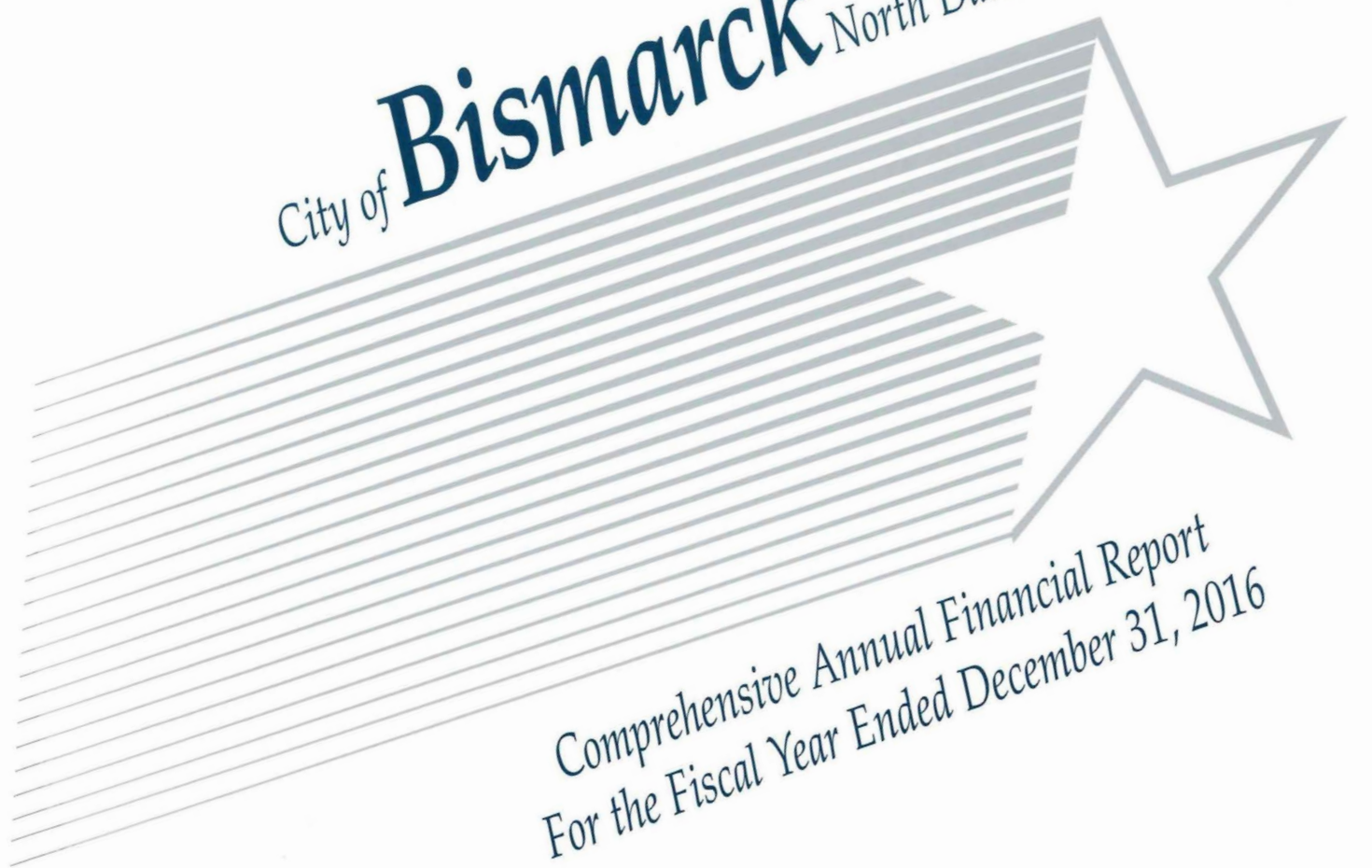


City of **Bismarck** North Dakota

A decorative graphic consisting of two sets of parallel lines, one above and one below a central five-pointed star. The lines are light gray and slanted. The star is white with a gray outline.

Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2016

# **CITY OF BISMARCK, NORTH DAKOTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**December 31, 2016**

**Prepared by Fiscal Services**

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**CITY OF BISMARCK, NORTH DAKOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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# **INTRODUCTORY SECTION**





## *Fiscal Services Division*

June 30, 2017

**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, 2016 is hereby submitted. This complete set of financial statements has been prepared by the Fiscal Services Division of the City's Finance Department in accordance with generally accepted accounting principles (GAAP) and audited by an independent licensed certified public accounting firm in accordance with the generally accepted auditing standards and applicable laws.

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

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

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

State statutes and local ordinances require an annual audit by independent certified public accountants. The firm of Eide Bailly LLP has audited the financial statements of the City of Bismarck. The audit provides reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Eide Bailly LLP concluded that the audit provides a reasonable basis for an unmodified opinion, and the City of Bismarck's financial statements for the fiscal year ending December 31, 2016 are in conformity with generally accepted accounting principles (GAAP). The auditor's report is presented in the financial section of this report.

Federal funds received by the City are also subject to an independent audit under the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)".

***Finance Department ★ Fiscal Services Division***

***Phone: 701-355-1600 ★ Fax: 701-222-6606 ★ TDD: 711 ★ Website: [www.bismarcknd.gov](http://www.bismarcknd.gov)***

***221 N. Fifth Street ★ P.O. Box 5503 ★ Bismarck, ND 58506-5503***



## **City of Bismarck Profile**

The City of Bismarck, incorporated in 1875, is North Dakota's state capitol and is located in the center of the state in Burleigh County, bounded on the west by the Missouri River. The City currently has a land area of 34.54 square miles and a 2010 census population of 61,272. The City is empowered to levy a property tax on real estate located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically by the governing body of the City.

The City operates under a commission form of government, consisting of a president and four commissioners. The governing commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, the city administrator, and city attorney and hiring department heads. The city administrator is responsible for carrying out policies and ordinances of the governing body and for overseeing the day-to-day operations of the City. Commission members are elected to a four year staggered term with two commission members elected every two years. The president is elected to a four-year term and also serves as the Mayor of the City.

The financial reporting entity includes all funds of the primary government, the City of Bismarck. There are no component units that are defined as legally separate entities for which the primary government is financially accountable. The City of Bismarck provides a full range of services, such as police and fire protection, sanitation services, construction and maintenance of highways, streets and infrastructure, water and wastewater utility service, solid waste disposal, municipal airport, library, and cultural centers and events.

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

## **Local Economic Condition and Statistics**

Although the area's largest industry is farming, the City is also a major medical center for the region. The City continues to seek economic diversification and is committed to new as well as current initiatives that support the economic growth of our City.

The Commission continues the Renaissance Zone program established in 2001 to encourage reinvestment through property and income tax incentives in a 39 block area of downtown properties. This program has contributed to revitalization of downtown with numerous new business including retail, services and residential units. Two new projects were approved in 2016 for a total of 109 projects have been completed which includes 17 new downtown housing units. The projects have created 525 new jobs to date and building value of Zone projects of \$25.8 million has more than doubled to \$63.5 million. The Renaissance Zone program reflects the commitment of the City Commission to strengthen the core of our community.

The City also continues the Core Incentive Grant Program to encourage rehabilitation of current businesses and recreate new development downtown. The incentives are funded from the Tax Increment District and includes grants for façade and signage, housing, technical assistance and sidewalk subsurface vaults. Four new grants were approved in 2016. Grants approved to date total \$740,379 which leveraged a total investment of \$1,790,628. The program serves as a foundation to stimulate new development and increased tax base in the downtown.

The City Commission initiated a pilot project to reduce Main Avenue to three lanes in the spring 2016 to evaluate the impact of the change. This was one of recommendations of the 2013 downtown master plan to calm traffic flow for pedestrians. The impact to Main Avenue will be evaluated in the spring of 2017. BNSF Railway completed the construction and installation of the equipment for quiet rail to silence the train horns at 3<sup>rd</sup>, 5<sup>th</sup> and 12<sup>th</sup> streets in 2016. The specialized gates provide safety for the pedestrians and vehicle traffic at the rail crossings and quiet rail provides a more conducive environment for

downtown businesses and customers. Quiet rail was also a recommendation of the downtown master plan. Phase 1 of Bismarck “art alley” project located between Main and Broadway and 5<sup>th</sup> and 6<sup>th</sup> streets was completed in 2016. The outdoor art gallery includes 8 murals and 2 pillars painted by local artists and art students. This is in addition to the art covered utility boxes downtown. The art helps make downtown more vibrant and attractive to young professionals.

In 2015, the City Commission approved a development agreement and the creation of new tax increment finance (TIF) district for a planned redevelopment project downtown. The private-public partnership is with Cardon Development and Bismarck Futures. The redevelopment is named FiveSouth and the plan includes a full-service hotel, apartments and mixed used buildings with the TIF funding the public infrastructure and parking ramps. With the change in the economy, the housing and hotel developments options continued to be evaluated at this time.

With the decline in the oil investments in the western part of the State and the low oil prices, growth in the Bismarck metro area is stabilizing. The Bismarck MSA continued a low unemployment rate of 3.1% in December of 2016 which is lower than the national rate of 4.7%. The local economic outlook remains positive as Bismarck continues to create and sustain jobs. Doosan Bobcat moved its compact excavator manufacturing process to Bismarck which provided 160 additional jobs. Basin Electric Power Cooperative added a 90,000 square foot addition to its existing facility. The Coop which provides electricity to 2.8 million members across nine states has its headquarters in Bismarck and employs 550 people.

The Bismarck real estate market continues to remain active. According to the Bismarck-Mandan Board of Realtors, the number of residential units sold show a 2.5% increase with a slight increase in average sale prices for 2016. This is supported by Livability.com ranking Bismarck #7 in the 2016 Top 100 Best Places to Live for small to mid-sized cities in the US. The ranking was based on the amenities, demographics, economy, healthcare, education, housing, transportation and infrastructure. This ranking is also reflected in the continued development in these areas. The Bismarck Public School initiated a bond issue for \$57.5 million dollars to increase and renovate space for three middle schools and two of the high schools for expending enrollments. The Park District approved a \$10.4 million expansion project for the construction of an additional ice rink, additional parking and improvements for a nearby park at the Schaumburg Arena. This project was augmented by private capital campaign funds of \$3.7 million. The ND Safety Council started construction of a \$6 million state-of-the-art safety training center with the expected completion date in the spring of 2017. The facility will provide year round training in Bismarck and is located adjacent to Bismarck State College.

With the decline of the economy in the State and the impact of internet sales on local retail, the taxable sales and services decreased in 2016 as compared to 2015 for Bismarck. Sales tax revenue had a 3.94% decrease, the hospitality tax revenues had an decrease of 2.13% for motel, restaurant and liquor tax and a decrease of 8.65% for the hotel and motel tax. The motor vehicle rental tax did have a 1.72% increase which reflects the increase in the number of passenger boardings in 2017.

Bismarck continues to experience growth in its tax base through both property value enhancement and new construction. In 2016, 346 building permits were issued for residential construction within the City's corporate limits. This included 338 single-family homes and 8 multi-family homes, which provided an additional 434 residential units. Residential construction in the City's extraterritorial jurisdiction and the adjacent zoned areas of Burleigh County also continued to grow with a total of 33 residential building permits issued in 2016. Commercial growth also increased which included retail services, hotels, and apartments with 234 commercial buildings permits. Growth in the property tax base for the year 2016 was 8.72%. The table below provides the percentage change by property classification.

	2015	2016	Percentage
Property Class	Market Value	Market Value	Change
Commercial	\$2,487,141,400	\$2,770,026,500	11.37 %
Residential	4,561,028,300	4,892,440,000	7.27 %
Agricultural	750,700	853,000	13.63 %
<b>Total</b>	<b>\$7,048,920,400</b>	<b>\$7,663,319,500</b>	<b>8.72 %</b>

All cash balances of the City are invested in certificate of deposits, bonds, treasury bills, or other securities that are a direct obligation insured or guaranteed by the treasury of the United States. The amount of income earned on the investments for the City was \$1,095,728 with an average interest rate of .94% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee pension and Police pension had a net investment increase of \$8,272,546 for an average gain of 7.1% for the fiscal year.

## **Major Initiatives in 2016**

The City Commission established the Infrastructure Task Force in the fall of 2016 to review the City's infrastructure needs and develop recommendations to address those needs. The Task Force is co-chaired by Commissioners Marquardt and Oban with participants from BMDA, the Chamber, Home Builders, Board of Realtors, a private developer, financial institution and City staff. This follows the Commission's discussion of a potential Sales Tax increase to fund new streets attributed in part to growth in the City. The ten year capital improvement plan for new road infrastructure totals \$246 million and the current funding from Sales Tax will not provide adequate funding. The Task Force recommendations will be presented to the City Commission in March of 2017.

The Bismarck Mandan Development Association (BMDA) completed a target industries study to identify the industries that represent the highest potential for relocation or expansion to our region. Demographics, workforce, economic trends and characteristic of the region were considered. The finding included value-added agriculture, energy and manufacturing. The analysis will augment BMDA's development strategies for business retention and expansion.

The City Commission approved the purchase and implementation of a citywide Worker Order Management System (WMS) and Customer Relationship Management System (CRM) in 2016. AssetWorks was selected as the vendor for this new citywide system that will help manage the work order/services in an estimated 20 areas covering a wide range of departments. GIS will be the core of the system since a majority of the work is location and equipment based. The project will be implemented in three phases. Phase one will include validation of the initial requirements and the assessment of the business processes for all of the work areas with implementation starting with five work areas in Public Works. The works areas will be identified for phase 2 and 3 following the initial implementation.

The Bismarck Airport continued to set annual passenger records in 2016. The passenger boardings totaled 271,022 up from 259,734 in 2015. In 2015 the Commission approved a private public partnership agreement with Conrac Solutions to design, build and finance a consolidated cash wash facility at the Airport with completion of the project in 2016. This quick turn- around (QTA) facility consolidated all the Airport car rental operations and was the nation's first privately developed QTA. The City Commission also authorized a major run-way reconstruction project at the Airport for an estimated \$67 million with funding from Federal Aviation, State Aeronautics, and the City and Airport revenue bonds. The project will be completed in phases over a three year period to maintain continued operations and services at the Airport.

The City Commission authorized funding for a Burn Facility to provide a training tower for Fire in 2016. The construction was started in 2016 with an expected completion date in the spring of 2017. The 2016 budget also included funding of \$1.7 million dollars for the replacement of 3 new fire engines which are also scheduled to be delivered in the spring of 2017.

The City Commission received an evaluation report on the solid waste collection in the City that identified options to maximize efficiency in the process. This included a volume based fee structure, seasonal curbside pick-up to replace grass dump sites, bulk waste curbside collection service, quarterly voucher system for disposal at the landfill and reduction of the 5 day collection routes to four. Following input from the public input meetings and survey, the Commission authorized the change to the four-day collection route with future options to provide more frequent recycling pick-up.

The Commission continued to provide annual funding from Sales Tax to subsidize the special assessment cost to property owners for street repairs projects. Funding of \$1.8 million was used to

replace 23,400 lineal feet hard surfaced streets with permanent full depth concrete which was coordinated with the replacement of water main replacements. An additional \$.8 million was used to help fund annual resurfacing mill and overlay chip seal in 26,400 lineal feet of local streets, \$3.8 million help fund the reconstruction of 15,685 lineal feet in ground water impacted streets and \$.3 million help subsidize the panel sealing or replacement costs for 6,400 lineal feet for concrete streets in the City. The total estimated cost for the annual street maintenance projects is \$13 million for 2016.

In 2016, there were 293 residential lots approved and 10 annexations for a total of 381.4 acres and 54 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 16 special assessment districts for a total \$12.1 million for new developments for pavement, sanitary sewer, water and street light improvement. The construction of the Washington Street project from Calgary Avenue to 57<sup>th</sup> Street, a major arterial roadway in the City, was completed in 2016. The \$16 million project includes \$10 million in federal funding with the balance provided by the City from Sales Tax, Utilities and special assessments.

All of these initiatives reflect the Commission's commitment to the key areas of the Strategic Plan for economic vitality, community character, civic engagement and community services.

### **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, 2015. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the Fiscal Services staff and the various department heads. Appreciation is expressed to all personnel who assisted and contributed to its preparation. We acknowledge the thorough and professional manner in which the audit was conducted by our independent auditors, Eide Bailly LLP. Appreciation is also expressed to the Mayor and to all members of the City Commission for their interest and support in planning and conducting the financial operation of the City of Bismarck in an exemplary manner throughout the year.

Respectfully submitted,



Sheila Hillman  
Director of Finance



Government Finance Officers Association

**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

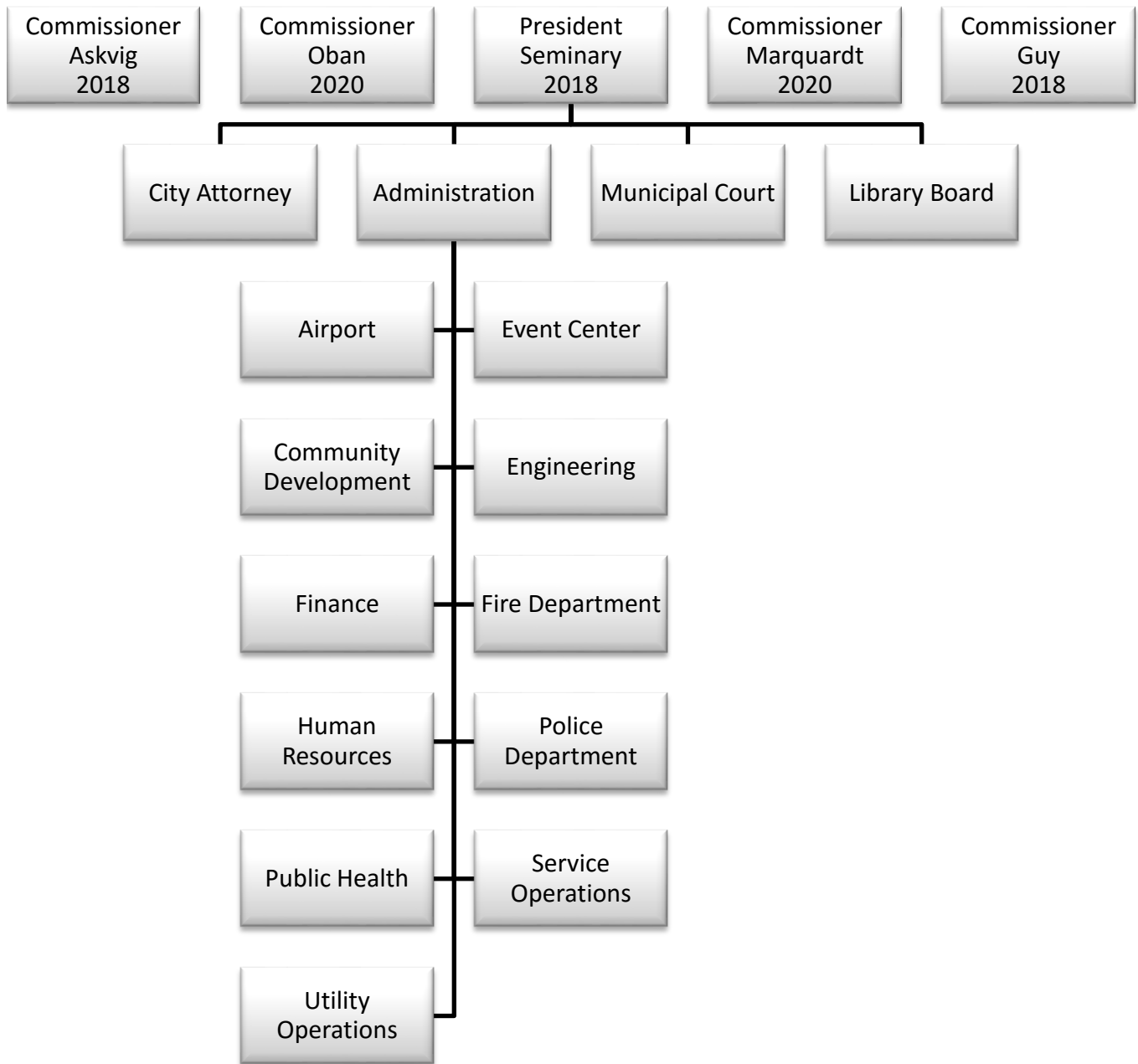
**December 31, 2015**



Executive Director/CEO



# City of Bismarck



# CITY OF BISMARCK, NORTH DAKOTA

## LIST OF ELECTED AND APPOINTED OFFICIALS

### Mayor-Commissioners:

	Initial Term <u>Commenced</u>	Current Term Expires <u>2<sup>nd</sup> Tuesday of June</u>
Mayor, Mike Seminary	2014	2018
Commissioner, Josh Askvig	2010	2018
Commissioner, Shawn Oban	2016	2020
Commissioner, Steve Marquardt	2014	2020
Commissioner, Nancy Guy	2014	2018

### Other Elected Officials:

Municipal Judge..... William Severin

### Appointed Officials:

City Administrator..... Keith Hunke  
 City Attorney..... Charles Whitman  
 Assistant City Administrator..... Jason Tomanek

### Department Directors:

Airport..... Greg Haug  
 Event Center..... Charlie Jeske  
 Engineering..... Gabe Schell  
 Finance..... Sheila Hillman  
 Fire Department..... Joel Boespflug  
 Human Resources..... Robert McConnell  
 Library..... Christine Kujawa  
 Public Health..... Renae Moch  
 Community Development..... Carl Hokenstad  
 Police Department..... Dan Donlin  
 Public Works Service Operations..... Jeff Heintz  
 Public Works Utility Operations..... Michelle Klose



# **FINANCIAL SECTION**



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bismarck, North Dakota, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and Sales Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

What inspires you, inspires us. Let's talk. | [eidebailly.com](http://eidebailly.com)

1730 Burnt Boat Loop, Ste. 100 | P.O. Box 1914 | Bismarck, ND 58502-1914 | T 701.255.1091 | F 701.224.1582 | EOE

**Restatements**

As discussed in Note III – C to the financial statements, certain errors resulting in the overstatement of amounts previously reported for customer deposits and the understatement of net position as of January 1, 2016 in the water fund and business-type activities, were discovered as a result of audit procedures during the current year.

Note III – C also discusses certain errors resulting from the understatement of amounts not recognized for tax revenues in the Sales Tax, Highway Construction, and Aggregate Remaining Funds, as well as in the Governmental Activities. These errors were discovered as a result of auditing procedures during the current year. Accordingly, the amounts reported for fund balance and net position as of January 1, 2016 have been restated. Our opinions are not modified with respect to these matters.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 19 and the required pension schedules for the City of Bismarck Employee's Pension Plan and City of Bismarck Police Pension Plan on pages 83 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Bismarck, North Dakota's basic financial statements. The introductory section, combining nonmajor fund financial statements, budget and actual comparisons, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements, budget and actual comparisons, and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budget to actual comparisons, and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2017 on our consideration of the City of Bismarck's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bismarck's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sallie LLP".

Bismarck, North Dakota  
June 30, 2017

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **CITY OF BISMARCK, NORTH DAKOTA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Bismarck, we offer readers of the City of Bismarck's financial statements this narrative overview and analysis of the financial activities of the City of Bismarck for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 5 of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Bismarck exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$835,980,235 (net position). Of this amount, \$232,556,007 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$40,004,263 which was a decrease of \$8,270,530 over 2015. The overall increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. The current year decrease in funding is the result of the capital contributions of infrastructure due to water, sewer, and streets.
- At the close of the current fiscal year, the City of Bismarck's governmental activities reported combined ending net position of \$430,715,584, an increase of \$31,912,341 in comparison with the prior year. The unrestricted net position of \$181,422,256, 42.12% of the governmental net position, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$32,800,155 and the assigned fund balance was \$4,555,285. The assigned and unassigned fund balance is 88% of total general fund expenditures and 84.6% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$165,628,190 which was a decrease of \$3,911,334 over 2015. This decrease is attributed to a reduction in the capital contribution of infrastructure of water, sewer, and streets.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Bismarck that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user

fees and charges (business-type activities). The governmental activities of the City of Bismarck include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Bismarck include an Airport, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, and Parking Authority Lots.

The government-wide financial statements can be found on pages 20 - 21 of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bismarck, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bismarck can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 22 - 27 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Civic Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property, Northern Plains Commerce Centre and Parking Authority Lots. Airport, Civic Center, Water, Sanitary Sewer, Storm Sewer and Parking Authority Lots are considered major funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28 - 32 of this report.



**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Bismarck's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 33 - 34 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 82 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bismarck's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 83 - 86 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bismarck, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$835,980,235 at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's Net Position as of December 31, 2015 and December 31, 2016.

<b>City of Bismarck</b>						
<b>Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	Restated 2015	2016	Restated 2015	2016	Restated 2015	2016
Current and other assets	\$ 224,050,897	\$ 237,177,125	\$ 90,810,270	\$ 76,199,359	\$ 314,861,167	\$ 313,376,484
Capital assets	317,106,717	343,869,103	424,568,751	441,967,162	741,675,468	785,836,265
<b>Total assets</b>	<b>541,157,614</b>	<b>581,046,228</b>	<b>515,379,021</b>	<b>518,166,521</b>	<b>1,056,536,635</b>	<b>1,099,212,749</b>
Deferred outflows of resources	6,524,527	6,932,339	1,834,470	1,917,723	8,358,997	8,850,062
Long-term liabilities outstanding	136,355,978	143,871,048	110,160,938	106,632,567	246,516,916	250,503,615
Other liabilities	10,525,700	12,045,778	9,072,676	7,635,321	19,598,376	19,681,099
<b>Total liabilities</b>	<b>146,881,678</b>	<b>155,916,826</b>	<b>119,233,614</b>	<b>114,267,888</b>	<b>266,115,292</b>	<b>270,184,714</b>
Deferred inflows of resources	2,276,861	1,346,157	807,148	551,705	3,084,009	1,897,862
Net position:						
Net investment in capital assets	197,951,649	218,218,040	319,247,440	341,955,183	517,199,089	560,173,223
Restricted	25,205,341	31,075,288	36,089,113	12,175,717	61,294,454	43,251,005
Unrestricted	175,646,253	181,422,256	41,836,176	51,133,751	217,482,429	232,556,007
<b>Total net position</b>	<b>\$ 398,803,243</b>	<b>\$ 430,715,584</b>	<b>\$ 397,172,729</b>	<b>\$ 405,264,651</b>	<b>\$ 795,975,972</b>	<b>\$ 835,980,235</b>

By far the largest portion of the City of Bismarck's net position (67%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. The City of Bismarck uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bismarck's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City of Bismarck's ratio of long-term liabilities to capital assets is 31.9%. The ratio reflects the City of Bismarck's strategy of using current resources and cash balance to finance capital assets with the exception of special assessment districts.

An additional portion of the City of Bismarck's net position (5.17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$232,556,007 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$181,422,256 in the unrestricted governmental activities can be attributed to the funding of capital assets, one-time expenditures, economic development, financing debt and prepaying the cost of the infrastructure in the capital project funds.

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

The City of Bismarck's current ratio (current assets/current liabilities, including debt payments due in less than 1 year) for the governmental activities is 7.77 and for the business-type activities is 5.32 which represents a strong capacity to meet current obligations.

The following table presents condensed financial information on the City's Changes in Net Position for the fiscal year ending December 31, 2015 and December 31, 2016.

City of Bismarck Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	Restated 2015	2016	Restated 2015	2016	Restated 2015	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,915,337	\$ 12,439,575	\$ 45,893,004	\$ 46,925,396	\$ 58,808,341	\$ 59,364,971
Operating grants and contributions	11,067,383	13,162,314	227,245	40,360	11,294,628	13,202,674
Capital grants and contributions	39,485,749	36,180,257	9,924,565	6,748,212	49,410,314	42,928,469
General revenues:						
Taxes	48,683,880	47,401,834	39,923	40,714	48,723,803	47,442,548
Investment earnings	675,796	690,481	419,227	375,048	1,095,023	1,065,529
Gain on disposal of assets	-	178,109	487,056	1,445,890	487,056	1,623,999
<b>Total revenues</b>	<b>112,828,145</b>	<b>110,052,570</b>	<b>56,991,020</b>	<b>55,575,620</b>	<b>169,819,165</b>	<b>165,628,190</b>
<b>Expenses:</b>						
General Government	18,265,605	16,888,611	-	-	18,265,605	16,888,611
Public Safety	24,641,875	26,286,801	-	-	24,641,875	26,286,801
Highways and Streets	10,413,928	10,407,454	-	-	10,413,928	10,407,454
Health and Welfare	3,201,291	3,201,853	-	-	3,201,291	3,201,853
Culture and Recreation	2,953,530	3,182,488	-	-	2,953,530	3,182,488
Interest and Fiscal Charges	2,400,187	3,041,297	-	-	2,400,187	3,041,297
Public Works	9,972,223	11,551,442	-	-	9,972,223	11,551,442
Airport	-	-	8,679,828	7,588,752	8,679,828	7,588,752
Event Center	-	-	11,436,810	11,043,455	11,436,810	11,043,455
Solid Waste Disposal	-	-	2,453,612	4,340,662	2,453,612	4,340,662
Solid Waste Collections	-	-	4,065,304	3,872,531	4,065,304	3,872,531
Water	-	-	11,722,982	11,896,989	11,722,982	11,896,989
Sanitary Sewer	-	-	7,014,055	7,691,135	7,014,055	7,691,135
Storm Water	-	-	1,993,037	2,697,316	1,993,037	2,697,316
Commercial Property	-	-	441,991	293,168	441,991	293,168
Parking Authority Lots	-	-	1,608,473	1,639,973	1,608,473	1,639,973
<b>Total expenses</b>	<b>71,848,639</b>	<b>74,559,946</b>	<b>49,416,092</b>	<b>51,063,981</b>	<b>121,264,731</b>	<b>125,623,927</b>
Increase in net position before transfer	40,979,506	35,492,624	7,574,928	4,511,639	48,554,434	40,004,263
Transfers	1,959,501	(3,580,283)	(1,959,501)	3,580,283	-	-
Increase in net position	45,203,032	31,912,341	5,615,427	8,091,922	50,818,459	40,004,263
Net position, as adjusted - 1/1	353,600,211	398,803,243	391,557,302	397,172,729	745,157,513	795,975,972
Net position - 12/31	<u>\$ 398,803,243</u>	<u>\$ 430,715,584</u>	<u>\$ 397,172,729</u>	<u>\$ 405,264,651</u>	<u>\$ 795,975,972</u>	<u>\$ 835,980,235</u>

## **Governmental Activities**

Governmental activities increased the City of Bismarck's net position by \$31,912,341, accounting for 79.8% of the total increase in the net position of the City of Bismarck. The increase is attributed to the philosophy of Bismarck to fund projects through accumulative revenue instead of financing. Projected projects included \$18.4 million in special assessment improvement revenue.

## **Business-type Activities**

Business-type activities increased the City of Bismarck's net position by \$8,091,922, accounting for 20.2% of the total growth in the City of Bismarck's net position. Water and Sanitary Sewer rates were increased to provide revenue for future funding of infrastructure improvements. Capital Contributions from special assessments contributed to an increase in revenue for new water, sanitary sewer and storm sewer assets.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City of Bismarck used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City of Bismarck's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bismarck's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Bismarck's governmental funds reported combined ending fund balances of \$115,932,589, an increase of \$9,356,623 in comparison with the prior year. The total restricted due to external limitations is 43,677,928 or 37.7% of the total fund balance. These limitations include \$2,741,315 for Building Construction Levy, \$30,786,922 for Special Assessment Debt Funds, \$288,366 for weather-related operations and \$9,861,325 for Sales Tax. The nonspendable funds of \$2,110,000 or 1.8% of fund balance is a result of advances to other funds. The committed funds of \$55,295,682 and assigned funds of \$4,555,285 are limited to its intended use. \$13,855,784 is committed to special programs in the Special Revenue Funds and \$41,439,898 is committed for capital project use in the Sales Tax, Special Deficiency, Building Improvements, Street Lights, Highway Construction, Commerce Development and Tax Increment Construction Funds. The assigned uses include Fire Truck and Equipment Reserve of \$1,218,899, Contingencies of \$825,000, Department Equipment Reserve of \$1,786,241, Technology Equipment Reserve of \$98,568, Computer Expansion Reserve of \$533,518, and Parking Lot Reserve of \$93,059.

The General Fund is the chief operating fund of the City of Bismarck. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32,800,155, while total fund balance reached \$40,326,755. The fund balance increased by \$1,730,605 as compared to 2015. There was a reduction in expenditure due to \$717,000 of vacant salaries due to turnover in the public safety sector. Transfers of \$830,000 was reduced due to FEMA match and building construction that was not required.

The construction project fund accounts for a majority of the improvements to the street, water and sewer mains. The construction projects have a positive fund balance of \$14,082,951. The special deficiency and assumptions was \$4,823,864, highway construction fund was \$26,890,544, building improvements was \$4,288,986, street lights/signals were \$101,352, tax increment was \$184,666 and community development was \$300,000 while the construction for sewer, water, street and sidewalk had a combined negative fund balance of \$22,506,461. The City initially cash flows the construction improvement districts which results in the negative fund balances. The City funds the construction projects through a sale of special assessment bonds for these expenses in 2017. The highway construction fund receives funding from sales tax to construct and rehabilitate existing roads and streets. The special deficiency and assumptions receives a mill levy and an administration fee to repair a portion of the existing roads and streets. Tax increment will receives incremental tax funds based on the mills to fund various downtown projects.

## **Proprietary Funds**

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$52,261,212. All individual proprietary funds reported increases in net position, except for Solid Waste Disposal of \$131,700 due to the adjustment of landfill's post closure and closure cost. Parking Authority of \$194,244 due to an increase in maintenance and repair of the Parkade and Event Center \$1,835,309 attributed in part to an increase in the operating costs of part-time salaries, utilities, and snow removal in the Exhibit Hall and the Arena Center.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was no change in appropriations between the original and final amended budget. However, significant variances between budget and actual are as follows:

- Taxes decreased by \$535,233 which is a result the 5% discount on early payment.
- License and permits decreased by \$272,653 due to a decrease in the new construction.
- Intergovernmental revenue decreased by \$1,901,941 which was attributed to a decrease of \$1.6 million in state aid grant which is based on a decline in the sales tax collections at the state level and a reduction of \$350,000 of MPO.
- Charges for services exceeded the budget by \$411,687 for utility improvement projects.
- Transfer in increased by \$1,198,004 a transfer in of the social security fund balance as a result of a reporting change in state policy.
- Administration surplus of \$145,492 was due to an unexpended one-time funds for the workforce improvement program.
- Finance surplus of \$363,703 is attributed to vacant positions and unexpended computer fees.
- Central Dakota Communications surplus of \$374,005 and Police of \$144,277 was excess budget authority due to vacant positions.
- Community Development had a surplus of \$341,195 due to a reduction in federal expenditures for the Metropolitan Planning Organization.
- Transfers of \$602,196 from the FEMA match and building construction.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The City of Bismarck's net investment in capital assets for its governmental and business type activities as of December 31, 2016, amounts to \$560,173,223 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset events during the current fiscal year included the following:

- Finished the construction of the Event Center Exhibit Hall expansion.
- Continued with the construction of the Water Softening Expansion Project.
- Continued with the trickling filter improvement project at the Wastewater Treatment Plant.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 2,767,950	\$ 2,767,950	\$ 15,740,055	\$ 15,840,780	\$ 18,508,005	\$ 18,608,730
Construction in Progress	2,587,854	1,622,712	17,989,350	23,645,322	20,577,204	25,268,034
Buildings	16,807,632	16,970,058	153,455,219	160,749,543	170,262,851	177,719,601
Improvements Other Than E	24,226	21,740	220,509,455	224,588,174	220,533,681	224,609,914
Machinery and Equipment	15,187,092	13,668,533	16,874,672	17,143,343	32,061,764	30,811,876
Infrastructure	279,731,963	308,818,110	-	-	279,731,963	308,818,110
Total	<u>\$ 317,106,717</u>	<u>\$ 343,869,103</u>	<u>\$ 424,568,751</u>	<u>\$ 441,967,162</u>	<u>\$ 741,675,468</u>	<u>\$ 785,836,265</u>

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

**Long-term debt** – At the end of the current fiscal year, the City of Bismarck had total long-term debt outstanding of \$232,961,286. Of this amount, \$122,750,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The City of Bismarck revenue bonds are secured by Water Revenue, Sanitary Sewer Revenue and Lodging, Liquor and Food Tax.

**City of Bismarck Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Net Pension Liability	\$ 14,194,215	\$ 14,860,189	\$ 2,523,439	\$ 2,682,140	\$ 16,717,654	\$ 17,542,329
Special assessment bonds	116,830,000	122,750,000	-	-	116,830,000	122,750,000
Less unamortized premiums	2,325,068	2,901,063	-	-	2,325,068	2,901,063
Compensated Absences	2,694,284	2,974,350	798,363	818,375	3,492,647	3,792,725
Claims and Judgments	312,411	385,446	107,545	122,754	419,956	508,200
Closure and postclosure costs	-	-	1,410,280	2,997,319	1,410,280	2,997,319
Civic Center revenue bonds	-	-	25,865,000	24,850,000	25,865,000	24,850,000
Less unamortized discount	-	-	(24,946)	(23,612)	(24,946)	(23,612)
Water revenue bonds-2012	-	-	4,360,000	3,665,000	4,360,000	3,665,000
Plus unamortized premium	-	-	45,617	37,063	45,617	37,063
Water revenue bonds-2013	-	-	8,155,000	7,615,000	8,155,000	7,615,000
Plus unamortized premium	-	-	1,201	1,107	1,201	1,107
Water revenue bonds-2014	-	-	12,545,000	11,760,000	12,545,000	11,760,000
Less unamortized discount	-	-	(120,727)	(111,616)	(120,727)	(111,616)
Water Treatment	-	-	12,255,000	11,510,000	12,255,000	11,510,000
Wastewater revenue bonds-2006	-	-	13,315,000	12,375,000	13,315,000	12,375,000
Wastewater revenue bonds-2015	-	-	29,000,000	28,405,000	29,000,000	28,405,000
Less unamortized discount	-	-	(74,834)	(70,963)	(74,834)	(70,963)
Total	<u>\$ 136,355,978</u>	<u>\$ 143,871,048</u>	<u>\$ 110,160,938</u>	<u>\$ 106,632,567</u>	<u>\$ 246,516,916</u>	<u>\$ 250,503,615</u>

The City issued new special assessments debt of \$20,335,000 which was issued in November of 2016 to fund Series L and SW2015 for projects that were completed in 2015.

There was no new issue for revenue bonds in 2016. The existing revenue bonds are secured by water and sewer revenue which matures in 2035. More detailed information about the debt position of the City can be found in Note IV.F on page 56.

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

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

In addition, net pension liability as of December 31, 2016 was \$17,542,329, an increase of 824,675 from 2015.

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

Growth has continued in the property tax base with new construction and improvements in both residential and commercial properties with an estimated increase of 4.86% in 2017. The number of residential properties sales was 327 through April. There are also 67 new residential building permits issued for that same time period. The growth in the property tax base directly contributes to the continued reduction of the property tax levy which declined by 2.15 mills in 2017.

The continued growth also leads to an increase in the need for the expansion of infrastructure improvements for streets and utilities. In 2016 there were 21 special assessment improvement districts. The growth continues to impact our need for additional department employees so 13 new positions were added in 2017. The unemployment remains at a low rate of 2.5% and the economy in Bismarck continue to grow despite the lower price of oil that impacts the western part of our state.

### **REQUEST FOR INFORMATION**

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

# **BASIC FINANCIAL STATEMENTS**

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 41,427,747	\$ 17,724,424	\$ 59,152,171
Investments	67,735,796	34,792,667	102,528,463
Receivables:			
Taxes	197,697	-	197,697
Accounts	10,055,206	3,726,900	13,782,106
Special assessments	111,308,095	9,023,517	120,331,612
Interest receivable	65,710	44,703	110,413
Notes receivable	1,156,046	-	1,156,046
Internal balances	2,006,577	(2,006,577)	-
Inventories	336,001	145,275	481,276
Prepaid items	2,592	99,114	101,706
Restricted assets:			
Cash and cash equivalents	-	473,619	473,619
Investments	2,885,658	-	2,885,658
Revenue bond covenant accounts	-	12,175,717	12,175,717
Capital assets not being depreciated:			
Land	2,767,950	15,840,780	18,608,730
Construction in progress	1,622,712	23,645,322	25,268,034
Capital assets (net of accumulated depreciation):			
Building and building improvements	16,970,058	160,749,543	177,719,601
Improvements other than buildings	21,740	224,588,174	224,609,914
Machinery and equipment	13,668,533	17,143,343	30,811,876
Infrastructure	308,818,110	-	308,818,110
Total assets	<u>581,046,228</u>	<u>518,166,521</u>	<u>1,099,212,749</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Derived from pensions	6,932,339	1,917,723	8,850,062
Total deferred outflows of resources	<u>6,932,339</u>	<u>1,917,723</u>	<u>8,850,062</u>
<b>LIABILITIES:</b>			
Accounts payable	5,849,272	3,795,624	9,644,896
Retainage payable	502,937	1,148,364	1,651,301
Salaries payable	1,357,495	369,544	1,727,039
Interest payable	584,367	749,642	1,334,009
Unearned revenue	856,049	1,488	857,537
Customer deposits	2,895,658	1,570,659	4,466,317
Noncurrent liabilities:			
Net pension liability	14,860,189	2,682,140	17,542,329
Due within one year	18,157,397	6,682,645	24,840,042
Due in more than one year	110,853,462	97,267,782	208,121,244
Total liabilities	<u>155,916,826</u>	<u>114,267,888</u>	<u>270,184,714</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Derived from pensions	1,346,157	551,705	1,897,862
Total deferred inflows of resources	<u>1,346,157</u>	<u>551,705</u>	<u>1,897,862</u>
<b>NET POSITION:</b>			
Net investment in capital assets	218,218,040	341,955,183	560,173,223
Restricted for:			
Debt service	30,786,922	12,175,717	42,962,639
Highway weather related projects	288,366	-	288,366
Unrestricted	181,422,256	51,133,751	232,556,007
Total net position	<u>\$ 430,715,584</u>	<u>\$ 405,264,651</u>	<u>\$ 835,980,235</u>

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



**CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 16,888,611	\$ 4,141,666	\$ 3,473,723	\$ -	\$ (9,273,222)	\$ -	\$ (9,273,222)
Public safety	26,286,801	1,382,234	2,079,580	-	(22,824,987)	-	(22,824,987)
Highways and streets	10,407,454	6,306,131	3,769,744	-	(331,579)	-	(331,579)
Health and welfare	3,201,853	474,109	1,591,951	-	(1,135,793)	-	(1,135,793)
Culture and recreation	3,182,488	135,435	369,445	-	(2,677,608)	-	(2,677,608)
Interest and fiscal charges	3,041,297	-	-	-	(3,041,297)	-	(3,041,297)
Public works	11,551,442	-	1,877,871	36,180,257	26,506,686	-	26,506,686
Total governmental activities	74,559,946	12,439,575	13,162,314	36,180,257	(12,777,800)	-	(12,777,800)
Business-type activities:							
Airport	7,588,752	5,880,634	-	3,568,158	-	1,860,040	1,860,040
Event center	11,043,455	6,817,419	40,360	-	-	(4,185,676)	(4,185,676)
Solid waste disposal	4,340,662	4,355,606	-	-	-	14,944	14,944
Solid waste collections	3,872,531	4,003,128	-	-	-	130,597	130,597
Water	11,896,989	13,918,492	-	1,273,202	-	3,294,705	3,294,705
Sanitary sewer	7,691,135	8,917,828	-	1,481,958	-	2,708,651	2,708,651
Storm water	2,697,316	1,390,903	-	424,894	-	(881,519)	(881,519)
Commercial property	293,168	180,632	-	-	-	(112,536)	(112,536)
Parking authority lots	1,639,973	1,460,754	-	-	-	(179,219)	(179,219)
Total business-type activities	51,063,981	46,925,396	40,360	6,748,212	-	2,649,987	2,649,987
Total primary government	\$ 125,623,927	\$ 59,364,971	\$ 13,202,674	\$ 42,928,469	(12,777,800)	2,649,987	(10,127,813)
Taxes:							
Property taxes					20,253,570	-	20,253,570
Sales tax:							
Sales tax					16,747,940	-	16,747,940
Occupancy tax					1,086,064	-	1,086,064
Lodging/liquor/food tax					2,848,332	-	2,848,332
Car rental tax					73,046	-	73,046
Unrestricted state aid distribution					3,902,315	-	3,902,315
Franchise taxes					1,243,287	-	1,243,287
Other taxes					1,247,280	40,714	1,287,994
Unrestricted investment earnings					690,481	375,048	1,065,529
Gain (Loss) on disposal of assets					178,109	1,445,890	1,623,999
Transfers					(3,580,283)	3,580,283	-
Total general revenues and separate line items					44,690,141	5,441,935	50,132,076
Changes in net position					31,912,341	8,091,922	40,004,263
Net position - beginning, as restated					398,803,243	397,172,729	795,975,972
Net position - ending					\$ 430,715,584	\$ 405,264,651	\$ 835,980,235

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

**CITY OF BISMARCK, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Highway Construction	Street Improvement Construction	Nonmajor Governmental Funds	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 10,782,336	\$ 1,852,648	\$ 3,329,814	\$ -	\$ 15,700,593	\$ -	\$ 9,662,356	\$ 41,327,747
Investments	29,123,778	9,971,429	-	-	10,400,398	-	11,195,152	60,690,757
Receivables:								
Taxes receivable	148,500	-	-	-	-	-	49,197	197,697
Accounts receivable	2,380,487	2,987,734	-	-	559,718	-	3,797,532	9,725,471
Special assessments	-	-	22,322,085	79,356,474	153,598	-	9,475,938	111,308,095
Notes receivable	-	-	-	-	-	-	1,156,046	1,156,046
Due from other funds	264,388	-	300,808	16,556,154	314,441	-	3,788,449	21,224,240
Advances to other funds	230,000	-	-	-	-	-	1,880,000	2,110,000
Restricted assets:								
Investments	-	-	-	-	-	-	2,885,658	2,885,658
<b>Total assets</b>	<b>\$ 42,929,489</b>	<b>\$ 14,811,811</b>	<b>\$ 25,952,707</b>	<b>\$ 95,912,628</b>	<b>\$ 27,128,748</b>	<b>\$ -</b>	<b>\$ 43,890,328</b>	<b>\$ 250,625,711</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,378,166	\$ -	\$ 6,801	\$ 29,918	\$ 87,140	\$ 210,049	\$ 3,378,771	\$ 5,090,845
Retainage payable	-	-	-	-	-	481,130	21,808	502,938
Due to other funds	-	-	-	-	-	18,552,114	2,775,549	21,327,663
Salaries payable	1,111,817	-	-	-	-	-	219,180	1,330,997
Unearned revenue	-	-	-	-	-	-	856,046	856,046
Customer deposits	100	-	-	-	-	-	2,895,558	2,895,658
<b>Total liabilities</b>	<b>2,490,083</b>	<b>-</b>	<b>6,801</b>	<b>29,918</b>	<b>87,140</b>	<b>19,243,293</b>	<b>10,146,912</b>	<b>32,004,147</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable special assessment taxes	-	-	20,638,258	73,220,190	151,064	-	8,536,252	102,545,764
Unavailable property taxes	112,651	-	-	-	-	-	30,560	143,211
<b>Total deferred inflows of resources</b>	<b>112,651</b>	<b>-</b>	<b>20,638,258</b>	<b>73,220,190</b>	<b>151,064</b>	<b>-</b>	<b>8,566,812</b>	<b>102,688,975</b>
<b>FUND BALANCES</b>								
Nonspendable	230,000	-	-	-	-	-	1,880,000	2,110,000
Restricted	2,741,315	9,861,325	5,307,648	22,662,520	-	-	3,105,120	43,677,928
Committed	-	4,950,486	-	-	26,890,544	-	23,454,652	55,295,682
Assigned	4,555,285	-	-	-	-	-	-	4,555,285
Unassigned	32,800,155	-	-	-	-	(19,243,293)	(3,263,168)	10,293,694
<b>Total fund balances</b>	<b>40,326,755</b>	<b>14,811,811</b>	<b>5,307,648</b>	<b>22,662,520</b>	<b>26,890,544</b>	<b>(19,243,293)</b>	<b>25,176,604</b>	<b>115,932,589</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 42,929,489</b>	<b>\$ 14,811,811</b>	<b>\$ 25,952,707</b>	<b>\$ 95,912,628</b>	<b>\$ 27,128,748</b>	<b>\$ -</b>	<b>\$ 43,890,328</b>	

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

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

343,869,103

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

102,754,680

The net pension liability is not due and payable in the current period and therefore is not reported in the funds. Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

(9,274,007)

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

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

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

6,642,999

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

(129,209,780)

**Net position of governmental activities**

**\$ 430,715,584**

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Highway Construction	Street Improvement Construction	Nonmajor Governmental Funds	Total
<b>REVENUES</b>								
Taxes	\$ 16,150,215	\$ 16,747,940	\$ -	\$ -	\$ -	\$ -	\$ 11,102,002	\$ 44,000,157
Licenses and permits	2,022,172	-	-	-	-	-	975	2,023,147
Special assessments	-	-	4,276,960	15,762,298	2,533	1,113,350	294,697	21,449,838
Intergovernmental	7,537,853	-	-	-	1,392,852	-	9,369,123	18,299,828
Charges for services	5,092,316	-	-	-	-	-	3,539,319	8,631,635
Fines and forfeits	1,142,970	-	-	-	-	-	120,624	1,263,594
Investment income	330,643	54,101	69,918	337,731	119,539	-	175,707	1,087,639
Rentals	294,653	-	-	-	-	-	115,726	410,379
Miscellaneous	71,030	-	-	-	-	-	472,307	543,337
Total revenues	<u>32,641,852</u>	<u>16,802,041</u>	<u>4,346,878</u>	<u>16,100,029</u>	<u>1,514,924</u>	<u>1,113,350</u>	<u>25,190,480</u>	<u>97,709,554</u>
<b>EXPENDITURES</b>								
Current								
General government	10,383,290	161	-	-	-	-	4,808,897	15,192,348
Public safety	22,921,075	-	-	-	-	-	962,468	23,883,543
Highways and streets	2,458,829	-	-	-	-	-	7,784,682	10,243,511
Health and welfare	2,305,421	-	-	-	-	-	861,731	3,167,152
Culture and recreation	397,201	-	-	-	-	-	2,203,114	2,600,315
Public works	-	-	-	-	97,031	450,888	2,383,295	2,931,214
Capital outlays								
General government	93,754	-	-	-	-	-	-	93,754
Public safety	1,091,966	-	-	-	-	-	67,301	1,159,267
Highways and streets	82,771	-	-	-	-	-	378,037	460,808
Culture and recreation	-	-	-	-	-	-	384,543	384,543
Public works	-	-	-	-	271,250	24,344,315	6,645,412	31,260,977
Debt service								
Principal	-	-	2,560,256	10,424,509	-	-	1,430,235	14,415,000
Interest and fiscal charges	-	-	649,466	2,317,231	-	40,224	241,796	3,248,717
Total expenditures	<u>39,734,307</u>	<u>161</u>	<u>3,209,722</u>	<u>12,741,740</u>	<u>368,281</u>	<u>24,835,427</u>	<u>28,151,511</u>	<u>109,041,149</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,092,455)</u>	<u>16,801,880</u>	<u>1,137,156</u>	<u>3,358,289</u>	<u>1,146,643</u>	<u>(23,722,077)</u>	<u>(2,961,031)</u>	<u>(11,331,595)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in	11,531,473	-	255,669	925,219	9,256,607	8,105,105	3,106,960	33,181,033
Transfer out	(2,708,413)	(16,287,998)	-	-	(6,695,666)	(2,232,806)	(5,665,355)	(33,590,238)
Premium on special assessment debt	-	-	-	-	-	583,166	179,257	762,423
Special assessment bonds issued	-	-	-	-	-	14,477,488	5,857,512	20,335,000
Total other financing sources (uses)	<u>8,823,060</u>	<u>(16,287,998)</u>	<u>255,669</u>	<u>925,219</u>	<u>2,560,941</u>	<u>20,932,953</u>	<u>3,478,374</u>	<u>20,688,218</u>
Net changes in fund balances	1,730,605	513,882	1,392,825	4,283,508	3,707,584	(2,789,124)	517,343	9,356,623
Fund balances - beginning, as restated	38,596,150	14,297,929	3,914,823	18,379,012	23,182,960	(16,454,169)	24,659,261	106,575,966
Fund balances - ending	<u>\$ 40,326,755</u>	<u>\$ 14,811,811</u>	<u>\$ 5,307,648</u>	<u>\$ 22,662,520</u>	<u>\$ 26,890,544</u>	<u>\$ (19,243,293)</u>	<u>\$ 25,176,604</u>	<u>\$ 115,932,589</u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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Net change in fund balances-total governmental funds (Page 23)	\$	9,356,623
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		26,756,041
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		10,113
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		1,803,366
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(6,682,423)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		559,667
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Internal service funds are used by management to charge the cost of health insurance, liability insurance, unemployment insurance, and revolving cost to the individual funds. A portion of the net revenue in the internal service funds is reported with governmental activities.		108,954
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Change in net position of governmental activities (Page 21)	\$	31,912,341
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**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Budgetary Fund Balance, January 1</b>	\$ 38,596,150	\$ 38,596,150	\$ 38,596,150	\$ -
Resources (inflows)				
Taxes	16,685,448	16,685,448	16,150,215	(535,233)
Licenses and permits	2,294,825	2,294,825	2,022,172	(272,653)
Intergovernmental	9,439,794	9,439,794	7,537,853	(1,901,941)
Charges for services	4,680,629	4,680,629	5,092,316	411,687
Fines and forfeits	1,120,300	1,120,300	1,142,970	22,670
Investment income	258,325	258,325	330,643	72,318
Rentals	279,497	279,497	294,653	15,156
Miscellaneous	34,050	34,050	71,030	36,980
Transfer in	10,333,469	10,333,469	11,531,473	1,198,004
Amount available for appropriation	83,722,487	83,722,487	82,769,475	(953,012)
Charges to appropriations (outflows)				
General government				
Nondepartmental	1,171,126	1,171,126	1,025,634	145,492
Administration	899,816	899,816	801,925	97,891
Building maintenance	691,040	691,284	690,093	1,191
Attorney	557,371	557,371	546,915	10,456
Finance	3,578,372	3,578,372	3,214,669	363,703
Human resources	540,354	540,354	517,181	23,173
Municipal court	516,932	516,932	513,752	3,180
Community development	2,763,021	2,778,132	2,436,937	341,195
One-time operations	1,652,337	1,618,083	1,480,978	137,105
Equipment reserve	62,525	62,525	38,828	23,697
Public safety				
Central dakota communications center	2,784,531	2,784,531	2,410,526	374,005
Fire	7,726,769	7,726,769	7,649,848	76,921
Police	12,062,979	12,062,979	11,918,702	144,277
One-time operations	1,119,281	2,819,281	2,739,904	79,377
Equipment reserve	15,000	15,000	-	15,000
Highways and streets				
Engineering	2,471,514	2,471,514	2,425,002	46,512
One-time operations	194,120	194,120	73,436	120,684
Equipment reserve	34,500	34,500	31,180	3,320
Health and welfare				
Public health	2,310,917	2,310,917	2,236,605	74,312
One-time operations	99,280	79,180	66,585	12,595
Equipment reserve	23,320	23,320	16,018	7,302
Culture and recreation				
Cable tv promotions	370,251	370,251	370,251	-
One-time operations	26,950	26,950	26,950	-
Transfer out				
Nondepartmental	1,978,049	1,978,049	1,375,853	602,196
Building construction	1,217,000	1,422,000	1,322,000	100,000
Contingencies	825,000	130,000	-	130,000
Central dakota communications center	-	-	4,277	(4,277)
Community development	24,704	9,593	508	9,085
One-time operations	1,210,000	-	5,775	(5,775)
Total charges to appropriations	46,927,059	46,872,949	43,940,332	2,932,617
<b>Budgetary Fund Balance, December 31</b>	<b>\$ 36,795,428</b>	<b>\$ 36,849,538</b>	<b>\$ 38,829,143</b>	<b>\$ 1,979,605</b>

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

**CITY OF BISMARCK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

<b>Sources/inflows of resources</b>	<b>General Fund</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 82,769,475
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(38,596,150)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,531,473)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 32,641,852</u>
 <b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 43,940,332
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(1,755,239)
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	257,627
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,708,413)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 39,734,307</u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SALES TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$12,488,201</b>	<b>\$12,488,201</b>	<b>\$ 12,488,201</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	17,238,016	17,238,016	16,747,940	(490,076)
Investment income	<u>36,613</u>	<u>36,613</u>	<u>54,101</u>	<u>17,488</u>
Amount available for appropriation	<u>29,762,830</u>	<u>29,762,830</u>	<u>29,290,242</u>	<u>(472,588)</u>
Charges to appropriations (outflows)				
General government	500	500	161	339
Transfer out	<u>23,191,826</u>	<u>23,191,826</u>	<u>16,287,998</u>	<u>6,903,828</u>
Total charges to appropriations	<u>23,192,326</u>	<u>23,192,326</u>	<u>16,288,159</u>	<u>6,904,167</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 6,570,504</u></b>	<b><u>\$ 6,570,504</u></b>	<b><u>\$ 13,002,083</u></b>	<b><u>\$ 6,431,579</u></b>

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

(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2016**

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 3,970,876	\$ 207,403	\$ 2,076,788	\$ 1,393,154	\$ 48,660	\$ 10,027,543	\$ 17,724,424	\$ 100,000
Investments	1,469,386	149,942	606,674	16,477,288	3,851,415	13,250,311	35,805,016	6,032,689
Receivables:								
Accounts receivable	1,642,102	109,980	579,852	616,737	95,971	669,749	3,714,391	342,246
Special assessments	-	-	3,186,924	3,455,197	2,381,396	-	9,023,517	-
Interest receivable	4,262	-	3,157	17,649	2,800	16,835	44,703	-
Due from other funds	-	12,413	91,010	-	-	-	103,423	-
Inventories	-	-	145,275	-	-	-	145,275	336,001
Prepaid items	10,464	27,064	30,580	12,289	2,140	16,577	99,114	2,592
Total current assets	7,097,090	506,802	6,720,260	21,972,314	6,382,382	23,981,015	66,659,863	6,813,528
Noncurrent assets:								
Restricted assets:								
Investments	-	448,494	-	-	-	25,125	473,619	-
Revenue bond covenant accounts	-	163,313	5,740,460	6,271,944	-	-	12,175,717	-
Capital assets not being depreciated:								
Land	8,473,109	912,100	877,448	324,590	2,567,739	2,685,794	15,840,780	-
Construction in progress	3,805,975	-	22,979	19,123,323	429,671	263,374	23,645,322	-
Capital assets (net of accumulated depreciation):								
Building and building improvements	14,661,624	32,716,464	63,949,370	26,064,841	-	23,357,244	160,749,543	-
Improvements other than buildings	45,358,636	-	75,985,683	48,464,031	44,404,288	10,375,536	224,588,174	-
Machinery and equipment	2,059,319	2,188,331	6,346,575	1,809,972	77,302	4,661,844	17,143,343	2,368
Total noncurrent assets	74,358,663	36,428,702	152,922,515	102,058,701	47,479,000	41,368,917	454,616,498	2,368
Total assets	81,455,753	36,935,504	159,642,775	124,031,015	53,861,382	65,349,932	521,276,361	6,815,896
DEFERRED OUTFLOWS OF RESOURCES								
Derived from pensions	303,826	282,626	520,417	286,229	60,716	463,909	1,917,723	143,968
Total deferred outflows of resources	303,826	282,626	520,417	286,229	60,716	463,909	1,917,723	143,968



(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	Business-type Activities - Enterprise Funds							Governmental
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Activities - Internal Service Funds
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 489,651	\$ 235,409	\$ 277,291	\$ 1,635,026	\$ 937,280	\$ 216,098	\$ 3,790,755	\$ 763,293
Retainage payable	87,873	-	11,899	1,048,592	-	-	1,148,364	-
Bonds payable	-	1,030,000	2,815,000	2,155,000	-	-	6,000,000	-
Accrued interest payable	-	113,138	304,054	332,450	-	-	749,642	-
Due to other entities	-	-	-	-	-	-	-	-
Compensated benefits payable	97,542	83,596	163,172	72,630	13,002	129,949	559,891	-
Salaries payable	62,138	69,891	91,647	46,913	9,566	89,389	369,544	26,498
Unearned revenue	-	-	-	-	-	1,488	1,488	-
Claims and judgments payable	-	-	-	-	-	-	-	508,200
Total current liabilities	737,204	1,532,034	3,663,063	5,290,611	959,848	436,924	12,619,684	1,297,991
Long-term liabilities:								
Net pension liability	433,920	379,770	723,541	397,948	84,413	662,548	2,682,140	197,814
Advances from other funds	-	-	-	-	-	2,110,000	2,110,000	-
Customer deposits	-	448,494	1,092,500	-	-	29,665	1,570,659	-
Compensated benefits payable	37,969	64,945	24,599	33,017	3,699	94,255	258,484	-
Revenue bonds payable	-	23,796,388	31,661,554	38,554,037	-	-	94,011,979	-
Accrued closure/post closure costs	-	-	-	-	-	2,997,319	2,997,319	-
Total long-term liabilities	471,889	24,689,597	33,502,194	38,985,002	88,112	5,893,787	103,630,581	197,814
Total liabilities	1,209,093	26,221,631	37,165,257	44,275,613	1,047,960	6,330,711	116,250,265	1,495,805
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Derived from pensions	96,571	79,767	134,737	74,105	15,719	150,806	551,705	36,837
Total deferred inflows of resources	96,571	79,767	134,737	74,105	15,719	150,806	551,705	36,837
<b>NET POSITION</b>								
Net investment in capital assets	74,358,663	10,990,507	112,705,501	55,077,722	47,479,000	41,343,792	341,955,185	2,368
Restricted for debt service	-	163,313	5,740,460	6,271,944	-	-	12,175,717	-
Unrestricted	6,095,252	(237,088)	4,417,237	18,617,860	5,379,419	17,988,532	52,261,212	5,424,854
Total net position	\$ 80,453,915	\$ 10,916,732	\$ 122,863,198	\$ 79,967,526	\$ 52,858,419	\$ 59,332,324	406,392,114	\$ 5,427,222
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(1,127,463)	
Net position of business-type activities							\$ 405,264,651	

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities- Internal Service Funds</b>
	<b>Airport</b>	<b>Event Center</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>							
Charges for sales and services:							
Event sales	\$ -	\$ 6,268,683	\$ -	\$ -	\$ -	\$ -	\$ 6,268,683
Sale of gas and oil	-	-	-	-	-	-	-
Sale of parts and labor	69,448	-	212,306	633	-	-	282,387
Water sales	1,455	-	13,600,934	-	-	-	13,602,389
Sanitation fees	-	-	21,211	8,897,026	1,362,694	8,216,548	18,497,479
Landing and airport fees	2,240,086	-	-	-	-	-	2,240,086
Miscellaneous sales	21,426	46,644	22,553	966	28,209	33,763	153,561
Rentals	3,548,220	542,452	626,415	19,202	-	1,749,902	6,486,191
Employer contributions	-	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-	-
Total operating revenues	<u>5,880,635</u>	<u>6,857,779</u>	<u>14,483,419</u>	<u>8,917,827</u>	<u>1,390,903</u>	<u>10,000,213</u>	<u>47,530,776</u>
<b>OPERATING EXPENSES</b>							
Cost of goods sold	-	3,319,508	45,052	-	-	-	3,364,560
Personal services - salaries & wages	1,257,413	2,119,210	2,048,359	1,182,222	263,054	1,950,304	8,820,562
Personal services - fringe benefits	397,191	516,130	746,000	402,783	91,930	751,712	2,905,746
Professional, legal, and contracted services	1,535,523	287,322	171,661	54,417	286,872	703,180	3,038,975
Building, equipment, and vehicle services	733,067	843,438	1,958,734	1,291,833	996,695	2,949,486	8,773,253
Travel & training	15,337	20,777	36,625	15,196	1,896	9,637	99,468
Operating services	209,572	180,515	369,109	163,926	22,099	1,446,983	2,392,204
Operating supplies	255,899	89,779	1,101,034	513,745	8,438	353,991	2,322,886
Depreciation expense	3,151,641	2,671,505	4,298,402	2,668,189	1,050,340	1,939,505	15,779,582
Total operating expenses	<u>7,555,643</u>	<u>10,048,184</u>	<u>10,774,976</u>	<u>6,292,311</u>	<u>2,721,324</u>	<u>10,104,798</u>	<u>47,497,236</u>
Operating income (loss)	<u>(1,675,008)</u>	<u>(3,190,405)</u>	<u>3,708,443</u>	<u>2,625,516</u>	<u>(1,330,421)</u>	<u>(104,585)</u>	<u>33,540</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Intergovernmental	40,714	-	-	-	-	-	40,714
Special assessments	-	-	648,541	691,303	313,566	-	1,653,410
Gain (loss) on disposal of assets	9,938	-	11,610	3,255	-	1,421,079	1,445,882
Investment income	37,635	9,659	20,791	181,929	19,347	99,285	368,646
Interest and fiscal charges	-	(958,134)	(1,073,996)	(1,411,326)	-	-	(3,443,456)
Total nonoperating revenues (expenses)	<u>88,287</u>	<u>(948,475)</u>	<u>(393,054)</u>	<u>(534,839)</u>	<u>332,913</u>	<u>1,520,364</u>	<u>65,196</u>
Income (loss) before contributions and transfer	<u>(1,586,721)</u>	<u>(4,138,880)</u>	<u>3,315,389</u>	<u>2,090,677</u>	<u>(997,508)</u>	<u>1,415,779</u>	<u>98,736</u>
<b>CAPITAL CONTRIBUTIONS</b>	3,568,158	-	2,295,180	844,013	2,055,824	-	8,763,175
<b>TRANSFERS IN</b>	18,262	2,520,545	-	-	-	-	2,538,807
<b>TRANSFERS OUT</b>	<u>(167,146)</u>	<u>(216,974)</u>	<u>(1,601,092)</u>	<u>(147,317)</u>	<u>(63,792)</u>	<u>(411,504)</u>	<u>(2,607,825)</u>
Change in net position	<u>1,832,553</u>	<u>(1,835,309)</u>	<u>4,009,477</u>	<u>2,787,373</u>	<u>994,524</u>	<u>1,004,275</u>	<u>8,792,893</u>
Total net position - beginning, as restated	<u>78,621,362</u>	<u>12,752,041</u>	<u>118,853,721</u>	<u>77,180,153</u>	<u>51,863,895</u>	<u>58,328,049</u>	<u>6,004,005</u>
Total net position - ending	<u>\$ 80,453,915</u>	<u>\$ 10,916,732</u>	<u>\$ 122,863,198</u>	<u>\$ 79,967,526</u>	<u>\$ 52,858,419</u>	<u>\$ 59,332,324</u>	<u>\$ 5,427,222</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(700,971)
Change in net position of business-type activities (page 19)							<u>\$ 8,091,922</u>

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

## CITY OF BISMARCK, NORTH DAKOTA

(Continued on next page)

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>							<b>Governmental</b>
		<b>Event</b>		<b>Sanitary</b>	<b>Storm</b>	<b>Nonmajor</b>		<b>Activities-</b>
	<b>Airport</b>	<b>Center</b>	<b>Water</b>	<b>Sewer</b>	<b>Water</b>	<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						<b>Funds</b>		<b>Service Funds</b>
Receipts from customers and users	\$ 4,766,377	\$ 6,699,411	\$ 14,421,640	\$ 8,805,053	\$ 1,390,101	\$ 9,979,766	\$ 46,062,348	\$ 3,005,276
Receipts from employer	-	-	-	-	-	-	-	6,854,071
Other operating cash receipts	-	-	-	-	-	-	-	208,703
Payments to suppliers	(2,863,917)	(5,212,614)	(5,831,162)	(2,271,573)	(1,181,240)	(4,779,932)	(22,140,438)	(10,381,666)
Payments to employees	(1,267,536)	(2,132,324)	(2,102,409)	(1,196,263)	(257,328)	(1,945,491)	(8,901,351)	(614,172)
Net cash provided (used) by operating activities	634,924	(645,527)	6,488,069	5,337,217	(48,467)	3,254,343	15,020,559	(927,788)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Payment on advance	-	-	-	-	-	(100,000)	(100,000)	-
Transfers from other funds	18,262	2,520,545	-	-	-	-	2,538,807	654,682
Transfers to other funds	(167,146)	(216,974)	(1,601,092)	(147,317)	(63,792)	(411,504)	(2,607,825)	(176,459)
Net cash provided (used) by noncapital financing activities	(148,884)	2,303,571	(1,601,092)	(147,317)	(63,792)	(511,504)	(169,018)	478,223
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Intergovernmental revenue	3,608,872	-	2,295,180	844,013	2,055,824	-	8,803,889	-
Revenue bond payment	-	(1,015,000)	(2,765,000)	(1,535,000)	-	-	(5,315,000)	-
Interest paid	-	(962,685)	(1,095,754)	(1,376,544)	-	-	(3,434,983)	-
Proceeds from sale of capital assets	9,938	-	7,338	3,255	-	1,421,079	1,441,610	3,417
Proceeds from insurance recoveries	-	-	4,272	-	-	-	4,272	34,855
Special assessments collected	-	-	387,408	429,318	222,245	-	1,038,971	-
Purchase of capital assets	(1,069,124)	(287,651)	(277,258)	(251,419)	(46,639)	(13,592)	(1,945,683)	-
Construction of capital assets	(5,007,724)	(294,297)	(6,350,882)	(16,643,051)	(2,395,855)	(1,132,712)	(31,999,564)	-
Net cash provided (used) by capital and related financing activities	(2,458,038)	(2,559,633)	(7,794,696)	(18,529,428)	(164,425)	274,774	(31,231,446)	38,272
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	7,205,048	186,963	5,529,121	31,040,354	4,130,794	11,461,137	59,553,417	6,423,019
Purchase of investments	(1,469,386)	(598,436)	(606,674)	(16,477,288)	(3,851,415)	(13,275,436)	(36,278,635)	(6,032,689)
Investment income	28,453	7,828	17,239	136,535	14,386	73,911	278,352	20,964
Net cash provided (used) by investing activities	5,764,115	(403,645)	4,939,686	14,699,601	293,765	(1,740,388)	23,553,134	411,294
Net increase (decrease) in cash and cash equivalent	3,792,117	(1,305,234)	2,031,967	1,360,073	17,081	1,277,225	7,173,229	-
Cash and cash equivalents - January 1	178,759	1,512,637	44,821	33,081	31,579	8,750,318	10,551,195	100,000
Cash and cash equivalents - December 31	\$ 3,970,876	\$ 207,403	\$ 2,076,788	\$ 1,393,154	\$ 48,660	\$ 10,027,543	\$ 17,724,424	\$ 100,000

## CITY OF BISMARCK, NORTH DAKOTA

(Continued from previous page)

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Activities- Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ (1,675,008)	\$ (3,190,405)	\$ 3,708,443	\$ 2,625,516	\$ (1,330,421)	\$ (104,585)	\$ 33,540
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	3,151,641	2,671,505	4,298,402	2,668,190	1,050,340	1,939,505	15,779,583
change in Deferred outflows	4,652	(1,448)	(41,145)	(26,951)	(13,575)	(4,786)	(83,253)
change in Deferred inflows	(41,095)	(38,498)	(73,019)	(38,288)	(4,716)	(59,827)	(255,443)
(Increase) decrease in accounts receivable	(1,114,258)	30,857	(4,279)	(112,774)	(802)	(20,432)	(1,221,688)
(Increase) decrease in due from other funds	-	(453)	(91,010)	-	-	-	(91,463)
(Increase) decrease in inventories	-	-	(54,159)	-	-	-	(54,159)
(Increase) decrease in prepaid items	1,030	(653)	6,278	(332)	(174)	(1,203)	4,946
Increase (decrease) in customer deposits	-	(189,225)	(57,500)	-	-	650	(246,075)
Increase (decrease) in accounts payable	281,642	44,627	(1,264,518)	176,342	226,864	(150,779)	(685,822)
Increase (decrease) in revenue bonds payable	-	1,334	462	3,872	-	-	5,668
Increase (decrease) in compensated benefits payable	2,203	9,319	(18,492)	1,926	3,593	21,463	20,012
Increase (decrease) in net pension liability	7,266	3,007	61,684	39,894	19,312	27,538	158,701
Increase (decrease) in salaries payable	16,851	14,506	16,922	9,378	1,112	20,425	79,194
Increase (decrease) in due to other entities	-	-	-	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-	-	(665)	(665)
Increase (decrease) in estimated pending claims	-	-	-	(9,556)	-	-	(9,556)
Increase in closure and post closure costs	-	-	-	-	-	1,587,039	1,587,039
Total adjustments	2,309,932	2,544,878	2,779,626	2,711,701	1,281,954	3,358,928	14,987,019
Net cash provided (used) by operating activities	\$ 634,924	\$ (645,527)	\$ 6,488,069	\$ 5,337,217	\$ (48,467)	\$ 3,254,343	\$ 15,020,559
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>							
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 1,670,518	\$ 53,357	\$ 1,944,496	\$ -	\$ 3,668,371
Contribution of capital assets from developers	-	-	624,662	790,655	111,329	-	1,526,646
Increase in fair value of investments	10,138	2,169	6,537	49,311	4,854	22,592	95,601

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

**CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016**

	Pension Trust Fund
<b>ASSETS</b>	
Receivables:	
Accounts	\$ 3,926
Accrued interest and dividends	\$ 86,231
Investments, at fair value:	
Domestic equities	20,576,543
International equities	33,440,760
Domestic fixed income	34,943,826
International fixed income	4,890,674
Real estate	23,504,782
Private equity	3,389,372
Mutual funds	501,842
Certificate of deposits	280,591
Invested cash	1,925,055
Invested securities lending collateral	743,071
Total assets	<u>124,286,673</u>
<b>LIABILITIES</b>	
Accounts payable	132,601
Securities lending collateral	743,071
Total liabilities	<u>875,672</u>
<b>NET POSITION</b>	
Net position - restricted for pension benefits	<u>123,411,001</u>
Total net position held in trust	<u><u>\$ 123,411,001</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDING DECEMBER 31, 2016**

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 3,493,818
Employee	1,973,940
Total contributions	<u>5,467,758</u>
Investment income:	
Net increase (decrease) in fair value of investments	5,346,762
Interest and dividends	2,986,622
	<u>8,333,384</u>
Less: investment expense	<u>(282,368)</u>
Net investment income	<u>8,051,016</u>
Securities lending Income	17,271
Less: securities lending expense	<u>(3,451)</u>
Net securities lending income	<u>13,820</u>
Total additions	<u>13,532,594</u>
<b>DEDUCTIONS</b>	
Benefits paid to participants	6,594,212
Refunds	334,953
Administration expenses	122,667
Total deductions	<u>7,051,832</u>
Change in net position	<u>6,480,762</u>
<b>Net position - beginning</b>	<u>116,930,240</u>
<b>Net position- ending</b>	<u><u>\$ 123,411,001</u></u>

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

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# NOTES TO FINANCIAL STATEMENTS

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**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities. Reporting of the internal activities has been eliminated to avoid duplication on the statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

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

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

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

The City reports the following major governmental funds:

**General Fund** – This fund is the general operating fund of the City. All financial resources of the general government that are not required to be reported in another fund are accounted for in the general fund.

**Sales Tax Fund** – This fund accounts for the one percent city sales tax used for expenditures that are authorized by the voters within the City of Bismarck.

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

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

**Highway Construction Fund** – This fund accounts for the improvements made to the arterial streets and the traffic signal lights systems. Financing is provided by Sales Tax and the North Dakota Department of Transportation.

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

The City reports the following major proprietary funds:

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

**Event Center** – This fund accounts for the operations of the Event Center.

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

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

**Storm Sewer Utility** – This fund accounts for the operations of storm sewers.

Additionally, the City reports the following fund types:

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

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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

**1. Cash and Cash Equivalents**

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

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

The City has no cash overdrafts from pooled cash and investments at December 31, 2016.

Interest revenue is allocated to all City funds unless state law (as outlined in the North Dakota Century Code) requires allocation of interest directly to a specific fund. The allocation is based on the fund's total cash and investment balance at the end of each month.

**2. Investments**

The City of Bismarck is governed by NDCC. North Dakota state statutes authorize local governments to invest in:

- a) bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress,
- b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above,
- c) certificates of deposit fully insured by the federal deposit insurance corporation or the state,
- d) obligations of the state.

In addition to the above-mentioned investments, Pension Trust funds are authorized to invest all or part of their surplus funds in other investments by selecting a funding agent or agents to hold and invest such funds for the board and shall be placed for investment only with a firm or firms whose primary endeavor is money management.

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**3. Receivables and Payables**

Notes receivable as of December 31, 2016 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
HUD Brandon Heights II Project	0%	7/1/2003 - 7/1/2023	\$ 129,000
HUD Abused Adult Resource Bonnie's House	0%	7/24/2013 - 9/20/2033	100,563
HUD Habitat Home Ownership Project	0%	7/8/2009 - 7/8/2024	41,600
HUD Home Dakota Apartments Project	0%	12/20/2011 - 12/20/2031	347,000
HUD Neighborhood Stabilization Program	0%	3/30/2010 - 3/30/2025	19,440
HUD NSP Dakota Apartments	0%	12/20/2011 - 12/20/2031	193,443
HUD Horizons Bldg (RMHH)	0%	4/28/2015-12/20/2031	25,000
HUD Patterson Place Apartments Loan	0%	none	300,000
 TOTAL NOTES RECEIVABLE			 <u>\$ 1,156,046</u>

Repayments of the HUD loans are forgivable when the terms of the agreement are met. The details of the HUD loans are disclosed in Note IV on page 55.

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

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

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

**4. Inventories and Prepaid Items**

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

Enterprise Funds record any payments made to vendors for services that will benefit periods beyond December 31, 2016, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

**5. Restricted Assets**

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

Certain proceeds of the Event Center's Lodging, Liquor, Food's revenue bonds, Water Enterprise Fund's revenue bonds and the Sanitary Sewer Enterprise Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable revenue bond covenants. The balances of the revenue bond covenant accounts are disclosed in Note IV on pages 58-59.

**6. Capital Assets**

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

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

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

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

**7. Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position by the government that would not be recognized as an outflow of resources (expense/expenditure) until future period(s) in which it is applicable. Deferred outflows are recorded in the government-wide Statement of Net Position under the governmental or business-type columns. Deferred outflows of resources of proprietary and internal service funds are reported in detail in their respective fund statements.

**8. Compensated Absences/Termination Benefits**

Sick Leave

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

Annual Leave

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

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

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

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

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

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

**9. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Internal service funds predominately serve the governmental funds. At year end, \$508,000 of claims and judgments are included in governmental and business-type activities. Governmental compensated absences of \$2,974,350 generally have been liquidated by the General Fund and various Special Revenue Funds.

**10. Pensions**

The City's portion of the Bismarck City Employee Pension Plan is based on the proportionate share of the net pension liability, deferred outflows/inflows and pension expense. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The City's proportionate share was further reallocated between governmental and business-type funds (proprietary/internal service funds) based on the present value of future payroll.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**11. Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that that would not be recognized as an inflow of resources (revenue) until the future period(s) in which it is applicable. Deferred inflows are recorded in the government-wide Statement of Net Position under the governmental or business-type columns. Deferred inflows of resources of proprietary and internal service funds are reported in detail in their respective fund statements.

**12. Net Position/Fund Balance**

The difference between assets, deferred outflows, liabilities and deferred inflows is “net position” on the government-wide, proprietary and fiduciary fund financial statements and “fund balance” on the governmental fund financial statements.

The Bismarck City Commission in 2011 approved the following policy which provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

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

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

The City Commission establishes, modifies or rescinds fund balance commitments by passage of a resolution. A resolution is the highest level of authority and requires another simple majority vote to modify or rescind. Assigned fund balance is established through adoption or amendment of the budget for its intended specific purpose.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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

As of December 31, 2016, fund balances are composed of the following:

	General	Sales	Sewermain	Street	Highway	Street	Nonmajor	Total
	Fund	Tax	Bonds	Improvement	Construction	Improvement	Governmental	Governmental
				Bonds		Construction	Funds	Funds
<u>Nonspendable:</u>								
Advance to other funds	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,880,000	\$ 2,110,000
<u>Restricted:</u>								
Building construction	2,741,315	-	-	-	-	-	-	2,741,315
Highway weather projects	-	-	-	-	-	-	288,366	288,366
Capital projects	-	8,051,597	-	-	-	-	-	8,051,597
Debt payments	-	-	5,307,648	22,662,520	-	-	2,816,754	30,786,922
<u>Committed:</u>								
Public health programs	-	-	-	-	-	-	837,997	837,997
Transit system	-	-	-	-	-	-	2,255	2,255
Public library	-	-	-	-	-	-	686,363	686,363
Drug enforcement	-	-	-	-	-	-	165,020	165,020
Highways and streets	-	-	-	-	-	-	5,156,753	5,156,753
Street light operations	-	-	-	-	-	-	2,274,091	2,274,091
Event center projects	-	-	-	-	-	-	1,588,562	1,588,562
Economic development	-	-	-	-	-	-	2,494,138	2,494,138
Capital projects	-	4,950,486	-	-	26,807,211	-	9,598,868	41,356,565
<u>Assigned:</u>								
Fire truck/equipment	1,218,899	-	-	-	-	-	-	1,218,899
Contingencies	825,000	-	-	-	-	-	-	825,000
Department equipment	1,786,241	-	-	-	-	-	-	1,786,241
Technology equipment	98,568	-	-	-	-	-	-	98,568
Computer expansion	533,518	-	-	-	-	-	-	533,518
Parking lot	93,059	-	-	-	-	-	-	93,059
<u>Unassigned</u>	32,800,155	-	-	-	-	(19,243,293)	(3,263,168)	10,293,694
Total Fund Balances	\$ 40,326,755	\$ 13,002,083	\$ 5,307,648	\$ 22,662,520	\$ 26,807,211	\$ (19,243,293)	\$ 24,525,999	113,388,923



**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**E. CHANGE IN ACCOUNTING PRINCIPLE**

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2016:

**GASB Statement No. 72**, "Fair Value Measurement and Application" was issued on February 2015. This statement provides guidance on the fair value measurements reported on the financial statements. Fair value is the exit prices based on the unit of account which is the assets or liability in aggregate or disaggregate for measurement, recognition or disclosure purposes. This statement requires a government to use valuation techniques where there is significant data available to measure its fair value. One or more of these valuation techniques should be consistently used: the market approach, the cost approach, or the income approach. These techniques maximize the relevant observable inputs and minimize the use of unobservable inputs. A hierarchy of inputs to valuation techniques is used to measure fair value which has three levels: Level 1 input are quoted prices (unadjusted) in markets with identical assets or liabilities, Level 2 exclude quoted prices that are included in Level 1 that are directly or indirectly observable and Level 3 are unobservable inputs. Investments must be valued at fair value with a few exceptions such as money market investments and 2a7-like external investment pools. This statement also requires donated assets to be measured at acquisition value. Disclosers are required to report fair value measurements, the level of fair value hierarchy and valuation techniques. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.

**GASB Statement No. 73**, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" was issued on June 2015. This statement provides information for pensions and postemployment benefits for reporting decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement provides guidance on requirements for contributing entities that are not covered under GASB 68, establishes requirements for accumulation of assets for all pensions and clarifies the application of certain provisions of GASB 67 and 68. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.

**GASB Statement No. 74**, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued on June 2015. This statement provides guidance for reporting information for other postemployment benefits (OPEB) other than pensions. This statement replaces GASB 43 for financial reporting and 57 for OPEB measurements. This statement also established the criteria for defined benefit and defined contribution OPEB plans and replaces those requirements in GASB 25. The requirements of this statement will enhance the note disclosures and schedules of required supplementary information and improve the measurements of net liabilities of OPEB plans. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016.

**GASB Statement No. 75**, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was issued on June 2015. This statement improves the accounting and reporting information of financial support by other entities for postemployment benefits other than pensions (OPEB). This statement replaces GASB 45 for accounting and financial reporting and GASB 57 for OPEB measurements. This statement establishes standards for recognizing and measuring liabilities, deferred outflows, deferred inflows and expenses. The statement also identifies the methods and assumptions requirements for determining the liability for benefits to provide a more comprehensive measurement of OPEB and the requirements for note disclosures and the required supplementary information to improve the decision-usefulness and accountability. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

**GASB Statement No. 76**, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" was issued on June 2015. This statement establishes the hierarchy of generally accepted accounting principles (GAAP) used in the preparation of financial statements. The statement reduces the hierarchy to two categories of authoritative GAAP and addresses the use of literature for transactions or events not specified in GAAP. The statement raises the GASB Implementation Guides in the hierarchy and requires the consideration for consistency with the GASB Concept Statements. This statement supersedes GASB 55 and is intended to

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provide reporting guidance with less variation and enhance the comparability of financial statements among governments. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015 and should be applied retroactively.

**GASB Statement No. 77**, "Tax Abatement Disclosures" was issued on August 2015. This statement defines tax abatements and the disclosure requirements for financial statements. This statement establishes the information required to assess the financial and operating impacts of tax abatements. This statement provides the reporting of comprehensive and consistent information on the nature and magnitude of tax abatement for the public. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2015.

**GASB Statement No. 78**, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" was issued on December 2015. This statement amends the scope and applicability of GASB 68 for Accounting and Financial Reporting for Pensions for certain multiple-employer defined benefit plans. The amendments exclude multiple-employer defined benefits plans from GASB 68 that are not state or local plans, provide pension to both state or local and non-state or local employees and have no predominant state or local employer. The statement further establishes the requirements for pension expenses, expenditures and liabilities, note disclosures and required supplementary information for reporting of those types of pensions. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2015.

**GASB Statement No. 79**, "Certain External Investment Pools and Pool Participants" was issued on December 2015. This statement establishes the qualification criteria for reporting all investments at amortized costs. The statement clarifies that if the external pool does not meet the criteria, the pool should apply provision 16 of GASB 31 and measure the investment at fair value as provided in paragraph 11 of GASB 31. The statement also establishes the additional note disclosures for qualifying external investments pools that use the measurement of amortized costs to report investments. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes the reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of this \$129,209,780 difference are as follows:

Bonds payable	\$ (122,750,000)
Less: unamortized bond discount	320,620
Plus: unamortized bond premium	(3,221,683)
Accrued interest payable	(584,367)
Compensated absences	<u>(2,974,350)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (129,209,780)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$26,756,041 difference are as follows:

Capital outlay	\$ 33,359,349
Contributed capital	10,875,364
Capital outlay transferred to Enterprise Funds	(3,668,370)
Depreciation expense	<u>(13,810,302)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 26,756,041</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.” The details of this \$10,113 difference are as follows:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale decrease financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ 10,113</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 10,113</u>

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

The details of this \$6,682,423 difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (20,335,000)
Plus: bond premium	(762,423)
Principal repayments:	
General obligation debt	<u>14,415,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (6,682,423)</u>

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Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$112,871 are as follows:

Compensated absences	\$ (280,067)
Accrued interest	(19,236)
Amortization of bond premium & interest on escrow	220,143
Amortization of bond discounts	(33,715)
Net pension liability	<u>672,542</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	  <u>\$ 559,667</u>

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. BUDGETARY INFORMATION**

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

A detailed explanation of differences between the budgetary outflows and GAAP expenditures are presented in the statements. The level of budgetary control is established at the department level. The department is allowed to transfer appropriations within its department from one account number to another. Commission approval is required for the transfer of appropriations from one department to another. The entire budget can be amended only by ordinance and commission approval. In August, the proposed budget is presented to the governing body for review. The governing body holds public hearings and may modify the proposed budget. The final budget must be adopted before October 1st.

The City also maintains an encumbrance system as a technique of accomplishing budgetary control. Encumbrances represent commitments related to uncompleted contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the General Fund. Revisions approved for open encumbrances totaled \$1,755,239 for General Fund and \$74,880 for the Special Revenue Street Lights & Traffic Signals Fund for the year ended December 31, 2016. For budgetary purposes appropriations lapse at year end except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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**B. DEFICIT FUND BALANCE**

The following individual funds had deficits at December 31, 2016, as measured by the balances in the total fund balance as follows:

	<u>Amount</u>
<u>Capital Projects Funds:</u>	
Flood Construction	(314,441)
Sewermain Construction	(594,575)
Watermain Construction	(745,768)
Sidewalk Construction	(1,608,384)
Street Improvement Construction	(19,243,293)

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December 2017. Flood Construction will be funded through FEMA, State Land Grant and Special Assessments.

**C. RESTATEMENTS**

Burleigh County Water Users Investment

The City reclassified an investment from the Burleigh County Water Users. This investment of \$2,300,000 is not restricted for use by the City of Bismarck. 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 for 40 years. If the Burleigh County Water Users elected to cancel the contract, the deposit would be forfeited to the City of Bismarck for the investment in the infrastructure. The beginning of the year restatements increased fund balance and decreased the liability by \$3,082,482.

Accounts Receivable

The City restated beginning fund balance to increase the accrual of Sales Tax, Occupancy Tax, Restaurant & Lodging Tax, Oil & Gas Tax, and Highway & Motor Vehicle Tax for the governmental funds. This accrual includes 60 days of tax revenue instead of 30 days from 2017. There was a minimal effect on the revenue so therefore it was not restated. The beginning of the year restatements increased governmental funds accounts receivable and increased beginning fund balance by \$2,543,666.

	<u>Governmental Funds</u>			
	<u>Sales Tax</u>	<u>Highway Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Net position - January 1, as previously reported	\$ 12,488,201	\$ 23,099,627	\$ 24,008,656	\$104,032,300
Restatement				
Accounts Receivable	1,809,728	83,333	650,605	2,543,666
Net position - January 1, as restated	<u>\$ 14,297,929</u>	<u>\$ 23,182,960</u>	<u>\$ 24,659,261</u>	<u>\$106,575,966</u>
	<u>Proprietary Funds</u>	<u>Government- Wide</u>		
	<u>Water</u>	<u>Governmental Funds</u>	<u>Business-Type Activities</u>	
Net position - January 1, as previously reported	\$ 115,771,239	\$ 396,259,577	\$ 394,090,247	
Restatement				
Customer Deposits	3,082,482	2,543,666	3,082,482	
Net position - January 1, as restated	<u>\$ 118,853,721</u>	<u>\$ 398,803,243</u>	<u>\$ 397,172,729</u>	

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS**

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The City does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, the City maintains deposits at those depository banks and savings and loans authorized by the City Commission, all of which are covered by federal deposit insurance. These statutes also require that the deposits be protected by insurance, collateral or surety bond. The fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. The only exception is for funds that are deposited with the Bank of North Dakota, which is owned and backed by the full faith and credit of the State of North Dakota. At December 31, 2016, the carrying amount of the City's deposits was \$178,646,031 and the bank balance was \$182,005,510, all of which was insured and collateralized.

**Cash and Investments**

As of December 31, 2016 the city's cash and investments are as follows:

Cash on hand	\$ 48,419
Deposits	71,753,087
Investments	<u>229,610,637</u>
Total cash and investments	<u><u>\$ 301,412,143</u></u>

The cash and investments presented in the Financial Statements December 31, 2016 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 59,152,171
Investments	102,528,463
Restricted:	
Cash and cash equivalents	473,619
Investments	2,885,658
Revenue bond covenant accounts	
Cash and cash equivalents	3,048,972
Investments	<u>9,126,745</u>
Total primary government cash and investments	<u>177,215,627</u>
<u>Fiduciary Funds</u>	
Investments	<u>124,196,516</u>
Total cash and investments	<u><u>\$ 301,412,143</u></u>

**B. INVESTMENTS**

**Primary Government**

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

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Interest Rate Risk

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

As of December 31, 2016 the City (Primary Government) had the following debt securities shown in the table below by investment type and maturity.

**Interest Rate Risk: City**

	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Certificate of Deposits	\$ 49,413,385	\$ 40,688,277	\$ 8,725,108	\$ -	\$ -
Government Agencies	43,846	-	43,846	-	-
Government Bonds	6,308,640	147,851	1,558,108	502,873	4,099,808
Federal Mortgage-Backed	41,265,014	3,042,006	38,223,008	-	-
External Investment Pool	17,509,981	17,509,981	-	-	-
Total Debt Securities	<u>\$ 114,540,866</u>	<u>\$ 61,388,115</u>	<u>\$ 48,550,070</u>	<u>\$ 502,873</u>	<u>\$ 4,099,808</u>

Some investments are more sensitive to interest rate changes than others. Variable and floating rates collateralized mortgage obligations (CMO), asset-backed securities (ABS), interest-only (IO) and principal-only (PO) securities are examples of investments whose fair values may be highly sensitive to interest rate changes. IO and PO securities are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The City held IO's valued at \$3,630,817 and PO's valued at \$2,677,823 at December 31, 2016. The City has no formal policy regarding IO and PO strips.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City of Bismarck does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2016, the City (Primary Government) had the following debt securities with their respective ratings.

**Credit Risk: City Investments**

S&P Credit Rating	Total Fair Value	Government Agencies	Federal Mortgage- Backed	External Investment Pool
AA	\$ 58,818,841	\$ 43,846	\$ 41,265,014	\$ 17,509,981
<u>Not Rated</u>				
Government Bonds	6,308,640			
Certificate of Deposits	49,413,385			
Total Debt Securities	<u>\$ 114,540,866</u>			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2016, 36.03 percent of the City's (Primary Government) investments were invested with the Federal National Mortgage association and the Federal Home Loan Mortgage Corporation.

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Fair Value Measurement

The fair value measurements are categorized by the fair value hierarchy based on the generally accepted accounting principles. Valuation inputs are used measure the fair value of the asset to determine the appropriate category. The categories range from level 1 which is the highest priority to level 3 which is the lowest priority and are based on the following categories:

Level 1 Unadjusted quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value leveling of the City of Bismarck's investment portfolio are as of December 31, 2016.

	Fair Value 12/31/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Fixed income investments				
Government Agencies	\$ 43,846	\$ -	\$ 43,846	\$ -
Government Bonds	6,308,640	-	6,308,640	-
Federal Mortgage-Backed	41,265,014	-	41,265,014	-
<b>Total investments by fair value level</b>	<b>\$ 47,617,500</b>	<b>\$ -</b>	<b>\$ 47,617,500</b>	<b>\$ -</b>

**Investments measured at the net asset value (NAV)**

External Investment Pool - Comingled	\$ 17,509,981
<b>Total investment measured at the NAV</b>	<b>\$ 17,509,981</b>

**Investments at other than fair value**

Certificate of Deposits	\$ 49,413,385
<b>Total investment at other than fair value</b>	<b>\$ 49,413,385</b>

**Total Investment      \$114,540,866**

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value (NAV) per share (or its equivalent) have been classified separately in the table above and include investments considered to be alternative investments which are not subject to the category classification. The assets are pooled in an investment with a joint powers agreement with Bismarck, Mandan, Morton, and Burleigh governmental entities. These investments are commingled in funds that are allowed by the North Dakota Century code section 21-06-07. It is regulated by a committee that comprises of chief financial, investment, or business officer of each of the entities. The distribution of earnings and cost are prorated in proportion to the contributions of the entities. The agreement has a 20-year duration that started January 1, 1999.



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**Pension Funds**

Interest Rate Risk

Investments in the Deferred Sick, City Pension and Police Pension funds are generally managed by the North Dakota Retirement and Investment Office (NDRIO) under the authority of the State Investment Board. The NDCC 21-10 states the State Investment Board shall apply the prudent investor rule in investing funds under its supervision. The investments must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. More information on the NDRIO can be found in their financial reports at <http://www.state.nd.us/rio/SIB/Publications/default.htm>.

Agencies investments are governed by the Bismarck Firefighter's Relief Association Board. The Employee Excess Retirement fund is directed by the employees utilizing a contracted City investment manager.

NDRIO has chosen to use the Segmented Time Distribution disclosure method for the Deferred Retirement, City and Police investments. The City's portion of interest rate risk for pension debt securities is shown in the table below by investment type and maturity as of June 30, 2016, the most recent information available from NDRIO. The Employee Excess Retirement included in the table is as of December 31, 2016.

**Interest Rate Risk: Pension Investments**

	All values in \$000				
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Asset Backed Securities	\$ 890	\$ -	\$ 34	\$ 141	\$ 714
Bank Loans	5	-	1	4	-
Commercial Mortgage-Backed	511	-	-	1	511
Corporate Bonds	5,425	228	1,981	2,161	1,054
Corporate Convertible Bonds	255	-	198	6	51
Government Agencies	603	51	457	62	35
Government Bonds	3,556	-	1,470	1,043	1,043
Gov't Mortgage Backed and CMB	16,344	-	846	1,043	14,454
Repurchase Agreements	(626)	(626)	-	-	-
Index Linked Government Bonds	150	1	-	67	81
Municipal/Provincial Bonds	172	-	1	108	63
Non-Government Backed CMOs	931	-	14	15	901
Other Fixed Income	59	10	49	-	-
Short Term Bills and Notes	684	684	-	-	-
Pooled Investments	13,443	36	11,336	2,071	-
Total Debt Securities	<u>\$ 42,402</u>	<u>\$ 384</u>	<u>\$ 16,389</u>	<u>\$ 6,722</u>	<u>\$ 18,907</u>

Credit Risk

The NDRIO maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each debt security manager is given a specific set of guidelines to invest based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories. The following table presents the NDRIO's external investment pool as of June 30, 2016. December 31, 2016 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2016.

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**Credit Risk: Pension Fund Investments**

S&P Credit Rating	All values in \$000			
	Total	Bond	Fixed	External
	Fair Value	Mutual Funds	Mutual Funds	Investment Pool
Not Rated	\$ 42,402	\$ -	\$ -	\$ 42,402
Total Debt Securities	\$ 42,402	\$ -	\$ -	\$ 42,402

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The City's foreign currency risk exposure portion of the investment pool is presented in the following table as of June 30, 2016. December 31, 2016 information for foreign currency risk is not available from NDRIO.

<b>Foreign Currency Risk: Pensions</b>		All values in \$001			
Currency	Short-term	Debt	Equity	Total	
Australian dollar	\$ 4	\$ 208	\$ 290	\$ 502	
Brazilian real	16	146	98	260	
British pound sterling	4	132	1,630	1,766	
Canadian dollar	(1)	-	316	315	
Chilean peso	1	177	21	199	
Chinese yuan renminbi	(1)	-	-	(1)	
Columbian peso	-	65	-	65	
Czech koruna	-	-	18	18	
Israeli shekel	-	-	42	42	
Danish krone	-	-	47	47	
Euro	(129)	150	2,685	2,706	
Hong Kong dollar	2	-	770	772	
Hungarian forint	-	103	47	150	
Indian Rupee	125	-	-	125	
Indonesian Rupiah	1	124	25	150	
Japanese yen	(98)	5	1,178	1,085	
Malaysian Ringgit	1	118	-	119	
Mexican peso	(13)	536	34	557	
New Zealand dollar	-	94	-	94	
Norwegian krone	77	-	69	146	
Polish zloty	-	54	28	82	
Russian ruble	(24)	-	-	(24)	
Singapore dollar	1	-	48	49	
South African rand	1	83	83	167	
South Korean won	11	-	312	323	
Swedish krona	182	-	156	338	
Swiss franc	1	-	343	344	
Thai baht	10	-	93	103	
Turkish lira	1	-	28	29	
International commingled funds (various currencies)	-	2,014	11,519	13,533	
Total securities subject to foreign currency risk	\$ 172	\$ 4,009	\$ 19,880	\$ 24,061	

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Fair Value Measurement

The investments of the City of Bismarck's pooled funds are invested in the State Investment Board investment pool. The pool invests in securities authorized by state statutes. At December 31, 2016, the City of Bismarck's portion of the State Investment Board had a fair market value of \$121,473,019 as of June 30, 2016. December 31, 2016 information is not available from NDRIIO.

The State Investment Board is regulated by an eleven-member board. The audited financial statements may be found at [http://www.nd.gov/rio/RIO\\_ref/report\\_type.asp?reportType=financials](http://www.nd.gov/rio/RIO_ref/report_type.asp?reportType=financials) or on the North Dakota State Government website. Several agencies whose investments are under the supervision of the SIB participates in the pooled investments. The agencies transfer money into the investment pools and receive an appropriate percentage ownership of the pooled portfolio based upon fair value. All activities of the investment pools are allocated to the agencies based upon their respective ownership percentages. Each participant unit is valued at \$1.00 per unit.

**C. TAX ABATEMENTS**

The City of Bismarck provides five tax abatement programs which includes a Commercial and Residential Renaissance Zone Program, New or Expanding Business Exemptions, and a Commercial and Residential Remodeling Exemption.

As of December 31, 2016, the Renaissance Zone Property Tax Exemptions under the NDCC Ch. 40-63, is for Commercial and Residential buildings located within the renaissance zone that allow for the property to be excluded for up to five years, provided the City approves the exemption. A renaissance zone is a geographical area that the City applies to the State Department of Commerce to designate a portion of the City into a renaissance zone.

The Renaissance Zone Program for commercial and residential properties was established in March 2001 and now encompasses a 39-block area in the downtown area. The purpose of the zone is to encourage reinvestment in downtown properties by providing property tax incentives to commercial and residential owners. There are four different types of Renaissance Zone projects that qualify for property tax exemptions: rehabilitation, purchase with major improvements, purchase only, and historical preservation and renovation. A Renaissance Zone project must be approved by both the City of Bismarck and the North Dakota Department of Commerce before qualifying activity occurs.

New or Expanding Business Exemption under NDCC Ch. 40-57.1, provides property tax abatements by assisting in establishing industrial plants, expanding and retaining existing businesses. A property tax exemption allows for the property to be excluded for up to five years. The property must have prior certification as a primary sector business by the ND Commerce Department. A partial or complete exemption from ad valorem taxation under this section for retail sector projects may receive a partial or complete exemption from the City Commission.

The Commercial and Residential Remodeling Exemption under NDCC Ch. 40-57.02.2, provides property tax abatements by assisting in incentives for remodeling properties that are 30 years or older. This exemption will be for commercial and residential remodeling projects and will only include additions for residential structures. The exemption will be for a maximum of 3 years. The City Commission must approve the application prior to receiving the exemption.

The amount of taxes abated for the year ending December 31, 2016 was as follows:

<b>Tax Abatement Programs</b>	<b>Tax abatement in 2016</b>
Renaissance Zone Exemption - Commercial	\$ 310,307
Renaissance Zone Exemption - Residential	7,503
New or Expanding Business Exemption	24,493
Remodeling Exemption - Commercial	553,780
Remodeling Exemption - Residential	49,091
	<u>\$ 945,174</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 2,767,950	\$ -	\$ -	\$ 2,767,950
Construction in progress	2,587,854	1,483,176	(2,448,318)	1,622,712
Total capital assets, not being depreciated	5,355,804	1,483,176	(2,448,318)	4,390,662
Capital assets, being depreciated:				
Buildings and building improvements	33,692,077	1,277,764	-	34,969,841
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	36,633,610	1,353,762	(196,306)	37,791,066
Infrastructure	365,812,865	38,947,853	-	404,760,718
Total capital assets being depreciated	436,223,901	41,579,379	(196,306)	477,606,974
Less accumulated depreciation for:				
Buildings and building improvements	(16,884,445)	(1,115,338)	-	(17,999,783)
Improvements other than buildings	(61,123)	(2,486)	-	(63,609)
Machinery & equipment	(21,446,518)	(2,862,434)	186,419	(24,122,533)
Infrastructure	(86,080,902)	(9,861,706)	-	(95,942,608)
Total accumulated depreciation	(124,472,988)	(13,841,964)	186,419	(138,128,533)
Total capital assets, being depreciated, net	311,750,913	27,737,415	(9,887)	339,478,441
Governmental activities capital assets, net	\$ 317,106,717	\$ 29,220,591	\$ (2,458,205)	\$ 343,869,103

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 15,740,055	\$ 125,525	\$ (24,800)	\$ 15,840,780
Construction in progress	17,989,350	19,251,603	(13,595,631)	23,645,322
Total capital assets, not being depreciated	33,729,405	19,377,128	(13,620,431)	39,486,102
Capital assets, being depreciated:				
Buildings and building improvements	234,773,575	14,170,894	(495,860)	248,448,609
Improvements other than buildings	319,892,516	11,295,072	-	331,187,588
Machinery & equipment	31,952,318	1,984,984	(2,053,763)	31,883,539
Total capital assets being depreciated	586,618,409	27,450,950	(2,549,623)	611,519,736
Less accumulated depreciation for:				
Buildings and building improvements	(81,318,356)	(6,876,570)	495,860	(87,699,066)
Improvements other than buildings	(99,383,061)	(7,216,353)	-	(106,599,414)
Machinery & equipment	(15,077,646)	(1,686,659)	2,024,109	(14,740,196)
Total accumulated depreciation	(195,779,063)	(15,779,582)	2,519,969	(209,038,676)
Total capital assets, being depreciated, net	390,839,346	11,671,368	(29,654)	402,481,060
Business-type activities capital assets, net	\$ 424,568,751	\$ 31,048,496	\$ (13,650,085)	\$ 441,967,162

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 1,445,988
Public Safety	1,293,775
Highways and Streets	657,428
Health	35,592
Culture and Recreation	578,346
Public Works	9,830,835
Total depreciation expense - governmental activities	<u>\$ 13,841,964</u>

Business-type activities:

Airport	\$ 3,151,641
Event Center	2,671,505
Solid Waste Disposal	647,409
Solid Waste Collections	288,909
Water	4,298,402
Sanitary Sewer	2,668,189
Storm Water	1,050,340
Commercial Property	53,033
Northern Plains Commerce Center	215,235
Parking Authority Lots	734,919
Total depreciation expense - business-type activities	<u>\$ 15,779,582</u>

**E. COMMITMENTS**

As of December 31, 2016, the City had commitments on various construction contracts totaling approximately \$45,571,479.

The HOME Program and Neighborhood Stabilization Program has 4 outstanding loans with Dakota Apartments having both a Home and a Neighborhood Stabilization Program loan. Dakota Apartments Home Program is \$347,000 and the Neighborhood Stabilization Program is \$193,443 is forgiven after 20 years or is due if ownership changes starting as of 12/20/2011. Habitat Home Ownership project in the amount of \$41,600 is forgivable at 10% per year starting on 7/8/2015 and is 100% forgiveness if owned for 15 years. Brandon Heights II Home Project requires a balloon payment \$129,000 or loan forgiveness at the end of 20 years. The Abused Adult Resource Center for Bonnie's House is \$100,563 that is forgiven after 20 years or if ownership changes starting as of 12/24/2013. The Neighborhood Stabilization Program has one loan outstanding in the amount of \$19,440 that is forgivable at 10% per year after 6 years. The Patterson Place Apartment Loan is a non-forgivable loan for \$300,000 with 0% interest. Payment is due from surplus cash if ownership changes including Façade Easements. The original 1983 loan was subordinated on 12/16/2003 with an extended term until April 1, 2024. The CDBG program has one outstanding loan for rehab of the Horizons Building (RMHH). This loan is for \$25,000 with 0% interest. If there is no change in use or ownership within 5 years, the loan will be forgiven on 4/28/20.

The City of Bismarck encumbrances at December 31, 2016 was \$1,830,119. The following General Fund encumbrances included a Bismarck-Mandan Bicycle and Pedestrian Study began in 2016 and will be completed in 2017 which encumbered \$54,898. Three fire engines were contracted in 2016 and will be completed in 2017 which encumbered \$907,529. A vector vehicle was authorized on state bid in 2016 for \$25,500 and the implementation of a work order management system that began in 2016 was encumbered for \$767,313 but neither was completed until 2017. The Street Lights Fund encumbered an engineer consulting contract for fiber optic network system for \$74,880 that was completed in 2017.

	<u>General Fund</u>	<u>Non Major Funds</u>
Encumbrances	\$ 1,755,239	\$ 74,880

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**Due To - Due From Other Funds**

Interfund receivables (due from other funds) and payables (due to other funds) are used when a fund has a cash deficit. The composition of interfund balances as of December 31, 2016 was:

Due From:	Due To:		
	Governmental Funds		Total Due From
	Nonmajor Governmental Funds	Street Improvement Construction	
<u>Governmental Funds:</u>			
General Fund	\$ 264,388	\$ -	\$ 264,388
Sewermain Bonds	300,808	-	300,808
Street Improvement Bonds	-	16,556,154	16,556,154
Highway Construction	314,441	-	314,441
Nonmajor Governmental Funds	1,792,489	1,995,960	3,788,449
	2,672,126	18,552,114	21,224,240
<u>Business-Type Funds:</u>			
Event Center	12,413	-	12,413
Water	91,010	-	91,010
	103,423	-	103,423
Total Due To	\$ 2,775,549	\$ 18,552,114	\$ 21,327,663

The due to/from other funds will be repaid in 2017.

**Advances**

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

Advance From:	Advance To:	
	Business-Type Funds	
	Nonmajor Enterprise Funds	Total Advance From
General Fund	\$ 230,000	\$ 230,000
Nonmajor Governmental Funds	1,880,000	1,880,000
Total Advance To	<u>\$ 2,110,000</u>	<u>\$ 2,110,000</u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Transfers**

Governmental Funds:

Transfer Out:	Transfer In - Governmental Funds					
	General Fund	Street Improvement Construction	Highway Construction	Street Improvement Bonds	Sewermain Bonds	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,055,628
Sales Tax	8,155,924	-	7,939,034	-	-	193,040
Highway Construction	-	6,695,666	-	-	-	-
Street Improvement Construction	-	-	1,307,587	925,219	-	-
Nonmajor Governmental Funds	2,124,965	235,682	9,986	-	255,669	498,349
Airport	167,146	-	-	-	-	-
Event Center	216,974	-	-	-	-	-
Water	253,101	1,173,757	-	-	-	174,234
Sanitary Sewer	101,720	-	-	-	-	45,597
Storm Sewer	63,792	-	-	-	-	-
Nonmajor Enterprise Funds	283,057	-	-	-	-	128,447
Internal Service Funds	164,794	-	-	-	-	11,665
<b>Total Transfers Out</b>	<b>\$ 11,531,473</b>	<b>\$ 8,105,105</b>	<b>\$ 9,256,607</b>	<b>\$ 925,219</b>	<b>\$ 255,669</b>	<b>\$ 3,106,960</b>

Transfer Out:	Transfer In - Business-type Funds			
	Airport	Event Center	Internal Service Funds	Totals
General Fund	\$ -	\$ -	\$ 652,785	\$ 2,708,413
Sales Tax	-	-	-	16,287,998
Street Improvement Construction	-	-	-	2,232,806
Highway Construction	-	-	-	6,695,666
Nonmajor Governmental Funds	18,262	2,520,545	1,897	5,665,355
Airport	-	-	-	167,146
Event Center	-	-	-	216,974
Water	-	-	-	1,601,092
Sanitary Sewer	-	-	-	147,317
Storm Sewer	-	-	-	63,792
Nonmajor Enterprise Funds	-	-	-	411,504
Internal Service Funds	-	-	-	176,459
<b>Total Transfers Out</b>	<b>\$ 18,262</b>	<b>\$ 2,520,545</b>	<b>\$ 654,682</b>	<b>\$ 36,374,522</b>

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**G. LONG-TERM DEBT**

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The legal debt margin as of December 31, 2016 was \$187,430,422 with a remaining non-obligated margin of \$187,430,422. The City had no general obligation bonds outstanding as of December 31, 2016.

Revenue Bonds

The City has issued \$27,695,000 bonds in 2013 where the government pledges future income from the Lodging, Liquor Food Tax revenue to fund the Event Center Exhibit Hall Expansion. Principal and interest for the current year was \$1,975,206. Lodging, Liquor Food Tax revenue totaled \$2,947,307 for the year.

The City has issued \$45,270,000 bonds in 2009, 2012, 2013 and 2014 where the government pledges future Water revenue to fund the Bismarck Water Treatment Facility Sludge Plant Expansion, Standby Power, the Water Softening Expansion project and the Water Treatment Plant intake project. Principal and interest for the current year was \$3,868,729. Water revenue totaled \$14,483,419 for the year.

The City has issued \$47,400,000 bonds in 2006 and 2015 where the government pledges future Sanitary Sewer revenue to fund a major upgrade to the intake to the Wastewater Treatment Plant and a new Wastewater Pumping Station that will deliver wastewater to the trickling filters. Principal and interest for the current year was \$2,839,875. Sanitary Sewer revenue totaled \$8,917,827 for the year.

Revenue bonds outstanding at December 31, 2016 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2016	Amount Retired in 2016	Amount Outstanding 12/31/2016	Due Within One Year
<b>Business-type Activities</b>								
Civic Center-Lodging, Liquor, Food	10/16/2013	12/1/2034	3.00-4.25%	\$ 27,695,000	\$ 25,865,000	\$ 1,015,000	\$ 24,850,000	\$ 1,030,000
Water Utility-2012	4/26/2012	4/1/2021	2.00%-2.50%	6,415,000	4,360,000	695,000	3,665,000	705,000
Water Utility-2013	10/10/2013	4/1/2028	1.00-4.00%	9,000,000	8,155,000	540,000	7,615,000	545,000
Water Utility-2014	11/1/2014	4/1/2029	.05-3.00%	13,535,000	12,545,000	785,000	11,760,000	790,000
Water Treatment-2009	6/15/2009	9/1/2028	3.31%	16,320,000	12,255,000	745,000	11,510,000	775,000
Wastewater-2006	11/14/2006	9/1/2027	2.50%	18,400,000	13,315,000	940,000	12,375,000	965,000
Wastewater-2015	11/1/2015	5/1/2035	2.00-5.00%	29,000,000	29,000,000	595,000	28,405,000	1,190,000
Total Revenue Bonds				\$ 120,365,000	\$ 105,495,000	\$ 5,315,000	\$ 100,180,000	\$ 6,000,000



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

<u>Years</u>	<b>BUSINESS-TYPE ACTIVITIES</b>	
	Principal	Interest
2017	\$ 6,000,000	\$ 3,134,526
2018	6,120,000	2,939,574
2019	6,265,000	2,748,578
2020	6,420,000	2,556,252
2021	6,590,000	2,353,196
2022-2026	31,985,000	8,705,095
2027-2031	23,865,000	3,694,702
2032-2036	12,935,000	775,481
Total	<u>\$ 100,180,000</u>	<u>\$ 26,907,404</u>

**Pledged Revenues**

**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, 2016 are as follows:

<b>Governmental Activities - Special Assessment Bonds</b>	<b>Date of Issue</b>	<b>Date of Final Payment</b>	<b>Interest Rates</b>	<b>Original Amount of Issue</b>	<b>Amount Outstanding 1/1/2016</b>	<b>Amount Issued in 2016</b>	<b>Amount Retired in 2016</b>	<b>Amount Outstanding 12/31/2016</b>	<b>Due Within One Year</b>
Series V refunding	5/28/2008	5/1/2016	3.25-3.75%	2,430,000	195,000	-	195,000	-	-
Series W refunding	12/23/2008	5/1/2023	3.50-4.45%	8,915,000	4,745,000	-	620,000	4,125,000	610,000
Series X refunding	1/1/2009	5/1/2023	3.50-5.375%	8,210,000	230,000	-	60,000	170,000	60,000
Series Y refunding	1/6/2010	5/1/2024	2.00-4.00%	9,615,000	4,365,000	-	855,000	3,510,000	510,000
Series A refunding	3/25/2010	5/1/2019	2.00-3.00%	3,855,000	1,210,000	-	425,000	785,000	415,000
Series B refunding	12/8/2010	5/1/2025	0.70-4.25%	9,630,000	5,230,000	-	865,000	4,365,000	855,000
Series C refunding	12/14/2011	5/1/2026	2.00-2.75%	9,065,000	5,595,000	-	930,000	4,665,000	865,000
Series D refunding	12/14/2011	5/1/2020	1.00-2.00%	1,605,000	755,000	-	175,000	580,000	170,000
Series E refunding	4/15/2012	5/1/2021	2.00-2.20%	4,365,000	2,340,000	-	490,000	1,850,000	400,000
Series F refunding	12/19/2012	5/1/2027	1.00-1.80%	9,465,000	7,600,000	-	710,000	6,890,000	700,000
Series G refunding	1/3/2013	5/1/2022	1.50-2.00%	3,790,000	2,265,000	-	530,000	1,735,000	530,000
Series H refunding	11/14/2013	5/1/2028	1.00-1.80%	15,755,000	13,025,000	-	1,615,000	11,410,000	1,565,000
Series I refunding	12/1/2014	5/1/2029	.05-3.00%	24,725,000	22,925,000	-	2,530,000	20,395,000	2,455,000
Series J refunding	3/25/2015	5/1/2022	2.00-3.00%	6,510,000	6,510,000	-	1,075,000	5,435,000	1,050,000
Series K refunding	11/10/2015	5/1/2030	2.50-5.00%	31,905,000	31,905,000	-	2,100,000	29,805,000	3,100,000
Series L refunding	11/22/2016	5/1/2031	2.0-5.0%	18,365,000	-	18,365,000	-	18,365,000	1,130,000
Total refunding series				<u>\$ 168,205,000</u>	<u>\$ 108,895,000</u>	<u>\$ 18,365,000</u>	<u>\$ 13,175,000</u>	<u>\$ 114,085,000</u>	<u>\$ 14,415,000</u>

**CITY OF BISMARCK, NORTH DAKOTA  
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<b>Governmental Activities - Special Assessment Bonds</b>	<b>Date of Issue</b>	<b>Date of Final Payment</b>	<b>Interest Rates</b>	<b>Original Amount of Issue</b>	<b>Amount Outstanding 1/1/2016</b>	<b>Amount Issued in 2016</b>	<b>Amount Retired in 2016</b>	<b>Amount Outstanding 12/31/2016</b>	<b>Amount Due Within One Year</b>
Sidewalk 05	6/1/2006	5/1/2016	4.00-4.15%	1,040,000	105,000	-	105,000	-	-
Sidewalk 06	7/1/2007	5/1/2017	4.00-4.25%	1,120,000	230,000	-	115,000	115,000	115,000
Sidewalk 07	12/23/2008	5/1/2018	3.00-4.00%	1,085,000	320,000	-	110,000	210,000	105,000
Sidewalk 08	1/6/2010	5/1/2019	1.00-3.10%	810,000	330,000	-	85,000	245,000	85,000
Sidewalk 09	12/8/2010	5/1/2020	0.90-3.00%	665,000	335,000	-	70,000	265,000	70,000
Sidewalk 10	12/14/2011	5/1/2021	0.50-2.00%	935,000	565,000	-	95,000	470,000	95,000
Sidewalk 11	1/3/2013	5/1/2022	1.20-1.70%	915,000	645,000	-	95,000	550,000	95,000
Sidewalk 12	11/14/2013	5/1/2023	2.00-2.75%	2,145,000	1,765,000	-	225,000	1,540,000	225,000
Sidewalk 13	12/1/2014	5/1/2024	2.00-3.00%	1,835,000	1,690,000	-	190,000	1,500,000	190,000
Sidewalk 14	12/1/2015	5/1/2025	2.00-3.00%	1,950,000	1,950,000	-	150,000	1,800,000	210,000
Sidewalk 15	12/15/2016	5/1/2026	2.00-4.00%	1,970,000	-	1,970,000	-	1,970,000	150,000
Total sidewalk bonds				\$ 14,470,000	\$ 7,935,000	\$ 1,970,000	\$ 1,240,000	\$ 8,665,000	\$ 1,340,000
Total special assessment bonds				\$ 182,675,000	\$ 116,830,000	\$ 20,335,000	\$ 14,415,000	\$ 122,750,000	\$ 15,755,000

Special Assessment Debt Requirement to Maturity

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

<u>Years</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 15,755,000	\$ 3,307,867
2018	15,440,000	2,920,498
2019	14,245,000	2,473,816
2020	13,165,000	2,037,214
2021	11,980,000	1,670,164
2022-2026	37,215,000	4,263,128
2027-2031	14,950,000	793,646
Total	<u>\$ 122,750,000</u>	<u>\$ 17,466,332</u>

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

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Special assessment bonds	\$ 116,830,000	\$ 20,335,000	\$ 14,415,000	\$ 122,750,000	\$ 15,755,000
Plus unamortized premium	2,325,068	762,423	186,428	\$ 2,901,063	-
Compensated absences	2,694,284	2,506,885	2,226,819	2,974,350	2,016,951
Claims and judgments	312,411	4,417,119	4,344,084	385,446	385,446
<b>TOTAL</b>	<b>\$ 122,161,763</b>	<b>\$ 28,021,427</b>	<b>\$ 21,172,331</b>	<b>\$ 129,010,859</b>	<b>\$ 18,157,397</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Compensated absences	\$ 798,363	\$ 637,544	\$ 617,532	\$ 818,375	\$ 559,891
Claims and judgments	107,545	1,434,513	1,419,304	122,754	122,754
Closure and postclosure costs	1,410,280	1,587,039	-	2,997,319	-
Event Center revenue bonds	25,865,000	-	1,015,000	24,850,000	1,030,000
Less unamortized discount	(24,946)	1,334	-	(23,612)	-
Water revenue bonds-2012	4,360,000	-	695,000	3,665,000	705,000
Plus unamortized premium	45,617	-	8,554	37,063	-
Water revenue bonds-2013	8,155,000	-	540,000	7,615,000	545,000
Plus unamortized premium	1,201	-	94	1,107	-
Water revenue bonds-2014	12,545,000	-	785,000	11,760,000	790,000
Less unamortized discount	(120,727)	9,111	-	(111,616)	-
Water Treatment-2009	12,255,000	-	745,000	11,510,000	775,000
Wastewater-2006	13,315,000	-	940,000	12,375,000	965,000
Wastewater-2015	29,000,000	-	595,000	28,405,000	1,190,000
Less unamortized discount	(74,834)	3,871	-	(70,963)	-
<b>TOTAL</b>	<b>\$ 107,637,499</b>	<b>\$ 3,673,412</b>	<b>\$ 7,360,484</b>	<b>\$ 103,950,427</b>	<b>\$ 6,682,645</b>

## **H. INDUSTRIAL REVENUE BONDS**

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying mortgage loans. Ownership of the acquired facilities will transfer to the private-sector entity upon repayment of the bonds. Neither the City, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016, there were 3 series of Industrial Revenue Bonds outstanding; the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Bismarck has a central repository. The only requirement for this type of issue is to request the amount needed for City approval. This amount is most often in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

**CITY OF BISMARCK, NORTH DAKOTA  
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**I. RESTRICTED ASSETS**

The balances of the restricted asset accounts on December 31, 2016 are as follows:

**GOVERNMENTAL**

Restricted Investments

Sidewalk Construction Certificate of Deposits	\$ 2,885,658
Total Governmental Restricted Assets	<u>\$ 2,885,658</u>

**BUSINESS-TYPE**

Restricted Cash and Cash Equivalents

Event Center Customer Deposits	\$ 448,494
Parking Authority Customer Deposits	25,125

Restricted Revenue Bond Covenant Accounts

Event Center Lodging Liquor Food Account	163,313
Water Revenue Bond Covenant Accounts	5,740,460
Wastewater Revenue Bond Covenant Accounts	<u>6,271,944</u>
Total Business-Type Restricted Assets	<u>\$ 12,649,336</u>

**V. OTHER INFORMATION**

**A. RISK MANAGEMENT**

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

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

N.D.C.C. Chapter 32-12.1 provides that for actions in tort, the City has a liability limitation of \$250,000 per claim with a \$500,000 aggregate limit per event. At December 31, 2016 management estimates claims incurred prior to NDIRF but not paid of \$0 Sewer Claims and \$200 City-Wide Liability Claims. The sewer claim has been recorded as a liability.

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<b>City-Wide Liability Claims</b>				
	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2016	\$ 400	\$ 170	\$ 370	\$ 200
2015	-	1,325	925	400
2014	-	688	688	-

<b>Sewer Backup Claims</b>				
	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2016	\$ 9,556	\$ 39,696	\$ 49,252	\$ -
2015	27,278	166,784	184,506	9,556
2014	-	90,302	63,024	27,278

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**Employee Insurance**

The City has established a medical self-insurance fund. The purpose of this fund is to pay medical claims for the City of Bismarck and Parks and Recreation employees and their covered dependents and to minimize the total cost of annual medical insurance premiums paid by the City of Bismarck. Medical claims exceeding \$50,000 per individual per year is covered through Blue Cross and Blue Shield of North Dakota. The Plan has paid an excess of stop loss coverage of \$1,698,323 for 2016. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

An incurred but not reported (IBNR) liability is estimated by the third party administrator and is recorded in the financial statements. The estimated IBNR amount is \$508,000 as of December 31, 2016. A summary of the claim reserve liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2016	\$ 410,000	\$ 5,811,735	\$ 5,713,735	\$ 508,000
2015	355,000	5,039,094	4,984,094	410,000
2014	392,800	4,315,267	4,353,067	355,000

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State Fire and Tornado and Bonding Fund

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

Worker's Compensation

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

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

State and federal laws and regulations require the City to place a final cover on its Bismarck Municipal Solid Waste Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,997,319 reported as landfill closure and post closure care liability at December 31, 2016, represents the cumulative amount reported to date based on the use of 84.31 percent of the estimated capacity of the landfill. The City will recognize an increase in the estimated cost of closure and post closure care of \$1,587,039 due to the reevaluation of the estimated cost. These amounts are based on what it would cost to perform all closure and post closure care in 2016. The City expects to close the existing landfill cell in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

**C. Cost Sharing Arrangement**

Combined Communications Center/Emergency Management

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

On October 27, 2015 the City Commission approved a charter agreement for the Combined Communication Center merger with the City of Mandan effective January 1, 2016. Central Dakota Communications Center (CenCom) replaces the Combined Communications Center. CenCom will dispatch all emergency calls for law enforcement, fire and emergency medical services in Bismarck, Mandan and Burleigh County, including Wilton.

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In 2016, the City provided 65% and the County provided 35% of the funding for the Combined Communications Center & Emergency Management Operations excluding easements which the County funded at 100%. The City and County approve the annual budget for the Combined Communications Center & Emergency Management Department. The employees of the Center are the employees of the City. The Combined Communications Center & Emergency Management Department is a part of the General Fund.

<u>Assets:</u>	<u>Total</u>
Property and equipment	\$ 391,350
Less value of accumulated depreciation	(317,261)
Net position	<u>\$ 74,089</u>
Total operating expenditures - 2016	<u>\$ 2,411,603</u>

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

#### **D. Employee Retirement Systems**

The City of Bismarck administers a defined benefit plan for full-time city and police employees for the City and Police Pension Funds. These Pension plans are reported in the City's financial reports as Pension Trust Funds which is disclosed in Note V on page 79. Actuarial reports are available for the City and Police Pension Funds by contacting:

City of Bismarck Finance  
PO Box 5506  
Bismarck, ND 58506-5506

The full-time Firemen are administered by the Firefighter's Relief Association which is a separate legal entity and is not included in the City's financial pension reports. The Fire plan is a single employer public employee retirement system governed by Section 18-05 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. Participating employees contribute to the plan at a minimum of \$201.46 per bi-weekly payroll or 8% of their covered payroll whichever is greater. The employer contributed \$643,148 in 2016 as set by the City Commission. The complete audited financial and pension information can be obtained by contacting:

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

#### City of Bismarck Employee's Pension

**Plan Description** - The Bismarck City Employee Pension Plan (BCEPP) is a cost sharing, multiple employer public employee retirement system with the Bismarck Park District. The BCEPP document provides for all full-time City employees with the exclusion of sworn police officers, non-sworn members of the police department who began employment before December 31, 2006 and members of the firefighter's relief fund.

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**Plan Membership** - Memberships begin with their hire date before December 31, 2016 and are vested after five years of service. Membership in the BCEPP on December 31, 2016 is as follows:

Retirees and beneficiaries receiving benefits	204
Terminated employees - vested	56
Active employees:	
Vested	255
Non-vested	214
 Number of participating employers:	 2

**Plan Administration** – North Dakota Century Code (NDCC) 40-46 and in accordance with Chapter 9-07 of the Bismarck Code of Ordinance grants the authority to establish and amend the benefit terms to the City Commission. Management of the BCEPP plan is vested in the Board of Trustees which consists of the City Administrator and all department heads with the exception of the Chief of Police.

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

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

## **Contributions**

*Employee Contributions* - Participating active employees contribute to the plan at a rate of 5% of covered payroll. If an employee leaves covered employment before attaining the five-year service credit, the accumulated contributions plus interest earnings at 5% per annum are refunded to the employee or designated beneficiary. All member contributions are made by payroll deductions applied to regular bi-weekly pay.

*Employer Contributions* – Employer contributions are based on an actuarial formula identified as entry age normal cost method. This method produces an employer contribution rate consisting of an amount for normal cost and an amount for amortization of the unfunded accrued liability over a closed period of 30 years. The annual contribution is recommended to the City Commission and considered for approval and adoption.



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*Net Position* - The net position at December 31, 2016 is \$86,746,756 and the entire amount is restricted for employee pension benefits.

	2016
Actuarially determined contributions	\$ 1,806,842
Contributions in relation to the actuarially determined contribution	<u>2,263,240</u>
Contribution deficiency (excess)	<u>\$ (456,398)</u>
Covered-employee Payroll	\$ 23,633,534
Contributions as a percentage of covered-employee payroll	9.6%

**Measurement Focus and Basis of Accounting** – The City's Pension financial statements are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer and plan member contributions are recognized when due pursuant to formal commitments, as well as the ordinance requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/depreciation in fair value of investments is recorded as an increase/decrease to investment income based on the fair market value of the investments. The entire expense of the Plan administration is charged against the earnings of the Plan.

### **Investments**

*Investment Policy* – The BCEPP investment policy and asset class allocations are established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the BCEPP to pursue an investment strategy to improve the Plan's funding status to protect and sustain current and future benefits, minimize the employee and employer contributions needed to fund the Plan over the long-term, avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

BCEPP Board has entered into a contract with the North Dakota State Investment Board (SIB) for investment services as allowed under NDCC 21-10-06 and to implement these policies by investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Management's responsibility that is not assigned to the SIB in Chapter 21-10 of the NDCC is delegated to the SIB who must establish written policies for the operation of the investment program consistent with this investment policy.

The BCEPP Board of Trustee's adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk.

**CITY OF BISMARCK, NORTH DAKOTA**  
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The following was the plans asset allocation as of December 31, 2016:

Asset Class	Target Allocation
Large Domestic Equity	15%
Small Domestic Equity	10%
Developed International Equity	12%
Emerging International Equity	5%
Private Equity	4%
Domestic Fixed Income	30%
International Fixed Income	4%
Real Estate	10%
Infrastructure	5%
Timber	5%
	100%

*Investment Valuation* – Investments are recorded at fair value determined by reference to published market data for publicly traded securities and using independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investment between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

**Long-term Expected Return on Plan Assets** – The long-term expected rate of return of 7.5% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage. The projected 10 year geometric real rates of return by asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Domestic Equity	7.60%
Small Domestic Equity	7.90%
Developed International Equity	7.60%
Emerging International Equity	8.00%
Private Equity	8.80%
Domestic Fixed Income	3.25%
International Fixed Income	2.85%
Real Estate	6.40%
Infrastructure	7.50%
Timber	7.10%

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**Actuarial Assumptions**

Valuation date	1/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	1
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%

**Measurements** – Presented below are the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Changes in Plan Fiduciary Net Position and the Schedule of Investment Returns for BCEPP.

<b>Schedule of Net Pension Liability</b>	<u>2016</u>
Total Pension Liability	\$ 96,540,612
Plan fiduciary net position	<u>86,746,756</u>
Net pension liability (asset)	<u>\$ 9,793,856</u>
Plan fiduciary net position as a percentage of the total pension liability	89.86%
Covered-employee payroll	\$ 26,587,289
Net pension liability (asset) as a percentage of covered-employee payroll	36.8%

**CITY OF BISMARCK, NORTH DAKOTA  
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<b>Schedule of Changes in Total Pension Liability</b>	<u>2016</u>
Service Cost	\$ 2,602,337
Interest	6,846,732
Changes of benefit terms	-
Differences between expected and actual experience	492,910
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(4,177,580)</u>
Net change in total pension liability	\$ 5,764,399
Total pension liability-beginning	<u>90,776,213</u>
Total pension liability-ending	<u><u>\$ 96,540,612</u></u>

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<u>2016</u>
Contributions-employer	\$ 2,532,305
Contributions-member	1,289,288
Net investment income	5,800,080
Benefit payments, including refunds of member contributions	(4,177,580)
Administrative expense	(282,470)
Other	<u>-</u>
Net change in fiduciary net position	\$ 5,161,623
Plan fiduciary net position-beginning	<u>81,585,133</u>
Plan fiduciary net position-ending	<u><u>\$ 86,746,756</u></u>

<b>Schedule of Investment Returns</b>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	7.1%

**CITY OF BISMARCK, NORTH DAKOTA  
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**Sensitivity of the Net Pension Liability to changes in the Discount Rate** – The net pension liability of the BCEPP is calculated at a discount rate of 7.5 percent, as well as what the BCEPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate:

	1 % Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Total pension liability	\$ 108,382,292	\$ 96,540,612	\$ 86,514,081
Plan fiduciary net position	86,746,756	86,746,756	86,746,756
Net pension liability (asset)	\$ 21,635,536	\$ 9,793,856	\$ (232,675)
City Share	\$ 18,729,600	\$ 8,478,413	\$ (201,424)

**Proportionate Share of the Net Pension Liability** – The net pension liability for the BCEPP was recorded at \$8,478,413 as of 12/31/2016. The calculation was determined by an actuarial valuation based on the City's share of present value of future payroll. The City's proportionate share was 86.57%.

<b>Net Pension Liability</b>	<b>2016</b>
Employer's proportion of the net pension liability	86.57%
Employer's proportionate share of the net pension liability	8,478,413
Employer's covered-employee payroll	26,587,289
Plan fiduciary net position	86,746,756
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.15%
Plan fiduciary net position as a percentage of the total pension liability	89.88%

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**Deferred Inflows and Outflows of Resources** – The City recognized pension income of \$582,926 as of 12/31/2016. Deferred inflows and outflows of resources related to pensions are from the following sources:

**Deferred Outflows and Inflows of Resources**

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,474,102	\$ 781,512
Changes of assumptions	-	797,327
Net difference between projected and actual earnings on pension plan investments	2,462,389	-
Changes in proportionate and differences between employer contributions and proportionate share of contributions	229,561	274,602
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,166,052</u>	<u>\$ 1,853,441</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Pension Expense**

2017	\$ 123,361
2018	1,315,680
2019	1,449,994
2020	639,719
2020	567,203
Thereafter	216,654
Total	<u>\$ 4,312,611</u>

City of Bismarck Police Pension

**Plan Description** - The Bismarck City Police Pension Plan (BCPPP) is a single employer public employee retirement system. The BCPBP document provides for all full-time sworn police officers and non-sworn members of the police department who began employment before December 31, 2006.

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**Plan Membership** - Memberships begin with their hire date before December 31, 2016 and are vested after five years of service. Membership in the BCPPP on December 31, 2016 is as follows:

Retirees and beneficiaries receiving benefits	81
Terminated employees - vested	25
Active employees:	
Vested	73
Non-vested	53
 Number of participating employers:	 1

**Plan Administration** – North Dakota Century Code (NDCC) 40-45 and in accordance with Chapter 9-08 of the Bismarck Code of Ordinance grants the authority to establish and amend the benefit terms to the City Commission. Management of the BCPPP plan is vested in the Board of Trustees which consists of the Chief of Police, 2 members of the police department appointed by the chief of police with no less than eight years of service and two elected members of the police department with no less than eight years of service. Each appointed trustee shall serve a two-year term.

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

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

### **Contributions**

*Employee Contributions* - Participating active employees contribute to the plan at a rate of 9.4% of covered payroll. If an employee leaves covered employment before attaining the five-year service credit, the accumulated contributions plus interest earnings at 5% per annum are refunded to the employee or designated beneficiary. All member contributions are made by payroll deductions applied to regular bi-weekly pay.

*Employer Contributions* – Employer contributions are based on an actuarial formula identified as entry age normal cost method. This method produces an employer contribution rate consisting of an amount for normal cost and an amount for amortization of the unfunded accrued liability over a closed period of 30 years. The annual contribution is recommended to the City Commission and considered for approval and adoption.

*Net Position* - The net position at December 31, 2016 is \$35,395,974 and the entire amount is restricted for employee pension benefits.

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*Schedule of Contributions*

	2016
Actuarially determined contributions	\$ 837,641
Contributions in relation to the actuarially determined contribution	961,513
Contribution deficiency (excess)	\$ (123,872)
Covered-employee Payroll	\$ 7,643,499

**Measurement Focus and Basis of Accounting** – The City’s Pension financial statements are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer and plan member contributions are recognized when due pursuant to formal commitments, as well as ordinance requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/depreciation in fair value of investments is recorded as an increase/decrease to investment income based on the fair market value of the investments. The entire expense of the Plan administration is charged against the earnings of the Plan.

**Investments**

*Investment Policy* – The BCPPP investment policy and asset class allocations are established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the BCPPP to pursue an investment strategy to improve the Plan’s funding status to protect and sustain current and future benefits, minimize the employee and employer contributions needed to fund the Plan over the long-term, avoid substantial volatility in required contribution rates and fluctuations in the Plan’s funding status and to accumulate a funding surplus to provide increases in retiree payments to preserve the purchasing power of their retirement benefits.

BCPPP Board has entered into a contract with the North Dakota State Investment Board (SIB) for investment services as allowed under NDCC 21-10-06 and to implement these policies by investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Management’s responsibility that is not assigned to the SIB in Chapter 21-10 of the NDCC is delegated to the SIB who must establish written policies for the operation of the investment program consistent with this investment policy.

The BCPPP Board of Trustees adopted a long-term investment horizon and asset allocation policy for the management of the fund assets. Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the plan and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk.



**CITY OF BISMARCK, NORTH DAKOTA  
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The following was the plans asset allocation as of December 31, 2016:

Asset Class	Target Allocation
Large Domestic Equity	16%
Small Domestic Equity	11%
Developed International Equity	13%
Emerging International Equity	6%
Private Equity	5%
Domestic Fixed Income	25%
International Fixed Income	4%
Real Estate	10%
Infrastructure	5%
Timber	5%
	100%

*Investment Valuation* – Investments are recorded at fair value determined by reference to published market data for publicly traded securities and using independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investment between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

**Long-term Expected Return on Plan Assets** – The long-term expected rate of return of 7.5% on plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates to return by the target asset allocation percentage.

The projected 10-year geometric real rates of return by asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Domestic Equity	7.60%
Small Domestic Equity	7.90%
Developed International Equity	7.60%
Emerging International Equity	8.00%
Private Equity	8.80%
Domestic Fixed Income	3.25%
International Fixed Income	2.85%
Real Estate	6.40%
Infrastructure	7.50%
Timber	7.10%

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**Actuarial Assumptions**

Valuation date	1/1/2016
Actuarial cost method	Entry Age
	Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	11
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%
Projected salary increases	
0-9 years of service	5.00%
10 + years of service	4.00%
Post retirement cost of living adjustments	None

**Measurements** – Presented below are the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Changes in Plan Fiduciary Net Position and the Schedule of Investment Returns.

<b>Schedule of Net Pension Liability</b>	<b>2016</b>
Total Pension Liability	\$ 44,459,890
Plan fiduciary net position	35,395,974
Net pension liability (asset)	<u>\$ 9,063,916</u>
Plan fiduciary net position as a percentage of the total pension liability	79.6%
Covered-employee payroll	\$ 7,643,499
Net pension liability (asset) as a percentage of covered-employee payroll	118.6%

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

<b>Schedule of Changes in Total Pension Liability</b>	<u>2016</u>
Service Cost	\$ 893,502
Interest	3,166,457
Changes of benefit terms	-
Differences between expected and actual experience	303,852
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(2,459,685)</u>
Net change in total pension liability	\$ 1,904,126
Total pension liability-beginning	<u>42,555,764</u>
Total pension liability-ending	<u><u>\$ 44,459,890</u></u>

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<u>2016</u>
Contributions-employer	\$ 961,513
Contributions-member	684,652
Net investment income	2,472,466
Benefit payments, including refunds of member contributions	(2,459,685)
Administrative expense	(124,023)
Other	<u>-</u>
Net change in fiduciary net position	\$ 1,534,923
Plan fiduciary net position-beginning	<u>33,861,051</u>
Plan fiduciary net position-ending	<u><u>\$ 35,395,974</u></u>

<b>Schedule of Investment Returns</b>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	7.4%

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Sensitivity of the Net Pension Liability to changes in the Discount Rate** – The net pension liability of the BCPPP is calculated at a discount rate of 7.5 percent, as well as what the BCPPP net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate:

	1 % Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Total pension liability	\$ 50,082,551	\$ 44,459,890	\$ 39,769,287
Plan fiduciary net position	35,395,974	35,395,974	35,395,974
Net pension liability	<u>\$ 14,686,577</u>	<u>\$ 9,063,916</u>	<u>\$ 4,373,313</u>

**Deferred Inflows and Outflows of Resources** – The City recognized a reduction in pension income of \$269,611 for the BCEPP as of 12/31/2016. Deferred inflows and outflows of resources related to pensions are from the following sources:

**Deferred Outflows and Inflows of Resources**

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,596,600	\$ 6,237
Changes of assumptions	-	38,184
Net difference between projected and actual earnings on pension plan investments	1,087,410	-
Total	<u>\$ 2,684,010</u>	<u>\$ 44,421</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Pension Expense**

2016	\$ 417,833
2017	887,410
2018	810,386
2019	288,648
2020	199,564
Thereafter	35,748
Total	<u>\$ 2,639,589</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
<b>ASSETS</b>					
Receivables:					
Accounts	\$ -	\$ -	\$ 3,926	\$ -	\$ 3,926
Accrued interest and dividends	\$ 1,188	\$ -	\$ 53,407	\$ 31,636	\$ 86,231
Investments, at fair value:					
Domestic equities	131,913	-	13,883,421	6,561,209	20,576,543
International equities	65,081	-	23,153,456	10,222,223	33,440,760
Domestic fixed income	429,781	-	25,674,613	8,839,432	34,943,826
International fixed income	-	-	3,473,233	1,417,441	4,890,674
Real estate	-	-	16,637,989	6,866,793	23,504,782
Private Equity	-	-	2,178,839	1,210,533	3,389,372
Mutual funds	239	501,603	-	-	501,842
Certificate of deposits	649	-	276,401	3,541	280,591
Invested cash	138,963	50	1,506,004	280,038	1,925,055
Invested Securities Lending	5,642	-	517,033	220,396	743,071
Total assets	<u>773,456</u>	<u>501,653</u>	<u>87,358,322</u>	<u>35,653,242</u>	<u>124,286,673</u>
<b>LIABILITIES</b>					
Accounts payable	1,145	50	94,533	36,873	132,601
Securities Lending Collateral	5,642	-	517,033	220,396	743,071
Total liabilities	<u>6,787</u>	<u>50</u>	<u>611,566</u>	<u>257,269</u>	<u>875,672</u>
<b>NET POSITION</b>					
Assets held in trust for pension and other employee benefits	<u>766,669</u>	<u>501,603</u>	<u>86,746,756</u>	<u>35,395,973</u>	<u>123,411,001</u>
Total net position held in trust	<u>\$ 766,669</u>	<u>\$ 501,603</u>	<u>\$ 86,746,756</u>	<u>\$ 35,395,973</u>	<u>\$ 123,411,001</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ -	\$ -	\$ 2,532,305	\$ 961,513	\$ 3,493,818
Employee	-	-	1,289,288	684,652	1,973,940
Total contributions	-	-	3,821,593	1,646,165	5,467,758
Investment income:					
Net increase (decrease) in fair value of investments	32,745	29,811	3,715,899	1,568,307	5,346,762
Interest and dividends	15,396	50	2,072,098	899,078	2,986,622
	48,141	29,861	5,787,997	2,467,385	8,333,384
Less: investment expense	(1,972)	-	(199,376)	(81,020)	(282,368)
Net investment income	46,169	29,861	5,588,621	2,386,365	8,051,016
Security lending activity:					
Securities lending income	107	-	12,083	5,081	17,271
Less: securities lending expenses	(21)	-	(2,416)	(1,014)	(3,451)
Net securities lending income	86	-	9,667	4,067	13,820
Total additions	46,255	29,861	9,419,881	4,036,597	13,532,594
<b>DEDUCTIONS</b>					
Benefits paid to participants	71,369	-	4,075,638	2,447,205	6,594,212
Refunds	-	220,531	101,942	12,480	334,953
Administration	-	-	80,678	41,989	122,667
Total deductions	71,369	220,531	4,258,258	2,501,674	7,051,832
Change in net position	(25,114)	(190,670)	5,161,623	1,534,923	6,480,762
<b>Net position - beginning</b>	791,784	692,273	81,585,133	33,861,050	116,930,240
<b>Net position - ending</b>	<u>\$766,669</u>	<u>\$ 501,603</u>	<u>\$86,746,756</u>	<u>\$35,395,973</u>	<u>\$123,411,001</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**GASB Statement No. 80**, “*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*” was issued on January 2016. This statement amends the blending requirements of GASB 14 for certain component units. The additional criterion requires blending of component units incorporated as not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016.

**GASB Statement No. 81**, “*Irrevocable Split-Interest Agreements*” was issued on March 2016. This statement requires a government that receives resources pursuant to an irrevocable split-interest agreement to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Examples of these types of agreements include charitable lead and remainder trusts and life-interests in real estate. This statement enhances the comparability of financial statements and more clearly identifies the resources available to government. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2016.

**GASB Statement No. 82**, “*Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*” was issued on March 2016. This statement addresses issues raised in GASB 67, 68 and 73 regarding payroll-related measurements in the required supplementary information, selection of assumptions and treatment of deviations from the guidance Actuarial Standard of Practice for financial reporting and the classification of employment payments. The statement amends GASB 67 and 68 to require the presentation of covered payroll and defines covered payroll and provides the ratios to be used. The statement clarifies the term deviation as used in the Actuarial Standard of Practice is not in conformity with the selection of assumptions requirements of GASB 67, 68 and 73. This statement also clarifies that qualifying employer contributions identified as plan member contribution should be classified as plan member contributions for GASB 67 and as employee contributions for GASB 68. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2016 and June 15, 2017 when the pension liability reporting period used is not than the employer's most recent fiscal year.

**GASB Statement No. 83**, *Certain Asset Retirement Obligations* was issued on November 2016. This statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Asset retirement obligations is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2018.

**F. Contingent Litigation**

**Charles Odom v. Kenan Kaizer**. Charles Odom is an inmate at the State Penitentiary who has sued Kenan Kaizer, a former Bismarck police officer, claiming that Kaizer lied during a probable cause hearing to obtain a search warrant that ultimately led to Odom's arrest on drug charges. This matter has been around for many years and as Odom is pro se, he has been unable to successfully assert a claim. It appears that Kaizer's testimony contained a factual misstatement that would not have affected the outcome of the warrant proceeding or the ultimate arrest and conviction of Odom. In any event, there would be no or little monetary damages if Odom is successful. In 2016 the federal district judge granted summary judgment in favor of the City. Odom appealed to the 8<sup>th</sup> Circuit Court of Appeals and the case was remanded for further action by the District Court. The briefing has been completed and there has been no decision rendered. The defense of this case is being provided by NDIRF (Randy Bakke).

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Dean Thorpe and Alicia Hegland Thorpe, husband and wife, individually and as the parents of minor child CT v. The City of Bismarck; Bismarck Parks and Recreation District; The Enrichment Garden, Inc.** The plaintiffs allege that their child was injured while at a Bismarck Parks swimming pool and under the supervision of Enrichment Garden, a daycare. The plaintiffs have erroneously included the City in the lawsuit under the assumption that the City owns the swimming pool in question. In Bismarck, the Park District and the

City are separate political subdivisions and the City has no ownership or operational involvement in Park District operations. The City should be dismissed from the suit fairly early in the proceedings. The defense of this case is being provided by NDIRF (Scott Porsborg).

**Jamie Scott for the estate of James Anthony Scott v. the City of Bismarck, et. al.** James Scott was shot and killed by a Bismarck Police officer on March 6, 2016. At the time of the shooting, Scott had driven to Bismarck from Mandan with a shotgun with the stated purpose to kill another individual. After a brief interaction, Scott was killed as he attempted to leave the scene. Scott's widow, Jamie Scott has brought suit against the City of Bismarck and several individual member of the Bismarck Police Department. The case was filed in federal district court in Bismarck on March 31, 2017. Discovery has not yet begun and a scheduling conference will likely be held in the next month. Based upon the police reports, the use of deadly force was justified in this instance however it is difficult to judge at this point with no discovery having been completed. The defense of this case is being provided by NDIRF (Randy Bakke).



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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**City of Bismarck Employee's Pension**

**Proportionate Share of the Net Pension Liability**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Employer's proportion of the net pension liability	87.64%	87.29%	86.57%
Employer's proportionate share of the net pension liability	847,444	8,022,941	8,478,413
Employer's covered-employee payroll	21,850,884	25,581,345	26,587,289
Plan fiduciary net position	81,274,325	81,585,449	86,746,756
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.02%	14.56%	0.15%
Plan fiduciary net position as a percentage of the total pension liability	98.82%	89.88%	89.88%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

**Schedule of Contributions**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contributions	\$ 981,273	\$ 1,082,266	\$ 1,806,842
Contributions in relation to the actuarially determined contribution	2,181,183	2,071,677	2,263,240
Contribution deficiency (excess)	<u>\$ (1,199,910)</u>	<u>\$ (989,411)</u>	<u>\$ (456,398)</u>
Covered-employee Payroll	\$21,850,884	\$23,069,097	\$23,633,534
Contributions as a percentage of covered-employee payroll	10.0%	9.0%	9.6%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**Notes to the Required Supplementary Information**

**Actuarial Assumptions**

Valuation date	1/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	1
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%
Projected salary increases	

**City of Bismarck Police Pension**

**Net Pension Liability**

<b>Schedule of Net Pension Liability</b>	2014	2015	2016
Total Pension Liability	\$ 39,959,458	\$ 42,555,764	\$ 44,459,890
Plan fiduciary net position	34,525,350	33,861,051	35,395,974
Net pension liability (asset)	<u>\$ 5,434,108</u>	<u>\$ 8,694,713</u>	<u>\$ 9,063,916</u>
Plan fiduciary net position as a percentage of the total pension liability	86.4%	79.6%	79.6%
Covered-employee payroll	\$ 6,214,690	\$ 7,101,508	\$ 7,643,499
Net pension liability (asset) as a percentage of covered-employee payroll	87.4%	122.4%	118.6%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

<b>Schedule of Changes in Total Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Service Cost	\$ 753,453	\$ 785,453	\$ 893,502
Interest	2,787,966	2,967,949	3,166,457
Changes of benefit terms	574,760	-	-
Differences between expected and actual experience	446,562	1,187,426	303,852
Benefit payments, including refunds of member contributions	(2,045,424)	(2,344,522)	(2,459,685)
Net change in total pension liability	\$ 2,517,317	\$ 2,596,306	\$ 1,904,126
Total pension liability-beginning	37,442,142	39,959,459	42,555,764
Total pension liability-ending	<u>\$39,959,459</u>	<u>\$42,555,765</u>	<u>\$44,459,890</u>

**Notes to Schedule:**

*Benefit changes.* In 2014, benefit terms were increased to include a 3% increase for Cost Of Living Adjustment

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Contributions-employer	\$ 941,815	\$ 892,803	\$ 961,513
Contributions-member	578,785	648,594	684,652
Net investment income	2,075,134	302,518	2,472,466
Benefit payments, including refunds of member contributions	(2,045,424)	(2,344,522)	(2,459,685)
Administrative expense	(181,567)	(163,692)	(124,023)
Other	-	-	-
Net change in fiduciary net position	\$ 1,368,743	\$ (664,299)	\$ 1,534,923
Plan fiduciary net position-beginning	33,156,607	34,525,350	33,861,051
Plan fiduciary net position-ending	<u>\$34,525,350</u>	<u>\$33,861,051</u>	<u>\$35,395,974</u>

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

**Schedule of Contributions**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contributions	\$ 481,480	\$ 576,620	\$ 837,641
Contributions in relation to the actuarially determined contribution	941,815	892,803	961,513
Contribution deficiency (excess)	<u>\$ (460,335)</u>	<u>\$ (316,183)</u>	<u>\$ (123,872)</u>
Covered-employee Payroll	\$6,214,690	\$7,101,508	\$7,643,499
Contributions as a percentage of covered-employee payroll	12.6%	15.2%	12.6%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015 & 2016 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**Notes to the Required Supplementary Information**

**Actuarial Assumptions**

Valuation date	1/1/2016
Actuarial cost method	Entry Age
	Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	11
Mortality Rate	Based on the 1994 group annuity mortality table
Asset Valuation Method	Market
Valuation Method	
Inflation rate	3.00%
Investment rate of return	7.50%
Projected salary increases	
0-9 years of service	5.00%
10 + years of service	4.00%
Post retirement cost of living adjustments	None

**COMBINING & INDIVIDUAL  
FUND STATEMENTS  
& SCHEDULES**

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>Special Revenue Totals</b>	<b>Debt Service Totals</b>	<b>Capital Projects Totals</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,264,463	\$ 92,165	\$ 6,305,728	\$ 9,662,356
Investments	9,329,246	-	1,865,906	11,195,152
Receivables:				
Taxes receivable	28,981	-	20,216	49,197
Accounts receivable	3,763,660	-	33,872	3,797,532
Special assessments	-	9,458,964	16,974	9,475,938
Notes receivable	-	-	1,156,046	1,156,046
Due from other funds	-	1,792,489	1,995,960	3,788,449
Advances to other funds	1,780,000	-	100,000	1,880,000
Restricted assets:				
Investments	-	-	2,885,658	2,885,658
<b>Total assets</b>	<b>\$ 18,166,350</b>	<b>\$ 11,343,618</b>	<b>\$ 14,380,360</b>	<b>\$ 43,890,328</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,741,169	\$ 4,044	\$ 1,633,558	\$ 3,378,771
Retainage payable	-	-	21,808	21,808
Due to other funds	250,037	-	2,525,512	2,775,549
Salaries payable	219,180	-	-	219,180
Unearned revenue	-	-	856,046	856,046
Customer deposits	9,900	-	2,885,658	2,895,558
<b>Total liabilities</b>	<b>2,220,286</b>	<b>4,044</b>	<b>7,922,582</b>	<b>10,146,912</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable special assessment taxes	-	8,522,820	13,432	8,536,252
Unavailable property taxes	21,914	-	8,646	30,560
<b>Total deferred inflows of resources</b>	<b>21,914</b>	<b>8,522,820</b>	<b>22,078</b>	<b>8,566,812</b>
<b>FUND BALANCES</b>				
Nonspendable	1,780,000	-	100,000	1,880,000
Restricted	288,366	2,816,754	-	3,105,120
Committed	13,855,784	-	9,598,868	23,454,652
Unassigned	-	-	(3,263,168)	(3,263,168)
<b>Total fund balances</b>	<b>15,924,150</b>	<b>2,816,754</b>	<b>6,435,700</b>	<b>25,176,604</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,166,350</b>	<b>\$ 11,343,618</b>	<b>\$ 14,380,360</b>	<b>\$ 43,890,328</b>



**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Special Revenue Totals</b>	<b>Debt Service Totals</b>	<b>Capital Projects Totals</b>	<b>Totals</b>
<b>REVENUES</b>				
Taxes	\$ 6,815,886	\$ 1,777,309	\$ 2,508,807	\$ 11,102,002
Licenses and permits	975	-	-	975
Special assessments	-	-	294,697	294,697
Intergovernmental	8,798,789	-	570,334	9,369,123
Charges for services	2,731,580	-	807,739	3,539,319
Fines and forfeits	120,624	-	-	120,624
Investment income	72,402	54,297	49,008	175,707
Rentals	115,726	-	-	115,726
Miscellaneous	191,720	-	280,587	472,307
Total revenues	<u>18,847,702</u>	<u>1,831,606</u>	<u>4,511,172</u>	<u>25,190,480</u>
<b>EXPENDITURES</b>				
Current				
General government	4,666,174	-	142,723	4,808,897
Public safety	962,468	-	-	962,468
Highways and streets	7,784,682	-	-	7,784,682
Health and welfare	861,731	-	-	861,731
Culture and recreation	2,203,114	-	-	2,203,114
Public works	-	-	2,383,295	2,383,295
Capital outlays				
Public safety	67,301	-	-	67,301
Highways and streets	378,037	-	-	378,037
Culture and recreation	384,543	-	-	384,543
Public works	-	-	6,645,412	6,645,412
Debt service				
Principal	-	1,430,235	-	1,430,235
Interest and fiscal charges	-	241,796	-	241,796
Total expenditures	<u>17,308,050</u>	<u>1,672,031</u>	<u>9,171,430</u>	<u>28,151,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,539,652</u>	<u>159,575</u>	<u>(4,660,258)</u>	<u>(2,961,031)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,004,743	34,039	2,068,178	3,106,960
Transfer out	(4,506,846)	-	(1,158,509)	(5,665,355)
Premium on special assessment debt	-	-	179,257	179,257
Special assessment bonds issued	-	-	5,857,512	5,857,512
Total other financing sources (uses)	<u>(3,502,103)</u>	<u>34,039</u>	<u>6,946,438</u>	<u>3,478,374</u>
Net changes in fund balances	(1,962,451)	193,614	2,286,180	517,343
Fund balances - beginning, as restated	<u>17,886,601</u>	<u>2,623,140</u>	<u>4,149,520</u>	<u>24,659,261</u>
Fund balances - ending	<u>\$ 15,924,150</u>	<u>\$ 2,816,754</u>	<u>\$ 6,435,700</u>	<u>\$ 25,176,604</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

**HOTEL/MOTEL TAX**-This fund accounts for the distribution of 85% of the hotel/motel two percent tax collections. Revenues from this fund are passed through to Bismarck/Mandan Convention Visitors Bureau to promote tourism.

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

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

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

**GOVERNMENT GRANTS AND ACTIVITIES**-This fund accounts for federal and state grants, self-funded activities, and donations.

(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016**

	<b>E/H Transit</b>	<b>Library</b>	<b>Police Drug Enforcement</b>	<b>Roads &amp; Streets</b>	<b>Street Lights</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 759,815	\$ 152,162	\$ 10,400	\$ 2,131,803
Investments	1,630	27,695	13,020	5,568,153	45,475
Receivables:					
Taxes receivable	9,394	18,682	-	905	-
Accounts receivable	1,011,064	37,038	-	697,437	167,338
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,022,088</b>	<b>\$ 843,230</b>	<b>\$ 165,182</b>	<b>\$ 6,276,895</b>	<b>\$ 2,344,616</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,012,699	\$ 90,146	\$ 162	\$ 395,454	\$ 53,855
Due to other funds	-	-	-	-	-
Salaries payable	-	52,525	-	126,933	16,670
Customer deposit	-	-	-	9,900	-
<b>Total liabilities</b>	<b>1,012,699</b>	<b>142,671</b>	<b>162</b>	<b>532,287</b>	<b>70,525</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	7,134	14,196	-	584	-
<b>Total deferred inflows of resources</b>	<b>7,134</b>	<b>14,196</b>	<b>-</b>	<b>584</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	288,366	-
Committed	2,255	686,363	165,020	5,455,658	2,274,091
<b>Total fund balances</b>	<b>2,255</b>	<b>686,363</b>	<b>165,020</b>	<b>5,744,024</b>	<b>2,274,091</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,022,088</b>	<b>\$ 843,230</b>	<b>\$ 165,182</b>	<b>\$ 6,276,895</b>	<b>\$ 2,344,616</b>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016**

	<b>Hotel/ Motel Tax</b>	<b>Lodging/ Liquor/ Food Tax</b>	<b>Vision Fund</b>	<b>Government Grants &amp; Activities</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 210,283	\$ -	\$ -	\$ 3,264,463
Investments	-	1,179,135	2,494,138	-	9,329,246
Receivables:					
Taxes receivable	-	-	-	-	28,981
Accounts receivable	163,561	470,037	-	1,217,185	3,763,660
Advances to other funds	-	1,780,000	-	-	1,780,000
<b>Total assets</b>	<b>\$ 163,561</b>	<b>\$ 3,639,455</b>	<b>\$ 2,494,138</b>	<b>\$ 1,217,185</b>	<b>\$ 18,166,350</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 70,341	\$ -	\$ -	\$ 118,512	\$ 1,741,169
Due to other funds	12,413	-	-	237,624	250,037
Salaries payable	-	-	-	23,052	219,180
Customer deposits	-	-	-	-	9,900
<b>Total liabilities</b>	<b>82,754</b>	<b>-</b>	<b>-</b>	<b>379,188</b>	<b>2,220,286</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	-	-	-	-	21,914
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,914</b>
<b>FUND BALANCES</b>					
Nonspendable	-	1,780,000	-	-	1,780,000
Restricted	-	-	-	-	288,366
Committed	80,807	1,859,455	2,494,138	837,997	13,855,784
<b>Total fund balances</b>	<b>80,807</b>	<b>3,639,455</b>	<b>2,494,138</b>	<b>837,997</b>	<b>15,924,150</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 163,561</b>	<b>\$ 3,639,455</b>	<b>\$ 2,494,138</b>	<b>\$ 1,217,185</b>	<b>\$ 18,166,350</b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>REVENUES</b>	<b>E/H Transit</b>	<b>Library</b>	<b>Police Drug Enforcement</b>	<b>Roads &amp; Streets</b>	<b>Street Lights</b>
Taxes	\$ 939,270	\$ 1,869,174	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	975	-
Intergovernmental	1,931,923	594,377	800	3,757,275	-
Charges for services	-	84,643	-	211,367	2,375,933
Fines and forfeits	-	39,422	70,551	-	-
Investment income	885	8,689	741	31,391	9,763
Rentals	-	8,566	-	86,888	1,072
Miscellaneous	-	2,804	-	8,663	94,844
Total revenues	<u>2,872,078</u>	<u>2,607,675</u>	<u>72,092</u>	<u>4,096,559</u>	<u>2,481,612</u>
<b>EXPENDITURES</b>					
Current					
General government	2,871,716	-	-	-	-
Public safety	-	-	41,152	-	-
Highways and streets	-	-	-	6,010,637	1,760,882
Health and welfare	-	-	-	-	-
Culture and recreation	-	2,187,704	-	-	-
Capital outlays					
General government	-	-	-	-	-
Public safety	-	-	11,694	-	-
Highways and streets	-	-	-	341,078	36,959
Culture and recreation	-	384,543	-	-	-
Total expenditures	<u>2,871,716</u>	<u>2,572,247</u>	<u>52,846</u>	<u>6,351,715</u>	<u>1,797,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>362</u>	<u>35,428</u>	<u>19,246</u>	<u>(2,255,156)</u>	<u>683,771</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	993,078	-
Transfer out	-	(119,900)	-	(123,296)	(430,576)
Total other financing sources (uses)	<u>-</u>	<u>(119,900)</u>	<u>-</u>	<u>869,782</u>	<u>(430,576)</u>
Net changes in fund balances	362	(84,472)	19,246	(1,385,374)	253,195
Fund balances - beginning, as restated	1,893	770,835	145,774	7,129,398	2,020,896
Fund balances - ending	<u>\$ 2,255</u>	<u>\$ 686,363</u>	<u>\$ 165,020</u>	<u>\$ 5,744,024</u>	<u>\$ 2,274,091</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Hotel/ Motel Tax	Lodging/ Liquor/ Food Tax	Vision Fund	Social Security Tax	Government Grants & Activities	Total Special Revenue
<b>REVENUES</b>						
Taxes	\$ 1,086,064	\$ 2,921,378	\$ -	\$ -	\$ -	\$ 6,815,886
Licenses and permits	-	-	-	-	-	975
Intergovernmental	-	-	-	-	2,514,414	8,798,789
Charges for services	-	-	-	-	59,637	2,731,580
Fines and forfeits	-	-	-	-	10,651	120,624
Investment income	-	6,729	12,725	-	1,479	72,402
Rentals	-	19,200	-	-	-	115,726
Miscellaneous	-	-	-	-	85,409	191,720
Total revenues	<u>1,086,064</u>	<u>2,947,307</u>	<u>12,725</u>	<u>-</u>	<u>2,671,590</u>	<u>18,847,702</u>
<b>EXPENDITURES</b>						
Current						
General government	923,240	328,315	211,890	-	331,013	4,666,174
Public safety	-	-	-	-	921,316	962,468
Highways and streets	-	-	-	-	13,163	7,784,682
Health and welfare	-	-	-	-	861,731	861,731
Culture and recreation	-	-	-	-	15,410	2,203,114
Capital outlays						
Public safety	-	-	-	-	55,607	67,301
Highways and streets	-	-	-	-	-	378,037
Culture and recreation	-	-	-	-	-	384,543
Total expenditures	<u>923,240</u>	<u>328,315</u>	<u>211,890</u>	<u>-</u>	<u>2,198,240</u>	<u>17,308,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,824</u>	<u>2,618,992</u>	<u>(199,165)</u>	<u>-</u>	<u>473,350</u>	<u>1,539,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	-	-	11,665	1,004,743
Transfer out	(162,824)	(2,436,210)	-	(1,232,143)	(1,897)	(4,506,846)
Total other financing sources (uses)	<u>(162,824)</u>	<u>(2,436,210)</u>	<u>-</u>	<u>(1,232,143)</u>	<u>9,768</u>	<u>(3,502,103)</u>
Net changes in fund balances	-	182,782	(199,165)	(1,232,143)	483,118	(1,962,451)
Fund balances - beginning, as restated	80,807	3,456,673	2,693,303	1,232,143	354,879	17,886,601
Fund balances - ending	<u>\$ 80,807</u>	<u>\$ 3,639,455</u>	<u>\$ 2,494,138</u>	<u>\$ -</u>	<u>\$ 837,997</u>	<u>\$ 15,924,150</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
E/H TRANSIT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 1,893</b>	<b>\$ 1,893</b>	<b>\$ 1,893</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	983,748	983,748	939,270	(44,478)
Intergovernmental	3,022,455	3,022,455	1,931,923	(1,090,532)
Investment income	<u>1,500</u>	<u>1,500</u>	<u>885</u>	<u>(615)</u>
Amount available for appropriation	<u>4,009,596</u>	<u>4,009,596</u>	<u>2,873,971</u>	<u>(1,135,625)</u>
Charges to appropriations (outflows)				
General government	<u>4,007,703</u>	<u>4,007,703</u>	<u>2,871,716</u>	<u>1,135,987</u>
Total charges to appropriations	<u>4,007,703</u>	<u>4,007,703</u>	<u>2,871,716</u>	<u>1,135,987</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 1,893</u></b>	<b><u>\$ 1,893</u></b>	<b><u>\$ 2,255</u></b>	<b><u>\$ 362</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 770,835</b>	<b>\$ 770,835</b>	<b>\$ 770,835</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	1,968,913	1,968,913	1,869,174	(99,739)
Intergovernmental	692,352	692,352	594,377	(97,975)
Charges for services	96,400	96,400	84,643	(11,757)
Fines and forfeits	40,500	40,500	39,422	(1,078)
Investment income	9,825	9,825	8,689	(1,136)
Rentals	6,500	6,500	8,566	2,066
Miscellaneous	<u>5,100</u>	<u>5,100</u>	<u>2,804</u>	<u>(2,296)</u>
Amount available for appropriation	<u>3,590,425</u>	<u>3,590,425</u>	<u>3,378,510</u>	<u>(211,915)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,717,513	2,710,313	2,561,386	148,927
Transfer out	<u>112,600</u>	<u>119,800</u>	<u>119,900</u>	<u>(100)</u>
Total charges to appropriations	<u>2,830,113</u>	<u>2,830,113</u>	<u>2,681,286</u>	<u>148,827</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 760,312</u></b>	<b><u>\$ 760,312</u></b>	<b><u>\$ 697,224</u></b>	<b><u>\$ (63,088)</u></b>



**CITY OF BISMARCK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LIBRARY**  
**FOR YEAR ENDED DECEMBER 31, 2016**

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

<b>Sources/inflows of resources</b>	<b>LIBRARY</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,378,510
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(770,835)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,607,675</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,681,286
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	10,861
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(119,900)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,572,247</u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE DRUG ENFORCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 145,774</b>	<b>\$ 145,774</b>	<b>\$ 145,774</b>	<b>\$ -</b>
Resources (inflows)				
Intergovernmental	-	-	800	800
Fines and forfeits	45,000	45,000	70,551	25,551
Investment income	800	800	741	(59)
	<u>191,574</u>	<u>191,574</u>	<u>217,866</u>	<u>26,292</u>
Amount available for appropriation				
Charges to appropriations (outflows)				
Public safety	91,732	91,732	52,846	38,886
	<u>91,732</u>	<u>91,732</u>	<u>52,846</u>	<u>38,886</u>
Total charges to appropriations				
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 99,842</u></b>	<b><u>\$ 99,842</u></b>	<b><u>\$ 165,020</u></b>	<b><u>\$ 65,178</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
ROADS & STREETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1, as restated</b>	<b>\$ 7,129,398</b>	<b>\$ 7,129,398</b>	<b>\$ 7,129,398</b>	<b>\$ -</b>
Resources (inflows)				
Licenses and permits	-	-	975	975
Intergovernmental	4,761,434	4,761,434	3,757,275	(1,004,159)
Charges for services	391,600	391,600	211,367	(180,233)
Investment income	20,600	20,600	31,391	10,791
Rentals	46,048	46,048	86,888	40,840
Miscellaneous	15,000	15,000	8,663	(6,337)
Transfer in	1,438,006	1,438,006	993,078	(444,928)
	<u>13,802,086</u>	<u>13,802,086</u>	<u>12,219,035</u>	<u>(1,583,051)</u>
Amount available for appropriation				
Charges to appropriations (outflows)				
Highways and streets	7,872,260	7,872,260	6,304,531	1,567,729
Transfer out	123,296	123,296	123,296	-
	<u>7,995,556</u>	<u>7,995,556</u>	<u>6,427,827</u>	<u>1,567,729</u>
Total charges to appropriations				
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 5,806,530</u></b>	<b><u>\$ 5,806,530</u></b>	<b><u>\$ 5,791,208</u></b>	<b><u>\$ (15,322)</u></b>

**CITY OF BISMARCK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ROADS & STREETS**  
**FOR YEAR ENDED DECEMBER 31, 2016**

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

<b>Sources/inflows of resources</b>	<b>Roads &amp; Streets</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 12,219,035
Differences - Budget to GAAP	
The fund balance, as restated, at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(7,129,398)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(993,078)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,096,559</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,427,827
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	47,184
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(123,296)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,351,715</u>

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

CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
STREET LIGHTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$2,020,896</b>	<b>\$2,020,896</b>	<b>\$ 2,020,896</b>	<b>\$ -</b>
Resources (inflows)				
Charges for services	2,246,695	2,246,695	2,375,933	129,238
Investment income	5,000	5,000	9,763	4,763
Rentals	2,500	2,500	1,072	(1,428)
Miscellaneous	95,000	95,000	94,844	(156)
Transfer in	30,968	30,968	-	(30,968)
Amount available for appropriation	<u>4,401,059</u>	<u>4,401,059</u>	<u>4,502,508</u>	<u>101,449</u>
Charges to appropriations (outflows)				
Highways and streets	2,248,836	2,043,724	1,868,282	175,442
Transfer out	308,914	514,026	430,576	83,450
Total charges to appropriations	<u>2,557,750</u>	<u>2,557,750</u>	<u>2,298,858</u>	<u>258,892</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$1,843,309</u></b>	<b><u>\$1,843,309</u></b>	<b><u>\$ 2,203,650</u></b>	<b><u>\$ 360,341</u></b>

**CITY OF BISMARCK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STREET LIGHTS  
FOR YEAR ENDED DECEMBER 31, 2016**

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

<b>Sources/inflows of resources</b>	<b>Street Lights</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,502,508
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(2,020,896)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,481,612</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,298,858
Differences - Budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(74,880)
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	4,439
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(430,576)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,797,841</u>

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

CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
HOTEL/MOTEL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1, as restated</b>	<b>\$ 808,017</b>	<b>\$ 80,807</b>	<b>\$ 80,807</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	<u>1,282,000</u>	<u>1,282,000</u>	<u>1,086,064</u>	<u>(195,936)</u>
Amount available for appropriation	<u>2,090,017</u>	<u>1,362,807</u>	<u>1,166,871</u>	<u>(195,936)</u>
Charges to appropriations (outflows)				
General government	<u>1,089,700</u>	<u>1,089,700</u>	<u>923,240</u>	<u>166,460</u>
Transfer out	<u>192,300</u>	<u>192,300</u>	<u>162,824</u>	<u>29,476</u>
Total charges to appropriations	<u>1,282,000</u>	<u>1,282,000</u>	<u>1,086,064</u>	<u>195,936</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 808,017</u></b>	<b><u>\$ 80,807</u></b>	<b><u>\$ 80,807</u></b>	<b><u>\$ -</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LODGING/LIQUOR/FOOD TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1, as restated</b>	<b>\$ 3,456,673</b>	<b>\$3,456,673</b>	<b>\$ 3,456,673</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	2,728,020	2,728,020	2,921,378	193,358
Investment income	3,551	3,551	6,729	3,178
Rentals	19,200	19,200	19,200	-
Amount available for appropriation	<u>6,207,444</u>	<u>6,207,444</u>	<u>6,403,980</u>	<u>196,536</u>
Charges to appropriations (outflows)				
General government	365,700	365,700	328,315	37,385
Debt service	850	850	-	850
Transfer out	<u>2,443,214</u>	<u>2,443,214</u>	<u>2,436,210</u>	<u>7,004</u>
Total charges to appropriations	<u>2,809,764</u>	<u>2,809,764</u>	<u>2,764,525</u>	<u>45,239</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 3,397,680</u></b>	<b><u>\$3,397,680</u></b>	<b><u>\$ 3,639,455</u></b>	<b><u>\$ 241,775</u></b>



**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
VISION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 2,693,303</b>	<b>\$ 2,693,303</b>	<b>\$ 2,693,303</b>	<b>\$ -</b>
Resources (inflows)				
Investment income	35,000	35,000	12,725	(22,275)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount available for appropriation	<u>2,728,303</u>	<u>2,728,303</u>	<u>2,706,028</u>	<u>(22,275)</u>
Charges to appropriations (outflows)				
General government	<u>2,963,237</u>	<u>2,963,237</u>	<u>211,890</u>	<u>2,751,347</u>
Total charges to appropriations	<u>2,963,237</u>	<u>2,963,237</u>	<u>211,890</u>	<u>2,751,347</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ (234,934)</u></b>	<b><u>\$ (234,934)</u></b>	<b><u>\$ 2,494,138</u></b>	<b><u>\$ 2,729,072</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SOCIAL SECURITY TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$1,232,143</b>	<b>\$1,232,143</b>	<b>\$ 1,232,143</b>	<b>\$ -</b>
Resources (inflows)				
Taxes	-	-		-
Intergovernmental	-	-		-
Investment income	-	-		-
Transfer in	-	-		-
Amount available for appropriation	<u>1,232,143</u>	<u>1,232,143</u>	<u>1,232,143</u>	<u>-</u>
Charges to appropriations (outflows)				
General government	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,232,143</u>	<u>367,857</u>
Total charges to appropriations	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,232,143</u>	<u>367,857</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ (367,857)</u></b>	<b><u>\$ (367,857)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 367,857</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
GOVERNMENT GRANTS & ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 354,879</b>	<b>\$ 354,879</b>	<b>\$ 354,879</b>	<b>\$ -</b>
Resources (inflows)				
Licenses and permits	-	-	-	-
Intergovernmental	5,172,498	5,172,498	2,514,414	(2,658,084)
Charges for services	107,400	107,400	59,637	(47,763)
Fines and forfeits	1,500	1,500	10,651	9,151
Investment income	2,115	2,115	1,479	(636)
Miscellaneous	137,360	137,360	85,409	(51,951)
Transfers in	-	-	11,665	11,665
Amount available for appropriation	<u>5,775,752</u>	<u>5,775,752</u>	<u>3,038,134</u>	<u>(2,737,618)</u>
Charges to appropriations (outflows)				
General government	1,118,639	1,118,639	331,013	787,626
Public safety	3,189,192	3,189,192	974,963	2,214,229
Highways and streets	19,275	19,275	13,163	6,112
Health and welfare	1,080,563	1,080,563	859,467	221,096
Culture and recreation	105,145	105,145	15,410	89,735
Transfer out	<u>23,336</u>	<u>23,336</u>	<u>1,897</u>	<u>21,439</u>
Total charges to appropriations	<u>5,536,150</u>	<u>5,536,150</u>	<u>2,195,913</u>	<u>3,340,237</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 239,602</u></b>	<b><u>\$ 239,602</u></b>	<b><u>\$ 842,221</u></b>	<b><u>\$ 602,619</u></b>

**CITY OF BISMARCK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GOVERNMENT GRANTS & ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2016**

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

	<b>Government Grants &amp; Activities</b>
<b>Sources/inflows of resources</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,038,134
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(354,879)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,665)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,671,590</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,195,913
Differences - Budget to GAAP	
The City budgets for salaries are on the cash basis rather than on the modified accrual basis	4,224
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,897)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,198,240</u>

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

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## **MAJOR DEBT SERVICE FUNDS**

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**MAJOR DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**STREET IMPROVEMENT BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Budgetary Fund Balance, January 1</b>	<b>\$18,379,012</b>	<b>\$18,379,012</b>	<b>\$ 18,379,012</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	15,445,000	15,445,000	15,762,298	317,298
Investment income	450,000	450,000	337,731	(112,269)
Transfer in	1,000,000	1,000,000	925,219	(74,781)
Refunding bonds issued	6,000,000	6,000,000	-	(6,000,000)
Premium on special assessment debt	75,000	75,000	-	(75,000)
Amount available for appropriation	41,349,012	41,349,012	35,404,260	(5,944,752)
Charges to appropriations (outflows)				
Principal	11,535,255	11,535,255	10,424,509	1,110,746
Interest and fiscal charges	2,314,366	2,314,366	2,317,231	(2,865)
Discount on special assessment debt	75,000	75,000	-	75,000
Payment to refunded bond escrow agent	6,000,000	6,000,000	-	6,000,000
Transfer out	1,000,000	1,000,000	-	1,000,000
Total charges to appropriations	20,924,621	20,924,621	12,741,740	8,182,881
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$20,424,391</u></b>	<b><u>\$20,424,391</u></b>	<b><u>\$ 22,662,520</u></b>	<b><u>\$ 2,238,129</u></b>

**CITY OF BISMARCK, NORTH DAKOTA**  
**MAJOR DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**SEWERMAIN BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 3,914,823</b>	<b>\$ 3,914,823</b>	<b>\$ 3,914,823</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	3,745,750	3,745,750	4,276,960	531,210
Investment income	85,000	85,000	69,918	(15,082)
Transfer in	500,000	500,000	255,669	(244,331)
Refunding bonds issued	3,500,000	3,500,000	-	(3,500,000)
Premium on special assessment debt	45,000	45,000	-	(45,000)
Amount available for appropriation	<u>11,790,573</u>	<u>11,790,573</u>	<u>8,517,370</u>	<u>(3,273,203)</u>
Charges to appropriations (outflows)				
Principal	2,038,745	2,038,745	2,560,256	(521,511)
Interest and fiscal charges	444,080	444,080	649,466	(205,386)
Discount on special assessment debt	45,000	45,000	-	45,000
Payment to refunded bond escrow agent	3,500,000	3,500,000	-	3,500,000
Transfer out	500,000	500,000	-	500,000
Total charges to appropriations	<u>6,527,825</u>	<u>6,527,825</u>	<u>3,209,722</u>	<u>3,318,103</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 5,262,748</u></b>	<b><u>\$ 5,262,748</u></b>	<b><u>\$ 5,307,648</u></b>	<b><u>\$ 44,900</u></b>



## **NONMAJOR DEBT SERVICE FUNDS**

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2016**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 92,165	\$ 92,165
Receivables:			
Special assessments	1,614,183	7,844,781	9,458,964
Due from other funds	<u>614,974</u>	<u>1,177,515</u>	<u>1,792,489</u>
Total assets	<u><u>\$ 2,229,157</u></u>	<u><u>\$ 9,114,461</u></u>	<u><u>\$ 11,343,618</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 1,243</u>	<u>\$ 2,801</u>	<u>\$ 4,044</u>
Total liabilities	<u>1,243</u>	<u>2,801</u>	<u>4,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable special assessment taxes	<u>1,512,880</u>	<u>7,009,940</u>	<u>8,522,820</u>
Total deferred inflows of resources	<u>1,512,880</u>	<u>7,009,940</u>	<u>8,522,820</u>
<b>FUND BALANCES</b>			
Restricted	<u>715,034</u>	<u>2,101,720</u>	<u>2,816,754</u>
Total fund balances	<u>715,034</u>	<u>2,101,720</u>	<u>2,816,754</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 2,229,157</u></u>	<u><u>\$ 9,114,461</u></u>	<u><u>\$ 11,343,618</u></u>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Watermain Bonds</b>	<b>Sidewalk Bonds</b>	<b>Total Debt Service</b>
<b>REVENUES</b>			
Special assessments	\$ 173,649	\$ 1,603,660	\$ 1,777,309
Investment income	12,623	41,674	54,297
	<u>186,272</u>	<u>1,645,334</u>	<u>1,831,606</u>
Total revenues			
	<u>186,272</u>	<u>1,645,334</u>	<u>1,831,606</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	190,235	1,240,000	1,430,235
Interest and fiscal charges	52,241	189,555	241,796
	<u>242,476</u>	<u>1,429,555</u>	<u>1,672,031</u>
Total expenditures			
	<u>242,476</u>	<u>1,429,555</u>	<u>1,672,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(56,204)</u>	<u>215,779</u>	<u>159,575</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	34,039	-	34,039
Total other financing sources (uses)	<u>34,039</u>	<u>-</u>	<u>34,039</u>
Net changes in fund balances	(22,165)	215,779	193,614
Fund balances - beginning	<u>737,199</u>	<u>1,885,941</u>	<u>2,623,140</u>
Fund balances - ending	<u>\$ 715,034</u>	<u>\$ 2,101,720</u>	<u>\$ 2,816,754</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
WATERMAIN BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$ 737,199</b>	<b>\$ 737,199</b>	<b>\$ 737,199</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	270,000	270,000	173,649	(96,351)
Investment income	30,000	30,000	12,623	(17,377)
Transfer in	250,000	250,000	34,039	(215,961)
Refunding bonds issued	450,000	450,000	-	(450,000)
Premium on special assessment debt	10,000	10,000	-	(10,000)
Amount available for appropriation	<u>1,747,199</u>	<u>1,747,199</u>	<u>957,510</u>	<u>(789,689)</u>
Charges to appropriations (outflows)				
Principal	220,480	220,480	190,235	30,245
Interest and fiscal charges	62,315	62,315	52,241	10,074
Discount on special assessment debt	10,000	10,000	-	10,000
Payment to refunded bond escrow agent	450,000	450,000	-	450,000
Transfer out	260,000	260,000	-	260,000
Total charges to appropriations	<u>1,002,795</u>	<u>1,002,795</u>	<u>242,476</u>	<u>760,319</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 744,404</u></b>	<b><u>\$ 744,404</u></b>	<b><u>\$ 715,034</u></b>	<b><u>\$ (29,370)</u></b>

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR DEBT SERVICE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
SIDEWALK BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Budgetary Fund Balance, January 1</b>	<b>\$1,885,941</b>	<b>\$1,885,941</b>	<b>\$ 1,885,941</b>	<b>\$ -</b>
Resources (inflows)				
Special assessments	1,677,500	1,677,500	1,603,660	(73,840)
Investment income	45,000	45,000	41,674	(3,326)
Transfer in	51,000	51,000	-	(51,000)
Premium on special assessment debt	15,000	15,000	-	(15,000)
Amount available for appropriation	<u>3,674,441</u>	<u>3,674,441</u>	<u>3,531,275</u>	<u>(143,166)</u>
Charges to appropriations (outflows)				
Principal	1,315,000	1,315,000	1,240,000	75,000
Interest and fiscal charges	191,793	191,793	189,555	2,238
Discount on special assessment debt	15,000	15,000	-	15,000
Transfer out	50,000	50,000	-	50,000
Total charges to appropriations	<u>1,571,793</u>	<u>1,571,793</u>	<u>1,429,555</u>	<u>142,238</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$2,102,648</u></b>	<b><u>\$2,102,648</u></b>	<b><u>\$ 2,101,720</u></b>	<b><u>\$ (928)</u></b>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

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

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

**STREET LIGHT/SIGNALS**-This fund accounts for the construction and improvements to the street lights and traffic signals systems. Financing is provided by the General Fund and Street Light/Traffic Signal Special Revenue Fund.

**FLOOD CONSTRUCTION**-This fund accounts for the construction of flood mitigation projects.

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

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2016**

	<b>Special Deficiency/ Assumptions</b>	<b>Tax Increment</b>	<b>Community Development</b>	<b>Building Improvements</b>	<b>Street Light/Signals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,504,040	\$ 685,173	\$ -	\$ 3,013,533	\$ 102,982
Investments	422,603	23,555	-	1,419,748	-
Receivables:					
Taxes receivable	9,394	10,822	-	-	-
Accounts receivable	455		33,417	-	-
Special assessments	16,974		-	-	-
Notes receivable	-		1,156,046	-	-
Due from other funds	1,995,960		-	-	-
Advance to other funds	-	100,000	-	-	-
Restricted assets:					
Investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,949,426</b>	<b>\$ 819,550</b>	<b>\$ 1,189,463</b>	<b>\$ 4,433,281</b>	<b>\$ 102,982</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 104,996	\$ 633,372	\$ 6,653	\$ 139,305	\$ -
Retainage payable	-	-	-	4,990	1,630
Due to other funds	-	-	26,764	-	-
Unearned revenue	-	-	856,046	-	-
Customer deposits	-	-	-	-	-
<b>Total liabilities</b>	<b>104,996</b>	<b>633,372</b>	<b>889,463</b>	<b>144,295</b>	<b>1,630</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable special assessment taxes	13,432	-	-	-	-
Unavailable property taxes	7,134	1,512	-	-	-
<b>Total deferred inflows of resources</b>	<b>20,566</b>	<b>1,512</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	100,000	-	-	-
Committed	4,823,864	84,666	300,000	4,288,986	101,352
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>4,823,864</b>	<b>184,666</b>	<b>- 300,000</b>	<b>4,288,986</b>	<b>101,352</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,949,426</b>	<b>\$ 819,550</b>	<b>\$ - 1,189,463</b>	<b>\$ - 4,433,281</b>	<b>\$ 102,982</b>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2016**

	<b>Flood Construction</b>	<b>Sewermain Construction</b>	<b>Watermain Construction</b>	<b>Sidewalk Construction</b>	<b>Total Capital Projects</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,305,728
Investments	-	-	-	-	1,865,906
Receivables:					
Taxes receivable	-	-	-	-	20,216
Accounts receivable	-	-	-	-	33,872
Special assessments	-	-	-	-	16,974
Notes receivable	-	-	-	-	1,156,046
Due from other funds	-	-	-	-	1,995,960
Advance to other funds	-	-	-	-	100,000
Restricted assets:					
Investments	-	-	-	2,885,658	2,885,658
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,885,658</b>	<b>\$ 14,380,360</b>
<b>LIABILITIES</b>	-	-	-	-	-
Accounts payable	\$ -	\$ 287,978	\$ 30,385	\$ 430,869	\$ 1,633,558
Retainage payable	-	5,789	9,399	-	21,808
Due to other funds	314,441	300,808	705,984	1,177,515	2,525,512
Unearned revenue	-	-	-	-	856,046
Customer deposits	-	-	-	2,885,658	2,885,658
<b>Total liabilities</b>	<b>314,441</b>	<b>594,575</b>	<b>745,768</b>	<b>4,494,042</b>	<b>7,922,582</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable special assessment taxes	-	-	-	-	13,432
Unavailable property taxes	-	-	-	-	8,646
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,078</b>
<b>FUND BALANCES</b>	-	-	-	-	-
Nonspendable	-	-	-	-	100,000
Committed	-	-	-	-	9,598,868
Unassigned	(314,441)	(594,575)	(745,768)	(1,608,384)	(3,263,168)
<b>Total fund balances</b>	<b>(314,441)</b>	<b>(594,575)</b>	<b>(745,768)</b>	<b>(1,608,384)</b>	<b>6,435,700</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,885,658</b>	<b>\$ -</b>
					<b>\$ 14,380,360</b>



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**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Special Deficiency/ Assumption</b>	<b>Tax Increment</b>	<b>Community Development</b>	<b>Building Improvements</b>	<b>Street Light/ Signals</b>
<b>REVENUES</b>					
Taxes	\$ 945,526	\$ 1,563,281	\$ -	\$ -	\$ -
Special assessments	7,758	-	-	-	-
Intergovernmental	22,203	225,000	323,131	-	-
Charges for services	807,739	-	-	-	-
Investment income	19,160	5,928	-	23,920	-
Miscellaneous	-	-	-	280,587	-
Total revenues	<u>1,802,386</u>	<u>1,794,209</u>	<u>323,131</u>	<u>304,507</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current					
General government	142,723	-	-	-	-
Public works	-	1,845,700	277,588	21,149	85,701
Capital outlays					
Public works	-	-	-	1,783,776	258,211
Total expenditures	<u>142,723</u>	<u>1,845,700</u>	<u>277,588</u>	<u>1,804,925</u>	<u>343,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,659,663</u>	<u>(51,491)</u>	<u>45,543</u>	<u>(1,500,418)</u>	<u>(343,912)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	68,665	-	1,382,000	397,682
Transfer out	(681,712)	(131,561)	(45,543)	-	-
Premium on special assessment debt	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>(681,712)</u>	<u>(62,896)</u>	<u>(45,543)</u>	<u>1,382,000</u>	<u>397,682</u>
Net changes in fund balances	977,951	(114,387)	-	(118,418)	53,770
Fund balances - beginning	<u>3,845,913</u>	<u>299,053</u>	<u>300,000</u>	<u>4,407,404</u>	<u>47,582</u>
Fund balances - ending	<u>\$ 4,823,864</u>	<u>\$ 184,666</u>	<u>\$ 300,000</u>	<u>\$ 4,288,986</u>	<u>\$ 101,352</u>

(Continued from next page)

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Flood Construction</b>	<b>Sewermain Construction</b>	<b>Watermain Construction</b>	<b>Sidewalk Construction</b>	<b>Total Capital Projects</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,508,807
Special assessments	-	38,284	-	248,655	294,697
Intergovernmental	-	-	-	-	570,334
Charges for services	-	-	-	-	807,739
Investment income	-	-	-	-	49,008
Miscellaneous	-	-	-	-	280,587
Total revenues	-	38,284	-	248,655	4,511,172
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	142,723
Public works	20,567	56,299	14,762	61,529	2,383,295
Capital outlays					
Public works	-	1,916,412	964,046	1,722,967	6,645,412
Total expenditures	20,567	1,972,711	978,808	1,784,496	9,171,430
Excess (deficiency) of revenues over (under) expenditures	(20,567)	(1,934,427)	(978,808)	(1,535,841)	(4,660,258)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	45,597	174,234	-	2,068,178
Transfer out	-	(265,654)	(34,039)	-	(1,158,509)
Premium on special assessment debt	-	132,345	24,247	22,665	179,257
Special assessment bonds issued	-	3,285,557	601,955	1,970,000	5,857,512
Total other financing sources (uses)	-	3,197,845	766,397	1,992,665	6,946,438
Net changes in fund balances	(20,567)	1,263,418	(212,411)	456,824	2,286,180
Fund balances - beginning	(293,874)	(1,857,993)	(533,357)	(2,065,208)	4,149,520
Fund balances - ending	<u>\$ (314,441)</u>	<u>\$ (594,575)</u>	<u>\$ (745,768)</u>	<u>\$ (1,608,384)</u>	<u>\$ 6,435,700</u>

## **NONMAJOR ENTERPRISE FUNDS**

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

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

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

**COMMERCIAL PROPERTY**-This fund accounts for the retail properties at the Bowen Avenue Commercial Center.

**NORTHERN PLAINS COMMERCE CENTRE**-This fund accounts for the operations of the northern plains commerce centre.

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

(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2016**

	<b>Solid Waste Disposal</b>	<b>Solid Waste Collections</b>	<b>Commercial Property</b>	<b>Northern Plains Commerce Centre</b>	<b>Parking Authority Lots</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 5,000,927	\$ 441,326	\$ 418,476	\$ 4,008,908	\$ 157,906	\$ 10,027,543
Investments	6,182,046	1,471,700	112,134	5,114,830	369,601	13,250,311
Receivables:						
Accounts receivable	375,622	261,801	-	22,472	9,854	669,749
Interest receivable	8,267	1,395	379	6,560	234	16,835
Prepaid items	11,058	3,246	1,310	-	963	16,577
Restricted assets:						
Investments	-	-	-	-	25,125	25,125
Total current assets	<u>11,577,920</u>	<u>2,179,468</u>	<u>532,299</u>	<u>9,152,770</u>	<u>563,683</u>	<u>24,006,140</u>
Noncurrent assets:						
Capital assets not being depreciated						
Land	395,247	603,338	259,000	225,057	1,203,152	2,685,794
Construction in progress	6,262	-	-	-	257,112	263,374
Capital assets (net of accumulated depreciation)						
Building and building improvements	3,537,914	-	1,259,542	-	18,559,788	23,357,244
Improvements other than buildings	3,427,281	6,695	-	6,924,130	17,430	10,375,536
Machinery and equipment	2,011,047	2,117,852	-	-	532,945	4,661,844
Total noncurrent assets	<u>9,377,751</u>	<u>2,727,885</u>	<u>1,518,542</u>	<u>7,149,187</u>	<u>20,570,427</u>	<u>41,343,792</u>
Total assets	<u>\$ 20,955,671</u>	<u>\$ 4,907,353</u>	<u>\$ 2,050,841</u>	<u>\$ 16,301,957</u>	<u>\$ 21,134,110</u>	<u>\$ 65,349,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derived from pensions	185,564	278,345	-	-	-	463,909
Total deferred outflows of resources	<u>185,564</u>	<u>278,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,909</u>

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2016**

	<b>Solid Waste Disposal</b>	<b>Solid Waste Collections</b>	<b>Commercial Property</b>	<b>Northern Plains Commerce Centre</b>	<b>Parking Authority Lots</b>	<b>Total</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	64,668	100,894	2,833	-	47,703	216,098
Compensated benefits payable	53,240	76,709	-	-	-	129,949
Salaries payable	37,510	51,879	-	-	-	89,389
Unearned revenue	-	-	-	-	1,488	1,488
Total current liabilities	<u>155,418</u>	<u>229,482</u>	<u>2,833</u>	<u>-</u>	<u>49,191</u>	<u>436,924</u>
Long-term liabilities:						
Net pension liability	265,019	397,529	-	-	-	662,548
Advances from other funds	-	-	1,780,000	-	330,000	2,110,000
Customer deposits	1,590	-	2,950	-	25,125	29,665
Compensated benefits payable	55,788	38,467	-	-	-	94,255
Accrued closure/post closure costs	<u>2,997,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,997,319</u>
Total long-term liabilities	<u>3,319,716</u>	<u>435,996</u>	<u>1,782,950</u>	<u>-</u>	<u>355,125</u>	<u>5,893,787</u>
Total liabilities	<u>3,475,134</u>	<u>665,478</u>	<u>1,785,783</u>	<u>-</u>	<u>404,316</u>	<u>6,330,711</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derived from pensions	<u>60,322</u>	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,806</u>
Total deferred outflows of resources	<u>60,322</u>	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,806</u>
<b>NET POSITION</b>						
Net investment in capital assets	9,377,751	2,727,885	1,518,542	7,149,187	20,570,427	41,343,792
Unrestricted	<u>8,228,028</u>	<u>1,701,851</u>	<u>(1,253,484)</u>	<u>9,152,770</u>	<u>159,367</u>	<u>17,988,532</u>
Total net position	<u>\$ 17,605,779</u>	<u>\$ 4,429,736</u>	<u>\$ 265,058</u>	<u>\$ 16,301,957</u>	<u>\$ 20,729,794</u>	<u>\$ 59,332,324</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Solid Waste Disposal</b>	<b>Solid Waste Collections</b>	<b>Commercial Property</b>	<b>Northern Plains Commerce Centre</b>	<b>Parking Authority Lots</b>	<b>Total</b>
<b>OPERATING REVENUES</b>						
Charges for services:						
Sanitation fees	\$ 4,222,115	\$ 3,994,433	\$ -	\$ -	\$ -	\$ 8,216,548
Miscellaneous sales	25,316	8,358	30	-	59	33,763
Rentals	108,175	430	116,627	63,975	1,460,695	1,749,902
Total operating revenues	<u>4,355,606</u>	<u>4,003,221</u>	<u>116,657</u>	<u>63,975</u>	<u>1,460,754</u>	<u>10,000,213</u>
<b>OPERATING EXPENSES</b>						
Personal services - salaries & wages	776,807	1,173,497	-	-	-	1,950,304
Personal services - fringe benefits	282,363	469,349	-	-	-	751,712
Professional, legal, and contracted services	169,720	39,893	6,296	890	486,381	703,180
Building, equipment, and vehicle services	2,030,916	537,999	20,618	-	359,953	2,949,486
Travel & training	8,193	1,444	-	-	-	9,637
Operating services	268,771	1,131,669	2,563	59	43,921	1,446,983
Operating supplies	143,260	195,886	46	-	14,799	353,991
Depreciation expense	647,409	288,909	53,033	215,235	734,919	1,939,505
Total operating expenses	<u>4,327,439</u>	<u>3,838,646</u>	<u>82,556</u>	<u>216,184</u>	<u>1,639,973</u>	<u>10,104,798</u>
Operating income (loss)	<u>28,167</u>	<u>164,575</u>	<u>34,101</u>	<u>(152,209)</u>	<u>(179,219)</u>	<u>(104,585)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain (loss) on disposal of assets	(393)	(14,351)	-	1,435,823	-	1,421,079
Investment income	50,964	9,288	2,373	35,054	1,606	99,285
Total nonoperating revenues (expenses)	<u>50,571</u>	<u>(5,063)</u>	<u>2,373</u>	<u>1,470,877</u>	<u>1,606</u>	<u>1,520,364</u>
Income (loss) before contributions and transfers	78,738	159,512	36,474	1,318,668	(177,613)	1,415,779
<b>TRANSFERS OUT</b>	<u>(210,438)</u>	<u>(107,113)</u>	<u>(24,808)</u>	<u>(52,514)</u>	<u>(16,631)</u>	<u>(411,504)</u>
Change in net position	<u>(131,700)</u>	<u>52,399</u>	<u>11,666</u>	<u>1,266,154</u>	<u>(194,244)</u>	<u>1,004,275</u>
Total net position - beginning, as restated	17,737,479	4,377,337	253,392	15,035,803	20,924,038	58,328,049
Total net position - ending	<u>\$ 17,605,779</u>	<u>\$ 4,429,736</u>	<u>\$ 265,058</u>	<u>\$ 16,301,957</u>	<u>\$ 20,729,794</u>	<u>\$ 59,332,324</u>

**CITY OF BISMARCK , NORTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Solid Waste Disposal</b>	<b>Solid Waste Collections</b>	<b>Commercial Property</b>	<b>Northern Plains Commerce Center</b>	<b>Parking Authority</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 4,320,350	\$ 3,997,203	\$ 116,657	\$ 41,503	\$ 1,504,053	\$ 9,979,766
Payments to suppliers	(1,268,841)	(2,385,431)	(57,284)	(64,105)	(1,004,271)	(4,779,932)
Payments to employees	(768,905)	(1,176,586)	-	-	-	(1,945,491)
Net cash provided (used) by operating activities	<u>2,282,604</u>	<u>435,186</u>	<u>59,373</u>	<u>(22,602)</u>	<u>499,782</u>	<u>3,254,343</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Payment on advance	-	-	-	-	(100,000)	(100,000)
Proceeds from advance	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(210,438)	(107,113)	(24,808)	(52,514)	(16,631)	(411,504)
Net cash provided (used) by noncapital financing activities	<u>(210,438)</u>	<u>(107,113)</u>	<u>(24,808)</u>	<u>(52,514)</u>	<u>(116,631)</u>	<u>(511,504)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from sale of capital assets	(393)	(14,351)	-	1,435,823	-	1,421,079
Proceeds from insurance recoveries	-	-	-	-	-	-
Purchase of capital assets	(9,000)	(24,243)	-	-	19,650	(13,592)
Construction of capital assets	(901,571)	28,894	-	24,800	(284,835)	(1,132,712)
Net cash provided (used) by capital and related financing activities	<u>(910,964)</u>	<u>(9,700)</u>	<u>-</u>	<u>1,460,623</u>	<u>(265,185)</u>	<u>274,774</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	6,156,516	58,206	140,869	5,096,320	9,226	11,461,137
Purchase of investments	(6,182,046)	(1,471,700)	(112,134)	(5,114,830)	(394,726)	(13,275,436)
Investment income	37,461	7,027	1,748	26,578	1,097	73,911
Net cash provided (used) by investing activities	<u>11,931</u>	<u>(1,406,467)</u>	<u>30,483</u>	<u>8,068</u>	<u>(384,403)</u>	<u>(1,740,388)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,173,133</u>	<u>(1,088,094)</u>	<u>65,048</u>	<u>1,393,575</u>	<u>(266,437)</u>	<u>1,277,225</u>
Cash and cash equivalents - January 1	<u>3,827,794</u>	<u>1,529,420</u>	<u>353,428</u>	<u>2,615,333</u>	<u>424,343</u>	<u>8,750,318</u>
Cash and cash equivalents - December 31	<u>\$ 5,000,927</u>	<u>\$ 441,326</u>	<u>\$ 418,476</u>	<u>\$ 4,008,908</u>	<u>\$ 157,906</u>	<u>\$ 10,027,543</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 28,167	\$ 164,575	\$ 34,101	\$ (152,209)	\$ (179,219)	\$ (104,585)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	647,409	288,909	53,033	215,235	734,919	1,939,505
Change in Deferred Outflows	(1,915)	(2,871)	-	-	-	(4,786)
Change in Deferred Inflows	(23,931)	(35,896)	-	-	-	(59,827)
(Increase) decrease in accounts receivable	(35,256)	(6,018)	-	(22,472)	43,314	(20,432)
(Increase) decrease in prepaid items	(228)	(214)	(64)	-	(697)	(1,203)
Increase (decrease) in customer deposits	-	-	-	-	650	650
Increase (decrease) in accounts payable	47,571	(8,977)	(27,697)	(63,156)	(98,520)	(150,779)
Increase (decrease) in compensated benefits payable	13,384	8,079	-	-	-	21,463
Increase (decrease) in net pension liability	11,015	16,523	-	-	-	27,538
Increase (decrease) in salaries payable	9,349	11,076	-	-	-	20,425
Increase (decrease) in deferred revenue	-	-	-	-	(665)	(665)
Increase (decrease) in closure and post closure costs	1,587,039	-	-	-	-	1,587,039
Total adjustments	<u>2,254,437</u>	<u>270,611</u>	<u>25,272</u>	<u>129,607</u>	<u>679,001</u>	<u>3,358,928</u>
Net cash provided (used) by operating activities	<u>\$ 2,282,604</u>	<u>\$ 435,186</u>	<u>\$ 59,373</u>	<u>\$ (22,602)</u>	<u>\$ 499,782</u>	<u>\$ 3,254,343</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Increase in fair value of investments	\$ 11,696	\$ 1,919	\$ 554	\$ 8,068	\$ 355	\$ 22,592

## **NONMAJOR INTERNAL SERVICE FUNDS**

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

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

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

**WORKFORCE SAFETY INSURANCE**-This fund provides workers compensation coverage for all employees through the North Dakota Workforce Safety.

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

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

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



**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2016**

	<b>Fleet Services</b>	<b>Liability Insurance</b>	<b>Workforce Safety Insurance</b>	<b>Employee Insurance</b>	<b>Revolving</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Investments	532,472	434,151	311,153	4,549,003	205,910	6,032,689
Receivables:						
Accounts receivable	3,954	-	-	51,774	286,518	342,246
Inventories	336,001	-	-	-	-	336,001
Prepaid items	2,592	-	-	-	-	2,592
Total current assets	<u>875,019</u>	<u>434,151</u>	<u>311,153</u>	<u>4,600,777</u>	<u>592,428</u>	<u>6,813,528</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	2,368	-	-	-	-	2,368
Total noncurrent assets	<u>2,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,368</u>
Total assets	<u>877,387</u>	<u>434,151</u>	<u>311,153</u>	<u>4,600,777</u>	<u>592,428</u>	<u>6,815,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derived from pensions	143,968	-	-	-	-	143,968
Total deferred outflows of resources	<u>143,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,968</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	163,172	-	1,278	20,149	578,694	763,293
Salaries payable	26,223	-	-	-	275	26,498
Claims and judgments payable	-	200	-	508,000	-	508,200
Total current liabilities	<u>189,395</u>	<u>200</u>	<u>1,278</u>	<u>528,149</u>	<u>578,969</u>	<u>1,297,991</u>
Long-term liabilities:						
Net pension liability	197,814	-	-	-	-	197,814
Total long-term liabilities	<u>197,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,814</u>
Total liabilities	<u>387,209</u>	<u>200</u>	<u>1,278</u>	<u>528,149</u>	<u>578,969</u>	<u>1,495,805</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derived from pensions	36,837	-	-	-	-	36,837
Total deferred inflows of resources	<u>36,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,837</u>
<b>NET POSITION</b>						
Net investment in capital assets	2,368	-	-	-	-	2,368
Unrestricted	594,941	433,951	309,875	4,072,628	13,459	5,424,854
Total net position	<u>\$ 597,309</u>	<u>\$ 433,951</u>	<u>\$ 309,875</u>	<u>\$ 4,072,628</u>	<u>\$ 13,459</u>	<u>\$ 5,427,222</u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Fleet Service</b>	<b>Liability Insurance</b>	<b>Workforce Safety Insurance</b>	<b>Employee Insurance</b>	<b>Revolving</b>	<b>Total</b>
<b>OPERATING REVENUES</b>						
Charges for services						
Sale of gas and oil	\$ 682,466	\$ -	\$ -	\$ -	\$ -	\$ 682,466
Sale of parts and labor	2,280,417	-	-	-	-	2,280,417
Miscellaneous sales	3,253	1,841	-	123,708	11,665	140,467
Rentals	10,906	-	-	-	-	10,906
Employer contributions	-	-	32,610	6,821,461	-	6,854,071
Employee contributions	-	-	-	68,236	-	68,236
Total operating revenues	<u>2,977,042</u>	<u>1,841</u>	<u>32,610</u>	<u>7,013,405</u>	<u>11,665</u>	<u>10,036,563</u>
<b>OPERATING EXPENSES</b>						
Cost of goods sold	1,732,675	-	-	-	-	1,732,675
Personal services - salaries & wages	604,640	-	-	-	275	604,915
Personal services - fringe benefits	217,300	-	-	133,860	-	351,160
Professional, legal, and contracted services	850	13,948	16	1,542	-	16,356
Building, equipment, and vehicle services	231,656	-	-	-	32,426	264,082
Travel & training	2,365	-	-	-	-	2,365
Operating services	20,018	206,806	-	7,935,508	900	8,163,232
Operating supplies	19,235	-	-	474	-	19,709
Depreciation expense	3,768	-	-	-	-	3,768
Total operating expenses	<u>2,832,507</u>	<u>220,754</u>	<u>16</u>	<u>8,071,384</u>	<u>33,601</u>	<u>11,158,262</u>
Operating income (loss)	<u>144,535</u>	<u>(218,913)</u>	<u>32,594</u>	<u>(1,057,979)</u>	<u>(21,936)</u>	<u>(1,121,699)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain on disposal of assets	3,417	-	-	-	34,855	38,272
Investment income	667	507	749	26,498	-	28,421
Total nonoperating revenues (expenses)	<u>4,084</u>	<u>507</u>	<u>749</u>	<u>26,498</u>	<u>34,855</u>	<u>66,693</u>
Income (loss) before contributions and transfers	148,619	(218,406)	33,343	(1,031,481)	12,919	(1,055,006)
<b>TRANSFER IN</b>	-	648,000	-	6,682	-	654,682
<b>TRANSFER OUT</b>	<u>(46,846)</u>	<u>(27,188)</u>	<u>(5,126)</u>	<u>(85,634)</u>	<u>(11,665)</u>	<u>(176,459)</u>
Change in net position	101,773	402,406	28,217	(1,110,433)	1,254	(576,783)
Total net position - beginning, as restated	<u>495,536</u>	<u>31,545</u>	<u>281,658</u>	<u>5,183,061</u>	<u>12,205</u>	<u>6,004,005</u>
Total net position - ending	<u>\$ 597,309</u>	<u>\$ 433,951</u>	<u>\$ 309,875</u>	<u>\$ 4,072,628</u>	<u>\$ 13,459</u>	<u>\$ 5,427,222</u>

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

**CITY OF BISMARCK , NORTH DAKOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Fleet Services</b>	<b>Liability Insurance</b>	<b>Workforce Safety</b>	<b>Employee Insurance</b>	<b>Revolving</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 2,974,557	\$ -	\$ -	\$ -	\$ 30,719	\$ 3,005,276
Receipts from employer	-	-	32,610	6,821,461	-	6,854,071
Other operating cash receipts	3,253	1,841	-	191,944	11,665	208,703
Payments to suppliers	(2,182,391)	(220,954)	43,508	(7,979,048)	(42,781)	(10,381,666)
Payments to employees	(613,897)	-	-	-	(275)	(614,172)
Net cash provided (used) by operating activities	<u>181,522</u>	<u>(219,113)</u>	<u>76,118</u>	<u>(965,643)</u>	<u>(672)</u>	<u>(927,788)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	-	648,000	-	6,682	-	654,682
Transfers to other funds	(46,846)	(27,188)	(5,126)	(85,634)	(11,665)	(176,459)
Net cash provided (used) by noncapital and related financing activities	<u>(46,846)</u>	<u>620,812</u>	<u>(5,126)</u>	<u>(78,952)</u>	<u>(11,665)</u>	<u>478,223</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Intergovernmental	-	-	-	-	-	-
Proceeds from sale of capital assets	3,417	-	-	-	-	3,417
Proceeds from insurance recoveries	-	-	-	-	34,855	34,855
Purchase of Capital Assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>3,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,855</u>	<u>38,272</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	393,894	32,081	239,618	5,574,033	183,393	6,423,019
Purchase of investments	(532,472)	(434,151)	(311,153)	(4,549,003)	(205,910)	(6,032,689)
Investment income	485	371	542	19,566	-	20,964
Net cash provided (used) by investing activities	<u>(138,093)</u>	<u>(401,699)</u>	<u>(70,992)</u>	<u>1,044,595</u>	<u>(22,518)</u>	<u>411,294</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents - January 1	-	-	-	-	100,000	100,000
Cash and cash equivalents - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 144,535	\$ (218,913)	\$ 32,594	\$ (1,057,979)	\$ (21,936)	\$ (1,121,699)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	3,768	-	-	-	-	3,768
Deferred Outflows	(9,301)	-	-	-	-	(9,301)
Deferred Inflows	(20,641)	-	-	-	-	(20,641)
(Increase) decrease in accounts receivable	768	-	-	(4,400)	58,562	54,930
(Increase) decrease in inventories	(35,688)	-	-	-	-	(35,688)
(Increase) decrease in prepaid items	59	-	42,247	-	-	42,306
Increase (decrease) in accounts payable	77,337	-	1,277	(1,264)	(27,843)	49,507
Increase (decrease) in pension liability	14,704	-	-	-	-	14,704
Increase (decrease) in salaries payable	5,981	-	-	-	275	6,256
Increase (decrease) in due to other entities	-	-	-	-	(9,730)	(9,730)
Increase (decrease) in estimated pending claims	-	(200)	-	98,000	-	97,800
Total adjustments	<u>36,987</u>	<u>(200)</u>	<u>43,524</u>	<u>92,336</u>	<u>21,264</u>	<u>193,911</u>
Net cash provided (used) by operating activities	<u>\$ 181,522</u>	<u>\$ (219,113)</u>	<u>\$ 76,118</u>	<u>\$ (965,643)</u>	<u>\$ (672)</u>	<u>\$ (927,788)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Increase in fair value of investments	\$ 182	\$ 136	\$ 207	\$ 6,932	\$ -	\$ 7,457

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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF BISMARCK, NORTH DAKOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE  
DECEMBER 31, 2016**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	2,767,950
Buildings and building improvements	34,969,841
Improvements other than buildings	85,349
Machinery and equipment	37,791,066
Infrastructure	404,760,718
Construction in progress	1,622,712
Total governmental funds capital assets	<u><u>481,997,636</u></u>

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

General fund	6,590,774
Special revenue funds	20,336,674
Federal and state grants	128,574,936
Capital projects funds	318,748,351
Enterprise funds	15,210
Donations	7,731,691
Total governmental funds capital assets	<u><u>481,997,636</u></u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2016**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Administration and management	\$ -	\$ -	\$ -	\$ 57,638	\$ -	\$ 57,638
Fiscal, assessing and information services	-	-	-	1,011,902	-	1,011,902
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,785,685	18,411	836,714	-	11,640,810
Bismarck-mandan visitor bureau	200,000	804,475	-	-	-	1,004,475
Human resources	-	-	-	21,229	-	21,229
Attorney	-	-	-	8,423	-	8,423
Municipal court	-	269,509	-	-	-	269,509
Community development	-	-	-	219,445	-	219,445
Building maintenance	-	-	-	50,648	-	50,648
E/H transit system	108,421	3,311,836	-	5,588,346	-	9,008,603
Total general government	308,421	15,171,505	18,411	8,852,768	-	24,351,105
Public safety:						
Police	499,500	6,803,793	37,078	6,982,088	176,850	14,499,309
Fire and inspections	580,688	6,680,319	15,790	6,430,890	101,099	13,808,786
Combined communication center	-	-	-	391,350	-	391,350
Total public safety	1,080,188	13,484,112	52,868	13,804,328	277,949	28,699,445
Highways and streets:						
Roads and streets	50,923	-	-	10,041,458	65,184	10,157,565
Engineering	-	-	-	608,315	-	608,315
Forestry	-	-	-	712,336	-	712,336
Total highways and streets	50,923	-	-	11,362,109	65,184	11,478,216
Health:						
Bismarck burleigh public health	-	170,524	-	307,370	220,000	697,894
Total health	-	170,524	-	307,370	220,000	697,894
Culture and recreation:						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	6,143,700	-	3,418,775	68,912	9,955,387
Total culture and recreation	324,000	6,143,700	-	3,448,731	68,912	9,985,343
Public works:						
Sales tax fund	22,721	-	-	-	-	22,721
Highway construction	980,937	-	-	-	97,194,500	98,175,437
Sidewalk construction	-	-	14,070	-	30,065,110	30,079,180
Street lights construction	-	-	-	15,760	1,522,073	1,537,833
Street improvements	760	-	-	-	275,346,990	275,347,750
Total public works	1,004,418	-	14,070	15,760	404,128,673	405,162,921
Construction in progress:	-	562,039	-	869,631	191,042	1,622,712
Total governmental funds capital assets	\$ 2,767,950	\$ 35,531,880	\$ 85,349	\$ 38,660,697	\$ 404,951,760	\$ 481,997,636

**CITY OF BISMARCK, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>FUNCTION AND ACTIVITY</b>	Balance January 1, 2016	Additions	Deductions	Transfers	Balance December 31, 2016
General government:					
Administration and management	\$ 57,638	\$ -	\$ -	\$ -	\$ 57,638
Fiscal, assessing and information services	1,006,688	5,214	-	-	1,011,902
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	11,566,884	73,926	-	-	11,640,810
Bismarck-mandan visitors bureau	1,004,475	-	-	-	1,004,475
Human resources	21,229	-	-	-	21,229
Attorney	8,423	-	-	-	8,423
Municipal court	269,509	-	-	-	269,509
Community development	219,445	-	-	-	219,445
Building maintenance	50,648	-	-	-	50,648
E/H transit system	9,008,603	-	-	-	9,008,603
Total general government	24,271,965	79,140	-	-	24,351,105
Public safety:					
Police	14,206,782	384,185	91,658	-	14,499,309
Fire and inspections	12,872,866	1,042,177	-	(126,258)	13,788,785
Combined communications center	382,655	-	-	8,695	391,350
Total public safety	27,462,303	1,426,362	91,658	(117,563)	28,679,444
Highways and streets:					
Roads and streets	9,793,955	405,930	42,320	-	10,157,565
Engineering	596,567	82,771	62,328	(8,695)	608,315
Forestry	695,672	-	-	36,665	732,337
Total highways and streets	11,086,194	488,701	104,648	27,970	11,498,217
Health:					
Bismarck burleigh public health	608,301	-	-	89,593	697,894
Total health	608,301	-	-	89,593	697,894
Culture and recreation:					
Centennial beach	29,956	-	-	-	29,956
Library	9,318,064	637,323	-	-	9,955,387
Total culture and recreation	9,348,020	637,323	-	-	9,985,343
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Highway construction	82,201,600	15,973,837	-	-	98,175,437
Sidewalk construction	28,356,213	1,722,967	-	-	30,079,180
Street light construction	1,279,622	258,211	-	-	1,537,833
Street improvements	254,354,912	20,992,838	-	-	275,347,750
Total public works	366,215,068	38,947,853	-	-	405,162,921
Construction in progress:	2,587,854	1,483,176	2,448,318		1,622,712
Total governmental funds capital assets	\$ 441,579,705	\$ 43,062,555	\$ 2,644,624	\$ -	481,997,636



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# **STATISTICAL SECTION**

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>128</b>
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
<b>Revenue Capacity</b>	<b>133</b>
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
<b>Debt Capacity</b>	<b>138</b>
These schedules present information to help the reader assess the affordability of the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>142</b>
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
<b>Operating Information</b>	<b>145</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 139,783,417	\$ 145,009,837	\$ 156,325,434	\$ 156,675,941	\$ 148,375,719	\$ 166,974,373	\$ 180,195,611	\$ 192,652,784	\$ 197,951,649	\$ 218,218,040
Restricted	12,084,714	11,898,341	12,749,497	13,913,204	25,072,759	17,512,811	22,540,504	20,182,943	25,205,341	31,075,288
Unrestricted	75,208,853	93,057,450	98,313,442	111,526,195	110,261,833	120,115,806	136,188,454	148,773,677	171,295,399	181,422,256
Total governmental activities net position	<u>\$ 227,076,984</u>	<u>\$ 249,965,628</u>	<u>\$ 267,388,373</u>	<u>\$ 282,115,340</u>	<u>\$ 283,710,311</u>	<u>\$ 304,602,990</u>	<u>\$ 338,924,569</u>	<u>\$ 361,609,404</u>	<u>\$ 394,452,389</u>	<u>\$ 430,715,584</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 207,550,023	\$ 212,244,535	\$ 224,137,364	\$ 226,357,253	\$ 261,533,235	\$ 280,053,990	\$ 289,017,006	\$ 319,745,687	\$ 319,247,440	\$ 341,955,183
Restricted	15,199,969	9,727,626	16,785,740	11,788,078	6,991,320	8,419,928	7,264,652	9,941,852	36,089,113	12,175,717
Unrestricted	27,267,243	37,688,506	27,737,575	36,359,215	44,055,121	40,723,027	52,359,095	59,056,335	38,560,107	51,133,751
Total business-type activities net position	<u>\$ 250,017,235</u>	<u>\$ 259,660,667</u>	<u>\$ 268,660,679</u>	<u>\$ 274,504,546</u>	<u>\$ 312,579,676</u>	<u>\$ 329,196,945</u>	<u>\$ 348,640,753</u>	<u>\$ 388,743,874</u>	<u>\$ 393,896,660</u>	<u>\$ 405,264,651</u>
Primary government										
Net investment in capital assets	\$ 347,333,440	\$ 357,254,372	\$ 380,462,798	\$ 383,033,194	\$ 409,908,954	\$ 447,028,363	\$ 469,212,617	\$ 512,398,471	\$ 517,199,089	\$ 560,173,223
Restricted	27,284,683	21,625,967	29,535,237	25,701,282	32,064,079	25,932,739	29,805,156	30,124,795	61,294,454	43,251,005
Unrestricted	102,476,096	130,745,956	126,051,017	147,885,410	154,316,954	160,838,833	188,547,549	207,830,012	209,855,506	232,556,007
Total primary government net position	<u>\$ 477,094,219</u>	<u>\$ 509,626,295</u>	<u>\$ 536,049,052</u>	<u>\$ 556,619,886</u>	<u>\$ 596,289,987</u>	<u>\$ 633,799,935</u>	<u>\$ 687,565,322</u>	<u>\$ 750,353,278</u>	<u>\$ 788,349,049</u>	<u>\$ 835,980,235</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 10,249,017	\$ 13,854,192	\$ 13,695,936	\$ 13,379,249	\$ 28,399,400	\$ 15,456,780	\$ 15,602,062	\$ 17,017,718	\$ 18,265,605	\$ 16,888,611
Public safety	15,493,552	15,366,898	16,956,774	17,956,779	18,250,946	19,192,839	19,578,855	20,852,897	24,641,875	26,286,801
Highways and streets	6,811,043	7,025,955	7,895,728	8,567,797	8,099,656	8,061,851	8,324,951	8,727,481	10,413,928	10,407,454
Health and welfare	2,170,397	2,411,139	2,494,859	2,911,995	2,915,310	3,024,156	3,068,043	2,782,462	3,201,291	3,201,853
Culture and recreation	7,057,007	8,083,899	8,902,739	9,664,609	2,538,849	2,727,686	2,755,016	2,757,172	2,953,530	3,182,488
Interest and fiscal charges	1,832,560	2,177,509	2,505,666	2,350,187	2,174,135	2,067,666	2,245,752	2,063,752	2,400,187	3,041,297
Public works	7,251,011	7,493,102	8,170,980	7,262,546	7,145,379	16,242,401	9,248,433	9,243,920	9,972,223	11,551,442
Total governmental activities expenses	50,864,587	56,412,694	60,622,682	62,093,162	69,523,675	66,773,379	60,823,112	63,445,402	71,848,639	74,559,946
Business-type activities:										
Airport	4,585,664	5,301,641	5,680,499	5,695,428	5,706,324	6,419,847	6,852,348	8,361,929	8,679,828	7,588,752
Airport flightline	1,402,345	716,809	-	-	-	-	-	-	-	-
Event center	-	-	-	-	7,271,580	7,943,750	8,270,394	9,594,634	11,436,810	11,043,455
Solid waste disposal	2,074,212	2,457,040	2,449,207	2,525,468	2,480,955	2,385,838	2,655,380	2,694,350	2,453,612	4,340,662
Solid waste collections	1,773,631	1,801,698	2,084,233	1,964,611	2,194,976	2,165,553	2,198,750	3,118,929	4,065,304	3,872,531
Water	7,522,591	8,229,859	7,603,788	8,036,750	8,501,442	9,118,635	9,516,385	10,581,458	11,722,982	11,896,989
Sanitary sewer	3,892,916	4,526,528	4,921,746	5,237,690	6,059,940	5,832,427	6,000,337	6,401,858	7,014,055	7,691,135
Storm water	894,853	847,819	989,869	1,215,570	1,517,382	1,701,198	1,828,442	2,167,522	1,993,037	2,697,316
Commercial property	-	-	-	33,312	151,021	339,567	379,303	385,053	441,991	293,168
Parking authority lots	925,530	1,123,507	926,238	873,209	905,461	990,948	1,030,182	1,114,692	1,608,473	1,639,973
Total business-type activities expenses	23,071,742	25,004,901	24,655,580	25,582,038	34,789,081	36,897,763	38,731,521	44,420,425	49,416,092	51,063,981
Total primary government expenses	\$ 73,936,329	\$ 81,417,595	\$ 85,278,262	\$ 87,675,200	\$ 104,312,756	\$ 103,671,142	\$ 99,554,633	\$ 107,865,827	\$ 121,264,731	\$ 125,623,927
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
General government	\$ 2,409,303	\$ 3,510,544	\$ 2,906,616	\$ 2,999,341	\$ 3,905,967	\$ 4,158,680	\$ 4,951,446	\$ 4,803,514	\$ 4,903,933	\$ 4,141,666
Public safety	1,978,685	1,063,372	1,075,509	1,351,519	1,236,829	1,315,180	1,221,973	1,165,470	1,122,078	1,382,234
Highways and streets	2,500,250	3,123,784	3,151,547	3,370,465	4,083,149	4,002,264	5,312,152	6,219,938	6,310,840	6,306,131
Health and welfare	216,261	382,628	444,964	511,601	554,209	473,245	554,942	446,889	446,618	474,109
Culture and recreation	3,434,124	4,094,528	4,348,057	5,015,681	150,215	137,179	127,966	121,094	131,868	135,435
Public works	-	-	-	-	-	-	300,235	-	-	-
Operating grants and contributions	9,873,983	8,623,585	11,508,981	10,113,555	27,284,007	11,335,009	13,663,676	12,042,851	11,067,383	13,162,314
Capital grants and contributions	26,747,183	23,052,334	17,986,128	16,781,232	22,787,617	21,559,092	27,917,289	39,286,234	39,485,749	36,180,257
Total governmental activities program revenues	47,159,789	43,850,775	41,421,802	40,143,394	60,001,993	42,980,649	54,049,679	64,085,990	63,468,469	61,782,146
Business-type activities:										
Charges for services:										
Airport	3,759,687	3,991,015	4,293,102	4,559,948	4,903,504	5,680,205	5,813,095	5,688,130	6,004,126	5,880,634
Airport flightline	1,524,383	700,936	-	-	-	-	-	-	-	-
** Event center	-	-	-	-	5,019,304	5,627,000	5,400,169	6,178,766	7,106,440	6,817,419
Solid waste disposal	2,567,905	2,512,560	2,262,373	2,544,702	2,796,433	2,842,790	3,739,199	4,201,932	4,307,855	4,355,606
Solid waste collections	1,685,987	1,621,413	2,071,090	2,170,392	2,390,337	2,360,138	3,271,983	3,250,198	3,899,855	4,003,128
Water	10,445,955	10,864,440	10,010,899	10,320,520	9,468,281	12,276,473	11,600,535	12,320,934	14,179,792	13,918,492
Sanitary sewer	5,003,913	5,095,871	5,311,824	5,428,006	5,667,907	6,167,542	5,840,563	6,719,385	7,224,309	8,917,828

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Storm water	998,671	938,624	1,040,526	900,844	920,664	983,176	1,183,703	1,242,126	1,352,712	1,390,903
Commercial property	-	-	-	54,103	201,831	424,361	346,142	235,951	255,917	180,632
Parking authority lots	808,003	834,896	867,583	883,751	941,990	963,953	1,063,898	1,230,561	1,561,998	1,460,754
Operating grants and contributions	413,366	98,518	-	-	1,856	-	68,057	1,212,522	227,245	40,360
Capital grants and contributions	4,546,714	5,138,533	8,037,085	3,675,261	10,680,059	11,361,611	9,212,197	13,475,408	9,924,565	6,748,212
Total business-type activities program revenues	31,754,584	31,796,806	33,894,482	30,537,527	42,992,166	48,687,249	47,539,541	55,755,913	56,044,814	53,713,968
Total primary government program revenues	\$ 78,914,373	\$ 75,647,581	\$ 75,316,284	\$ 70,680,921	\$ 102,994,159	\$ 91,667,898	\$ 101,589,220	\$ 119,841,903	\$ 119,513,283	\$ 115,496,114
Net (expense)/revenue										
Government activities	(3,704,798)	(12,561,919)	(19,200,880)	(21,949,768)	(9,521,682)	(23,792,730)	(6,773,433)	640,588	(8,380,170)	(12,777,800)
Business-type activities	8,682,842	6,791,905	9,238,902	4,955,489	8,203,085	11,789,486	8,808,020	11,335,488	6,628,722	2,649,987
Total primary government net expense	\$ 4,978,044	\$ (5,770,014)	\$ (9,961,978)	\$ (16,994,279)	\$ (1,318,597)	\$ (12,003,244)	\$ 2,034,587	\$ 11,976,076	\$ (1,751,448)	\$ (10,127,813)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 14,913,006	\$ 15,479,043	\$ 16,167,137	\$ 16,200,763	\$ 17,162,429	\$ 17,230,221	\$ 17,801,629	\$ 18,398,151	\$ 19,270,501	\$ 20,253,570
Sales tax	11,746,147	11,943,929	11,756,546	12,403,143	13,955,767	16,388,127	17,271,062	17,238,016	17,436,203	16,747,940
Occupancy tax	572,633	622,144	674,643	753,860	914,599	1,066,817	1,174,646	1,219,152	1,188,853	1,086,064
Lodging/liquor/food tax	1,700,605	1,788,085	1,880,879	1,984,688	2,217,379	2,498,156	2,672,862	2,809,757	2,910,312	2,848,332
Car rental tax	47,301	47,314	55,105	58,898	75,119	87,310	77,142	72,999	71,808	73,046
State aid distribution	2,308,021	2,685,052	2,582,642	2,975,302	3,773,172	4,882,955	4,958,139	5,539,292	5,069,954	3,902,315
Franchise taxes	908,863	1,028,020	1,099,793	1,082,874	1,182,709	1,246,491	1,341,007	1,427,837	1,123,478	1,243,287
Other taxes	500,201	501,564	465,811	535,798	665,151	2,776,357	932,923	1,239,000	1,333,130	1,247,280
Unrestricted investment earnings	2,941,614	2,032,392	1,076,333	901,297	579,687	632,739	362,192	837,497	675,796	690,481
Gain (loss) on disposal of assets	145,575	163,874	28,153	244,748	31,259	49,510	107,871	(416,026)	-	178,109
Transfers	(3,532,194)	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)	(5,604,461)	(26,321,428)	1,959,501	(3,580,283)
Total governmental activities	32,251,772	35,450,563	36,623,624	36,676,735	11,116,653	44,685,409	41,095,012	22,044,247	51,039,536	44,690,141
Business-type activities:										
Taxes										
Other taxes	56,117	97,298	78,488	63,107	60,524	61,658	56,441	43,158	39,923	40,714
Unrestricted investment earnings	1,986,272	1,698,200	475,469	299,907	352,646	189,974	82,393	543,817	419,227	375,048
Gain (loss) on disposal of assets	126,685	215,175	43,735	60,728	18,257	2,402,877	4,892,493	1,859,230	487,056	1,445,890
Transfers	3,532,194	840,854	(836,582)	464,636	29,440,618	2,173,274	5,604,461	26,321,428	(2,153,088)	3,580,283
Total business-type activities	5,701,268	2,851,527	(238,890)	888,378	29,872,045	4,827,783	10,635,788	28,767,633	(1,206,882)	5,441,935
Total primary government	\$ 37,953,040	\$ 38,302,090	\$ 36,384,734	\$ 37,565,113	\$ 40,988,698	\$ 49,513,192	\$ 51,730,800	\$ 50,811,880	\$ 49,832,654	\$ 50,132,076
<b>Change in Net Assets</b>										
Governmental activities	\$ 28,546,974	\$ 22,888,644	\$ 17,422,744	\$ 14,726,967	\$ 1,594,971	\$ 20,892,679	\$ 34,321,579	\$ 22,684,835	\$ 42,659,366	\$ 31,912,341
Business-type activities	14,384,110	9,643,432	9,000,012	5,843,867	38,075,130	16,617,269	19,443,808	40,103,121	5,421,840	8,091,922
Total primary government	\$ 42,931,084	\$ 32,532,076	\$ 26,422,756	\$ 20,570,834	\$ 39,670,101	\$ 37,509,948	\$ 53,765,387	\$ 62,787,956	\$ 48,081,206	\$ 40,004,263

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

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>**2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General Fund										
Reserved	\$ 63,915	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,727,974	21,729,864	20,617,386	20,369,528	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	200,000	230,000	230,000
Restricted	-	-	-	-	197,703	387,263	1,138,547	423,884	2,414,706	2,741,315
Committed	-	-	-	-	22,043	-	1,243,193	-	-	-
Assigned	-	-	-	-	3,966,827	4,656,009	5,654,308	4,928,903	4,236,860	4,555,285
Unassigned	-	-	-	-	18,424,444	23,284,261	24,868,320	30,743,043	31,714,584	32,800,155
Total general fund	<u>\$ 20,791,889</u>	<u>\$ 22,011,450</u>	<u>\$ 21,602,186</u>	<u>\$ 20,944,306</u>	<u>\$ 22,611,017</u>	<u>\$ 28,327,533</u>	<u>\$ 32,904,368</u>	<u>\$ 36,295,830</u>	<u>\$ 38,596,150</u>	<u>\$ 40,326,755</u>
All other governmental funds										
Reserved	\$ 3,393,712	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	12,940,107	14,651,662	16,727,976	18,673,953	-	-	-	-	-	-
Debt service funds	11,014,840	10,897,034	11,817,883	13,036,782	-	-	-	-	-	-
Capital project funds	1,916,906	3,928,717	3,669,661	14,760,167	-	-	-	-	-	-
Nonspendable	-	-	-	-	2,707,591	2,379,957	2,243,109	2,112,390	-	1,880,000
Restricted	-	-	-	-	26,179,564	23,020,798	27,802,558	31,603,572	10,503,322	40,936,613
Committed	-	-	-	-	36,269,194	39,415,488	42,338,892	40,212,743	76,137,429	55,295,682
Unassigned	-	-	-	-	(11,628,605)	(20,370,554)	(18,379,791)	(28,128,497)	(21,204,601)	(22,506,461)
Total all other governmental funds	<u>\$ 29,265,565</u>	<u>\$ 32,744,882</u>	<u>\$ 36,067,262</u>	<u>\$ 48,869,985</u>	<u>\$ 53,527,744</u>	<u>\$ 44,445,689</u>	<u>\$ 54,004,768</u>	<u>\$ 45,800,208</u>	<u>\$ 65,436,150</u>	<u>\$ 75,605,834</u>

\*\*Implemented GASB #54 with 2011 CAFR.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 27,929,837	\$ 28,963,692	\$ 29,681,652	\$ 30,578,360	\$ 33,189,580	\$ 38,399,225	\$ 38,060,526	\$ 40,918,256	\$ 42,010,581	\$ 44,000,157
Licenses and permits	1,527,745	1,546,941	1,352,746	1,508,083	1,956,383	2,552,169	3,195,879	2,478,578	2,333,947	2,023,147
Special assessments	7,404,159	8,013,382	11,601,197	11,445,698	12,107,061	13,253,134	18,157,172	17,717,047	18,539,363	21,449,838
Intergovernmental	13,674,293	13,198,149	15,218,722	15,704,913	38,165,942	17,763,798	21,041,079	20,549,194	17,854,293	18,299,828
Charges for services	5,395,329	6,733,696	6,575,095	7,390,191	5,724,439	5,788,168	7,378,274	8,373,154	8,660,788	8,631,635
Fines and forfeits	1,158,782	962,615	868,180	868,997	869,714	1,018,317	1,082,254	1,382,099	1,193,693	1,263,594
Investment income	2,855,441	2,022,473	1,315,694	968,974	770,749	789,381	633,343	1,099,991	1,142,573	1,087,639
Rentals	759,240	815,495	814,068	799,489	914,901	423,403	476,051	404,790	427,935	410,379
Miscellaneous	229,092	243,636	613,419	456,451	710,737	628,557	612,875	418,866	398,792	543,337
Total revenues	60,933,918	62,500,079	68,040,773	69,721,156	94,409,506	80,616,152	90,637,453	93,341,975	92,561,965	97,709,554
<b>EXPENDITURES</b>										
General government	9,084,824	12,316,706	12,174,121	11,995,913	26,460,346	13,785,186	13,967,053	15,750,318	15,715,568	15,192,348
Public safety	13,341,670	13,730,955	15,414,803	16,134,498	16,520,641	17,040,285	17,392,151	19,993,552	21,529,929	23,883,543
Highways and streets	5,995,613	6,324,834	7,596,100	7,919,024	7,757,762	7,923,168	8,103,587	8,656,321	9,131,659	10,243,511
Health and welfare	2,022,052	2,308,410	2,390,513	2,804,458	2,819,958	2,862,728	2,892,536	2,786,465	2,904,894	3,167,152
Culture and recreation	3,603,065	4,003,495	4,159,604	4,369,646	1,954,030	2,091,326	2,078,185	2,184,841	2,230,807	2,600,315
Public works	2,092,389	2,136,119	1,380,553	1,244,878	1,260,901	9,866,920	2,404,256	1,975,649	1,703,421	2,931,214
Capital outlays	28,456,115	20,056,098	24,142,618	24,112,934	28,295,435	27,843,527	42,597,079	58,509,103	44,750,179	33,359,349
Debt service										
Principal	5,895,000	6,345,002	7,885,000	9,020,000	9,355,000	9,690,000	9,715,000	10,660,000	11,730,000	14,415,000
Interest and fiscal charges	1,762,755	2,269,842	2,450,581	2,356,595	2,230,206	2,040,805	1,840,051	2,108,120	2,315,618	3,248,717
Total expenditures	72,253,483	69,491,461	77,593,893	79,957,946	96,654,279	93,143,945	100,989,898	122,624,369	112,012,075	109,041,149
Excess (deficiency) of revenues over (under) expenditures	(11,319,565)	(6,991,382)	(9,553,120)	(10,236,790)	(2,244,773)	(12,527,793)	(10,352,445)	(29,282,394)	(19,450,110)	(11,331,595)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer in	20,486,409	19,848,116	22,825,204	21,050,225	23,187,603	23,914,275	23,576,359	26,863,375	49,932,949	33,181,033
Transfer out	(19,790,656)	(18,143,859)	(18,639,463)	(19,472,373)	(24,505,560)	(23,275,607)	(22,206,862)	(28,710,635)	(43,395,802)	(33,590,238)
Refunding bonds issued	-	2,430,000	-	3,855,000	1,605,000	4,365,000	-	-	6,510,000	-
Premium on special assessment debt	-	22,881	70,495	240,378	150,391	118,586	521,142	18,507	1,889,225	762,423
Discount on special assessment debt	(46,236)	(36,878)	-	(131,597)	(18,189)	-	(7,278)	(261,951)	-	-
Payment to refunded bond escrow agent	-	(2,430,000)	-	(3,880,000)	(1,850,000)	(5,425,000)	-	-	(7,405,000)	-
Special assessment bonds issued	15,515,000	10,000,000	8,210,000	20,720,000	10,000,000	9,465,000	22,605,000	26,560,000	33,855,000	20,335,000
Total other financing sources (uses)	16,164,517	11,690,260	12,466,236	22,381,633	8,569,245	9,162,254	24,488,361	24,469,296	41,386,372	20,688,218
Net changes in fund balances	4,844,952	4,698,878	2,913,116	12,144,843	6,324,472	(3,365,539)	14,135,916	(4,813,098)	21,936,262	9,356,623
Debt service as a percentage of noncapital expenditures	17.5%	17.4%	19.3%	20.4%	16.9%	18.0%	19.8%	19.9%	20.9%	23.3%

Source: Fiscal Services



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

<b>Fiscal Year</b>	<b>Property<sup>1</sup> Taxes</b>	<b>Sales Tax</b>	<b>Occupancy Tax</b>	<b>Lodging/ Liquor/Food Tax</b>	<b>Car Rental Tax</b>	<b>State Aid Distribution</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2007	14,913,006	11,698,846	572,633	1,700,605	47,301	2,308,021	908,863	500,201	32,649,476
2008	15,479,043	11,943,929	622,144	1,788,085	47,314	2,685,052	1,028,020	501,564	34,095,151
2009	16,167,137	11,756,546	674,643	1,880,879	55,105	2,582,642	1,099,793	465,811	34,682,556
2010	16,200,763	12,403,143	753,860	1,984,688	58,898	2,975,302	1,082,874	535,798	35,995,326
2011	17,162,429	13,955,767	914,599	2,217,379	75,119	3,773,172	1,182,709	665,151	39,946,325
2012	17,230,221	16,388,127	1,066,817	2,498,156	87,310	4,882,955	1,246,491	2,776,357	46,176,434
2013	17,801,629	17,271,062	1,174,646	2,672,862	77,142	4,958,139	1,341,007	932,923	46,229,410
2014	18,398,151	17,238,016	1,219,152	2,809,757	72,999	5,539,292	1,427,837	1,239,000	47,944,204
2015	19,270,501	17,436,203	1,188,853	2,910,312	71,808	5,069,954	1,123,478	1,333,130	48,404,239
2016	20,253,570	16,747,940	1,086,064	2,848,332	73,046	3,902,315	1,243,287	1,247,280	47,401,834

<sup>1</sup> Includes tax revenues from pension trust funds.

Source: Fiscal Services

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

<b>Year</b>	<b>Commercial Land and Buildings</b>	<b>Residential Land and Buildings</b>	<b>Agricultural Land</b>	<b>Public Utilities</b>	<b>Total Assessed Value</b>	<b>Total True and Full Value</b>	<b>Assessed Value as a Percentage of True and Full Value</b>	<b>Taxable Value</b>	<b>Total Direct Tax Rate</b>
2006	527,172,200	1,053,554,467	213,000	24,076,640	1,605,016,307	3,210,032,613	50%	149,966,086	94.37
2007	592,136,940	1,213,446,289	228,760	24,293,280	1,830,105,269	3,660,210,538	50%	167,123,847	87.93
2008	660,701,410	1,286,286,222	156,300	27,468,550	1,974,612,482	3,949,224,964	50%	184,598,386	82.78
2009	700,195,450	1,353,003,345	156,500	29,602,980	2,082,958,275	4,165,916,549	50%	194,765,794	80.63
2010	731,769,330	1,432,085,034	179,050	30,219,050	2,194,252,464	4,388,504,927	50%	199,968,720	80.68
2011	750,575,750	1,437,185,900	169,450	34,450,950	2,222,382,050	4,444,764,100	50%	207,866,346	79.05
2012	802,091,790	1,545,634,922	287,200	37,619,840	2,385,633,752	4,771,267,504	50%	223,107,026	75.77
2013	917,646,830	1,760,180,545	361,800	44,303,550	2,722,492,725	5,444,985,449	50%	254,647,467	69.35
2014	1,041,981,000	2,012,744,111	401,100	50,630,280	3,105,756,491	6,211,512,982	50%	290,448,208	63.10
2015	1,177,555,620	2,232,032,489	371,000	54,422,280	3,464,381,389	6,928,762,778	50%	324,136,621	59.07

Source: Burleigh County Auditor/Treasurer Office

**CITY OF BISMARCK, NORTH DAKOTA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING<sup>1</sup> GOVERNMENTS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year<sup>2</sup></b>	<b>City of Bismarck</b>		<b>Overlapping Rates</b>				<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Millage</b>	<b>Total City Millage</b>	<b>Burleigh County Millage</b>	<b>Public School Millage</b>	<b>Bismarck Park District</b>	<b>State of North Dakota</b>	
2006	94.37	94.37	57.17	248.40	39.46	1.00	440.40
2007	87.93	87.93	51.92	229.42	39.66	1.00	409.93
2008	82.78	82.78	53.85	223.39	39.59	1.00	400.61
2009	80.63	80.63	54.45	142.03	39.63	1.00	317.74
2010	80.68	80.68	54.55	142.13	39.82	1.00	318.18
2011	79.05	79.05	55.32	140.99	39.62	1.00	315.98
2012	75.77	75.77	53.99	138.39	39.55	1.00	308.70
2013	69.35	69.35	50.28	101.68	38.50	1.00	260.81
2014	63.10	63.10	48.63	103.60	37.30	1.00	253.63
2015	59.07	59.07	47.03	100.42	36.08	1.00	243.60

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Bismarck. Not all overlapping rates apply to all City of Bismarck property owners.

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

Source: Burleigh County Levies

**CITY OF BISMARCK, NORTH DAKOTA  
PRINCIPAL "SINGLE PROPERTY" TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2016				2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
* Kirkwood Mall Acquistiion LLC	\$ 29,158,000	1	0.83	% \$	21,503,350	1	1.34 %
Medcenter One Inc	12,277,550	2	0.35		8,472,050	2	0.53
Waterford on West Century LLC	12,235,500	3	0.35				
EVI Bismarck Village LLC (Edgewood)	10,288,950	4	0.29				
** EVI Coulee Ridge 1 LLC	10,287,050	5	0.29				
Clark Equipment Company	9,608,000	6	0.27		5,256,100	8	0.33
* Mid Dakota Medical Building Partnership	9,992,650	7	0.28		4,890,550	11	0.30
Wal-Mart Property North	9,832,250	8	0.28		7,684,250	3	0.48
LaSalle Shopping Center	9,463,900	9	0.27				
Wal-Mart Property South	9,124,450	10	0.26		7,346,900	4	0.46
Regency Midwest Ventures LTD	8,138,100	11	0.23				
TNP SRT Portfolio I LLC (Pinehurst Square)	8,025,600	12	0.23				
Menards	7,873,700	13	0.22		4,582,050	13	0.28
Basin Electric	-				5,203,000	9	0.32
Future Source	-				4,947,450	10	0.31
MinDakota LTD Partnership	-				5,317,950	6	0.33
Sams Real Estate Trust	-				5,280,100	7	0.33
Target Corporation	-				4,859,750	12	0.30
VP Investments (Gateway Fashion Mall)	-				6,170,750	5	0.38
Totals	<u>\$ 146,305,700</u>		<u>4.15</u>		<u>\$ 91,514,250</u>		<u>5.69</u>

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

\*\* Under construction partial value

Source: Assessing Division

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year<sup>1</sup></b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	14,152,301	13,314,078	0.9408	124,505	13,438,583	0.9496
2008	14,695,200	13,787,071	0.9382	158,674	13,945,745	0.9490
2009	15,281,053	14,361,482	0.9398	169,350	14,530,832	0.9509
2010	15,703,966	14,671,145	0.9342	164,566	14,835,711	0.9447
2011	16,133,477	15,207,718	0.9426	216,757	15,424,475	0.9561
2012	16,431,836	15,478,265	0.9420	187,816	15,666,081	0.9534
2013	16,904,819	15,953,724	0.9437	139,427	16,093,151	0.9520
2014	17,659,802	16,786,435	0.9505	101,201	16,887,636	0.9563
2015	18,327,284	17,501,225	0.9549	86,534	17,587,759	0.9596
2016	19,146,750	18,371,529	0.9595	116,676	18,488,205	0.9656

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

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2007	-	5,265,000	46,775,000	-	18,833,536	9,795	70,883,331	0.0226	1,197
2008	-	4,505,000	51,190,000	-	26,537,149	17,771	82,249,920	0.0246	1,382
2009	-	3,705,000	52,315,000	-	28,694,406	12,555	84,726,961	0.0240	1,403
2010	-	2,850,000	64,845,000	-	31,137,187	6,484	98,838,671	0.0283	1,613
2011	-	1,940,000	66,155,000	-	29,807,244	17,377	97,919,621	0.0256	1,576
2012	-	-	68,810,000	-	32,135,806	12,543	100,958,349	0.0246	1,563
2013	-	-	79,700,000	-	70,642,434	5,037	150,347,471	0.0307	2,257
2014	-	-	95,600,000	-	80,777,434	-	176,377,434	0.0584	2,571
2015	-	-	116,830,000	-	105,495,000	-	222,325,000	0.0656	3,142
2016	-	-	119,848,937	-	100,011,979	-	219,860,916	0.0649	3,015

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 138 for personal income and population data.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 91,505,263	\$ 98,730,624	\$ 104,147,914	\$ 109,712,623	\$ 111,119,103	\$ 119,281,688	\$ 136,124,636	\$ 155,287,825	\$ 173,219,069	\$ 187,430,422
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 91,505,263</u>	<u>\$ 98,730,624</u>	<u>\$ 104,147,914</u>	<u>\$ 109,712,623</u>	<u>\$ 111,119,103</u>	<u>\$ 119,281,688</u>	<u>\$ 136,124,636</u>	<u>\$ 155,287,825</u>	<u>\$ 173,219,069</u>	<u>\$ 187,430,422</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Total assessed value	\$ 3,748,608,435
Debt limit (5% of total assessed value)	187,430,422
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 187,430,422</u>

Note: Under state finance law, the City of Bismarck's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources:  
Assessing Division  
Fiscal Services

**CITY OF BISMARCK, NORTH DAKOTA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016**

<b>Governmental Unit</b>	<b>2016 Taxable Value</b>	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Total Direct and Overlapping Debt</b>
City of Bismarck	\$ 350,957,710	\$ 94,696,120	100.00 %	\$ 94,696,120
Bismarck Public School	440,966,493	82,558,763	79.59	65,708,519
Burleigh County	471,116,797	46,656,250	93.60	43,670,250
Total Direct and Overlapping Debt		<u>\$ 223,911,133</u>		<u>\$ 204,074,889</u>

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bismarck. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Sources:

Bismarck Public School as of June 30, 2016  
Burleigh County Levies, 2016



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

Water Revenue Bonds							Sanitary Sewer Bonds					
Fiscal Year	Water Charges	Less:	Net				Sanitary Sewer Charges	Less:	Net			
		Operating Expenses	Available Revenue	Debt Service		Operating Expenses		Available Revenue	Debt Service			
				Principal	Interest	Coverage				Principal	Interest	Coverage
2007	10,498,027	4,615,846	5,882,181	520,000	381,366	-	5,003,915	2,251,296	2,752,619	-	47,518	57.93
2008	10,918,494	5,410,958	5,507,536	520,000	368,800	6.20	5,095,871	2,797,003	2,298,868	800,000	267,800	2.15
2009	10,431,069	5,240,741	5,190,328	640,000	350,525	5.24	5,311,824	3,058,353	2,253,471	800,000	449,537	1.80
2010	10,278,544	5,098,702	5,179,842	1,165,000	403,604	3.30	5,428,005	2,641,739	2,786,266	785,000	455,674	2.25
2011	9,957,329	5,637,538	4,319,791	1,210,000	478,992	2.56	5,669,910	3,523,287	2,146,623	810,000	440,375	1.72
2012	12,926,268	5,945,048	6,981,220	7,930,000	412,206	0.84	6,167,541	3,254,117	2,913,424	835,000	420,125	2.32
2013	12,222,233	6,261,250	5,960,983	1,350,000	477,553	3.26	5,840,563	3,387,536	2,453,027	860,000	399,250	1.95
2014	12,869,433	6,195,938	6,673,495	1,685,000	818,438	2.67	6,719,390	3,588,061	3,131,329	885,000	377,750	2.48
2015	14,557,406	6,658,423	7,898,983	2,215,000	1,063,525	2.41	7,224,308	3,851,519	3,372,789	910,000	355,625	2.66
2016	14,483,419	6,476,574	8,006,845	2,765,000	1,496,912	1.88	8,917,827	3,624,122	5,293,705	1,535,000	1,304,875	1.86
Special Assessment Bonds					Motel, Liquor, Restaurant Bonds							
Fiscal Year	Special Assessment Collections	Debt Service			Lodging, Liquor, Food Tax Collections *	Debt Service		Interest	Coverage			
		Principal	Interest	Coverage		Principal						
2007	5,437,106	5,190,000	1,554,890	0.81	1,700,605	705,000	207,865	1.86				
2008	6,219,909	5,585,002	2,079,602	0.81	1,788,085	760,000	190,240	1.88				
2009	7,864,035	7,085,000	2,283,141	0.84	1,880,879	800,000	167,440	1.94				
2010	9,109,289	8,165,000	2,213,955	0.88	1,984,688	855,000	142,640	1.99				
2011	9,566,595	8,445,000	2,096,794	0.91	2,217,379	910,000	112,715	2.17				
2012	10,488,662	13,175,000	1,971,244	0.69	2,498,156	1,940,000	68,548	1.24				
2013	11,346,780	9,715,000	1,840,051	0.98	2,672,862	-	-	-				
2014	11,690,035	10,660,000	2,108,120	0.92	2,809,757	830,000	1,184,291	1.39				
2015	15,506,201	19,135,000	2,315,618	0.72	2,910,312	1,000,000	990,206	1.46				
2016	17,639,311	14,415,000	3,208,493	1.00	2,848,332	1,015,000	960,206	1.44				

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>1</sup></b>	<b>Public School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2007	59,194	3,140,123,312	53,048	36.5	10,647	2.8
2008	59,503	3,341,212,456	56,152	36.5	10,707	2.8
2009	60,389	3,535,775,950	58,550	36.5	10,701	3.7
2010	61,272	3,495,812,688	57,054	38.0	10,852	3.5
2011	62,120	3,829,946,480	61,654	38.0	10,971	3.1
2012	64,588	4,097,462,720	63,440	38.0	11,424	2.7
2013	66,608	4,892,290,992	73,449	38.0	11,656	2.4
2014	68,601	3,019,653,476	73,371	38.0	12,020	2.5
2015	70,766	3,387,188,980	80,166	38.0	12,380	2.3
2016	72,926	3,387,893,453	78,906	38.0	12,683	2.5

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

Sources:

<sup>1</sup> Community Development

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

<sup>3</sup> Bismarck Public Schools

<sup>4</sup> North Dakota Job Service Labor Market Information Center website

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of ND	4,600	1	11.87 %	4,321	1	12.18 %
Sandford Health	3,645	2	9.40	2,200	2	6.20
CHI St. Alexius	2,219	3	5.72	2,001	3	5.64
Bismarck Public Schools	2,184	4	5.63	1,598	4	4.51
US Government Offices	1,200	5	3.10	1,198	5	3.38
Bismarck State College	808	6	2.08	635	9	1.79
MDU Resources Group	798	7	2.06	822	7	2.32
Aetna	719	8	1.85	440	14	1.24
University of Mary	719	9	1.85	520	10	1.47
Walmart North/South	705	10	1.82	700	8	1.97
Housing Industry Training (HIT)	648	11	1.67			
City of Bismarck	616	12	1.59	503	11	1.42
Dan's Super Markets	615	13	1.59			0.00
Missouri Slope Lutheran Care Center	580	14	1.50	450	12	1.27
Basin Electric Power Cooperative	564	15	1.45	410	15	1.16
Bobcat/Ingersoll Rand				1,006	6	2.84
United Tribes Technical College				440	13	1.24
Total	<u>20,620</u>		<u>53.18</u>	<u>17,244</u>		<u>48.63</u>

Sources:

City of Bismarck 2016 Budget

Bismarck Mandan Development Association

ND Job Service-Labor Market Information Center website

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government	61	72	71	71	72	73	80	85	86	86
Public safety										
Central dakota communications center	22	22	24	24	26	26	26	26	27	30
Police										
Officers	91	92	96	101	101	103	109	112	113	116
Civilians	26	26	28	28	28	28	28	28	30	30
Fire										
Firefighters and officers	63	68	76	76	76	76	79	80	83	83
Civilians	14	7	6	6	6	6	6	6	2	2
Highways and streets										
Engineering	22	22	22	22	24	25	26	28	29	29
Maintenance	53	55	55	55	55	55	60	59	63	64
Health and welfare	24	25	26	27	26	26	26	25	29	29
Culture and recreation	16	16	16	16	16	17	17	19	22	24
Airport	19	21	21	21	21	21	21	21	21	21
Solid Waste	38	38	38	38	38	38	38	38	38	38
Water and sewer	54	55	55	55	55	55	58	61	64	64
<b>Total</b>	<b>503</b>	<b>519</b>	<b>534</b>	<b>540</b>	<b>544</b>	<b>549</b>	<b>574</b>	<b>588</b>	<b>607</b>	<b>616</b>

Source: City of Bismarck Annual Budgets

(Continued on next page)

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
Number of building permits issued	1,626	1,710	1,513	1,654	1,879	2,365	2,218	1,951	1,756	1,648
Number of building inspections done	6,693	8,135	7,103	6,330	7,830	9,745	9,460	8,926	5,581	5,690
Number of plumbing permits issued	630	607	539	639	707	1,092	1,153	920	696	644
Number of plumbing inspections done	2,219	2,171	1,745	1,887	1,972	2,861	3,050	2,006	2,170	1,946
Number of mechanical permits issued	1,237	1,354	1,256	1,348	1,564	2,037	2,037	1,692	1,454	1,649
Number of mechanical inspections done	2,624	2,950	2,754	2,340	2,361	2,991	3,210	2,296	2,924	3,254
Number of electrical permits issued	1,297	1,153	1,067	1,127	1,257	1,589	1,578	1,248	-	1,395
Number of electrical inspections done	3,441	3,596	3,257	3,286	4,024	4,789	5,220	3,141	-	3,462
Number of septic permits issued	169	133	102	109	122	225	193	101	102	52
Number of septic inspections done	241	174	233	283	240	298	249	121	200	129
<b>Public Safety</b>										
<b>Police</b>										
Physical arrests	2,689	2,585	2,381	3,589	2,480	3,862	4,768	4,672	4,750	4,958
Traffic citations	10,882	10,926	12,008	12,995	12,869	14,309	16,168	15,623	14,831	16,062
Parking citations	10,154	10,523	8,977	8,296	7,975	8,617	7,898	15,188	11,845	11,342
Number of accidents	3,149	3,563	3,741	3,865	3,820	3,747	3,985	3,824	3,723	3,789
Number of 911 emergency dispatches	3,792	3,942	4,740	4,802	4,037	4,858	3,554	3,907	5,704	5,258
<b>Fire</b>										
Number of 911 emergency dispatches	2,361	2,355	1,934	2,429	2,833	3,115	3,106	3,475	3,799	4,289
Number of fire inspections conducted	2,559	3,017	3,083	2,897	3,607	3,130	2,985	3,236	3,256	4,069
<b>Highways and streets</b>										
<b>Engineering</b>										
Number of excavation permits	827	777	637	827	608	743	820	739	706	647
Number of improvement projects	79	43	36	36	35	72	82	57	65	37
<b>Forestry</b>										
Number of street trees planted	491	300	328	480	423	507	477	235	889	806
Number of street trees trimmed	1,105	1,116	1,097	1,038	3,182	2,948	2,248	2,910	1,904	1,675
Number of street trees removed	341	150	178	212	194	190	294	162	408	321
<b>Roads and streets</b>										
Potholes repaired	2,800	3,221	6,657	6,205	7,640	844	5,052	5,634	108,628	103,677
Street striping (miles)	110	125	110	215	195	204	211	211	157	145
Snow removal (hours)	3,918	7,465	20,000	20,553	11,947	1,199	8,854	7,695	12,877	19,060
Sand Ice removal (tons)	11,793	11,408	9,926	6,850	3,889	4,005	6,216	4,730	2,329	4,573
Salt Ice removal (tons)	926	868	849	902	1,547	1,937	1,927	1,658	1,278	1,153
Loads of snow hauled	2,771	2,899	12,925	14,481	5,321	1,382	4,049	1,579	1,417	84,747
<b>Health and welfare</b>										
Number of home visits	5,264	5,290	6,216	5,239	5,190	4,240	4,808	4,302	4,033	4,426
Number of immunizations	9,553	8,107	14,766	12,482	8,473	6,316	9,039	8,833	9,719	7,059
Number of office visits	4,255	4,209	4,756	4,517	3,586	3,150	3,174	3,081	3,292	3,217
Number of environmental health inspections	3,974	4,107	3,866	4,988	2,437	2,270	1,534	2,091	1,718	1,821

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Culture and recreation										
Auditorium events	108	108	115	113	108	90	123	174	153	138
Auditorium admissions	29,480	34,369	39,361	35,030	34,163	38,840	37,454	51,820	55,051	41,373
Community center events	381	446	412	411	484	452	416	430	498	531
Community center admissions	291,860	328,940	316,926	329,652	340,331	359,149	315,580	353,218	420,403	411,619
<b>Function</b>										
Airport										
Gallons fuel dispensed (City only)	1,529,540	738,027	-	-	-	-	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	1,440,263	2,141,689	2,995,619	3,787,215	3,772,974	4,084,352	4,110,507	4,550,313	4,895,740	4,864,385
Number of passengers-enplaning	181,310	175,626	181,114	194,043	196,414	236,172	237,683	245,205	259,734	271,022
Number of passengers-deplaning	180,844	174,579	180,322	193,897	195,208	235,207	237,450	245,062	261,459	272,251
Pounds of airmail-enplaning	-	-	-	1	-	-	-	-	-	-
Pounds of airmail-deplaning	-	-	-	239	-	-	-	-	-	-
Pounds of freight-enplaning	98,467	98,816	66,997	35,301	29,858	29,472	16,813	12,856	19,591	26,288
Pounds of freight-deplaning	114,659	98,834	85,939	55,130	35,300	48,135	13,738	8,149	10,667	33,840
Pounds of air cargo freight-enplaning	1,889,204	1,445,581	1,297,017	1,357,768	1,412,447	2,129,165	1,495,195	1,399,845	1,976,260	1,469,145
Pounds of air cargo freight-deplaning	4,036,041	3,236,152	2,995,192	3,254,751	3,486,123	4,853,797	4,535,773	5,193,061	5,926,322	5,699,311
Solid Waste										
Refuse collected (tons/year)	23,877	21,263	24,445	24,425	25,143	24,826	24,662	25,033	26,789	26,199
Garbage accepted for disposal (tons/year)	80,676	78,772	83,263	89,794	97,675	98,932	102,197	106,758	108,919	111,131
Acres used at landfill	2	2.5	2.5	2.5	2.5	2.5	6.5	6.5	6.5	6.5
Water										
Number of service connections	17,600	17,850	18,100	18,400	18,700	19,420	20,000	20,350	20,978	21,237
Average daily consumption (thousand of gallons)	10,420	10,300	9,350	8,840	8,260	10,290	9,640	9,390	8,582	9,850
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,220	6,010	6,630	6,830	7,150	6,240	6,830	6,620	6,410	6,370

## Sources:

Airport Department  
 Building Inspections  
 Engineering Department  
 Event Center  
 Fiscal Services  
 Fire Department  
 Police Department  
 Public Health Department  
 Public Works Departments

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function</b>										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	19	19	18	19	21	21	21	21
Fire stations	4	4	4	5	5	5	5	5	5	5
Highways and streets										
Paved streets (miles)	279	286	293	300	311	313	319	339	345	349
Streetlights	7,044	7,181	7,263	7,468	7,755	7,990	8,149	8,522	8,596	8,872
Traffic signals	104	104	104	104	105	107	107	108	110	110
Culture and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Airport										
Terminal building	1	1	1	1	1	1	1	1	1	1
Waste Collection										
Collection Trucks	20	20	25	22	20	20	20	21	21	21
Water										
Watermains (miles)	315	320	325	327	330	336	348	354	365	371
Fire hydrants	2,800	2,900	3,000	3,014	3,100	3,256	3,355	3,430	3,625	3,675
Maximum daily water treatment capacity (thousand of gallons)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Sewer										
Sanitary sewers (miles)	276	281	290	292	295	297	300	305	307	310
Storm sewers (miles)	137	139	143	144	146	147	148	149	149	152
Maximum daily wastewater treatment capacity (thousand of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Parking Lots										
Number of parking lots	4	4	4	4	4	4	4	5	5	5

Note: Parking lots only include Parking Authority lots.

Source:

Airport Department  
Engineering Department  
Event Center  
Fiscal Services  
Fire Department  
Police Department  
Public Works Departments

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Federal Awards Reports in Accordance  
with the Uniform Guidance  
December 31, 2016

City of Bismarck

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
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Notes to Schedule of Expenditures of Federal Awards .....	8
Schedule of Findings and Questioned Costs .....	9



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bismarck, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Bismarck's basic financial statements, and have issued our report thereon dated June 30, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Bismarck's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bismarck's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bismarck's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: 2016-A.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

### **City of Bismarck's Response to the Finding**

City of Bismarck's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Bismarck's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sallie LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
June 30, 2017



**Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

**Report on Compliance for the Major Federal Program**

We have audited City of Bismarck, North Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Bismarck, North Dakota's major federal program for the year ended December 31, 2016. The City of Bismarck, North Dakota's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for the City of Bismarck's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Bismarck's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Bismarck's compliance.

### **Opinion on the Major Federal Program**

In our opinion, City of Bismarck, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

### **Report on Internal Control over Compliance**

Management of City of Bismarck, North Dakota, is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Bismarck, North Dakota's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Bismarck's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Bismarck as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Bismarck, North Dakota's basic financial statements. We issued our report thereon dated June 30, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
June 30, 2017

City of Bismarck  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016

Federal Granter/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b><u>Department of Agriculture</u></b>				
Passed Through North Dakota Department of Agriculture Specialty Crop Block Grant Program-Farm Bill	10.170	DA023017-02	\$ 3,219	\$ -
Total Department of Agriculture			3,219	-
<b><u>Department of Housing and Urban Development</u></b>				
Community Development Block Grants	14.218	B-13(14)(15)(16)- MC-38-0003	261,275	216,866
Passed Through North Dakota Department of Commerce Home Investment Partnerships Program	14.239	2806-M10111213-0/ 3896-M15-10	61,857	60,722
Total Department of Housing & Urban Development			323,132	277,588
<b><u>Department of Justice</u></b>				
Bullet Proof Vest/Armor	16.607	2014-2016 Programs	5,670	-
Public Safety Partnership & Community Policing	16.710	2013UMWX0149	97,468	-
Edward Byrne Memorial Justice Assistance Grant Program Passed Through Office of Attorney General	16.738	2015-DJ-BX-0061	26,749	9,574
Edward Byrne Memorial Justice Assistance Grant Program	16.738	G15203/G15220	19,227	19,227
Total Edward Byrne Memorial Justice Assistance Grant Program			45,976	28,801
Passed Through North Dakota Department of Health Violence Against Women Formula Grants	16.588	G15.313/G13.900/4551H LH4124(26)-01	17,199	17,199
Total Department of Justice			166,313	46,000
<b><u>Department of Transportation</u></b>				
Airport Improvement Projects	20.106	3-38-0003-051-2013/ (53-2014)(54 2015)(55-2015)(56- 2015)(57-2016)	3,408,992	-
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500	ND-04-0018-00	35,614	35,614
Federal Transit Formula Grants	20.507	ND-90-X099- 00/ND201600300/11552 017P1	1,873,276	1,873,276
Total Federal Transit Cluster			1,908,890	1,908,890
Passed Through North Dakota Department of Transportation Metropolitan Transportation Planning	20.505	CPG000015(16)	127,085	-
Passed Through Federal Highway Administration Highway Planning and Construction	20.205	CPG0020015(16)/ NDDOT38161445	663,001	-
Passed Through National Highway Traffic Safety Administration Highway Safety Cluster				
National Priority Safety Programs	20.616	NDDOT12151984/12161 850	20,556	-
Total Highway Safety Cluster			20,556	-
Total Department of Transportation			6,128,524	1,908,890



City of Bismarck  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016

Federal Granter/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b>Department of Health and Human Services</b>				
Passed Through North Dakota Department of Health				
Public Health Emergency Preparedness	93.069	661HLH3276(7)- 11(22)/G15.066(86)	122,380	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2201-HLH339-01 PF15.132	5,000	-
Immunization Cooperative Agreements	93.268	HLH3316-06 G15.421	12,498	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure Performance	93.539	HLH4606-01 G15.421	32,942	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	4521HLH3206(17)/ G15.022(204)	57,490	-
HIV Care Formula Grants	93.917	2201-HLH3437-03/09 PF15.149	101,575	-
Cooperative Agreements for State-Based Comprehensive HIV Prevention Activities Health Department Based	93.940	2210-H337 PF13.109	5,364	-
Maternal & Child Health Services Block Grants to the States	93.994	4541HLH313503 G13.540	43,901	-
Passed Through Lutheran Social Services of North Dakota Refugee and Entrant Assistance Discretionary Grants	93.576	#2016(17)-HP 2(5)	4,209	-
Passed Through North Dakota Cancer Coalition State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease, and Stroke	93.757	4561 HLH3145(6)-06 G15.379(936)	3,216	
Preventive Health and Health Service Block Grant funded solely with Prevention and Public Health Funds	93.758	4561 HLH3145(6)-06 G15.379(936)	16,686	-
Total Department of Health and Human Services			405,261	-
<b>Department of Homeland Security</b>				
Passed Through North Dakota Department of Emergency Services				
Emergency Management Performance Grants	97.042	A0058001-2015/ 2016-EMPG	50,032	-
Homeland Security Grants-Fire	97.067	A0120-001(2)(3)- 2014(2015)RT/RE/RQ	125,090	-
Homeland Security Grants-Law Enforcement	97.067	A0077-001(2)- 2014RT(Q)/ A1196-001(2)- 2015RT(Q)	81,008	-
Total Homeland Security Grants			206,098	-
Total Department of Homeland Security			256,130	-
Total Federal Financial Assistance			\$ 7,282,579	\$ 2,232,478

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bismarck, and is presented in accordance with the basis of accounting by fund type which the grant resides as further described in Note B – Significant Accounting Policies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). City of Bismarck received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

**Note B – Significant Accounting Policies**

Governmental fund types for the majority of the City’s federal grant activity, with the exception of the Airport Improvement Project grants which are recorded in the airport enterprise fund. Therefore, expenditures reported in the schedule of expenditures of federal awards are recognized on the accrual basis of accounting for the airport improvement projects, and the remaining expenditures reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City’s summary of significant accounting policies is presented in Note 1 in the City’s basic financial statements.

The City has not elected to use the 10% de minimis cost rate.

**Note C – Agency or Pass-Through Number**

Only programs without agency or pass-through numbers are programs where the federal funds are direct therefore agency and pass-through numbers are not required, or else there are certain pass-through entities that did not provide identifying numbers.

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Federal Transit - Formula Grant/Operating	20.507
Federal Transit - Capital Investment Grants/Preventative Maintenance	20.500
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**2016-A Recording of Transactions**  
**Material Weakness**

Criteria: A good system of internal accounting control contemplates proper reconcilements of all general ledger accounts and adjustments of those accounts to the reconciled balances.

Condition: There were misstatements related to revenue recognition from water revenue and sales tax revenue in the City's financial statements causing us to propose restatements to prior periods.

Cause: The City's internal controls relied on an outdated interpretation related to the recording of certain transactions.

Effect: The need for these adjustments indicates the City's interim financial information is not correct; however, there is minimal effect on appropriations and management's decisions.

Recommendation: We recommend the City implement a corrective action plan and make adjustments for any differences noted.

Views of Responsible Officials: Management agrees with the finding and is implementing corrective action to address it.

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**Section III – Federal Award Findings and Questioned Costs**

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There are no findings or questioned costs relating to the major federal award program which are required to be reported in accordance with Section 2 CFR 200.516 of the Uniform Guidance.