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**CITY OF MINOT,**  
**NORTH DAKOTA**

***COMPREHENSIVE ANNUAL***  
***FINANCIAL REPORT***

***FOR THE FISCAL YEAR***  
***ENDED DECEMBER 31, 2005***

Prepared By:  
DEPARTMENT OF FINANCE  
*Robert E. Frantsvog, City Auditor*

CITY OF MINOT, NORTH DAKOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

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# City of Minot

## Finance Department

May 5, 2006

To the Honorable Mayor,  
City Council, City Manager, and  
Citizens of the  
City of Minot, North Dakota 58701

Ladies and Gentlemen,

The City Council requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Minot, North Dakota, for the fiscal year ended December 31, 2005. This set of financial statements was prepared by the City's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Minot. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Minot has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Minot's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, these financial statements are complete and reliable in all material respects.

Eide Bailly, LLP, a firm of licensed certified public accountants have audited the City of Minot's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Minot, North Dakota for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. This requirement has been complied with and the independent auditor's report has been included as the first component of the financial section of this report.

V

★The Magic City★

## The Honorable Mayor, City Council and City Manager

The independent audit of the financial statements of the City of Minot, North Dakota was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Minot's MD&A can be found immediately following the report of the independent auditors.

The City has chosen to follow the GFOA's Committee on Accounting, Auditing and Financial Reporting recommendations in the preparation of this letter.

### ***Profile of the Government***

The City of Minot, incorporated on July 16, 1887, is located in the north central part of North Dakota. The City of Minot currently occupies a land area of approximately 15 square miles and serves a population of 36,567. Located twelve miles north of the City of Minot, and a definite part of the community, is one of the nation's largest Air Force bases. The economic impact of the Minot Air Force Base on the City of Minot during 2005 was nearly \$375 million. During 2005, the Minot Air Force Base had over \$99.7 million in construction, services and other expenditures. Minot Air Force Base serves as the home for over 12,039 active duty personnel and their dependents. Many of the personnel assigned to the base choose to reside in the City of Minot during their tour of duty and after their discharge. The relationship between the citizens of Minot and those of the base is one of mutual cooperation and friendliness.

The City of Minot is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Minot operates under Home Rule Charter, with a council-manager form of government, which was enacted by a vote of the citizens in 1972. Policy-making and legislative authority are vested in a city council consisting of the mayor and 14 aldermen. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The city manager is responsible for carrying out the policies and ordinances of the council, and for overseeing the day-to-day operations of the city government. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with 7 council members elected every two years. The mayor is elected to serve a four-year term and is elected at large. The aldermen are elected by ward.

The City of Minot provides a full range of services contemplated by statute or charter. This includes police

The Honorable Mayor, City Council and City Manager

and fire protection, the construction and maintenance of highways, streets, and other infrastructure, sanitation, health and social services, planning and community development, water and sewer, cemetery, airport, and general administrative services necessary to serve the citizens of the City.

The annual budget serves as the foundation for the City of Minot's financial planning and control. All departments and agencies of the City of Minot submit requests for appropriation to the city manager in May of each year for the ensuing year's budget, which begins on January 1<sup>st</sup>. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds this comparison is presented on pages 24 through 27 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, on page 71.

**Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Minot operates.

**Local economy.** Minot's centralized location in North America and its high-quality transportation make it an excellent site for both businesses and manufacturers. By being extremely cost-efficient and cost-effective, services, utilities, and real estate among others are significantly lower in Minot than in other areas of the United States. A growing sales tax base, a strong labor force, and a solid foundation of business and industry assistance makes Minot a dynamic and attractive place to do business.

<b>SALES TAX COLLECTIONS</b>	
2003	\$9,537,654
2004	10,127,486
2005	11,021,415

<b>PROPERTY TAX LEVY</b>	
2003	\$8,175,763
2004	8,540,161
2005	8,655,618

The financial position of the City remains sound with management continuing to administer the financial policies established by the City Council in a prudent and effective manner. A continuation of that cooperative effort will assure the citizens a healthy future.

<b>ASSETS, LIABILITIES, AND NET ASSETS PER CAPITA</b>				
	POPULATION	TOTAL ASSETS	TOTAL LIABILITIES	NET ASSETS
2003	36,567	\$4,462	\$1,110	\$3,352
2004	36,567	4,430	831	3,599
2005	36,567	4,621	758	3,863

The Honorable Mayor, City Council and City Manager

EXPENSES AND PROGRAM REVENUES PER CAPITA						
	POPULATION	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSE)
2003	36,567	\$855	\$398	\$36	\$397	\$(24)
2004	36,567	1,082	421	105	157	(399)
2005	36,567	945	445	21	54	(425)

RATIO OF NET ASSETS TO EXPENSES		
	GOVERNMENTAL ACTIVITY	BUSINESS-TYPE ACTIVITY
2003	3.06	5.58
2004	2.77	4.56
2005	3.48	5.21

**Long-term financial planning.** The City of Minot continually plans into the future for anticipated construction projects and infrastructure needs. We are increasing our cash reserves in the Sales Tax NAWS Fund with a 1% dedicated sales tax. The increased cash reserves will allow us to continue to fund the construction of the Northwest Area Water Supply Project (NAWS) with cash reserves rather than issue debt for the project. The NAWS will bring Missouri River water to Minot and Northwest North Dakota, ensuring an adequate water supply for the future. The project is anticipated to reach Minot in 2007 and extend to Northwest North Dakota by 2014.

The City has completed several major highway projects in recent years with additional projects planned for 2006 and 2007. Other projects planned for the future include North Broadway widening, water and sewer, storm sewer, and special assessment projects. These projects will be funded with debt thereby increasing the per capita debt. The per capita debt is deceiving in that not all the debt service payments will be paid through general property taxes but rather with dedicated revenue sources to fund portions of each of these projects.

**Awards.** 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 Minot for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the 22nd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Honorable Mayor, City Council and City Manager

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

**Acknowledgements.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I would also like to thank the Mayor and City Council for their unfailing support and for maintaining the highest standards of professionalism in the management of the City of Minot's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert Frantsvog". The signature is fluid and cursive, with a large loop at the end.

Robert Frantsvog  
City Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Minot,  
North Dakota

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

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



*Carla E. Perry*

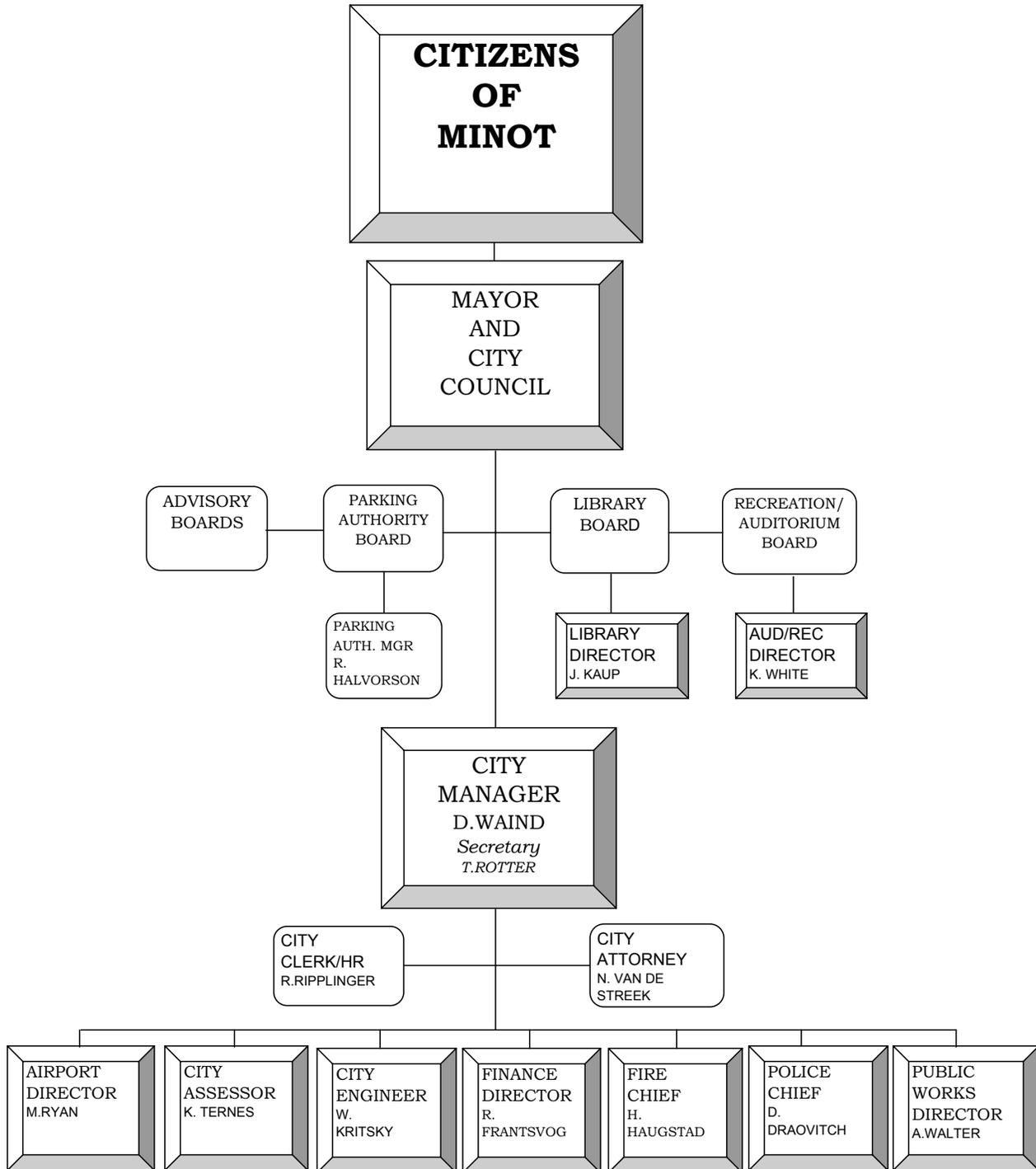
President

*Jeffrey R. Emmer*

Executive Director

# CITY OF MINOT

## ORGANIZATIONAL CHART



***PRINCIPAL OFFICERS***

**CITY OF MINOT,**

**NORTH DAKOTA**

***MAYOR***

***CURT ZIMBELMAN***

***MEMBERS OF THE CITY COUNCIL***

WARD 1:	LARRY FREY DAVE LEHNER
WARD 2:	ROBERT MILLER LEE SNYDER
WARD 3:	DEAN FRANTSVOG STEPHAN PODRYGULA
WARD 4:	CHUCK BARNEY - PRESIDENT TIM GREENHECK
WARD 5:	VACANT DEAN SOMERVILLE
WARD 6:	ERNEST MEDALEN - VICE PRESIDENT RANDY BURCKHARD
WARD 7:	BLAKE KRABSETH RON BOEN

***CITY MANAGER***

***DAVID W. WAIND***

***CITY AUDITOR***

***ROBERT E. FRANTSVOG***



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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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 Minot, North Dakota**, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the **City of Minot's** management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2004 financial statements and, in our report dated April 7, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot, North Dakota**, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Sales Tax-Economic Development Fund, and the Sales Tax-NW Area Water Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the **City of Minot, North Dakota**, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Eide Bailly LLP

Bismarck, North Dakota  
April 21, 2006

# CITY OF MINOT, NORTH DAKOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Minot, we are pleased to offer readers of the City of Minot's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2005, with comparative data for the fiscal year ended December 31, 2004. We encourage readers to consider it in conjunction with the additional information presented in the accompanying letter of transmittal, the basic financial statements, the fund financial statements, and the notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The net assets of the City of Minot increased by \$9,624,046 as a result of the current year's operations. Net assets of our business type activities increased by \$6,876,966 or 10.86%, and net assets of our governmental activities increased by \$2,747,080 or 3.6%.
- Total revenues from all sources were \$44,176,843. This is a decrease of \$4,404,468 from 2004. The reason for the decrease is because in 2004 there were capital grants and contributions in highway and streets, and in 2005 there was no activity.
- Total cost of all programs was \$ 34,552,797. This is a decrease of \$4,995,640 from 2004. The main reason for this decrease was less capital expenditures in 2005.
- Governmental net assets totaled \$77,883,243, which was an increase of \$2,747,080 over 2004. This increase was due to a reduction in expenditures. Governmental revenues exceeded expenditures by \$2,747,080. In 2004, revenues exceeded expenditures by \$12,171,785.
- Unreserved fund balance for the General Fund was \$2,260,512, 16.35% of the total general fund expenditures. This is an increase from 2004 of \$93,354.

### USING THIS ANNUAL REPORT

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide financial statements

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

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

The *Statement of Activities* presents information on how the City's *net assets* changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected sales tax, and earned but unused vacation leave).

Both the Statement of Net Assets and the Statement of Activities present information as follows:

- Governmental activities – This includes most of the City's basic services, which are primarily supported by property and sales taxes, interest income, user fees and intergovernmental revenues.
- Business-type activities – This includes those services which are intended to recover all or a significant part of their costs through user fees.

The government-wide financial statements begin on page 13.

### **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 Minot, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds 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. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the City's short-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 the comparison between the governmental funds and the government-wide financial statements.

The City of Minot maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds: sales tax economic development fund, sales tax NAWS fund, highway debt service fund, and special assessment debt service fund. Data from the 20 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements, which begin on page 63.

The City of Minot adopts an annual budget for the general fund, sales tax economic development fund, and sales tax NAWS fund. A budgetary comparison statement has been provided to demonstrate compliance.

The governmental fund financial statements begin on page 16.

Proprietary funds. The City of Minot maintains two 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 statements. The City of Minot uses enterprise funds to account for its Airport, Sanitation and Water and Sewer operations, as major funds, and its Cemetery and Parking Authority operations, as nonmajor funds. Internal Service funds are used to report activities that provide supplies and services to other City programs and activities. The City of Minot uses internal service funds to account for its central garage and for the self-funded insurance program. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. Individual fund data for the non-major proprietary funds is provided in the form of combining statements, which begin on page 87.

The basic proprietary fund statements begin on page 28.

Fiduciary Funds. The City of Minot is a trustee for its employees' pension plans. It is also responsible for other assets that are held on behalf of others. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities have been excluded from the City's other financial statements since the City cannot use these assets to finance its operations.

The basic fiduciary fund statements begin on page 34.

#### **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 37-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 63-102 of this report.

#### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following two tables present condensed information on the City's Net Assets and Changes in Net Assets for the fiscal year ended December 31, 2005, with comparative data for the fiscal year ended December 31, 2004.

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Minot, assets exceeded liabilities by \$141,226,957 at the close of the most recent fiscal year.

By far the largest portion of the City of Minot's net assets (74%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Minot uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Minot'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 sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Minot Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$32,970,780	\$25,743,653	\$ 5,293,332	\$ 5,324,652	\$ 38,264,112	\$ 31,068,305
Capital Assets	60,488,667	66,153,589	70,207,347	64,772,640	130,696,014	130,926,229
<b>Total Assets</b>	<b>93,459,447</b>	<b>91,897,242</b>	<b>75,500,679</b>	<b>70,097,292</b>	<b>168,960,126</b>	<b>161,994,534</b>
Long-term debt outstanding	14,155,000	14,195,000	11,385,776	12,872,989	25,540,776	27,067,989
Other liabilities	1,421,204	2,566,079	771,189	757,555	2,192,393	3,323,634
<b>Total liabilities</b>	<b>15,576,204</b>	<b>16,761,079</b>	<b>12,156,965</b>	<b>13,630,544</b>	<b>27,733,169</b>	<b>30,391,623</b>
Net Assets						
Invested in capital assets, net of related debt	46,333,667	51,958,589	58,821,571	51,899,651	105,155,238	103,858,240
Restricted	16,441,861	12,063,156	42,163	41,792	16,484,024	12,104,948
Unrestricted	15,107,715	11,114,418	4,479,980	4,525,305	19,587,695	15,639,723
<b>Total net assets</b>	<b>\$77,883,243</b>	<b>\$75,136,163</b>	<b>\$63,343,714</b>	<b>\$56,466,748</b>	<b>\$141,226,957</b>	<b>\$131,602,911</b>

An additional portion of the City of Minot's net assets (11.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$19,587,695 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2005, the City of Minot is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

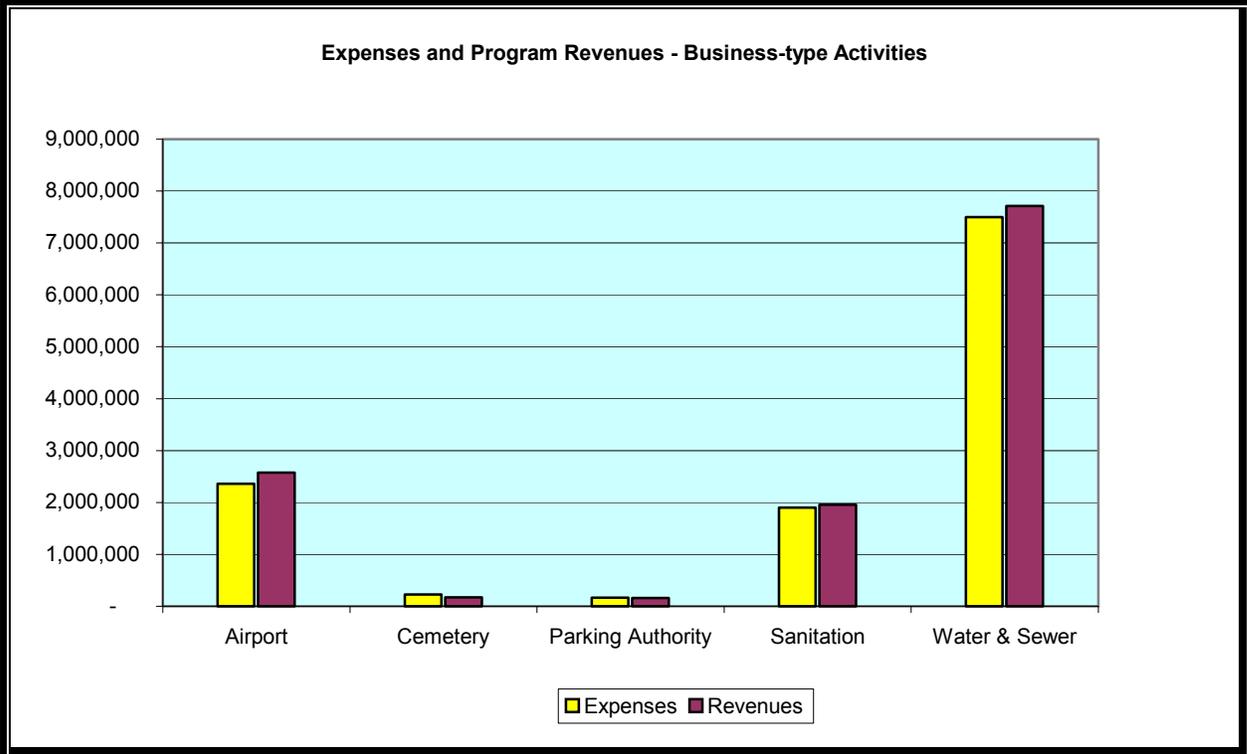
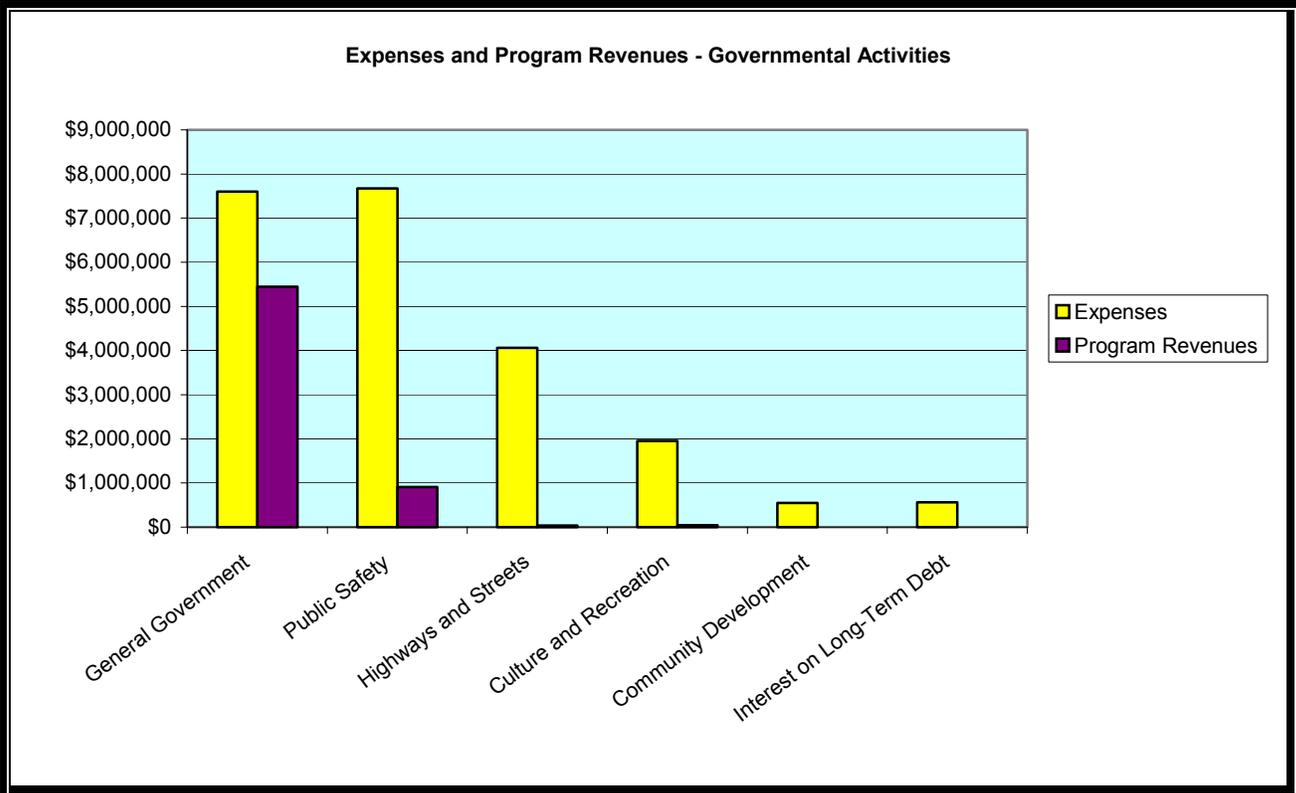
The City of Minot's net assets increased by \$9,624,046. The majority of this increase was due to additions to capital assets.

Business-type activities increased the City of Minot net assets by \$6,876,966, a transfer from Capital-Highway Reserve for South Broadway accounted for a majority of this increase.

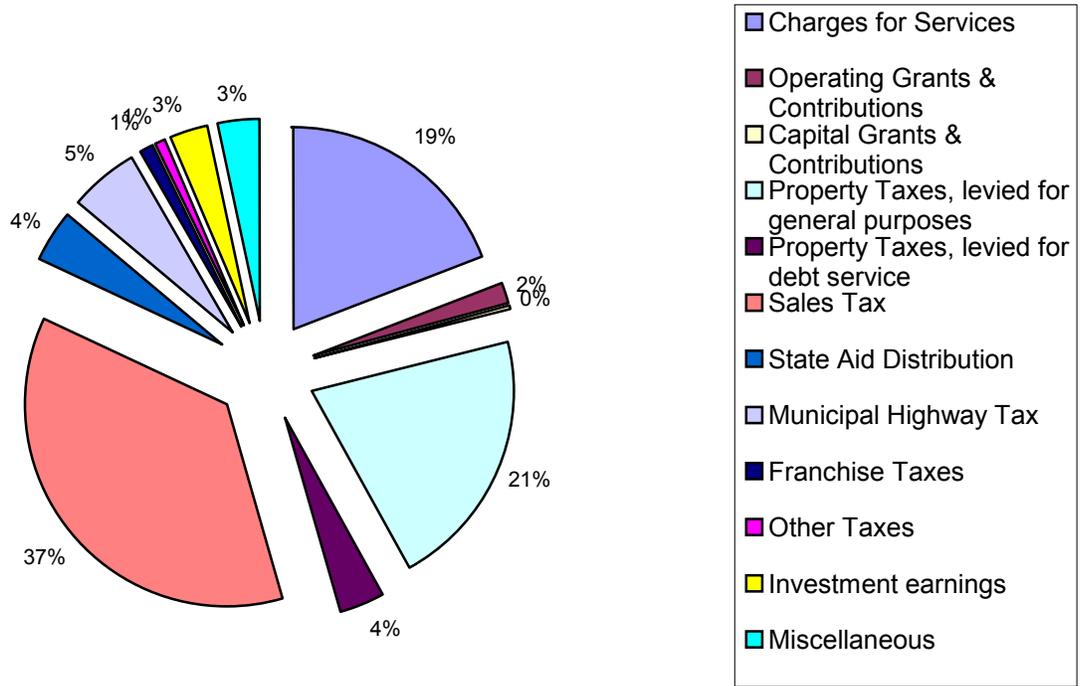
City of Minot Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 5,820,406	\$ 5,480,301	\$10,435,516	\$ 9,898,749	\$16,255,922	\$15,379,050
Operating Grants and Contributions	484,915	3,532,180	295,190	293,426	780,105	3,825,606
Capital Grants and Contributions	126,655	4,959,216	1,845,825	779,289	1,972,480	5,738,505
General Revenues:						
Taxes	22,026,588	20,940,075	222,373	224,400	22,248,961	21,164,475
Investments Earnings	892,061	329,216	144,680	102,814	1,036,741	432,030
Miscellaneous	1,005,293	1,992,462	877,341	49,183	1,882,634	2,041,645
<b>Total Revenues</b>	<b>30,355,918</b>	<b>37,233,450</b>	<b>13,820,925</b>	<b>11,347,861</b>	<b>44,176,843</b>	<b>48,581,311</b>
Program Expenses:						
General Government	7,604,240	11,754,173			7,604,240	11,754,173
Public Safety	7,672,804	7,596,040			7,672,804	7,596,040
Highways and Streets	4,060,526	3,942,303			4,060,526	3,942,303
Culture and Recreation	1,952,237	2,440,820			1,952,237	2,440,820
Community Development	551,207	645,376			551,207	645,376
Interest on Long-Term Debt	559,525	779,285			559,525	779,285
Airport			2,359,727	2,307,295	2,359,727	2,307,295
Cemetery			228,538	225,415	228,538	225,415
Parking Authority			165,161	176,985	165,161	176,985
Sanitation			1,898,475	2,397,135	1,898,475	2,397,135
Water and Sewer			7,500,357	7,283,610	7,500,357	7,283,610
<b>Total Expenses</b>	<b>22,400,539</b>	<b>27,157,997</b>	<b>12,152,258</b>	<b>12,390,440</b>	<b>34,552,797</b>	<b>39,548,437</b>
Excess (deficiency) before transfers	7,955,379	10,075,453	1,668,667	(1,042,579)	9,624,046	9,032,874
Transfers	(5,208,299)	2,096,332	5,208,299	(2,096,332)	-	-
<b>Change in net assets</b>	<b>2,747,080</b>	<b>12,171,785</b>	<b>6,876,966</b>	<b>(3,138,911)</b>	<b>9,624,046</b>	<b>9,032,874</b>
<b>Ending Net Assets</b>	<b>\$77,883,243</b>	<b>\$75,136,163</b>	<b>\$63,343,714</b>	<b>\$56,466,748</b>	<b>\$141,226,957</b>	<b>\$131,602,911</b>

Governmental program revenues for charges for services increased due to increases in building permits for 2005. Government program revenues for operating grants and contributions and capital grants and contributions decreased in 2005 due to fewer State funded projects in 2005. Governmental program expenses decreased as a result of less capital expenditures for 2005.

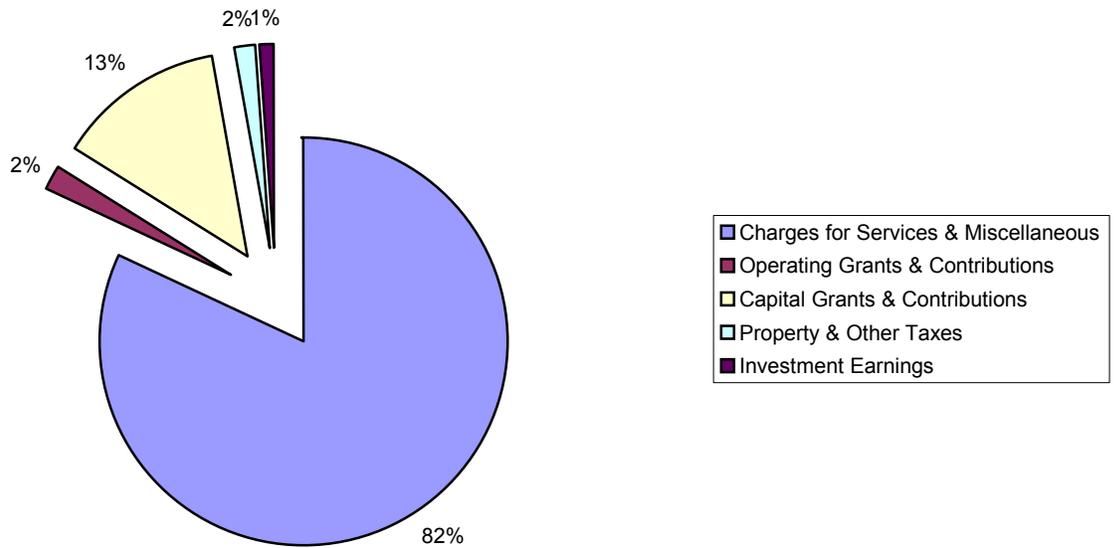
Business-type program revenues increased in 2005 due to fee increases in Water and Sanitation. Business-type program expenses remained relatively unchanged from 2004. The majority of the increase in Business-type change in net assets was due to a transfer of a capital asset from governmental activities to Water and Sewer.



Revenues by Source - Governmental Activities



Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Funds

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

### **Governmental Funds.**

The focus of the City of Minot'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 Minot'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 2005, the City of Minot's governmental funds reported combined ending fund balances of \$27,560,500, an increase of \$9,108,261 in comparison with 2004. The majority of this increase is attributable to a decrease in capital outlay expenditures and general government expenditures for capital projects. The *governmental funds unreserved/ undesignated fund balance* is \$7,593,878. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) \$154,272 to liquidate contracts and purchase orders of the prior period, 2) \$442,745 to pay debt service, 3) \$16,652,208 for capital improvements, or 4) \$2,717,397 for a variety of other purposes.

The general fund is the chief operating fund of the City of Minot. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,260,512, while total fund balance was \$2,267,246. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.35% of total general fund expenditures, while total fund balance represents 16.4% of that same amount.

The fund balance of the City of Minot's general fund increased by \$95,067 during the current fiscal year. The main reason for this increase was an increase in interest income.

The debt service fund has a total fund balance of \$442,745, all of which is reserved for the payment of debt service.

### **Proprietary funds.**

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

Unrestricted net assets at the end of the year for the major Enterprise Funds was \$4,357,721, of which Airport amounted to \$1,200,334, Sanitation \$1,094,630, and Water and Sewer \$2,062,757. The non-major funds amounted to \$16,638. Total unrestricted net assets in the Enterprise funds were \$4,374,359.

Total increase in net assets for these funds was \$6,876,966. The majority of this increase is attributable to a transfer from Capital-Highway Reserve for South Broadway.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor (\$67,219 in expenditure appropriations) and can be briefly summarized as follows:

- \$11,570 in general government activities
- \$12,543 in police and fire expenditures in public safety activities
- \$43,106 in street and storm sewer maintenance in highways and street

Differences between the final amended budget and actual amounts in the general fund consisted of total revenues being \$268,671 less than budgeted due mostly from less interest income and also less fines and forfeits than budgeted. The total general government expenditures were \$475,455 more than budgeted due to setting up a liability from the general fund payable to Sanitation for the NAWS litigation settlement. Overall expenditures were \$240,621 more than the final amended budget, due primarily to the above.

These appropriations were funded with available fund balance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Minot's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$130,696,014 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, machinery and equipment, and work in progress.

Major capital asset events during the current fiscal year included the following:

- 27<sup>th</sup> St SE Grade Separation
- 3 million gallon watertank
- 30<sup>th</sup> Ave NW Surfacing Project
- Valley Street Dowel Bar Retrofit
- Northwest Area Water Supply Project continued
- A variety of street construction projects in the City continued

CITY OF MINOT CAPITAL ASSETS (net of depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2005	2004	2005	2004	2005	2004
Land	\$ 4,909,325	\$ 4,909,325	\$ 2,756,418	\$ 2,756,418	\$ 7,665,743	\$ 7,665,743
Buildings	7,315,813	6,942,373	3,541,715	3,796,675	10,857,528	10,739,048
Improvements	81,599	405,348	53,133,016	46,157,811	53,214,615	46,563,159
Equipment	5,146,214	4,972,709	1,755,603	1,384,906	6,901,817	6,357,615
Infrastructure	30,852,570	31,219,699	0	0	30,852,570	31,219,699
Construction in Progress	12,183,146	17,704,135	9,020,595	10,676,830	21,203,741	28,380,965
<b>Total</b>	<b>\$ 60,488,667</b>	<b>\$ 66,153,589</b>	<b>\$ 70,207,347</b>	<b>\$ 64,772,640</b>	<b>\$130,696,014</b>	<b>\$130,926,229</b>

Additional information on the City of Minot's capital assets can be found in note IV. D on pages 46-48 of this report.

### Long-term Debt

At year-end the City had total debt of \$ 26,335,169, a decrease of (\$1,505,585) over the prior year. Note IV. H on pages 51-53 of this report describes the City's long-term debt in greater detail.

The City issued new debt for General Obligation Highway Bonds in the amount of \$2,355,000.

The City continues to receive ratings of AA- and A1 from the rating agencies for their bonds.

The City's debt is limited to 8% of the assessed valuation of taxable property within the City of Minot or \$ 63,960,233. The City's legal debt margin is \$55,545,288. The net bonded debt per capita is \$228.16.

<b>City of Minot Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 8,520,000	\$ 7,170,000			\$ 8,520,000	\$ 7,170,000
Special Assessment Bonds	5,635,000	7,025,000			5,635,000	7,025,000
Revenue Bonds			\$9,217,721	\$10,524,465	9,217,721	10,524,465
Notes	-	-	1,804,578	1,859,960	1,804,578	1,859,960
Loans	-	-	363,477	488,565	363,477	488,565
Compensated Absences	600,120	585,721	194,273	187,043	794,393	772,764
Totals	\$14,755,120	\$14,780,721	\$11,580,049	\$13,060,033	\$26,335,169	\$27,840,754

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

Projects in 2005 that boosted the economy in Minot included, the construction of the new Zion Lutheran Church for \$1.4 million, the Minot Milling small grain processing plant for \$1 million, the construction of the Best Buy retail store for \$900,000, the rebuilding of Farstad Oil shop and warehouse for \$739,000, the new career and technical center addition to Minot High School-Magic City Campus for \$2.5 million, the "View" assisted living facility for \$2.5 million, the "Wellington" assisted living facility for \$4.4 million, and several other condo and business remodels.

For 2006, the City anticipates that the following projects will boost our economy. The construction of a biodiesel refinery, capable of crushing and processing one-third of the state's annual supply of canola, for \$50 million, the construction of a Super Wal-Mart for \$10 million, the expansion and addition to Menard's for \$2.4 million, the remodel of Minot State University's Crane Hall for \$2.5 million, the remodel of the former DugOut to a restaurant complex featuring "Space Aliens" for \$5.5 million, and Artspace, a non-profit real estate development organization, will restore and renovate downtown buildings for \$8 million where artists can live, work, exhibit, perform and conduct business.

The 2006 budget for the City of Minot does include an increase in municipal solid waste fees per ton, along with a minor rate increase for the disposal of tires. The value of a mill for the City is expected to increase from \$67,275 to \$74,610 per mill. The mill levy for the City of Minot 2006 budget is 126.52 mills – compared to 128.66 mills in 2005, a decrease of 2.14 mills.

Total appropriations for operations for 2006 decreased approximately \$1.3 million dollars from 2005. This 9.6% decrease is caused primarily by decreases in capital purchases for the Airport.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives to the citizens of Minot. If you have any questions about this report or need further information, contact the City of Minot Finance Department, 515 2<sup>nd</sup> Avenue SW, Minot, ND 58701 or visit us online at [web.ci.minot.nd.us](http://web.ci.minot.nd.us).

**City of Minot, North Dakota**  
Statement of Net Assets  
December 31, 2005  
With Comparative Totals for December 31, 2004

	<i>Primary Government</i>			
	Governmental Activities	Business-Type Activities	Total 2005	Total 2004
<b>ASSETS</b>				
Cash and cash equivalents	\$26,859,363	\$570,106	\$27,429,469	\$17,434,847
Investments	100,000	-	100,000	1,781,000
Receivables				
Taxes Receivable Deferred	-	-	-	76,500
Taxes Receivable Delinquent	256,830	1,569	258,399	255,580
Special Assessments Deferred	3,093,489	-	3,093,489	3,781,509
Special Assessments Delinquent	95,675	-	95,675	184,763
Accounts Receivable	193,381	923,438	1,116,819	1,083,353
Loans Receivable, net of Allowance	144,500	-	144,500	203,415
Internal Balances	94,594	(94,594)	-	-
Due From Other Agencies	1,691,094	1,416,999	3,108,093	3,130,342
Accrued Interest Receivable	125,708	-	125,708	-
Merchandise Inventory	316,146	50,757	366,903	393,337
Restricted Cash and cash equivalents	-	2,284,707	2,284,707	2,593,462
Capital Assets, net				
Non-Depreciable	17,092,471	11,777,013	28,869,484	36,046,708
Depreciable	43,396,196	58,430,334	101,826,530	94,879,521
Unamortized Issue Costs	-	140,350	140,350	150,197
Total Assets	<u>93,459,447</u>	<u>75,500,679</u>	<u>168,960,126</u>	<u>161,994,534</u>
<b>LIABILITIES</b>				
Accounts Payable	37,791	1,453	39,244	1,313,806
Retainage Payable	186,254	7,971	194,225	223,793
Due To Other Agencies	187,861	17,692	205,553	152,119
Accrued Vacation Payable	600,120	194,273	794,393	772,764
Accrued Salaries Payable	181,422	50,578	232,000	162,056
Insurance Claims Payable	109,286	-	109,286	74,249
Long-term Liabilities (Note IV. H)				
Portion due or payable within one year:	2,415,000	1,306,204	3,721,204	3,884,862
Portion due or payable after one year:	11,740,000	10,079,572	21,819,572	23,183,127
Accrued Interest Payable	118,470	76,314	194,784	233,211
Customer Deposits	-	91,284	91,284	90,284
Accrued MSWLF Postcare Costs	-	331,624	331,624	301,352
Total Liabilities	<u>15,576,204</u>	<u>12,156,965</u>	<u>27,733,169</u>	<u>30,391,623</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	46,333,667	58,821,571	105,155,238	103,858,240
Restricted for:				
Debt Service	442,745	-	442,745	944,364
Capital Projects	15,999,116	-	15,999,116	11,118,792
Other Purposes	-	42,163	42,163	41,792
Unrestricted	15,107,715	4,479,980	19,587,695	15,639,723
<b>TOTAL NET ASSETS</b>	<u><u>\$77,883,243</u></u>	<u><u>\$63,343,714</u></u>	<u><u>\$141,226,957</u></u>	<u><u>\$131,602,911</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

Functions/Programs	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total 2004
					Governmental Activities	Business-Type Activities	Total 2005	
Primary government:								
Governmental Activities:								
General Government	\$7,604,240	\$4,901,177	\$414,555	\$126,655	(\$2,161,853)	\$0	(\$2,161,853)	(\$5,836,015)
Public Safety	7,672,804	835,844	70,360	-	(6,766,600)	-	(6,766,600)	(6,679,588)
Highways and Streets	4,060,526	38,913	-	-	(4,021,613)	-	(4,021,613)	3,145,589
Culture and Recreation	1,952,237	44,472	-	-	(1,907,765)	-	(1,907,765)	(2,391,625)
Community Development	551,207	-	-	-	(551,207)	-	(551,207)	(645,376)
Interest on Long-Term Debt	559,525	-	-	-	(559,525)	-	(559,525)	(779,285)
Total Governmental Activities	22,400,539	5,820,406	484,915	126,655	(15,968,563)	-	(15,968,563)	(13,186,300)
Business-Type Activities:								
Airport	2,359,727	952,201	295,190	1,326,349	-	214,013	214,013	(971,219)
Cemetery	228,538	172,847	-	99	-	(55,592)	(55,592)	(72,585)
Parking Authority	165,161	160,299	-	-	-	(4,862)	(4,862)	(2,521)
Sanitation	1,898,475	1,958,064	-	-	-	59,589	59,589	(566,656)
Water and Sewer	7,500,357	7,192,105	-	519,377	-	211,125	211,125	194,005
Total Business-Type Activities	12,152,258	10,435,516	295,190	1,845,825	-	424,273	424,273	(1,418,976)
Total Primary Government	\$34,552,797	\$16,255,922	\$780,105	\$1,972,480	(15,968,563)	424,273	(15,544,290)	(14,605,276)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes					6,327,110	39,515	6,366,625	6,434,070
Property Taxes, levied for debt service					1,065,170	-	1,065,170	1,042,433
Sales Tax					11,021,415	-	11,021,415	10,127,486
State Aid Distribution					1,321,497	-	1,321,497	1,228,052
Municipal Highway Tax					1,622,132	-	1,622,132	1,483,320
Franchise Taxes					348,019	-	348,019	348,130
Other Taxes					321,245	182,858	504,103	500,984
Investment earnings					892,061	144,680	1,036,741	432,030
Miscellaneous					1,005,293	877,341	1,882,634	2,041,645
Transfers					(5,208,299)	5,208,299	-	-
Total general revenues and transfers					18,715,643	6,452,693	25,168,336	23,638,150
Change in Net Assets					2,747,080	6,876,966	9,624,046	9,032,874
Net Assets-January 1					75,136,163	56,466,748	131,602,911	122,570,037
Net Assets-December 31					\$77,883,243	\$63,343,714	\$141,226,957	\$131,602,911

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<b>SPECIAL REVENUE FUNDS</b>			<b>DEBT SERVICE FUNDS</b>	
	<b>GENERAL FUND</b>	<b>SALES TAX ECONOMIC</b>	<b>SALES TAX NW AREA</b>	<b>HIGHWAY</b>	<b>ASSESSMENT</b>
		<b>DEVELOPMENT</b>	<b>WATER</b>	<b>DEBT</b>	<b>DEBT</b>
<b>ASSETS</b>					
Cash And Cash Equivalents	\$1,982,734	\$2,319,998	\$15,529,709	\$177,055	\$0
Investments	-	100,000	-	-	-
Taxes Receivable Deferred	-	-	-	-	-
Taxes Receivable Delinquent	135,126	-	-	30,791	5,740
Special Assessments Deferred	8,541	-	-	-	3,033,908
Special Assessments Delinquent	11,053	-	-	-	79,478
Accounts Receivable	169,943	-	-	-	-
Loans Receivable	-	194,334	-	-	-
Allowance For Loans Receivable	-	(49,834)	-	-	-
Advance To Other Funds	-	-	-	-	-
Due From Other Funds	-	-	-	-	811,165
Due From Other Agencies	607,630	155,948	389,870	-	-
Accrued Interest Receivable	46,171	-	79,537	-	-
Merchandise Inventory	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$2,961,198</b>	<b>\$2,720,446</b>	<b>\$15,999,116</b>	<b>\$207,846</b>	<b>\$3,930,291</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Retainage Payable	-	-	-	-	-
Advance From Other Funds	-	300,318	-	-	-
Due To Other Funds	324,889	-	-	-	549,340
Due To Other Agencies	43,338	-	-	-	-
Accrued Salaries Payable	164,923	-	-	-	-
Deferred Revenue	160,802	-	-	27,392	3,118,660
<b>TOTAL LIABILITIES</b>	<b>693,952</b>	<b>300,318</b>	<b>-</b>	<b>27,392</b>	<b>3,668,000</b>
<b>FUND BALANCE</b>					
Reserved For Encumbrances	6,734	-	-	-	-
Reserved For Advances	-	-	-	-	-
Reserved For Merchandise Inventory	-	-	-	-	-
Reserved For Economic Development	-	100,000	-	-	-
Reserved For Property Tax Relief	-	-	-	-	-
Reserved For Capital Improvements	-	-	15,999,116	-	-
Reserved For Loans Receivable	-	144,500	-	-	-
Unreserved					
Designated					
Designated-Nonmajor Special Revenue Funds					
Memorial	-	-	-	-	-
Maintenance and Operations	-	-	-	-	-
Debt Retirement	-	-	-	180,454	262,291
Undesignated	2,260,512	2,175,628	-	-	-
Undesignated-Nonmajor Funds					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>2,267,246</b>	<b>2,420,128</b>	<b>15,999,116</b>	<b>180,454</b>	<b>262,291</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$2,961,198</b>	<b>\$2,720,446</b>	<b>\$15,999,116</b>	<b>\$207,846</b>	<b>\$3,930,291</b>

The accompanying notes to the financial statements are an integral part of these statements

**CITY OF MINOT, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS 2005	TOTAL GOVERNMENTAL 2004
<b>ASSETS</b>			
Cash And Cash Equivalents	\$5,641,418	\$25,650,914	\$13,690,284
Investments	-	100,000	1,781,000
Taxes Receivable Deferred	-	-	76,500
Taxes Receivable Delinquent	85,173	256,830	253,673
Special Assessments Deferred	51,040	3,093,489	3,781,509
Special Assessments Delinquent	5,144	95,675	184,763
Accounts Receivable	22,518	192,461	165,660
Loans Receivable	-	194,334	274,098
Allowance For Loans Receivable	-	(49,834)	(70,683)
Advance To Other Funds	300,318	300,318	1,269,953
Due From Other Funds	730,450	1,541,615	4,044,764
Due From Other Agencies	537,646	1,691,094	3,105,986
Accrued Interest Receivable	-	125,708	-
Merchandise Inventory	4,251	4,251	4,928
<b>TOTAL ASSETS</b>	<b>\$7,377,958</b>	<b>\$33,196,855</b>	<b>\$28,562,435</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$0	\$1,286,018
Retainage Payable	186,254	186,254	223,793
Advance From Other Funds	-	300,318	1,269,953
Due To Other Funds	467,171	1,341,400	2,814,935
Due To Other Agencies	144,523	187,861	131,868
Accrued Salaries Payable	16,499	181,422	122,047
Deferred Revenue	132,246	3,439,100	4,261,582
<b>TOTAL LIABILITIES</b>	<b>946,693</b>	<b>5,636,355</b>	<b>10,110,196</b>
<b>FUND BALANCE</b>			
Reserved For Encumbrances	147,538	154,272	190,731
Reserved For Advances	300,318	300,318	1,269,953
Reserved For Merchandise Inventory	4,251	4,251	4,928
Reserved For Economic Development	-	100,000	125,000
Reserved For Property Tax Relief	163,214	163,214	112,144
Reserved For Capital Improvements	653,092	16,652,208	11,492,379
Reserved For Loans Receivable	-	144,500	203,415
Unreserved			
Designated			
Designated-Nonmajor Special Revenue Funds			
Memorial	5,114	5,114	315
Maintenance and Operations	2,000,000	2,000,000	1,714,544
Debt Retirement	-	442,745	944,364
Undesignated	-	4,436,140	3,179,949
Undesignated-Nonmajor Funds			
Special Revenue Funds	642,465	642,465	452,748
Capital Project Funds	2,515,273	2,515,273	(1,238,231)
<b>TOTAL FUND BALANCE</b>	<b>6,431,265</b>	<b>27,560,500</b>	<b>18,452,239</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$7,377,958</b>	<b>\$33,196,855</b>	<b>\$28,562,435</b>

**City of Minot, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**December 31, 2005**

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Total *fund balances* for governmental funds (Exhibit 3) \$27,560,500

Total *net assets* reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	4,909,325	
Construction in progress	12,183,146	
Buildings, net of accumulated depreciation (\$4,722,283)	7,315,813	
Improvements, net of accumulated depreciation (\$987,504)	81,599	
Equipment, net of accumulated depreciation (\$4,647,082)	3,722,022	
Infrastructure, net of accumulated depreciation (\$16,975,266)	30,852,570	
Books, net of accumulated depreciation (\$2,480,897)	<u>1,424,192</u>	
Total Capital Assets (See Note IV.D)		60,488,667

Internal Service Funds are used by the City to charge the cost of the central garage and the City's Self Insurance to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets are: 1,268,566

Some of the City's taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds 3,439,100

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets. (See Note II.A) (14,873,590)

Total net assets of governmental activities (Exhibit 1): \$77,883,243

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

REVENUES	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	GENERAL FUND	SALES TAX ECONOMIC DEVELOPMENT	SALES TAX NW AREA WATER	HIGHWAY DEBT	ASSESSMENT DEBT
Property Tax Collections	\$3,784,890	\$0	\$0	\$971,254	\$93,916
Special Assessment Collections	5,819	-	-	-	874,385
Sales Tax Collections	-	2,204,283	5,510,707	-	-
Licenses and Permits	607,474	-	-	-	-
Intergovernmental	4,197,694	-	-	-	-
Charges For Services	3,344,819	-	-	-	-
Fines and Forfeits	520,615	-	-	-	-
Interest Income	162,671	44,104	460,907	22,591	36,618
Miscellaneous	279,813	130,247	-	-	-
<b>TOTAL REVENUES</b>	<b>12,903,795</b>	<b>2,378,634</b>	<b>5,971,614</b>	<b>993,845</b>	<b>1,004,919</b>
<b>EXPENDITURES</b>					
Current					
General Government	5,088,060	-	1,041,290	-	500
Public Safety	7,311,855	-	-	-	-
Highways and Streets	1,416,979	-	-	-	-
Culture and Recreation	-	-	-	-	-
Economic Development	-	551,207	-	-	-
Capital Outlay					
Contracted Work	-	-	-	-	-
Equipment	-	-	-	-	-
Infrastructure	-	-	-	-	-
Legal	-	-	-	-	-
Other	-	-	-	-	-
Acquisitions	-	-	-	-	-
Engineering	-	-	-	-	-
Debt Retirement					
Principal Retirement	-	-	-	1,005,000	1,390,000
Interest and Fiscal Charges	12,707	-	-	291,476	275,230
<b>TOTAL EXPENDITURES</b>	<b>13,829,601</b>	<b>551,207</b>	<b>1,041,290</b>	<b>1,296,476</b>	<b>1,665,730</b>
Revenues Over (Under) Expenditures	(925,806)	1,827,427	4,930,324	(302,631)	(660,811)
<b>OTHER FINANCING SOURCES (USES)</b>					
G.O. Bonds Issued	-	-	-	-	-
Transfers IN	1,188,115	376,366	-	500,000	433,923
Transfers OUT	(167,242)	(87,234)	(50,000)	(395,295)	(76,805)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,020,873</b>	<b>289,132</b>	<b>(50,000)</b>	<b>104,705</b>	<b>357,118</b>
Change in Fund Balance	95,067	2,116,559	4,880,324	(197,926)	(303,693)
FUND BALANCE, JANUARY 1	2,172,179	303,569	11,118,792	378,380	565,984
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$2,267,246</b>	<b>\$2,420,128</b>	<b>\$15,999,116</b>	<b>\$180,454</b>	<b>\$262,291</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

<b>REVENUES</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS 2005</b>	<b>TOTAL GOVERNMENTAL 2004</b>
Property Tax Collections	\$2,481,740	\$7,331,800	\$7,393,732
Special Assessment Collections	3,933	884,137	833,144
Sales Tax Collections	3,306,425	11,021,415	10,127,486
Licenses and Permits	-	607,474	502,408
Intergovernmental	414,555	4,612,249	7,379,165
Charges For Services	443,258	3,788,077	3,558,377
Fines and Forfeits	-	520,615	493,287
Interest Income	165,170	892,061	329,216
Miscellaneous	595,233	1,005,293	1,992,462
<b>TOTAL REVENUES</b>	<b>7,410,314</b>	<b>30,663,121</b>	<b>32,609,277</b>
<b>EXPENDITURES</b>			
Current			
General Government	832,966	6,962,816	11,496,187
Public Safety	-	7,311,855	7,231,044
Highways and Streets	1,033,856	2,450,835	2,525,080
Culture and Recreation	1,858,446	1,858,446	2,147,590
Economic Development	-	551,207	645,376
Capital Outlay			
Contracted Work	683,249	683,249	3,610,139
Equipment	576,473	576,473	1,087,042
Infrastructure	52,207	52,207	-
Legal	36,581	36,581	68,525
Other	28,064	28,064	89,408
Acquisitions	125,286	125,286	383,824
Engineering	820,012	820,012	363,388
Debt Retirement			
Principal Retirement	-	2,395,000	2,620,000
Interest and Fiscal Charges	4,025	583,438	796,546
<b>TOTAL EXPENDITURES</b>	<b>6,051,165</b>	<b>24,435,469</b>	<b>33,064,149</b>
Revenues Over (Under) Expenditures	1,359,149	6,227,652	(454,872)
<b>OTHER FINANCING SOURCES (USES)</b>			
G.O. Bonds Issued	2,355,000	2,355,000	-
Transfers IN	3,606,956	6,105,360	10,739,674
Transfers OUT	(4,803,175)	(5,579,751)	(8,626,669)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,158,781</b>	<b>2,880,609</b>	<b>2,113,005</b>
Change in Fund Balance	2,517,930	9,108,261	1,658,133
FUND BALANCE, JANUARY 1	3,913,335	18,452,239	16,794,106
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$6,431,265</b>	<b>\$27,560,500</b>	<b>\$18,452,239</b>

**City of Minot, North Dakota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2005**

Net change in *fund balances* -total governmental funds (Exhibit 4) \$ 9,108,261

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (See Note IV. D, and Note II.B) In the current period, these amounts are:

Excess of capital outlay over depreciation expense 38,091

Governmental activities transferred capital assets to Water and Sewer. In the Enterprise Funds this transaction is shown as a capital contribution, however, in the Statement of Activities it is shown as a transfer. Governmental funds do not reflect the transaction, since there has been no flow of current financial resources. (5,737,767)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities: Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. (See Note IV. H)

Debt Issued			
General Obligation Highway Bonds	(2,355,000)		
Repayments:			
For bond principal	2,395,000		
Net Adjustment			40,000

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Accrued Interest Payable	(23,913)
Compensated Absences	14,399

Change in revenue accruals- The purpose of this adjustment is to recognize the net change in 'unavailable' revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed 'available' to finance the expenditures of the current period. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues-

unavailable revenues at the end of the year were less than beginning revenues by this amount			
New Special Assessment Districts-to be billed and collected annually	126,655		
Amount shown as revenue in governmental funds	(884,137)		
Net Adjustment			(757,482)

Internal Service Funds are used by the City to charge the cost of the central garage and the City's Self Insurance to the individual funds. The net revenue of internal service funds is reported with governmental activities. 65,491

Change in net assets of governmental activities (Exhibit 2) \$ 2,747,080

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

REVENUES	BUDGETED AMOUNTS		2005 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2004 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
PROPERTY TAX COLLECTIONS	\$3,741,531	\$3,741,531	\$3,784,890	\$43,359	\$4,006,845
SPECIAL ASSESSMENTS COLLECTIONS	-	-	5,819	5,819	7,612
LICENSES AND PERMITS					
Licenses	207,850	207,850	175,459	(32,391)	176,503
Permits	326,000	326,000	432,015	106,015	325,905
TOTAL LICENSES AND PERMITS	533,850	533,850	607,474	73,624	502,408
INTERGOVERNMENTAL					
FEDERAL:					
Drug Task Force	101,441	101,441	70,360	(31,081)	95,886
Universal Hiring Cops	25,000	25,000	-	(25,000)	-
STATE:					
Highway Fund	1,476,300	1,476,300	1,622,132	145,832	1,483,320
State Aid Distribution	1,273,941	1,273,941	1,321,497	47,556	1,224,252
Cigarette Tax	89,800	89,800	103,100	13,300	99,948
Estate Tax	164,400	164,400	48,874	(115,526)	62,607
Gas and Oil Production Tax	8,200	8,200	15,511	7,311	11,705
Telecommunications Tax	132,092	132,092	132,092	-	105,797
Senior Citizen Property Tax Credit	32,800	32,800	27,171	(5,629)	27,588
Fire Insurance Refund	49,000	49,000	66,844	17,844	52,177
Gambling Tax Revenue	28,000	28,000	21,668	(6,332)	21,548
COUNTY:					
Road And Bridge	3,000	3,000	3,068	68	3,055
Joint Communications	199,734	199,734	132,745	(66,989)	119,721
Telephone Fee	198,000	198,000	187,886	(10,114)	196,524
Information Services	56,300	56,300	51,230	(5,070)	51,826
OTHER:					
Housing Authority	30,000	30,000	24,761	(5,239)	26,907
Parking Authority	4,000	4,000	5,480	1,480	4,000
Cable TV	316,400	316,400	348,019	31,619	348,130
Damage Claims	15,000	15,000	11,467	(3,533)	3,351
Public Schools	2,000	2,000	2,000	-	2,000
Policing-Central Campus	3,200	3,200	1,789	(1,411)	2,529
TOTAL INTERGOVERNMENTAL	4,208,608	4,208,608	4,197,694	(10,914)	3,942,871
CHARGES FOR SERVICES					
Engineering & Administrative	500,000	500,000	375,007	(124,993)	328,655
Utility & Special Funds	1,728,190	1,728,190	1,725,003	(3,187)	1,645,027
Agency Funds	1,238,348	1,238,348	1,192,184	(46,164)	1,112,701
Fleet Labor	60,810	60,810	52,625	(8,185)	51,488
TOTAL CHARGES FOR SERVICES	3,527,348	3,527,348	3,344,819	(182,529)	3,137,871

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	BUDGETED AMOUNTS		2005 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2004 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
<b>REVENUES</b>					
<b>FINES AND FORFEITS</b>					
Parking Tickets	\$90,000	\$90,000	\$62,286	(\$27,714)	\$68,876
Police Court	610,000	610,000	458,329	(151,671)	424,411
TOTAL FINES AND FORFEITS	700,000	700,000	520,615	(179,385)	493,287
INTEREST INCOME	322,900	322,900	162,671	(160,229)	-
<b>MISCELLANEOUS REVENUES</b>					
Work For Others	15,000	15,000	13,084	(1,916)	15,822
Miscellaneous	106,129	106,129	253,544	147,415	78,281
Towing Fees	17,100	17,100	13,185	(3,915)	17,244
TOTAL MISCELLANEOUS REVENUES	138,229	138,229	279,813	141,584	111,347
TOTAL REVENUES	13,172,466	13,172,466	12,903,795	(268,671)	12,202,241
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and City Council	128,138	128,138	120,985	7,153	107,527
City Manager	169,333	169,333	162,174	7,159	163,134
City Clerk	176,391	176,625	171,384	5,241	163,048
City Attorney	81,413	81,413	87,187	(5,774)	84,349
Administrative and General	551,694	551,694	1,147,194	(595,500)	535,108
Finance	404,923	404,923	396,564	8,359	394,756
Information Technology	265,144	265,144	217,325	47,819	251,349
Property Assessment	262,919	262,919	220,967	41,952	238,728
Building Inspection	321,379	324,154	322,276	1,878	321,243
Traffic and Planning	667,718	669,593	699,994	(30,401)	673,167
Engineering	577,022	579,072	574,044	5,028	528,121
Vehicle Maintenance	446,839	451,433	438,294	13,139	434,684
Property Maintenance	275,617	275,659	264,811	10,848	262,204
Public Works Administration	272,505	272,505	264,861	7,644	257,269
TOTAL GENERAL GOVERNMENT	4,601,035	4,612,605	5,088,060	(475,455)	4,414,687
<b>PUBLIC SAFETY</b>					
Police Administration	651,097	651,884	651,270	614	592,996
Police Patrol	2,490,632	2,501,673	2,491,800	9,873	2,541,997
Narcotics & Criminal Investigations	608,471	608,471	583,529	24,942	563,081
Narcotics Task Force	120,763	120,763	104,054	16,709	111,787
Telecommunications Division	572,097	572,097	545,015	27,082	558,275
Municipal Judge	111,040	111,040	121,189	(10,149)	126,930
Fire Administration	343,732	343,732	333,676	10,056	330,293
Fire Control	2,508,043	2,508,758	2,481,322	27,436	2,405,685
TOTAL PUBLIC SAFETY	7,405,875	7,418,418	7,311,855	106,563	7,231,044

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

EXPENDITURES	BUDGETED AMOUNTS		2005 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2004 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
HIGHWAYS AND STREETS					
Street & Storm Sewer Mtce	\$1,514,851	\$1,557,957	\$1,416,979	\$140,978	\$1,539,688
TOTAL HIGHWAYS AND STREETS	1,514,851	1,557,957	1,416,979	140,978	1,539,688
INTEREST EXPENDITURE	-	-	12,707	(12,707)	78,904
TOTAL EXPENDITURES	13,521,761	13,588,980	13,829,601	(240,621)	13,264,323
Revenues (Under) Expenditures	(349,295)	(416,514)	(925,806)	(509,292)	(1,062,082)
OTHER FINANCING SOURCES (USES)					
Transfers In	349,295	349,295	1,188,115	838,820	662,637
Transfers Out	-	-	(167,242)	(167,242)	(77,795)
TOTAL OTHER FINANCING SOURCES (USES)	349,295	349,295	1,020,873	671,578	584,842
Change in Fund Balance	\$0	(\$67,219)	95,067	\$162,286	(477,240)
FUND BALANCE, JANUARY 1			2,172,179		2,649,419
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$2,267,246</b>		<b>\$2,172,179</b>

*The accompanying notes to the financial statements are an integral part of these statements.*

CITY OF MINOT, NORTH DAKOTA  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
 MAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	SALES TAX-ECONOMIC DEVELOPMENT			SALES TAX-NW AREA WATER			2005 ACTUAL AMOUNTS	2004 ACTUAL AMOUNTS
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)		
<b>REVENUES</b>								
Sales Tax Collections	\$1,921,092	\$2,204,283	\$283,191	\$4,802,731	\$5,510,707	\$707,976	\$7,714,990	\$7,089,240
Interest Income	-	44,104	44,104	-	460,907	460,907	505,011	119,736
Miscellaneous	-	130,247	130,247	-	-	-	130,247	1,081,686
<b>TOTAL REVENUES</b>	<b>1,921,092</b>	<b>2,378,634</b>	<b>457,542</b>	<b>4,802,731</b>	<b>5,971,614</b>	<b>1,168,883</b>	<b>8,350,248</b>	<b>8,290,662</b>
<b>EXPENDITURES</b>								
Current								
General Government	-	-	-	-	1,041,290	(1,041,290)	1,041,290	6,097,927
Economic Development	2,247,694	551,207	1,696,487	-	-	-	551,207	645,376
Debt Retirement	-	-	-	-	-	-	-	5,690
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	4,752,731	-	4,752,731	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,247,694</b>	<b>551,207</b>	<b>1,696,487</b>	<b>4,752,731</b>	<b>1,041,290</b>	<b>3,711,441</b>	<b>1,592,497</b>	<b>6,748,993</b>
Revenues Over (Under) Expenditures	(326,602)	1,827,427	(2,154,029)	50,000	4,930,324	(4,880,324)	6,757,751	1,541,669
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	376,602	376,366	(236)	-	-	-	376,366	334,970
Transfers Out	(50,000)	(87,234)	(37,234)	(50,000)	(50,000)	-	(137,234)	(249,754)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>326,602</b>	<b>289,132</b>	<b>(37,470)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>239,132</b>	<b>85,216</b>
Change in Fund Balance	<u>\$0</u>	2,116,559		<u>\$0</u>	4,880,324		6,996,883	1,626,885
FUND BALANCE, JANUARY 1		303,569			11,118,792		11,422,361	9,795,476
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$2,420,128</u>			<u>\$15,999,116</u>		<u>\$18,419,244</u>	<u>\$11,422,361</u>

The accompanying notes to the financial statements are an integral part of these statements

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2005	TOTAL 2004
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash And Cash Equivalents	\$0	\$399,080	\$108,661	\$62,365	\$570,106	\$1,208,449	\$1,778,555	\$3,744,563
Restricted Cash and Cash Equivalents	253,493	-	1,038,177	-	1,291,670	-	1,291,670	1,520,003
Taxes Receivable Delinquent	422	-	-	1,147	1,569	-	1,569	1,907
Accounts Receivable	104,865	168,517	637,671	12,385	923,438	920	924,358	917,693
Due From Other Funds	-	324,889	-	16,172	341,061	25,977	367,038	32,941
Due From Other Agencies	831,387	585,612	-	-	1,416,999	-	1,416,999	24,356
Merchandise Inventory	50,757	-	-	-	50,757	311,895	362,652	388,409
<b>TOTAL CURRENT ASSETS</b>	<b>1,240,924</b>	<b>1,478,098</b>	<b>1,784,509</b>	<b>92,069</b>	<b>4,595,600</b>	<b>1,547,241</b>	<b>6,142,841</b>	<b>6,629,872</b>
<b>NONCURRENT ASSETS:</b>								
<b>RESTRICTED ASSETS</b>								
Cash And Cash Equivalents	-	-	993,037	-	993,037	-	993,037	1,073,459
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>993,037</b>	<b>-</b>	<b>993,037</b>	<b>-</b>	<b>993,037</b>	<b>1,073,459</b>
<b>CAPITAL ASSETS</b>								
Land	1,109,583	337,335	1,054,707	254,793	2,756,418	-	2,756,418	2,756,418
Buildings	6,552,249	114,278	3,344,620	332,499	10,343,646	-	10,343,646	10,343,646
Improvements Other Than Buildings	33,320,854	2,026,862	63,387,018	208,324	98,943,058	-	98,943,058	88,915,103
Machinery And Equipment	2,693,188	1,063,250	3,310,583	437,026	7,504,047	-	7,504,047	7,111,143
Construction In Progress	871,080	-	8,149,515	-	9,020,595	-	9,020,595	10,676,830
<b>TOTAL CAPITAL ASSETS</b>	<b>44,546,954</b>	<b>3,541,725</b>	<b>79,246,443</b>	<b>1,232,642</b>	<b>128,567,764</b>	<b>-</b>	<b>128,567,764</b>	<b>119,803,140</b>
Less-Accumulated Depreciation	(14,077,565)	(2,021,007)	(41,564,227)	(697,618)	(58,360,417)	-	(58,360,417)	(55,030,500)
<b>NET CAPITAL ASSETS</b>	<b>30,469,389</b>	<b>1,520,718</b>	<b>37,682,216</b>	<b>535,024</b>	<b>70,207,347</b>	<b>-</b>	<b>70,207,347</b>	<b>64,772,640</b>
<b>OTHER DEBITS</b>								
Unamortized Issue Costs	42,416	-	97,934	-	140,350	-	140,350	150,197
<b>TOTAL OTHER DEBITS</b>	<b>42,416</b>	<b>-</b>	<b>97,934</b>	<b>-</b>	<b>140,350</b>	<b>-</b>	<b>140,350</b>	<b>150,197</b>
<b>TOTAL ASSETS</b>	<b>\$31,752,729</b>	<b>\$2,998,816</b>	<b>\$40,557,696</b>	<b>\$627,093</b>	<b>\$75,936,334</b>	<b>\$1,547,241</b>	<b>\$77,483,575</b>	<b>\$72,626,168</b>

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2005	TOTAL 2004
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts Payable	\$1,235	\$145	\$73	\$0	\$1,453	\$37,791	\$39,244	\$27,788
Retainage Payable	7,971	-	-	-	7,971	-	7,971	-
Due To Other Funds	-	-	525,104	16,172	541,276	25,977	567,253	1,262,770
Due To Other Agencies	5,028	72	10,884	1,708	17,692	-	17,692	20,251
Accrued Vacation Payable	35,603	40,674	106,051	11,945	194,273	-	194,273	187,043
Accrued Salaries Payable	9,185	10,953	27,354	3,086	50,578	-	50,578	40,009
Insurance Claims Payable	-	-	-	-	-	109,286	109,286	74,249
Bonds Payable-Current	255,000	-	840,000	65,000	1,160,000	-	1,160,000	1,309,386
Notes Payable-Current	-	-	56,351	-	56,351	-	56,351	55,382
Loans Payable-Current	-	-	89,853	-	89,853	-	89,853	125,094
Accrued Interest Payable	23,984	-	51,973	357	76,314	-	76,314	90,828
<b>TOTAL CURRENT LIABILITIES</b>	<b>338,006</b>	<b>51,844</b>	<b>1,707,643</b>	<b>98,268</b>	<b>2,195,761</b>	<b>173,054</b>	<b>2,368,815</b>	<b>3,192,800</b>
<b>LONG-TERM LIABILITIES:</b>								
Customer Deposits	-	-	91,284	-	91,284	-	91,284	90,284
Bonds Payable-Long Term	1,815,000	-	6,242,721	-	8,057,721	-	8,057,721	9,215,079
Notes Payable-Long Term	-	-	1,748,227	-	1,748,227	-	1,748,227	1,804,578
Loans Payable-Long Term	-	-	273,624	-	273,624	-	273,624	363,470
Accrued MSWLF Postcare Costs	-	331,624	-	-	331,624	-	331,624	301,352
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>1,815,000</b>	<b>331,624</b>	<b>8,355,856</b>	<b>-</b>	<b>10,502,480</b>	<b>-</b>	<b>10,502,480</b>	<b>11,774,763</b>
<b>TOTAL LIABILITIES</b>	<b>2,153,006</b>	<b>383,468</b>	<b>10,063,499</b>	<b>98,268</b>	<b>12,698,241</b>	<b>173,054</b>	<b>12,871,295</b>	<b>14,967,563</b>
<b>NET ASSETS</b>								
Invested in Capital Assets, net of related debt	28,399,389	1,520,718	28,431,440	470,024	58,821,571	-	58,821,571	51,899,651
Restricted for Perpetual Care	-	-	-	38,250	38,250	-	38,250	38,250
Restricted for Chapel/Veteran's Memorial	-	-	-	3,913	3,913	-	3,913	3,542
Unrestricted	1,200,334	1,094,630	2,062,757	16,638	4,374,359	1,374,187	5,748,546	5,717,162
<b>TOTAL NET ASSETS</b>	<b>\$ 29,599,723</b>	<b>\$ 2,615,348</b>	<b>\$ 30,494,197</b>	<b>\$ 528,825</b>	<b>63,238,093</b>	<b>\$ 1,374,187</b>	<b>64,612,280</b>	<b>57,658,605</b>

Some amounts reported for business-type activities in the statement of net assets (Exhibit 1) are different because certain internal service fund assets and liabilities are included with business-type activities.

105,621

105,621

116,839

\$63,343,714

\$64,717,901

\$57,775,444

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS
	AIRPORT	SANITATION	WATER & SEWER	
<b>OPERATING REVENUES</b>				
Sales	\$1,069,773	\$0	\$0	\$0
Cost of Goods Sold	(790,245)	-	-	-
Gross Margin On Sales	279,528	-	-	-
Charges For Services	672,673	1,962,197	7,188,650	332,401
Employer	-	-	-	-
Employee	-	-	-	-
Miscellaneous	-	-	10,540	745
<b>TOTAL OPERATING REVENUES</b>	<b>952,201</b>	<b>1,962,197</b>	<b>7,199,190</b>	<b>333,146</b>
<b>OPERATING EXPENSES</b>				
Salaries	447,045	659,777	1,495,205	193,401
Employee Benefits	96,896	178,090	355,046	44,981
Professional Services	916	11,262	34,027	80
Property Services	150,811	408,474	910,260	24,924
Purchased Services	49,249	24,805	71,452	9,525
Supplies	160,345	181,128	924,066	19,458
Capital Purchases	130	-	-	5,196
Sundry	67,244	219,899	1,194,436	33,806
Insurance Claims	-	-	-	-
Bad Debt Expense	-	2,814	8,298	-
Amortization	8,186	-	20,377	-
MSWLF Closure & Postclosure Care	-	30,272	-	-
Depreciation	1,274,994	181,954	2,122,803	55,996
<b>TOTAL OPERATING EXPENSES</b>	<b>2,255,816</b>	<b>1,898,475</b>	<b>7,135,970</b>	<b>387,367</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,303,615)</b>	<b>63,722</b>	<b>63,220</b>	<b>(54,221)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	-	-	-	-
Telecommunications Tax	-	-	-	-
Property Tax Collections	181	-	-	39,334
State and Federal Collected Taxes	135,161	-	47,697	-
Interest Income	35,460	23,860	83,119	2,241
Miscellaneous Income	4,066	864,413	7,937	925
Passenger Facility Charge Income	295,190	-	-	-
Interest And Fiscal Charges	(103,911)	-	(364,387)	(6,332)
Miscellaneous Expense	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>366,147</b>	<b>888,273</b>	<b>(225,634)</b>	<b>36,168</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(937,468)</b>	<b>951,995</b>	<b>(162,414)</b>	<b>(18,053)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,326,349</b>	<b>-</b>	<b>6,257,144</b>	<b>99</b>
TRANSFERS IN	171,318	83,300	100,000	794
TRANSFERS OUT	(136,964)	(333,585)	(414,331)	-
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>1,360,703</b>	<b>(250,285)</b>	<b>5,942,813</b>	<b>893</b>
<b>CHANGE IN NET ASSETS</b>	<b>423,235</b>	<b>701,710</b>	<b>5,780,399</b>	<b>(17,160)</b>
NET ASSETS, JANUARY 1	29,176,488	1,913,638	24,713,798	545,985
<b>NET ASSETS, DECEMBER 31</b>	<b>\$29,599,723</b>	<b>\$2,615,348</b>	<b>\$30,494,197</b>	<b>\$528,825</b>

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	GOVERNMENTAL ACTIVITIES			
	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL 2005	TOTAL 2004
<b>OPERATING REVENUES</b>				
Sales	\$1,069,773	\$398,350	\$1,468,123	\$1,234,598
Cost of Goods Sold	(790,245)	(388,634)	(1,178,879)	(950,750)
Gross Margin On Sales	279,528	9,716	289,244	283,848
Charges For Services	10,155,921	-	10,155,921	9,621,133
Employer	-	1,093,781	1,093,781	1,013,882
Employee	-	558,291	558,291	495,389
Miscellaneous	11,285	-	11,285	11,343
<b>TOTAL OPERATING REVENUES</b>	<b>10,446,734</b>	<b>1,661,788</b>	<b>12,108,522</b>	<b>11,425,595</b>
<b>OPERATING EXPENSES</b>				
Salaries	2,795,428	-	2,795,428	2,713,758
Employee Benefits	675,013	-	675,013	629,226
Professional Services	46,285	-	46,285	30,502
Property Services	1,494,469	-	1,494,469	1,016,031
Purchased Services	155,031	-	155,031	160,233
Supplies	1,284,997	14,837	1,299,834	1,599,484
Capital Purchases	5,326	-	5,326	16,171
Sundry	1,515,385	-	1,515,385	1,432,410
Insurance Claims	-	1,631,663	1,631,663	1,412,825
Bad Debt Expense	11,112	-	11,112	8,759
Amortization	28,563	-	28,563	88,282
MSWLF Closure & Postclosure Care	30,272	-	30,272	29,436
Depreciation	3,635,747	-	3,635,747	3,550,770
<b>TOTAL OPERATING EXPENSES</b>	<b>11,677,628</b>	<b>1,646,500</b>	<b>13,324,128</b>	<b>12,687,887</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,230,894)</b>	<b>15,288</b>	<b>(1,215,606)</b>	<b>(1,262,292)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	-	-	-	3,800
Telecommunications Tax	-	-	-	1,691
Property Tax Collections	39,515	-	39,515	21,221
State Collected Taxes	182,858	-	182,858	197,688
Interest Income	144,680	30,578	175,258	120,039
Miscellaneous Income	877,341	17,169	894,510	66,542
Passenger Facility Charge Income	295,190	-	295,190	293,426
Interest And Fiscal Charges	(474,630)	(1,403)	(476,033)	(481,435)
Miscellaneous Expense	-	-	-	(669,555)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>1,064,954</b>	<b>46,344</b>	<b>1,111,298</b>	<b>(446,583)</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(165,940)</b>	<b>61,632</b>	<b>(104,308)</b>	<b>(1,708,875)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>7,583,592</b>	<b>-</b>	<b>7,583,592</b>	<b>779,289</b>
TRANSFERS IN	355,412	34,437	389,849	349,602
TRANSFERS OUT	(884,880)	(30,578)	(915,458)	(2,462,607)
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>7,054,124</b>	<b>3,859</b>	<b>7,057,983</b>	<b>(1,333,716)</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,888,184</b>	<b>65,491</b>		
<b>NET ASSETS, JANUARY 1</b>	<b>56,349,909</b>	<b>1,308,696</b>		
<b>NET ASSETS, DECEMBER 31</b>	<b>\$63,238,093</b>	<b>\$1,374,187</b>		
			6,888,184	(3,147,326)
			(11,218)	8,415
			<u>\$6,876,966</u>	<u>(\$3,138,911)</u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>			<b>NON MAJOR ENTERPRISE FUNDS</b>
	<b>AIRPORT</b>	<b>SANITATION</b>	<b>WATER AND SEWER</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$1,689,698	\$1,980,216	\$7,206,956	\$338,234
Payments to suppliers	(1,160,228)	(1,367,055)	(3,247,757)	(92,574)
Payments to employees	(539,655)	(834,038)	(1,842,389)	(236,560)
Internal activity - payments from (to) other funds	-	(324,889)	-	-
Due from (to) other agencies	(836,343)	(585,612)	26,218	758
Other	-	-	-	-
Net cash provided (used) by operating activities	(846,528)	(1,131,378)	2,143,028	9,858
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	139,408	-	55,634	40,035
Transfers In	171,318	83,300	100,000	759
Transfers Out	(136,964)	(333,585)	(414,331)	(35)
Internal activity - payments from (to) other funds	-	521,493	-	296
Other	-	-	-	-
Net cash provided (used) by noncapital financing activities	173,762	271,208	(258,697)	41,055
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	-	-
Capital Contributions	1,326,349	-	325,853	99
Passenger Facility Charges	295,190	-	-	-
Acquisition And Construction Of Capital Assets	(1,570,568)	(580,723)	(1,476,997)	-
Proceeds from sale of fixed assets	-	717,893	-	-
Principal Paid on Capital Debt	(255,000)	-	(1,172,213)	(60,000)
Interest Paid on Capital Debt	(106,569)	-	(375,913)	(6,332)
Other	-	-	-	-
Net cash provided (used) by capital and related financing activities	(310,598)	137,170	(2,699,270)	(66,233)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	35,460	23,860	83,119	2,241
Net cash provided by investing activities	35,460	23,860	83,119	2,241
Net increase (decrease) in cash and cash equivalents	(947,904)	(699,140)	(731,820)	(13,079)
Cash and cash equivalents, January 1	1,201,392	1,098,220	2,871,695	75,444
Cash and cash equivalents, December 31	\$253,488	\$399,080	\$2,139,875	\$62,365
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$1,303,615)	\$173,335	\$63,220	(\$54,221)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	1,274,994	181,954	2,122,803	55,996
Amortization Expense	8,186	-	20,377	-
Change In Assets And Liabilities				
Taxes Receivable	609	-	-	-
Receivables, net	(53,357)	18,019	17,306	5,833
Due From Other Agencies	(831,387)	(585,612)	24,356	758
Merchandise Inventory	52,164	-	-	-
Accounts Payable	9,206	(5,227)	(22,343)	-
Insurance Claims Payable	-	-	-	-
Due To Other Agencies	(4,956)	(623,059)	1,862	-
Due To (From) Other Funds	-	(324,889)	(81,889)	-
Accrued Vacation Payable	2,472	1,692	1,656	1,410
Accrued Salaries Payable	1,814	2,137	6,206	412
Accrued Interest Payable	(2,658)	-	(11,526)	(330)
Accrued MSWLF Postcare Costs	-	30,272	-	-
Customer Deposits	-	-	1,000	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(846,528)	(1,131,378)	2,143,028	9,858
Noncash capital activities:				
Contribution of capital assets from governmental funds	-	-	5,737,767	-

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS	TOTAL 2005	TOTAL 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$11,215,104	\$2,029,278	\$13,244,382	\$12,343,589
Payments to suppliers	(5,867,614)	(330,643)	(6,198,257)	(4,689,415)
Payments to employees	(3,452,642)	(1,631,663)	(5,084,305)	(4,805,474)
Internal activity - payments from (to) other funds	(324,889)	-	(324,889)	-
Due from (to) other agencies	(1,394,979)	-	(1,394,979)	-
Other	-	-	-	301,848
Net cash provided (used) by operating activities	174,980	66,972	241,952	3,150,548
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	235,077	-	235,077	224,400
Transfers In	355,377	34,437	389,814	349,602
Transfers Out	(884,915)	(30,578)	(915,493)	(2,462,607)
Internal activity - payments from (to) other funds	521,789	17,169	-	-
Other	-	-	-	(603,013)
Net cash provided (used) by noncapital financing activities	227,328	21,028	(290,602)	(2,491,618)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	-	2,675,000
Capital Contributions	1,652,301	-	1,652,301	779,289
Passenger Facility Charges	295,190	-	295,190	293,426
Acquisition And Construction Of Capital Assets	(3,628,288)	-	(3,628,288)	(3,518,466)
Proceeds from sale of fixed assets	717,893	-	717,893	-
Principal Paid on Capital Debt	(1,487,213)	-	(1,487,213)	(1,336,958)
Interest Paid on Capital Debt	(488,814)	(1,403)	(490,217)	(473,577)
Other	-	-	-	(7,138)
Net cash (used) by capital and related financing activities	(2,938,931)	(1,403)	(2,940,334)	(1,588,424)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	144,680	30,578	175,258	120,042
Net cash provided by investing activities	144,680	30,578	175,258	120,042
Net increase in cash and cash equivalents	(2,391,943)	117,175	(2,813,726)	(809,452)
Cash and cash equivalents, January 1	5,246,751	1,091,274	6,338,025	7,147,477
Cash and cash equivalents, December 31	\$2,854,808	\$1,208,449	\$3,524,299	\$6,338,025
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$1,121,281)	\$15,288	\$ (1,105,993)	\$ (1,262,292)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	3,635,747	-	3,635,747	3,550,770
Amortization Expense	28,563	-	28,563	88,282
Change In Assets And Liabilities				
Taxes Receivable	609	-	609	1,988
Receivables, net	(12,199)	5,263	(6,936)	(48,905)
Due From Other Agencies	(1,391,885)	-	(1,391,885)	295,446
Merchandise Inventory	52,164	(26,407)	25,757	4,493
Accounts Payable	(18,364)	37,791	19,427	26,635
Insurance Claims Payable	-	35,037	35,037	(11,209)
Due To Other Agencies	(626,153)	-	(626,153)	629,388
Due To (From) Other Funds	(406,778)	-	(406,778)	(111,680)
Accrued Vacation Payable	7,230	-	7,230	5,906
Accrued Salaries Payable	10,569	-	10,569	(55,571)
Accrued Interest Payable	(14,514)	-	(14,514)	7,858
Accrued MSWLF Postcare Costs	30,272	-	30,272	29,436
Customer Deposits	1,000	-	1,000	3
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	174,980	66,972	241,952	3,150,548
Noncash capital activities:				
Contribution of capital assets from governmental funds	5,737,767	-	5,737,767	-

The accompanying notes to the financial statements are an integral part of these statements.

City of Minot, North Dakota  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2005

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$455,558	\$52,313
Investments-U.S. Government Securities	45,901,387	-
Taxes Receivable Delinquent	-	2,489
Accrued Interest Receivable	510,731	-
Total Assets	46,867,676	54,802
<b>LIABILITIES</b>		
Due to Other Agencies	\$0	\$52,313
Other Deferred Credits	-	2,489
Total Liabilities	-	54,802
<b>NET ASSETS</b>		
Held in trust for pension benefits		
City Employee's Pension Plan	35,588,718	
Police Pension Plan	11,278,958	
<b>NET ASSETS</b>	\$46,867,676	

The accompanying notes to the financial statements are an intergal part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<b>PENSION TRUST FUNDS</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$1,743,340
Employee	1,747,980
Total Contributions	3,491,320
Investment earnings:	
Interest	1,993,467
Net (decrease) in the fair value of investments	(1,085,740)
Total Investment earnings	907,727
Less investment expense	63,205
Net Investment earnings	844,522
<b>TOTAL ADDITIONS</b>	<b>4,335,842</b>
<b>DEDUCTIONS:</b>	
Benefits Paid to Participants	3,318,824
Refunds	166,767
Administrative Expenses	208,362
<b>TOTAL DEDUCTIONS</b>	<b>3,693,953</b>
<b>Change in Net Assets</b>	641,889
Net Assets - January 1	46,225,787
<b>Net Assets- December 31</b>	<b>\$46,867,676</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A: Reporting entity**

The City of Minot was incorporated on July 16, 1887. The City has operated under a council/manager form of government since the citizens approved a home rule charter in 1972. The accompanying financial statements present the activities of the City of Minot. 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**

Government-wide statements: The statement of net assets displays information on the financial activities of the City, with the exception of the fiduciary activities. Reporting of the internal activities has been eliminated to avoid duplication on the statements. The statements distinguish between *governmental activities*, which are normally financed through taxes and intergovernmental revenues, and *business-type activities*, which are normally financed in whole or in part by fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations have been eliminated from the statement of financial activities. *Program revenues* include 1) fines, fees, and charges for services to customers that benefit from the services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

Fund financial statements: The fund financial statements provide detailed information for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide statements. The fund statement's emphasis is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

**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. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues 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. Under this method, revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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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 30 days of the end of the fiscal year. Expenditures are generally recognized when the liability is incurred, as under accrual accounting. An exception to this general rule is that unmatured principal and interest on general long-term debt is recorded only when payment is due.

Property taxes, sales taxes, municipal highway taxes, estate taxes, and franchise fees are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City of Minot'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 cost of sales and services, administrative expenses, MSWLF closure and postclosure care, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

*General Fund:* This fund is used to account for the financial resources of the general government that are not required to be accounted for in another fund.

*Sales Tax Economic Development:* This fund is used to account for the portion of the sales tax collections dedicated to economic development and payments that are made towards economic development projects.

*Sales Tax NAWS:* This fund is used to account for the portion of the sales tax collections dedicated to the Northwest Area Water Supply projects and the payments that are made towards the NAWS project.

*Highway Debt Service:* This fund is used to account for the resources accumulated and payments made for principal and interest on general long-term debt associated with various highway projects within the City.

*Special Assessment Debt Service:* This fund is used to account for the resources accumulated and payments made for principal and interest on special assessment long-term debt associated with various special assessment districts within the City.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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The City reports the following major proprietary funds:

*Airport:* This fund is used to account for the provision of airline services to the residents of the City and the surrounding areas.

*Sanitation:* This fund is used to account for the provisions of garbage pickup and landfill services to the residents of the City.

*Water and Sewer:* This fund is used to account for the provisions of water and sewer services to the residents of the City.

In addition, the City reports the following fund types:

*Internal Service Funds:* These funds are used to account for services provided to other City departments, or other governments, on a cost reimbursement basis. The City uses the Central Garage fund to account for the cost of providing fuel, maintenance and repairs to vehicles and equipment of all city departments. The Self Insurance Fund is used to account for the cost of providing health insurance to City employees.

*Agency Funds:* These funds are used to account for assets held by the City as agent for other individuals, private organizations, or other governmental units and/or funds. The City reports the Payroll Deductions fund to account for employee payroll deductions. The Employer Social Security fund is used to account for employee and employer contributions to social security. The Commission on Aging fund is used to account for Section 18 grant monies for the Commission on Aging bus system. The Hotel/Motel Tax fund is used to account for the monthly hotel/motel tax collected and disbursed by the City to the Convention and Visitor's Bureau. The CDBG Passthrough Fund is used to receipt and disburse economic development funds as distributed by the State to various businesses eligible for CDBG funding.

*Pension Trust Funds:* These funds are used to account for the activities of the City Employee's Pension Plan and the Police Pension Plan, which accumulates resources for the pension benefit payments to qualified employees.

The City follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing generally accepted accounting principals for governmental entities. For the government-wide business-type activities and enterprise fund financial statements, the City follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with GASB pronouncements.

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2004, from which the summarized information was derived.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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**D: Assets, liabilities and equity**

*1: Deposits and Investments:*

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of change in value because of changes in interest rates.

North Dakota state statute authorizes municipalities to invest their surplus funds in a) bonds, treasury bills or notes, or other securities which are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality, 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, and d) obligation of the state. In addition to the above mentioned investments, the 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 such funds shall be placed for investment only with a firm or firms whose primary endeavor is money management.

Investments are stated at fair value.

*2: Receivables and Payables*

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

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

All real estate is assessed as of the current value on February 1<sup>st</sup> of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1<sup>st</sup> of the year following the assessment date. A 5% reduction of the taxes is allowed if the taxes are paid in full by February 15<sup>th</sup>.

Penalty and interest are added on March 1<sup>st</sup> if the first half of the taxes are not paid. Additional penalty and interest are added October 15<sup>th</sup> to those taxes that are not paid. Taxes are collected by the County and remitted monthly to the City.

The City is permitted under provisions of the Home Rule Charter to levy taxes, as needed for general governmental services and payment of principal and interest on long-term debt.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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3: *Inventories*

Inventories are valued at the lower of cost (first-in, first-out) or market in the proprietary funds and at cost in the governmental funds. The costs of inventory items are recognized as expenditures in governmental funds and as expenses in proprietary funds when consumed.

4: *Restricted Assets*

Certain proceeds of the City's Airport and Water and Sewer enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. A construction account is established within the fund into which the proceeds of the bonds are deposited. A debt service account is established within the fund to set aside the net revenues of the Utility each month an amount equal to not less than the sum of one-sixth of the interest due within the next six months plus one-twelfth of the principal to become due within the next twelve months.

5: *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. Capital assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

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.

Major outlays for capital assets and improvements are capitalized as project construction is completed.

Depreciation has been provided over the estimated useful life, using the straight-line method, as follows:

Buildings 20-40 years, Infrastructure 30- 50 years, Improvements 10-40 years, Equipment 3-10 years

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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6: *Compensated Absences*

Employees accrue vacation leave at a rate of eight hours per month for the first five years of continuous service. The accrual rate is increased to ten hours per month after five years, twelve hours per month after ten years, and fourteen hours per month after fifteen years of service. A maximum of 240 vacation hours are payable upon termination. Accumulated unpaid vacation is accrued when earned in the government-wide, and proprietary fund statements.

Sick leave is accrued at a rate of eight hours per month of continuous service. There is no limit to the hours of sick leave that can be accumulated; however liabilities are not recorded in any fund, as there are no provisions for vesting of unused sick leave.

7: *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8: *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally segregated for a specific future use or are not available for appropriation for expenditures or expenses. Designations of fund balance are tentative management segregation for a specific future use and are subject to change.

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2005**

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

**A:** Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$14,873,590) difference are as follows:

Bonds payable	\$14,155,000
Accrued interest payable	118,470
Compensated absences	<u>600,120</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$14,873,590</u>

**B:** Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$38,091 difference are as follows:

Capital outlay	\$2,729,548
Depreciation-Current Year	<u>(2,691,457)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$38,091</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A: Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Special Revenue Funds with the exception of Sales Tax - Flood Control, Sidewalk Improvement, Street Reserve, Special Assessment Deficiency Fund, and Demolitions. All appropriations lapse at year-end.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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The budget is prepared by fund, by department within each fund, and by line item within each department. The legal level of budgetary control is at the fund level. The management of the City of Minot has the authority to exceed line items or department budgets as long as the fund appropriations are not exceeded. City Council approval is required for (a) the transfer of appropriations from one fund to another fund or the addition of line items within a fund or both and (b) an increase in the aggregate total of appropriations in order to reflect changes in financial circumstances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Supplemental appropriations were approved by the Council for the General Fund, Public Transportation, Library, Recreation/Auditorium, Equipment Purchase, Fire Equipment Purchase and Sales Tax-Capital Improvements.

**B: Excess of expenditures over appropriations**

Expenditures in the General fund exceeded appropriations by \$240,621. Expenditures in nonmajor funds for the fiscal year 2005 exceed appropriations in Emergency Levy by \$17,789 and Sales Tax-Capital Improvements by \$34,033. All expenditures were approved by City Council. These expenditures were all funded by available fund balances.

**C: Deficit fund equity**

Four nonmajor funds had deficit fund balances as of December 31, 2005. The \$130,459 deficit in Sidewalk will be reimbursed by future bond sale monies dedicated to this fund. The \$43,448 deficit in Demolitions will be reimbursed by future special assessment installments collected annually. The \$8,260 deficit in Capital-Sertoma Sports Complex will be reimbursed with future user fees dedicated to this fund. And the \$54,283 in Capital-Library Construction will be reimbursed by pledged donations towards the construction of the library addition.

**IV. DETAILED NOTES ON ALL FUNDS**

**A: Deposits and Investments**

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. As of December 31, 2005 the City is fully insured by FDIC and has no custodial credit risk.

*Custodial credit risk-investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy for custodial credit risk. As of December 31, 2005 the City had no custodial credit risk.

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2005**

**B: Due From Other Agencies**

A total of \$3,108,093 is due from other agencies. This includes \$1,379,616 due from the State of North Dakota, - \$190,793 for highway user taxes, \$779,740 for city sales taxes, \$332,746 for State Aid Distribution, \$29,335 for Section 5309 grant, and \$47,002 for a Section 18 grant. Due from the Federal Government are \$25,327 from FEMA for the October storm, and \$831,387 from the FAA for Airport projects. Other amounts due are \$585,612 for the sale of Sanitation equipment, \$15,360 from Ward County for the E911 Telephone fee, \$202,060 from the State of ND for the remainder of South Broadway, and \$68,731 for reimbursement of expenses from various entities and individuals.

**C: Receivables**

Loans receivables as of the end of the current fiscal year for the Sales Tax-Economic Development fund were:

Due within one year:	\$59,154
Due after one year:	85,346
Less: Allowance for uncollectibles:	<u>(49,834)</u>
Total Loans Receivable:	<u>\$144,500</u>

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Taxes Delinquent	Specials Deferred	Specials Delinquent	Accounts	Loans	Gross Receivables	Less: Allowance for Uncollectibles	Total Net Receivables
General	\$135,126	\$8,541	\$11,053	\$169,943		\$324,663		\$324,663
Sales Tax- Economic Development					194,334	194,334	(49,834)	144,500
Highway Debt	30,791					30,791		30,791
Assessment Debt	5,740	3,033,908	79,478			3,119,126		3,119,126
Nonmajor Gov't'l	85,173	51,040	5,144	22,518		163,875		163,875
Airport	422			104,865		105,287		105,287
Sanitation				168,517		168,517		168,517
Water & Sewer				637,671		637,671		637,671
Nonmajor Enterprise	1,147			12,385		13,532		13,532
Internal Service				920		920		920
<b>Total Net Receivables</b>	<b>\$258,399</b>	<b>\$3,093,489</b>	<b>\$95,675</b>	<b>\$1,116,819</b>	<b>\$194,334</b>	<b>\$4,758,716</b>	<b>(\$49,834)</b>	<b>\$4,708,882</b>

The only receivables not expected to be collected within one year are \$2,518,324 of special assessments deferred reported in the Assessment Debt fund and the loans receivables as noted above.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the deferred revenue reported in the governmental funds was as follows:

General Fund	\$160,802
Highway Debt	27,392
Assessment Debt	3,118,660
Nonmajor Governmental Funds	<u>132,246</u>
Total Deferred Revenue	<u>\$ 3,439,100</u>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**D: Capital assets**

Capital asset activity for the year ended December 31, 2005 was as follows:

	BALANCE 1/1/05	ADDITIONS	DELETIONS	BALANCE 12/31/05
Governmental Activities:				
Capital Assets, Not being depreciated:				
Land	\$4,909,325	\$ 0	\$ 0	\$ 4,909,325
Construction in progress	17,704,135	1,509,050	7,030,039	12,183,146
Total capital assets, Not being depreciated	22,613,460	1,509,050	7,030,039	17,092,471
Capital Assets, Being depreciated				
Buildings	11,449,812	589,284	1,000	12,038,096
Improvements	1,069,103	-	-	1,069,103
Equipment	8,167,601	1,128,044	926,541	8,369,104
Infrastructure	46,840,033	987,803	-	47,827,836
Books	3,769,280	135,809	-	3,905,089
Total capital assets being depreciated	71,295,829	2,840,940	927,541	73,209,228
Less accumulated depreciation for:				
Buildings	(4,507,439)	(214,844)	-	(4,722,283)
Improvements	(663,755)	(323,749)	-	(987,504)
Equipment	(4,691,017)	(590,190)	634,125	(4,647,082)
Infrastructure	(15,620,334)	(1,354,932)	-	(16,975,266)
Books	(2,273,155)	(207,742)	-	(2,480,897)
Total accumulated depreciation	(27,755,700)	(2,691,457)	634,125	(29,813,032)
Total capital assets, Being depreciated, net	43,540,129	149,483	293,416	43,396,196
Governmental activities capital assets, net	\$66,153,589	\$1,658,533	\$7,323,455	\$60,488,667

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

	BALANCE 1/1/05	ADDITIONS	DELETIONS	BALANCE 12/31/05
Business-type Activities:				
Capital Assets, Not being depreciated:				
Land	\$ 2,756,418	\$0	\$0	\$ 2,756,418
Construction in progress	10,676,830	6,996,562	8,652,797	9,020,595
Total capital assets, Not being depreciated	13,433,248	6,996,562	8,652,797	11,777,013
Capital Assets, Being depreciated				
Buildings	10,343,646	-	-	10,343,646
Improvements	88,915,103	10,027,955	-	98,943,058
Equipment	7,111,143	1,328,478	935,574	7,504,047
Total capital assets Being depreciated	106,369,892	11,356,433	935,574	116,790,751
Less accumulated depreciation for:				
Buildings	(6,546,971)	(254,960)	-	(6,801,931)
Improvements	(42,757,292)	(3,052,750)	-	(45,810,042)
Equipment	(5,726,237)	(368,155)	345,948	(5,748,444)
Total accumulated depreciation	(55,030,500)	(3,675,865)	345,948	(58,360,417)
Total capital assets being depreciated, net	51,339,392	7,680,568	589,626	58,430,334
Business-type activities capital assets, net	\$64,772,640	\$14,677,130	\$9,242,423	\$70,207,347

Depreciation expense was charged to the following functions/programs of the City for the current fiscal year:

Governmental activities:

General Government	\$634,504
Public Safety	361,486
Highways and Streets	1,608,494
Culture and Recreation	<u>86,972</u>
Total depreciation expense – governmental activities	<u>\$2,691,457</u>

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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Business-type activities:	
Airport	\$1,274,994
Cemetery	12,043
Parking Authority	43,953
Sanitation	181,954
Water and Sewer	<u>2,122,803</u>
Total depreciation expense-business-type activities	<u>\$3,635,747</u>

**E: Construction commitments**

Construction commitments as of December 31, 2005 were approximately \$2,056,625. The City is also committed to approximately \$23 million local share in the Northwest Area Water Supply Project to bring water from the Missouri River to Minot. This project will be funded with sales tax monies approved by the voters in March 1999. The NAWS project began the first phase in the spring of 2002. Although there are various other commitments, it is the opinion of the City that they will not have a material effect on the financial statements.

**F: Interfund Receivables, Payables, and Transfers**

The composition of interfund balances at December 31, 2005 were:

DUE TO/ FROM OTHER FUNDS		
RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Sanitation	General Fund	\$324,889
Assessment Debt	Water and Sewer	525,104
Assessment Debt	Nonmajor-Governmental	286,061
Nonmajor-Governmental	Assessment Debt	549,340
Nonmajor-Proprietary	Nonmajor-Proprietary	16,172
Nonmajor-Governmental	Nonmajor-Governmental	181,110
Total-Governmental Activities		\$1,882,676
Internal Service-Self Insurance	Internal Service-Central Garage	\$25,977

ADVANCES TO/FROM OTHER FUNDS		
ADVANCE TO:	ADVANCE FROM:	AMOUNT
Sales Tax Economic Development	Nonmajor-Governmental	\$300,318
Totals		\$300,318

The due to Assessment Debt is the amount of outstanding special assessments that will be paid in annual installments by the Water and Sewer fund and Nonmajor-Governmental funds. \$841,935 is not scheduled for repayment in the subsequent year.

The advance to Sales Tax Economic Development is an interfund loan for economic development projects.

**CITY OF MINOT, NORTH DAKOTA  
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Transfer Out:	General Fund	Sales Tax – Economic Development	Sales Tax – NAWS	Highway Debt	Assessment Debt	Nonmajor Governmental Funds
General Fund	\$0	\$87,234	\$50,000	\$208,351	\$8,537	\$312,757
Sales Tax – Economic Development						376,366
Highway Debt						500,000
Assessment Debt						369,000
Nonmajor Governmental Funds	132,011			186,944	68,268	2,973,734
Airport						171,318
Sanitation						
Water and Sewer						100,000
Nonmajor Enterprise Funds	794					
Internal Service Funds	34,437					
Total transfers out	\$167,242	\$87,234	\$50,000	\$395,295	\$76,805	\$4,803,175

Transfer Out:	Airport	Sanitation	Water & Sewer	Internal Service Funds	Totals
General Fund	\$114,951	\$173,585	\$202,122	\$30,578	\$1,188,115
Sales Tax – Economic Development					\$376,366
Highway Debt					\$500,000
Assessment Debt	22,013		42,910		\$433,923
Nonmajor Governmental Funds		160,000	85,999		\$3,606,956
Airport					\$171,318
Sanitation			83,300		\$83,300
Water and Sewer					\$100,000
Nonmajor Enterprise Funds					\$794
Internal Service Funds					\$34,437
Total transfers out	\$136,964	\$333,585	\$414,331	\$30,578	\$6,495,209

**CITY OF MINOT, NORTH DAKOTA**  
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Transfers in/out consisted of the following:

\$120,053	To General Fund from Sanitation to supplement other fund sources.
114,951	To General Fund from Airport to supplement other fund sources.
35,000	To General Fund from Highway Reserve to supplement other fund sources.
50,000	To General Fund from Sales Tax-Economic Development for administration.
50,000	To General Fund from Sales Tax-NAWS for administration.
185,760	To General Fund from Highway Debt for project close outs.
22,575	To General Fund from Water and Sewer for a budgeted transfer.
	To General Fund from Water and Sewer (96,740), City Bus (20,700), Recreation/Auditorium (22,100),
278,072	Equipment Purchase (85,000), and Sanitation (53,532) for NAWS repayment.
	To City Bus from Water and Sewer (11,000) and Sales Tax-Capital Improvement (26,487)
37,487	for budgeted transfers.
65,000	To Recreation/Auditorium from Sales Tax-Capital Improvements for maintenance.
160,000	To Equipment Purchase from Sanitation for equipment purchases transfer.
75,000	To Equipment Purchase from Water & Sewer for equipment purchases transfer.
376,366	To Sales Tax-Economic Development from Sales Tax-Capital Improvements for budgeted transfers.
500,000	To Debt Service-Highway from Sales Tax-Property Tax Relief for debt service.
	To Debt Service-Assessment Debt from Airport (22,013), Water & Sewer (42,910), Special Assessment
433,923	Deficiency Fund (369,000) for debt service.
550,000	To Capital-Highway Reserve from Capital-Sales Tax-Capital Improvements for budgeted transfers.
	To Capital-Assessment Capital from Debt Service-Assessment Debt (142,218) and
246,334	from Sidewalk (104,116) for construction projects.
186,944	To Capital-Highway Reserve from Debt Service-Highway for project close outs.
284,382	To Capital-Highway Reserve from Capital-Assessment Capital for South Broadway.
903,349	To Capital-Assessment Capital from Capital-Highway Reserve for South Broadway.
21,999	To Capital Projects-Fire Equipment from Fire Equipment for Fire equipment purchases.
	To Capital Projects-Sales Tax Capital from Sales Tax-Capital Improvements for
935,792	capital construction projects.
171,318	To Airport from Sales Tax-Capital Improvements for debt service.
83,300	To Sanitation from Water & Sewer for debt service.
18,430	To Water & Sewer from Capital-Highway Reserve for South Broadway.
100,000	To Water & Sewer from Sales Tax-Capital for debt service.
489,174	Between funds for annual interest distribution.
<u>\$6,495,20</u>	
<u>9</u>	

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**G: Leases**

*Operating Leases.* The City leases equipment under operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's assets and liabilities. Total cost for such leases were \$164,823 for the year ended December 31, 2005. The future minimum lease payments for these leases are as follows:

YEAR ENDED DECEMBER 31	AMOUNTS
2006	\$168,141
2007	170,351
2008	172,655
2009	175,057
2010-2011	695,210
Total Minimum Lease Payments	\$1,381,414

**H: Long-Term Debt**

Governmental activities include the following type of long-term debt:

*General obligation bonds* are issued to provide funds for the acquisition and construction of major capital items. They are direct obligations and pledge the full faith and credit of the City of Minot. These bonds are generally issued as 10-year bonds and the outstanding bonds have interest rates ranging from 3.0% to 4.8%.

*Special assessment bonds* are issued to provide funds for the construction of improvement projects for residential and commercial developments. Special assessment bonds are paid directly from the sinking funds with the annual certification payments made by the property owners who directly benefit from each project. The City has \$72,000 of special assessment bonds outstanding, with \$5,563,000 special assessment bonds outstanding backed by property owner annual certification payments. The City of Minot is legally obligated to meet any deficiencies by levying ad valorem taxes. Interest rates on the outstanding bonds range from 2.50% to 4.95%.

Business-type activities include the following type of long-term debt:

*Revenue Bonds.* The City of Minot issues bonds and pledges all revenues from the Enterprise Funds to pay the debt service. Interest rates on the outstanding bonds range from 1.75% to 6.6%.

*Notes* outstanding as of December 31, 2005 include the Bureau of Reclamation note for \$1,804,578, with a 3.5% interest rate, maturing January 1, 2027.

*Loans* outstanding as of December 31, 2005 include \$10,411 to IBM for the purchase of IBM hardware. This loan has interest rates ranging from 2.84% to 3.39% and matures June 1, 2006. Also included is a loan from Norwest Investment Services for \$20,050 which has an interest rate of 5.98% and matures June 3, 2006, and a loan from Zion's Bank for \$333,016 which has an interest rate of 5.77% and matures July 1, 2010.

**CITY OF MINOT, NORTH DAKOTA**  
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Annual debt service requirements to maturity (not including compensated absences) are as follows:

Governmental activities	General obligation bonds		Special assessment bonds	
	Principal	Interest	Principal	Interest
2006	\$1,255,000	\$324,611	\$1,160,000	\$220,908
2007	1,120,000	285,838	1,050,000	175,207
2008	1,160,000	242,078	905,000	133,293
2009	700,000	196,257	785,000	98,065
2010	595,000	170,672	790,000	66,852
2011-2015	2,370,000	550,620	945,000	60,850
2016-2020	765,000	243,293		
2021-2024	555,000	56,500		
Total governmental activities	\$8,520,000	\$2,069,869	\$5,635,000	\$755,175

Business-type activities	Revenue bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$1,160,000	\$349,989	\$56,351	\$63,649	\$89,853	\$ 19,079
2007	1,125,000	312,756	58,341	61,659	62,868	14,940
2008	1,080,000	273,419	60,400	59,600	66,548	11,261
2009	1,030,000	233,979	62,533	57,467	70,443	7,365
2010	1,045,000	194,911	64,741	55,259	73,765	3,243
2011-2015	2,155,000	529,999	359,647	240,353		
2016-2020	840,000	280,494	427,780	172,220		
2021-2025	810,000	89,926	511,704	91,057		
2026-2027			203,081	10,178		
Totals	\$ 9,245,000	\$ 2,265,473	\$1,804,578	\$ 811,442	\$ 363,477	\$ 55,888

*General Obligation Bonds.* The City issued \$2,355,000 of general obligation highway bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

**CITY OF MINOT, NORTH DAKOTA  
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*Changes in Long Term Liabilities.* The following is a summary of the activity in long-term liabilities for the year ended December 31, 2005.

<b>Governmental activities:</b>	BALANCE 1/1/05	ADDITIONS	DELETIONS	BALANCE 12/31/05	DUE WITHIN ONE YEAR
Bonds payable:					
General obligation	\$7,170,000	\$2,355,000	\$(1,005,000)	\$8,520,000	\$1,255,000
Special assessment	7,025,000	-	(1,390,000)	5,635,000	1,160,000
Total bonds payable	14,195,000	2,355,000	(2,395,000)	14,155,000	2,415,000
Compensated absences	585,721	539,778	(525,379)	600,120	215,911
Governmental activity Long-term liabilities	\$14,780,721	\$2,894,778	\$(2,920,379)	\$14,755,120	\$2,630,911

<b>Business-type activities</b>					
Bonds payable:					
Revenue	\$ 10,554,386	\$ 0	\$ (1,309,386)	\$ 9,245,000	\$ 1,160,000
Less Unamortized Discount	(29,921)	2,642	-	(27,279)	-
Notes	1,859,960	-	(55,382)	1,804,578	56,351
Loans	488,565	-	(125,088)	363,477	89,853
Compensated absences	187,043	159,176	(151,946)	194,273	63,670
Business-type activity Long-term liabilities	\$ 13,060,033	\$ 161,818	\$ (1,641,802)	\$ 11,580,049	\$ 1,369,874

Compensated absences for governmental activities are generally liquidated by the general fund.

*Conduit Debt.* From time to time, the City has issued Municipal Industrial Development Act 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 property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not 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, 2005, the aggregate principal amount payable for the nine outstanding conduit debt series issued prior to July 1, 1995, could not be determined, however, their original issue amounts totaled \$41,500,000.

The City's debt limit is \$63,960,233 and the legal debt margin is \$55,545,288.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**I: Segment information**

The City issued revenue bonds through the North Dakota Municipal Bond Bank to fund parking lot improvements. Summary information for the Parking Authority is presented below:

**CONDENSED STATEMENT OF NET ASSETS**

Assets:		
Current Assets		\$0
Capital Assets		344,248
	Total Assets	<u>344,248</u>
Liabilities:		
Current Liabilities		82,889
	Total Liabilities	<u>82,889</u>
Net Assets:		
Invested in capital assets, net of related debt		279,248
Unrestricted		(17,889)
	Total Net Assets	<u><u>\$261,359</u></u>

**CONDENSED STATEMENT OF  
REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS**

Parking charges for services		\$160,299
Depreciation expense		(43,953)
Other operating expenses		(114,876)
	Operating Income	<u>1,470</u>
Nonoperating revenues (expenses)		
Miscellaneous income		225
Interest expense		(6,332)
Transfers in (out)		35
	Change in net assets	<u>(4,602)</u>
Beginning net assets		<u>265,961</u>
Ending net assets		<u><u>\$261,359</u></u>

**CONDENSED STATEMENT OF CASH FLOWS**

Net cash provided (used) by:		
Operating activities		\$61,390
Noncapital financing activities		261
Capital and related financing activities		(66,332)
Investing activities		<u>-</u>
Net (decrease) in cash/cash equivalents		(4,681)
Beginning cash and cash equivalents		<u>4,681</u>
Ending cash and cash equivalents		<u><u>\$0</u></u>

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**V. OTHER INFORMATION**

**A: Risk management**

The City of Minot is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the mid - 1980's, the City was not able to obtain general liability insurance at a cost it considered to be economically justifiable. In 1986, the state and other political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. All members joined to help capitalize the NDRF. During the past five years, the NDRF returned 20% of the capitalized amount with a premium reduction or cash payment to the City. The City pays an annual premium to NDRF for its general insurance, personal injury insurance, auto insurance, and inland marine insurance coverage. The coverage by NDRF is limited to losses of \$1,000,000 per occurrence for general liability and \$2,000,000 per occurrence for errors and omissions.

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident insurance. Settled claims resulting from the above risks have not exceeded insurance coverage in any of the past three years.

**Employee health benefits**

Effective Jan. 1, 1999, the City began insuring for employee health benefits. All covered expenses are paid from the City's Health Insurance Fund, which is operated by a Health Committee and a third party administrator. Risks retained by the employees include deductibles and co-insurance. The City pays all other claims subject to the health plan agreement up to plan maximums. Commercial stop loss insurance has been purchased to limit catastrophic losses. This coverage pays all claims in excess of \$20,000 per year per employee with a \$2,000,000 lifetime employee maximum. The City's insurer pays all aggregate claims in excess of \$1,448,189.

Claims, which have been incurred at year-end but not yet reported, have been recorded as insurance claims payable in the amount of \$109,286. This reserve requirement was calculated by the City and it is the amount payable within 90 days of year-end. A summary of the claim liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2000	\$50,010	\$743,994	\$731,542	\$62,462
2001	62,462	788,756	764,629	86,589
2002	86,589	801,912	819,669	68,832
2003	68,832	915,017	898,391	85,458
2004	85,458	1,024,018	1,035,227	74,249
2005	74,249	1,087,345	1,052,308	109,286

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**B: Contingent liabilities**

There are various police department claims against the City however; it is the opinion of the City that they will have no material effect on the financial statements.

**C: Other postemployment benefits**

During 2005, 49 retired employees received a health care supplement. Once a retired employee reaches the age of 65 and is eligible for Medicare, they will no longer receive the health care supplement. During 2005, expenditures of \$126,557 were incurred for the health insurance supplement.

**D: Employee retirement systems and plans**

The City of Minot administers two defined benefit pension plans substantially covering all of its employees. Both plans are included in the City's financial reports as Pension Trust Funds, and do not issue stand-alone reports.

*Plan Description.* The City Employee Pension Plan (CEPP) is a cost sharing, multiple employer public employee retirement system. The Police Pension Plan (PPP) is a single-employer public employee retirement system. City ordinances #2553 and #2893 provide that all employees of the City of Minot or the Minot Park District shall become a member of one of the pension plans at the time they begin employment. There are no provisions or policies with respect to automatic and ad hoc post retirement benefit increases.

These benefit provisions, amendments, and all requirements are established by City ordinance. City employees who retire at or after the age of 60 with 60 months of service are eligible for a monthly pension benefit. The average monthly earnings are considered to be the average of the highest 36 months earnings within the last 120 months (need not be consecutive). After December 31, 2003, members satisfying the Rule of 85 are also eligible for an unreduced monthly pension benefit. The Rule of 85 is satisfied when the member's age plus the member's total period of service equals 85 years.

Benefits vest after 5 years of service. Vested employees may retire upon Rule of 85 or 60 years of age after 5 years of employment. Both plans provide the same death benefits. If death is not in the course of employment and the participant has less than 5 years of service, then a refund of contributions is made. In all other cases, the plan pays survivor benefits that are allocated on a percentage dependent upon if there is a surviving spouse and/or children or other beneficiaries. For participants who die in the course of employment or deferred vested or active participants with more than 5 years of service, the benefit amount is equal to the normal retirement benefit.

**CITY OF MINOT, NORTH DAKOTA**  
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The following table summarizes membership information by plan at the actuarial valuation date:

	CEPP	PPP
Retirees and Beneficiaries Currently Receiving Benefits	128	34
Terminated Employees:		
Vested	8	8
Nonvested	0	0
Total Terminated Employees	8	8
Active Employees:		
Vested	166	49
Nonvested	67	31
Total Active Employees	233	80
Date of Annual Valuation	January 1, 2006	January 1, 2006

*Summary of Significant Accounting Policies and Plan Asset Matters.*

**Basis of Accounting.** The City Employee Pension Plan and the Police Pension Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

**Method Used to Value Investments.** Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net appreciation in fair value of investments consists of the realized gains or losses and the unrealized appreciation or depreciation 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 fair value of the investments as of the beginning of the year or cost if purchased during the year. Unrealized appreciation or depreciation is computed based on changes in the fair value of investments 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.

**Funding Status and Progress.** The actuarial methods and assumptions together with the schedule of funding progress are presented by plan below. The information is based upon the actuary reports generated by the studies conducted by DCA, Inc. For government-backed securities maturing in less than 5 years, these securities for actuarial purposes are at book value. Remaining assets are at fair market value.

The costs of administering the City and Police Pension plans are part of the calculation to determine the employer and employee contributions.

**CITY OF MINOT, NORTH DAKOTA  
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Below is listed the various actuarial methods and significant assumptions used to determine the annual required contributions, together with the schedule of funding progress.

	CEPP	PPP
Valuation Date	January 1, 2006	January 1, 2006
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Pay - Open	Level Percentage of Pay - Open
Remaining Amortization Period	30 year open period.	30 year open period.
Asset Valuation Method	Government backed securities maturing in less than 5 years at book value. All other assets at fair market value.	Government backed securities maturing in less than 5 years at book value. All other assets at fair market value.
Actuarial Assumptions:		
Investment Rate of Return	7.25% effective 12-31-98	7.25% effective 12-31-98
Projected Salary Increases	0-5      6.0% 5-13     4.5% 13+     3.5%	0-5      6.0% 5-13     4.5% 13+     3.5%
Includes Inflation at	3.0%	3.0%
Post Retirement Cost of Living Adjustments	None	None

**Schedule of Funding Progress**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL
<b>CEPP</b>						
Jan 1, 2001	\$29,983,849	\$40,728,839	\$10,744,990	73.6%	\$7,016,631	153.1%
Jan 1, 2002	31,524,486	43,107,821	11,583,335	73.1%	7,734,230	149.8%
Jan 1, 2003	32,983,467	42,043,385	9,059,918	78.5%	8,034,788	112.8%
Jan 1, 2004	34,087,821	54,298,974	20,211,153	62.8%	8,227,786	245.6%
Jan 1, 2005	35,279,132	60,351,967	25,072,835	58.5%	8,478,579	295.7%
Jan 1, 2006	36,401,272	61,640,270	25,238,998	59.1%	8,525,057	296.1%

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL
<b>PPP</b>						
Jan 1, 2001	\$8,483,071	\$11,402,955	\$2,919,884	74.4%	\$2,319,647	125.9%
Jan 1, 2002	9,160,183	12,136,548	2,976,365	75.5%	2,543,131	117.0%
Jan 1, 2003	9,758,732	11,676,683	1,917,951	83.6%	2,772,893	69.2%
Jan 1, 2004	10,349,102	15,681,388	5,332,286	66.0%	2,979,013	179.0%
Jan 1, 2005	10,917,392	17,495,383	6,577,991	62.4%	3,117,735	212.0%
Jan 1, 2006	11,552,951	17,863,642	6,310,691	64.7%	2,998,053	210.5%

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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For the PPP, annual pension cost equals the employer contributions for the fiscal years ending December 31<sup>st</sup> of 2005, 2004, and 2003. The percentage funded was 100% for each year. As noted in the following paragraph, there are no annual required contributions; therefore, the net pension obligation(NPO) for the end of each year was zero.

Contributions Required and Contributions Made. The actuary does not determine the contribution rates, rather by employer recommendations that are within the limits established by state statute.

Employees are required to contribute 13.37% of their gross earnings. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources. Based on an actuarial valuation CEPP and PPP contributions are providing for an amortization of 41 and 18 years respectively on the unfunded liability at January 1, 2006.

For the PPP, a single employer plan, contributions for the years ended December 31, 2005, 2004, 2003, 2002, 2001, and 2000 were \$462,640, \$369,459, \$271,719, \$272,186, \$279,242, and \$204,318 respectively which are equal to the required contribution for the respective years.

Schedule of Employer Contributions.

<b>CEPP</b>	<b>ANNUAL REQUIRED CONTRIBUTION</b>	<b>ANNUAL PENSION COST</b>	<b>PERCENTAGE CONTRIBUTED</b>
2001	\$696,161	\$696,161	100%
2002	830,096	830,096	100%
2003	992,964	992,964	100%
2004	1,339,054	1,339,054	100%
2005	1,530,285	1,530,285	100%
2006	1,432,706	-	-

For the CEPP, annual pension cost equals the employer contributions for the fiscal years ending December 31<sup>st</sup> of 2005, 2004, and 2003. The percentage funded was 100% for each year. There are no annual required contributions; therefore, NPO for the end of each year was zero.

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**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

Statement of Plan Net Assets  
December 31, 2005

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ASSETS</b>		
Cash and Cash equivalents	\$303,647	\$151,911
Investments-U.S. Government Securities	34,901,074	11,000,313
Accrued Interest Receivable	383,997	126,734
<b>TOTAL ASSETS</b>	<b>\$35,588,718</b>	<b>\$11,278,958</b>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits and Other Purposes	35,588,718	11,278,958
<b>TOTAL NET ASSETS</b>	<b>\$ 35,588,718</b>	<b>\$11,278,958</b>

Statement of Changes in Plan Net Assets  
For the Fiscal Period Ended December 31, 2005

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ADDITIONS</b>		
Contributions:		
Employer	\$1,280,700	\$462,640
Employee	1,285,114	462,866
<b>Total Contributions</b>	<b>2,565,814</b>	<b>925,506</b>
Investment Earnings:		
Interest	1,536,272	457,195
Net Increase in the fair value of investments	(821,892)	(263,848)
<b>Total Investment Earnings</b>	<b>714,380</b>	<b>193,347</b>
Less Investment expense	51,675	11,530
Net Investment earnings	662,705	181,817
<b>TOTAL ADDITIONS</b>	<b>3,228,519</b>	<b>1,107,323</b>
<b>DEDUCTIONS:</b>		
Benefits Paid to Participants	2,677,293	641,531
Refunds	112,106	54,661
Administrative Expenses	158,797	49,565
<b>TOTAL DEDUCTIONS</b>	<b>2,948,196</b>	<b>745,757</b>
<b>Change in Net Assets</b>	<b>280,323</b>	<b>361,566</b>
Net Assets – January 1	35,308,395	10,917,392
<b>Net Assets – December 31</b>	<b>\$35,588,718</b>	<b>\$11,278,958</b>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**E: Subsequent Event**

In January, 2006 the City committed to the construction of 16<sup>th</sup> St SW and 37<sup>th</sup> Ave SW. This project will completely reconstruct both streets from two-lane rural roads to five-lane urban sections. The estimated cost of this project will be \$7,330,557. Of this total, \$5,809,398 is for the roadway reconstruction. Federal funds will be used for 80.93% of the roadway reconstruction, up to a maximum of \$5,400,000. The City's total cost is estimated at \$2,629,011. The sanitary sewer and water main will be 100% City cost with an estimated cost of \$1,521,159. The sanitary sewer and water main construction will be financed by water and sewer utility bonds, with a portion of the costs recouped with connection fees and the balance absorbed by the utility. The local share of the street portion of the project is estimated at \$1,107,852, and will be financed by general obligation bonds. In addition, the right-of-way acquisition cost is estimated at \$100,000, which is also 100% City cost.

**F: Municipal solid waste landfill**

State and federal rules and regulations require the City of Minot to place a final cover on its Municipal Solid Waste Landfill (MSWLF) site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after the closure. Although closure and postclosure 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 postclosure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$331,624 reported as MSWLF closure and postclosure care liability at December 31, 2005, represents the cumulative amount reported to date based on the use of 18.50% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1.7 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The City expects the landfill will be operated for another 61 years with closure anticipated in the year 2066. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

The City is required by state and federal rules and regulations to establish a mechanism to demonstrate financial assurance for both closure and postclosure care. Mechanisms used to demonstrate financial assurance must ensure that the amount of funds assured are adequate to cover the costs of closure and postclosure care and that the funds will be available in a timely fashion whenever needed. All mechanisms must be legally valid and binding under North Dakota law. The City of Minot has chosen a financial test as their mechanism of choice.

**G: Issued but not effective GASB Standards**

The GASB has issued Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement is effective for periods beginning after December 15, 2007 for *phase 2 governments*, which would include the City of Minot. This statement could have a material effect on our financial statements, however, we have not yet evaluated this effect.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
			2005	2004
<b>ASSETS</b>				
Cash And Cash Equivalents	\$3,284,434	\$2,356,984	\$5,641,418	\$1,587,528
Taxes Receivable Delinquent	85,169	4	85,173	80,126
Special Assessments Deferred	51,040	-	51,040	4,883
Special Assessments Delinquent	5,144	-	5,144	2,420
Accounts Receivable	9,606	12,912	22,518	14,669
Advance To Other Funds	300,318	-	300,318	1,269,953
Due From Other Funds	181,110	549,340	730,450	2,067,303
Due From Other Agencies	335,586	202,060	537,646	251,815
Merchandise Inventory	4,251	-	4,251	4,928
<b>TOTAL ASSETS</b>	<b>\$4,256,658</b>	<b>\$3,121,300</b>	<b>\$7,377,958</b>	<b>\$5,283,625</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$116,985
Retainage Payable	7,780	178,474	186,254	-
Due To Other Funds	120,817	346,354	467,171	2,085,142
Due To Other Agencies	63,328	81,195	144,523	116,752
Accrued Salaries Payable	16,499	-	16,499	12,788
Deferred Revenue	132,242	4	132,246	76,260
<b>TOTAL LIABILITIES</b>	<b>340,666</b>	<b>606,027</b>	<b>946,693</b>	<b>2,407,927</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	147,538	-	147,538	185,710
Reserved For Advances	300,318	-	300,318	1,269,953
Reserved For Merchandise Inventory	4,251	-	4,251	4,928
Reserved For Property Tax Relief	163,214	-	163,214	112,144
Reserved For Capital Improvements	653,092	-	653,092	373,587
Unreserved				
Designated				
Memorial	5,114	-	5,114	315
Maintenance and Operations	2,000,000	-	2,000,000	1,714,544
Undesignated	642,465	2,515,273	3,157,738	(785,483)
<b>TOTAL FUND BALANCE</b>	<b>3,915,992</b>	<b>2,515,273</b>	<b>6,431,265</b>	<b>2,875,698</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$4,256,658</b>	<b>\$3,121,300</b>	<b>\$7,377,958</b>	<b>\$5,283,625</b>

The accompanying notes to the financial statements are an integral part of these statements

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
			2005	2004
<b>REVENUES</b>				
Property Tax Collections	\$2,481,526	\$214	\$2,481,740	\$2,344,454
Special Assessment Collections	3,933	-	3,933	1,534
Sales Tax Collections	3,306,425	-	3,306,425	3,038,246
Intergovernmental	414,555	-	414,555	816,833
Charges For Services	443,258	-	443,258	420,506
Interest Income	123,455	41,715	165,170	95,604
Miscellaneous	220,716	374,517	595,233	616,372
<b>TOTAL REVENUES</b>	<b>6,993,868</b>	<b>416,446</b>	<b>7,410,314</b>	<b>7,333,549</b>
<b>EXPENDITURES</b>				
Current				
General Government	760,073	72,893	832,966	974,339
Highways and Streets	977,030	56,826	1,033,856	985,392
Culture and Recreation	1,858,446	-	1,858,446	2,147,590
Capital Outlay				
Contracted Work	-	683,249	683,249	699,531
Equipment	529,701	46,772	576,473	1,087,042
Infrastructure	52,207	-	52,207	-
Legal	-	36,581	36,581	3,395
Other	-	28,064	28,064	13,310
Acquisitions	-	125,286	125,286	226,007
Engineering	-	820,012	820,012	45,388
Debt Retirement				
Interest and Fiscal Charges	4,025	-	4,025	773
<b>TOTAL EXPENDITURES</b>	<b>4,181,482</b>	<b>1,869,683</b>	<b>6,051,165</b>	<b>6,182,767</b>
Revenues Over (Under) Expenditures	2,812,386	(1,453,237)	1,359,149	1,150,782
<b>OTHER FINANCING SOURCES (USES)</b>				
G.O. Bonds Issued	-	2,355,000	2,355,000	-
Transfers IN	445,799	3,161,157	3,606,956	3,181,215
Transfers OUT	(3,456,122)	(1,347,053)	(4,803,175)	(6,792,944)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,010,323)</b>	<b>4,169,104</b>	<b>1,158,781</b>	<b>(3,611,729)</b>
Change in Fund Balance	(197,937)	2,715,867	2,517,930	(2,460,947)
FUND BALANCE, JANUARY 1	4,113,929	(200,594)	3,913,335	5,336,645
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$3,915,992</b>	<b>\$2,515,273</b>	<b>\$6,431,265</b>	<b>\$2,875,698</b>

The accompanying notes to the financial statements are an integral part of these statements.

## NONMAJOR SPECIAL REVENUE FUNDS

**SPECIAL REVENUE FUNDS** - are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Additional information is provided below for some of the major funds in this category.

**Public Transportation** - To account for the provisions of transportation services to the residents of the City and surrounding area. Funding is provided by a specific annual property tax levy in addition to miscellaneous revenues such as user fees and grants.

**Library** - To account for the operation and maintenance of the City's Library. Financing is provided by a specific annual property tax levy to the extent that miscellaneous revenues such as state grants, rental income and various funds and fees are not sufficient to provide adequate financing. Property taxes are levied in accordance with ND Century Code Sec. 40-37-01.

**Recreation/Auditorium** - To account for the operation and maintenance of the City's recreation program, and recreational facilities to the residents of the City of Minot. Financing is provided by a specific annual property tax levy in addition to miscellaneous revenue such as user fees, concessions, and facility rentals.

**Emergency Levy** - To account for the operation of a fund providing funds for use in the event of an emergency caused by natural forces. This funding is provided for by ND Century Code Sec. 57-15-48 limited to a maximum of unexpended funds equal to three dollars per capita.

**Equipment Purchase** - To account for the operation of a fund which provides a revolving fund for purchase and replacement of equipment for various City departments.

**Fire Equipment Purchase** - To account for the operation of a fund to purchase and replace equipment, maintain buildings and provide furnishings for the Fire departments. Funding is provided for by ND Century Code Sec. 57-15-42 upon a 60% vote of approval by the electorate.

**Sales Tax** – To receive and disburse monies dedicated to the following: Property Tax Relief, Capital Improvements, Flood Control.

**Sidewalk Improvement** - To account for the maintenance of sidewalks within the City of Minot. The funding source is special assessments against benefiting property owners.

**Street Reserve** - To account for debt service expenditures of an on-going street improvement program. The City has a fixed levy for this program and this account provides for any minor fluctuations.

**Special Assessment Deficiency** - To assist in the payment of principal and interest on any issue where the collections from special assessments have not been adequate.

**Demolitions** - To account for the demolition of condemned property within the City. Special assessments are levied against benefiting property owners.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

ASSETS	PUBLIC		RECREATION\	EMERGENCY	EQUIPMENT	FIRE
	TRANSPORTATION	LIBRARY	AUDITORIUM	LEVY	PURCHASE	EQUIPMENT PURCHASE
Cash And Cash Equivalents	\$62,738	\$15,124	\$29,738	\$17,825	\$81,090	\$9,297
Taxes Receivable Delinquent	5,910	27,486	19,128	1,291	908	1,593
Special Assessments Deferred	-	-	-	-	-	-
Special Assessments Delinquent	-	-	-	-	-	-
Accounts Receivable	164	107	9,104	-	-	-
Advance To Other Funds	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Agencies	76,337	-	-	25,327	-	-
Merchandise Inventory	-	-	4,251	-	-	-
<b>TOTAL ASSETS</b>	<b>\$145,149</b>	<b>\$42,717</b>	<b>\$62,221</b>	<b>\$44,443</b>	<b>\$81,998</b>	<b>\$10,890</b>
<b>LIABILITIES AND FUND BALANCE</b>						
LIABILITIES						
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0
Retainage Payable	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-
Due To Other Agencies	-	2,803	14,531	-	-	684
Accrued Salaries Payable	499	8,832	7,168	-	-	-
Deferred Revenue	5,305	24,566	17,077	1,144	783	1,459
<b>TOTAL LIABILITIES</b>	<b>5,804</b>	<b>36,201</b>	<b>38,776</b>	<b>1,144</b>	<b>783</b>	<b>2,143</b>
FUND BALANCE						
Reserved For Encumbrances	139,345	121	-	-	4,442	-
Reserved For Advances	-	-	-	-	-	-
Reserved For Merchandise Inventory	-	-	4,251	-	-	-
Reserved For Property Tax Relief	-	-	-	-	-	-
Reserved For Capital Improvements	-	-	-	-	-	-
Unreserved						
Designated						
Memorial	-	5,114	-	-	-	-
Maintenance and Operations	-	-	-	-	-	-
Undesignated	-	1,281	19,194	43,299	76,773	8,747
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>139,345</b>	<b>6,516</b>	<b>23,445</b>	<b>43,299</b>	<b>81,215</b>	<b>8,747</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$145,149</b>	<b>\$42,717</b>	<b>\$62,221</b>	<b>\$44,443</b>	<b>\$81,998</b>	<b>\$10,890</b>

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SALES TAX	SALES TAX	SALES TAX	SIDEWALK
	PROPERTY	CAPITAL	FLOOD	
ASSETS	TAX RELIEF	IMPROVEMENTS	CONTROL	IMPROVEMENTS
Cash And Cash Equivalents	\$124,227	\$461,556	\$2,053,387	\$0
Taxes Receivable Delinquent	-	-	-	-
Special Assessments Deferred	-	-	-	-
Special Assessments Delinquent	-	-	-	212
Accounts Receivable	-	231	-	-
Advance To Other Funds	-	-	-	-
Due From Other Funds	-	-	181,110	-
Due From Other Agencies	38,987	194,935	-	-
Merchandise Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$163,214</b>	<b>\$656,722</b>	<b>\$2,234,497</b>	<b>\$212</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Retainage Payable	-	-	-	7,780
Due To Other Funds	-	-	-	77,369
Due To Other Agencies	-	-	-	45,310
Accrued Salaries Payable	-	-	-	-
Deferred Revenue	-	-	-	212
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,671</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	-	3,630	-	-
Reserved For Advances	-	-	-	-
Reserved For Merchandise Inventory	-	-	-	-
Reserved For Property Tax Relief	163,214	-	-	-
Reserved For Capital Improvements	-	653,092	-	-
Unreserved				
Designated				
Memorial	-	-	-	-
Maintenance and Operations	-	-	2,000,000	-
Undesignated	-	-	234,497	(130,459)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>163,214</b>	<b>656,722</b>	<b>2,234,497</b>	<b>(130,459)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$163,214</b>	<b>\$656,722</b>	<b>\$2,234,497</b>	<b>\$212</b>

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SPECIAL			TOTAL 2005	TOTAL 2004
	STREET RESERVE	ASSESSMENT DEFICIENCY	DEMOLITIONS		
<b>ASSETS</b>					
Cash And Cash Equivalents	\$124,619	\$304,833	\$0	\$3,284,434	\$853,377
Taxes Receivable Delinquent	28,838	15	-	85,169	80,126
Special Assessments Deferred	-	2,970	48,070	51,040	4,883
Special Assessments Delinquent	-	4,082	850	5,144	2,420
Accounts Receivable	-	-	-	9,606	1,927
Advance To Other Funds	-	300,318	-	300,318	1,269,953
Due From Other Funds	-	-	-	181,110	2,067,303
Due From Other Agencies	-	-	-	335,586	251,815
Merchandise Inventory	-	-	-	4,251	4,928
<b>TOTAL ASSETS</b>	<b>\$153,457</b>	<b>\$612,218</b>	<b>\$48,920</b>	<b>\$4,256,658</b>	<b>\$4,536,732</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$93,788
Retainage Payable	-	-	-	7,780	-
Due To Other Funds	-	-	43,448	120,817	124,715
Due To Other Agencies	-	-	-	63,328	115,252
Accrued Salaries Payable	-	-	-	16,499	12,788
Deferred Revenue	25,711	7,065	48,920	132,242	76,260
<b>TOTAL LIABILITIES</b>	<b>25,711</b>	<b>7,065</b>	<b>92,368</b>	<b>340,666</b>	<b>422,803</b>
<b>FUND BALANCE</b>					
Reserved For Encumbrances	-	-	-	147,538	185,710
Reserved For Advances	-	300,318	-	300,318	1,269,953
Reserved For Merchandise Inventory	-	-	-	4,251	4,928
Reserved For Property Tax Relief	-	-	-	163,214	112,144
Reserved For Capital Improvements	-	-	-	653,092	373,587
Unreserved					
Designated					
Memorial	-	-	-	5,114	315
Maintenance and Operations	-	-	-	2,000,000	1,714,544
Undesignated	127,746	304,835	(43,448)	642,465	452,748
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>127,746</b>	<b>605,153</b>	<b>(43,448)</b>	<b>3,915,992</b>	<b>4,113,929</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$153,457</b>	<b>\$612,218</b>	<b>\$48,920</b>	<b>\$4,256,658</b>	<b>\$4,536,732</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

REVENUES	PUBLIC		RECREATION\	EMERGENCY	EQUIPMENT	FIRE
	TRANSPORTATION	LIBRARY	AUDITORIUM	LEVY	PURCHASE	EQUIPMENT PURCHASE
Property Tax Collections	\$156,099	\$785,539	\$561,162	\$40,484	\$44,707	\$19,342
Special Assessment Collections	-	-	-	-	-	-
Sales Tax Collections	-	-	-	-	-	-
Intergovernmental	363,805	50,750	-	-	-	-
Charges For Services	60,642	20,493	362,123	-	-	-
Interest Income	486	8,209	8,228	1,147	3,461	1,429
Miscellaneous	29	52,785	34,309	34,264	-	-
<b>TOTAL REVENUES</b>	<b>581,061</b>	<b>917,776</b>	<b>965,822</b>	<b>75,895</b>	<b>48,168</b>	<b>20,771</b>
<b>EXPENDITURES</b>						
Current						
General Government	443,075	-	-	77,789	71,626	46,321
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	-	798,652	1,059,794	-	-	-
Capital Outlay						
Equipment	122,431	135,808	19,099	-	179,601	-
Infrastructure	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Debt Retirement						
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>565,506</b>	<b>934,460</b>	<b>1,078,893</b>	<b>77,789</b>	<b>251,227</b>	<b>46,321</b>
Revenues Over (Under) Expenditures	15,555	(16,684)	(113,071)	(1,894)	(203,059)	(25,550)
OTHER FINANCING SOURCES (USES)						
Transfers IN	38,301	-	65,000	-	235,000	-
Transfers OUT	(20,700)	(989)	(23,091)	(1,147)	(88,461)	(23,429)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>17,601</b>	<b>(989)</b>	<b>41,909</b>	<b>(1,147)</b>	<b>146,539</b>	<b>(23,429)</b>
Change in Fund Balance	33,156	(17,673)	(71,162)	(3,041)	(56,520)	(48,979)
FUND BALANCE, JANUARY 1	106,189	24,189	94,607	46,340	137,735	57,726
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$139,345</b>	<b>\$6,516</b>	<b>\$23,445</b>	<b>\$43,299</b>	<b>\$81,215</b>	<b>\$8,747</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SALES TAX	SALES TAX	SALES TAX	SIDEWALK	STREET
	PROPERTY	CAPITAL	FLOOD		
REVENUES	TAX RELIEF	IMPROVEMENTS	CONTROL	IMPROVEMENTS	RESERVE
Property Tax Collections	\$0	\$0	\$0	\$0	\$874,189
Special Assessment Collections	-	-	-	-	-
Sales Tax Collections	551,071	2,755,354	-	-	-
Intergovernmental	-	-	-	-	-
Charges For Services	-	-	-	-	-
Interest Income	8,551	20,728	49,382	-	13,961
Miscellaneous	-	15,125	-	-	-
<b>TOTAL REVENUES</b>	<b>559,622</b>	<b>2,791,207</b>	<b>49,382</b>	<b>-</b>	<b>888,150</b>
<b>EXPENDITURES</b>					
Current					
General Government	-	113,614	-	-	-
Highways and Streets	-	54,450	-	-	922,580
Culture and Recreation	-	-	-	-	-
Capital Outlay					
Equipment	-	72,762	-	-	-
Infrastructure	-	52,207	-	-	-
Acquisitions	-	-	-	-	-
Debt Retirement					
Interest and Fiscal Charges	-	-	-	2,961	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>293,033</b>	<b>-</b>	<b>2,961</b>	<b>922,580</b>
Revenues Over (Under) Expenditures	559,622	2,498,174	49,382	(2,961)	(34,430)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers IN	-	8,657	-	97,777	-
Transfers OUT	(508,552)	(2,245,691)	(49,382)	(104,115)	(13,961)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(508,552)</b>	<b>(2,237,034)</b>	<b>(49,382)</b>	<b>(6,338)</b>	<b>(13,961)</b>
Change in Fund Balance	51,070	261,140	-	(9,299)	(48,391)
FUND BALANCE, JANUARY 1	112,144	395,582	2,234,497	(121,160)	176,137
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$163,214</b>	<b>\$656,722</b>	<b>\$2,234,497</b>	<b>(\$130,459)</b>	<b>\$127,746</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SPECIAL		TOTAL	TOTAL
	ASSESSMENT			
REVENUES	DEFICIENCY	DEMOLITIONS	2005	2004
Property Tax Collections	\$2	\$2	\$2,481,526	\$2,344,454
Special Assessment Collections	109	3,824	3,933	1,534
Sales Tax Collections	-	-	3,306,425	3,038,246
Intergovernmental	-	-	414,555	816,833
Charges For Services	-	-	443,258	420,506
Interest Income	7,670	203	123,455	68,375
Miscellaneous	84,204	-	220,716	277,472
<b>TOTAL REVENUES</b>	<b>91,985</b>	<b>4,029</b>	<b>6,993,868</b>	<b>6,967,420</b>
<b>EXPENDITURES</b>				
Current				
General Government	160	7,488	760,073	907,145
Highways and Streets	-	-	977,030	985,392
Culture and Recreation	-	-	1,858,446	2,147,590
Capital Outlay				
Equipment	-	-	529,701	1,031,657
Infrastructure	-	-	52,207	-
Acquisitions	-	-	-	215,000
Debt Retirement				
Interest and Fiscal Charges	-	1,064	4,025	773
<b>TOTAL EXPENDITURES</b>	<b>160</b>	<b>8,552</b>	<b>4,181,482</b>	<b>5,287,557</b>
Revenues Over (Under) Expenditures	91,825	(4,523)	2,812,386	1,679,863
OTHER FINANCING SOURCES (USES)				
Transfers IN	-	1,064	445,799	519,648
Transfers OUT	(376,604)	-	(3,456,122)	(2,901,467)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(376,604)</b>	<b>1,064</b>	<b>(3,010,323)</b>	<b>(2,381,819)</b>
Change in Fund Balance	(284,779)	(3,459)	(197,937)	(701,956)
FUND BALANCE, JANUARY 1	889,932	(39,989)	4,113,929	4,815,885
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$605,153</b>	<b>(\$43,448)</b>	<b>\$3,915,992</b>	<b>\$4,113,929</b>

The accompanying notes to the financial statements are an integral part of these statements.

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	PUBLIC TRANSPORTATION			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	
	<b>REVENUES</b>			
Property Tax Collections	\$160,424	\$160,424	\$156,099	(\$4,325)
Sales Tax Collections	-	-	-	-
Intergovernmental	417,420	417,420	363,805	(53,615)
Charges For Services	60,000	60,000	60,642	642
Interest Income	1,300	1,300	486	(814)
Miscellaneous	1,817	1,817	29	(1,788)
<b>TOTAL REVENUES</b>	<b>640,961</b>	<b>640,961</b>	<b>581,061</b>	<b>(59,900)</b>
<b>EXPENDITURES</b>				
Current				
General Government	681,796	772,974	443,075	329,899
Highways and Streets	-	-	-	-
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	-	-	122,431	(122,431)
Infrastructure	-	-	-	-
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>681,796</b>	<b>772,974</b>	<b>565,506</b>	<b>207,468</b>
Revenues Over (Under) Expenditures	(40,835)	(132,013)	15,555	147,568
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	38,301	38,301
Transfers Out	-	-	(20,700)	(20,700)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>17,601</b>	<b>(20,700)</b>
Change in Fund Balance	<u>(\$40,835)</u>	<u>(\$132,013)</u>	33,156	<u>\$126,868</u>
FUND BALANCE, JANUARY 1			<u>106,189</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$139,345</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	LIBRARY			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
	BUDGETED	BUDGETED		WITH FINAL
REVENUES	AMOUNTS	AMOUNTS	AMOUNTS	BUDGET POSITIVE (NEGATIVE)
Property Tax Collections	\$809,452	\$809,452	\$785,539	(\$23,913)
Sales Tax Collections	-	-	-	-
Intergovernmental	73,050	73,050	50,750	(22,300)
Charges For Services	20,000	20,000	20,493	493
Interest Income	7,000	7,000	8,209	1,209
Miscellaneous	32,092	32,092	52,785	20,693
<b>TOTAL REVENUES</b>	<b>941,594</b>	<b>941,594</b>	<b>917,776</b>	<b>(23,818)</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Culture And Recreation	765,856	769,223	798,652	(32,796)
Capital Outlay				
Equipment	172,373	172,373	135,808	36,565
Infrastructure	-	-	-	-
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>938,229</b>	<b>941,596</b>	<b>934,460</b>	<b>3,769</b>
Revenues Over (Under) Expenditures	3,365	(2)	(16,684)	(20,049)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(989)	(989)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>(989)</b>	<b>(989)</b>
Change in Fund Balance	<u>\$3,365</u>	<u>(\$2)</u>	<u>(17,673)</u>	<u>(\$21,038)</u>
FUND BALANCE, JANUARY 1			<u>24,189</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$6,516</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	RECREATION/AUDITORIUM			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	
	<b>REVENUES</b>			
Property Tax Collections	\$578,978	\$578,978	\$561,162	(\$17,816)
Sales Tax Collections	-	-	-	-
Intergovernmental	-	-	-	-
Charges For Services	406,000	439,300	362,123	(43,877)
Interest Income	8,250	8,250	8,228	(22)
Miscellaneous	12,624	26,324	34,309	7,985
<b>TOTAL REVENUES</b>	<b>1,005,852</b>	<b>1,052,852</b>	<b>965,822</b>	<b>(53,730)</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Culture And Recreation	1,109,180	1,133,452	1,059,794	73,658
Capital Outlay				
Equipment	-	-	19,099	(19,099)
Infrastructure	-	-	-	-
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,109,180</b>	<b>1,133,452</b>	<b>1,078,893</b>	<b>54,559</b>
Revenues Over (Under) Expenditures	(103,328)	(80,600)	(113,071)	829
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	65,000	65,000	65,000	-
Transfers Out	-	-	(23,091)	(23,091)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>65,000</b>	<b>65,000</b>	<b>41,909</b>	<b>(23,091)</b>
Change in Fund Balance	<u>(\$38,328)</u>	<u>(\$15,600)</u>	(71,162)	<u>(\$22,262)</u>
FUND BALANCE, JANUARY 1			<u>94,607</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$23,445</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	EMERGENCY LEVY		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<b>REVENUES</b>		
Property Tax Collections	\$41,721	\$40,484	(\$1,237)
Sales Tax Collections	-	-	-
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	1,147	1,147
Miscellaneous	-	34,264	34,264
<b>TOTAL REVENUES</b>	<b>41,721</b>	<b>75,895</b>	<b>34,174</b>
<b>EXPENDITURES</b>			
Current			
General Government	60,000	77,789	(17,789)
Highways and Streets	-	-	-
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	-	-
Infrastructure	-	-	-
Acquisitions	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>60,000</b>	<b>77,789</b>	<b>(17,789)</b>
Revenues Over (Under) Expenditures	(18,279)	(1,894)	16,385
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(1,147)	(1,147)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>(1,147)</b>	<b>(1,147)</b>
Change in Fund Balance	<u>(\$18,279)</u>	(3,041)	<u>\$15,238</u>
FUND BALANCE, JANUARY 1		<u>46,340</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><b>\$43,299</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	EQUIPMENT PURCHASE			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	
	<b>REVENUES</b>			
Property Tax Collections	\$46,701	\$46,701	\$44,707	(\$1,994)
Sales Tax Collections	-	-	-	-
Intergovernmental	3,300	3,300	-	(3,300)
Charges For Services	-	-	-	-
Interest Income	-	-	3,461	3,461
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>50,001</b>	<b>50,001</b>	<b>48,168</b>	<b>(1,833)</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	71,626	(71,626)
Highways and Streets	-	-	-	-
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	303,050	378,050	179,601	198,449
Infrastructure	-	-	-	-
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>303,050</b>	<b>378,050</b>	<b>251,227</b>	<b>126,823</b>
Revenues Over (Under) Expenditures	(253,049)	(328,049)	(203,059)	(128,656)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	235,000	235,000	235,000	-
Transfers Out	-	-	(88,461)	(88,461)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>235,000</b>	<b>235,000</b>	<b>146,539</b>	<b>(88,461)</b>
Change in Fund Balance	(\$18,049)	(\$93,049)	(56,520)	(\$217,117)
FUND BALANCE, JANUARY 1			137,735	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$81,215</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	FIRE EQUIPMENT PURCHASE			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
	BUDGETED AMOUNTS	BUDGETED AMOUNTS		
<b>REVENUES</b>				
Property Tax Collections	\$17,698	\$17,698	\$19,342	\$1,644
Sales Tax Collections	-	-	-	-
Intergovernmental	-	-	-	-
Charges For Services	-	-	-	-
Interest Income	-	-	1,429	1,429
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>17,698</b>	<b>17,698</b>	<b>20,771</b>	<b>3,073</b>
<b>EXPENDITURES</b>				
Current				
General Government	73,350	78,520	46,321	32,199
Highways and Streets	-	-	-	-
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	-	-	-	-
Infrastructure	-	-	-	-
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>73,350</b>	<b>78,520</b>	<b>46,321</b>	<b>32,199</b>
Revenues Over (Under) Expenditures	(55,652)	(60,822)	(25,550)	(29,126)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(23,429)	(23,429)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>(23,429)</b>	<b>(23,429)</b>
Change in Fund Balance	<u>(\$55,652)</u>	<u>(\$60,822)</u>	(48,979)	<u>\$6,673</u>
FUND BALANCE, JANUARY 1			<u>57,726</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$8,747</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	SALES TAX PROPERTY TAX RELIEF			
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	<b>REVENUES</b>			
	Property Tax Collections	\$0	\$0	\$0
Sales Tax Collections	480,273	551,071	70,798	
Intergovernmental	-	-	-	
Charges For Services	-	-	-	
Interest Income	-	8,551	8,551	
Miscellaneous	-	-	-	
<b>TOTAL REVENUES</b>	<b>480,273</b>	<b>559,622</b>	<b>79,349</b>	
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	
Highways and Streets	-	-	-	
Culture And Recreation	-	-	-	
Capital Outlay				
Equipment	-	-	-	
Infrastructure	-	-	-	
Acquisitions	-	-	-	
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Revenues Over (Under) Expenditures	480,273	559,622	79,349	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	
Transfers Out	(500,000)	(508,552)	(8,552)	
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(500,000)</b>	<b>(508,552)</b>	<b>(8,552)</b>	
Change in Fund Balance	<u>(\$19,727)</u>	51,070	<u>\$70,797</u>	
FUND BALANCE, JANUARY 1		<u>112,144</u>		
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$163,214</u></u>		

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

SALES TAX CAPITAL IMPROVEMENTS				
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Tax Collections	\$0	\$0	\$0	\$0
Sales Tax Collections	2,401,366	2,401,366	2,755,354	353,988
Intergovernmental	-	-	-	-
Charges For Services	-	-	-	-
Interest Income	-	-	20,728	20,728
Miscellaneous	-	-	15,125	15,125
<b>TOTAL REVENUES</b>	<b>2,401,366</b>	<b>2,401,366</b>	<b>2,791,207</b>	<b>389,841</b>
<b>EXPENDITURES</b>				
Current				
General Government	259,000	453,903	113,614	145,386
Highways and Streets	-	-	54,450	(54,450)
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	-	-	72,762	(72,762)
Infrastructure	-	-	52,207	(52,207)
Acquisitions	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>259,000</b>	<b>453,903</b>	<b>293,033</b>	<b>(34,033)</b>
Revenues Over (Under) Expenditures	2,142,366	1,947,463	2,498,174	355,808
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	8,657	8,657
Transfers Out	(2,142,366)	(2,054,309)	(2,245,691)	(191,382)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,142,366)</b>	<b>(2,054,309)</b>	<b>(2,237,034)</b>	<b>(182,725)</b>
Change in Fund Balance	<u>\$0</u>	<u>(\$106,846)</u>	261,140	<u>\$367,986</u>
FUND BALANCE, JANUARY 1			<u>395,582</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$656,722</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	2005 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2004 ACTUAL AMOUNTS
<b>REVENUES</b>					
Property Tax Collections	\$1,654,974	\$1,654,974	\$1,607,333	(\$47,641)	\$1,592,384
Sales Tax Collections	2,881,639	2,881,639	3,306,425	424,786	3,038,246
Intergovernmental	493,770	493,770	414,555	(79,215)	813,068
Charges For Services	486,000	519,300	443,258	(76,042)	420,506
Interest Income	16,550	16,550	52,239	35,689	36,277
Miscellaneous	46,533	60,233	136,512	76,279	237,651
<b>TOTAL REVENUES</b>	<b>5,579,466</b>	<b>5,626,466</b>	<b>5,960,322</b>	<b>333,856</b>	<b>6,138,132</b>
<b>EXPENDITURES</b>					
Current					
General Government	1,074,146	1,360,227	752,425	607,802	818,029
Highways and Streets	-	-	54,450	(54,450)	-
Culture And Recreation	1,875,036	1,902,675	1,858,446	44,229	2,147,590
Capital Outlay					
Equipment	475,423	550,423	529,701	20,722	1,031,657
Infrastructure	-	-	52,207	(52,207)	-
Acquisitions	-	-	-	-	215,000
<b>TOTAL EXPENDITURES</b>	<b>3,424,605</b>	<b>3,813,325</b>	<b>3,247,229</b>	<b>566,096</b>	<b>4,212,276</b>
Revenues Over (Under) Expenditures	2,154,861	1,813,141	2,713,093	899,952	1,925,856
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	300,000	300,000	346,958	46,958	518,875
Transfers Out	(2,642,366)	(2,554,309)	(2,912,060)	(357,751)	(2,869,402)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,342,366)</b>	<b>(2,254,309)</b>	<b>(2,565,102)</b>	<b>(310,793)</b>	<b>(2,350,527)</b>
Change in Fund Balance	<u>(\$187,505)</u>	<u>(\$441,168)</u>	147,991	<u>\$589,159</u>	(424,671)
FUND BALANCE, JANUARY 1			<u>974,512</u>		<u>1,399,183</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><b>\$1,122,503</b></u>		<u><b>\$974,512</b></u>

The accompanying notes to the financial statements are an integral part of these statements.

## NONMAJOR CAPITAL PROJECTS FUNDS

**CAPITAL PROJECTS FUNDS** - are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds.) Additional information is provided below for some of the major funds in this category.

**Highway Reserve Capital Project:** To account for the construction of highway related projects within the City of Minot, and the financing of these projects.

**Sertoma Sports Complex** - To account for resources used in construction of athletic facilities within the City. Funds are received from the Heritage, Conservation and Recreation Service on a matching basis. The City's share of funding is provided by private donations, tournament and user fees.

**Assessment Capital** - To account for the financing of public improvements or services deemed advisable to benefit the properties against which special assessments are levied.

**Fire Equipment** - To account for the resources used in the purchase of two fire trucks. Funding is provided by the capital improvements portion of the city sales tax.

**Sales Tax Capital** - To account for the resources used in the purchase and maintenance of items deemed to be beneficial to the citizens of Minot. Funding is provided by the capital improvement portion of city sales tax.

**Library** - To account for the resources used in the remodeling and addition to the Municipal Library. Funding is provided by the capital improvement portion of the city sales tax. Additional funding is provided by private donations.

**Storm Sewer Development** - To account for the resources used towards the construction of new storm sewer districts within the City of Minot.

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

ASSETS	HIGHWAY	SERTOMA	ASSESSMENT	FIRE	SALES TAX
	RESERVE	SPORTS COMPLEX	CAPITAL	EQUIPMENT	CAPITAL
Cash And Cash Equivalents	\$1,067,537	\$0	\$106,785	\$69,599	\$249,579
Taxes Receivable Delinquent	4	-	-	-	-
Accounts Receivable	-	-	-	-	-
Due From Other Funds	549,340	-	-	-	-
Due From Other Agencies	202,060	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$1,818,941</b>	<b>\$0</b>	<b>\$106,785</b>	<b>\$69,599</b>	<b>\$249,579</b>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Retainage Payable	178,474	-	-	-	-
Due To Other Funds	-	6,010	-	-	-
Due To Other Agencies	78,945	2,250	-	-	-
Deferred Revenue	4	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>257,423</b>	<b>8,260</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE					
Undesignated	1,561,518	(8,260)	106,785	69,599	249,579
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>1,561,518</b>	<b>(8,260)</b>	<b>106,785</b>	<b>69,599</b>	<b>249,579</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,818,941</b>	<b>\$0</b>	<b>\$106,785</b>	<b>\$69,599</b>	<b>\$249,579</b>

**CITY OF MINOT, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2005  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

<b>ASSETS</b>	<b>LIBRARY</b>	<b>STORM SEWER DEVELOPMENT</b>	<b>TOTAL 2005</b>	<b>TOTAL 2004</b>
Cash And Cash Equivalents	\$0	\$863,484	\$2,356,984	\$734,151
Taxes Receivable Delinquent	-	-	4	-
Accounts Receivable	-	12,912	12,912	12,742
Due From Other Funds	-	-	549,340	-
Due From Other Agencies	-	-	202,060	-
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$876,396</b>	<b>\$3,121,300</b>	<b>\$746,893</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$23,197
Retainage Payable	-	-	178,474	-
Due To Other Funds	54,283	286,061	346,354	1,960,427
Due To Other Agencies	-	-	81,195	1,500
Deferred Revenue	-	-	4	-
<b>TOTAL LIABILITIES</b>	<b>54,283</b>	<b>286,061</b>	<b>606,027</b>	<b>1,985,124</b>
<b>FUND BALANCE</b>				
Undesignated	(54,283)	590,335	2,515,273	(1,238,231)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>(54,283)</b>	<b>590,335</b>	<b>2,515,273</b>	<b>(1,238,231)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$876,396</b>	<b>\$3,121,300</b>	<b>\$746,893</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	SERTOMA			
	HIGHWAY RESERVE	SPORTS COMPLEX	ASSESSMENT CAPITAL	FIRE EQUIPMENT
<b>REVENUES</b>				
Property Tax Collections	\$214	\$0	\$0	\$0
Interest Income	20,225	333	-	1,283
Miscellaneous	78,858	17,005	-	-
<b>TOTAL REVENUES</b>	<b>99,297</b>	<b>17,338</b>	<b>-</b>	<b>1,283</b>
<b>EXPENDITURES</b>				
Current				
General Government	3,495	-	22,231	-
Highways and Streets	56,826	-	-	-
Capital Outlay				
Contracted Work	554,468	-	126,173	-
Equipment	-	46,772	-	-
Legal	36,581	-	-	-
Other	27,826	-	238	-
Acquisitions	125,286	-	-	-
Engineering	676,823	-	125,478	-
<b>TOTAL EXPENDITURES</b>	<b>1,481,305</b>	<b>46,772</b>	<b>274,120</b>	<b>-</b>
Revenues Over (Under) Expenditures	(1,382,008)	(29,434)	(274,120)	1,283
<b>OTHER FINANCING SOURCES (USES)</b>				
G.O. Bonds Issued	2,355,000	-	-	-
Transfers IN	769,674	-	1,423,715	21,999
Transfers OUT	(1,218,785)	(333)	(106,681)	(1,380)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,905,889</b>	<b>(333)</b>	<b>1,317,034</b>	<b>20,619</b>
Change in Fund Balance	523,881	(29,767)	1,042,914	21,902
FUND BALANCE(DEFICIT), JANUARY 1	1,037,637	21,507	(936,129)	47,697
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$1,561,518</b>	<b>(\$8,260)</b>	<b>\$106,785</b>	<b>\$69,599</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<b>SALES TAX</b>			<b>STORM SEWER</b>		<b>TOTAL</b>	
	<b>CAPITAL</b>	<b>LIBRARY</b>	<b>DEVELOPMENT</b>	<b>2005</b>	<b>2004</b>		
<b>REVENUES</b>							
Property Tax Collections	\$0	\$0	\$0	\$214	\$0		
Interest Income	-	-	19,874	41,715	\$27,229		
Miscellaneous	-	1,700	276,954	374,517	338,900		
<b>TOTAL REVENUES</b>	<b>-</b>	<b>1,700</b>	<b>296,828</b>	<b>416,446</b>	<b>366,129</b>		
<b>EXPENDITURES</b>							
Current							
General Government	24,500	1,468	21,199	72,893	67,194		
Highways and Streets	-	-	-	56,826	-		
Capital Outlay							
Contracted Work	-	-	2,608	683,249	699,531		
Equipment	-	-	-	46,772	55,385		
Legal	-	-	-	36,581	3,395		
Other	-	-	-	28,064	13,310		
Acquisitions	-	-	-	125,286	11,007		
Engineering	17,242	-	469	820,012	45,388		
<b>TOTAL EXPENDITURES</b>	<b>41,742</b>	<b>1,468</b>	<b>24,276</b>	<b>1,869,683</b>	<b>895,210</b>		
Revenues Over (Under) Expenditures	(41,742)	232	272,552	(1,453,237)	(529,081)		
<b>OTHER FINANCING SOURCES (USES)</b>							
G.O. Bonds Issued	-	-	-	2,355,000	-		
Transfers IN	945,592	177	-	3,161,157	2,661,567		
Transfers OUT	-	-	(19,874)	(1,347,053)	(3,891,477)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>945,592</b>	<b>177</b>	<b>(19,874)</b>	<b>4,169,104</b>	<b>(1,229,910)</b>		
Change in Fund Balance	903,850	409	252,678	2,715,867	(1,758,991)		
FUND BALANCE(DEFICIT), JANUARY 1	(654,271)	(54,692)	337,657	(200,594)	520,760		
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$249,579</b>	<b>(\$54,283)</b>	<b>\$590,335</b>	<b>\$2,515,273</b>	<b>(\$1,238,231)</b>		

The accompanying notes to the financial statements are an integral part of these statements.

## NONMAJOR ENTERPRISE FUNDS

**ENTERPRISE FUNDS** - are used to account for operations (a) that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

***Cemetery*** - To account for the provisions of burial services for the residents of the City and surrounding area. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, and sale of burial plots and related services.

***Parking Authority*** - To account for the provisions of providing parking for the Central Business District of the City of Minot. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2005	TOTAL NONMAJOR PROPRIETARY FUNDS 2004
	CEMETERY	PARKING AUTHORITY		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash And Cash Equivalents	\$62,365	\$0	\$62,365	\$75,444
Taxes Receivable Delinquent	1,147	-	1,147	876
Accounts Receivable	12,385	-	12,385	18,489
Due From Other Funds	16,172	-	16,172	-
<b>TOTAL CURRENT ASSETS</b>	<b>92,069</b>	<b>-</b>	<b>92,069</b>	<b>94,809</b>
<b>CAPITAL ASSETS</b>				
Land	118,396	136,397	254,793	254,793
Buildings	149,327	183,172	332,499	332,499
Improvements Other Than Buildings	39,526	168,798	208,324	208,324
Machinery And Equipment	128,313	308,713	437,026	437,026
<b>TOTAL CAPITAL ASSETS</b>	<b>435,562</b>	<b>797,080</b>	<b>1,232,642</b>	<b>1,232,642</b>
Less-Accumulated Depreciation	(244,786)	(452,832)	(697,618)	(641,620)
<b>NET CAPITAL ASSETS</b>	<b>190,776</b>	<b>344,248</b>	<b>535,024</b>	<b>591,022</b>
<b>TOTAL ASSETS</b>	<b>\$282,845</b>	<b>\$344,248</b>	<b>\$627,093</b>	<b>\$685,831</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Due To Other Funds	\$0	\$16,172	\$16,172	\$0
Due To Other Agencies	1,108	600	1,708	950
Accrued Vacation Payable	11,945	-	11,945	10,535
Accrued Salaries Payable	2,326	760	3,086	2,674
Bonds Payable-Current	-	65,000	65,000	60,000
Accrued Interest Payable	-	357	357	687
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,379</b>	<b>82,889</b>	<b>98,268</b>	<b>74,846</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds Payable-Long Term	-	-	-	65,000
<b>TOTAL LIABILITIES</b>	<b>15,379</b>	<b>82,889</b>	<b>98,268</b>	<b>139,846</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	190,776	279,248	470,024	466,022
Restricted for Perpetual Care	38,250	-	38,250	38,250
Restricted for Chapel/Veteran's Memorial	3,913	-	3,913	3,542
Unrestricted	34,527	(17,889)	16,638	38,171
<b>TOTAL NET ASSETS</b>	<b>\$267,466</b>	<b>\$261,359</b>	<b>\$528,825</b>	<b>\$545,985</b>

The accompanying notes to the financial statements are an integral part of these statements.

CITY OF MINOT, NORTH DAKOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2005	TOTAL NONMAJOR PROPRIETARY FUNDS 2004
	CEMETERY	PARKING AUTHORITY		
<b>OPERATING REVENUES</b>				
Charges For Services	\$172,102	\$160,299	\$332,401	\$325,569
Miscellaneous	745	-	745	1,475
<b>TOTAL OPERATING REVENUES</b>	<b>172,847</b>	<b>160,299</b>	<b>333,146</b>	<b>327,044</b>
<b>OPERATING EXPENSES</b>				
Salaries	135,947	57,454	193,401	192,038
Employee Benefits	31,801	13,180	44,981	40,876
Professional Services	80	-	80	52
Property Services	7,491	17,433	24,924	43,515
Purchased Services	3,701	5,824	9,525	11,162
Supplies	9,844	9,614	19,458	19,131
Capital Purchases	5,196	-	5,196	-
Sundry	22,435	11,371	33,806	33,158
Depreciation	12,043	43,953	55,996	52,628
<b>TOTAL OPERATING EXPENSES</b>	<b>228,538</b>	<b>158,829</b>	<b>387,367</b>	<b>392,560</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(55,691)</b>	<b>1,470</b>	<b>(54,221)</b>	<b>(65,516)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	-	-	-	1,900
Telecommunications Tax	-	-	-	450
Property Tax Collections	39,334	-	39,334	20,737
Interest Income	2,241	-	2,241	1,891
Miscellaneous Income	700	225	925	653
Interest And Fiscal Charges	-	(6,332)	(6,332)	(9,840)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>42,275</b>	<b>(6,107)</b>	<b>36,168</b>	<b>15,791</b>
<b>(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(13,416)</b>	<b>(4,637)</b>	<b>(18,053)</b>	<b>(49,725)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>99</b>	<b>-</b>	<b>99</b>	<b>250</b>
<b>TRANSFERS IN</b>	<b>759</b>	<b>35</b>	<b>794</b>	<b>1,550</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(660)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>858</b>	<b>35</b>	<b>893</b>	<b>1,140</b>
<b>CHANGE IN NET ASSETS</b>	<b>(12,558)</b>	<b>(4,602)</b>	<b>(17,160)</b>	<b>(48,585)</b>
<b>NET ASSETS, JANUARY 1</b>	<b>280,024</b>	<b>265,961</b>	<b>545,985</b>	<b>594,570</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$267,466</b>	<b>\$261,359</b>	<b>\$528,825</b>	<b>\$545,985</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2005	TOTAL 2004
	CEMETERY	PARKING AUTHORITY		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$177,935	\$160,299	\$338,234	\$333,631
Payments to suppliers	(48,002)	(44,572)	(92,574)	(105,841)
Payments to employees	(166,051)	(70,509)	(236,560)	(231,766)
Internal activity - payments from (to) other funds	(16,172)	16,172	-	-
Due from (to) other agencies	758	-	758	-
Other	-	-	-	35
Net cash provided (used) by operating activities	(51,532)	61,390	9,858	(3,941)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	40,035	-	40,035	23,087
Transfers In	759	-	759	1,550
Transfers Out	-	(35)	(35)	(660)
Internal activity - payments from (to) other funds	-	296	296	-
Other	-	-	-	653
Net cash provided by noncapital financing activities	40,794	261	41,055	24,630
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	99	-	99	250
Acquisition And Construction Of Capital Assets	-	-	-	(37,802)
Principal Paid on Capital Debt	-	(60,000)	(60,000)	(55,000)
Interest Paid on Capital Debt	-	(6,332)	(6,332)	(10,138)
Other	-	-	-	1,018
Net cash (used) by capital and related financing activities	99	(66,332)	(66,233)	(101,672)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	2,241	-	2,241	1,891
Net cash provided by investing activities	2,241	-	2,241	1,891
Net (decrease) in cash and cash equivalents	(8,398)	(4,681)	(13,079)	(79,092)
Cash and cash equivalents, January 1	70,763	4,681	75,444	154,536
Cash and cash equivalents, December 31	\$62,365	\$0	\$62,365	\$75,444
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$55,691)	\$1,470	(\$54,221)	(\$65,516)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	12,043	43,953	55,996	52,628
Change In Assets And Liabilities				
Receivables, net	5,833	-	5,833	8,062
Due To Other Agencies	758	-	758	35
Due from (to) other funds	(16,172)	16,172	-	-
Accrued Vacation Payable	1,410	-	1,410	4,583
Accrued Salaries Payable	287	125	412	(3,435)
Accrued Interest Payable	-	(330)	(330)	(298)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(51,532)	61,390	9,858	(3,941)

The accompanying notes to the financial statements are an integral part of these statements.

## **INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS** - are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

**Central Garage** - To account for the cost of providing fuel, maintenance and repairs to vehicles and equipment of all city departments.

**Self Insurance** - To account for the cost of providing health insurance to City of Minot Employees.

**City of Minot, North Dakota**  
Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2005  
with Comparative Totals for December 31, 2004

	CENTRAL GARAGE	SELF INSURANCE	TOTAL 2005	TOTAL 2004
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$0	\$1,208,449	\$1,208,449	\$1,091,274
Accounts Receivable	920	-	920	6,183
Due From Other Funds		25,977	25,977	32,941
Merchandise Inventory	311,895	-	311,895	285,488
Total Assets	312,815	1,234,426	1,547,241	1,415,886
<b>LIABILITIES</b>				
Accounts Payable	195	37,596	37,791	-
Due To Other Funds	25,977	-	25,977	32,941
Insurance Claims Payable	-	109,286	109,286	74,249
Total Liabilities	26,172	146,882	173,054	107,190
<b>NET ASSETS</b>				
Unrestricted	286,643	1,087,544	1,374,187	1,308,696
<b>TOTAL NET ASSETS</b>	<b>\$286,643</b>	<b>\$1,087,544</b>	<b>\$1,374,187</b>	<b>\$1,308,696</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<b>CENTRAL GARAGE</b>	<b>SELF INSURANCE</b>	<b>TOTAL 2005</b>	<b>TOTAL 2004</b>
<b>OPERATING REVENUES</b>				
Sales	\$398,350	\$0	\$398,350	\$387,253
Cost of Goods Sold	(388,634)	-	(388,634)	(361,263)
Gross Margin On Sales	9,716	-	9,716	25,990
Charges For Services				
Employer	-	1,093,781	1,093,781	1,013,882
Employee	-	558,291	558,291	495,389
<b>TOTAL OPERATING REVENUES</b>	<b>9,716</b>	<b>1,652,072</b>	<b>1,661,788</b>	<b>1,535,261</b>
<b>OPERATING EXPENSES</b>				
Supplies	14,837	-	14,837	35,060
Insurance Claims	-	1,631,663	1,631,663	1,412,825
<b>TOTAL OPERATING EXPENSES</b>	<b>14,837</b>	<b>1,631,663</b>	<b>1,646,500</b>	<b>1,447,885</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,121)</b>	<b>20,409</b>	<b>15,288</b>	<b>87,376</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
Interest Income	-	30,578	30,578	17,225
Miscellaneous Income	-	17,169	17,169	17,359
Interest And Fiscal Charges	(1,403)	-	(1,403)	(552)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>(1,403)</b>	<b>47,747</b>	<b>46,344</b>	<b>34,032</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(6,524)</b>	<b>68,156</b>	<b>61,632</b>	<b>121,408</b>
<b>TRANSFERS IN</b>	<b>34,437</b>	<b>-</b>	<b>34,437</b>	<b>552</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>(30,578)</b>	<b>(30,578)</b>	<b>(17,225)</b>
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>34,437</b>	<b>(30,578)</b>	<b>3,859</b>	<b>(16,673)</b>
<b>CHANGE IN NET ASSETS</b>	<b>27,913</b>	<b>37,578</b>	<b>65,491</b>	<b>104,735</b>
<b>NET ASSETS, JANUARY 1</b>	<b>258,730</b>	<b>1,049,966</b>	<b>1,308,696</b>	<b>1,203,961</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$286,643</b>	<b>\$1,087,544</b>	<b>\$1,374,187</b>	<b>\$1,308,696</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	CENTRAL GARAGE	SELF INSURANCE	TOTAL 2005	TOTAL 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$377,206	\$1,652,072	\$2,029,278	\$1,917,281
Payments to suppliers	(403,276)	72,633	(330,643)	(407,912)
Payments to employees	-	(1,631,663)	(1,631,663)	(1,412,825)
Internal activity - payments from (to) other funds	(6,964)	6,964	-	-
Net cash provided (used) by operating activities	(33,034)	100,006	66,972	96,544
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	34,437	-	34,437	552
Transfers Out	-	(30,578)	(30,578)	(17,225)
Internal Activity - payments from (to) other funds	-	17,169	17,169	17,359
Net cash provided (used) by noncapital financing activities	34,437	(13,409)	21,028	686
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Capital Debt	(1,403)	-	(1,403)	(552)
Net cash (used) by capital and related financing activities	(1,403)	-	(1,403)	(552)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	-	30,578	30,578	17,225
Net cash provided by investing activities	-	30,578	30,578	17,225
Net increase in cash and cash equivalents	-	117,175	117,175	113,903
Cash and cash equivalents, January 1	-	1,091,274	1,091,274	977,371
Cash and cash equivalents, December 31	\$0	\$1,208,449	\$1,208,449	\$1,091,274
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income(Loss)	(\$5,121)	\$20,409	\$15,288	\$87,376
Adjustments To Reconcile Operating Income(Loss) To Net Cash Provided (Used) By Operating Activities				
Change In Assets And Liabilities				
Receivables, net	5,263	-	5,263	(4,744)
Merchandise Inventory	(26,407)	-	(26,407)	25,501
Accounts Payable	195	37,596	37,791	(380)
Insurance Claims Payable	-	35,037	35,037	(11,209)
Due To (From) Other Funds	(6,964)	6,964	-	-
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	(33,034)	100,006	66,972	96,544

The accompanying notes to the financial statements are an integral part of these statements.

## TRUST AND AGENCY FUNDS

**TRUST AND AGENCY FUNDS** - are used to account for assets held by a governmental unit in trust or as an agent for individuals, private organizations, or other governmental units and/or other funds. Additional information is provided below for some of the major funds in this category.

### TRUST FUNDS:

***City Employee Pension and Police Pension*** - To account for the accumulation of resources to be used for benefit payments in appropriate amounts and times in the future.

### AGENCY FUNDS:

***Payroll Deductions*** - To account for the receipts and disbursement of employee payroll deductions on a monthly basis.

***Employer Social Security*** - To account for the receipt and disbursement of employer and employee contributions to Social Security.

***Commission on Aging*** – To account for the receipt and disbursement of Section 18 grant monies for the Commission on Aging bus system.

***Hotel/Motel Tax*** - To account for the receipt and disbursement of hotel/motel tax as collected and distributed by the City to the Convention and Visitor's Bureau.

***CDBG Passthrough*** - To account for the receipt and disbursement of economic development funds as distributed by the State to various businesses eligible for CDBG funding.

**City of Minot, North Dakota**  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 December 31, 2005  
 With Comparative Totals For December 31, 2004

	City Employee Pension Plan	Police Pension Plan	<b>Total 2005</b>	Total 2004
<b>ASSETS</b>				
Cash and cash equivalents	\$303,647	\$151,911	\$455,558	\$149,647
Investments-U.S. Government Securities	34,901,074	11,000,313	45,901,387	45,566,216
Accrued Interest Receivable	383,997	126,734	510,731	509,924
Total Assets	<u>35,588,718</u>	<u>11,278,958</u>	<u>46,867,676</u>	<u>46,225,787</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	35,588,718	11,278,958	46,867,676	46,225,787
<b>TOTAL NET ASSETS</b>	<u>\$35,588,718</u>	<u>\$11,278,958</u>	<u>\$46,867,676</u>	<u>\$46,225,787</u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN	TOTAL 2005	TOTAL 2004
<b>ADDITIONS</b>				
Contributions:				
Employer	\$1,280,700	\$462,640	\$1,743,340	\$1,382,332
Employee	1,285,114	462,866	1,747,980	1,409,867
Total Contributions	2,565,814	925,506	3,491,320	2,792,199
Investment earnings:				
Interest	1,536,272	457,195	1,993,467	2,298,023
Net (decrease) in the fair value of investments	(821,892)	(263,848)	(1,085,740)	(33,769)
Total Investment earnings	714,380	193,347	907,727	2,264,254
Less investment expense	51,675	11,530	63,205	268,845
Net Investment earnings	662,705	181,817	844,522	1,995,409
<b>TOTAL ADDITIONS</b>	3,228,519	1,107,323	4,335,842	4,787,608
<b>DEDUCTIONS:</b>				
Benefits Paid to Participants	2,677,293	641,531	3,318,824	2,832,777
Refunds	112,106	54,661	166,767	54,065
Administrative Expenses	158,797	49,565	208,362	246,276
<b>TOTAL DEDUCTIONS</b>	2,948,196	745,757	3,693,953	3,133,118
<b>Change in Net Assets</b>	280,323	361,566	641,889	1,654,490
Net Assets - January 1	35,308,395	10,917,392	46,225,787	44,571,297
<b>Net Assets- December 31</b>	<b>\$35,588,718</b>	<b>\$11,278,958</b>	<b>\$46,867,676</b>	<b>\$46,225,787</b>

*The accompanying notes to the financial statements are an integral part of these statements.*

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**AGENCY FUNDS**  
**DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<b>AGENCY FUNDS</b>				TOTAL 2004
	<b>PAYROLL DEDUCTIONS</b>	<b>EMPLOYER SOCIAL SECURITY</b>	<b>HOTEL/ MOTEL TAX</b>	<b>TOTAL 2005</b>	
<b>ASSETS</b>					
Cash And Cash Equivalents	\$13,044	\$0	\$39,269	\$52,313	\$161,984
Taxes Receivable Delinquent	-	2,489	-	2,489	2,281
<b>TOTAL ASSETS</b>	<b>\$13,044</b>	<b>\$2,489</b>	<b>\$39,269</b>	<b>\$54,802</b>	<b>\$164,265</b>
<b>LIABILITIES</b>					
Due To Other Funds	\$0	\$0	\$0	\$0	\$0
Due To Other Agencies	13,044	-	39,269	52,313	161,984
Other Deferred Credits	-	2,489	-	2,489	2,281
<b>TOTAL LIABILITIES</b>	<b>\$13,044</b>	<b>\$2,489</b>	<b>\$39,269</b>	<b>\$54,802</b>	<b>\$164,265</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	JANUARY 1	ADDITIONS	DELETIONS	DECEMBER 31
<b>PAYROLL DEDUCTIONS</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$108,956	\$2,586,458	\$2,682,370	\$13,044
<b>LIABILITIES</b>				
Accounts Payable	-	851,686	851,686	-
Due To Other Agencies	108,956	2,688,713	2,784,625	13,044
<b>TOTAL LIABILITIES</b>	<b>108,956</b>	<b>3,540,399</b>	<b>3,636,311</b>	<b>13,044</b>
<b>EMPLOYER SOCIAL SECURITY</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	-	71,926	71,926	-
Taxes Receivable Delinquent	2,281	76,638	76,430	2,489
<b>TOTAL ASSETS</b>	<b>2,281</b>	<b>148,564</b>	<b>148,356</b>	<b>2,489</b>
<b>LIABILITIES</b>				
Other Deferred Credits	2,281	75,743	75,535	2,489
<b>TOTAL LIABILITIES</b>	<b>2,281</b>	<b>75,743</b>	<b>75,535</b>	<b>2,489</b>
<b>COMMISSION ON AGING</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	-	72,583	72,583	-
<b>LIABILITIES</b>				
Due To Other Agencies	-	72,583	72,583	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>72,583</b>	<b>72,583</b>	<b>-</b>
<b>HOTEL/MOTEL TAX</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$26,731	\$440,739	\$428,201	\$39,269
<b>LIABILITIES</b>				
Due to Other Agencies	26,731	440,739	428,201	39,269
<b>CDBG PASSTHROUGH</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	26,297	17,679	43,976	-
<b>LIABILITIES</b>				
Due To Other Agencies	26,297	17,679	43,976	-
<b>TOTAL 2005</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$161,984	\$3,189,385	\$3,299,056	\$52,313
Taxes Receivable Delinquent	2,281	76,638	76,430	2,489
<b>TOTAL ASSETS</b>	<b>\$164,265</b>	<b>\$3,266,023</b>	<b>\$3,375,486</b>	<b>\$54,802</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$851,686	\$851,686	\$0
Due To Other Agencies	161,984	3,219,714	3,329,385	52,313
Other Deferred Credits	2,281	75,743	75,535	2,489
<b>TOTAL LIABILITIES</b>	<b>\$164,265</b>	<b>\$4,147,143</b>	<b>\$4,256,606</b>	<b>\$54,802</b>
<b>TOTAL 2004</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$208,970	\$3,519,969	\$3,566,955	\$161,984
Taxes Receivable Delinquent	5,417	65,925	69,061	2,281
<b>TOTAL ASSETS</b>	<b>\$214,387</b>	<b>\$3,585,894</b>	<b>\$3,636,016</b>	<b>\$164,265</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$765,474	\$765,474	\$0
Due To Other Funds	114,498	-	114,498	-
Due To Other Agencies	95,988	3,400,206	3,334,210	161,984
Other Deferred Credits	3,901	68,291	69,911	2,281
<b>TOTAL LIABILITIES</b>	<b>\$214,387</b>	<b>\$4,233,971</b>	<b>\$4,284,093</b>	<b>\$164,265</b>

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

**CITY OF MINOT, NORTH DAKOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY SOURCE  
DECEMBER 31, 2005 AND 2004**

<b>Governmental funds capital assets</b>	<b>2005</b>	2004
Land	\$4,909,325	\$4,909,325
Buildings	12,038,096	11,449,812
Improvements Other Than Buildings	1,069,103	1,069,103
Equipment	8,369,104	8,167,601
Infrastructure	47,827,836	46,840,033
Books	3,905,089	3,769,280
Construction in Progress	12,183,146	17,704,135
<b>Total governmental funds capital assets</b>	<b>\$90,301,699</b>	<b>\$93,909,289</b>

**Investments in governmental funds capital assets by source**

Capital Project Funds		
G.O. Bonds and Levies	\$6,237,284	\$6,511,998
Sales Tax Revenue Bonds	190,916	190,916
Federal Grants	40,817,230	45,081,269
State Grants	1,037,021	1,037,022
County Grants	214,124	214,124
Contributions From Others	18,971,196	18,914,746
General Fund	5,886,298	6,479,057
Special Revenue	14,815,595	13,347,668
Urban Renewal	465,739	465,739
Enterprise Fund	1,666,296	1,666,750
<b>Total governmental funds capital assets</b>	<b>\$90,301,699</b>	<b>\$93,909,289</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 AS OF DECEMBER 31, 2005  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

FUNCTION OR ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION	2005	2004
							IN PROGRESS		
GENERAL GOVERNMENT									
Manager	\$0	\$0	\$0	\$1,824	\$0	\$0	\$0	\$1,824	\$1,824
Clerk	-	-	-	1,018	-	-	-	1,018	1,018
Civic Center/Property Maintenance	49,374	3,429,528	-	77,500	-	-	-	3,556,402	3,548,974
Personnel	-	-	-	1,395	-	-	-	1,395	1,395
Finance	-	-	-	5,153	-	-	-	5,153	12,925
Assessor	-	-	-	63,414	-	-	-	63,414	63,414
Engineering	-	-	-	177,287	-	-	-	177,287	163,865
Inspection	-	-	-	128,806	-	-	-	128,806	128,806
Traffic Control	-	-	-	198,099	5,088,006	-	-	5,286,105	4,951,855
Public Works	-	1,432,856	-	58,347	-	-	-	1,491,203	1,460,339
General	4,186,089	119,425	-	-	-	-	12,183,146	16,488,660	22,012,239
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,235,463</b>	<b>4,981,809</b>	<b>-</b>	<b>712,843</b>	<b>5,088,006</b>	<b>-</b>	<b>12,183,146</b>	<b>27,201,267</b>	<b>32,346,654</b>
PUBLIC SAFETY									
Police	-	36,920	-	1,453,413	-	-	-	1,490,333	1,883,132
Fire	243,861	2,164,886	-	2,162,299	-	-	-	4,571,046	4,597,419
<b>TOTAL PUBLIC SAFETY</b>	<b>243,861</b>	<b>2,201,806</b>	<b>-</b>	<b>3,615,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,061,379</b>	<b>6,480,551</b>
STREET	-	32,582	-	2,038,810	42,739,830	-	-	44,811,222	43,874,089
SHOP	-	-	7,815	99,763	-	-	-	107,578	115,993
LIBRARY	7,624	3,128,993	-	76,197	-	3,905,089	-	7,117,903	6,982,094
PUBLIC TRANSPORTATION	-	984,527	-	1,097,437	-	-	-	2,081,964	1,517,901
AUDITORIUM	398,427	493,379	-	607,367	-	-	-	1,499,173	1,154,631
RECREATION	23,950	215,000	1,061,288	120,975	-	-	-	1,421,213	1,437,376
<b>Total governmental funds capital assets</b>	<b>\$4,909,325</b>	<b>\$12,038,096</b>	<b>\$1,069,103</b>	<b>\$8,369,104</b>	<b>\$47,827,836</b>	<b>\$3,905,089</b>	<b>\$12,183,146</b>	<b>\$90,301,699</b>	<b>\$93,909,289</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF MINOT, NORTH DAKOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

Function and Activity	GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS DECEMBER 31
<b>GENERAL GOVERNMENT</b>				
Manager	\$1,824	\$0	\$0	\$1,824
Clerk	1,018	-	-	1,018
Civic Center/Property Maintenance	3,548,974	7,428	-	3,556,402
Personnel	1,395	-	-	1,395
Finance/Band	12,925	-	7,772	5,153
Assessor	63,414	-	-	63,414
Engineering	163,865	13,422	-	177,287
Inspection	128,806	-	-	128,806
Traffic Control	4,951,855	352,588	18,338	5,286,105
Public Works	1,460,339	39,864	9,000	1,491,203
General	22,012,239	1,509,050	7,032,629	16,488,660
<b>TOTAL GENERAL GOVERNMENT</b>	<b>32,346,654</b>	<b>1,922,352</b>	<b>7,067,739</b>	<b>27,201,267</b>
<b>PUBLIC SAFETY</b>				
Police	1,883,132	241,055	633,854	1,490,333
Fire	4,597,419	57,301	83,674	4,571,046
<b>TOTAL PUBLIC SAFETY</b>	<b>6,480,551</b>	<b>298,356</b>	<b>717,528</b>	<b>6,061,379</b>
<b>STREET</b>	<b>43,874,089</b>	<b>1,025,364</b>	<b>88,231</b>	<b>44,811,222</b>
<b>SHOP</b>	<b>115,993</b>	<b>-</b>	<b>8,415</b>	<b>107,578</b>
<b>LIBRARY</b>	<b>6,982,094</b>	<b>135,809</b>	<b>-</b>	<b>7,117,903</b>
<b>PUBLIC TRANSPORTATION</b>	<b>1,517,901</b>	<b>621,977</b>	<b>57,914</b>	<b>2,081,964</b>
<b>AUDITORIUM</b>	<b>1,154,631</b>	<b>344,542</b>	<b>-</b>	<b>1,499,173</b>
<b>RECREATION</b>	<b>1,437,376</b>	<b>1,590</b>	<b>17,753</b>	<b>1,421,213</b>
<b>Total governmental funds capital assets</b>	<b>\$93,909,289</b>	<b>\$4,349,990</b>	<b>\$7,957,580</b>	<b>\$90,301,699</b>

*The accompanying notes to the financial statements are an integral part of these statements.*

**CITY OF MINOT, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY SOURCE**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004**

	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION IN PROGRESS	2005	2004
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1,</b>	\$4,909,325	\$11,449,812	\$1,069,103	\$8,167,601	\$46,840,033	\$3,769,280	\$17,704,135	\$93,909,289	\$83,786,464
<b>ADDITIONS</b>									
Expenditures From:									
Capital Project Funds	-	-	-	-	349,245	-	-	349,245	16,361,175
General Fund	-	-	-	-	-	-	-	-	491,090
Special Revenue	-	588,284	-	841,762	638,558	135,809	-	2,204,413	930,876
Enterprise Funds	-	-	-	266,442	-	-	-	266,442	-
General Fund Transfers	-	1,000	-	19,840	-	-	1,509,050	1,529,890	173,277
<b>TOTAL ADDITIONS</b>	<b>-</b>	<b>589,284</b>	<b>-</b>	<b>1,128,044</b>	<b>987,803</b>	<b>135,809</b>	<b>1,509,050</b>	<b>4,349,990</b>	<b>17,956,418</b>
<b>TOTAL BALANCE AND ADDITIONS</b>	<b>4,909,325</b>	<b>12,039,096</b>	<b>1,069,103</b>	<b>9,295,645</b>	<b>47,827,836</b>	<b>3,905,089</b>	<b>19,213,185</b>	<b>98,259,279</b>	<b>101,742,882</b>
<b>DEDUCTIONS</b>									
Fixed Assets Traded	-	-	-	102,595	-	-	-	102,595	22,170
Fixed Assets Sold	-	-	-	128,184	-	-	-	128,184	198,499
Capitalized	-	-	-	-	-	-	1,709,109	1,709,109	7,389,720
Written Off	-	-	-	637,253	-	-	-	637,253	-
Transferred To Enterprise	-	-	-	38,669	-	-	5,320,930	5,359,599	49,927
General Fund Transfers	-	1,000	-	19,840	-	-	-	20,840	173,277
<b>TOTAL DEDUCTIONS</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>926,541</b>	<b>-</b>	<b>-</b>	<b>7,030,039</b>	<b>7,957,580</b>	<b>7,833,593</b>
<b>GENERAL FIXED ASSETS DECEMBER 31,</b>	<b>\$4,909,325</b>	<b>\$12,038,096</b>	<b>\$1,069,103</b>	<b>\$8,369,104</b>	<b>\$47,827,836</b>	<b>\$3,905,089</b>	<b>\$12,183,146</b>	<b>\$90,301,699</b>	<b>\$93,909,289</b>

The accompanying notes to the financial statements are an integral part of these statements.

City of Minot, North Dakota  
Net Assets by Component  
Last Ten Fiscal Years\*  
(accrual basis of accounting)

	Fiscal Year				
	2001**	2002	2003	2004	2005
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	(\$4,132,706)	\$27,618,820	\$31,309,332	\$51,958,589	\$46,333,667
<b>Restricted</b>					
Debt Service	136,142	1,021,187	1,373,926	944,364	442,745
Capital Projects	6,286,203	8,403,858	11,116,994	11,118,792	15,999,116
Unrestricted	16,068,448	9,415,049	19,164,126	11,114,418	15,107,715
<b>Total governmental activities net assets</b>	<b>\$18,358,087</b>	<b>\$46,458,914</b>	<b>\$62,964,378</b>	<b>\$75,136,163</b>	<b>\$77,883,243</b>
<b>Business-Type Activities</b>					
Invested in capital assets, net of related debt	\$37,972,659	\$50,309,487	\$53,280,312	\$51,899,651	\$58,821,571
Restricted	39,605	40,182	42,580	41,792	42,163
Unrestricted	5,482,401	5,050,928	6,282,767	4,525,305	4,479,980
<b>Total business-type activities net assets</b>	<b>\$43,494,665</b>	<b>\$55,400,597</b>	<b>\$59,605,659</b>	<b>\$56,466,748</b>	<b>\$63,343,714</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$33,839,953	\$77,928,307	\$84,589,644	\$103,858,240	\$105,155,238
Restricted	6,461,950	9,465,227	12,533,500	12,104,948	16,484,024
Unrestricted	21,550,849	14,465,977	25,446,893	15,639,723	19,587,695
<b>Total primary government net assets</b>	<b>\$61,852,752</b>	<b>\$101,859,511</b>	<b>\$122,570,037</b>	<b>\$131,602,911</b>	<b>\$141,226,957</b>

\*This report is new with the 2004 CAFR, and these line items have only been available since we implemented GABS #34 with our fiscal year ended December 31, 2001.

\*\*Fixed Assets were not included in 2001, they were added starting in 2002.

City of Minot, North Dakota  
Changes in Net Assets  
Last Ten Fiscal Years\*  
(accrual basis of accounting)

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Expenses</b>					
Governmental activities:					
General Government	\$6,703,291	\$8,994,383	\$7,504,143	\$11,754,173	\$7,604,240
Public Safety	6,349,105	6,614,253	7,046,392	7,596,040	7,672,804
Highways and Streets	2,431,141	3,771,929	2,500,445	3,942,303	4,060,526
Culture and Recreation	1,937,281	1,757,139	2,067,089	2,440,820	1,952,237
Community Development	2,717,852	35,641	587,920	645,376	551,207
Interest on Long-term Debt	900,023	934,073	899,139	779,285	559,525
Total governmental activities expenses	<u>21,038,693</u>	<u>22,107,418</u>	<u>20,605,128</u>	<u>27,157,997</u>	<u>22,400,539</u>
Business-type activities:					
Airport	1,889,375	1,763,660	1,893,121	2,307,295	2,359,727
Cemetery	214,164	222,538	213,527	225,415	228,538
Parking Authority	174,108	170,617	182,440	176,985	165,161
Sanitation	1,649,318	1,633,854	1,823,056	2,397,135	1,898,475
Water and Sewer	6,017,143	6,146,502	6,560,712	7,283,610	7,500,357
Total business-type activities expenses	<u>9,944,108</u>	<u>9,937,171</u>	<u>10,672,856</u>	<u>12,390,440</u>	<u>12,152,258</u>
Total Government expenses	<u>30,982,801</u>	<u>32,044,589</u>	<u>31,277,984</u>	<u>39,548,437</u>	<u>34,552,797</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services:					
General Government	2,929,596	3,531,166	3,867,504	4,567,494	4,901,177
Public Safety	559,843	547,670	877,607	820,566	835,844
Highways and Streets	5,696	10,196	39,946	43,046	38,913
Culture and Recreation	11,792	11,652	45,652	49,195	44,472
Operating Grants and contributions					
General Government	1,534,042	289,859	937,622	816,833	414,555
Public Safety	136,276	144,039	86,394	95,886	70,360
Highways and Streets	-	-	-	2,619,461	-
Capital Grants and contributions					
General Government	1,478,747	1,379,845	1,327,028	533,831	126,655
Highways and Streets	-	-	8,139,850	4,425,385	-
Total governmental activities program revenues	<u>6,655,992</u>	<u>5,914,427</u>	<u>15,321,603</u>	<u>13,971,697</u>	<u>6,431,976</u>
Business-type activities:					
Charges for Services:					
Airport	870,528	934,580	972,965	892,093	952,201
Cemetery	148,694	172,217	155,278	152,580	172,847
Parking Authority	193,422	187,177	174,441	174,464	160,299
Sanitation	1,992,773	1,849,448	1,984,815	1,830,479	1,958,064
Water and Sewer	6,082,779	6,120,192	6,416,265	6,849,133	7,192,105
Operating Grants and contributions					
Airport	167,182	283,684	283,152	293,426	295,190
Capital Grants and contributions					
Airport	4,899,936	5,229,442	1,992,422	150,557	1,326,349
Cemetery	-	606	2,880	250	99
Parking Authority	-	-	54,600	-	-
Water and Sewer	-	129,097	2,990,415	628,482	519,377
Total business-type activities program revenues	<u>14,355,314</u>	<u>14,906,443</u>	<u>15,027,233</u>	<u>10,971,464</u>	<u>12,576,531</u>
Total Government Program Revenues	<u>21,011,306</u>	<u>20,820,870</u>	<u>30,348,836</u>	<u>24,943,161</u>	<u>19,008,507</u>

	Fiscal Year				
	2001	2002	2003	2004	2005
Net (expense)/revenue					
Governmental activities	(14,382,701)	(16,192,991)	(5,283,525)	(13,186,300)	(15,968,563)
Business-type activities	4,411,206	4,969,272	4,354,377	(1,418,976)	424,273
Total Government net expense	(9,971,495)	(11,223,719)	(929,148)	(14,605,276)	(15,544,290)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property Taxes, levied for general purposes	5,890,594	6,121,577	6,333,804	6,412,849	6,327,110
Property Taxes, levied for debt service	953,223	853,386	954,337	1,042,433	1,065,170
Sales Taxes	8,993,959	9,668,627	9,537,654	10,127,486	11,021,415
State Aid Distribution	1,083,818	1,068,268	1,062,948	1,224,252	1,321,497
Municipal Highway Tax	1,443,352	1,490,695	1,454,460	1,483,320	1,622,132
Franchise Taxes	259,244	269,602	299,824	348,130	348,019
Other Taxes	280,398	656,423	326,351	301,605	321,245
Grants and contributions not restricted to specific programs					
Investment earnings	848,083	876,509	627,567	329,216	892,061
Miscellaneous	957,633	1,050,349	713,914	1,992,462	1,005,293
Transfers	172,516	434,927	478,130	2,096,332	(5,208,299)
Total governmental activities	20,882,820	22,490,363	21,788,989	25,358,085	18,715,643
Business-type activities:					
Taxes					
Property Taxes, levied for general purposes	130,384	78,317	82,585	21,221	39,515
State Aid Distribution	3,800	3,800	3,800	3,800	-
Other Taxes	247,015	198,737	102,183	199,379	182,858
Investment earnings	278,405	189,444	119,508	102,814	144,680
Miscellaneous	23,652	25,300	20,739	49,183	877,341
Transfers	(172,516)	(434,927)	(478,130)	(2,096,332)	5,208,299
Total business-type activities	510,740	60,671	(149,315)	(1,719,935)	6,452,693
Total Government	21,393,560	22,551,034	21,639,674	23,638,150	25,168,336
<b>Change in Net Assets</b>					
Governmental activities	6,500,119	6,297,372	16,505,464	12,171,785	2,747,080
Business-type activities	4,921,946	5,029,943	4,205,062	(3,138,911)	6,876,966
Total Government <sup>1</sup>	\$11,422,065	\$11,327,315	\$20,710,526	\$9,032,874	\$9,624,046

\*This report is new with the 2004 CAFR, and these line items have only been available since we implemented GABS #34 with our fiscal year ended December 31, 2001.

1) The increase in 2003 was primarily due to a temporary debt issue for construction of South Broadway for \$10,000,000 that was repaid in 2004.

City of Minot, North Dakota  
 Governmental Activities Tax Revenue by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Fiscal Year	Property Tax levied for general purposes	Property Tax levied for debt service	Sales Tax	State Aid Distribution	Municipal Highway Tax	Franchise Tax	Other Tax	TOTAL
1996	\$4,306,244	\$1,108,259	\$4,145,724	\$757,394	\$1,285,971	\$188,428	\$329,789	\$12,121,809
1997	4,664,237	1,004,097	4,217,675	847,816	1,329,298	250,528	298,613	12,612,264
1998	4,927,643	1,050,773	7,743,783 *	614,762	1,356,831	224,331	312,851	16,230,974
1999	5,144,145	1,175,051	8,653,896	1,395,419 **	1,349,527	261,032	451,319	18,430,389
2000	5,439,739	1,035,445	9,070,485	970,413	1,408,596	258,444	334,914	18,518,036
2001	5,890,594	953,223	8,993,959	1,083,818	1,443,352	259,244	280,398	18,904,588
2002	6,121,577	853,386	9,668,627	1,068,268	1,490,695	269,602	656,423	20,128,578
2003	6,333,804	954,337	9,537,654	1,062,948	1,454,460	299,824	326,351	19,969,378
2004	6,412,849	1,042,433	10,127,486	1,224,252	1,483,320	348,130	301,605	20,940,075
2005	6,327,110	1,065,170	11,021,415	1,321,497	1,622,132	348,019	321,245	22,026,588

\*Sales Tax increased from 1% to 2%, with the additional 1% dedicated to the Northwest Area Water Supply Project

\*\*State legislature replaced Personal Property Replacement and State Revenue Sharing with State Aid Distribution and changed the allocation formula.

City of Minot, North Dakota  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	\$3,000	\$0	\$25,396	\$6,030	\$11,254	\$27,481	\$29,902	\$25,417	\$5,021	\$6,734
Unreserved	2,472,008	2,734,370	2,735,730	3,270,512	3,487,537	3,033,506	2,965,453	2,624,002	2,167,158	2,260,512
Total general fund	<u>\$2,475,008</u>	<u>\$2,734,370</u>	<u>\$2,761,126</u>	<u>\$3,276,542</u>	<u>\$3,498,791</u>	<u>\$3,060,987</u>	<u>\$2,995,355</u>	<u>\$2,649,419</u>	<u>\$2,172,179</u>	<u>\$2,267,246</u>
All other governmental funds										
Reserved	\$2,392,454	\$3,990,452	\$4,320,227	\$6,958,580	\$9,883,911	\$11,826,051	\$12,552,412	\$15,283,772	\$13,393,529	\$17,512,029
Unreserved, reported in:										
Special Revenue funds	3,685,915	4,747,075	3,885,147	(1,160,684)	(1,915,420)	(2,983,225)	(2,583,340)	(3,033,771)	3,180,398	4,823,207
Debt Service funds	1,009,853	1,551,102	1,718,654	1,485,074	958,880	136,142	1,021,187	1,373,926	944,364	442,745
Capital Project funds	449,735	(3,371,664)	1,181,490	1,160,624	(816,927)	395,947	(351,234)	520,760	(1,238,231)	2,515,273
Total all other governmental funds	<u>\$7,537,957</u>	<u>\$6,916,965</u>	<u>\$11,105,518</u>	<u>\$8,443,594</u>	<u>\$8,110,444</u>	<u>\$9,374,915</u>	<u>\$10,639,025</u>	<u>\$14,144,687</u>	<u>\$16,280,060</u>	<u>\$25,293,254</u>

City of Minot, North Dakota  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	1996	1997	1998	1999	2000	2001*	2002	2003	2004	2005
<b>Revenues</b>										
Property Taxes	\$5,414,503	\$5,668,334	\$5,978,416	\$6,319,196	\$6,475,184	\$6,775,332	\$6,912,390	\$7,221,351	\$7,393,732	\$7,331,800
Special Assessment Collections	593,386	442,371	894,266	568,052	604,724	644,304	826,078	916,817	833,144	884,137
Sales Tax Collections	4,145,724	4,217,675	7,743,783	8,653,896	9,070,485	8,993,959	9,668,627	9,537,654	10,127,486	11,021,415
Licenses and Permits	391,814	440,995	416,617	405,167	384,335	344,806	345,873	413,553	502,408	607,474
Intergovernmental	3,061,097	3,261,562	3,069,985	4,319,092	4,264,213	5,123,131	4,296,948	13,510,969	7,379,165	4,612,249
Charges for Services	2,043,099	2,000,965	2,193,586	2,412,986	2,720,102	2,295,849	2,889,849	2,983,946	3,558,377	3,788,077
Fines and Forfeits	410,071	388,098	400,258	312,727	381,848	444,103	431,493	573,961	493,287	520,615
Contributions From Others	276,097	4,175	162,705	-	-	-	-	-	-	-
Interest Income	1,062,896	982,910	1,016,488	861,129	1,004,368	848,083	876,509	604,167	329,216	892,061
Rental Income	6,757	6,088	6,309	-	-	-	-	-	-	-
Miscellaneous	494,926	424,640	219,801	821,920	695,650	957,633	1,050,349	713,914	1,992,462	1,005,293
<b>Total Revenues</b>	<b>17,900,370</b>	<b>17,837,813</b>	<b>22,102,214</b>	<b>24,674,165</b>	<b>25,600,909</b>	<b>26,427,200</b>	<b>27,298,116</b>	<b>36,476,332</b>	<b>32,609,277</b>	<b>30,663,121</b>
<b>Expenditures</b>										
General Government	3,569,444	3,757,944	3,928,735	4,034,087	4,255,155	6,526,829	8,672,981	7,341,323	11,496,187	6,962,816
Public Safety	4,490,802	4,735,115	5,015,102	5,306,975	5,506,917	6,084,587	6,349,779	6,758,687	7,231,044	7,311,855
Highways and Streets	1,295,346	1,299,316	1,240,112	1,458,095	2,309,631	2,322,209	2,587,407	2,385,232	2,525,080	2,450,835
Culture and Recreation	1,335,825	1,426,233	1,475,756	1,419,019	1,467,580	1,901,854	1,614,088	1,789,177	2,147,590	1,858,446
Economic Development	3,645,735	12,539	2,357,862	4,957,879	2,136,108	2,717,852	35,641	587,920	645,376	551,207
Bad Debt	-	-	-	-	-	-	-	-	-	-
Capital Outlay	5,435,746	7,223,960	6,672,282	5,687,241	7,258,744	4,495,259	4,354,636	16,471,332	5,602,326	2,321,872
Debt Retirement										
Principal	1,725,000	1,910,000	2,075,000	2,255,002	2,375,000	2,510,000	4,870,800	2,435,000	2,620,000	2,395,000
Interest and Fiscal Charges	521,069	586,576	807,508	718,833	789,751	760,948	917,496	929,669	796,546	583,438
Intergovernmental	124,918	13,379	10,610	4,058,835	1,481,456	-	-	-	-	-
<b>Total Expenditures</b>	<b>22,143,885</b>	<b>20,965,062</b>	<b>23,582,967</b>	<b>29,895,966</b>	<b>27,580,342</b>	<b>27,319,538</b>	<b>29,402,828</b>	<b>38,698,340</b>	<b>33,064,149</b>	<b>24,435,469</b>
Excess of revenues over (under) expenditures	(4,243,515)	(3,127,249)	(1,480,753)	(5,221,801)	(1,979,433)	(892,338)	(2,104,712)	(2,222,008)	(454,872)	6,227,652
<b>Other Financing Sources (Uses)</b>										
G.O. Bonds Issued	2,580,000	-	5,460,000	3,380,000	1,780,000	1,530,000	2,850,000	2,675,000	-	2,355,000
Proceeds from Loan Issue	-	2,000,000	63,489	-	-	-	-	-	-	-
Special Assessment Bonds Issued	-	-	-	-	-	1,740,000	-	2,205,000	-	-
Premium (Discount) on Debt Issued	-	-	-	-	-	-	(4,759)	205	-	-
Principal Retirement on Current Refunding	-	-	-	-	-	(1,725,000)	-	-	-	-
Payment to Refunded Escrow Agent	-	-	-	-	-	-	-	-	-	-
Transfers In	2,157,764	3,376,227	3,033,616	4,077,239	3,573,953	3,940,832	6,409,948	3,751,138	10,739,674	6,105,360
Transfers Out	(2,884,606)	(3,716,518)	(2,861,043)	(4,381,946)	(3,485,421)	(3,766,827)	(5,951,999)	(3,249,609)	(8,626,669)	(5,579,751)
<b>Total Other Financing Sources (Uses)</b>	<b>1,853,158</b>	<b>1,659,709</b>	<b>5,696,062</b>	<b>3,075,293</b>	<b>1,868,532</b>	<b>1,719,005</b>	<b>3,303,190</b>	<b>5,381,734</b>	<b>2,113,005</b>	<b>2,880,609</b>
<b>Net Change in Fund Balances</b>	<b>(\$2,390,357)</b>	<b>(\$1,467,540)</b>	<b>\$4,215,309</b>	<b>(\$2,146,508)</b>	<b>(\$110,901)</b>	<b>\$826,667</b>	<b>\$1,198,478</b>	<b>\$3,159,726</b>	<b>\$1,658,133</b>	<b>\$9,108,261</b>
Debt service as a percentage of noncapital expenditures	13.4%	18.2%	17.0%	12.3%	15.6%	14.3%	23.1%	15.1%	12.4%	13.5%

\*GASB 34 implemented in 2001

CITY OF MINOT, NORTH DAKOTA  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

FISCAL YEAR	(1) COMMERCIAL LAND AND BUILDINGS	(1) RESIDENTIAL LAND AND BUILDINGS	PUBLIC UTILITIES	(2) TOTAL TAXABLE ASSESSED VALUE	TOTAL TRUE AND FULL VALUE	ASSESSED VALUE AS A PERCENTAGE OF TRUE AND FULL VALUE	TOTAL DIRECT TAX RATE
1996	\$187,013,600	\$323,763,800	\$13,923,030	\$524,700,430	\$1,049,400,860	50.00%	128.26
1997	196,348,600	349,821,500	16,828,900	562,999,000	1,125,998,000	50.00%	126.57
1998	224,919,400	369,616,522	6,566,920	601,102,842	1,202,205,684	50.00%	125.68
1999	231,353,730	383,797,250	6,712,620	621,863,600	1,243,727,200	50.00%	125.42
2000	244,717,050	390,096,480	7,276,570	642,090,100	1,284,180,200	50.00%	128.21
2001	240,964,250	407,031,567	7,549,780	655,545,597	1,311,091,194	50.00%	128.24
2002	240,702,800	412,990,296	7,660,304	661,353,400	1,322,706,800	50.00%	130.63
2003	253,660,900	424,318,752	8,523,130	686,502,782	1,373,005,564	50.00%	132.77
2004	253,470,100	458,695,500	7,000,000	719,165,600	1,438,331,200	50.00%	128.66
2005	281,522,450	509,759,100	8,221,360	799,502,910	1,599,005,820	50.00%	126.52

(1) Data obtained from the City Assessor's Office

(2) Assessed values are finalized by the State Assessment Board on the second Tuesday in August of each year.  
 The assessed value is calculated at 50% of the true and full value.

(3) Data obtained from the City Inspection Office

CITY OF MINOT, NORTH DAKOTA  
PROPERTY TAX RATES IN MILLS - DIRECT AND OVERLAPPING GOVERNMENTS  
PER \$1,000 TAXABLE VALUATION  
LAST TEN FISCAL YEARS

YEAR	CITY OF MINOT			TOTAL	MINOT PARK DISTRICT	MINOT SCHOOL DISTRICT	STATE AND COUNTY	TOTAL
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND					
1996	61.56	37.68	29.02	128.26	26.34	174.32	67.91	396.83
1997	60.16	36.95	29.46	126.57	24.85	174.41	76.00	401.83
1998	59.23	36.85	29.60	125.68	25.81	173.76	67.54	392.79
1999	58.35	41.39	25.68	125.42	26.27	177.02	71.50	400.21
2000	61.22	41.02	25.97	128.21	28.10	184.78	68.86	409.95
2001	64.10	39.77	24.37	128.24	29.28	192.29	73.05	422.86
2002	62.48	40.96	27.19	130.63	29.81	208.99	75.23	444.66
2003	61.48	42.69	28.60	132.77	29.91	206.93	78.02	447.63
2004	55.62	43.28	29.76	128.66	33.54	212.31	75.15	449.66
2005	55.17	43.71	27.64	126.52	32.56	211.16	78.45	448.69

CITY OF MINOT, NORTH DAKOTA  
PRINCIPAL PROPERTY TAXPAYERS  
DECEMBER 31, 2005

TAXPAYER	2005			1996		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE
Minot Dakota Mall, LLC (includes Sleep Inn Complex)	\$3,112,090	1	4.63%	\$1,500,000	1	3.05%
Investor's Real Estate Trust (IRET)	1,190,790	2	1.77%	490,770	4	1.00%
Kadima Medial Properties (Former Unimed Clinic)	597,150	3	0.89%			
Northern States Power (Xcel)	555,740	4	0.83%	385,776	6	0.78%
Glacial Holdings	377,450	5	0.56%			
Reliastar	393,870	6	0.59%			
Menard's Inc.	364,000	7	0.54%	375,440	7	0.76%
International Inn	353,770	8	0.53%	295,140	8	0.60%
Trinity Health/Hospitals	345,570	9	0.51%	-		
Cambridge Capital Management	344,440	10	0.51%	-		
Hoffman Ridge LTD (Wal-Mart)	333,270	11	0.50%	277,450	9	0.56%
Minot Vista (Edgewood Vista)	317,380	12	0.47%			
L & S Family (MLT)	308,870	13	0.46%			
Dayton-Hudson Corporation(Target)	285,040	14	0.42%	208,700	14	0.42%
Riverside Inc. (Holiday Inn)	280,360	15	0.42%	167,740	16	0.34%
Philadelphia Macaroni	278,410	16	0.41%			
Johanneson's Property (Marketplace)	253,540	17	0.38%	139,030	20	0.27%
Wells Fargo Bank ND	235,570	18	0.35%	219,860	12	0.45%
Farmer's Union Oil	234,560	19	0.35%	-		
Community Care Group	230,920	20	0.34%	-		
Souris River Telephone	-			1,013,306	2	2.06%
Unimed(St. Joseph's Hospital)	-			860,110	3	1.75%
Magic City Realty	-			247,520	10	0.50%
Magic City Financial Group (Medical Arts)	-			238,820	11	0.49%
Salem Plaza Associates (South K-Mart)	-			217,290	13	0.44%
James & Mary Ommen	-			395,380	5	0.80%
Montana Dakota Utilities	-			181,372	15	0.37%
JPW Ventures	-			166,630	17	0.34%
Royale Investments (Sun Mart South)	-			141,360	18	0.29%
Dakota Square Inn (Comfort Inn)	-			140,960	19	0.29%
ALL OTHERS	56,882,328		84.55%	41,569,751		84.44%
Total Taxable Value	\$67,275,118		100.00%	\$49,232,405		100.00%

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

LEVY YEAR	(1) TOTAL CURRENT TAX LEVY	(2) CURRENT COLLECTIONS	PERCENT OF LEVY COLLECTED	(2) DELINQUENT COLLECTIONS	(2) TOTAL COLLECTIONS	TOTAL COLLECTION AS PERCENT OF CURRENT LEVY	(4) ADJUSTMENTS	(3) ACCUMULATED OUTSTANDING TAXES	OUTSTANDING DELINQUENT AS PERCENT OF CURRENT LEVY
1996	\$6,402,217	\$6,052,482	94.54%	\$97,638	\$6,150,120	96.06%	\$215,292	\$338,895	5.29%
1997	6,817,830	6,453,519	94.66%	141,863	6,595,382	96.74%	259,245	302,098	4.43%
1998	7,210,665	6,878,134	95.39%	153,855	7,031,989	97.52%	207,231	273,543	3.79%
1999	7,479,335	7,095,650	94.87%	123,498	7,219,148	96.52%	223,634	310,096	4.15%
2000	7,793,799	7,334,493	94.11%	100,772	7,435,265	95.40%	253,181	415,449	5.33%
2001	7,884,739	7,441,868	94.38%	163,366	7,605,234	96.46%	285,315	409,639	5.20%
2002	8,175,763	7,745,018	94.73%	204,701	7,949,719	97.24%	268,505	367,178	4.49%
2003	8,540,161	8,117,461	95.05%	219,961	8,337,422	97.63%	279,091	290,826	3.41%
2004	8,655,618	8,212,157	94.88%	151,912	8,364,069	96.63%	284,769	297,606	3.44%
2005	9,442,620	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) Amounts are given to Ward County in November of each year but are not due until February 15 of the following year.

(2) Collections are for the 12 month period January through December of the year following the levy year.

(3) Prior year accumulated taxes + current levy - current collections - delinquent collections - adjustments

(4) Includes Discount, Mobile Homes, Abatements & Change Orders

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			TOTAL GOVERNMENT	(1) PERCENTAGE OF PERSONAL INCOME	(2) PER CAPITA
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	GRANTS PAYABLE	LOANS PAYABLE	REVENUE BONDS	NOTES PAYABLE	LOANS PAYABLE			
1996	\$3,745,000	\$7,675,000	\$0	\$0	\$11,562,908	\$2,149,153	\$403,621	\$25,535,682	**	\$722.33
1997	3,610,000	6,460,000	2,391,094	2,000,000	9,852,908	2,124,157	352,059	26,790,218	**	757.81
1998	6,060,000	7,485,000	3,183,957	1,910,000	8,782,908	2,098,278	290,690	29,810,833	**	843.26
1999	6,380,000	8,530,000	2,950,670	1,670,000	7,909,386	2,071,486	226,172	29,737,714	**	841.19
2000	5,590,000	8,985,000	3,104,000	1,410,000	8,659,386	2,043,747	850,894	30,643,027	**	838.00
2001	4,925,000	8,905,000	2,107,950	1,190,000	8,174,386	2,015,029	742,271	28,059,636	**	767.35
2002	6,460,000	7,910,000	737,150	-	7,984,386	1,965,122	627,183	25,683,841	**	702.38
2003	8,235,000	8,580,000	737,150	-	9,004,386	1,913,453	607,513	29,077,502	11.65%	795.18
2004	7,170,000	7,025,000	-	-	10,554,386	1,859,960	488,565	27,097,911	10.21%	741.05
2005	8,520,000	5,635,000	-	-	9,245,000	1,804,578	363,477	25,568,055	9.75%	699.21

(1) This is a new table with our 2004 CAFR per GASB #44- we were unable to find prior year's data.

(2) 36,567 - U.S. Census Bureau

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

FISCAL YEAR	POPULATION	(1) ASSESSED VALUE	(2) GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1996 (3)	35,352	\$524,700,430	\$3,745,000	\$660,303	\$3,084,697	0.59%	\$87.26
1997(3)	35,352	562,999,000	3,610,000	336,967	3,273,033	0.58%	92.59
1998(3)	35,352	601,102,842	6,060,000	455,532	5,604,468	0.93%	158.53
1999(3)	35,352	621,863,600	6,380,000	470,928	5,909,072	0.95%	167.15
2000	36,567	642,090,100	5,590,000	380,561	5,209,439	0.81%	142.46
2001	36,567	655,545,597	4,925,000	348,148	4,576,852	0.70%	125.16
2002	36,567	661,353,400	6,460,000	455,299	6,004,701	0.91%	164.21
2003	36,567	686,502,782	8,235,000	471,993	7,763,007	1.13%	212.30
2004	36,567	719,165,600	7,170,000	362,918	6,807,082	0.95%	186.15
2005	36,567	799,502,910	8,520,000	177,055	8,342,945	1.04%	228.16

(1) Assessed values are finalized by the State Assessment Board on the second Tuesday in August of each year. Since 1982, assessed value is calculated at 50% of the true and full value. Prior to 1982, assessed value was calculated at a residential or commercial percentage of market value.

(2) This includes all long-term general obligation debt

(3) U.S. Census Bureau Estimate (1995)

CITY OF MINOT, NORTH DAKOTA  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 FOR THE PERIOD ENDED DECEMBER 31, 2005

GOVERNMENTAL UNIT	OUTSTANDING DEBT	SINKING FUNDS	NET DEBT	RATIO	CITY'S SHARE OF DEBT
MINOT SCHOOL DISTRICT	\$0	\$0	\$0	96.92%	\$0
MINOT PARK DISTRICT	-	-	-	100.00%	-
WARD COUNTY	-	-	-	66.92%	-
<u>OVERLAPPING DEBT</u>					-
CITY OF MINOT (DIRECT DEBT)			8,342,945	100.00%	<u>8,342,945</u>
TOTAL DIRECT AND OVERLAPPING DEBT					<u><u>\$8,342,945</u></u>

RATIOS USED

	2005 ASSESSED VALUE	2005 CITY'S ASSESSED VALUE	PERCENTAGE
MINOT SCHOOL DISTRICT	\$824,889,050	\$799,502,910	96.92%
MINOT PARK DISTRICT	799,502,910	799,502,910	100.00%
WARD COUNTY	1,194,730,615	799,502,910	66.92%

CITY OF MINOT, NORTH DAKOTA  
 COMPUTATION OF LEGAL DEBT MARGIN  
 DECEMBER 31, 2005

<u>True And Full Value Of Taxable Property - 2005</u>		<u>\$1,599,005,820</u>
Debt Limit - 8% of 50% of True And Full Value		\$63,960,233
Amount of Debt Applicable To Debt Limit:		
General Obligation Bonds	\$8,520,000	
Special Assessment Obligations (1)	<u>72,000</u>	
	8,592,000	
Less:		
Cash In Debt Service Funds (2)	<u>177,055</u>	
		<u>8,414,944</u>
Legal Debt Margin		<u><u>\$55,545,288</u></u>

(1) City's Share Of Construction Costs

90% Of Street Improvements		<u><u>\$72,000</u></u>
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(2) Sinking Funds

Highway		\$177,055
90% Special Assessment Debt		<u>-</u>
		<u><u>\$177,055</u></u>

City of Minot, North Dakota  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit	\$41,976,034	\$45,039,920	\$48,088,227	\$49,749,088	\$51,367,208	\$52,443,648	\$52,908,272	\$54,920,223	\$57,533,248	\$63,960,233
Total Net Debt Applicable to Limit	4,097,061	4,075,029	6,899,273	6,660,257	6,167,322	5,765,912	6,511,639	8,128,385	6,908,162	8,414,944
Legal Debt Margin	\$37,878,973	\$40,964,891	\$41,188,954	\$43,088,831	\$45,199,886	\$46,677,736	\$46,396,633	\$46,791,838	\$50,625,086	\$55,545,289
Total net debt applicable to the limit as a percentage of debt limit	9.76%	9.05%	14.35%	13.39%	12.01%	10.99%	12.31%	14.80%	12.01%	13.16%

CITY OF MINOT, NORTH DAKOTA  
REVENUE BOND COVERAGE  
WATER AND SEWER BONDS  
LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUE	(1) DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				(2) PRINCIPAL	INTEREST & FISCAL CHARGES	TOTAL	COVERAGE
1996	\$5,571,685	\$3,426,692	\$2,144,993	\$900,000	\$475,900	\$1,375,900	1.56
1997	5,789,347	3,683,986	2,105,361	960,000	426,000	1,386,000	1.52
1998	5,813,681	3,742,918	2,070,763	740,000	349,341	1,089,341	1.90
1999	5,564,054	3,924,868	1,639,186	663,522	348,736	1,012,258	1.62
2000	5,765,813	4,174,147	1,591,666	630,000	395,813	1,025,813	1.55
2001	6,067,731	4,055,897	2,011,834	750,000	425,118	1,175,118	1.71
2002	6,117,762	4,001,686	2,116,076	805,000	363,414	1,168,414	1.81
2003	6,365,265	4,351,564	2,013,701	825,000	325,874	1,150,874	1.75
2004	6,843,818	4,761,095	2,082,723	825,000	357,012	1,182,012	1.76
2005	7,199,190	5,013,167	2,186,023	840,000	364,387	1,204,387	1.82

(1) Excludes Depreciation

(2) Permanent financing only

City of Minot, North Dakota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Annual Personal Income	(2) Per Capita Personal Income	(2) Median Age	(2) Education Levels in Years of Formal Schooling	School Enrollment	Unemployment Rate
1995	35,352	\$0	\$0	-	-	8,791	-
1996	35,352	-	-	-	-	8,560	-
1997	35,352	-	-	-	-	8,546	-
1998	35,352	-	-	-	-	8,377	-
1999	35,352	-	-	-	-	8,191	-
2000	36,567	-	-	-	-	7,802	-
2001	36,567	-	-	-	-	7,783	-
2002	36,567	-	-	-	-	7,422	-
2003	36,567	912,712,320	24,960	-	-	7,389	-
2004*	36,567	970,195,644	26,532	36.2	n/a	7,213	3.6%
2005	36,567	958,677,039	26,217	35.0	13.2	7,108	3.9%

\*\*This is a new table with our 2004 CAFR. Some of the previous year information is not available.

- (1) U.S. Census Bureau
- (2) Job Services, North Dakota

\*Note: Median age is for the entire State of ND, individual City information is not available.

CITY OF MINOT, NORTH DAKOTA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2005			1996		
	EMPLOYEES	RANK	% OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	% OF TOTAL CITY EMPLOYMENT
Trinity Health	2,500	1	8.00%	1,440	2	5.02%
Minot Public Schools	1,400	2	4.48%	1,200	3	4.19%
Dakota Square Mall	1,350	3	4.32%	1,500	1	5.23%
Minot State University	850	4	2.72%	400	6	1.40%
ING Minot Service Center	765	5	2.45%	-		
Choice Hotels International, Inc.	500	6	1.60%	425	5	1.48%
Sykes, Inc.	435	7	1.39%	360	7	1.26%
Minot Vocational Adjustment Workshop	400	8	1.28%	-		
Miracle Mart	378	9	1.21%	-		
MLT Inc.	300	10	0.96%	-		
City of Minot	295	11	0.94%	278	10	0.97%
SRT Communications	202	12	0.65%	-		
Ward County	200	13	0.64%	260	12	0.91%
Marketplace Foods	190	14	0.61%	-		
Dakota Boys & Girls Ranch	180	15	0.58%	-		
International Inn	170	16	0.54%	-		
US Post Office	135	17	0.43%	-		
Minot Daily News	130	18	0.42%	-		
Farstad Oil/Superpumper	120	19	0.38%	-		
Minot Air Force Base Civilian				1,210	2	4.22%
UniMed				800	4	2.79%
ProMark One Marketing Services				350	8	1.22%
Wal-mart				265	11	0.92%
Interstate Brands Corp. (Bakery Products)				235	13	0.82%
Medical Arts Clinic				300	9	1.05%
<b>Total</b>	<b>10,500</b>		<b>33.60%</b>	<b>9,023</b>		<b>31.48%</b>

Note: Unimed and Medical Arts Clinic were purchased by Trinity Hospital.

City of Minot, North Dakota  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

Function	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government	33	33	32	32	33	33	33	33	32	32
Public Safety										
Police										
Officers	57	57	57	58	58	60	60	64	64	65
Civilians	16	20	20	20	20	19	19	20	20	20
Fire										
Firefighters and officers	45	45	45	44	45	49	49	49	49	49
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Engineering	7	7	8	8	8	9	9	9	9	9
Maintenance	34	35	36	36	36	36	36	36	36	36
Culture and Recreation	19	19.75	21	21	22	22	22	22	24	24
Airport	11	11	11	11	11	11	11	13	13	13
Cemetery	3	3	3	3	3	3	3	3	3	3
Parking Authority	1	1	1	1	1	1	1	1	1	1
Sanitation	20	20	20	20	20	20	20	20	20	19
Water and Sewer	38	38	40	38	40	39	41	39	39	39
<b>Total</b>	<b>285</b>	<b>290.75</b>	<b>295</b>	<b>293</b>	<b>298</b>	<b>303</b>	<b>305</b>	<b>310</b>	<b>311</b>	<b>311</b>

City of Minot, North Dakota  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>General Government</b>										
<b>Assessors</b>										
Properties reviewed	1,532	1,211	1,101	1,475	1,860	1,546	1,835	1,021	1,510	1,390
Properties photographed	500	250	690	4,000	2,560	5,725	550	1,043	2,985	1,435
<b>Building Inspections</b>										
Permits issued	554	486	524	441	439	399	415	486	474	690
<b>City Bus</b>										
Bus Ridership	179,860	178,970	175,513	161,797	154,752	151,027	156,189	160,025	153,036	146,047
<b>Public Safety</b>										
<b>Police</b>										
Parking Tickets Issued	10,351	10,657	8,859	9,415	10,792	9,821	9,901	8,392	8,729	7,019
Criminal Citations Issued	3,954	4,044	4,313	3,693	3,606	4,752	4,416	5,226	5,607	5,421
Traffic Citations Issued	8,782	8,582	7,832	7,903	6,772	6,866	5,414	6,958	4,918	4,809
Alarms-Patrol & Parking Division	765	777	846	689	688	722	649	658	620	647
<b>Fire</b>										
# of Fire Incidents	305	310	416	451	454	437	390	378	364	371
# of Rescue Incidents	1,462	1,469	1,508	1,636	1,599	1,530	1,713	1,767	1,658	1,781
Inspections Made	1,643	1,615	1,605	1,662	1,539	2,003	1,775	1,373	1,742	1,792
<b>Highways and Streets</b>										
<b>Traffic</b>										
Signs installed	1,334	1,341	1,350	1,448	1,324	1,683	1,702	1,034	1,783	862
Signs/posts repaired	936	654	780	1,100	874	1,080	1,055	664	1,523	851
Traffic light repairs	493	438	484	520	448	582	434	286	354	592
Street light repairs	144	162	140	137	158	158	259	164	214	199
<b>Culture and Recreation</b>										
<b>Auditorium</b>										
Event Days	1,999	2,085	2,047	2,169	2,342	2,034	2,234	2,109	2,010	1,833
Attendance	297,963	286,677	270,052	334,681	371,666	344,165	360,405	234,689	222,484	218,666
<b>Library</b>										
Registered borrowers	24,335	23,862	24,818	25,562	27,300	27,358	24,955	26,326	23,970	23,245
Circulation and Activity	309,320	310,774	301,874	300,572	283,350	263,273	276,090	272,011	285,805	301,721
<b>Airport</b>										
Gallons Airline Fuel Dispensed	769,444	969,352	1,339,678	1,248,849	1,203,273	1,187,110	1,195,553	958,048	943,337	985,647
Airline Boardings	78,685	77,118	71,576	74,939	78,376	74,212	75,382	75,323	79,257	79,654
<b>Sanitation</b>										
# of customers	9,645	9,661	9,687	9,779	9,849	9,862	9,917	9,966	10,069	10,210
Landfill Tonnage	88,148	74,975	75,216	97,864	95,564	80,153	85,372	104,781	93,487	88,343
<b>Water and Sewer</b>										
# of consumers	11,068	11,158	11,180	11,309	11,391	11,443	11,492	11,545	11,704	11,801
Gallons pumped/treated	2,100,000,000	2,303,973,000	2,432,918,000	2,095,950,000	2,330,973,000	2,347,274,000	2,167,046,000	2,236,058,000	2,248,699,400	2,084,604,000

Sources: Various City departments

City of Minot, North Dakota  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years\*

Function	Fiscal Year			
	2002	2003	2004	2005
General Government				
Public Works Building	1	1	1	1
Public Safety				
Police:				
Stations	1	1	1	1
Patrol Units	32	32	33	33
Speed Trailer	-	1	1	1
Fire:				
Stations	3	3	3	3
Highways and Streets				
Streets (miles)	14.86	14.90	15.029	15.047
Street Lights	2,131	2,142	2,167	2,225
Traffic Signals	43	44	43	43
Culture and Recreation				
Parks	1	1	1	1
Libraries	1	1	1	1
Ball Diamonds	16	16	16	16
Tennis Courts	12	12	12	12
Indoor Tennis Center	-	-	1	1
Sanitation				
Collection Trucks	7	7	8	7
Water				
Water Treatment Plant	1	1	1	1
Watermains (miles)	160	160	160	160
Maximum daily capacity (millions of gallons)	12.3	12.1	11.8	11.9

\*This report is new with the 2004 CAFR, Fixed Assets were implemented with our 2002 CAFR.

Sources: Various City Departments



## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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Honorable Mayor and City Council  
City of Minot  
Minot, North Dakota

### Compliance

We have audited the compliance of **the City of Minot, North Dakota Airport**, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its Passenger Facility Charge Program for the year ended December 31, 2005. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge Program is the responsibility of **the City of Minot, North Dakota Airport's** management. Our responsibility is to express an opinion on **the City of Minot, North Dakota Airport's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide 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 the Passenger Facility Charge Program occurred. An audit includes examining, on a test basis, evidence about **the City of Minot, North Dakota Airport's** compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **the City of Minot, North Dakota Airport's** compliance with those requirements.

In our opinion, **the City of Minot, North Dakota Airport** complied, in all material respects, with the requirements referred to above that are applicable with its Passenger Facility Charge Program for the year ended December 31, 2005.

### Internal Control Over Compliance

The management of **the City of Minot, North Dakota Airport** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Passenger Facility Charge Program. In planning and performing our audit, we considered **the City of Minot, North Dakota Airport's** internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Charge Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

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

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

Eide Bailly LLP

Bismarck, North Dakota  
April 21, 2006



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

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The Honorable Mayor and City Council  
**City of Minot**  
Minot, North Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot**, North Dakota, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2005, and have issued our report thereon dated April 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the **City of Minot**, North Dakota's financial statements are free of 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*.

*Internal Control Over Financial Reporting*

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

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

Eide Bailly LLP

Bismarck, North Dakota  
April 21, 2006



CPAs & BUSINESS ADVISORS

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

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The Honorable Mayor and City Council  
**City of Minot**  
Minot, North Dakota

*Compliance*

We have audited the compliance of the **City of Minot**, North Dakota, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The **City of Minot**, North Dakota's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Minot, North Dakota's management. Our responsibility is to express an opinion of the **City of Minot**, North Dakota's compliance based on our audit.

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

In our opinion, the **City of Minot**, North Dakota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

### *Internal Control Over Compliance*

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

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

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

*Eide Bailly LLP*

Bismarck, North Dakota  
April 21, 2006

**CITY OF MINOT**  
**MINOT, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<i>U.S. DEPARTMENT OF JUSTICE</i>			
Direct Programs:			
Local Law Enforcement Block Grant		16.590	46,476
Bullet Proof Vest Grant		16.607	2,557
Passed-Through North Dakota Attorney General's Office:			
Narcotics Task Force		16.579	128,851
Domestic Violence Crisis Center	D04-225	16.579	18,886
Underage Drinking Law Enforcement		16.579	5,492
Total CFDA #16.579			153,229
Project Safe Neighborhoods	#03-714	16.609	16,900
Passed through the State of North Dakota Emergency Services			
Homeland Security Grant		16.007	3,845
Supplemental Homeland Security Grant		16.007	45,437
Total CFDA #16.007			49,282
Passed through the State of North Dakota Health Department:			
STOP - Violence Against Women	#05-290	16.588	1,323
STOP - Violence Against Women	#06-431	16.588	500
Smoking Cessation Program	#04-562	N/A	4,609
Total Department of Justice			274,876
<i>U.S. DEPARTMENT OF HOMELAND SECURITY</i>			
Passed through North Dakota Division of Emergency Management			
Weapons of Mass Destruction		97.004	260,027
FEMA-Disaster of 2005		97.036	3,955
Total Department of Homeland Security			263,982

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<i>U.S. DEPARTMENT OF TRANSPORTATION</i>			
Direct Programs:			
Airport Projects:			
#628		20.106	63,483
#629		20.106	6,888
#631		20.106	98,596
#632		20.106	437,823
#633		20.106	810,069
Total CFDA #20.106			<u>1,416,859</u>
Transportation Security Program		N/A	<u>83,395</u>
Passed-Through North Dakota Department of Transportation:			
Section 18		20.507	10,866
Section 5311		20.507	153,590
Total CFDA #20.507			<u>164,456</u>
Highway Safety Cluster:			
Mayor's Council for Traffic Safety		20.600	40,833
Saturation Patrol		20.601	3,970
Occupant Protection Program		20.604	2,521
Total Highway Safety Cluster			<u>47,324</u>
Intermodal Facility Feasibility Study Grant		20.205	14,182
Total Department of Transportation			<u>1,726,216</u>
<i>U.S. FEDERAL EMERGENCY MANAGEMENT</i>			
Direct Programs:			
Citizens Corp Council/CERT		83.564	237,364
<i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			
Passed-Through North Dakota Division of Community Services			
CDBG-ING/Reliastar		14.228	104,000
CDBG-MLT Vacations		14.228	44,000
Total Department of Housing and Urban Development			<u>148,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,650,438</u>

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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

### **NOTE 2 – AGENCY OR PASS-THROUGH NUMBER**

The only programs without agency or pass-through numbers are programs where the federal funds are direct therefore agency and pass-through numbers are not required.

**CITY OF MINOT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2005**

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None

**CITY OF MINOT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2005**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the **City of Minot**.
2. No instances of noncompliance material to the financial statements of the **City of Minot** were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for the **City of Minot** expresses an unqualified opinion on all major federal programs.
4. No audit findings relative to the major federal award programs for the **City of Minot** are reported in this schedule.
5. The programs tested as major programs were Department of Transportation Programs #20.106.
6. The threshold for distinguishing a Type A program was \$300,000.
7. The **City of Minot** was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – none**

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - none**