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**Comprehensive  
Annual  
Financial  
Report**

**City of Minot, North Dakota**  
For the Fiscal Year Ended December 31, 2006

**Prepared By**  
The Finance Department  
Cindy K. Hemphill, Finance Director

**City of Minot, North Dakota  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended December 31, 2006**

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# City of Minot

## Finance Department

May 5, 2007

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

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, 2006. This set of financial statements was prepared by the City's Finance Department in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) 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 (the City). Consequently, management assumes full responsibility for the completeness and reliability for all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework 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's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement.

As management, we assert, 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's financial statements. The goal of the independent audit was to provide reasonable assurance the financial statements of the City for the fiscal year ended December 31, 2006 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.

The independent audit of the financial statements of the City 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 requires management to 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 the MD&A. The City's MD&A can be found immediately following the report of the independent auditors.

★ The Magic City ★

## The Honorable Mayor, City Council and City Manager

### *Profile of the City of Minot*

The City, incorporated on July 16, 1887, is located in the north central part of North Dakota. The City currently occupies a land area of approximately 16 square miles and serves a population of 36,567. Located twelve miles north of the City, 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 during 2006 was nearly \$380 million. During 2006, the Minot Air Force Base had over \$103.9 million in construction, services and other expenditures. Minot Air Force Base serves as the home for over 11,414 active duty personnel and their dependents. Many of the personnel assigned to the base choose to reside in the City during their tour of duty and after their discharge. The relationship between the citizens of Minot and the citizens of the base is one of mutual cooperation and friendliness.

The City 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. During 2006, the property valuations for building permits increased over \$9.3 million which enabled the City to reduce the mill levy.

The City 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 seven council members elected every two years by ward. The mayor is elected to serve a four-year term and is elected at large.

The City provides a full range of services contemplated by statute or charter. This includes police 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's financial planning and control. All departments and agencies submit requests for appropriations to the city manager in May of each year for the ensuing year's budget, which begins January 1. 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 26 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, beginning on page 63.

### *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 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 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 makes Minot a dynamic and attractive place to do business.

<u>Sales Tax Collections</u>		<u>Property Tax Collections</u>	
2003	\$9,537,654	2003	\$8,175,763
2004	10,127,486	2004	8,540,161
2005	11,021,415	2005	8,655,618
2006	11,920,592	2006	9,442,620

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

The Honorable Mayor, City Council and City Manager

future.

**Assets, Liabilities and Net Assets Per Capita**

	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
2006	36,567	5,313	854	4,459

**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)
2006	36,567	1,024	468	19	397	(140)

**Ratio of Net Assets to Expenses**

	Governmental Activities	Business-Type Activities
2003	3.06	5.58
2004	2.77	4.56
2005	3.48	5.21
2006	4.17	4.69

**Long-Term Financial Planning.** The City continually plans for anticipated construction projects and infrastructure needs. Cash reserves are increasing in the Sales Tax NAWS Fund with a 1% dedicated sales tax. These cash reserves will allow continued funding of the Northwest Area Water Supply Project (NAWS) rather than issuing debt for the project. The NAWS project 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.

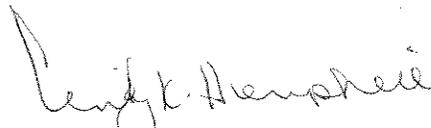
The City has completed several major highway projects in recent years with additional projects planned for 2007 and 2008. Other projects planned for the future include North Broadway widening, water and sewer, storm sewer, and special assessment projects. These projects will be funded with debt thereby 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, 2005. This was the 23rd consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City 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.

A Certificate of Achievement is valid for a period of one year only. We believe 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's finances.

Respectfully submitted,



Cindy K. Hemphill  
Finance Director

# 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, 2005

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

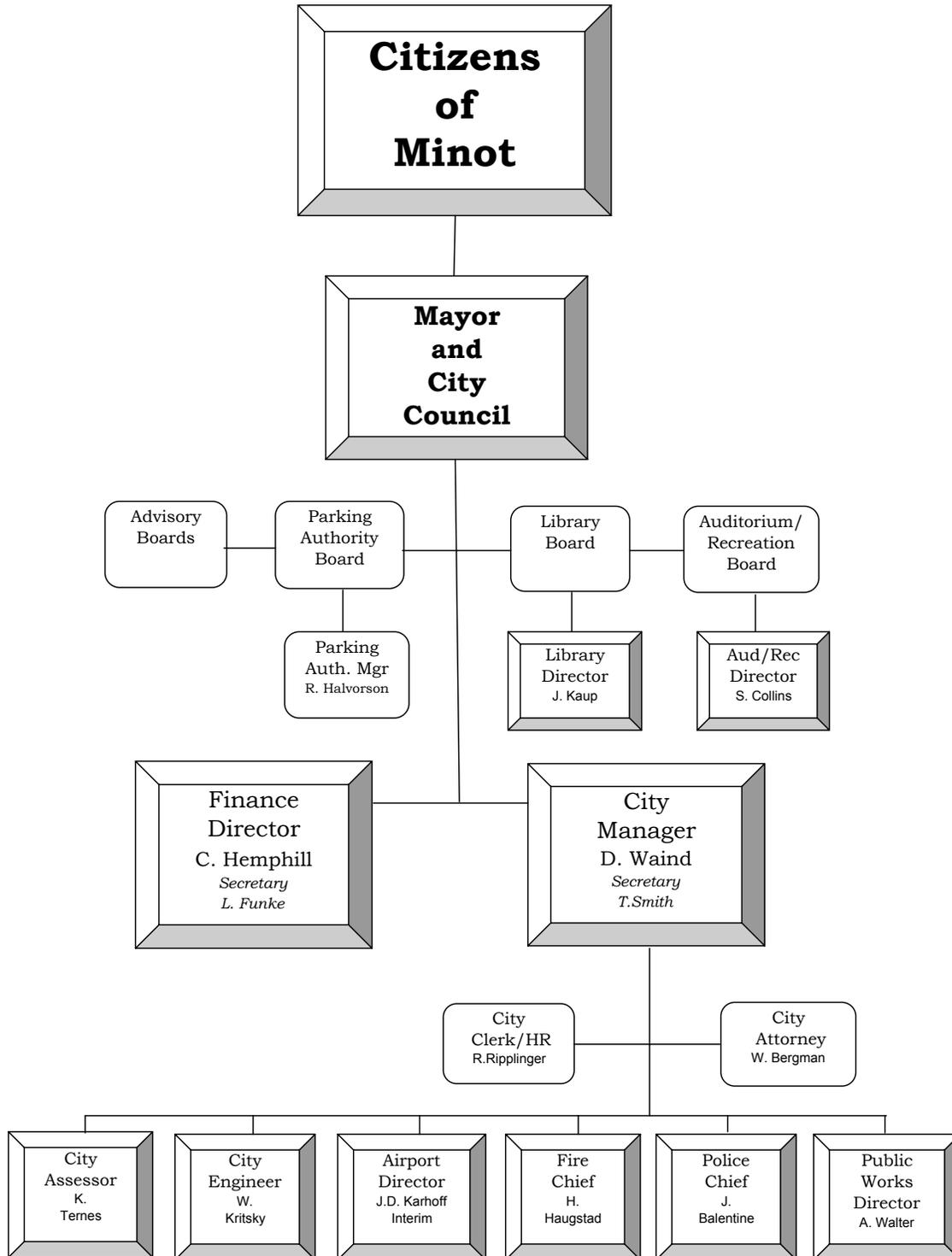


President

Executive Director

# City of Minot

## Organizational Chart



**Elected Officials**

**City of Minot, North Dakota**

**Mayor .....Curt Zimbelman**

**Members of the City Council**

Ward 1:.....Larry Frey  
Dave Lehner

Ward 2:.....Lee Snyder  
Hardy D. Lieberg

Ward 3:.....Stephan Podrygula  
Dean A. Frantsvog

Ward 4:.....Chuck Barney - President  
Tim Greenheck

Ward 5:.....Art Ekblad  
Scott Knudsvig

Ward 6:.....Ernest Medalen – Vice President  
Randy A. Burckhard

Ward 7:.....Ron Boen  
Blake A. Krabseth



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, 2006, 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, 2006, 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 2005 financial statements and, in our report dated April 21, 2006, 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, 2006, 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, 2006, 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 25, 2007, 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 25, 2007

**City of Minot  
Comprehensive Annual Financial Report  
December 31, 2006**

**Management's Discussion and Analysis**

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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, 2006, with comparative data for the fiscal year ended December 31, 2005. 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 increased by \$21,839,661 as a result of the current year's operations. Net assets of our governmental activities increased by \$22,041,014 or 22.05% and net assets of our business type activities decreased by \$201,353 or 0.0031%.
- Total revenues from all sources were \$59,291,162. This is an increase of \$15,114,319 from 2005. The major reason for the increase is the capitalization of South Broadway for approximately \$12 million shown in capital grants and contributions in highway and streets.
- Total cost of all programs were \$37,451,501. This is an increase of \$2,898,704 from 2005. The main reason for this increase was the increase in general government expenses caused by the Northwest Area Water Supply (NAWS) project expenditures increasing by \$1,434,820 in 2006. Water and sewer operating expenses also increased \$964,523 in 2006, mainly due to an increase in operating supplies.
- Governmental net assets totaled \$99,924,257, which was an increase of \$22,041,014 over 2005. This increase was mainly due to the capitalization of South Broadway for about \$12 million as well as other paving projects. The remainder of the increase was due to governmental revenues exceeding expenditures by \$5,417,634. We also issued general obligation bonds and special Assessment refunding bonds for \$3,720,000, to pay for highway and special assessment projects.

- The unreserved fund balance for the General Fund was \$3,643,208 or 26.92% of the total general fund expenditures. This is an increase from 2005 of \$1,375,962.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The comprehensive annual financial 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 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'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 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).

**City of Minot  
Comprehensive Annual Financial Report  
December 31, 2006**

**Management's Discussion and Analysis**

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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 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 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 nonmajor governmental funds is provided in the form of combining statements, which begin on page 55.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance.

The governmental fund financial statements begin on page 16.

**Proprietary Funds.** The City maintains two types of proprietary funds. Enterprise funds are used to report activities that charge for services provided to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The City 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,

**City of Minot  
Comprehensive Annual Financial Report  
December 31, 2006**

**Management's Discussion and Analysis**

aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor proprietary funds is provided in the form of combining statements, which begin on page 79. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 83.

The basic proprietary fund statements begin on page 28.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is a trustee for its employees' pension plans. It is also responsible for other assets 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 accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statements begin on page 34.

**Notes to the Financial Statements**

The notes provide additional information 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 37-53 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 55-94 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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, 2006, with comparative data for the fiscal year ended December 31, 2005. Assets exceeded liabilities by \$163,066,618 at the close of the most recent fiscal year.

By far the largest portion of the City of Minot's net assets (72%) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, infrastructure, and books); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$42,523,301	\$32,970,780	\$5,648,419	\$5,293,332	\$48,171,720	\$38,264,112
Capital assets	74,476,537	60,488,667	71,637,641	70,207,347	146,114,178	130,696,014
Total assets	116,999,838	93,459,447	77,286,060	75,500,679	194,285,898	168,960,126
Long-term debt outstanding	15,460,000	14,155,000	13,183,839	11,385,776	28,643,839	25,540,776
Other liabilities	1,615,581	1,421,204	959,860	771,189	2,575,441	2,192,393
Total liabilities	17,075,581	15,576,204	14,143,699	12,156,965	31,219,280	27,733,169
Net assets						
Invested in capital assets, net						
of related debt	59,016,537	46,333,667	58,453,802	58,821,571	117,470,339	105,155,238
Restricted	22,221,457	16,441,861	43,474	42,163	22,264,931	16,484,024
Unrestricted	18,686,263	15,107,715	4,645,085	4,479,980	23,331,348	19,587,695
Total net assets	\$99,924,257	\$77,883,243	\$63,142,361	\$63,343,714	\$163,066,618	\$141,226,957

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Comprehensive Annual Financial Report  
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**Management's Discussion and Analysis**

An additional portion of the City's net assets (13.65%) represents resources subject to external restrictions on how they may be used. Restricted net assets include amounts restricted for debt service \$1,910,960, for the NAWS project \$20,310,497, and for other purposes \$43,474. The remaining balance of *unrestricted net assets* \$23,331,348 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for governmental and business-type activities.

**Changes in Net Assets.** The City's net assets increased by \$21,839,661 during 2006. The majority of this increase was due to continued growth in the local economy requiring a substantial investment in infrastructure and other assets. Improvements increased by \$23,403,346, infrastructure increased by \$5,684,732, construction in progress decreased by \$6,647,477 and depreciation expense increased.

Business-type activities decreased the City of Minot's net assets by \$201,353; the main reason for this decrease was an increase in operating expenditures.

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 6,034,220	\$ 5,820,406	\$11,082,717	\$10,435,516	\$ 17,116,937	\$ 16,255,922
Operating grants and contributions	402,845	484,915	282,857	295,190	685,702	780,105
Capital grants and contributions	12,534,503	126,655	1,978,136	1,845,825	14,512,639	1,972,480
General revenues						
Taxes	23,773,161	22,026,588	369,369	222,373	24,142,530	22,248,961
Investment earnings	1,643,502	892,061	91,364	144,680	1,734,866	1,036,741
Miscellaneous	963,821	1,005,293	134,667	877,341	1,098,488	1,882,634
Total revenues	45,352,052	30,355,918	13,939,110	13,820,925	59,291,162	44,176,843
<b>Expenses</b>						
General government	9,120,111	7,604,240	-	-	9,120,111	7,604,240
Public safety	7,903,316	7,672,804	-	-	7,903,316	7,672,804
Highways and streets	3,875,190	4,060,526	-	-	3,875,190	4,060,526
Culture and recreation	1,952,705	1,952,237	-	-	1,952,705	1,952,237
Community development	408,008	551,207	-	-	408,008	551,207
Interest on long-term debt	727,521	559,525	-	-	727,521	559,525
Airport	-	-	2,675,382	2,359,727	2,675,382	2,359,727
Cemetery	-	-	222,159	228,538	222,159	228,538
Parking authority	-	-	178,147	165,161	178,147	165,161
Sanitation	-	-	1,924,082	1,898,475	1,924,082	1,898,475
Water and sewer	-	-	8,464,880	7,500,357	8,464,880	7,500,357
Total expenses	23,986,851	22,400,539	13,464,650	12,152,258	37,451,501	34,552,797
Excess (deficiency) before transfers	21,365,201	7,955,379	474,460	1,668,667	21,839,661	9,624,046
Transfers	675,813	(5,208,299)	(675,813)	5,208,299	-	-
Change in net assets	22,041,014	2,747,080	(201,353)	6,876,966	21,839,661	9,624,046
Net assets-January 1	77,883,243	75,136,163	63,343,714	56,466,748	141,226,957	131,602,911
Net assets-December 31	\$99,924,257	\$77,883,243	\$63,142,361	\$63,343,714	\$163,066,618	\$141,226,957

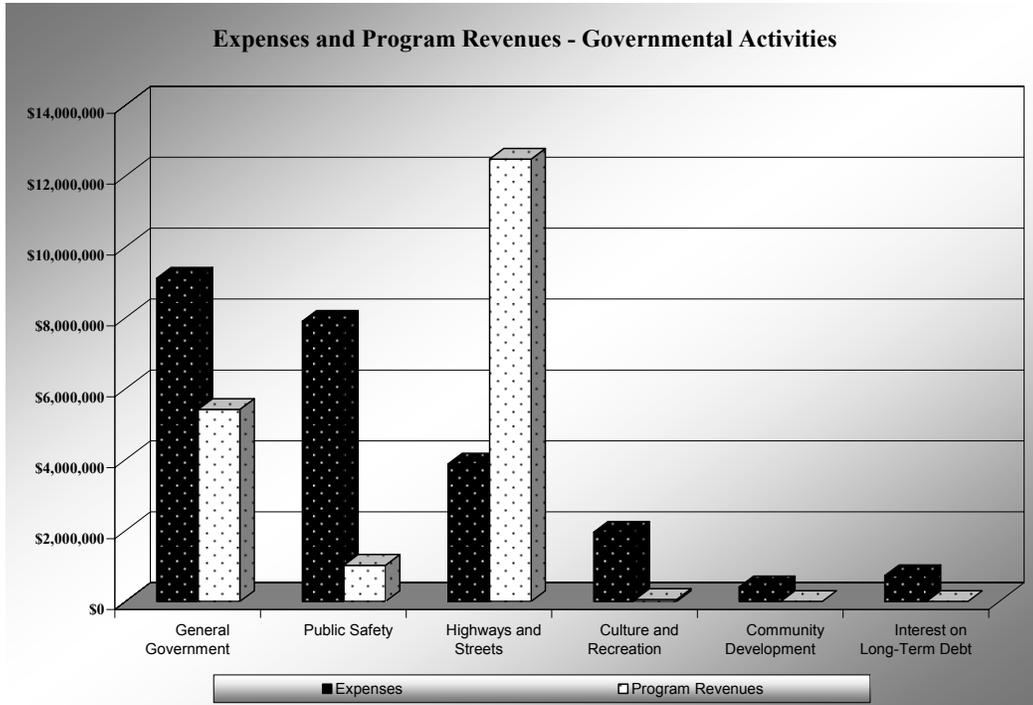
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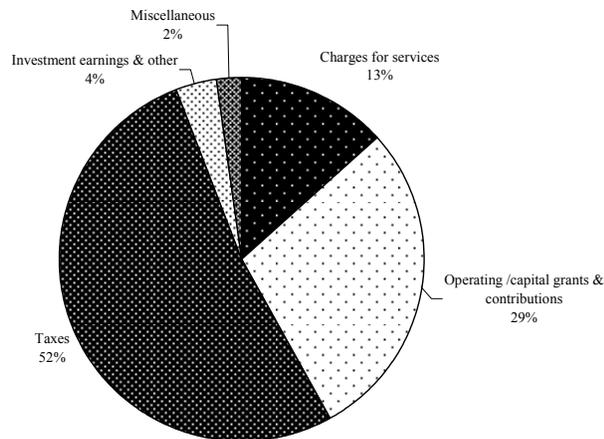
**Governmental Activities.** Governmental program revenues for capital grants and contributions increased due to capitalization of the South Broadway project. Governmental program expenses increased as a result of increased expenditures for the NAWS project during the year. Investment earnings for governmental activities increased due to improved interest rates in 2006.

**Business-Type Activities.** Business-type program revenues increased slightly over 2005 due to increases in charges for services. Business-type program expenses increased in 2006 due to increases in operating expenses.

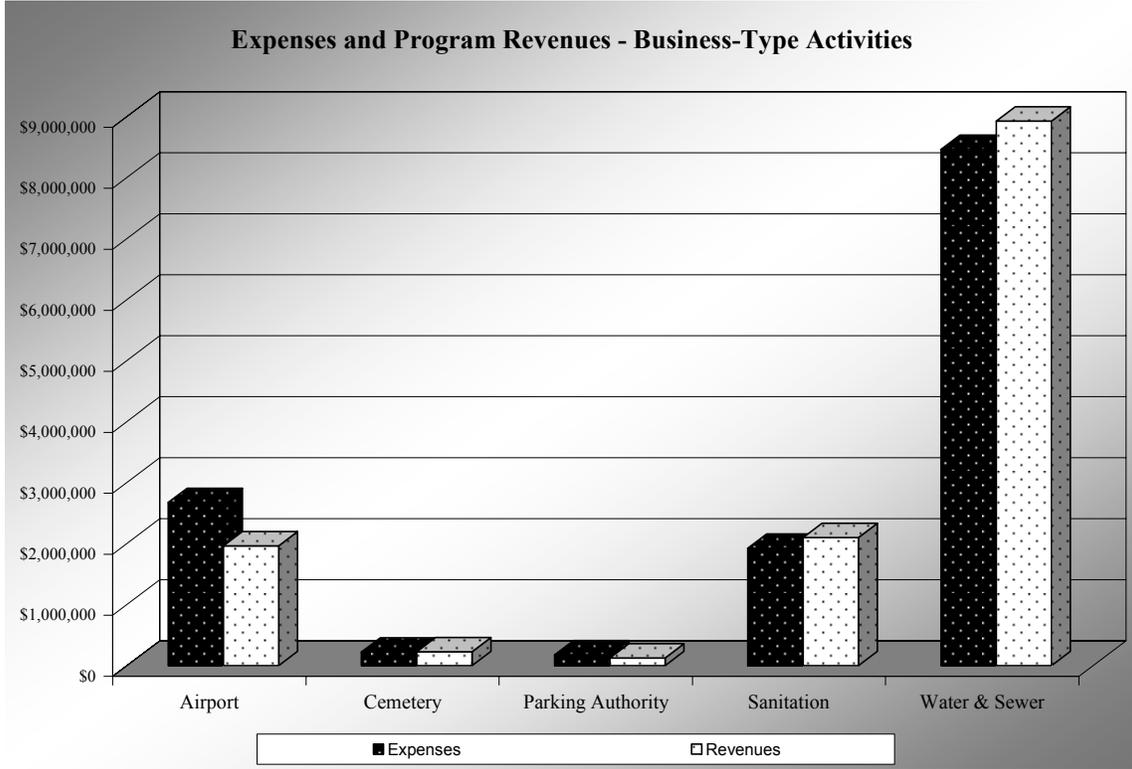
The charts below summarize the City's revenues and expenses for both governmental and business-type activities.



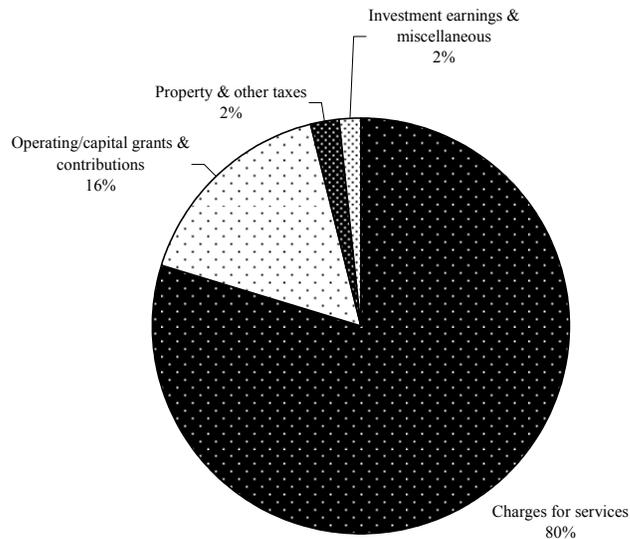
**Revenues by Source - Governmental Activities**



Management's Discussion and Analysis



**Revenues by Source - Business-Type Activities**



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**Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City of Minot uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required statutorily while others are established internally to assist management in accounting for certain activities.

**Governmental Funds.** The focus of the City'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'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 2006, the City's governmental funds reported combined ending fund balances of \$37,386,003, an increase of \$9,825,503 in comparison with 2005. The majority of this increase is attributable to an increase in property tax collections, sales tax collections and interest income. The City also issued General Obligation Bonds in 2006 to fund expenditures for capital outlays for highway and street projects. The governmental funds unreserved/ undesignated fund balance is \$12,218,444. The remainder of the fund balance is reserved to indicate it is not available for new spending because it has already been committed 1) \$1,910,960 to pay debt service, 2) \$20,729,939 for capital improvements, and 3) \$2,526,660 for a variety of other purposes.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$3,643,208. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents 26.92% of total general fund expenditures.

The fund balance of the City of Minot's general fund increased by \$1,375,962 during the current fiscal year. The main reason for this increase was an increase in total revenues over total expenditures during 2006. Property tax

collections and charges for services accounted for the majority of the increase.

The debt service funds had a total fund balance of \$1,910,960, 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 were \$4,334,981, of which Airport amounted to \$1,262,801, Sanitation \$1,252,792, and Water and Sewer \$1,819,388. The nonmajor funds amounted to \$112,808. Total unrestricted net assets in the Enterprise funds were \$4,447,789.

Total decrease in net assets for these funds was \$293,028. The majority of this decrease is attributable to an increase in depreciation expense for the Airport, due to an increase in capitalized assets.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were relatively minor (\$18,820 in expenditure appropriations) and can be briefly summarized as follows:

- \$5,400 in general government activities
- \$12,220 in police and fire expenditures in public safety activities
- \$1,200 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 \$162,298 more than budgeted due mostly from increases in property tax collections and license and permit collections. The total general government expenditures were \$250,748 less than budgeted due to decreased expenditures in most of the departments. Public safety expenditures were also less than budgeted by \$263,261 and highways and street expenditures were less by \$245,557. This resulted in total expenditures being \$759,566 less than budgeted.

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These budget appropriations were funded with available fund balances.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006, is \$146,114,178 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, infrastructure, and books.

- 27<sup>th</sup> St SE grade separation finalization
- 31<sup>st</sup> Ave SE shared use path
- 16<sup>th</sup> St SW and 37<sup>th</sup> Ave SW roadway
- 16<sup>th</sup> St NW watermain
- Northwest area water supply project
- A variety of street construction projects in the City continued

**Capital Assets (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$4,909,325	\$4,909,325	\$2,756,418	\$2,756,418	\$7,665,743	\$7,665,743
Construction in progress	11,840,427	12,183,146	2,715,837	9,020,595	14,556,264	21,203,741
Buildings	6,660,472	7,315,813	3,288,597	3,541,715	9,949,069	10,857,528
Improvements	11,449,988	81,599	61,358,563	53,133,016	72,808,551	53,214,615
Equipment	3,095,973	3,722,022	1,518,226	1,755,603	4,614,199	5,477,625
Infrastructure	35,243,644	30,852,570	-	-	35,243,644	30,852,570
Books	1,276,708	1,424,192	-	-	1,276,708	1,424,192
Total capital assets	\$74,476,537	\$60,488,667	\$71,637,641	\$70,207,347	\$146,114,178	\$130,696,014

Additional information on the City of Minot's capital assets can be found in Note 4. D on pages 44-45 of this report.

The City issued new debt for General Obligation Highway Bonds in the amount of \$2,810,000, Special Assessment refunding bonds of \$910,000, and Water and Sewer Revenue Bonds of \$3,095,000.

**Long-Term Debt**

At year-end the City had total debt of \$29,435,612, an increase of \$3,100,443 over the prior year. Note 4. H on pages 46-48 of this report describes the City's long-term debt in greater detail.

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 \$70,399,141. The City's legal debt margin is \$60,549,906. The net bonded debt per capita is \$269.35.

**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$10,075,000	\$8,520,000	\$0	\$0	\$10,075,000	\$8,520,000
Special assessment bonds	5,385,000	5,635,000	-	-	5,385,000	5,635,000
Revenue bonds	-	-	11,163,036	9,217,721	11,163,036	9,217,721
Notes payable	-	-	1,747,241	1,804,578	1,747,241	1,804,578
Loans payable	-	-	273,563	363,477	273,563	363,477
Compensated absences	609,739	600,120	182,033	194,273	791,772	794,393
Total outstanding debt	\$16,069,739	\$14,755,120	\$13,365,873	\$11,580,049	\$29,435,612	\$26,335,169

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

Projects in 2006, which boosted the economy in Minot included, the construction of Super Wal-Mart for \$10 million, the National Guard field maintenance shop for \$9.5 million, the expansion and addition to Menard's for \$2.4 million, the remodel of Minot State University's Crane Hall for \$2.3 million, the remodel of the former DugOut to a restaurant complex featuring "Space Aliens" and "Up the Creek" for \$5.5 million, the construction of Holiday Inn Express for \$2 million, the expansion of the Sleep Inn for \$2.3 million, the Arrowhead Mall remodel for \$1 million, and several other condo and business remodels.

During 2007, the City anticipates the following projects will boost our economy: 1) the construction of a biodiesel refinery, capable of crushing and processing one-third of the state's annual supply of canola, for \$50 million; 2) the addition and remodel of a former medical clinic building into Washington Elementary School for \$4.3 million; and 3) the remodel of the former Wal-Mart into a Hobby Lobby for \$432,000.

The 2007 budget for the City of Minot includes an increase in municipal solid waste fees per ton, along with a minor rate increase for the disposal of tires, and an increase in the water and sewer rates. The value of a mill for the City is expected to increase from \$74,610 to \$82,650 per mill. The mill levy for the City of Minot 2007 budget is 122.60 mills – compared to 126.56 mills in 2006, a decrease of 3.96 mills.

Total appropriations for operations for 2007 increased approximately \$2.4 million dollars from 2006. This 4.7% increase is caused primarily by increases in Sales Tax capital improvement expenditures and increases in debt retirement.

**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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$36,351,420	\$2,406,487	\$38,757,907	\$27,429,469
Investments	100,000	-	100,000	100,000
Receivables				
Taxes receivable delinquent	263,545	1,520	265,065	258,399
Special assessments deferred	2,444,400	-	2,444,400	3,093,489
Special assessments delinquent	105,514	-	105,514	95,675
Accounts receivable	211,014	1,066,866	1,277,880	1,116,819
Loans receivable, net of allowance	92,769	-	92,769	144,500
Due from other agencies	1,874,258	31,676	1,905,934	3,108,093
Internal balances	246,529	(246,529)	-	-
Accrued interest receivable	524,438	-	524,438	125,708
Inventory	309,414	68,404	377,818	366,903
Deferred charges	-	140,298	140,298	140,350
Restricted cash and cash equivalents	-	2,179,697	2,179,697	2,284,707
Capital assets not being depreciated				
Land	4,909,325	2,756,418	7,665,743	7,665,743
Construction in progress	11,840,427	2,715,837	14,556,264	21,203,741
Capital assets net of accumulated depreciation				
Buildings	6,660,472	3,288,597	9,949,069	10,857,528
Improvements	11,449,988	61,358,563	72,808,551	53,214,615
Equipment	3,095,973	1,518,226	4,614,199	5,477,625
Infrastructure	35,243,644	-	35,243,644	30,852,570
Books	1,276,708	-	1,276,708	1,424,192
Total assets	<u>116,999,838</u>	<u>77,286,060</u>	<u>194,285,898</u>	<u>168,960,126</u>
<b>LIABILITIES</b>				
Accounts payable	69,032	6,453	75,485	39,244
Retainage payable	29,256	63,212	92,468	194,225
Due to other agencies	469,423	105,249	574,672	205,553
Accrued vacation payable	609,739	182,034	791,773	794,393
Accrued salaries payable	225,956	60,372	286,328	232,000
Insurance claims payable	73,470	-	73,470	109,286
Accrued interest payable	138,705	87,719	226,424	194,784
Customer deposits	-	91,224	91,224	91,284
Noncurrent liabilities				
Due within one year	2,520,000	1,522,029	4,042,029	3,721,204
Due after one year	12,940,000	11,661,810	24,601,810	21,819,572
Accrued MSWLF postcare costs	-	363,597	363,597	331,624
Total liabilities	<u>17,075,581</u>	<u>14,143,699</u>	<u>31,219,280</u>	<u>27,733,169</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	59,016,537	58,453,802	117,470,339	105,155,238
Restricted for				
Debt service	1,910,960	-	1,910,960	442,745
Capital projects	20,310,497	-	20,310,497	15,999,116
Other purposes	-	43,474	43,474	42,163
Unrestricted	18,686,263	4,645,085	23,331,348	19,587,695
Total net assets	<u>\$99,924,257</u>	<u>\$63,142,361</u>	<u>\$163,066,618</u>	<u>\$141,226,957</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, 2006**  
**With Comparative Totals for December 31, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activities	Total 2006	Total 2005
		Charges For Services	Grants and Contributions	Grants and Contributions				
<b>Governmental Activities</b>								
General government	\$9,120,111	\$5,063,202	\$299,813	\$55,949	(\$3,701,147)	\$0	(\$3,701,147)	(\$2,161,853)
Public safety	7,903,316	917,002	103,032	-	(6,883,282)	-	(6,883,282)	(6,766,600)
Highways and streets	3,875,190	-	-	12,478,554	8,603,364	-	8,603,364	(4,021,613)
Culture and recreation	1,952,705	54,016	-	-	(1,898,689)	-	(1,898,689)	(1,907,765)
Community development	408,008	-	-	-	(408,008)	-	(408,008)	(551,207)
Interest on long-term debt	727,521	-	-	-	(727,521)	-	(727,521)	(559,525)
Total governmental activities	23,986,851	6,034,220	402,845	12,534,503	(5,015,283)	-	(5,015,283)	(15,968,563)
<b>Business-Type Activities</b>								
Airport	2,675,382	998,941	282,857	683,772	-	(709,812)	(709,812)	214,013
Cemetery	222,159	225,234	-	309	-	3,384	3,384	(55,592)
Parking authority	178,147	123,237	-	-	-	(54,910)	(54,910)	(4,862)
Sanitation	1,924,082	2,099,706	-	-	-	175,624	175,624	59,589
Water and sewer	8,464,880	7,635,599	-	1,294,055	-	464,774	464,774	211,125
Total business-type activities	13,464,650	11,082,717	282,857	1,978,136	-	(120,940)	(120,940)	424,273
<b>Total government</b>	<b>\$37,451,501</b>	<b>\$17,116,937</b>	<b>\$685,702</b>	<b>\$14,512,639</b>	<b>(5,015,283)</b>	<b>(120,940)</b>	<b>(5,136,223)</b>	<b>(15,544,290)</b>
<b>General Revenues</b>								
Taxes								
Property taxes, levied for general purposes					7,065,705	47,185	7,112,890	6,366,625
Property taxes, levied for debt service					998,952	-	998,952	1,065,170
Sales tax					11,920,592	-	11,920,592	11,021,415
Municipal highway tax					1,683,303	-	1,683,303	1,622,132
State aid distribution-unrestricted					1,424,650	-	1,424,650	1,321,497
Franchise taxes					370,158	-	370,158	348,019
Other taxes					309,801	322,184	631,985	504,103
Investment earnings					1,643,502	91,364	1,734,866	1,036,741
Miscellaneous					963,821	134,667	1,098,488	1,882,634
Transfers					675,813	(675,813)	-	-
Total general revenues and transfers					27,056,297	(80,413)	26,975,884	25,168,336
Change in net assets					22,041,014	(201,353)	21,839,661	9,624,046
Net assets-January 1					77,883,243	63,343,714	141,226,957	131,602,911
<b>Net assets-December 31</b>					<b>\$99,924,257</b>	<b>\$63,142,361</b>	<b>\$163,066,618</b>	<b>\$141,226,957</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, 2006**  
**With Comparative Totals for December 31, 2005**

	Special Revenue Funds			Debt Service Funds	
	General Fund	Sales Tax Economic Development	Sales Tax NAWS	Highway Debt	Assessment Debt
<b>ASSETS</b>					
Cash and cash equivalents	\$2,966,505	\$4,288,494	\$19,662,651	\$225,765	\$0
Investments	-	100,000	-	-	-
Taxes receivable delinquent	136,760	-	-	32,308	3,105
Special assessments deferred	11,505	-	-	-	2,367,869
Special assessments delinquent	8,182	-	-	-	85,949
Accounts receivable	127,712	-	-	-	-
Loans receivable	-	115,961	-	-	-
Allowance for loans receivable	-	(23,192)	-	-	-
Advance to other funds	-	-	-	-	-
Due from other funds	-	-	-	-	1,681,914
Due from other agencies	678,177	181,224	453,059	-	-
Accrued interest receivable	198,644	-	325,794	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$4,127,485</u>	<u>\$4,662,487</u>	<u>\$20,441,504</u>	<u>\$258,073</u>	<u>\$4,138,837</u>
<b>LIABILITIES</b>					
Liabilities					
Accounts payable	\$18,339	\$0	\$0	\$0	\$0
Retainage payable	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other agencies	95,737	-	131,007	-	-
Accrued salaries payable	200,852	-	-	-	-
Deferred revenue	169,349	-	-	29,159	2,456,791
Total liabilities	<u>484,277</u>	<u>-</u>	<u>131,007</u>	<u>29,159</u>	<u>2,456,791</u>
<b>FUND BALANCE</b>					
Reserved for encumbrances	-	-	-	-	-
Reserved for advances	-	-	-	-	-
Reserved for inventory	-	-	-	-	-
Reserved for economic development	-	100,000	-	-	-
Reserved for property tax relief	-	-	-	-	-
Reserved for capital improvements	-	-	20,310,497	-	-
Reserved for loans receivable	-	92,769	-	-	-
Unreserved					
Designated					
Designated-nonmajor special revenue funds					
Fire equipment	-	-	-	-	-
Memorial	-	-	-	-	-
Maintenance and operations	-	-	-	-	-
Debt retirement	-	-	-	228,914	1,682,046
Undesignated	3,643,208	4,469,718	-	-	-
Undesignated-nonmajor funds					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Total fund balance	<u>3,643,208</u>	<u>4,662,487</u>	<u>20,310,497</u>	<u>228,914</u>	<u>1,682,046</u>
Total liabilities and fund balance	<u>\$4,127,485</u>	<u>\$4,662,487</u>	<u>\$20,441,504</u>	<u>\$258,073</u>	<u>\$4,138,837</u>

**City of Minot, North Dakota**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds 2006</b>	<b>Total Governmental Funds 2005</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$7,793,938	\$34,937,353	\$25,650,914
Investments	-	100,000	100,000
Taxes receivable delinquent	91,372	263,545	256,830
Special assessments deferred	65,026	2,444,400	3,093,489
Special assessments delinquent	11,383	105,514	95,675
Accounts receivable	77,863	205,575	192,461
Loans receivable	-	115,961	194,334
Allowance for loans receivable	-	(23,192)	(49,834)
Advance to other funds	-	-	300,318
Due from other funds	104,369	1,786,283	1,541,615
Due from other agencies	561,798	1,874,258	1,691,094
Accrued interest receivable	-	524,438	125,708
Inventory	4,425	4,425	4,251
Total assets	<u>\$8,710,174</u>	<u>\$42,338,560</u>	<u>\$33,196,855</u>
<b>LIABILITIES</b>			
Liabilities			
Accounts payable	\$50,542	\$68,881	\$0
Retainage payable	29,256	29,256	186,254
Advance from other funds	-	-	300,318
Due to other funds	1,342,458	1,342,458	1,341,400
Due to other agencies	242,679	469,423	187,861
Accrued salaries payable	25,104	225,956	181,422
Deferred revenue	161,284	2,816,583	3,439,100
Total liabilities	<u>1,851,323</u>	<u>4,952,557</u>	<u>5,636,355</u>
<b>FUND BALANCE</b>			
Reserved for encumbrances	-	-	154,272
Reserved for advances	-	-	300,318
Reserved for inventory	4,425	4,425	4,251
Reserved for economic development	-	100,000	100,000
Reserved for property tax relief	199,244	199,244	163,214
Reserved for capital improvements	419,442	20,729,939	16,652,208
Reserved for loans receivable	-	92,769	144,500
Unreserved			
Designated			
Designated-nonmajor special revenue funds			
Fire equipment	130,222	130,222	-
Memorial	-	-	5,114
Maintenance and operations	2,000,000	2,000,000	2,000,000
Debt retirement	-	1,910,960	442,745
Undesignated	-	8,112,926	4,436,140
Undesignated-nonmajor funds			
Special revenue funds	1,327,463	1,327,463	642,465
Capital project funds	2,778,055	2,778,055	2,515,273
Total fund balance	<u>6,858,851</u>	<u>37,386,003</u>	<u>27,560,500</u>
Total liabilities and fund balance	<u>\$8,710,174</u>	<u>\$42,338,560</u>	<u>\$33,196,855</u>

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

**City of Minot, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Assets**  
**December 31, 2006**

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Total fund balances for governmental funds		\$37,386,003
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	11,840,427	
Buildings, net of accumulated depreciation (\$5,377,624)	6,660,472	
Improvements, net of accumulated depreciation (\$1,401,508)	11,449,988	
Equipment, net of accumulated depreciation (\$5,029,798)	3,095,973	
Infrastructure, net of accumulated depreciation (\$18,268,924)	35,243,644	
Books, net of accumulated depreciation (\$2,695,429)	1,276,708	
Total capital assets (Note 4. D)		74,476,537
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		
		1,453,578
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.		
		2,816,583
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. (Note 2. A)		
		(16,208,444)
Total net assets of governmental activities		\$99,924,257

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	Special Revenue Funds			Debt Service Funds	
	General Fund	Sales Tax Economic Development	Sales Tax NAWS	Highway Debt	Special Assessment Debt
<b>REVENUES</b>					
Property tax collections	\$4,171,745	\$0	\$0	\$968,072	\$30,880
Special assessment collections	14,535	-	-	-	685,533
Sales tax collections	-	2,384,118	5,960,296	-	-
Licenses and permits	647,390	-	-	-	-
Intergovernmental	4,395,591	-	-	-	-
Charges for services	3,845,673	-	-	-	-
Fines and forfeits	524,050	-	-	-	-
Interest income	351,552	68,990	877,195	13,548	157,300
Miscellaneous	220,663	37,357	-	-	-
Total revenues	14,171,199	2,490,465	6,837,491	981,620	873,713
<b>EXPENDITURES</b>					
Current					
General government	4,652,564	-	2,476,110	-	8,669
Public safety	7,501,383	-	-	-	-
Highways and streets	1,376,632	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	408,008	-	-	-
Capital outlay					
Contracted work	-	-	-	-	-
Equipment	-	-	-	-	-
Infrastructure	-	-	-	-	-
Legal	-	-	-	-	-
Other	-	-	-	-	-
Acquisitions	-	-	-	-	-
Engineering	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	1,255,000	1,160,000
Interest and fiscal charges	-	-	-	324,612	220,907
Total expenditures	13,530,579	408,008	2,476,110	1,579,612	1,389,576
Excess (deficiency) of revenues over (under) expenditures	640,620	2,082,457	4,361,381	(597,992)	(515,863)
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation bonds issued	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-
Premium on special assessment bonds	-	-	-	-	-
Discount on general obligation bonds	-	-	-	-	-
Transfers in	754,990	275,071	-	660,000	590,273
Transfers out	(19,648)	(115,169)	(50,000)	(13,548)	(89,655)
Total other financing sources (uses)	735,342	159,902	(50,000)	646,452	500,618
Net change in fund balance	1,375,962	2,242,359	4,311,381	48,460	(15,245)
Fund balance, January 1	2,267,246	2,420,128	15,999,116	180,454	262,291
Prior period adjustment	-	-	-	-	1,435,000
Fund balance, December 31	\$3,643,208	\$4,662,487	\$20,310,497	\$228,914	\$1,682,046

**City of Minot, North Dakota**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds 2006</b>	<b>Total Governmental Funds 2005</b>
<b>REVENUES</b>			
Property tax collections	\$2,824,723	\$7,995,420	\$7,331,800
Special assessment collections	2,324	702,392	884,137
Sales tax collections	3,576,178	11,920,592	11,021,415
Licenses and permits	-	647,390	607,474
Intergovernmental	299,813	4,695,404	4,612,249
Charges for services	436,055	4,281,728	3,788,077
Fines and forfeits	-	524,050	520,615
Interest income	174,917	1,643,502	892,061
Miscellaneous	705,801	963,821	1,005,293
Total revenues	8,019,811	33,374,299	30,663,121
<b>EXPENDITURES</b>			
Current			
General government	863,906	8,001,249	6,962,816
Public safety	-	7,501,383	7,311,855
Highways and streets	833,416	2,210,048	2,450,835
Culture and recreation	1,859,266	1,859,266	1,858,446
Economic development	-	408,008	551,207
Capital outlay			
Contracted work	2,625,632	2,625,632	683,249
Equipment	728,629	728,629	576,473
Infrastructure	-	-	52,207
Legal	58,505	58,505	36,581
Other	88,154	88,154	28,064
Acquisitions	660,031	660,031	125,286
Engineering	693,474	693,474	820,012
Debt service			
Principal retirement	-	2,415,000	2,395,000
Interest and fiscal charges	161,767	707,286	583,438
Total Expenditures	8,572,780	27,956,665	24,435,469
Excess (deficiency) of revenues over (under) expenditures	(552,969)	5,417,634	6,227,652
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation bonds issued	2,810,000	2,810,000	2,355,000
Special assessment bonds issued	910,000	910,000	-
Premium on special assessment bonds	3,612	3,612	-
Discount on general obligation bonds	(19,270)	(19,270)	-
Transfers in	2,910,858	5,191,192	6,105,360
Transfers out	(4,199,645)	(4,487,665)	(5,579,751)
Total other financing sources (uses)	2,415,555	4,407,869	2,880,609
Net change in fund balance	1,862,586	9,825,503	9,108,261
Fund balance, January 1	6,431,265	27,560,500	18,452,239
Prior period adjustment	(1,435,000)	-	-
Fund balance, December 31	\$6,858,851	\$37,386,003	\$27,560,500

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

**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, 2006**

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Net change in fund balances-total governmental funds	\$9,825,503
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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. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 4. D and Note 2. B)	13,860,413
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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. (Note 4. H)

Debt issued	
General obligation highway bonds	(2,810,000)
Refunding bonds	(910,000)
Repayments of bond principal	2,415,000
Net adjustment	(1,305,000)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions 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	20,235
Compensated absences	9,619

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 unavailable at the beginning of the year and increased by the amounts unavailable at the end of the year. This adjustment records a net decrease in revenues-unavailable at the end of the year which were less than beginning revenues by this amount

New special assessment districts to be billed and collected annually	55,949
Amount shown as revenue in governmental funds	(702,392)
Net adjustment	(646,443)

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.

	276,687
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Change in net assets of governmental activities	\$ 22,041,014
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*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, 2006**  
**With Comparative Totals for December 31, 2005**

	<u>Budgeted Amounts</u>		<b>2006 Actual Amounts</b>	<b>Variance With Final Budget</b>	<b>2005 Actual Amounts</b>
	<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>					
Property tax collections	\$4,116,234	\$4,116,234	\$4,171,745	\$55,511	\$3,784,890
Special assessment collections	-	-	14,535	14,535	5,819
Licenses	192,200	192,200	195,945	3,745	175,459
Permits	326,000	326,000	451,445	125,445	432,015
Intergovernmental federal					
Drug task force	102,437	102,437	74,123	(28,314)	70,360
Fire act grant	30,150	30,150	28,909	(1,241)	-
Intergovernmental state					
Highway fund	1,602,000	1,602,000	1,683,303	81,303	1,622,132
State aid distribution	1,285,500	1,285,500	1,424,650	139,150	1,321,497
Cigarette tax	94,300	94,300	112,578	18,278	103,100
Estate tax	113,500	113,500	27,704	(85,796)	48,874
Gas and oil production tax	12,410	12,410	16,784	4,374	15,511
Telecommunications tax	132,100	132,100	132,092	(8)	132,092
Senior citizen property tax credit	32,800	32,800	31,972	(828)	27,171
Fire insurance refund	50,000	50,000	61,605	11,605	66,844
Gambling tax revenue	28,000	28,000	20,643	(7,357)	21,668
Intergovernmental county					
Road and bridge	3,050	3,050	3,403	353	3,068
Joint communications	136,600	136,600	135,483	(1,117)	132,745
Telephone fee	190,000	190,000	181,136	(8,864)	187,886
Information services	64,093	64,093	55,726	(8,367)	51,230
Intergovernmental other					
Housing authority	30,000	30,000	28,382	(1,618)	24,761
Parking authority	5,480	5,480	5,480	-	5,480
Cable TV	350,000	350,000	370,158	20,158	348,019
Damage claims	9,200	9,200	-	(9,200)	11,467
Public schools	2,000	2,000	-	(2,000)	2,000
Policing-Central Campus	2,900	2,900	1,460	(1,440)	1,789
Total intergovernmental	<u>4,276,520</u>	<u>4,276,520</u>	<u>4,395,591</u>	<u>119,071</u>	<u>4,197,694</u>
Charges for services					
Engineering & administrative	500,000	500,000	340,685	(159,315)	375,007
Utility & special funds	1,885,866	1,885,866	1,885,866	-	1,725,003
Agency funds	1,337,032	1,337,032	1,578,613	241,581	1,192,184
Fleet labor	61,010	61,010	40,509	(20,501)	52,625
Total charges for services	<u>3,783,908</u>	<u>3,783,908</u>	<u>3,845,673</u>	<u>61,765</u>	<u>3,344,819</u>
Fines and forfeitures					
Parking tickets	90,000	90,000	69,204	(20,796)	62,286
Police court	555,000	555,000	454,846	(100,154)	458,329
Total fines and forfeitures	<u>645,000</u>	<u>645,000</u>	<u>524,050</u>	<u>(120,950)</u>	<u>520,615</u>
Interest income	425,000	425,000	351,552	(73,448)	162,671
Miscellaneous income					
Work for others	15,000	15,000	4,944	(10,056)	13,084
Miscellaneous	91,956	91,956	205,653	113,697	253,544
Towing fees	17,000	17,000	10,066	(6,934)	13,185
Total miscellaneous income	<u>123,956</u>	<u>123,956</u>	<u>220,663</u>	<u>96,707</u>	<u>279,813</u>
Total revenues	<u>13,888,818</u>	<u>13,888,818</u>	<u>14,171,199</u>	<u>282,381</u>	<u>12,903,795</u>

**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, 2006**  
**With Comparative Totals for December 31, 2005**

	<u>Budgeted Amounts</u>		<b>2006 Actual Amounts</b>	<b>Variance With Final Budget</b>	<b>2005 Actual Amounts</b>
	<b>Original</b>	<b>Final</b>			
<b>EXPENDITURES</b>					
General government					
Mayor and city council	127,757	130,757	119,084	11,673	120,985
City manager	171,854	171,854	170,448	1,406	162,174
City clerk	183,619	183,619	175,903	7,716	171,384
City attorney	81,935	81,935	102,567	(20,632)	87,187
Administrative and general	603,387	603,387	536,780	66,607	1,147,194
Finance	411,341	411,341	436,818	(25,477)	396,564
Information technology	279,113	279,113	258,177	20,936	217,325
Property assessment	278,060	278,060	261,639	16,421	220,967
Building inspection	335,710	335,710	330,040	5,670	322,276
Traffic and planning	731,088	731,088	700,577	30,511	699,994
Engineering	603,404	603,404	528,097	75,307	574,044
Vehicle maintenance	467,967	470,367	448,431	21,936	438,294
Property maintenance	271,711	271,711	274,551	(2,840)	264,811
Public works administration	350,966	350,966	309,452	41,514	264,861
Total general government	<u>4,897,912</u>	<u>4,903,312</u>	<u>4,652,564</u>	<u>250,748</u>	<u>5,088,060</u>
Public safety					
Police administration	698,644	698,644	681,025	17,619	651,270
Police patrol	2,625,395	2,628,614	2,495,516	133,098	2,491,800
Narcotics & criminal investigations	623,287	631,720	651,193	(19,473)	583,529
Narcotics task force	124,167	124,636	92,663	31,973	104,054
Telecommunications division	579,262	579,361	555,302	24,059	545,015
Municipal judge	112,566	112,566	125,598	(13,032)	121,189
Fire administration	397,509	397,509	391,934	5,575	333,676
Fire control	2,591,594	2,591,594	2,508,152	83,442	2,481,322
Total public safety	<u>7,752,424</u>	<u>7,764,644</u>	<u>7,501,383</u>	<u>263,261</u>	<u>7,311,855</u>
Street & storm sewer maintenance	1,620,989	1,622,189	1,376,632	245,557	1,416,979
Interest expenditures	-	-	-	-	12,707
Total expenditures	<u>14,271,325</u>	<u>14,290,145</u>	<u>13,530,579</u>	<u>759,566</u>	<u>13,829,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,507)</u>	<u>(401,327)</u>	<u>640,620</u>	<u>1,041,947</u>	<u>(925,806)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	382,507	382,507	754,990	372,483	1,188,115
Transfers out	-	-	(19,648)	(19,648)	(167,242)
Total other financing sources (uses)	<u>382,507</u>	<u>382,507</u>	<u>735,342</u>	<u>352,835</u>	<u>1,020,873</u>
Net change in fund balance	<u>\$0</u>	<u>(\$18,820)</u>	<u>1,375,962</u>	<u>\$1,394,782</u>	<u>95,067</u>
Fund balance, January 1			<u>2,267,246</u>		<u>2,172,179</u>
Fund balance, December 31			<u><u>\$3,643,208</u></u>		<u><u>\$2,267,246</u></u>

*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, Budget and Actual**  
**Major Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	Sales Tax Economic Development				Sales Tax NAWS				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	2006 Actual Amounts	2005 Actual Amounts
<b>REVENUES</b>									
Sales tax collections	\$2,000,000	\$2,000,000	\$2,384,118	\$384,118	\$5,000,000	\$5,960,296	\$960,296	\$8,344,414	\$7,714,990
Interest income	-	-	68,990	68,990	325,000	877,195	552,195	946,185	505,011
Miscellaneous	-	-	37,357	37,357	-	-	-	37,357	130,247
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,490,465</u>	<u>490,465</u>	<u>5,325,000</u>	<u>6,837,491</u>	<u>1,512,491</u>	<u>9,327,956</u>	<u>8,350,248</u>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	-	2,476,110	(2,476,110)	2,476,110	1,041,290
Economic development	2,215,578	2,240,578	408,008	1,832,570	-	-	-	408,008	551,207
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,275,000	-	5,275,000	-	-
Total expenditures	<u>2,215,578</u>	<u>2,240,578</u>	<u>408,008</u>	<u>1,832,570</u>	<u>5,275,000</u>	<u>2,476,110</u>	<u>2,798,890</u>	<u>2,884,118</u>	<u>1,592,497</u>
Excess (deficiency) of revenues over (under) expenditures	(215,578)	(240,578)	2,082,457	2,323,035	50,000	4,361,381	4,311,381	6,443,838	6,757,751
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	265,578	265,578	275,071	9,493	-	-	-	275,071	376,366
Transfers out	(50,000)	(50,000)	(115,169)	(65,169)	(50,000)	(50,000)	-	(165,169)	(137,234)
Total other financing sources (uses)	<u>215,578</u>	<u>215,578</u>	<u>159,902</u>	<u>(55,676)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>109,902</u>	<u>239,132</u>
Net change in fund balance	<u>\$0</u>	<u>(\$25,000)</u>	<u>2,242,359</u>	<u>\$2,267,359</u>	<u>\$0</u>	<u>4,311,381</u>	<u>\$4,311,381</u>	<u>6,553,740</u>	<u>6,996,883</u>
Fund balance, January 1			<u>2,420,128</u>			<u>15,999,116</u>		<u>18,419,244</u>	<u>11,422,361</u>
Fund balance, December 31			<u>\$4,662,487</u>			<u>\$20,310,497</u>		<u>\$24,972,984</u>	<u>\$18,419,244</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, 2006**  
**With Comparative Totals for December 31, 2005**

	Business-Type Activities			Nonmajor Enterprise Funds
	Enterprise Funds			
ASSETS	Airport	Sanitation	Water & Sewer	
Current assets				
Cash and cash equivalents	\$692,571	\$1,456,132	\$97,929	\$159,855
Restricted cash and cash equivalents	386,226	-	1,610,446	-
Taxes receivable delinquent	165	-	-	1,355
Accounts receivable	111,675	213,299	732,307	9,585
Due from other funds	-	-	-	-
Due from other agencies	31,676	-	-	-
Inventory	68,404	-	-	-
Total current assets	1,290,717	1,669,431	2,440,682	170,795
Noncurrent assets				
Restricted cash and cash equivalents	13,762	-	169,263	-
Deferred charges	34,230	-	106,068	-
Total noncurrent assets	47,992	-	275,331	-
Capital assets				
Land	1,109,583	337,335	1,054,707	254,793
Buildings	6,552,249	114,278	3,344,620	332,499
Improvements	34,137,706	2,026,862	74,228,342	171,101
Equipment	2,676,183	1,000,365	3,304,478	438,641
Construction in progress	1,011,076	-	1,704,761	-
Total capital assets	45,486,797	3,478,840	83,636,908	1,197,034
Less-accumulated depreciation	(15,649,525)	(2,126,179)	(43,648,297)	(737,937)
Net capital assets	29,837,272	1,352,661	39,988,611	459,097
Total assets	\$31,175,981	\$3,022,092	\$42,704,624	\$629,892
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$0	\$104	\$6,340	\$9
Retainage payable	2,812	-	60,400	-
Due to other funds	-	-	443,825	-
Due to other agencies	12,287	810	90,879	1,273
Accrued vacation payable	30,360	39,792	103,587	8,295
Accrued salaries payable	9,211	12,336	34,246	4,579
Insurance claims payable	-	-	-	-
Bonds payable-current	275,000	-	1,125,000	-
Notes payable-current	-	-	57,354	-
Loans payable-current	-	-	62,807	-
Accrued interest payable	21,238	-	66,124	357
Total current liabilities	350,908	53,042	2,050,562	14,513
Long-term liabilities				
Customer deposits	-	-	91,224	-
Bonds payable-long-term	1,540,000	-	8,223,036	-
Notes payable-long-term	-	-	1,689,886	-
Loans payable-long-term	-	-	210,756	-
Accrued MSWLF postcare costs	-	363,597	-	-
Total long-term liabilities	1,540,000	363,597	10,214,902	-
Total liabilities	1,890,908	416,639	12,265,464	14,513
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	28,022,272	1,352,661	28,619,772	459,097
Restricted for perpetual care	-	-	-	38,250
Restricted for chapel/veteran's memorial	-	-	-	5,224
Unrestricted	1,262,801	1,252,792	1,819,388	112,808
Total net assets	\$29,285,073	\$2,605,453	\$30,439,160	\$615,379

**City of Minot, North Dakota**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	Governmental		Total 2006	Total 2005
	Total Enterprise Funds	Internal Service Funds		
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$2,406,487	\$1,414,067	\$3,820,554	\$1,778,555
Restricted cash and cash equivalents	1,996,672	-	1,996,672	1,291,670
Taxes receivable delinquent	1,520	-	1,520	1,569
Accounts receivable	1,066,866	5,439	1,072,305	924,358
Due from other funds	-	-	-	367,038
Due from other agencies	31,676	-	31,676	1,416,999
Inventory	68,404	304,989	373,393	362,652
Total current assets	<u>5,571,625</u>	<u>1,724,495</u>	<u>7,296,120</u>	<u>6,142,841</u>
Noncurrent assets				
Restricted cash and cash equivalents	183,025	-	183,025	993,037
Deferred charges	140,298	-	140,298	140,350
Total noncurrent assets	<u>323,323</u>	<u>-</u>	<u>323,323</u>	<u>1,133,387</u>
Capital assets				
Land	2,756,418	-	2,756,418	2,756,418
Buildings	10,343,646	-	10,343,646	10,343,646
Improvements	110,564,011	-	110,564,011	98,943,058
Equipment	7,419,667	-	7,419,667	7,504,047
Construction in progress	2,715,837	-	2,715,837	9,020,595
Total capital assets	<u>133,799,579</u>	<u>-</u>	<u>133,799,579</u>	<u>128,567,764</u>
Less-accumulated depreciation	<u>(62,161,938)</u>	<u>-</u>	<u>(62,161,938)</u>	<u>(58,360,417)</u>
Net capital assets	<u>71,637,641</u>	<u>-</u>	<u>71,637,641</u>	<u>70,207,347</u>
Total assets	<u>\$77,532,589</u>	<u>\$1,724,495</u>	<u>\$79,257,084</u>	<u>\$77,483,575</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$6,453	\$151	\$6,604	\$39,244
Retainage payable	63,212	-	63,212	7,971
Due to other funds	443,825	-	443,825	567,253
Due to other agencies	105,249	-	105,249	17,692
Accrued vacation payable	182,034	-	182,034	194,273
Accrued salaries payable	60,372	-	60,372	50,578
Insurance claims payable	-	73,470	73,470	109,286
Bonds payable-current	1,400,000	-	1,400,000	1,160,000
Notes payable-current	57,354	-	57,354	56,351
Loans payable-current	62,807	-	62,807	89,853
Accrued interest payable	87,719	-	87,719	76,314
Total current liabilities	<u>2,469,025</u>	<u>73,621</u>	<u>2,542,646</u>	<u>2,368,815</u>
Long-term liabilities				
Customer deposits	91,224	-	91,224	91,284
Bonds payable-long-term	9,763,036	-	9,763,036	8,057,721
Notes payable-long-term	1,689,886	-	1,689,886	1,748,227
Loans payable-long-term	210,756	-	210,756	273,624
Accrued MSWLF postcare costs	363,597	-	363,597	331,624
Total long-term liabilities	<u>12,118,499</u>	<u>-</u>	<u>12,118,499</u>	<u>10,502,480</u>
Total liabilities	<u>14,587,524</u>	<u>73,621</u>	<u>14,661,145</u>	<u>12,871,295</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	58,453,802	-	58,453,802	58,821,571
Restricted for perpetual care	38,250	-	38,250	38,250
Restricted for chapel/veteran's memorial	5,224	-	5,224	3,913
Unrestricted	4,447,789	1,650,874	6,098,663	5,748,546
Total net assets	<u>62,945,065</u>	<u>\$1,650,874</u>	<u>64,595,939</u>	<u>64,612,280</u>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included.	<u>197,296</u>		<u>197,296</u>	<u>105,621</u>
	<u>\$63,147,761</u>		<u>\$64,793,235</u>	<u>\$64,717,901</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Business-Type Activities</b>			
	<b>Enterprise Funds</b>			<b>Nonmajor Enterprise Funds</b>
	<b>Airport</b>	<b>Sanitation</b>	<b>Water &amp; Sewer</b>	
<b>OPERATING REVENUES</b>				
Sales	\$1,089,851	\$0	\$0	\$0
Cost of goods sold	(823,213)	-	-	-
Gross margin	266,638	-	-	-
Charges for services	707,348	2,084,676	7,583,365	334,835
Employer	-	-	-	-
Employee	-	-	-	-
Miscellaneous	-	-	13,985	195
Total operating revenues	<u>973,986</u>	<u>2,084,676</u>	<u>7,597,350</u>	<u>335,030</u>
<b>OPERATING EXPENSES</b>				
Salaries	452,333	681,862	1,526,470	198,023
Employee benefits	102,472	175,772	362,901	42,324
Professional services	1,382	11,830	32,513	55
Property services	156,703	404,003	1,098,644	14,446
Purchased services	44,702	18,254	71,769	7,399
Supplies	166,760	189,600	1,543,224	17,933
Capital purchases	-	8	-	-
Sundry	60,687	240,547	1,297,848	35,001
Insurance claims	-	-	-	-
Bad debt expense	-	2,176	9,577	-
Amortization	8,186	-	20,603	-
MSWLF closure & postclosure care	-	31,973	-	-
Depreciation	1,587,622	168,057	2,152,204	50,274
Total operating expenses	<u>2,580,847</u>	<u>1,924,082</u>	<u>8,115,753</u>	<u>365,455</u>
Operating income (loss)	(1,606,861)	160,594	(518,403)	(30,425)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property tax collections	107	-	-	47,078
State and federal collected taxes	322,184	-	-	-
Interest income	22,793	25,267	40,177	3,127
Miscellaneous income	11,061	11,380	8,075	4,175
Passenger facility charge income	282,857	-	-	-
Gain on disposal of capital assets	-	-	-	67,612
Interest and fiscal charges	(93,190)	-	(349,127)	(2,487)
Loss on disposal of capital asset	(1,345)	-	-	-
Total non-operating revenues (expenses)	<u>544,467</u>	<u>36,647</u>	<u>(300,875)</u>	<u>119,505</u>
Income (loss) before contributions and transfers	(1,062,394)	197,241	(819,278)	89,080
Capital contributions	683,772	-	1,294,055	309
Transfers in	150,761	96,654	100,000	-
Transfers out	(86,789)	(303,790)	(629,814)	(2,835)
Total contributions and transfers	<u>747,744</u>	<u>(207,136)</u>	<u>764,241</u>	<u>(2,526)</u>
Change in net assets	(314,650)	(9,895)	(55,037)	86,554
Net assets, January 1	<u>29,599,723</u>	<u>2,615,348</u>	<u>30,494,197</u>	<u>528,825</u>
Net assets, December 31	<u>\$29,285,073</u>	<u>\$2,605,453</u>	<u>\$30,439,160</u>	<u>\$615,379</u>

**City of Minot, North Dakota**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<u>Governmental</u>		<u>Total</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Internal</u>		
	<u>Funds</u>	<u>Service</u>		
		<u>Funds</u>		
<b>OPERATING REVENUES</b>				
Sales	\$1,089,851	\$399,423	\$1,489,274	\$1,468,123
Cost of goods sold	(823,213)	(372,925)	(1,196,138)	(1,178,879)
Gross margin	266,638	26,498	293,136	289,244
Charges for services	10,710,224	-	10,710,224	10,155,921
Employer	-	1,183,092	1,183,092	1,093,781
Employee	-	610,837	610,837	558,291
Miscellaneous	14,180	-	14,180	11,285
Total operating revenues	<u>10,991,042</u>	<u>1,820,427</u>	<u>12,811,469</u>	<u>12,108,522</u>
<b>OPERATING EXPENSES</b>				
Salaries	2,858,688	-	2,858,688	2,795,428
Employee benefits	683,469	-	683,469	675,013
Professional services	45,780	-	45,780	46,285
Property services	1,673,796	-	1,673,796	1,494,469
Purchased services	142,124	-	142,124	155,031
Supplies	1,917,517	15,844	1,933,361	1,299,834
Capital purchases	8	-	8	5,326
Sundry	1,634,083	-	1,634,083	1,515,385
Insurance claims	-	1,587,190	1,587,190	1,631,663
Bad debt expense	11,753	-	11,753	11,112
Amortization	28,789	-	28,789	28,563
MSWLF closure & postclosure care	31,973	-	31,973	30,272
Depreciation	3,958,157	-	3,958,157	3,635,747
Total operating expenses	<u>12,986,137</u>	<u>1,603,034</u>	<u>14,589,171</u>	<u>13,324,128</u>
Operating income (loss)	(1,995,095)	217,393	(1,777,702)	(1,215,606)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property tax collections	47,185	-	47,185	39,515
State and federal collected taxes	322,184	-	322,184	182,858
Interest income	91,364	27,874	119,238	175,258
Miscellaneous income	34,691	59,294	93,985	894,510
Passenger facility charge income	282,857	-	282,857	295,190
Gain on disposal of capital assets	67,612	-	67,612	-
Interest and fiscal charges	(444,804)	(160)	(444,964)	(476,033)
Loss on disposal of capital asset	(1,345)	-	(1,345)	-
Total non-operating revenues (expenses)	<u>399,744</u>	<u>87,008</u>	<u>486,752</u>	<u>1,111,298</u>
Income (loss) before contributions and transfers	(1,595,351)	304,401	(1,290,950)	(104,308)
Capital contributions	1,978,136	-	1,978,136	7,583,592
Transfers in	347,415	160	347,575	389,849
Transfers out	(1,023,228)	(27,874)	(1,051,102)	(915,458)
Total contributions and transfers	<u>1,302,323</u>	<u>(27,714)</u>	<u>1,274,609</u>	<u>7,057,983</u>
Change in net assets	(293,028)	276,687		
Net assets, January 1	<u>63,238,093</u>	<u>1,374,187</u>		
Net assets, December 31	<u>\$62,945,065</u>	<u>\$1,650,874</u>		
Change in net assets enterprise funds only			(293,028)	6,888,184
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds			<u>91,675</u>	<u>(11,218)</u>
Change in net assets of business-type activities			<u>(\$201,353)</u>	<u>\$6,876,966</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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Business-Type Activities</b>			<b>Nonmajor Enterprise Funds</b>
	<b>Enterprise Funds</b>			
	<b>Airport</b>	<b>Sanitation</b>	<b>Water &amp; Sewer</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$1,772,999	\$2,039,894	\$7,502,714	\$337,622
Payments to suppliers	(1,262,587)	(866,459)	(3,972,817)	(74,825)
Payments to employees	(560,022)	(857,133)	(1,884,943)	(242,504)
Internal activity - payments from (to) other funds	-	324,889	(81,279)	-
Due from (to) other agencies	806,970	586,350	79,995	(435)
Net cash provided (used) by operating activities	<u>757,360</u>	<u>1,227,541</u>	<u>1,643,670</u>	<u>19,858</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes received	333,352	11,380	8,075	51,253
Transfers in	150,761	96,654	100,000	-
Transfers out	(86,789)	(303,790)	(629,814)	(2,835)
Internal activity - payments from (to) other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>397,324</u>	<u>(195,756)</u>	<u>(521,739)</u>	<u>48,418</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	683,772	-	1,294,055	309
Passenger facility charges	282,857	-	-	-
Acquisition and construction of capital assets	(936,845)	-	(1,124,112)	(6,710)
Proceeds from sale of capital assets	-	-	-	99,975
Principal paid on capital debt	(275,000)	-	(1,245,161)	(65,000)
Interest paid on capital debt	(93,190)	-	(349,127)	(2,487)
Net cash provided (used) by capital and related financing activities	<u>(338,406)</u>	<u>-</u>	<u>(1,424,345)</u>	<u>26,087</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	22,793	25,267	40,177	3,127
Net cash provided by investing activities	<u>22,793</u>	<u>25,267</u>	<u>40,177</u>	<u>3,127</u>
Net increase (decrease) in cash and cash equivalents	839,071	1,057,052	(262,237)	97,490
Cash and cash equivalents, January 1	253,488	399,080	2,139,875	62,365
Cash and cash equivalents, December 31	<u>\$1,092,559</u>	<u>\$1,456,132</u>	<u>\$1,877,638</u>	<u>\$159,855</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(\$1,606,861)	\$160,594	(\$518,403)	(\$30,425)
Adjustments to reconcile operating income (loss) to Net cash provided by operating activities				
Depreciation expense	1,587,622	168,057	2,152,204	50,274
Amortization expense	8,186	-	20,603	-
Change in assets and liabilities				
Taxes receivable	257	-	-	-
Receivables, net	(6,810)	(44,782)	(94,636)	2,592
Due from other agencies	799,711	585,612	-	(435)
Inventory	(17,647)	-	-	-
Accounts payable	(1,235)	(41)	6,267	9
Retainage payable	(5,159)	-	60,400	-
Insurance claims payable				
Due to other agencies	7,259	738	79,995	-
Due to (from) other funds	-	324,889	(81,279)	-
Accrued vacation payable	(5,243)	(882)	(2,464)	(3,650)
Accrued salaries payable	26	1,383	6,892	1,493
Accrued interest payable	(2,746)	-	14,151	-
Accrued MSWLF postcare costs	-	31,973	-	-
Customer deposits	-	-	(60)	-
Net cash provided (used) by operating activities	<u>\$757,360</u>	<u>\$1,227,541</u>	<u>\$1,643,670</u>	<u>\$19,858</u>
Noncash capital activities				
Contribution of capital assets from governmental funds	-	-	-	-

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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$11,653,229	\$2,195,739	\$13,848,968	\$13,244,382
Payments to suppliers	(6,176,688)	(462,225)	(6,638,913)	(6,198,257)
Payments to employees	(3,544,602)	(1,587,190)	(5,131,792)	(5,084,305)
Internal activity - payments from (to) other funds	243,610	-	243,610	(324,889)
Due from (to) other agencies	1,472,880	-	1,472,880	(1,394,979)
Net cash provided (used) by operating activities	<u>3,648,429</u>	<u>146,324</u>	<u>3,794,753</u>	<u>241,952</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes received	404,060	-	404,060	235,077
Transfers in	347,415	160	347,575	389,814
Transfers out	(1,023,228)	(27,874)	(1,051,102)	(915,493)
Internal activity - payments from (to) other funds	-	59,294	59,294	-
Net cash provided (used) by noncapital financing activities	<u>(271,753)</u>	<u>31,580</u>	<u>(240,173)</u>	<u>(290,602)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	1,978,136	-	1,978,136	1,652,301
Passenger facility charges	282,857	-	282,857	295,190
Acquisition and construction of capital assets	(2,067,667)	-	(2,067,667)	(3,628,288)
Proceeds from sale of capital assets	99,975	-	99,975	717,893
Principal paid on capital debt	(1,585,161)	-	(1,585,161)	(1,487,213)
Interest paid on capital debt	(444,804)	(160)	(444,964)	(490,217)
Net cash provided (used) by capital and related financing activities	<u>(1,736,664)</u>	<u>(160)</u>	<u>(1,736,824)</u>	<u>(2,940,334)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	91,364	27,874	119,238	175,258
Net cash provided by investing activities	<u>91,364</u>	<u>27,874</u>	<u>119,238</u>	<u>175,258</u>
Net increase (decrease) in cash and cash equivalents	1,731,376	205,618	1,936,994	(2,813,726)
Cash and cash equivalents, January 1	2,854,808	1,208,449	4,063,257	6,338,025
Cash and cash equivalents, December 31	<u>\$4,586,184</u>	<u>\$1,414,067</u>	<u>\$6,000,251</u>	<u>\$3,524,299</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(\$1,995,095)	\$217,393	(\$1,777,702)	(\$1,105,993)
Adjustments to reconcile operating income (loss) to Net cash provided by operating activities				
Depreciation expense	3,958,157	-	3,958,157	3,635,747
Amortization expense	28,789	-	28,789	28,563
Change in assets and liabilities				
Taxes receivable	257	-	257	609
Receivables, net	(143,636)	(4,519)	(148,155)	(6,936)
Due from other agencies	1,384,888	-	1,384,888	(1,391,885)
Inventory	(17,647)	6,906	(10,741)	25,757
Accounts payable	5,000	(37,640)	(32,640)	19,427
Retainage payable	55,241	-	55,241	-
Insurance claims payable	-	(35,816)	(35,816)	35,037
Due to other agencies	87,992	-	87,992	(626,153)
Due to (from) other funds	243,610	-	243,610	(406,778)
Accrued vacation payable	(12,239)	-	(12,239)	7,230
Accrued salaries payable	9,794	-	9,794	10,569
Accrued interest payable	11,405	-	11,405	(14,514)
Accrued MSWLF postcare costs	31,973	-	31,973	30,272
Customer deposits	(60)	-	(60)	1,000
Net cash provided (used) by operating activities	<u>\$3,648,429</u>	<u>\$146,324</u>	<u>\$3,794,753</u>	<u>\$241,952</u>
Noncash capital activities				
Contribution of capital assets from governmental funds	-	-	-	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, 2006**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$219,497	\$39,866
Investments		
Money market	2,060,335	-
Equity/stock	21,721,622	-
Fixed income-tax exempt	1,852,138	-
Fixed income-taxable	22,700,673	-
Taxes receivable delinquent	-	2,570
Due from other agencies	-	13,346
Total assets	<u>\$48,554,265</u>	<u>\$55,782</u>
<b>LIABILITIES</b>		
Due to other agencies	<u>\$0</u>	<u>\$55,782</u>
Total liabilities	<u>-</u>	<u>\$55,782</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits		
City employee's pension plan	36,721,150	
Police pension plan	11,833,115	
<b>NET ASSETS</b>	<u>\$48,554,265</u>	

*The accompanying notes to the financial statements are an integral 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, 2006**

	<u><b>Pension Trust Funds</b></u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$1,584,423
Employee	<u>1,584,048</u>
Total contributions	<u>3,168,471</u>
Investment earnings	
Interest	2,197,211
Net increase in the fair value of investments	<u>1,086,547</u>
Total investment earnings	3,283,758
Less investment expense	<u>388,477</u>
Net investment earnings	<u>2,895,281</u>
Total additions	<u>6,063,752</u>
<b>DEDUCTIONS</b>	
Benefits paid to participants	3,966,442
Refunds	112,065
Administrative expenses	<u>298,656</u>
Total deductions	<u>4,377,163</u>
<b>Change in net assets</b>	1,686,589
Net assets - January 1	<u>46,867,676</u>
Net assets- December 31	<u><u>\$48,554,265</u></u>

*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, 2006**

**Notes to Financial Statements**

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**NOTE 1-SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the nationally accepted standard-setting body for establishing generally accepted accounting principles for governmental accounting and financial reporting. 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 December 1, 1989 unless those pronouncements conflict with GASB pronouncements.

**B. REPORTING ENTITY**

The City of Minot was incorporated on July 16, 1887. The City has been governed by a Council, with a part-time Mayor and 14 part-time Alderman, 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.

**C. BASIC FINANCIAL STATEMENTS (GASB  
34)**

The basic financial statements are prepared in conformity with GASB Statement No. 34 and presented on both the government-wide and fund financial level. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

**Government-Wide Financial Statements**

The government-wide financial statements, consisting of the Statement of Net Assets and the Statement of Activities or Changes in Net Assets, report information on all of the non-fiduciary activities. Reporting of the internal activities has been eliminated to avoid duplication on the statements.

Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

**D. FINANCIAL STATEMENT PRESENTATION**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added the Sales Tax Economic Development and Northwest Area Water Improvement fund due to the specific community focus on the financial activities of these funds. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining statements section.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**Notes to Financial Statements**

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include property and sales taxes, licenses and permits, state and county shared revenues, and charges for goods and services. In addition to general government, primary expenditures include public safety, highways and streets, culture and recreation, and economic development.

The **Sales Tax Economic Development Fund** is used to account for 40% of the collection of a 1% City sales tax. The fund is dedicated to economic development projects in and around the Minot area.

The **Sales Tax NAWS fund** accounts for the collection of a 1% City sales tax. This tax is used to pay the local share of the Northwest Area Water Supply project.

The **Highway Debt Service Fund** accumulates the resources used to pay the principle and interest on general obligation bonds incurred to fund various highway projects.

The **Special Assessment Debt Fund** is a debt service fund established to accumulate the resources used to pay the principle and interest on bonds for projects in special assessment districts.

The City reports the following major proprietary funds:

The **Airport Fund** is used to account for the activities of airline services to the residents of the City and the surrounding areas.

The **Sanitation Fund** accounts for residential garbage collection as well as landfill services for the City.

The **Water and Sewer Fund** accounts for the water and sewer services provided to the City.

Additionally, the government reports the following fund types:

The **Internal Service Funds** account for health and fleet management services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

The **Pension Trust Funds** account for the activities of the City Employee Pension Plan and the City Police Pension Plan, which accumulate resources for pension benefit payments to qualified employees.

The **Agency Funds** are used for assets held by the City as agent for other individuals, private organizations, or other governmental units and/or funds. These funds include a Payroll Deduction, Social Security, Commission on Aging (Section 18 grant monies for the bus system), Hotel/Motel Tax (collects lodging taxes disbursed to the Convention and Visitor's Bureau) funds.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded, regardless of the measurement focus.

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. This focus concentrates on the fund's assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds have no measurement focus. 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. This focus concentrates on the fund's resources available for spending currently or in the near future. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

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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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 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 post-closure care, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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, 2005, from which the summarized information was derived.

**F. ASSETS, LIABILITIES, AND NET ASSETS  
OR EQUITY**

**Cash and Cash Equivalents**

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

Interest earnings are allocated to the funds based on an average balance in the cash account. Those funds that have an average negative balance in the cash account are charged interest at the rate earned by the cash account.

**Investments**

North Dakota state statute authorizes municipalities to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress; b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above; c) Certificates of deposit fully insured by the federal deposit insurance corporation or by the state; d) Obligations of the state.

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 based on quoted market prices. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties.

**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" (i.e., non-current inter-fund loans). All

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Notes to Financial Statements**

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other outstanding balances between funds are referred to as “due to/from other funds” (i.e., current inter-fund loans). 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 are offset by a reserved fund balance to indicate they are not available for appropriation and are not available financial resources.

All receivables are shown net of an allowance for uncollectible accounts. This allowance is equal to estimated losses that may be incurred in collection of outstanding receivables.

All real estate is assessed as of the current value on February 1 of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 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.

Penalty and interest are added on March 1 if the first half of the taxes is not paid. Additional penalty and interest are added October 15 to those taxes 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.

**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.

**Restricted Assets**

Assets whose use is restricted for construction, debt service, or the payment of specific claims and benefits have been classified as restricted assets as their use is limited by bond covenants or other externally imposed requirements.

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.

**Capital Assets**

Capital assets, which include land, buildings, improvements, equipment, infrastructure assets (e.g., roads, bridges, street lights, and similar items) and books, 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.

Additions or improvements that significantly add value to an asset such as extending the useful life of an asset or increasing capacity or efficiency are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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, books 20 years

**Net Assets/Fund Balance**

The difference between assets and liabilities is “Net Assets” on the government-wide, proprietary and fiduciary fund financial statements and “Fund Balance” on the governmental fund financial statements. In the governmental fund financial statements, fund balances are classified as reserved, designated, or

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unreserved. Reserves represent those portions of fund balances not available to be appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**G. REVENUES AND EXPENDITURES/EXPENSES**

**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 may be accumulated; however liabilities are not recorded in any fund, as there are no provisions for vesting of unused sick leave.

**Grant Revenue**

The City recognizes grant revenues when all applicable eligibility requirements, including time requirements, are met. The City follows the policy if expenditures of funds are the prime factor for determining eligibility for the grant funds; revenue is recognized at the time of the expenditure.

**Self Insurance**

The City is self-insured for health benefits. Liabilities are recorded when a determinable claim has been incurred.

**Deferred Revenue**

As sources of revenue become measurable, even though not currently available, they are generally recorded as a receivable and deferred revenue in governmental funds. When the sources of revenue become available for use, they are recognized as revenue.

**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.

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.

**NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A.** The governmental fund balance sheet includes reconciliation between total governmental funds fund balance and net assets of governmental activities as reported in the government-wide statement of net assets. One element of the reconciliation explains “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 (\$16,208,444) difference are as follows:

Bonds payable	\$15,460,000
Accrued interest payable	138,705
Compensated absences	<u>609,739</u>
Net adjustment to reduce fund balance- total governmental funds to arrive at net assets-governmental activities	<u><u>\$16,208,444</u></u>

**B.** The governmental fund statement of revenues, expenditures, and changes in fund balances include 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 “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 \$13,860,413 difference are as follows:

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

Capital outlay	\$4,854,425
Donated capital assets	12,201,050
Depreciation-current year	<u>(3,195,062)</u>
Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental funds	   <u><u>\$13,860,413</u></u>

**NOTE 3- STEWARDSHIP, COMPLIANCE, AND  
 ACCOUNTABILITY**

**A. COMPLIANCE WITH FINANCE-RELATED  
 LEGAL AND CONTRACTUAL PROVISIONS**

Annual budgets are adopted on a basis consistent with 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.

The City incurred no material violations of finance-related legal and contractual provisions.

**B. EXCESS OF EXPENDITURES OVER  
 APPROPRIATIONS AT THE LEGAL LEVEL  
 OF CONTROL**

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, Sales Tax-Economic Development, Sales Tax-NAWS, Public Transportation, Library, Equipment Purchase, and

Sales Tax-Capital Improvements funds.

The City incurred no material excess of expenditures over appropriations at the legal level of control.

**C. NET ASSETS/FUND BALANCE DEFICITS**

Five nonmajor funds had deficit fund balances as of December 31, 2006. The \$6,409 deficit in Library and the \$17,594 deficit in Recreation/Auditorium will be reimbursed with future user fees dedicated to these funds. The \$2,765 deficit in Sidewalk will be reimbursed by future bond sale monies dedicated to this fund. The \$64,484 deficit in Capital-Assessment will be reimbursed with future bond sale monies dedicated to this fund. And the \$76,994 in Capital-Library Construction will be reimbursed by pledged donations towards the construction of the library addition.

**NOTE 4- DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Except for the cash in the NAWS funds, the City maintains a pooled cash portfolio used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle fund monies while ensuring the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. The pool consists of checking accounts, savings accounts, certificates of deposit, and securities, including money market accounts, which are stated at market value.

**Government and Business-Type Funds**

*Investment Policy:* The City will be adopting an investment policy, which will serve as the guide to the deposit and investment of operating funds which are managed within the City's pooled cash portfolio. This policy sets forth the City's investment objectives as well as authorized and suitable deposits and investments, and serves as a guide for proper diversification, maturity constraints, internal controls and performance measurement. The foremost objective of the City's investment program as set forth by the investment policy is safety of principal. Investment decisions are made under the assumption that, except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

**CITY OF MINOT, NORTH DAKOTA  
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Allowable deposits and investments:

- a. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
- b. U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
- c. Certificates of deposits and other evidences of deposit at financial institutions;
- d. Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments

*Custodial credit risk – deposits:* This is the risk in the event of bank failure, the government’s deposits may not be returned to it. As of December 31, 2006, the City is fully insured by FDIC and has no deposit policy for custodial credit risk.

*Custodial credit risk-investment:* This is the risk, 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 in the possession of an outside party. The City of Minot minimizes credit risk, which is the risk of loss due to the failure of the issuer or backer, by: 1) limiting investments to the types of authorized securities; 2) pre-qualifying the financial institutions with which the City will do business; 3) diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

*Interest rate risk:* The City minimizes interest rate risk, which is the risk the market value of securities in the portfolio will fall due to changes in market interest rates, by: 1) structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity; and 2) investing operating funds primarily in shorter-term securities, money

market funds, or similar investments and limiting the average maturity of the portfolio in accordance with this policy. The City uses segmented time distribution for all deposits and investments, which groups investment cash flows into sequential time periods. As of December 31, 2006, the City invests in Certificates of Deposit and cash which have no credit ratings. All investments will mature in less than 1 year.

**B. DUE FROM OTHER AGENCIES**

A total of \$1,905,934 is due from other agencies. This includes \$1,571,524 due from the State of North Dakota, \$200,031 for highway user taxes, \$906,119 for city sales taxes, \$371,712 for State Aid Distribution, \$12,975 for estate taxes, \$32,945 for Section 5309 grant, and \$47,742 for a Section 18/5311 grant. Due from the Federal Government are \$28,676 from TSA for Airport Security and \$2,885 from the federal bullet proof vest grant. Other amounts due are, \$14,945 from Ward County for the E911 Telephone fee, \$202,650 from the State of ND for the remainder of South Broadway, \$3,000 from ND State Aeronautics for airport electrical work, and \$82,254 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	\$56,608
Due after one year	59,353
Less: allowance for uncollectible	<u>(23,192)</u>
Total loans receivable	<u>\$92,769</u>

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

	Taxes	Specials	Specials	Accounts	Loans	Gross	Less: Allow	Total Net
	Delinquent	Deferred	Delinquent			Receivables	for	Receivables
							Uncollectible	
General	\$136,760	\$11,505	\$8,182	\$127,712	\$0	\$284,159	\$0	\$284,159
Sales tax-economic development	-	-	-	-	115,961	115,961	(23,192)	\$92,769
Highway debt	32,308	-	-	-	-	32,308	-	\$32,308
Assessment debt	3,105	2,367,869	85,949	-	-	2,456,923	-	\$2,456,923
Nonmajor governmental	91,372	65,026	11,383	77,863	-	245,644	-	\$245,644
Airport	165	-	-	111,675	-	111,840	-	\$111,840
Sanitation	-	-	-	213,299	-	213,299	-	\$213,299
Water and sewer	-	-	-	732,307	-	732,307	-	\$732,307
Nonmajor enterprise	1,355	-	-	9,585	-	10,940	-	\$10,940
Internal service	-	-	-	5,439	-	5,439	-	\$5,439
Total net receivables	<u>\$265,065</u>	<u>\$2,444,400</u>	<u>\$105,514</u>	<u>\$1,277,880</u>	<u>\$115,961</u>	<u>\$4,208,820</u>	<u>(\$23,192)</u>	<u>\$4,185,628</u>

**CITY OF MINOT, NORTH DAKOTA  
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The only receivables not expected to be collected within one year are \$1,835,367 of special assessments deferred reported in the Assessment Debt fund and the loans receivables as noted above.

General fund	\$169,349
Highway debt	29,159
Assessment debt	2,456,791
Nonmajor governmental funds	161,284
Total deferred revenue	<u>\$2,816,583</u>

Governmental funds report deferred revenue in connection with receivables for revenues 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:

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

<b>Governmental Activities</b>	<b>Balance 1/1/06</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/06</b>
Non-depreciable assets				
Land	\$4,909,325	\$0	\$0	\$4,909,325
Construction in progress	12,183,146	2,803,614	3,146,333	11,840,427
Depreciable assets				
Buildings	12,038,096	-	-	12,038,096
Improvements	1,069,103	11,782,393	-	12,851,496
Equipment	8,369,104	200,435	443,768	8,125,771
Infrastructure	47,827,836	5,684,732	-	53,512,568
Books	3,905,089	67,048	-	3,972,137
Totals at historical cost	<u>90,301,699</u>	<u>20,538,222</u>	<u>3,590,101</u>	<u>107,249,820</u>
Accumulated depreciation				
Buildings	(4,722,283)	(655,341)	-	(5,377,624)
Improvements	(987,504)	(414,004)	-	(1,401,508)
Equipment	(4,647,082)	(617,527)	234,811	(5,029,798)
Infrastructure	(16,975,266)	(1,293,658)	-	(18,268,924)
Books	(2,480,897)	(214,532)	-	(2,695,429)
Total accumulated depreciation	<u>(29,813,032)</u>	<u>(3,195,062)</u>	<u>234,811</u>	<u>(32,773,283)</u>
Governmental activities capital assets, net	<u>\$60,488,667</u>	<u>\$17,343,160</u>	<u>\$3,355,290</u>	<u>\$74,476,537</u>

<b>Business-Type Activities</b>	<b>Balance 1/1/06</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/06</b>
Non-depreciable assets				
Land	\$2,756,418	\$0	\$0	\$2,756,418
Construction in progress	9,020,595	3,330,686	9,635,444	2,715,837
Depreciable assets				
Buildings	10,343,646	-	-	10,343,646
Improvements	98,943,058	11,767,292	146,339	110,564,011
Equipment	7,504,047	68,740	153,120	7,419,667
Totals at historical cost	<u>128,567,764</u>	<u>15,166,718</u>	<u>9,934,903</u>	<u>133,799,579</u>
Accumulated depreciation				
Buildings	(6,801,931)	(253,118)	-	(7,055,049)
Improvements	(45,810,042)	(3,395,406)	-	(49,205,448)
Equipment	(5,748,444)	(304,537)	151,540	(5,901,441)
Total accumulated depreciation	<u>(58,360,417)</u>	<u>(3,953,061)</u>	<u>151,540</u>	<u>(62,161,938)</u>
Business-type activities capital assets, net	<u>70,207,347</u>	<u>11,213,657</u>	<u>9,783,363</u>	<u>71,637,641</u>
Total capital assets, net	<u>\$130,696,014</u>	<u>\$28,556,817</u>	<u>\$13,138,653</u>	<u>\$146,114,178</u>

**CITY OF MINOT, NORTH DAKOTA  
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Depreciation expense was charged to the following functions/programs of the City for the current fiscal year:

<b>Governmental Activities:</b>	
General government	\$1,130,292
Public safety	362,702
Highways and streets	1,607,484
Culture and recreation	94,584
Total depreciation expense - governmental activities	<u>\$3,195,062</u>
<b>Business-Type Activities:</b>	
Airport	\$1,587,622
Cemetery	4,066
Parking authority	41,112
Sanitation	168,057
Water and sewer	2,152,204
Total depreciation expense-business-type activities	<u>\$3,953,061</u>

**E. COMMITMENTS**

Construction commitments as of December 31, 2006 were approximately \$2,928,661. The City is also committed to approximately \$68 million local share in the Northwest Area Water Supply Project to bring water from the Missouri River to Minot. Our local share of expenditures to date is approximately \$13.5 million. The City has approximately \$54.5 million local share remaining on this project. This project will be funded with sales tax monies approved by the voters in March 1999. Although there are various other commitments, it is the opinion of the City 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, 2006 was:

Due to Receivable Fund	Due from Payable Fund	Amount
Assessment debt	Water and sewer	\$443,825
Assessment debt	Nonmajor-governmental	1,238,089
Nonmajor-governmental	Nonmajor-governmental	104,369
Total-governmental activities		<u>\$1,786,283</u>

The due to Assessment Debt is the amount of outstanding special assessments paid in annual installments by the Water and Sewer fund and Nonmajor-Governmental funds. Not scheduled for repayment in the subsequent year is \$1,411,972.

Transfers are used to 1) move revenues from the fund with collection authority to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs the government must account for in other funds in accordance with budgetary authorizations.

The following table shows transfers out by major fund and nonmajor funds in the aggregate:

Transfers Out	Sales Tax			Highway Debt	Special Assessment Debt	Nonmajor Governmental Funds	Airport	Sanitation	Water & Sewer	Nonmajor Enterprise Funds	Internal Service Funds	Total
	General Fund	Economic Development	Sales Tax NAWS									
General fund	\$0	\$115,169	\$50,000	\$13,548	\$0	\$211,473	\$86,789	\$143,790	\$103,512	\$2,835	\$27,874	\$754,990
Sales tax economic development	-	-	-	-	-	275,071	-	-	-	-	-	275,071
Highway debt	-	-	-	-	-	660,000	-	-	-	-	-	660,000
Assessment debt	-	-	-	-	-	253,677	-	-	336,596	-	-	590,273
Nonmajor governmental funds	13,396	-	-	-	89,655	2,548,663	-	160,000	99,144	-	-	2,910,858
Airport	-	-	-	-	-	150,761	-	-	-	-	-	150,761
Sanitation	6,092	-	-	-	-	-	-	90,562	-	-	-	96,654
Water and sewer	-	-	-	-	-	100,000	-	-	-	-	-	100,000
Internal service funds	160	-	-	-	-	-	-	-	-	-	-	160
Total transfers out	<u>\$19,648</u>	<u>\$115,169</u>	<u>\$50,000</u>	<u>\$13,548</u>	<u>\$89,655</u>	<u>\$4,199,645</u>	<u>\$86,789</u>	<u>\$303,790</u>	<u>\$629,814</u>	<u>\$2,835</u>	<u>\$27,874</u>	<u>\$5,538,767</u>

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**Transfers in/out consisted of the following:**

\$143,790	To General Fund from Sanitation to supplement other fund sources.
86,789	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 for Sales Tax-NAWS for administration
43,837	To General Fund from Water and Sewer for a budgeted transfer.
46,284	To General Fund from Water and Sewer (\$24,948), Recreation/Auditorium (\$21,336) for NAWS repayment.
33,333	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.
275,071	To Sales Tax-Economic Development from Sales Tax-Capital Improvements for budgeted transfers.
560,000	To Debt Service-Highway from Sales Tax-Property Tax Relief for debt service.
590,273	To Debt Service-Assessment Debt from Water & Sewer (\$336,596), Assessment-Capital (\$151,811), Highway Reserve (\$101,866) for debt service.
600,000	To Capital-Highway Reserve from Sales Tax-Capital Improvements for budgeted transfers.
89,655	To Sidewalk from Debt Service-Assessment Debt for sidewalk construction projects.
24,144	To Capital-Highway Reserve from Water and Sewer for South Broadway project close out.
73,800	To Capital-Highway reserve from Special Assessment Deficiency Fund for land acquisition.
60,623	To Capital Projects-Fire Equipment from Fire Equipment (\$24,314), Sales Tax-Capital Improvement (\$36,309) for Fire equipment purchases.
1,599,718	To Capital Projects-Sales Tax Capital from Sales Tax-Capital Improvements (\$1,579,718), and Recreation/Auditorium (\$20,000) for capital construction projects.
150,761	To Airport from Sales Tax-Capital Improvements for debt service.
90,562	To Sanitation from Water & Sewer for debt service.
100,000	To Water & Sewer from Sales Tax-Capital for debt service.
600,127	Between funds for annual interest distribution.
<u>\$5,538,767</u>	

**G. LEASES**

*Operating Leases.* The City leases equipment under operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of the lease agreements are not reflected in the City's assets and liabilities. Total cost for such leases were \$190,556 for the year ended December 31, 2006. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31</u>	<u>Amounts</u>
2007	\$192,766
2008	195,070
2009	197,472
2010	285,210
2011	510,000
Total minimum lease payments	<u>\$1,380,518</u>

**H. LONG-TERM DEBT**

Governmental activities include the following types 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%. During the year, the City issued \$2,810,000 of general obligation highway bonds primarily for construction on 37th Ave SW from Broadway to 16<sup>th</sup> St SW.

*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 \$5,385,000 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%. During the year, the City issued \$910,000 of special assessment bonds.

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

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

*Revenue Bonds.* The City of Minot issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. During the year \$3,095,000 of revenue bonds were issued to finance construction projects to both expand existing water and sewer facilities and construct additional facilities. Interest rates on the outstanding bonds range from 1.75% to 5.5%.

*Notes* outstanding as of December 31, 2006 include the Bureau of Reclamation note on the Garrison Diversion Project for \$1,747,241, with a 3.5% interest rate, maturing January 1, 2027.

*Loans* outstanding as of December 31, 2006 are a loan from Zion's Bank for water and sewer generators for \$273,563 which has an interest rate of 5.77% and matures July 1, 2010.

Annual debt service requirements to maturity (not including compensated absences) are as follows:

<b>Governmental Activities</b>	<b>General Obligation Bonds</b>		<b>Special Assessment Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2007	\$1,375,000	\$371,370	\$1,145,000	\$205,743
2008	1,400,000	334,856	1,000,000	165,893
2009	955,000	280,396	875,000	126,865
2010	860,000	245,631	880,000	92,052
2011	885,000	214,919	545,000	56,250
2012-2016	3,420,000	635,004	940,000	80,200
2017-2021	800,000	209,842	-	-
2022-2024	380,000	28,750	-	-
Total governmental activities	\$10,075,000	\$2,320,768	\$5,385,000	\$727,003

<b>Business-Type Activities</b>	<b>Revenue Bonds</b>		<b>Notes Payable</b>		<b>Loans Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2007	\$1,400,000	\$413,654	\$57,354	\$61,659	\$62,807	\$14,940
2008	1,350,000	383,381	60,400	59,600	66,548	11,261
2009	1,305,000	333,816	62,533	57,467	70,443	7,365
2010	1,335,000	284,436	64,741	55,259	73,765	3,243
2011	1,005,000	232,182	67,026	52,974	-	-
2012-2016	3,290,000	653,120	372,345	227,656	-	-
2017-2021	875,000	246,449	442,883	157,117	-	-
2022-2026	620,000	54,918	530,698	72,982	-	-
2027	-	-	89,261	3,079	-	-
Total business-type activities	\$11,180,000	\$2,601,956	\$1,747,241	\$747,793	\$273,563	\$36,809

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

*Changes in Long Term Liabilities.* The following is a summary of the activity in long-term liabilities for the year ended December 31, 2006.

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable					
General obligation	\$8,520,000	\$2,810,000	(\$1,255,000)	\$10,075,000	\$1,375,000
Special assessment	5,635,000	910,000	(1,160,000)	5,385,000	1,145,000
Total bonds payable	14,155,000	3,720,000	(2,415,000)	15,460,000	2,520,000
Compensated absences	600,120	529,822	(520,203)	609,739	211,929
Governmental activity long-term liabilities	<u>\$14,755,120</u>	<u>\$4,249,822</u>	<u>(\$2,935,203)</u>	<u>\$16,069,739</u>	<u>\$2,731,929</u>
<b>Business-Type Activities</b>					
Bonds payable					
Revenue bonds	\$9,245,000	\$3,095,000	(\$1,160,000)	\$11,180,000	\$1,400,000
Unamortized premium	-	7,738	(65)	7,673	(774)
Unamortized discount	(27,279)	-	2,641	(24,638)	2,642
Notes payable	1,804,578	-	(57,337)	1,747,241	57,354
Loans payable	363,477	-	(89,914)	273,563	62,807
Compensated absences	194,273	143,573	(155,812)	182,034	57,429
Business-type activity long-term liabilities	<u>\$11,580,049</u>	<u>\$3,246,311</u>	<u>(\$1,460,487)</u>	<u>\$13,365,873</u>	<u>\$1,579,458</u>

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, 2006, 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.

Arbitrage is the reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities. Any excess earnings resulting from arbitrage must be rebated to the federal government.

The City's debt limit is \$70,399,141 and the legal debt margin is \$60,549,907.

**NOTE 5-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 - 1980s, 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 (NDRIF), 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 NDRIF. During the past five years, the NDRIF returned 20% of the capitalized amount with a premium reduction or cash payment to the City. The City pays an annual premium to NDRIF for its general insurance, personal injury insurance, auto insurance, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$1,000,000 per occurrence for general liability and \$2,000,000 per occurrence for errors and omissions.

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

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 January 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 \$1,480,106.

Claims, which have been incurred at year-end but not yet reported, have been recorded as insurance claims payable in the amount of \$73,470. 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 are shown below:

	<b>Beginning Claim Liability</b>	<b>Current Year Claims Incurred and Changes in Estimates</b>	<b>Payments on Claims</b>	<b>Ending Claim Liability</b>
2005	74,249	1,087,345	1,052,308	109,286
2006	109,286	1,057,846	1,093,662	73,470

**B. CONTINGENT LIABILITIES**

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

**C. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

The City of Minot administers two defined benefit pension plans covering all full-time 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, #2893 and #3846 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 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.

The following table summarizes membership information by plan at the actuarial valuation date:

	<b>CEPP</b>	<b>PPP</b>
Retirees and beneficiaries currently receiving benefits	148	38
Terminated employees		
Vested	8	8
Non-vested	0	0
Total terminated employees	8	8
Active employees		
Vested	155	51
Non-vested	72	30
Total active employees	227	81
Date of annual valuation	January 1, 2007	January 1, 2007

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

*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 the Stanton Group. Securities are valued 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.

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

	<b>CEPP &amp; PPP</b>	
Valuation date	January 1, 2007	
Actuarial cost method	Entry age normal	
Amortization method	Level percentage of pay - Open	
Remaining amortization period	30 year open period	
Asset valuation method	Fair market value	
Actuarial assumptions:		
Investment rate of return	7.75%	
Projected salary increases	0-5	6.0%
	5-13	4.5%
	13+	3.5%
Includes inflation at	3.0%	
Post retirement cost of living adjustments	none	

**Contributions Required and Contributions Made.** The actuary does not determine the contribution rates, rather by employer recommendations within the limits established by state statute. Both the employees and employer contribute 13.2% of 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 61 and 18 years respectively on the unfunded liability at January 1, 2007.

For the PPP, a single employer plan, contributions for the years ended December 31, 2006, 2005, and 2004 were \$474,415, \$462,640, and \$369,459 respectively, which exceeds the annual required contribution for the respective years. The percentage funded was 100% for each year; therefore, the net pension obligation (NPO) for the end of each year was zero.

For the CEPP, annual pension cost plus prior year excess contributions equals the employer contributions for the fiscal years ending December 31 of 2006, 2005 and 2004. The percentage funded was 100% for each year; therefore, NPO for the end of each year was zero.

<b>Schedule of Employer Contributions</b>			
	<b>Annual</b>		
<b>CEPP</b>	<b>Required Contribution</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>
2004	1,339,054	1,339,054	100%
2005	1,530,285	1,530,285	100%
2006	1,170,035	1,170,035	100%

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Annual Covered Payroll</b>
<b>CEPP</b>						
January 1, 2002	\$31,524,486	\$43,107,821	\$11,583,335	73.1%	\$7,734,230	149.8%
January 1, 2003	32,983,467	42,043,385	9,059,918	78.5%	8,034,788	112.8%
January 1, 2004	34,087,821	54,298,974	20,211,153	62.8%	8,227,786	245.6%
January 1, 2005	35,279,132	60,351,967	25,072,835	58.5%	8,478,579	295.7%
January 1, 2006	36,401,272	61,640,270	25,238,998	59.1%	8,525,057	296.1%
January 1, 2007	36,721,150	62,001,202	25,280,052	59.2%	8,063,852	313.5%
<b>PPP</b>						
January 1, 2002	\$9,160,183	\$12,136,548	\$2,976,365	75.5%	2,543,131	117.0%
January 1, 2003	9,758,732	11,676,683	1,917,951	83.6%	2,772,893	69.2%
January 1, 2004	10,349,102	15,681,388	5,332,286	66.0%	2,979,013	179.0%
January 1, 2005	10,917,392	17,495,383	6,577,991	62.4%	3,117,735	212.0%
January 1, 2006	11,552,951	17,863,642	6,310,691	64.7%	2,998,053	210.5%
January 1, 2007	11,833,115	17,749,572	5,916,457	66.7%	3,111,137	190.2%

**CITY OF MINOT, NORTH DAKOTA  
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**Notes to Financial Statements**

**Statement of Net Assets  
December 31, 2006**

	<b>City</b>	
	<b>Employee Pension Plan</b>	<b>Police Pension Plan</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$84,391	\$135,106
Investments		
Money market	1,795,669	264,666
Equity/stock	16,468,500	5,253,122
Fixed income-tax exempt	1,390,359	461,779
Fixed income-taxable	16,982,231	5,718,442
Total assets	<u>\$36,721,150</u>	<u>\$11,833,115</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$36,721,150</u>	<u>\$11,833,115</u>
Total net assets	<u>\$36,721,150</u>	<u>\$11,833,115</u>

**Statement of Changes in Plan Net Assets  
For the Fiscal Period Ended December 31, 2006**

	<b>City</b>	
	<b>Employee Pension Plan</b>	<b>Police Pension Plan</b>
<b>ADDITIONS</b>		
Contributions		
Employer	\$1,110,008	\$474,415
Employee	1,110,808	473,240
Total contributions	<u>2,220,816</u>	<u>947,655</u>
Investment earnings		
Interest	1,673,890	523,321
Net increase in the fair value of investments	812,555	273,992
Total investment earnings	<u>2,486,445</u>	<u>797,313</u>
Less investment expense	181,561	206,916
Net investment earnings	<u>2,304,884</u>	<u>590,397</u>
Total additions	<u>\$4,525,700</u>	<u>\$1,538,052</u>
<b>DEDUCTIONS</b>		
Benefits paid to participants	\$3,119,304	\$847,138
Refunds	60,173	51,892
Administrative expenses	213,791	84,865
Total deductions	<u>3,393,268</u>	<u>983,895</u>
Change in net assets	1,132,432	554,157
Net assets - January 1	35,588,718	11,278,958
Net assets - December 31	<u>\$36,721,150</u>	<u>\$11,833,115</u>

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**Notes to Financial Statements**

**D. OTHER POST-EMPLOYMENT BENEFITS**

During 2006, 52 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 2006, expenditures of \$181,368 were incurred for the health insurance supplement.

**E. 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 post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$363,597 reported as MSWLF closure and post-closure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 21.4% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure 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 post-closure care in 2006. The City expects the landfill will be operated for another 60 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 post-closure care. Mechanisms used to demonstrate financial assurance must ensure the amount of funds assured are adequate to cover the costs of closure and post-closure care and 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.

**F. PRIOR PERIOD ADJUSTMENT**

The City recorded a prior period adjustment during fiscal year 2006 for South Broadway storm sewer development. A due to other funds should have been set up in highway reserve for \$717,500 and in storm sewer development for \$717,500. A due from other funds should have been set up in special assessment debt for \$1,435,000. Because of this error, the special assessment debt fund balance was understated. There is no effect on the government wide financial statements.

**G. ISSUED BUT NOT EFFECTIVE GASB STANDARDS**

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City of Minot for the year ending December 31, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in Statement No. 26. This Statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City of Minot for the year ending December 31, 2009. This Statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

**City of Minot, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds 2006</b>	<b>Total Nonmajor Governmental Funds 2005</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$3,578,235	\$4,215,703	\$7,793,938	\$5,641,418
Taxes receivable delinquent	91,372	-	91,372	85,173
Special assessments deferred	65,026	-	65,026	51,040
Special assessments delinquent	11,383	-	11,383	5,144
Accounts receivable	65,636	12,227	77,863	22,518
Advance to other funds	-	-	-	300,318
Due from other funds	16,765	87,604	104,369	730,450
Due from other agencies	358,547	203,251	561,798	537,646
Inventory	4,425	-	4,425	4,251
Total assets	<u>\$4,191,389</u>	<u>\$4,518,785</u>	<u>\$8,710,174</u>	<u>\$7,377,958</u>
<b>LIABILITIES</b>				
Accounts payable	\$0	\$50,542	\$50,542	\$0
Retainage payable	466	28,790	29,256	186,254
Due to other funds	16,765	1,325,693	1,342,458	467,171
Due to other agencies	37,196	205,483	242,679	144,523
Accrued salaries payable	25,104	-	25,104	16,499
Deferred revenue	161,284	-	161,284	132,246
Total liabilities	<u>240,815</u>	<u>1,610,508</u>	<u>1,851,323</u>	<u>946,693</u>
<b>FUND BALANCE</b>				
Reserved for encumbrances	-	-	-	147,538
Reserved for advances	-	-	-	300,318
Reserved for inventory	4,425	-	4,425	4,251
Reserved for property tax relief	199,244	-	199,244	163,214
Reserved for capital improvements	419,442	-	419,442	653,092
Unreserved				
Designated				
Fire equipment	-	130,222	130,222	-
Memorial	-	-	-	5,114
Maintenance and operations	2,000,000	-	2,000,000	2,000,000
Undesignated	1,327,463	2,778,055	4,105,518	3,157,738
Total fund balance	<u>3,950,574</u>	<u>2,908,277</u>	<u>6,858,851</u>	<u>6,431,265</u>
Total liabilities and fund balance	<u>\$4,191,389</u>	<u>\$4,518,785</u>	<u>\$8,710,174</u>	<u>\$7,377,958</u>

*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 Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds 2006</b>	<b>Total Nonmajor Governmental Funds 2005</b>
<b>REVENUES</b>				
Property tax collections	\$2,824,718	\$5	\$2,824,723	\$2,481,740
Special assessment collections	2,324	-	2,324	3,933
Sales tax collections	3,576,178	-	3,576,178	3,306,425
Intergovernmental	299,813	-	299,813	414,555
Charges for services	436,055	-	436,055	443,258
Interest income	112,626	62,291	174,917	165,170
Miscellaneous	157,240	548,561	705,801	595,233
Total revenues	<u>7,408,954</u>	<u>610,857</u>	<u>8,019,811</u>	<u>7,410,314</u>
<b>EXPENDITURES</b>				
Current				
General government	862,599	1,307	863,906	832,966
Highways and streets	833,416	-	833,416	1,033,856
Culture and recreation	1,859,266	-	1,859,266	1,858,446
Capital outlay				
Contracted work	-	2,625,632	2,625,632	683,249
Equipment	684,187	44,442	728,629	576,473
Infrastructure	-	-	-	52,207
Legal	-	58,505	58,505	36,581
Other	-	88,154	88,154	28,064
Acquisitions	-	660,031	660,031	125,286
Engineering	-	693,474	693,474	820,012
Debt service				
Interest and fiscal charges	4,873	156,894	161,767	4,025
Total expenditures	<u>4,244,341</u>	<u>4,328,439</u>	<u>8,572,780</u>	<u>6,051,165</u>
Excess (deficiency) of revenues over (under) expenditures	3,164,613	(3,717,582)	(552,969)	1,359,149
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	-	2,810,000	2,810,000	2,355,000
Special assessment bonds issued	103,961	806,039	910,000	-
Premium on special assessment bonds	412	3,200	3,612	-
Discount on general obligation bonds	-	(19,270)	(19,270)	-
Transfers in	544,059	2,366,799	2,910,858	3,606,956
Transfers out	(3,778,463)	(421,182)	(4,199,645)	(4,803,175)
Total other financing sources (uses)	<u>(3,130,031)</u>	<u>5,545,586</u>	<u>2,415,555</u>	<u>1,158,781</u>
Net change in fund balance	34,582	1,828,004	1,862,586	2,517,930
Fund balance, January 1	3,915,992	2,515,273	6,431,265	3,913,335
Prior period adjustment	-	(1,435,000)	(1,435,000)	-
Fund balance, December 31	<u>\$3,950,574</u>	<u>\$2,908,277</u>	<u>\$6,858,851</u>	<u>\$6,431,265</u>

*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 nonmajor 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 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 revenues such as user fees, concessions, and facility rentals.

**Emergency Levy** - To account for the operation of a fund 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 to purchase and replace 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 department. 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, and 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 the annual street improvement and street seal programs. The City has a fixed levy for this program.

**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, 2006**  
**With Comparative Totals for December 31, 2005**

<b>ASSETS</b>	<b>Public Transportation</b>	<b>Library</b>	<b>Recreation Auditorium</b>	<b>Emergency Levy</b>	<b>Equipment Purchase</b>	<b>Fire Equipment Purchase</b>
Cash and cash equivalents	\$46,169	\$5,081	\$0	\$61,697	\$41,106	\$9,875
Taxes receivable delinquent	6,022	28,268	20,706	1,324	1,271	1,941
Special assessments deferred	-	-	-	-	-	-
Special assessments delinquent	-	-	-	-	-	-
Accounts receivable	274	-	8,803	-	-	-
Advance to other funds	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other agencies	80,686	-	3,140	-	2,885	-
Inventory	-	-	4,425	-	-	-
Total assets	<b>\$133,151</b>	<b>\$33,349</b>	<b>\$37,074</b>	<b>\$63,021</b>	<b>\$45,262</b>	<b>\$11,816</b>
<b>LIABILITIES</b>						
Retainage payable	\$0	\$0	\$0	\$0	\$0	\$0
Due to other funds	-	-	14,466	-	-	-
Due to other agencies	2,174	3,353	7,061	-	-	1,079
Accrued salaries payable	2,299	10,898	11,907	-	-	-
Deferred revenue	5,439	25,507	21,234	1,204	1,126	1,731
Total liabilities	9,912	39,758	54,668	1,204	1,126	2,810
<b>FUND BALANCE</b>						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for advances	-	-	-	-	-	-
Reserved for inventory	-	-	4,425	-	-	-
Reserved for property tax relief	-	-	-	-	-	-
Reserved for capital improvements	-	-	-	-	-	-
Unreserved						
Designated						
Memorial	-	-	-	-	-	-
Maintenance and operations	-	-	-	-	-	-
Undesignated	123,239	(6,409)	(22,019)	61,817	44,136	9,006
Total fund balance	123,239	(6,409)	(17,594)	61,817	44,136	9,006
Total liabilities and fund balance	<b>\$133,151</b>	<b>\$33,349</b>	<b>\$37,074</b>	<b>\$63,021</b>	<b>\$45,262</b>	<b>\$11,816</b>

(continued)

**City of Minot, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

<b>ASSETS</b>	<b>Sales Tax Property Tax Relief</b>	<b>Sales Tax Capital Improvements</b>	<b>Sales Tax Flood Control</b>	<b>Sidewalk Improvements</b>
Cash and cash equivalents	\$153,938	\$176,147	\$2,230,647	\$0
Taxes receivable delinquent	-	-	-	-
Special assessments deferred	-	-	-	-
Special assessments delinquent	-	-	-	212
Accounts receivable	-	-	-	-
Advance to other funds	-	-	-	-
Due from other funds	-	16,765	-	-
Due from other agencies	45,306	226,530	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<b>\$199,244</b>	<b>\$419,442</b>	<b>\$2,230,647</b>	<b>\$212</b>
<b>LIABILITIES</b>				
Retainage payable	\$0	\$0	\$0	\$466
Due to other funds	-	-	-	2,299
Due to other agencies	-	-	-	-
Accrued salaries payable	-	-	-	-
Deferred revenue	-	-	-	212
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,977</b>
<b>FUND BALANCE</b>				
Reserved for encumbrances	-	-	-	-
Reserved for advances	-	-	-	-
Reserved for inventory	-	-	-	-
Reserved for property tax relief	199,244	-	-	-
Reserved for capital improvements	-	419,442	-	-
Unreserved				
Designated				
Memorial	-	-	-	-
Maintenance and operations	-	-	2,000,000	-
Undesignated	-	-	230,647	(2,765)
<b>Total fund balance</b>	<b>199,244</b>	<b>419,442</b>	<b>2,230,647</b>	<b>(2,765)</b>
<b>Total liabilities and fund balance</b>	<b>\$199,244</b>	<b>\$419,442</b>	<b>\$2,230,647</b>	<b>\$212</b>

(continued)

**City of Minot, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	Street Reserve	Special Assessment Deficiency	Demolitions	Total 2006	Total 2005
<b>ASSETS</b>					
Cash and cash equivalents	\$285,556	\$567,512	\$507	\$3,578,235	\$3,284,434
Taxes receivable delinquent	31,837	-	3	91,372	85,169
Special assessments deferred	-	1,511	63,515	65,026	51,040
Special assessments delinquent	-	3,417	7,754	11,383	5,144
Accounts receivable	56,559	-	-	65,636	9,606
Advance to other funds	-	-	-	-	300,318
Due from other funds	-	-	-	16,765	181,110
Due from other agencies	-	-	-	358,547	335,586
Inventory	-	-	-	4,425	4,251
Total assets	<u>\$373,952</u>	<u>\$572,440</u>	<u>\$71,779</u>	<u>\$4,191,389</u>	<u>\$4,256,658</u>
<b>LIABILITIES</b>					
Retainage payable	\$0	\$0	\$0	\$466	\$7,780
Due to other funds	-	-	-	16,765	120,817
Due to other agencies	23,529	-	-	37,196	63,328
Accrued salaries payable	-	-	-	25,104	16,499
Deferred revenue	28,634	4,926	71,271	161,284	132,242
Total liabilities	<u>52,163</u>	<u>4,926</u>	<u>71,271</u>	<u>240,815</u>	<u>340,666</u>
<b>FUND BALANCE</b>					
Reserved for encumbrances	-	-	-	-	147,538
Reserved for advances	-	-	-	-	300,318
Reserved for inventory	-	-	-	4,425	4,251
Reserved for property tax relief	-	-	-	199,244	163,214
Reserved for capital improvements	-	-	-	419,442	653,092
Unreserved					
Designated					
Memorial	-	-	-	-	5,114
Maintenance and operations	-	-	-	2,000,000	2,000,000
Undesignated	321,789	567,514	508	1,327,463	642,465
Total fund balance	<u>321,789</u>	<u>567,514</u>	<u>508</u>	<u>3,950,574</u>	<u>3,915,992</u>
Total liabilities and fund balance	<u>\$373,952</u>	<u>\$572,440</u>	<u>\$71,779</u>	<u>\$4,191,389</u>	<u>\$4,256,658</u>

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

(continued)

**City of Minot, North Dakota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Public</b>		<b>Recreation</b>	<b>Emergency</b>	<b>Equipment</b>	<b>Fire</b>
<b>REVENUES</b>	<b>Transportation</b>	<b>Library</b>	<b>Auditorium</b>	<b>Levy</b>	<b>Purchase</b>	<b>Equipment Purchase</b>
Property tax collections	\$176,066	\$847,248	\$645,558	\$36,873	\$48,106	\$68,830
Special assessment collections	-	-	-	-	-	-
Sales tax collections	-	-	-	-	-	-
Intergovernmental	249,063	50,750	-	-	-	-
Charges for services	61,741	21,701	352,613	-	-	-
Interest income	2,305	6,123	4,599	1,275	-	924
Miscellaneous	1,986	20,261	16,943	-	67,034	-
Total revenues	<u>491,161</u>	<u>946,083</u>	<u>1,019,713</u>	<u>38,148</u>	<u>115,140</u>	<u>69,754</u>
<b>EXPENDITURES</b>						
Current						
General government	460,282	-	-	18,355	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	794,534	1,064,732	-	-	-
Capital outlay						
Equipment	44,680	164,613	3,418	-	427,219	44,257
Infrastructure	-	-	-	-	-	-
Debt retirement						
Interest and fiscal charges	-	-	-	-	906	-
Total expenditures	<u>504,962</u>	<u>959,147</u>	<u>1,068,150</u>	<u>18,355</u>	<u>428,125</u>	<u>44,257</u>
Excess (deficiency) of revenues over (under) expenditures	(13,801)	(13,064)	(48,437)	19,793	(312,985)	25,497
<b>OTHER FINANCING SOURCES (USES)</b>						
Special assessment bonds issued	-	-	-	-	-	-
Premium on special assessment bonds	-	-	-	-	-	-
Transfers in	-	139	33,333	-	275,906	-
Transfers out	(2,305)	-	(25,935)	(1,275)	-	(25,238)
Total other financing sources (uses)	<u>(2,305)</u>	<u>139</u>	<u>7,398</u>	<u>(1,275)</u>	<u>275,906</u>	<u>(25,238)</u>
Net change in fund balance	(16,106)	(12,925)	(41,039)	18,518	(37,079)	259
Fund balance (deficit), January 1	139,345	6,516	23,445	43,299	81,215	8,747
Fund balance (deficit), December 31	<u>\$123,239</u>	<u>(\$6,409)</u>	<u>(\$17,594)</u>	<u>\$61,817</u>	<u>\$44,136</u>	<u>\$9,006</u>

(continued)

**City of Minot, North Dakota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Sales Tax Property Tax Relief</b>	<b>Sales Tax Capital Improvements</b>	<b>Sales Tax Flood Control</b>	<b>Sidewalk Improvements</b>	<b>Street Reserves</b>
<b>REVENUES</b>					
Property tax collections	\$0	\$0	\$0	\$0	\$1,001,745
Special assessment collections	-	-	-	-	-
Sales tax collections	596,030	2,980,148	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest income	6,344	18,124	46,771	-	12,504
Miscellaneous	-	15,000	-	-	-
Total revenues	<u>602,374</u>	<u>3,013,272</u>	<u>46,771</u>	<u>-</u>	<u>1,014,249</u>
<b>EXPENDITURES</b>					
Current					
General government	-	363,469	3,850	-	-
Highways and streets	-	3,950	-	21,764	807,702
Culture and recreation	-	-	-	-	-
Capital outlay					
Equipment	-	-	-	-	-
Infrastructure	-	-	-	-	-
Debt retirement					
Interest and fiscal charges	-	-	-	3,120	-
Total expenditures	<u>-</u>	<u>367,419</u>	<u>3,850</u>	<u>24,884</u>	<u>807,702</u>
Excess (deficiency) of revenues over (under) expenditures	602,374	2,645,853	42,921	(24,884)	206,547
<b>OTHER FINANCING SOURCES (USES)</b>					
Special assessment bonds issued	-	-	-	59,666	-
Premium on special assessment bonds	-	-	-	236	-
Transfers in	-	140,184	-	93,650	-
Transfers out	(566,344)	(3,023,317)	(46,771)	(974)	(12,504)
Total other financing sources (uses)	<u>(566,344)</u>	<u>(2,883,133)</u>	<u>(46,771)</u>	<u>152,578</u>	<u>(12,504)</u>
Net change in fund balance	36,030	(237,280)	(3,850)	127,694	194,043
Fund balance (deficit), January 1	163,214	656,722	2,234,497	(130,459)	127,746
Fund balance (deficit), December 31	<u>\$199,244</u>	<u>\$419,442</u>	<u>\$2,230,647</u>	<u>(\$2,765)</u>	<u>\$321,789</u>

(continued)

**City of Minot, North Dakota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year December 31, 2006**  
**With Comparative Totals for December 31, 2005**

<b>REVENUES</b>	<b>Special Assessment Deficiency</b>	<b>Demolitions</b>	<b>Total 2006</b>	<b>Total 2005</b>
Property tax collections	\$21	\$271	\$2,824,718	\$2,481,526
Special assessment collections	2,324	-	2,324	3,933
Sales tax collections	-	-	3,576,178	3,306,425
Intergovernmental	-	-	299,813	414,555
Charges for services	-	-	436,055	443,258
Interest income	13,657	-	112,626	123,455
Miscellaneous	20,199	15,817	157,240	220,716
Total revenues	<u>36,201</u>	<u>16,088</u>	<u>7,408,954</u>	<u>6,993,868</u>
<b>EXPENDITURES</b>				
Current				
General government	40	16,603	862,599	760,073
Highways and streets	-	-	833,416	977,030
Culture and recreation	-	-	1,859,266	1,858,446
Capital outlay				
Equipment	-	-	684,187	529,701
Infrastructure	-	-	-	52,207
Debt retirement				
Interest and fiscal charges	-	847	4,873	4,025
Total expenditures	<u>40</u>	<u>17,450</u>	<u>4,244,341</u>	<u>4,181,482</u>
Excess (deficiency) of revenues over (under) expenditures	36,161	(1,362)	3,164,613	2,812,386
<b>OTHER FINANCING SOURCES (USES)</b>				
Special assessment bonds issued	-	44,295	103,961	-
Premium on special assessment bonds	-	176	412	-
Transfers in	-	847	544,059	445,799
Transfers out	(73,800)	-	(3,778,463)	(3,456,122)
Total other financing sources (uses)	<u>(73,800)</u>	<u>45,318</u>	<u>(3,130,031)</u>	<u>(3,010,323)</u>
Net change in fund balance	(37,639)	43,956	34,582	(197,937)
Fund balance (deficit), January 1	605,153	(43,448)	3,915,992	4,113,929
Fund balance (deficit), December 31	<u>\$567,514</u>	<u>\$508</u>	<u>\$3,950,574</u>	<u>\$3,915,992</u>

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

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Public Transportation</b>			
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Property tax collections	\$181,302	\$181,302	\$176,066	(\$5,236)
Sales tax collections	-	-	-	-
Intergovernmental	299,520	299,520	249,063	(50,457)
Charges for services	60,000	60,000	61,741	1,741
Interest income	-	-	2,305	2,305
Miscellaneous	2,133	2,133	1,986	(147)
Total revenues	<u>542,955</u>	<u>542,955</u>	<u>491,161</u>	<u>(51,794)</u>
<b>EXPENDITURES</b>				
Current				
General government	486,705	486,705	460,282	26,423
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Equipment	56,250	228,497	44,680	183,817
Infrastructure	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>542,955</u>	<u>715,202</u>	<u>504,962</u>	<u>210,240</u>
Excess (deficiency) of revenues over (under) expenditures	-	(172,247)	(13,801)	158,446
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(2,305)	(2,305)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,305)</u>	<u>(2,305)</u>
Net change in fund balance	<u>\$0</u>	<u>(\$172,247)</u>	<u>(16,106)</u>	<u>\$156,141</u>
Fund balance, January 1			<u>139,345</u>	
Fund balance, December 31			<u>\$123,239</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Library</b>			
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Property tax collections	\$872,937	\$872,937	\$847,248	(\$25,689)
Sales tax collections	-	-	-	-
Intergovernmental	76,750	76,750	50,750	(26,000)
Charges for services	20,000	20,000	21,701	1,701
Interest income	5,000	5,000	6,123	1,123
Miscellaneous	21,647	21,647	20,261	(1,386)
Total revenues	<u>996,334</u>	<u>996,334</u>	<u>946,083</u>	<u>(50,251)</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	792,084	792,205	794,534	(2,329)
Equipment	204,250	204,250	164,613	39,637
Infrastructure	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>996,334</u>	<u>996,455</u>	<u>959,147</u>	<u>37,308</u>
Excess (deficiency) of revenues over (under) expenditures	-	(121)	(13,064)	(12,943)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	139	139
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>139</u>	<u>139</u>
Net change in fund balance	<u>\$0</u>	<u>(\$121)</u>	<u>(12,925)</u>	<u>(\$12,804)</u>
Fund balance, January 1			<u>6,516</u>	
Fund balance (deficit), December 31			<u>(\$6,409)</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Recreation/Auditorium</b>		
	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property tax collections	\$666,266	\$645,558	(\$20,708)
Sales tax collections	-	-	-
Intergovernmental	-	-	-
Charges for services	455,148	352,613	(102,535)
Interest income	-	4,599	4,599
Miscellaneous	7,984	16,943	8,959
Total revenues	<u>1,129,398</u>	<u>1,019,713</u>	<u>(109,685)</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	1,124,398	1,064,732	59,666
Equipment	5,000	3,418	1,582
Infrastructure	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,129,398</u>	<u>1,068,150</u>	<u>61,248</u>
Excess (deficiency) of revenues over (under) expenditures	-	(48,437)	(48,437)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	33,333	33,333
Transfers out	-	(25,935)	(25,935)
Total other financing sources (uses)	<u>-</u>	<u>7,398</u>	<u>7,398</u>
Net change in fund balance	<u>\$0</u>	(41,039)	<u>(\$41,039)</u>
Fund balance, January 1		<u>23,445</u>	
Fund balance (deficit), December 31		<u>(\$17,594)</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Emergency Levy</b>		
	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property tax collections	\$38,051	\$36,873	(\$1,178)
Sales tax collections	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest income	-	1,275	1,275
Miscellaneous	-	-	-
Total revenues	<u>38,051</u>	<u>38,148</u>	<u>97</u>
<b>EXPENDITURES</b>			
Current			
General government	60,278	18,355	41,923
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Equipment	-	-	-
Infrastructure	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>60,278</u>	<u>18,355</u>	<u>41,923</u>
Excess (deficiency) of revenues over (under) expenditures	(22,227)	19,793	42,020
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(1,275)	(1,275)
Total other financing sources (uses)	<u>-</u>	<u>(1,275)</u>	<u>(1,275)</u>
Net change in fund balance	<u>(\$22,227)</u>	18,518	<u>\$40,745</u>
Fund balance, January 1		<u>43,299</u>	
Fund balance, December 31		<u>\$61,817</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Equipment Purchase</b>			
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Property tax collections	\$49,988	\$49,988	\$48,106	(\$1,882)
Sales tax collections	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	60,000	60,000	67,034	7,034
Total revenues	<u>109,988</u>	<u>109,988</u>	<u>115,140</u>	<u>5,152</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Equipment	437,900	482,342	427,219	55,123
Infrastructure	-	-	-	-
Interest and fiscal charges	-	-	906	(906)
Total expenditures	<u>437,900</u>	<u>482,342</u>	<u>428,125</u>	<u>54,217</u>
Excess (deficiency) of revenues over (under) expenditures	(327,912)	(372,354)	(312,985)	59,369
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	235,000	235,000	275,906	40,906
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>235,000</u>	<u>235,000</u>	<u>275,906</u>	<u>40,906</u>
Net change in fund balance	<u>(\$92,912)</u>	<u>(\$137,354)</u>	(37,079)	<u>\$100,275</u>
Fund balance, January 1			<u>81,215</u>	
Fund balance, December 31			<u>\$44,136</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Fire Equipment Purchase</b>		
	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property tax collections	\$70,133	\$68,830	(\$1,303)
Sales tax collections	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest income	-	924	924
Miscellaneous	-	-	-
Total revenues	<u>70,133</u>	<u>69,754</u>	<u>(379)</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Equipment	70,133	44,257	25,876
Infrastructure	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>70,133</u>	<u>44,257</u>	<u>25,876</u>
Excess (deficiency) of revenues over (under) expenditures	-	25,497	25,497
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(25,238)	25,238
Total other financing sources (uses)	<u>-</u>	<u>(25,238)</u>	<u>25,238</u>
Net change in fund balance	<u>\$0</u>	259	<u>\$259</u>
Fund balance, January 1		<u>8,747</u>	
Fund balance, December 31		<u>\$9,006</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Sales Tax Property Relief</b>		
	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property tax collections	\$0	\$0	\$0
Sales tax collections	560,000	596,030	36,030
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest income	-	6,344	6,344
Miscellaneous	-	-	-
Total revenues	<u>560,000</u>	<u>602,374</u>	<u>42,374</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Equipment	-	-	-
Infrastructure	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	560,000	602,374	42,374
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(560,000)	(566,344)	(6,344)
Total other financing sources (uses)	<u>(560,000)</u>	<u>(566,344)</u>	<u>(6,344)</u>
Net change in fund balance	<u>\$0</u>	36,030	<u>\$36,030</u>
Fund balance, January 1		<u>163,214</u>	
Fund balance, December 31		<u>\$199,244</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

<b>Sales Tax Capital Improvements</b>				
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Property tax collections	\$0	\$0	\$0	\$0
Sales tax collections	2,500,000	2,500,000	2,980,148	480,148
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	18,124	18,124
Miscellaneous	-	-	15,000	15,000
Total revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>3,013,272</u>	<u>513,272</u>
<b>EXPENDITURES</b>				
Current				
General government	85,000	427,500	363,469	64,031
Public safety	-	40,000	-	40,000
Highways and streets	-	-	3,950	(3,950)
Culture and recreation	-	-	-	-
Equipment	-	-	-	-
Infrastructure	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>85,000</u>	<u>467,500</u>	<u>367,419</u>	<u>100,081</u>
Excess (deficiency) of revenues over (under) expenditures	2,415,000	2,032,500	2,645,853	613,353
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	140,184	140,184
Transfers out	(2,415,000)	(2,910,218)	(3,023,317)	(113,099)
Total other financing sources (uses)	<u>(2,415,000)</u>	<u>(2,910,218)</u>	<u>(2,883,133)</u>	<u>27,085</u>
Net change in fund balance	<u>\$0</u>	<u>(\$877,718)</u>	<u>(237,280)</u>	<u>\$640,438</u>
Fund balance, January 1			<u>656,722</u>	
Fund balance, December 31			<u>\$419,442</u>	

(continued)

**City of Minot, North Dakota**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance, Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

<b>REVENUES</b>	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>2006 Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>2005 Actual Amounts</b>
Property tax collections	\$1,174,360	\$1,878,677	\$1,822,681	(\$55,996)	\$1,607,333
Sales tax collections	2,500,000	3,060,000	3,576,178	516,178	3,306,425
Intergovernmental	376,270	376,270	299,813	(76,457)	414,555
Charges for services	80,000	535,148	436,055	(99,093)	443,258
Interest income	5,000	5,000	39,694	34,694	52,239
Miscellaneous	83,780	91,764	121,224	29,460	136,512
Total revenues	<u>4,219,410</u>	<u>5,946,859</u>	<u>6,295,645</u>	<u>348,786</u>	<u>5,960,322</u>
<b>EXPENDITURES</b>					
Current					
General government	571,705	974,483	842,106	132,377	752,425
Public safety	-	40,000	-	40,000	-
Highways and streets	-	-	3,950	(3,950)	54,450
Culture and recreation	792,084	1,916,603	1,859,266	57,337	1,858,446
Equipment	768,533	990,222	684,187	306,035	529,701
Infrastructure	-	-	-	-	52,207
Interest and fiscal charges	-	-	906	(906)	-
Total expenditures	<u>2,132,322</u>	<u>3,921,308</u>	<u>3,390,415</u>	<u>530,893</u>	<u>3,247,229</u>
Excess (deficiency) of revenues over (under) expenditures	2,087,088	2,025,551	2,905,230	879,679	2,713,093
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	235,000	235,000	449,562	214,562	346,958
Transfers out	<u>(2,415,000)</u>	<u>(3,470,218)</u>	<u>(3,644,414)</u>	<u>(174,196)</u>	<u>(2,912,060)</u>
Total other financing sources (uses)	<u>(2,180,000)</u>	<u>(3,235,218)</u>	<u>(3,194,852)</u>	<u>40,366</u>	<u>(2,565,102)</u>
Net change in fund balance	<u>(\$92,912)</u>	<u>(\$1,209,667)</u>	<u>(289,622)</u>	<u>\$920,045</u>	147,991
Fund balance, January 1			<u>1,122,503</u>		<u>974,512</u>
Fund balance, December 31			<u>\$832,881</u>		<u>\$1,122,503</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 nonmajor 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 for the purchase of budgeted fire equipment. 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. Funding is provided by a monthly charge on user water bills.

**City of Minot, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Highway Reserve</b>	<b>Sertoma Sports Complex</b>	<b>Assessment Capital</b>	<b>Fire Equipment</b>	<b>Sales Tax Capital</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$2,623,075	\$13,105	\$0	\$130,222	\$663,860
Taxes receivable delinquent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	87,604	-	-	-	-
Due from other agencies	202,650	-	-	-	601
Total assets	<u>\$2,913,329</u>	<u>\$13,105</u>	<u>\$0</u>	<u>\$130,222</u>	<u>\$664,461</u>
<b>LIABILITIES</b>					
Accounts payable	\$288	\$0	\$50,254	\$0	\$0
Retainage payable	24,633	-	3,620	-	537
Due to other funds	502,250	-	10,610	-	-
Due to other agencies	184,970	2,250	-	-	18,263
Deferred revenue	-	-	-	-	-
Total liabilities	<u>712,141</u>	<u>2,250</u>	<u>64,484</u>	<u>-</u>	<u>18,800</u>
<b>FUND BALANCE</b>					
Designated				130,222	
Undesignated	2,201,188	10,855	(64,484)	-	645,661
Total fund balance (deficit)	<u>2,201,188</u>	<u>10,855</u>	<u>(64,484)</u>	<u>130,222</u>	<u>645,661</u>
Total liabilities and fund balance	<u>\$2,913,329</u>	<u>\$13,105</u>	<u>\$0</u>	<u>\$130,222</u>	<u>\$664,461</u>

**City of Minot, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Library Construction</b>	<b>Storm Sewer Development</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$0	\$785,441	\$4,215,703	\$2,356,984
Taxes receivable delinquent	-	-	-	4
Accounts receivable	-	12,227	12,227	12,912
Due from other funds	-	-	87,604	549,340
Due from other agencies	-	-	203,251	202,060
Total assets	<u>\$0</u>	<u>\$797,668</u>	<u>\$4,518,785</u>	<u>\$3,121,300</u>
<b>LIABILITIES</b>				
Accounts payable	\$0	\$0	\$50,542	\$0
Retainage payable	-	-	28,790	178,474
Due to other funds	76,994	735,839	1,325,693	346,354
Due to other agencies	-	-	205,483	81,195
Deferred revenue	-	-	-	4
Total liabilities	<u>76,994</u>	<u>735,839</u>	<u>1,610,508</u>	<u>606,027</u>
<b>FUND BALANCE</b>				
Designated			130,222	-
Undesignated	(76,994)	61,829	2,778,055	2,515,273
Total fund balance (deficit)	<u>(76,994)</u>	<u>61,829</u>	<u>2,908,277</u>	<u>2,515,273</u>
Total liabilities and fund balance	<u>\$0</u>	<u>\$797,668</u>	<u>\$4,518,785</u>	<u>\$3,121,300</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	Sertoma			
	Highway Reserve	Sports Complex	Assessment Capital	Fire Equipment
<b>REVENUES</b>				
Property tax collections	\$5	\$0	\$0	\$0
Interest income	30,107	63	-	1,806
Miscellaneous	244,286	19,115	-	-
Total revenues	<u>274,398</u>	<u>19,178</u>	<u>-</u>	<u>1,806</u>
<b>EXPENDITURES</b>				
Current				
General government	860	-	-	-
Highways and streets	-	-	-	-
Capital outlay				
Contracted work	1,415,690	-	631,791	-
Equipment	-	-	-	-
Legal	38,191	-	19,074	-
Other	61,277	-	-	-
Acquisitions	164,826	-	-	-
Engineering	501,157	-	177,930	-
Debt retirement				
Interest and fiscal charges	56,929	-	8,416	-
Total expenditures	<u>2,238,930</u>	<u>-</u>	<u>837,211</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1,964,532)	19,178	(837,211)	1,806
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	2,810,000	-	-	-
Special assessment bonds issued	-	-	806,039	-
Premium on special assessments bonds	-	-	3,200	-
Discount on general obligation bonds	(19,270)	-	-	-
Transfers in	697,944	-	8,514	60,623
Transfers out	(166,972)	(63)	(151,811)	(1,806)
Total other financing sources (uses)	<u>3,321,702</u>	<u>(63)</u>	<u>665,942</u>	<u>58,817</u>
Net change in fund balance	1,357,170	19,115	(171,269)	60,623
Fund balance (deficit), January 1	1,561,518	(8,260)	106,785	69,599
Prior period adjustment	(717,500)	-	-	-
Fund balance (deficit), December 31	<u>\$2,201,188</u>	<u>\$10,855</u>	<u>(\$64,484)</u>	<u>\$130,222</u>

**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, 2006**  
**With Comparative Totals for December 31, 2005**

<b>REVENUES</b>	<b>Sales Tax Capital</b>	<b>Library</b>	<b>Storm Sewer Development</b>	<b>Total 2006</b>	<b>Total 2005</b>
Property tax collections	\$0	\$0	\$0	\$5	\$214
Interest income	8,630	-	21,685	62,291	41,715
Miscellaneous	601	3,600	280,959	548,561	374,517
Total revenues	<u>9,231</u>	<u>3,600</u>	<u>302,644</u>	<u>610,857</u>	<u>416,446</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	447	1,307	72,893
Highways and streets	-	-	-	-	56,826
Capital outlay					
Contracted work	578,151	-	-	2,625,632	683,249
Equipment	44,442	-	-	44,442	46,772
Legal	1,240	-	-	58,505	36,581
Other	628	26,249	-	88,154	28,064
Acquisitions	495,205	-	-	660,031	125,286
Engineering	14,387	-	-	693,474	820,012
Debt retirement					
Interest and fiscal charges	-	31	91,518	156,894	-
Total expenditures	<u>1,134,053</u>	<u>26,280</u>	<u>91,965</u>	<u>4,328,439</u>	<u>1,869,683</u>
Excess (deficiency) of revenues over (under) expenditures	(1,124,822)	(22,680)	210,679	(3,717,582)	(1,453,237)
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation bonds issued	-	-	-	2,810,000	2,355,000
Special assessment bonds issued	-	-	-	806,039	-
Premium on special assessments bonds	-	-	-	3,200	-
Discount on general obligation bonds	-	-	-	(19,270)	-
Transfers in	1,599,718	-	-	2,366,799	3,161,157
Transfers out	(78,814)	(31)	(21,685)	(421,182)	(1,347,053)
Total other financing sources (uses)	<u>1,520,904</u>	<u>(31)</u>	<u>(21,685)</u>	<u>5,545,586</u>	<u>4,169,104</u>
Net change in fund balance	396,082	(22,711)	188,994	1,828,004	2,715,867
Fund balance (deficit), January 1	249,579	(54,283)	590,335	2,515,273	(200,594)
Prior period adjustment	-	-	(717,500)	(1,435,000)	-
Fund balance (deficit), December 31	<u>\$645,661</u>	<u>(\$76,994)</u>	<u>\$61,829</u>	<u>\$2,908,277</u>	<u>\$2,515,273</u>

*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) 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 has 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, 2006**

**With Comparative Totals for December 31, 2005**

	<b>Nonmajor Business-Type Activities</b>		<b>Total Nonmajor Proprietary Funds 2006</b>	<b>Total Nonmajor Proprietary Funds 2005</b>
	<b>Cemetery</b>	<b>Parking Authority</b>		
<b>ASSETS</b>				
Cash and cash equivalents	\$124,887	\$34,968	\$159,855	\$62,365
Taxes receivable delinquent	1,355	-	1,355	1,147
Accounts receivable	9,585	-	9,585	12,385
Due from other funds	-	-	-	16,172
Total assets	<u>135,827</u>	<u>34,968</u>	<u>170,795</u>	<u>92,069</u>
Capital assets				
Land	118,396	136,397	254,793	254,793
Buildings	149,327	183,172	332,499	332,499
Improvements	39,526	131,575	171,101	208,324
Equipment	129,928	308,713	438,641	437,026
Total capital assets	<u>437,177</u>	<u>759,857</u>	<u>1,197,034</u>	<u>1,232,642</u>
Less-accumulated depreciation	<u>(248,853)</u>	<u>(489,084)</u>	<u>(737,937)</u>	<u>(697,618)</u>
Net capital assets	<u>188,324</u>	<u>270,773</u>	<u>459,097</u>	<u>535,024</u>
Total assets	<u><u>\$324,151</u></u>	<u><u>\$305,741</u></u>	<u><u>\$629,892</u></u>	<u><u>\$627,093</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$9	\$0	\$9	\$0
Due to other funds	-	-	-	16,172
Due to other agencies	673	600	1,273	1,708
Accrued vacation payable	8,295	-	8,295	11,945
Accrued salaries payable	2,204	2,375	4,579	3,086
Bonds payable-current	-	-	-	65,000
Accrued interest payable	-	357	357	357
Total liabilities	<u>11,181</u>	<u>3,332</u>	<u>14,513</u>	<u>98,268</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	188,324	270,773	459,097	470,024
Restricted for perpetual care	38,250	-	38,250	38,250
Restricted for chapel/veteran's memorial	5,224	-	5,224	3,913
Unrestricted	81,172	31,636	112,808	16,638
Total net assets	<u><u>\$312,970</u></u>	<u><u>\$302,409</u></u>	<u><u>\$615,379</u></u>	<u><u>\$528,825</u></u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	<u>Nonmajor Business-Type Activities</u>		<u>Total Nonmajor Proprietary Funds 2006</u>	<u>Total Nonmajor Proprietary Funds 2005</u>
	<u>Cemetery</u>	<u>Parking Authority</u>		
<b>OPERATING REVENUES</b>				
Charges for services	\$215,906	\$118,929	\$334,835	\$332,401
Miscellaneous	195	-	195	745
Total operating revenues	<u>216,101</u>	<u>118,929</u>	<u>335,030</u>	<u>333,146</u>
<b>OPERATING EXPENSES</b>				
Salaries	137,430	60,593	198,023	193,401
Employee benefits	31,636	10,688	42,324	44,981
Professional services	55	-	55	80
Property services	6,413	8,033	14,446	24,924
Purchased services	3,805	3,594	7,399	9,525
Supplies	10,421	7,512	17,933	19,458
Capital purchases	-	-	-	5,196
Sundry	23,237	11,764	35,001	33,806
Depreciation	9,162	41,112	50,274	55,996
Total operating expenses	<u>222,159</u>	<u>143,296</u>	<u>365,455</u>	<u>387,367</u>
Operating income (loss)	(6,058)	(24,367)	(30,425)	(54,221)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property tax collections	47,078	-	47,078	39,334
Interest income	2,550	577	3,127	2,241
Miscellaneous income	4,175	-	4,175	925
Gain on disposal of capital assets	-	67,612	67,612	-
Interest and fiscal charges	-	(2,487)	(2,487)	(6,332)
Total non-operating revenues (expenses)	<u>53,803</u>	<u>65,702</u>	<u>119,505</u>	<u>36,168</u>
Income (loss) before contributions and transfers	47,745	41,335	89,080	(18,053)
Capital contributions	309	-	309	99
Transfers in	-	-	-	794
Transfers out	(2,550)	(285)	(2,835)	-
Total contributions and transfers	<u>(2,241)</u>	<u>(285)</u>	<u>(2,526)</u>	<u>893</u>
Change in net assets	45,504	41,050	86,554	(17,160)
Net assets, January 1	267,466	261,359	528,825	545,985
Net assets, December 31	<u>\$312,970</u>	<u>\$302,409</u>	<u>\$615,379</u>	<u>\$528,825</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	Nonmajor Business-Type Activities		Total Nonmajor Proprietary Funds 2006	Total 2005
	Cemetery	Parking Authority		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$218,693	\$118,929	\$337,622	\$338,234
Payments to suppliers	(43,922)	(30,903)	(74,825)	(92,574)
Payments to employees	(172,838)	(69,666)	(242,504)	(236,560)
Internal activity - payments from (to) other funds	16,172	(16,172)	-	-
Due from (to) other agencies	(435)	-	(435)	758
Net cash provided (used) by operating activities	<u>17,670</u>	<u>2,188</u>	<u>19,858</u>	<u>9,858</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes received	51,253	-	51,253	40,035
Transfers in	-	-	-	759
Transfers out	(2,550)	(285)	(2,835)	(35)
Internal activity - payments from (to) other funds	-	-	-	296
Net cash provided (used) by noncapital financing activities	<u>48,703</u>	<u>(285)</u>	<u>48,418</u>	<u>41,055</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	309	-	309	99
Acquisition and construction of capital assets	(6,710)	-	(6,710)	-
Proceeds from sale of capital asset	-	99,975	99,975	-
Principal paid on capital debt	-	(65,000)	(65,000)	(60,000)
Interest paid on capital debt	-	(2,487)	(2,487)	(6,332)
Net cash provided (used) by capital and related financing activities	<u>(6,401)</u>	<u>32,488</u>	<u>26,087</u>	<u>(66,233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	2,550	577	3,127	2,241
Net cash provided by investing activities	<u>2,550</u>	<u>577</u>	<u>3,127</u>	<u>2,241</u>
Net increase (decrease) in cash and cash equivalents	62,522	34,968	97,490	(13,079)
Cash and cash equivalents, January 1	62,365	-	62,365	75,444
Cash and cash equivalents, December 31	<u>\$124,887</u>	<u>\$34,968</u>	<u>\$159,855</u>	<u>\$62,365</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(\$6,058)	(\$24,367)	(\$30,425)	(\$54,221)
Adjustments to reconcile operating income (loss) to Net cash provided by operating activities				
Depreciation expense	9,162	41,112	50,274	55,996
Change in assets and liabilities				
Receivables, net	2,592	-	2,592	5,833
Due to other agencies	(435)	-	(435)	758
Due from (to) other funds	16,172	(16,172)	-	-
Accounts payable	9	-	9	-
Accrued vacation payable	(3,650)	-	(3,650)	1,410
Accrued salaries payable	(122)	1,615	1,493	412
Accrued interest payable	-	-	-	(330)
Net cash provided (used) by operating activities	<u>\$17,670</u>	<u>\$2,188</u>	<u>\$19,858</u>	<u>\$9,858</u>

*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 and retirees.

**City of Minot, North Dakota**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Central Garage</b>	<b>Self Insurance</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$28,735	\$1,385,332	\$1,414,067	\$1,208,449
Accounts receivable	4,766	673	5,439	920
Due from other funds		-	-	25,977
Inventory	304,989	-	304,989	311,895
Total assets	<u>\$338,490</u>	<u>\$1,386,005</u>	<u>\$1,724,495</u>	<u>\$1,547,241</u>
<b>LIABILITIES</b>				
Accounts payable	151	-	151	37,791
Due to other funds	-	-	-	25,977
Insurance claims payable	-	73,470	73,470	109,286
Total liabilities	<u>151</u>	<u>73,470</u>	<u>73,621</u>	<u>173,054</u>
<b>NET ASSETS</b>				
Unrestricted	<u>338,339</u>	<u>1,312,535</u>	<u>1,650,874</u>	<u>1,374,187</u>
Total net assets	<u>\$338,339</u>	<u>\$1,312,535</u>	<u>\$1,650,874</u>	<u>\$1,374,187</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Central Garage</b>	<b>Self Insurance</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>OPERATING REVENUES</b>				
Sales	\$399,423	\$0	\$399,423	\$398,350
Cost of goods sold	(372,925)	-	(372,925)	(388,634)
Gross margin	26,498	-	26,498	9,716
Charges for services				
Employer	-	1,183,092	1,183,092	1,093,781
Employee	-	610,837	610,837	558,291
Total operating revenues	26,498	1,793,929	1,820,427	1,661,788
<b>OPERATING EXPENSES</b>				
Supplies	15,844	-	15,844	14,837
Insurance claims	-	1,587,190	1,587,190	1,631,663
Total operating expenses	15,844	1,587,190	1,603,034	1,646,500
Operating income (loss)	10,654	206,739	217,393	15,288
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	-	27,874	27,874	30,578
Miscellaneous income	41,042	18,252	59,294	17,169
Interest and fiscal charges	(160)	-	(160)	(1,403)
Total non-operating revenues (expenses)	40,882	46,126	87,008	46,344
Income (loss) before transfers	51,536	252,865	304,401	61,632
Transfers in	160	-	160	34,437
Transfers out	-	(27,874)	(27,874)	(30,578)
Total transfers in (out)	160	(27,874)	(27,714)	3,859
Change in net assets	51,696	224,991	276,687	65,491
Net assets, January 1	286,643	1,087,544	1,374,187	1,308,696
Net assets, December 31	\$338,339	\$1,312,535	\$1,650,874	\$1,374,187

*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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>Central Garage</b>	<b>Self Insurance</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$402,483	1,793,256	\$2,195,739	\$2,029,278
Payments to suppliers	(388,813)	(73,412)	(462,225)	(330,643)
Payments to employees	-	(1,587,190)	(1,587,190)	(1,631,663)
Internal activity - payments from (to) other funds	(25,977)	25,977	-	-
Net cash provided (used) by operating activities	<u>(12,307)</u>	<u>158,631</u>	<u>146,324</u>	<u>66,972</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	160	-	160	34,437
Transfers out	-	(27,874)	(27,874)	(30,578)
Internal activity - payments from (to) other funds	41,042	18,252	59,294	17,169
Net cash provided (used) by noncapital financing activities	<u>41,202</u>	<u>(9,622)</u>	<u>31,580</u>	<u>21,028</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid on capital debt	(160)	-	(160)	(1,403)
Net cash (used) by capital and related financing activities	<u>(160)</u>	<u>-</u>	<u>(160)</u>	<u>(1,403)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	-	27,874	27,874	30,578
Net cash provided by investing activities	<u>-</u>	<u>27,874</u>	<u>27,874</u>	<u>30,578</u>
Net increase in cash and cash equivalents	28,735	176,883	205,618	117,175
Cash and cash equivalents, January 1	-	1,208,449	1,208,449	1,091,274
Cash and cash equivalents, December 31	<u>\$28,735</u>	<u>\$1,385,332</u>	<u>\$1,414,067</u>	<u>\$1,208,449</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$10,654	\$206,739	\$217,393	\$15,288
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities				
Change in assets and liabilities				
Receivables, net	(3,846)	(673)	(4,519)	5,263
Inventory	6,906	-	6,906	(26,407)
Accounts payable	(44)	(37,596)	(37,640)	37,791
Insurance claims payable	-	(35,816)	(35,816)	35,037
Due to (from) other funds	(25,977)	25,977	-	-
Net cash provided (used) by operating activities	<u>(\$12,307)</u>	<u>\$158,631</u>	<u>\$146,324</u>	<u>\$66,972</u>

*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 receipt 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 5311 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.

**City of Minot, North Dakota**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>City Employee Pension Plan</b>	<b>Police Pension Plan</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$84,391	\$135,106	\$219,497	\$455,558
Investments				
Money market	1,795,669	264,666	2,060,335	-
U.S. government securities	-	-	-	45,901,387
Equity/stocks	16,468,500	5,253,122	21,721,622	-
Fixed income-tax exempt	1,390,359	461,779	1,852,138	-
Fixed income-taxable	16,982,231	5,718,442	22,700,673	-
Accrued interest receivable	-	-	-	510,731
Total assets	<u>\$36,721,150</u>	<u>\$11,833,115</u>	<u>\$48,554,265</u>	<u>\$46,867,676</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits & other purposes	<u>\$36,721,150</u>	<u>\$11,833,115</u>	<u>\$48,554,265</u>	<u>\$46,867,676</u>
Total net assets	<u>\$36,721,150</u>	<u>\$11,833,115</u>	<u>\$48,554,265</u>	<u>\$46,867,676</u>

*The accompanying notes to the financial statements are an intergal 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, 2006**  
**With Comparative Totals for December 31, 2005**

	<b>City Employee Pension Plan</b>	<b>Police Pension Plan</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>ADDITIONS</b>				
Contributions				
Employer	\$1,110,008	\$474,415	\$1,584,423	\$1,743,340
Employee	1,110,808	473,240	1,584,048	1,747,980
Total contributions	<u>2,220,816</u>	<u>947,655</u>	<u>3,168,471</u>	<u>3,491,320</u>
Investment earnings				
Interest	1,673,890	523,321	2,197,211	1,993,467
Net increase (decrease) in the fair value of investments	812,555	273,992	1,086,547	(1,085,740)
Total investment earnings	<u>2,486,445</u>	<u>797,313</u>	<u>3,283,758</u>	<u>907,727</u>
Less investment expense	181,561	206,916	388,477	63,205
Net investment earnings	<u>2,304,884</u>	<u>590,397</u>	<u>2,895,281</u>	<u>844,522</u>
Total additions	<u>4,525,700</u>	<u>1,538,052</u>	<u>6,063,752</u>	<u>4,335,842</u>
<b>DEDUCTIONS</b>				
Benefits paid to plan member and beneficiaries	3,119,304	847,138	3,966,442	3,318,824
Refunds paid to plan member and beneficiaries	60,173	51,892	112,065	166,767
Administrative expenses	213,791	84,865	298,656	208,362
Total deductions	<u>3,393,268</u>	<u>983,895</u>	<u>4,377,163</u>	<u>3,693,953</u>
Change in net assets	1,132,432	554,157	1,686,589	641,889
Net assets - January 1	<u>35,588,718</u>	<u>11,278,958</u>	<u>46,867,676</u>	<u>46,225,787</u>
Net assets- December 31	<u>\$36,721,150</u>	<u>\$11,833,115</u>	<u>\$48,554,265</u>	<u>\$46,867,676</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

<b>ASSETS</b>	<b>Payroll Deductions</b>	<b>Employer Social Security</b>	<b>Hotel/ Motel Tax</b>	<b>Total 2006</b>	<b>Total 2005</b>
Cash and cash equivalents	\$0	\$0	\$39,866	\$39,866	\$52,313
Taxes receivable delinquent	-	2,570	-	2,570	2,489
Due from other agencies	13,346	-	-	13,346	-
Total assets	<u>\$13,346</u>	<u>\$2,570</u>	<u>\$39,866</u>	<u>\$55,782</u>	<u>\$54,802</u>
<b>LIABILITIES</b>					
Due to other agencies	\$13,346	\$2,570	\$39,866	\$55,782	\$54,802
Total liabilities	<u>\$13,346</u>	<u>\$2,570</u>	<u>\$39,866</u>	<u>\$55,782</u>	<u>\$54,802</u>

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

**City of Minot, North Dakota**  
**Agency Funds Combining Statements of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended December 31, 2006**  
**With Comparative Totals for December 31, 2005**

	Beginning	Additions	Deletions	Ending
<b>PAYROLL DEDUCTIONS</b>				
Assets				
Cash and cash equivalents	\$13,044	\$2,830,980	\$2,844,024	\$0
Due from other agencies	-	13,346	-	13,346
Total assets	<u>\$13,044</u>	<u>\$2,844,326</u>	<u>\$2,844,024</u>	<u>\$13,346</u>
Liabilities				
Accounts payable	\$0	\$991,829	\$991,829	\$0
Due to other agencies	13,044	2,829,786	2,829,484	13,346
Total liabilities	<u>\$13,044</u>	<u>\$3,821,615</u>	<u>\$3,821,313</u>	<u>\$13,346</u>
<b>EMPLOYER SOCIAL SECURITY</b>				
Assets				
Cash and cash equivalents	\$0	\$74,577	\$74,577	\$0
Taxes receivable delinquent	2,489	79,225	79,144	2,570
Total assets	<u>\$2,489</u>	<u>\$153,802</u>	<u>\$153,721</u>	<u>\$2,570</u>
Liabilities				
Due to other agencies	\$2,489	\$77,979	\$77,898	\$2,570
Total liabilities	<u>\$2,489</u>	<u>\$77,979</u>	<u>\$77,898</u>	<u>\$2,570</u>
<b>COMMISSION ON AGING</b>				
Assets				
Cash and cash equivalents	\$0	\$75,258	\$75,258	\$0
Liabilities				
Due to other agencies	\$0	\$75,194	\$75,194	\$0
<b>HOTEL/MOTEL TAX</b>				
Assets				
Cash and cash equivalents	\$39,269	\$493,387	\$492,790	\$39,866
Liabilities				
Due to other agencies	\$39,269	\$489,475	\$488,878	\$39,866
<b>TOTAL 2006</b>				
Assets				
Cash and cash equivalents	\$52,313	\$3,474,202	\$3,486,649	\$39,866
Taxes receivable delinquent	2,489	79,225	79,144	2,570
Due from other agencies	-	13,346	-	13,346
Total assets	<u>\$54,802</u>	<u>\$3,566,773</u>	<u>\$3,486,649</u>	<u>\$55,782</u>
Liabilities				
Accounts payable	\$0	\$991,829	\$991,829	\$0
Due to other agencies	54,802	3,472,434	3,471,454	55,782
Total liabilities	<u>\$54,802</u>	<u>\$4,464,263</u>	<u>\$4,463,283</u>	<u>\$55,782</u>
<b>TOTAL 2005</b>				
Assets				
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
Total assets	<u>\$164,265</u>	<u>\$3,266,023</u>	<u>\$3,375,486</u>	<u>\$54,802</u>
Liabilities				
Accounts payable	\$0	\$851,686	\$851,686	\$0
Due to other agencies	164,265	3,295,457	3,404,920	54,802
Total liabilities	<u>\$164,265</u>	<u>\$4,147,143</u>	<u>\$4,256,606</u>	<u>\$54,802</u>

*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, 2006 and 2005**

<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>2006</b>	<b>2005</b>
Land	\$4,909,325	\$4,909,325
Buildings	12,038,096	12,038,096
Improvements	12,851,496	1,069,103
Equipment	8,125,771	8,369,104
Infrastructure	53,512,568	47,827,836
Books	3,972,137	3,905,089
Construction in progress	11,840,427	12,183,146
Total governmental funds capital assets	<u>\$107,249,820</u>	<u>\$90,301,699</u>

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

Capital project funds		
General obligation bonds and levies	\$6,168,741	\$6,237,284
Sales tax revenue bonds	190,916	190,916
Federal grants	40,543,055	40,817,230
State grants	1,037,022	1,037,021
County grants	214,124	214,124
Contributions from others	19,526,999	18,971,196
General fund	22,318,808	5,886,298
Special revenue	15,118,121	14,815,595
Urban renewal	465,739	465,739
Enterprise fund	1,666,296	1,666,296
Total governmental funds capital assets	<u>\$107,249,820</u>	<u>\$90,301,699</u>

*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, 2006**  
**With Comparative Totals for December 31, 2005**

FUNCTION OR ACTIVITY	Land	Buildings	Improvements	Equipment	Infrastructure	Books	Construction In Process	2006	2005
<b>General Government</b>									
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	-	78,090	-	-	-	3,556,992	3,556,402
Personnel	-	-	-	-	-	-	-	-	1,395
Finance	-	-	-	5,153	-	-	-	5,153	5,153
Assessor	-	-	-	82,413	-	-	-	82,413	63,414
Engineering	-	-	-	217,770	-	-	-	217,770	177,287
Inspection	-	-	-	151,139	-	-	-	151,139	128,806
Traffic control	-	-	576,015	218,787	5,088,006	-	-	5,882,808	5,286,105
Public works	-	1,432,856	-	58,347	-	-	-	1,491,203	1,491,203
General	4,186,089	119,425	-	-	-	-	11,840,427	16,145,941	16,488,660
Total general government	4,235,463	4,981,809	576,015	814,541	5,088,006	-	11,840,427	27,536,261	27,201,267
<b>Public Safety</b>									
Police	-	36,920	-	1,428,008	-	-	-	1,464,928	1,490,333
Fire	243,861	2,164,886	-	2,144,105	-	-	-	4,552,852	4,571,046
Total public safety	243,861	2,201,806	-	3,572,113	-	-	-	6,017,780	6,061,379
Street	-	32,582	11,159,606	1,744,010	48,424,561	-	-	61,360,759	44,811,222
Shop	-	-	7,815	96,598	-	-	-	104,413	107,578
Library	7,624	3,128,993	-	47,063	-	3,972,138	-	7,155,818	7,117,903
Public transportation	-	984,527	-	1,128,682	-	-	-	2,113,209	2,081,964
Auditorium	398,427	493,379	-	604,372	-	-	-	1,496,178	1,499,173
Recreation	23,950	215,000	1,108,060	118,392	-	-	-	1,465,402	1,421,213
Total governmental funds capital assets	\$4,909,325	\$12,038,096	\$12,851,496	\$8,125,771	\$53,512,567	\$3,972,138	\$11,840,427	\$107,249,820	\$90,301,699

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 Activity**  
**For the Fiscal Year Ended December 31, 2006**

<b>FUNCTION/ACTIVITY</b>	<b>Governmental Fund Capital Assets January 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Fund Capital Assets December 31</b>
<b>GENERAL GOVERNMENT</b>				
Manager	\$1,824	\$0	\$0	\$1,824
Clerk	1,018	-	-	1,018
Civic center/property maintenance	3,556,402	590	-	3,556,992
Personnel	1,395	-	1,395	0
Finance	5,153	-	-	5,153
Assessor	63,414	18,999	-	82,413
Engineering	177,287	51,773	11,290	217,770
Inspection	128,806	22,333	-	151,139
Traffic control	5,286,105	596,703	-	5,882,808
Public works	1,491,203	-	-	1,491,203
General	16,488,660	2,803,614	3,146,333	16,145,941
Total general government	<u>27,201,267</u>	<u>3,494,012</u>	<u>3,159,018</u>	<u>27,536,261</u>
<b>PUBLIC SAFETY</b>				
Police	1,490,333	41,724	67,129	1,464,928
Fire	4,571,046	22,923	41,117	4,552,852
Total public safety	<u>6,061,379</u>	<u>64,647</u>	<u>108,246</u>	<u>6,017,780</u>
Street	44,811,222	16,695,141	145,604	61,360,759
Shop	107,578	-	3,165	104,413
Library	7,117,903	72,144	34,229	7,155,818
Public transportation	2,081,964	31,245	-	2,113,209
Auditorium	1,499,173	-	2,995	1,496,178
Recreation	1,421,213	46,772	2,583	1,465,402
Total governmental funds capital assets	<u>\$90,301,699</u>	<u>\$20,403,961</u>	<u>\$3,455,840</u>	<u>\$107,249,820</u>

*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 Years Ended December 31, 2006 and 2005**

	<b>Land</b>	<b>Buildings</b>	<b>Improvements</b>	<b>Equipment</b>	<b>Infrastructure</b>	<b>Books</b>	<b>Construction In Process</b>	<b>2006</b>	<b>2005</b>
<b>GOVERNMENTAL FUNDS</b>									
<b>CAPITAL ASSETS</b>									
<b>JANUARY 1,</b>	\$4,909,325	\$12,038,096	\$1,069,103	\$8,369,104	\$47,827,836	\$3,905,089	\$12,183,146	\$90,301,699	\$93,909,289
<b>ADDITIONS</b>									
Capital project funds									
General fund	-	-	11,735,621	29,837	5,684,732	-	-	17,450,190	349,245
Special revenue	-	-	46,772	31,245	-	67,048	-	145,065	-
Enterprise funds	-	-	-	-	-	-	-	-	266,442
Transferred from enterprise	-	-	-	5,095	-	-	-	5,095	-
General fund transfers	-	-	-	134,258	-	-	2,803,614	2,937,872	1,529,890
Total additions	-	-	11,782,393	200,435	5,684,732	67,048	2,803,614	20,538,222	4,349,990
Total balance & additions	4,909,325	12,038,096	12,851,496	8,569,539	53,512,568	3,972,137	14,986,760	110,839,921	98,259,279
<b>DEDUCTIONS</b>									
Capital assets traded	-	-	-	2,995	-	-	-	2,995	102,595
Capital assets sold	-	-	-	198,480	-	-	-	198,480	128,184
Capitalized	-	-	-	-	-	-	3,146,333	3,146,333	1,709,109
Written off	-	-	-	108,035	-	-	-	108,035	637,253
Transferred to enterprise	-	-	-	-	-	-	-	-	5,359,599
General fund transfers	-	-	-	134,258	-	-	-	134,258	20,840
Total deductions	-	-	-	443,768	-	-	3,146,333	3,590,102	7,957,580
<b>GENERAL CAPITAL ASSETS</b>									
<b>DECEMBER 31,</b>	\$4,909,325	\$12,038,096	\$12,851,496	\$8,125,771	\$53,512,568	\$3,972,137	\$11,840,427	\$107,249,820	\$90,301,699

*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)  
unaudited

	<b>2001**</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Governmental Activities						
Invested in capital assets, net of related debt	(\$4,132,706)	\$27,618,820	\$31,309,332	\$51,958,589	\$46,333,667	\$59,016,537
Restricted						
Debt service	136,142	1,021,187	1,373,926	944,364	442,745	1,910,960
Capital projects	6,286,203	8,403,858	11,116,994	11,118,792	15,999,116	20,310,497
Unrestricted	16,068,448	9,415,049	19,164,126	11,114,418	15,107,715	18,686,263
Total governmental activities net assets	<u>\$18,358,087</u>	<u>\$46,458,914</u>	<u>\$62,964,378</u>	<u>\$75,136,163</u>	<u>\$77,883,243</u>	<u>\$99,924,257</u>
95 Business-Type Activities						
Invested in capital assets, net of related debt	\$37,972,659	\$50,309,487	\$53,280,312	\$51,899,651	\$58,821,571	\$58,453,802
Restricted	39,605	40,182	42,580	41,792	42,163	43,474
Unrestricted	5,482,401	5,050,928	6,282,767	4,525,305	4,479,980	4,645,085
Total business-type activities net assets	<u>\$43,494,665</u>	<u>\$55,400,597</u>	<u>\$59,605,659</u>	<u>\$56,466,748</u>	<u>\$63,343,714</u>	<u>\$63,142,361</u>
Government						
Invested in capital assets, net of related debt	\$33,839,953	\$77,928,307	\$84,589,644	\$103,858,240	\$105,155,238	\$117,470,339
Restricted	6,461,950	9,465,227	12,533,500	12,104,948	16,484,024	22,264,931
Unrestricted	21,550,849	14,465,977	25,446,893	15,639,723	19,587,695	23,331,348
Total government net assets	<u>\$61,852,752</u>	<u>\$101,859,511</u>	<u>\$122,570,037</u>	<u>\$131,602,911</u>	<u>\$141,226,957</u>	<u>\$163,066,618</u>

\*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.

\*\*Capital 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)  
unaudited

	2001	2002	2003	2004	2005	2006
<b>EXPENSES</b>						
Governmental activities						
General government	\$6,703,291	\$8,994,383	\$7,504,143	\$11,754,173	\$7,604,240	\$9,120,111
Public safety	6,349,105	6,614,253	7,046,392	7,596,040	7,672,804	7,903,316
Highways and streets	2,431,141	3,771,929	2,500,445	3,942,303	4,060,526	3,875,190
Culture and recreation	1,937,281	1,757,139	2,067,089	2,440,820	1,952,237	1,952,705
Community development	2,717,852	35,641	587,920	645,376	551,207	408,008
Interest on long-term debt	900,023	934,073	899,139	779,285	559,525	727,521
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>	<u>23,986,851</u>
Business-type activities						
Airport	1,889,375	1,763,660	1,893,121	2,307,295	2,359,727	2,675,382
Cemetery	214,164	222,538	213,527	225,415	228,538	222,159
Parking authority	174,108	170,617	182,440	176,985	165,161	178,147
Sanitation	1,649,318	1,633,854	1,823,056	2,397,135	1,898,475	1,924,082
Water and sewer	6,017,143	6,146,502	6,560,712	7,283,610	7,500,357	8,464,880
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>	<u>13,464,650</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>	<u>37,451,501</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	5,063,202
Public safety	559,843	547,670	877,607	820,566	835,844	917,002
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	54,016
Operating grants and contributions						
General government	1,534,042	289,859	937,622	816,833	414,555	299,813
Public safety	136,276	144,039	86,394	95,886	70,360	103,032
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	55,949
Highways and streets	-	-	8,139,850	4,425,385	-	12,478,554
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>	<u>18,971,568</u>
Business-type activities						
Charges for services						
Airport	870,528	934,580	972,965	892,093	952,201	998,941
Cemetery	148,694	172,217	155,278	152,580	172,847	225,234
Parking authority	193,422	187,177	174,441	174,464	160,299	123,237
Sanitation	1,992,773	1,849,448	1,984,815	1,830,479	1,958,064	2,099,706
Water and sewer	6,082,779	6,120,192	6,416,265	6,849,133	7,192,105	7,635,599
Operating grants and contributions						
Airport	167,182	283,684	283,152	293,426	295,190	282,857
Capital grants and contributions						
Airport	4,899,936	5,229,442	1,992,422	150,557	1,326,349	683,772
Cemetery	-	606	2,880	250	99	309
Parking authority	-	-	54,600	-	-	-
Water and sewer	-	129,097	2,990,415	628,482	519,377	1,294,055
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>	<u>13,343,710</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>	<u>32,315,278</u>

	2001	2002	2003	2004	2005	2006
Net (expense) revenue						
Governmental activities	(14,382,701)	(16,192,991)	(5,283,525)	(13,186,300)	(15,968,563)	(5,015,283)
Business-type activities	4,411,206	4,969,272	4,354,377	(1,418,976)	424,273	(120,940)
Total government net expense	(9,971,495)	(11,223,719)	(929,148)	(14,605,276)	(15,544,290)	(5,136,223)

#### GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS

Governmental activities						
Taxes						
Property taxes, levied for general purposes	5,890,594	6,121,577	6,333,804	6,412,849	6,327,110	7,065,705
Property taxes, levied for debt service	953,223	853,386	954,337	1,042,433	1,065,170	998,952
Sales taxes	8,993,959	9,668,627	9,537,654	10,127,486	11,021,415	11,920,592
Municipal highway tax	1,443,352	1,490,695	1,454,460	1,483,320	1,622,132	1,683,303
State aid distribution-unrestricted	1,083,818	1,068,268	1,062,948	1,224,252	1,321,497	1,424,650
Franchise taxes	259,244	269,602	299,824	348,130	348,019	370,158
Other taxes	280,398	656,423	326,351	301,605	321,245	309,801
Grants and contributions not restricted to specific programs						
Investment earnings	848,083	876,509	627,567	329,216	892,061	1,643,502
Miscellaneous	957,633	1,050,349	713,914	1,992,462	1,005,293	963,821
Transfers	172,516	434,927	478,130	2,096,332	(5,208,299)	675,813
Total governmental activities	20,882,820	22,490,363	21,788,989	25,358,085	18,715,643	27,056,297
Business-type activities:						
Taxes						
Property taxes, levied for general purposes	130,384	78,317	82,585	21,221	39,515	47,185
State aid distribution	3,800	3,800	3,800	3,800	-	-
Other taxes	247,015	198,737	102,183	199,379	182,858	322,184
Investment earnings	278,405	189,444	119,508	102,814	144,680	91,364
Miscellaneous	23,652	25,300	20,739	49,183	877,341	134,667
Transfers	(172,516)	(434,927)	(478,130)	(2,096,332)	5,208,299	(675,813)
Total business-type activities	510,740	60,671	(149,315)	(1,719,935)	6,452,693	(80,413)
Total government	21,393,560	22,551,034	21,639,674	23,638,150	25,168,336	26,975,884
Change in net assets						
Governmental activities	6,500,119	6,297,372	16,505,464	12,171,785	2,747,080	22,041,014
Business-type activities	4,921,946	5,029,943	4,205,062	(3,138,911)	6,876,966	(201,353)
Total government <sup>1</sup>	\$11,422,065	\$11,327,315	\$20,710,526	\$9,032,874	\$9,624,046	\$21,839,661

\*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.

2 The increase in 2006 was primarily due to donated capital assets from the South Broadway reconstruction.

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

<b>Year</b>	<b>Property Tax Levied for General Purposes</b>	<b>Property Tax Levied for Debt Service</b>	<b>Sales Tax</b>	<b>State Aid Distribution</b>	<b>Municipal Highway Tax</b>	<b>Franchise Tax</b>	<b>Other Tax</b>	<b>Total</b>
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
2006	7,065,705	998,952	11,920,592	1,424,650	1,683,303	370,158	309,801	23,773,161

\*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 allocation formula.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$0	\$25,396	\$6,030	\$11,254	\$27,481	\$29,902	\$25,417	\$5,021	\$6,734	\$0
Unreserved	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	3,643,208
Total general fund	<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>	<u>\$3,643,208</u>
All other governmental funds										
Reserved	\$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	\$21,126,377
Unreserved, reported in:										
Special revenue funds	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	7,797,181
Debt service funds	1,551,102	1,718,654	1,485,074	958,880	136,142	1,021,187	1,373,926	944,364	442,745	1,910,960
Capital project funds	(3,371,664)	1,181,490	1,160,624	(816,927)	395,947	(351,234)	520,760	(1,238,231)	2,515,273	2,908,277
Total all other governmental funds	<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>	<u>\$33,742,795</u>

1 The increase in total fund balance is explained in the Management Discussion and Analysis

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

	1997	1998	1999	2000	2001*	2002	2003	2004	2005	2006
<b>REVENUES</b>										
Property taxes	\$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	\$7,995,420
Special assessment collections	442,371	894,266	568,052	604,724	644,304	826,078	916,817	833,144	884,137	702,392
Sales tax collections	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	11,920,592
Licenses and permits	440,995	416,617	405,167	384,335	344,806	345,873	413,553	502,408	607,474	647,390
Intergovernmental	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	4,695,404
Charges for services	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	4,281,728
Fines and forfeits	388,098	400,258	312,727	381,848	444,103	431,493	573,961	493,287	520,615	524,050
Contributions from others	4,175	162,705	-	-	-	-	-	-	-	-
Interest income	982,910	1,016,488	861,129	1,004,368	848,083	876,509	604,167	329,216	892,061	1,643,502
Rental income	6,088	6,309	-	-	-	-	-	-	-	-
Miscellaneous	424,640	219,801	821,920	695,650	957,633	1,050,349	713,914	1,992,462	1,005,293	963,821
Total revenues	17,837,813	22,102,214	24,674,165	25,600,909	26,427,200	27,298,116	36,476,332	32,609,277	30,663,121	33,374,299
<b>EXPENDITURES</b>										
General government	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	8,001,249
Public safety	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	7,501,383
Highways and streets	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	2,210,048
Culture and recreation	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	1,859,266
Economic development	12,539	2,357,862	4,957,879	2,136,108	2,717,852	35,641	587,920	645,376	551,207	408,008
Bad debt	-	-	-	-	-	-	-	-	-	-
Capital outlay	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	4,854,425
Debt retirement										
Principal	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	2,415,000
Interest and fiscal charges	586,576	807,508	718,833	789,751	760,948	917,496	929,669	796,546	583,438	707,286
Intergovernmental	13,379	10,610	4,058,835	1,481,456	-	-	-	-	-	-
Total expenditures	20,965,062	23,582,967	29,895,966	27,580,342	27,319,538	29,402,828	38,698,340	33,064,149	24,435,469	27,956,665
Excess (deficiency) of revenues over (under) expenditures	(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	5,417,634
<b>OTHER FINANCING SOURCES (USES)</b>										
General obligation bonds issued	-	5,460,000	3,380,000	1,780,000	1,530,000	2,850,000	2,675,000	-	2,355,000	2,810,000
Proceeds from loan issue	2,000,000	63,489	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	1,740,000	-	2,205,000	-	-	910,000
Premium (discount) on debt issued	-	-	-	-	-	(4,759)	205	-	-	(15,658)
Principal retirement on current refunding	-	-	-	-	(1,725,000)	-	-	-	-	-
Payment to refunded escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers In	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	5,191,192
Transfers Out	(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)	(4,487,665)
Total other financing sources (uses)	1,659,709	5,696,062	3,075,293	1,868,532	1,719,005	3,303,190	5,381,734	2,113,005	2,880,609	4,407,869
Net change in fund balances	(\$1,467,540)	\$4,215,309	(\$2,146,508)	(\$110,901)	\$826,667	\$1,198,478	\$3,159,726	\$1,658,133	\$9,108,261	\$9,825,503
Debt service as a percentage of noncapital expenditures	18.2%	17.0%	12.3%	15.6%	14.3%	23.1%	15.1%	12.4%	13.5%	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**  
 unaudited

<b>Year</b>	<b>(1) Commerical Land and Buildings</b>	<b>(1) Residential Land and Buildings</b>	<b>Public Utilities</b>	<b>(2) Total Taxable Assessed Value</b>	<b>Total True and Full Value</b>	<b>Assessed Value as a Percentage of True and Full Value</b>	<b>Total Direct Tax Rate</b>
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
2006	303,626,400	568,287,700	8,075,165	879,989,265	1,759,978,530	50.00%	122.74

(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.

**City of Minot, North Dakota**  
**Property Tax Rates in Mills - Direct and Overlapping Governments**  
**Per \$1,000 Taxable Valuation**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>City of Minot</b>			<b>Total</b>	<b>Minot Park District</b>	<b>Minot School District</b>	<b>State and County</b>	<b>Total</b>
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>					
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
2006	53.44	41.75	27.55	122.74	30.83	208.42	79.75	441.74

**City of Minot, North Dakota**  
**Principal Property Taxpayers**  
**December 31, 2006**  
 unaudited

<b>TAXPAYER</b>	<b>2006</b>			<b>1997</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of total Taxable Assessed Value</b>
Minot Dakota Mall, LLC (includes Sleep Inn Complex)	\$3,213,840	1	4.31%	\$1,575,520	1	2.99%
Investor's Real Estate Trust (IRET)	1,303,620	2	1.75%	209,490	14	0.40%
Kadima Medial Properties (Former Unimed Clinic)	603,480	3	0.81%			
Wal-Mart Real Estate	558,100	4	0.75%	277,450	8	0.53%
Northern States Power (Xcel)	555,000	5	0.74%	435,452	4	0.82%
Philadelphia Macaroni	417,200	6	0.56%			
Menard's Inc.	399,860	7	0.54%	338,650	6	0.64%
International Inn	395,000	8	0.53%	295,140	7	0.56%
Reliastar (ING)	393,870	9	0.53%			
Cambridge Capital Management	362,690	10	0.49%	-		
Minot Vista (Edgewood Vista)	336,690	11	0.45%			
L & S Family (MLT)	330,630	12	0.44%			
Glacial Holdings	324,940	13	0.44%			
Riverside Inc. (Holiday Inn)	292,320	14	0.39%	178,650	17	0.34%
Dayton-Hudson Corporation (Target)	285,310	15	0.38%	216,260	13	0.41%
Trinity Health/Hospitals	276,930	16	0.37%	-		
Johanneson's Property (Marketplace)	250,590	17	0.34%	139,030	20	0.25%
Minot Senior Living (Brentmoor)	246,510	18	0.33%			
USPG Portfolio Two (Former Wal-Mart)	239,470	19	0.32%			
Somerset Court Partnership	226,080	20	0.30%			
Souris River Telephone	-			1,108,074	2	2.10%
Unimed(St. Joseph's Hospital)	-			868,880	3	1.65%
Magic City Realty	-			247,520	9	0.47%
Magic City Financial Group (Medical Arts)	-			242,610	10	0.46%
Wells Fargo Bank ND	-			221,620	11	0.42%
Salem Plaza Associates (South K-Mart)	-			217,290	12	0.41%
James & Mary Ommen	-			419,480	5	0.79%
Montana Dakota Utilities	-			180,284	16	0.34%
JPW Ventures	-			185,230	15	0.35%
Royale Investments (Sun Mart South)	-			141,360	19	0.27%
Dakota Square Inn (Comfort Inn)	-			155,020	18	0.29%
All Others	<u>63,597,870</u>		<u>85.24%</u>	<u>45,148,675</u>		<u>85.51%</u>
Total Taxable Value	<u>\$74,610,000</u>		<u>100.00%</u>	<u>\$52,801,685</u>		<u>100.00%</u>

**City of Minot, North Dakota  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Levy Year</b>	<b>(1) Total Current Tax Levy</b>	<b>(2) Current Collections</b>	<b>Percent of Levy Collected</b>	<b>(2) Delinquent Collections</b>	<b>(2) Total Collections</b>	<b>Total Collection as Percent of Current Levy</b>	<b>(4) Adjustments</b>	<b>(3) Accumulated Outstanding Taxes</b>	<b>Outstanding Delinquent as Percent of Current Levy</b>
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	8,969,961	94.99%	147,755	9,117,716	96.56%	315,426	307,084	3.25%
2006	10,132,408	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**  
 unaudited

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			
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
2006	10,075,000	5,385,000	-	-	11,180,000	1,747,241	273,563	28,660,804	10.59%	783.79

(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**

<b>Year</b>	<b>Population</b>	<b>(1) Assessed Value</b>	<b>(2) Gross Bonded Debt</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
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
2006	36,567	879,989,265	10,075,000	225,765	9,849,234	1.12%	269.35

(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 Year Ended December 31, 2006**  
 unaudited

<b>Governmental Unit</b>	<b>Outstanding Debt</b>	<b>Sinking Funds</b>	<b>Net Debt</b>	<b>Ratio</b>	<b>City's Share of Debt</b>
Minot School District	\$5,500,000	\$0	\$5,500,000	95.54%	\$5,254,821
Minot Park District	-	-	-	100.00%	-
Ward County	-	-	-	64.97%	-
<b>Overlapping Debt</b>					5,254,821
City of Minot (Direct Debt)			9,849,234	100.00%	9,849,234
Total Direct and Overlapping Debt					<u>\$15,104,055</u>

<b>Ratios Used</b>	<b>2006 Assessed Value</b>	<b>2006 City's Assessed Value</b>	<b>Percentage</b>
Minot School District	\$921,047,714	\$879,989,265	95.54%
Minot Park District	879,989,265	879,989,265	100.00%
Ward County	1,354,465,613	879,989,265	64.97%

**City of Minot, North Dakota**  
**Computation of Legal Debt Margin**  
**December 31, 2006**  
unaudited

True and full value of taxable property - 2006	\$1,759,978,530
Debt limit - 8% of 50% of true and full value	\$70,399,141
Amount of debt applicable to debt limit:	
General obligation bonds	\$10,075,000
Less: cash in highway debt service sinking fund	<u>225,765</u>
	<u>9,849,235</u>
Legal debt margin	<u><u>\$60,549,906</u></u>

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

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Debt limit	\$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	\$70,399,141
Less total net debt applicable to limit	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	9,849,234
Legal debt margin	<u>\$40,964,891</u>	<u>\$41,188,954</u>	<u>\$43,088,831</u>	<u>\$45,199,886</u>	<u>\$46,677,736</u>	<u>\$46,396,633</u>	<u>\$46,791,838</u>	<u>\$50,625,086</u>	<u>\$55,545,289</u>	<u>\$60,549,907</u>
Total net debt applicable to the limit as a percentage of debt limit	9.05%	14.35%	13.39%	12.01%	10.99%	12.31%	14.80%	12.01%	13.16%	13.99%

**City of Minot, North Dakota**  
**Revenue Bond Coverage**  
**Airport and Water & Sewer Bonds**  
**Last Ten Fiscal Years**  
unaudited

Year	Airport							Water and Sewer						
	Gross Revenue	(1) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage	Gross Revenue	(1) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				(2) Principal	Interest & Fiscal Charges	Total					(2) Principal	Interest & Fiscal Charges	Total	
1997	\$748,936	\$725,056	\$23,880	\$50,000	\$110,413	\$160,413	0.15	\$5,789,347	\$3,683,986	\$2,105,361	\$960,000	\$426,000	\$1,386,000	1.52
1998	789,587	810,198	(20,611)	50,000	108,185	158,185	(0.13)	5,813,681	3,742,918	2,070,763	740,000	349,341	1,089,341	1.90
1999	785,457	788,852	(3,395)	70,000	71,564	141,564	(0.02)	5,564,054	3,924,868	1,639,186	663,522	348,736	1,012,258	1.62
2000	749,843	808,958	(59,115)	80,000	68,112	148,112	(0.40)	5,765,813	4,174,147	1,591,666	630,000	395,813	1,025,813	1.55
2001	870,528	958,699	(88,171)	105,000	86,755	191,755	(0.46)	6,067,731	4,055,897	2,011,834	750,000	425,118	1,175,118	1.71
2002	933,039	868,897	64,142	135,000	95,744	230,744	0.28	6,117,762	4,001,686	2,116,076	805,000	363,414	1,168,414	1.81
2003	972,965	983,439	(10,474)	140,000	126,360	266,360	(0.04)	6,365,265	4,351,564	2,013,701	825,000	325,874	1,150,874	1.75
2004	892,093	1,002,936	(110,843)	245,000	114,031	359,031	(0.31)	6,843,818	4,761,095	2,082,723	825,000	357,012	1,182,012	1.76
2005	952,201	980,822	(28,621)	255,000	103,911	358,911	(0.08)	7,199,190	5,013,167	2,186,023	840,000	364,387	1,204,387	1.82
2006	973,986	993,225	(19,239)	255,000	93,190	348,190	(0.06)	7,597,350	5,963,549	1,633,801	840,000	349,127	1,189,127	1.37

(1) Excludes depreciation

(2) Permanent financing only

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

<b>Year</b>	<b>(1) Population</b>	<b>(2) Annual Personal Income</b>	<b>(2) Per Capita Personal Income</b>	<b>(2) Median Age</b>	<b>(2) Education Levels in Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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	13.16	7,108	3.9%
2006	36,567	989,905,257	27,071	35.0	13.16	7,039	2.9%

\*\*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**  
unaudited

Employer	2006			1997		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Minot Air Force Base Civilian	5,896	1	18.85%	1,100	4	3.84%
Trinity Health	2,709	2	8.66%	1,440	2	5.02%
Minot Public Schools	1,300	3	4.16%	1,335	3	4.66%
ING Minot Service Center	750	4	2.40%	-		
Minot State University	549	5	1.76%	475	6	1.66%
Minot Vocational Adjustment Workshop	526	6	1.68%	-		
Choice Hotels International, Inc.	453	7	1.45%	231	10	0.81%
Miracle Mart	394	8	1.26%	-		
Wal-Mart Super Center	350	9	1.12%	-		
Sykes, Inc.	300	10	0.96%	360	8	1.26%
MLT Inc.	300	11	0.96%	-		
E Telecare Global Solutions	300	12	0.96%	-		
City of Minot	289	13	0.92%	348	8	1.21%
Ward County	220	14	0.70%	196	13	0.68%
Marketplace Foods	217	15	0.69%	-		
SRT Communications	213	16	0.68%	-		
Menards	185	17	0.59%	-		
Dakota Boys & Girls Ranch	184	18	0.59%	-		
Grand International	165	19	0.53%	-		
US Post Office	130	20	0.42%	-		
UniMed				794	5	2.77%
ProMark One Marketing Services				375	7	1.31%
Wal-mart				265	9	0.92%
Interstate Brands Corp. (Bakery Products)				230	11	0.80%
Medical Arts Clinic				200	12	0.70%
<b>Total</b>	<b>15,430</b>		<b>49.38%</b>	<b>7,349</b>		<b>25.64%</b>

Source: Minot Chamber of Commerce

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

**City of Minot, North Dakota**  
**Full-time Equivalent City Government Employees by Function 1**  
**Last Ten Fiscal Years**  
unaudited

<b>Function</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General government	33	32	32	33	33	33	33	32	32	31
Public safety										
Police										
Officers	57	57	58	58	60	60	64	64	65	63
Civilians	20	20	20	20	19	19	20	20	20	20
Fire										
Firefighters and officers	45	45	44	45	49	49	49	49	49	49
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Engineering	7	8	8	8	9	9	9	9	9	9
Maintenance	35	36	36	36	36	36	36	36	36	35
Culture and recreation	19.75	21	21	22	22	22	22	24	24	24
Airport	11	11	11	11	11	11	13	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	19	20
Water and sewer	38	40	38	40	39	41	39	39	39	39
<b>Total</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>	<b>308</b>

1Budgeted and appropriated positions are shown.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>FUNCTION</b>										
General government										
Assessors										
Properties reviewed	1,211	1,101	1,475	1,860	1,546	1,835	1,021	1,510	1,390	1,575
Properties photographed	250	690	4,000	2,560	5,725	550	1,043	2,985	1,435	1,899
Building inspections										
Permits issued	486	524	441	439	399	415	486	474	690	600
City bus										
Bus ridership	178,970	175,513	161,797	154,752	151,027	156,189	160,025	153,036	146,047	151,594
Public safety										
Police										
Parking tickets issued	10,657	8,859	9,415	10,792	9,821	9,901	8,392	8,729	7,019	8,155
Criminal citations issued	4,044	4,313	3,693	3,606	4,752	4,416	5,226	5,607	5,421	5,454
Traffic citations issued	8,582	7,832	7,903	6,772	6,866	5,414	6,958	4,918	4,809	4,556
Alarms-patrol & parking division	777	846	689	688	722	649	658	620	647	671
Fire										
# of fire incidents	310	416	451	454	437	390	378	364	371	350
# of rescue incidents	1,469	1,508	1,636	1,599	1,530	1,713	1,767	1,658	1,781	1,907
Inspections made	1,615	1,605	1,662	1,539	2,003	1,775	1,373	1,742	1,792	1,640
Highways and streets										
Traffic										
Signs installed	1,341	1,350	1,448	1,324	1,683	1,702	1,034	1,783	862	1,194
Signs/posts repaired	654	780	1,100	874	1,080	1,055	664	1,523	851	817
Traffic light repairs	438	484	520	448	582	434	286	354	592	369
Street light repairs	162	140	137	158	158	259	164	214	199	174
Culture and recreation										
Auditorium										
Event days	2,085	2,047	2,169	2,342	2,034	2,234	2,109	2,010	1,833	1,551
Attendance	286,677	270,052	334,681	371,666	344,165	360,405	234,689	222,484	218,666	203,641
Library										
Registered borrowers	23,862	24,818	25,562	27,300	27,358	24,955	26,326	23,970	23,245	24,371
Circulation and activity	310,774	301,874	300,572	283,350	263,273	276,090	272,011	285,805	301,721	292,785
Airport										
Gallons airline fuel dispensed	969,352	1,339,678	1,248,849	1,203,273	1,187,110	1,195,553	958,048	943,337	985,647	815,120
Airline boardings	77,118	71,576	74,939	78,376	74,212	75,382	75,323	79,257	79,654	78,854
Sanitation										
# of customers	9,661	9,687	9,779	9,849	9,862	9,917	9,966	10,069	10,210	10,279
Landfill tonnage	74,975	75,216	97,864	95,564	80,153	85,372	104,781	93,487	88,343	94,757
Water and Sewer										
# of consumers	11,158	11,180	11,309	11,391	11,443	11,492	11,545	11,704	11,801	11,858
Gallons pumped/treated	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	2,263,666,000

Source: Various city departments

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

<b>FUNCTION</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General government					
Public works building	1	1	1	1	1
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	32	32	33	33	33
Speed trailer	-	1	1	1	1
Fire					
Stations	3	3	3	3	3
Highways and streets					
Streets (square miles)	14.86	14.9	15.029	15.047	16.17
Street lights	2,131	2,142	2,167	2,225	2,273
Traffic signals	43	44	43	43	44
Culture and recreation					
Parks	1	1	1	1	1
Libraries	1	1	1	1	1
Ball diamonds	16	16	16	16	16
Tennis courts	12	12	12	12	12
Indoor tennis center	-	-	1	1	1
Sanitation					
Collection trucks	7	7	8	7	7
Water					
Water treatment plant	1	1	1	1	1
Watermains (miles)	160	160	160	160	160
Maximum daily capacity (millions of gallons)	12.3	12.1	11.8	11.9	13.13

\*This report is new with the 2004 CAFR, capital 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, 2006. 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, 2006.

## 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, but not for the purpose of expressing an opinion on the effectiveness of 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. Accordingly, we do not express an opinion on the effectiveness of 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 Program.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report on compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to the program being audited such that there is more than a remote likelihood that a noncompliance that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a noncompliance on a major federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Program was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance with requirements that could have a direct and material effect on the Program that we consider to be material weaknesses, as defined above.

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 25, 2007



CPAs & BUSINESS ADVISORS

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

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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, 2006, 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, 2006, and have issued our report thereon dated April 25, 2007. 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.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered **City of Minot**, North Dakota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **City of Minot**, North Dakota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **City of Minot**, North Dakota's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combinations of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 06-1 and 06-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 06-2 to be a material weakness relating to the non-major parking authority fund.

#### *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*.

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 25, 2007



**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, 2006. 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 that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **City of 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, 2006.

### *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, but not for the purpose of expressing an opinion on the effectiveness of the **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. Accordingly, we do not express an opinion on the effectiveness of the **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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report on compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited such that there is more than a remote likelihood that a noncompliance that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a noncompliance on a major federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with requirements that could have a direct and material effect on a major federal program was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance with requirements that could have a direct and material effect on a major federal program that we consider to be material weaknesses, as defined above.

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 25, 2007

**CITY OF MINOT**  
**MINOT, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2006**

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		16.592	\$ 7,576
Bullet Proof Vest Grant		16.607	2,885
Passed-Through North Dakota Attorney General's Office:			
Narcotics Task Force		16.579	64,028
Domestic Violence Crisis Center	D05-218	16.579	8,585
Total CFDA #16.579			<u>72,613</u>
Passed through the State of North Dakota Health Department:			
Local Joint Drug Task Force		16.738	38,558
Smoking Cessation Program	#06-270	N/A	4,057
Total Department of Justice			<u>125,689</u>
<i>U.S. DEPARTMENT OF HOMELAND SECURITY</i>			
Direct Programs:			
Assistance to Firefighters		97.044	28,909
Passed through North Dakota Division of Emergency Management:			
FEMA-Disaster		97.036	73,156
Total Department of Homeland Security			<u>102,065</u>
<i>U.S. DEPARTMENT OF TRANSPORTATION</i>			
Direct Programs:			
Airport Projects:			
#629		20.106	3,982
#631		20.106	32,550
#633		20.106	97,526
Total CFDA #20.106			<u>134,058</u>
Transportation Security Program		N/A	85,147
Passed-Through North Dakota Department of Transportation:			
Section 5311		20.509	144,839
Section 5309		20.500	103,035
Section 5310		20.513	39,217

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<b>Highway Safety Cluster:</b>			
Mayor's Council for Traffic Safety		20.600	33,522
Safety Incentive for Seatbelts		20.600	2,701
Saturation Patrol		20.601	6,585
Total Highway Safety Cluster			42,808
Total Department of Transportation			549,104
 <i>U.S. FEDERAL EMERGENCY MANAGEMENT</i>			
Direct Programs:			
Citizens Corp Council/CERT		83.564	66,800
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 843,658

**CITY OF MINOT**  
**MINOT, NORTH DAKOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2006**

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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, 2006**

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None

**CITY OF MINOT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2006**

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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. Significant deficiencies were disclosed by our audit of the financial statements. Significant deficiency 06-2 was considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of the **City of Minot** were disclosed during the audit.
4. 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.
5. No audit findings relative to the major federal award programs for the **City of Minot** are reported in this schedule.
6. Audit findings relative to the major federal award programs for the **City of Minot** are reported in Part C of this schedule.
7. The programs tested as major programs were Department of Transportation Programs #20.106 and Department of Transportation Section 5311 Formula Grants #20.509.
8. The threshold for distinguishing a Type A program was \$300,000.
9. The **City of Minot** was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

***06-1: Schedule of Expenditures of Federal Awards***

**Condition:** The schedule of expenditures of federal awards did not include all federal dollars expended during the year. The schedule of expenditures of federal awards included some state dollars expended during the year. Federal programs were not listed under the appropriate federal agency and CFDA #.

**Criteria:** The City of Minot's management is responsible for accurate preparation of the schedule of expenditures of federal awards.

**Effect:** The schedule was misstated which could lead to erroneous data reported on the data collection form.

**Recommendation:** The City of Minot's management should ensure only federal dollars are being reported on the schedule, all federal expenditures are being reflected on the schedule, and the proper CFDA #'s and federal departments are utilized.

**Response:** The City of Minot's management will correct the schedule of expenditures of federal awards and ensure its accuracy in the future.

***06-2: Audit Adjustments***

**Condition:** During our audit procedures, we discovered one material audit adjustment that was proposed and posted for the non-major parking authority fund totaling \$32,363. Various other entries were proposed or passed for other funds that were not material to those funds.

**Criteria:** Year end subsidiary schedules must agree to the general ledger balances for all funds. All items applicable to the year under audit need to be accrued and posted into that year.

**Effect:** The parking authority fund had a material misstatement and the other funds had misstatements that were not material. These misstatements were not discovered by City personnel in the normal course of business.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**Recommendation:** A review process should be in place to ensure all subsidiary schedules agree to the general ledger and all accruals are posted into the applicable year. This will allow the City to prepare financial information that is reliable.

**Response:** The City of Minot's management will ensure all subsidiary schedules agree to the general ledger and all accrual entries are posted into the applicable year.

### C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None