	-	-	-	-	-
Increase in closure and post closure costs	-	59,569	-	-	-	59,569	(40,689)
Total adjustments	1,065,608	233,565	1,053,335	375,024	587,681	3,315,213	48,699
Net cash provided (used) by operating activities	\$ 403,606	\$ 1,144,833	\$ 4,036,259	\$ 1,768,203	\$ 625,345	\$ 7,978,246	\$ (584,873)
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>							
Construction of capital assets contributed through capital project funds	\$ 861,846	\$ -	\$ 1,011,389	\$ 2,702,653	\$ 350,885	\$ 4,575,888	\$ -

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, 2003**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 196,627	\$ 843
Receivables:		
Taxes	17,903	7,167
Accounts	28,136	5,850
Accrued interest and dividends	65,652	-
Investments, at fair value:		
Domestic equities	17,959,646	-
International equities	2,347,840	-
Domestic fixed income	14,988,671	-
International fixed income	1,076,404	-
Real estate	1,248,645	-
Venture capital	585,403	-
Mutual funds	14,212,540	-
Invested cash	424,040	-
Invested securities lending collateral	2,591,722	-
Total assets	<u>55,743,229</u>	<u>13,860</u>
<b>LIABILITIES</b>		
Accounts payable	30,631	840
Due to other funds	1,208,578	-
Due to other entities	-	7,421
Deferred revenue	13,553	5,599
Securities lending collateral	2,591,722	-
Total liabilities	<u>3,844,484</u>	<u>13,860</u>
<b>NET ASSETS</b>		
Assets held in trust for pension and other employee benefits	<u>51,898,745</u>	-
Total net assets held in trust	<u>\$ 51,898,745</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, 2003**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,119,796
Employee	866,741
Transfer from Other Funds	261,203
Total Contributions	<u>2,247,740</u>
Investment income:	
Net increase in fair value of investments	8,402,193
Interest and dividends	1,100,365
	<u>9,502,558</u>
Less: investment expense	(127,421)
Net investment income	<u>9,375,137</u>
Security Lending activity:	
Securities lending income	36,000
Less: securities lending expenses	(29,624)
Net securities lending income	<u>6,376</u>
Total additions	<u>11,629,253</u>
<b>DEDUCTIONS</b>	
Benefits paid to participants	2,000,506
Refunds	104,363
Transfer to other funds	22,814
Administrative expenses	16,057
Total deductions	<u>2,143,740</u>
Change in net assets	<u>9,485,513</u>
<b>Net assets - beginning, as adjusted</b>	<u>42,413,232</u>
<b>Net assets - ending</b>	<u><u>\$ 51,898,745</u></u>

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

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**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**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, 2003**

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 projects that are designated by the voters within the City of Bismarck.

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

**Lodging, Liquor, Food Bond Fund** – 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 Lodging, Liquor, Food Tax Fund.

The City reports the following major proprietary funds:

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

**Solid Waste Disposal** – This fund accounts for the disposal of solid waste.

**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, 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, including special assessments. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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.

**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.

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2003, as prepaid items. The cost of services to governmental type funds is recorded as an expenditure when paid rather than the benefited period.

**4. 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

**5. Compensated Absences/Termination Benefits**

Sick Leave

A new 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.

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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	96 hours per year
4 - 7 years	120 hours per year
8 -12 years	144 hours per year
13 - 18 years	168 hours per year
over 18 years	192 hours per year

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.

## **6. 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, \$294,931 of claims and judgments are included in governmental activities. Compensated absences of \$1,579,224 generally have been liquidated by the General Fund and various Special Revenue Funds.

## **7. 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.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**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 \$50,578,699 difference are as follows:

Bonds payable	\$ 48,180,000
Accrued interest payable	253,967
Capital leases payable	565,508
Compensated absences	<u>1,579,224</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (50,578,699)</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 \$13,266,355 difference are as follows:

Capital Outlay	\$ 17,150,742
Depreciation expense	<u>(3,884,388)</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>\$ 13,266,354</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

Another element of that 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 \$78,868 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>\$ (78,868)</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>\$ (78,868)</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 \$4,373,608 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ 197,355
Proceeds of refunded revenue bonds	(7,295,000)
Issuance of special assessment debt	(5,085,000)
Less: discounts	39,037
Principal repayments:	
General obligation debt	5,845,000
Payment to escrow agent for refunding	<u>1,925,000</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>\$ (4,373,608)</u></u>
--	------------------------------

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$6,237 are as follows:

Compensated absences	\$ (110,263)
Accrued interest	(933)
Amortization of bond costs and discounts	<u>117,433</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>\$ 6,237</u></u>
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**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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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	\$ 1,286,462
Beginning of year adjustment for encumbrances recognized as expenditures	(89,859)
End of year adjustment for encumbrances not recognized as expenditures	<u>38,301</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u><u>\$ 1,234,904</u></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, 2003 expenditures exceeded budget at the department level (i.e., the legal level of budgetary control) as follows:

<u>Special Revenue Funds</u>	<u>Excess</u>
Hotel & Motel Tax Fund	\$ 37,404
Sales Tax Fund	627,794
<u>Debt Service Funds</u>	
Watermain Bonds	\$ 246,100
Sewermain Bonds	2,319
Sidewalk Bonds	31,265
Street Improvement Bonds	2,044,598
Parking Lot Bonds	2,875

The Hotel & Motel Tax Fund remits 90% of the occupancy tax collected to the Bismarck-Mandan Convention and Visitor's Bureau. The occupancy tax collected in 2003 exceeded the amount estimated to be collected at budget time. Therefore, the expenditures exceeded the budgeted amount by a proportionate amount of the excess occupancy tax collected.

The citizens authorized various community projects through a ballot measure to be funded from the Sales Tax Fund in 2002 but were not expended until 2003.

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, 2003, as measured by the balances in the total fund balance or retained earnings as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Sewermain Construction	\$ 2,073,288
Watermain Construction	979,311
Sidewalk Construction	478,275
Street Improvement Construction	5,733,117

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in May of 2004.

**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.

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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.

	Category			Carrying Amount
	1	2	3	
Cash Deposits	\$ 24,919,438	\$ -	\$ 7,094,326	\$ 32,013,764
Certificates of Deposit, Recorded as Deposits	4,913,406	-	2,546,073	7,459,479
Certificates of Deposit, Recorded as Investments	10,383,853	-	-	10,383,853
Total Deposits	<u>\$ 40,216,697</u>	<u>\$ -</u>	<u>\$ 9,640,399</u>	<u>\$ 49,857,096</u>
Cash on Hand				52,467
Total Deposits and Cash on Hand				<u><u>\$ 49,909,563</u></u>

At December 31, 2003, the carrying amount of the City's deposits was \$49,857,096 and the bank balance was \$51,681,249, all of which was insured and collateralized except for the bank balance of \$9,640,399 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	\$ 35,400,873	\$ 35,400,873
Investments in state investment board pool		38,630,649
Investments in mutual funds (Kemper)		14,212,540
Securities lending short-term collateral investment pool		2,591,722
Total Investments		<u><u>\$ 90,835,784</u></u>

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 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 market 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 market value. The value of the deposits in the Water and Sewer Utility fund at December 31, 2003 was \$2,952,854.

**B. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 1,689,788	\$ 22,720	\$ -	\$ 1,712,508
Construction in progress	1,558,491	2,156,465	1,553,361	2,161,595
Total capital assets, not being depreciated	<u>3,248,279</u>	<u>2,179,185</u>	<u>1,553,361</u>	<u>3,874,103</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	47,603,058	3,461,645	46,018	51,018,685
Improvements other than buildings	51,777	-	14,699	37,078
Machinery & Equipment	20,600,338	2,722,776	1,885,457	21,437,657
Infrastructure	-	45,664,119	-	45,664,119
Total capital assets being depreciated	<u>68,255,173</u>	<u>51,848,540</u>	<u>1,946,174</u>	<u>118,157,539</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(14,435,055)	(1,978,393)	28,959	(16,384,489)
Improvements other than buildings	(33,320)	(1,981)	14,012	(21,289)
Machinery & Equipment	(13,250,363)	(1,220,108)	1,550,707	(12,919,764)
Infrastructure	-	(683,906)	-	(683,906)
Total accumulated depreciation	<u>(27,718,738)</u>	<u>(3,884,388)</u>	<u>1,593,678</u>	<u>(30,009,448)</u>
Total capital assets, being depreciated, net	<u>40,536,435</u>	<u>47,964,152</u>	<u>3,539,852</u>	<u>88,148,091</u>
Governmental activities capital assets, net	<u>\$ 43,784,714</u>	<u>\$ 50,143,337</u>	<u>\$ 5,093,213</u>	<u>\$ 92,022,194</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 7,748,421	\$ 124,170	\$ 398,346	\$ 7,474,245
Construction in progress	5,312,436	12,884,609	1,728,603	16,468,442
Total capital assets, not being depreciated	<u>13,060,857</u>	<u>13,008,779</u>	<u>2,126,949</u>	<u>23,942,687</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	59,363,446	2,750,456	1,568,043	60,545,859
Improvements other than buildings	125,271,876	6,899,414	4,460,965	127,710,325
Machinery & Equipment	9,948,297	2,053,149	930,849	11,070,597
Total capital assets being depreciated	<u>194,583,619</u>	<u>11,703,019</u>	<u>6,959,857</u>	<u>199,326,781</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(16,742,741)	(1,598,740)	931,248	(17,410,233)
Improvements other than buildings	(44,401,615)	(3,021,473)	3,068,667	(44,354,421)
Machinery & Equipment	(6,149,239)	(681,080)	560,195	(6,270,124)
Total accumulated depreciation	<u>(67,293,595)</u>	<u>(5,301,293)</u>	<u>4,560,110</u>	<u>(68,034,778)</u>
Total capital assets, being depreciated, net	<u>127,290,024</u>	<u>6,401,726</u>	<u>11,519,967</u>	<u>131,292,003</u>
Business-type activities capital assets, net	<u>\$ 140,350,881</u>	<u>\$ 19,410,505</u>	<u>\$ 13,646,916</u>	<u>\$ 155,234,690</u>

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

Governmental activities:

General Government	\$ 296,566
Public Safety	467,200
Highways and Streets	429,230
Health	1,397
Culture and Recreation	2,006,269
Public Works	683,726
Total depreciation expense - governmental activities	<u>\$ 3,884,388</u>

Business-type activities:

Airport	\$ 1,398,242
Airport Flightline	14,135
Solid Waste Disposal	341,824
Solid Waste Collections	186,095
Water	1,882,854
Sanitary Sewer	1,072,660
Storm Water	143,903
Parking Authority Lots	261,580
Total depreciation expense - business-type activities	<u>\$ 5,301,293</u>

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**C. COMMITMENTS**

As of December 31, 2003, the City had commitments on various construction contracts totaling approximately \$20,127,835.

The Board of the City Commissioners voted to allocate Vision Fund money in the amount of \$500,000 to Bismarck State College Grant and \$71,942 to KLJ Solutions Pace Buydown. The Board allocated an additional \$322,000 to Coventry Health Care contingent upon new employees. These payments are to be paid in 2004.

The Community Development Block Grant Housing Rehabilitation Program has \$153,808 in five-year forgivable loans outstanding as of December 31, 2003. If the covenants of the agreement are met, the City will forgive 20% of the loan per year.

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

The composition of interfund balances as of December 31, 2003 were:

DUE TO/FROM OTHER FUNDS		
Receivable fund:	Payable fund:	Amount
Watermains Debt Service	Watermains Capital Projects	\$ 270,830
Water Utility Enterprise Fund	Watermains Capital Projects	704,806
Sewermains Debt Service	Sewermains Capital Projects	807,391
Sanitary Sewer Enterprise Fund	Sewermains Capital Projects	712,474
Sidewalks Debt Service	Sidewalks Capital Projects	475,279
Street Improvements Debt Service	Street Improvements Capital Projects	5,540,879
Watermains Debt Service	Water Utility Enterprise Fund	64,255
General Fund	Government Grants & Activities	79,357
General Fund	Community Development	7,949
General Fund	Arena Internal Service	10,561
Sales Tax	General Fund	127,838
Inter-Fund Totals		\$ 8,801,619

The due to/from other funds will be repaid in 2004.

ADVANCES FROM/TO OTHER FUNDS		
Receivable fund:	Payable fund:	Amount
Tax Increment Capital Projects	Parking Authority Enterprise Fund	\$ 1,080,000
Tax Increment Capital Projects	Arena/Exhibit Operations Special Revenue	365,594
Watermains Debt Service	Water Utility Enterprise Fund	568,759
		\$ 2,014,353

The advances to/from other funds have scheduled repayment plans through 2017.

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Transfer In - Governmental Funds					
	General Fund	Street Improvement Bonds	Lodging, Liquor, Food Bonds	Nonmajor Governmental Funds	Pension Trust Funds
Transfer Out:					
General Fund	\$ -	\$ -	\$ -	\$ 456,830	\$ 8,451
Sales Tax	3,092,764	-	-	5,842,211	-
Street Improvement Bonds	-	-	-	151,944	-
Lodging, Liquor, Food Bonds	-	-	-	267,396	-
Nonmajor Governmental Funds	290,117	432,544	858,485	1,799,862	28,827
Pension Trust Funds	22,814	-	-	-	-
Airport	64,352	-	-	72,449	26,362
Solid Waste Disposal	52,282	-	-	136,528	27,505
Water	147,485	496,758	-	108,243	74,854
Sanitary Sewer	-	422,349	-	20,927	34,055
Nonmajor Enterprise Funds	4,890	-	-	267,470	61,149
Internal Service Funds	144,856	-	-	1,850,253	-
Total Transfers Out	<u>\$ 3,819,560</u>	<u>\$ 1,351,651</u>	<u>\$ 858,485</u>	<u>\$ 10,974,113</u>	<u>\$ 261,203</u>

Transfer In - Business-type Funds					
	Airport	Water	Sanitary Sewer	Internal Service Funds	Totals
Transfer Out:					
General Fund	\$ -	\$ -	\$ 1,700	\$ 1,350	\$ 468,331
Sales Tax	-	-	-	-	8,934,975
Street Improvement Bonds	-	-	-	-	151,944
Lodging, Liquor, Food Bonds	-	-	-	-	267,396
Nonmajor Governmental Funds	500,000	63,916	2,357	1,084	3,977,192
Pension Trust Funds	-	-	-	-	22,814
Airport	-	-	-	-	163,163
Solid Waste Disposal	-	12,637	-	-	228,952
Water	-	-	-	-	827,340
Sanitary Sewer	-	12,637	-	-	489,968
Nonmajor Enterprise Funds	-	-	-	-	333,509
Internal Service Funds	-	-	-	408	1,995,517
Total Transfers Out	<u>\$ 500,000</u>	<u>\$ 89,190</u>	<u>\$ 4,057</u>	<u>\$ 2,842</u>	<u>\$ 17,861,101</u>

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 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	779,774	114,720
Less: Accumulated depreciation	(136,794)	(37,284)
<b>Total</b>	<b>\$ 642,980</b>	<b>\$ 482,436</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2003 were as follows:

Year ending December 31	Governmental Activities	Business-type Activities
2004	\$ 85,173	\$ 69,544
2005	550,143	140,988
2006	-	57,444
2007	-	57,444
2008	-	4,787
Total minimum lease payments	\$ 635,316	\$ 330,207
Less: amount representing interest	(69,808)	(30,103)
Present value of minimum lease payments	<b>\$ 565,508</b>	<b>\$ 300,104</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, 2003 was \$58,065,398 with a remaining non-obligated margin of \$58,065,398. City general obligation bonds currently outstanding are as follows:

Governmental Activities - General obligation bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2003	Amount Issued in 2003	Amount Retired in 2003	Amount Outstanding 12/31/2003	Due Within One Year
Highway construction 1995	5/1/1995	6/1/2003	4.30-4.87%	\$ 380,000	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -

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, 2003 are as follows:

Governmental Activities - Revenue Bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2003	Amount Issued in 2003	Amount Retired in 2003	Amount Outstanding 12/31/2003	Due Within One Year
Lodging, liquor, food	6/1/1998	12/1/2013	3.25-6.40%	\$ 9,400,000	\$ 7,990,000	\$ -	\$ 470,000	\$ 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	-
Sales tax bonds	6/15/2002	5/1/2005	3.00-3.25%	3,050,000	3,050,000	-	990,000	2,060,000	1,015,000
<b>Total Special Revenue Bonds</b>				<b>\$ 19,745,000</b>	<b>\$ 11,040,000</b>	<b>\$ 7,295,000</b>	<b>\$ 1,460,000</b>	<b>\$ 16,875,000</b>	<b>\$ 8,535,000</b>

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In the current year, the City issued \$7,295,000 of Lodging, Liquor and Food Revenue Refunding Bonds (Series 2003) on April 14, 2003. The purpose of issuing the Series 2003 Bonds was to advance refund the Series 1998 Lodging, Liquor and Food Revenue Bonds. The Series 1998 Bonds represents the bonds maturing on December 1, 2004. The proceeds were irrevocably deposited in an escrow account to provide for all debt service payments after the December 1, 2003 crossover date. The Series 1998 Bonds are callable on or after the December 1, 2004. As of December 31, 2003, the Series 1998 reported on the balance sheet the principal amount outstanding of \$7,520,000 and the escrow of \$7,094,326. The transaction resulted in an economic gain of \$180,746 and a \$187,300 reduction in future debt service payments.

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>
2004	\$ 8,535,000	\$ 656,338
2005	1,685,000	257,971
2006	685,000	224,990
2007	705,000	207,865
2008	760,000	190,240
2009-2013	4,505,000	541,975
Total	<u>\$ 16,875,000</u>	<u>\$ 2,079,379</u>

Special Assessment Debt with Governmental Commitment

Special assessment bonds were issued annually to meet the cost of construction of street lights, streets, sewer mains, water mains, sidewalks, and public parking lots. The annual installment of principal and interest is met by special assessments levied against the benefiting property owners. In the event special assessment taxes are insufficient to meet principal and interest payments on bonds, the governing body is required to levy a general tax on all taxable property within the city for the payment of the assumption upon the maturity of the last bond principal installment, pursuant to City ordinance and N.D.C.C. Special assessment bonds outstanding at December 31, 2003 are as follows:

<b>Governmental Activities -</b>				Original	Amount	Amount	Amount	Amount	Amount
Special Assessment	Date of	Date of	Interest	Amount	Outstanding	Issued	Retired	Outstanding	Due Within
Bonds	Issue	Payment	Rates	of Issue	1/1/2003	in 2003	in 2003	12/31/2003	One Year
Series D refunding	3/28/1996	5/1/2005	4.00-4.70%	\$ 4,185,000	\$ 635,000	\$ -	\$ 325,000	\$ 310,000	\$ 180,000
Series G refunding	5/15/1997	6/1/2012	5.00-5.20%	4,025,000	2,345,000	-	2,345,000	-	-
Series H refunding	6/1/1998	5/1/2013	4.00-4.70%	3,815,000	2,705,000	-	370,000	2,335,000	370,000
Series I refunding	5/1/1999	6/1/2008	3.50-3.70%	3,465,000	2,050,000	-	385,000	1,665,000	380,000
Series J refunding	5/1/1999	5/1/2014	4.00-4.40%	3,920,000	3,120,000	-	400,000	2,720,000	400,000
Series K refunding	5/15/2000	5/1/2015	5.00-5.60%	3,530,000	3,035,000	-	495,000	2,540,000	495,000
Series L refunding	4/30/2001	6/1/2011	4.00-4.50%	6,140,000	5,835,000	-	870,000	4,965,000	780,000
Series M refunding	5/15/2001	5/1/2016	4.00-5.10%	5,310,000	5,310,000	-	565,000	4,745,000	565,000
Series N refunding	6/15/2002	5/1/2017	3.30-4.30%	2,480,000	2,480,000	-	-	2,480,000	220,000
Series O refunding	11/12/2002	6/1/2012	2.10-4.00%	1,990,000	1,990,000	-	-	1,990,000	460,000
Series P refunding	6/15/2003	5/1/2018	1.50-3.50%	4,580,000	-	4,580,000	-	4,580,000	300,000
Total refunding series				<u>\$ 43,440,000</u>	<u>\$ 29,505,000</u>	<u>\$ 4,580,000</u>	<u>\$ 5,755,000</u>	<u>\$ 28,330,000</u>	<u>\$ 4,150,000</u>

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Sidewalk 93	6/1/1993	6/1/2003	3.00-4.00%	\$ 750,000	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -
Sidewalk 94	6/1/1994	6/1/2004	3.90-5.10%	660,000	140,000	-	70,000	70,000	70,000
Sidewalk 95	7/1/1996	6/1/2006	4.50-5.30%	415,000	180,000	-	45,000	135,000	45,000
Sidewalk 96	5/15/1997	6/1/2007	4.40-5.20%	590,000	325,000	-	65,000	260,000	65,000
Sidewalk 97	6/1/1998	5/1/2008	4.00-4.55%	590,000	390,000	-	65,000	325,000	65,000
Sidewalk 98	5/1/1999	4/1/2009	3.90-4.30%	570,000	450,000	-	60,000	390,000	65,000
Sidewalk 99	5/15/2000	5/1/2010	5.20-5.90%	480,000	415,000	-	55,000	360,000	55,000
Sidewalk 00	5/15/2001	5/1/2011	4.30-4.70%	420,000	420,000	-	55,000	365,000	50,000
Sidewalk 01	6/15/2002	5/1/2012	2.30-4.15%	565,000	565,000	-	-	565,000	90,000
Sidewalk 02	6/15/2003	5/1/2013	1.10-3.15%	505,000	-	505,000	-	505,000	30,000
Total sidewalk bonds				\$ 5,545,000	\$ 2,965,000	\$ 505,000	\$ 495,000	\$ 2,975,000	\$ 535,000
Total special assessment bonds				\$ 48,985,000	\$ 32,470,000	\$ 5,085,000	\$ 6,250,000	\$ 31,305,000	\$ 4,685,000

Special Assessment Debt Requirement to Maturity

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

Years	GOVERNMENTAL ACTIVITIES	
	Principal	Interest
2004	\$ 4,685,000	\$ 1,166,158
2005	4,570,000	949,959
2006	4,230,000	786,456
2007	3,925,000	633,182
2008	3,170,000	498,813
2009-2013	8,580,000	1,169,181
2014-2018	2,145,000	161,625
Total	\$ 31,305,000	\$ 5,365,374

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Obligation Bonds	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -
Special Revenue Bonds	11,040,000	7,295,000	1,460,000	16,875,000	8,535,000
Special Assessment Bonds	32,470,000	5,085,000	6,250,000	31,305,000	4,685,000
Deferred Sick Leave	92,608	-	92,608	-	-
Capital Leases	762,863	-	197,355	565,508	48,698
Compensated Absences	1,468,962	1,405,549	1,295,287	1,579,224	1,130,337
Claims and Judgments	362,946	274,615	342,630	294,931	90,000
TOTAL	\$ 46,257,379	\$ 14,060,164	\$ 9,697,880	\$ 50,619,663	\$ 14,489,035
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Leases	\$ 352,329	\$ -	\$ 52,225	\$ 300,104	\$ 55,879
Deferred Sick Leave	27,428	-	27,428	-	-
Compensated Absences	414,784	313,817	290,996	437,605	275,782
Claims and Judgments	26,298	53,624	26,298	53,624	53,624
TOTAL	\$ 820,839	\$ 367,441	\$ 396,947	\$ 791,333	\$ 385,285

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**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, 2003, there were 4 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.

**IV. OTHER INFORMATION**

**A. RISK MANAGEMENT**

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

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

N.D.C.C. Chapter 32-12.1 provides that for actions in tort, the City has a liability limitation of \$250,000 per claim with a \$500,000 aggregate limit per event. At December 31, 2003 management estimates claims incurred prior to NDRF but not paid of \$120,000. This amount has been recorded as a liability.

	BEGINNING	CURRENT-YEAR			BALANCE AT		
	FISCAL YEAR	CLAIMS AND	CHANGES IN	CLAIM	FISCAL	YEAR-END	
	LIABILITY	ESTIMATES	PAYMENTS	PAYMENTS	YEAR-END	YEAR-END	
2003	\$ 274,904	\$ (38,021)	\$ 116,883	\$ 120,000			
2002	259,817	244,998	229,911	274,904			
2001	68,400	266,451	75,034	259,817			

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 also has aggregate stop loss coverage of \$2,329,635 for 2003. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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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 \$228,555 as of December 31, 2003. 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
2003	\$ 114,340	\$ 2,060,637	\$ 1,946,422	\$ 228,555
2002	250,000	1,579,519	1,715,179	114,340
2001	250,000	1,491,852	1,491,852	250,000

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.

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 \$553,329 reported as landfill closure and post closure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of 43 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$742,123 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.

**CITY OF BISMARCK, NORTH DAKOTA  
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**C. Cost Sharing Arrangement**

Combined Communications Center

The City of Bismarck owns and operates a Combined Communications Center. The Center is managed 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), two members for the County (a commissioner and the County Sheriff), and one representative from a local ambulance service that is appointed by a majority of the members of the board. Initially, the City provided 65% and the County provided 35% of the funding for the Center. The City and County approve the annual budget for the Center. The percentages for 2003 remain the same as the initial percentage of 35% for the County and 65% for the City. The employees of the Center are the employees of the City. The Combined Communications Center is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 368,660
Less value of accumulated depreciation	<u>(201,540)</u>
Net assets	<u>\$ 167,120</u>
 Total operating expenditures - 2003	 <u>\$ 840,536</u>

There is no debt outstanding for the Combined Communications Center. 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 system. 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, 2003 is as follows:

Retirees and beneficiaries receiving benefits	117
Terminated employees - vested	17
Active employees:	
Vested	233
Non-vested	103
 Number of participating employers:	 2

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Benefit provisions, amendments, and all requirements are established by city ordinance. Employees may be eligible for early, normal or disability 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 or dies, the employee's contributions, plus the actual amount earned, are refunded to the employee or their beneficiary.

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 5% of salary and the employers contribute at a rate determined by the City Commission.

Annual Required Contributions:

<u>Year</u>	<u>Amount</u>
2003	\$ 746,951
2002	423,579
2001	251,444

The annual pension cost equals the employer contributions. The percentage funded was 100% for each year.

Reserves - The fund balance at December 31, 2003 is \$34,646,791 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, 2003 is as follows:

Retirees and beneficiaries receiving benefits	36
Terminated employees - vested	3
Active employees:	
Vested	73
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

**CITY OF BISMARCK, NORTH DAKOTA  
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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. A member who retires as a result of length of service shall be eligible for pension. The surviving spouse, as long as unmarried, shall receive a sum equal to two-thirds of the amount the employee would have received.

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.

Annual Required Contributions:

<u>Year</u>	<u>Amount</u>
2003	\$ 317,943
2002	193,941
2001	108,532

The annual pension cost equals the employer contributions. The percentage funded was 100% for each year. NPO for the end of each year was zero.

Reserves - The fund balance at December 31, 2003 is \$16,406,835 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, however participation is voluntary.

Membership in the plan on December 31, 2003 is not available at this time. Membership in the plan on December 31, 2002 is as follows:

Retirees and beneficiaries receiving benefits	38
Terminated employees - vested	2
Active employees:	
Vested	33
Non-vested	26

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. A cost-of-living adjustment (COLA) is made each January 1<sup>st</sup> beginning with the year of retirement. The COLA will be one-half of the percentage increase in the First-Class Firefighters Salary. The plan also provides for death and disability benefits.

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

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

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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>
2003	\$ 293,560
2002	141,877
2001	135,800

The employer contributions exceeded the annual required contributions for the years ending December 31, 2003, 2002, and 2001. The percentage funded was 100% for each year. NPO for the end of each year was zero.

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) %

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) %

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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 %

Bi-annual actuarial valuations are done on the Firefighter's Relief Association.

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2004	1/1/2004	1/1/2003
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 remaining amortization period-closed
Remaining amortization period	16 yrs	13 yrs	25 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%
Assumed payment increases	3.00%	3.00%	3.00%
Post retirement cost of living adjustments	None	None	2.25%

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.

**E. Change in Accounting Principles**

GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and Statement No. 37, an omnibus to No. 34 are effective for years

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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beginning after June 15, 2002. The requirements of these statements establish significant changes to the financial reporting model used by the City, including statement formats along with fund types and account groups. In addition to fund financial statements, governments are required to report government-wide financial statements, prepared using the accrual basis of accounting and the economic resources measurement focus. As a result, fund reclassifications and adjustments to beginning fund equities were required.

GASB Statement No. 38, "Certain Financial Statement Note Disclosure", requires certain note disclosures when Statement No. 34 is implemented.

**F. Prior Period Adjustments**

Pursuant to the provisions of the new standards and change in accounting principles discussed previously, the following changed to beginning fund equity, as previously reported, are summarized in the following table:

	Special Deficiency & Assumptions	Governmental Grants & Activities	Street Improvement Bonds	Sewermain Bonds
December 31, 2002, fund balance/net assets, as previously reported	\$ 873,303	\$ -	\$ 9,543,928	\$ 442,396
Prior period adjustments:				
Changes in accounting principles:				
Reclassification of funds	-	355,604	-	-
Correction of errors	16,947	-	1,476,070	222,609
December 31, 2002, fund balances/net assets, as restated	<u>\$ 890,250</u>	<u>\$ 355,604</u>	<u>\$ 11,019,998</u>	<u>\$ 665,005</u>
	Watermain Bonds	Sidewalk Bonds	Parking Lot Bonds	Solid Waste Disposal
December 31, 2002, fund balance/net assets, as previously reported	\$ 555,335	\$ 903,212	\$ 77,389	\$ 12,431,128
Prior period adjustments:				
Changes in accounting principles:				
Reclassification of funds	-	-	-	-
Correction of errors	21,466	345,544	12,013	82,194
December 31, 2002, fund balances/net assets, as restated	<u>\$ 576,801</u>	<u>\$ 1,248,756</u>	<u>\$ 89,402</u>	<u>\$ 12,513,322</u>

**CITY OF BISMARCK, NORTH DAKOTA  
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	Water	Sanitary Sewer	Airport Flightline	Solid Waste Collections
December 31, 2002, fund balance/net assets, as previously reported	\$ 60,789,133	\$ 36,740,775	\$ 556,452	\$ 3,219,555
Prior period adjustments:				
Changes in accounting principles:				
Reclassification of funds	-	-	-	-
Correction of errors	1,120,953	1,041,424	23,165	96,129
December 31, 2002, fund balances/net assets, as restated	\$ 61,910,086	\$ 37,782,199	\$ 579,617	\$ 3,315,684
	Storm Sewer	Deferred Sick Leave Fund	City Pension	Police Pension
December 31, 2002, fund balance/net assets, as previously reported	\$ 7,359,141	\$ -	\$ 20,156,250	\$ 9,999,946
Prior period adjustments:				
Changes in accounting principles:				
Reclassification of funds	-	667,761	-	-
Correction of errors	54,562	-	8,190,636	3,398,639
December 31, 2002, fund balances/net assets, as restated	\$ 7,413,703	\$ 667,761	\$ 28,346,886	\$ 13,398,585

**Correction of Errors**

The beginning fund balance of the Special Deficiency & Assumptions fund was restated by \$16,947 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

The beginning fund balance of the Street Improvement Bond fund was restated by \$1,476,070 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

The beginning fund balance of the Sewermain Bond fund was restated by \$222,609 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

The beginning fund balance of the Watermain Bond fund was restated by \$21,466 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

The beginning fund balance of the Sidewalk Bond fund was restated by \$345,544 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

**CITY OF BISMARCK, NORTH DAKOTA  
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The beginning fund balance of the Parking Lot Bond fund was restated by \$12,013 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year.

The beginning net assets of the Solid Waste Disposal enterprise fund was restated by \$2,396 to properly reflect the recording of a capital lease entered into in 2000. The beginning net assets of the Solid Waste Disposal enterprise fund was also restated by \$84,590 to properly record the receivable and income for water consumption in the current year. The net adjustment to the Solid Waste Disposal enterprise fund's net assets was \$82,194.

The beginning net assets of the Water enterprise fund was restated by \$705,735 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year. The beginning net assets of the Water enterprise fund was also restated by \$415,218 to properly record the receivable and income for water consumption in the current year. The net adjustment to the Water enterprise fund's net assets was \$1,120,593.

The beginning net assets of the Sanitary Sewer enterprise fund was restated by \$706,895 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year. The beginning net assets of the Sanitary Sewer enterprise fund was also restated by \$334,529 to properly record the receivable and income for water consumption in the current year. The net adjustment to the Sanitary Sewer enterprise fund's net assets was \$1,041,424.

The beginning net assets of the Airport Flightline enterprise fund was restated by \$23,165 to properly reflect the recording of a capital lease entered into in 2001.

The beginning net assets of the Solid Waste Collections enterprise fund was restated by \$96,129 to properly record the receivable and income for water consumption in the current year.

The beginning net assets of the Storm Sewer enterprise fund was restated by \$3,966 to properly reflect the recording of special assessment revenue. The January and February 2003 collections of the certified special assessment revenue were previously recorded as revenue in the prior year. The beginning net assets of the Storm Sewer enterprise fund was also restated by \$50,596 to properly record the receivable and income for water consumption in the current year. The net adjustment to the Storm Sewer enterprise fund's net assets was \$54,562.

The beginning net assets of the City Pension fund was restated by \$9,691,808 to properly reflect the reporting of individual employee self-directed defined benefit accounts.

The beginning net assets of the Police Pension fund was restated by \$4,021,205 to properly reflect the reporting of individual employee self-directed defined benefit accounts.

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**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	<b>Special Revenue Totals</b>	<b>Debt Service Totals</b>	<b>Capital Projects Totals</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,447,159	\$ 95,211	\$ 6,613,830	\$ 11,156,200
Investments	7,922,643	440,182	3,114,893	11,477,718
Receivables:				
Taxes receivable	58,781	2,737	53,205	114,723
Accounts receivable	766,380	-	211,224	977,604
Special assessments	31,994	6,088,459	-	6,120,453
Intergovernmental	-	428,612	-	428,612
Notes receivable	260,000	-	108,313	368,313
Due from other funds	-	1,610,301	-	1,610,301
Intergovernmental	-	-	85,339	85,339
Advance to other funds	-	568,759	1,445,594	2,014,353
Inventories	60,854	-	-	60,854
Restricted assets:				
Investments	-	-	1,023,040	1,023,040
<b>Total assets</b>	<b>\$ 13,547,811</b>	<b>\$ 9,234,261</b>	<b>\$ 12,655,438</b>	<b>\$ 35,437,510</b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 361,935	\$ 57	\$ 1,147,032	\$ 1,509,024
Retainage payable	-	-	237,517	237,517
Due to other funds	79,357	-	8,480,571	8,559,928
Advances from other funds	365,594	-	-	365,594
Deferred revenue	72,604	6,648,344	141,098	6,862,046
Customer deposits	67	-	1,023,040	1,023,107
Total liabilities	879,557	6,648,401	11,029,258	18,557,216
 <b>FUND BALANCES</b>				
Reserved for advances to other funds	-	568,759	1,080,000	1,648,759
Reserved for merchandise inventory	60,854	-	-	60,854
Reserved for long-term receivable	260,000	-	262,121	522,121
Unreserved, undesignated	12,347,400	2,017,101	284,059	14,648,560
Total fund balances	12,668,254	2,585,860	1,626,180	16,880,294
<b>Total liabilities and fund balances</b>	<b>\$ 13,547,811</b>	<b>\$ 9,234,261</b>	<b>\$ 12,655,438</b>	<b>\$ 35,437,510</b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

	<u>Special Revenue</u> Totals	<u>Debt Service</u> Totals	<u>Capital Projects</u> Totals	<u>Totals</u>
<b>REVENUES</b>				
Taxes	\$ 3,883,646	\$ 50,591	\$ 1,194,707	\$ 5,128,944
Licenses and permits	3,310	-	-	3,310
Special assessments	9,561	1,435,179	976,487	2,421,227
Intergovernmental	5,030,803	1,244	2,634,732	7,666,779
Charges for services	1,361,961	-	-	1,361,961
Fines and forfeits	40,439	-	-	40,439
Investment income	261,117	2,045	107,927	371,089
Rentals	402,184	-	-	402,184
Miscellaneous	61,365	-	66,313	127,678
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	11,054,386	1,489,059	4,980,166	17,523,611
<b>EXPENDITURES</b>				
Current:				
General government	3,900,631	-	1,357	3,901,988
Public safety	612,902	-	-	612,902
Highways and streets	3,374,928	-	-	3,374,928
Health and welfare	544,692	-	-	544,692
Culture and recreation	1,944,954	-	-	1,944,954
Public works	-	-	736,087	736,087
Capital Outlays:				
Public safety	290,400	-	-	290,400
Highways and streets	367,932	-	-	367,932
Culture and recreation	76,316	-	-	76,316
Public works	-	-	15,783,822	15,783,822
Debt Service:				
Principal	-	2,112,000	-	2,112,000
Interest and fiscal charges	-	436,367	-	436,367
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	11,112,755	2,548,367	16,521,266	30,182,388
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(58,369)	(1,059,308)	(11,541,100)	(12,658,777)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	2,796,673	1,452,647	6,724,793	10,974,113
Operating transfer out	(2,443,556)	(405,916)	(1,127,720)	(3,977,192)
Special assessment bond proceeds	-	-	5,085,000	5,085,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	353,117	1,046,731	10,682,073	12,081,921
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	294,748	(12,577)	(859,027)	(576,856)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning, as adjusted	12,373,506	2,598,437	2,485,207	17,457,150
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 12,668,254	\$ 2,585,860	\$ 1,626,180	\$ 16,880,294
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CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2003  
 (Continued on next page)

	Arena/Exhibit Operations	E/H Transit	Library	Police Drug Enforcement	Police Gaming Enforcement	Police LLBG VII	Police LLBG VIII	Roads & Streets
<b>ASSETS</b>								
Cash and cash equivalents	\$ 921,455	\$ 847	\$ 279,281	\$ 39,954	\$ 141,684	\$ 17,691	\$ 44,574	\$ 690,397
Investments	31,471	-	-	4,634	2,832	-	33	864,440
Receivables:								
Taxes receivable	-	6,769	26,518	-	-	-	-	-
Accounts receivable	16,576	52,003	16,799	-	9,644	-	-	267,326
Special assessments	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	60,854
<b>Total assets</b>	<b>\$ 969,502</b>	<b>\$ 59,619</b>	<b>\$ 322,598</b>	<b>\$ 44,588</b>	<b>\$ 154,160</b>	<b>\$ 17,691</b>	<b>\$ 44,607</b>	<b>\$ 1,883,017</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 13,538	\$ 52,847	\$ 40,112	\$ 3,330	\$ 1,314	\$ 1,076	-	\$ 66,945
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	365,594	-	-	-	-	-	-	-
Deferred revenue	-	5,144	20,689	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-
Total Liabilities	379,132	57,991	60,801	3,330	1,314	1,076	-	66,945
<b>FUND BALANCES</b>								
Reserved for merchandise inventory	-	-	-	-	-	-	-	60,854
Reserved for long-term receivable	-	-	-	-	-	-	-	-
Unreserved, undesignated	590,370	1,628	261,797	41,258	152,846	16,615	44,607	1,755,218
Total Fund Balances	590,370	1,628	261,797	41,258	152,846	16,615	44,607	1,816,072
<b>Total Liabilities and Fund Balances</b>	<b>\$ 969,502</b>	<b>\$ 59,619</b>	<b>\$ 322,598</b>	<b>\$ 44,588</b>	<b>\$ 154,160</b>	<b>\$ 17,691</b>	<b>\$ 44,607</b>	<b>\$ 1,883,017</b>

CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2003

(Continued from previous page)

	Street Lights	Hotel/ Motel Tax	Lodging Liquor/Food Tax	Vision Fund	Social Security Tax	Special Deficiency/ Assumption	Government Grants & Activities	Total Special Revenue
<b>ASSETS</b>								
Cash and cash equivalents	\$ 593,796	\$ -	\$ 933,871	\$ -	\$ 12,804	\$ 850,162	\$ (79,357)	\$ 4,447,159
Investments	124,555	-	-	6,648,896	245,782	(79,357)	79,357	7,922,643
Receivables:								
Taxes receivable	-	-	-	-	22,242	3,252	-	58,781
Accounts receivable	3,477	38,514	121,704	-	-	-	240,337	766,380
Special assessments	-	-	-	-	-	31,994	-	31,994
Notes receivable	-	-	-	260,000	-	-	-	260,000
Inventories	-	-	-	-	-	-	-	60,854
<b>Total assets</b>	<b>\$ 721,828</b>	<b>38,514</b>	<b>1,055,575</b>	<b>6,908,896</b>	<b>280,828</b>	<b>806,051</b>	<b>240,337</b>	<b>13,547,811</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 62,449	38,514	-	40,000	-	3,302	38,508	361,935
Due to other funds	-	-	-	-	-	-	79,357	79,357
Advances from other funds	-	-	-	-	-	-	-	365,594
Deferred revenue	-	-	-	-	17,319	29,452	-	72,604
Customer deposits	-	-	-	-	-	67	-	67
Total liabilities	62,449	38,514	-	40,000	17,319	32,821	117,865	879,557
<b>FUND BALANCES</b>								
Reserved for merchandise inventory	-	-	-	-	-	-	-	60,854
Reserved for long-term receivable	-	-	-	260,000	-	-	-	260,000
Unreserved, undesignated	659,379	-	1,055,575	6,608,896	263,509	773,230	122,472	12,347,400
Total fund balances	659,379	-	1,055,575	6,868,896	263,509	773,230	122,472	12,668,254
<b>Total liabilities and fund balances</b>	<b>\$ 721,828</b>	<b>\$ 38,514</b>	<b>\$ 1,055,575</b>	<b>\$ 6,908,896</b>	<b>\$ 280,828</b>	<b>\$ 806,051</b>	<b>\$ 240,337</b>	<b>\$ 13,547,811</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, 2003**

	Arena/Exhibit Operations	E/H Transit System	Library	Police Drug Enforcement	Police Gaming Enforcement	Police LLBG VI	Police LLBG VII	Police LLBG VIII	Roads & Streets
<b>REVENUES</b>									
Taxes	\$ -	\$ 314,138	\$ 1,040,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	3,310	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,028,733	268,155	-	40,731	140	-	44,537	2,219,153
Charges for Services	143,270	-	56,150	-	-	-	-	-	143,120
Fines and Forfeits	-	-	27,996	12,443	-	-	-	-	-
Investment Income	7,649	425	7,631	470	1,835	272	746	70	17,685
Rentals	331,585	-	4,179	-	-	-	-	-	45,366
Miscellaneous	18,090	-	12,889	-	-	-	-	-	2,327
Total Revenues	500,594	1,343,296	1,417,489	12,913	45,876	412	746	44,607	2,427,651
<b>EXPENDITURES</b>									
Current									
General government	-	1,341,668	-	-	-	-	-	-	-
Public safety	-	-	-	9,367	54,450	62,807	57,335	-	-
Highways and streets	-	-	-	-	-	-	-	-	2,406,200
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	103,121	-	1,341,662	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	4,098	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	272,950
Culture and recreation	53,478	-	22,838	-	-	-	-	-	-
Total Expenditures	156,599	1,341,668	1,364,500	9,367	54,450	66,905	57,335	-	2,679,150
Excess (deficiency) of revenues over (under) expenditures	343,995	1,628	52,989	3,546	(8,574)	(66,493)	(56,589)	44,607	(251,499)
<b>Other Financing Sources (Uses)</b>									
Operating Transfer In	-	-	-	-	-	-	-	-	332,892
Operating Transfer Out	(3,684)	-	(17,643)	-	(3,916)	(2,610)	(2,836)	-	(55,636)
Total Other Financing Sources (Uses)	(3,684)	-	(17,643)	-	(3,916)	(2,610)	(2,836)	-	277,256
Net changes in fund balances	340,311	1,628	35,346	3,546	(12,490)	(69,103)	(59,425)	44,607	25,757
Fund balances - beginning, as adjusted	250,059	-	226,451	37,712	165,336	69,103	76,040	-	1,790,315
Fund balances - ending	\$ 590,370	\$ 1,628	\$ 261,797	\$ 41,258	\$ 152,846	\$ -	\$ 16,615	\$ 44,607	\$ 1,816,072

**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, 2003**

	Street Lights	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	\$ -	\$ 397,404	\$ 1,239,576	\$ -	\$ 886,221	\$ 5,818	\$ -	\$ 3,883,646
Licenses and Permits	-	-	-	-	-	-	-	3,310
Special Assessments	-	-	-	-	-	9,561	-	9,561
Intergovernmental	-	-	-	-	22,640	23	1,406,691	5,030,803
Charges for Services	1,010,041	-	-	-	-	-	9,380	1,361,961
Fines and Forfeits	-	-	-	-	-	-	-	40,439
Investment Income	9,138	-	20,126	77,736	5,569	108,761	3,004	261,117
Rentals	1,854	-	19,200	-	-	-	-	402,184
Miscellaneous	-	-	-	-	-	2,000	26,059	61,365
Total Revenues	1,021,033	397,404	1,278,902	77,736	914,430	126,163	1,445,134	11,054,386
<b>EXPENDITURES</b>								
Current								
General government	-	397,404	1,153	987,200	1,046,079	84,050	43,077	3,900,631
Public safety	-	-	-	-	-	-	428,943	612,902
Highways and streets	960,097	-	-	-	-	-	8,631	3,374,928
Health and welfare	-	-	-	-	-	-	544,692	544,692
Culture and recreation	-	-	-	-	-	-	500,171	1,944,954
Capital Outlays	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	286,302	290,400
Highways and streets	91,967	-	-	-	-	-	3,015	367,932
Culture and recreation	-	-	-	-	-	-	-	76,316
Total Expenditures	1,052,064	397,404	1,153	987,200	1,046,079	84,050	1,814,831	11,112,755
Excess (deficiency) of revenues over (under) expenditures	(31,031)	-	1,277,749	(909,464)	(131,649)	42,113	(369,697)	(58,369)
<b>Other Financing Sources (Uses)</b>								
Operating Transfer In	-	-	267,396	1,500,000	219,435	271,950	205,000	2,796,673
Operating Transfer Out	(12,637)	-	(1,845,076)	-	-	(431,083)	(68,435)	(2,443,556)
Total Other Financing Sources (Uses)	(12,637)	-	(1,577,680)	1,500,000	219,435	(159,133)	136,565	353,117
Net changes in fund balances	(43,668)	-	(299,931)	590,536	87,786	(117,020)	(233,132)	294,748
Fund balances - beginning, as adjusted	703,047	-	1,355,506	6,278,360	175,723	890,250	355,604	12,373,506
Fund balances - ending	\$ 659,379	\$ -	\$ 1,055,575	\$ 6,868,896	\$ 263,509	\$ 773,230	\$ 122,472	\$ 12,668,254

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**ARENA/EXHIBIT OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 250,059	\$ 250,059	\$ 250,059	\$ -
Resources (inflows)				
Charges for services	67,500	67,500	143,270	75,770
Investment income	4,400	4,400	7,649	3,249
Rentals	175,000	175,000	331,585	156,585
Miscellaneous	-	-	18,090	18,090
Amount available for appropriation	<u>496,959</u>	<u>496,959</u>	<u>750,653</u>	<u>253,694</u>
Charges to appropriations (outflows)				
Culture and recreation	166,800	166,800	156,599	10,201
Transfer out	-	-	3,684	(3,684)
Total charges to appropriations	<u>166,800</u>	<u>166,800</u>	<u>160,283</u>	<u>6,517</u>
Budgetary fund balance, December 31	<u>\$ 330,159</u>	<u>\$ 330,159</u>	<u>\$ 590,370</u>	<u>\$ 260,211</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**E/H TRANSIT SYSTEM**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	327,924	327,924	314,138	(13,786)
Intergovernmental	1,170,741	1,170,741	1,028,733	(142,008)
Investment income	435	435	425	(10)
Amount available for appropriation	<u>1,499,100</u>	<u>1,499,100</u>	<u>1,343,296</u>	<u>(155,804)</u>
Charges to appropriations (outflows)				
General government	<u>1,499,100</u>	<u>1,499,100</u>	<u>1,341,668</u>	<u>157,432</u>
Total charges to appropriations	<u>1,499,100</u>	<u>1,499,100</u>	<u>1,341,668</u>	<u>157,432</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,628</u>	<u>\$ 1,628</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**LIBRARY**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget Positive (Negative)
Budgetary fund balance, January 1	\$ 226,451	\$ 226,451	\$ 226,451	\$ -
Resources (inflows)				
Taxes	1,092,095	1,092,095	1,040,489	(51,606)
Intergovernmental	262,800	262,800	268,155	5,355
Charges for services	65,000	65,000	56,150	(8,850)
Fines and forfeits	30,000	30,000	27,996	(2,004)
Investment income	8,000	8,000	7,631	(369)
Rentals	5,000	5,000	4,179	(821)
Miscellaneous	3,000	3,000	12,889	9,889
Amount available for appropriation	<u>1,692,346</u>	<u>1,692,346</u>	<u>1,643,940</u>	<u>(48,406)</u>
Charges to appropriations (outflows)				
Culture and recreation	1,389,834	1,389,834	1,364,500	25,334
Transfer out	<u>17,643</u>	<u>17,643</u>	<u>17,643</u>	<u>-</u>
Total charges to appropriations	<u>1,407,477</u>	<u>1,407,477</u>	<u>1,382,143</u>	<u>25,334</u>
Budgetary fund balance, December 31	<u>\$ 284,869</u>	<u>\$ 284,869</u>	<u>\$ 261,797</u>	<u>\$ (23,072)</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 37,712	\$ 37,712	\$ 37,712	\$ -
Resources (inflows)				
Fines and forfeits	3,000	3,000	12,443	9,443
Investment income	1,500	1,500	470	(1,030)
Amount available for appropriation	<u>42,212</u>	<u>42,212</u>	<u>50,625</u>	<u>8,413</u>
Charges to appropriations (outflows)				
Public safety	<u>16,400</u>	<u>16,400</u>	<u>9,367</u>	<u>7,033</u>
Total charges to appropriations	<u>16,400</u>	<u>16,400</u>	<u>9,367</u>	<u>7,033</u>
Budgetary fund balance, December 31	<u>\$ 25,812</u>	<u>\$ 25,812</u>	<u>\$ 41,258</u>	<u>\$ 15,446</u>

**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, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1	\$ 165,336	\$ 165,336	\$ 165,336	\$ -
Resources (inflows)				
Licenses and permits	4,000	4,000	3,310	(690)
Intergovernmental	44,000	44,000	40,731	(3,269)
Investment income	6,000	6,000	1,835	(4,165)
Amount available for appropriation	<u>219,336</u>	<u>219,336</u>	<u>211,212</u>	<u>(8,124)</u>
Charges to appropriations (outflows)				
Public safety	58,665	58,665	54,450	4,215
Transfer out	-	-	3,916	(3,916)
Total charges to appropriations	<u>58,665</u>	<u>58,665</u>	<u>58,366</u>	<u>299</u>
Budgetary fund balance, December 31	<u>\$ 160,671</u>	<u>\$ 160,671</u>	<u>\$ 152,846</u>	<u>\$ (7,825)</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE LLBG VI  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 69,103	\$ 69,103	\$ 69,103	\$ -
Resources (inflows)				
Intergovernmental	80,000	80,000	140	(79,860)
Investment income	4,000	4,000	272	(3,728)
Amount available for appropriation	<u>153,103</u>	<u>153,103</u>	<u>69,515</u>	<u>(83,588)</u>
Charges to appropriations (outflows)				
Public safety	98,113	98,113	66,905	31,208
Transfer out	-	-	2,610	(2,610)
Total charges to appropriations	<u>98,113</u>	<u>98,113</u>	<u>69,515</u>	<u>28,598</u>
Budgetary fund balance, December 31	<u>\$ 54,990</u>	<u>\$ 54,990</u>	<u>\$ -</u>	<u>\$ (54,990)</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 76,040	\$ 76,040	\$ 76,040	\$ -
Resources (inflows)				
Investment income	-	-	746	746
Amount available for appropriation	<u>76,040</u>	<u>76,040</u>	<u>76,786</u>	<u>746</u>
Charges to appropriations (outflows)				
Public safety	75,021	75,021	57,335	17,686
Transfer out	-	-	2,836	(2,836)
Total charges to appropriations	<u>75,021</u>	<u>75,021</u>	<u>60,171</u>	<u>14,850</u>
Budgetary fund balance, December 31	<u>\$ 1,019</u>	<u>\$ 1,019</u>	<u>\$ 16,615</u>	<u>\$ 15,596</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1				
Resources (inflows)				
Intergovernmental	\$ -	\$ -	\$ 44,537	\$ 44,537
Investment income	-	-	70	70
Amount available for appropriation	-	-	44,607	44,607
Charges to appropriations (outflows)				
Total charges to appropriations	-	-	-	-
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,607</u>	<u>\$ 44,607</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 1,790,315	\$ 1,790,315	\$ 1,790,315	\$ -
Resources (inflows)				
Intergovernmental	2,150,000	2,150,000	2,219,153	69,153
Charges for services	306,500	306,500	143,120	(163,380)
Investment income	25,000	25,000	17,685	(7,315)
Rentals	75,048	75,048	45,366	(29,682)
Miscellaneous	187,000	187,000	2,327	(184,673)
Transfer in	628,243	628,243	332,892	(295,351)
Amount available for appropriation	<u>5,162,106</u>	<u>5,162,106</u>	<u>4,550,858</u>	<u>(611,248)</u>
Charges to appropriations (outflows)				
Highways and streets	3,183,000	3,183,000	2,679,150	503,850
Transfer out	61,716	61,716	55,636	6,080
Total charges to appropriations	<u>3,244,716</u>	<u>3,244,716</u>	<u>2,734,786</u>	<u>509,930</u>
Budgetary fund balance, December 31	<u>\$ 1,917,390</u>	<u>\$ 1,917,390</u>	<u>\$ 1,816,072</u>	<u>\$ (101,318)</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 703,047	\$ 703,047	\$ 703,047	\$ -
Resources (inflows)				
Charges for services	950,480	950,480	1,010,041	59,561
Investment income	15,000	15,000	9,138	(5,862)
Rentals	1,500	1,500	1,854	354
Amount available for appropriation	<u>1,670,027</u>	<u>1,670,027</u>	<u>1,724,080</u>	<u>54,053</u>
Charges to appropriations (outflows)				
Highways and streets	1,134,169	1,134,169	1,052,064	82,105
Transfer out	<u>-</u>	<u>-</u>	<u>12,637</u>	<u>(12,637)</u>
Total charges to appropriations	<u>1,134,169</u>	<u>1,134,169</u>	<u>1,064,701</u>	<u>69,468</u>
Budgetary fund balance, December 31	<u><u>\$ 535,858</u></u>	<u><u>\$ 535,858</u></u>	<u><u>\$ 659,379</u></u>	<u><u>\$ 123,521</u></u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Taxes	<u>360,000</u>	<u>360,000</u>	<u>397,404</u>	<u>37,404</u>
Amount available for appropriation	<u>360,000</u>	<u>360,000</u>	<u>397,404</u>	<u>37,404</u>
Charges to appropriations (outflows)				
General government	<u>360,000</u>	<u>360,000</u>	<u>397,404</u>	<u>(37,404)</u>
Total charges to appropriations	<u>360,000</u>	<u>360,000</u>	<u>397,404</u>	<u>(37,404)</u>
Budgetary fund balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LODGING, LIQUOR & FOOD TAX  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 1,355,506	\$ 1,355,506	\$ 1,355,506	\$ -
Resources (inflows)				
Taxes	1,125,000	1,125,000	1,239,576	114,576
Investment Income	16,000	16,000	20,126	4,126
Rentals	19,200	19,200	19,200	-
Transfer In	-	-	267,396	267,396
Amount available for appropriation	<u>2,515,706</u>	<u>2,515,706</u>	<u>2,901,804</u>	<u>386,098</u>
Charges to appropriations (outflows)				
General government	-	-	1,153	(1,153)
Transfer out	1,846,449	1,846,449	1,845,076	1,373
Total charges to appropriations	<u>1,846,449</u>	<u>1,846,449</u>	<u>1,846,229</u>	<u>220</u>
Budgetary Fund Balance, December 31	<u>\$ 669,257</u>	<u>\$ 669,257</u>	<u>\$ 1,055,575</u>	<u>\$ 386,318</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 6,278,360	\$ 6,278,360	\$ 6,278,360	\$ -
Resources (inflows)				
Investment income	110,000	110,000	77,736	(32,264)
Transfer in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Amount available for appropriation	<u>7,888,360</u>	<u>7,888,360</u>	<u>7,856,096</u>	<u>(32,264)</u>
Charges to appropriations (outflows)				
General government	<u>1,500,000</u>	<u>1,500,000</u>	<u>987,200</u>	<u>512,800</u>
Total charges to appropriations	<u>1,500,000</u>	<u>1,500,000</u>	<u>987,200</u>	<u>512,800</u>
Budgetary fund balance, December 31	<u><u>\$ 6,388,360</u></u>	<u><u>\$ 6,388,360</u></u>	<u><u>\$ 6,868,896</u></u>	<u><u>\$ 480,536</u></u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 175,723	\$ 175,723	\$ 175,723	\$ -
Resources (inflows)				
Taxes	927,111	927,111	886,221	(40,890)
Intergovernmental	25,490	25,490	22,640	(2,850)
Investment income	2,000	2,000	5,569	3,569
Transfer In	207,219	207,219	219,435	12,216
Amount available for appropriation	<u>1,337,543</u>	<u>1,337,543</u>	<u>1,309,588</u>	<u>(27,955)</u>
Charges to appropriations (outflows)				
General government	<u>1,161,116</u>	<u>1,161,116</u>	<u>1,046,079</u>	<u>115,037</u>
Total charges to appropriations	<u>1,161,116</u>	<u>1,161,116</u>	<u>1,046,079</u>	<u>115,037</u>
Budgetary fund balance, December 31	<u><u>\$ 176,427</u></u>	<u><u>\$ 176,427</u></u>	<u><u>\$ 263,509</u></u>	<u><u>\$ 87,082</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SPECIAL DEFICIENCY/ASSUMPTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 890,250	\$ 890,250	\$ 890,250	\$ -
Resources (inflows)				
Taxes	-	-	5,818	5,818
Special assessments	-	-	9,561	9,561
Intergovernmental	-	-	23	23
Investment income	115,600	115,600	108,761	(6,839)
Miscellaneous	-	-	2,000	2,000
Transfer in	-	-	271,950	271,950
Amount available for appropriation	<u>1,005,850</u>	<u>1,005,850</u>	<u>1,288,363</u>	<u>282,513</u>
Charges to appropriations (outflows)				
General government	78,000	78,000	84,050	(6,050)
Transfer out	694,321	694,321	431,083	263,238
Total charges to appropriations	<u>772,321</u>	<u>772,321</u>	<u>515,133</u>	<u>257,188</u>
Budgetary fund balance, December 31	<u>\$ 233,529</u>	<u>\$ 233,529</u>	<u>\$ 773,230</u>	<u>\$ 539,701</u>

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 355,604	\$ 355,604	\$ 355,604	\$ -
Resources (inflows)				
Intergovernmental	2,161,171	2,161,171	1,406,691	(754,480)
Charges for services	8,500	8,500	9,380	880
Investment income	-	1,655	3,004	1,349
Miscellaneous	62,800	98,500	26,059	(72,441)
Transfer in	-	50,521	205,000	154,479
Amount available for appropriation	<u>2,588,075</u>	<u>2,675,951</u>	<u>2,005,738</u>	<u>(670,213)</u>
Charges to appropriations (outflows)				
General government	127,000	74,214	43,071	31,143
Public safety	1,071,980	1,124,766	715,245	409,521
Highways and streets	51,300	68,153	11,646	56,507
Health and welfare	941,305	941,305	544,692	396,613
Culture and recreation	-	71,023	500,171	(429,148)
Transfer out	40,886	40,886	68,435	(27,549)
Total charges to appropriations	<u>2,232,471</u>	<u>2,320,347</u>	<u>1,883,260</u>	<u>437,087</u>
Budgetary fund balance, December 31	<u>\$ 355,604</u>	<u>\$ 355,604</u>	<u>\$ 122,478</u>	<u>\$ (233,126)</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2003**

	<b>Highway Bonds</b>	<b>Sewermain Bonds</b>	<b>Watermain Bonds</b>	<b>Sidewalk Bonds</b>	<b>Parking Lot Bonds</b>	<b>Total Debt Service</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,728	\$ -	\$ -	\$ -	\$ 86,483	\$ 95,211
Investments	-	-	-	416,077	24,105	440,182
Receivables:						
Taxes receivable	2,737	-	-	-	-	2,737
Special assessments	-	3,023,389	436,766	2,598,579	29,725	6,088,459
Intergovernmental	-	28,504	23,965	17,516	358,627	428,612
Due from other funds	-	804,674	335,085	470,542	-	1,610,301
Advance to other funds	-	-	568,759	-	-	568,759
<b>Total Assets</b>	<b>\$ 11,465</b>	<b>\$ 3,856,567</b>	<b>\$ 1,364,575</b>	<b>\$ 3,502,714</b>	<b>\$ 498,940</b>	<b>\$ 9,234,261</b>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	57	-	57
Deferred revenue	2,290	2,847,023	1,137,915	2,290,947	370,169	6,648,344
Total liabilities	2,290	2,847,023	1,137,915	2,291,004	370,169	6,648,401
<b>FUND BALANCES</b>						
Reserved for advances to other funds	-	-	568,759	-	-	568,759
Unreserved, undesignated	9,175	1,009,544	(342,099)	1,211,710	128,771	2,017,101
Total fund balances	9,175	1,009,544	226,660	1,211,710	128,771	2,585,860
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,465</b>	<b>\$ 3,856,567</b>	<b>\$ 1,364,575</b>	<b>\$ 3,502,714</b>	<b>\$ 498,940</b>	<b>\$ 9,234,261</b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2003**

	<b>Highway Bonds</b>	<b>Sewermain Bonds</b>	<b>Watermain Bonds</b>	<b>Sidewalk Bonds</b>	<b>Parking Lot Bonds</b>	<b>Sales Tax Bonds</b>	<b>Total Debt Service</b>
<b>REVENUES</b>							
Taxes	\$ 50,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,591
Special Assessments	-	551,655	101,063	665,729	116,732	-	1,435,179
Intergovernmental	1,244	-	-	-	-	-	1,244
Investment Income	330	-	-	-	1,715	-	2,045
Total Revenues	<u>52,165</u>	<u>551,655</u>	<u>101,063</u>	<u>665,729</u>	<u>118,447</u>	<u>-</u>	<u>1,489,059</u>
<b>EXPENDITURES</b>							
Debt Service							
Principal	60,000	349,772	155,885	495,000	61,343	990,000	2,112,000
Interest and fiscal charges	1,463	149,506	47,015	144,259	14,861	79,263	436,367
Total Expenditures	<u>61,463</u>	<u>499,278</u>	<u>202,900</u>	<u>639,259</u>	<u>76,204</u>	<u>1,069,263</u>	<u>2,548,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,298)</u>	<u>52,377</u>	<u>(101,837)</u>	<u>26,470</u>	<u>42,243</u>	<u>(1,069,263)</u>	<u>(1,059,308)</u>
<b>Other Financing Sources (Uses)</b>							
Operating Transfer In	-	295,043	-	88,341	-	1,069,263	1,452,647
Operating Transfer Out	-	(2,881)	(248,304)	(151,857)	(2,874)	-	(405,916)
Total Other Financing Sources (Uses)	<u>-</u>	<u>292,162</u>	<u>(248,304)</u>	<u>(63,516)</u>	<u>(2,874)</u>	<u>1,069,263</u>	<u>1,046,731</u>
Net changes in fund balances	(9,298)	344,539	(350,141)	(37,046)	39,369	-	(12,577)
Fund balances - beginning, as adjusted	18,473	665,005	576,801	1,248,756	89,402	-	2,598,437
Fund balances - ending	<u>\$ 9,175</u>	<u>\$ 1,009,544</u>	<u>\$ 226,660</u>	<u>\$ 1,211,710</u>	<u>\$ 128,771</u>	<u>\$ -</u>	<u>\$ 2,585,860</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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	\$ 18,473	\$ 18,473	\$ 18,473	\$ -
Resources (inflows)				
Taxes	55,382	55,382	50,591	(4,791)
Intergovernmental	-	-	1,244	1,244
Investment Income	-	-	330	330
Amount available for appropriation	<u>73,855</u>	<u>73,855</u>	<u>70,638</u>	<u>(3,217)</u>
Charges to appropriations (outflows)				
Principal	60,000	60,000	60,000	-
Interest and fiscal charges	1,463	26,463	1,463	25,000
Total charges to appropriations	<u>61,463</u>	<u>86,463</u>	<u>61,463</u>	<u>25,000</u>
Budgetary Fund Balance, December 31	<u>\$ 12,392</u>	<u>\$ (12,608)</u>	<u>\$ 9,175</u>	<u>\$ 21,783</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SEWERMAIN BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 665,005	\$ 665,005	\$ 665,005	\$ -
Resources (inflows)				
Special assessments	593,222	593,222	551,655	(41,567)
Transfer in	-	-	295,043	295,043
Amount available for appropriation	<u>1,258,227</u>	<u>1,258,227</u>	<u>1,511,703</u>	<u>253,476</u>
Charges to appropriations (outflows)				
Principal	349,773	349,773	349,772	1
Interest and fiscal charges	148,812	150,067	149,506	561
Transfer out	-	-	2,881	(2,881)
Total charges to appropriations	<u>498,585</u>	<u>499,840</u>	<u>502,159</u>	<u>(2,319)</u>
Budgetary fund balance, December 31	<u>\$ 759,642</u>	<u>\$ 758,387</u>	<u>\$ 1,009,544</u>	<u>\$ 251,157</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**WATERMAIN BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ 576,801	\$ 576,801	\$ 576,801	\$ -
Resources (inflows)				
Special assessments	267,274	267,274	101,063	(166,211)
Transfer in	100,085	100,085	-	(100,085)
Amount available for appropriation	<u>944,160</u>	<u>944,160</u>	<u>677,864</u>	<u>(266,296)</u>
Charges to appropriations (outflows)	-	-	-	-
Principal	155,885	155,885	155,885	-
Interest and fiscal charges	48,793	49,219	47,015	2,204
Transfer out	-	-	248,304	(248,304)
Total charges to appropriations	<u>204,678</u>	<u>205,104</u>	<u>451,204</u>	<u>(246,100)</u>
Budgetary Fund Balance, December 31	<u>\$ 739,482</u>	<u>\$ 739,056</u>	<u>\$ 226,660</u>	<u>\$ (512,396)</u>

**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, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1	\$ 1,248,756	\$ 1,248,756	\$ 1,248,756	\$ -
Resources (inflows)				
Special assessments	654,774	654,774	665,729	10,955
Transfer in	-	-	88,341	88,341
Amount available for appropriation	1,903,530	1,903,530	2,002,826	99,296
Charges to appropriations (outflows)				
Principal	495,000	495,000	495,000	-
Interest and fiscal charges	113,270	139,851	144,258	(4,407)
Transfer out	-	125,000	151,858	(26,858)
Total charges to appropriations	608,270	759,851	791,116	(31,265)
Budgetary fund balance, December 31	\$ 1,295,260	\$ 1,143,679	\$ 1,211,710	\$ 68,031

**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, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 89,402	\$ 89,402	\$ 89,402	\$ -
Resources (inflows)				
Special assessments	110,562	110,562	116,732	6,170
Investment income	<u>-</u>	<u>-</u>	<u>1,715</u>	<u>1,715</u>
Amount available for appropriation	<u>199,964</u>	<u>199,964</u>	<u>207,849</u>	<u>7,885</u>
Charges to appropriations (outflows)				
Principal	61,343	61,343	61,343	-
Interest and fiscal charges	14,860	14,860	14,861	(1)
Transfer out	<u>-</u>	<u>-</u>	<u>2,874</u>	<u>(2,874)</u>
Total charges to appropriations	<u>76,203</u>	<u>76,203</u>	<u>79,078</u>	<u>(2,875)</u>
Budgetary fund balance, December 31	<u><u>\$ 123,761</u></u>	<u><u>\$ 123,761</u></u>	<u><u>\$ 128,771</u></u>	<u><u>\$ 5,010</u></u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE,**  
**BUDGET AND ACTUAL**  
**SALES TAX REVENUE BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Transfer in	<u>1,069,263</u>	<u>1,069,263</u>	<u>1,069,263</u>	<u>-</u>
Amount available for appropriation	<u>1,069,263</u>	<u>1,069,263</u>	<u>1,069,263</u>	<u>-</u>
Charges to appropriations (outflows)				
Principal	990,000	990,000	990,000	-
Interest and fiscal charges	<u>79,263</u>	<u>79,263</u>	<u>79,263</u>	<u>-</u>
Total charges to appropriations	<u>1,069,263</u>	<u>1,069,263</u>	<u>1,069,263</u>	<u>-</u>
Budgetary fund balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2003**

(Continued on next page)

	<u>Tax</u> <u>Increment</u>	<u>Community</u> <u>Development</u>	<u>Civic Center</u> <u>Improvements</u>	<u>Building</u> <u>Improvements</u>	<u>Highway</u> <u>Construction</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,903,215	\$ -	-	\$ 665,470	\$ 45,145
Investments	-	-	244,584	206,332	2,663,977
Receivables:					
Taxes receivable	53,205	-	-	-	-
Accounts receivable	-	14,446	-	196,778	-
Notes receivable	-	108,313	-	-	-
Intergovernmental	-	-	-	-	85,339
Advance to other funds	1,445,594	-	-	-	-
Restricted assets:					
Investments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 7,402,014</u>	<u>\$ 122,759</u>	<u>\$ 244,584</u>	<u>\$ 1,068,580</u>	<u>\$ 2,794,461</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 6,497	\$ 115,949	\$ 218,651	\$ 217,186
Retainage payable	-	-	-	34,897	-
Due to other funds	-	7,949	-	-	-
Deferred revenue	32,785	108,313	-	-	-
Customer deposits	-	-	-	-	-
Total liabilities	<u>32,785</u>	<u>122,759</u>	<u>115,949</u>	<u>253,548</u>	<u>217,186</u>
<b>FUND BALANCES</b>					
Reserved for advances to other funds	1,080,000	-	-	-	-
Reserved for long-term receivable	-	262,121	-	-	-
Unreserved, undesignated	6,289,229	(262,121)	128,635	815,032	2,577,275
Total fund balances	<u>7,369,229</u>	<u>-</u>	<u>128,635</u>	<u>815,032</u>	<u>2,577,275</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,402,014</u>	<u>\$ 122,759</u>	<u>\$ 244,584</u>	<u>\$ 1,068,580</u>	<u>\$ 2,794,461</u>

CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2003

(Continued from previous page)

	Sewermain Construction	Watermain Construction	Sidewalk Construction	Street Improvement Construction	Total Capital Projects
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,613,830
Investments	-	-	-	-	3,114,893
Receivables:					
Taxes receivable	-	-	-	-	53,205
Accounts receivable	-	-	-	-	211,224
Notes receivable	-	-	-	-	108,313
Intergovernmental	-	-	-	-	85,339
Advance to other funds	-	-	-	-	1,445,594
Restricted assets:					
Investments	-	-	1,023,040	-	1,023,040
<b>Total assets</b>	\$ -	\$ -	\$ 1,023,040	\$ -	\$ 12,655,438
<b>LIABILITIES</b>					
Accounts payable	\$ 425,313	\$ -	\$ 7,733	\$ 155,703	\$ 1,147,032
Retainage payable	130,827	3,675	-	68,118	237,517
Due to other funds	1,517,148	975,636	470,542	5,509,296	8,480,571
Deferred revenue	-	-	-	-	141,098
Customer deposits	-	-	1,023,040	-	1,023,040
Total liabilities	2,073,288	979,311	1,501,315	5,733,117	11,029,258
<b>FUND BALANCES</b>					
Reserved for advances to other funds	-	-	-	-	1,080,000
Reserved for long-term receivable	-	-	-	-	262,121
Unreserved, undesignated	(2,073,288)	(979,311)	(478,275)	(5,733,117)	284,059
Total fund balances	(2,073,288)	(979,311)	(478,275)	(5,733,117)	1,626,180
<b>Total liabilities and fund balances</b>	\$ -	\$ -	\$ 1,023,040	\$ -	\$ 12,655,438

(Continued on next page)

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, 2003

	Bis-Man Visitors Bureau	Riverfront Enhancement	Tax Increment	Community Development	CivicCenter Improvements	Building Improvements
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 1,194,707	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	651,109	-	194,129
Investment income	-	-	67,809	-	-	16,253
Miscellaneous	-	-	-	-	4,348	-
Total revenues	-	-	1,262,516	651,109	4,348	210,382
<b>EXPENDITURES</b>						
Current	-	-	-	-	-	-
General government	1,357	-	-	-	-	-
Public works	-	99,816	6,300	585,971	-	44,000
Capital outlays	-	-	-	-	-	-
Public works	-	-	-	-	905,567	4,480,283
Total expenditures	1,357	99,816	6,300	585,971	905,567	4,524,283
Excess (deficiency) of revenues over (under) expenditures	(1,357)	(99,816)	1,256,216	65,138	(901,219)	(4,313,901)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfer In	1,357	-	213,170	-	1,146,815	2,696,946
Operating Transfer Out	-	-	(301,484)	(65,138)	-	-
Special Assessment Bond Proceeds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,357	-	(88,314)	(65,138)	1,146,815	2,696,946
Net changes in fund balances	-	(99,816)	1,167,902	-	245,596	(1,616,955)
Fund balances - beginning	-	99,816	6,201,327	-	(116,961)	2,431,987
Fund balances - ending	\$ -	\$ -	\$ 7,369,229	\$ -	\$ 128,635	\$ 815,032

**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, 2003**

	Highway Construction	Sewermain Construction	Watermain Construction	Sidewalk Construction	Street Improvement Construction	Capital Projects Total
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,194,707
Special assessments	-	15,876	35,268	7,855	917,488	976,487
Intergovernmental	258,448	1,471,561	-	-	59,485	2,634,732
Investment income	23,865	-	-	-	-	107,927
Miscellaneous	61,965	-	-	-	-	66,313
Total revenues	<u>344,278</u>	<u>1,487,437</u>	<u>35,268</u>	<u>7,855</u>	<u>976,973</u>	<u>4,980,166</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	1,357
Public works	-	-	-	-	-	736,087
Capital outlays	-	-	-	-	-	-
Public works	1,018,579	3,050,140	973,686	506,009	4,849,558	15,783,822
Total expenditures	<u>1,018,579</u>	<u>3,050,140</u>	<u>973,686</u>	<u>506,009</u>	<u>4,849,558</u>	<u>16,521,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(674,301)</u>	<u>(1,562,703)</u>	<u>(938,418)</u>	<u>(498,154)</u>	<u>(3,872,585)</u>	<u>(11,541,100)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfer in	2,070,548	-	248,013	-	347,944	6,724,793
Operating transfer out	(243,476)	(287,163)	(38,642)	(88,341)	(103,476)	(1,127,720)
Special assessment bond proceeds	-	362,736	-	505,000	4,217,264	5,085,000
Total other financing sources (uses)	<u>1,827,072</u>	<u>75,573</u>	<u>209,371</u>	<u>416,659</u>	<u>4,461,732</u>	<u>10,682,073</u>
Net changes in fund balances	1,152,771	(1,487,130)	(729,047)	(81,495)	589,147	(859,027)
Fund balances - beginning	<u>1,424,504</u>	<u>(586,159)</u>	<u>(250,264)</u>	<u>(396,780)</u>	<u>(6,322,263)</u>	<u>2,485,207</u>
Fund balances - ending	<u>\$ 2,577,275</u>	<u>\$ (2,073,289)</u>	<u>\$ (979,311)</u>	<u>\$ (478,275)</u>	<u>\$ (5,733,116)</u>	<u>\$ 1,626,180</u>

(Continued on next page)

CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2003

	Airport Flightline	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 334,145	\$ 722,608	\$ 774,729	\$ 293,924	\$ 2,125,406
Investments	-	-	1,100,207	194,544	1,294,751
Receivables:					
Accounts	35,268	90,651	50,680	-	176,599
Special assessments	-	-	5,476	-	5,476
Inventories	15,246	-	-	-	15,246
Prepaid insurance	2,286	-	-	-	2,286
Total current assets	386,945	813,259	1,931,092	488,468	3,619,764
Noncurrent assets:					
Fixed asset held for resale	-	-	20,347	-	20,347
Capital assets (net of accumulated depreciation):					
Land	-	603,338	428,189	1,203,152	2,234,679
Buildings and building improvements	-	-	-	6,292,770	6,292,770
Improvements other than buildings	187,643	16,105	5,780,000	34,871	6,018,619
Machinery and equipment	53,463	1,334,614	37,800	11,354	1,437,231
Total noncurrent assets	241,106	1,954,057	6,266,336	7,542,147	16,003,646
Total assets	628,051	2,767,316	8,197,428	8,030,615	19,623,410

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2003**

(Continued from previous page)

	Airport Flightline	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,943	13,340	11,411	-	30,694
Leases payable	-	-	-	49,268	49,268
Compensated benefits payable	20,997	54,293	-	-	75,290
Total current liabilities	<u>26,940</u>	<u>67,633</u>	<u>11,411</u>	<u>49,268</u>	<u>155,252</u>
Long-term liabilities:					
Advances from other funds	-	-	-	1,080,000	1,080,000
Compensated benefits payable	2,339	53,176	-	-	55,515
Capital lease	-	-	-	165,743	165,743
Total long-term liabilities	<u>2,339</u>	<u>53,176</u>	<u>-</u>	<u>1,245,743</u>	<u>1,301,258</u>
Total liabilities	<u>29,279</u>	<u>120,809</u>	<u>11,411</u>	<u>1,295,011</u>	<u>1,456,510</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	241,105	1,954,057	6,245,989	7,327,136	15,768,287
Unrestricted	357,667	692,450	1,940,028	(591,532)	2,398,613
Total net assets	<u>\$ 598,772</u>	<u>\$ 2,646,507</u>	<u>\$ 8,186,017</u>	<u>\$ 6,735,604</u>	<u>\$ 18,166,900</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, 2003**

	Airport Flightline	Solid Waste Collections	Storm Water	Parking Authority Lots	Totals
<b>OPERATING REVENUES:</b>					
Charges for sales and services:					
Sales of gas and oil	\$ 605,754	\$ -	\$ -	\$ -	\$ 605,754
Sanitation fees	-	1,206,987	616,336	-	1,823,323
Landing and airport fees	178,435	-	-	-	178,435
Miscellaneous sales	1,412	13,598	300	-	15,310
Rentals	74,699	60	-	774,764	849,523
Total operating revenues	<u>860,300</u>	<u>1,220,645</u>	<u>616,636</u>	<u>774,764</u>	<u>3,472,345</u>
<b>OPERATING EXPENSES:</b>					
Costs of goods sold	460,393	-	-	-	460,393
Personal services - salaries & wages	230,436	734,124	-	-	964,560
Personal services - fringe benefits	30,402	130,674	-	-	161,076
Professional, legal, and contracted services	1,614	-	30,533	177,894	210,041
Building, equipment, and vehicle services	32,630	403,762	52,058	263,475	751,925
Travel & training	771	383	-	-	1,154
Operating services	29,877	46,580	51,855	30,924	159,236
Operating supplies	13,501	80,009	6,673	-	100,183
Grants & subsidies	-	-	20,400	-	20,400
Depreciation	14,135	186,095	143,903	261,580	605,713
Total operating expenses	<u>813,759</u>	<u>1,581,627</u>	<u>305,422</u>	<u>733,873</u>	<u>3,434,681</u>
Operating income (loss)	<u>46,541</u>	<u>(360,982)</u>	<u>311,214</u>	<u>40,891</u>	<u>37,664</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Intergovernmental	-	-	67,832	-	67,832
Special assessments	-	-	34,531	-	34,531
Gain (loss) on disposal of assets	917	(248,286)	-	-	(247,369)
Investment income	3,762	15,878	20,489	6,230	46,359
Interest expense	(150)	-	-	(11,817)	(11,967)
Total nonoperating revenue (expenses)	<u>4,529</u>	<u>(232,408)</u>	<u>122,852</u>	<u>(5,587)</u>	<u>(110,614)</u>
Income (loss) before contributions and transfers	<u>51,070</u>	<u>(593,390)</u>	<u>434,066</u>	<u>35,304</u>	<u>(72,950)</u>
<b>CAPITAL CONTRIBUTIONS TRANSFERS OUT</b>					
Change in net assets	<u>(31,915)</u>	<u>(75,787)</u>	<u>350,885</u>	<u>(213,170)</u>	<u>350,885</u>
Total net assets - beginning as adjusted	<u>19,155</u>	<u>(669,177)</u>	<u>772,314</u>	<u>(177,866)</u>	<u>(55,574)</u>
Net assets - ending	<u>579,617</u>	<u>3,315,684</u>	<u>7,413,703</u>	<u>6,913,470</u>	<u>18,222,474</u>
	<u>\$ 598,772</u>	<u>\$ 2,646,507</u>	<u>\$ 8,186,017</u>	<u>\$ 6,735,604</u>	<u>\$ 18,166,900</u>

CITY OF BISMARCK, NORTH DAKOTA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Airport Flightline	Solid Waste Collections	Storm Water	Parking Authority Lots	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 889,379	\$ 1,226,122	\$ 618,856	\$ 774,764	\$ 3,509,121
Payments to Suppliers	(595,969)	(661,506)	(170,489)	(488,691)	(1,916,655)
Payments to employees	(234,140)	(732,981)	-	-	(967,121)
Net cash provided (used) by operating activities	<u>59,270</u>	<u>(168,365)</u>	<u>448,367</u>	<u>286,073</u>	<u>625,345</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental revenue	-	-	67,832	-	67,832
Transfers to other funds	(31,915)	(75,787)	(12,637)	(213,170)	(333,509)
Net cash provided (used) by noncapital financing activities	<u>(31,915)</u>	<u>(75,787)</u>	<u>55,195</u>	<u>(213,170)</u>	<u>(265,677)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital lease payment	(10,050)	-	-	(46,014)	(56,064)
Interest paid	(150)	-	-	(11,817)	(11,967)
Payment on advance	-	-	-	(20,000)	(20,000)
Proceeds from advance	-	-	-	51,156	51,156
Proceeds from sale of Capital assets	916	3,736	-	-	4,652
Special assessments collected	-	-	69,757	-	69,757
Purchase of capital assets	(5,100)	(565,489)	(157,660)	(12,500)	(740,749)
Construction of capital assets	-	-	(18,739)	(90,441)	(109,180)
Net cash used by capital and related financing activities	<u>(14,384)</u>	<u>(561,753)</u>	<u>(106,642)</u>	<u>(129,616)</u>	<u>(812,395)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	3,762	15,878	20,489	6,230	46,359
Net cash provided by investing activities	<u>3,762</u>	<u>15,878</u>	<u>20,489</u>	<u>6,230</u>	<u>46,359</u>
Net increase (decrease) in cash and cash equivalents	16,733	(790,027)	417,409	(50,483)	(406,368)
Cash and cash equivalents - January 1	317,412	1,512,635	357,320	344,407	2,531,774
Cash and cash equivalents - December 31	<u>\$ 334,145</u>	<u>\$ 722,608</u>	<u>\$ 774,729</u>	<u>\$ 293,924</u>	<u>\$ 2,125,406</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ 46,541	\$ (360,982)	\$ 311,214	\$ 40,891	\$ 37,664
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	14,135	186,095	143,903	261,580	605,713
Increase in accounts receivable	29,079	5,477	2,220	-	36,776
Decrease in inventories	5,981	-	-	-	5,981
Increase in prepaid items	(1,490)	-	-	-	(1,490)
Decrease in accounts payable	(30,579)	(98)	(8,970)	(16,398)	(56,045)
Decrease in due to other funds	(693)	-	-	-	(693)
Increase (decrease) in compensated absences payable	(3,704)	1,143	-	-	(2,561)
Total adjustments	<u>12,729</u>	<u>192,617</u>	<u>137,153</u>	<u>245,182</u>	<u>587,681</u>
Net cash provided by (used) operating activities	<u>\$ 59,270</u>	<u>\$ (168,365)</u>	<u>\$ 448,367</u>	<u>\$ 286,073</u>	<u>\$ 625,345</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>					
Construction of capital assets contributed through capital project funds	-	-	350,885	-	-

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2003**

	Arena	Liability Insurance	Employee Insurance	Unemployment Compensation	Revolving	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 306,249	\$ 519,882	\$ 765	\$ 20,000	\$ 846,896
Investments	-	-	1,819,542	55,280	187,934	2,062,756
Receivables:						
Taxes	-	283	-	-	-	283
Accounts	49,295	-	29,700	-	134,737	213,732
Total current assets	49,295	306,532	2,369,124	56,045	342,671	3,123,667
Noncurrent Assets:						
Restricted assets						
Cash and cash equivalents	174,024	-	-	-	-	174,024
Total noncurrent assets	174,024	-	-	-	-	174,024
Total assets	223,319	306,532	2,369,124	56,045	342,671	3,297,691
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	38,734	8,379	69,240	1,879	330,170	448,402
Due to other funds	10,561	-	-	-	-	10,561
Deferred revenue	-	245	-	-	-	245
Claims and judgments payable	-	90,000	228,555	-	-	318,555
Total current liabilities	49,295	98,624	297,795	1,879	330,170	777,763
Restricted current liabilities:						
Customer deposits	174,024	-	-	-	-	174,024
Total restricted current liabilities	174,024	-	-	-	-	174,024
Long-term liabilities:						
Claims and judgments payable	-	30,000	-	-	-	30,000
Total liabilities	223,319	128,624	297,795	1,879	330,170	981,787
<b>NET ASSETS</b>						
Unrestricted	-	177,908	2,071,329	54,166	12,501	2,315,904
Total net assets	\$ -	\$ 177,908	\$ 2,071,329	\$ 54,166	\$ 12,501	\$ 2,315,904

**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, 2003**

	Arena	Liability Insurance	Employee Insurance	Unemployment Compensation	Revolving	Total
<b>OPERATING REVENUES</b>						
Event sales	\$ 3,142,081	-	-	-	-	\$ 3,142,081
Miscellaneous sales	1,648	7,452	42,324	-	3,232	54,656
Rentals	3,353	-	-	-	-	3,353
Employer contributions	-	-	2,108,939	-	-	2,108,939
Employee contributions	-	-	39,700	-	-	39,700
Total operating revenues	<u>3,147,082</u>	<u>7,452</u>	<u>2,190,963</u>	<u>-</u>	<u>3,232</u>	<u>5,348,729</u>
<b>OPERATING EXPENSES</b>						
Costs of goods sold	2,773,991	-	-	-	-	2,773,991
Personal services - salaries & wages	214,516	-	-	-	3,225	217,741
Personal services - fringe benefits	21,092	-	92,250	23,283	-	136,625
Professional, legal, and contracted services	2,650	45,594	766	-	7,500	56,510
Building, equipment, and vehicle services	-	-	-	-	11,100	11,100
Operating services	81,669	89,726	2,614,655	-	26	2,786,076
Operating supplies	-	-	258	-	-	258
Total operating expenses	<u>3,093,918</u>	<u>135,320</u>	<u>2,707,929</u>	<u>23,283</u>	<u>21,851</u>	<u>5,982,301</u>
Operating income (loss)	<u>53,164</u>	<u>(127,868)</u>	<u>(516,966)</u>	<u>(23,283)</u>	<u>(18,619)</u>	<u>(633,572)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	4,810	10,604	24,186	793	-	40,393
Taxes	-	499	-	-	-	499
Total nonoperating revenues (expenses)	<u>4,810</u>	<u>11,103</u>	<u>24,186</u>	<u>793</u>	<u>-</u>	<u>40,892</u>
Income (loss) before contributions and transfers	<u>57,974</u>	<u>(116,765)</u>	<u>(492,780)</u>	<u>(22,490)</u>	<u>(18,619)</u>	<u>(592,680)</u>
<b>TRANSFERS IN</b>						
<b>TRANSFERS OUT</b>						
Change in net assets	<u>(57,974)</u>	<u>(1,872,831)</u>	<u>(58,960)</u>	<u>2,842</u>	<u>(5,752)</u>	<u>(1,995,517)</u>
Total net assets - beginning	-	(1,989,596)	(551,740)	(19,648)	(24,371)	(2,585,355)
Total net assets - ending	<u>-</u>	<u>2,167,504</u>	<u>2,623,069</u>	<u>73,814</u>	<u>36,872</u>	<u>4,901,259</u>
Total net assets - ending	<u>\$ -</u>	<u>\$ 177,908</u>	<u>\$ 2,071,329</u>	<u>\$ 54,166</u>	<u>\$ 12,501</u>	<u>\$ 2,315,904</u>

**CITY OF BISMARCK , NORTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Arena	Liability Insurance	Employee Insurance	Unemployment Compensation	Revolving	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 3,101,391	-	-	-	-	\$ 3,101,391
Receipts from employer	-	-	2,148,537	-	-	2,148,537
Other operating cash receipts	1,648	7,452	42,324	-	-	54,656
Payments to employees	(214,516)	-	-	-	3,232	(217,741)
Payments to suppliers	(2,862,769)	(281,845)	(2,525,897)	(24,575)	23,370	(5,671,716)
Net cash provided (used) by operating activities	<u>25,754</u>	<u>(274,393)</u>	<u>(335,036)</u>	<u>(24,575)</u>	<u>23,377</u>	<u>(584,873)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Taxes	-	461	-	-	-	461
Transfers from (to) other funds	(46,608)	(1,872,831)	(58,960)	2,842	(5,752)	(1,981,309)
Net cash provided (used) by noncapital and related financing activities	<u>(46,608)</u>	<u>(1,872,370)</u>	<u>(58,960)</u>	<u>2,842</u>	<u>(5,752)</u>	<u>(1,980,848)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	4,810	10,604	24,186	793	-	40,393
Net cash provided by investing activities	<u>4,810</u>	<u>10,604</u>	<u>24,186</u>	<u>793</u>	<u>-</u>	<u>40,393</u>
Net increase (decrease) in cash and cash equivalents	(16,044)	(2,136,159)	(369,810)	(20,940)	17,625	(2,525,328)
Cash and cash equivalents - January 1	16,044	2,442,408	889,692	21,705	2,375	3,372,224
Cash and cash equivalents - December 31	<u>-</u>	<u>\$ 306,249</u>	<u>\$ 519,882</u>	<u>\$ 765</u>	<u>\$ 20,000</u>	<u>\$ 846,896</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 53,164	\$ (127,868)	\$ (516,966)	\$ (23,283)	\$ (18,619)	\$ (633,572)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Increase in accounts receivable	(44,043)	-	(102)	-	(16,752)	(60,897)
Decrease in customer deposits	(11,366)	-	-	-	-	(11,366)
Increase (decrease) in accounts payable	17,438	8,379	67,817	(1,292)	58,748	151,090
Increase in due to other funds	10,561	-	-	-	-	10,561
Increase (decrease) in estimated pending claims	-	(154,904)	114,215	-	-	(40,689)
Total adjustments	<u>(27,410)</u>	<u>(146,525)</u>	<u>181,930</u>	<u>(1,292)</u>	<u>41,996</u>	<u>48,699</u>
Net cash provided (used) by operating activities	<u>\$ 25,754</u>	<u>\$ (274,393)</u>	<u>\$ (335,036)</u>	<u>\$ (24,575)</u>	<u>\$ 23,377</u>	<u>\$ (584,873)</u>

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**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**DECEMBER 31, 2003**

	Deferred Sick Leave	City Pension	Police Pension	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 196,627	\$ -	\$ -	\$ 196,627
Receivables:				
Taxes	-	11,782	6,121	17,903
Accounts	-	20,730	7,406	28,136
Accrued interest and dividends	936	42,913	21,803	65,652
Investments, at fair value:				
Domestic equities	168,594	12,041,509	5,749,543	17,959,646
International equities	68,767	1,263,705	1,015,368	2,347,840
Domestic fixed income	379,772	10,521,148	4,087,751	14,988,671
International fixed income	-	510,940	565,464	1,076,404
Real estate	-	686,611	562,034	1,248,645
Venture capital	-	238,991	346,412	585,403
Mutual funds	-	10,177,599	4,034,941	14,212,540
Invested cash	30,994	298,979	94,067	424,040
Invested securities lending collateral	81,519	1,781,350	728,853	2,591,722
Total assets	927,209	37,596,257	17,219,763	55,743,229
<b>LIABILITIES</b>				
Accounts payable	571	20,005	10,055	30,631
Due to other funds	-	1,139,119	69,459	1,208,578
Deferred revenue	-	8,992	4,561	13,553
Securities lending collateral	81,519	1,781,350	728,853	2,591,722
Total liabilities	82,090	2,949,466	812,928	3,844,484
<b>NET ASSETS</b>				
Assets held in trust for pension and other employee benefits	845,119	34,646,791	16,406,835	51,898,745
Total net assets held in trust	\$ 845,119	\$ 34,646,791	\$ 16,406,835	\$ 51,898,745

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**FOR THE YEAR ENDING DECEMBER 31, 2003**

	Deferred Sick Leave	City Pension	Police Pension	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 120,035	\$ 664,903	\$ 334,858	\$ 1,119,796
Employee	-	611,002	255,739	866,741
Transfer from other funds	-	241,766	19,437	261,203
Total Contributions	<u>120,035</u>	<u>1,517,671</u>	<u>610,034</u>	<u>2,247,740</u>
Investment income:				
Net increase in fair value of investments	65,010	5,632,774	2,704,409	8,402,193
Interest and dividends	23,965	725,592	350,808	1,100,365
	88,975	6,358,366	3,055,217	9,502,558
Less: investment expense	(2,344)	(83,789)	(41,288)	(127,421)
Net investment income	<u>86,631</u>	<u>6,274,577</u>	<u>3,013,929</u>	<u>9,375,137</u>
Security lending activity:				
Securities lending income	1,099	24,765	10,136	36,000
Less: securities lending expenses	(909)	(20,514)	(8,201)	(29,624)
Net securities lending income	<u>190</u>	<u>4,251</u>	<u>1,935</u>	<u>6,376</u>
Total additions	<u>206,856</u>	<u>7,796,499</u>	<u>3,625,898</u>	<u>11,629,253</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants	29,498	1,447,031	523,977	2,000,506
Refunds	-	27,351	77,012	104,363
Transfer to other funds	-	12,859	9,955	22,814
Administration	-	9,353	6,704	16,057
Total deductions	<u>29,498</u>	<u>1,496,594</u>	<u>617,648</u>	<u>2,143,740</u>
Change in net assets	<u>177,358</u>	<u>6,299,905</u>	<u>3,008,250</u>	<u>9,485,513</u>
<b>Net assets - beginning as adjusted</b>	<u>667,761</u>	<u>28,346,886</u>	<u>13,398,585</u>	<u>42,413,232</u>
<b>Net assets - ending</b>	<u>\$ 845,119</u>	<u>\$ 34,646,791</u>	<u>\$ 16,406,835</u>	<u>\$ 51,898,745</u>

**CITY OF BISMARCK, NORTH DAKOTA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 DECEMBER 31, 2003**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 1,712,508
Buildings and building improvements	51,018,685
Improvements other than buildings	37,078
Machinery and equipment	21,437,657
Infrastructure	45,664,119
Construction in progress	2,161,595
Total general fixed assets	<u>\$ 122,031,642</u>

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

General fund	\$ 10,933,153
Special revenue funds	18,386,202
Federal and state grants	33,798,607
Capital projects funds	58,755,203
Donations	158,477
Total governmental funds capital assets	<u>\$ 122,031,642</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2003**

<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	-	-	-	230,392	-	230,392
Common software	-	-	-	181,271	-	181,271
City/County office building	-	4,770,246	-	36,103	-	4,806,349
Bismarck-Mandan visitors bureau	200,000	804,475	-	-	-	1,004,475
Planning	-	-	-	14,700	-	14,700
E/H transit system	108,421	795,444	-	974,634	-	1,878,499
Total general government	<u>308,421</u>	<u>6,370,165</u>	<u>-</u>	<u>1,448,453</u>	<u>-</u>	<u>8,127,039</u>
<b>Public safety:</b>						
Police	499,500	3,796,814	37,078	1,282,372	-	5,615,764
Fire and inspections	245,767	1,965,325	-	3,524,892	-	5,735,984
Combined communications center	-	-	-	368,660	-	368,660
Total public safety	<u>745,267</u>	<u>5,762,139</u>	<u>37,078</u>	<u>5,175,924</u>	<u>-</u>	<u>11,720,408</u>
<b>Highways and streets:</b>						
Roads and streets	-	-	-	5,368,972	65,184	5,434,156
Engineering	-	-	-	261,658	-	261,658
Forestry	-	-	-	456,010	-	456,010
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,086,640</u>	<u>65,184</u>	<u>6,151,824</u>
<b>Health:</b>						
Bismarck Burleigh public health	-	-	-	21,808	-	21,808
Total health	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,808</u>	<u>-</u>	<u>21,808</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	300,600	30,422,661	-	2,026,897	-	32,750,158
Library	324,000	4,710,934	-	6,672,585	-	11,707,519
Total culture and recreation	<u>636,100</u>	<u>38,886,381</u>	<u>-</u>	<u>8,704,832</u>	<u>-</u>	<u>48,227,313</u>
<b>Public works:</b>						
Sales tax fund	22,720	-	-	-	-	22,720
Highway construction	-	-	-	-	24,940,739	24,940,739
Sidewalk construction	-	-	-	-	1,071,138	1,071,138
Street improvements	-	-	-	-	19,587,058	19,587,058
Total public works	<u>22,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,598,935</u>	<u>45,621,655</u>
<b>Construction in progress:</b>						
	-	1,224,135	-	-	937,460	2,161,595
<b>Total general fixed assets</b>	<u>\$ 1,712,508</u>	<u>\$ 52,242,820</u>	<u>\$ 37,078</u>	<u>\$ 21,437,657</u>	<u>\$ 46,601,579</u>	<u>\$ 122,031,642</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, 2003**

<b>FUNCTION AND ACTIVITY</b>	Balance January 1, 2003 as Restated	Additions	Deductions	Balance December 31, 2003
<b>General government:</b>				
Administration and management	\$ 11,353	\$ -	\$ -	\$ 11,353
Fiscal and information services	228,488	14,125	12,221	230,392
Common software	164,117	17,154	-	181,271
City/County office buildings	2,959,700	1,846,649	-	4,806,349
Bismarck-Mandan visitors bureau	1,004,475	-	-	1,004,475
Planning	24,741	5,705	15,746	14,700
E/H transit system	1,974,933	-	96,434	1,878,499
Total general government	<u>6,367,807</u>	<u>1,883,633</u>	<u>124,401</u>	<u>8,127,039</u>
<b>Public safety:</b>				
Police	4,398,848	1,531,688	314,772	5,615,764
Fire and inspections	5,471,700	324,664	60,380	5,735,984
Combined communications center	953,086	46,255	630,681	368,660
Total public safety	<u>10,823,634</u>	<u>1,902,607</u>	<u>1,005,833</u>	<u>11,720,408</u>
<b>Highways and streets:</b>				
Roads and streets	5,649,315	473,044	688,203	5,434,156
Engineering	281,353	34,350	54,045	261,658
Forestry	464,580	-	8,570	456,010
Total highways and streets	<u>6,395,248</u>	<u>507,394</u>	<u>750,818</u>	<u>6,151,824</u>
<b>Health:</b>				
Bismarck Burleigh public health	21,808	-	-	21,808
Total health	<u>21,808</u>	<u>-</u>	<u>-</u>	<u>21,808</u>
<b>Culture and recreation:</b>				
Centennial beach	50,000	247,838	-	297,838
City auditorium	3,471,798	-	-	3,471,798
Civic center	31,317,085	1,453,195	20,122	32,750,158
Library	11,497,581	254,938	45,000	11,707,519
Total culture and recreation	<u>46,336,464</u>	<u>1,955,971</u>	<u>65,122</u>	<u>48,227,313</u>
<b>Public works:</b>				
Sales tax fund	-	22,720	-	22,720
Highway construction	-	24,940,739	-	24,940,739
Sidewalk construction	-	1,071,138	-	1,071,138
Street improvements	-	19,587,058	-	19,587,058
Total public works	<u>-</u>	<u>45,621,655</u>	<u>-</u>	<u>45,621,655</u>
Construction in progress:	<u>1,558,491</u>	<u>2,156,465</u>	<u>1,553,361</u>	<u>2,161,595</u>
Total general fixed assets	<u>\$ 71,503,452</u>	<u>\$ 54,027,725</u>	<u>\$ 3,499,535</u>	<u>\$ 122,031,642</u>

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

	<b>2003</b>
General Government	\$ 8,179,507
Public Safety	11,796,743
Highways and Streets	5,459,602
Health and Welfare	1,570,817
Culture and Recreation	8,909,217
Interest and Fiscal Charges	1,907,209
Public Works	707,778
Airport	3,189,893
Airport Flightline	813,909
Solid Waste Disposal	1,722,807
Solid Waste Collections	1,525,709
Water	5,455,249
Sanitary Sewer	2,621,053
Storm Water	303,776
Parking Authority Lots	745,690
<b>TOTAL</b>	<b>\$ 54,908,959</b>

Due to the implementation of GASB #34, no prior year information is available.

**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	
2003	\$ 30,270,923	\$ 14,161,083	\$ 12,126,820	\$ 23,779,696	\$ 1,147,058	\$ 82,037,191
						Gain(Loss)
						551,611

Due to the implementation of GASB #34, no prior year information is available.

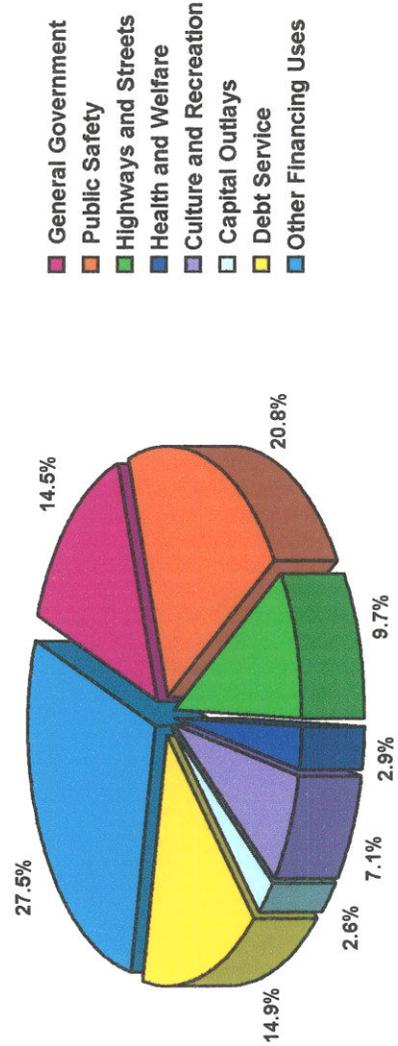
**CITY OF BISMARCK, NORTH DAKOTA**  
**GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION<sup>1</sup>**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Capital Outlays	Debt Service	Other Financing Uses	Total Expenditures
1994	\$ 4,991,971	\$ 7,289,729	\$ 3,140,114	\$ 637,506	\$ 1,133,102	\$ 1,123,543	\$ 8,219,580	\$ 11,129,195	\$ 37,664,740
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

<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**

Fiscal Year	Licenses and Permits		Special Assessments	Intergovernmental	Charges for Services		Fines and Forfeitures		Miscellaneous	Other Financing Sources		Total
	Taxes	Permits										
1994	\$ 13,197,246	\$ 705,419	\$ 5,167,219	\$ 4,711,916	\$ 3,206,504	\$ 581,694	\$ 1,324,333	\$ 10,508,952	\$ 39,403,283			
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			

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

Fiscal Year	General Ad Valorem Tax		Mobile Home Tax		General Sales Tax		One Percent Motel/Liquor Restaurant Tax		Two Percent Motel Tax	Total
1994	\$ 6,282,959	\$ 72,685	\$ 5,722,755	\$ 826,391	\$ 292,456	\$ 13,197,246				
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				

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

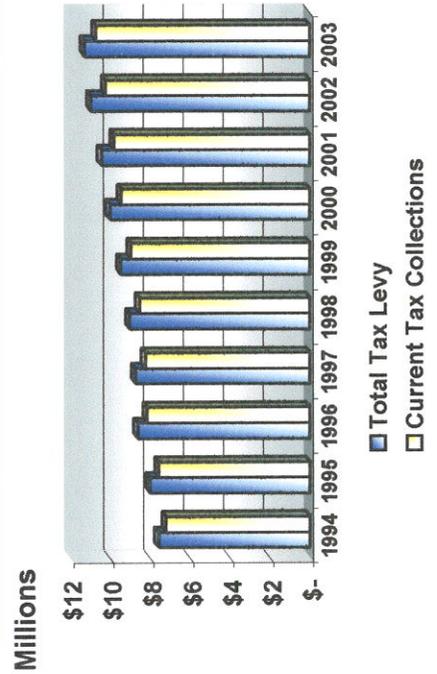
Source: Fiscal Services

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

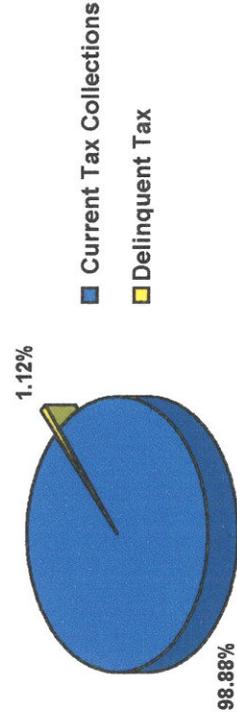
Fiscal Year	Total Tax Levy <sup>1</sup>	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
						Total Tax Collections to Total Tax Levy	Total Tax Levy		
1994	\$ 7,601,839	\$ 7,226,403	0.9506	\$ 91,577	\$ 7,317,980	0.9627	\$	163,125	0.0215
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

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

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



**CURRENT TAX COLLECTIONS AND DELINQUENT TAX COLLECTIONS IN 2003**



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

Fiscal Year <sup>2</sup>	Market Value	Real Property Assessed Value <sup>1</sup>		Taxable Value	Increase in Taxable Value
		Value	Value		
1993	\$ 1,308,233,300	\$	654,616,650	\$ 61,258,375	5.70%
1994	1,433,407,200		716,703,600	67,043,133	9.44%
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%

<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:

1993	\$ 927,300
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

\* 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

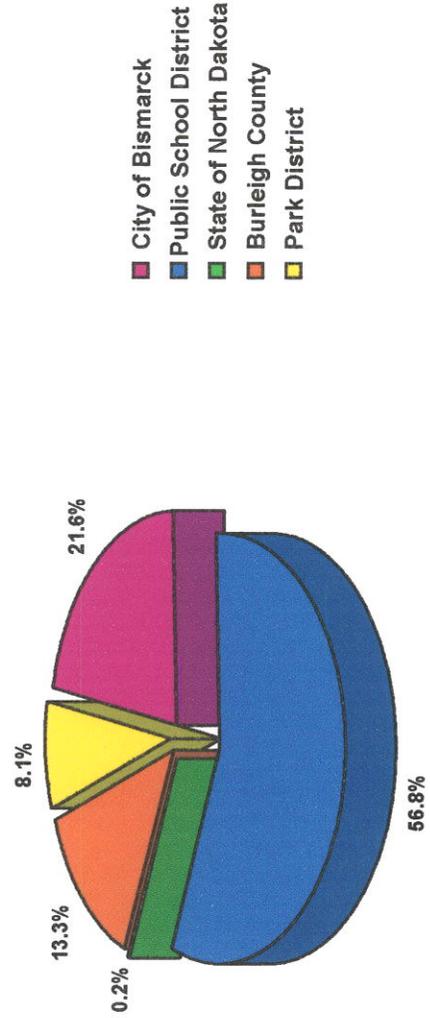
**CITY OF BISMARCK, NORTH DAKOTA  
PROPERTY TAX MILL RATES PER \$1,000 ASSESSED VALUATION  
DIRECT AND ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year <sup>1</sup>	City of Bismarck	Public School District	State of North Dakota	Burleigh County	Park District	Total All Governments
	1993	120.43	263.89	1.00	79.44	39.13
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

<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, 2003**

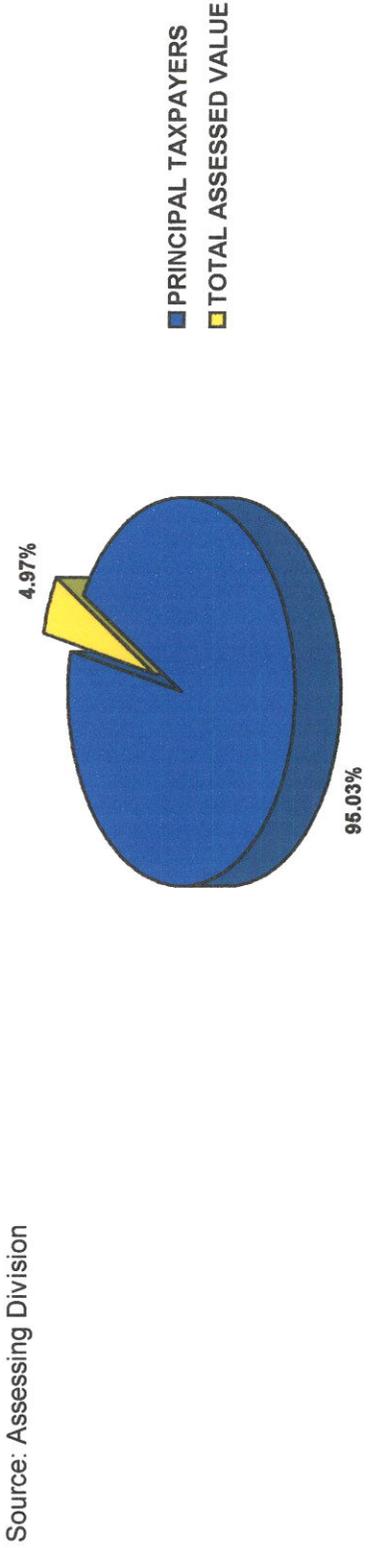
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Market Value</b>	<b>Assessed Value</b>	<b>Percentage of Total Assessed Valuation</b>
Metropolitan Life Assurance Company	Kirkwood shopping center	\$ 39,735,100	\$ 19,867,550	1.71 %
Medcenter One	Hospital	13,053,500	6,526,750	0.56
* North Bismarck Associates	Gateway shopping center	11,336,100	5,668,050	0.49
* Clark Equipment	Manufacturing	8,249,900	4,124,950	0.36
MinDakota LTD Partnership	Motel	8,193,700	4,096,850	0.35
Basin Electric	Electric cooperative	7,948,200	3,974,100	0.34
* Waterford On West Century	Assisted Living Complex	7,339,400	3,669,700	0.32
Mid Dakota Medical Building	Clinic	6,973,500	3,486,750	0.30
Menards	Lumber shopping center	6,834,000	3,417,000	0.29
* Wal-Mart Store	Discount shopping center	5,747,500	2,873,750	0.25
<b>Totals</b>		<b>\$ 115,410,900</b>	<b>\$ 57,705,450</b>	<b>4.97 %</b>

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

**\$1,161,307,950**

\* 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**

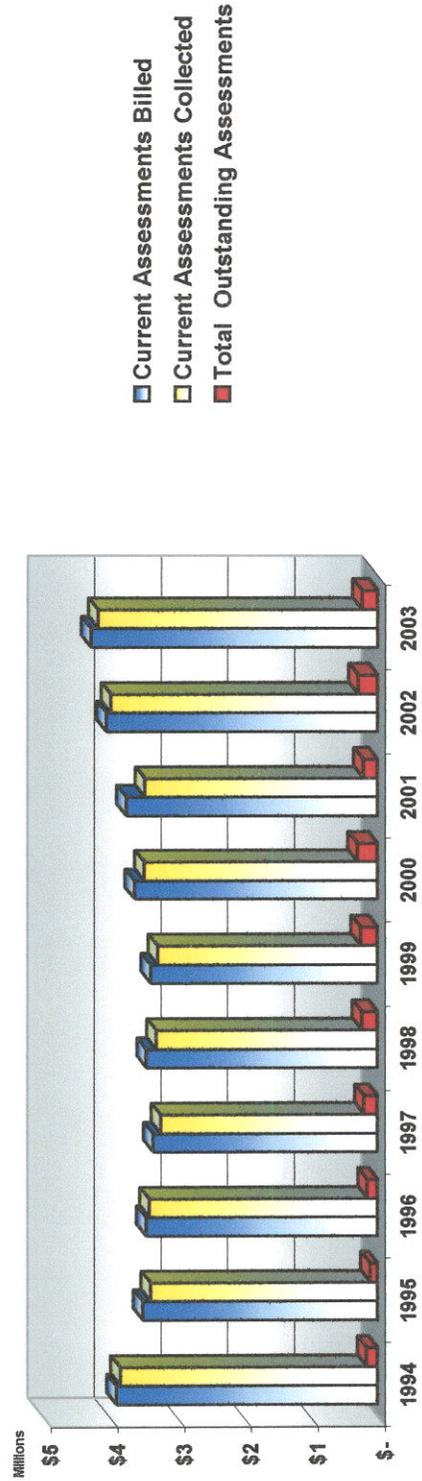


**CITY OF BISMARCK, NORTH DAKOTA  
CERTIFIED SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Current Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Assessments
1994	3,914,740	3,858,087	0.9855	163,781
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

Source: Fiscal Services

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



CITY OF BISMARCK, NORTH DAKOTA  
 COMPUTATION OF LEGAL DEBT MARGIN  
 DECEMBER 31, 2003

Real Property Assessed Value		\$ <u>1,161,307,950</u>
Legal debt limit - 5% of assessed value		\$ 58,065,398
Amount of debt applicable to debt limit <sup>1</sup>	-	
Less:		
Cash in debt service funds <sup>2</sup>	-	
General obligation debt net of cash available	-	
Legal debt margin		\$ <u>58,065,398</u>

<sup>1</sup> Debt includes highway construction bonds.

<sup>2</sup> Cash in funds pertaining to general obligation debt.

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**

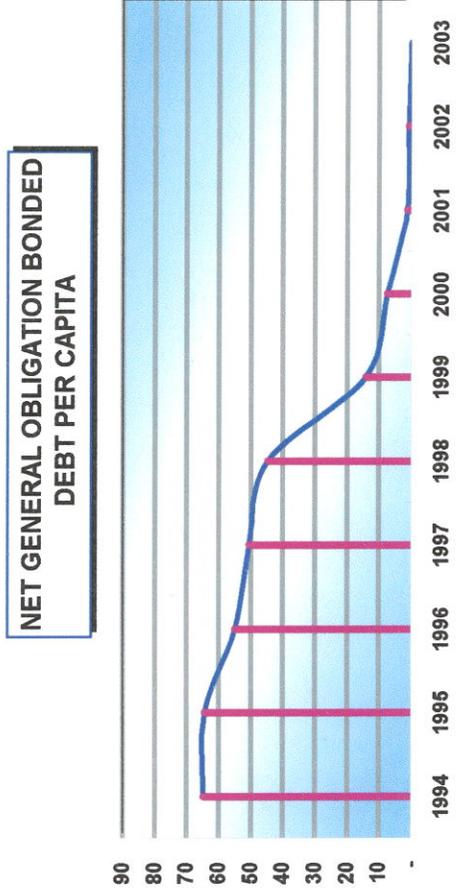
Fiscal Year	Census <sup>1</sup>	Assessed Value <sup>2</sup>	Gross Bonded Debt <sup>3</sup>	Less Debt Service Fund <sup>3</sup>	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	52,592	654,616,650	3,720,000	313,095	3,406,905	0.0052	64.78
1995	53,168	716,703,600	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	-	-	-	-	-

<sup>1</sup> Planning Department

<sup>2</sup> From Table 4

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

Sources:  
 Planning Department  
 Assessing Division  
 Fiscal Services



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

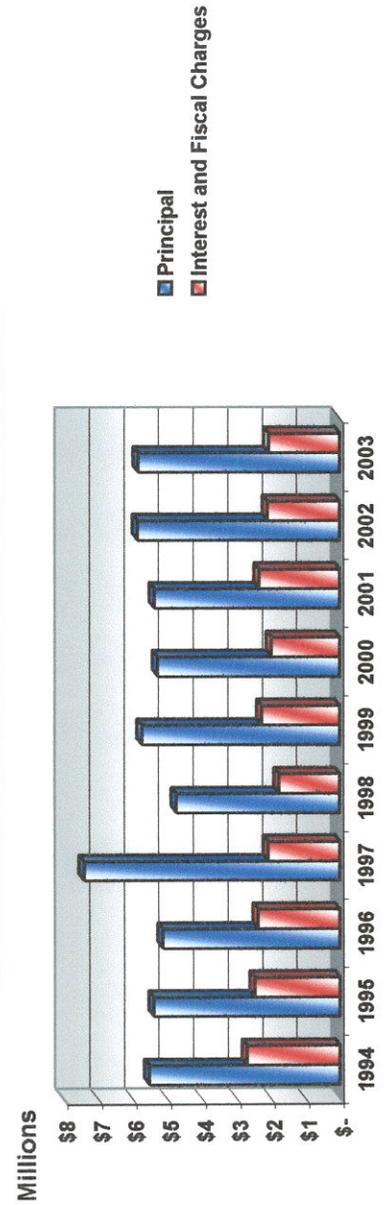
Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service <sup>1</sup>	Total General Governmental Expenditures <sup>2</sup>	Ratio of Debt Service to General Governmental Expenditures
1994	\$ 5,524,000	2,695,580	\$ 8,219,580	\$ 38,668,481	0.2126
1995	5,400,000	2,468,746	7,868,746	43,346,789	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

<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 Table 1 for the Total General Government Expenditures less any refunding.

Source: Fiscal Services

**COMPARISON OF PRINCIPAL AND INTEREST**

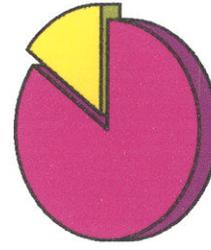


**CITY OF BISMARCK, NORTH DAKOTA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION  
DECEMBER 31, 2003**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Bismarck Public School	\$ 25,891,910	85.06 %	\$ 22,023,659
<b>Totals</b>	<b>\$ 25,891,910</b>		<b>\$ 22,023,659</b>

Sources:  
Bismarck Public School as of June 30, 2003  
Fiscal Services

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



Applicable to the City  
of Bismarck  
\$22,023,659

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

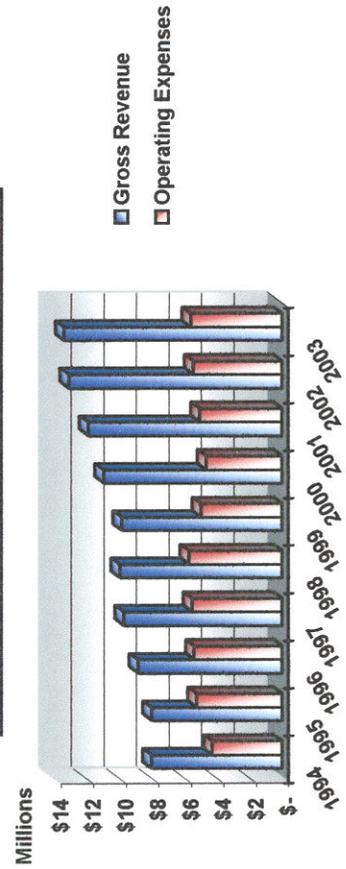
Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest and Fiscal Charges	Total Debt Payment	Coverage
1994	\$ 8,038,025	\$ 4,290,598	\$ 3,747,427	\$ 625,000	\$ 364,500	\$ 989,500	3.79
1995	8,029,199	5,260,653	2,768,546	500,000 *	382,472	882,472	3.14
1996	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	-	-	-	-

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

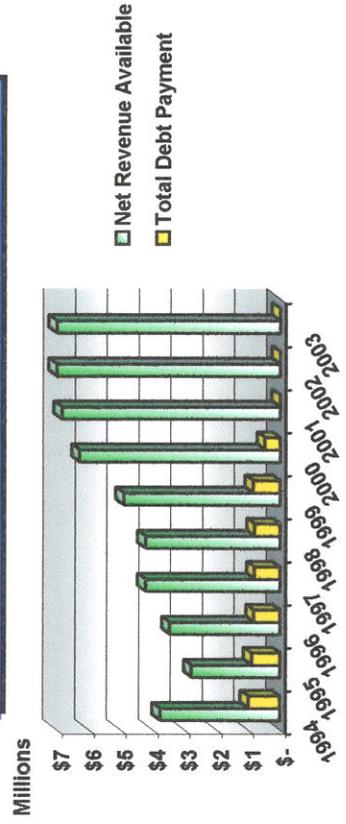
\* \$3,375,000 was also paid on the WD 1995 bond issue, which was refunded into WD 1993 and called in 1995.

Source: Fiscal Services

**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**

Fiscal Year	Population <sup>1</sup>	Per Capita Income <sup>2</sup>	Median Age <sup>1</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
1994	52,592	\$ 33,227	34.2	10,746	3.8 %
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

Sources:

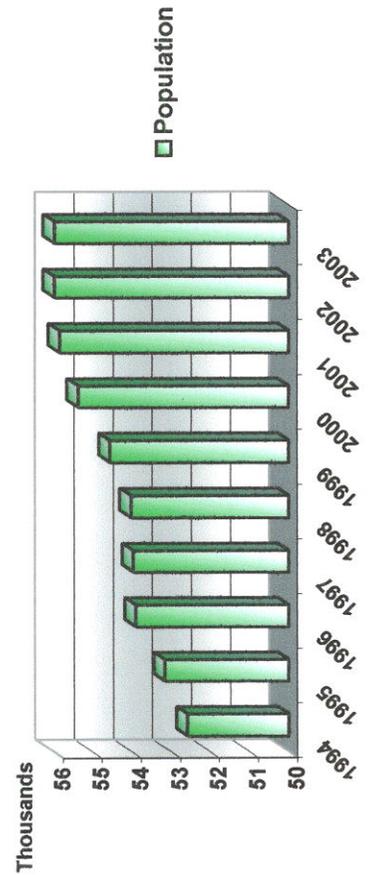
<sup>1</sup>Planning Department

<sup>2</sup>State Income Tax Department

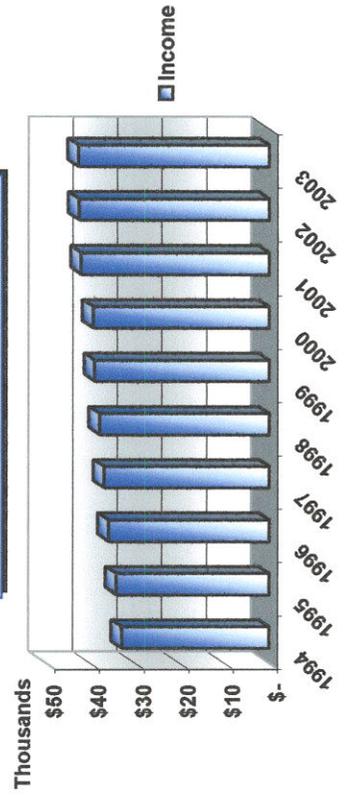
<sup>3</sup>Bismarck Public Schools

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

**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	
1994	32,317,582	560	40,546,509	506,320,800	926,365,700	720,700	737,714,000
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

<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)	285
Area in square miles	28

City of Bismarck facilities and services:	
Miles of streets	295.00
Number of street lights	5,900
Fire protection and code enforcement:	
Number of stations	3
Number of building and environmental health officials	12
Number of fire personnel and officers	65
Number of emergency dispatches	2,224
Number of fire inspections conducted	2,238
Number of building inspection permits	4,480
Number of environmental health inspections conducted	3,172
Police protection:	
Number of stations	1
Number of police personnel and officers	116
Number of patrol and traffic units	43
Number of traffic citations	10,954
Number of parking citations	19,990
Number of accidents	3,158
Number of 911 emergency dispatches	3,572
Airline traffic:	
Number of passengers-enplaning	141,090
Number of passengers-deplaning	141,193
Number of airmail-enplaning	402,390
Number of airmail-deplaning	1,595
Number of freight-enplaning	125,547
Number of freight-deplaning	169,122
Sewerage system:	
Miles of sanitary sewers	241
Miles of storm sewers	100
Number of treatment plants	1
Daily average treatment in gallons	6,040,000
Maximum daily capacity of plant in gallons	7,500,000
Water system:	
Miles of watermains	268
Number of service connections	16,100
Number of fire hydrants	2,400
Daily average consumption in gallons	10,285,000
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	775
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

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CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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, 2003, 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, 2003, and have issued our report thereon dated April 13, 2004. 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.

**COMPLIANCE**

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*.

**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.

This report is intended solely for the information and use of the Mayor, the City Commissioners, management and 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*

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

April 13, 2004



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, 2003. 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.

In our opinion, 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, 2003.

## **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 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 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 and 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 13, 2004

**CITY OF BISMARCK**  
**SCHEDULE OF FEDERAL EXPENDITURES AND PROGRAMS**  
**AS OF DECEMBER 31, 2003**

Grantor	Passed through	Program	CFDA #	Expenditures
<b><i>Housing and Urban Development</i></b>				
Direct		CDBG	14.218	\$ 287,426
		HOME	14.239	363,683
<b>Total U.S. Department of Housing and Urban Development</b>				651,109
<b><i>Dept of Justice</i></b>				
Direct		COPS Universal Hiring Program	16.710	78,978
Direct		COPS Cops in Schools	16.710	92,783
				171,760
Direct		Local Law Enforcement Block Grant #6	16.592	69,375
Direct		Local Law Enforcement Block Grant #7	16.592	60,171
				129,546
Direct		Bullet Proof Vest/Armor	16.607	8,235
Direct		Edward Byrne - Abused Adult Resource Center	16.579	22,824
<b>State Attorney General</b>				
		Hazardous Materials	20.703	10,628
<b>ND Health Department</b>				
		Stop Violence Against Women	16.588	5,187
<b>ND Highway Patrol</b>				
		Alcohol Enforcement	16.540	8,108
<b>ND Association of Counties</b>				
		Juvenile Accountability Incentive Block Grants	16.523	28,307
<b>Total Dept of Justice</b>				384,595
<b><i>Dept of Transportation</i></b>				
Direct		Airport Improvement Project #26	20.106	83,636
Direct		Airport Improvement Project #27	20.106	227,233
Direct		Airport Improvement Project #29	20.106	1,384,798
Direct		Airport Improvement Project #30	20.106	38,897
Direct		Airport Improvement Project #31	20.106	433,566
Direct		Airport Improvement Project #32	20.106	1,625,785
Direct		Airport Improvement Project #33	20.106	1,060,591
				4,854,506
Direct		Small Community Air Service Research	20.930	45,000
<b>MPO</b>				
		MPO	20.205	234,995
Direct		UMTA - E/H Transit	20.507	1,020,673
<b>State Highway Department</b>				
		Occupant Protection Plan	20.604	4,277
		Alcohol Incentive Plan	20.601	2,295
<b>Total Dept of Transportation</b>				6,161,746
<b><i>Department of Homeland Security</i></b>				
Direct		Assistance to Firefighters Grant - Fire Act	97.044	* 105,000

**North Dakota Department of Emergency Management**

Multi-Hazard Mitigation Plan	97.039		25,771
EMPG Special Projects	97.042		18,356
Homeland Security-Special Assessment Project	97.004	*	4,000
Vigilant Victor Exercise	97.006		1,879

**Total Department of Homeland Security**155,007**Federal Emergency Management Agency****North Dakota Department of Emergency Management**

Emergency Medical Response	97.004	*	4,693
DOJ State Domestic Preparedness Grant	97.004	*	175,324
DOJ Decontamination	97.004	*	220
Community Emergency Response	97.004	*	27,200
Homeland Security 2003 State Grant	97.004	*	9,614

217,051

Bomb Equipment	16.007		54,885
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**Total Federal Emergency Management Agency**271,936**U.S. Department of Health and Human Services****North Dakota Department of Health**

Women's Way-Breast & Cervical Cancer Screening	93.283		69,026
Tobacco Prevention & Control	93.283		67,273
Smallpox Vaccine	93.283		3,348
Mass Smallpox Vaccination	93.283		9,996
Health Alert Network	93.283		2,746
West Nile Virus	93.283		7,418
West Nile Virus-Mosquitos	93.283		7,316
Bioterrorism Response Coordinator	93.283		90,725
Bioterrorism Public Information Officer	93.283		29,500
Public Health Preparedness & Response for Bioterrorism Program	93.283		3,750

291,096

Immunization	93.268		22,822
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ND Health Tracks	93.991		78,090
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Ryan White CARE	93.917		9,012
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HIV Equipment	93.917		3,155
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Maternal & Child Health/OPOP	93.994		66,018
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Abstinence Education	93.235		19,855
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**Total U.S. Department of Health and Human Services**490,048**Department of Agriculture****Direct**

Missouri River Study	10.675		15,000
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Lewis & Clark Tree Planting Project	10.664		6,118
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NDSU	10.664		10,158
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16,276

Economic Action Pilot Program Grant	10.672		37,234
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**Total Department of Agriculture**68,510**Totals**\$ 8,182,951**NOTES:**

The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

\* Total City of Bismarck expenditures for CFDA #97.004 equaled \$221,051

**CITY OF BISMARCK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2003**

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NONE

# CITY OF BISMARCK

## Schedule of Federal Findings and Questioned Costs

December 31, 2003

### 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.

A unqualified opinion was issued.

- f) Disclosure of audit findings required to be reported.

There were no findings or questioned costs which were required to be reported.

- g) Identification of major programs:

14.239	Home Investment Partnership Program
20.106	Airport Improvement Project
20.507	Federal Transit – Formula Grant

- 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.

None

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

None