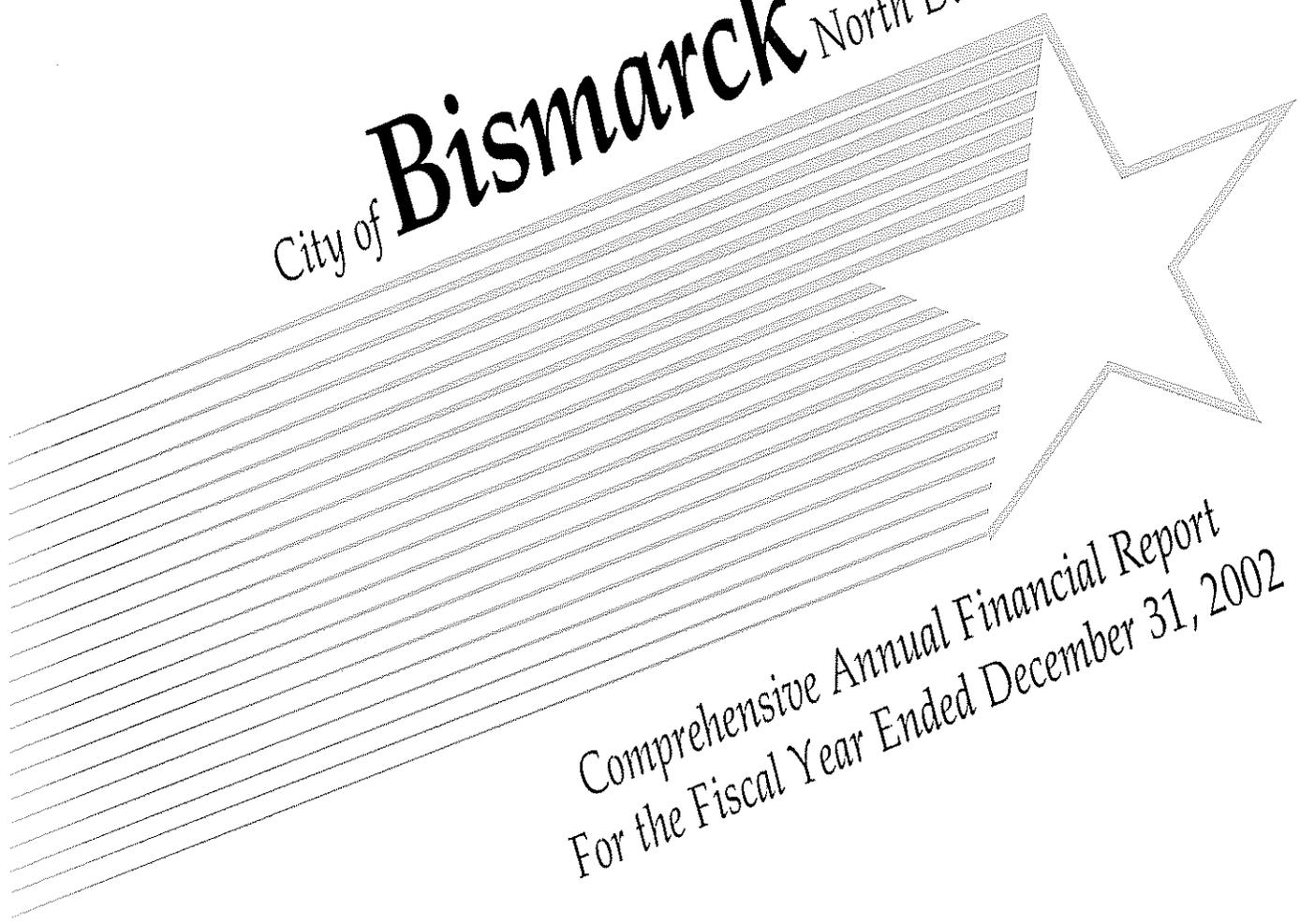


City of **Bismarck** North Dakota



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2002

CITY OF BISMARCK, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2002

Prepared by Fiscal Services

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**City of Bismarck, North Dakota
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2002**

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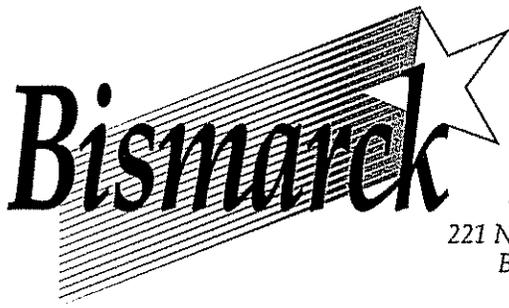
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Fiscal Services

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

April 4, 2003

**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, 2002 is hereby submitted. A complete set of financial statements is presented 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.

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, account groups and component units, including all disclosures necessary to enable the reader to achieve a full understanding of the City of Bismarck's activities.

CONTENT OF CAFR

The comprehensive annual financial report is presented in four sections:

1. Introductory Section: This section is unaudited. It includes this transmittal letter, the City organizational chart, and a list of principal elected and appointed officials.
2. Financial Section: This section includes the general-purpose financial statements, the combining individual fund and account group financial statements and schedules, and the independent auditor's report.
3. Statistical Section: This section is unaudited. It includes financial and non-financial data that presents historical trends and other information about the city on a multi-year basis.
4. Single Audit Section: This section includes a schedule of federal financial assistance and the independent auditor's reports on internal controls and compliance with applicable laws and regulations.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all funds and account groups 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.

GOVERNMENTAL STRUCTURE

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.

LOCAL ECONOMIC CONDITION AND OUTLOOK

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 27.99 square miles and an estimated population of 56,798. 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.

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, which included the relocation of US HealthCare, Unisys, Sykes and Coventry Health Care offices to Bismarck. Coventry Health Care Inc. opened a service center in Bismarck and is expected to hire up to 400 staff members and have a total annual payroll of \$10 million within three years. The City authorized a \$2.5 million financial package for Coventry that included employment incentives, building lease provisions, workforce training and property and corporate tax exemptions. The City Commission also established the Mayor's Committee on Economic Development to develop a community-wide plan for economic development. The Committee's recommendations will be presented to the Commission in 2003.

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 2002 as compared to 2001 for Bismarck. This growth is evidenced by the 6.22% increase in sales tax and 6.83% increase in the motel, restaurant and liquor tax in the year 2002.

New construction continues to expand the tax base. In 2002, 231 building permits were issued for residential construction within the City's corporate limits. This included 210 single-family homes and 21 multi-family homes, which provided an additional 382 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 219 single-family building permits issued in 2002.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. Growth in the property tax base for the year 2002 was 4.86%. The table below provides the percentage change by property classification.

Property Class	2002 Market Value	2001 Market Value	Percentage Change
Commercial	\$ 795,339,500	\$ 766,745,200	3.73 %
Residential	1,526,711,000	1,447,672,900	5.46 %
Agricultural	565,400	646,400	(12.53) %
Total	\$ 2,322,615,900	\$2,215,064,500	4.86 %

MAJOR INITIATIVES 2002 AND FUTURE YEARS

The citizens approved a ballot measure authorizing Sales Tax funds to support the 2002 Community Betterment Plan. This included \$400,000 for the establishment of a fixed-route bus system in Bismarck; \$300,000 for Recreational Trails to continue the development of the trail system within the City; \$250,000 for surfacing and lighting of the Community Bowl parking lot; \$500,000 for the Century High School gymnasium; \$50,000 for a feasibility study for a community arts and science center; \$50,000 for emergency siren system; and \$1,400,000 for a new Fire Station and building renovation for the Combined Communications Center.

The Lewis & Clark Bicentennial Committee was also authorized \$750,000 as part of the Community Betterment Plan. The funding will help support the Fort Lincoln Foundation with the signature event scheduled in October 2004, infrastructure development of the Legacy Center and other community events associated with the Lewis & Clark bicentennial.

In June the City Commission authorized the first phase of the multi-year new terminal area project for the Bismarck Municipal Airport. This phase includes 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, is expected to begin in the spring of 2003. The Commission has set the total project cost at \$24.2 million. The Federal Aviation Administration will provide approximately 70% of the funding and the City Lodging/Restaurant tax will provide \$1 million with the balance from Airport revenues.

The Public Works Department moved to its new building in August. The building comprises 115,000 square feet with additional storage space provided for de-icing sand. The new facility is very functional with modern shops and labs including a state-of-the-art mechanics shop with overhead cranes and multiple bays. The Commission authorized the construction of the \$10.3 million building project in 2000.

The Commission authorized the planning and design of a new Fire Station. East and northeast Bismarck has experienced much of the City's growth and this new station will be strategically located in the northeast area to help ensure adequate response time to fire scenes. The engine company at the current North Fire station would be relocated to the new station site at 2510 East Divide. The construction cost of the new station is estimated to be \$900,000.

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 City accepted bids in the amount of \$875,000 for the renovation of the building with funds from the City and County to supplement the Sales Tax Funding. The Center plans to move to the new location in the spring of 2003.

The City authorized \$1,000,000 for the first phase of the remodeling of the Law Enforcement Center. The basement has already had the asbestos and lead contamination removed and drainage tile installed to address the water infiltration problems. The first phase will provide for the restoration of the basement by providing for new floors and ceiling, additional rooms and a shooting range.

DEPARTMENTAL ACTIVITIES AND ACCOMPLISHMENTS

The Civic Center reported that attendance at various events totaled 431,071 for 2002 up 21% from last year. The Civic Center provides a wide variety of entertainment that now includes Broadway shows. The Civic Center signed a five year agreement with Jam Theatricals to annually bring four Broadway shows to Bismarck starting in the fall. The Civic Center installed a new lighting and grid system in the arena to provide the proper setting for these productions.

The Fire Department received delivery of two new custom-made Quint fire trucks. The new fire trucks function as a traditional fire engine or aerial platform or ladder truck. By consolidating these features, the

Quints can replace single-function trucks. The new trucks replace a 1971 fire truck and 1978 aerial platform.

The Combined Communication Center received corporate donations to help initially fund a new emergency notification system. The system will use 24 phone lines to simultaneously call residents in a given area and deliver a 20-second message. The system's ability to alert hundreds of residents of an emergency message will provide a potentially lifesaving service to the community. The system should be operational in 2003.

The Bismarck Airport has increased security at its facility following the terrorist attacks last fall. The Transportation Security Administration, a federal agency responsible for airport security, now handles the heightened security procedures. The new screening measures should provide passengers with an increased sense of safety and better customer service.

The Commission authorized a feasibility study for a regional airline service. Under this proposal, Bismarck could become the hub city for the regional service using small passenger jets. Additional potential partners may include major cities in South Dakota, Montana, Wyoming and Winnipeg, Canada. The consultants report is expected to be submitted to the Commission in the spring of 2003. The study is funded by a federal grant from the Department of Transportation.

The Commission approved a nine-month moratorium on new subdivisions within the two-mile extraterritorial area (ETA) of the City. The Planning Department will use this time to review the City's existing development and complete a Fringe Area Growth Management Plan for the ETA by September 2003. The main objective of the plan is to safeguard the ability of the City to continue growth in an orderly and efficient way and to manage the transition of the development from rural to urban.

FINANCIAL INFORMATION

BUDGET: The City adopts an annual appropriated budget approved by the City's governing body. This budget is normally adopted by October 1st for the upcoming year. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget in accordance with the N.D.C.C. and the City of Bismarck's Home Rule Charter. Budgets are prepared at the detailed level although the level of budgetary control is established at the department level. Department heads may transfer appropriations within a department. Commission approval is needed to transfer appropriated funds from one fund to another fund. The entire budget can only be amended by ordinance and with commission approval. The City also maintains an encumbrance system as a technique of accomplishing budgetary control. Encumbered amounts are reported as reservations of fund balance at year-end. 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.

INTERNAL CONTROL: Management is responsible for establishing and maintaining an internal control framework. Internal control is designed to provide reasonable and not absolute assurance regarding:

1. The safeguarding of assets against loss, theft, or misuse, and
2. 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.

AUDIT: State statutes and local ordinances require an annual audit by independent certified public accountants. The firm of Eide Bailly LLP 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. Eide Bailly LLP 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, 2002 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.

GENERAL GOVERNMENT FUNCTIONS AND GENERAL FUND BALANCE

The following schedule presents a summary of the General Fund, Special Revenue Funds, and Debt Service Funds revenues and operating transfers in for the years ended December 31, 2002 and 2001.

Revenues and Transfers	2002 Amount	Percent of Total	2001 Amount	Percent of Total	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Taxes	\$ 20,237,309	35.70%	\$ 18,898,071	39.89%	\$ 1,339,238	7.09 %
Licenses and permits	1,021,652	1.80%	991,339	2.09%	30,313	3.06 %
Special assessments	4,960,733	8.75%	5,062,951	10.69%	(102,218)	(2.02) %
Intergovernmental	7,898,873	13.93%	7,374,184	15.56%	524,689	7.12 %
Charges for services	4,424,915	7.80%	4,246,430	8.96%	178,485	4.20 %
Fines and Forfeits	1,034,585	1.82%	958,229	2.02%	76,356	7.97 %
Investment Income	1,282,774	2.26%	2,055,685	4.34%	(772,911)	(37.60) %
Land/Equipment/Building Sales & Rental	499,456	0.88%	403,250	0.85%	96,206	23.86 %
Miscellaneous	117,110	0.21%	41,613	0.09%	75,497	181.43 %
Operating transfers in	15,217,097	26.84%	7,345,351	15.50%	7,871,746	107.17 %
Total	\$ 56,694,504	100.00%	\$ 47,377,103	100.00%	\$ 9,317,401	

Revenue Discussion:

The largest dollar value increase is in Operating transfers category. This increase is the result of reporting Vision Fund separately from Sales Tax. The revenue is now reflected as a transfer. Taxes also reflect a large increase due to increased property values and increased taxable sales and purchases. The large percentage increase in Miscellaneous revenue is attributed to an increase in department donations. Investment Income reflects the largest dollar value and percentage decline. This reduction is direct result of a decrease in the interest rate earned on City funds.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Funds expenditures and operating transfers out for the years ended December 31, 2002 and 2001.

Expenditures and Transfers	2002 Amount	Percent of Total	2001 Amount	Percent of Total	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Current:						
General Government	\$ 9,205,332	15.77%	\$ 5,813,893	14.00%	\$ 3,391,439	58.33 %
Public Safety	10,174,805	17.43%	9,759,129	23.50%	415,676	4.26 %
Highways and Streets	4,665,493	7.99%	4,489,716	10.81%	175,777	3.92 %
Health and Welfare	943,627	1.62%	857,895	2.07%	85,732	9.99 %
Culture and Recreation	3,217,681	5.51%	3,210,837	7.73%	6,844	0.21 %
Capital Outlay	2,239,523	3.84%	1,086,027	2.62%	1,153,496	106.21 %
Debt Service:						
Principal	5,855,360	10.03%	5,380,065	12.96%	475,295	8.83 %
Interest and Fiscal Charges	2,094,524	3.59%	2,350,011	5.66%	(255,487)	(10.87) %
Operating transfers out	19,972,556	34.22%	8,574,287	20.65%	11,398,269	132.94 %
Total	\$ 58,368,901	100.00%	\$ 41,521,860	100.00%	\$ 16,847,041	

Expenditures Discussion:

Operating transfers out has the largest dollar value and percentage increase. A majority of the increase is due to a reporting change in the Vision Fund with revenue from Sales Tax to this fund reported as a transfer out. It also reflects the transfer of Sales Tax bond proceeds to projects in the Community Betterment Plan. There is also an increase in Capital Outlay expenditures that is directly attributed to the purchase of two new fire trucks in the Fire & Inspections Department. The increase in General Government is in part attributed to a reporting change in the Planning & Development Department that now includes HUD and MPO activities. The other increases in this area reflect salary and benefit adjustments for employees and an increase in government grant expenditures.

OTHER INFORMATION

Proprietary Operations

The following is a two year comparison of financial statistical data for the Airport, Airport Flightline Operation, Solid Waste Utility, Water and Sewer Utility, Parking Authority Lots, Health Insurance, Liability Insurance and Unemployment Compensation. Closure and post closure costs for the landfill are recognized as a part of the Solid Waste Utility operating expense. Total operating expenses for all enterprise funds include depreciation.

	Airport		Airport Flightline Operation	
	2002	2001	2002	2001
Total operating revenues	\$ 2,483,657	\$ 2,293,195	\$ 772,171	\$ 754,406
Total operating expenses	(3,151,056)	(3,055,530)	(756,849)	(734,840)
Total nonoperating revenues	3,027,554	1,710,647	9,599	13,702
Total nonoperating expenses	(15,034)	-	-	-
Transfers	(59,197)	(42,426)	(15,770)	(11,278)
Net gain (loss)	\$ 2,285,924	\$ 905,886	\$ 9,151	\$ 21,990

	Solid Waste Utility		Water & Sewer Utility	
	2002	2001	2002	2001
Total operating revenues	\$ 3,815,376	\$ 3,708,190	\$ 13,090,703	\$ 11,918,706
Total operating expenses	(3,476,334)	(3,045,509)	(8,528,245)	(7,557,712)
Total nonoperating revenues	208,933	440,554	1,074,380	1,538,652
Total nonoperating expenses	(52,895)	-	(100,619)	(87,983)
Transfers	(233,495)	(46,841)	(213,234)	(371,282)
Net gain (loss)	\$ 261,585	\$ 1,056,394	\$ 5,322,985	\$ 5,440,381

	Parking Authority Lots		Employee Insurance	
	2002	2001	2002	2001
Total operating revenues	\$ 774,679	\$ 781,162	\$ 2,104,106	\$ 2,052,460
Total operating expenses	(660,390)	(715,721)	(2,092,479)	(2,035,861)
Total nonoperating revenues	9,181	14,237	98,312	202,141
Total nonoperating expenses	(15,305)	(17,570)	-	-
Transfers	(211,694)	(208,612)	(89,566)	(28,584)
Net gain (loss)	\$ (103,529)	\$ (146,504)	\$ 20,373	\$ 190,156

	Liability Insurance		Unemployment Compensation	
	2002	2001	2002	2001
Total operating revenues	\$ -	\$ -	\$ -	\$ -
Total operating expenses	(379,973)	(428,572)	(20,735)	(11,679)
Total nonoperating revenues	235,165	240,078	2,109	4,429
Total nonoperating expenses	-	-	-	-
Transfers	(17,428)	(24,899)	4,990	2,772
Net gain (loss)	\$ (162,236)	\$ (213,393)	\$ (13,636)	\$ (4,478)

The increase in non-operating revenues at the Airport reflects an increase in federal grants for construction of the new terminal, which results in a net gain increase.

The increase in operating expenses for Solid Waste Utility is attributed to increased activities in the disposal of hazardous materials, composting and tree grinding as well as a major purchase of trash containers for the automated collection process. The decrease in non-operating revenue reflects a reduction in investment income due to lower interest rates. The increase in the transfers out reflects cost of service and franchise fee revenue to Roads and Streets.

The increase in operating revenue for the Water and Sewer Utility is the result of an increase in sales and rate increases. The increased sales also account for a part of the increased operating expenses with the balance of the increase attributed to increased depreciation expense. The decrease in non-operating revenue reflects a decline in investment earning attributed to lower cash investments and lower rate of return.

The increase in operating expenses for Employee Insurance is directly attributable to increased cost of employee health insurance claims.

Fiduciary Operations

The City of Bismarck participates in three separate defined benefit pension plans. An actuarial study conducted December 31, 2002, showed an actuarial accrued liability of \$27,538,000 for the City Employee pension plan, \$13,697,000 for the Police pension plan. As of December 31, 2002, 104.9% of the City pension plan's unfunded actuarial accrued liability, 99.0% of the Police pension plan's unfunded actuarial accrued liability has been funded with net assets available for benefits. The information for the Firefighters pension plan was not available from the Bismarck Firefighter's Relief Association, an entity independent of the City of Bismarck that administers the Firefighters pension plan.

Debt Administration

The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita are helpful indicators of the City's debt position to management and the users of this report.

<u>Year</u>	<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Present Assessed Value</u>	<u>Debt per Capita</u>
2002	\$ 41,526	0.00004	\$ 0.73

Outstanding general obligation bonds at December 31, 2002, totaled \$60,000. In addition the amount of special assessment bonds outstanding is \$32,470,000. Note F of the General Purpose Financial Statements presents more detailed information about the debt position of the City. Debt issued during 2002 includes \$5,035,000 in special assessment bonds and \$3,050,000 in special revenue bonds. Each of these received an Aa2 rating from Moodys. These ratings are consistent with previous ratings received from this agency.

Cash Management

All cash balances of the City are invested in investments that are insured or registered or for which securities are held by the City or its agent in the City's name. The amount of income earned on the investments for the City was \$2,555,286 for the fiscal year. The City Employee pension and Police pension had a net investment loss of \$2,983,460 for the fiscal year. As of December 31, 2002, the City's investments (exclusive of cash on hand and cash deposits) of \$82,681,384 were invested as follows:

US Government securities	\$ 37,130,326
Investment in state investment board pool	31,442,590
Investment in mutual funds (Kemper)	11,589,276
Securities lending short-term collateral investment pool	2,519,192
Total investments	<u>\$ 82,681,384</u>

Risk Management

The City of Bismarck maintains two self insurance funds. The General Liability fund is structured so that only expenses relating to covered liabilities of the City are charged against it. It does not provide comprehensive coverage to City departments. The Municipal Airport Flightline operation has a private policy, which covers the general liability of the Airport with a \$1,000 deductible.

The City also maintains a medical insurance fund. This fund provides payment of medical claims for all full time City employees and their dependents. This plan has an aggregate stop loss covered through Blue Cross Blue Shield of North Dakota, for all claims exceeding \$50,000 per individual or \$2,118,634 for the plan year of 2002.

Other risk management achievements include the implementation of a city-wide safety program, which provides for safety training, and accident prevention techniques. Establishing this program has resulted in a considerable savings on the City's Workers Compensation premium.

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, 2001. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized

comprehensive annual financial report, 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, Eide Bailly LLP. Appreciation is also expressed to the Mayor and to all members of the City Commission for their interest and support in planning and conducting the financial operation of the City of Bismarck in an exemplary manner throughout the year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sheila Hillman". The signature is written in a cursive, flowing style.

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, 2001

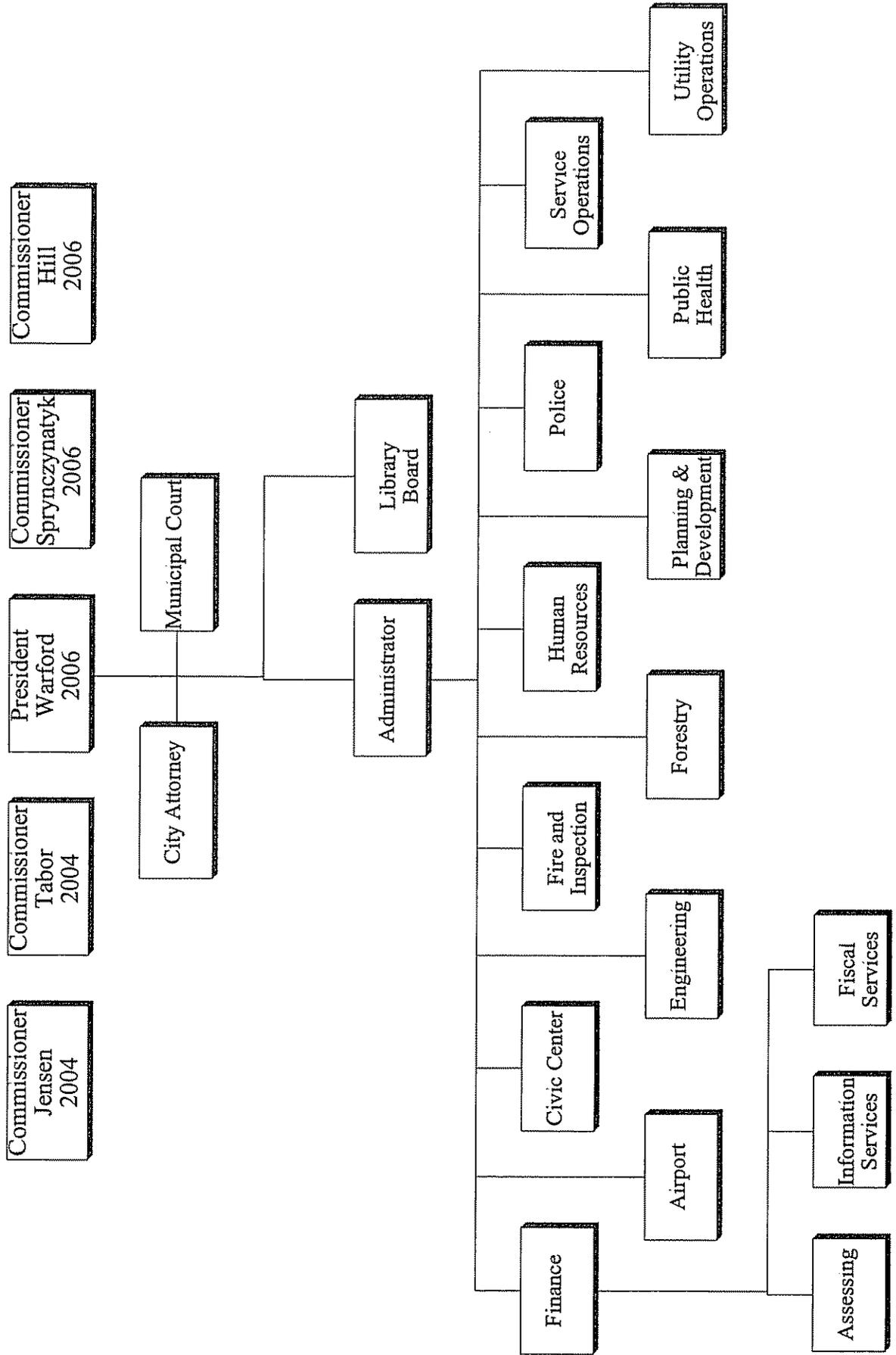
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President

Executive Director

City of Bismarck



CITY OF BISMARCK, NORTH DAKOTA

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS:

President.....John Warford
Commissioner..... Dave Jensen
Commissioner.....Sandi Tabor
Commissioner.....Connie Sprynczynatyk
Commissioner.....Bryce Hill
Municipal Judge..... William Severin

APPOINTED OFFICIALS:

City Administrator..... William Wocken
City Attorney.....Charles Whitman

DEPARTMENT DIRECTORS:

Airport..... Greg Haug
Civic Center..... Richard Petersen
Engineering..... Mel Bullinger
Fire and Building Inspection..... Joel Boespflug
Finance..... Sheila Hillman
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



Consultants • Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of City Council
City of Bismarck
Bismarck, North Dakota

We have audited the accompanying general purpose financial statements of the **City of Bismarck**, North Dakota, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these general purpose 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 at 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **City of Bismarck** at December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2003, on our considerations 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.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of **City of Bismarck**, North Dakota, taken as a whole. The accompanying combining, individual fund and account group financial statements, supporting schedules and statistical data listed in the table of contents and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the **City of Bismarck**. Such information, except for the statistical data marked unaudited, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

EideBailly LLP

Bismarck, North Dakota
April 4, 2003

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CITY OF BISMARCK, NORTH DAKOTA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS AND OTHER DEBITS			
ASSETS:			
Cash and Investments	\$ 14,577,615	\$ 15,535,400	\$ 3,601,340
Cash with Escrow Agent	-	-	1,939,798
Receivables (Net of Allowances for Uncollectibles):			
Taxes	222,133	82,348	5,000
Accounts	1,041,884	1,364,522	-
Special Assessments	-	-	258,917
Due from Other Funds	15,249	67,621	7,660,484
Intergovernmental	-	-	741,103
Notes Receivable	-	250,000	-
Inventories	-	-	-
Prepaid Items	-	-	-
Advances to Other Funds	-	-	-
Fixed Assets Held for Resale	-	-	-
Customer Deposits - Restricted	-	-	-
Fixed Assets (Net Where Applicable, of Accumulated Depreciation)	-	-	-
OTHER DEBITS:			
Amount Available in Debt Service Fund	-	-	-
Amount to be Provided for Retirement of General Long-term Debt	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 15,856,881</u>	<u>\$ 17,299,891</u>	<u>\$ 14,206,642</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts Payable	\$ 595,403	\$ 161,778	\$ -
Retainage Payable	-	-	-
Leases Payable	-	-	-
Claims and Judgements Payable	-	-	-
Due to Other Funds	-	498,985	-
Due to Employees	-	-	-
Due to Other Entities	-	-	-
Advances from Other Funds	-	-	-
Deferred Revenue	267,715	82,348	1,701,357
General Obligation Bonds Payable	-	-	-
Special Assessment Debt with Governmental Commitment	-	-	-
Securities Lending Collateral	-	-	-
Customer Deposits	-	-	-
Revenue Bonds Payable	-	-	-
Compensation Benefits Payable	-	-	-
Accrued Closure/Post Closure Costs	-	-	-
TOTAL LIABILITIES	<u>863,118</u>	<u>743,111</u>	<u>1,701,357</u>
EQUITY AND OTHER CREDITS:			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Unreserved	-	-	-
Fund Balances:			
Reserved for Encumbrances	89,859	-	-
Reserved for Debt Service	-	-	10,565,487
Reserved for Refunding Bonds	-	-	1,939,798
Reserved for Advances to Other Funds	-	-	-
Reserved for Employee Benefits	-	-	-
Reserved for Long-Term Receivable	-	250,000	-
Unreserved, undesignated	14,903,904	16,306,780	-
TOTAL EQUITY AND OTHER CREDITS	<u>14,993,763</u>	<u>16,556,780</u>	<u>12,505,285</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,856,881</u>	<u>\$ 17,299,891</u>	<u>\$ 14,206,642</u>

See Notes to the Financial Statements

Capital Projects	Proprietary Funds		Fiduciary Funds	Account Groups		Totals (Memorandum Only) 2002
	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Debt	
\$ 9,363,328	\$ 30,957,469	\$ 5,434,981	\$ 45,295,441	\$ -	\$ -	\$ 124,765,574
-	-	-	-	-	-	1,939,798
42,381	-	786	26,074	-	-	378,722
444,105	1,305,393	152,836	27,608	-	-	4,336,348
-	28,254	-	-	-	-	287,171
494,095	209,355	-	27,428	-	-	8,474,232
1,357	-	-	-	-	-	742,460
-	-	-	-	-	-	250,000
-	67,342	-	-	-	-	67,342
-	24,123	-	-	-	-	24,123
1,048,844	-	-	-	-	-	1,048,844
-	20,347	-	-	-	-	20,347
773,988	3,007,131	185,390	-	-	-	3,966,509
-	140,350,881	-	-	69,757,172	-	210,108,053
-	-	-	-	-	12,505,285	12,505,285
-	-	-	-	-	32,626,285	32,626,285
<u>\$ 12,168,098</u>	<u>\$ 175,970,295</u>	<u>\$ 5,773,993</u>	<u>\$ 45,376,551</u>	<u>\$ 69,757,172</u>	<u>\$ 45,131,570</u>	<u>\$ 401,541,093</u>
\$ 1,269,638	\$ 995,861	\$ 297,316	\$ 6,100	\$ -	\$ -	\$ 3,326,096
345,399	427,823	-	-	-	-	773,222
-	261,025	-	-	-	-	261,025
-	-	389,244	-	-	-	389,244
7,251,482	723,765	-	-	-	-	8,474,232
-	-	-	12,380,670	-	-	12,380,670
-	-	-	5,302	-	-	5,302
-	1,048,844	-	-	-	-	1,048,844
42,381	28,254	786	26,074	-	-	2,148,915
-	-	-	-	-	60,000	60,000
-	-	-	-	-	32,470,000	32,470,000
-	-	-	2,446,605	-	-	2,446,605
773,988	3,040,616	185,390	-	-	-	3,999,994
-	-	-	-	-	11,040,000	11,040,000
-	414,784	-	-	-	1,561,570	1,976,354
-	493,760	-	-	-	-	493,760
<u>9,682,888</u>	<u>7,434,732</u>	<u>872,736</u>	<u>14,864,751</u>	<u>-</u>	<u>45,131,570</u>	<u>81,294,263</u>
-	-	-	-	69,757,172	-	69,757,172
-	94,398,469	-	-	-	-	94,398,469
-	74,137,094	4,901,257	-	-	-	79,038,351
-	-	-	-	-	-	89,859
-	-	-	-	-	-	10,565,487
-	-	-	-	-	-	1,939,798
1,048,844	-	-	-	-	-	1,048,844
-	-	-	30,156,196	-	-	30,156,196
-	-	-	-	-	-	250,000
1,436,366	-	-	355,604	-	-	33,002,654
<u>2,485,210</u>	<u>168,535,563</u>	<u>4,901,257</u>	<u>30,511,800</u>	<u>69,757,172</u>	<u>-</u>	<u>320,246,830</u>
<u>\$ 12,168,098</u>	<u>\$ 175,970,295</u>	<u>\$ 5,773,993</u>	<u>\$ 45,376,551</u>	<u>\$ 69,757,172</u>	<u>\$ 45,131,570</u>	<u>\$ 401,541,093</u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund	
	General	Special Revenue
REVENUES		
Taxes	\$ 7,992,409	\$ 12,219,304
Licenses and Permits	1,017,477	4,175
Special Assessments	-	-
Intergovernmental	4,556,312	3,341,817
Charges for Services	3,150,777	1,274,138
Fines and Forfeits	925,640	108,945
Investment Income	457,109	658,113
Rentals	112,394	387,062
Miscellaneous	91,664	25,446
TOTAL REVENUES	<u>18,303,782</u>	<u>18,019,000</u>
EXPENDITURES		
Current:		
General Government	4,706,342	4,498,990
Public Safety	10,021,985	152,820
Highways and Streets	1,537,043	3,128,450
Health and Welfare	943,627	-
Culture and Recreation	1,876,039	1,341,642
Capital Outlay	1,564,242	675,281
Debt Service:		
Principal	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	<u>20,649,278</u>	<u>9,797,183</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,345,496)</u>	<u>8,221,817</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	3,813,614	8,880,377
Operating Transfers Out	(965,456)	(18,612,399)
Proceeds of Refunding Bonds	-	-
Payment of Refunding Bonds	-	-
Sales of General Fixed Assets	-	85,000
Bond Proceeds	-	3,081,410
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,848,158</u>	<u>(6,565,612)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>502,662</u>	<u>1,656,205</u>
FUND BALANCES - BEGINNING	<u>14,491,101</u>	<u>14,900,575</u>
FUND BALANCES - ENDING	<u>\$ 14,993,763</u>	<u>\$ 16,556,780</u>

Exhibit 2

Types		Fiduciary	Totals
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only) 2002
\$ 25,596	\$ 1,114,984	\$ -	\$ 21,352,293
-	-	-	1,021,652
4,960,733	9,670	-	4,970,403
744	1,969,748	-	9,868,621
-	-	-	4,424,915
-	-	-	1,034,585
167,552	217,497	1,832	1,502,103
-	100,000	-	599,456
-	23,779	37,452	178,341
<u>5,154,625</u>	<u>3,435,678</u>	<u>39,284</u>	<u>44,952,369</u>
-	-	-	9,205,332
-	-	-	10,174,805
-	-	-	4,665,493
-	-	-	943,627
-	-	30,666	3,248,347
-	12,876,040	-	15,115,563
5,855,360	-	-	5,855,360
2,094,524	-	-	2,094,524
<u>7,949,884</u>	<u>12,876,040</u>	<u>30,666</u>	<u>51,303,051</u>
<u>(2,795,259)</u>	<u>(9,440,362)</u>	<u>8,618</u>	<u>(6,350,682)</u>
2,523,106	6,579,454	300,000	22,096,551
(394,701)	(190,174)	(1,035,364)	(21,198,094)
1,989,999	-	-	1,989,999
(4,825,000)	-	-	(4,825,000)
-	-	-	85,000
-	3,013,528	-	6,094,938
<u>(706,596)</u>	<u>9,402,808</u>	<u>(735,364)</u>	<u>4,243,394</u>
(3,501,855)	(37,554)	(726,746)	(2,107,288)
16,007,140	2,522,764	1,082,350	49,003,930
<u>\$ 12,505,285</u>	<u>\$ 2,485,210</u>	<u>\$ 355,604</u>	<u>\$ 46,896,642</u>

**CITY OF BISMARCK, NORTH DAKOTA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - BUDGETARY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund		
	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 8,348,183	\$ 7,992,409	\$ 7,487,920
Licenses and Permits	914,725	1,017,477	976,512
Intergovernmental	4,503,984	4,556,312	3,586,421
Charges for Services	2,250,553	3,150,777	3,031,769
Fines and Forfeits	884,812	925,640	899,382
Investment Income	353,900	457,109	792,180
Rentals	135,150	112,394	123,613
Miscellaneous	106,458	91,664	14,949
TOTAL REVENUES	<u>17,497,765</u>	<u>18,303,782</u>	<u>16,912,746</u>
EXPENDITURES			
Current:			
General Government	5,752,767	4,751,442	3,624,831
Public Safety	10,250,539	10,021,985	9,609,498
Highways and Streets	1,641,431	1,537,043	1,432,959
Health and Welfare	990,312	943,627	857,895
Culture and Recreation	1,906,057	1,876,039	2,024,169
Capital Outlay	2,186,423	1,609,001	575,421
TOTAL EXPENDITURES	<u>22,727,529</u>	<u>20,739,137</u>	<u>18,124,773</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,229,764)</u>	<u>(2,435,355)</u>	<u>(1,212,027)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	3,598,459	3,813,614	3,487,148
Operating Transfers Out	(960,775)	(965,456)	(95,360)
Sales of General Fixed Assets	-	-	-
Bond Proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,637,684</u>	<u>2,848,158</u>	<u>3,391,788</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (2,592,080)</u>	412,803	2,179,761
FUND BALANCES - BEGINNING - budgetary basis		14,491,101	12,311,340
FUND BALANCES - ENDING - budgetary basis		<u>\$ 14,903,904</u>	<u>\$ 14,491,101</u>

See Notes to the Financial Statements

Exhibit 3

Special Revenue Funds		
Budget	2002 Actual	2001 Actual
\$ 11,669,430	\$ 12,219,304	\$ 11,062,889
4,000	4,175	14,827
3,581,707	3,341,817	3,777,268
1,160,750	1,274,138	1,214,661
54,000	108,945	58,847
486,200	658,113	847,312
285,036	387,062	279,637
323,180	25,446	26,664
<u>17,564,303</u>	<u>18,019,000</u>	<u>17,282,105</u>
6,147,792	4,498,990	2,189,062
261,594	152,820	149,631
3,508,228	3,128,450	3,056,757
-	-	-
1,421,656	1,341,642	1,186,668
764,200	675,281	510,606
<u>12,103,470</u>	<u>9,797,183</u>	<u>7,092,724</u>
<u>5,460,833</u>	<u>8,221,817</u>	<u>10,189,381</u>
672,092	8,880,377	554,999
(12,208,509)	(18,612,399)	(7,762,830)
-	85,000	-
-	3,081,410	-
<u>(11,536,417)</u>	<u>(6,565,612)</u>	<u>(7,207,831)</u>
<u>\$ (6,075,584)</u>	1,656,205	2,981,550
	14,900,575	11,919,025
	<u>\$ 16,556,780</u>	<u>\$ 14,900,575</u>

**CITY OF BISMARCK, NORTH DAKOTA
COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	2002
OPERATING REVENUES:			
Charges for Services	\$ 20,936,586	\$ 1,669,727	\$ 22,606,313
Employer Contributions	-	2,094,848	2,094,848
Miscellaneous	-	20,234	20,234
TOTAL OPERATING REVENUES	<u>20,936,586</u>	<u>3,784,809</u>	<u>24,721,395</u>
OPERATING EXPENSES:			
Cost of Sales and Services	9,534,283	4,087,548	13,621,831
Administration	1,855,025	480	1,855,505
Depreciation	5,183,566	-	5,183,566
TOTAL OPERATING EXPENSES	<u>16,572,874</u>	<u>4,088,028</u>	<u>20,660,902</u>
OPERATING INCOME (LOSS)	<u>4,363,712</u>	<u>(303,219)</u>	<u>4,060,493</u>
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	3,193,810	139,989	3,333,799
Special Assessments	280,969	-	280,969
Gain on Disposal of Assets	(123,578)	-	(123,578)
Investment Income	854,560	198,623	1,053,183
Taxes	-	308	308
Interest Expense	(59,967)	-	(59,967)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,145,794</u>	<u>338,920</u>	<u>4,484,714</u>
INCOME BEFORE OPERATING TRANSFERS	<u>8,509,506</u>	<u>35,701</u>	<u>8,545,207</u>
OPERATING TRANSFERS			
Transfer From Other Funds	-	4,990	4,990
Transfer (To) Other Funds	(733,390)	(193,996)	(927,386)
TOTAL OPERATING TRANSFERS	<u>(733,390)</u>	<u>(189,006)</u>	<u>(922,396)</u>
NET INCOME	7,776,116	(153,305)	7,622,811
DEPRECIATION ON ASSETS ACQUIRED WITH CAPITAL GRANTS			
	1,245,885	-	1,245,885
RETAINED EARNINGS - BEGINNING as previously reported	<u>65,419,030</u>	<u>5,054,562</u>	<u>70,473,592</u>
PRIOR PERIOD ADJUSTMENT	<u>(303,937)</u>	<u>-</u>	<u>(303,937)</u>
RETAINED EARNINGS - BEGINNING as restated	<u>65,115,093</u>	<u>5,054,562</u>	<u>70,169,655</u>
RETAINED EARNINGS - ENDING	<u>\$ 74,137,094</u>	<u>\$ 4,901,257</u>	<u>\$ 79,038,351</u>

See Notes to the Financial Statements

**CITY OF BISMARCK, NORTH DAKOTA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types		Totals (Memorandum Only) 2002
	Enterprise	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers and Users	\$ 19,984,213	\$ 3,897,909	\$ 23,882,122
Cash Received From Employer	-	2,081,278	2,081,278
Other Operating Cash Receipts	-	20,234	20,234
Cash Paid to Suppliers	(7,991,153)	(6,444,926)	(14,436,079)
Cash Paid to Employees	(3,815,607)	-	(3,815,607)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,177,453</u>	<u>(445,505)</u>	<u>7,731,948</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes	-	308	308
Intergovernmental Revenue	3,193,810	139,989	3,333,799
Transfers From Other Funds	-	4,990	4,990
Transfers (to) Other Funds	(733,390)	(193,996)	(927,386)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>2,460,420</u>	<u>(48,709)</u>	<u>2,411,711</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Lease Payment	(168,170)	-	(168,170)
Interest Paid	(55,392)	-	(55,392)
Proceeds from advances	1,048,844	-	1,048,844
Proceeds from Sale of Fixed Assets	(30,725)	-	(30,725)
Purchase of Fixed Assets	(676,454)	-	(676,454)
Construction	(13,947,137)	-	(13,947,137)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(13,829,034)</u>	<u>-</u>	<u>(13,829,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	854,560	198,623	1,053,183
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>854,560</u>	<u>198,623</u>	<u>1,053,183</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,336,601)	(295,591)	(2,632,192)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>33,294,070</u>	<u>5,730,572</u>	<u>39,024,642</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 30,957,469</u>	<u>\$ 5,434,981</u>	<u>\$ 36,392,450</u>

See Notes to the Financial Statements

**CITY OF BISMARCK, NORTH DAKOTA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types		Totals (Memorandum Only) 2002
	Enterprise	Internal Service	
REPORTED IN THE BALANCE SHEET AS FOLLOWS:			
Cash and Investments	\$ 30,957,469	\$ 5,434,981	\$ 36,392,450
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	4,363,712	(303,219)	4,060,493
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	5,183,566	-	5,183,566
(Increase) decrease in Taxes Receivable	-	756	756
(Increase) decrease in Accounts Receivable	(743,018)	(130,165)	(873,183)
(Increase) decrease in Due From Other Funds	(209,355)	-	(209,355)
(Increase) decrease in Inventories	(22,424)	-	(22,424)
(Increase) decrease in Prepaid Items	97	-	97
Increase (decrease) in Accounts Payable	(862,293)	108,025	(754,268)
Increase (decrease) in Retainage Payable	427,823	-	427,823
Increase (decrease) in Deferred Revenue	-	(329)	(329)
Increase (decrease) in Estimating Pending Claims	-	(120,573)	(120,573)
Increase (decrease) in Due to Other Funds	(89,862)	-	(89,862)
Increase (decrease) in Compensated Absences Payable	29,653	-	29,653
Increase (decrease) in Closure/Post Closure Costs	99,554	-	99,554
Total Adjustments	3,813,741	(142,286)	3,671,455
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 8,177,453	\$ (445,505)	\$ 7,731,948
NONCASH CAPITAL ACTIVITIES:			
Construction of Fixed Assets Contributed through Capital Project Funds	\$ 1,464,007	\$ -	\$ 1,464,007

See Notes to the Financial Statements

CITY OF BISMARCK, NORTH DAKOTA
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	City Pension	Police Pension	Totals (Memorandum Only) 2002
ADDITIONS			
CONTRIBUTIONS:			
Employer	\$ 409,855	\$ 203,630	\$ 613,485
Employee	403,216	10,216	413,432
INVESTMENT INCOME:			
Loss on Investments	(2,637,016)	(1,373,776)	(4,010,792)
Interest and Dividends	815,536	389,201	1,204,737
Securities Lending Income	36,056	14,647	50,703
	<u>(1,785,424)</u>	<u>(969,928)</u>	<u>(2,755,352)</u>
Less: Investment Expense	(120,345)	(63,366)	(183,711)
Less: Securities Lending Expenses	(31,661)	(12,736)	(44,397)
Net investment income (loss)	<u>(1,937,430)</u>	<u>(1,046,030)</u>	<u>(2,983,460)</u>
TRANSFERS FROM OTHER FUNDS:	37,640	16,625	54,265
TOTAL ADDITIONS	<u>(1,086,719)</u>	<u>(815,559)</u>	<u>(1,902,278)</u>
DEDUCTIONS			
Administration	16,528	12,383	28,911
Benefits	1,372,832	488,258	1,861,090
Transfers to Other Funds	17,919	12,407	30,326
TOTAL DEDUCTIONS	<u>1,407,279</u>	<u>513,048</u>	<u>1,920,327</u>
CHANGE IN NET ASSETS	(2,493,998)	(1,328,607)	(3,822,605)
NET ASSETS - BEGINNING	22,650,248	11,328,553	33,978,801
NET ASSETS - ENDING	<u>\$ 20,156,250</u>	<u>\$ 9,999,946</u>	<u>\$ 30,156,196</u>

See Notes to the Financial Statements

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**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bismarck was incorporated in 1875. The City operates under a city commission form of government and provides the following services as authorized by its charter: Public Safety (Police and Fire), Streets, Sanitation, Health, Culture and Recreation, Public Improvements, Planning and Zoning, General Administrative Services, Airport Facilities, Solid Waste Collection and Disposal, and Water and Sewer Utilities.

The financial statements of the City of Bismarck, North Dakota, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant of the City's accounting policies are described below:

A. REPORTING ENTITY

For financial reporting purposes the City's financial statements include all funds and account groups. There are no component units of the City of Bismarck. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the City) are financially accountable. The City would consider an organization to be a component unit if:

1. The City appoints a voting majority of the organization's governing body AND
 - (a) is able to impose its will on that organization OR
 - (b) there is a potential for the organization to provide specific financial burdens on the City; OR
2. The organization is fiscally dependent upon the City; OR
3. The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the City misleading.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized in funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose, and is used by management to demonstrate compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with City Ordinances and the North Dakota Century Code. Account groups are a reporting device to account for fixed assets and liabilities of the governmental funds not recorded directly into those funds.

1. Governmental Funds

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under a modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or in time to pay liabilities for the current period. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related liability occurs, except for non-matured interest on general long-term debt, which is recognized when due, and compensated absences that are recognized when the obligations are expected to be liquidated with available financial resources.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

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 billed on the accounts receivable system.

Shared revenues are recorded at the time of receipt or earlier if susceptible to accrual. Expenditure-driven grants are recognized as revenue when the expenditures have been obligated and all other grant requirements have been met.

2. Types of Governmental Funds

General Fund - The general fund is the City's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The debt service funds account for the servicing of the general long-term debt that is not financed by proprietary or nonexpendable trust funds.

Capital Projects Funds - The capital projects funds account for the acquisition of fixed assets and/or construction of major capital projects that are not being financed by proprietary funds.

3. Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Using this method, the revenues are recorded as earned and expenses are incurred at the time of the encumbrance of the liability.

The City's financial statements have been prepared in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." The City accounts for its Proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 20, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds include the following fund types:

Enterprise Funds - Enterprise funds are used for those operations that are financed and operated in a manner similar to private business or where the board decides the fees to be charged and the net income necessary for management accountability.

Internal Service Funds - Internal service funds account for operations that provide services to other departments of the City on a cost-reimbursement basis.

4. Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government in the form of a formal trust agreement.

Expendable Trust - The expendable trust fund is accounted for in almost the same manner as the governmental fund types, using the same measurement focus and basis of accounting. These trust funds account for assets where both principal and interest may be spent.

Nonexpendable Trust Fund - The pension trust fund is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

funds account for the assets of the police and city employees pension plan. The nonexpendable trust funds account for assets where both principal and interest may not be spent.

Agency Fund - The agency fund is custodial in nature and does not present results of operations in this report or have a measurement focus. Agency funds are accounted for by using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

5. Account Groups

General Fixed Asset Account Group - The general fixed asset account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-term Debt Account Group - The general long-term debt account group is used to account for general long-term debt and other liabilities that are not a specific liability of proprietary or trust funds of the City.

C. ASSETS, LIABILITIES, AND 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. Investments are stated at fair market value.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

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

3. Inventories

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 purchased. These amounts are immaterial.

4. Prepaid Items

The Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2002, as prepaid items. The cost of services to governmental type funds is recorded as an expenditure when paid rather than the benefited period.

5. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

The City does not report public domain or "infrastructure" fixed assets, roads, curbs, gutters, sidewalks, streets, street lights, and similar assets that are immovable and of value only to the governmental unit in the general fixed asset account group. All infrastructure fixed assets are reported in the proprietary fund types and depreciation is computed using the straight-line method.

Assets in the general fixed assets account group are not depreciated. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as depreciation expense against their operations. Depreciation recognized on grants, entitlements, and shared revenues is closed to the related contributed capital. Depreciation has been provided over the estimated useful life, using the straight-line method, as follows:

Buildings	20 - 50 Years
Improvements other than buildings	25 - 50 Years
Small equipment	2 - 10 Years
Heavy equipment	5 - 10 Years

6. 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 is 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. These payments will be made out of the fund in which the liability occurs.

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 an agency fund until all employees employed on December 31, 1992 will have terminated their employment. The \$92,608 in the Deferred Compensation Payable in the General Long term Debt Account Group is the amount owed by the governmental funds. The proprietary funds are obligated for an additional \$27,428.

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:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

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.

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.

Regular part-time employees shall earn a prorated number of vacation days payable at their current rate of 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. The amount in the compensated absences line item \$1,468,962 is the value of the employees annual leave hours on December 31, 2002. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

7. Long-term Obligations

The government funds recognize long-term debt as a liability in the general long-term debt account group. For other obligations, only that portion expected to be financed from expendable available financial resources are reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term debt account group. Long-term liabilities and other obligations expected to be financed from proprietary fund operations are accounted for in those funds.

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Highway Construction
Highway Construction	Debt Service Fund
Revenue Bonds	Motel Liquor Restaurant
Motel Liquor Restaurant Bonds	Tax Fund
Sales Tax Revenue Bonds	Sales Tax Revenue Fund
Special Assessment Bonds	Watermains, Sewermains, Sidewalks, Street Improvements, and Parking Lot
	Debt Service Funds
Employee Termination Benefits	General, Library, and Roads and Streets
Compensated Absences	General, Library, and Roads and Streets

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

8. Fund Equity

Government funds report reserved fund balance, which represent those portions of fund equity that are either not appropriable for expenditure or legally segregated for a specific future use. Designations of fund balance or retained earnings are tentative management plans that are subject to change.

9. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types have not been material and as such have been recognized in the period paid.

10. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregate of this data.

11. Reclassification of Funds

In prior years, the Vision Fund activity was reported within the Sales Tax Fund. In the current year, management determined that better financial information would be provided if the activity of these two funds were reported separately. Therefore, \$6,060,010 of the Sales Tax Fund's fund balance was transferred to the Vision Fund in 2002.

II. 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 and the Special Revenue Fund 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	\$ 412,803
End of year adjustment for encumbrances not recognized as expenditures	<u>89,859</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	<u><u>\$ 502,662</u></u>

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

Although the Special Revenue 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.

By the first Tuesday 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.

1. Deficits in Fund Balance

The following individual funds had deficits at December 31, 2002, as measured by the balances in the total fund balance or retained earnings as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Civic Center Building Construction	\$ 116,962
Sewermains Construction	586,156
Watermains Construction	250,264
Sidewalks Construction	396,780
Street Improvements Construction	6,322,264
<u>Enterprise fund:</u>	
Parking Authority Lots	3,134,178

Sewermains Construction, Watermains Construction, Sidewalks Construction and Street Improvement Construction will be funded through a sale of general obligation and special assessment bonds in May of 2003. Civic Center Building Construction will be funded from the Arena Exhibit Special Revenue fund.

The Parking Lot Authority received contributed capital of \$2,161,574 in 1993 from the bond sales in the Tax Increment Fund and has a total contributed capital of \$10,047,648. Beginning in 1994, the Parking Lot Authority transfers funds for payment of the bonds to the Tax Increment Fund. The transfer of the bond payment results in a negative retained earnings balance. In 2002, Parking Lot Authority had operating income of \$114,289.

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2002, expenditures exceeded budget at the department level (i.e., the legal level of budgetary control) as follows:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

<u>Fund/Department</u>	<u>Excess</u>
Motel, Hotel Tax Fund	\$ 48,552

The City remits 90% of the occupancy tax collected to the Bismarck-Mandan Convention and Visitor's Bureau. The occupancy tax collected in 2002 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.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits

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.

The City maintains a cash pool that is available for use by all funds. The pool invests in short-term certificates of deposit. The pool provides the City the ability to maximize earnings by investing larger amounts of idle cash for longer periods of time. Interest earnings are allocated to funds based upon their cash balance at the time the investment was purchased.

At December 31, 2002, the carrying amount of the City's deposits was \$47,940,218 and the bank balance was \$48,721,337, all of which was insured and collateralized.

B. Investments

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.

Investment Category

Investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 - investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. The following is a summary of the City's investments at December 31, 2002:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

	Category 1	Fair Market Value
US Government Securities	\$ 37,130,326	\$ 37,130,326
Investments in state investment board pool		31,442,590
Investments in mutual funds (Kemper)		11,589,276
Securities lending short-term collateral investment pool		2,519,192
		\$ 82,681,384
Total Investments		\$ 82,681,384

The US government securities and the Kemper mutual funds are based on fair value for these investments.

State Investment and Securities Lending Pool

North Dakota Retirement and Investment Office (NDRIO) manages the state investment and securities lending pools. NDRIO manages the 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. A reconciliation of cash and investments as shown on the Combined Balance Sheet is as follows:

Cash on hand	\$ 50,279
Carrying amount of deposits	47,940,218
Fair Value of Investments	82,681,384
Total	\$ 130,671,881
Cash and investments	\$ 126,705,372
Customer deposits	3,966,509
Total	\$ 130,671,881

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, 2002 was \$3,007,131.

C. Receivables

Receivables at December 31, 2002 consist of the following:

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

<u>Receivables:</u>	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust/ Agency
Taxes - Real Estate & Mobile	\$ 222,133	\$ 82,348	\$ 5,000	\$ 42,381	\$ -	\$ 786	\$ 26,074
Accounts Receivable - Trade	1,041,884	1,364,522	-	444,105	1,305,393	152,836	27,608
Special Assessment	-	-	258,917	-	28,254	-	-
Due from Other Funds	15,249	67,621	7,660,484	494,095	209,355	-	27,428
Notes Receivable	-	250,000	-	-	-	-	-
Intergovernmental	-	-	741,103	1,357	-	-	-
Advances from Other Funds	-	-	-	1,048,844	-	-	-
Total Receivables	\$ 1,279,266	\$ 1,764,491	\$ 8,665,504	\$ 2,030,782	\$ 1,543,002	\$ 153,622	\$ 81,110

D. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

<u>General fixed assets:</u>	Balance 1/1/2002	Additions	Retirements	Balance 12/31/2002
Land	\$ 1,689,788	\$ -	\$ -	\$ 1,689,788
Buildings	46,154,050	1,399,008	-	47,553,058
Improvements other than buildings	51,777	-	-	51,777
Machinery & Equipment	17,310,001	2,224,558	630,501	18,904,058
Construction in progress	-	1,558,491	-	1,558,491
Totals	\$ 65,205,616	\$ 5,182,057	\$ 630,501	\$ 69,757,172

The following is a summary of proprietary fund-type fixed assets at December 31, 2002:

<u>Enterprise:</u>	12/31/2002
Land	\$ 7,748,421
Buildings and system	59,363,446
Improvements other than buildings	125,271,876
Machinery & Equipment	9,948,297
Construction in progress	5,312,436
Less: accumulated depreciation	(67,293,595)
Totals	\$ 140,350,881

E. Self-Insurance

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.

General Liability Insurance

The City has established a general liability self-insurance fund. The fund is structured so that only expenses 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 City has purchased a separate airport liability policy that is primary coverage at

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the airport. There is a deductible of \$1,000 per claim. 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, 2002 management estimates claims incurred but not paid of \$274,904. This amount has been recorded as a liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Employee Insurance

The City has also 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 \$2,118,634 for 2002.

City of Bismarck
Self-Insurance Funds
Changes in Aggregate Claims Liability
For the year ended December 31, 2002

	Liability Insurance		Employee Insurance	
	2002	2001	2002	2001
Unpaid claims & claim adjustment expenses at the beginning of the fiscal year	\$ 259,817	\$ 68,400	\$ 250,000	\$ 250,000
Unpaid claims & claim adjustment expenses:				
Provisions for insured events of the current fiscal year	189,859	266,852	1,715,179	1,491,852
Increases (decreases) in provision for insured events of prior fiscal years	55,139	(401)	(88,378)	(133,048)
Total claims & claim adjustment expenses	504,815	334,851	1,876,801	1,608,804
Payments:				
Claims & claim adjustment expenses attributable to insured events of:				
Current year	(159,367)	(34,731)	(1,715,179)	(1,491,852)
Prior year	(70,544)	(40,303)	(47,282)	133,048
Total payments	(229,911)	(75,034)	(1,762,461)	(1,358,804)
Total Unpaid claims & claim adjustment expenses at the end of the fiscal year	\$ 274,904	\$ 259,817	\$ 114,340	\$ 250,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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.

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Worker's Compensation

The City participates in the North Dakota Worker's Compensation 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.

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, 2002 was \$58,065,398 with a remaining non-obligated margin of \$58,023,872. City general obligation bonds currently outstanding are as follows:

General obligation bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2002	Amount Issued in 2002	Amount Retired in 2002	Amount Outstanding 12/31/2002
Highway construction 1992	5/1/1992	6/1/2002	4.00-6.25%	\$ 1,150,000	\$ 155,000	\$ -	\$ 155,000	\$ -
Highway construction 1995	5/1/1995	6/1/2003	4.30-4.87%	380,000	115,000	-	55,000	60,000
Highway construction 1997	5/1/1997	6/1/2002	4.25-4.80%	340,000	75,000	-	75,000	-
Total highway construction				\$ 1,870,000	\$ 345,000	\$ -	\$ 285,000	\$ 60,000

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

<u>Years</u>	<u>General Obligation</u>
2003	61,463
Subtotal	61,463
Less: amount representing interest	(1,463)
Total	\$ 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, 2002 are as follows:

Revenue Bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2002	Amount Issued in 2002	Amount Retired in 2002	Amount Outstanding 12/31/2002
Motel, liquor, restaurant	6/1/1998	12/1/2013	3.25-6.40%	\$ 9,400,000	\$ 8,430,000	\$ -	\$ 440,000	\$ 7,990,000
Sales tax bonds	5/15/1997	10/1/2002	4.60-4.80%	5,720,000	1,265,000	-	1,265,000	-
Sales tax bonds	6/15/2002	5/1/2005	3.00-3.25%	3,050,000	-	3,050,000	-	3,050,000
Total Special Revenue Bonds				\$ 18,170,000	\$ 9,695,000	\$ 3,050,000	\$ 1,705,000	\$ 11,040,000

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

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<u>Years</u>	<u>Revenue Bonds</u>
2003	1,927,748
2004	1,955,348
2005	1,963,204
2006	1,544,622
2007	1,585,410
2008-2013	6,122,105
Subtotal	15,098,437
Less: amount representing interest	(4,058,437)
Total	\$ 11,040,000

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, 2002 are as follows:

Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2002	Amount Issued in 2002	Amount Retired in 2002	Amount Outstanding 12/31/2002
Series C refunding	5/1/1995	6/1/2010	4 80-5 12%	\$ 3,945,000	\$ 2,445,000	\$ -	\$ 2,445,000	\$ -
Series D refunding	3/28/1996	5/1/2005	4 00-4 70%	4,185,000	1,035,000	-	400,000	635,000
Series F refunding	7/1/1996	6/1/2011	4 85-5 25%	4,630,000	3,070,000	-	3,070,000	-
Series G refunding	5/15/1997	6/1/2012	5 00-5 20%	4,025,000	2,765,000	-	420,000	2,345,000
Series H refunding	6/1/1998	5/1/2013	4 00-4 70%	3,815,000	3,075,000	-	370,000	2,705,000
Series I refunding	5/1/1999	6/1/2008	3 50-3 70%	3,465,000	2,435,000	-	385,000	2,050,000
Series J refunding	5/1/1999	5/1/2014	4 00-4 40%	3,920,000	3,520,000	-	400,000	3,120,000
Series K refunding	5/15/2000	5/1/2015	5 00-5 60%	3,530,000	3,530,000	-	495,000	3,035,000
Series L refunding	4/30/2001	6/1/2011	4 00-4 50%	6,140,000	6,030,000	-	195,000	5,835,000
Series M refunding	5/15/2001	5/1/2016	4 00-5 10%	5,310,000	5,310,000	-	-	5,310,000
Series N refunding	6/15/2002	5/1/2017	3 30-4 30%	2,480,000	-	2,480,000	-	2,480,000
Series O refunding	11/12/2002	6/1/2012	2 10-4 00%	1,990,000	-	1,990,000	-	1,990,000
Total refunding series				\$ 47,435,000	\$ 33,215,000	\$ 4,470,000	\$ 8,180,000	\$ 29,505,000
Sidewalk 92	6/1/1992	6/1/2002	3 30-5 70%	\$ 270,000	\$ 30,000	\$ -	\$ 30,000	\$ -
Sidewalk 93	6/1/1993	6/1/2003	3 00-4 00%	750,000	160,000	-	80,000	80,000
Sidewalk 94	6/1/1994	6/1/2004	3 90-5 10%	660,000	210,000	-	70,000	140,000
Sidewalk 95	7/1/1996	6/1/2006	4 50-5 30%	415,000	225,000	-	45,000	180,000
Sidewalk 96	5/15/1997	6/1/2007	4 40-5 20%	590,000	390,000	-	65,000	325,000
Sidewalk 97	6/1/1998	5/1/2008	4 00-4 55%	590,000	455,000	-	65,000	390,000
Sidewalk 98	5/1/1999	4/1/2009	3 90-4 30%	570,000	510,000	-	60,000	450,000
Sidewalk 99	5/15/2000	5/1/2010	5 20-5 90%	480,000	480,000	-	65,000	415,000
Sidewalk 00	5/15/2001	5/1/2011	4 30-4 70%	420,000	420,000	-	-	420,000
Sidewalk 01	6/15/2002	5/1/2012	2 30-4 15%	565,000	-	565,000	-	565,000
Total sidewalk bonds				\$ 5,310,000	\$ 2,880,000	\$ 565,000	\$ 480,000	\$ 2,965,000
Total special assessment bonds				\$ 52,745,000	\$ 36,095,000	\$ 5,035,000	\$ 8,660,000	\$ 32,470,000

In the current year, the City issued \$1,990,000 of general obligation refunding bonds, Series O that refunded Series G. The transaction resulted in an economic gain of \$66,297 and a reduction of \$95,263 in future debt service payments.

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Special Assessment Debt Requirement to Maturity

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

<u>Years</u>	<u>Special Assessment</u>
2003	\$ 7,503,515
2004	5,366,556
2005	4,795,408
2006	4,301,133
2007	3,868,507
2008-2012	9,981,907
2013-2017	2,515,416
Subtotal	38,332,442
Less: amount representing interest	(5,862,442)
Total	\$ 32,470,000

G. Changes in Long-term Liabilities

During the year ended December 31, 2002, the following changes in liabilities occurred in the general long-term debt account group:

	<u>Balance Outstanding 1/1/2002</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding 12/31/2002</u>
General Obligation Bonds	\$ 345,000	\$ -	\$ 285,000	\$ 60,000
Special Revenue Bonds	9,695,000	3,050,000	1,705,000	11,040,000
Special Assessments Bonds	36,095,000	5,035,000	8,660,000	32,470,000
Deferred Sick Leave	185,214	-	92,606	92,608
Compensated Absences	1,292,164	841,638	664,840	1,468,962
Total	\$ 47,612,378	\$ 8,926,638	\$ 11,407,446	\$ 45,131,570

H. Capital Lease

The City has entered into a lease agreement to finance the mechanical portion of the parking ramp remodeling project for the Parking Lot Authority. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, it has been recorded at the present value of the future minimum lease payments as of the inception in the Parking Lot Authority enterprise fund.

The asset acquired through this capital lease is as follows:

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Buildings and Systems	\$ 405,000
Less: Accumulated depreciation	(40,500)
Total	\$ 364,500

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2002 were as follows:

Year ending December 31	
2003	\$ 58,217
2004	58,217
2005	58,217
2006	58,217
2007	58,217
2008	4,851
Total minimum lease payments	\$ 295,937
Less: amount representing interest	(34,912)
Present value of minimum lease payments	\$ 261,025

I. 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, 2002, 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.

J. Interfund Assets/Liabilities

Details pertaining to interfund receivables and payables are as follows:

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<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
Watermains Debt Service	Watermains Capital Projects	\$ 246,224
Sewermains Debt Service	Sewermains Capital Projects	442,396
Sidewalks Debt Service	Sidewalks Capital Projects	229,723
Street Improvements Debt Service	Street Improvements Capital Projects	6,045,804
Watermains Debt Service	Water and Sewer Utility Enterprise Fund	696,337
Water and Sewer Utility Enterprise Fund	Sewermains Capital Projects	209,355
General Fund	Library Special Revenue Fund	4,890
General Fund	Community Development	9,002
General Fund	Bismarck/Mandan Visitor's Bureau	1,357
Arena/Exhibit Operations Special Revenue	Civic Center Building Construction	67,621
Tax Increment Capital Projects	Arena/Exhibit Operations Special Revenue	494,095
Tax Increment Capital Projects	Parking Authority Enterprise Fund	1,048,844
Deferred Sick Leave Trust & Agency Fund	Airport Enterprise Fund	3,908
Deferred Sick Leave Trust & Agency Fund	Solid Waste Enterprise Fund	7,604
Deferred Sick Leave Trust & Agency Fund	Water and Sewer Utility Enterprise Fund	15,223
Deferred Sick Leave Trust & Agency Fund	Airport Flightline Enterprise Fund	693
Total Receivables/Payables		<u>\$ 9,523,076</u>

K. Contributed Capital

Changes in contributed capital for the year 2002 are as follows:

Sources	Enterprise					Total
	Airport	Airport Flightline	Solid Waste Utility	Water and Sewer Utility	Parking Authority Lots	
Beginning balance	\$ 23,241,204	\$ 272,762	\$ 1,165,660	\$ 59,453,072	\$ 10,047,648	\$ 94,180,346
Contributing sources:						
Capital Project Funds	-	-	-	1,464,007	-	1,464,007
Depreciation on assets acquired with capital grants prior to January 1, 2000	(846,360)	-	-	(399,524)	-	(1,245,884)
Ending balance	<u>\$ 22,394,844</u>	<u>\$ 272,762</u>	<u>\$ 1,165,660</u>	<u>\$ 60,517,555</u>	<u>\$ 10,047,648</u>	<u>\$ 94,398,469</u>

IV. OTHER INFORMATION

A. Segment Information – Enterprise Funds

The government maintains five enterprise funds that are intended to be self-supporting through user fees charged for service to the public. These enterprise funds provide airport services, flightline services, waste disposal and collection, water and sewer, and public parking. Financial segment information as of and for the year ended December 31, 2002 is presented below:

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	Airport	Airport Flightline	Solid Waste Utility	Water and Sewer Utility	Parking Authority Lots	Total
Operating Revenues	\$ 2,483,657	\$ 772,171	\$ 3,815,376	\$ 13,090,703	\$ 774,679	\$ 20,936,586
Depreciation Expense	1,403,279	8,950	467,339	3,066,993	237,005	5,183,566
Operating Income (Loss)	(667,399)	15,322	339,042	4,562,458	114,289	4,363,712
Net Income (Loss)	2,285,924	9,151	261,585	5,322,985	(103,529)	7,776,116
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	59,197	15,770	233,495	213,234	211,694	733,390
Current Capital						
Contributions	-	-	-	1,464,007	-	1,464,007
Fixed Asset Additions	3,527,659	22,500	1,032,308	10,427,732	1,077,399	16,087,598
Fixed Asset Deletions	58,350	2,256	146,364	34,318	-	241,288
Net Working Capital	3,579,682	366,567	7,523,115	18,424,317	(571,597)	29,322,084
Total Assets	40,959,019	620,706	16,490,797	109,660,035	8,239,738	175,970,295
Total Equity	40,525,909	556,452	15,650,683	104,889,049	6,913,470	168,535,563

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 \$493,760 reported as landfill closure and post closure care liability at December 31, 2002, represents the cumulative amount reported to date based on the use of 37 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$823,032 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 2002. The City expects to close the existing landfill cell in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

C. Cost Sharing Arrangement

Combined Communications Center

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

**CITY OF BISMARCK, NORTH DAKOTA
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Center. The percentages for 2002 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	\$ 953,987
Less value of depreciation	<u>(596,203)</u>
Net assets	<u>\$ 357,784</u>
 Total operating expenditures - 2002	 <u>\$ 760,883</u>

There is no debt outstanding for the Combined Communications Center. The total value of the assets is carried in the City's General Fixed Asset Account Group. No depreciation is recorded in the financial statements.

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 ("City"), the Bismarck Police Pension ("Police") and the Bismarck Firefighter's Relief Association ("Fire"). 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 market 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, 2002 is as follows:

Retirees and beneficiaries receiving benefits	116
Terminated employees - vested	16
Active employees:	
Vested	227
Non-vested	93
 Number of participating employers:	 2

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. Employees with 5 years of credited service may retire at an earlier age and receive a reduced retirement benefit.

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If an employee leaves employment or dies, the employee's contributions, plus the actual amount earned, are refunded to the employee or their beneficiary.

Benefit provisions are established under the authority of the City Commission.

Contributions - Participating employees contribute to the plan at a rate of 5% of salary and the employers contribute at a rate determined by local statute. The contribution rates are established by local ordinance, and the employer contribution rate set by the City Commission.

Contributions:

<u>Year</u>	<u>Amount</u>
2002	\$ 409,855
2001	375,227
2000	830,187

The annual pension cost equals the employer contributions for the years ending December 31, 2002, 2001 and 2000. The percentage funded was 100% for each year. NPO for the end of each year was zero.

Reserves - The fund balance at December 31, 2002 is \$20,156,250 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, 2002 is as follows:

Retirees and beneficiaries receiving benefits	35
Terminated employees - vested	3
Active employees:	
Vested	72
Non-vested	35
Number of participating employers:	1

The plan provides retirement benefits. All benefits vest after 5 years of credited service. 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, over the last 36-month period of credited service. Employees with 5 years of credited service may retire at an earlier age and receive a reduced retirement benefit.

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.

Benefit provision is established under the authority of the City Commission.

Contributions - Participating employees contribute to the plan at a rate of 6% of salary and the employers contribute at a rate determined by local statute. The contribution rates are established by local ordinance and the employer contribution rate set by the City Commission.

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Contributions:

Year	Amount
2002	\$ 203,630
2001	109,231
2000	424,103

The annual pension cost equals the employer contributions for the years ending December 31, 2002, 2001, and 2000. The percentage funded was 99% for 2002 and 100% for 2001 and 2000. NPO for the end of each year was zero.

Reserves - The fund balance at December 31, 2002 is \$9,999,946 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, 2002 is not available at this time. Membership in the plan on December 31, 1999 is as follows:

Retirees and beneficiaries receiving benefits	30
Terminated employees - vested	2
Active employees:	
Vested	39
Non-vested	24

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. 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.

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-perial insurance on property within the City is contributed to the plan.

Contributions:

Year	Amount
2002	\$ 384,617
2001	396,077
2000	315,925

The annual pension cost equals the employer contributions for the years ending December 31, 2000, 1999, and 1998. 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.

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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 Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
1996	\$ 18,995	\$ 16,254	\$ (2,741)	116.9%	\$ 8,462	(32.4) %
1997	21,504	17,688	(3,816)	121.6%	8,759	(43.6) %
1998	24,849	19,148	(5,701)	129.8%	8,901	(64.0) %
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	28,899	27,538	(1,361)	104.9%	11,807	(11.5) %

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 Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
1996	\$ 8,674	\$ 7,165	\$ (1,509)	121.1%	\$ 2,903	(52.0) %
1997	9,921	7,933	(1,988)	125.1%	3,055	(65.1) %
1998	11,555	8,713	(2,842)	132.6%	3,139	(90.5) %
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	13,555	13,697	142	99.0%	3,784	3.8 %

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 Ratio	Annual Covered Payroll	UAAL 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 %

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

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

	City Plan	Police Plan	Fire Plan
Valuation date	1/1/2003	1/1/2003	1/1/2000
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
<u>Valuation Method - Actuarial assumptions:</u>			
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%

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

E. Issued But Non-Effective Pronouncements

The Government Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statements that will impact the City are as follows:

No. 34 "Basic Financial Statement and Management Discussion and Analysis for State and Local Governments;" No. 37 "Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments: Omnibus;" and No. 38, "Certain Financial Statements Note Disclosures" will be effective for the City based on its revenues, for the fiscal year ended December 31, 2003. These statements, summarized below, impose new standards for financial reporting. Management has not yet completed their assessment of these statements, however, it will have a material effect on the overall financial statement presentation for the City.

For the first time, financial managers will be required to share their insights in a management's discussion and analysis (MD&A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will be presented under a dual perspective – a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government wide financial statements prepared using full accrual accounting for all of the government's activities, not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide statement of net assets and will report depreciation expense, the cost of using up capital assets, in the statement of activities. Infrastructure assets will be reported; but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three categories: invested in capital assets, net of related debt; restricted; and unrestricted. A statement of activities will be presented in at least the same level of detail provided in governmental fund statements; generally, expenses and program revenues by function. Program expenses will include all direct expenses: governments that allocate overhead and other indirect expenses to individual programs will show the

**CITY OF BISMARCK, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

allocation in a separate column. Special and extraordinary items will be reported separately from other revenues and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balanced.

Statement No. 34 requires governments to continue to present fund level financial statements with information about funds. The focus of these fund-based statements has been sharpened, however, by requiring governments to report information about their most important or major funds (those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least 5 percent of the aggregate amount for all governmental and enterprise funds), including a government's general fund. Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of current financial resources (generally, cash and other assets that can easily be converted to cash.)

To help users understand and assess the relationship between fund-based and government-wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

The City will continue to provide budgetary comparison information in their annual reports as required supplementary information. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

F. Prior Period Adjustment

Retained earnings at the beginning of 2001 for the Parking Lot Authority Enterprise Fund has been adjusted to correct an error of recording lease proceeds as revenue in 1998. Beginning retained earnings was reduced by \$303,937. The error had no effect on income for 2002.

G. Commitments

As of December 31, 2002, the City had commitments on various construction contracts totaling approximately \$6,127,835.

The City entered into an agreement to purchase land for the purpose of building a new fire station. Earnest money of \$1,000 was paid during 2002. The balance of \$84,000 is payable at closing in February, 2003.

The Board of the City Commissioners voted to allocate \$75,000 each to the Bismarck-Mandan Convention and Visitor's Bureau and the Fort Lincoln Foundation for the Lewis and Clark Bicentennial signature event. These payments are to be paid in January 2003.

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**CITY OF BISMARCK, NORTH DAKOTA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and Investments	\$ 14,577,615	\$ 13,596,173
Receivables (Net of Allowances for Uncollectibles):		
Taxes:		
Property	222,133	171,523
Accounts	1,041,884	869,579
Due from Other Funds:		
Library	4,890	18,864
Community Development	9,002	4,017
Bismarck/Mandan Visitors Bureau	1,357	-
Miscellaneous Government Grants	-	85,271
TOTAL ASSETS	<u>\$ 15,856,881</u>	<u>\$ 14,745,427</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 595,403	\$ 134,875
Deferred Revenue:		
Property Taxes	222,133	119,451
Permits	45,582	-
TOTAL LIABILITIES	<u>863,118</u>	<u>254,326</u>
FUND BALANCES:		
Reserved for encumbrances	89,859	-
Unreserved, undesignated	14,903,904	14,491,101
TOTAL FUND BALANCES	<u>14,993,763</u>	<u>14,491,101</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,856,881</u>	<u>\$ 14,745,427</u>

**CITY OF BISMARCK , NORTH DAKOTA
GENERAL FUND
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budget	2002 Actual	Encumbrances	Total Budgetary Basis
REVENUES				
Taxes:				
Property	\$ 7,928,183	\$ 7,388,345	\$ -	\$ 7,388,345
Other	420,000	604,064	-	604,064
Licenses and Permits	914,725	1,017,477	-	1,017,477
Intergovernmental	4,503,984	4,556,312	-	4,556,312
Charges for Services	2,250,553	3,150,777	-	3,150,777
Fines and Forfeits	884,812	925,640	-	925,640
Investment Income	353,900	457,109	-	457,109
Rentals	135,150	112,394	-	112,394
Miscellaneous	106,458	91,664	-	91,664
TOTAL REVENUES	<u>17,497,765</u>	<u>18,303,782</u>	<u>-</u>	<u>18,303,782</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT:				
Building Construction	150,000	109,740	-	109,740
Municipal Court	229,105	212,291	-	212,291
Assessing	403,397	372,697	-	372,697
Administration and Commission	372,622	330,991	-	330,991
Fiscal and Information Services	1,111,432	937,056	-	937,056
Attorney	206,052	202,271	-	202,271
Human Resources	202,706	199,665	-	199,665
Common Software	30,000	1,785	-	1,785
Employee Training	30,000	23,681	-	23,681
Equipment Reserve	132,307	84,296	-	84,296
Government Aid Programs	1,346,037	895,181	-	895,181
Special Projects	113,000	107,188	-	107,188
Salary and Benefit Adjustments	79,102	57,977	-	57,977
Contingencies	24,522	-	-	-
City/County Office Building	186,806	148,477	-	148,477
One-Time Budgets	277,145	218,366	-	218,366
Planning	858,534	804,680	45,100	849,780
TOTAL GENERAL GOVERNMENT	<u>5,752,767</u>	<u>4,706,342</u>	<u>45,100</u>	<u>4,751,442</u>
PUBLIC SAFETY:				
Police	5,553,043	5,425,086	-	5,425,086
Fire and Inspections	3,854,077	3,834,098	-	3,834,098
Combined Communication Center	837,419	757,098	-	757,098
Fire Truck and Equipment	6,000	5,703	-	5,703
TOTAL PUBLIC SAFETY	<u>10,250,539</u>	<u>10,021,985</u>	<u>-</u>	<u>10,021,985</u>

CITY OF BISMARCK , NORTH DAKOTA
GENERAL FUND
STATEMENTS OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	2002 Actual	Encumbrances	Total Budgetary Basis
HIGHWAY AND STREETS:				
Engineering	1,102,754	1,021,901	-	1,021,901
Weed Control	20,952	20,829	-	20,829
Leafy Spurge	20,963	20,915	-	20,915
Forestry	422,948	410,711	-	410,711
Forestry-Boulevard Trees	73,814	62,687	-	62,687
TOTAL HIGHWAY AND STREETS	1,641,431	1,537,043	-	1,537,043
HEALTH:				
ND Health Tracks	85,985	68,108	-	68,108
Bismarck-Burleigh Public Health	904,327	875,519	-	875,519
TOTAL HEALTH	990,312	943,627	-	943,627
CULTURE AND RECREATION:				
Civic Center/City Auditorium	1,687,284	1,678,791	-	1,678,791
Civic Center Promotions	29,400	7,917	-	7,917
Cable TV Promotions	189,123	189,123	-	189,123
Centennial Beach	250	208	-	208
TOTAL CULTURE AND RECREATION	1,906,057	1,876,039	-	1,876,039
CAPITAL OUTLAY	2,186,423	1,564,242	44,759	1,609,001
TOTAL EXPENDITURES	22,727,529	20,649,278	89,859	20,739,137
REVENUES UNDER EXPENDITURES	(5,229,764)	(2,345,496)	(89,859)	(2,435,355)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In:				
Special Revenue	3,191,071	3,167,732	-	3,167,732
Capital Projects	73,132	168,021	-	168,021
Enterprise	257,272	257,567	-	257,567
Internal Service	46,658	189,968	-	189,968
Trust and Agency	30,326	30,326	-	30,326
Operating Transfers Out:				
Special Revenue	(61,191)	(63,515)	-	(63,515)
Capital Projects	(882,500)	(882,500)	-	(882,500)
Enterprise	-	-	-	-
Internal Service	(4,106)	(877)	-	(877)
Trust and Agency	(12,978)	(18,564)	-	(18,564)
TOTAL OTHER FINANCING SOURCES (USES)	2,637,684	2,848,158	-	2,848,158
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (2,592,080)	\$ 502,662	\$ (89,859)	\$ 412,803

CITY OF BISMARCK, NORTH DAKOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	Special Deficiency/ Assumption	Social Security	Sales Tax Fund	Vision Fund	Motel/Liquor Restaurant Tax
ASSETS					
Cash and Investments	\$ 877,167	\$ 175,857	\$ 3,707,264	\$ 6,028,360	\$ 1,242,432
Receivables (Net of Allowances For Uncollectibles):					
Taxes	19,529	25,768	-	-	-
Accounts	-	-	855,480	-	113,074
Due from Other Funds	-	-	-	-	-
Notes Receivable	-	-	-	250,000	-
TOTAL ASSETS	<u>\$ 896,696</u>	<u>\$ 201,625</u>	<u>\$ 4,562,744</u>	<u>\$ 6,278,360</u>	<u>\$ 1,355,506</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ 3,864	\$ 132	\$ 6,920	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred Revenue:					
Property Taxes	19,529	25,768	-	-	-
TOTAL LIABILITIES	<u>23,393</u>	<u>25,900</u>	<u>6,920</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Reserved for Long-Term Receivable	-	-	-	250,000	-
Unreserved, Undesignated	873,303	175,725	4,555,824	6,028,360	1,355,506
TOTAL FUND BALANCES	<u>873,303</u>	<u>175,725</u>	<u>4,555,824</u>	<u>6,278,360</u>	<u>1,355,506</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 896,696</u>	<u>\$ 201,625</u>	<u>\$ 4,562,744</u>	<u>\$ 6,278,360</u>	<u>\$ 1,355,506</u>

Hotel/ Motel Tax	E/H Transit System	Police Department Special Funds	Arena/ Exhibit Operations	Roads and Streets	Library	Totals	
						2002	2001
\$ -	\$ 484	\$ 336,473	\$ 633,639	\$ 2,288,846	\$ 244,878	\$ 15,535,400	\$ 13,744,853
-	6,116	-	-	-	30,935	82,348	58,321
37,363	-	13,608	48,780	266,932	29,285	1,364,522	932,725
-	-	-	67,621	-	-	67,621	-
-	-	-	-	-	-	250,000	250,000
<u>\$ 37,363</u>	<u>\$ 6,600</u>	<u>\$ 350,081</u>	<u>\$ 750,040</u>	<u>\$ 2,555,778</u>	<u>\$ 305,098</u>	<u>\$ 17,299,891</u>	<u>\$ 14,985,899</u>
\$ 37,363	\$ 484	\$ 1,889	\$ 5,886	\$ 62,417	\$ 42,823	\$ 161,778	\$ 24,763
-	-	-	494,095	-	4,890	498,985	18,864
-	6,116	-	-	-	30,935	82,348	41,697
<u>37,363</u>	<u>6,600</u>	<u>1,889</u>	<u>499,981</u>	<u>62,417</u>	<u>78,648</u>	<u>743,111</u>	<u>85,324</u>
-	-	-	-	-	-	250,000	250,000
-	-	348,192	250,059	2,493,361	226,450	16,306,780	14,650,575
-	-	348,192	250,059	2,493,361	226,450	16,556,780	14,900,575
<u>\$ 37,363</u>	<u>\$ 6,600</u>	<u>\$ 350,081</u>	<u>\$ 750,040</u>	<u>\$ 2,555,778</u>	<u>\$ 305,098</u>	<u>\$ 17,299,891</u>	<u>\$ 14,985,899</u>

CITY OF BISMARCK, NORTH DAKOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Special Deficiency/ Assumption	Social Security	Sales Tax Fund	Vision Fund	Motel/Liquor Restaurant Tax
REVENUES					
Taxes	\$ 223,683	\$ 884,500	\$ 8,324,913	\$ -	\$ 1,204,279
Licenses and Permits	-	-	-	-	-
Intergovernmental	6,506	25,807	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Investment Income	214,698	8,188	150,491	152,758	31,312
Rentals	-	-	-	-	19,200
Miscellaneous	-	286	-	10,096	-
TOTAL REVENUES	<u>444,887</u>	<u>918,781</u>	<u>8,475,404</u>	<u>162,854</u>	<u>1,254,791</u>
EXPENDITURES					
Current:					
General Government	68,757	988,308	1,113,781	1,069,504	35
Public Safety	-	-	-	-	-
Highways and Streets	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Capital Outlay	-	-	87,320	-	-
TOTAL EXPENDITURES	<u>68,757</u>	<u>988,308</u>	<u>1,201,101</u>	<u>1,069,504</u>	<u>35</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>376,130</u>	<u>(69,527)</u>	<u>7,274,303</u>	<u>(906,650)</u>	<u>1,254,756</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In:					
General Fund	-	63,515	-	-	-
Special Revenue	-	2,114	-	7,185,010	-
Debt Service	181,624	-	-	-	-
Capital Projects	-	3,174	-	-	-
Enterprise	-	72,973	-	-	-
Trust and Agency	-	-	-	-	-
Operating Transfers Out:					
General Fund	(68,104)	-	(2,993,863)	-	(16,686)
Special Revenue	-	-	(7,362,079)	-	-
Debt Service	(783,613)	-	(872,699)	-	(849,385)
Capital Projects	(130,000)	-	(3,700,000)	-	(175,000)
Internal Service	-	-	-	-	-
Trust and Agency	-	-	(300,000)	-	-
Sales of General Fixed Assets	-	-	-	-	-
Proceeds of Revenue Bonds	-	-	3,081,410	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>(800,093)</u>	<u>141,776</u>	<u>(12,147,231)</u>	<u>7,185,010</u>	<u>(1,041,071)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					
	(423,963)	72,249	(4,872,928)	6,278,360	213,685
FUND BALANCES - BEGINNING	1,297,266	103,476	9,428,752	-	1,141,821
FUND BALANCES - ENDING	<u>\$ 873,303</u>	<u>\$ 175,725</u>	<u>\$ 4,555,824</u>	<u>\$ 6,278,360</u>	<u>\$ 1,355,506</u>

Hotel/ Motel Tax	E/H Transit System	Police Department Special Funds	Arena/ Exhibit Operations	Roads and Streets	Library	Totals	
						2002	2001
\$ 390,552	\$ 196,906	\$ -	\$ -	\$ -	\$ 994,471	\$ 12,219,304	\$ 11,062,889
-	-	4,175	-	-	-	4,175	14,827
-	668,604	121,114	-	2,268,931	250,855	3,341,817	3,777,268
-	-	-	149,688	1,079,053	45,397	1,274,138	1,214,661
-	-	5,875	62,556	-	40,514	108,945	58,847
-	410	9,454	24,817	52,968	13,017	658,113	847,312
-	-	-	328,409	36,591	2,862	387,062	279,637
-	-	400	964	9,641	4,059	25,446	26,664
<u>390,552</u>	<u>865,920</u>	<u>141,018</u>	<u>566,434</u>	<u>3,447,184</u>	<u>1,351,175</u>	<u>18,019,000</u>	<u>17,282,105</u>
390,552	868,053	-	-	-	-	4,498,990	2,189,062
-	-	152,820	-	-	-	152,820	149,631
-	-	-	-	3,128,450	-	3,128,450	3,056,757
-	-	-	64,577	-	1,277,065	1,341,642	1,186,668
-	-	25,577	-	523,365	39,019	675,281	510,606
<u>390,552</u>	<u>868,053</u>	<u>178,397</u>	<u>64,577</u>	<u>3,651,815</u>	<u>1,316,084</u>	<u>9,797,183</u>	<u>7,092,724</u>
-	(2,133)	(37,379)	501,857	(204,631)	35,091	8,221,817	10,189,381
-	-	-	-	-	-	63,515	42,744
-	-	-	-	177,069	-	7,364,193	209,555
-	-	-	-	-	-	181,624	293,831
-	-	-	-	-	-	3,174	8,869
-	-	-	-	159,534	-	232,507	-
-	-	-	1,035,364	-	-	1,035,364	-
-	-	-	(19,979)	(53,013)	(16,087)	(3,167,732)	(3,008,357)
-	-	(2,114)	-	-	-	(7,364,193)	(209,555)
-	-	-	-	-	-	(2,505,697)	(2,471,156)
-	-	-	(1,267,183)	-	-	(5,272,183)	(2,072,087)
-	-	(54)	-	-	-	(54)	(113)
-	-	(2,540)	-	-	-	(302,540)	(1,562)
-	-	-	-	85,000	-	85,000	-
-	-	-	-	-	-	3,081,410	-
-	-	(4,708)	(251,798)	368,590	(16,087)	(6,565,612)	(7,207,831)
-	(2,133)	(42,087)	250,059	163,959	19,004	1,656,205	2,981,550
-	2,133	390,279	-	2,329,402	207,446	14,900,575	11,919,025
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,192</u>	<u>\$ 250,059</u>	<u>\$ 2,493,361</u>	<u>\$ 226,450</u>	<u>\$ 16,556,780</u>	<u>\$ 14,900,575</u>

CITY OF BISMARCK, NORTH DAKOTA
SPECIAL DEFICIENCY/ASSUMPTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 240,939	\$ 223,683	\$ 244,328
Intergovernmental	6,400	6,506	6,467
Investment Income	124,000	214,698	220,551
TOTAL REVENUES	371,339	444,887	471,346
EXPENDITURES			
Current:			
General Government	74,600	68,757	51,982
TOTAL EXPENDITURES	74,600	68,757	51,982
REVENUES OVER EXPENDITURES	296,739	376,130	419,364
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
Debt Service	-	181,624	293,831
Operating Transfers Out:			
General Fund	(68,104)	(68,104)	(64,517)
Debt Service	(904,110)	(783,613)	(361,671)
Capital Projects	-	(130,000)	(112,087)
TOTAL OTHER FINANCING SOURCES (USES)	(972,214)	(800,093)	(244,444)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (675,475)	(423,963)	174,920
FUND BALANCES - BEGINNING		1,297,266	1,122,346
FUND BALANCES - ENDING		\$ 873,303	\$ 1,297,266

CITY OF BISMARCK, NORTH DAKOTA
SOCIAL SECURITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
REVENUES			
Taxes	\$ 1,021,387	\$ 884,500	\$ 699,872
Intergovernmental	21,195	25,807	21,128
Investment Income	2,900	8,188	20,168
Miscellaneous	-	286	489
TOTAL REVENUES	<u>1,045,482</u>	<u>918,781</u>	<u>741,657</u>
EXPENDITURES			
Current:			
General Government	1,000,642	988,308	923,525
TOTAL EXPENDITURES	<u>1,000,642</u>	<u>988,308</u>	<u>923,525</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>44,840</u>	<u>(69,527)</u>	<u>(181,868)</u>
OTHER FINANCING SOURCES			
Operating Transfers In:			
General Fund	37,000	63,515	33,780
Special Revenue	-	2,114	1,698
Capital Projects	-	3,174	8,869
Enterprise	-	72,973	-
TOTAL OTHER FINANCING SOURCES	<u>37,000</u>	<u>141,776</u>	<u>44,347</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ 81,840</u>	<u>72,249</u>	<u>(137,521)</u>
FUND BALANCES - BEGINNING		<u>103,476</u>	<u>240,997</u>
FUND BALANCES - ENDING		<u>\$ 175,725</u>	<u>\$ 103,476</u>

CITY OF BISMARCK, NORTH DAKOTA
SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 7,652,320	\$ 8,324,913	\$ 7,837,357
Intergovernmental	-	-	165,534
Investment Income	75,000	150,491	394,532
TOTAL REVENUES	<u>7,727,320</u>	<u>8,475,404</u>	<u>8,397,423</u>
EXPENDITURES			
Current:			
General Government	1,870,850	1,113,781	277,506
Capital Outlay	125,000	87,320	-
TOTAL EXPENDITURES	<u>1,995,850</u>	<u>1,201,101</u>	<u>277,506</u>
REVENUES OVER EXPENDITURES	<u>5,731,470</u>	<u>7,274,303</u>	<u>8,119,917</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out:			
General Fund	(2,993,863)	(2,993,863)	(2,847,028)
Special Revenue	(349,192)	(7,362,079)	(207,857)
Debt Service	(1,361,814)	(872,699)	(1,301,415)
Capital Projects	(3,300,000)	(3,700,000)	(1,500,000)
Trust and Agency	(750,000)	(300,000)	-
Proceeds of Revenue Bonds	-	3,081,410	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,754,869)</u>	<u>(12,147,231)</u>	<u>(5,856,300)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (3,023,399)</u>	<u>(4,872,928)</u>	<u>2,263,617</u>
FUND BALANCES - BEGINNING		<u>9,428,752</u>	<u>7,165,135</u>
FUND BALANCES - ENDING		<u>\$ 4,555,824</u>	<u>\$ 9,428,752</u>

CITY OF BISMARCK, NORTH DAKOTA
VISION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
REVENUES			
Investment Income	\$ 120,000	\$ 152,758	\$ -
Miscellaneous	-	10,096	-
TOTAL REVENUES	<u>120,000</u>	<u>162,854</u>	<u>-</u>
EXPENDITURES			
Current:			
General Government	<u>1,500,000</u>	<u>1,069,504</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,500,000</u>	<u>1,069,504</u>	<u>-</u>
REVENUES UNDER EXPENDITURES	<u>(1,380,000)</u>	<u>(906,650)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating Transfers In:			
Special Revenue	-	<u>7,185,010</u>	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>7,185,010</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (1,380,000)</u>	6,278,360	-
FUND BALANCES - BEGINNING		-	-
FUND BALANCES - ENDING		<u>\$ 6,278,360</u>	<u>\$ -</u>

CITY OF BISMARCK, NORTH DAKOTA
MOTEL, LIQUOR, RESTAURANT TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 1,100,000	\$ 1,204,279	\$ 1,127,264
Investment Income	29,000	31,312	68,317
Rentals	-	19,200	19,200
TOTAL REVENUES	1,129,000	1,254,791	1,214,781
EXPENDITURES			
Current:			
General Government	100	35	-
TOTAL EXPENDITURES	100	35	-
REVENUES OVER EXPENDITURES	1,128,900	1,254,756	1,214,781
OTHER FINANCING USES			
Operating Transfers Out:			
General Fund	(20,024)	(16,686)	(37,266)
Debt Service	(849,385)	(849,385)	(808,070)
Capital Projects	(175,000)	(175,000)	(460,000)
TOTAL OTHER FINANCING USES	(1,044,409)	(1,041,071)	(1,305,336)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 84,491	213,685	(90,555)
FUND BALANCES - BEGINNING		1,141,821	1,232,376
FUND BALANCES - ENDING		\$ 1,355,506	\$ 1,141,821

CITY OF BISMARCK, NORTH DAKOTA
MOTEL, HOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 380,000	\$ 390,552	\$ -
TOTAL REVENUES	380,000	390,552	-
EXPENDITURES			
Current:			
General Government	342,000	390,552	-
TOTAL EXPENDITURES	342,000	390,552	-
REVENUES OVER EXPENDITURES	38,000	-	-
FUND BALANCES - BEGINNING		-	-
FUND BALANCES - ENDING		\$ -	\$ -

CITY OF BISMARCK, NORTH DAKOTA
E/H TRANSIT SYSTEM FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 210,910	\$ 196,906	\$ 190,894
Intergovernmental	1,148,690	668,604	749,600
Investment Income	-	410	1,122
TOTAL REVENUES	1,359,600	865,920	941,616
EXPENDITURES			
Current:			
General Government	1,359,600	868,053	936,049
TOTAL EXPENDITURES	1,359,600	868,053	936,049
REVENUES OVER (UNDER) EXPENDITURES	\$ -	(2,133)	5,567
FUND BALANCES - BEGINNING		2,133	(3,434)
FUND BALANCES - ENDING		\$ -	\$ 2,133

CITY OF BISMARCK, NORTH DAKOTA
POLICE DEPARTMENT SPECIAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
REVENUES			
Licenses and Permits	\$ 4,000	\$ 4,175	\$ 14,827
Intergovernmental	130,000	121,114	380,774
Fines and Forfeits	1,000	5,875	6,882
Investment Income	17,500	9,454	20,276
Miscellaneous	-	400	-
TOTAL REVENUES	<u>152,500</u>	<u>141,018</u>	<u>422,759</u>
EXPENDITURES			
Current:			
Public Safety	261,594	152,820	149,631
Capital Outlay	30,000	25,577	53,791
TOTAL EXPENDITURES	<u>291,594</u>	<u>178,397</u>	<u>203,422</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(139,094)</u>	<u>(37,379)</u>	<u>219,337</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
General Fund	-	-	8,964
Operating Transfers Out:			
General Fund	-	-	(4,199)
Special Revenue	(2,137)	(2,114)	(1,698)
Internal Service	(179)	(54)	(113)
Trust and Agency	(8,842)	(2,540)	(1,562)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,158)</u>	<u>(4,708)</u>	<u>1,392</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (150,252)</u>	<u>(42,087)</u>	<u>220,729</u>
FUND BALANCES - BEGINNING		<u>390,279</u>	<u>169,550</u>
FUND BALANCES - ENDING		<u>\$ 348,192</u>	<u>\$ 390,279</u>

CITY OF BISMARCK, NORTH DAKOTA
ARENA/EXHIBIT OPERATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Charges for Services	\$ 67,500	\$ 149,688	\$ -
Fines and Forfeits	-	62,556	-
Investment Income	16,800	24,817	-
Rentals	210,000	328,409	-
Miscellaneous	-	964	-
TOTAL REVENUES	294,300	566,434	-
EXPENDITURES			
Current:			
Culture and Recreation	110,750	64,577	-
Capital Outlay	71,500	-	-
TOTAL EXPENDITURES	182,250	64,577	-
REVENUES OVER EXPENDITURES	112,050	501,857	-
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
Trust and Agency	-	1,035,364	-
Operating Transfers Out:			
General Fund	(91,292)	(19,979)	-
Capital Projects	(1,098,500)	(1,267,183)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,189,792)	(251,798)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (1,077,742)	250,059	-
FUND BALANCES - BEGINNING		-	-
FUND BALANCES - ENDING		\$ 248,320	\$ -

CITY OF BISMARCK, NORTH DAKOTA
ROADS AND STREETS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
REVENUES			
Intergovernmental	\$ 2,058,718	\$ 2,268,931	\$ 2,208,189
Charges for Services	1,057,250	1,079,053	1,194,899
Investment Income	85,000	52,968	98,112
Rentals	75,036	36,591	260,413
Miscellaneous	322,180	9,641	11,575
TOTAL REVENUES	<u>3,598,184</u>	<u>3,447,184</u>	<u>3,773,188</u>
EXPENDITURES			
Current:			
Highway and Streets	3,508,228	3,128,450	3,056,757
Capital Outlay	490,000	523,365	456,815
TOTAL EXPENDITURES	<u>3,998,228</u>	<u>3,651,815</u>	<u>3,513,572</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(400,044)</u>	<u>(204,631)</u>	<u>259,616</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
Special Revenue	349,192	177,069	207,857
Enterprise	285,900	159,534	-
Operating Transfers Out:			
General Fund	(53,067)	(53,013)	(40,547)
Special Revenue	(136,000)	-	-
Enterprise	(16,000)	-	-
Sales of General Fixed Assets	-	85,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>430,025</u>	<u>368,590</u>	<u>167,310</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 29,981</u>	163,959	426,926
FUND BALANCES - BEGINNING		<u>2,329,402</u>	<u>1,902,476</u>
FUND BALANCES - ENDING		<u>\$ 2,493,361</u>	<u>\$ 2,329,402</u>

CITY OF BISMARCK, NORTH DAKOTA
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 1,063,874	\$ 994,471	\$ 963,174
Intergovernmental	216,704	250,855	245,576
Charges for Services	36,000	45,397	19,762
Fines and Forfeits	53,000	40,514	51,965
Investment Income	16,000	13,017	24,234
Rentals	-	2,862	24
Miscellaneous	1,000	4,059	14,600
TOTAL REVENUES	<u>1,386,578</u>	<u>1,351,175</u>	<u>1,319,335</u>
EXPENDITURES			
Current:			
Culture and Recreation	1,310,906	1,277,065	1,186,668
Capital Outlay	47,700	39,019	-
TOTAL EXPENDITURES	<u>1,358,606</u>	<u>1,316,084</u>	<u>1,186,668</u>
 REVENUES OVER EXPENDITURES	 <u>27,972</u>	 <u>35,091</u>	 <u>132,667</u>
OTHER FINANCING USES			
Operating Transfers Out:			
General Fund	(31,000)	(16,087)	(14,800)
TOTAL OTHER FINANCING USES	<u>(31,000)</u>	<u>(16,087)</u>	<u>(14,800)</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	 <u>\$ (3,028)</u>	 19,004	 117,867
 FUND BALANCES - BEGINNING		 <u>207,446</u>	 <u>89,579</u>
FUND BALANCES - ENDING		<u>\$ 226,450</u>	<u>\$ 207,446</u>

CITY OF BISMARCK, NORTH DAKOTA
TOTALS FOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Budget	2002 Actual	2001 Actual
REVENUES			
Taxes	\$ 11,669,430	\$ 12,219,304	\$ 11,062,889
Licenses and Permits	4,000	4,175	14,827
Intergovernmental	3,581,707	3,341,817	3,777,268
Charges for Services	1,160,750	1,274,138	1,214,661
Fines and Forfeits	54,000	108,945	58,847
Investment Income	486,200	658,113	847,312
Rentals	285,036	387,062	279,637
Miscellaneous	323,180	25,446	26,664
TOTAL REVENUES	<u>17,564,303</u>	<u>18,019,000</u>	<u>17,282,105</u>
EXPENDITURES			
Current:			
General Government	6,147,792	4,498,990	2,189,062
Public Safety	261,594	152,820	149,631
Highways and Streets	3,508,228	3,128,450	3,056,757
Culture and Recreation	1,421,656	1,341,642	1,186,668
Capital Outlay	764,200	675,281	510,606
TOTAL EXPENDITURES	<u>12,103,470</u>	<u>9,797,183</u>	<u>7,092,724</u>
REVENUES OVER EXPENDITURES	<u>5,460,833</u>	<u>8,221,817</u>	<u>10,189,381</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
General Fund	37,000	63,515	42,744
Special Revenue	349,192	7,364,193	209,555
Debt Service	-	181,624	293,831
Capital Projects	-	3,174	8,869
Enterprise	285,900	232,507	-
Trust and Agency	-	1,035,364	-
Operating Transfers Out:			
General Fund	(3,257,350)	(3,167,732)	(3,008,357)
Special Revenue	(487,329)	(7,364,193)	(209,555)
Debt Service	(3,115,309)	(2,505,697)	(2,471,156)
Capital Projects	(4,573,500)	(5,272,183)	(2,072,087)
Enterprise	(16,000)	-	-
Internal Service	(179)	(54)	(113)
Trust and Agency	(758,842)	(302,540)	-
Sales of General Fixed Assets	-	85,000	-
Proceeds of Revenue Bonds	-	3,081,410	(1,562)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,536,417)</u>	<u>(6,565,612)</u>	<u>(7,207,831)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (6,075,584)</u>	1,656,205	2,981,550
FUND BALANCES - BEGINNING		14,900,575	11,919,025
FUND BALANCES - ENDING		<u>\$ 16,556,780</u>	<u>\$ 14,900,575</u>

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**CITY OF BISMARCK, NORTH DAKOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)**

	Sales Tax Revenue Bonds	Highway Construction Bond Fund	Motel, Liquor, Restaurant Bonds
ASSETS			
Cash and Investments	\$ -	\$ 18,474	\$ 964,551
Cash with Escrow Agent	-	-	-
Taxes Receivable	-	5,000	-
Special Assessments Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
	-	-	-
TOTAL ASSETS	\$ -	\$ 23,474	\$ 964,551
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue:			
Property Taxes	-	5,000	-
Water and Sewer Utility	-	-	-
Park District	-	-	-
Special Assessments	-	-	-
TOTAL DEFERRED REVENUE	-	5,000	-
TOTAL LIABILITIES	-	5,000	-
 FUND BALANCES:			
Reserved for Refunding Bonds	-	-	-
Unreserved, Undesignated	-	18,474	964,551
TOTAL FUND BALANCES	-	18,474	964,551
 TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 23,474	\$ 964,551

Sewer mains	Water mains	Sidewalks	Street Improvements	Parking Lots	Totals	
					2002	2001
\$ -	\$ 309,111	\$ 673,489	\$ 1,558,326	\$ 77,389	\$ 3,601,340	\$ 6,993,502
-	-	-	1,939,798	-	1,939,798	4,794,154
-	-	-	-	-	5,000	9,628
80,908	15,390	16,338	146,281	-	258,917	193,898
442,396	942,561	229,723	6,045,804	-	7,660,484	5,013,451
35,060	28,619	24,523	215,415	437,486	741,103	932,520
<u>\$ 558,364</u>	<u>\$ 1,295,681</u>	<u>\$ 944,073</u>	<u>\$ 9,905,624</u>	<u>\$ 514,875</u>	<u>\$ 14,206,642</u>	<u>\$ 17,937,153</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,374
-	-	-	-	-	5,000	6,806
-	696,337	-	-	-	696,337	758,774
80,908	28,619	24,523	146,281	437,486	717,817	932,520
35,060	15,390	16,338	215,415	-	282,203	175,539
<u>115,968</u>	<u>740,346</u>	<u>40,861</u>	<u>361,696</u>	<u>437,486</u>	<u>1,701,357</u>	<u>1,873,639</u>
<u>115,968</u>	<u>740,346</u>	<u>40,861</u>	<u>361,696</u>	<u>437,486</u>	<u>1,701,357</u>	<u>1,930,013</u>
-	-	-	1,939,798	-	1,939,798	4,794,154
442,396	555,335	903,212	7,604,130	77,389	10,565,487	11,212,986
<u>442,396</u>	<u>555,335</u>	<u>903,212</u>	<u>9,543,928</u>	<u>77,389</u>	<u>12,505,285</u>	<u>16,007,140</u>
<u>\$ 558,364</u>	<u>\$ 1,295,681</u>	<u>\$ 944,073</u>	<u>\$ 9,905,624</u>	<u>\$ 514,875</u>	<u>\$ 14,206,642</u>	<u>\$ 17,937,153</u>

CITY OF BISMARCK, NORTH DAKOTA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Sales Tax Revenue Bonds	Highway Construction Bond Fund	Motel, Liquor Restaurant Bonds
REVENUES			
Taxes	\$ -	\$ 25,596	\$ -
Special Assessments	-	-	-
Intergovernmental	-	744	-
Investment Income	4,655	2,582	29,395
TOTAL REVENUES	<u>4,655</u>	<u>28,922</u>	<u>29,395</u>
EXPENDITURES			
Debt Service:			
Principal	1,295,360	285,000	440,000
Interest	45,674	10,328	409,385
Fiscal Charges	-	-	734
TOTAL EXPENDITURES	<u>1,341,034</u>	<u>295,328</u>	<u>850,119</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,336,379)</u>	<u>(266,406)</u>	<u>(820,724)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In:			
Special Revenue	872,699	-	849,385
Capital Projects	-	-	-
Enterprise	-	-	-
Operating Transfers Out:			
Special Revenue	-	-	-
Capital Projects	-	-	-
Trust and Agency	-	-	-
Proceeds of Refunding Bonds	-	-	-
Payment of Refunding Bonds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>872,699</u>	<u>-</u>	<u>849,385</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(463,680)</u>	<u>(266,406)</u>	<u>28,661</u>
FUND BALANCES - BEGINNING	<u>463,680</u>	<u>284,880</u>	<u>935,890</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 18,474</u>	<u>\$ 964,551</u>

Sewer mains	Water mains	Sidewalks	Street Improvements	Parking Lots	Totals	
					2002	2001
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,596	\$ 347,262
503,217	442,894	629,664	3,270,145	114,813	4,960,733	5,062,951
-	-	-	-	-	744	10,495
-	-	107	128,644	2,169	167,552	416,193
<u>503,217</u>	<u>442,894</u>	<u>629,771</u>	<u>3,398,789</u>	<u>116,982</u>	<u>5,154,625</u>	<u>5,836,901</u>
277,787	170,485	480,000	2,844,272	62,456	5,855,360	5,380,065
178,209	48,446	133,366	1,157,217	17,889	2,000,514	2,212,341
6,883	2,054	11,242	73,097	-	94,010	137,670
<u>462,879</u>	<u>220,985</u>	<u>624,608</u>	<u>4,074,586</u>	<u>80,345</u>	<u>7,949,884</u>	<u>7,730,076</u>
<u>40,338</u>	<u>221,909</u>	<u>5,163</u>	<u>(675,797)</u>	<u>36,637</u>	<u>(2,795,259)</u>	<u>(1,893,175)</u>
-	-	-	783,613	-	2,505,697	2,471,156
-	-	-	17,409	-	17,409	805,174
-	-	-	-	-	-	26,874
-	-	(130,948)	(49,600)	(1,076)	(181,624)	(293,831)
-	-	-	(213,077)	-	(213,077)	(397,658)
-	-	-	-	-	-	(24,578)
2,758	495	-	1,986,746	-	1,989,999	6,090,880
-	-	-	(4,825,000)	-	(4,825,000)	(1,050,000)
<u>2,758</u>	<u>495</u>	<u>(130,948)</u>	<u>(2,299,909)</u>	<u>(1,076)</u>	<u>(706,596)</u>	<u>7,628,017</u>
43,096	222,404	(125,785)	(2,975,706)	35,561	(3,501,855)	5,734,842
399,300	332,931	1,028,997	12,519,634	41,828	16,007,140	10,272,298
<u>\$ 442,396</u>	<u>\$ 555,335</u>	<u>\$ 903,212</u>	<u>\$ 9,543,928</u>	<u>\$ 77,389</u>	<u>\$ 12,505,285</u>	<u>\$ 16,007,140</u>

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CITY OF BISMARCK, NORTH DAKOTA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2002
 (WITH COMPARATIVE TOTALS FOR 2001)

	<u>Tax Increment</u>	<u>Community Development</u>	<u>Building Improvements</u>	<u>Civic Center Building Construction</u>	<u>Highway Construction</u>
ASSETS					
Cash and Investments	\$ 4,658,389	\$ -	\$ 2,705,138	\$ -	\$ 1,899,985
Receivables (Net of Allowances for Uncollectibles):					
Taxes	42,381	-	-	-	-
Accounts	-	72,368	-	-	40,779
Due from Other Funds	494,095	-	-	-	-
Due from Other Governments	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
	<u>1,048,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,243,709</u>	<u>\$ 72,368</u>	<u>\$ 2,705,138</u>	<u>\$ -</u>	<u>\$ 1,940,764</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ -	\$ 63,366	\$ 231,069	\$ 49,341	\$ 269,454
Retainage Payable	-	-	42,083	-	246,804
Due to Other Funds	-	9,002	-	67,621	-
Deferred Revenue	42,381	-	-	-	-
Customer Deposits	-	-	-	-	-
TOTAL LIABILITIES	<u>42,381</u>	<u>72,368</u>	<u>273,152</u>	<u>116,962</u>	<u>516,258</u>
FUND BALANCES:					
Reserved for advances to other funds	1,048,844	-	-	-	-
Unreserved, Undesignated	<u>5,152,484</u>	<u>-</u>	<u>2,431,986</u>	<u>(116,962)</u>	<u>1,424,506</u>
TOTAL FUND BALANCES	<u>6,201,328</u>	<u>-</u>	<u>2,431,986</u>	<u>(116,962)</u>	<u>1,424,506</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,243,709</u>	<u>\$ 72,368</u>	<u>\$ 2,705,138</u>	<u>\$ -</u>	<u>\$ 1,940,764</u>

Sewer mains Construction	Water mains Construction	Sidewalks Construction	Street Improvements Construction	Parking Lots Construction	Bismarck/ Mandan Visitors Center	Riverfront Enhancement	Totals	
							2002	2001
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,816	\$ 9,363,328	\$ 7,270,638
-	-	-	-	-	-	-	42,381	26,430
330,958	-	-	-	-	-	-	444,105	151,990
-	-	-	-	-	-	-	494,095	-
-	-	-	-	-	1,357	-	1,357	4,617
-	-	773,988	-	-	-	-	773,988	796,152
-	-	-	-	-	-	-	1,048,844	-
<u>\$ 330,958</u>	<u>\$ -</u>	<u>\$ 773,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357</u>	<u>\$ 99,816</u>	<u>\$ 12,168,098</u>	<u>\$ 8,249,827</u>
\$ 212,935	\$ -	\$ 167,057	\$ 276,416	\$ -	\$ -	\$ -	\$ 1,269,638	\$ 560,665
52,428	4,040	-	44	-	-	-	345,399	-
651,751	246,224	229,723	6,045,804	-	1,357	-	7,251,482	4,343,964
-	-	-	-	-	-	-	42,381	26,282
-	-	773,988	-	-	-	-	773,988	796,152
<u>917,114</u>	<u>250,264</u>	<u>1,170,768</u>	<u>6,322,264</u>	<u>-</u>	<u>1,357</u>	<u>-</u>	<u>9,682,888</u>	<u>5,727,063</u>
-	-	-	-	-	-	-	1,436,366	-
(586,156)	(250,264)	(396,780)	(6,322,264)	-	-	99,816	1,436,366	2,522,764
<u>(586,156)</u>	<u>(250,264)</u>	<u>(396,780)</u>	<u>(6,322,264)</u>	<u>-</u>	<u>-</u>	<u>99,816</u>	<u>2,485,210</u>	<u>2,522,764</u>
<u>\$ 330,958</u>	<u>\$ -</u>	<u>\$ 773,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357</u>	<u>\$ 99,816</u>	<u>\$ 12,168,098</u>	<u>\$ 8,249,827</u>

**CITY OF BISMARCK, NORTH DAKOTA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)**

	Tax Increment	Community Development	Building Improvements	Civic Center Building Construction	Highway Construction
REVENUES					
Taxes	\$ 1,114,984	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	941,697	-	-	40,779
Investment Income	144,332	-	38,401	7,453	25,972
Rentals	-	-	-	100,000	-
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	<u>1,259,316</u>	<u>941,697</u>	<u>38,401</u>	<u>107,453</u>	<u>66,751</u>
EXPENDITURES					
Capital Outlay:					
Public Works	29,739	881,939	688,915	2,095,707	1,914,260
Special Assessments	-	-	-	-	-
TOTAL EXPENDITURES	<u>29,739</u>	<u>881,939</u>	<u>688,915</u>	<u>2,095,707</u>	<u>1,914,260</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,229,577</u>	<u>59,758</u>	<u>(650,514)</u>	<u>(1,988,254)</u>	<u>(1,847,509)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In:					
General Fund	-	-	882,500	-	-
Special Revenue	-	-	2,200,000	1,442,183	1,630,000
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	52,252
Enterprise	211,694	-	-	-	-
Operating Transfers Out:					
General Fund	(41,532)	(55,014)	-	-	-
Special Revenue	-	(3,174)	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Trust and Agency	-	(1,539)	-	-	-
Internal Service	-	(31)	-	-	-
Enterprise	-	-	-	-	-
Special Assessment Bond Proceeds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>170,162</u>	<u>(59,758)</u>	<u>3,082,500</u>	<u>1,442,183</u>	<u>1,682,252</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>1,399,739</u>	<u>-</u>	<u>2,431,986</u>	<u>(546,071)</u>	<u>(165,257)</u>
FUND BALANCES (DEFICIT) - BEGINNING	<u>4,801,589</u>	<u>-</u>	<u>-</u>	<u>429,109</u>	<u>1,589,763</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 6,201,328</u>	<u>\$ -</u>	<u>\$ 2,431,986</u>	<u>\$ (116,962)</u>	<u>\$ 1,424,506</u>

Sewermain Construction	Watermain Construction	Sidewalks Construction	Street Improvements Construction	Parking Lots Construction	Bismarck/Mdn Visitors Center	Riverfront Enhancement	Totals	
							2002	2001
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,114,984	\$ 1,057,885
-	871	8,774	25	-	-	-	9,670	842,710
330,958	-	-	656,314	-	-	-	1,969,748	5,225,863
1,324	-	15	-	-	-	-	217,497	268,654
-	-	-	-	-	-	-	100,000	698
-	-	-	23,779	-	-	-	23,779	40,441
<u>332,282</u>	<u>871</u>	<u>8,789</u>	<u>680,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,435,678</u>	<u>7,436,251</u>
-	-	-	-	-	3,416	-	5,613,976	2,457,900
<u>1,365,143</u>	<u>89,153</u>	<u>501,896</u>	<u>5,305,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,262,064</u>	<u>9,484,774</u>
<u>1,365,143</u>	<u>89,153</u>	<u>501,896</u>	<u>5,305,872</u>	<u>-</u>	<u>3,416</u>	<u>-</u>	<u>12,876,040</u>	<u>11,942,674</u>
<u>(1,032,861)</u>	<u>(88,282)</u>	<u>(493,107)</u>	<u>(4,625,754)</u>	<u>-</u>	<u>(3,416)</u>	<u>-</u>	<u>(9,440,362)</u>	<u>(4,506,423)</u>
-	-	-	-	-	-	-	882,500	-
-	-	-	-	-	-	-	5,272,183	2,072,087
-	-	-	160,825	-	-	-	160,825	397,658
-	-	-	-	-	-	-	52,252	20,247
-	-	-	-	-	-	-	211,694	472,707
-	-	-	-	(71,475)	-	-	(168,021)	(66,701)
-	-	-	-	-	-	-	(3,174)	(8,869)
-	-	-	(17,409)	-	-	-	(17,409)	(805,174)
-	-	-	-	-	-	-	-	(20,247)
-	-	-	-	-	-	-	(1,539)	(3,571)
-	-	-	-	-	-	-	(31)	(140)
-	-	-	-	-	-	-	-	(5,976)
<u>316,753</u>	<u>119,204</u>	<u>558,420</u>	<u>2,019,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,013,528</u>	<u>5,685,439</u>
<u>316,753</u>	<u>119,204</u>	<u>558,420</u>	<u>2,162,567</u>	<u>(71,475)</u>	<u>-</u>	<u>-</u>	<u>9,402,808</u>	<u>7,737,460</u>
(716,108)	30,922	65,313	(2,463,187)	(71,475)	(3,416)	-	(37,554)	3,231,037
129,952	(281,186)	(462,093)	(3,859,077)	71,475	3,416	99,816	2,522,764	(708,273)
<u>\$ (586,156)</u>	<u>\$ (250,264)</u>	<u>\$ (396,780)</u>	<u>\$ (6,322,264)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,816</u>	<u>\$ 2,485,210</u>	<u>\$ 2,522,764</u>

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**CITY OF BISMARCK, NORTH DAKOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)**

	<u>Airport</u>	<u>Airport Flightline</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 3,137,801	\$ 317,412
Accounts Receivable (Net of Allowances or Uncollectibles)	822,175	64,346
Special Assessments	-	-
Due from other funds	-	-
Inventories	-	21,227
Prepaid Insurance	9,011	796
TOTAL CURRENT ASSETS	<u>3,968,987</u>	<u>403,781</u>
Noncurrent Assets:		
Restricted Cash and Investments:		
Customer Deposits	-	-
Fixed assets held for resale	-	-
TOTAL RESTRICTED ASSETS	<u>-</u>	<u>-</u>
FIXED ASSETS		
Land	3,801,177	-
Buildings and System	3,610,111	-
Accumulated Depreciation-Buildings and System	(2,143,730)	-
Improvements Other than Buildings	45,252,800	233,984
Accumulated Depreciation-Improvements Other than Building	(16,963,170)	(40,429)
Machinery and Equipment	818,489	81,456
Accumulated Depreciation-Machinery and Equipment	(695,239)	(58,086)
Construction in Progress	3,309,594	-
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>36,990,032</u>	<u>216,925</u>
TOTAL ASSETS	<u>\$ 40,959,019</u>	<u>\$ 620,706</u>

Exhibit E-1
(Continued on next page)

Solid Waste Utility	Water & Sewer Utility	Parking Authority Lots	Totals	
			2002	2001
\$ 7,587,612	\$ 19,375,693	\$ 538,951	\$ 30,957,469	\$ 33,294,070
117,410	301,462	-	1,305,393	564,639
-	28,254	-	28,254	25,990
-	209,355	-	209,355	-
-	46,115	-	67,342	44,918
1,013	13,303	-	24,123	24,220
<u>7,706,035</u>	<u>19,974,182</u>	<u>538,951</u>	<u>32,591,936</u>	<u>33,953,837</u>
-	3,007,131	-	3,007,131	2,723,303
-	20,347	-	20,347	20,347
-	<u>3,027,478</u>	-	<u>3,027,478</u>	<u>2,743,650</u>
892,889	1,851,203	1,203,152	7,748,421	7,765,511
3,857,701	41,689,309	10,206,325	59,363,446	51,475,065
(471,681)	(10,380,130)	(3,747,200)	(16,742,741)	(15,204,886)
4,018,799	74,717,096	1,049,197	125,271,876	122,796,613
(1,545,071)	(24,842,258)	(1,010,687)	(44,401,615)	(41,526,703)
4,254,268	4,757,271	36,813	9,948,297	9,692,341
(2,222,143)	(3,136,958)	(36,813)	(6,149,239)	(5,747,757)
-	2,002,842	-	5,312,436	-
<u>8,784,762</u>	<u>86,658,375</u>	<u>7,700,787</u>	<u>140,350,881</u>	<u>129,250,184</u>
<u>\$ 16,490,797</u>	<u>\$ 109,660,035</u>	<u>\$ 8,239,738</u>	<u>\$ 175,970,295</u>	<u>\$ 165,947,671</u>

**CITY OF BISMARCK, NORTH DAKOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET (Continued)
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)**

	<u>Airport</u>	<u>Airport Flightline</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	\$ 225,678	\$ 36,521
Retainage Payable	159,719	-
Lease Payable	-	-
Due to Other Funds	3,908	693
Deferred Revenue	-	-
TOTAL CURRENT LIABILITIES	<u>389,305</u>	<u>37,214</u>
Current Liabilities Payable From Restricted Assets:		
Customer Deposits Payable	<u>-</u>	<u>-</u>
Noncurrent Liabilities:		
Advances from other funds	-	-
Compensated Absences	43,805	27,040
Lease Payable	-	-
Accrued Closure/Post Closure Costs	-	-
TOTAL NONCURRENT LIABILITIES	<u>43,805</u>	<u>27,040</u>
TOTAL LIABILITIES	<u>433,110</u>	<u>64,254</u>
Fund Equity		
Contributed Capital:		
State Government	1,199,799	-
Federal Government	19,860,647	-
Developers	-	-
Intergovernmental	1,334,398	272,762
TOTAL CONTRIBUTED CAPITAL	<u>22,394,844</u>	<u>272,762</u>
Retained Earnings (Deficit)		
Unreserved	18,131,065	283,690
TOTAL RETAINED EARNINGS	<u>18,131,065</u>	<u>283,690</u>
TOTAL EQUITY	<u>40,525,909</u>	<u>556,452</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 40,959,019</u>	<u>\$ 620,706</u>

Exhibit E-1
(Continued from previous page)

Solid Waste Utility	Water & Sewer Utility	Parking Authority Lots	Totals	
			2002	2001
\$ 175,316	\$ 541,947	\$ 16,399	\$ 995,861	\$ 1,858,154
-	268,104	-	427,823	-
-	-	45,305	45,305	69,817
7,604	711,560	-	723,765	813,627
-	28,254	-	28,254	48,617
<u>182,920</u>	<u>1,549,865</u>	<u>61,704</u>	<u>2,221,008</u>	<u>2,790,215</u>
-	3,040,616	-	3,040,616	2,723,302
-	-	1,048,844	1,048,844	-
163,434	180,505	-	414,784	385,131
-	-	215,720	215,720	359,378
493,760	-	-	493,760	394,206
<u>657,194</u>	<u>180,505</u>	<u>1,264,564</u>	<u>2,173,108</u>	<u>1,138,715</u>
<u>840,114</u>	<u>4,770,986</u>	<u>1,326,268</u>	<u>7,434,732</u>	<u>6,652,232</u>
-	-	-	1,199,799	1,199,799
624,970	13,272,931	-	33,758,548	35,004,432
-	24,269	-	24,269	24,269
540,690	47,220,355	10,047,648	59,415,853	57,951,846
<u>1,165,660</u>	<u>60,517,555</u>	<u>10,047,648</u>	<u>94,398,469</u>	<u>94,180,346</u>
14,485,023	44,371,494	(3,134,178)	74,137,094	65,115,093
<u>14,485,023</u>	<u>44,371,494</u>	<u>(3,134,178)</u>	<u>74,137,094</u>	<u>65,115,093</u>
<u>15,650,683</u>	<u>104,889,049</u>	<u>6,913,470</u>	<u>168,535,563</u>	<u>159,295,439</u>
<u>\$ 16,490,797</u>	<u>\$ 109,660,035</u>	<u>\$ 8,239,738</u>	<u>\$ 175,970,295</u>	<u>\$ 165,947,671</u>

CITY OF BISMARCK , NORTH DAKOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Airport	Airport Flightline
OPERATING REVENUES:		
Charges for Sales and Services:		
Sales of Gas and Oil	\$ -	\$ 617,062
Sales of Parts and Supplies	-	-
Water Sales	-	-
Sanitation Fees	-	-
Utilities and Miscellaneous Sales	26,918	44
Landing Fees and Airport Services	1,200,637	98,646
Rentals	1,256,102	56,419
TOTAL OPERATING REVENUES	<u>2,483,657</u>	<u>772,171</u>
OPERATING EXPENSES:		
Costs of Sales and Services	1,211,582	476,610
Administration	536,195	271,289
Depreciation	1,403,279	8,950
TOTAL OPERATING EXPENSES	<u>3,151,056</u>	<u>756,849</u>
OPERATING INCOME (LOSS)	<u>(667,399)</u>	<u>15,322</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental	2,934,823	-
Special Assessments	-	-
Gain (Loss) on Disposal of Assets	(15,034)	308
Investment Income	92,731	9,291
Interest Expense	-	-
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>3,012,520</u>	<u>9,599</u>
INCOME BEFORE OPERATING TRANSFERS	<u>2,345,121</u>	<u>24,921</u>
OPERATING TRANSFERS IN (OUT):		
General Fund	-	-
Capital Projects	-	-
General Fund	(43,758)	(11,632)
Special Revenue	(9,743)	(4,138)
Debt Service	-	-
Capital Projects	-	-
Trust and Agency	(5,696)	-
TOTAL OPERATING TRANSFERS	<u>(59,197)</u>	<u>(15,770)</u>
NET INCOME (LOSS)	2,285,924	9,151
DEPRECIATION ON ASSETS ACQUIRED		
WITH CAPITAL GRANTS	846,361	-
RETAINED EARNINGS - BEGINNING as previously reported	<u>14,998,780</u>	<u>274,539</u>
PRIOR PERIOD ADJUSTMENT	-	-
RETAINED EARNINGS - BEGINNING as restated	<u>14,998,780</u>	<u>274,539</u>
RETAINED EARNINGS - ENDING	<u>\$ 18,131,065</u>	<u>\$ 283,690</u>

Solid Waste Utility	Water & Sewer Utility	Parking Authority Lots	Totals	
			2002	2001
\$ -	\$ 116,363	\$ -	\$ 733,425	\$ 700,817
4,877	159,707	-	164,584	113,869
-	8,098,774	-	8,098,774	7,192,141
3,795,071	4,610,220	-	8,405,291	8,073,363
6,914	59,071	-	92,947	141,886
-	-	-	1,299,283	1,076,360
8,514	46,568	774,679	2,142,282	2,157,223
<u>3,815,376</u>	<u>13,090,703</u>	<u>774,679</u>	<u>20,936,586</u>	<u>19,455,659</u>
2,869,599	4,749,947	226,545	9,534,283	9,610,537
139,396	711,305	196,840	1,855,025	916,208
467,339	3,066,993	237,005	5,183,566	4,582,567
<u>3,476,334</u>	<u>8,528,245</u>	<u>660,390</u>	<u>16,572,874</u>	<u>15,109,312</u>
339,042	4,562,458	114,289	4,363,712	4,346,347
-	258,987	-	3,193,810	1,663,732
-	280,969	-	280,969	266,972
(48,320)	(60,532)	-	(123,578)	17,441
208,933	534,424	9,181	854,560	1,724,992
(4,575)	(40,087)	(15,305)	(59,967)	(60,898)
<u>156,038</u>	<u>973,761</u>	<u>(6,124)</u>	<u>4,145,794</u>	<u>3,612,239</u>
495,080	5,536,219	108,165	8,509,506	7,958,586
-	-	-	-	42,163
-	-	-	-	5,976
(37,794)	(164,383)	-	(257,567)	(228,997)
(185,634)	(32,993)	-	(232,508)	-
-	-	-	-	(26,874)
-	-	(211,694)	(211,694)	(472,707)
(10,067)	(15,858)	-	(31,621)	-
<u>(233,495)</u>	<u>(213,234)</u>	<u>(211,694)</u>	<u>(733,390)</u>	<u>(680,439)</u>
261,585	5,322,985	(103,529)	7,776,116	7,278,147
-	399,524	-	1,245,885	1,276,078
<u>14,223,438</u>	<u>38,648,985</u>	<u>(3,030,649)</u>	<u>65,115,093</u>	<u>56,905,452</u>
-	-	-	-	(344,584)
14,223,438	38,648,985	(3,030,649)	65,115,093	56,560,868
<u>\$ 14,485,023</u>	<u>\$ 44,371,494</u>	<u>\$ (3,134,178)</u>	<u>\$ 74,137,094</u>	<u>\$ 65,115,093</u>

CITY OF BISMARCK , NORTH DAKOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	Airport	Airport Flightline
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers and Users	\$ 1,801,232	\$ 759,989
Cash Paid to Suppliers	(1,094,353)	(494,585)
Cash Paid to Employees	(509,418)	(216,379)
NET CASH PROVIDED BY OPERATING ACTIVITIES	197,461	49,025
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental Revenue	2,934,823	-
Transfers From Other Funds	-	-
Transfers (to) Other Funds	(59,197)	(15,770)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	2,875,626	(15,770)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Lease Payment	-	-
Interest Paid	-	-
Proceeds from advance	-	-
Proceeds from Sale of Fixed Assets	-	910
Purchase of Fixed Assets	(9,800)	(22,500)
Construction	(3,517,859)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,527,659)	(21,590)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	92,731	9,291
NET CASH PROVIDED BY INVESTING ACTIVITIES	92,731	9,291
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(361,841)	20,956
CASH AND CASH EQUIVALENTS - BEGINNING	3,499,642	296,456
CASH AND CASH EQUIVALENTS - ENDING	3,137,801	317,412
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	(667,399)	15,322
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	1,403,279	8,950
(Increase) Decrease in Accounts Receivable	(682,425)	(12,182)
(Increase) Decrease in Due From Other Funds	-	-
(Increase) Decrease in Inventories	-	2,874
(Increase) Decrease in Prepaid Items	1,498	780
Increase (Decrease) in Accounts Payable	(17,079)	31,754
Increase (Decrease) in Retainage Payable	159,719	-
Increase (Decrease) in Due to Other Funds	(3,907)	(692)
Increase (Decrease) in Compensated Absences Payable	3,775	2,219
Increase (Decrease) in Closure/Post Closure Costs	-	-
TOTAL ADJUSTMENTS	864,860	33,703
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 197,461	\$ 49,025
NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:		
Contributions of fixed assets from government	\$ -	\$ -
Construction of Fixed Assets Contributed Through Capital Project Funds	\$ -	\$ -

Solid Waste Utility	Water & Sewer Utility	Parking Authority Lots	Totals	
			2002	2001
\$ 3,800,485	\$ 12,847,828	\$ 774,679	\$ 19,984,213	\$ 20,885,702
(1,382,085)	(4,613,144)	(406,986)	(7,991,153)	(6,861,066)
(1,364,675)	(1,725,135)	-	(3,815,607)	(3,556,690)
<u>1,053,725</u>	<u>6,509,549</u>	<u>367,693</u>	<u>8,177,453</u>	<u>10,467,946</u>
-	258,987	-	3,193,810	1,663,732
-	-	-	-	48,139
(233,495)	(213,234)	(211,694)	(733,390)	(728,578)
<u>(233,495)</u>	<u>45,753</u>	<u>(211,694)</u>	<u>2,460,420</u>	<u>983,293</u>
(125,258)	-	(42,912)	(168,170)	(125,258)
-	(40,087)	(15,305)	(55,392)	(43,328)
-	-	1,048,844	1,048,844	-
1,452	(33,087)	-	(30,725)	17,441
(479,623)	(164,531)	-	(676,454)	(277,516)
(552,685)	(8,799,194)	(1,077,399)	(13,947,137)	(11,338,275)
<u>(1,156,114)</u>	<u>(9,036,899)</u>	<u>(86,772)</u>	<u>(13,829,034)</u>	<u>(11,766,936)</u>
208,933	534,424	9,181	854,560	1,724,992
<u>208,933</u>	<u>534,424</u>	<u>9,181</u>	<u>854,560</u>	<u>1,724,992</u>
(126,951)	(1,947,173)	78,408	(2,336,601)	1,409,295
7,714,563	21,322,866	460,543	33,294,070	31,884,775
<u>7,587,612</u>	<u>19,375,693</u>	<u>538,951</u>	<u>30,957,469</u>	<u>33,294,070</u>
339,042	4,562,458	114,289	4,363,712	4,288,130
467,339	3,066,993	237,005	5,183,566	4,582,567
(14,891)	(33,520)	-	(743,018)	282,105
-	(209,355)	-	(209,355)	1,147,938
-	(25,298)	-	(22,424)	54,422
(203)	(1,978)	-	97	12,376
167,748	(1,061,115)	16,399	(862,293)	125,623
-	268,104	-	427,823	-
(7,603)	(77,660)	-	(89,862)	(103,207)
2,739	20,920	-	29,653	(4,928)
99,554	-	-	99,554	82,920
<u>714,683</u>	<u>1,947,091</u>	<u>253,404</u>	<u>3,813,741</u>	<u>6,179,816</u>
\$ 1,053,725	\$ 6,509,549	\$ 367,693	\$ 8,177,453	\$ 10,467,946
\$ -	\$ -	\$ -	\$ -	\$ 29,012
\$ -	\$ 1,464,007	\$ -	\$ 1,464,007	\$ 264,628

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**CITY OF BISMARCK, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)**

	<u>Employee Insurance</u>	<u>Liability Insurance</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 2,709,235	\$ 2,442,408
Taxes Receivable	-	786
Accounts Receivable	29,598	-
Customer Deposits	-	-
TOTAL CURRENT ASSETS	<u>\$ 2,738,833</u>	<u>\$ 2,443,194</u>
 LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	\$ 1,425	\$ -
Deferred Revenue	-	786
Customer Deposits	-	-
Reserve-Pending Claims	114,340	274,904
TOTAL CURRENT LIABILITIES	<u>115,765</u>	<u>275,690</u>
EQUITY:		
Retained Earnings-Unreserved	<u>2,623,068</u>	<u>2,167,504</u>
TOTAL EQUITY	<u>2,623,068</u>	<u>2,167,504</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 2,738,833</u>	<u>\$ 2,443,194</u>

Exhibit F-1

Unemployment Compensation	Arena	Revolving	Totals	
			2002	2001
\$ 76,985	\$ 16,044	\$ 190,309	\$ 5,434,981	\$ 5,730,572
-	-	-	786	1,542
-	5,253	117,985	152,836	22,671
-	185,390	-	185,390	-
<u>\$ 76,985</u>	<u>\$ 206,687</u>	<u>\$ 308,294</u>	<u>\$ 5,773,993</u>	<u>\$ 5,754,785</u>
\$ 3,171	\$ 21,297	\$ 271,423	\$ 297,316	\$ 189,291
-	-	-	786	1,115
-	185,390	-	185,390	-
-	-	-	389,244	509,817
<u>3,171</u>	<u>206,687</u>	<u>271,423</u>	<u>872,736</u>	<u>700,223</u>
73,814	-	36,871	4,901,257	5,054,562
<u>73,814</u>	<u>-</u>	<u>36,871</u>	<u>4,901,257</u>	<u>5,054,562</u>
<u>\$ 76,985</u>	<u>\$ 206,687</u>	<u>\$ 308,294</u>	<u>\$ 5,773,993</u>	<u>\$ 5,754,785</u>

**CITY OF BISMARCK , NORTH DAKOTA
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)**

	<u>Employee Insurance</u>	<u>Liability Insurance</u>
OPERATING REVENUES		
Employer Contributions	\$ 2,094,848	\$ -
Charges for Services	-	-
Rentals	-	-
Miscellaneous	9,258	-
TOTAL OPERATING REVENUES	<u>2,104,106</u>	<u>-</u>
OPERATING EXPENSES		
Costs of Services	2,092,124	379,848
Administration	355	125
TOTAL OPERATING EXPENSE	<u>2,092,479</u>	<u>379,973</u>
 OPERATING INCOME (LOSS)	 11,627	 (379,973)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	-	139,989
Investment Income	98,312	94,868
In Lieu of Taxes	-	-
Taxes	-	308
TOTAL NONOPERATING REVENUES/(EXPENSE)	<u>98,312</u>	<u>235,165</u>
 INCOME (LOSS) BEFORE OPERATING TRANSFERS	 <u>109,939</u>	 <u>(144,808)</u>
TRANSFERS FROM (TO) OTHER FUNDS		
General Fund	-	-
Special Revenue	-	-
Capital Projects	-	-
Internal Service	-	-
Trust and Agency	-	-
General Fund	(89,566)	(17,428)
Special Revenue	-	-
TOTAL TRANSFERS FROM (TO) OTHER FUNDS	<u>(89,566)</u>	<u>(17,428)</u>
 NET INCOME (LOSS)	 20,373	 (162,236)
 RETAINED EARNINGS - BEGINNING	 <u>2,602,695</u>	 <u>2,329,740</u>
 RETAINED EARNINGS - ENDING	 <u>\$ 2,623,068</u>	 <u>\$ 2,167,504</u>

Unemployment Compensation	Arena	Revolving	Totals	
			2002	2001
\$ -	\$ -	\$ -	\$ 2,094,848	\$ 2,052,460
-	1,661,827	-	1,661,827	-
-	7,900	-	7,900	-
-	8,782	2,194	20,234	16,586
-	1,678,509	2,194	3,784,809	2,052,460
20,735	1,594,841	-	4,087,548	2,475,086
-	-	-	480	1,026
20,735	1,594,841	-	4,088,028	2,476,112
(20,735)	83,668	2,194	(303,219)	(423,652)
-	-	-	139,989	-
2,109	3,334	-	198,623	437,178
-	-	-	-	132
-	-	-	308	2,197
2,109	3,334	-	338,920	456,093
(18,626)	87,002	2,194	35,701	32,441
877	-	-	877	7,299
54	-	-	54	113
31	-	-	31	140
4,028	-	-	4,028	-
-	-	-	-	452
-	(82,974)	-	(189,968)	(53,483)
-	(4,028)	-	(4,028)	-
4,990	(87,002)	-	(189,006)	(45,479)
(13,636)	-	2,194	(153,305)	(13,038)
87,450	-	34,677	5,054,562	5,067,600
\$ 73,814	\$ -	\$ 36,871	\$ 4,901,257	\$ 5,054,562

CITY OF BISMARCK , NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001)

	<u>Employee Insurance</u>	<u>Liability Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers and Users	\$ -	\$ 756
Receipts From Employer	2,081,278	-
Other Operating Cash Receipts	9,258	-
Payments to Suppliers	(2,227,361)	(365,215)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(136,825)</u>	<u>(364,459)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental	-	139,989
Taxes	-	308
In Lieu of Taxes	-	-
Transfers (to) Other Funds	(89,566)	(17,428)
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(89,566)</u>	<u>122,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	98,312	94,868
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>98,312</u>	<u>94,868</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(128,079)	(146,722)
CASH AND CASH EQUIVALENTS - BEGINNING	2,837,314	2,589,130
CASH AND CASH EQUIVALENTS - ENDING	<u>2,709,235</u>	<u>2,442,408</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	11,627	(379,973)
Adjustments To Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Taxes Receivable	-	756
(Increase) Decrease in Accounts Receivable	(13,570)	-
Increase (Decrease) in Accounts Payable	778	-
Increase (Decrease) in Deferred Revenue	-	(329)
Increase (Decrease) in Estimated Pending Claims	(135,660)	15,087
TOTAL ADJUSTMENTS	<u>(148,452)</u>	<u>15,514</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (136,825)</u>	<u>\$ (364,459)</u>

Unemployment Compensation	Arena	Revolving	Totals	
			2002	2001
\$ -	\$ 1,664,474	\$ 2,232,679	\$ 3,897,909	\$ 7,255
-	-	-	2,081,278	2,037,092
-	8,782	2,194	20,234	16,586
<u>(17,564)</u>	<u>(1,573,544)</u>	<u>(2,261,242)</u>	<u>(6,444,926)</u>	<u>(2,306,835)</u>
<u>(17,564)</u>	<u>99,712</u>	<u>(26,369)</u>	<u>(445,505)</u>	<u>(262,488)</u>
-	-	-	139,989	-
-	-	-	308	2,197
-	-	-	-	132
<u>4,990</u>	<u>(87,002)</u>	<u>-</u>	<u>(189,006)</u>	<u>(45,479)</u>
<u>4,990</u>	<u>(87,002)</u>	<u>-</u>	<u>(48,709)</u>	<u>(26,564)</u>
<u>2,109</u>	<u>3,334</u>	<u>-</u>	<u>198,623</u>	<u>437,178</u>
<u>2,109</u>	<u>3,334</u>	<u>-</u>	<u>198,623</u>	<u>437,178</u>
<u>(10,465)</u>	<u>16,044</u>	<u>(26,369)</u>	<u>(295,591)</u>	<u>148,126</u>
<u>87,450</u>	<u>-</u>	<u>216,678</u>	<u>5,730,572</u>	<u>5,582,446</u>
<u>76,985</u>	<u>16,044</u>	<u>190,309</u>	<u>5,434,981</u>	<u>5,730,572</u>
<u>(20,735)</u>	<u>83,668</u>	<u>2,194</u>	<u>(303,219)</u>	<u>(423,652)</u>
-	-	-	756	2,645
-	(5,253)	(111,342)	(130,165)	(16,472)
3,171	21,297	82,779	108,025	(14,117)
-	-	-	(329)	(2,309)
-	-	-	(120,573)	191,417
<u>3,171</u>	<u>16,044</u>	<u>(28,563)</u>	<u>(142,286)</u>	<u>161,164</u>
<u>\$ (17,564)</u>	<u>\$ 99,712</u>	<u>\$ (26,369)</u>	<u>\$ (445,505)</u>	<u>\$ (262,488)</u>

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CITY OF BISMARCK, NORTH DAKOTA
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	Agency Funds		Expendable Trust Funds	
	Firemen's Pension	Deferred Sick Leave	Arena Revolving	Tree Memorial
ASSETS				
Cash and Investments	\$ 579	\$ 741,036	\$ -	\$ 15,713
Taxes Receivable	8,361	-	-	-
Accounts Receivable	5,302	-	-	-
Due from Other Funds	-	27,428	-	-
Customer Deposits	-	-	-	-
TOTAL ASSETS	\$ 14,242	\$ 768,464	\$ -	\$ 15,713
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 579		\$ -	\$ -
Due to Employees	-	768,464	-	-
Due to Other Entities	5,302	-	-	-
Deferred Revenue	8,361	-	-	-
Securities Lending Collateral	-	-	-	-
Customer Deposits	-	-	-	-
TOTAL LIABILITIES	14,242	768,464	-	-
 FUND BALANCES:				
Unreserved, Undesignated	-	-	-	15,713
TOTAL FUND BALANCES	-	-	-	15,713
 TOTAL LIABILITIES AND FUND BALANCES	\$ 14,242	\$ 768,464	\$ -	\$ 15,713

Expendable Trust Funds			Pension Trust Funds		Totals	
Library Memorial	Christmas Lights	Lewis & Clark Expedition	City Pension	Police Pension	2002	2001
\$ 13,869	\$ 20,939	\$ 305,183	\$ 30,086,631	\$ 14,111,491	\$ 45,295,441	\$ 51,736,921
-	-	-	12,066	5,647	26,074	24,935
-	-	-	15,593	6,713	27,608	81,484
-	-	-	-	-	27,428	54,852
-	-	-	-	-	-	239,500
<u>\$ 13,869</u>	<u>\$ 20,939</u>	<u>\$ 305,183</u>	<u>\$ 30,114,290</u>	<u>\$ 14,123,851</u>	<u>\$ 45,376,551</u>	<u>\$ 52,137,692</u>
\$ 100	\$ -	\$ -	\$ 4,007	\$ 1,414	\$ 6,100	\$ 38,858
-	-	-	8,205,623	3,406,583	12,380,670	14,063,543
-	-	-	-	-	5,302	9,165
-	-	-	12,066	5,647	26,074	18,065
-	-	-	1,736,344	710,261	2,446,605	2,707,410
-	-	-	-	-	-	239,500
<u>100</u>	<u>-</u>	<u>-</u>	<u>9,958,040</u>	<u>4,123,905</u>	<u>14,864,751</u>	<u>17,076,541</u>
13,769	20,939	305,183	20,156,250	9,999,946	30,511,800	35,061,151
<u>13,769</u>	<u>20,939</u>	<u>305,183</u>	<u>20,156,250</u>	<u>9,999,946</u>	<u>30,511,800</u>	<u>35,061,151</u>
<u>\$ 13,869</u>	<u>\$ 20,939</u>	<u>\$ 305,183</u>	<u>\$ 30,114,290</u>	<u>\$ 14,123,851</u>	<u>\$ 45,376,551</u>	<u>\$ 52,137,692</u>

**CITY OF BISMARCK , NORTH DAKOTA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)**

	<u>Arena Revolving</u>	<u>Tree Memorial</u>
REVENUES		
Intergovernmental	\$ -	\$ -
Charges for Sales and Services	-	-
Rentals	-	-
Investment Income	-	437
Miscellaneous	-	687
TOTAL REVENUES	<u>-</u>	<u>1,124</u>
EXPENDITURES		
Current:		
Highways and Streets	-	-
Culture and Recreation	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,124</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In:		
Special Revenue	-	-
Debt Service	-	-
Operating Transfers Out:		
General Fund	-	-
Internal Service	(1,035,364)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,035,364)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,035,364)</u>	<u>1,124</u>
FUND BALANCES - BEGINNING	<u>1,035,364</u>	<u>14,589</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 15,713</u>

Exhibit G-2

Library Memorial	Christmas Lights	Lewis & Clark Expedition	Totals	
			2002	2001
\$ -	\$ -	\$ -	\$ -	\$ 5,000
-	-	-	-	478,983
-	-	-	-	256,100
663	549	183	1,832	53,224
34,618	2,147	-	37,452	9,648
<u>35,281</u>	<u>2,696</u>	<u>183</u>	<u>39,284</u>	<u>802,955</u>
-	-	-	-	375
25,449	5,217	-	30,666	589,320
<u>25,449</u>	<u>5,217</u>	<u>-</u>	<u>30,666</u>	<u>589,695</u>
9,832	(2,521)	183	8,618	213,260
-	-	300,000	300,000	-
-	-	-	-	24,578
-	-	-	-	(101,827)
-	-	-	(1,035,364)	(452)
-	-	300,000	(735,364)	(77,701)
9,832	(2,521)	300,183	(726,746)	135,559
3,937	23,460	5,000	1,082,350	946,791
<u>\$ 13,769</u>	<u>\$ 20,939</u>	<u>\$ 305,183</u>	<u>\$ 355,604</u>	<u>\$ 1,082,350</u>

CITY OF BISMARCK, NORTH DAKOTA
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
FIREMEN'S PENSION AGENCY				
ASSETS				
Cash	\$ 1,254	\$ 270,551	\$ 271,226	\$ 579
Receivables	12,658	67,063	66,058	13,663
TOTAL ASSETS	\$ 13,912	\$ 337,614	\$ 337,284	\$ 14,242
LIABILITIES				
Due to Other Entities	\$ 13,912	\$ 337,614	\$ 337,284	\$ 14,242
DEFERRED SICK LEAVE				
ASSETS				
Cash	\$ 692,762	\$ 158,214	\$ 109,940	\$ 741,036
Due From Other Funds	54,853	-	27,426	27,427
TOTAL ASSETS	\$ 747,615	\$ 158,214	\$ 137,366	\$ 768,463
LIABILITIES				
Due to Employees	\$ 747,615	\$ 158,214	\$ 137,366	\$ 768,463
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 694,016	\$ 428,765	\$ 381,166	\$ 741,615
Receivables	12,658	67,063	66,058	13,663
Due From Other Funds	54,853	-	27,426	27,427
TOTAL ASSETS	\$ 761,527	\$ 495,828	\$ 474,650	\$ 782,705
LIABILITIES				
Due to Other Entities	\$ 13,912	\$ 337,614	\$ 337,284	\$ 14,242
Due to Employees	747,615	158,214	137,366	768,463
TOTAL LIABILITIES	\$ 761,527	\$ 495,828	\$ 474,650	\$ 782,705

CITY OF BISMARCK, NORTH DAKOTA
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	City Pension	Police Pension	TOTALS	
			2002	2001
ADDITIONS				
CONTRIBUTIONS:				
Employer	\$ 409,855	\$ 203,630	\$ 613,485	\$ 484,458
Employee	403,216	10,216	413,432	769,945
INVESTMENT INCOME:				
Loss on Investments	(2,637,016)	(1,373,776)	(4,010,792)	(1,934,566)
Interest and Dividends	815,536	389,201	1,204,737	1,336,457
Securities Lending Income	36,056	14,647	50,703	138,039
	<u>(1,785,424)</u>	<u>(969,928)</u>	<u>(2,755,352)</u>	<u>(460,070)</u>
Less: Investment Expense	(120,345)	(63,366)	(183,711)	(118,510)
Less: Securities Lending Expenses	(31,661)	(12,736)	(44,397)	(128,682)
Net investment income (loss)	<u>(1,937,430)</u>	<u>(1,046,030)</u>	<u>(2,983,460)</u>	<u>(707,262)</u>
TRANSFER FROM OTHER FUNDS:	<u>37,640</u>	<u>16,625</u>	<u>54,265</u>	<u>8,287</u>
TOTAL ADDITIONS	<u>(1,086,719)</u>	<u>(815,559)</u>	<u>(1,902,278)</u>	<u>547,141</u>
DEDUCTIONS				
Administration	16,528	12,383	28,911	30,405
Benefits	1,372,832	488,258	1,861,090	1,688,774
Transfer to Other Funds	17,919	12,407	30,326	27,783
TOTAL DEDUCTIONS	<u>1,407,279</u>	<u>513,048</u>	<u>1,920,327</u>	<u>1,719,179</u>
CHANGE IN NET ASSETS	(2,493,998)	(1,328,607)	(3,822,605)	(1,191,534)
NET ASSETS - BEGINNING	22,650,248	11,328,553	33,978,801	35,170,335
NET ASSETS - ENDING	<u>\$ 20,156,250</u>	<u>\$ 9,999,946</u>	<u>\$ 30,156,196</u>	<u>\$ 33,978,801</u>

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CITY OF BISMARCK, NORTH DAKOTA
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
GENERAL FIXED ASSETS		
Land	\$ 1,689,788	\$ 1,689,788
Buildings	47,553,058	46,154,050
Improvements Other than Buildings	51,777	51,777
Machinery and Equipment	18,904,058	17,310,001
Construction in progress	1,558,491	-
TOTAL GENERAL FIXED ASSETS	<u>\$ 69,757,172</u>	<u>\$ 65,205,616</u>
INVESTMENTS IN GENERAL FIXED ASSETS		
General Fund	\$ 10,273,062	\$ 8,789,167
Special Revenue Funds	16,345,372	16,070,247
State Government	105,274	105,274
Federal Government	2,115,786	2,115,786
Capital Projects Funds	39,642,016	36,849,480
Trust and Agency Funds	1,167,185	1,167,185
Donations	108,477	108,477
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 69,757,172</u>	<u>\$ 65,205,616</u>

CITY OF BISMARCK , NORTH DAKOTA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
AS OF DECEMBER 31, 2002

FUNCTION AND ACTIVITY	General Fixed Assets 1/1/2002	Additions	Deductions	General Fixed Assets 12/31/2002
GENERAL GOVERNMENT:				
Administration and Management	\$ 11,353	\$ -	\$ -	\$ 11,353
Fiscal and Information Services	199,433	29,055	-	228,488
Common Software	94,927	69,190	-	164,117
City/County Office Building	2,959,700	-	-	2,959,700
Bismarck-Mandan Visitors Bureau	1,004,475	-	-	1,004,475
Planning	24,741	-	-	24,741
E/H Transit System	1,794,033	180,900	-	1,974,933
TOTAL GENERAL GOVERNMENT	6,088,662	279,145	-	6,367,807
PUBLIC SAFETY:				
Police	4,273,865	125,429	25,947	4,373,347
Fire and Inspections	4,589,546	1,131,346	249,192	5,471,700
Combined Communications Center	867,337	86,649	-	953,986
TOTAL PUBLIC SAFETY	9,730,748	1,343,424	275,139	10,799,033
HIGHWAYS AND STREETS:				
Roads and Streets	4,498,198	506,619	316,518	4,688,299
Engineering	298,997	21,200	38,844	281,353
Forestry	387,037	77,543	-	464,580
TOTAL HIGHWAYS AND STREETS	5,184,232	605,362	355,362	5,434,232
HEALTH:				
Bismarck Burleigh Public Health	21,808	-	-	21,808
TOTAL HEALTH	21,808	-	-	21,808
CULTURE AND RECREATION:				
City Auditorium	3,471,798	-	-	3,471,798
Civic Center	29,960,469	1,356,616	-	31,317,085
Library	10,747,899	39,019	-	10,786,918
TOTAL CULTURE AND RECREATION	44,180,166	1,395,635	-	45,575,801
CONSTRUCTION IN PROGRESS:				
	-	1,558,491	-	1,558,491
TOTAL GENERAL FIXED ASSETS	\$ 65,205,616	\$ 5,182,057	\$ 630,501	\$ 69,757,172

CITY OF BISMARCK, NORTH DAKOTA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
AS OF DECEMBER 31, 2002

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Total
GENERAL GOVERNMENT:					
Administration and Management	\$ -	\$ -	\$ -	\$ 11,353	\$ 11,353
Fiscal and Information Services	-	-	-	228,488	228,488
Common Software	-	-	-	164,117	164,117
City/County Office Building	-	2,923,597	-	36,103	2,959,700
Bismarck-Mandan Visitors Bureau	200,000	804,475	-	-	1,004,475
Planning	-	-	-	24,741	24,741
E/H Transit System	108,421	795,444	-	1,071,068	1,974,933
TOTAL GENERAL GOVERNMENT	308,421	4,523,516	-	1,535,870	6,367,807
PUBLIC SAFETY:					
Police	499,500	2,771,095	51,777	1,050,975	4,373,347
Fire and Inspections	245,767	1,965,325	-	3,260,608	5,471,700
Combined Communications Center	-	-	-	953,986	953,986
TOTAL PUBLIC SAFETY	745,267	4,736,420	51,777	5,265,569	10,799,033
HIGHWAYS AND STREETS:					
Roads and Streets	-	-	-	4,688,299	4,688,299
Engineering	-	-	-	281,353	281,353
Forestry	-	-	-	464,580	464,580
TOTAL HIGHWAYS AND STREETS	-	-	-	5,434,232	5,434,232
HEALTH:					
Bismarck Burleigh Public Health	-	-	-	21,808	21,808
TOTAL HEALTH	-	-	-	21,808	21,808
CULTURE AND RECREATION:					
City Auditorium	11,500	3,454,948	-	5,350	3,471,798
Civic Center	300,600	30,127,240	-	889,245	31,317,085
Library	324,000	4,710,934	-	5,751,984	10,786,918
TOTAL CULTURE AND RECREATION	636,100	38,293,122	-	6,646,579	45,575,801
CONSTRUCTION IN PROGRESS:					
	-	1,558,491	-	-	1,558,491
TOTAL GENERAL FIXED ASSETS	\$ 1,689,788	\$ 49,111,549	\$ 51,777	\$ 18,904,058	\$ 69,757,172

CITY OF BISMARCK, NORTH DAKOTA
SCHEDULE OF GENERAL LONG-TERM DEBT
DECEMBER 31, 2002
WITH COMPARATIVE TOTALS FOR 2001

	2002	2001
AMOUNT AVAILABLE AND TO BE PROVIDED FOR RETIREMENT OF GENERAL OBLIGATION BONDS, AND GENERAL LONG-TERM DEBT:		
Amount Available in Debt Service Funds:		
Special Assessment with Governmental Commitment	\$ 11,522,260	\$ 14,322,690
Highway Construction	18,474	284,880
Sales Tax Bonds	-	463,680
Motel, Liquor, Restaurant Bonds	964,551	935,890
Total Amount Available	12,505,285	16,007,140
AMOUNT TO BE PROVIDED:		
Retirement of General Long-term Debt:		
Special Assessment with Governmental Commitment	20,947,740	21,772,310
Sales Tax Bonds	3,050,000	798,498
Motel, Liquor Restaurant Bonds	7,025,449	7,494,110
Highway Construction	41,526	62,942
Compensated Absences	1,468,962	1,292,164
Employee Termination Benefits	92,608	185,214
Total to be Provided	32,626,285	31,605,238
Total Available and to be Provided	\$ 45,131,570	\$ 47,612,378
GENERAL LONG-TERM DEBT PAYABLE:		
General Obligation Bonds Payable:		
Highway Construction 1995	\$ 60,000	\$ 115,000
Highway Construction 1992	-	155,000
Highway Construction 1996	-	75,000
Total General Obligation Bonds Payable	60,000	345,000
Revenue Bonds Payable:		
Sales Tax Bonds	3,050,000	1,265,000
Motel, Liquor, and Restaurant	7,990,000	8,430,000
Total Revenue Bonds Payable	11,040,000	9,695,000
Special Assessment Bonds Payable, with Governmental Commitment:		
Sidewalks Bonds	2,965,000	2,880,000
Refunding Series A thru Z	29,505,000	33,215,000
Total Special Assessment Bonds Payable	32,470,000	36,095,000
Accrued Liability for Compensated Absences	1,468,962	1,292,164
Accrued Liability for Employee Termination Benefits	92,608	185,214
Total Miscellaneous Payable	1,561,570	1,477,378
Total General Long-Term Debt Payable	\$ 45,131,570	\$ 47,612,378

CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES, BY FUNCTION¹
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Conservation of Natural Resources	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Miscellaneous	Capital Outlays	Debt Service	Other Financing Uses	Total Expenditures
1993	5,012,015	-	6,010,499	2,970,465	516,016	2,155,372	-	1,178,544	8,640,119	14,023,822	40,506,852
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	12,179,992	11,728,096	40,446,802
1999	5,433,036	-	8,505,848	3,685,136	737,108	2,691,887	-	1,188,475	6,524,657	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

¹Includes general, special revenue and debt service funds.

Source: Fiscal Services

CURRENT GENERAL EXPENDITURES BY FUNCTION

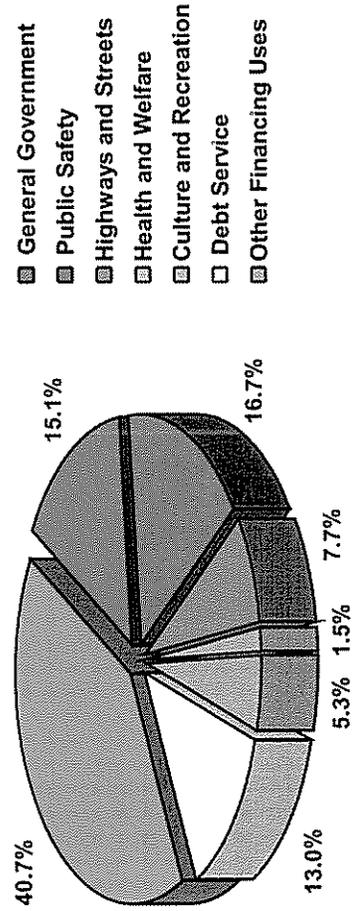


Table 1

**CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES¹
LAST TEN FISCAL YEARS**

Fiscal Year	Licenses and Permits		Special Assessments	Intergovernmental	Charges for Services		Fines and Forfeitures		Miscellaneous	Other Financing Sources		Total
	Taxes	and Permits			Forfeitures	Miscellaneous	Financing Sources	Total				
1993	\$ 12,611,430	\$ 612,044	\$ 5,582,400	\$ 4,680,801	\$ 3,738,947	\$ 518,160	\$ 1,245,743	\$ 13,888,572	\$ 42,878,097			
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	20,237,309	1,021,652	4,960,733	7,898,873	4,424,915	1,034,585	1,984,340	20,288,506	61,850,913			

**CITY OF BISMARCK, NORTH DAKOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE¹
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
	General Ad Valorem Tax	Mobile Home Tax		General Sales Tax	Restaurant Tax	Motel/Liquor	Motel Tax		
1993	5,991,648	70,756	5,432,369	817,829	298,828	12,611,430			
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			

Table 2

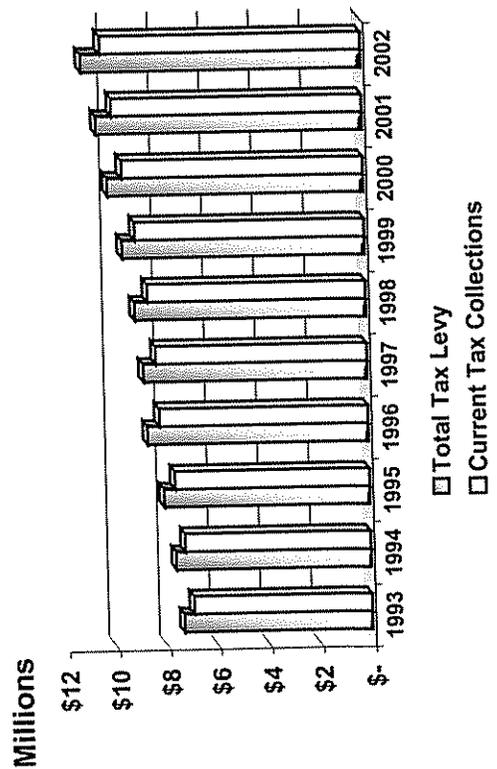
¹Includes general, special revenue and debt service funds.

Source: Fiscal Services

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1993	\$ 7,316,476	\$ 6,925,944	0.9466	\$ 95,950	\$ 7,021,894	0.9597	\$ 149,679	0.0205
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

TOTAL TAX LEVY COMPARED TO CURRENT TAX COLLECTIONS



CURRENT TAX COLLECTIONS AND DELINQUENT TAX COLLECTIONS IN 2002

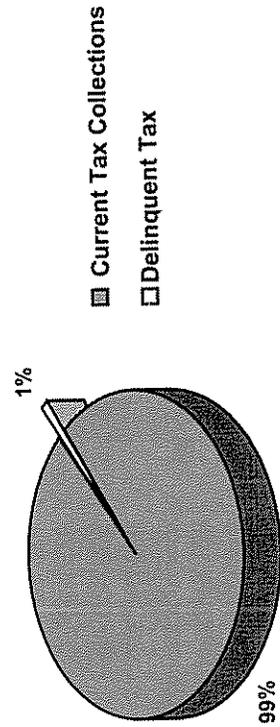


Table 3

State Highway Department

Alcohol Enforcement	20.600	9,292
Occupant Protection Plan	20.600	7,632
		<u>16,924</u>
Traffic Crash Reconstruction		1,563
Alcohol Saturation Patrol		3,771
		<u>22,259</u>

Federal Emergency Management Agency**North Dakota Department of Emergency Management**

Hazardous Materials Emergency Preparedness		7,500
Hazardous Materials Emergency Preparedness #2		9,387
Storm Repairs - Fire & Inspections		1,323
Storm Repairs - Forestry		13,061
Storm Repairs - Police		43,813
Storm Repairs - Engineering		1,517
		<u>76,602</u>

U.S. Department of Health and Human Services**North Dakota Department of Health**

Women's Way-Breast & Cervical Cancer Screening	93.919	50,622
Immunization	93.268	25,278
Tobacco Prevention & Control	93.283	49,435
ND Health Tracks	93.991	72,182
Ryan White CARE	93.917	12,573
Student Health Manager	93.994	4,879
Maternal & Child Health/OPOP	93.994	76,477
		<u>81,357</u>
Health Alert Network	93.283	8,254
Bmk/Bur Public Health School Nurses		12,234
Stand for Children		2,000
Flu Shots		6,200
Blood Lead Surveillance		1,353
		<u>321,487</u>

U.S. Forest Service**North Dakota Forest Service**

Missouri River Study		358
		<u>358</u>

U.S. Fireman's Association**North Dakota Fireman's Association**

Bio-Terrorism Training Grant		13,720
		<u>13,720</u>

Totals

		<u>\$ 6,023,194</u>
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – AGENCY OR PASS-THROUGH NUMBERS

Certain pass-through entities have not provided us with the identifying numbers, therefore, they are not included in this schedule.

**CITY OF BISMARCK
BISMARCK, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2001**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the City of Bismarck.
2. No instances of noncompliance material to the financial statements of the City of Bismarck were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for the City of Bismarck expresses an unqualified opinion on all major federal programs.
4. Audit findings relative to the major federal award programs for the City of Bismarck are reported in Part C of this schedule.
5. The programs tested as major programs were Housing and Urban Development CFDA #14.218; Airport Improvement Project CFDA #20.106; State Domestic Preparedness Equipment Support Program #16.007.
6. The threshold for distinguishing a Type A program was \$300,000
7. The City of Bismarck was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT - NONE

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAM – NONE