

City of **Bismarck** North Dakota



Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2017

# **CITY OF BISMARCK, NORTH DAKOTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**December 31, 2017**

**Prepared by Fiscal Services**

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**CITY OF BISMARCK, NORTH DAKOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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## *Fiscal Services Division*

June 25, 2018

**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, 2017 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, 2017 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***

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## **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 34.01 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, assistant 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, wastewater and storm water utility services, solid waste disposal, municipal airport, library, and cultural centers and events.

The City adopts an annual budget ordinance 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.

In 2015, the City Commission approved a development agreement and the creation of new tax increment finance (TIF) district for a mixed use planned redevelopment project downtown. The private-public partnership was with Cardon Development and Bismarck Futures. With the change in the economy, substantial changes in the scope would have been required for the project and those changes nullified the agreement. In June the Commission terminated the agreement and the Tax Increment Finance (TIF) Districts that would have funded the associated public infrastructure. Bismarck Futures plans to continue to pursue a new model for the project at the local level.

The Commission continues the Renaissance Zone (RZ) 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. Five new projects were approved in 2017 and a total of 116 projects have been completed which includes 17 new downtown housing units. The projects have created 594.25 new jobs to date and the building value of RZ projects of \$16.2 million has more than quadrupled to \$77.7 million. With the termination of TIF, the City Commission was able to receive the required support from the County, Bismarck Public Schools and Parks and Recreation and approval from the ND Department of Commerce for a five year extension of the program. The extension reflects the commitment of the City Commission to strengthen the core of our community.

The City also continued the Core Incentive Grant Program to encourage rehabilitation of current businesses and recreate new development downtown for 2017. The program includes grants for façade

and signage, housing, technical assistance and sidewalk subsurface vaults. Four new grants were approved in 2017. Grants approved to date total \$836,996 which leveraged a total investment of \$1,964,218. The grant incentives are funded from the Tax Increment Finance (TIF) District. The Commission discontinued the TIF in June of 2017 so no additional projects were authorized after that date. The program served 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 was evaluated in the spring of 2017 and the Commission's action was to maintain the three lanes. The Commission also changed the one way to two-way streets in Chancellor Square which includes 4<sup>th</sup> and 6<sup>th</sup> Streets and Broadway and Thayer Avenues to improve the traffic flow downtown. The Commission authorized a temporary pop-up pathway stretching from the downtown to the Missouri River waterfront. The project was a quick-build pedestrian and bike path designed to increase walkability and bike ability in the community. The goal of the collaborative project was to solicit user feedback for the design of a potential permanent path. The pilot was funded by an AARP livable communities grant.

With the decline in the oil investments in the western part of the State and the low oil prices, growth in the Bismarck metro continues to stabilize. The Bismarck MSA continued a low unemployment rate of 2.8% in December of 2017 which continues to be lower than the national rate of 4.1%. The local economic outlook remains positive as Bismarck continues to create and sustain jobs. Census population estimates in June of 2017 identify Bismarck as one of the five largest fastest growing cities in the State with a gain of 1,147 residents, a 1.6% increase, for a total of 72,417.

The Bismarck real estate market continues to remain active. According to the Bismarck-Mandan Board of Realtors, 1,316 single family residential units for a total of 1,686 for all residential units sold in 2017. The average sale price was \$251,695 which is a slight decrease from the average sale price of \$252,970 for 2016. This is reflected in "The Best Housing Markets for Growth and Stability" which ranks Bismarck #4. The analysis considered the homes purchased from 1992 to the first quarter of 2018 in the 358 largest urban markets. Livability.com ranking included Bismarck in the 2018 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. Bismarck Parks and Recreation was the recipient of the Gold Medal Award for Excellence in Park and Recreation Management. This prestigious honor also serves as national recognition of the recreational opportunities and activities in the community.

Local investors submitted three housing development applications for State funds to provide affordable housing in Bismarck. The proposals include Century Cottages with 35 senior housing units, Patterson Place apartments downtown and Edwinton Place a homeless housing project. The Burleigh County Housing Authority is developing the permanent supportive homeless housing project in south Bismarck. The project includes 40 one bedroom units with office space on the first floor for outside agencies to provide supportive serves.

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 2017 as compared to 2016 for Bismarck. Sales tax revenue had a 6.2% decrease, the hospitality tax revenues had an increase of .9% for the motel, restaurant and liquor tax and a decrease of 5.67% for the hotel and motel tax. The motor vehicle rental tax did have a 5% 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 2017, 265 building permits were issued for residential construction within the City's corporate limits. This included 264 single-family homes and 1 multi-family home, which provided an additional 324 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 42 residential building permits issued in 2017. Commercial growth also increased which included retail services, banks, and apartments with 194 commercial buildings permits. Growth in the property tax base for the year 2017 was 4.86%. The table below provides the percentage change by property classification.

<b>Property Class</b>	<b>2016</b>	<b>2017</b>	<b>Percentage</b>
	<b>Market Value</b>	<b>Market Value</b>	<b>Change</b>
Commercial	\$2,770,026,500	\$3,017,350,700	8.93 %
Residential	4,892,440,000	5,017,508,600	2.56 %
Agricultural	853,000	946,600	10.97 %
<b>Total</b>	<b>\$7,663,319,500</b>	<b>\$8,035,805,900</b>	<b>4.86 %</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 \$1,768,253 with an average interest rate of 1.25% for the fiscal year. Pension funds are invested with the North Dakota Retirement and Investment Office. The City Employee and Police pensions had an investment increase of \$18,541,991 for an average gain of 15.2% for the fiscal year.

### **Major Initiatives in 2017**

The City Commission established the Infrastructure Task Force (IFT) 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 recommendations of the IFT presented to the City Commission in the spring of 2017 included capping the Sales Tax 25 mill property tax buy-down and redirecting the Sales Tax for special assessments subsidies to new arterial roadways. Following these recommendations a Special Assessment Task Force (SATF) was established by the Commission to consider the funding of infrastructure maintenance as well as new development. Property owners were added to the areas represented by the initial Task Force. The Special Assessment Task Force recommendations included a street maintenance fee to replace special assessments for maintenance, eliminate special assessments for new development and up to 3/4% increase in Sales Tax for new arterial streets roadways in addition to capping of the Sales Tax 25 mill property tax buy-down. The Commission has now established a Joint Task with representatives from the IFT and the SATF to meet and reevaluated the recommendations to the Commission.

The City Commission approved the purchase and implementation of a citywide Work Order Management System (WMS) and Customer Relationship Management System (CRM) from AssetWorks in 2016. The new citywide system will help manage the work order/services in an estimated 20 areas covering a wide range of departments. GIS is 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 is scheduled to "go live" in Forestry, Roads & Streets, Traffic Signals & Lights, and Water, Sanitary Sewer and Storm Water Utilities in the spring of 2018. 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 2017. The passenger boardings totaled 272,739. In addition, United Airlines announced it will be adding two daily flights between Bismarck and Chicago in June of 2018. In 2017 the City Commission also authorized a major run-way reconstruction project at the Airport for an estimated \$65 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. Phase 1 construction is nearly complete with Phase 2 starting in 2018 followed by Phase 3 in 2019.

The City Commission authorized funding for a new Fire Station which provides a more strategic location to maintain the response time with the development growth in the City. The new station is located next to the site of the new Burn Facility on Miriam Avenue. It will replace the Sleepy Hollow Fire Station located on Divide and 26<sup>th</sup> Street. The opening of the new station is planned in early summer of 2018.

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 \$1.5 million was used to replace 15,789 lineal feet hard surfaced streets with permanent full depth asphalt which was coordinated with the replacement of 12,001 lineal feet of water mains. An additional \$3.7 million was used to help fund annual resurfacing mill and overlay chip seal in 62,588 lineal feet of local streets, fund the reconstruction of 25,712 lineal feet in ground water impacted streets and \$.3 thousand help subsidize the panel sealing or replacement costs for 1,851 lineal feet for concrete streets in the City. The total cost for the annual street maintenance projects is \$5.2 million for 2017. Sales Tax also provided the federal matching funds \$3.7 million in addition to the \$.8 million from Utilities for the new arterial roadway on North Washington Street.

In 2017, there were 356 residential lots approved and 4 annexations for a total of 47.56 acres and 62 new site plans for new businesses, industrial uses and multi-family residential projects. With this, the City had 13 special assessment districts for a total \$9 million for new developments for pavement, sanitary sewer, water and street light improvement. This included two new neighborhood parks which is the first year parks have been included as special assessments in new developments.

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.

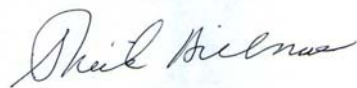
### **Awards and Acknowledgements**

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, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized the 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,

A handwritten signature in blue ink, reading "Sheila Hillman".

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, 2016**

*Christopher P. Morill*

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



## **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, 2017, 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 Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, 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.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension schedules 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 25, 2018 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 solely 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 effectiveness of the City of Bismarck's 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
June 25, 2018

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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, 2017. 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 \$873,427,157 (net position). Of this amount, \$213,458,962 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$37,446,922 which was a decrease of \$2,557,341 over 2016. 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, and streets, along with reduced federal funding for highway construction projects.
- At the close of the current fiscal year, the City of Bismarck's governmental activities reported combined ending net position of \$444,971,667, an increase of \$14,256,083 in comparison with the prior year. The unrestricted net position of \$170,563,328, 38.33% 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 \$34,269,492 and the assigned fund balance was \$3,622,460. The assigned and unassigned fund balance is 87.11% of total general fund expenditures and 86.42% of total general fund revenues, including transfers.
- Revenue from all sources totaled \$169,767,676 which was an increase of \$4,139,486 over 2016. This increase is mainly attributed to grant funding for the airport runway construction project.

### **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 welfare, culture and recreation, and public works. The business-type activities of the City of Bismarck include an Airport, Event Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property 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 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, 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, Event Center, Solid Waste Disposal, Solid Waste Collections, Water, Sanitary Sewer, Storm Water, Commercial Property, Northern Plains Commerce Centre and Parking Authority Lots. Airport, Event Center, Water, Sanitary Sewer, and Storm Sewer are considered major funds. Data from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 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 - 87 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 88 – 93 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 \$873,427,157 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, 2016 and December 31, 2017.

City of Bismarck Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 237,177,125	\$ 241,930,116	\$ 76,199,359	\$ 65,622,078	\$ 313,376,484	\$ 307,552,194
Capital assets	343,869,103	356,199,024	441,967,162	468,438,775	785,836,265	824,637,799
<b>Total assets</b>	<b>581,046,228</b>	<b>598,129,140</b>	<b>518,166,521</b>	<b>534,060,853</b>	<b>1,099,212,749</b>	<b>1,132,189,993</b>
Deferred outflows of resources	6,932,339	8,116,297	1,917,723	2,259,994	8,850,062	10,376,291
Long-term liabilities outstanding	143,871,048	147,208,207	106,632,567	100,399,511	250,503,615	247,607,718
Other liabilities	12,045,778	9,775,328	7,635,321	6,408,388	19,681,099	16,183,716
<b>Total liabilities</b>	<b>155,916,826</b>	<b>156,983,535</b>	<b>114,267,888</b>	<b>106,807,899</b>	<b>270,184,714</b>	<b>263,791,434</b>
Deferred inflows of resources	1,346,157	4,290,235	551,705	1,057,458	1,897,862	5,347,693
Net position:						
Net investment in capital assets	218,218,040	225,240,744	341,955,183	374,421,127	560,173,223	599,661,871
Restricted	31,075,288	49,167,595	12,175,717	11,138,729	43,251,005	60,306,324
Unrestricted	181,422,256	170,563,328	51,133,751	42,895,634	232,556,007	213,458,962
<b>Total net position</b>	<b>\$ 430,715,584</b>	<b>\$ 444,971,667</b>	<b>\$ 405,264,651</b>	<b>\$ 428,455,490</b>	<b>\$ 835,980,235</b>	<b>\$ 873,427,157</b>

By far the largest portion of the City of Bismarck's net position (68.7%) 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 30%. 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 (6.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$213,458,962 may be used to meet the City's ongoing services to the citizens.

At the end of the current fiscal year, the surplus of \$170,563,328 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 8.44 and for the business-type activities is 4.96 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, 2016 and December 31, 2017.

City of Bismarck Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,439,575	\$ 11,766,972	\$ 46,925,396	\$ 52,262,678	\$ 59,364,971	\$ 64,029,650
Operating grants and contributions	13,162,314	11,751,542	40,360	6,666	13,202,674	11,758,208
Capital grants and contributions	36,180,257	25,081,772	6,748,212	17,502,063	42,928,469	42,583,835
General revenues:						
Taxes	47,401,834	47,402,614	40,714	33,643	47,442,548	47,436,257
Investment earnings	690,481	2,954,251	375,048	576,858	1,065,529	3,531,109
Gain on disposal of assets	178,109	121,371	1,445,890	307,246	1,623,999	428,617
<b>Total revenues</b>	<b>110,052,570</b>	<b>99,078,522</b>	<b>55,575,620</b>	<b>70,689,154</b>	<b>165,628,190</b>	<b>169,767,676</b>
<b>Expenses:</b>						
General Government	16,888,611	16,268,593	-	-	16,888,611	16,268,593
Public Safety	26,286,801	27,502,752	-	-	26,286,801	27,502,752
Highways and Streets	10,407,454	10,946,367	-	-	10,407,454	10,946,367
Health and Welfare	3,201,853	3,329,632	-	-	3,201,853	3,329,632
Culture and Recreation	3,182,488	3,336,676	-	-	3,182,488	3,336,676
Interest and Fiscal Charges	3,041,297	5,144,125	-	-	3,041,297	5,144,125
Public Works	11,551,442	13,945,500	-	-	11,551,442	13,945,500
Airport	-	-	7,588,752	7,399,832	7,588,752	7,399,832
Event Center	-	-	11,043,455	10,718,816	11,043,455	10,718,816
Solid Waste Disposal	-	-	4,340,662	2,997,121	4,340,662	2,997,121
Solid Waste Collections	-	-	3,872,531	4,018,808	3,872,531	4,018,808
Water	-	-	11,896,989	12,867,647	11,896,989	12,867,647
Sanitary Sewer	-	-	7,691,135	8,772,088	7,691,135	8,772,088
Storm Water	-	-	2,697,316	3,076,950	2,697,316	3,076,950
Commercial Property	-	-	293,168	399,710	293,168	399,710
Parking Authority Lots	-	-	1,639,973	1,596,137	1,639,973	1,596,137
<b>Total expenses</b>	<b>74,559,946</b>	<b>80,473,645</b>	<b>51,063,981</b>	<b>51,847,109</b>	<b>125,623,927</b>	<b>132,320,754</b>
Increase in net position before transfers	35,492,624	18,604,877	4,511,639	18,842,045	40,004,263	37,446,922
Transfers	(3,580,283)	(4,348,794)	3,580,283	4,348,794	-	-
Increase in net position	31,912,341	14,256,083	8,091,922	23,190,839	40,004,263	37,446,922
Net position, as adjusted - 1/1	398,803,243	430,715,584	397,172,729	405,264,651	795,975,972	835,980,235
Net position - 12/31	\$ 430,715,584	\$ 444,971,667	\$ 405,264,651	\$ 428,455,490	\$ 835,980,235	\$ 873,427,157



## **Governmental Activities**

Governmental activities increased the City of Bismarck's net position by \$14,256,083, accounting for 38.1% 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 \$17.8 million in special assessment improvement revenue.

## **Business-type Activities**

Business-type activities increased the City of Bismarck's net position by \$23,190,839, accounting for 61.9% of the total growth in the City of Bismarck's net position. Both an increase to the Water and Sanitary Sewer rates, which provides increased revenue for future funding of infrastructure improvements, along with increased revenue from federal and state grants for the airport runway construction project played a big factor in the net position increase.

## **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 \$123,506,887, an increase of \$7,574,298 in comparison with the prior year. The total restricted due to external limitations is \$49,167,595 or 39.8% of the total fund balance. These limitations include \$2,553,106 for Building Construction Levy, \$35,148,550 for Special Assessment Debt Funds, \$271,867 for Weather-related Operations and \$11,194,072 for Sales Tax. The nonspendable funds of \$230,000 or 0.2% of fund balance is a result of advances to other funds. The committed funds of \$56,097,547 and assigned funds of \$3,622,460 are limited to its intended use. \$15,898,470 is committed to special programs in the Special Revenue Funds and \$40,199,077 is committed for capital project use in the Sales Tax, Special Deficiency, Building Improvements, Street Lights, Highway Construction, Community Development and Tax Increment Construction Funds. The assigned uses include Contingencies of \$825,000, Department Equipment Reserve of \$1,816,753, Technology Equipment Reserve of \$107,575, Computer Expansion Reserve of \$500,298, Parking Lot Reserve of \$93,598 and Payroll Reserve of \$279,236.

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 \$34,269,492, while total fund balance reached \$40,675,058. The fund balance increased by \$348,303 as compared to 2016. There was a reduction in expenditure due to \$741,000 of vacant salaries due to turnover in the public safety sector. Transfers were reduced by \$635,000 since use of the contingency fund 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 \$15,283,616. The special deficiency and assumptions was \$5,669,366, highway construction fund was \$24,869,913, building improvements was \$2,445,089, street lights/signals were \$358,581, tax increment was \$1,501,524 and community development was \$319,350 while the construction for street, sewer, water and sidewalk had a combined negative fund balance of \$19,880,207. 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 2018. 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 receive incremental tax funds based on the mills to fund various downtown projects.

## **Proprietary Funds**

The City of Bismarck's proprietary fund statements 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 \$42,791,921. All individual proprietary funds reported increases in net position, except for Commercial Property of \$109,614 due to a decrease in rental revenue along with an increase in transfers out, Northern Plains Commerce Centre of \$6,044,516 due to transfers out, Parking Authority of \$55,556 due to an increase in operating costs and Event Center of \$1,899,049 attributed in part to the operating costs exceeding generated revenues.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a small decrease to appropriated expenditures between the original and final amended budget. Significant variances between budget and actual are as follows:

- Taxes decreased by \$602,758 which is largely due to the 5% discount on early payment.
- Intergovernmental revenue decreased by \$229,209 which is mainly attributed to a decrease in the state aid grant and a reduction of MPO grant revenue.
- Charges for services exceeded the budget by \$256,217 which was attributed in part to the utility improvement projects.
- Nondepartmental surplus of \$142,499 was partly attributed to unexpended service fees.
- Finance surplus of \$143,768 is largely a result of vacant positions and staff turnover.
- One-time operations surplus of \$295,958 can be mainly attributed to not expending the pool amounts for vehicle maintenance/repair and gasoline expense.
- Central Dakota Communications surplus of \$149,436, Fire of \$113,802, Police of \$131,832 and One-time operations of \$100,230 was excess budget authority due largely to vacant positions.
- Transfers of \$259,509 was largely the result of a transfer from the General fund to the Liability Insurance fund that was not needed.

## **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, 2017, amounts to \$599,661,871 (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:

- Continued with the construction of the Water Softening Expansion Project.
- Continued with the trickling filter improvement project at the Wastewater Treatment Plant.
- Construction began on Phase I of the airport runway replacement project.
- Construction began on a new fire station, and construction was completed on the fire training building.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 2,767,950	\$ 2,767,950	\$ 15,840,780	\$ 15,836,289	\$ 18,608,730	\$ 18,604,239
Construction in Progress	1,622,712	12,751,432	23,645,322	52,567,537	25,268,034	65,318,969
Buildings	16,970,058	16,193,887	160,749,543	159,219,777	177,719,601	175,413,664
Improvements Other Than Buildings	21,740	19,254	224,588,174	224,963,802	224,609,914	224,983,056
Machinery and Equipment	13,668,533	14,053,965	17,143,343	15,851,370	30,811,876	29,905,335
Infrastructure	308,818,110	310,412,536	-	-	308,818,110	310,412,536
Total	<u>\$ 343,869,103</u>	<u>\$ 356,199,024</u>	<u>\$ 441,967,162</u>	<u>\$ 468,438,775</u>	<u>\$ 785,836,265</u>	<u>\$ 824,637,799</u>

Additional information on the City of Bismarck's capital assets can be found in Note IV.D on pages 53 – 54 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 \$247,607,718. Of this amount, \$126,320,000 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	
	2016	2017	2016	2017	2016	2017
Net Pension Liability	\$ 14,860,189	\$ 12,757,113	\$ 2,682,140	\$ 2,350,011	\$ 17,542,329	\$ 15,107,124
Special assessment bonds	122,750,000	126,320,000	-	-	122,750,000	126,320,000
Plus unamortized premiums	2,901,063	4,638,280	-	-	2,901,063	4,638,280
Compensated Absences	2,974,350	2,980,573	818,375	827,871	3,792,725	3,808,444
Claims and Judgments	385,446	512,241	122,754	163,329	508,200	675,570
Closure and postclosure costs	-	-	2,997,319	3,040,652	2,997,319	3,040,652
Event Center revenue bonds	-	-	24,850,000	23,820,000	24,850,000	23,820,000
Less unamortized discount	-	-	(23,612)	(22,279)	(23,612)	(22,279)
Water revenue bonds-2012	-	-	3,665,000	2,960,000	3,665,000	2,960,000
Plus unamortized premium	-	-	37,063	28,511	37,063	28,511
Water revenue bonds-2013	-	-	7,615,000	7,070,000	7,615,000	7,070,000
Plus unamortized premium	-	-	1,107	1,013	1,107	1,013
Water revenue bonds-2014	-	-	11,760,000	10,970,000	11,760,000	10,970,000
Less unamortized discount	-	-	(111,616)	(102,504)	(111,616)	(102,504)
Water Treatment-2009	-	-	11,510,000	10,735,000	11,510,000	10,735,000
Wastewater revenue bonds-2006	-	-	12,375,000	11,410,000	12,375,000	11,410,000
Wastewater revenue bonds-2015	-	-	28,405,000	27,215,000	28,405,000	27,215,000
Less unamortized discount	-	-	(70,963)	(67,093)	(70,963)	(67,093)
Total	<u>\$ 143,871,048</u>	<u>\$ 147,208,207</u>	<u>\$ 106,632,567</u>	<u>\$ 100,399,511</u>	<u>\$ 250,503,615</u>	<u>\$ 247,607,718</u>

The City issued new special assessments debt of \$19,325,000 which was issued in November of 2017 to fund Series M and SW2016 for projects that were completed in 2016.

There was no new issue for revenue bonds in 2017. 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.G on page 58.

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, 2017 was \$15,107,124, a decrease of \$2,435,205 from 2016.

### **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 1.88%% in 2018. The number of residential properties sales were 332 through April. There are also 54 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.

The continued growth also leads to an increase in the need for the expansion of infrastructure improvements for streets and utilities. In 2017 there were 19 special assessment improvement districts. The growth continues to impact our need for additional department employees so 8 new positions were added in 2018. The unemployment continues at a low rate of 3.1% and the economy in Bismarck continues to maintain steady growth.

### **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).

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 884,212	\$ 1,961,381	\$ 2,845,593
Investments	111,217,126	39,548,041	150,765,167
Receivables:			
Taxes	222,367	-	222,367
Accounts	8,310,039	3,596,547	11,906,586
Special assessments	115,013,479	10,447,408	125,460,887
Interest receivable	216,680	118,872	335,552
Notes receivable	1,130,592	-	1,130,592
Internal balances	2,152,380	(2,152,380)	-
Inventories	329,492	148,605	478,097
Prepaid items	4,527	113,251	117,778
Restricted assets:			
Investments	2,449,222	701,624	3,150,846
Revenue bond covenant accounts	-	11,138,729	11,138,729
Capital assets not being depreciated:			
Land	2,767,950	15,836,289	18,604,239
Construction in progress	12,751,432	52,567,537	65,318,969
Capital assets (net of accumulated depreciation):			
Building and building improvements	16,193,887	159,219,777	175,413,664
Improvements other than buildings	19,254	224,963,802	224,983,056
Machinery and equipment	14,053,965	15,851,370	29,905,335
Infrastructure	310,412,536	-	310,412,536
Total assets	<u>598,129,140</u>	<u>534,060,853</u>	<u>1,132,189,993</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Derived from pensions	8,116,297	2,259,994	10,376,291
Total deferred outflows of resources	<u>8,116,297</u>	<u>2,259,994</u>	<u>10,376,291</u>
<b>LIABILITIES:</b>			
Accounts payable	3,690,463	3,051,520	6,741,983
Retainage payable	796,124	535,887	1,332,011
Salaries payable	1,350,017	378,981	1,728,998
Interest payable	638,810	698,514	1,337,324
Unearned revenue	830,592	3,002	833,594
Customer deposits	2,469,322	1,740,484	4,209,806
Noncurrent liabilities:			
Net pension liability	12,757,113	2,350,011	15,107,124
Due within one year	18,888,911	6,826,864	25,715,775
Due in more than one year	115,562,183	91,222,636	206,784,819
Total liabilities	<u>156,983,535</u>	<u>106,807,899</u>	<u>263,791,434</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Derived from pensions	4,290,235	1,057,458	5,347,693
Total deferred inflows of resources	<u>4,290,235</u>	<u>1,057,458</u>	<u>5,347,693</u>
<b>NET POSITION:</b>			
Net investment in capital assets	225,240,744	374,421,127	599,661,871
Restricted for:			
Building Construction	2,553,106	-	2,553,106
Capital Projects	11,194,072	-	11,194,072
Debt service	35,148,550	11,138,729	46,287,279
Highway weather related projects	271,867	-	271,867
Unrestricted	170,563,328	42,895,634	213,458,962
Total net position	<u>\$ 444,971,667</u>	<u>\$ 428,455,490</u>	<u>\$ 873,427,157</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, 2017**

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	\$ 16,268,593	\$ 4,282,664	\$ 2,876,586	\$ -	\$ (9,109,343)	\$ -	\$ (9,109,343)
Public safety	27,502,752	1,471,580	2,405,896	-	(23,625,276)	-	(23,625,276)
Highways and streets	10,946,367	5,306,563	4,004,027	-	(1,635,777)	-	(1,635,777)
Health and welfare	3,329,632	575,029	1,575,585	-	(1,179,018)	-	(1,179,018)
Culture and recreation	3,336,676	131,136	361,834	-	(2,843,706)	-	(2,843,706)
Interest and fiscal charges	5,144,125	-	-	603,090	(4,541,035)	-	(4,541,035)
Public works	13,945,500	-	527,614	24,478,682	11,060,796	-	11,060,796
Total governmental activities	80,473,645	11,766,972	11,751,542	25,081,772	(31,873,359)	-	(31,873,359)
Business-type activities:							
Airport	7,399,832	6,581,900	-	14,070,849	-	13,252,917	13,252,917
Event center	10,718,816	6,904,800	6,666	-	-	(3,807,350)	(3,807,350)
Solid waste disposal	2,997,121	4,375,408	-	-	-	1,378,287	1,378,287
Solid waste collections	4,018,808	4,609,120	-	-	-	590,312	590,312
Water	12,867,647	16,101,327	-	1,275,291	-	4,508,971	4,508,971
Sanitary sewer	8,772,088	10,209,905	-	1,194,977	-	2,632,794	2,632,794
Storm water	3,076,950	1,825,511	-	960,246	-	(291,193)	(291,193)
Commercial property	399,710	104,430	-	-	-	(295,280)	(295,280)
Parking authority lots	1,596,137	1,550,277	-	700	-	(45,160)	(45,160)
Total business-type activities	51,847,109	52,262,678	6,666	17,502,063	-	17,924,298	17,924,298
Total primary government	\$ 132,320,754	\$ 64,029,650	\$ 11,758,208	\$ 42,583,835	(31,873,359)	17,924,298	(13,949,061)
Taxes:							
Property taxes					21,250,283	-	21,250,283
Sales tax:							
Sales tax					15,849,579	-	15,849,579
Occupancy tax					1,014,964	-	1,014,964
Lodging/liquor/food tax					2,877,076	-	2,877,076
Car rental tax					78,262	-	78,262
Unrestricted state aid distribution					3,888,355	-	3,888,355
Franchise taxes					1,218,141	-	1,218,141
Other taxes					1,225,954	33,643	1,259,597
Unrestricted investment earnings					2,954,251	576,858	3,531,109
Gain (Loss) on disposal of assets					121,371	307,246	428,617
Transfers					(4,348,794)	4,348,794	-
Total general revenues and separate line items					46,129,442	5,266,541	51,395,983
Changes in net position					14,256,083	23,190,839	37,446,922
Net position - beginning					430,715,584	405,264,651	835,980,235
Net position - ending					\$ 444,971,667	\$ 428,455,490	\$ 873,427,157

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

**CITY OF BISMARCK, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Street Improvement Construction	Nonmajor Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,958	\$ 98,958
Investments	40,372,223	13,366,449	622,497	4,453,527	-	48,958,263	107,772,959
Receivables:							
Taxes receivable	173,344	-	-	-	-	49,023	222,367
Accounts receivable	1,721,636	2,862,877	2,060	20,211	-	3,398,184	8,004,968
Special assessments	-	-	21,135,167	83,999,521	-	9,878,791	115,013,479
Notes receivable	-	-	-	-	-	1,130,592	1,130,592
Due from other funds	-	-	3,349,796	14,516,350	-	1,043,510	18,909,656
Advances to other funds	230,000	-	-	-	-	1,780,000	2,010,000
Restricted assets:							
Investments	-	-	-	-	-	2,449,222	2,449,222
<b>Total assets</b>	<u>\$ 42,497,203</u>	<u>\$ 16,229,326</u>	<u>\$ 25,109,520</u>	<u>\$ 102,989,609</u>	<u>\$ -</u>	<u>\$ 68,786,543</u>	<u>\$ 255,612,201</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 556,397	\$ -	\$ 1,170	\$ 15,652	\$ 26,442	\$ 2,395,451	\$ 2,995,112
Retainage payable	-	-	-	-	570,770	225,354	796,124
Due to other funds	-	-	-	-	14,516,350	4,250,926	18,767,276
Salaries payable	1,107,354	-	-	-	-	214,180	1,321,534
Unearned revenue	-	-	-	-	-	830,592	830,592
Customer deposits	20,100	-	-	-	-	2,449,222	2,469,322
<b>Total liabilities</b>	<u>1,683,851</u>	<u>-</u>	<u>1,170</u>	<u>15,652</u>	<u>15,113,562</u>	<u>10,365,725</u>	<u>27,179,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable special assessment taxes	-	-	19,404,418	76,644,017	-	8,697,875	104,746,310
Unavailable property taxes	138,294	-	-	-	-	40,750	179,044
<b>Total deferred inflows of resources</b>	<u>138,294</u>	<u>-</u>	<u>19,404,418</u>	<u>76,644,017</u>	<u>-</u>	<u>8,738,625</u>	<u>104,925,354</u>
<b>FUND BALANCES</b>							
Nonspendable	230,000	-	-	-	-	-	230,000
Restricted	2,553,106	11,194,072	5,703,932	26,329,940	-	3,386,545	49,167,595
Committed	-	5,035,254	-	-	-	51,062,293	56,097,547
Assigned	3,622,460	-	-	-	-	-	3,622,460
Unassigned	34,269,492	-	-	-	(15,113,562)	(4,766,645)	14,389,285
Total fund balances	<u>40,675,058</u>	<u>16,229,326</u>	<u>5,703,932</u>	<u>26,329,940</u>	<u>(15,113,562)</u>	<u>49,682,193</u>	<u>123,506,887</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 42,497,203</u>	<u>\$ 16,229,326</u>	<u>\$ 25,109,520</u>	<u>\$ 102,989,609</u>	<u>\$ -</u>	<u>\$ 68,786,543</u>	

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.

356,199,024

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

105,142,033

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.

(8,931,051)

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.

3,632,437

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

(134,577,663)

**Net position of governmental activities**

\$ 444,971,667

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, 2017**

	General	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Street Improvement Construction	Nonmajor Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 17,145,967	\$ 15,849,579	\$ -	\$ -	\$ -	\$ 9,256,926	\$ 42,252,472
Licenses and permits	1,860,127	-	-	-	-	1,050	1,861,177
Special assessments	-	-	3,521,669	15,630,996	22,239	2,674,829	21,849,733
Intergovernmental	7,457,852	-	-	-	-	10,285,714	17,743,566
Charges for services	4,079,928	-	-	-	-	3,715,579	7,795,507
Fines and forfeits	1,300,780	-	-	-	-	209,915	1,510,695
Investment income	386,607	84,768	66,688	527,565	-	341,028	1,406,656
Rentals	301,068	-	-	-	-	101,494	402,562
Miscellaneous	74,505	-	-	-	-	188,885	263,390
Total revenues	<u>32,606,834</u>	<u>15,934,347</u>	<u>3,588,357</u>	<u>16,158,561</u>	<u>22,239</u>	<u>26,775,420</u>	<u>95,085,758</u>
<b>EXPENDITURES</b>							
Current							
General government	10,413,255	93	-	-	-	4,019,609	14,432,957
Public safety	24,267,074	-	-	-	-	1,352,083	25,619,157
Highways and streets	2,422,945	-	-	-	-	8,311,083	10,734,028
Health and welfare	2,313,726	-	-	-	-	933,738	3,247,464
Culture and recreation	402,879	-	-	-	-	2,338,000	2,740,879
Public works	-	-	-	-	1,894,220	1,894,705	3,788,925
Capital outlays							
General government	158,934	-	-	-	-	296,736	455,670
Public safety	1,418,590	-	-	-	-	32,880	1,451,470
Highways and streets	30,062	-	-	-	-	124,000	154,062
Health and welfare	47,823	-	-	-	-	-	47,823
Culture and recreation	-	-	-	-	-	344,729	344,729
Public works	-	-	-	-	20,858,355	8,273,506	29,131,861
Debt service							
Principal	-	-	2,682,509	11,508,187	-	1,564,304	15,755,000
Interest and fiscal charges	-	-	633,044	2,463,121	35,314	280,742	3,412,221
Total expenditures	<u>41,475,288</u>	<u>93</u>	<u>3,315,553</u>	<u>13,971,308</u>	<u>22,787,889</u>	<u>29,766,115</u>	<u>111,316,246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,868,454)</u>	<u>15,934,254</u>	<u>272,804</u>	<u>2,187,253</u>	<u>(22,765,650)</u>	<u>(2,990,695)</u>	<u>(16,230,488)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in	11,241,065	-	128,619	1,510,285	11,193,724	10,580,100	34,653,793
Transfer out	(2,024,308)	(14,516,739)	(5,139)	(30,118)	(2,490,289)	(13,090,713)	(32,157,306)
Premium on special assessment debt	-	-	-	-	1,811,541	171,758	1,983,299
Special assessment bonds issued	-	-	-	-	16,380,405	2,944,595	19,325,000
Total other financing sources (uses)	<u>9,216,757</u>	<u>(14,516,739)</u>	<u>123,480</u>	<u>1,480,167</u>	<u>26,895,381</u>	<u>605,740</u>	<u>23,804,786</u>
Net changes in fund balances	348,303	1,417,515	396,284	3,667,420	4,129,731	(2,384,955)	7,574,298
Fund balances - beginning	40,326,755	14,811,811	5,307,648	22,662,520	(19,243,293)	52,067,148	115,932,589
Fund balances - ending	<u>\$ 40,675,058</u>	<u>\$ 16,229,326</u>	<u>\$ 5,703,932</u>	<u>\$ 26,329,940</u>	<u>\$ (15,113,562)</u>	<u>\$ 49,682,193</u>	<u>\$ 123,506,887</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, 2017**

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Net change in fund balances-total governmental funds (Page 23) \$ 7,574,298

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. 12,367,780

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (36,004)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 2,387,348

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. (5,553,299)

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. 528,367

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. (3,012,407)

Change in net position of governmental activities (Page 21) \$ 14,256,083

**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, 2017**

	<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>
Budgetary Fund Balance, January 1	\$ 40,326,755	\$ 40,326,755	\$ 40,326,755	\$ -
Resources (inflows)				
Taxes	17,748,725	17,748,725	17,145,967	(602,758)
Licenses and permits	1,821,760	1,821,760	1,860,127	38,367
Intergovernmental	7,687,061	7,687,061	7,457,852	(229,209)
Charges for services	3,823,711	3,823,711	4,079,928	256,217
Fines and forfeits	1,155,200	1,155,200	1,300,780	145,580
Investment income	342,700	342,700	386,607	43,907
Rentals	254,606	254,606	301,068	46,462
Miscellaneous	34,700	34,700	74,505	39,805
Transfer in	11,272,276	11,272,276	11,241,065	(31,211)
Amount available for appropriation	84,467,494	84,467,494	84,174,654	(292,840)
Charges to appropriations (outflows)				
General government				
Nondepartmental	1,315,504	1,315,504	1,173,005	142,499
Administration	881,065	881,065	788,053	93,012
Building maintenance	737,855	737,855	717,339	20,516
Attorney	540,293	540,293	533,323	6,970
Finance	3,620,780	3,620,780	3,477,012	143,768
Human resources	552,489	552,489	481,162	71,327
Municipal court	527,655	527,655	520,860	6,795
Community development	2,495,692	2,495,190	2,430,580	64,610
One-time operations	716,082	716,082	420,124	295,958
Equipment reserve	95,550	84,459	56,150	28,309
Public safety				
Central dakota communications center	2,845,448	2,840,998	2,691,562	149,436
Fire	7,966,576	7,966,576	7,852,774	113,802
Police	12,800,687	12,800,687	12,668,855	131,832
One-time operations	1,817,182	1,817,182	1,716,952	100,230
Equipment reserve	-	11,091	11,091	-
Highways and streets				
Engineering	2,501,839	2,501,839	2,394,775	107,064
One-time operations	183,850	183,850	61,455	122,395
Equipment reserve	3,000	3,000	3,000	-
Health and welfare				
Public health	2,344,727	2,344,727	2,238,282	106,445
One-time operations	108,320	108,320	67,915	40,405
Equipment reserve	29,350	29,350	25,424	3,926
Culture and recreation				
Cable tv promotions	380,934	380,934	380,934	-
One-time operations	21,945	21,945	21,945	-
Transfer out				
Nondepartmental	1,710,114	1,710,114	1,450,605	259,509
Building construction	467,000	467,000	467,000	-
Contingencies	825,000	316,200	-	316,200
Central dakota communications center	-	4,450	4,450	-
Community development	-	5,504	501	5,003
Equipment reserve	9,855	9,855	9,855	-
One-time operations	147,000	147,000	91,897	55,103
Total charges to appropriations	45,645,792	45,141,994	42,756,880	2,385,114
<b>Budgetary Fund Balance, December 31</b>	<b>\$ 38,821,702</b>	<b>\$ 39,325,500</b>	<b>\$ 41,417,774</b>	<b>\$ 2,092,274</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, 2017**

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	\$ 84,174,654
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	(40,326,755)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,241,065)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$ 32,606,834
 <b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 42,756,880
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	747,179
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(4,463)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,024,308)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	\$ 41,475,288

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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
Budgetary Fund Balance, January 1	\$ 14,811,811	\$ 14,811,811	\$ 14,811,811	\$ -
Resources (inflows)				
Taxes	17,000,000	17,000,000	15,849,579	(1,150,421)
Investment income	25,000	25,000	84,768	59,768
Amount available for appropriation	31,836,811	31,836,811	30,746,158	(1,090,653)
Charges to appropriations (outflows)				
General government	400	400	93	307
Transfer out	19,403,363	19,403,363	14,516,739	4,886,624
Total charges to appropriations	19,403,763	19,403,763	14,516,832	4,886,931
<b>Budgetary Fund Balance, December 31</b>	<b>\$ 12,433,048</b>	<b>\$ 12,433,048</b>	<b>\$ 16,229,326</b>	<b>\$ 3,796,278</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, 2017**

**Business-type Activities - Enterprise Funds**

**Governmental  
Activities -  
Internal Service  
Funds**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 1,800	\$ -	\$ 971,777	\$ 27,574	\$ 100	\$ 746,412	\$ 1,747,663	\$ 998,971
Investments	4,600,654	-	4,919,977	7,316,452	3,262,794	19,394,200	39,494,077	3,498,128
Receivables:								
Accounts receivable	1,374,509	185,571	618,816	654,262	123,856	639,083	3,596,097	305,521
Special assessments	-	-	3,676,485	3,899,784	2,871,139	-	10,447,408	-
Interest receivable	10,751	-	22,010	28,399	9,940	47,772	118,872	-
Due from other funds	-	7,211	-	-	-	-	7,211	-
Inventories	-	-	148,605	-	-	-	148,605	329,492
Prepaid items	12,175	33,255	31,823	14,221	2,634	19,143	113,251	4,527
Total current assets	5,999,889	226,037	10,389,493	11,940,692	6,270,463	20,846,610	55,673,184	5,136,639

Noncurrent assets:

Restricted assets:

Investments	-	676,499	-	-	-	25,125	701,624	-
Revenue bond covenant accounts	-	162,405	5,403,628	5,572,696	-	-	11,138,729	-

Capital assets not being depreciated:

Land	8,469,631	912,100	877,279	324,591	2,567,739	2,684,949	15,836,289	-
Construction in progress	25,600,055	-	22,906	26,407,587	271,600	265,389	52,567,537	-

Capital assets (net of accumulated depreciation):

Building and building improvements	14,566,592	30,382,769	61,967,635	29,407,659	-	22,895,122	159,219,777	-
Improvements other than buildings	44,900,423	-	74,679,397	48,047,135	47,447,284	9,889,563	224,963,802	-
Machinery and equipment	1,855,987	1,905,859	6,079,014	1,871,005	89,456	4,050,049	15,851,370	513
Total noncurrent assets	95,392,688	34,039,632	149,029,859	111,630,673	50,376,079	39,810,197	480,279,128	513

Total assets	101,392,577	34,265,669	159,419,352	123,571,365	56,646,542	60,656,807	535,952,312	5,137,152
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**DEFERRED OUTFLOWS OF RESOURCES**

Derived from pensions	331,230	359,585	605,343	341,527	78,737	543,572	2,259,994	169,872
Total deferred outflows of resources	331,230	359,585	605,343	341,527	78,737	543,572	2,259,994	169,872

(Continued from previous page)

**CITY OF BISMARCK, NORTH DAKOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2017**

**Business-type Activities - Enterprise Funds**

	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 1,327,069	\$ 131,014	\$ 198,331	\$ 985,778	\$ 129,670	\$ 274,998	\$ 3,046,860	\$ 700,004
Retainage payable	14,926	-	-	520,961	-	-	535,887	-
Bonds payable	-	1,050,000	2,870,000	2,200,000	-	-	6,120,000	-
Accrued interest payable	-	108,549	279,764	310,201	-	-	698,514	-
Due to other funds	-	149,591	-	-	-	-	149,591	-
Compensated benefits payable	101,313	93,733	119,470	79,800	13,477	135,742	543,535	-
Salaries payable	63,505	80,818	88,134	49,697	12,894	83,933	378,981	28,483
Unearned revenue	-	-	-	-	-	3,002	3,002	-
Claims and judgments payable	-	-	-	3,570	-	-	3,570	672,000
Total current liabilities	<u>1,506,813</u>	<u>1,613,705</u>	<u>3,555,699</u>	<u>4,150,007</u>	<u>156,041</u>	<u>497,675</u>	<u>11,479,940</u>	<u>1,400,487</u>
Long-term liabilities:								
Net pension liability	350,602	358,668	628,819	354,771	81,789	575,362	2,350,011	175,141
Advances from other funds	-	-	-	-	-	2,010,000	2,010,000	-
Customer deposits	-	676,499	1,035,000	-	-	28,985	1,740,484	-
Compensated benefits payable	31,646	54,632	59,853	27,090	16,581	94,534	284,336	-
Revenue bonds payable	-	22,747,721	28,792,020	36,357,907	-	-	87,897,648	-
Accrued closure/post closure costs	-	-	-	-	-	3,040,652	3,040,652	-
Total long-term liabilities	<u>382,248</u>	<u>23,837,520</u>	<u>30,515,692</u>	<u>36,739,768</u>	<u>98,370</u>	<u>5,749,533</u>	<u>97,323,131</u>	<u>175,141</u>
Total liabilities	<u>1,889,061</u>	<u>25,451,225</u>	<u>34,071,391</u>	<u>40,889,775</u>	<u>254,411</u>	<u>6,247,208</u>	<u>108,803,071</u>	<u>1,575,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Derived from pensions	177,283	156,346	267,123	150,707	34,744	271,255	1,057,458	74,224
Total deferred inflows of resources	<u>177,283</u>	<u>156,346</u>	<u>267,123</u>	<u>150,707</u>	<u>34,744</u>	<u>271,255</u>	<u>1,057,458</u>	<u>74,224</u>
<b>NET POSITION</b>								
Net investment in capital assets	95,392,688	9,403,007	111,964,211	67,500,070	50,376,079	39,785,072	374,421,127	513
Restricted for debt service	-	162,405	5,403,628	5,572,696	-	-	11,138,729	-
Unrestricted	<u>4,264,775</u>	<u>(547,729)</u>	<u>8,318,342</u>	<u>9,799,644</u>	<u>6,060,045</u>	<u>14,896,844</u>	<u>42,791,921</u>	<u>3,656,659</u>
Total net position	<u>\$ 99,657,463</u>	<u>\$ 9,017,683</u>	<u>\$ 125,686,181</u>	<u>\$ 82,872,410</u>	<u>\$ 56,436,124</u>	<u>\$ 54,681,916</u>	<u>428,351,777</u>	<u>\$ 3,657,172</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							103,713	
Net position of business-type activities							<u>\$ 428,455,490</u>	

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ -	\$ 6,402,015	\$ -	\$ -	\$ -	\$ -	\$ 6,402,015
Sale of gas and oil	-	-	-	-	-	-	-
Sale of parts and labor	68,465	-	197,842	443	-	-	266,750
Water sales	1,778	-	15,769,021	-	-	-	15,770,799
Sanitation fees	-	-	36,550	10,196,851	1,809,380	8,847,293	20,890,074
Landing and airport fees	2,619,431	-	-	-	-	-	2,619,431
Miscellaneous sales	35,196	20,449	22,112	417	16,131	27,753	122,058
Rentals	3,857,030	489,002	637,326	12,194	-	1,765,236	6,760,788
Employer contributions	-	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-	-
Total operating revenues	<u>6,581,900</u>	<u>6,911,466</u>	<u>16,662,851</u>	<u>10,209,905</u>	<u>1,825,511</u>	<u>10,640,282</u>	<u>52,831,915</u>
<b>OPERATING EXPENSES</b>							
Cost of goods sold	-	3,307,138	98,046	-	-	-	3,405,184
Personal services - salaries & wages	1,275,316	2,128,023	2,009,911	1,173,879	291,197	1,972,054	8,850,380
Personal services - fringe benefits	407,827	532,926	742,015	416,564	96,099	762,997	2,958,428
Professional, legal, and contracted services	1,240,015	112,029	149,145	145,729	334,996	651,443	2,633,357
Building, equipment, and vehicle services	700,263	739,220	2,363,666	2,155,593	1,242,181	1,620,486	8,821,409
Travel & training	23,111	16,906	25,626	24,477	1,733	10,081	101,934
Operating services	257,040	171,219	432,632	218,936	22,841	1,571,420	2,674,088
Operating supplies	218,262	70,094	1,282,346	579,373	13,322	344,016	2,507,413
Depreciation expense	3,221,131	2,655,110	4,693,769	2,755,332	1,090,908	1,991,306	16,407,556
Total operating expenses	<u>7,342,965</u>	<u>9,732,665</u>	<u>11,797,156</u>	<u>7,469,883</u>	<u>3,093,277</u>	<u>8,923,803</u>	<u>48,359,749</u>
Operating income (loss)	<u>(761,065)</u>	<u>(2,821,199)</u>	<u>4,865,695</u>	<u>2,740,022</u>	<u>(1,267,766)</u>	<u>1,716,479</u>	<u>(1,670,254)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Intergovernmental	33,646	-	-	-	-	-	33,646
Special assessments	-	-	1,007,286	993,163	809,889	-	2,810,338
Gain (loss) on disposal of assets	156,008	9,529	53,424	4,996	-	83,289	307,246
Investment income	38,594	5,279	200,309	125,510	29,842	171,922	571,456
Interest and fiscal charges	-	(927,643)	(993,218)	(1,281,391)	-	-	(3,202,252)
Total nonoperating revenues (expenses)	<u>228,248</u>	<u>(912,835)</u>	<u>267,801</u>	<u>(157,722)</u>	<u>839,731</u>	<u>255,211</u>	<u>520,434</u>
Income (loss) before contributions and transfer	<u>(532,817)</u>	<u>(3,734,034)</u>	<u>5,133,496</u>	<u>2,582,300</u>	<u>(428,035)</u>	<u>1,971,690</u>	<u>4,992,600</u>
<b>CAPITAL CONTRIBUTIONS</b>	14,070,849	-	679,787	438,604	4,081,681	700	19,271,621
<b>TRANSFERS IN</b>	5,819,183	2,134,434	-	-	-	-	7,953,617
<b>TRANSFERS OUT</b>	<u>(153,667)</u>	<u>(299,449)</u>	<u>(2,990,300)</u>	<u>(116,020)</u>	<u>(75,941)</u>	<u>(6,622,798)</u>	<u>(10,258,175)</u>
Change in net position	<u>19,203,548</u>	<u>(1,899,049)</u>	<u>2,822,983</u>	<u>2,904,884</u>	<u>3,577,705</u>	<u>(4,650,408)</u>	<u>21,959,663</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 99,657,463</u>	<u>\$ 9,017,683</u>	<u>\$ 125,686,181</u>	<u>\$ 82,872,410</u>	<u>\$ 56,436,124</u>	<u>\$ 54,681,916</u>	<u>\$ 3,657,172</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							1,231,176
Change in net position of business-type activities (page 21)							<u>\$ 23,190,839</u>

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

**CITY OF BISMARCK, NORTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued on next page)

	<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>Funds</b>		<b>Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 6,849,493	\$ 7,063,880	\$ 16,566,387	\$ 10,172,378	\$ 1,797,626	\$ 10,671,782	53,121,546	\$ 3,407,709
Receipts from employer	-	-	-	-	-	-	-	7,074,464
Other operating cash receipts	-	-	-	-	-	-	-	158,511
Payments to suppliers	(2,010,811)	(4,903,992)	(5,085,533)	(4,184,412)	(2,519,275)	(4,860,776)	(23,564,799)	(11,540,088)
Payments to employees	(1,306,511)	(2,138,754)	(2,069,134)	(1,191,725)	(276,133)	(2,017,838)	(9,000,095)	(636,392)
Net cash provided (used) by operating activities	3,532,171	21,134	9,411,720	4,796,241	(997,782)	3,793,168	20,556,652	(1,535,796)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Payment on advance	-	-	-	-	-	(100,000)	(100,000)	-
Transfers from other funds	5,819,183	2,134,434	-	-	-	-	7,953,617	6,955
Transfers to other funds	(153,667)	(299,449)	(2,990,300)	(116,020)	(75,941)	(6,622,798)	(10,258,175)	(198,884)
Net cash provided (used) by noncapital financing activities	5,665,516	1,834,985	(2,990,300)	(116,020)	(75,941)	(6,722,798)	(2,404,558)	(191,929)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Intergovernmental revenue	14,104,495	-	-	-	123,886	700	14,229,081	-
Revenue bond payment	-	(1,030,000)	(2,815,000)	(2,155,000)	-	-	(6,000,000)	-
Interest paid	-	(932,232)	(1,017,508)	(1,303,640)	-	-	(3,253,380)	-
Proceeds from sale of capital assets	156,008	9,529	53,424	4,996	-	83,289	307,246	17,288
Proceeds from insurance recoveries	-	-	-	-	-	-	-	45,125
Special assessments collected	-	-	517,725	548,576	320,146	-	1,386,447	-
Purchase of capital assets	(5,500)	(38,943)	(56,478)	(223,630)	(28,443)	(61,874)	(414,868)	-
Construction of capital assets	(24,322,603)	-	(413,579)	(12,891,947)	(1,749)	(370,712)	(38,000,590)	-
Net cash provided (used) by capital and related financing activities	(10,067,600)	(1,991,646)	(3,731,416)	(16,020,645)	413,840	(348,597)	(31,746,064)	62,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	1,474,415	600,072	947,758	17,196,087	3,854,585	13,297,714	37,370,631	6,037,567
Purchase of investments	(4,600,654)	(676,499)	(4,919,977)	(7,316,452)	(3,262,794)	(19,419,325)	(40,195,701)	(3,498,128)
Investment income	27,076	4,551	177,204	95,209	19,532	118,707	442,279	24,842
Net cash provided (used) by investing activities	(3,099,163)	(71,876)	(3,795,015)	9,974,844	611,323	(6,002,904)	(2,382,791)	2,564,281
Net increase (decrease) in cash and cash equivalent	(3,969,076)	(207,403)	(1,105,011)	(1,365,580)	(48,560)	(9,281,131)	(15,976,761)	898,971
Cash and cash equivalents - January 1	3,970,876	207,403	2,076,788	1,393,154	48,660	10,027,543	17,724,424	100,000
Cash and cash equivalents - December 31	\$ 1,800	\$ -	\$ 971,777	\$ 27,574	\$ 100	\$ 746,412	\$ 1,747,663	\$ 998,971



## CITY OF BISMARCK, NORTH DAKOTA

(Continued from previous page)

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						Governmental	
	Airport	Event Center	Water	Sanitary Sewer	Storm Water	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ (761,065)	\$ (2,821,199)	\$ 4,865,695	\$ 2,740,022	\$ (1,267,766)	\$ 1,716,479	\$ 4,472,166	\$ (1,670,254)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	3,221,131	2,655,110	4,693,769	2,755,332	1,090,908	1,991,306	16,407,556	1,855
change in Deferred outflows	(27,404)	(76,959)	(84,926)	(55,298)	(18,022)	(79,663)	(342,272)	(25,904)
change in Deferred inflows	80,712	76,579	132,386	76,602	19,025	120,449	505,753	37,387
(Increase) decrease in accounts receivable	267,593	(75,591)	(38,964)	(37,527)	(27,885)	30,666	118,292	36,725
(Increase) decrease in due from other funds	-	5,202	91,010	-	-	-	96,212	-
(Increase) decrease in inventories	-	-	(3,330)	-	-	-	(3,330)	6,509
(Increase) decrease in prepaid items	(1,711)	(6,191)	(1,243)	(1,932)	(494)	(2,566)	(14,137)	(1,935)
Increase (decrease) in customer deposits	-	228,005	(57,500)	-	-	(680)	169,825	-
Increase (decrease) in accounts payable	837,418	(104,395)	(78,958)	(649,249)	(807,609)	58,900	(743,893)	(63,291)
Increase (decrease) in revenue bonds payable	-	1,333	464	3,871	-	-	5,668	-
Increase (decrease) in compensated benefits payable	(2,552)	(176)	(8,448)	1,243	13,357	6,072	9,496	-
Increase (decrease) in net pension liability	(83,318)	(21,102)	(94,722)	(43,177)	(2,624)	(87,186)	(332,129)	(22,673)
Increase (decrease) in salaries payable	1,367	10,927	(3,513)	2,784	3,328	(5,456)	9,437	1,985
Increase (decrease) in due to other funds	-	149,591	-	-	-	-	149,591	-
Increase (decrease) in unearned revenue	-	-	-	-	-	1,514	1,514	-
Increase (decrease) in estimated pending claims	-	-	-	3,570	-	-	3,570	163,800
Increase in closure and post closure costs	-	-	-	-	-	43,333	43,333	-
Total adjustments	4,293,236	2,842,333	4,546,025	2,056,219	269,984	2,076,689	16,084,486	134,458
Net cash provided (used) by operating activities	\$ 3,532,171	\$ 21,134	\$ 9,411,720	\$ 4,796,241	\$ (997,782)	\$ 3,793,168	\$ 20,556,652	\$ (1,535,796)
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>								
Construction of capital assets contributed through capital project funds	\$ -	\$ -	\$ 411,783	\$ 236,790	\$ 3,931,323	\$ -	\$ 4,579,896	\$ -
Contribution of capital assets from developers	-	-	268,077	201,888	26,472	-	496,437	-
Increase in fair value of investments	5,029	728	4,252	19,551	3,170	22,278	55,008	4,878

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, 2017**

	Pension Trust Fund
<b>ASSETS</b>	
Receivables:	
Taxes	\$          64
Accounts	1,290
Accrued interest and dividends	93,325
Investments, at fair value:	
Domestic equities	22,846,204
International equities	38,935,395
Domestic fixed income	39,791,760
International fixed income	5,484,453
Real estate	26,957,200
Private equity	3,912,872
Mutual funds	432,390
Certificate of deposits	289,324
Invested cash	1,417,312
Invested securities lending collateral	690,405
Total assets	<u>\$ 140,851,994</u>
<b>LIABILITIES</b>	
Accounts payable	\$      120,809
Securities lending collateral	690,405
Total liabilities	<u>811,214</u>
<b>NET POSITION</b>	
Net position - restricted for pension benefits	<u>140,040,780</u>
Total net position held in trust	<u>\$ 140,040,780</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, 2017**

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 3,891,521
Employee	2,040,444
Total contributions	<u>5,931,965</u>
Investment income:	
Net increase (decrease) in fair value of investments	15,506,246
Interest and dividends	3,167,615
	<u>18,673,861</u>
Less: investment expense	<u>(360,233)</u>
Net investment income	<u>18,313,628</u>
Securities lending Income	12,708
Less: securities lending expense	<u>(2,540)</u>
Net securities lending income	<u>10,168</u>
Total additions	<u>24,255,761</u>
<b>DEDUCTIONS</b>	
Benefits paid to participants	7,116,976
Refunds	369,019
Administration expenses	139,987
Total deductions	<u>7,625,982</u>
Change in net position	<u>16,629,779</u>
<b>Net position - beginning</b>	<u>123,411,001</u>
<b>Net position- ending</b>	<u><u>\$ 140,040,780</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, 2017**

**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 for all revenue types except for Federal grants expended with reimbursements yet to be received. These revenue sources are considered current to reimburse the current period liability. 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, 2017**

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.

**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, 2017**

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, 2017.

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, 2017**

**3. Receivables and Payables**

Notes receivable as of December 31, 2017 were:

	INTEREST RATE	MATURITY DATE	AMOUNT
HUD Brandon Heights II Project	0%	7/1/2003 - 7/1/2023	\$ 109,650
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	37,440
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	17,496
HUD NSP Dakota Apartments	0%	12/20/2011 - 12/20/2031	193,443
HUD Horizons Bldg (RMHH) ***	0%	4/28/2015-12/20/3031	25,000
HUD Patterson Place Apartments Loan	0%	none	300,000
 TOTAL NOTES RECEIVABLE			 <u><u>\$ 1,130,592</u></u>

\*\*\* Loan was repaid January 2018 due to change in ownership.

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, 2017, as prepaid items. The cost of services to governmental type funds is recorded as expenditures when paid rather than the benefited period.

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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. Investments are also purchased in the Roads & Streets Fund by a developer in the City of Bismarck's name to guarantee payment of landscape development. A corresponding liability recognizes the developer's deposit which is payable upon the sale of the property.

Event Center ticket sales, along with Parking Authority key deposits are considered restricted assets until obligations have been met.

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.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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.

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.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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, \$675,570 of claims and judgments are included in governmental and business-type activities. Governmental compensated absences of \$2,980,573 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.

**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).

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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.

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

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

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

As of December 31, 2017, fund balances are composed of the following:

	General Fund	Sales Tax	Sewermain Bonds	Street Improvement Bonds	Street Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>							
Advance to other funds	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,000
<u>Restricted:</u>							
Building construction	2,553,106	-	-	-	-	-	2,553,106
Highway weather projects	-	-	-	-	-	271,867	271,867
Capital projects	-	11,194,072	-	-	-	-	11,194,072
Debt payments	-	-	5,703,932	26,329,940	-	3,114,678	35,148,550
<u>Committed:</u>							
Advance to other funds	-	-	-	-	-	1,780,000	1,780,000
Public health programs	-	-	-	-	-	1,046,566	1,046,566
Transit system	-	-	-	-	-	2,255	2,255
Public library	-	-	-	-	-	653,513	653,513
Drug enforcement	-	-	-	-	-	277,731	277,731
Highways and streets	-	-	-	-	-	4,771,937	4,771,937
Street light operations	-	-	-	-	-	2,231,276	2,231,276
CVB/Event Center promotions	-	-	-	-	-	71,307	71,307
Event Center projects	-	-	-	-	-	2,760,709	2,760,709
Economic development	-	-	-	-	-	2,303,176	2,303,176
Capital projects	-	5,035,254	-	-	-	35,163,823	40,199,077
<u>Assigned:</u>							
Contingencies	825,000	-	-	-	-	-	825,000
Department equipment	1,816,753	-	-	-	-	-	1,816,753
Technology equipment	107,575	-	-	-	-	-	107,575
Computer expansion	500,298	-	-	-	-	-	500,298
Parking lot	93,598	-	-	-	-	-	93,598
Payroll reserve	279,236	-	-	-	-	-	279,236
<u>Unassigned</u>	34,269,492	-	-	-	(15,113,562)	(4,766,645)	14,389,285
Total Fund Balances	\$ 40,675,058	\$ 16,229,326	\$ 5,703,932	\$ 26,329,940	\$ (15,113,562)	\$ 49,682,193	\$ 123,506,887

## E. CHANGE IN ACCOUNTING PRINCIPLE

The following GASB Statements became effective and were implemented for the fiscal year ended December 31, 2017:

**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 requirement of GASB 14 for certain component units. The additional criterion requires blending of component units incorporated as a 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.

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 employments 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 the employer’s most recent fiscal year.

## **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 \$(134,577,663) difference are as follows:

Bonds payable	\$ (126,320,000)
Plus: unamortized bond premium	(4,638,280)
Accrued interest payable	(638,810)
Compensated absences	<u>(2,980,573)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (134,577,663)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 \$12,367,780 difference are as follows:

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

Capital outlay	\$ 31,585,615
Contributed capital	42,368
Capital outlay transferred to Enterprise Funds	(4,579,896)
Depreciation expense	<u>(14,680,307)</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 12,367,780</u>
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Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this \$(36,004) difference are as follows:

In the statement of activities, only the gain/(loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase/(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>\$ (36,004)</u>
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Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (36,004)</u>
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Another element of that reconciliation states that "the issuance of long-term debt (e.g., 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."

The details of this \$(5,553,299) difference are as follows:

Debt issued or incurred:	
Issuance of special assessment debt	\$ (19,325,000)
Plus: bond premium	(1,983,299)
Principal repayments:	
General obligation debt	<u>15,755,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (5,553,299)</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 \$528,367 are as follows:

Compensated absences	\$ (6,228)
Accrued interest	(54,443)
Amortization of bond premium & interest on escrow	279,062
Amortization of bond discounts	(32,980)
Net pension liability and related deferred outflows and inflows	<u>342,956</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	  <u><u>\$ 528,367</u></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 7th.

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 \$1,008,060 for General Fund and \$22,706 for the Special Revenue Lodging, Liquor and Food Tax for the year ended December 31, 2017. 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, 2017, as measured by the balances in the total fund balance as follows:

<u>Capital Projects Funds:</u>	<u>Amount</u>
Sewermain Construction	\$ (3,475,318)
Watermain Construction	(43,372)
Sidewalk Construction	(1,247,955)
Street Improvement Construction	(15,113,562)

Sewermain Construction, Watermain Construction, Sidewalk Construction and Street Improvement Construction will be funded through a sale of special assessment bonds in December 2018.

**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, 2017, the carrying amount of the City's deposits was \$13,940,217 and the bank balance was \$15,803,463, all of which was insured and collateralized.

**Cash and Investments**

As of December 31, 2017 the city's cash and investments are as follows:

Cash on hand	\$ 44,103
Deposits	13,940,217
Investments	<u>294,673,328</u>
Total cash and investments	<u>\$ 308,657,648</u>

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The cash and investments presented in the Financial Statements December 31, 2017 are as follows:

<u>Primary Government</u>	
Cash and cash equivalents	\$ 2,845,593
Investments	150,765,167
Restricted:	
Investments	3,150,846
Revenue bond covenant accounts	11,138,728
Total primary government cash and investments	<u>167,900,333</u>
<u>Fiduciary Funds</u>	
Investments	<u>140,757,315</u>
Total cash and investments	<u><u>\$ 308,657,648</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.

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, 2017 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	\$ 89,476,457	\$ 42,029,612	\$ 47,446,845	\$ -	\$ -
Government Agencies	2,069,049	44,404	2,024,645	-	-
Government Bonds	6,359,913	138,585	1,565,707	4,143,709	511,912
Federal Mortgage-Backed	38,057,001	18,008,609	20,048,392	-	-
External Investment Pool	17,953,593	17,953,593	-	-	-
Total Debt Securities	<u>\$ 153,916,013</u>	<u>\$ 78,174,803</u>	<u>\$ 71,085,589</u>	<u>\$ 4,143,709</u>	<u>\$ 511,912</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 \$3,571,644 and PO's valued at \$2,788,268 at December 31, 2017. The City has no formal policy regarding IO and PO strips.

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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, 2017, the City (Primary Government) had the following debt securities with their respective ratings.

**Credit Risk: City Investments**

<u>S&amp;P Credit Rating</u>	<u>Total Fair Value</u>	<u>Government Agencies</u>	<u>Federal Mortgage- Backed</u>	<u>External Investment Pool</u>
AA	\$ 58,079,643	\$2,069,049	\$38,057,001	\$ 17,953,593
<u>Not Rated</u>				
Government Bonds	6,359,913			
Certificate of Deposits	89,476,457			
Total Debt Securities	<u>\$ 153,916,013</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, 2017, 24.73 percent of the City's (Primary Government) investments were invested with the Federal National Mortgage association and the Federal Home Loan Mortgage Corporation.

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.

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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, 2017.

	Fair Value 12/31/2017	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	\$ 2,069,049	\$ -	\$ 2,069,049	\$ -
Government Bonds	6,359,913	-	6,359,913	-
Federal Mortgage-Backed	38,057,001	-	38,057,001	-
<b>Total investments by fair value level</b>	<b>\$ 46,485,963</b>	<b>\$ -</b>	<b>\$ 46,485,963</b>	<b>\$ -</b>

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

External Investment Pool - Comingled	\$ 17,953,593
<b>Total investment measured at the NAV</b>	<b>\$ 17,953,593</b>

**Investments at other than fair value**

Certificate of Deposits	\$ 89,476,457
<b>Total investment at other than fair value</b>	<b>\$ 89,476,457</b>

**Total Investment      \$153,916,013**

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.

**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>.

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

NDRIO has chosen to use the Segmented Time Distribution disclosure method for the Deferred Retirement, City and Police investments. The City's portion of interest rate risk for pension debt securities is shown in the table below by investment type and maturity as of June 30, 2017, the most recent information available from NDRIO. Beginning in 2017, NDRIO has changed the format of the table based on guidance from the State Auditor's Office. Because we participate in an external investment pool our investments are at the asset class pool level rather than the security level as in years past. The Employee Excess Retirement included in the table is as of December 31, 2017.

**Interest Rate Risk: Pension Investments**

All values in \$000

	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
Domestic Fix Income Pool	\$ 30,619	\$ 226	\$ 6,591	\$ 5,390	\$ 18,412
Fixed Income Pool	406	7	72	203	124
Fixed Income Pool (closed)	27	-	27	-	-
Below Investment Grade FI Pool	5,140	131	2,286	1,738	985
International Fixed Income Pool	5,072	203	1,002	2,756	1,111
Large Cap Domestic Equity Pool	1,647	5	382	73	1,187
Small Cap Domestic Equity Pool	2,917	38	809	123	1,947
Total Debt Securities	<u>\$ 45,828</u>	<u>\$ 610</u>	<u>\$ 11,169</u>	<u>\$ 10,283</u>	<u>\$ 23,766</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, 2017. December 31, 2017 information is not available from NDRIO. The Employee Excess Retirement's ratings are as of December 31, 2017.

**Credit Risk: Pension Fund Investments**

All values in \$000

	Total Fair Value	Bond Mutual Funds	Fixed Mutual Funds	External Investment Pool
S&P Credit Rating				
Not Rated	\$ 45,828	\$ -	\$ -	\$ 45,828
Total Debt Securities	<u>\$ 45,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,828</u>

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, 2017, the City of Bismarck's portion of the State Investment Board had a fair market value of \$138,500,582.

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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, 2017, 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.

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The amount of taxes abated for the year ending December 31, 2017 was as follows:

<b>Tax Abatement Programs</b>	<b>Tax Abatement in 2017</b>
Renaissance Zone Exemption - Commercial	\$ 261,242
Renaissance Zone Exemption - Residential	22,604
New or Expanding Business Exemption	13,998
Remodeling Exemption - Commercial	455,716
Remodeling Exemption - Residential	38,143
	<u>\$ 791,703</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 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	1,622,712	11,962,144	(833,424)	12,751,432
Total capital assets, not being depreciated	<u>4,390,662</u>	<u>11,962,144</u>	<u>(833,424)</u>	<u>15,519,382</u>
Capital assets, being depreciated:				
Buildings and building improvements	34,969,841	340,030	-	35,309,871
Improvements other than buildings	85,349	-	-	85,349
Machinery & equipment	37,791,066	3,157,054	(1,505,734)	39,442,386
Infrastructure	404,760,718	12,438,183	-	417,198,901
Total capital assets being depreciated	<u>477,606,974</u>	<u>15,935,267</u>	<u>(1,505,734)</u>	<u>492,036,507</u>
Less accumulated depreciation for:				
Buildings and building improvements	(17,999,783)	(1,116,201)	-	(19,115,984)
Improvements other than buildings	(63,609)	(2,486)	-	(66,095)
Machinery & equipment	(24,122,533)	(2,719,718)	1,453,830	(25,388,421)
Infrastructure	(95,942,608)	(10,843,757)	-	(106,786,365)
Total accumulated depreciation	<u>(138,128,533)</u>	<u>(14,682,162)</u>	<u>1,453,830</u>	<u>(151,356,865)</u>
Total capital assets, being depreciated, net	<u>339,478,441</u>	<u>1,253,105</u>	<u>(51,904)</u>	<u>340,679,642</u>
Governmental activities capital assets, net	<u>\$ 343,869,103</u>	<u>\$ 13,215,249</u>	<u>\$ (885,328)</u>	<u>\$ 356,199,024</u>



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	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 15,840,780	\$ 1,000	\$ (5,491)	\$ 15,836,289
Construction in progress	23,645,322	32,128,276	(3,206,061)	52,567,537
Total capital assets, not being depreciated	39,486,102	32,129,276	(3,211,552)	68,403,826
Capital assets, being depreciated:				
Buildings and building improvements	248,448,609	5,699,487	(191,469)	253,956,627
Improvements other than buildings	331,187,588	7,857,022	(428,515)	338,616,095
Machinery & equipment	31,883,539	824,754	(249,288)	32,459,005
Total capital assets being depreciated	611,519,736	14,381,263	(869,272)	625,031,727
Less accumulated depreciation for:				
Buildings and building improvements	(87,699,066)	(7,229,253)	191,469	(94,736,850)
Improvements other than buildings	(106,599,414)	(7,480,779)	427,900	(113,652,293)
Machinery & equipment	(14,740,196)	(2,106,481)	239,042	(16,607,635)
Total accumulated depreciation	(209,038,676)	(16,816,513)	858,411	(224,996,778)
Total capital assets, being depreciated, net	402,481,060	(2,435,250)	(10,861)	400,034,949
Business-type activities capital assets, net	\$ 441,967,162	\$ 29,694,026	\$ (3,222,413)	\$ 468,438,775

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

Governmental activities:

General Government	\$ 1,294,493
Public Safety	1,330,283
Highways and Streets	627,692
Health	40,685
Culture and Recreation	576,122
Public Works	10,812,887
Total depreciation expense - governmental activities	<u>\$ 14,682,162</u>

Business-type activities:

Airport	\$ 3,221,131
Event Center	2,655,110
Solid Waste Disposal	702,635
Solid Waste Collections	277,094
Water	4,693,769
Sanitary Sewer	2,755,332
Storm Water	1,090,908
Commercial Property	53,033
Northern Plains Commerce Center	215,235
Parking Authority Lots	743,309
Total depreciation expense - business-type activities	<u>\$ 16,407,556</u>

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**E. COMMITMENTS**

As of December 31, 2017, the City had commitments on various construction contracts totaling approximately \$39,378,593.

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. The Neighborhood Stabilization Program is \$193,443 and 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 \$37,440 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. In 2017, they made a loan payment of \$19,350. 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 \$17,496 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 was no change in use or ownership within 5 years, the loan would be forgiven on 4/28/20; however, the building was sold and this loan was paid back in January of 2018.

The City of Bismarck encumbrances at December 31, 2017 were \$1,030,766. The following General Fund encumbrances included a catch basin repair and roof drainage repair at Fire Station #5 scheduled for completion in 2018 which encumbered \$10,000. Also for Fire, \$116,100 was encumbered as match funds for a grant to replace the self-contained breathing apparatus equipment. The grant application was not approved in 2017, but Fire would like the opportunity to submit the application in 2018 for the equipment. Community visioning activity funds for \$85,000 were identified in 2017 to be used by the City Commission strategic planning activities, but due to time limitations this will be initiated in 2018. The General Fund also encumbered \$2,956 for a travel demand model review and socio-economic projections project which began work in 2017, but is expected for completion in 2018, \$80,885 for completion of the US Highway 83 alternatives study, \$12,361 for the MPO US Highway 83 alternatives project, \$64,400 for a 2018 regional freight study, as well as \$636,358 for the completion of AssetWorks implementation. The Lodging, Liquor and Food Tax Fund encumbered \$22,706 for dry wall repair at the Convention Visitors Bureau which is scheduled for completion in 2018.

	<b>General Fund</b>	<b>Non Major Funds</b>
Encumbrances	\$ 1,008,060	\$ 22,706

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**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, 2017 was:

	Due To:			
	Governmental Funds			
	Nonmajor Governmental Funds	Street Improvement Construction	Event Center	Total Due From
<u>Governmental Funds:</u>				
Sewermain Bonds	\$ 3,349,796	\$ -	\$ -	\$ 3,349,796
Street Improvement Bonds	-	14,516,350	-	14,516,350
Nonmajor Governmental Funds	893,919	-	149,591	1,043,510
	4,243,715	14,516,350	149,591	18,909,656
<u>Business-Type Funds:</u>				
Event Center	7,211	-	-	7,211
	7,211	-	-	7,211
Total Due To	\$ 4,250,926	\$ 14,516,350	\$ 149,591	\$ 18,916,867

The due to/from other funds will be repaid in 2018.

**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	1,780,000	1,780,000
Total Advance To	<u>\$ 2,010,000</u>	<u>\$ 2,010,000</u>

The advances to/from other funds have scheduled repayment plans through 2018. 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.

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**Transfers**

**Governmental Funds:**

Transfer Out:	Transfer In - Governmental Funds				
	General Fund	Street Improvement Construction	Street Improvement Bonds	Sewermain Bonds	Nonmajor Governmental Funds
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 2,019,357
Sales Tax	8,846,208	-	-	-	5,670,531
Street Improvement Construction	-	-	1,510,285	-	980,004
Street Improvement Bonds	-	12,592	-	-	17,526
Sewermain Bonds	-	-	-	-	5,139
Nonmajor Governmental Funds	957,784	9,130,677	-	128,619	718,012
Airport	153,667	-	-	-	-
Event Center	299,449	-	-	-	-
Water	278,012	2,050,455	-	-	661,833
Sanitary Sewer	116,020	-	-	-	-
Storm Sewer	75,941	-	-	-	-
Nonmajor Enterprise Funds	317,717	-	-	-	505,081
Internal Service Funds	196,267	-	-	-	2,617
<b>Total Transfers Out</b>	<b>\$ 11,241,065</b>	<b>\$ 11,193,724</b>	<b>\$ 1,510,285</b>	<b>\$ 128,619</b>	<b>\$ 10,580,100</b>

Transfer Out:	Transfer In - Business-type Funds			
	Airport	Event Center	Internal Service Funds	Totals
General Fund	\$ -	\$ -	\$ 4,951	\$ 2,024,308
Sales Tax	-	-	-	14,516,739
Street Improvement Construction	-	-	-	2,490,289
Street Improvement Bonds	-	-	-	30,118
Sewermain Bonds	-	-	-	5,139
Nonmajor Governmental Funds	19,183	2,134,434	2,004	13,090,713
Airport	-	-	-	153,667
Event Center	-	-	-	299,449
Water	-	-	-	2,990,300
Sanitary Sewer	-	-	-	116,020
Storm Sewer	-	-	-	75,941
Nonmajor Enterprise Funds	5,800,000	-	-	6,622,798
Internal Service Funds	-	-	-	198,884
<b>Total Transfers Out</b>	<b>\$ 5,819,183</b>	<b>\$ 2,134,434</b>	<b>\$ 6,955</b>	<b>\$ 42,614,365</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  
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**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, 2017 was \$200,641,234 with a remaining non-obligated margin of \$200,641,234. The City had no general obligation bonds outstanding as of December 31, 2017.

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 \$1,959,756. Lodging, Liquor Food Tax revenue totaled \$2,955,338 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 \$3,840,570. Water revenue totaled \$16,662,851 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 \$3,391,750. Sanitary Sewer revenue totaled \$10,209,905 for the year.

Revenue bonds outstanding at December 31, 2017 are as follows:

	Date of Issue	Date of Final Payment	Interest Rate	Original Amount of Issue	Amount Outstanding 1/1/2017	Amount Retired in 2017	Amount Outstanding 12/31/2017	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	\$ 24,850,000	\$ 1,030,000	\$ 23,820,000	\$ 1,050,000
Water Utility-2012	4/26/2012	4/1/2021	2.00%-2.50%	6,415,000	3,665,000	705,000	2,960,000	715,000
Water Utility-2013	10/10/2013	4/1/2028	1.00-4.00%	9,000,000	7,615,000	545,000	7,070,000	555,000
Water Utility-2014	11/1/2014	4/1/2029	.05-3.00%	13,535,000	11,760,000	790,000	10,970,000	795,000
Water Treatment-2009	6/15/2009	9/1/2028	3.31%	16,320,000	11,510,000	775,000	10,735,000	805,000
Wastewater-2006	11/14/2006	9/1/2027	2.50%	18,400,000	12,375,000	965,000	11,410,000	995,000
Wastewater-2015	11/1/2015	5/1/2035	2.00-5.00%	29,000,000	28,405,000	1,190,000	27,215,000	1,205,000
Total Revenue Bonds				\$ 120,365,000	\$ 100,180,000	\$ 6,000,000	\$ 94,180,000	\$ 6,120,000

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

Years	BUSINESS-TYPE ACTIVITIES	
	Principal	Interest
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	6,005,000	3,359,341
2023-2027	33,045,000	7,663,927
2028-2032	20,310,000	2,952,970
2033-2035	9,425,000	413,313
Total	<u>\$ 94,180,000</u>	<u>\$ 24,987,151</u>

### Pledged Revenues

#### Special Assessment Debt with Governmental Commitment

Special assessment bonds of \$198,350,000 were issued 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. Principal and interest for the current year was \$19,013,672. Special assessment revenue totaled \$21,182,512 for the year. 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, 2017 are as follows:

Governmental Activities - Special Assessment Bonds	Date of Issue	Date of Final Payment	Interest Rates	Original Amount of Issue	Amount Outstanding 1/1/2017	Amount Issued in 2017	Amount Retired in 2017	Amount Outstanding 12/31/2017	Due Within One Year
Series W refunding	12/23/2008	5/1/2023	3.50-4.45%	\$ 8,915,000	\$ 4,125,000	\$ -	\$ 610,000	\$ 3,515,000	\$ 605,000
Series X refunding	1/1/2009	5/1/2023	3.50-5.375%	8,210,000	170,000	-	60,000	110,000	60,000
Series Y refunding	1/6/2010	5/1/2024	2.00-4.00%	9,615,000	3,510,000	-	510,000	3,000,000	500,000
Series A refunding	3/25/2010	5/1/2019	2.00-3.00%	3,855,000	785,000	-	415,000	370,000	240,000
Series B refunding	12/8/2010	5/1/2025	0.70-4.25%	9,630,000	4,365,000	-	855,000	3,510,000	510,000
Series C refunding	12/14/2011	5/1/2026	2.00-2.75%	9,065,000	4,665,000	-	865,000	3,800,000	855,000
Series D refunding	12/14/2011	5/1/2020	1.00-2.00%	1,605,000	580,000	-	170,000	410,000	165,000
Series E refunding	4/15/2012	5/1/2021	2.00-2.20%	4,365,000	1,850,000	-	400,000	1,450,000	385,000
Series F refunding	12/19/2012	5/1/2027	1.00-1.80%	9,465,000	6,890,000	-	700,000	6,190,000	690,000
Series G refunding	1/3/2013	5/1/2022	1.50-2.00%	3,790,000	1,735,000	-	530,000	1,205,000	525,000
Series H refunding	11/14/2013	5/1/2028	1.00-1.80%	15,755,000	11,410,000	-	1,565,000	9,845,000	1,470,000
Series I refunding	12/1/2014	5/1/2029	.05-3.00%	24,725,000	20,395,000	-	2,455,000	17,940,000	2,450,000
Series J refunding	3/25/2015	5/1/2022	2.00-3.00%	6,510,000	5,435,000	-	1,050,000	4,385,000	955,000
Series K refunding	11/10/2015	5/1/2030	2.50-5.00%	31,905,000	29,805,000	-	3,100,000	26,705,000	3,100,000
Series L refunding	11/22/2016	5/1/2031	2.0-5.0%	18,365,000	18,365,000	-	1,130,000	17,235,000	1,660,000
Series M refunding	12/5/2017	5/1/2032	2-2.5%	17,790,000	-	17,790,000	-	17,790,000	615,000
Total refunding series				<u>\$ 183,565,000</u>	<u>\$ 114,085,000</u>	<u>\$17,790,000</u>	<u>\$14,415,000</u>	<u>\$ 117,460,000</u>	<u>\$14,785,000</u>

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 1/1/2017</b>	<b>Amount Issued in 2017</b>	<b>Amount Retired in 2017</b>	<b>Amount Outstanding 12/31/2017</b>	<b>Due Within One Year</b>
Sidewalk 06	7/1/2007	5/1/2017	4.00-4.25%	\$ 1,120,000	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
Sidewalk 07	12/23/2008	5/1/2018	3.00-4.00%	1,085,000	210,000	-	105,000	105,000	105,000
Sidewalk 08	1/6/2010	5/1/2019	100-3.10%	810,000	245,000	-	85,000	160,000	80,000
Sidewalk 09	12/8/2010	5/1/2020	0.90-3.00%	665,000	265,000	-	70,000	195,000	65,000
Sidewalk 10	12/14/2011	5/1/2021	0.50-2.00%	935,000	470,000	-	95,000	375,000	95,000
Sidewalk 11	1/3/2013	5/1/2022	120-170%	915,000	550,000	-	95,000	455,000	95,000
Sidewalk 12	11/14/2013	5/1/2023	2.00-2.75%	2,145,000	1,540,000	-	225,000	1,315,000	225,000
Sidewalk 13	12/1/2014	5/1/2024	2.00-3.00%	1,835,000	1,500,000	-	190,000	1,310,000	190,000
Sidewalk 14	12/1/2015	5/1/2025	2.00-3.00%	1,950,000	1,800,000	-	210,000	1,590,000	210,000
Sidewalk 15	12/15/2016	5/1/2026	2.00-4.00%	1,970,000	1,970,000	-	150,000	1,820,000	205,000
Sidewalk 16	12/5/2017	5/1/2027	2-2.5%	1,535,000	-	1,535,000	-	1,535,000	115,000
Total sidewalk bonds				\$ 14,965,000	\$ 8,665,000	\$ 1,535,000	\$ 1,340,000	\$ 8,860,000	\$ 1,385,000
Total special assessment bonds				\$ 198,530,000	\$ 122,750,000	\$ 19,325,000	\$ 15,755,000	\$ 126,320,000	\$ 16,170,000

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>
2018	\$ 16,170,000	\$ 3,650,926
2019	15,885,000	3,226,872
2020	14,825,000	2,712,270
2021	13,675,000	2,265,845
2022	11,910,000	1,855,562
2023-2027	38,490,000	4,755,533
2028-2032	15,365,000	852,825
Total	<u>\$ 126,320,000</u>	<u>\$ 19,319,834</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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Special assessment bonds	\$ 122,750,000	\$ 19,325,000	\$ 15,755,000	\$ 126,320,000	\$ 16,170,000
Plus unamortized premium	2,901,063	1,983,299	246,082	4,638,280	-
Compensated absences	2,974,350	2,394,262	2,388,039	2,980,573	2,206,670
Claims and judgments	385,446	4,919,111	4,792,316	512,241	512,241
<b>TOTAL</b>	<b>\$ 129,010,859</b>	<b>\$ 28,621,672</b>	<b>\$ 23,181,437</b>	<b>\$ 134,451,094</b>	<b>\$ 18,888,911</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Compensated absences	\$ 818,375	\$ 601,754	\$ 592,258	\$ 827,871	\$ 543,535
Claims and judgments	122,754	1,632,479	1,591,904	163,329	163,329
Closure and postclosure costs	2,997,319	43,333	-	3,040,652	-
Event Center revenue bonds	24,850,000	-	1,030,000	23,820,000	1,050,000
Less unamortized discount	(23,612)	1,333	-	(22,279)	-
Water revenue bonds-2012	3,665,000	-	705,000	2,960,000	715,000
Plus unamortized premium	37,063	-	8,552	28,511	-
Water revenue bonds-2013	7,615,000	-	545,000	7,070,000	555,000
Plus unamortized premium	1,107	-	94	1,013	-
Water revenue bonds-2014	11,760,000	-	790,000	10,970,000	795,000
Less unamortized discount	(111,616)	9,112	-	(102,504)	-
Water Treatment-2009	11,510,000	-	775,000	10,735,000	805,000
Wastewater-2006	12,375,000	-	965,000	11,410,000	995,000
Wastewater-2015	28,405,000	-	1,190,000	27,215,000	1,205,000
Less unamortized discount	(70,963)	3,870	-	(67,093)	-
<b>TOTAL</b>	<b>\$ 103,950,427</b>	<b>\$ 2,291,881</b>	<b>\$ 8,192,808</b>	<b>\$ 98,049,500</b>	<b>\$ 6,826,864</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, 2017, 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  
NOTES TO FINANCIAL STATEMENTS  
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**I. RESTRICTED ASSETS**

The balances of the restricted asset accounts on December 31, 2017 are as follows:

**GOVERNMENTAL**

Restricted Investments

Sidewalk Construction Certificate of Deposits	\$ 2,419,411
Roads & Streets - Forestry Certificate of Deposits	29,811
Total Governmental Restricted Assets	<u>\$ 2,449,222</u>

**BUSINESS-TYPE**

Restricted Investments

Event Center Customer Deposits	\$ 676,499
Parking Authority Customer Deposits	25,125

Restricted Revenue Bond Covenant Accounts

Event Center Lodging Liquor Food Account	162,405
Water Revenue Bond Covenant Accounts	5,403,628
Wastewater Revenue Bond Covenant Accounts	<u>5,572,696</u>
Total Business-Type Restricted Assets	<u>\$ 11,840,353</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, 2017 management estimates claims incurred prior to NDIRF but not paid of \$3,770 Sewer Claims and \$0 City-Wide Liability Claims. The sewer claim has been recorded as a liability.

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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<b>City-Wide Liability Claims</b>				
	CURRENT-YEAR			
	BEGINNING FISCAL YEAR LIABILITY	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2017	\$ 200	\$ 840	\$ 1,040	\$ -
2016	400	170	370	200
2015	-	1,325	925	400

<b>Sewer Backup Claims</b>				
	CURRENT-YEAR			
	BEGINNING FISCAL YEAR LIABILITY	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2017	\$ -	\$ 80,404	\$ 76,634	\$ 3,770
2016	9,556	39,696	49,252	-
2015	27,278	166,784	184,506	9,556

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 \$1,943,659 for 2017. 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 \$672,000 as of December 31, 2017. A summary of the claim reserve liabilities and related claim payments is shown below:

	CURRENT-YEAR			
	BEGINNING FISCAL YEAR LIABILITY	CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2017	\$ 508,000	\$ 6,467,817	\$ 6,303,817	\$ 672,000
2016	410,000	5,811,735	5,713,735	508,000
2015	355,000	5,039,094	4,984,094	410,000

**CITY OF BISMARCK, NORTH DAKOTA  
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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 \$3,040,652 reported as landfill closure and post closure care liability at December 31, 2017, represents the cumulative amount reported to date based on the use of 89.89 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post closure care in 2017. 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.

**CITY OF BISMARCK, NORTH DAKOTA  
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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. 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	(332,915)
Net position	<u>\$ 58,435</u>
 Total operating expenditures - 2017	 <u>\$ 2,696,012</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 83. 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 \$848,277 in 2017 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, NORTH DAKOTA  
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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.

**Plan Membership** - Memberships begin with their hire date before December 31, 2017 and are vested after five years of service. Membership in the BCEPP on December 31, 2017 is as follows:

Retirees and beneficiaries receiving benefits	212
Terminated employees - vested	60
Active employees:	
Vested	267
Non-vested	203
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, 2017 is \$98,665,938 and the entire amount is restricted for employee pension benefits.

	2017
Actuarially determined contributions	\$ 2,187,386
Contributions in relation to the actuarially determined contribution	<u>2,477,572</u>
Contribution deficiency (excess)	<u>\$ (290,186)</u>
Covered-employee Payroll	\$ 23,747,865
Contributions as a percentage of covered-employee payroll	10.4%

**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.

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The following was the plans asset allocation as of December 31, 2017:

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%
	<u>100%</u>

*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	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	19
Mortality Rate	Based on RP-2014 generational mortality projected with Scale MP-2017
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 for BCEPP.

<b>Schedule of Net Pension Liability</b>	<u>2017</u>
Total Pension Liability	\$ 107,504,413
Plan fiduciary net position	<u>98,665,938</u>
Net pension liability (asset)	<u>\$ 8,838,475</u>
Plan fiduciary net position as a percentage of the total pension liability	91.78%
Covered-employee payroll	\$ 26,971,817
Net pension liability (asset) as a percentage of covered-employee payroll	32.8%



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<b>Schedule of Changes in Total Pension Liability</b>	<u>2017</u>
Service Cost	\$ 2,731,493
Interest	7,266,151
Changes of benefit terms	-
Differences between expected and actual experience	(182,407)
Changes of assumptions	5,928,743
Benefit payments, including refunds of member contributions	<u>(4,780,179)</u>
Net change in total pension liability	\$ 10,963,801
Total pension liability-beginning	<u>96,540,612</u>
Total pension liability-ending	<u><u>\$ 107,504,413</u></u>

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<u>2017</u>
Contributions-employer	\$ 2,800,226
Contributions-member	1,308,511
Net investment income	12,938,266
Benefit payments, including refunds of member contributions	(4,780,179)
Administrative expense	(347,642)
Other	<u>-</u>
Net change in fiduciary net position	\$ 11,919,182
Plan fiduciary net position-beginning	<u>86,746,756</u>
Plan fiduciary net position-ending	<u><u>\$ 98,665,938</u></u>

<b>Schedule of Investment Returns</b>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	15.0%

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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	\$ 121,313,550	\$ 107,504,413	\$ 95,928,041
Plan fiduciary net position	98,665,938	98,665,938	98,665,938
Net pension liability (asset)	<u>\$ 22,647,612</u>	<u>\$ 8,838,475</u>	<u>\$ (2,737,897)</u>
City Share	\$ 19,359,489	\$ 7,555,249	\$ (2,340,391)

**Proportionate Share of the Net Pension Liability** – The net pension liability for the BCEPP was recorded at \$7,555,249 as of 12/31/2017. 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 85.48%.

<b>Net Pension Liability</b>	<b>2017</b>
Employer's proportion of the net pension liability	85.48%
Employer's proportionate share of the net pension liability	7,555,249
Employer's covered-employee payroll	23,747,865
Plan fiduciary net position	98,665,938
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.81%
Plan fiduciary net position as a percentage of the total pension liability	91.78%

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**Deferred Inflows and Outflows of Resources** – The City recognized pension income of \$532,423 as of 12/31/2017. Deferred inflows and outflows of resources related to pensions are from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,754,698	\$ 561,814
Changes of assumptions	4,383,110	224,945
Net difference between projected and actual earnings on pension plan investments	-	2,347,798
Changes in proportionate and differences between employer contributions and proportionate share of contributions	358,373	439,754
Employer contributions subsequent to the measurement date	-	-
Total	\$ 7,496,181	\$ 3,574,311

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**

2018	\$ 854,887
2019	988,898
2020	180,445
2021	108,092
2022	844,853
Thereafter	944,695
Total	\$ 3,921,870

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, 2017 and are vested after five years of service. Membership in the BCPPP on December 31, 2017 is as follows:

Retirees and beneficiaries receiving benefits	82
Terminated employees - vested	25
Active employees:	
Vested	85
Non-vested	45
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, 2017 is \$40,136,438 and the entire amount is restricted for employee pension benefits.

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**Schedule of Contributions**

	2017
Actuarially determined contributions	\$ 1,033,660
Contributions in relation to the actuarially determined contribution	1,091,295
Contribution deficiency (excess)	\$ (57,635)
Covered-employee Payroll	\$ 7,942,900
Contributions as a percentage of covered-employee payroll	13.7%

**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.

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The following was the plans asset allocation as of December 31, 2017:

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	1/1/2018
Actuarial cost method	Entry Age
	Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	17
Mortality Rate	Based on RP-2014 generational mortality projected with Scale MP-2017
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>2017</b>
Total Pension Liability	\$ 47,688,313
Plan fiduciary net position	40,136,438
Net pension liability (asset)	<u>\$ 7,551,875</u>
Plan fiduciary net position as a percentage of the total pension liability	84.2%
Covered-employee payroll	\$ 7,942,900
Net pension liability (asset) as a percentage of covered-employee payroll	95.1%

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<b>Schedule of Changes in Total Pension Liability</b>	<u>2017</u>
Service Cost	\$ 964,707
Interest	3,311,839
Changes of benefit terms	-
Differences between expected and actual experience	(449,917)
Changes of assumptions	1,935,276
Benefit payments, including refunds of member contributions	<u>(2,533,482)</u>
Net change in total pension liability	\$ 3,228,423
Total pension liability-beginning	<u>44,459,890</u>
Total pension liability-ending	<u><u>\$ 47,688,313</u></u>

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<u>2017</u>
Contributions-employer	\$ 1,091,295
Contributions-member	731,933
Net investment income	5,603,725
Benefit payments, including refunds of member contributions	(2,533,482)
Administrative expense	(153,007)
Other	<u>-</u>
Net change in fiduciary net position	\$ 4,740,464
Plan fiduciary net position-beginning	<u>35,395,974</u>
Plan fiduciary net position-ending	<u><u>\$ 40,136,438</u></u>

<b>Schedule of Investment Returns</b>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	16.0%



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**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	\$ 54,054,551	\$ 47,688,313	\$ 42,432,532
Plan fiduciary net position	40,136,438	40,136,438	40,136,438
Net pension liability	<u>\$ 13,918,113</u>	<u>\$ 7,551,875</u>	<u>\$ 2,296,094</u>

**Deferred Inflows and Outflows of Resources** – The City recognized a reduction in pension expense of \$20,823 for the BCEPP as of 12/31/2017. Deferred inflows and outflows of resources related to pensions are from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,225,307	\$ 384,712
Changes of assumptions	1,654,801	-
Net difference between projected and actual earnings on pension plan investments	-	1,388,671
Total	<u>\$ 2,880,108</u>	<u>\$ 1,773,383</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	
2018	\$ 506,400
2019	429,376
2020	(92,362)
2021	(181,446)
2022	251,018
Thereafter	193,739
Total	<u>\$ 1,106,725</u>

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Bismarck Firefighter's Relief Association Plan

**Plan Description** - The Fire pension plan is a single employer defined benefit plan governed by Section 18-05 of the North Dakota State Century Code. The Bismarck Firefighters' Relief Association is organized, operated, and maintained in accordance with its own articles of incorporation and by-laws and is not administered by the City. The plan is not included in the reporting entity. The note disclosures and the required supplementary information for the Fire plan as of January 1, 2017 are included in the report.

**Plan Membership** - All full-time firefighters are eligible members. Membership in the plan on December 31, 2016 is as follows:

Retirees, beneficiaries and disabled receiving benefits	52
Terminated employees - vested	2
Active employees:	
Vested	43
Non-vested	37

**Benefits Provided** - Employees who retire at or after age 55 with 10 years of credited services or age plus credited service equal to 80 and at least 50 years of age are entitled to an annual retirement benefit. This is payable as a monthly annuity for the life of the member with the first 144 monthly payments guaranteed. Other optional forms of payment are also available. The benefit is based on 2% for the first fifteen years of service and 3% for each additional year times the average final compensation (AFC). The AFC for credited service through 12/31/2005 is the average rate of salary for a first class firefighter paid over the 36 months prior to termination. The AFC for credited service beginning 1/1/2006 is the greater of the average monthly salary or average rate of salary for a first class firefighter paid over the 36 months prior to termination. The maximum benefit is 90% of AFC. Employees with 10 years of credited service may retire at age 50 at a reduced rate of 6% per year for each year prior to the normal retirement date. A cost-of-living adjustment (COLA) up to 2% is made each January 1<sup>st</sup> effective at age 62. The plan also provides for death and disability benefits.

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

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

**Contributions**

*Employee Contributions* - Participating employees contribute to the plan at a rate of 8% of the greater salary of the First Class Firefighter's salary, as set annually by the City Commission or the actual salary.

*Employer Contributions* - The employer contributes at a rate set by the City Commission. This amount includes an amount the City receives from the State for the assessed revenue from the 1.125% of the premiums assessed to insurance companies for fire and multi-peril insurance on property within the City is contributed to the plan.

*Net Position* - The net position at December 31, 2016 is \$26,218,697 and the entire amount is restricted for employee pension benefits.

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	2016
Actuarially determined contributions	\$ 937,868
Contributions in relation to the actuarially determined contributions	785,431
Contribution deficiency (excess)	\$ 152,437
Covered-employee Payroll	\$ 4,988,601
Contributions as a percentage of covered-employee payroll	15.7%

### Investments

*Assumed Asset Allocation* – The target asset allocation and best estimates of arithmetic real rates of return for each major asset class can be obtained from the Plan's investment consultant – Innovest Portfolio Solutions LLC.

**Long-term Expected Return on Plan Assets** – The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

### Actuarial Assumptions

	Fire Plan
Valuation date	12/31/2016
Actuarial cost method	Entry Age
Amortization method	Layered closed level percentage of payroll
Remaining amortization period	23 - 25 years
Mortality Rate	Healthy mortality: 1983 group annuity mortality table Disability Mortality: 1983 railroad retirement board disabled life mortality
Asset Valuation Method	5 year smoothed market
Valuation Method	
Inflation rate	3.50%
Investment rate of return	7.5%, net of investment expense
Projected salary increases, including inflation	4.50%
Post retirement cost of living adjustments at age 62	up to 2% of CPI

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

<b>Schedule of Net Pension Liability</b>	2016
Total Pension Liability	\$ 39,452,878
Plan fiduciary net position	26,218,697
Net pension liability (asset)	<u>\$ 13,234,181</u>

Plan fiduciary net position as a percentage of the total pension liability	66.5%
Covered-employee payroll	\$ 4,988,601
Net pension liability (asset) as a percentage of covered-employee payroll	265.3%

<b>Schedule of Changes in Total Pension Liability</b>	2016
Service Cost	\$ 1,360,151
Interest	2,267,052
Changes of benefit terms	-
Differences between expected and actual experience	(343,687)
Changes of assumptions	(757,588)
Benefit payments, including refunds of member contributions	(1,338,548)
Net change in total pension liability	\$ 1,187,380
Total pension liability-beginning	38,265,498
Total pension liability-ending	<u>\$ 39,452,878</u>

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	2016
Contributions-employer	\$ 785,431
Contributions-member	448,716
Net investment income	1,432,963
Benefit payments, including refunds of member contributions	(1,338,548)
Administrative expense	(50,452)
Other	21,147
Net change in fiduciary net position	\$ 1,299,257
Plan fiduciary net position-beginning	24,919,440
Plan fiduciary net position-ending	<u>\$ 26,218,697</u>

<b>Schedule of Investment Returns</b>	2016
Annual money-weighted rate of return, net of investment expense	6.1%

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Sensitivity of the Net Pension Liability to changes in the Discount Rate** – The net pension liability of the Firefighters' Relief Association Pension Fund is calculated at a discount rate of 6.19%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5.19%) or 1 percent higher (7.19%) than the current rate:

	1% Decrease (5.19%)	Current Discount Rate (6.19%)	1% Increase (7.19%)
Net pension liability	<u>\$ 18,363,648</u>	<u>\$ 13,234,181</u>	<u>\$ 8,966,527</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

	Deferred Sick Leave	Employee Excess Retirement	City Pension	Police Pension	Total
<b>ASSETS</b>					
Receivables:					
Taxes	\$ -	\$ -	\$ -	\$ 64	\$ 64
Accounts	-	-	-	1,290	1,290
Accrued interest and dividends	1,227	-	60,082	32,016	93,325
Investments, at fair value:					
Domestic equities	146,205	-	15,552,830	7,147,169	22,846,204
International equities	73,640	-	27,174,345	11,687,410	38,935,395
Domestic fixed income	476,164	-	29,457,067	9,858,529	39,791,760
International fixed income	-	-	3,878,739	1,605,714	5,484,453
Real estate	-	-	19,117,277	7,839,923	26,957,200
Private Equity	-	-	2,515,366	1,397,506	3,912,872
Mutual funds	319	432,071	-	-	432,390
Certificate of deposits	1,094	-	284,034	4,196	289,324
Invested cash	108,648	-	708,590	600,074	1,417,312
Invested Securities Lending	3,593	-	495,187	191,625	690,405
Total assets	<u>810,890</u>	<u>432,071</u>	<u>99,243,517</u>	<u>40,365,516</u>	<u>140,851,994</u>
<b>LIABILITIES</b>					
Accounts payable	963	-	82,392	37,454	120,809
Securities Lending Collateral	3,593	-	495,187	191,625	690,405
Total liabilities	<u>4,556</u>	<u>-</u>	<u>577,579</u>	<u>229,079</u>	<u>811,214</u>
<b>NET POSITION</b>					
Assets held in trust for pension and other employee benefits	<u>806,334</u>	<u>432,071</u>	<u>98,665,938</u>	<u>40,136,437</u>	<u>140,040,780</u>
Total net position held in trust	<u>\$ 806,334</u>	<u>\$ 432,071</u>	<u>\$ 98,665,938</u>	<u>\$ 40,136,437</u>	<u>\$ 140,040,780</u>

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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	\$ -	\$ -	\$ 2,800,226	\$ 1,091,295	\$ 3,891,521
Employee	-	-	1,308,511	731,933	2,040,444
Total contributions	-	-	4,108,737	1,823,228	5,931,965
Investment income:					
Net increase (decrease) in fair value of investments	59,108	69,236	10,688,460	4,689,442	15,506,246
Interest and dividends	16,147	-	2,240,963	910,505	3,167,615
	75,255	69,236	12,929,423	5,599,947	18,673,861
Less: investment expense	(2,093)	-	(253,375)	(104,765)	(360,233)
Net investment income	73,162	69,236	12,676,048	5,495,182	18,313,628
Security lending activity:					
Securities lending income	87	-	8,843	3,778	12,708
Less: securities lending expenses	(16)	-	(1,768)	(756)	(2,540)
Net securities lending income	71	-	7,075	3,022	10,168
Total additions	73,233	69,236	16,791,860	7,321,432	24,255,761
<b>DEDUCTIONS</b>					
Benefits paid to participants	33,568	-	4,601,125	2,482,283	7,116,976
Refunds	-	138,768	179,053	51,198	369,019
Administration	-	-	92,500	47,487	139,987
Total deductions	33,568	138,768	4,872,678	2,580,968	7,625,982
Change in net position	39,665	(69,532)	11,919,182	4,740,464	16,629,779
<b>Net position - beginning</b>	766,669	501,603	86,746,756	35,395,973	123,411,001
<b>Net position - ending</b>	\$806,334	\$ 432,071	\$98,665,938	\$40,136,437	\$140,040,780

**CITY OF BISMARCK, NORTH DAKOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**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.

**GASB Statement No. 84**, *Fiduciary Activities* was issued on January 2017. This statement establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. If applicable, there are four fiduciary funds that should be reported: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2018.

**GASB Statement No. 85**, *Omnibus 2017* was issued on March 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. A variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]) are addressed. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

**GASB Statement No. 86**, *Certain Debt Extinguishment Issues* was issued on May 2017. This statement is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. Improving accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance is also an objective of this statement. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017.

**GASB Statement No. 87**, *Leases* was issued on June 2017. This statement requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract while also establishing a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2019.

**GASB Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued on April 2018. This statement provides clarity as to which liabilities governments should include when disclosing information related to debt. It also requires additional essential information related to debt be disclosed in the notes to the financial statements such as unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2018.



**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**F. Contingent Litigation**

**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 members of the Bismarck Police Department. The case was filed in federal district court in Bismarck on March 31, 2017. Discovery has been on-going with a discovery deadline of early summer 2018. Based upon the police reports, the use of deadly force was justified in this instance however it is difficult to judge at this point how the case will present to a jury. The defense of this case is being provided by NDIRF (Randy Bakke).

**Radomysl Twardowski v. The Bismarck Police Department, Lt. Glen Ternes, Sgt. Lyle Sinclair and Det. Brandon Rask.** Radomysl Twardowski sued the Bismarck Police Department and the named officers for an incident that occurred in January of 2007. The named police officers were following up regarding a domestic report where Twardowski was reported to have assaulted his son the previous day. The officer went to speak with Twardowski and ended up physically restraining him and placing him under arrest. Twardowski called for assistance at Twardowski's residence regarding a domestic situation. Twardowski ended up pleading guilty to a charge related to the assault. Many years passed with minimal contact and in 2016, Twardowski became active in re-hashing the incident and, in January 2017, filed a lawsuit against the City and the named officers in Federal District Court. Twardowski is acting pro se and likely has not stated a claim for which relief could be granted. It is also likely that he has limitation of action issues. This is on appeal to the Eighth Circuit, which gave him until July 11, 2018 to pay a filing fee or the matter will be dismissed. The defense of this case is being provided by NDIRF (Scott Porsborg).

**Travis Clark v. Officer Michael Carlson; Officer Dan Salandar; and the City of Bismarck, North Dakota.** Travis Clark was shot by two Bismarck Police officers on January 31, 2016, while they were attempting to serve a felony warrant on Clark. At the time of the incident, Clark was armed and failed to follow any of the directions given by the officers. Clark was injured but it is unknown as to what extent. This case has just started with no discovery having been completed. Clark has asked for damages for medical expenses, pain and suffering and lost wages. The defense of this case is being provided by NDIRF (Randy Bakke).

**Tashena Enno v. Burleigh County Sheriff's Office, Bismarck Police Department, unknown law enforcement agencies, and unknown law enforcement officers.** Tashena Enno was arrested on March 9, 2017 and at that time had various personal property seized by the arresting officers, including a car. Enno sued the arresting jurisdictions for return of the car and other items, probably in order to recover the car sooner and to attempt to influence a companion criminal case. The case has been inactive since it was served on the City in June of 2017. The defense of this case is being provided by NDIRF (Scott Porsborg).

**Holly Dahl v. The City of Bismarck.** Holly Dahl tripped and fell in the street in front of Woodmansees on November 5, 2015 on 4<sup>th</sup> Street in Bismarck. She alleges that she stepped in a crack in the street and sustained injuries when she fell. The City responds that it has no duty to maintain the street in a condition safe for pedestrian travel. The case was served on the City in November of 2017. Dahl has alleged in excess of \$50,000 in damages, to be proven at trial. Discovery is ongoing. The defense of this case is being provided by NDIRF (Lawrence King).

**CITY OF BISMARCK, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Charles Odom v. Kenan Kaizer.** Charles Odom was an inmate at the State Penitentiary who 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 2016, the federal district judge granted summary judgment in favor of the City and Kaizer. Odom appealed to the 8<sup>th</sup> Circuit Court of Appeals and the Court issued an opinion in favor of the City and Kaizer in July, 2017. The defense of this case was provided by NDIRF (Randy Bakke).

**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 alleged that their child was injured while at a Bismarck Parks swimming pool and under the supervision of Enrichment Garden, a daycare. The plaintiffs included the City in the lawsuit under the assumption that the City owns the swimming pool in question, which it does not. In Bismarck, the Park District and the City are separate political subdivisions and the City has no ownership or operational involvement in Park District facilities. The parties reached a group settlement in May of 2017 and, although the City was included in the settlement, because both the City and the Park District are both insured by NDIRF it is unlikely that any of the settlement was attributed to the City. The defense of this case was provided by NDIRF (Scott Porsborg).

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**City of Bismarck Employee's Pension**

**Proportionate Share of the Net Pension Liability**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's proportion of the net pension liability	87.64%	87.29%	86.57%	85.48%
Employer's proportionate share of the net pension liability	847,444	8,022,941	8,478,413	7,555,249
Employer's covered-employee payroll	21,850,884	23,069,097	23,633,534	23,747,865
Plan fiduciary net position	81,274,325	81,585,449	86,746,756	98,665,938
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	3.88%	34.78%	35.87%	31.81%
Plan fiduciary net position as a percentage of the total pension liability	98.82%	89.88%	89.88%	91.78%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015, 2016 & 2017 information presented has a measurement date of December 31.

**Schedule of Contributions**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contributions	\$ 981,273	\$ 1,082,266	\$ 1,806,842	\$ 2,187,386
Contributions in relation to the actuarially determined contribution	2,181,183	2,071,677	2,263,240	2,477,572
Contribution deficiency (excess)	<u>\$ (1,199,910)</u>	<u>\$ (989,411)</u>	<u>\$ (456,398)</u>	<u>\$ (290,186)</u>
Covered-employee Payroll	\$21,850,884	\$23,069,097	\$23,633,534	\$23,747,865
Contributions as a percentage of covered-employee payroll	10.0%	9.0%	9.6%	10.4%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015, 2016 & 2017 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**Notes to the Required Supplementary Information**

**Actuarial Assumptions**

Valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	19
Mortality Rate	Based on RP-2014 generational mortality projected with Scale MP-2017
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 adjt	None

**City of Bismarck Police Pension**

**Net Pension Liability**

<b>Schedule of Net Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Pension Liability	\$39,959,458	\$42,555,764	\$44,459,890	\$47,688,313
Plan fiduciary net position	34,525,350	33,861,051	35,395,974	40,136,438
Net pension liability (asset)	<u>\$ 5,434,108</u>	<u>\$ 8,694,713</u>	<u>\$ 9,063,916</u>	<u>\$ 7,551,875</u>
Plan fiduciary net position as a percentage of the total pension liability	86.4%	79.6%	79.6%	84.2%
Covered-employee payroll	\$ 6,214,690	\$ 7,101,508	\$ 7,643,499	\$ 7,942,900
Net pension liability (asset) as a percentage of covered-employee payroll	87.4%	122.4%	118.6%	95.1%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015, 2016 & 2017 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

<b>Schedule of Changes in Total Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Service Cost	\$ 753,453	\$ 785,453	\$ 893,502	\$ 964,707
Interest	2,787,966	2,967,949	3,166,457	3,311,839
Changes of benefit terms	574,760	-	-	-
Differences between expected and actual experience	446,562	1,187,426	303,852	(449,917)
Changes of assumptions	-	-	-	1,935,276
Benefit payments, including refunds of member contributions	(2,045,424)	(2,344,522)	(2,459,685)	(2,533,482)
Net change in total pension liability	\$ 2,517,317	\$ 2,596,306	\$ 1,904,126	\$ 3,228,423
Total pension liability-beginning	37,442,142	39,959,459	42,555,764	44,459,890
Total pension liability-ending	<u>\$ 39,959,459</u>	<u>\$ 42,555,765</u>	<u>\$ 44,459,890</u>	<u>\$ 47,688,313</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 & 2017 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>	<b>2017</b>
Contributions-employer	\$ 941,815	\$ 892,803	\$ 961,513	\$ 1,091,295
Contributions-member	578,785	648,594	684,652	731,933
Net investment income	2,075,134	302,518	2,472,466	5,603,725
Benefit payments, including refunds of member contributions	(2,045,424)	(2,344,522)	(2,459,685)	(2,533,482)
Administrative expense	(181,567)	(163,692)	(124,023)	(153,007)
Other	-	-	-	-
Net change in fiduciary net position	\$ 1,368,743	\$ (664,299)	\$ 1,534,923	\$ 4,740,464
Plan fiduciary net position-beginning	33,156,607	34,525,350	33,861,051	35,395,974
Plan fiduciary net position-ending	<u>\$ 34,525,350</u>	<u>\$ 33,861,051</u>	<u>\$ 35,395,974</u>	<u>\$ 40,136,438</u>

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015, 2016 & 2017 information presented has a measurement date of December 31.

**Schedule of Contributions**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contributions	\$ 481,480	\$ 576,620	\$ 837,641	\$ 1,033,660
Contributions in relation to the actuarially determined contribution	941,815	892,803	961,513	1,091,295
Contribution deficiency (excess)	<u>\$ (460,335)</u>	<u>\$ (316,183)</u>	<u>\$ (123,872)</u>	<u>\$ (57,635)</u>
Covered-employee Payroll	\$ 6,214,690	\$ 7,101,508	\$ 7,643,499	\$ 7,942,900
Contributions as a percentage of covered-employee payroll	15.2%	12.6%	12.6%	13.7%

\* Complete data for this schedule is not available prior to 2014. The 2014, 2015, 2016, & 2017 information presented has a measurement date of December 31.

**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**Notes to the Required Supplementary Information**

**Actuarial Assumptions**

Valuation date	1/1/2018
Actuarial cost method	Entry Age
	Normal
Amortization method	Level % of payroll over remaining amortization period-closed
Remaining amortization period	17
Mortality Rate	Based on RP-2014 generational mortality projected with Scale MP-2017
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

**Bismarck Firefighter's Relief Association Plan**

**Net Pension Liability**

<b>Schedule of Net Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Pension Liability	\$ 30,361,363	\$ 38,265,498	\$ 39,452,878
Plan fiduciary net position	25,759,416	24,921,808	26,218,697
Net pension liability (asset)	<u>\$ 4,601,947</u>	<u>\$ 13,343,690</u>	<u>\$ 13,234,181</u>
Plan fiduciary net position as a percentage of the total pension liability	84.8%	65.1%	66.5%
Covered-employee payroll	\$ 4,351,776	\$ 4,797,251	\$ 4,988,601
Net pension liability (asset) as a percentage of covered-employee payroll	105.7%	278.2%	265.3%

\* 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, 2017**

<b>Schedule of Changes in Total Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Service Cost	\$ 821,469	\$ 842,499	\$ 1,360,151
Interest	2,106,033	2,224,099	2,267,052
Changes of benefit terms	-	-	-
Differences between expected and actual experience	43,037	357,724	(343,687)
Changes of assumptions	-	5,893,220	(757,588)
Benefit payments, including refunds of member contributions	(1,379,239)	(1,413,407)	(1,338,548)
Net change in total pension liability	\$ 1,591,300	\$ 7,904,135	\$ 1,187,380
Total pension liability-beginning	28,770,063	30,361,363	38,265,498
Total pension liability-ending	<u>\$ 30,361,363</u>	<u>\$ 38,265,498</u>	<u>\$ 39,452,878</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.

<b>Schedule of Changes in Plan Fiduciary Net Position</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Contributions-employer	\$ 702,664	\$ 619,751	\$ 785,431
Contributions-member	392,381	439,971	448,716
Net investment income	1,044,748	(724,003)	1,432,963
Benefit payments, including refunds of member contributions	(1,379,239)	(1,413,407)	(1,338,548)
Administrative expense	(55,100)	(77,100)	(50,452)
Other	-	317,180	21,147
Net change in fiduciary net position	\$ 705,454	\$ (837,608)	\$ 1,299,257
Plan fiduciary net position-beginning	25,053,962	25,759,416	24,919,440
Plan fiduciary net position-ending	<u>\$ 25,759,416</u>	<u>\$ 24,921,808</u>	<u>\$ 26,218,697</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	\$ 788,987	\$ 779,482	\$ 937,868
Contributions in relation to the Actuarially determined contributions	702,664	619,751	785,431
Contribution deficiency (excess)	<u>\$ 86,323</u>	<u>\$ 159,731</u>	<u>\$ 152,437</u>
Covered-employee Payroll	\$ 4,351,776	\$ 4,797,251	\$ 4,988,601
Contributions as a percentage of covered-employee payroll	16.1%	12.9%	15.7%



**CITY OF BISMARCK, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**Notes to the Required Supplementary Information**

**Actuarial Assumptions**

Valuation date	12/31/2016
Actuarial cost method	Entry Age
Amortization method	Layered closed level percentage of payroll
Remaining amortization period	23 - 25 years
Mortality Rate	Healthy mortality: 1983 group annuity mortality table Disability Mortality: 1983 railroad retirement board disabled life mortality
Asset Valuation Method	5 year smoothed market
Valuation Method	
Inflation rate	3.50%
Investment rate of return	7.5%, net of investment expense
Projected salary increases, including inflation	4.50%
Post retirement cost of living adjustments at age 62	up to 2% of CPI

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<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	\$ 79,610	\$ -	\$ 19,350	\$ 98,958
Investments	12,663,803	1,052,903	35,241,555	48,958,263
Receivables:				
Taxes receivable	32,532	-	16,491	49,023
Accounts receivable	3,336,431	273	61,479	3,398,184
Special assessments	-	9,683,931	194,861	9,878,791
Notes receivable	-	-	1,130,592	1,130,592
Due from other funds	149,591	893,919	-	1,043,510
Advances to other funds	1,780,000	-	-	1,780,000
Restricted assets:				
Investments	29,811	-	2,419,411	2,449,222
<b>Total assets</b>	<b>\$ 18,071,778</b>	<b>\$ 11,631,026</b>	<b>\$ 39,083,739</b>	<b>\$ 68,786,543</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,624,291	\$ 1,980	\$ 769,180	\$ 2,395,451
Retainage payable	-	-	225,354	225,354
Due to other funds	7,211	-	4,243,715	4,250,926
Salaries payable	214,180	-	-	214,180
Unearned revenue	-	-	830,592	830,592
Customer deposits	29,811	-	2,419,411	2,449,222
<b>Total liabilities</b>	<b>1,875,493</b>	<b>1,980</b>	<b>8,488,252</b>	<b>10,365,725</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable special assessment taxes	-	8,514,368	183,507	8,697,875
Unavailable property taxes	25,948	-	14,802	40,750
<b>Total deferred inflows of resources</b>	<b>25,948</b>	<b>8,514,368</b>	<b>198,309</b>	<b>8,738,625</b>
<b>FUND BALANCES</b>				
Restricted	271,867	3,114,678	-	3,386,545
Committed	15,898,470	-	35,163,823	51,062,293
Unassigned	-	-	(4,766,645)	(4,766,645)
<b>Total fund balances</b>	<b>16,170,337</b>	<b>3,114,678</b>	<b>30,397,178</b>	<b>49,682,193</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,071,778</b>	<b>\$ 11,631,026</b>	<b>\$ 39,083,739</b>	<b>\$ 68,786,543</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, 2017**

	Special Revenue Totals	Debt Service Totals	Capital Projects Totals	Totals
<b>REVENUES</b>				
Taxes	\$ 6,909,725	\$ -	\$ 2,347,201	\$ 9,256,926
Licenses and permits	1,050	-	-	1,050
Special assessments	-	2,029,847	644,982	2,674,829
Intergovernmental	8,744,206	-	1,541,508	10,285,714
Charges for services	2,977,904	-	737,675	3,715,579
Fines and forfeits	209,915	-	-	209,915
Investment income	76,576	47,245	217,207	341,028
Rentals	101,494	-	-	101,494
Miscellaneous	196,617	-	(7,732)	188,885
Total revenues	<u>19,217,487</u>	<u>2,077,092</u>	<u>5,480,841</u>	<u>26,775,420</u>
<b>EXPENDITURES</b>				
Current				
General government	3,962,700	-	56,909	4,019,609
Public safety	1,352,083	-	-	1,352,083
Highways and streets	8,311,083	-	-	8,311,083
Health and welfare	933,738	-	-	933,738
Culture and recreation	2,338,000	-	-	2,338,000
Public works	-	-	1,894,705	1,894,705
Capital outlays				
General government	296,736			296,736
Public safety	32,880	-	-	32,880
Highways and streets	124,000	-	-	124,000
Culture and recreation	344,729	-	-	344,729
Public works	-	-	8,273,506	8,273,506
Debt service				
Principal	-	1,564,304	-	1,564,304
Interest and fiscal charges	-	260,473	20,269	280,742
Total expenditures	<u>17,695,949</u>	<u>1,824,777</u>	<u>10,245,389</u>	<u>29,766,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,521,538</u>	<u>252,315</u>	<u>(4,764,548)</u>	<u>(2,990,695)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,824,786	45,609	8,709,705	10,580,100
Transfer out	(3,100,137)	-	(9,990,576)	(13,090,713)
Premium on special assessment debt	-	-	171,758	171,758
Special assessment bonds issued	-	-	2,944,595	2,944,595
Total other financing sources (uses)	<u>(1,275,351)</u>	<u>45,609</u>	<u>1,835,482</u>	<u>605,740</u>
Net changes in fund balances	246,187	297,924	(2,929,066)	(2,384,955)
Fund balances - beginning	<u>15,924,150</u>	<u>2,816,754</u>	<u>33,326,244</u>	<u>52,067,148</u>
Fund balances - ending	<u>\$ 16,170,337</u>	<u>\$ 3,114,678</u>	<u>\$ 30,397,178</u>	<u>\$ 49,682,193</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.

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

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017**

	<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	\$ -	\$ -	\$ -	\$ 500	\$ 79,110
Investments	1,856	706,700	278,118	4,399,836	2,056,678
Receivables:					
Taxes receivable	11,185	21,347	-	-	-
Accounts receivable	1,384,454	40,008	-	756,544	166,990
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted assets:					
Investments	-	-	-	29,811	-
<b>Total assets</b>	<b>\$ 1,397,495</b>	<b>\$ 768,055</b>	<b>\$ 278,118</b>	<b>\$ 5,186,691</b>	<b>\$ 2,302,778</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,386,315	\$ 38,081	\$ 387	\$ 15,207	\$ 53,225
Due to other funds	-	-	-	-	-
Salaries payable	-	59,438	-	97,869	18,277
Customer deposits	-	-	-	29,811	-
<b>Total liabilities</b>	<b>1,386,315</b>	<b>97,519</b>	<b>387</b>	<b>142,887</b>	<b>71,502</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	8,925	17,023	-	-	-
<b>Total deferred inflows of resources</b>	<b>8,925</b>	<b>17,023</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	271,867	-
Committed	2,255	653,513	277,731	4,771,937	2,231,276
<b>Total fund balances</b>	<b>2,255</b>	<b>653,513</b>	<b>277,731</b>	<b>5,043,804</b>	<b>2,231,276</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,397,495</b>	<b>\$ 768,055</b>	<b>\$ 278,118</b>	<b>\$ 5,186,691</b>	<b>\$ 2,302,778</b>

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 79,610
Investments	-	2,149,459	2,303,176	767,980	12,663,803
Receivables:					
Taxes receivable	-	-	-	-	32,532
Accounts receivable	119,384	462,109	-	406,942	3,336,431
Due from other funds	-	149,591	-	-	149,591
Advances to other funds	-	1,780,000	-	-	1,780,000
Restricted assets:					
Investments	-	-	-	-	29,811
<b>Total assets</b>	<u>\$ 119,384</u>	<u>\$ 4,541,159</u>	<u>\$ 2,303,176</u>	<u>\$ 1,174,922</u>	<u>\$ 18,071,778</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 40,866	\$ 450	\$ -	\$ 89,760	\$ 1,624,291
Due to other funds	7,211	-	-	-	7,211
Salaries payable	-	-	-	38,596	214,180
Customer deposits	-	-	-	-	29,811
<b>Total liabilities</b>	<u>48,077</u>	<u>450</u>	<u>-</u>	<u>128,356</u>	<u>1,875,493</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	-	-	-	-	25,948
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,948</u>
<b>FUND BALANCES</b>					
Restricted	-	-	-	-	271,867
Committed	71,307	4,540,709	2,303,176	1,046,566	15,898,470
<b>Total fund balances</b>	<u>71,307</u>	<u>4,540,709</u>	<u>2,303,176</u>	<u>1,046,566</u>	<u>16,170,337</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 119,384</u>	<u>\$ 4,541,159</u>	<u>\$ 2,303,176</u>	<u>\$ 1,174,922</u>	<u>\$ 18,071,778</u>

**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, 2017**

<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	\$ 1,018,107	\$ 1,921,316	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	1,050	-
Intergovernmental	1,756,645	589,347	-	3,995,477	-
Charges for services	-	88,101	-	211,467	2,457,983
Fines and forfeits	-	34,365	172,971	-	-
Investment income	515	10,085	1,573	21,900	15,067
Rentals	-	7,520	-	67,705	2,269
Miscellaneous	-	4,150	-	29,037	42,786
Total revenues	<u>2,775,267</u>	<u>2,654,884</u>	<u>174,544</u>	<u>4,326,636</u>	<u>2,518,105</u>
<b>EXPENDITURES</b>					
Current					
General government	2,478,531	-	-	-	-
Public safety	-	-	28,953	-	-
Highways and streets	-	-	-	6,413,862	1,888,395
Health and welfare	-	-	-	-	-
Culture and recreation	-	2,280,424	-	-	-
Capital outlays					
General government	296,736	-	-	-	-
Public safety	-	-	32,880	-	-
Highways and streets	-	-	-	124,000	-
Culture and recreation	-	344,729	-	-	-
Total expenditures	<u>2,775,267</u>	<u>2,625,153</u>	<u>61,833</u>	<u>6,537,862</u>	<u>1,888,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>29,731</u>	<u>112,711</u>	<u>(2,211,226)</u>	<u>629,710</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	1,650,345	-
Transfer out	-	(62,581)	-	(139,339)	(672,525)
Total other financing sources (uses)	<u>-</u>	<u>(62,581)</u>	<u>-</u>	<u>1,511,006</u>	<u>(672,525)</u>
Net changes in fund balances	-	(32,850)	112,711	(700,220)	(42,815)
Fund balances - beginning	2,255	686,363	165,020	5,744,024	2,274,091
Fund balances - ending	<u>\$ 2,255</u>	<u>\$ 653,513</u>	<u>\$ 277,731</u>	<u>\$ 5,043,804</u>	<u>\$ 2,231,276</u>

**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, 2017**

	<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>REVENUES</b>					
Taxes	\$ 1,014,964	\$ 2,955,338	\$ -	\$ -	\$ 6,909,725
Licenses and permits	-	-	-	-	1,050
Intergovernmental	-	-	-	2,402,737	8,744,206
Charges for services	-	-	-	220,353	2,977,904
Fines and forfeits	-	-	-	2,579	209,915
Investment income	-	10,823	14,592	2,021	76,576
Rentals	-	24,000	-	-	101,494
Miscellaneous	-	-	1,261	119,383	196,617
Total revenues	<u>1,014,964</u>	<u>2,990,161</u>	<u>15,853</u>	<u>2,747,073</u>	<u>19,217,487</u>
<b>EXPENDITURES</b>					
Current					
General government	870,885	18,798	206,815	387,671	3,962,700
Public safety	-	-	-	1,323,130	1,352,083
Highways and streets	-	-	-	8,826	8,311,083
Health and welfare	-	-	-	933,738	933,738
Culture and recreation	-	-	-	57,576	2,338,000
Capital outlays					
General government	-	-	-	-	296,736
Public safety	-	-	-	-	32,880
Highways and streets	-	-	-	-	124,000
Culture and recreation	-	-	-	-	344,729
Total expenditures	<u>870,885</u>	<u>18,798</u>	<u>206,815</u>	<u>2,710,941</u>	<u>17,695,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>144,079</u>	<u>2,971,363</u>	<u>(190,962)</u>	<u>36,132</u>	<u>1,521,538</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	174,441	1,824,786
Transfer out	(153,579)	(2,070,109)	-	(2,004)	(3,100,137)
Total other financing sources (uses)	<u>(153,579)</u>	<u>(2,070,109)</u>	<u>-</u>	<u>172,437</u>	<u>(1,275,351)</u>
Net changes in fund balances	(9,500)	901,254	(190,962)	208,569	246,187
Fund balances - beginning	80,807	3,639,455	2,494,138	837,997	15,924,150
Fund balances - ending	<u>\$ 71,307</u>	<u>\$ 4,540,709</u>	<u>\$ 2,303,176</u>	<u>\$ 1,046,566</u>	<u>\$ 16,170,337</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 2,255	\$ 2,255	\$ 2,255	\$ -
Resources (inflows)				
Taxes	1,067,718	1,067,718	1,018,107	(49,611)
Intergovernmental	2,276,815	2,276,815	1,756,645	(520,170)
Investment income	1,900	1,900	515	(1,385)
Amount available for appropriation	<u>3,348,688</u>	<u>3,348,688</u>	<u>2,777,522</u>	<u>(571,166)</u>
Charges to appropriations (outflows)				
General government	<u>3,346,433</u>	<u>3,346,433</u>	<u>2,775,267</u>	<u>571,166</u>
Total charges to appropriations	<u>3,346,433</u>	<u>3,346,433</u>	<u>2,775,267</u>	<u>571,166</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u><u>\$ 2,255</u></u></b>	<b><u><u>\$ 2,255</u></u></b>	<b><u><u>\$ 2,255</u></u></b>	<b><u><u>\$ -</u></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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 686,363	\$ 686,363	\$ 686,363	\$ -
Resources (inflows)				
Taxes	2,010,241	2,010,241	1,921,316	(88,925)
Intergovernmental	607,205	607,205	589,347	(17,858)
Charges for services	91,577	91,577	88,101	(3,476)
Fines and forfeits	40,500	40,500	34,365	(6,135)
Investment income	10,034	10,034	10,085	51
Rentals	8,200	8,200	7,520	(680)
Miscellaneous	<u>2,867</u>	<u>2,867</u>	<u>4,150</u>	<u>1,283</u>
Amount available for appropriation	<u>3,456,987</u>	<u>3,456,987</u>	<u>3,341,247</u>	<u>(115,740)</u>
Charges to appropriations (outflows)				
Culture and recreation	2,748,081	2,748,081	2,618,240	129,841
Transfer out	<u>62,581</u>	<u>62,581</u>	<u>62,581</u>	<u>-</u>
Total charges to appropriations	<u>2,810,662</u>	<u>2,810,662</u>	<u>2,680,821</u>	<u>129,841</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 646,325</u></b>	<b><u>\$ 646,325</u></b>	<b><u>\$ 660,426</u></b>	<b><u>\$ 14,101</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, 2017**

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

<b>Sources/inflows of resources</b>	<u><b>LIBRARY</b></u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,341,247
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(686,363)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,654,884</u></u>
 <b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,680,821
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	6,913
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(62,581)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,625,153</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
POLICE DRUG ENFORCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
Budgetary Fund Balance, January 1	\$ 165,020	\$ 165,020	\$ 165,020	\$ -
Resources (inflows)				
Fines and forfeits	55,000	55,000	172,971	117,971
Investment income	<u>1,000</u>	<u>1,000</u>	<u>1,573</u>	<u>573</u>
Amount available for appropriation	<u>221,020</u>	<u>221,020</u>	<u>339,564</u>	<u>118,544</u>
Charges to appropriations (outflows)				
Public safety	<u>96,141</u>	<u>96,141</u>	<u>61,833</u>	<u>34,308</u>
Total charges to appropriations	<u>96,141</u>	<u>96,141</u>	<u>61,833</u>	<u>34,308</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 124,879</u></b>	<b><u>\$ 124,879</u></b>	<b><u>\$ 277,731</u></b>	<b><u>\$ 152,852</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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
Budgetary Fund Balance, January 1	\$ 5,744,024	\$ 5,744,024	\$ 5,744,024	\$ -
Resources (inflows)				
Licenses and permits	1,000	1,000	1,050	50
Intergovernmental	3,521,344	3,521,344	3,995,477	474,133
Charges for services	254,946	254,946	211,467	(43,479)
Investment income	15,800	15,800	21,900	6,100
Rentals	46,048	46,048	67,705	21,657
Miscellaneous	55,174	55,174	29,037	(26,137)
Transfer in	1,910,104	1,910,104	1,650,345	(259,759)
Amount available for appropriation	11,548,440	11,548,440	11,721,005	172,565
Charges to appropriations (outflows)				
Highways and streets	6,512,880	7,021,680	6,566,926	454,754
Transfer out	139,339	139,339	139,339	-
Total charges to appropriations	6,652,219	7,161,019	6,706,265	454,754
<b>Budgetary Fund Balance, December 31</b>	<b>\$ 4,896,221</b>	<b>\$ 4,387,421</b>	<b>\$ 5,014,740</b>	<b>\$ 627,319</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, 2017**

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	\$ 11,721,005
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	(5,744,024)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,650,345)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,326,636</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,706,265
Differences - Budget to GAAP	
The city budgets for salaries on the cash basis, rather than on the modified accrual basis	(29,064)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(139,339)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,537,862</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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget Positive (Negative)</u></b>
Budgetary Fund Balance, January 1	\$2,274,091	\$2,274,091	\$ 2,274,091	\$ -
Resources (inflows)				
Charges for services	2,632,614	2,632,614	2,457,983	(174,631)
Investment income	9,106	9,106	15,067	5,961
Rentals	3,655	3,655	2,269	(1,386)
Miscellaneous	<u>106,137</u>	<u>106,137</u>	<u>42,786</u>	<u>(63,351)</u>
Amount available for appropriation	<u>5,025,603</u>	<u>5,025,603</u>	<u>4,792,196</u>	<u>(233,407)</u>
Charges to appropriations (outflows)				
Highways and streets	2,316,601	2,032,235	1,811,908	220,327
Transfer out	<u>388,160</u>	<u>672,526</u>	<u>672,525</u>	<u>1</u>
Total charges to appropriations	<u>2,704,761</u>	<u>2,704,761</u>	<u>2,484,433</u>	<u>220,328</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u><u>\$2,320,842</u></u></b>	<b><u><u>\$2,320,842</u></u></b>	<b><u><u>\$ 2,307,763</u></u></b>	<b><u><u>\$ (13,079)</u></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, 2017**

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	\$ 4,792,196
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	(2,274,091)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,518,105</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,484,433
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	1,607
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(672,525)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,888,395</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 80,807	\$ 80,807	\$ 80,807	\$ -
Resources (inflows)				
Taxes	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,014,964</u>	<u>14,964</u>
Amount available for appropriation	<u>1,080,807</u>	<u>1,080,807</u>	<u>1,095,771</u>	<u>14,964</u>
Charges to appropriations (outflows)				
General government	850,100	870,894	870,885	9
Transfer out	<u>149,900</u>	<u>153,579</u>	<u>153,579</u>	<u>-</u>
Total charges to appropriations	<u>1,000,000</u>	<u>1,024,473</u>	<u>1,024,464</u>	<u>9</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 80,807</u></b>	<b><u>\$ 56,334</u></b>	<b><u>\$ 71,307</u></b>	<b><u>\$ 14,973</u></b>

**CITY OF BISMARCK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX**  
**FOR YEAR ENDED DECEMBER 31, 2017**

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

<b>Sources/inflows of resources</b>	<b>Hotel/Motel Tax</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,095,771
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(80,807)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,014,964</u></u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,024,464
Differences - Budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(153,579)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 870,885</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
LODGING/LIQUOR/FOOD TAX  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
Budgetary Fund Balance, January 1	\$ 3,639,455	\$3,639,455	\$ 3,639,455	\$ -
Resources (inflows)				
Taxes	2,975,311	2,975,311	2,955,338	(19,973)
Investment income	12,000	12,000	10,823	(1,177)
Rentals	24,000	24,000	24,000	-
Amount available for appropriation	<u>6,650,766</u>	<u>6,650,766</u>	<u>6,629,616</u>	<u>(21,150)</u>
Charges to appropriations (outflows)				
General government	24,100	41,903	41,504	399
Transfer out	<u>2,208,378</u>	<u>2,202,307</u>	<u>2,070,109</u>	<u>132,198</u>
Total charges to appropriations	<u>2,232,478</u>	<u>2,244,210</u>	<u>2,111,613</u>	<u>132,597</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 4,418,288</u></b>	<b><u>\$4,406,556</u></b>	<b><u>\$ 4,518,003</u></b>	<b><u>\$ 111,447</u></b>

**CITY OF BISMARCK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LODGING/LIQUOR/FOOD TAX**  
**FOR YEAR ENDED DECEMBER 31, 2017**

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

<b>Sources/inflows of resources</b>	<b>Lodging/ Liquor/ Food Tax</b>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,629,616
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(3,639,455)</u>
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,990,161</u></u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,111,613
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	(22,706)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,070,109)</u>
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 18,798</u></u>

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

**CITY OF BISMARCK, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
VISION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 2,494,138	\$ 2,494,138	\$ 2,494,138	\$ -
Resources (inflows)				
Investment income	21,000	21,000	14,592	(6,408)
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,261</u>	<u>1,261</u>
Amount available for appropriation	<u>2,515,138</u>	<u>2,515,138</u>	<u>2,509,991</u>	<u>(5,147)</u>
Charges to appropriations (outflows)				
General government	<u>2,527,757</u>	<u>2,527,757</u>	<u>206,815</u>	<u>2,320,942</u>
Total charges to appropriations	<u>2,527,757</u>	<u>2,527,757</u>	<u>206,815</u>	<u>2,320,942</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u><u>\$ (12,619)</u></u></b>	<b><u><u>\$ (12,619)</u></u></b>	<b><u><u>\$ 2,303,176</u></u></b>	<b><u><u>\$ 2,315,795</u></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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 837,997	\$ 837,997	\$ 837,997	\$ -
Resources (inflows)				
Intergovernmental	5,138,714	5,138,714	2,402,737	(2,735,977)
Charges for services	138,750	138,750	220,353	81,603
Fines and forfeits	200	200	2,579	2,379
Investment income	1,925	1,925	2,021	96
Miscellaneous	162,400	162,400	119,383	(43,017)
Transfers in	-	-	174,441	174,441
Amount available for appropriation	<u>6,279,986</u>	<u>6,279,986</u>	<u>3,759,511</u>	<u>(2,520,475)</u>
Charges to appropriations (outflows)				
General government	1,585,400	1,549,195	387,671	1,161,524
Public safety	1,207,387	1,702,787	1,308,247	394,540
Highways and streets	16,875	16,875	8,826	8,049
Health and welfare	2,470,577	1,973,177	933,077	1,040,100
Culture and recreation	132,317	132,317	57,576	74,741
Transfer out	<u>35,600</u>	<u>37,600</u>	<u>2,004</u>	<u>35,596</u>
Total charges to appropriations	<u>5,448,156</u>	<u>5,411,951</u>	<u>2,697,401</u>	<u>2,714,550</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 831,830</u></b>	<b><u>\$ 868,035</u></b>	<b><u>\$ 1,062,110</u></b>	<b><u>\$ 194,075</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, 2017**

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	\$ 3,759,511
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	(837,997)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(174,441)
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,747,073</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,697,401
Differences - Budget to GAAP	
The City budgets for salaries are on the cash basis rather than on the modified accrual basis	15,544
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,004)
Total expenditures as reported on the statements of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,710,941</u>

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

## **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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$22,662,520	\$22,662,520	\$ 22,662,520	\$ -
Resources (inflows)				
Special assessments	15,499,450	15,499,450	15,630,996	131,546
Investment income	150,000	150,000	527,565	377,565
Transfer in	1,500,000	1,500,000	1,510,285	10,285
Premium on special assessment debt	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Amount available for appropriation	<u>39,886,970</u>	<u>39,886,970</u>	<u>40,331,366</u>	<u>444,396</u>
Charges to appropriations (outflows)				
Principal	11,373,014	11,508,188	11,508,188	-
Interest and fiscal charges	4,520,813	4,385,639	2,463,120	1,922,519
Discount on special assessment debt	75,000	75,000	-	75,000
Transfer out	<u>1,000,000</u>	<u>1,000,000</u>	<u>30,118</u>	<u>969,882</u>
Total charges to appropriations	<u>16,968,827</u>	<u>16,968,827</u>	<u>14,001,426</u>	<u>2,967,401</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$22,918,143</u></b>	<b><u>\$22,918,143</u></b>	<b><u>\$ 26,329,940</u></b>	<b><u>\$ 3,411,797</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary Fund Balance, January 1	\$ 5,307,648	\$ 5,307,648	\$ 5,307,648	\$ -
Resources (inflows)				
Special assessments	3,534,750	3,534,750	3,521,669	(13,081)
Investment income	82,000	82,000	66,688	(15,312)
Transfer in	500,000	500,000	128,619	(371,381)
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>12,969,398</u>	<u>12,969,398</u>	<u>9,024,624</u>	<u>(3,944,774)</u>
Charges to appropriations (outflows)				
Principal	2,825,066	2,825,066	2,682,509	142,557
Interest and fiscal charges	654,994	654,994	633,044	21,950
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	5,139	494,861
Total charges to appropriations	<u>7,525,060</u>	<u>7,525,060</u>	<u>3,320,692</u>	<u>4,204,368</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 5,444,338</u></b>	<b><u>\$ 5,444,338</u></b>	<b><u>\$ 5,703,932</u></b>	<b><u>\$ 259,594</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, 2017**

	<u>Watermain Bonds</u>	<u>Sidewalk Bonds</u>	<u>Total Debt Service</u>
<b>ASSETS</b>			
Cash and cash equivalents			
Investments	\$ 523,620	\$ 529,283	\$ 1,052,903
Receivables:			
Accounts receivable	273	-	273
Special assessments	1,654,710	8,029,221	9,683,931
Due from other funds	<u>43,372</u>	<u>850,547</u>	<u>893,919</u>
Total assets	<u><u>\$ 2,221,975</u></u>	<u><u>\$ 9,409,051</u></u>	<u><u>\$ 11,631,026</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 180</u>	<u>\$ 1,800</u>	<u>\$ 1,980</u>
Total liabilities	<u>180</u>	<u>1,800</u>	<u>1,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable special assessment taxes	<u>1,565,320</u>	<u>6,949,048</u>	<u>8,514,368</u>
Total deferred inflows of resources	<u>1,565,320</u>	<u>6,949,048</u>	<u>8,514,368</u>
<b>FUND BALANCES</b>			
Restricted	<u>656,475</u>	<u>2,458,203</u>	<u>3,114,678</u>
Total fund balances	<u>656,475</u>	<u>2,458,203</u>	<u>3,114,678</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 2,221,975</u></u>	<u><u>\$ 9,409,051</u></u>	<u><u>\$ 11,631,026</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, 2017**

<b>REVENUES</b>	<b>Watermain Bonds</b>	<b>Sidewalk Bonds</b>	<b>Total Debt Service</b>
Special assessments	\$ 189,607	\$ 1,840,240	\$ 2,029,847
Investment income	16,690	30,555	47,245
Total revenues	<u>206,297</u>	<u>1,870,795</u>	<u>2,077,092</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	224,304	1,340,000	1,564,304
Interest and fiscal charges	<u>57,939</u>	<u>202,534</u>	<u>260,473</u>
Total expenditures	<u>282,243</u>	<u>1,542,534</u>	<u>1,824,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,946)</u>	<u>328,261</u>	<u>252,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	<u>17,387</u>	<u>28,222</u>	<u>45,609</u>
Total other financing sources (uses)	<u>17,387</u>	<u>28,222</u>	<u>45,609</u>
Net changes in fund balances	(58,559)	356,483	297,924
Fund balances - beginning	<u>715,034</u>	<u>2,101,720</u>	<u>2,816,754</u>
Fund balances - ending	<u>\$ 656,475</u>	<u>\$ 2,458,203</u>	<u>\$ 3,114,678</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, 2017**

	<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>
Budgetary Fund Balance, January 1	\$ 715,034	\$ 715,034	\$ 715,034	\$ -
Resources (inflows)				
Special assessments	314,650	314,650	189,607	(125,043)
Investment income	50,000	50,000	16,690	(33,310)
Transfer in	250,000	250,000	17,387	(232,613)
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>1,789,684</u>	<u>1,789,684</u>	<u>938,718</u>	<u>(850,966)</u>
Charges to appropriations (outflows)				
Principal	221,934	224,304	224,304	-
Interest and fiscal charges	57,814	57,939	57,939	-
Discount on special assessment debt	10,000	10,000	-	10,000
Payment to refunded bond escrow agent	450,000	447,505	-	447,505
Transfer out	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total charges to appropriations	<u>989,748</u>	<u>989,748</u>	<u>282,243</u>	<u>707,505</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$ 799,936</u></b>	<b><u>\$ 799,936</u></b>	<b><u>\$ 656,475</u></b>	<b><u>\$ (143,461)</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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
Budgetary Fund Balance, January 1	\$2,101,720	\$2,101,720	\$ 2,101,720	\$ -
Resources (inflows)				
Special assessments	1,620,000	1,620,000	1,840,240	220,240
Investment income	45,000	45,000	30,555	(14,445)
Transfer in	50,000	50,000	28,222	(21,778)
Premium on special assessment debt	15,000	15,000	-	(15,000)
Amount available for appropriation	<u>3,831,720</u>	<u>3,831,720</u>	<u>4,000,737</u>	<u>169,017</u>
Charges to appropriations (outflows)				
Principal	1,410,000	1,410,000	1,340,000	70,000
Interest and fiscal charges	212,450	212,450	202,534	9,916
Discount on special assessment debt	15,000	15,000	-	15,000
Transfer out	50,000	50,000	-	50,000
Total charges to appropriations	<u>1,687,450</u>	<u>1,687,450</u>	<u>1,542,534</u>	<u>144,916</u>
<b>Budgetary Fund Balance, December 31</b>	<b><u>\$2,144,270</u></b>	<b><u>\$2,144,270</u></b>	<b><u>\$ 2,458,203</u></b>	<b><u>\$ 313,933</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.

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

**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.



(Continued on next page)

**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2017**

	<b>Special Deficiency/ Assumptions</b>	<b>Tax Increment</b>	<b>Community Development</b>	<b>Building Improvements</b>	<b>Street Light/Signals</b>	<b>Highway Construction</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 9,539	\$ 9,811	\$ -	\$ -	\$ -
Investments	5,645,308	1,494,461	-	2,789,835	443,181	24,868,770
Receivables:						
Taxes receivable	8,200	8,291	-	-	-	-
Accounts receivable	24,294	-	32,916	-	-	4,269
Special assessments	33,280	-	-	-	-	161,581
Notes receivable	-	-	1,130,592	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,711,082</b>	<b>\$ 1,512,291</b>	<b>\$ 1,173,319</b>	<b>\$ 2,789,835</b>	<b>\$ 443,181</b>	<b>\$ 25,034,620</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 9,277	\$ 2,476	\$ 23,377	\$ 177,236	\$ 84,600	\$ 7,128
Retainage payable	-	-	-	167,510	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	830,592	-	-	-
Customer deposits	-	-	-	-	-	-
Total liabilities	<b>9,277</b>	<b>2,476</b>	<b>853,969</b>	<b>344,746</b>	<b>84,600</b>	<b>7,128</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable special assessment taxes	25,928	-	-	-	-	157,579
Unavailable property taxes	6,511	8,291	-	-	-	-
Total deferred inflows of resources	<b>32,439</b>	<b>8,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,579</b>
<b>FUND BALANCES</b>						
Committed	5,669,366	1,501,524	319,350	2,445,089	358,581	24,869,913
Unassigned	-	-	-	-	-	-
Total fund balances	<b>5,669,366</b>	<b>1,501,524</b>	<b>319,350</b>	<b>2,445,089</b>	<b>358,581</b>	<b>24,869,913</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,711,082</b>	<b>\$ 1,512,291</b>	<b>\$ 1,173,319</b>	<b>\$ 2,789,835</b>	<b>\$ 443,181</b>	<b>\$ 25,034,620</b>

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**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2017**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 19,350
Investments	-	-	-	-	35,241,555
Receivables:					
Taxes receivable	-	-	-	-	16,491
Accounts receivable	-	-	-	-	61,479
Special assessments	-	-	-	-	194,861
Notes receivable	-	-	-	-	1,130,592
Restricted assets:					
Investments	-	-	-	2,419,411	2,419,411
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,419,411</b>	<b>\$ 39,083,739</b>
<b>LIABILITIES</b>	-	-	-	-	-
Accounts payable	\$ -	\$ 67,678	\$ -	\$ 397,408	\$ 769,180
Retainage payable	-	57,844	-	-	225,354
Due to other funds	-	3,349,796	43,372	850,547	4,243,715
Unearned revenue	-	-	-	-	830,592
Customer deposits	-	-	-	2,419,411	2,419,411
<b>Total liabilities</b>	<b>-</b>	<b>3,475,318</b>	<b>43,372</b>	<b>3,667,366</b>	<b>8,488,252</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable special assessment taxes	-	-	-	-	183,507
Unavailable property taxes	-	-	-	-	14,802
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,309</b>
<b>FUND BALANCES</b>					
Committed	-	-	-	-	35,163,823
Unassigned	-	(3,475,318)	(43,372)	(1,247,955)	(4,766,645)
<b>Total fund balances</b>	<b>-</b>	<b>(3,475,318)</b>	<b>(43,372)</b>	<b>(1,247,955)</b>	<b>30,397,178</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,419,411</b>	<b>\$ 39,083,739</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, 2017**

	<b>Special Deficiency/ Assumption</b>	<b>Tax Increment</b>	<b>Community Development</b>	<b>Building Improvements</b>	<b>Street Light/ Signals</b>	<b>Highway Construction</b>
<b>REVENUES</b>						
Taxes	\$ 680,416	\$ 1,666,785	\$ -	\$ -	\$ -	\$ -
Special assessments	13,319	-	-	-	-	11,708
Intergovernmental	17,036	-	989,126	-	-	535,346
Charges for services	737,675	-	-	-	-	-
Investment income	8,739	7,403	-	25,102	-	175,963
Miscellaneous	-	-	-	(7,732)	-	-
Total revenues	<u>1,457,185</u>	<u>1,674,188</u>	<u>989,126</u>	<u>17,370</u>	<u>-</u>	<u>723,017</u>
<b>EXPENDITURES</b>						
Current						
General government	56,909	-	-	-	-	-
Public works	-	332,828	921,797	69,873	233,736	118,757
Capital outlays						
Public works	-	-	-	2,234,982	129,581	85,636
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>56,909</u>	<u>332,828</u>	<u>921,797</u>	<u>2,304,855</u>	<u>363,317</u>	<u>204,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,400,276</u>	<u>1,341,360</u>	<u>67,329</u>	<u>(2,287,485)</u>	<u>(363,317)</u>	<u>518,624</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	186,966	68,665	-	467,000	620,546	6,370,795
Transfer out	(741,740)	(93,167)	(47,979)	(23,412)	-	(8,910,050)
Premium on special assessment debt	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	<u>(554,774)</u>	<u>(24,502)</u>	<u>(47,979)</u>	<u>443,588</u>	<u>620,546</u>	<u>(2,539,255)</u>
Net changes in fund balances	845,502	1,316,858	19,350	(1,843,897)	257,229	(2,020,631)
Fund balances - beginning	<u>4,823,864</u>	<u>184,666</u>	<u>300,000</u>	<u>4,288,986</u>	<u>101,352</u>	<u>26,890,544</u>
Fund balances - ending	<u>\$ 5,669,366</u>	<u>\$ 1,501,524</u>	<u>\$ 319,350</u>	<u>\$ 2,445,089</u>	<u>\$ 358,581</u>	<u>\$ 24,869,913</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, 2017**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 2,347,201
Special assessments	-	31,075	271,507	317,373	644,982
Intergovernmental	-	-	-	-	1,541,508
Charges for services	-	-	-	-	737,675
Investment income	-	-	-	-	217,207
Miscellaneous	-	-	-	-	(7,732)
Total revenues	-	31,075	271,507	317,373	5,480,841
<b>EXPENDITURES</b>					
Current					
-124- General government	-	-	-	-	56,909
Public works	-	171,689	16,414	29,611	1,894,705
Capital outlays					
Public works	-	3,970,021	406,218	1,447,068	8,273,506
Debt service:					
Interest and fiscal charges	-	2,632	407	17,230	20,269
Total expenditures	-	4,144,342	423,039	1,493,909	10,245,389
Excess (deficiency) of revenues over (under) expenditures	-	(4,113,267)	(151,532)	(1,176,536)	(4,764,548)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	314,441	5,139	661,834	14,319	8,709,705
Transfer out	-	(128,619)	(17,387)	(28,222)	(9,990,576)
Premium on special assessment debt	-	135,030	20,860	15,868	171,758
Special assessment bonds issued	-	1,220,974	188,621	1,535,000	2,944,595
Total other financing sources (uses)	314,441	1,232,524	853,928	1,536,965	1,835,482
Net changes in fund balances	314,441	(2,880,743)	702,396	360,429	(2,929,066)
Fund balances - beginning	(314,441)	(594,575)	(745,768)	(1,608,384)	33,326,244
Fund balances - ending	\$ -	\$ (3,475,318)	\$ (43,372)	\$ (1,247,955)	\$ 30,397,178

## **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.

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**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2017**

	<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	\$ -	\$ -	\$ 289,597	\$ 306	\$ 456,509	\$ 746,412
Investments	12,890,188	2,677,264	193,887	3,379,795	253,066	19,394,200
Receivables:						
Accounts receivable	311,787	302,806	-	11,775	12,715	639,083
Interest receivable	30,597	6,255	1,217	8,351	1,352	47,772
Prepaid items	12,399	3,315	1,086	-	2,343	19,143
Total current assets	<u>13,244,971</u>	<u>2,989,640</u>	<u>485,787</u>	<u>3,400,227</u>	<u>725,985</u>	<u>20,846,610</u>
Noncurrent assets:						
Restricted Assets						
Investments	-	-	-	-	25,125	25,125
Capital assets not being depreciated						
Land	396,247	603,338	259,000	223,212	1,203,152	2,684,949
Construction in progress	6,262	-	-	-	259,127	265,389
Capital assets (net of accumulated depreciation)						
Building and building improvements	3,433,280	-	1,206,508	-	18,255,334	22,895,122
Improvements other than buildings	3,158,554	5,971	-	6,708,895	16,143	9,889,563
Machinery and equipment	1,681,773	1,876,546	-	-	491,730	4,050,049
Total noncurrent assets	<u>8,676,116</u>	<u>2,485,855</u>	<u>1,465,508</u>	<u>6,932,107</u>	<u>20,250,611</u>	<u>39,810,197</u>
Total assets	<u>21,921,087</u>	<u>5,475,495</u>	<u>1,951,295</u>	<u>10,332,334</u>	<u>20,976,596</u>	<u>60,656,807</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derived from pensions	208,307	335,265	-	-	-	543,572
Total deferred outflows of resources	<u>208,307</u>	<u>335,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,572</u>

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**CITY OF BISMARCK, NORTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2017**

	<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	26,421	117,462	12,901	74,893	43,321	274,998
Compensated benefits payable	60,267	75,475	-	-	-	135,742
Salaries payable	30,329	53,604	-	-	-	83,933
Unearned revenue	-	-	-	-	3,002	3,002
Total current liabilities	<u>117,017</u>	<u>246,541</u>	<u>12,901</u>	<u>74,893</u>	<u>46,323</u>	<u>497,675</u>
Long-term liabilities:						
Net pension liability	220,490	354,872	-	-	-	575,362
Advances from other funds	-	-	1,780,000	-	230,000	2,010,000
Customer deposits	-	-	2,950	-	26,035	28,985
Compensated benefits payable	37,296	57,238	-	-	-	94,534
Accrued closure/post closure costs	<u>3,040,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,040,652</u>
Total long-term liabilities	<u>3,298,438</u>	<u>412,110</u>	<u>1,782,950</u>	<u>-</u>	<u>256,035</u>	<u>5,749,533</u>
Total liabilities	<u>3,415,455</u>	<u>658,651</u>	<u>1,795,851</u>	<u>74,893</u>	<u>302,358</u>	<u>6,247,208</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derived from pensions	<u>103,950</u>	<u>167,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,255</u>
Total deferred outflows of resources	<u>103,950</u>	<u>167,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,255</u>
<b>NET POSITION</b>						
Net investment in capital assets	8,676,116	2,485,855	1,465,508	6,932,107	20,225,486	39,785,072
Unrestricted	<u>9,933,873</u>	<u>2,498,949</u>	<u>(1,310,064)</u>	<u>3,325,334</u>	<u>448,752</u>	<u>14,896,844</u>
Total net position	<u>\$ 18,609,989</u>	<u>\$ 4,984,804</u>	<u>\$ 155,444</u>	<u>\$ 10,257,441</u>	<u>\$ 20,674,238</u>	<u>\$ 54,681,916</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, 2017**

	<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	\$ 4,246,132	\$ 4,601,161	\$ -	\$ -	\$ -	\$ 8,847,293
Miscellaneous sales	19,894	7,859	-	-	-	27,753
Rentals	110,430	99	51,155	53,275	1,550,277	1,765,236
Total operating revenues	<u>4,376,456</u>	<u>4,609,119</u>	<u>51,155</u>	<u>53,275</u>	<u>1,550,277</u>	<u>10,640,282</u>
<b>OPERATING EXPENSES</b>						
Personal services - salaries & wages	747,960	1,224,094	-	-	-	1,972,054
Personal services - fringe benefits	275,600	487,397	-	-	-	762,997
Professional, legal, and contracted services	146,382	21,431	6,645	15,400	461,585	651,443
Building, equipment, and vehicle services	590,459	584,115	35,787	74,891	335,234	1,620,486
Travel & training	7,921	2,160	-	-	-	10,081
Operating services	338,260	1,183,467	2,403	2,991	44,299	1,571,420
Operating supplies	162,835	169,472	-	-	11,709	344,016
Depreciation expense	702,635	277,094	53,033	215,235	743,309	1,991,306
Total operating expenses	<u>2,972,052</u>	<u>3,949,230</u>	<u>97,868</u>	<u>308,517</u>	<u>1,596,136</u>	<u>8,923,803</u>
Operating income (loss)	<u>1,404,404</u>	<u>659,889</u>	<u>(46,713)</u>	<u>(255,242)</u>	<u>(45,859)</u>	<u>1,716,479</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain (loss) on disposal of assets	-	-	-	83,289	-	83,289
Investment income	96,130	19,539	3,943	47,798	4,512	171,922
Total nonoperating revenues (expenses)	<u>96,130</u>	<u>19,539</u>	<u>3,943</u>	<u>131,087</u>	<u>4,512</u>	<u>255,211</u>
Income (loss) before contributions and transfers	1,500,534	679,428	(42,770)	(124,155)	(41,347)	1,971,690
<b>CAPITAL CONTRIBUTIONS</b>	-	-	-	-	700	700
<b>TRANSFERS OUT</b>	<u>(496,324)</u>	<u>(124,360)</u>	<u>(66,844)</u>	<u>(5,920,361)</u>	<u>(14,909)</u>	<u>(6,622,798)</u>
Change in net position	1,004,210	555,068	(109,614)	(6,044,516)	(55,556)	(4,650,408)
Total net position - beginning	<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>
Total net position - ending	<u>\$ 18,609,989</u>	<u>\$ 4,984,804</u>	<u>\$ 155,444</u>	<u>\$ 10,257,441</u>	<u>\$ 20,674,238</u>	<u>\$ 54,681,916</u>



**CITY OF BISMARCK , NORTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 4,438,701	\$ 4,568,114	\$ 51,155	\$ 63,972	\$ 1,549,840	\$ 10,671,782
Payments to suppliers	(1,517,712)	(2,431,543)	(34,543)	(18,389)	(858,589)	(4,860,776)
Payments to employees	(790,250)	(1,227,588)	-	-	-	(2,017,838)
Net cash provided (used) by operating activities	2,130,739	908,983	16,612	45,583	691,251	3,793,168
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Payment on advance	-	-	-	-	(100,000)	(100,000)
Transfers to other funds	(496,324)	(124,360)	(66,844)	(5,920,361)	(14,909)	(6,622,798)
Net cash provided (used) by noncapital financing activities	(496,324)	(124,360)	(66,844)	(5,920,361)	(114,909)	(6,722,798)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Intergovernmental revenue	-	-	-	-	700	700
Proceeds from sale of capital assets	-	-	-	83,289	-	83,289
Purchase of capital assets	-	(35,064)	-	-	(26,810)	(61,874)
Construction of capital assets	(1,000)	-	1	1,845	(371,558)	(370,712)
Net cash provided (used) by capital and related financing activities	(1,000)	(35,064)	1	85,134	(397,668)	(348,597)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	6,192,844	1,473,614	112,602	5,123,439	395,215	13,297,714
Purchase of investments	(12,890,188)	(2,677,264)	(193,887)	(3,379,795)	(278,191)	(19,419,325)
Investment income	63,002	12,765	2,637	37,398	2,905	118,707
Net cash provided (used) by investing activities	(6,634,342)	(1,190,885)	(78,648)	1,781,042	119,929	(6,002,904)
Net increase (decrease) in cash and cash equivalents	(5,000,927)	(441,326)	(128,879)	(4,008,602)	298,603	(9,281,131)
Cash and cash equivalents - January 1	5,000,927	441,326	418,476	4,008,908	157,906	10,027,543
Cash and cash equivalents - December 31	\$ -	\$ -	\$ 289,597	\$ 306	\$ 456,509	\$ 746,412
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 1,404,404	\$ 659,889	\$ (46,713)	\$ (255,242)	\$ (45,859)	\$ 1,716,479
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	702,635	277,094	53,033	215,235	743,309	1,991,306
Change in Deferred Outflows	(22,743)	(56,920)	-	-	-	(79,663)
Change in Deferred Inflows	43,628	76,821	-	-	-	120,449
(Increase) decrease in accounts receivable	63,835	(41,005)	-	10,697	(2,861)	30,666
(Increase) decrease in prepaid items	(1,341)	(69)	224	-	(1,380)	(2,566)
Increase (decrease) in customer deposits	(1,590)	-	-	-	910	(680)
Increase (decrease) in accounts payable	(38,247)	16,568	10,068	74,893	(4,382)	58,900
Increase (decrease) in compensated benefits payable	(11,465)	17,537	-	-	-	6,072
Increase (decrease) in net pension liability	(44,529)	(42,657)	-	-	-	(87,186)
Increase (decrease) in salaries payable	(7,181)	1,725	-	-	-	(5,456)
Increase (decrease) in deferred revenue	-	-	-	-	1,514	1,514
Increase (decrease) in closure and post closure costs	43,333	-	-	-	-	43,333
Total adjustments	726,335	249,094	63,325	300,825	737,110	2,076,689
Net cash provided (used) by operating activities	\$ 2,130,739	\$ 908,983	\$ 16,612	\$ 45,583	\$ 691,251	\$ 3,793,168
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Increase in fair value of investments	\$ 10,798	\$ 1,914	\$ 468	\$ 8,609	\$ 489	\$ 22,278

## **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.

**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, 2017**

	<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	\$ -	\$ -	\$ -	\$ 898,971	\$ 100,000	\$ 998,971
Investments	631,234	171,123	451,595	2,028,926	215,250	3,498,128
Receivables:						
Accounts receivable	3,046	-	-	1,894	300,581	305,521
Inventories	329,492	-	-	-	-	329,492
Prepaid items	4,527	-	-	-	-	4,527
Total current assets	<u>968,299</u>	<u>171,123</u>	<u>451,595</u>	<u>2,929,791</u>	<u>615,831</u>	<u>5,136,639</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Machinery and equipment	513	-	-	-	-	513
Total noncurrent assets	<u>513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513</u>
Total assets	<u>968,812</u>	<u>171,123</u>	<u>451,595</u>	<u>2,929,791</u>	<u>615,831</u>	<u>5,137,152</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derived from pensions	169,872	-	-	-	-	169,872
Total deferred outflows of resources	<u>169,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,872</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	78,231	-	11,573	19,598	590,602	700,004
Salaries payable	27,697	-	-	-	786	28,483
Claims and judgments payable	-	-	-	672,000	-	672,000
Total current liabilities	<u>105,928</u>	<u>-</u>	<u>11,573</u>	<u>691,598</u>	<u>591,388</u>	<u>1,400,487</u>
Long-term liabilities:						
Net pension liability	175,141	-	-	-	-	175,141
Total long-term liabilities	<u>175,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,141</u>
Total liabilities	<u>281,069</u>	<u>-</u>	<u>11,573</u>	<u>691,598</u>	<u>591,388</u>	<u>1,575,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derived from pensions	74,224	-	-	-	-	74,224
Total deferred inflows of resources	<u>74,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,224</u>
<b>NET POSITION</b>						
Net investment in capital assets	513	-	-	-	-	513
Unrestricted	782,878	171,123	440,022	2,238,193	24,443	3,656,659
Total net position	<u>\$ 783,391</u>	<u>\$ 171,123</u>	<u>\$ 440,022</u>	<u>\$ 2,238,193</u>	<u>\$ 24,443</u>	<u>\$ 3,657,172</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, 2017**

	<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	\$ 836,915	\$ -	\$ -	\$ -	\$ -	\$ 836,915
Sale of parts and labor	2,411,393	-	-	-	-	2,411,393
Miscellaneous sales	3,434	-	-	152,460	2,617	158,511
Rentals	10,920	-	-	-	-	10,920
Employer contributions	-	-	132,782	6,941,682	-	7,074,464
Employee contributions	-	-	-	111,756	-	111,756
Total operating revenues	<u>3,262,662</u>	<u>-</u>	<u>132,782</u>	<u>7,205,898</u>	<u>2,617</u>	<u>10,603,959</u>
<b>OPERATING EXPENSES</b>						
Cost of goods sold	1,971,336	-	-	-	-	1,971,336
Personal services - salaries & wages	626,676	-	-	-	511	627,187
Personal services - fringe benefits	221,874	-	-	131,685	-	353,559
Professional, legal, and contracted services	887	32	11	1,540	175	2,645
Building, equipment, and vehicle services	172,716	-	-	-	33,455	206,171
Travel & training	3,738	-	-	-	-	3,738
Operating services	17,314	237,297	-	8,835,728	-	9,090,339
Operating supplies	16,702	-	-	681	-	17,383
Depreciation expense	1,855	-	-	-	-	1,855
Total operating expenses	<u>3,033,098</u>	<u>237,329</u>	<u>11</u>	<u>8,969,634</u>	<u>34,141</u>	<u>12,274,213</u>
Operating income (loss)	<u>229,564</u>	<u>(237,329)</u>	<u>132,771</u>	<u>(1,763,736)</u>	<u>(31,524)</u>	<u>(1,670,254)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Gain on disposal of assets	17,288	-	-	-	45,125	62,413
Investment income	2,389	2,488	2,126	22,717	-	29,720
Total nonoperating revenues (expenses)	<u>19,677</u>	<u>2,488</u>	<u>2,126</u>	<u>22,717</u>	<u>45,125</u>	<u>92,133</u>
Income (loss) before contributions and transfers	249,241	(234,841)	134,897	(1,741,019)	13,601	(1,578,121)
<b>TRANSFER IN</b>	-	-	-	6,955	-	6,955
<b>TRANSFER OUT</b>	<u>(63,159)</u>	<u>(27,987)</u>	<u>(4,750)</u>	<u>(100,371)</u>	<u>(2,617)</u>	<u>(198,884)</u>
Change in net position	186,082	(262,828)	130,147	(1,834,435)	10,984	(1,770,050)
Total net position - beginning	<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>
Total net position - ending	<u>\$ 783,391</u>	<u>\$ 171,123</u>	<u>\$ 440,022</u>	<u>\$ 2,238,193</u>	<u>\$ 24,443</u>	<u>\$ 3,657,172</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, 2017**

	<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	\$ 3,260,136	\$ -	\$ -	\$ 161,636	\$ (14,063)	\$ 3,407,709
Receipts from employer	-	-	132,782	6,941,682	-	7,074,464
Other operating cash receipts	3,434	-	-	152,460	2,617	158,511
Payments to suppliers	(2,484,934)	(237,529)	10,283	(8,806,186)	(21,722)	(11,540,088)
Payments to employees	(636,392)	-	-	-	-	(636,392)
Net cash provided (used) by operating activities	142,244	(237,529)	143,065	(1,550,408)	(33,168)	(1,535,796)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	-	-	-	6,955	-	6,955
Transfers to other funds	(63,159)	(27,987)	(4,750)	(100,371)	(2,617)	(198,884)
Net cash provided (used) by noncapital and related financing activities	(63,159)	(27,987)	(4,750)	(93,416)	(2,617)	(191,929)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from sale of capital assets	17,288	-	-	-	-	17,288
Proceeds from insurance recoveries	-	-	-	-	45,125	45,125
Net cash provided (used) by capital and related financing activities	17,288	-	-	-	45,125	62,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	532,820	434,638	311,434	4,552,765	205,910	6,037,567
Purchase of investments	(631,234)	(171,123)	(451,595)	(2,028,926)	(215,250)	(3,498,128)
Investment income	2,041	2,001	1,845	18,955	-	24,842
Net cash provided (used) by investing activities	(96,373)	265,516	(138,315)	2,542,794	(9,340)	2,564,281
Net increase (decrease) in cash and cash equivalents	-	-	-	898,971	-	898,971
Cash and cash equivalents - January 1	-	-	-	-	100,000	100,000
Cash and cash equivalents - December 31	\$ -	\$ -	\$ -	\$ 898,971	\$ 100,000	\$ 998,971
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 229,564	\$ (237,329)	\$ 132,771	\$ (1,763,736)	\$ (31,524)	\$ (1,670,254)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,855	-	-	-	-	1,855
Deferred Outflows	(25,904)	-	-	-	-	(25,904)
Deferred Inflows	37,387	-	-	-	-	37,387
(Increase) decrease in accounts receivable	908	-	-	49,880	(14,063)	36,725
(Increase) decrease in inventories	6,509	-	-	-	-	6,509
(Increase) decrease in prepaid items	(1,935)	-	-	-	-	(1,935)
Increase (decrease) in accounts payable	(84,941)	-	10,294	(552)	11,908	(63,291)
Increase (decrease) in pension liability	(22,673)	-	-	-	-	(22,673)
Increase (decrease) in salaries payable	1,474	-	-	-	511	1,985
Increase (decrease) in estimated pending claims	-	(200)	-	164,000	-	163,800
Total adjustments	(87,320)	(200)	10,294	213,328	(1,644)	134,458
Net cash provided (used) by operating activities	\$ 142,244	\$ (237,529)	\$ 143,065	\$ (1,550,408)	\$ (33,168)	\$ (1,535,796)
<b>NONCASH INVESTING, CAPITAL, AND FINANCE ACTIVITIES:</b>						
Increase in fair value of investments	\$ 348	\$ 487	\$ 281	\$ 3,762	\$ -	\$ 4,878

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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, 2017**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	2,767,950
Buildings and building improvements	35,309,871
Improvements other than buildings	85,349
Machinery and equipment	39,442,386
Infrastructure	417,198,901
Construction in progress	12,751,432
Total governmental funds capital assets	<u>507,555,889</u>

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

General fund	7,372,423
Special revenue funds	20,332,838
Federal and state grants	129,742,677
Capital projects funds	342,361,050
Enterprise funds	15,210
Donations	7,731,691
Total governmental funds capital assets	<u>507,555,889</u>



**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2017**

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Total
<b>General government:</b>						
Administration and management	\$ -	\$ -	\$ -	\$ 57,638	\$ -	\$ 57,638
Fiscal, assessing and information services	-	-	-	1,006,832	-	1,006,832
Common software	-	-	-	1,058,423	-	1,058,423
City/county office building	-	10,785,685	18,411	864,599	-	11,668,695
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	-	-	-	208,645	-	208,645
Building maintenance	-	-	-	50,648	-	50,648
E/H transit system	108,421	3,311,836	-	5,606,091	-	9,026,348
Total general government	308,421	15,171,505	18,411	8,882,528	-	24,380,865
<b>Public safety:</b>						
Police	499,500	7,073,482	37,078	7,269,739	257,623	15,137,422
Fire	580,688	6,746,265	15,790	7,498,340	101,099	14,942,182
Combined communication center	-	-	-	391,350	-	391,350
Total public safety	1,080,188	13,819,747	52,868	15,159,429	358,722	30,470,954
<b>Highways and streets:</b>						
Roads and streets	50,923	-	-	9,942,640	65,184	10,058,747
Engineering	-	-	-	594,479	-	594,479
Forestry	-	-	-	717,336	-	717,336
Total highways and streets	50,923	-	-	11,254,455	65,184	11,370,562
<b>Health:</b>						
Bismarck burleigh public health	-	170,524	-	344,926	220,000	735,450
Total health	-	170,524	-	344,926	220,000	735,450
<b>Culture and recreation:</b>						
Centennial beach	-	-	-	29,956	-	29,956
Library	324,000	6,148,095	-	3,755,332	68,912	10,296,339
Total culture and recreation	324,000	6,148,095	-	3,785,288	68,912	10,326,295
<b>Public works:</b>						
Sales tax fund	22,721	-	-	-	-	22,721
Highway construction	980,937	-	-	-	98,087,714	99,068,651
Sidewalk construction	-	-	14,070	-	31,512,178	31,526,248
Street lights construction	-	-	-	15,760	1,651,654	1,667,414
Street improvements	760	-	-	-	285,234,537	285,235,297
Total public works	1,004,418	-	14,070	15,760	416,486,083	417,520,331
<b>Construction in progress:</b>	-	2,341,836	-	210,115	10,199,481	12,751,432
<b>Total governmental funds capital assets</b>	<b>\$ 2,767,950</b>	<b>\$ 37,651,707</b>	<b>\$ 85,349</b>	<b>\$ 39,652,501</b>	<b>\$ 427,398,382</b>	<b>\$ 507,555,889</b>

**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, 2017**

FUNCTION AND ACTIVITY	Balance January 1, 2017	Additions	Deductions	Transfers	Balance December 31, 2017
General government:					
Administration and management	\$ 57,638	\$ -	\$ -	\$ -	\$ 57,638
Fiscal, assessing and information services	1,011,902	25,979	31,049	-	1,006,832
Common software	1,058,423	-	-	-	1,058,423
City/county office buildings	11,640,810	27,885	-	-	11,668,695
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	-	-	(10,800)	208,645
Building maintenance	50,648	-	-	-	50,648
E/H transit system	9,008,603	296,736	278,991	-	9,026,348
Total general government	24,351,105	350,600	310,040	(10,800)	24,380,865
Public safety:					
Police	14,499,309	942,633	304,520	-	15,137,422
Fire and inspections	13,788,785	1,733,615	600,219	-	14,922,181
Combined communications center	391,350	-	-	-	391,350
Total public safety	28,679,444	2,676,248	904,739	-	30,450,953
Highways and streets:					
Roads and streets	10,157,565	119,000	238,885	21,067	10,058,747
Engineering	608,315	30,063	43,899	-	594,479
Forestry	732,337	5,000	-	-	737,337
Total highways and streets	11,498,217	154,063	282,784	21,067	11,390,563
Health:					
Bismarck burleigh public health	697,894	47,823	-	(10,267)	735,450
Total health	697,894	47,823	-	(10,267)	735,450
Culture and recreation:					
Centennial beach	29,956	-	-	-	29,956
Library	9,955,387	349,123	8,171	-	10,296,339
Total culture and recreation	9,985,343	349,123	8,171	-	10,326,295
Public works:					
Sales tax fund	22,721	-	-	-	22,721
Highway construction	98,175,437	893,214	-	-	99,068,651
Sidewalk construction	30,079,180	1,447,068	-	-	31,526,248
Street light construction	1,537,833	129,581	-	-	1,667,414
Street improvements	275,347,750	9,887,547	-	-	285,235,297
Total public works	405,162,921	12,357,410	-	-	417,520,331
Construction in progress:	1,622,712	11,962,144	833,424	-	12,751,432
Total governmental funds capital assets	\$ 481,997,636	\$ 27,897,411	\$ 2,339,158	\$ -	507,555,889

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## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>135</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>140</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>145</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>149</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>152</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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 225,240,744
Restricted	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	49,167,595
Unrestricted	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	170,563,328
Total governmental activities net position	<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>	<u>\$ 444,971,667</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 374,421,127
Restricted	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	11,138,729
Unrestricted	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	42,895,634
Total business-type activities net position	<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>	<u>\$ 428,455,490</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 599,661,871
Restricted	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	60,306,324
Unrestricted	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	213,458,962
Total primary government net position	<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>	<u>\$ 873,427,157</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 16,268,593
Public safety	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	27,502,752
Highways and streets	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	10,946,367
Health and welfare	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	3,329,632
Culture and recreation	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	3,336,676
Interest and fiscal charges	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	5,144,125
Public works	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	13,945,500
Total governmental activities expenses	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	80,473,645
Business-type activities:										
Airport	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	7,399,832
Airport flightline	716,809	-	-	-	-	-	-	-	-	-
Event center	-	-	-	7,271,580	7,943,750	8,270,394	9,594,634	11,436,810	11,043,455	10,718,816
Solid waste disposal	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	2,997,121
Solid waste collections	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	4,018,808
Water	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	12,867,647
Sanitary sewer	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	8,772,088
Storm water	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	3,076,950
Commercial property	-	-	33,312	151,021	339,567	379,303	385,053	441,991	293,168	399,710
Parking authority lots	1,123,507	926,238	873,209	905,461	990,948	1,030,182	1,114,692	1,608,473	1,639,973	1,596,137
Total business-type activities expenses	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	51,847,109
Total primary government expenses	\$ 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	\$ 132,320,754
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
General government	\$ 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	\$ 4,282,664
Public safety	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	1,471,580
Highways and streets	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	5,306,563
Health and welfare	382,628	444,964	511,601	554,209	473,245	554,942	446,889	446,618	474,109	575,029
Culture and recreation	4,094,528	4,348,057	5,015,681	150,215	137,179	127,966	121,094	131,868	135,435	131,136
Public works	-	-	-	-	-	300,235	-	-	-	-
Operating grants and contributions	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	11,751,542
Capital grants and contributions	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	25,081,772
Total governmental activities program revenues	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	48,600,286
Business-type activities:										
Charges for services:										
Airport	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	6,581,900
Airport flightline	700,936	-	-	-	-	-	-	-	-	-
** Event center	-	-	-	5,019,304	5,627,000	5,400,169	6,178,766	7,106,440	6,817,419	6,904,800
Solid waste disposal	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	4,375,408
Solid waste collections	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	4,609,120
Water	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	16,101,327
Sanitary sewer	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	10,209,905

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Storm water	938,624	1,040,526	900,844	920,664	983,176	1,183,703	1,242,126	1,352,712	1,390,903	1,825,511
Commercial property	-	-	54,103	201,831	424,361	346,142	235,951	255,917	180,632	104,430
Parking authority lots	834,896	867,583	883,751	941,990	963,953	1,063,898	1,230,561	1,561,998	1,460,754	1,550,277
Operating grants and contributions	98,518	-	-	1,856	-	68,057	1,212,522	227,245	40,360	6,666
Capital grants and contributions	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	17,502,063
Total business-type activities program revenues	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	69,771,407
Total primary government program revenues	\$ 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	\$ 118,371,693
Net (expense)/revenue										
Government activities	(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)	(31,873,359)
Business-type activities	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	17,924,298
Total primary government net expense	\$ (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)	\$ (13,949,061)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 21,250,283
Sales tax	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	15,849,579
Occupancy tax	622,144	674,643	753,860	914,599	1,066,817	1,174,646	1,219,152	1,188,853	1,086,064	1,014,964
Lodging/liquor/food tax	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	2,877,076
Car rental tax	47,314	55,105	58,898	75,119	87,310	77,142	72,999	71,808	73,046	78,262
State aid distribution	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	3,888,355
Franchise taxes	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	1,218,141
Other taxes	501,564	465,811	535,798	665,151	2,776,357	932,923	1,239,000	1,333,130	1,247,280	1,225,954
Unrestricted investment earnings	2,032,392	1,076,333	901,297	579,687	632,739	362,192	837,497	675,796	690,481	2,954,251
Gain (loss) on disposal of assets	163,874	28,153	244,748	31,259	49,510	107,871	(416,026)	-	178,109	121,371
Transfers	(840,854)	836,582	(464,636)	(29,440,618)	(2,173,274)	(5,604,461)	(26,321,428)	1,959,501	(3,580,283)	(4,348,794)
Total governmental activities	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	46,129,442
Business-type activities:										
Taxes										
Other taxes	97,298	78,488	63,107	60,524	61,658	56,441	43,158	39,923	40,714	33,643
Unrestricted investment earnings	1,698,200	475,469	299,907	352,646	189,974	82,393	543,817	419,227	375,048	576,858
Gain (loss) on disposal of assets	215,175	43,735	60,728	18,257	2,402,877	4,892,493	1,859,230	487,056	1,445,890	307,246
Transfers	840,854	(836,582)	464,636	29,440,618	2,173,274	5,604,461	26,321,428	(2,153,088)	3,580,283	4,348,794
Total business-type activities	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	5,266,541
Total primary government	\$ 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	\$ 51,395,983
<b>Change in Net Assets</b>										
Governmental activities	\$ 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	\$ 14,256,083
Business-type activities	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	23,190,839
Total primary government	\$ 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	\$ 37,446,922

\*\*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)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>**2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$ 281,586	\$ 984,800	\$ 574,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	21,729,864	20,617,386	20,369,528	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	200,000	230,000	230,000	230,000
Restricted	-	-	-	197,703	387,263	1,138,547	423,884	2,414,706	2,741,315	2,553,106
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	3,622,460
Unassigned	-	-	-	18,424,444	23,284,261	24,868,320	30,743,043	31,714,584	32,800,155	34,269,492
Total general fund	<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>	<u>\$ 40,675,058</u>
All other governmental funds										
Reserved	\$ 3,267,469	\$ 3,851,742	\$ 2,399,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,651,662	16,727,976	18,673,953	-	-	-	-	-	-	-
Debt service funds	10,897,034	11,817,883	13,036,782	-	-	-	-	-	-	-
Capital project funds	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	46,614,489
Committed	-	-	-	36,269,194	39,415,488	42,338,892	40,212,743	76,137,429	55,295,682	56,097,547
Unassigned	-	-	-	(11,628,605)	(20,370,554)	(18,379,791)	(28,128,497)	(21,204,601)	(22,506,461)	(19,880,207)
Total all other governmental funds	<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>	<u>\$ 82,831,829</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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes	\$ 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	\$ 42,252,472
Licenses and permits	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	1,861,177
Special assessments	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	21,849,733
Intergovernmental	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	17,743,566
Charges for services	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	7,795,507
Fines and forfeits	962,615	868,180	868,997	869,714	1,018,317	1,082,254	1,382,099	1,193,693	1,263,594	1,510,695
Investment income	2,022,473	1,315,694	968,974	770,749	789,381	633,343	1,099,991	1,142,573	1,087,639	1,406,656
Rentals	815,495	814,068	799,489	914,901	423,403	476,051	404,790	427,935	410,379	402,562
Miscellaneous	243,636	613,419	456,451	710,737	628,557	612,875	418,866	398,792	543,337	263,390
Total revenues	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	95,085,758
<b>EXPENDITURES</b>										
General government	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	14,432,957
Public safety	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	25,619,157
Highways and streets	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	10,734,028
Health and welfare	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	3,247,464
Culture and recreation	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	2,740,879
Public works	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	3,788,925
Capital outlays	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	31,585,615
Debt service										
Principal	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	15,755,000
Interest and fiscal charges	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	3,412,221
Total expenditures	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	111,316,246
Excess (deficiency) of revenues over (under) expenditures	(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)	(16,230,488)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer in	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	34,653,793
Transfer out	(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)	(32,157,306)
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	1,983,299
Discount on special assessment debt	(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	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	19,325,000
Total other financing sources (uses)	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	23,804,786
Net changes in fund balances	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	7,574,298
Debt service as a percentage of noncapital expenditures	17.4%	19.3%	20.4%	16.9%	18.0%	19.8%	19.9%	20.9%	23.3%	24.0%

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>
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
2017	21,250,283	15,849,579	1,014,964	2,877,076	78,262	3,888,355	1,218,141	1,225,954	47,402,614

<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>
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
2016	1,308,377,570	2,389,363,545	428,050	50,439,270	3,748,608,435	7,497,216,869	50%	350,957,710	57.01

- 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>	
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
2016	57.01	57.01	45.77	100.47	34.68	1.00	238.93

<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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
* Kirkwood Mall Acquistiion LLC	\$ 32,202,750	1	0.84 %	\$ 22,363,500	1	1.24 %
Waterford on West Century LLC	16,211,550	2	0.42	8,646,900	3	0.48
LaSalle Shopping Center	14,708,150	3	0.38			
EVI Coulee Ridge 1 LLC	14,252,300	4	0.37			
Medcenter One Inc	13,014,200	5	0.34	9,234,550	2	0.51
EVI Bismarck Village LLC	10,700,500	6	0.34			
Mid Dakota Medical Building Partnership	10,225,550	7	0.28			
Walmart RE Trust -North	9,844,400	8	0.27	7,837,950	4	0.43
Walmart RE Trust-South	9,215,700	9	0.26	7,493,850	5	0.42
Dakota Upreit LTD Partnership	8,346,600	10	0.24			
Menards Inc	7,952,450	11	0.22	5,709,150	10	0.32
Basin Electric Cooperative				6,711,000	6	0.37
VP Investments (Gateway Fashion Mall)				6,479,300	7	0.36
CNLRS Bismarck	-			5,988,800	8	0.33
MinDakota LTD Partnership				5,796,550	9	0.32
* Clark Equipment Company	-			5,518,900	11	0.31
Totals	<u>\$ 146,674,150</u>		<u>3.96</u>	<u>\$ 91,780,450</u>		<u>5.09</u>

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

Source: Assessing Division

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

<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>
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
2017	20,008,099	19,260,495	0.9626	115,708	19,376,203	0.9684

<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			
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	-	-	125,651,063	-	100,011,979	-	225,663,042	0.0666	3,094
2017	-	-	130,958,280	-	94,017,648	-	224,975,928	0.0703	3,091

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 149 for personal income and population data.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 200,641,234
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 200,641,234</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 2017**

Total assessed value	\$ 4,012,824,682
Debt limit (5% of total assessed value)	200,641,234
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>\$ 200,641,234</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, 2017**

<b>Governmental Unit</b>	<b>2017 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	\$ 376,741,455	\$ 95,647,378	100.00 %	\$ 95,647,378
Bismarck Public School	469,440,642	109,434,238	80.25	87,820,976
Burleigh County	500,271,690	49,698,000	93.84	46,636,603
Total Direct and Overlapping Debt		<u>\$ 254,779,616</u>		<u>\$ 230,104,957</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, 2017  
Burleigh County Levies, 2017

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

Water Revenue Bonds							Sanitary Sewer Bonds					
Fiscal Year	Water Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sanitary Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
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	1,018,350	2.12	8,917,827	3,624,122	5,293,705	1,535,000	1,304,875	1.86
2017	16,662,851	7,103,387	9,559,464	2,815,000	956,170	2.53	10,209,905	4,714,551	5,495,354	2,155,000	1,236,750	1.62

Special Assessment Bonds					Motel, Liquor, Restaurant Bonds			
Fiscal Year	Special Assessment Collections	Debt Service		Coverage	Lodging, Liquor, Food Tax Collections *	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
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	15,657,902	13,175,000	3,208,493	0.96	2,848,332	1,015,000	960,206	1.44
2017	17,236,969	15,755,000	3,356,638	0.90	2,877,076	1,030,000	929,756	1.47

**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>
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
2017	72,793	3,200,488,435	75,384	38.0	12,861	2.4

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	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of ND	4,600	1	11.99 %	4,321	1	11.85 %
Sandford Health	3,284	2	8.56	2,597	2	7.12
Bismarck Public Schools	2,187	3	5.70	1,640	4	4.50
CHI St. Alexius	2,044	4	5.33	2,010	3	5.51
US Government Offices	1,200	5	3.13	1,198	5	3.29
Bismarck State College	719	6	1.87			
Walmart North/South	665	7	1.73	665	8	1.82
Aetna	660	8	1.72	653	9	1.79
University of Mary	642	9	1.67	572	10	1.57
Housing Industry Training (HIT)	641	10	1.67			
City of Bismarck	631	11	1.64	519	11	1.42
MDU Resources Group	592	12	1.54	693	7	1.90
Bobcat/Doosan Company	582	13	1.52	785	6	2.15
Missouri Slope Lutheran Care Center	560	14	1.46	493	12	1.35
Basin Electric Power Cooperative	560	15	1.46	481	13	1.32
Coventry Healthcare				415	14	1.14
Mid Dakota Clinic				410	15	1.12
Total	<u>19,567</u>		<u>50.99</u>	<u>17,452</u>		<u>47.85</u>

Sources:

City of Bismarck 2017 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>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>2017</b>
General government	72	71	71	72	73	80	85	86	86	87
Public safety										
Central dakota communications center	22	24	24	26	26	26	26	27	30	31
Police										
Officers	92	96	101	101	103	109	112	113	116	128
Civilians	26	28	28	28	28	28	28	30	30	30
Fire										
Firefighters and officers	68	76	76	76	76	79	80	83	83	82
Civilians	7	6	6	6	6	6	6	2	2	2
Highways and streets										
Engineering	22	22	22	24	25	26	28	29	29	29
Maintenance	55	55	55	55	55	60	59	63	64	63
Health and welfare	25	26	27	26	26	26	25	29	29	29
Culture and recreation	16	16	16	16	17	17	19	22	24	25
Airport	21	21	21	21	21	21	21	21	21	22
Solid Waste	38	38	38	38	38	38	38	38	38	38
Water and sewer	55	55	55	55	55	58	61	64	64	64
<b>Total</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>	<b>631</b>

Source: City of Bismarck Annual Budgets

(Continued on next page)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function</b>										
General Government										
Number of building permits issued	1,710	1,513	1,654	1,879	2,365	2,218	1,951	1,756	1,648	1,410
Number of building inspections done	8,135	7,103	6,330	7,830	9,745	9,460	8,926	5,581	5,690	6,321
Number of plumbing permits issued	607	539	639	707	1,092	1,153	920	696	644	548
Number of plumbing inspections done	2,171	1,745	1,887	1,972	2,861	3,050	2,006	2,170	1,946	1,748
Number of mechanical/HVAC permits issued	1,354	1,256	1,348	1,564	2,037	2,037	1,692	1,454	1,649	1,653
Number of mechanical/HVAC inspections done	2,950	2,754	2,340	2,361	2,991	3,210	2,296	2,924	3,254	2,805
Number of electrical permits issued	1,153	1,067	1,127	1,257	1,589	1,578	1,248	-	1,395	1,071
Number of electrical inspections done	3,596	3,257	3,286	4,024	4,789	5,220	3,141	-	3,462	3,505
Number of septic permits issued	133	102	109	122	225	193	101	102	52	47
Number of septic inspections done	174	233	283	240	298	249	121	200	129	108
Public Safety										
Police										
Physical arrests	2,585	2,381	3,589	2,480	3,862	4,768	4,672	4,750	4,958	5,757
Traffic citations	10,926	12,008	12,995	12,869	14,309	16,168	15,623	14,831	16,062	17,733
Parking citations	10,523	8,977	8,296	7,975	8,617	7,898	15,188	11,845	11,342	10,903
Number of accidents	3,563	3,741	3,865	3,820	3,747	3,985	3,824	3,723	3,789	3,680
Number of 911 emergency dispatches	3,942	4,740	4,802	4,037	4,858	3,554	3,907	5,704	5,258	4,981
Fire										
Number of 911 emergency dispatches	2,355	1,934	2,429	2,833	3,115	3,106	3,475	3,799	4,289	4,364
Number of fire inspections conducted	3,017	3,083	2,897	3,607	3,130	2,985	3,236	3,256	4,069	4,058
Highways and streets										
Engineering										
Number of excavation permits	777	637	827	608	743	820	739	706	647	535
Number of improvement projects	43	36	36	35	72	82	57	65	37	28
Forestry										
Number of street trees planted	300	328	480	423	507	477	235	889	806	667
Number of street trees trimmed	1,116	1,097	1,038	3,182	2,948	2,248	2,910	1,904	1,675	4,450
Number of street trees removed	150	178	212	194	190	294	162	408	321	439
Roads and streets										
Potholes repaired	3,221	6,657	6,205	7,640	844	5,052	5,634	108,628	103,677	63,953
Street striping (miles)	125	110	215	195	204	211	211	157	145	156
Snow removal (hours)	7,465	20,000	20,553	11,947	1,199	8,854	7,695	12,877	19,060	12,848
Sand Ice removal (tons)	11,408	9,926	6,850	3,889	4,005	6,216	4,730	2,329	4,573	5,493
Salt Ice removal (tons)	868	849	902	1,547	1,937	1,927	1,658	1,278	1,153	1,690
Loads of snow hauled	2,899	12,925	14,481	5,321	1,382	4,049	1,579	1,417	84,747	21,881
Health and welfare										
Number of home visits	5,290	6,216	5,239	5,190	4,240	4,808	4,302	4,033	4,426	4,382
Number of immunizations	8,107	14,766	12,482	8,473	6,316	9,039	8,833	9,719	7,059	6,881
Number of office visits	4,209	4,756	4,517	3,586	3,150	3,174	3,081	3,292	3,217	4,142
Number of environmental health inspections	4,107	3,866	4,988	2,437	2,270	1,534	2,091	1,718	1,821	1,606

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Culture and recreation										
Auditorium events	108	115	113	108	90	123	174	153	138	150
Auditorium admissions	34,369	39,361	35,030	34,163	38,840	37,454	51,820	55,051	41,373	48,480
Community center events	446	412	411	484	452	416	430	498	531	464
Community center admissions	328,940	316,926	329,652	340,331	359,149	315,580	353,218	420,403	411,619	345,787
<b>Function</b>										
Airport										
Gallons fuel dispensed (City only)	738,027	-	-	-	-	-	-	-	-	-
Gallons fuel dispensed (fuel permit holders)	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	4,452,075
Number of passengers-enplaning	175,626	181,114	194,043	196,414	236,172	237,683	245,205	259,734	271,022	272,739
Number of passengers-deplaning	174,579	180,322	193,897	195,208	235,207	237,450	245,062	261,459	272,251	271,274
Pounds of airmail-enplaning	-	-	1	-	-	-	-	-	-	-
Pounds of airmail-deplaning	-	-	239	-	-	-	-	-	-	-
Pounds of freight-enplaning	98,816	66,997	35,301	29,858	29,472	16,813	12,856	19,591	26,288	31,696
Pounds of freight-deplaning	98,834	85,939	55,130	35,300	48,135	13,738	8,149	10,667	33,840	31,715
Pounds of air cargo freight-enplaning	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	614,248
Pounds of air cargo freight-deplaning	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	2,860,020
Solid Waste										
Refuse collected (tons/year)	21,263	24,445	24,425	25,143	24,826	24,662	25,033	26,789	26,199	26,195
Garbage accepted for disposal (tons/year)	78,772	83,263	89,794	97,675	98,932	102,197	106,758	108,919	111,131	118,430
Acres used at landfill	2.5	2.5	2.5	2.5	2.5	6.5	6.5	6.5	6.5	6.5
Water										
Number of service connections	17,850	18,100	18,400	18,700	19,420	20,000	20,350	20,978	21,237	21,691
Average daily consumption (thousand of gallons)	10,300	9,350	8,840	8,260	10,290	9,640	9,390	8,582	9,850	10,800
Wastewater										
Average daily sewage treatment (thousand of gallons)	6,010	6,630	6,830	7,150	6,240	6,830	6,620	6,410	6,370	6,430

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function</b>										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	19	19	18	19	21	21	21	21	35
Fire stations	4	4	5	5	5	5	5	5	5	5
Highways and streets										
Paved streets (miles)	286	293	300	311	313	319	339	345	349	365
Streetlights	7,181	7,263	7,468	7,755	7,990	8,149	8,522	8,596	8,872	9,068
Traffic signals	104	104	104	105	107	107	108	110	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	25	22	20	20	20	21	21	21	21
Water										
Watermains (miles)	320	325	327	330	336	348	354	365	371	371
Fire hydrants	2,900	3,000	3,014	3,100	3,256	3,355	3,430	3,625	3,675	3,720
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	29,000
Sewer										
Sanitary sewers (miles)	281	290	292	295	297	300	305	307	310	313
Storm sewers (miles)	139	143	144	146	147	148	149	149	152	153
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	5	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, 2017

**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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**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, 2017, 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 25, 2018.

**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.

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. 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.

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

**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*.

**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.



Bismarck, North Dakota  
June 25, 2018



**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**

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

**Report on Compliance for Each 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 each of the City of Bismarck, North Dakota's major federal programs for the year ended December 31, 2017. The City of Bismarck, North Dakota's major federal programs are 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 each of the City of Bismarck's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City of Bismarck's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, City of Bismarck, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

### **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 a 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 City of Bismarck as of and for the year ended December 31, 2017, and have issued our report thereon dated June 25, 2018, which contained an unmodified opinion 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.

Handwritten signature of Erik Bailly LLP in cursive script.

Bismarck, North Dakota  
June 25, 2018



City of Bismarck  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>Expenditures</u>	<u>Amounts Passed- Through to Subrecipients</u>
<u>Department of Housing and Urban Development</u>				
Community Development Block Grants	14.218	B-14(15)(16)- MC-38-0003	\$ 184,769	\$ 145,045
Passed Through North Dakota Department of Commerce Community Development Block Grants	14.228	B-08-DN-38-001	730,000	730,000
Home Investment Partnerships Program	14.239	M-15-DC-38-0001/M- 16-DC-38-0001	55,006	46,751
Total Department of Housing & Urban Development			969,775	921,796
<u>Department of Justice</u>				
Bullet Proof Vest/Armor	16.607		11,845	-
Public Safety Partnership & Community Policing	16.710	2013UMWX0149	23,147	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0061/ 2016-DJ-BS-0720	29,372	10,068
Passed Through Office of Attorney General Edward Byrne Memorial Justice Assistance Grant Program	16.738	G16209/G16223/G16220	18,091	18,091
Total Edward Byrne Memorial Justice Assistance Grant Program			47,463	28,159
Passed Through North Dakota Department of Health Violence Against Women Formula Grants	16.588	G15.900/G17.470 4451HLH4126(7)01	20,339	20,339
Total Department of Justice			102,794	48,498
<u>Department of Transportation</u>				
Airport Improvement Projects	20.106	3-38-0003-051-2013 (54-2015)(55-2015) (57-2016)(58-2017)	12,854,302	-
Federal Transit Cluster Federal Transit Capital Investment Grants	20.500	ND-04-0018-00	17,948	17,948
Federal Transit Formula Grants Total Federal Transit Cluster	20.507	ND-2018-002-00 ND-2017-003-00 ND-2017-003-01-00	1,713,792 1,731,740	1,713,792 1,731,740
Passed Through North Dakota Department of Transportation Metropolitan Transportation Planning	20.505	CPG0020016(17)	234,781	-
Passed Through Federal Highway Administration Highway Planning Cluster				
Highway Planning and Construction	20.205	CPG0020016 TAU-RTP-1981(107)117	600,601	-
Recreational Trails Program Total Highway Planning Cluster	20.219	TAU-RTP-1981(107)117	68,110 668,711	- -

City of Bismarck  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed Through National Highway Traffic Safety Administration Highway Safety Cluster				
National Priority Safety Programs	20.600	NDDOT 12171353 18X9204020ND17	1,004	-
National Priority Safety Programs	20.616	NDDOT12171353 12161850 18X920405B(D)ND17	17,455	-
Total Highway Safety Cluster			18,459	-
Total Department of Transportation			15,507,993	1,731,740
Department of Health and Human Services				
Passed Through North Dakota Department of Health				
Public Health Emergency Preparedness	93.069	6611HLH3277(8)-11(22) G15(17).713(037)(723)(009)	176,436	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2201-HLH3397-01 PF15.259(294)	6,600	-
Immunization Cooperative Agreements	93.268	HLH3316(7)-06 G15.421(1016)	3,286	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure Performance	93.539	HLH4606(7)-01 G15(17).421(516)(1016)	30,028	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	4521HLH3217-01 PF15.204	49,202	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.898	4521HLH3218-01 PF17.026	30,884	-
HIV Care Formula Grants	93.917	2201HLH3437(8)-03/09 PF15.149/G15.1060	112,992	-
HIV Prevention Activities Health Department Based	93.940	2201 HLH 337-02 HLH 123919 HLH 123917-01 PF15.052(269)	2,800	-
Maternal & Child Health Services Block Grants to the States	93.994	4541HLH3136(7)-003 G15.540(504), G17.434	77,921	-
Passed Through Lutheran Social Services of North Dakota Refugee and Entrant Assistance Discretionary Grants	93.576	2017(18)-HP 5	2,482	-
Passed Through North Dakota Cancer Coalition Preventive Health and Health Service Block Grant funded solely with Prevention and Public Health Funds	93.758	4561 HLH3146(7)-06(31) G15.936. G 17.425	14,078	-
Total Department of Health and Human Services			506,709	-

City of Bismarck  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>Expenditures</u>	<u>Amounts Passed- Through to Subrecipients</u>
<u>Department of Homeland Security</u>				
Passed Through North Dakota Department of Emergency Services				
Emergency Management Performance Grants	97.042	A0058001-2015 2016-EMPG	52,391	-
Homeland Security Cluster				
Homeland Security Grants-Fire	97.067	A0120-001(2)(3)- 2014(2015)RT/RE/RQ	134,633	-
Homeland Security Grants-Law Enforcement	97.067	A0077-001(2)-2014RT(Q) A1196-001(2)-2015RT(Q)	124,388	-
Total Homeland Security Cluster			<u>259,021</u>	<u>-</u>
Total Department of Homeland Security			<u>311,412</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 17,398,683</u>	<u>\$ 2,702,034</u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Bismarck under programs of the federal government for the year ended December 31, 2017. The information 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). Because the schedule presents only a selected portion of the operations of the City of Bismarck, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City of Bismarck.

**Note B – Summary of Significant Accounting Policies**

Governmental fund types account 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

The City does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

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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	No
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>
Airport Improvement Projects	20.106
Community Development Block Grants	14.228
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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There are no financial statement findings reported in the current year.

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

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