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**Comprehensive
Annual
Financial
Report**

City of Minot, North Dakota
For the Fiscal Year Ended December 31, 2008

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, 2008**

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City of Minot

Finance Department

May 7, 2009

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, 2008. The City Finance Department prepares this set of financial statements in conformity with 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 provides 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, 2008 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. 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 grants or 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 the MD&A and should be read in conjunction with the MD&A. The City's MD&A is immediately following the report of the independent auditors.

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 16.73 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

IV

★ The Magic City ★

515 2nd Ave. SW • Minot, North Dakota 58701-3739 • (701) 857-4784 • Fax (701) 857-4782

Website: <http://www.minotnd.org>

The Honorable Mayor, City Council and City Manager

Air Force Base on the City during 2008 was approximately \$382.8 million. During 2008, the Minot Air Force Base had over \$57.9 million in construction, services and other expenditures. Minot Air Force Base serves as the home for over 10,885 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 2008, the property valuations for building permits increased by \$28.25 million compared to 2007; however, the City has had a healthy level of growth in property values, which has continued to enable the City to reduce the number of mills levied.

In 1972, the citizens of the City voted to operate under a Home Rule Charter, with a council-manager form of government. Policy-making and legislative authority vest in a city council consisting of the mayor and 14 council members. 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, major special revenue funds this comparison is presented on pages 24 through 27 as part of the basic financial statements for the governmental funds. For the major debt service fund this comparison is presented on page 57. For nonmajor governmental funds, other than the general fund, with appropriated annual budgets, this comparison is in the governmental fund subsection of this report, beginning on page 67 and for the nonmajor debt service fund on page 77.

Factors Affecting Financial Condition

The information presented in the financial statements is 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 Levied</u>	
2004	\$ 10,127,486	2004	\$ 8,540,161
2005	11,021,415	2005	8,655,618
2006	11,920,592	2006	9,443,018
2007	13,242,768	2007	10,132,780
2008	14,639,441	2008	10,329,502

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 as shown in the tables below. A continuation of that cooperative effort will assure the citizens a healthy future.

The Honorable Mayor, City Council and City Manager

Assets, Liabilities and Net Assets Per Capita				
	Population	Total Assets	Total Liabilities	Net Assets
2004	36,567	\$ 4,430	\$ 831	\$ 3,599
2005	36,567	4,621	758	3,863
2006	36,567	5,313	854	4,459
2007	36,567	5,867	1,064	4,803
2008	36,567	6,684	1,379	5,305

Expenses and Program Revenues Per Capita						
	Population	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Change in Net Assets
2004	36,567	\$ 1,082	\$ 421	\$ 105	\$ 157	\$ 247
2005	36,567	945	445	21	54	263
2006	36,567	1,024	468	19	397	597
2007	36,567	1,209	462	28	443	571
2008	36,567	1,425	592	38	424	502

Ratio of Net Assets to Expenses		
	Governmental Activities	Business-Type Activities
2004	2.77	4.56
2005	3.48	5.21
2006	4.17	4.69
2007	3.73	4.49
2008	3.70	3.78

Long-Term Financial Planning. The City continually plans for anticipated construction projects and infrastructure needs. Cash reserves are increasing in the Sales Tax Northwest Area Water Supply Project (NAWS) Fund with a 1% dedicated sales tax. These cash reserves will allow continued funding of the NAWS project 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 will extend to Northwest North Dakota by 2014.

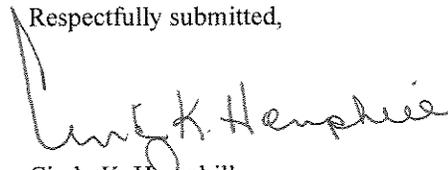
The City has completed several major highway projects in recent years with additional projects planned for 2009 and 2010. Other projects planned for the future include water and sewer, storm sewer, and special assessment projects. These projects will be funded with debt, thereby increasing the per capita 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, 2007. This was the 29th 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. M.", written in a cursive style.

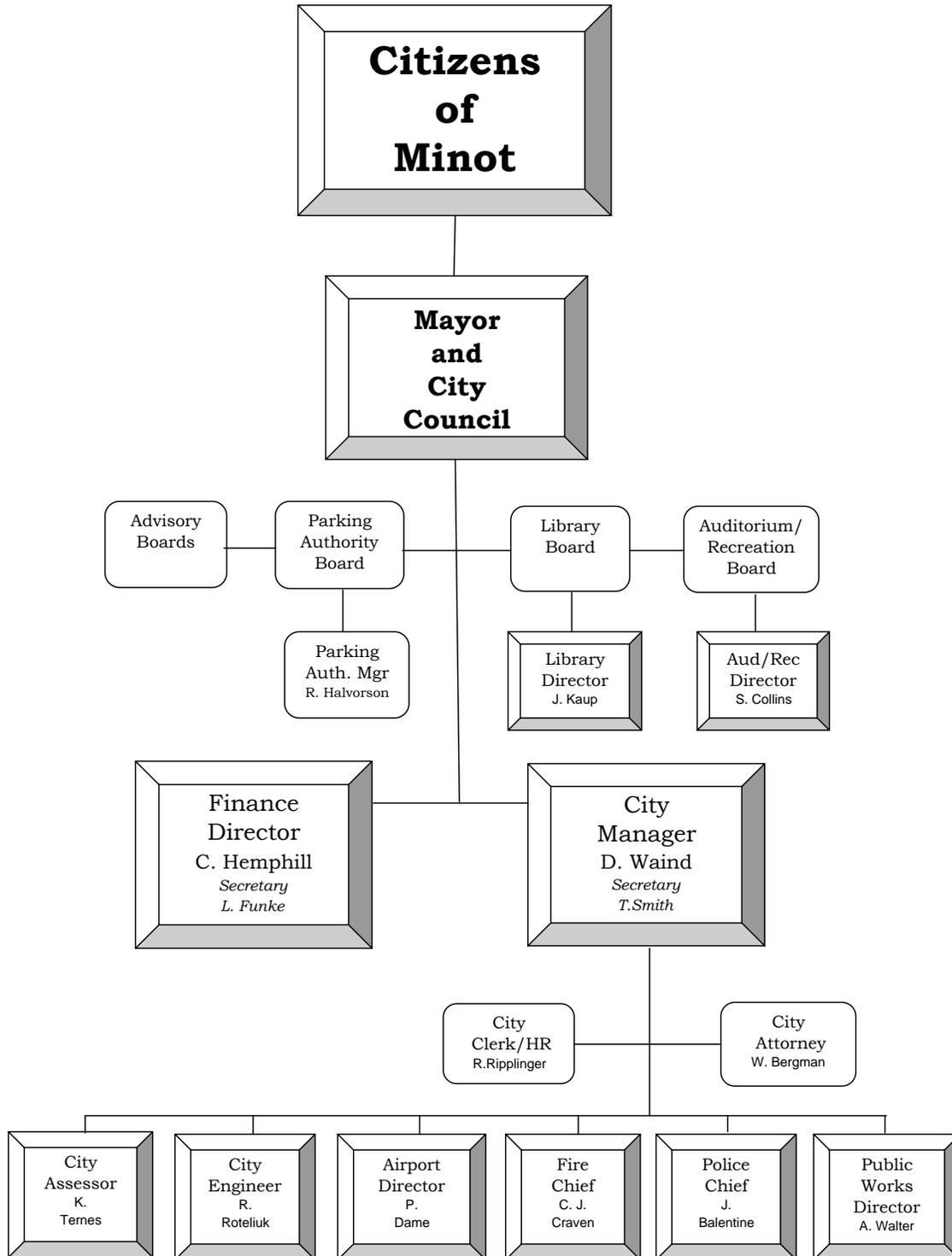
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

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:.....Bob Miller
Hardy D. Lieberg

Ward 3:.....Jim Hatlelid
Dean A. Frantsvog - President

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

Ward 5:.....Aaron Vibeto
Scott Knudsvig - Vice President

Ward 6:.....Mark Jantzer
Randy A. Burckhard

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



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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, 2008, which collectively comprise the City's basic financial statements 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 2007 financial statements and, in our report dated May 7, 2009; 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Sales Tax-NW Area Water Fund, and the Sales Tax Capital Improvements Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2008, 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.

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, combining and individual non-major fund financial statements and schedules 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 accompanying combining and individual non-major fund statements and schedules and 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
May 7, 2009

Management's

Discussion

and

Analysis

**City of Minot
Comprehensive Annual Financial Report
December 31, 2008**

Management Discussion and Analysis

As management of the City of Minot, we are pleased to offer readers of the City of Minot's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2008, with comparative data for the fiscal year ended December 31, 2007. 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.

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.

FINANCIAL HIGHLIGHTS

- The net assets of the City increased by \$18,364,289 or 10.46%. The majority of the increase (nearly \$16.8) is due to water, sewer, and paving projects like North Broadway that increased capital assets. Net assets of our governmental activities increased by \$19,975,728 or 17.79% and net assets of our business type activities decreased by \$1,611,439 or 2.54%.
- Total revenues from all sources were \$70,464,359. This is an increase of \$4,551,238 from 2007. Revenues increased due to sales tax collections increasing nearly \$1.4 million and charges for service rates were increased.
- Total cost of all programs was \$52,100,070. This is an increase of \$7,058,675 from 2007. The main increase was due to over \$1.4 million increase in spending on highway and street expenses. Another \$1.2 million of the increase is due to an increase in economic development projects such as the Energy Park infrastructure grants, land purchases, and the Pure Energy grant and forgivable loan. The remaining difference was due to operations.
- The unreserved fund balance for the General Fund was \$6,373,912 or 42.56% of the total general fund expenditures. This is an increase from 2007 of \$1,395,587.

Government-Wide Financial Statements

The government-wide financial statements 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 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 uses the accrual basis of accounting, which means the City reports changes in net assets as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected sales tax, and earned but unused vacation leave).

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

- Governmental activities – This includes most of the City's basic services, with property and sales taxes, interest income, user fees and intergovernmental revenues supporting it.
- Business-type activities – This includes those services which are intended to

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The comprehensive annual financial report presents the following three components of the financial statements:

**City of Minot
Comprehensive Annual Financial Report
December 31, 2008**

Management Discussion and Analysis

recover all or a significant part of their costs through user fees.

The government-wide financial statements begin on page 14.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources 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. There are three categories of City funds– governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds 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 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 26 individual governmental funds. The City presents separate information 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 capital improvements, sales tax NAWS fund, special assessment debt service fund, and highway reserve fund. Data from the 21 other governmental funds are combined in a single, aggregate presentation. Combining statements provide individual fund data for each of these nonmajor governmental funds, which begin on page 58.

The City adopts an annual budget for its' governmental funds. Budgetary comparison statements demonstrate compliance.

The governmental fund financial statements begin on page 16.

Proprietary Funds. The City maintains two types of proprietary funds, enterprise and internal service. Enterprise funds report activities that charge for services provided to outside customers. The enterprise funds are 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 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 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. The City combines both internal service funds in a single, aggregate presentation in the proprietary fund financial statements. The City provides individual fund data for the nonmajor proprietary funds in the form of combining statements, which begin on page 85. Individual fund data for the internal service funds are also in the form of combining statements beginning on page 89. The basic proprietary fund statements begin on page 28.

Fiduciary Funds. Fiduciary funds account for resources held for the benefit of parties outside

**City of Minot
Comprehensive Annual Financial Report
December 31, 2008**

Management Discussion and Analysis

the government. The City is a trustee for its employees' pension and other post employment benefit 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 reports fiduciary activities 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 similar to 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 are on pages 37-55 of this report.

The City presents combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds immediately following the notes to the financial statements. Combining and individual fund statements and schedules are on pages 58-100 of this report.

ANALYSIS

The following two table's present condensed information on the City's Net Assets and Changes in Net Assets for the fiscal year ended December 31, 2008, with comparative data for the fiscal year ended December 31, 2007. Assets exceeded liabilities by \$193,999,760 at the close of the most recent fiscal year.

The largest portion of the City of Minot's net assets (60.81%) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, intangibles, 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 reports investment in capital assets net of related debt, the resources needed to repay this debt comes from other sources, since the City cannot liquidate the capital assets to pay the liabilities.

A portion of the City's net assets (29.28%) represents resources subject to external restrictions on how they may be used. Restricted net assets include amounts restricted for debt service \$6,127,587, for the NAWS project \$28,615,918, for economic development projects \$1,997,969, and for other purposes \$20,052,274. The remaining balance of unrestricted net assets, \$19,222,478, is to meet the government's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 61,780,372	\$ 53,748,109	\$ 10,315,275	\$ 6,434,198	\$ 72,095,647	\$ 60,182,307
Capital assets	90,982,916	79,443,191	81,352,768	74,912,837	172,335,684	154,356,028
Total assets	152,763,288	133,191,300	91,668,043	81,347,035	244,431,331	214,538,335
Long-term debt outstanding	16,423,000	15,440,604	25,715,006	15,327,513	42,138,006	30,768,117
Other liabilities	4,081,054	5,467,189	4,212,512	2,667,559	8,293,566	8,134,748
Total liabilities	20,504,053	20,907,793	29,927,518	17,995,071	50,431,572	38,902,864
Net assets						
Invested in capital assets, net of related debt	66,709,351	59,701,807	51,274,183	57,707,036	117,983,534	117,408,843
Restricted net assets	52,647,181	28,066,529	4,146,567	43,874	56,793,748	28,110,403
Unrestricted net assets	12,902,703	24,515,171	6,319,775	5,601,053	19,222,478	30,116,224
Total net assets	\$132,259,235	\$112,283,507	\$ 61,740,525	\$63,351,964	\$193,999,760	\$175,635,471

**City of Minot
Comprehensive Annual Financial Report
December 31, 2008**

Management Discussion and Analysis

At the end of 2008, 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 \$18,364,289 during 2008. The majority of this increase was due to continued growth in the local economy requiring an investment in infrastructure and other assets. Capital assets increased by \$17,979,656 during 2008. Over \$10.3 million of the increase was from donated assets to the City.

The City reclassified improvement asset types to the appropriate asset class in 2007. The intent is to capitalize improvements into the appropriate asset types going forward.

Governmental Activities. Governmental program revenues for capital grants and contributions decreased primarily due to a decline in donated assets of nearly \$1.4 million. Governmental program expenses increased due to increased expenses for highways and streets and economic development projects during the year. Investment earnings decreased due to declining interest rates during 2008.

Business-Type Activities. Business-type program revenues decreased during 2008 due to decreases in capital contributions. Business-type program expenses increased in 2008 due to increases in operating expenses and the airport cost of goods sold were recorded gross versus net.

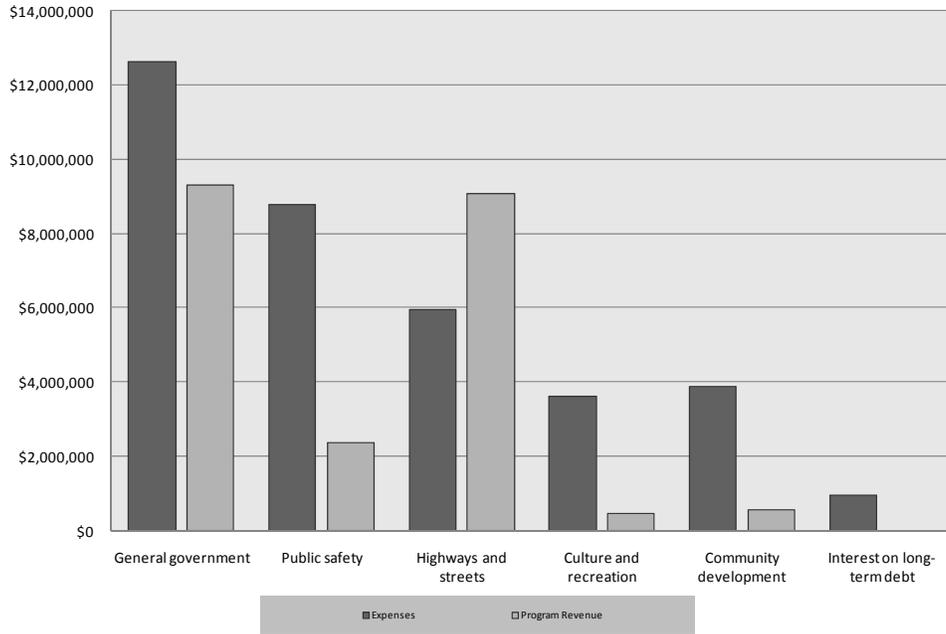
	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 7,676,060	\$ 5,564,881	\$ 13,983,605	\$ 11,315,185	\$ 21,659,665	\$ 16,880,066
Operating grants and contributions	1,130,224	746,325	262,539	263,381	1,392,763	1,009,706
Capital grants and contributions	12,932,288	12,510,927	2,556,264	3,671,979	15,488,552	16,182,906
General revenues						-
Taxes	28,167,254	26,128,818	151,573	199,332	28,318,827	26,328,150
Investment earnings	1,468,090	2,282,098	139,967	226,834	1,608,057	2,508,932
Miscellaneous	2,012,030	2,896,504	(15,535)	106,857	1,996,495	3,003,361
Total revenues	53,385,946	50,129,553	17,078,413	15,783,568	70,464,359	65,913,121
Expenses						
General government	12,610,950	10,581,240	-	-	12,610,950	10,581,240
Public safety	8,784,220	8,585,950	-	-	8,784,220	8,585,950
Highways and streets	5,943,486	4,525,555	-	-	5,943,486	4,525,555
Culture and recreation	3,603,029	3,709,916	-	-	3,603,029	3,709,916
Community development	3,882,862	2,717,155	-	-	3,882,862	2,717,155
Interest on long-term debt	939,131	806,265	-	-	939,131	806,265
Airport	-	-	4,213,797	2,765,722	4,213,797	2,765,722
Cemetery	-	-	226,999	213,392	226,999	213,392
Parking authority	-	-	113,232	115,667	113,232	115,667
Sanitation	-	-	2,021,582	1,841,238	2,021,582	1,841,238
Water and sewer	-	-	9,760,782	9,179,295	9,760,782	9,179,295
Total expenses	35,763,678	30,926,080	16,336,392	14,115,314	52,100,070	45,041,395
Excess (deficiency) before transfers	17,622,268	19,203,473	742,021	1,668,254	18,364,289	20,871,726
Transfers	2,353,460	1,458,649	(2,353,460)	(1,458,649)	-	-
Change in net assets	19,975,728	20,662,122	(1,611,439)	209,604	18,364,289	20,871,726
Net assets - January 1	112,283,507	91,621,385	63,351,964	63,142,361	175,635,471	154,763,746
Net assets - December 31	\$132,259,235	\$112,283,507	\$ 61,740,525	\$ 63,351,964	\$193,999,760	\$175,635,471

**City of Minot
Comprehensive Annual Financial Report
December 31, 2008**

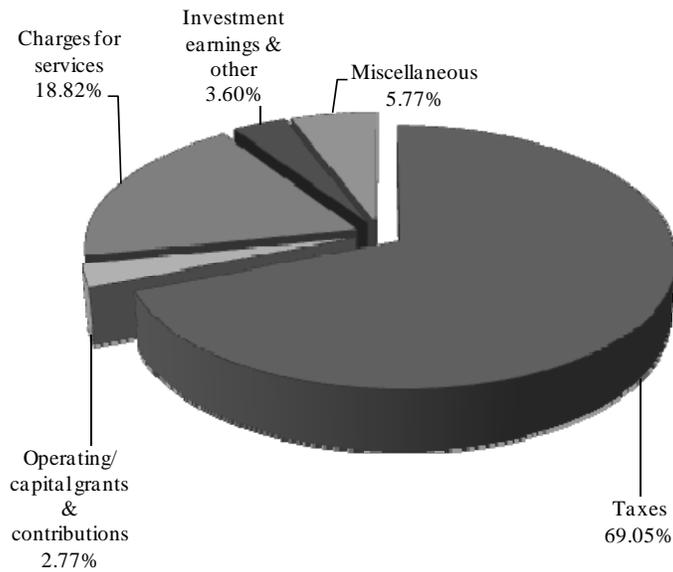
Management Discussion and Analysis

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

**Expenses & Program Revenues
Governmental Activities**

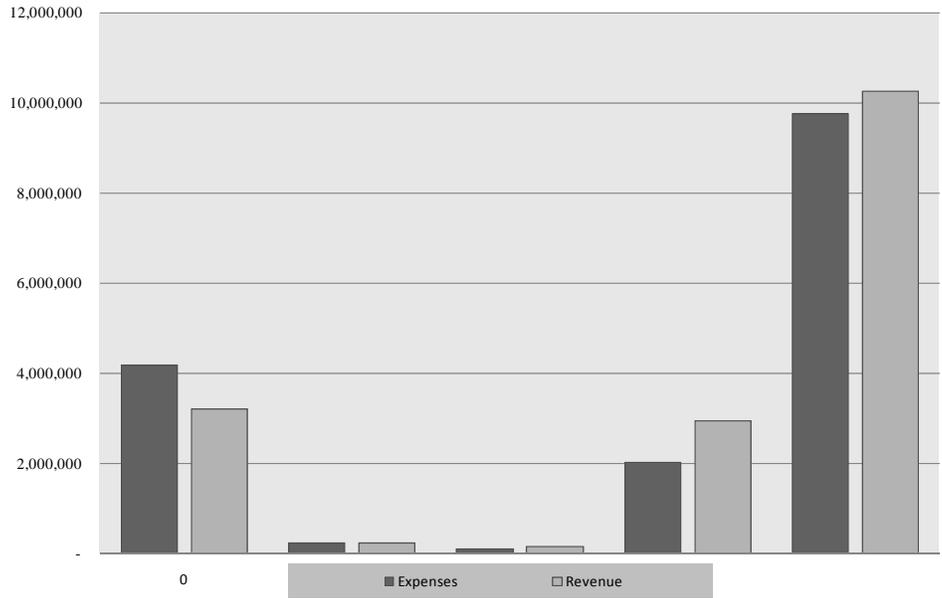


**Revenues by Source
Governmental Activities**

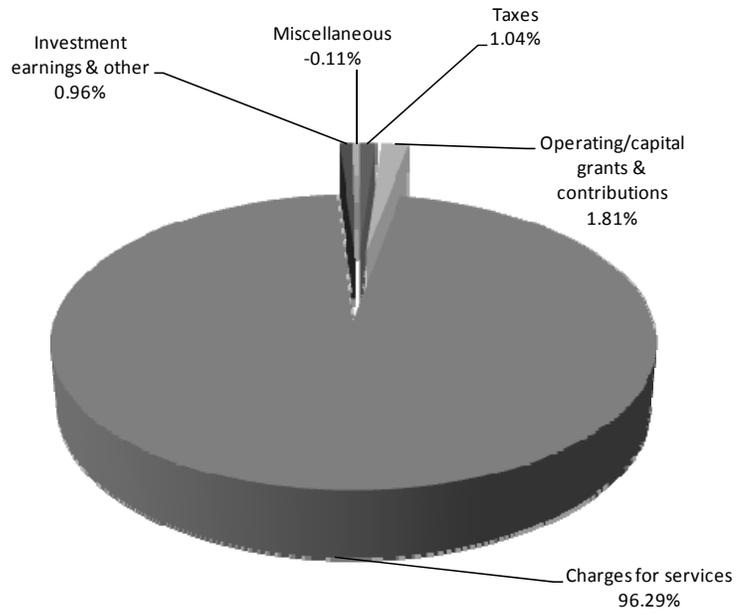


Management Discussion and Analysis

**Expenses & Program Revenues
 Business-Type Activities**



**Revenues by Source
 Business-Type Activities**



**City of Minot
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Management 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 internally set up 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, an 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 2008, the City's governmental funds reported combined ending fund balances of \$54,013,559, an increase of \$8,068,638 in comparison with 2007. Revenues for the period increased by over \$2.1 million while expenditures increased by over \$2.5 million. The City also issued General Obligation Bonds in 2008 to fund expenditures for capital outlays for highway and street projects. The governmental funds unreserved/undesignated fund balance is \$12,902,703. The remainder of the fund balance is reserved which indicates it is not available for new spending because it has already been committed for things such as \$2,025,734 to pay debt service, \$32,067,150 reserved for capital improvements, \$2,000,000 is designated for flood control, \$1,997,969 is for economic development, \$1,976,009 is for long-term loans and advances, \$469,690 is for property tax relief, and \$574,304 is 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 \$6,373,912. 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 42.56% of total general fund expenditures.

The City of Minot's general fund fund balance increased by \$1,389,723 during the current fiscal year. The main reason for this increase was an increase in total revenues over total expenditures during 2008. Sales tax collections and charges for services account for the majority of the increase.

The debt service funds had a total fund balance of \$2,025,734, 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 \$3,808,747, of which Airport amounted to \$1,238,175, Sanitation \$1,937,859, Water and Sewer \$632,713 and the nonmajor funds amounted to \$232,040. Total unrestricted net assets in the Enterprise funds were \$4,040,787.

Total decrease in net assets for these funds was \$1,758,640. The majority of this decrease is attributable to an increase in operating expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were an increase of \$75,139 in expenditure appropriations. The following summarizes the changes:

- An increase in the budget of \$52,480 in city clerk, administrative & general, traffic, engineering, public works, street & storm sewer development expenditures to encumber prior year funds.
- An increase of \$22,659 in fire control to move equipment purchases originally budgeted in the fire equipment fund. The expenditures did not meet capital purchase requirements.

Differences between the final amended budget and actual amounts in the general fund consist of total revenues being \$294,745 more than budgeted. The total general government expenditures were \$364,252 less than budgeted due to decreased expenditures in most of the

**City of Minot
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Management Discussion and Analysis

departments. Public safety expenditures were also less than budgeted by \$282,934. This resulted in total expenditures being \$616,352 less than budgeted.

These budget appropriations were funded with available fund balances and any positive change in net assets will remain in the appropriate fund.

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, 2008, is \$172,335,684 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure, intangibles, and books.

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

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

- North Broadway reconstruction Phase II
- Eastside Water Distribution Phase III
- South Hill Transmission Line
- Puppy Dog Phase II
- A variety of other street construction projects

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 6,844,919	\$ 6,333,630	\$ 3,379,311	\$ 2,786,418	\$ 10,224,230	\$ 9,120,048
Construction in progress	1,088,656	-	1,959,626	-	3,048,282	-
Buildings	6,900,038	6,344,725	4,121,036	4,238,765	11,021,074	10,583,490
Equipment	5,520,308	4,688,116	3,088,575	3,459,018	8,608,883	8,147,134
Infrastructure	69,402,296	60,910,854	68,804,220	64,428,636	138,206,516	125,339,490
Intangible assets - software	210,886	-	-	-	210,886	-
Books	1,015,813	1,165,866	-	-	1,015,813	1,165,866
Total capital assets	\$ 90,982,916	\$ 79,443,191	\$ 81,352,768	\$ 74,912,837	\$ 172,335,684	\$ 154,356,028

Long-Term Debt. At year-end, the City had total debt of \$46,645,821, an increase of \$11,168,729 over the prior year. Note 4. H on pages 47-49 of this report describes the City's long-term debt in detail.

The City issued new debt for General Obligation Highway Bonds of \$1,720,000, Special Assessment refunding bonds of \$1,905,000, and Water and Sewer Revenue Bonds of \$12,215,000.

Standard & Poor's changed their rating for the City from AA- to AA while Moody's continued to give the rating A1 for their bonds.

The City's debt is limited to 8% of the assessed valuation of taxable property within the City of Minot or \$82,431,183. The City's legal debt margin is \$72,799,497. The net bonded debt per capita is \$263.40.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 10,675,000	\$ 10,485,000	\$ -	\$ -	\$ 10,675,000	\$ 10,485,000
Special assessment bonds	7,735,000	6,955,000	-	-	7,735,000	6,955,000
Revenue bonds	-	-	25,620,000	15,307,228	25,620,000	15,307,228
Notes payable	-	-	1,626,420	1,687,879	1,626,420	1,687,879
Loans payable	-	-	144,146	210,694	144,146	210,694
Compensated absences	644,077	649,853	201,178	181,438	845,255	831,291
Total outstanding debt	\$ 19,054,077	\$ 18,089,853	\$ 27,591,744	\$ 17,387,239	\$ 46,645,821	\$ 35,477,092

**City of Minot
Comprehensive Annual Financial Report
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Management Discussion and Analysis

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

Projects in 2008, which boosted the economy in Minot included, the IRET Phase II office and apartment building, \$9 million, NAWS high service pump station, \$9 million, PumpCo oil well service facility, \$5.8 million, Sun Prairie grain storage facility, \$4.5 million, Our Redeemer's Church addition, \$3.1 million, 16 unit apartment building, \$1.67 million, CVS Pharmacy drugstore, \$1.6 million, Westlie Tire Center, \$1 million, and several other condo and business remodels.

During 2009, the City anticipates the oil industry will boost our economy primarily due to the Bakken Formation. In addition, the Minot Air Force Base is standing up a new B-52 H Strato-fortress squadron. It will require an additional 1,000 airmen and bring an additional 4,000-associated family members.

The 2009 budget for the City of Minot includes an increase in the water and sewer rates. The value of a mill for the City increased from \$90,852 to \$96,209 per mill. The mill levy for the City of Minot's 2009 budget is 112.90 mills – compared to 114.78 mills in 2008, a decrease of 1.88 mills.

Total appropriations for operations for 2009 increased approximately \$6.1 million dollars from 2008. This 10.73% increase is caused primarily by increases in sales tax capital improvement expenditures (over \$0.9 million increase) and increases in debt retirement (over \$0.9 million increase). The Airport budget also increased by nearly \$0.8 million due to Airport projects that will primarily be funded by State and Federal grants. Due to rate increases and growth around the City of Minot, the water and sewer budget increased by more than \$1.1 million in order to provide water and sewer to new areas.

**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 2nd Avenue SW, Minot, ND 58701 or visit us online at www.minotnd.org.

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Basic
Financial
Statements

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City of Minot, North Dakota
Statement of Net Assets
December 31, 2008
With Comparative Totals for December 31, 2007

	Governmental Activities	Business-Type Activities	Total 2008	Total 2007
ASSETS				
Cash and investments	\$ 22,290,701	\$ 6,613,987	\$ 28,904,688	\$ 23,794,323
Investments	53,304	-	53,304	57,875
Receivables				
Taxes receivable delinquent	318,411	2,131	320,542	320,019
Special assessments deferred	4,277,715	-	4,277,715	2,511,481
Special assessments delinquent	38,498	-	38,498	55,412
Accounts receivable	153,027	1,026,393	1,179,420	1,127,990
Loans receivable, net of allowance	397,859	-	397,859	406,946
Due from other agencies	2,864,971	45,427	2,910,398	2,585,920
Accrued interest receivable	404,836	-	404,836	373,113
Inventory	302,320	60,379	362,699	445,553
Prepays	44,725	24,089	68,814	5,807
Deferred charges	179,904	204,411	384,315	343,760
Net pension obligation asset	462,635	-	462,635	715,775
Restricted cash and cash equivalents	29,991,466	2,338,458	32,329,924	27,438,333
Capital assets not being depreciated				
Land	6,844,919	3,379,311	10,224,230	9,120,048
Construction in progress	1,088,656	1,959,626	3,048,282	-
Capital assets net of accumulated depreciation			-	
Buildings	6,900,038	4,121,036	11,021,074	10,583,490
Equipment	5,520,308	3,088,575	8,608,883	8,147,134
Infrastructure	69,402,296	68,804,220	138,206,516	125,339,490
Intangible assets - software	210,886	-	210,886	-
Books	1,015,813	-	1,015,813	1,165,866
Total assets	<u>\$ 152,763,288</u>	<u>\$ 91,668,043</u>	<u>\$ 244,431,331</u>	<u>\$ 214,538,335</u>
LIABILITIES				
Accounts payable	\$ 857,042	\$ 161,734	\$ 1,018,776	\$ 6,542
Retainage payable	166,881	388,709	555,590	443,670
Internal balances	(953,304)	953,304	-	-
Due to other agencies	722,710	24,846	747,556	1,577,817
Accrued vacation payable	29,762	201,178	230,940	197,508
Accrued salaries payable	320,998	90,447	411,445	280,197
Insurance claims payable	115,481	-	115,481	64,218
Accrued interest payable	165,173	214,735	379,908	314,703
Customer deposits	-	97,575	97,575	95,950
Deferred revenue	-	975	975	975
Current debt - due within one year				
Special assessment debt with governmental commitment	20,362	-	20,362	26,418
All other debt	2,635,949	2,079,009	4,714,958	4,745,289
Noncurrent debt - due after one year				
Special assessment debt with governmental commitment	81,031	-	81,031	116,460
All other debt	16,341,969	25,311,557	41,653,526	30,651,657
Accrued MSWLF postclosure care costs	-	403,449	403,449	381,459
Total liabilities	<u>20,504,053</u>	<u>29,927,518</u>	<u>50,431,572</u>	<u>38,902,864</u>
NET ASSETS				
Invested in capital assets, net of related debt	66,709,351	51,274,183	117,983,534	117,408,843
Restricted for:				
Debt service	2,025,734	4,101,853	6,127,587	2,617,579
Capital projects	28,615,918	-	28,615,918	24,733,175
Other purposes	22,005,529	44,714	22,050,243	759,649
Unrestricted	12,902,703	6,319,775	19,222,478	30,116,224
Total net assets	<u>\$ 132,259,235</u>	<u>\$ 61,740,525</u>	<u>\$ 193,999,760</u>	<u>\$ 175,635,471</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, 2008
With Comparative Totals for December 31, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total 2008	Total 2007
			Grants and Contributions	Grants and Contributions				
Governmental Activities								
General government	\$ 12,610,950	\$ 5,599,611	\$ 1,051,271	\$ 2,635,216	\$ (3,324,852)	\$ -	\$ (3,324,852)	\$ (4,996,964)
Public safety	8,784,220	1,166,387	78,953	1,136,547	(6,402,333)	-	(6,402,333)	(7,607,704)
Highways and streets	5,943,486	467,716	-	8,600,269	3,124,499	-	3,124,499	7,259,069
Culture and recreation	3,603,029	442,346	-	4,737	(3,155,946)	-	(3,155,946)	(3,234,931)
Community development	3,882,862	-	-	555,519	(3,327,343)	-	(3,327,343)	(2,717,155)
Interest on long-term debt	939,131	-	-	-	(939,131)	-	(939,131)	(806,265)
Total governmental activities	35,763,678	7,676,060	1,130,224	12,932,288	(14,025,106)	-	(14,025,106)	(12,103,949)
Business-Type Activities								
Airport	4,213,797	2,447,799	262,539	502,264	-	(1,001,195)	(1,001,195)	336,634
Cemetery	226,999	235,546	-	-	-	8,547	8,547	(13,059)
Parking authority	113,232	145,125	-	-	-	31,893	31,893	21,046
Sanitation	2,021,582	2,706,534	-	248,926	-	933,878	933,878	317,534
Water and sewer	9,760,782	8,448,601	-	1,805,074	-	492,893	492,893	473,076
Total business-type activities	16,336,392	13,983,605	262,539	2,556,264	-	466,016	466,016	1,135,230
Total government	\$ 52,100,070	\$ 21,659,665	\$ 1,392,763	\$ 15,488,552	(14,025,106)	466,016	(13,559,090)	(10,968,718)
General Revenues								
Taxes								
Property taxes, levied for general purposes					7,787,046	73,047	7,860,093	7,700,605
Property taxes, levied for debt service					1,152,519	-	1,152,519	1,142,353
Sales tax					14,639,441	-	14,639,441	13,242,768
Municipal highway tax					1,862,605	-	1,862,605	1,769,430
State aid distribution-unrestricted					1,985,198	-	1,985,198	1,620,893
Franchise taxes					442,420	-	442,420	400,264
Other taxes					298,025	78,526	376,551	451,837
Investment earnings					1,468,090	139,967	1,608,057	2,508,932
Miscellaneous					2,012,030	(15,535)	1,996,495	3,003,361
Transfers					2,353,460	(2,353,460)	-	-
Total general revenues and transfers					34,000,834	(2,077,455)	31,923,379	31,840,443
Change in net assets					19,975,728	(1,611,439)	18,364,289	20,871,726
Net assets - January 1					112,283,507	63,351,964	175,635,471	154,763,746
Net assets - December 31					\$ 132,259,235	\$ 61,740,525	\$ 193,999,760	\$ 175,635,471

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, 2008
With Comparative Totals for December 31, 2007

	Special Revenue Funds			Debt Service Fund
	General Fund	Sales Tax Capital Improvements	Sales Tax NAWS	Special Assessment Debt
ASSETS				
Cash and investments	\$ 5,749,638	\$ 547,057	\$ -	\$ -
Restricted cash and investments	-	-	27,989,367	-
Investments	-	-	-	-
Taxes receivable delinquent	160,926	-	-	884
Special assessments deferred	6,036	-	-	4,268,979
Special assessments delinquent	3,223	-	-	19,924
Accounts receivable	124,389	-	-	-
Loans receivable	-	-	-	-
Allowance for loans receivable	-	-	-	-
Advance from other funds	-	1,578,150	-	1,380,161
Due from other funds	21,118	-	-	-
Due from other agencies	988,881	407,431	814,862	232
Accrued interest receivable	175,665	-	229,171	-
Inventory	-	-	-	-
Prepays	39,225	-	-	-
Total assets	<u>\$ 7,269,101</u>	<u>\$ 2,532,638</u>	<u>\$ 29,033,400</u>	<u>\$ 5,670,180</u>
LIABILITIES				
Accounts payable	\$ 129,790	\$ 10,050	\$ -	\$ -
Retainage payable	-	-	-	-
Advance to other funds	-	-	-	-
Due to other funds	-	-	-	402,071
Due to other agencies	207,576	-	417,482	554
Accrued salaries payable	285,325	-	-	-
Accrued vacation payable	26,113	-	-	-
Deferred revenue	185,707	-	-	4,288,874
Total liabilities	<u>834,511</u>	<u>10,050</u>	<u>417,482</u>	<u>4,691,499</u>
FUND BALANCE				
Reserved for encumbrances	21,453	23,000	-	-
Reserved for inventory	-	-	-	-
Reserved for prepaids	39,225	-	-	-
Reserved for property tax relief	-	-	-	-
Reserved for economic development	-	-	-	-
Reserved for capital improvements	-	-	28,615,918	-
Reserved for long-term loans and advances	-	1,578,150	-	-
Unreserved				
Designated				
Designated - capital project fund	-	-	-	-
Designated - nonmajor special revenue funds				
Memorial	-	-	-	-
Maintenance and operations	-	-	-	-
Debt retirement	-	-	-	978,681
Undesignated	6,373,912	921,438	-	-
Undesignated - nonmajor funds				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Total fund balance	<u>6,434,590</u>	<u>2,522,588</u>	<u>28,615,918</u>	<u>978,681</u>
Total liabilities and fund balance	<u>\$ 7,269,101</u>	<u>\$ 2,532,638</u>	<u>\$ 29,033,400</u>	<u>\$ 5,670,180</u>

City of Minot, North Dakota
Balance Sheet
Governmental Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	<u>Capital Project Fund Highway Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2008</u>	<u>Total Governmental Funds 2007</u>
ASSETS				
Cash and investments	\$ 4,352,962	\$ 10,225,906	\$ 20,875,563	\$ 20,008,698
Restricted cash and investments	-	2,002,099	29,991,466	24,671,483
Investments	-	53,304	53,304	57,875
Taxes receivable delinquent	6,122	150,479	318,411	318,579
Special assessments deferred	-	2,700	4,277,715	2,511,481
Special assessments delinquent	-	15,351	38,498	55,412
Accounts receivable	-	24,706	149,095	131,340
Loans receivable	-	497,324	497,324	508,682
Allowance for loans receivable	-	(99,465)	(99,465)	(101,736)
Advance from other funds	-	-	2,958,311	-
Due from other funds	402,071	120,134	543,323	1,661,458
Due from other agencies	3,362	650,203	2,864,971	2,433,465
Accrued interest receivable	-	-	404,836	373,113
Inventory	-	6,828	6,828	7,577
Prepays	-	5,500	44,725	5,512
Total assets	<u>\$ 4,764,517</u>	<u>\$ 13,655,069</u>	<u>\$ 62,924,905</u>	<u>\$ 52,642,939</u>
LIABILITIES				
Accounts payable	\$ 282,655	\$ 382,389	\$ 804,884	\$ 1,789
Retainage payable	47,097	119,784	166,881	166,544
Advance to other funds	789,058	917,704	1,706,762	-
Due to other funds	-	120,134	522,205	2,006,081
Due to other agencies	-	97,098	722,710	1,410,364
Accrued salaries payable	-	35,673	320,998	219,649
Accrued vacation payable	-	3,649	29,762	16,070
Deferred revenue	5,593	156,970	4,637,144	2,877,521
Total liabilities	<u>1,124,403</u>	<u>1,833,401</u>	<u>8,911,346</u>	<u>6,698,018</u>
FUND BALANCE				
Reserved for encumbrances	-	80,997	125,450	159,379
Reserved for inventory	-	-	-	7,577
Reserved for prepaids	-	5,500	44,725	5,332
Reserved for property tax relief	-	469,690	469,690	345,943
Reserved for economic development	-	1,997,969	1,997,969	336,385
Reserved for capital improvements	3,451,232	-	32,067,150	26,090,867
Reserved for long-term loans and advances	-	397,859	1,976,009	406,946
Unreserved				
Designated				
Designated - capital project fund	-	399,999	399,999	-
Designated - nonmajor special revenue funds				
Memorial	-	4,130	4,130	4,025
Maintenance and operations	-	2,000,000	2,000,000	2,000,000
Debt retirement	-	1,047,053	2,025,734	2,617,579
Undesignated	188,882	-	7,484,232	5,322,713
Undesignated - nonmajor funds				
Special revenue funds	-	4,408,933	4,408,933	6,489,053
Capital project funds	-	1,009,538	1,009,538	2,159,122
Total fund balance	<u>3,640,114</u>	<u>11,821,668</u>	<u>54,013,559</u>	<u>45,944,921</u>
Total liabilities and fund balance	<u>\$ 4,764,517</u>	<u>\$ 13,655,069</u>	<u>\$ 62,924,905</u>	<u>\$ 52,642,939</u>

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

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City of Minot, North Dakota
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
December 31, 2008

Total fund balances for governmental funds \$54,013,559

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	\$ 6,844,919	
Construction work in process	1,088,656	
Buildings, net of accumulated depreciation (\$5,860,560)	6,900,038	
Equipment, net of accumulated depreciation (\$5,773,820)	5,520,308	
Infrastructure, net of accumulated depreciation (\$25,352,686)	69,402,296	
Intangible assets	210,886	
Books, net of accumulated depreciation (\$3,136,551)	1,015,813	
Total capital assets (Note 4. D)	90,982,916	

A negative net pension obligation should be reported as an asset in the government-wide statement of net assets and in connection with proprietary and fiduciary funds. Conversely, a negative net pension obligation is not considered to represent a financial asset; therefore, it is not properly reported in a governmental fund. 462,635

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. They are not included in government-wide. 1,227,560

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; therefore, they are reported as deferred revenue in the governmental funds. 4,637,144

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) (19,064,580)

Total net assets of governmental activities \$132,259,235

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, 2008
With Comparative Totals for December 31, 2007

	Special Revenue Fund			Debt Service Fund
	General Fund	Sales Tax Capital Improvement	Sales Tax NAWS	Special Assessment Debt
REVENUES				
Property tax collections	\$ 4,571,334	\$ -	\$ -	\$ 25,849
Special assessment collections	7,675	-	-	770,625
Sales tax collections	-	3,643,585	7,287,170	-
Licenses and permits	744,303	-	-	-
Intergovernmental	5,233,681	-	-	-
Charges for services	4,024,239	-	-	-
Fines and forfeits	471,653	-	-	-
Interest income	191,195	35,006	756,710	54,194
Miscellaneous	207,536	53,150	-	-
Total revenues	<u>15,451,616</u>	<u>3,731,741</u>	<u>8,043,880</u>	<u>850,668</u>
EXPENDITURES				
Current				
General government	5,028,897	267,028	4,111,137	-
Public safety	8,186,783	2,000	-	-
Highways and streets	1,763,726	94,469	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital outlay				
Contracted work	-	-	-	-
Equipment	-	-	-	-
Infrastructure	-	-	-	-
Legal	-	-	-	-
Other	-	-	-	-
Acquisitions	-	-	-	-
Engineering	-	-	-	-
Debt service				
Principal retirement	-	-	-	1,125,000
Interest and fiscal charges	-	-	-	306,043
Total expenditures	<u>14,979,406</u>	<u>363,497</u>	<u>4,111,137</u>	<u>1,431,043</u>
Excess (deficiency) of revenues over (under) expenditures	472,210	3,368,244	3,932,743	(580,375)
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	-	-
Special assessment bonds issued	-	-	-	-
Premium on special assessment bonds	-	-	-	-
Discount on general obligation bonds	-	-	-	-
Sale of City property	25,317	-	-	-
Transfers in	914,742	455,221	-	82,042
Transfers out	(22,546)	(2,278,714)	(50,000)	(6,135)
Total other financing sources (uses)	<u>917,513</u>	<u>(1,823,493)</u>	<u>(50,000)</u>	<u>75,907</u>
Net change in fund balance	1,389,723	1,544,751	3,882,743	(504,468)
Fund balance, January 1	5,044,867	977,837	24,733,175	1,483,149
Fund balance, December 31	<u>\$ 6,434,590</u>	<u>\$ 2,522,588</u>	<u>\$ 28,615,918</u>	<u>\$ 978,681</u>

City of Minot, North Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Capital Project Fund	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
	Highway Reserve		2008	2007
REVENUES				
Property tax collections	\$ 252,703	\$ 4,005,563	\$ 8,855,449	\$ 8,730,892
Special assessment collections	-	992	779,292	669,155
Sales tax collections	-	3,708,686	14,639,441	13,242,768
Licenses and permits	-	-	744,303	607,708
Intergovernmental	431,746	1,051,271	6,716,698	5,348,836
Charges for services	-	516,745	4,540,984	3,821,965
Fines and forfeits	-	-	471,653	540,046
Interest income	89,180	341,805	1,468,090	2,282,098
Miscellaneous	-	1,751,344	2,012,030	2,896,504
Total revenues	<u>773,629</u>	<u>11,376,406</u>	<u>40,227,940</u>	<u>38,139,972</u>
EXPENDITURES				
Current				
General government	-	1,641,538	11,048,600	8,709,351
Public safety	-	2,282	8,191,065	7,828,236
Highways and streets	44,804	874,823	2,777,822	2,069,635
Culture and recreation	-	3,377,216	3,377,216	3,292,295
Economic development	-	3,882,862	3,882,862	2,717,155
Capital outlay				
Contracted work	2,345,970	1,332,800	3,678,770	6,151,428
Equipment	-	607,039	607,039	945,011
Infrastructure	-	-	-	107,122
Legal	1,075	2,389	3,464	5,156
Other	29,581	65,103	94,684	76,233
Acquisitions	464,841	-	464,841	-
Engineering	384,255	284,608	668,863	613,713
Debt service				
Principal retirement	-	1,530,000	2,655,000	2,520,000
Interest and fiscal charges	31,502	436,413	773,958	627,917
Total Expenditures	<u>3,302,028</u>	<u>14,037,073</u>	<u>38,224,184</u>	<u>35,663,252</u>
Excess (deficiency) of revenues over (under) expenditures	(2,528,399)	(2,660,667)	2,003,756	2,476,720
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	1,720,000	-	1,720,000	1,785,000
Special assessment bonds issued	-	1,905,000	1,905,000	2,715,000
Discount on special assessment bonds	(1,376)	-	(1,376)	100
Premium on general obligation bonds	-	11,641	11,641	17,540
Sale of City property	-	8,300	33,617	27,043
Transfers in	2,889,323	1,657,681	5,999,009	5,834,714
Transfers out	(124,127)	(1,121,487)	(3,603,009)	(4,297,199)
Total other financing sources (uses)	<u>4,483,820</u>	<u>2,461,135</u>	<u>6,064,882</u>	<u>6,082,198</u>
Net change in fund balance	1,955,421	(199,532)	8,068,638	8,558,918
Fund balance, January 1	1,684,693	12,021,200	45,944,921	37,386,003
Fund balance, December 31	<u>\$ 3,640,114</u>	<u>\$ 11,821,668</u>	<u>\$ 54,013,559</u>	<u>\$ 45,944,921</u>

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

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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, 2008

Net change in fund balances-total governmental funds \$ 8,068,638

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 2. B) 11,460,644

Gross proceeds from the sale of capital assets is reported as revenue in the governmental fund; however, in the statement of activities only the gain or loss on the transaction is reported. (2,166)

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 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	\$ (1,720,000)		
Refunding bonds	(1,905,000)		
Discount on debt issuance	1,376		
Premium on debt issuance	(11,641)		
Repayments of bond principal	2,655,000		
Annual amortization of premium/discount and issuance costs	<u>(44,004)</u>		
Net adjustment			(1,024,269)

A negative net pension obligation should be reported as an asset in the government-wide statement of net assets. Conversely, a negative net pension obligation is not considered to represent a financial asset; therefore, it is not properly reported in a governmental fund. The government-wide statement of net activities reports the change in the net pension obligation asset from year to year. (253,140)

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.

Accrued interest payable	13,175
Compensated absences	5,776
Net pension obligation	197,786

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	2,600,881	
Special assessment write-offs and foreclosures	(55,355)	
Amount shown as revenue in governmental funds	<u>(779,292)</u>	
Net change		1,766,234

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. (256,950)

Change in net assets of governmental activities \$ 19,975,728

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 to Actual
General Fund
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	<u>Budgeted Amounts</u>		2008 Actual Amounts	Variance With Final Budget	2007 Actual Amounts
	Original	Final			
REVENUES					
Property tax collections	\$ 4,455,006	\$ 4,455,006	\$ 4,571,334	\$ 116,328	\$ 4,474,268
Special assessment collections	-	-	7,675	7,675	16,270
Licenses	192,445	192,445	210,662	18,217	176,646
Permits	396,295	396,295	533,641	137,346	431,062
Intergovernmental federal					
Drug task force	161,100	161,100	78,953	(82,147)	70,435
Intergovernmental state					
Highway fund	1,683,303	1,683,303	1,985,198	301,895	1,769,430
State aid distribution	1,424,650	1,424,650	1,862,605	437,955	1,620,893
Cigarette tax	112,578	112,578	112,175	(403)	112,090
Estate tax	46,500	46,500	-	(46,500)	-
Gas and oil production tax	16,784	16,784	28,524	11,740	20,451
Telecommunications tax	132,092	132,092	132,092	-	132,092
Senior citizen property tax credit	32,000	32,000	36,729	4,729	33,893
Fire insurance refund	61,605	61,605	123,246	61,641	63,410
Gambling tax revenue	21,300	21,300	25,234	3,934	22,480
Intergovernmental county					
Road and bridge	3,175	3,175	4,315	1,140	3,921
Joint communications	184,490	157,702	147,355	(10,347)	143,965
Telephone fee	157,702	184,490	173,909	(10,581)	177,118
Information services	131,980	131,980	60,896	(71,084)	58,589
Intergovernmental other					
Housing authority	26,700	26,700	37,896	11,196	34,164
Parking authority	5,176	5,176	5,176	-	5,480
Cable TV franchise fees	370,000	370,000	442,420	72,420	400,264
Damage claims	4,450	4,450	(24,904)	(29,354)	1,901
Policing-Central Campus	1,900	1,900	1,862	(38)	2,369
Total intergovernmental	<u>4,577,485</u>	<u>4,577,485</u>	<u>5,233,681</u>	<u>656,196</u>	<u>4,672,945</u>
Charges for services					
Engineering & administrative	521,713	521,713	447,953	(73,760)	137,863
Utility & special funds	2,193,774	2,193,774	2,193,775	1	1,899,748
Agency funds	1,373,669	1,373,669	1,335,628	(38,041)	1,249,871
Fleet labor	58,200	58,200	46,883	(11,317)	50,646
Total charges for services	<u>4,147,356</u>	<u>4,147,356</u>	<u>4,024,239</u>	<u>(123,117)</u>	<u>3,338,128</u>
Fines and forfeitures					
Parking tickets	66,800	66,800	62,858	(3,942)	71,690
Police court	445,800	445,800	408,795	(37,005)	468,356
Total fines and forfeitures	<u>512,600</u>	<u>512,600</u>	<u>471,653</u>	<u>(40,947)</u>	<u>540,046</u>
Interest income	741,716	741,716	191,195	(550,521)	235,459
Miscellaneous income					
Work for others	11,200	11,200	9,417	(1,783)	7,468
Single family mortgage payoffs	40,000	40,000	47,555	7,555	43,016
Miscellaneous	69,268	69,268	136,558	67,290	108,899
Towing fees	13,500	13,500	14,006	506	11,045
Total miscellaneous income	<u>133,968</u>	<u>133,968</u>	<u>207,536</u>	<u>73,568</u>	<u>170,428</u>
Total revenues	<u>15,156,871</u>	<u>15,156,871</u>	<u>15,451,616</u>	<u>294,745</u>	<u>14,055,252</u>

City of Minot, North Dakota
Statement of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual
General Fund
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	<u>Budgeted Amounts</u>		<u>2008 Actual Amounts</u>	<u>Variance With Final Budget</u>	<u>2007 Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
EXPENDITURES					
General government					
Mayor and city council	\$ 132,295	\$ 132,295	\$ 126,325	\$ 5,970	\$ 125,989
City manager	186,910	186,910	186,528	382	176,073
City clerk	189,061	193,261	189,367	3,894	167,827
City attorney	109,300	109,300	89,256	20,044	108,045
Administrative and general	642,346	646,346	556,376	89,970	541,525
Finance	498,002	498,002	439,410	58,592	424,863
Information technology	348,899	348,899	287,728	61,171	276,202
Property assessment	290,527	290,527	273,419	17,108	256,189
Building inspection	366,937	366,937	358,560	8,377	347,817
Traffic	794,462	812,328	805,994	6,334	668,484
Engineering and planning	647,697	653,517	622,555	30,962	576,780
Vehicle maintenance	514,015	514,015	454,643	59,372	453,130
Property maintenance	312,799	312,799	310,099	2,700	278,216
Public works administration	327,947	328,013	328,637	(624)	353,311
Total general government	<u>5,361,197</u>	<u>5,393,149</u>	<u>5,028,897</u>	<u>364,252</u>	<u>4,754,453</u>
Public safety					
Police administration	756,147	756,147	696,773	59,374	711,917
Police patrol	2,846,068	2,846,596	2,715,705	130,891	2,608,767
Criminal investigation	791,450	791,450	753,665	37,785	732,499
Narcotics task force	71,534	71,534	57,957	13,577	40,531
Telecommunications division	628,059	628,059	597,549	30,510	580,987
Municipal judge	140,795	140,795	161,800	(21,005)	151,552
Fire administration	381,623	381,623	438,414	(56,791)	369,028
Fire control	2,830,854	2,853,513	2,764,920	88,593	2,632,955
Total public safety	<u>8,446,530</u>	<u>8,469,717</u>	<u>8,186,783</u>	<u>282,934</u>	<u>7,828,236</u>
Street & storm sewer maintenance	<u>1,712,892</u>	<u>1,732,892</u>	<u>1,763,726</u>	<u>(30,834)</u>	<u>1,562,763</u>
Total expenditures	<u>15,520,619</u>	<u>15,595,758</u>	<u>14,979,406</u>	<u>616,352</u>	<u>14,145,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(363,748)</u>	<u>(438,887)</u>	<u>472,210</u>	<u>911,097</u>	<u>(90,200)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	-	25,317	25,317	23,553
Transfers in	363,748	363,748	914,742	550,994	1,473,500
Transfers out	-	-	(22,546)	(22,546)	(5,194)
Total other financing sources (uses)	<u>363,748</u>	<u>363,748</u>	<u>917,513</u>	<u>553,765</u>	<u>1,491,859</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (75,139)</u>	<u>1,389,723</u>	<u>\$ 1,464,862</u>	<u>1,401,659</u>
Fund balance, January 1			<u>5,044,867</u>		<u>3,643,208</u>
Fund balance, December 31			<u>\$ 6,434,590</u>		<u>\$ 5,044,867</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, 2008
With Comparative Totals for December 31, 2007

	Sales Tax Capital Improvement			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Sales tax collections	\$ 3,024,850	\$ 3,643,585	\$ (618,735)	\$ 3,310,692
Interest income	-	35,006	(35,006)	27,932
Miscellaneous income	-	53,150	(53,150)	-
Total revenues	<u>3,024,850</u>	<u>3,731,741</u>	<u>(706,891)</u>	<u>3,338,624</u>
EXPENDITURES				
General government	20,000	267,028	(247,028)	107,122
Highway and street	-	2,000	(2,000)	-
Culture and recreation	-	94,469	(94,469)	-
Total expenditures	<u>20,000</u>	<u>363,497</u>	<u>(343,497)</u>	<u>107,122</u>
Excess (deficiency) of revenues over (under) expenditures	3,004,850	3,368,244	(363,394)	3,231,502
OTHER FINANCING SOURCES (USES)				
Transfers in	27,733	455,221	(427,488)	15,907
Transfers out	(3,032,583)	(2,278,714)	(753,869)	(2,689,014)
Total other financing sources (uses)	<u>(3,004,850)</u>	<u>(1,823,493)</u>	<u>(1,181,357)</u>	<u>(2,673,107)</u>
Net change in fund balance	<u>\$ -</u>	1,544,751	<u>\$ (1,544,751)</u>	558,395
Fund balance, January 1		977,837		419,442
Fund balance, December 31		<u>\$ 2,522,588</u>		<u>\$ 977,837</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, 2008
With Comparative Totals for December 31, 2007

	Sales Tax NAWS			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Sales tax collections	\$ 6,049,701	\$ 7,287,170	\$ (1,237,469)	\$ 6,621,384
Interest income	900,000	756,710	143,290	1,165,098
Total revenues	<u>6,949,701</u>	<u>8,043,880</u>	<u>(1,094,179)</u>	<u>7,786,482</u>
EXPENDITURES				
General government	6,899,701	4,111,137	2,788,564	3,313,804
Total expenditures	<u>6,899,701</u>	<u>4,111,137</u>	<u>2,788,564</u>	<u>3,313,804</u>
Excess (deficiency) of revenues over (under) expenditures	50,000	3,932,743	(3,882,743)	4,472,678
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	-	(50,000)
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	3,882,743	<u>\$ (3,882,743)</u>	4,422,678
Fund balance, January 1		24,733,175		20,310,497
Fund balance, December 31		<u>\$ 28,615,918</u>		<u>\$ 24,733,175</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, 2008
With Comparative Totals for December 31, 2007

	Business-Type Activities			
	Enterprise Funds			
	Airport	Sanitation	Water & Sewer	Nonmajor
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,262,116	\$ 1,631,821	\$ 1,666,914	\$ 245,027
Restricted cash and cash equivalents	309,945	-	1,983,799	44,714
Taxes receivable delinquent	1,435	-	-	696
Accounts receivable	79,590	199,572	733,511	13,720
Due from other funds	-	-	-	-
Due from other agencies	45,414	-	-	13
Inventory	60,379	-	-	-
Prepays	12,869	3,441	7,275	504
Total current assets	<u>1,771,748</u>	<u>1,834,834</u>	<u>4,391,499</u>	<u>304,674</u>
Noncurrent assets				
Restricted cash and cash equivalents	88,749	-	1,719,360	-
Advance from other funds	-	575,000	860,616	-
Deferred charges	17,857	-	186,554	-
Total noncurrent assets	<u>106,606</u>	<u>575,000</u>	<u>2,766,530</u>	<u>-</u>
Capital assets				
Land	1,109,583	367,335	1,647,600	254,793
Buildings	6,625,367	359,791	6,848,486	334,057
Equipment	2,636,056	1,095,011	5,706,759	430,780
Infrastructure	37,127,799	1,996,862	82,836,703	160,156
Intangible assets - software	-	-	345,144	-
Construction in progress	168,987	-	1,790,639	-
Total capital assets	<u>47,667,792</u>	<u>3,818,999</u>	<u>99,175,331</u>	<u>1,179,786</u>
Less-accumulated depreciation	<u>(18,883,098)</u>	<u>(2,272,312)</u>	<u>(48,581,432)</u>	<u>(752,299)</u>
Net capital assets	<u>28,784,694</u>	<u>1,546,687</u>	<u>50,593,899</u>	<u>427,487</u>
Total assets	<u>\$ 30,663,048</u>	<u>\$ 3,956,521</u>	<u>\$ 57,751,928</u>	<u>\$ 732,161</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 53,099	\$ 2,828	\$ 96,404	\$ 9,403
Retainage payable	27,412	-	361,297	-
Due to other funds	21,118	-	-	-
Due to other agencies	7,563	1,015	13,940	2,328
Accrued vacation payable	40,729	45,979	105,392	9,078
Accrued salaries payable	17,375	18,704	47,856	6,511
Insurance claims payable	-	-	-	-
Bonds payable	295,000	-	1,650,000	-
Notes payable	-	-	63,627	-
Loans payable	-	-	70,382	-
Accrued interest payable	14,945	-	199,790	-
Deferred revenue	975	-	-	-
Total current liabilities	<u>478,216</u>	<u>68,526</u>	<u>2,608,688</u>	<u>27,320</u>
Long-term liabilities				
Customer deposits	5,119	-	91,856	600
Bonds payable	965,000	-	22,710,000	-
Notes payable	-	-	1,562,793	-
Loans payable	-	-	73,764	-
Advance to other funds	53,150	-	2,634,015	-
Accrued MSWLF closure and postclosure care costs	-	403,449	-	-
Total long-term liabilities	<u>1,023,269</u>	<u>403,449</u>	<u>27,072,428</u>	<u>600</u>
Total liabilities	<u>1,501,485</u>	<u>471,975</u>	<u>29,681,116</u>	<u>27,920</u>
NET ASSETS				
Invested in capital assets, net of related debt	27,524,694	1,546,687	23,734,940	427,487
Restricted for bond covenants	398,694	-	3,703,159	-
Restricted for perpetual care	-	-	-	38,250
Restricted for chapel/veteran's memorial	-	-	-	6,464
Unrestricted	1,238,175	1,937,859	632,713	232,040
Total net assets	<u>\$ 29,161,563</u>	<u>\$ 3,484,546</u>	<u>\$ 28,070,812</u>	<u>\$ 704,241</u>

City of Minot, North Dakota
Statement of Net Assets
Proprietary Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Governmental Activities			
	Total Enterprise Funds	Internal Service Funds	Total 2008	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,805,878	\$ 1,415,138	\$ 6,221,016	\$ 3,785,625
Restricted cash and cash equivalents	2,338,458	-	2,338,458	2,058,517
Taxes receivable delinquent	2,131	-	2,131	1,438
Accounts receivable	1,026,393	3,932	1,030,325	996,650
Due from other funds	-	-	-	1,314,942
Due from other agencies	45,427	-	45,427	152,455
Inventory	60,379	295,492	355,871	437,976
Prepays	24,089	-	24,089	295
Total current assets	<u>8,302,755</u>	<u>1,714,562</u>	<u>10,017,317</u>	<u>8,747,898</u>
Noncurrent assets				
Restricted cash and cash equivalents	1,808,109	-	1,808,109	708,333
Advance from other funds	1,435,616	-	1,435,616	-
Deferred charges	204,411	-	204,411	161,001
Total noncurrent assets	<u>3,448,136</u>	<u>-</u>	<u>3,448,136</u>	<u>869,334</u>
Capital assets				
Land	3,379,311	-	3,379,311	2,786,418
Buildings	14,167,701	-	14,167,701	13,906,173
Equipment	9,868,606	-	9,868,606	9,841,013
Infrastructure	122,121,520	-	122,121,520	114,048,487
Intangible assets - software	345,144	-	345,144	345,144
Construction in progress	1,959,626	-	1,959,626	-
Total capital assets	<u>151,841,908</u>	<u>-</u>	<u>151,841,908</u>	<u>140,927,235</u>
Less-accumulated depreciation	<u>(70,489,140)</u>	<u>-</u>	<u>(70,489,140)</u>	<u>(66,014,398)</u>
Net capital assets	<u>81,352,768</u>	<u>-</u>	<u>81,352,768</u>	<u>74,912,837</u>
Total assets	<u>\$ 93,103,659</u>	<u>\$ 1,714,562</u>	<u>\$ 94,818,221</u>	<u>\$ 84,530,069</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 161,734	\$ 52,158	\$ 213,892	\$ 4,753
Retainage payable	388,709	-	388,709	277,126
Due to other funds	21,118	-	21,118	970,319
Due to other agencies	24,846	-	24,846	167,453
Accrued vacation payable	201,178	-	201,178	181,438
Accrued salaries payable	90,446	-	90,446	60,548
Insurance claims payable	-	115,481	115,481	64,218
Bonds payable	1,945,000	-	1,945,000	1,753,408
Notes payable	63,627	-	63,627	58,393
Loans payable	70,382	-	70,382	66,487
Accrued interest payable	214,735	-	214,735	136,355
Deferred revenue	975	-	975	975
Total current liabilities	<u>3,182,750</u>	<u>167,639</u>	<u>3,350,389</u>	<u>3,741,473</u>
Long-term liabilities				
Customer deposits	97,575	-	97,575	95,950
Bonds payable	23,675,000	-	23,675,000	13,553,819
Notes payable	1,562,793	-	1,562,793	1,629,486
Loans payable	73,764	-	73,764	144,207
Advance to other funds	2,687,165	-	2,687,165	-
Accrued MSWLF closure and postclosure care costs	403,449	-	403,449	381,459
Total long-term liabilities	<u>28,499,746</u>	<u>-</u>	<u>28,499,746</u>	<u>15,804,921</u>
Total liabilities	<u>31,682,496</u>	<u>167,639</u>	<u>31,850,135</u>	<u>19,546,394</u>
NET ASSETS				
Invested in capital assets, net of related debt	53,233,808	-	53,233,808	57,707,037
Restricted for bond covenants	4,101,853	-	4,101,853	2,722,976
Restricted for perpetual care	38,250	-	38,250	38,250
Restricted for chapel/veteran's memorial	6,464	-	6,464	5,624
Unrestricted	4,040,787	1,546,923	5,587,710	7,232,764
Total net assets	<u>61,421,162</u>	<u>\$ 1,546,923</u>	<u>62,968,085</u>	<u>67,706,651</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>319,363</u>		<u>319,363</u>	<u>172,162</u>
	<u>\$ 61,740,525</u>		<u>\$ 63,287,448</u>	<u>\$ 67,878,813</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, 2008
With Comparative Totals for December 31, 2007

	Business-Type Activities			
	Enterprise Funds			
	Airport	Sanitation	Water & Sewer	Nonmajor
OPERATING REVENUES				
Sales	\$ 1,604,562	\$ -	\$ -	\$ -
Cost of goods sold	(1,280,007)	-	-	-
Gross margin	324,555	-	-	-
Charges for services	823,672	2,671,494	8,330,694	374,359
Employer	-	-	-	-
Employee	-	-	-	-
Miscellaneous	-	-	31,625	-
Total operating revenues	<u>1,148,227</u>	<u>2,671,494</u>	<u>8,362,319</u>	<u>374,359</u>
OPERATING EXPENSES				
Salaries	489,395	684,500	1,522,595	186,126
Employee benefits	110,568	171,054	381,187	33,525
Professional services	1,757	16,121	39,909	135
Property services	187,582	377,594	467,589	31,671
Purchased services	74,130	28,691	486,481	7,777
Supplies	230,493	288,004	1,819,339	24,280
Capital purchases	-	-	50,988	-
Sundry	75,799	317,908	1,508,429	38,011
Insurance claims	-	-	-	-
Bad debt expense	-	2,351	6,390	-
Amortization	8,186	-	29,409	-
MSWLF closure & postclosure care	-	21,990	-	-
Depreciation	1,686,406	113,369	2,711,509	18,706
Total operating expenses	<u>2,864,316</u>	<u>2,021,582</u>	<u>9,023,825</u>	<u>340,231</u>
Operating income (loss)	(1,716,089)	649,912	(661,506)	34,128
NON-OPERATING REVENUES (EXPENSES)				
Property tax collections	71,847	-	-	1,200
State and federal collected taxes	562,050	-	-	-
Interest income	44,936	52,883	34,806	7,342
Miscellaneous income (expense)	(56,652)	22,495	17,091	1,529
Passenger facility charge income	262,539	-	-	-
Gain (loss) on disposal of capital assets	-	-	(26,442)	-
Interest and fiscal charges	(69,474)	-	(710,515)	-
Total non-operating revenues (expenses)	<u>815,246</u>	<u>75,378</u>	<u>(685,060)</u>	<u>10,071</u>
Income (loss) before contributions and transfers	(900,843)	725,290	(1,346,566)	44,199
Capital contributions	18,740	248,926	1,805,074	-
Transfers in	192,226	91,654	419,027	-
Transfers out	(147,848)	(338,158)	(2,563,019)	(7,342)
Total contributions and transfers	<u>63,118</u>	<u>2,422</u>	<u>(338,918)</u>	<u>(7,342)</u>
Change in net assets	(837,725)	727,712	(1,685,484)	36,857
Net assets, January 1	29,999,288	2,756,834	29,756,296	667,384
Net assets, December 31	<u>\$ 29,161,563</u>	<u>\$ 3,484,546</u>	<u>\$ 28,070,812</u>	<u>\$ 704,241</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, 2008
With Comparative Totals for December 31, 2007

	Total Enterprise Funds	Governmental Activities		Total 2008	Total 2007
		Internal Service Funds			
OPERATING REVENUES					
Sales	\$ 1,604,562	\$ 860,767		\$ 2,465,329	\$ 1,462,192
Cost of goods sold	(1,280,007)	(787,528)		(2,067,535)	(1,058,856)
Gross margin	324,555	73,239		397,794	403,336
Charges for services	12,200,219	-		12,200,219	10,954,371
Employer	-	1,324,373		1,324,373	1,266,171
Employee	-	683,654		683,654	656,180
Miscellaneous	31,625	-		31,625	1,675
Total operating revenues	<u>12,556,399</u>	<u>2,081,266</u>		<u>14,637,665</u>	<u>13,281,733</u>
OPERATING EXPENSES					
Salaries	2,882,616	-		2,882,616	2,798,958
Employee benefits	696,334	-		696,334	691,252
Professional services	57,922	52		57,974	53,357
Property services	1,064,436	-		1,064,436	1,909,273
Purchased services	597,079	-		597,079	158,978
Supplies	2,362,116	65,730		2,427,846	2,125,025
Capital purchases	50,988	-		50,988	4,949
Sundry	1,940,147	-		1,940,147	1,675,518
Insurance claims	-	2,173,648		2,173,648	1,817,691
Bad debt expense	8,741	-		8,741	13,294
Amortization	37,595	-		37,595	32,128
MSWLF closure & postclosure care	21,990	-		21,990	17,862
Depreciation	4,529,990	-		4,529,990	4,108,982
Total operating expenses	<u>14,249,954</u>	<u>2,239,430</u>		<u>16,489,384</u>	<u>15,407,267</u>
Operating income (loss)	(1,693,555)	(158,164)		(1,851,719)	(2,125,534)
NON-OPERATING REVENUES (EXPENSES)					
Property tax collections	73,047	-		73,047	34,608
State and federal collected taxes	562,050	-		562,050	1,764,185
Interest income	139,967	42,543		182,510	305,700
Miscellaneous income (expense)	(15,537)	(98,789)		(114,326)	156,305
Passenger facility charge income	262,539	-		262,539	263,381
Gain (loss) on disposal of capital assets	(26,442)	-		(26,442)	(6,473)
Interest and fiscal charges	(779,989)	-		(779,989)	(539,438)
Total non-operating revenues (expenses)	<u>215,635</u>	<u>(56,246)</u>		<u>159,389</u>	<u>1,978,268</u>
Income (loss) before contributions and transfers	(1,477,920)	(214,410)		(1,692,330)	(147,266)
Capital contributions	2,072,740	-		2,072,740	2,072,518
Transfers in	702,907	-		702,907	851,657
Transfers out	(3,056,367)	(42,540)		(3,098,907)	(2,389,172)
Total contributions and transfers	<u>(280,720)</u>	<u>(42,540)</u>		<u>(323,260)</u>	<u>535,003</u>
Change in net assets	(1,758,640)	(256,950)			
Net assets, January 1	63,179,802	1,803,873			
Net assets, December 31	<u>\$ 61,421,162</u>	<u>\$ 1,546,923</u>			
Change in net assets enterprise funds only				(1,758,640)	234,737
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				147,201	(25,133)
Change in net assets of business-type activities				<u>\$ (1,611,439)</u>	<u>\$ 209,604</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, 2008
With Comparative Totals for December 31, 2007

	Business-Type Activities			
	Enterprise Funds			
	Airport	Sanitation	Water & Sewer	Nonmajor
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,457,189	\$ 2,638,745	\$ 8,319,250	\$ 369,089
Payments to suppliers	(1,805,898)	(1,027,841)	(4,086,657)	(92,471)
Payments to employees	(585,778)	(840,613)	(1,886,031)	(216,890)
Internal activity - payments from (to) other fund:				
Due from (to) other agencies	74,268	(99,188)	1,642,210	-
Due from (to) other agencies	105,061	695	(142,542)	1,207
Net cash provided (used) by operating activities	<u>244,842</u>	<u>671,798</u>	<u>3,846,230</u>	<u>60,935</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	577,245	22,495	17,091	2,729
Transfers in	192,226	91,654	419,027	-
Transfers out	(147,848)	(338,158)	(2,563,019)	(7,342)
Internal activity - payments from (to) other fund:				
Net cash provided (used) by noncapital financing activities	<u>621,623</u>	<u>(224,009)</u>	<u>(2,126,901)</u>	<u>(4,613)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	18,740	248,926	832,656	-
Passenger facility charges	262,539	-	-	-
Acquisition and construction of capital assets	(478,577)	(246,046)	(9,161,012)	(5,632)
Proceeds from bonds	-	-	12,202,700	-
Disposal of capital assets	(8,186)	(27,330)	(57,707)	-
Principal paid on capital debt	(280,000)	-	(1,713,007)	-
Interest paid on capital debt	(69,474)	-	(710,515)	-
Net cash provided (used) by capital and related financing activities	<u>(554,958)</u>	<u>(24,450)</u>	<u>1,393,115</u>	<u>(5,632)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	44,936	52,883	34,806	7,342
Net cash provided by investing activities	<u>44,936</u>	<u>52,883</u>	<u>34,806</u>	<u>7,342</u>
Net increase (decrease) in cash and cash equivalents	356,443	476,222	3,147,250	58,032
Cash and cash equivalents, January 1	1,304,367	1,155,599	2,324,799	231,709
Cash and cash equivalents, December 31	<u>\$ 1,660,810</u>	<u>\$ 1,631,821</u>	<u>\$ 5,472,049</u>	<u>\$ 289,741</u>
Cash and cash equivalents are comprised of the following				
Cash and cash equivalents	\$ 1,262,116	\$ 1,631,821	\$ 1,666,914	\$ 245,027
Restricted cash and cash equivalents - current	309,945	-	1,983,799	44,714
Restricted cash and cash equivalents - noncurrent	88,749	-	1,719,360	-
Total cash and cash equivalents on the Statement of Net Assets	<u>\$ 1,660,810</u>	<u>\$ 1,631,821</u>	<u>\$ 5,370,073</u>	<u>\$ 289,741</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,716,089)	\$ 649,912	\$ (661,506)	\$ 34,128
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	1,686,406	113,369	2,711,509	18,706
Amortization expense	8,186	-	29,409	-
MSWLF closure and post closure care cost adjustment	-	21,990	-	-
Change in assets and liabilities				
Taxes receivable	(1,435)	-	-	742
Receivables, net	(15,853)	(29,308)	15,712	(5,518)
Inventory	50,731	-	-	-
Prepays	(12,674)	(3,441)	(7,185)	(494)
Accounts payable	53,014	2,828	91,736	9,403
Retainage payable	(6,082)	-	117,665	-
Advance to (from) other funds	53,150	(575,000)	1,773,399	-
Due to (from) other funds	21,118	475,812	(131,189)	-
Due to (from) other agencies	105,061	695	(142,542)	1,207
Accrued vacation payable	7,645	8,755	3,251	89
Accrued salaries payable	6,540	6,186	14,500	2,672
Insurance claims payable	-	-	-	-
Accrued interest payable	(3,232)	-	81,612	-
Customer deposits	170	-	1,455	-
Deferred revenue (charge)	8,186	-	(51,596)	-
Net cash provided (used) by operating activities	<u>\$ 244,842</u>	<u>\$ 671,798</u>	<u>\$ 3,846,230</u>	<u>\$ 60,935</u>
NONCASH CAPITAL ACTIVITY				
Construction of capital assets from developers	\$ -	\$ -	\$ 972,418	\$ -
Transfer fully depreciated capital assets to general fund	-	-	24,139	-

City of Minot, North Dakota
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Total Enterprise Funds	Governmental Activities Internal Service Funds	Total 2008	Total 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 13,784,273	\$ 2,901,460	\$ 16,685,733	\$ 14,352,228
Payments to suppliers	(7,012,867)	(749,889)	(7,762,756)	(6,746,870)
Payments to employees	(3,529,312)	(2,173,648)	(5,702,960)	(5,308,321)
Internal activity - payments from (to) other fund:	1,617,290	-	1,617,290	(788,448)
Due from (to) other agencies	(35,579)	-	(35,579)	(54,407)
Net cash provided (used) by operating activities	<u>4,823,805</u>	<u>(22,077)</u>	<u>4,801,728</u>	<u>1,454,182</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	619,560	-	619,560	1,905,650
Transfers in	702,907	-	702,907	851,657
Transfers out	(3,056,367)	(42,540)	(3,098,907)	(2,389,172)
Internal activity - payments from (to) other fund:	-	(98,789)	(98,789)	49,448
Net cash provided (used) by noncapital financing activities	<u>(1,733,900)</u>	<u>(141,329)</u>	<u>(1,875,229)</u>	<u>417,583</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	1,100,322	-	1,100,322	2,072,518
Passenger facility charges	262,539	-	262,539	263,381
Acquisition and construction of capital assets	(9,891,267)	-	(9,891,267)	(7,389,471)
Proceeds from bonds	12,202,700	-	12,202,700	5,490,000
Disposal of capital assets	(93,223)	-	(93,223)	-
Principal paid on capital debt	(1,993,007)	-	(1,993,007)	(1,522,231)
Interest paid on capital debt	(779,989)	-	(779,989)	(539,438)
Net cash provided (used) by capital and related financing activities	<u>808,075</u>	<u>-</u>	<u>808,075</u>	<u>(1,625,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	139,967	42,543	182,510	305,700
Net cash provided by investing activities	<u>139,967</u>	<u>42,543</u>	<u>182,510</u>	<u>305,700</u>
Net increase (decrease) in cash and cash equivalents	4,037,947	(120,863)	3,917,084	552,224
Cash and cash equivalents, January 1	5,016,474	1,536,001	6,552,475	6,000,251
Cash and cash equivalents, December 31	<u>\$ 9,054,421</u>	<u>\$ 1,415,138</u>	<u>\$ 10,469,559</u>	<u>\$ 6,552,475</u>
Cash and cash equivalents are comprised of the following				
Cash and cash equivalents	\$ 4,805,878	\$ 1,415,138	\$ 6,221,016	\$ 3,785,625
Restricted cash and cash equivalents - current	2,338,458	-	2,338,458	2,058,517
Restricted cash and cash equivalents - noncurrent	1,808,109	-	1,808,109	708,333
Total cash and cash equivalents on the Statement of Net Assets	<u>\$ 8,952,445</u>	<u>\$ 1,415,138</u>	<u>\$ 10,367,583</u>	<u>\$ 6,552,475</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,693,555)	\$ (158,164)	\$ (1,851,719)	\$ (2,125,534)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	4,529,990	-	4,529,990	4,108,982
Amortization expense	37,595	-	37,595	32,128
MSWLF closure and post closure care cost adjustment	21,990	-	21,990	17,862
Change in assets and liabilities				
Taxes receivable	(693)	-	(693)	165
Receivables, net	(34,967)	1,292	(33,675)	75,572
Inventory	50,731	31,374	82,105	(64,583)
Prepays	(23,794)	-	(23,794)	(115)
Accounts payable	156,981	52,158	209,139	(1,851)
Retainage payable	111,583	-	111,583	213,914
Advance to (from) other funds	1,251,549	-	1,251,549	-
Due to (from) other funds	365,741	-	365,741	(9,252)
Due to (from) other agencies	(35,579)	-	(35,579)	(54,050)
Accrued vacation payable	19,740	-	19,740	(788,448)
Accrued salaries payable	29,898	-	29,898	(596)
Insurance claims payable	-	51,263	51,263	176
Accrued interest payable	78,380	-	78,380	48,636
Customer deposits	1,625	-	1,625	201
Deferred revenue (charge)	(43,410)	-	(43,410)	975
Net cash provided (used) by operating activities	<u>\$ 4,823,805</u>	<u>\$ (22,077)</u>	<u>\$ 4,801,728</u>	<u>\$ 1,454,182</u>
NONCASH CAPITAL ACTIVITY				
Construction of capital assets from developers	\$ 972,418	\$ -	\$ 972,418	\$ 369,319
Transfer fully depreciated capital assets to general fund	24,139	-	24,139	-

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, 2008

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 79,137	\$ 68,419
Investments		
Money market	500,148	
Equity/stocks	14,280,315	
Fixed income-tax exempt	852,690	
Fixed income-taxable	<u>25,666,613</u>	
Total investments	41,299,766	
Taxes receivable delinquent	45,919	3,093
Due from other agencies	580	38
Total assets	<u>\$ 41,425,402</u>	<u>\$ 71,550</u>
LIABILITIES		
Due to others	\$ 134,612	\$ -
Deferred revenue	46,950	71,550
Total liabilities	<u>181,562</u>	<u>\$ 71,550</u>
NET ASSETS		
Held in trust for pension benefits	41,251,447	
Held in trust for OPEB benefits	<u>(7,607)</u>	
Total net assets	<u>\$ 41,243,840</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, 2008
With Comparative Totals for December 31, 2007

	2008	2007
	Total	Total
ADDITIONS		
Contributions		
Employer	\$ 1,887,923	\$ 1,628,716
Employee	2,152,879	1,629,491
Total contributions	<u>4,040,802</u>	<u>3,258,207</u>
Investment income		
Interest and dividends	1,820,706	1,675,436
Net increase (decrease) in the fair value of investments	<u>(10,309,119)</u>	<u>2,991,111</u>
Total investment income	(8,488,413)	4,666,547
Less investment expense	<u>109,722</u>	<u>116,513</u>
Net investment income	(8,598,135)	4,550,034
Total additions	<u>(4,557,333)</u>	<u>7,808,241</u>
DEDUCTIONS		
Benefits paid to plan member and beneficiaries	4,791,651	4,455,783
Refunds paid to plan member and beneficiaries	136,442	82,132
Retiree claims	418,013	-
Third party premiums	110,721	-
Administrative expenses	<u>282,078</u>	<u>284,513</u>
Total deductions	<u>5,738,905</u>	<u>4,822,428</u>
Change in net assets	(10,296,238)	2,985,813
Net assets - January 1	<u>51,540,078</u>	<u>48,554,265</u>
Net assets - December 31	<u>\$ 41,243,840</u>	<u>\$ 51,540,078</u>

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

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Notes to Financial Statements

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 GAAP for governmental accounting and financial reporting. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the GASB board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 Aldermen, 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 significantly 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. The City eliminates indirect expense allocations 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. The City reports taxes and other items not properly included among program revenues as general revenues.

Fund Financial Statements

The fund financial statements report information at the individual fund level. Each fund is considered 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 in 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 comprised of 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 nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining statements section.

The City reports the following major governmental funds:

CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

Notes to Financial Statements

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 Capital Improvements** accounts for 50% of the collection of a one percent City sales tax. The fund is dedicated to capital improvements in and around the Minot area.

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

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

The **Highway Reserve Fund** is a capital project fund used to fund highway improvements in Minot.

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** is used to account 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 insurance and fleet management services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

The **Fiduciary Trust Funds** account for the

activities of the City Employee Pension Plan, which accumulates resources for pension, benefit payments to qualified employees and the City Other Post Employment Benefits, which accumulate resources for OPEB payments to qualified employees.

The **Agency Funds** are used for assets held by the City as the agent for other individuals, private organizations, or other governmental units and/or funds. These funds include Payroll Deductions, Social Security, Commission on Aging (Section 5311 grant monies for the bus system), and Hotel/Motel Tax (collects lodging taxes disbursed to the Convention and Visitor's Bureau).

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues 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

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

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 susceptible to accrual as revenue of the current period. All other revenues are considered 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 costs, 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, 2007, from which the summarized information was derived.

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

Cash

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; and 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 other outstanding balances between funds are referred to as "due to/from other funds" (i.e., current inter-fund

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

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 and Prepaid Items

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 are recognized as expenditures in governmental funds and as expenses in proprietary funds when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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, equipment, infrastructure assets (e.g., roads, bridges, street lights, and similar items), intangibles, 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
- Equipment 3-10 years
- Intangibles 10 years
- Books 20 years

Net Assets/Fund Balance

The difference between assets and liabilities is "Net assets" on the government-wide, proprietary and

**CITY OF MINOT, NORTH DAKOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2008**

Notes to Financial Statements

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 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 may be carried over from year to year. 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. Accumulation of sick leave is unlimited; 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 a 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 (\$19,064,580) difference are as follows:

Bonds payable	\$18,410,000
Unamortized discounts/premiums	25,234
Unamortized issuance costs	(179,904)
Accrued interest payable	165,173
Compensated absences	<u>644,077</u>
Net adjustment to reduce fund balance-	
total governmental funds to arrive at	
net assets-governmental activities	<u>\$19,064,580</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

**CITY OF MINOT, NORTH DAKOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2008**

Notes to Financial Statements

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 (\$11,460,644) difference are as follows:

Donated capital assets	\$10,331,407
Capital outlay	5,517,661
Depreciation	<u>(4,388,424)</u>
Net adjustment to increase net changes in fund balances--total governmental funds to arrive at changes in net assets of governmental funds	<u>\$11,460,644</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 Fire Equipment Fund.

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

C. NET ASSETS/FUND BALANCE DEFICITS

Four nonmajor funds had deficit fund balances as of December 31, 2008. The \$67,644 deficit in Recreation/Auditorium will be reimbursed with future user fees dedicated to these funds. The \$43,852 deficit in Sidewalk Improvements will be reimbursed with future bonding for City special assessments. The \$35,637 in Capital-Library Construction will be reimbursed by pledged donations toward the construction of the library addition. The \$75,343 deficit in the CDBG and EDA fund will be reimbursed with funds from CDBG and EDA.

NOTE 4-DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Except for the cash in the NAWS fund, 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 and 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's investment policy serves as the guide to the deposit and investment of operating funds 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

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, 2008, the City is fully insured by FDIC and has pledged collateral in the amount of 110% of its investments.

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; and 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. As of December 31, 2008, the City has invested in Cash and Money Markets \$14,053,070 Certificates of Deposit \$41,200,000 and Repurchase Agreements \$6,050,000, which have no credit ratings. All investments will mature in less than one year.

B. DUE FROM OTHER AGENCIES

A total of \$2,910,398 is due from other agencies. This includes \$331,780 due from the State of North Dakota, \$1,632,064 for city sales taxes, \$600,482 for State Aid Distribution, \$60,692 for a Section 18/5311 grant. Due from the Federal Government are \$74,827 from the security grant for schools, TSA, JAG narcotics grant, and airport master plan, and \$157,521 due from County. Other amounts due are, \$53,032 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	\$ 79,137
Due after one year	418,187
Less: allowance for uncollectible	(99,465)
Total loans receivable	<u>\$ 397,859</u>

Receivables for the City's individual major, nonmajor and internal service funds, including the applicable allowances for uncollectible accounts, are in the following table:

	Taxes	Specials	Specials	Accounts		Gross	Less: Allow	Total Net
	Delinquent	Deferred	Delinquent	Receivable	Loans	Receivables	for	Receivables
							Uncollectible	
General	\$ 160,926	\$ 6,036	\$ 3,223	\$ 124,389	\$ -	\$ 294,574	\$ -	\$ 294,574
Assessment debt	884	4,268,979	19,924	-	-	4,289,787	-	4,289,787
Highway reserve	6,122	-	-	-	-	6,122	-	6,122
Nonmajor governmental	150,479	2,700	15,351	24,706	497,324	690,560	(99,465)	591,095
Airport	1,435	-	-	79,590	-	81,025	-	81,025
Sanitation	-	-	-	199,572	-	199,572	-	199,572
Water and sewer	-	-	-	733,511	-	733,511	-	733,511
Nonmajor enterprise	696	-	-	13,720	-	14,416	-	14,416
Internal service	-	-	-	3,932	-	3,932	-	3,932
Total net receivables	<u>\$ 320,542</u>	<u>\$ 4,277,715</u>	<u>\$ 38,498</u>	<u>\$ 1,179,420</u>	<u>\$ 497,324</u>	<u>\$ 6,313,499</u>	<u>\$ (99,465)</u>	<u>\$ 6,214,034</u>

**CITY OF MINOT, NORTH DAKOTA
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The only receivables not expected to be collected within one year are \$4,069,850 of special assessments deferred reported in the Special Assessment Debt fund and the loans receivables as noted above.

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

General fund	\$ 185,707
Assessment debt	4,288,874
Highway reserve	5,593
Nonmajor governmental funds	156,970
Total deferred revenue	<u>\$4,637,144</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

Governmental Activities	Balance 01/01/08	Additions	Deletions	Transfers	Balance 12/31/08
Non-depreciable assets					
Land	\$ 6,333,630	\$ 511,289	\$ -	\$ -	\$ 6,844,919
Construction in progress	-	1,088,656	-	-	1,088,656
Depreciable assets					
Buildings	11,959,907	800,691	-	-	12,760,598
Equipment	9,916,305	1,479,841	126,157	24,139	11,294,128
Infrastructure	82,966,729	11,788,253	-	-	94,754,982
Books	4,079,179	73,185	-	-	4,152,364
Intangible assets - software	-	210,886	-	-	210,886
Totals at historical cost	<u>115,255,750</u>	<u>15,952,801</u>	<u>126,157</u>	<u>24,139</u>	<u>131,106,533</u>
Accumulated depreciation					
Buildings	(5,615,182)	(245,378)	-	-	(5,860,560)
Equipment	(5,228,186)	(623,002)	101,507	(24,139)	(5,773,820)
Infrastructure	(22,055,877)	(3,296,809)	-	-	(25,352,686)
Books	(2,913,314)	(223,237)	-	-	(3,136,551)
Total accumulated depreciation	<u>(35,812,559)</u>	<u>(4,388,426)</u>	<u>101,507</u>	<u>(24,139)</u>	<u>(40,123,617)</u>
Governmental activities capital assets, net	<u>\$ 79,443,191</u>	<u>\$ 11,564,375</u>	<u>\$ 24,650</u>	<u>\$ -</u>	<u>\$ 90,982,916</u>

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Business-Type Activities	Balance 01/01/08	Additions	Deletions	Transfers	Balance 12/31/08
Non-depreciable assets					
Land	\$ 2,786,418	\$ 592,893	\$ -	\$ -	\$ 3,379,311
Construction in progress	-	1,959,626	-	-	1,959,626
Depreciable assets					
Buildings	13,906,173	261,528	-	-	14,167,701
Equipment	9,841,013	82,062	30,330	(24,139)	9,868,606
Infrastructure	114,048,487	8,110,433	37,400	-	122,121,520
Intangible assets	345,144	-	-	-	345,144
Totals at historical cost	140,927,235	11,006,542	67,730	(24,139)	151,841,908
Accumulated depreciation					
Buildings	(9,667,408)	(379,257)	-	-	(10,046,665)
Equipment	(6,381,996)	(452,504)	30,330	24,139	(6,780,031)
Infrastructure	(49,619,850)	(3,698,229)	779	-	(53,317,300)
Intangible assets	(345,144)	-	-	-	(345,144)
Total accumulated depreciation	(66,014,398)	(4,529,990)	31,109	24,139	(70,489,140)
Business-type activities capital assets, net	74,912,837	6,476,552	36,621	-	81,352,768
Total capital assets, net	\$ 154,356,028	\$ 18,040,927	\$ 61,271	\$ -	\$ 172,335,684

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

Governmental Activities	
General government	\$ 561,994
Public safety	341,721
Highways and streets	3,149,077
Culture and recreation	335,634
Total depreciation expense - governmental activities	<u>\$ 4,388,426</u>
Business -Type Activities	
Airport	\$ 1,686,406
Cemetery	7,612
Parking authority	11,094
Sanitation	113,369
Water and sewer	2,711,509
Total depreciation expense-business - type activities	<u>\$ 4,529,990</u>

E. COMMITMENTS

Construction commitments as of December 31, 2008 were approximately \$4,222,503. The City is also committed to approximately \$50.36 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 \$19.5 million. The City has approximately \$30.9 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

	<u>Advance to:</u>				<u>Total Advance From</u>
	<u>Nonmajor Gov't</u>	<u>Highway Reserve</u>	<u>Airport</u>	<u>Water & Sewer</u>	
Governmental funds					
Special Assessment Debt	\$ 917,704	\$ -	\$ -	\$ 462,457	\$ 1,380,161 (2)
Sales Tax Capital Imp	-	-	53,150	1,525,000	1,578,150 (1)
<u>Business-Type Funds</u>					
Sanitation	-	-	-	575,000	575,000 (1)
Water & Sewer	-	789,058	-	71,558	860,616 (2)
Total advance to	<u>\$ 917,704</u>	<u>\$ 789,058</u>	<u>\$ 53,150</u>	<u>\$ 2,634,015</u>	<u>\$ 4,393,927</u>

	<u>Due To:</u>			
	<u>General Fund</u>	<u>Special Assessment Debt</u>	<u>Nonmajor Gov't</u>	<u>Total Due From</u>
Governmental funds				
Highway Reserve	\$ -	\$ 402,071	\$ -	\$ 402,071 (3)
Nonmajor gov't	-	-	120,134	120,134 (3)
<u>Business-Type Funds</u>				
Airport	21,118	-	-	21,118 (1)
Total due to	<u>\$ 21,118</u>	<u>\$ 402,071</u>	<u>\$ 120,134</u>	<u>\$ 543,323</u>

31, 2008 was:

- (1) The purpose of this interfund receivable is to provide operating funds.
- (2) Outstanding special assessments paid in annual installments for storm sewer development. Scheduled for repayment in the

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subsequent years is \$1,853,790.

- (3) The purpose of this interfund receivable is to maintain a positive fund balance as of the end of the year.

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, and 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 aggregate:

Transfers Out	General Fund	Sales Tax	Sales Tax NAWS	Special	Highway Reserve	Nonmajor			Water & Sewer	Nonmajor	Internal	Total Transfers In
		Capital Improvements		Assessment Debt		Governmental Funds	Airport	Enterprise Funds		Service Funds		
General fund	\$ -	\$ 35,006	\$ 50,000	\$ 6,135	\$ 124,127	\$ 351,319	\$ 120,115	\$ 178,158	\$ -	\$ 7,342	\$ 42,540	\$ 914,742
Sales tax capital improvements	-	427,488	-	-	-	-	27,733	-	-	-	-	455,221
Assessment debt	-	50,000	-	-	-	-	-	-	32,042	-	-	82,042
Highway reserve	-	525,000	-	-	-	-	-	-	2,364,323	-	-	2,889,323
Nonmajor governmental funds	3,519	648,994	-	-	-	770,168	-	160,000	75,000	-	-	1,657,681
Airport	-	192,226	-	-	-	-	-	-	-	-	-	192,226
Sanitation	-	-	-	-	-	-	-	-	91,654	-	-	91,654
Water and sewer	19,027	400,000	-	-	-	-	-	-	-	-	-	419,027
Total transfers out	\$ 22,546	\$ 2,278,714	\$ 50,000	\$ 6,135	\$ 124,127	\$ 1,121,487	\$ 147,848	\$ 338,158	\$ 2,563,019	\$ 7,342	\$ 42,540	\$ 6,701,916

Transfers in/out consisted of the following:

\$ 571,785	Interest Distribution transfer from all funds to General Fund.
76,543	Airport budgeted transfers to General Fund
160,000	Sanitation (Garbage \$20,000 and Landfill \$140,000) budgeted equipment transfer to Equipment Purchase Fund
125,275	Sanitation budgeted transfers to General Fund
32,042	Water and sewer budgeted transfers to Special Assessment Debt Fund for debt payments.
2,364,323	Water and Sewer transfers to Highway Reserve for capital projects bonded for.
91,654	Water and sewer budgeted transfer to Sanitation to dispose of water plant lime.
75,000	Water and Sewer budgeted equipment transfer (Water Treatment \$55,000 and Sewer \$20,000) to Equipment Purchase Fund.
16,549	Fire Equipment Purchase transfers to Fire Equipment Capital to purchase fire equipment.
604,970	Property Tax Relief budgeted transfers to Highway Debt
50,000	Magic Fund administration budgeted transfers to General Fund for administration.
150,152	Sales Tax Capital Improvements budgeted transfers to Airport for debt payments.
400,000	Sales Tax Capital Improvements budgeted transfers to Water and Sewer Fund for infrastructure.
25,000	Sales Tax Capital Improvements budgeted transfers to Sales Tax Capital Fund for maintenance.
150,000	Sales Tax Capital Improvements budgeted transfers to Highway Debt for debt payments.
525,000	Sales Tax Capital Improvements budgeted transfers to Highway Reserve for highway projects.
450,000	Sales Tax Capital Improvements budgeted transfers to Fire Equipment Purchase Fund.
571,288	Sales Tax Capital Improvements budgeted transfers to Sales Tax Capital projects.
155,113	Transfer funds from Capital Projects to Special Revenue Funds.
22,222	Transferred funds from fire equipment budget to capital projects.
50,000	NAWS administration budgeted transfers to General Fund for administration.
35,000	Highway Reserve budgeted transfer to General Fund for administration.
<u>\$6,701,916</u>	Total transfers in/out

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G. LEASES

Operating Leases. The City leases equipment under operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of the lease agreements are not reflected in the City's assets and liabilities. Total cost for such leases were \$195,070 for the year ended December 31, 2008. The future minimum lease payments for these leases are as follows:

Year Ended December 31	Amounts
2009	\$ 197,472
2010	285,210
2011	510,000
Total minimum lease payments	<u>\$ 992,682</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 paid through the debt service fund by a tax levy and sales tax funds sufficient to meet the current year's principal and interest payments. These bonds are generally issued as 10-year bonds and the outstanding bonds have interest rates ranging from 3.0% to 5.0%. During the year, the City issued \$1,720,000 of general obligation highway bonds for construction on North Broadway, 16th Street Northwest paving and 20th Avenue Southeast paving.

General obligation bonds currently outstanding are as follows:

Year	Original Amount	Balance Outstanding 12/31/2008	Interest Rate	Matures
1999	\$ 1,000,000	\$ 125,000	4.75-4.8%	10/01/2009
2001A	450,000	165,000	4.25-4.65%	10/01/2011
2002	1,835,000	815,000	3.50%	10/01/2012
2003	2,675,000	2,165,000	3-5%	10/01/2023
2005	2,355,000	1,715,000	3.3-3.75%	10/01/2015
2006	2,810,000	2,315,000	3.6-3.7%	10/01/2016
2007	1,785,000	1,655,000	3.4-3.7%	10/01/2017
2008	1,720,000	1,720,000	3.5-4.6%	10/01/2018
	<u>\$ 14,630,000</u>	<u>\$ 10,675,000</u>		

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 \$7,735,000 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 2.75% to 5.0%. The City issued \$1,905,000 of special assessment bonds during 2008.

Special assessment bonds currently outstanding are as follows:

Year	Original Amount	Balance Outstanding 12/31/2008	Interest Rate	Matures
1999	\$ 2,380,000	\$ 350,000	4.75%	10/01/2010
2000	1,780,000	340,000	4.75-4.85%	10/01/2010
2001	1,530,000	515,000	3.5-3.9%	10/01/2011
2002	565,000	215,000	3.3-4%	10/01/2012
2003	2,205,000	1,100,000	2.75-3.7%	10/01/2013
2006	910,000	720,000	4.00%	10/01/2016
2007A	2,255,000	2,165,000	4-4.5%	10/01/2022
2007D	460,000	425,000	3.4-3.875%	10/01/2017
2008	1,905,000	1,905,000	3.75-5.0%	10/01/2018
	<u>\$ 13,990,000</u>	<u>\$ 7,735,000</u>		

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

Notes outstanding as of December 31, 2008 include the Bureau of Reclamation note on the Garrison Diversion Project for \$1,626,420 with a 3.5% interest rate, and matures July 1, 2027. Water and sewer fund income is used to pay the annual principal and interest due.

Loans outstanding as of December 31, 2008 are a loan from Zion's Bank for water and sewer generators for \$144,146, which has an interest rate of 5.77% and matures December 15, 2010. Water and sewer fund income is used to pay the annual principal and interest due.

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 \$12,215,000 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 2.5% to 5.375%. The following are outstanding revenue bonds:

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Airport

Year	Original Amount	Balance		Interest Rate	Matures
		Outstanding	12/31/2008		
1998	\$ 1,500,000	\$ 480,000		4.9-5.1%	10/01/2012
2000	400,000	135,000		5.3-5.5%	10/01/2010
2001	400,000	110,000		4-4.5%	10/01/2011
2002	800,000	535,000		4-4.5%	10/01/2012
	<u>\$ 3,100,000</u>	<u>\$ 1,260,000</u>			

Water & Sewer

Year	Original Amount	Balance		Interest Rate	Matures
		Outstanding	12/31/2008		
1993	\$ 665,000	\$ 190,000		2.50%	10/01/2013
2000	1,105,000	280,000		4.75-4.9%	10/01/2010
2003	2,000,000	1,080,000		3-3.75%	10/01/2013
2004A	1,965,000	695,000		3-3.4%	10/01/2010
2004	2,650,000	2,375,000		3.25-4.4%	10/01/2024
2006	3,095,000	2,550,000		3.75-4%	10/01/2016
2007	5,490,000	5,090,000		3.75%	10/01/2017
2008A	1,835,000	1,720,000		3.45-3.9%	10/01/2017
2008D	10,380,000	10,380,000		3.5-5.375%	10/01/2023
	<u>\$ 29,185,000</u>	<u>\$ 24,360,000</u>			

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

Governmental Activities	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 1,240,000	\$ 390,528	\$ 1,180,000	\$ 294,298
2010	1,175,000	355,384	1,215,000	258,857
2011	1,215,000	315,044	895,000	211,960
2012	1,200,000	272,156	720,000	179,636
2013	1,025,000	229,526	685,000	152,863
2014-2018	3,940,000	594,456	2,300,000	440,761
2019-2023	880,000	134,050	740,000	84,607
Total governmental activities	<u>\$ 10,675,000</u>	<u>\$ 2,291,144</u>	<u>\$ 7,735,000</u>	<u>\$ 1,622,982</u>

Business-Type Activities	Revenue Bonds		Notes Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,945,000	\$ 975,015	\$ 63,627	\$ 57,467	\$ 70,382	\$ 7,365
2010	2,565,000	962,922	65,873	55,259	73,764	3,242
2011	2,285,000	867,426	68,199	52,974	-	-
2012	2,375,000	781,617	70,607	50,607	-	-
2013	2,120,000	689,547	73,100	48,157	-	-
2014-2018	8,730,000	2,259,562	406,084	200,899	-	-
2019-2023	5,385,000	806,902	484,420	125,284	-	-
2024-2027	215,000	9,460	394,510	35,887	-	-
Total business-type activities	<u>\$25,620,000</u>	<u>\$7,352,451</u>	<u>\$1,626,420</u>	<u>\$626,534</u>	<u>\$144,146</u>	<u>\$10,607</u>

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Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds payable					
General obligation	\$10,485,000	\$1,720,000	(\$1,530,000)	\$10,675,000	\$1,240,000
Special assessment	6,955,000	1,905,000	(1,125,000)	7,735,000	1,180,000
Total bonds payable	17,440,000	3,625,000	(2,655,000)	18,410,000	2,420,000
Compensated absences	649,853	574,456	(580,232)	644,077	225,427
Governmental activity long-term liabilities	<u>\$18,089,853</u>	<u>\$4,199,456</u>	<u>(\$3,235,232)</u>	<u>\$19,054,077</u>	<u>\$2,645,427</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$15,270,000	\$12,215,000	(\$1,865,000)	\$25,620,000	\$1,945,000
Unamortized premium	59,222	-	(6,050)	53,172	6,050
Unamortized discount	(21,994)	3,660	(61,030)	(79,364)	(6,711)
Notes payable	1,687,879	-	(61,459)	1,626,420	63,627
Loans payable	210,694	-	(66,548)	144,146	70,382
Compensated absences	181,438	197,073	(177,333)	201,178	70,412
Business-type activity long-term liabilities	<u>\$17,387,239</u>	<u>\$12,415,733</u>	<u>(\$2,237,420)</u>	<u>\$27,565,552</u>	<u>\$2,148,760</u>

Changes in Long Term Liabilities. The following is a summary of the activity for long-term liabilities for the year ended December 31, 2008.

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, 2008, 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 \$82,431,183 and the legal debt margin is \$72,799,497.

**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 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 approximately 39% 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.

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

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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 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 \$1,697,729.

Claims, which have been incurred at year-end but not reported, have been recorded as insurance claims payable in the amount of \$115,481. 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:

	Year Claims Incurred and			
Beginning Claim Liability	Changes in Estimates	Payments on Claims	Ending Claim Liability	
2006	\$109,286	\$1,057,846	\$1,093,662	\$ 73,470
2007	73,470	1,215,452	1,224,704	64,218
2008	64,218	1,610,512	1,559,249	115,481

B. TERMINATION BENEFITS

The Consolidated Omnibus Budget Reconciliation Act (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. Group health coverage for COBRA participants is usually more expensive than health coverage for active employees, since usually the employer pays a part of the premium for active employees while COBRA participants pay the entire premium themselves. It is ordinarily less expensive, though, than individual health coverage.

As of December 31, 2008, the City had one former employee on COBRA for health and no one for dental.

Each COBRA participant is responsible for 100% of the premium; however, there remains an implicit rate subsidy to the City for a maximum of 18 months per participant. The City has not reported a liability for termination benefits because the amount is not reasonably estimated. The City expects to have former employees on COBRA on an ongoing basis.

C. 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.

D. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

The City of Minot administers a defined benefit pension and an Other Post Employment Benefit (OPEB) plan covering all full-time employees. Each plan is included in the City's financial reports as Pension and OPEB Trust Funds. The City of Minot Finance Department, 515 2nd Ave SW, Minot, North Dakota 58701 has separate actuarial reports for each plan.

Plan Description. The City Employee Pension Plan is a cost sharing, multiple employer public employee retirement system. City ordinances #2553, #2893, #3846 and #4131 provide all employees of the City of Minot (excluding the Library) or the Minot Park District shall become a member of the pension plan at the time they begin employment. There are no provisions or policies with respect to automatic and ad hoc post retirement benefit increases.

The OPEB Plan is a single-employer plan, which provides all employees of the City of Minot (excluding the Minot Park District and the Library as they are not on the City health plan) participating in the City's group health insurance plan (medical and prescription drugs), who retire under the City of Minot Employees' Pension Plan, may continue to participate in the City's group health insurance plan after retirement. Employees are eligible to continue coverage in the group health insurance plan until they attain age 65, provided eligibility requirements are met and applicable premiums are paid. Retirees or spouses that elect not to continue health coverage, at any time, are not eligible to reenroll in the City's group health insurance plan.

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

Employees who retire under the City of Minot Employee's Pension Plan after December 31, 2004 receive a monthly healthcare supplement equal to \$7.50 per year of service. These supplements are accounted for in the pension plan valuation because they are not effectively restricted to the payment of health insurance.

The 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 and OPEB benefits. The average monthly earnings are considered 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 and OPEB benefits. 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. The pension and OPEB 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 are deferred vested or active participants with more than five 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:

	<u>Pension</u>
Retirees and beneficiaries receiving benefits	197
Terminated employees	
Vested	15
Non-vested	6
Total terminated employees	<u>21</u>
Active employees	
Vested	178
Non-vested	135
Total active employees	<u>313</u>
Date of annual valuation	01/01/09

	<u>OPEB</u>
Retirees with coverage	55
Terminated employees	
With coverage	14
Waived coverage	6
Total terminated employees	<u>20</u>
Active employees	
With coverage	241
Waived coverage	44
Total active employees	<u>285</u>
Date of annual valuation	01/01/09

Summary of Significant Accounting Policies and Plan Asset Matters.

Basis of Accounting. The City Employee Pension and OPEB Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period 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 using 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.

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

The costs of administering the City Pension and OPEB 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.

Pension		
Valuation date	January 1, 2009	
Actuarial cost method	Entry age normal	
Amortization method	Level percentage of pay	
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	1% after age 65	

OPEB		
Valuation date	January 1, 2009	
Benefits valued	Pre-65 medical & prescription drug coverage	
Actuarial cost method	Entry age normal	
Amortization method	Level percentage of pay	
Remaining amortization period	30 year closed 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%	
Marriage rate	80%	
Spouse age differential	males 3 years older than female spouses	
Health insurance elections	70% City employees elect medical coverage	
	60% City employees elect coverage for spouse	
	75% Police employees elect coverage	
	70% Police employees elect coverage for spouse	

The City's annual pension cost and net pension obligation for 2008 and the past two years are as follows:

	Pension		
	2008	2007	2006
Annual required contribution (ARC)	\$ 1,793,941	\$ 1,794,229	\$ 1,350,938
Interest on net pension obligation (asset)	(40,145)	(53,626)	(35,217)
Adjustment to ARC - beginning of year			
NPO amortized over 15 years	46,460	62,062	40,758
Annual pension cost	1,800,256	1,802,665	1,356,479
Contributions made	(1,744,902)	(1,628,716)	(1,593,998)
Increase (decrease) in NPO (asset)	55,354	173,949	(237,519)
Net pension obligation (asset) January 1	(517,989)	(691,938)	(454,419)
Net pension obligation (asset) December 31	<u>\$ (462,635)</u>	<u>\$ (517,989)</u>	<u>\$ (691,938)</u>

The City's annual OPEB cost and net pension obligation for 2008 is as follows:

OPEB	
	2008
Annual required contribution (ARC)	\$ 143,021
Interest on net OPEB obligation (asset)	-
Adjustment to ARC - beginning of year	-
Annual pension cost	143,021
Employer contributions	(143,021)
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation (asset) January 1	-
Net OPEB obligation (asset) December 31	<u>\$ -</u>

Contributions Required and Contributions Made. The actuary does not determine the pension contribution rates, rather by employer recommendations within the limits established by state statute. Both the employees and employer contribute 13.7% 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 contributions are providing for an amortization of 39 years respectively on the unfunded liability at January 1, 2009.

The annual pension cost exceeds the annual required contribution (ARC) in 2002 and 2006. Due to a net pension obligation (NPO) asset in the trust, the deficit in the remaining years has been covered by it. The NPO asset of \$462,635 is shown on the government-wide statement of net assets. The OPEB was 100% funded in 2008.

	Pension Schedule of Employer Contributions		
	Annual	Annual	Percentage
	Required	Pension	
	Contribution	Cost	Contributed
2002	\$ 1,079,156	\$1,081,995	100.26%
2003	1,266,157	1,104,299	87.22%
2004	1,702,837	1,382,332	81.18%
2005	1,918,301	1,743,340	90.88%
2006	1,350,938	1,593,998	117.99%
2007	1,794,229	1,628,716	90.78%
2008	1,793,941	1,744,902	97.27%

	OPEB Schedule of Employer Contributions		
	Annual	Annual	Percentage
	Required	Pension	
	Contribution	Cost	Contributed
2008	143,021	143,021	100.00%

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Pension Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
January 1, 2002	\$40,684,669	\$55,244,369	\$ 14,559,700	73.64%	\$10,277,361	141.67%
January 1, 2003	42,742,199	53,720,068	10,977,869	79.56%	10,807,681	101.57%
January 1, 2004	44,436,923	69,980,362	25,543,439	63.50%	11,206,799	227.93%
January 1, 2005	46,196,524	77,847,350	31,650,826	59.34%	11,596,314	272.94%
January 1, 2006	47,954,223	79,503,912	31,549,689	60.32%	11,523,110	273.79%
January 1, 2007	48,554,265	79,750,774	31,196,509	60.88%	11,174,989	279.16%
January 1, 2008	51,540,078	83,482,716	31,942,638	61.74%	11,826,269	270.10%
January 1, 2009	49,501,736	87,467,115	37,965,379	56.59%	12,515,578	303.34%

OPEB Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
January 1, 2008	-	1,485,924	1,485,924	0.00%	11,826,279	12.56%
January 1, 2009	(7,607)	1,881,683	1,889,290	-0.40%	11,492,751	16.44%

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

**Statement of Fiduciary Net Assets
December 31, 2008**

	Trust Funds
ASSETS	
Cash and cash equivalents	\$ 79,137
Investments	
Money market	500,148
Equity/stock	14,280,315
Fixed income-tax exempt	852,690
Fixed income-taxable	25,666,613
Total investments	41,299,766
Taxes receivable delinquent	45,919
Due from other agencies	580
Total assets	<u>\$ 41,425,402</u>
LIABILITIES	
Due to others	\$ 134,612
Deferred revenue	46,950
Total liabilities	<u>181,562</u>
NET ASSETS	
Held in trust for pension benefits	41,251,447
Held in trust for OPEB benefits	(7,607)
Total net assets	<u>\$ 41,243,840</u>

**Statement of Changes in Fiduciary Net Assets
For the Fiscal Period Ended December 31, 2008**

	Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,887,923
Employee	2,152,879
Total contributions	4,040,802
Investment income	
Interest and dividends	1,820,706
Net increase in the fair value of investments	(10,309,119)
Total investment income	(8,488,413)
Less investment expense	109,722
Net investment income	(8,598,135)
Total additions	<u>(4,557,333)</u>
DEDUCTIONS	
Benefits paid to participants	4,791,651
Refunds	136,442
Insurance claims	418,013
Third party premiums	110,721
Administrative expenses	282,078
Total deductions	<u>5,738,905</u>
Change in net assets	(10,296,238)
Net assets - January 1	51,540,078
Net assets - December 31	<u>\$ 41,243,840</u>

**CITY OF MINOT, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Notes to Financial Statements

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 \$403,449 reported as MSWLF closure and post-closure care liability at December 31, 2008, represents the cumulative amount reported to date based on the use of 24.31% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of nearly \$1 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 2008. The City expects the landfill will be operated for another 42 years with closure anticipated in the year 2050. 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 costs 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.

G. ISSUED BUT NOT EFFECTIVE GASB STANDARDS

Statement No. 54 of the Governmental Accounting Standards Board Fund Balance Reporting and Governmental Fund Type Definitions issued February 2009 will be effective for the City of Minot for the year ended December 31, 2010. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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Required
Supplementary
Information

City of Minot, North Dakota
Statement of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual
Major Debt Service Fund
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

Special Assessment Debt

	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES					
Property tax collections	\$ 32,399	\$ 32,399	\$ 25,849	\$ (6,550)	\$ 27,520
Special assessment collections	625,081	625,081	770,625	145,544	641,711
Interest income	-	-	54,194	54,194	77,714
Miscellaneous	214,872	214,872	-	(214,872)	134,677
Total revenues	<u>872,352</u>	<u>872,352</u>	<u>850,668</u>	<u>(21,684)</u>	<u>881,622</u>
EXPENDITURES					
Debt service					
Principal retirement	1,162,730	1,102,500	1,125,000	(22,500)	1,145,000
Interest and fiscal charges	319,452	286,457	306,043	(19,586)	205,742
Total expenditures	<u>1,482,182</u>	<u>1,388,957</u>	<u>1,431,043</u>	<u>(42,086)</u>	<u>1,350,742</u>
Excess (deficiency) of revenues over (under) expenditures	(609,830)	(516,605)	(580,375)	(63,770)	(469,120)
OTHER FINANCING SOURCES (USES)					
Transfers in	281,354	281,354	82,042	(199,312)	291,415
Transfers out	-	-	(6,135)	(6,135)	(21,192)
Total other financing sources (uses)	<u>281,354</u>	<u>281,354</u>	<u>75,907</u>	<u>(205,447)</u>	<u>270,223</u>
Net change in fund balance	<u>\$ (328,476)</u>	<u>\$ (235,251)</u>	(504,468)	<u>\$ (269,217)</u>	(198,897)
Fund balance (deficit), January 1			1,483,149		1,682,046
Fund balance (deficit), December 31			<u>\$ 978,681</u>		<u>\$ 1,483,149</u>

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

City of Minot, North Dakota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Special Revenue Funds	Debt Fund	Capital Project Funds	Total Nonmajor Governmental Funds 2008	Total Nonmajor Governmental Funds 2007
ASSETS					
Cash and investments	\$ 6,719,360	\$ 1,043,314	\$ 2,463,232	\$ 10,225,906	\$ 12,096,274
Restricted cash and investments	2,002,099	-	-	2,002,099	353,797
Investments	53,304	-	-	53,304	57,875
Taxes receivable delinquent	109,091	41,388	-	150,479	152,801
Special assessments receivable deferred	2,700	-	-	2,700	41,916
Special assessments receivable delinquent	15,351	-	-	15,351	5,386
Accounts receivable	11,884	-	12,822	24,706	16,453
Loans receivable	497,324	-	-	497,324	508,682
Allowance for loans receivable	(99,465)	-	-	(99,465)	(101,736)
Due from other funds	84,497	-	35,637	120,134	(199,673)
Due from other agencies	501,283	519	148,401	650,203	1,052,628
Inventory	6,828	-	-	6,828	7,577
Prepays	5,500	-	-	5,500	180
Total assets	<u>\$ 9,909,756</u>	<u>\$ 1,085,221</u>	<u>\$ 2,660,092</u>	<u>\$ 13,655,069</u>	<u>\$ 13,992,160</u>
LIABILITIES					
Accounts payable	\$ 162,338	\$ -	\$ 220,051	\$ 382,389	\$ -
Retainage payable	80,185	-	39,599	119,784	86,308
Advance to other funds	-	-	917,704	917,704	-
Due to other funds	84,497	-	35,637	120,134	1,102,887
Due to other agencies	59,534	-	37,564	97,098	565,555
Accrued salaries payable	35,673	-	-	35,673	25,162
Accrued vacation payable	3,649	-	-	3,649	1,961
Deferred revenue	118,802	38,168	-	156,970	189,087
Total liabilities	<u>544,678</u>	<u>38,168</u>	<u>1,250,555</u>	<u>1,833,401</u>	<u>1,970,960</u>
FUND BALANCE					
Reserved for encumbrances	80,997	-	-	80,997	48,169
Reserved for inventory	-	-	-	-	7,577
Reserved for prepaids	5,500	-	-	5,500	180
Reserved for property tax relief	469,690	-	-	469,690	345,943
Reserved for economic development	1,997,969	-	-	1,997,969	336,385
Reserved for capital improvements	-	-	-	-	17,387
Reserved for loans receivable	397,859	-	-	397,859	406,946
Unreserved					
Designated					
Fire Equipment	-	-	399,999	399,999	-
Memorial	4,130	-	-	4,130	4,025
Maintenance and operations	2,000,000	-	-	2,000,000	2,000,000
Debt retirement	-	1,047,053	-	1,047,053	1,134,430
Undesignated	4,408,933	-	1,009,538	5,418,471	7,720,158
Total fund balance	<u>9,365,078</u>	<u>1,047,053</u>	<u>1,409,537</u>	<u>11,821,668</u>	<u>12,021,200</u>
Total liabilities and fund balance	<u>\$ 9,909,756</u>	<u>\$ 1,085,221</u>	<u>\$ 2,660,092</u>	<u>\$ 13,655,069</u>	<u>\$ 13,992,160</u>

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, 2008
With Comparative Totals for December 31, 2007

	Special Revenue Funds	Debt Fund	Capital Project Funds	Total Nonmajor Governmental Funds 2008	Total Nonmajor Governmental Funds 2007
REVENUES					
Property tax collections	\$ 2,878,893	\$ 1,126,670	\$ -	\$ 4,005,563	\$ 4,139,323
Special assessment collections	992	-	-	992	11,174
Sales tax collections	3,708,686	-	-	3,708,686	3,310,692
Intergovernmental	446,928	-	604,343	1,051,271	675,890
Charges for services	516,745	-	-	516,745	483,837
Interest income	214,849	53,920	73,036	341,805	680,790
Miscellaneous	1,134,695	-	616,649	1,751,344	2,551,401
Total revenues	8,901,788	1,180,590	1,294,028	11,376,406	11,853,107
EXPENDITURES					
Current					
General government	567,723	-	1,073,815	1,641,538	639,030
Public Safety	2,282	-	-	2,282	-
Highways and streets	874,823	-	-	874,823	474,255
Culture and recreation	2,204,306	-	1,172,910	3,377,216	3,285,095
Economic Development	3,742,456	-	140,406	3,882,862	2,717,155
Capital outlay					
Contracted work	-	-	1,332,800	1,332,800	2,876,682
Equipment	419,941	-	187,098	607,039	945,011
Legal	-	-	2,389	2,389	4,173
Other	-	-	65,103	65,103	47,495
Engineering	-	-	284,608	284,608	72,177
Debt service					
Principal retirement	-	1,530,000	-	1,530,000	1,375,000
Interest and fiscal charges	1,681	389,536	45,196	436,413	406,193
Total expenditures	7,813,212	1,919,536	4,304,325	14,037,073	12,842,266
Excess (deficiency) of revenues over (under) expenditures	1,088,576	(738,946)	(3,010,297)	(2,660,667)	(989,159)
OTHER FINANCING SOURCES (USES)					
Special assessment bonds issued	-	-	1,905,000	1,905,000	2,715,000
Premium on special assessments bonds	-	-	11,641	11,641	17,540
Sale of City property	8,300	-	-	8,300	3,490
Transfers in	386,681	704,970	566,030	1,657,681	2,676,505
Transfers out	(839,937)	(53,401)	(228,149)	(1,121,487)	(1,531,799)
Total other financing sources (uses)	(444,956)	651,569	2,254,522	2,461,135	3,880,736
Net change in fund balance	643,620	(87,377)	(755,775)	(199,532)	2,891,577
Fund balance, January 1	8,721,458	1,134,430	2,165,312	12,021,200	9,129,622
Fund balance, December 31	\$ 9,365,078	\$ 1,047,053	\$ 1,409,537	\$ 11,821,668	\$ 12,021,200

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City of Minot, North Dakota Nonmajor Special Revenue Funds

SPECIAL REVENUE FUNDS - To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) 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 facilities. 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, economic development, 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 Improvements - To account for the annual street improvement and street seal programs. The City has a budgeted 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 are not 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, 2008
With Comparative Totals for December 31, 2007

ASSETS	Public Transportation	Library	Recreation Auditorium	Emergency Levy	Equipment Purchase
Cash and investments	\$ 183,170	\$ 66,937	\$ -	\$ 68,291	\$ 118,669
Restricted cash and investments	-	4,130	-	-	-
Investments	-	-	-	-	-
Taxes receivable delinquent	7,888	33,601	26,722	1,477	3,301
Special assessments deferred	-	-	-	-	-
Special assessments delinquent	-	-	-	-	-
Accounts receivable	-	-	11,884	-	-
Loans receivable	-	-	-	-	-
Allowance for loans receivable	-	-	-	-	-
Due from other funds	-	44,510	-	-	-
Due from other agencies	83,057	422	5,096	20	2,456
Inventory	-	-	6,828	-	-
Prepays	37	2,314	1,694	1,455	-
Total assets	<u>\$ 274,152</u>	<u>\$ 151,914</u>	<u>\$ 52,224</u>	<u>\$ 71,243</u>	<u>\$ 124,426</u>
LIABILITIES					
Accounts payable	\$ 4,565	\$ 4,715	\$ 20,853	\$ -	\$ 11,500
Retainage payable	-	-	-	-	-
Due to other funds	-	-	44,510	-	-
Due to other agencies	-	-	11,361	-	6,000
Accrued salaries payable	3,410	14,500	17,763	-	-
Accrued vacation payable	678	2,247	724	-	-
Deferred revenue	7,264	30,997	24,657	1,369	3,049
Total liabilities	<u>15,917</u>	<u>52,459</u>	<u>119,868</u>	<u>1,369</u>	<u>20,549</u>
FUND BALANCE					
Reserved for encumbrances	56,400	14,597	-	-	10,000
Reserved for inventory	-	-	-	-	-
Reserved for prepaids	37	2,314	1,694	1,455	-
Reserved for property tax relief	-	-	-	-	-
Reserved for economic development	-	-	-	-	-
Reserved for capital improvements	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved					
Designated					
Memorial	-	4,130	-	-	-
Maintenance and operations	-	-	-	-	-
Undesignated	201,798	78,414	(69,338)	68,419	93,877
Total fund balance	<u>258,235</u>	<u>99,455</u>	<u>(67,644)</u>	<u>69,874</u>	<u>103,877</u>
Total liabilities and fund balance	<u>\$ 274,152</u>	<u>\$ 151,914</u>	<u>\$ 52,224</u>	<u>\$ 71,243</u>	<u>\$ 124,426</u>

City of Minot, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008
With Comparative Totals for December 31, 2007

ASSETS	Fire Equipment Purchase	Sales Tax Property Tax Relief	Sales Tax Economic Development	Sales Tax Flood Control	Sidewalk Improvements
Cash and investments	\$ 40,601	\$ 388,204	\$ 2,290,985	\$ 2,207,545	\$ -
Restricted cash and investments	-	-	1,997,969	-	-
Investments	-	-	53,304	-	-
Taxes receivable delinquent	2,539	-	-	-	-
Special assessments deferred	-	-	-	-	-
Special assessments delinquent	-	-	-	-	212
Accounts receivable	-	-	-	-	-
Loans receivable	-	-	497,324	-	-
Allowance for loans receivable	-	-	(99,465)	-	-
Due from other funds	-	-	-	-	-
Due from other agencies	26	81,486	325,945	2,340	-
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 43,166</u>	<u>\$ 469,690</u>	<u>\$ 5,066,062</u>	<u>\$ 2,209,885</u>	<u>\$ 212</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 109,040	\$ 7,800	\$ 3,865
Retainage payable	-	-	80,185	-	-
Due to other funds	-	-	-	-	39,987
Due to other agencies	1,079	-	41,094	-	-
Accrued salaries payable	-	-	-	-	-
Accrued vacation payable	-	-	-	-	-
Deferred revenue	2,363	-	-	-	212
Total liabilities	<u>3,442</u>	<u>-</u>	<u>230,319</u>	<u>7,800</u>	<u>44,064</u>
FUND BALANCE					
Reserved for encumbrances	-	-	-	-	-
Reserved for inventory	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-
Reserved for property tax relief	-	469,690	-	-	-
Reserved for economic development	-	-	1,997,969	-	-
Reserved for capital improvements	-	-	-	-	-
Reserved for loans receivable	-	-	397,859	-	-
Unreserved					
Designated					
Memorial	-	-	-	-	-
Maintenance and operations	-	-	-	2,000,000	-
Undesignated	39,724	-	2,439,915	202,085	(43,852)
Total fund balance	<u>39,724</u>	<u>469,690</u>	<u>4,835,743</u>	<u>2,202,085</u>	<u>(43,852)</u>
Total liabilities and fund balance	<u>\$ 43,166</u>	<u>\$ 469,690</u>	<u>\$ 5,066,062</u>	<u>\$ 2,209,885</u>	<u>\$ 212</u>

City of Minot, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008
With Comparative Totals for December 31, 2007

ASSETS	Street Improvements	Special Assessment Deficiency	Demolitions	Total 2008	Total 2007
Cash and investments	\$ 913,838	\$ 419,246	\$ 21,874	\$ 6,719,360	\$ 7,626,948
Restricted cash and investments	-	-	-	2,002,099	353,797
Investments	-	-	-	53,304	57,875
Taxes receivable delinquent	33,274	155	134	109,091	111,928
Special assessments deferred	-	-	2,700	2,700	41,916
Special assessments delinquent	-	9,496	5,643	15,351	5,386
Accounts receivable	-	-	-	11,884	5,089
Loans receivable	-	-	-	497,324	508,682
Allowance for loans receivable	-	-	-	(99,465)	(101,736)
Due from other funds	39,987	-	-	84,497	3,390
Due from other agencies	434	-	1	501,283	405,561
Inventory	-	-	-	6,828	7,577
Prepays	-	-	-	5,500	180
Total assets	<u>\$ 987,533</u>	<u>\$ 428,897</u>	<u>\$ 30,352</u>	<u>\$ 9,909,756</u>	<u>\$ 9,026,593</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 162,338	\$ -
Retainage payable	-	-	-	80,185	-
Due to other funds	-	-	-	84,497	3,390
Due to other agencies	-	-	-	59,534	121,656
Accrued salaries payable	-	-	-	35,673	25,162
Accrued vacation payable	-	-	-	3,649	1,961
Deferred revenue	30,775	9,651	8,465	118,802	152,966
Total liabilities	<u>30,775</u>	<u>9,651</u>	<u>8,465</u>	<u>544,678</u>	<u>305,135</u>
FUND BALANCE					
Reserved for encumbrances	-	-	-	80,997	41,979
Reserved for inventory	-	-	-	-	7,577
Reserved for prepaids	-	-	-	5,500	180
Reserved for property tax relief	-	-	-	469,690	345,943
Reserved for economic development	-	-	-	1,997,969	336,385
Reserved for capital improvements	-	-	-	-	17,387
Reserved for loans receivable	-	-	-	397,859	406,946
Unreserved					
Designated					
Memorial	-	-	-	4,130	4,025
Maintenance and operations	-	-	-	2,000,000	2,000,000
Undesignated	956,758	419,246	21,887	4,408,933	5,561,036
Total fund balance	<u>956,758</u>	<u>419,246</u>	<u>21,887</u>	<u>9,365,078</u>	<u>8,721,458</u>
Total liabilities and fund balance	<u>\$ 987,533</u>	<u>\$ 428,897</u>	<u>\$ 30,352</u>	<u>\$ 9,909,756</u>	<u>\$ 9,026,593</u>

City of Minot, North Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

REVENUES	Public Transportation	Library	Recreation Auditorium	Emergency Levy	Equipment Purchase
Property tax collections	\$ 234,080	\$ 911,041	\$ 736,012	\$ 31,525	\$ 90,680
Special assessment collections	-	-	-	-	-
Sales tax collections	-	-	-	-	-
Intergovernmental	305,012	141,916	-	-	-
Charges for services	74,399	21,839	420,507	-	-
Interest income	5,898	11,680	7,676	2,968	38
Miscellaneous	3,640	31,898	20,561	-	-
Total revenues	<u>623,029</u>	<u>1,118,374</u>	<u>1,184,756</u>	<u>34,493</u>	<u>90,718</u>
EXPENDITURES					
Current					
General government	505,655	-	-	47,241	482
Public safety	-	-	-	-	2,282
Highways and streets	-	-	-	-	-
Culture and recreation	-	976,705	1,227,601	-	-
Economic development	-	-	-	-	-
Capital outlay					
Equipment	1,340	79,128	-	-	339,473
Debt retirement					
Interest and fiscal charges	-	-	-	-	403
Total expenditures	<u>506,995</u>	<u>1,055,833</u>	<u>1,227,601</u>	<u>47,241</u>	<u>342,640</u>
Excess (deficiency) of revenues over (under) expenditures	116,034	62,541	(42,845)	(12,748)	(251,922)
OTHER FINANCING SOURCES (USES)					
Sale of City property	800	-	-	-	-
Transfers in	-	-	-	-	235,403
Transfers out	(5,804)	(5,259)	(7,350)	(2,949)	-
Total other financing sources (uses)	<u>(5,004)</u>	<u>(5,259)</u>	<u>(7,350)</u>	<u>(2,949)</u>	<u>235,403</u>
Net change in fund balance	111,030	57,282	(50,195)	(15,697)	(16,519)
Fund balance (deficit), January 1	147,205	42,173	(17,449)	85,571	120,396
Fund balance (deficit), December 31	<u>\$ 258,235</u>	<u>\$ 99,455</u>	<u>\$ (67,644)</u>	<u>\$ 69,874</u>	<u>\$ 103,877</u>

City of Minot, North Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

REVENUES	Fire Equipment Purchase	Sales Tax Property Tax Relief	Sales Tax Economic Development	Sales Tax Flood Control	Sidewalk Improvements
Property tax collections	\$ 61,439	\$ -	\$ -	\$ -	\$ -
Special assessment collections	-	-	-	-	-
Sales tax collections	-	728,717	2,914,868	65,101	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest income	1,830	9,773	126,370	-	-
Miscellaneous	-	-	997,834	2,340	-
Total revenues	63,269	738,490	4,039,072	67,441	-
EXPENDITURES					
Current					
General government	-	-	-	7,800	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	58,026
Culture and recreation	-	-	-	-	-
Economic development	-	-	3,742,456	-	-
Capital outlay					
Equipment	-	-	-	-	-
Debt retirement					
Interest and fiscal charges	-	-	-	-	1,278
Total expenditures	-	-	3,742,456	7,800	59,304
Excess (deficiency) of revenues over (under) expenditures	63,269	738,490	296,616	59,641	(59,304)
OTHER FINANCING SOURCES (USES)					
Sale of City property	-	-	-	-	-
Transfers in	-	-	-	-	1,278
Transfers out	(40,575)	(614,743)	(50,000)	(65,101)	-
Total other financing sources (uses)	(40,575)	(614,743)	(50,000)	(65,101)	1,278
Net change in fund balance	22,694	123,747	246,616	(5,460)	(58,026)
Fund balance (deficit), January 1	17,030	345,943	4,589,127	2,207,545	14,174
Fund balance (deficit), December 31	\$ 39,724	\$ 469,690	\$ 4,835,743	\$ 2,202,085	\$ (43,852)

City of Minot, North Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

REVENUES	Street Improvements	Special Assessment Deficiency	Demolitions	Total 2008	Total 2007
Property tax collections	\$ 807,645	\$ -	\$ 6,471	\$ 2,878,893	\$ 3,024,490
Special assessment collections	-	992	-	992	11,174
Sales tax collections	-	-	-	3,708,686	3,310,692
Intergovernmental	-	-	-	446,928	675,890
Charges for services	-	-	-	516,745	483,837
Interest income	37,486	10,516	614	214,849	473,814
Miscellaneous	-	78,422	-	1,134,695	123,143
Total revenues	<u>845,131</u>	<u>89,930</u>	<u>7,085</u>	<u>8,901,788</u>	<u>8,103,040</u>
EXPENDITURES					
Current					
General government	-	6,545	-	567,723	551,537
Public safety	-	-	-	2,282	-
Highways and streets	816,797	-	-	874,823	474,255
Culture and recreation	-	-	-	2,204,306	1,918,969
Economic development	-	-	-	3,742,456	2,717,155
Capital outlay					
Equipment	-	-	-	419,941	882,635
Debt retirement					
Interest and fiscal charges	-	-	-	1,681	-
Total expenditures	<u>816,797</u>	<u>6,545</u>	<u>-</u>	<u>7,813,212</u>	<u>6,544,551</u>
Excess (deficiency) of revenues over (under) expenditures	28,334	83,385	7,085	1,088,576	1,558,489
OTHER FINANCING SOURCES (USES)					
Sale of City property	-	7,500	-	8,300	3,490
Transfers in	150,000	-	-	386,681	252,124
Transfers out	(37,052)	(10,490)	(614)	(839,937)	(1,286,264)
Total other financing sources (uses)	<u>112,948</u>	<u>(2,990)</u>	<u>(614)</u>	<u>(444,956)</u>	<u>(1,030,650)</u>
Net change in fund balance	141,282	80,395	6,471	643,620	527,839
Fund balance (deficit), January 1	815,476	338,851	15,416	8,721,458	8,193,619
Fund balance (deficit), December 31	<u>\$ 956,758</u>	<u>\$ 419,246</u>	<u>\$ 21,887</u>	<u>\$ 9,365,078</u>	<u>\$ 8,721,458</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balance, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Public Transportation			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Property tax collections	\$ 242,784	\$ 234,080	\$ 8,704	\$ 184,765
Intergovernmental	495,615	305,012	190,603	440,406
Charges for services	70,794	74,399	(3,605)	62,783
Interest income	-	5,898	(5,898)	5,657
Miscellaneous	8,669	3,640	5,029	-
Total revenues	<u>817,862</u>	<u>623,029</u>	<u>194,833</u>	<u>693,611</u>
EXPENDITURES				
Current				
General government	535,862	505,655	30,207	468,885
Capital outlay				
Equipment	282,000	1,340	280,660	196,471
Total expenditures	<u>817,862</u>	<u>506,995</u>	<u>310,867</u>	<u>665,356</u>
Excess (deficiency) of revenues over (under) expenditures	-	116,034	(116,034)	28,255
OTHER FINANCING SOURCES (USES)				
Sale of City property	-	800	(800)	425
Transfers in	-	-	-	943
Transfers out	-	(5,804)	5,804	(5,657)
Total other financing sources (uses)	<u>-</u>	<u>(5,004)</u>	<u>5,004</u>	<u>(4,289)</u>
Net change in fund balance	<u>\$ -</u>	<u>111,030</u>	<u>\$ (111,030)</u>	<u>23,966</u>
Fund balance (deficit), January 1		<u>147,205</u>		<u>123,239</u>
Fund balance (deficit), December 31		<u>\$ 258,235</u>		<u>\$ 147,205</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balance, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Library				
	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES					
Property tax collections	\$ 941,069	\$ 941,069	\$ 911,041	\$ (30,028)	\$ 888,177
Intergovernmental	107,650	107,650	141,916	34,266	76,958
Charges for services	30,900	30,900	21,839	(9,061)	20,875
Interest income	6,000	6,000	11,680	5,680	17,557
Miscellaneous	11,500	11,500	31,898	20,398	33,723
Total revenues	<u>1,097,119</u>	<u>1,097,119</u>	<u>1,118,374</u>	<u>21,255</u>	<u>1,037,290</u>
EXPENDITURES					
Current					
Culture and recreation	1,027,617	1,047,617	976,705	70,912	795,629
Capital outlay					
Equipment	35,100	37,869	79,128	(41,259)	180,522
Total expenditures	<u>1,062,717</u>	<u>1,085,486</u>	<u>1,055,833</u>	<u>29,653</u>	<u>976,151</u>
Excess (deficiency) of revenues over (under) expenditures	34,402	11,633	62,541	50,908	61,139
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(5,259)	(5,259)	(12,557)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,259)</u>	<u>(5,259)</u>	<u>(12,557)</u>
Net change in fund balance	<u>\$ 34,402</u>	<u>\$ 11,633</u>	57,282	<u>\$ 45,649</u>	48,582
Fund balance (deficit), January 1			42,173		(6,409)
Fund balance (deficit), December 31			<u>\$ 99,455</u>		<u>\$ 42,173</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balance, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Recreation/Auditorium			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Property tax collections	\$ 761,157	\$ 736,012	\$ (25,145)	\$ 712,311
Charges for services	460,000	420,507	(39,493)	400,179
Interest income	-	7,676	7,676	14,416
Miscellaneous	25,000	20,561	(4,439)	27,267
Total revenues	<u>1,246,157</u>	<u>1,184,756</u>	<u>(61,401)</u>	<u>1,154,173</u>
EXPENDITURES				
Current				
Culture and recreation	1,245,496	1,227,601	17,895	1,123,340
Capital outlay				
Equipment	-	-	-	16,272
Total expenditures	<u>1,245,496</u>	<u>1,227,601</u>	<u>17,895</u>	<u>1,139,612</u>
Excess (deficiency) of revenues over (under) expenditures	661	(42,845)	(43,506)	14,561
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(7,350)	(7,350)	(14,416)
Total other financing sources (uses)	<u>-</u>	<u>(7,350)</u>	<u>(7,350)</u>	<u>(14,416)</u>
Net change in fund balance	<u>\$ 661</u>	<u>(50,195)</u>	<u>\$ (50,856)</u>	145
Fund balance (deficit), January 1		(17,449)		(17,594)
Fund balance (deficit), December 31		<u>\$ (67,644)</u>		<u>\$ (17,449)</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balance, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	<u>Emergency Levy</u>			
	<u>Original and Final Budgeted Amounts</u>	<u>2008 Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>2007 Actual Amounts</u>
REVENUES				
Property tax collections	\$ 32,000	\$ 31,525	\$ (475)	\$ 57,933
Interest income	-	2,968	2,968	4,530
Total revenues	<u>32,000</u>	<u>34,493</u>	<u>2,493</u>	<u>62,463</u>
EXPENDITURES				
Current				
General government	32,000	47,241	(15,241)	34,179
Total expenditures	<u>32,000</u>	<u>47,241</u>	<u>(15,241)</u>	<u>34,179</u>
Excess (deficiency) of revenues over (under) expenditures	-	(12,748)	(12,748)	28,284
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(2,949)	(2,949)	(4,530)
Total other financing sources (uses)	<u>-</u>	<u>(2,949)</u>	<u>(2,949)</u>	<u>(4,530)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,697)</u>	<u>\$ (15,697)</u>	23,754
Fund balance (deficit), January 1		85,571		61,817
Fund balance (deficit), December 31		<u>\$ 69,874</u>		<u>\$ 85,571</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balance, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Equipment Purchase				
	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES					
Property tax collections	\$ 93,902	\$ 93,902	\$ 90,680	\$ (3,222)	\$ 115,145
Interest income	-	-	38	38	4,249
Miscellaneous	-	-	-	-	2,683
Total revenues	<u>93,902</u>	<u>93,902</u>	<u>90,718</u>	<u>(3,184)</u>	<u>122,077</u>
EXPENDITURES					
Current					
General government	-	-	482	(482)	-
Public safety	-	-	2,282	(2,282)	-
Capital outlay					
Equipment	328,902	355,154	339,473	15,681	274,028
Interest and fiscal charges	-	-	403	(403)	-
Total expenditures	<u>328,902</u>	<u>355,154</u>	<u>342,640</u>	<u>12,514</u>	<u>274,028</u>
Excess (deficiency) of revenues over (under) expenditures	(235,000)	(261,252)	(251,922)	(9,330)	(151,951)
OTHER FINANCING SOURCES (USES)					
Transfers in	235,000	235,000	235,403	(403)	235,000
Transfers out	-	-	-	-	(6,789)
Total other financing sources (uses)	<u>235,000</u>	<u>235,000</u>	<u>235,403</u>	<u>(403)</u>	<u>228,211</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (26,252)</u>	<u>(16,519)</u>	<u>\$ (9,733)</u>	<u>76,260</u>
Fund balance (deficit), January 1			<u>120,396</u>		<u>44,136</u>
Fund balance (deficit), December 31			<u>\$ 103,877</u>		<u>\$ 120,396</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balances, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Fire Equipment Purchase				
	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES					
Property tax collections	\$ 62,000	\$ 62,000	\$ 61,439	\$ 561	\$ 99,486
Intergovernmental	308,000	308,000	-	308,000	158,526
Interest income	-		1,830	(1,830)	2,726
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>63,269</u>	<u>306,731</u>	<u>260,738</u>
EXPENDITURES					
Capital outlay					
Equipment	370,000	354,389	-	354,389	215,342
Total expenditures	<u>370,000</u>	<u>354,389</u>	<u>-</u>	<u>354,389</u>	<u>215,342</u>
Excess (deficiency) of revenues over (under) expenditures	-	15,611	63,269	(47,658)	45,396
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(40,575)	40,575	(37,372)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(40,575)</u>	<u>40,575</u>	<u>(37,372)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,611</u>	22,694	<u>\$ (7,083)</u>	8,024
Fund balance (deficit), January 1			17,030		9,006
Fund balance (deficit), December 31			<u>\$ 39,724</u>		<u>\$ 17,030</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balances, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Sales Tax Property Relief			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Sales tax collections	\$ 604,970	\$ 728,717	\$ 123,747	\$ 662,138
Interest income	-	9,773	9,773	10,640
Total revenues	<u>604,970</u>	<u>738,490</u>	<u>133,520</u>	<u>672,778</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	604,970	738,490	133,520	672,778
OTHER FINANCING SOURCES (USES)				
Transfers out	(604,970)	(614,743)	(9,773)	(526,079)
Total other financing sources (uses)	<u>(604,970)</u>	<u>(614,743)</u>	<u>(9,773)</u>	<u>(526,079)</u>
Net change in fund balance	<u>\$ -</u>	123,747	<u>\$ 123,747</u>	146,699
Fund balance (deficit), January 1		345,943		199,244
Fund balance (deficit), December 31		<u>\$ 469,690</u>		<u>\$ 345,943</u>

City of Minot, North Dakota
Schedule of Revenues, Expenditures
and Changes in Fund Balances, Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Sales Tax Economic Development			
	Original and Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES				
Sales tax collections	\$ 2,419,880	\$ 2,914,868	\$ 494,988	\$ 2,648,554
Interest income	180,000	126,370	(53,630)	221,360
Miscellaneous	-	997,834	997,834	42,531
Total revenues	<u>2,599,880</u>	<u>4,039,072</u>	<u>1,439,192</u>	<u>2,912,445</u>
EXPENDITURES				
Current				
Economic development	2,504,880	3,742,456	(1,237,576)	2,717,155
Total expenditures	<u>2,504,880</u>	<u>3,742,456</u>	<u>(1,237,576)</u>	<u>2,717,155</u>
Excess (deficiency) of revenues over (under) expenditures	95,000	296,616	2,676,768	195,290
OTHER FINANCING SOURCES (USES)				
Transfers out	(95,000)	(50,000)	45,000	(268,650)
Total other financing sources (uses)	<u>(95,000)</u>	<u>(50,000)</u>	<u>45,000</u>	<u>(268,650)</u>
Net change in fund balance	<u>\$ -</u>	<u>246,616</u>	<u>\$ 246,616</u>	<u>(73,360)</u>
Fund balance (deficit), January 1		<u>4,589,127</u>		<u>4,662,487</u>
Fund balance (deficit), December 31		<u>\$ 4,835,743</u>		<u>\$ 4,589,127</u>

City of Minot, North Dakota
Nonmajor Debt Funds

DEBT SERVICE FUNDS – To account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Highway Debt – is a debt service fund established to accumulate the resources used to pay the principal and interest on bonds for paving and street projects maturing in future years.

City of Minot, North Dakota
Balance Sheet
Nonmajor Debt Service Fund
December 31, 2008
With Comparative Totals for December 31, 2007

	Highway Debt 2008	Highway Debt 2007
ASSETS		
Cash and investments	\$ 1,043,314	\$ 1,076,549
Taxes receivable delinquent	41,388	40,873
Due from other funds	-	53,129
Due from other agencies	519	-
Total assets	\$ 1,085,221	\$ 1,170,551
LIABILITIES		
Deferred revenue	\$ 38,168	\$ 36,121
FUND BALANCE		
Unreserved, designated		
Debt retirement	1,047,053	1,134,430
Total liabilities and fund balance	\$ 1,085,221	\$ 1,170,551

City of Minot, North Dakota
Statement of Revenue, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Fund
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Highway Debt 2008	Highway Debt 2007
REVENUES		
Property tax collections	\$ 1,126,670	\$ 1,114,833
Interest income	53,920	54,862
Total revenues	<u>1,180,590</u>	<u>1,169,695</u>
EXPENDITURES		
Debt service		
Principal retirement	1,530,000	1,375,000
Interest and fiscal charges	389,536	371,370
Total expenditures	<u>1,919,536</u>	<u>1,746,370</u>
Excess (deficiency) of revenues over (under) expenditures	(738,946)	(576,675)
OTHER FINANCING SOURCES (USES)		
Transfers in	704,970	1,482,191
Transfers out	(53,401)	-
Total other financing sources (uses)	<u>651,569</u>	<u>1,482,191</u>
Net change in fund balance	(87,377)	905,516
Fund balance, January 1	1,134,430	228,914
Fund balance, December 31	<u>\$ 1,047,053</u>	<u>\$ 1,134,430</u>

City of Minot, North Dakota
Schedule of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual
Nonmajor Debt Service Fund
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Highway Debt				
	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual Amounts	Variance with Final Budget	2007 Actual Amounts
REVENUES					
Property tax collections	\$ 1,400,485	\$ 1,400,485	\$ 1,126,670	\$ (273,815)	\$ 1,114,833
Interest income	-	-	53,920	53,920	54,862
Total revenues	<u>1,400,485</u>	<u>1,400,485</u>	<u>1,180,590</u>	<u>(219,895)</u>	<u>1,169,695</u>
EXPENDITURES					
Debt service					
Principal retirement	1,403,750	1,425,000	1,530,000	(105,000)	1,375,000
Interest and fiscal charges	382,496	382,093	389,536	(7,443)	371,370
Total expenditures	<u>1,786,246</u>	<u>1,807,093</u>	<u>1,919,536</u>	<u>(112,443)</u>	<u>1,746,370</u>
Excess (deficiency) of revenues over (under) expenditures	(385,761)	(406,608)	(738,946)	(332,338)	(576,675)
OTHER FINANCING SOURCES (USES)					
Transfers in	704,970	704,970	704,970	-	1,482,191
Transfers out	-	-	(53,401)	(53,401)	-
Total other financing sources (uses)	<u>704,970</u>	<u>704,970</u>	<u>651,569</u>	<u>(53,401)</u>	<u>1,482,191</u>
Net change in fund balance	<u>\$ 319,209</u>	<u>\$ 298,362</u>	(87,377)	<u>\$ (385,739)</u>	905,516
Fund balance (deficit), January 1			1,134,430		228,914
Fund balance (deficit), December 31			<u>\$ 1,047,053</u>		<u>\$ 1,134,430</u>

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City of Minot, North Dakota Nonmajor Capital Project Funds

CAPITAL PROJECT FUNDS - 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.

Sertoma Sports Complex - To account for resources used in construction of athletic facilities within the City. 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. 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.

Community Development Block Grant - To account for resources used toward the intermodal park. Funding is provided by the Community Development Block Grant.

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City of Minot, North Dakota
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2008
With Comparative Totals for December 31, 2007

ASSETS	Sports Complex	Assessment Capital	Fire Equipment	Sales Tax Capital
Cash and investments	\$ 157,822	\$ 762,558	\$ 399,999	\$ 43,990
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	35,637
Due from other agencies	-	-	-	113,272
Total assets	<u>\$ 157,822</u>	<u>\$ 762,558</u>	<u>\$ 399,999</u>	<u>\$ 192,899</u>
LIABILITIES				
Accounts payable	\$ 6,800	\$ 5,715	\$ -	\$ 128,697
Retainage payable	-	36,939	-	2,660
Advance to other funds	-	-	-	-
Due to other funds	-	-	-	-
Due to other agencies	2,250	-	-	-
Total liabilities	<u>9,050</u>	<u>42,654</u>	<u>-</u>	<u>131,357</u>
FUND BALANCE				
Reserved for encumbrances	-	-	-	-
Unreserved				
Designated - fire equipment	-	-	399,999	-
Undesignated	148,772	719,904	-	61,542
Total fund balance (deficit)	<u>148,772</u>	<u>719,904</u>	<u>399,999</u>	<u>61,542</u>
Total liabilities and fund balance	<u>\$ 157,822</u>	<u>\$ 762,558</u>	<u>\$ 399,999</u>	<u>\$ 192,899</u>

City of Minot, North Dakota
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Library Construction	Storm Sewer Development	CDBG and EDA	Total 2008	Total 2007
ASSETS					
Cash and investments	\$ -	\$ 1,095,182	\$ 3,681	\$ 2,463,232	\$ 3,392,777
Accounts receivable	-	12,822	-	12,822	11,364
Due from other funds	-	-	-	35,637	68,314
Due from other agencies	-	-	35,129	148,401	322,561
Total assets	<u>\$ -</u>	<u>\$ 1,108,004</u>	<u>\$ 38,810</u>	<u>\$ 2,660,092</u>	<u>\$ 3,795,016</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 78,839	\$ 220,051	\$ -
Retainage payable	-	-	-	39,599	86,308
Advance to other funds	-	917,704	-	917,704	-
Due to other funds	35,637	-	-	35,637	1,099,497
Due to other agencies	-	-	35,314	37,564	443,899
Total liabilities	<u>35,637</u>	<u>917,704</u>	<u>114,153</u>	<u>1,250,555</u>	<u>1,629,704</u>
FUND BALANCE					
Reserved for encumbrances	-	-	-	-	6,190
Unreserved					
Designated - fire equipment	-	-	-	399,999	-
Undesignated	(35,637)	190,300	(75,343)	1,009,538	2,159,122
Total fund balance (deficit)	<u>(35,637)</u>	<u>190,300</u>	<u>(75,343)</u>	<u>1,409,537</u>	<u>2,165,312</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 1,108,004</u>	<u>\$ 38,810</u>	<u>\$ 2,660,092</u>	<u>\$ 3,795,016</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, 2008
With Comparative Totals for December 31, 2007

	Sertoma Sports Complex	Assessment Capital	Fire Equipment	Sales Tax Capital
REVENUES				
Interest income	\$ 3,365	\$ 3,707	\$ 11,930	\$ 24,884
Intergovernmental	-	-	-	-
Miscellaneous	17,750	87,807	22,500	120,650
Total revenues	<u>21,115</u>	<u>91,514</u>	<u>34,430</u>	<u>145,534</u>
EXPENDITURES				
Current				
General government	-	707,906	-	365,909
Culture and recreation	6,800	1,166,110	-	-
Economic development	-	-	-	-
Capital outlay				
Contracted work	-	306,803	349,107	337,963
Equipment	-	-	76,270	110,828
Legal	-	2,389	-	-
Other	-	7,670	-	4,351
Acquisitions	-	-	-	-
Engineering	-	118,418	-	40,395
Debt retirement				
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>6,800</u>	<u>2,309,296</u>	<u>425,377</u>	<u>859,446</u>
Excess (deficiency) of revenues over (under) expenditures	14,315	(2,217,782)	(390,947)	(713,912)
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	-	-
Special assessment bonds issued	-	1,905,000	-	-
Premium on general obligation bonds	-	-	-	-
Premium on special assessments bonds	-	11,641	-	-
Transfers in	65,000	-	499,193	-
Transfers out	(3,365)	(3,707)	(11,930)	(179,997)
Total other financing sources (uses)	<u>61,635</u>	<u>1,912,934</u>	<u>487,263</u>	<u>(179,997)</u>
Net change in fund balance	75,950	(304,848)	96,316	(893,909)
Fund balance (deficit), January 1	72,822	1,024,752	303,683	955,451
Fund balance (deficit), December 31	<u>\$ 148,772</u>	<u>\$ 719,904</u>	<u>\$ 399,999</u>	<u>\$ 61,542</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, 2008
With Comparative Totals for December 31, 2007

REVENUES	Library	Storm Sewer Development	CDBG and EDA	Total 2008	Total 2007
Interest income	\$ -	\$ 29,150	\$ -	\$ 73,036	\$ 152,114
Intergovernmental	-	-	604,343	604,343	-
Miscellaneous	32,677	335,265	-	616,649	2,428,258
Total revenues	<u>32,677</u>	<u>364,415</u>	<u>604,343</u>	<u>1,294,028</u>	<u>2,580,372</u>
EXPENDITURES					
Current					
General government	-	-	-	1,073,815	87,493
Culture and recreation	-	-	-	1,172,910	1,366,126
Economic development	-	-	140,406	140,406	-
Capital outlay					
Contracted work	-	-	338,927	1,332,800	2,876,682
Equipment	-	-	-	187,098	62,376
Legal	-	-	-	2,389	4,173
Other	-	-	53,082	65,103	47,495
Acquisitions	-	-	-	-	-
Engineering	-	-	125,795	284,608	72,177
Debt retirement					
Interest and fiscal charges	1,837	43,359	-	45,196	34,823
Total expenditures	<u>1,837</u>	<u>43,359</u>	<u>658,210</u>	<u>4,304,325</u>	<u>4,551,344</u>
Excess (deficiency) of revenues over (under) expenditures	30,840	321,056	(53,867)	(3,010,297)	(1,970,972)
OTHER FINANCING SOURCES (USES)					
General obligation bonds issued	-	-	-	-	2,715,000
Special assessment bonds issued	-	-	-	1,905,000	-
Premium on general obligation bonds	-	-	-	-	17,540
Premium on special assessments bonds	-	-	-	11,641	-
Transfers in	1,837	-	-	566,030	942,190
Transfers out	-	(29,150)	-	(228,149)	(245,535)
Total other financing sources (uses)	<u>1,837</u>	<u>(29,150)</u>	<u>-</u>	<u>2,254,522</u>	<u>3,429,195</u>
Net change in fund balance	32,677	291,906	(53,867)	(755,775)	1,458,223
Fund balance (deficit), January 1	(68,314)	(101,606)	(21,476)	2,165,312	707,089
Fund balance (deficit), December 31	<u>\$ (35,637)</u>	<u>\$ 190,300</u>	<u>\$ (75,343)</u>	<u>\$ 1,409,537</u>	<u>\$ 2,165,312</u>

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City of Minot, North Dakota
Nonmajor Enterprise Funds

ENTERPRISE FUNDS - To account for operations (a) financed and operated in a manner similar to private enterprises, where the intent of the governing body is to provide goods or services to the general public on a continuing basis where the expenses, including depreciation, 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 Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Nonmajor Business-Type Activities		Total Nonmajor Proprietary Funds 2008	Total Nonmajor Proprietary Funds 2007
	Cemetery	Parking Authority		
ASSETS				
Cash and cash equivalents	\$ 122,619	\$ 122,408	\$ 245,027	\$ 187,835
Restricted cash and cash equivalents	44,714	-	44,714	43,874
Taxes receivable delinquent	696	-	696	1,438
Accounts receivable	13,720	-	13,720	8,202
Due from other agencies	13	-	13	-
Prepays	502	2	504	10
Total assets	<u>182,264</u>	<u>122,410</u>	<u>304,674</u>	<u>241,359</u>
Capital assets				
Land	118,396	136,397	254,793	254,793
Buildings	150,885	183,172	334,057	334,057
Equipment	123,851	306,929	430,780	425,148
Infrastructure	34,197	125,959	160,156	160,156
Total capital assets	<u>427,329</u>	<u>752,457</u>	<u>1,179,786</u>	<u>1,174,154</u>
Less-accumulated depreciation	<u>(248,427)</u>	<u>(503,872)</u>	<u>(752,299)</u>	<u>(733,593)</u>
Net capital assets	<u>178,902</u>	<u>248,585</u>	<u>427,487</u>	<u>440,561</u>
Total assets	<u>\$ 361,166</u>	<u>\$ 370,995</u>	<u>\$ 732,161</u>	<u>\$ 681,920</u>
LIABILITIES				
Accounts payable	\$ 837	\$ 8,566	\$ 9,403	\$ -
Due to other agencies	2,328	-	2,328	1,108
Accrued vacation payable	9,078	-	9,078	8,989
Accrued salaries payable	4,816	1,695	6,511	3,839
Customer deposits	-	600	600	600
Total liabilities	<u>17,059</u>	<u>10,861</u>	<u>27,920</u>	<u>14,536</u>
NET ASSETS				
Invested in capital assets, net of related debt	178,902	248,585	427,487	440,561
Restricted for perpetual care	38,250	-	38,250	38,250
Restricted for chapel/veteran's memorial	6,464	-	6,464	5,624
Unrestricted	120,491	111,549	232,040	182,949
Total net assets	<u>\$ 344,107</u>	<u>\$ 360,134</u>	<u>\$ 704,241</u>	<u>\$ 667,384</u>

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, 2008
With Comparative Totals for December 31, 2007

	Nonmajor Business-Type Activities		Total Nonmajor Proprietary Funds 2008	Total Nonmajor Proprietary Funds 2007
	Cemetery	Parking Authority		
OPERATING REVENUES				
Charges for services	\$ 229,234	\$ 145,125	\$ 374,359	\$ 342,886
Miscellaneous	-	-	-	1,675
Total operating revenues	<u>229,234</u>	<u>145,125</u>	<u>374,359</u>	<u>344,561</u>
OPERATING EXPENSES				
Salaries	132,717	53,409	186,126	177,767
Employee benefits	29,316	4,209	33,525	31,170
Professional services	135	-	135	30
Property services	9,702	21,969	31,671	36,426
Purchased services	4,567	3,210	7,777	7,367
Supplies	14,549	9,731	24,280	18,980
Capital purchases	-	-	-	4,949
Sundry	28,401	9,610	38,011	33,834
Depreciation	7,612	11,094	18,706	18,236
Total operating expenses	<u>226,999</u>	<u>113,232</u>	<u>340,231</u>	<u>328,759</u>
Operating income (loss)	2,235	31,893	34,128	15,802
NON-OPERATING REVENUES (EXPENSES)				
Property tax collections	1,200	-	1,200	34,514
Interest income	4,577	2,765	7,342	11,187
Miscellaneous income	1,529	-	1,529	1,632
Gain (loss) on disposal of capital assets	-	-	-	(300)
Total non-operating revenues (expenses)	<u>7,306</u>	<u>2,765</u>	<u>10,071</u>	<u>47,033</u>
Income (loss) before contributions and transfers	9,541	34,658	44,199	62,835
Transfers out	(4,577)	(2,765)	(7,342)	(10,830)
Total contributions and transfers	<u>(4,577)</u>	<u>(2,765)</u>	<u>(7,342)</u>	<u>(10,830)</u>
Change in net assets	4,964	31,893	36,857	52,005
Net assets, January 1	339,143	328,241	667,384	615,379
Net assets, December 31	<u>\$ 344,107</u>	<u>\$ 360,134</u>	<u>\$ 704,241</u>	<u>\$ 667,384</u>

City of Minot, North Dakota
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Nonmajor Business-Type Activities		Total Nonmajor Proprietary Funds 2008	Total Nonmajor Proprietary Funds 2007
	Cemetery	Parking Authority		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 223,966	\$ 145,123	\$ 369,089	\$ 346,451
Payments to suppliers	(56,517)	(35,954)	(92,471)	(101,595)
Payments to employees	(159,745)	(57,145)	(216,890)	(208,983)
Due from (to) other agencies	1,207	-	1,207	(522)
Net cash provided (used) by operating activities	<u>8,911</u>	<u>52,024</u>	<u>60,935</u>	<u>35,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	2,729	-	2,729	36,146
Transfers out	(4,577)	(2,765)	(7,342)	(10,830)
Net cash provided (used) by noncapital financing activities	<u>(1,848)</u>	<u>(2,765)</u>	<u>(4,613)</u>	<u>25,316</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,632)	-	(5,632)	-
Net cash provided (used) by capital and related financing activities	<u>(5,632)</u>	<u>-</u>	<u>(5,632)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	4,577	2,765	7,342	11,187
Net cash provided by investing activities	<u>4,577</u>	<u>2,765</u>	<u>7,342</u>	<u>11,187</u>
Net increase (decrease) in cash and cash equivalents	6,008	52,024	58,032	71,854
Cash and investments, January 1	161,325	70,384	231,709	159,855
Cash and investments, December 31	<u>\$ 167,333</u>	<u>\$ 122,408</u>	<u>\$ 289,741</u>	<u>\$ 231,709</u>
Cash and cash equivalents are comprised of the following:				
Cash and cash equivalents	\$ 122,619	\$ 122,408	\$ 245,027	\$ 187,835
Restricted cash and cash equivalents	44,714	-	44,714	43,874
Total cash and equivalents on the Statement of Net Assets	<u>\$ 167,333</u>	<u>\$ 122,408</u>	<u>\$ 289,741</u>	<u>\$ 231,709</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,235	\$ 31,893	\$ 34,128	\$ 15,802
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	7,612	11,094	18,706	18,236
Change in assets and liabilities				
Taxes receivable delinquent	742	-	742	-
Receivables, net	(5,518)	-	(5,518)	1,300
Due to (from) other agencies	1,207	-	1,207	(165)
Prepays	(492)	(2)	(494)	(10)
Accounts payable	837	8,566	9,403	(9)
Accrued vacation payable	89	-	89	694
Accrued salaries payable	2,199	473	2,672	(740)
Accrued interest payable	-	-	-	(357)
Deposits payable	-	-	-	600
Net cash provided (used) by operating activities	<u>\$ 8,911</u>	<u>\$ 52,024</u>	<u>\$ 60,935</u>	<u>\$ 35,351</u>

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City of Minot, North Dakota
Internal Service Funds

INTERNAL SERVICE FUNDS - 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, 2008
With Comparative Totals for December 31, 2007

	Central Garage	Self Insurance	Total Internal Service Funds 2008	Total Internal Service Funds 2007
ASSETS				
Cash and investments	\$ 151,658	\$ 1,263,480	\$ 1,415,138	\$ 1,536,001
Accounts receivable	3,932	-	3,932	5,224
Inventory	295,492	-	295,492	326,866
Total assets	<u>\$ 451,082</u>	<u>\$ 1,263,480</u>	<u>\$ 1,714,562</u>	<u>\$ 1,868,091</u>
LIABILITIES				
Accounts payable	\$ 52,158	\$ -	\$ 52,158	\$ -
Insurance claims payable	-	115,481	115,481	64,218
Total liabilities	<u>52,158</u>	<u>115,481</u>	<u>167,639</u>	<u>64,218</u>
NET ASSETS				
Unrestricted	398,924	1,147,999	1,546,923	1,803,873
Total net assets	<u>\$ 398,924</u>	<u>\$ 1,147,999</u>	<u>\$ 1,546,923</u>	<u>\$ 1,803,873</u>

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, 2008
With Comparative Totals for December 31, 2007

	Central Garage	Self Insurance	Total Internal Service Funds 2008	Total Internal Service Funds 2007
OPERATING REVENUES				
Sales	\$ 860,767	\$ -	\$ 860,767	\$ 237,873
Cost of goods sold	(787,528)	-	(787,528)	(218,809)
Gross margin	73,239	-	73,239	19,064
Charges for services				
Employer	-	1,324,373	1,324,373	1,266,171
Employee	-	683,654	683,654	656,180
Total operating revenues	73,239	2,008,027	2,081,266	1,941,415
OPERATING EXPENSES				
Professional and technical	52	-	52	47
Supplies	65,730	-	65,730	20,126
Insurance claims	-	2,173,648	2,173,648	1,817,691
Total operating expenses	65,782	2,173,648	2,239,430	1,837,864
Operating income (loss)	7,457	(165,621)	(158,164)	103,551
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,829	40,714	42,543	78,866
Miscellaneous income (expense)	25,093	(123,882)	(98,789)	49,448
Total non-operating revenues (expenses)	26,922	(83,168)	(56,246)	128,314
Income (loss) before transfers	34,379	(248,789)	(214,410)	231,865
Transfers out	(1,829)	(40,711)	(42,540)	(78,866)
Total transfers in (out)	(1,829)	(40,711)	(42,540)	(78,866)
Change in net assets	32,550	(289,500)	(256,950)	152,999
Net assets, January 1	366,374	1,437,499	1,803,873	1,650,874
Net assets, December 31	\$ 398,924	\$ 1,147,999	\$ 1,546,923	\$ 1,803,873

City of Minot, North Dakota
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Central Garage	Self Insurance	Total Internal Service Funds 2008	Total Internal Service Funds 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 893,433	\$ 2,008,027	\$ 2,901,460	\$ 2,138,562
Payments to suppliers	(801,152)	51,263	(749,889)	(248,385)
Payments to employees	-	(2,173,648)	(2,173,648)	(1,817,691)
Net cash provided (used) by operating activities	<u>92,281</u>	<u>(114,358)</u>	<u>(22,077)</u>	<u>72,486</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(1,829)	(40,711)	(42,540)	(78,866)
Internal activity - payments from (to) other funds	25,093	(123,882)	(98,789)	49,448
Net cash provided (used) by noncapital financing activities	<u>23,264</u>	<u>(164,593)</u>	<u>(141,329)</u>	<u>(29,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1,829	40,714	42,543	78,866
Net cash provided by investing activities	<u>1,829</u>	<u>40,714</u>	<u>42,543</u>	<u>78,866</u>
Net increase in cash and cash equivalents	117,374	(238,237)	(120,863)	121,934
Cash and investments, January 1	34,284	1,501,717	1,536,001	1,414,067
Cash and investments, December 31	<u>\$ 151,658</u>	<u>\$ 1,263,480</u>	<u>\$ 1,415,138</u>	<u>\$ 1,536,001</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 7,457	\$ (165,621)	\$ (158,164)	\$ 103,551
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities				
Receivables, net	1,292	-	1,292	215
Inventory	31,374	-	31,374	(21,877)
Accounts payable	52,158	-	52,158	(151)
Insurance claims payable	-	51,263	51,263	(9,252)
Net cash provided (used) by operating activities	<u>\$ 92,281</u>	<u>\$ (114,358)</u>	<u>\$ (22,077)</u>	<u>\$ 72,486</u>

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City of Minot, North Dakota
Trust and Agency Funds

TRUST AND AGENCY FUNDS - 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 - To account for the accumulation of resources to be used for benefit payments in appropriate amounts and times in the future.

OPEB – To account for the activities of the City Other Post Employment Benefits, which accumulate resources for OPEB payments to qualified employees.

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 and the All Season's Arena.

City of Minot, North Dakota
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Pension Trust	OPEB Trust	Total Fiduciary Funds 2008	Total Fiduciary Funds 2007
ASSETS				
Cash and cash equivalents	\$ 79,137	\$ -	\$ 79,137	\$ 156,143
Investments				
Money market	454,841	45,307	500,148	389,174
Equity/stocks	14,251,411	28,904	14,280,315	23,109,556
Fixed income-tax exempt	799,896	52,794	852,690	-
Fixed income-taxable	25,666,613	-	25,666,613	27,885,205
Total investments	41,172,761	127,005	41,299,766	51,383,935
Taxes receivable delinquent	45,919	-	45,919	45,216
Due from other agencies	580	-	580	-
Total assets	<u>\$ 41,298,397</u>	<u>\$ 127,005</u>	<u>\$ 41,425,402</u>	<u>\$ 51,585,294</u>
LIABILITIES				
Due to others	\$ -	\$ 134,612	\$ 134,612	\$ -
Deferred revenue	46,950	-	46,950	45,216
Total liabilities	<u>46,950</u>	<u>134,612</u>	<u>181,562</u>	<u>45,216</u>
NET ASSETS				
Held in trust for pension benefits	41,251,447	-	41,251,447	51,540,078
Held in trust for OPEB benefits	-	(7,607)	(7,607)	-
Total net assets	<u>\$ 41,251,447</u>	<u>\$ (7,607)</u>	<u>\$ 41,243,840</u>	<u>\$ 51,540,078</u>

City of Minot, North Dakota
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Pension Trust	OPEB Trust	Total Fiduciary Funds 2008	Total Fiduciary Funds 2007
ADDITIONS				
Contributions				
Employer	\$ 1,744,902	\$ 143,021	\$ 1,887,923	\$ 1,628,716
Employee	1,758,757	394,122	2,152,879	1,629,491
Total contributions	<u>3,503,659</u>	<u>537,143</u>	<u>4,040,802</u>	<u>3,258,207</u>
Investment income				
Interest and dividends	1,817,472	3,234	1,820,706	1,675,436
Net increase (decrease) in the fair value of investments	(10,292,982)	(16,137)	(10,309,119)	2,991,111
Total investment income	<u>(8,475,510)</u>	<u>(12,903)</u>	<u>(8,488,413)</u>	<u>4,666,547</u>
Less investment expense	109,609	113	109,722	116,513
Net investment income	<u>(8,585,119)</u>	<u>(13,016)</u>	<u>(8,598,135)</u>	<u>4,550,034</u>
Total additions	<u>(5,081,460)</u>	<u>524,127</u>	<u>(4,557,333)</u>	<u>7,808,241</u>
DEDUCTIONS				
Benefits paid to plan member and beneficiaries	4,791,651	-	4,791,651	4,455,783
Refunds paid to plan member and beneficiaries	136,442	-	136,442	82,132
Retiree claims	-	418,013	418,013	-
Third party premiums	-	110,721	110,721	-
Administrative expenses	279,078	3,000	282,078	284,513
Total deductions	<u>5,207,171</u>	<u>531,734</u>	<u>5,738,905</u>	<u>4,822,428</u>
Change in net assets	(10,288,631)	(7,607)	(10,296,238)	2,985,813
Net assets, January 1	51,540,078	-	51,540,078	48,554,265
Net assets, December 31	<u>\$ 41,251,447</u>	<u>\$ (7,607)</u>	<u>\$ 41,243,840</u>	<u>\$ 51,540,078</u>

City of Minot, North Dakota
Combining Statement of Net Assets
Agency Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Payroll Deductions	Employer Social Security	Hotel/ Motel Tax	Total Agency Funds 2008	Total Agency Funds 2007
ASSETS					
Cash and investments	\$ 19,549	\$ -	\$ 48,870	\$ 68,419	\$ 2,251
Taxes receivable delinquent	-	3,093	-	3,093	3,024
Due from other agencies	-	38	-	38	-
Total assets	<u>\$ 19,549</u>	<u>\$ 3,131</u>	<u>\$ 48,870</u>	<u>\$ 71,550</u>	<u>\$ 5,275</u>
LIABILITIES					
Due to other agencies	\$ 19,549	\$ 3,131	\$ 48,870	\$ 71,550	\$ 5,275
Total liabilities	<u>\$ 19,549</u>	<u>\$ 3,131</u>	<u>\$ 48,870</u>	<u>\$ 71,550</u>	<u>\$ 5,275</u>

City of Minot, North Dakota
Agency Funds Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Beginning	Additions	Deletions	Ending
PAYROLL DEDUCTIONS				
Assets				
Cash and investments	\$ 226	\$ 3,127,322	\$ 3,107,999	\$ 19,549
Total assets	<u>\$ 226</u>	<u>\$ 3,127,322</u>	<u>\$ 3,107,999</u>	<u>\$ 19,549</u>
Liabilities				
Accounts payable	\$ -	\$ 892,458	\$ 892,458	\$ -
Due to other agencies	226	3,178,343	3,159,020	19,549
Total liabilities	<u>\$ 226</u>	<u>\$ 4,070,801</u>	<u>\$ 4,051,478</u>	<u>\$ 19,549</u>
EMPLOYER SOCIAL SECURITY				
Assets				
Cash and investments	\$ -	\$ 82,552	\$ 82,552	\$ -
Taxes receivable delinquent	3,024	1,694	1,625	3,093
Due from other agencies	-	38	-	38
Total assets	<u>\$ 3,024</u>	<u>\$ 84,284</u>	<u>\$ 84,177</u>	<u>\$ 3,131</u>
Liabilities				
Due to other agencies	\$ 3,024	\$ 86,559	\$ 86,452	\$ 3,131
Total liabilities	<u>\$ 3,024</u>	<u>\$ 86,559</u>	<u>\$ 86,452</u>	<u>\$ 3,131</u>
COMMISSION ON AGING				
Assets				
Cash and investments	\$ -	\$ 69,968	\$ 69,968	\$ -
Liabilities				
Due to other agencies	\$ -	\$ 69,968	\$ 69,968	\$ -
HOTEL/MOTEL TAX				
Assets				
Cash and investments	\$ 2,025	\$ 776,554	\$ 729,709	\$ 48,870
Liabilities				
Due to other agencies	\$ 2,025	\$ 810,658	\$ 763,813	\$ 48,870
TOTAL 2008				
Assets				
Cash and investments	\$ 2,251	\$ 4,056,396	\$ 3,990,228	\$ 68,419
Taxes receivable delinquent	3,024	1,694	1,625	3,093
Due from other agencies	-	38	-	38
Total assets	<u>\$ 5,275</u>	<u>\$ 4,058,128</u>	<u>\$ 3,991,853</u>	<u>\$ 71,550</u>
Liabilities				
Accounts payable	\$ -	\$ 892,458	\$ 892,458	\$ -
Due to other agencies	5,275	4,145,528	4,079,253	71,550
Total liabilities	<u>\$ 5,275</u>	<u>\$ 5,037,986</u>	<u>\$ 4,971,711</u>	<u>\$ 71,550</u>
TOTAL 2007				
Assets				
Cash and investments	\$ 39,866	\$ 3,739,492	\$ 3,777,107	\$ 2,251
Taxes receivable delinquent	2,570	1,710	1,256	3,024
Due from other agencies	13,346	-	13,346	-
Total assets	<u>\$ 55,782</u>	<u>\$ 3,741,202</u>	<u>\$ 3,791,709</u>	<u>\$ 5,275</u>
Liabilities				
Accounts payable	\$ -	\$ 1,039,048	\$ 1,039,048	\$ -
Due to other agencies	55,782	3,426,108	3,476,615	5,275
Total liabilities	<u>\$ 55,782</u>	<u>\$ 4,465,156</u>	<u>\$ 4,515,663</u>	<u>\$ 5,275</u>

Capital

Assets

City of Minot, North Dakota
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source December 31, 2008 and 2007

GOVERNMENTAL FUNDS CAPITAL ASSETS	2008	2007
Land	\$ 6,844,919	\$ 6,333,630
Buildings	12,760,598	11,959,907
Equipment	11,294,128	9,916,305
Infrastructure	94,754,982	82,966,729
Intangible assets - software	210,886	-
Books	4,152,364	4,079,179
Construction in progress	1,088,656	-
Total governmental funds capital assets	<u>\$ 131,106,533</u>	<u>\$ 115,255,750</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Capital project funds		
General obligation bonds and levies	\$ 10,441,301	\$ 8,600,067
Sales tax revenue bonds	190,916	190,916
Federal grants	48,163,319	42,707,167
State grants	2,251,318	2,056,945
County grants	1,216,423	214,124
Contributions from others	23,190,066	20,045,813
General fund	27,870,626	23,771,476
Special revenue	15,650,529	15,537,207
Urban renewal	465,739	465,739
Enterprise fund	1,666,296	1,666,296
Total governmental funds capital assets	<u>\$ 131,106,533</u>	<u>\$ 115,255,750</u>

City of Minot, North Dakota
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2008
With Comparative Totals for December 31, 2007

FUNCTION OR ACTIVITY	Land	Buildings	Equipment	Infrastructure	Intangible Assets	Books	Construction in Process	2008	2007
General Government									
Civic center/property maintenance	\$ 49,374	\$ 3,429,528	\$ 74,949	\$ 305,527	\$ -	\$ -	\$ -	\$ 3,859,378	\$ 3,781,594
Information technology	-	-	-	-	178,386	-	-	178,386	-
Assessor	-	-	81,387	-	32,500	-	-	113,887	81,387
Engineering	-	406,868	208,510	-	-	-	-	615,378	252,783
Inspection	-	-	191,013	-	-	-	-	191,013	191,013
Traffic control	-	-	414,004	5,601,442	-	-	-	6,015,446	6,015,446
Public works	-	1,432,856	58,247	-	-	-	-	1,491,103	1,486,104
General	5,610,394	119,425	1,096,977	1,639,103	-	-	262,190	8,728,089	6,749,742
Total general government	<u>5,659,768</u>	<u>5,388,677</u>	<u>2,125,087</u>	<u>7,546,072</u>	<u>210,886</u>	<u>-</u>	<u>262,190</u>	<u>21,192,680</u>	<u>18,558,069</u>
Public Safety									
Police	-	134,946	2,597,249	339,025	-	-	-	3,071,220	1,584,517
Fire	243,861	2,513,993	2,277,364	-	-	-	-	5,035,218	4,635,145
Total public safety	<u>243,861</u>	<u>2,648,939</u>	<u>4,874,613</u>	<u>339,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,106,438</u>	<u>6,219,662</u>
Street	511,289	32,580	1,838,623	85,810,187	-	-	826,466	89,019,145	77,926,227
Shop	-	-	87,112	-	-	-	-	87,112	88,335
Library	7,624	3,128,995	33,161	-	-	4,152,364	-	7,322,144	7,243,016
Public transportation	-	853,027	1,482,467	-	-	-	-	2,335,494	2,292,099
Recreation	422,377	708,380	853,065	1,059,698	-	-	-	3,043,520	2,928,342
Total governmental funds capital assets	<u>\$ 6,844,919</u>	<u>\$ 12,760,598</u>	<u>\$ 11,294,128</u>	<u>\$ 94,754,982</u>	<u>\$ 210,886</u>	<u>\$ 4,152,364</u>	<u>\$ 1,088,656</u>	<u>\$ 131,106,533</u>	<u>\$ 115,255,750</u>

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, 2008

FUNCTION/ACTIVITY	Governmental Fund Capital Assets				Construction in Process	Governmental Fund Capital Assets
	January 1	Additions	Deletions	Transfers		December 31
GENERAL GOVERNMENT						
Civic center/property maintenance	\$ 3,781,594	\$ 72,441	\$ -	\$ 5,343	\$ -	\$ 3,859,378
Information technology	-	178,386	-	-	-	178,386
Assessor	81,387	32,500	-	-	-	113,887
Engineering	252,782	370,750	8,154	-	-	615,378
Inspection	191,013	-	-	-	-	191,013
Traffic control	6,015,446	-	-	-	-	6,015,446
Public works	1,486,103	5,000	-	-	-	1,491,103
General	6,749,745	1,716,157	-	-	262,190	8,728,089
Total general government	<u>18,558,070</u>	<u>2,375,234</u>	<u>8,154</u>	<u>5,343</u>	<u>262,190</u>	<u>21,192,680</u>
PUBLIC SAFETY						
Police	1,584,517	1,508,532	21,829	-	-	3,071,220
Fire	4,635,145	425,377	25,304	-	-	5,035,218
Total public safety	<u>6,219,662</u>	<u>1,933,909</u>	<u>47,133</u>	<u>-</u>	<u>-</u>	<u>8,106,438</u>
Street	77,926,228	10,326,503	69,647	9,596	826,466	89,019,145
Shop	88,334	-	1,223	-	-	87,112
Library	7,243,015	79,129	-	-	-	7,322,144
Public transportation	2,292,099	34,195	-	9,200	-	2,335,494
Recreation	2,928,341	115,179	-	-	-	3,043,520
Total governmental funds capital assets	<u>\$ 115,255,750</u>	<u>\$ 14,864,149</u>	<u>\$ 126,157</u>	<u>\$ 24,139</u>	<u>\$ 1,088,656</u>	<u>\$ 131,106,533</u>

City of Minot, North Dakota
Capital Assets Used in the Operations of Governmental Funds
Comparative Schedule of Changes in Governmental Capital Assets by Source
December 31, 2008
With Comparative Totals for December 31, 2007

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Intangible Assets</u>	<u>Books</u>	<u>Construction In Process</u>	<u>2008</u>	<u>2007</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1,	\$ 6,333,630	\$ 11,959,907	\$ 9,916,305	\$ 82,966,729	\$ -	\$ 4,079,179	\$ -	\$ 115,255,750	\$ 98,255,010
ADDITIONS									
General fund	511,289	800,691	1,324,525	11,788,253	210,886	-	1,088,656	15,724,300	21,372,231
Special revenue	-	-	155,316	-	-	73,185	-	228,501	-
Transferred from enterprise	-	-	24,139	-	-	-	-	24,139	-
General fund transfers	-	-	-	-	-	-	-	-	65,551
Total additions	<u>511,289</u>	<u>800,691</u>	<u>1,503,980</u>	<u>11,788,253</u>	<u>210,886</u>	<u>73,185</u>	<u>1,088,656</u>	<u>15,976,940</u>	<u>21,437,782</u>
Total balance & additions	<u>6,844,919</u>	<u>12,760,598</u>	<u>11,420,285</u>	<u>94,754,982</u>	<u>210,886</u>	<u>4,152,364</u>	<u>1,088,656</u>	<u>131,232,690</u>	<u>119,692,794</u>
DEDUCTIONS									
Capital assets traded	-	-	26,728	-	-	-	-	26,728	11,263
Capital assets sold	-	-	79,528	-	-	-	-	79,528	155,451
Capitalized	-	-	-	-	-	-	-	-	2,845,617
Written off	-	-	19,901	-	-	-	-	19,901	1,352,972
Transferred to enterprise	-	-	-	-	-	-	-	-	3,095
General fund transfers	-	-	-	-	-	-	-	-	68,646
Total deductions	<u>-</u>	<u>-</u>	<u>126,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,157</u>	<u>4,437,044</u>
GENERAL CAPITAL ASSETS DECEMBER 31,	<u>\$ 6,844,919</u>	<u>\$ 12,760,598</u>	<u>\$ 11,294,128</u>	<u>\$ 94,754,982</u>	<u>\$ 210,886</u>	<u>\$ 4,152,364</u>	<u>\$ 1,088,656</u>	<u>\$ 131,106,533</u>	<u>\$ 115,255,750</u>

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

	2001**	2002	2003	2004	2005	Restated 2006	2007	2008
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	\$ 50,713,665	\$ 59,701,807	\$ 66,709,351
Restricted								
Debt service	136,142	1,021,187	1,373,926	944,364	442,745	1,910,960	2,617,579	2,025,734
Capital projects	6,286,203	8,403,858	11,116,994	11,118,792	15,999,116	20,310,497	24,733,175	28,615,918
Other purposes	-	-	-	-	-	735,412	715,775	22,005,529
Unrestricted	16,068,448	9,415,049	19,164,126	11,114,418	15,107,715	14,336,538	24,515,171	12,902,703
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>\$ 88,007,072</u>	<u>\$ 112,283,507</u>	<u>\$ 132,259,235</u>
101 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	\$ 57,707,036	\$ 51,274,183
Restricted	39,605	40,182	42,580	41,792	42,163	43,474	43,874	4,146,567
Unrestricted	5,482,401	5,050,928	6,282,767	4,525,305	4,479,980	4,645,085	5,601,055	6,319,775
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>	<u>\$ 63,351,964</u>	<u>\$ 61,740,525</u>
Government-wide activities								
Invested in capital assets, net of related debt	\$ 33,839,953	\$ 77,928,307	\$ 84,589,644	\$ 103,858,240	\$ 105,155,238	\$ 109,167,467	\$ 117,408,843	\$ 117,983,534
Restricted	6,461,950	9,465,227	12,533,500	12,104,948	16,484,024	22,264,931	28,110,403	56,793,748
Unrestricted	21,550,849	14,465,977	25,446,893	15,639,723	19,587,695	23,331,348	30,116,225	19,222,478
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>\$ 154,763,746</u>	<u>\$ 175,635,471</u>	<u>\$ 193,999,760</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	Restated 2006	2007	2008
EXPENSES								
Governmental activities								
General government	\$ 6,703,291	\$ 8,994,383	\$ 7,504,143	\$ 11,754,173	\$ 7,604,240	\$ 8,428,173	\$ 10,581,242	\$ 12,610,950
Public safety	6,349,105	6,614,253	7,046,392	7,596,040	7,672,804	7,903,316	8,585,950	8,784,220
Highways and streets	2,431,141	3,771,929	2,500,445	3,942,303	4,060,526	3,875,190	4,525,555	5,943,486
Culture and recreation	1,937,281	1,757,139	2,067,089	2,440,820	1,952,237	1,952,705	3,709,916	3,603,029
Community development	2,717,852	35,641	587,920	645,376	551,207	408,008	2,717,155	3,882,862
Interest on long-term debt	900,023	934,073	899,139	779,285	559,525	727,521	806,265	939,131
Total governmental activities expenses	21,038,693	22,107,418	20,605,128	27,157,997	22,400,539	23,294,913	30,926,082	35,763,678
Business-type activities								
Airport	1,889,375	1,763,660	1,893,121	2,307,295	2,359,727	2,675,382	2,765,722	4,213,797
Cemetery	214,164	222,538	213,527	225,415	228,538	222,159	213,392	226,999
Parking authority	174,108	170,617	182,440	176,985	165,161	178,147	115,667	113,232
Sanitation	1,649,318	1,633,854	1,823,056	2,397,135	1,898,475	1,924,082	1,841,238	2,021,582
Water and sewer	6,017,143	6,146,502	6,560,712	7,283,610	7,500,357	8,464,880	9,179,295	9,760,782
Total business-type activities expenses	9,944,108	9,937,171	10,672,856	12,390,440	12,152,258	13,464,650	14,115,314	16,336,392
Total government expenses	30,982,801	32,044,589	31,277,984	39,548,437	34,552,797	36,759,563	45,041,397	52,100,070
PROGRAM REVENUES								
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	4,182,085	5,599,611
Public safety	559,843	547,670	877,607	820,566	835,844	917,002	907,811	1,166,387
Highways and streets	5,696	10,196	39,946	43,046	38,913	-	-	467,716
Culture and recreation	11,792	11,652	45,652	49,195	44,472	54,016	474,985	442,346
Operating grants and contributions								
General government	1,534,042	289,859	937,622	816,833	414,555	299,813	675,890	1,051,271
Public safety	136,276	144,039	86,394	95,886	70,360	103,032	70,435	78,953
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	726,303	2,635,216
Public safety	-	-	-	-	-	-	-	1,136,547
Highways and streets	-	-	8,139,850	4,425,385	-	3,539,693	11,784,624	8,600,269
Culture and recreation	-	-	-	-	-	-	-	4,737
Community development	-	-	-	-	-	-	-	555,519
Total governmental activities program revenues	6,655,992	5,914,427	15,321,603	13,971,697	6,431,976	10,032,707	18,822,133	21,738,572
Business-type activities								
Charges for services								
Airport	870,528	934,580	972,965	892,093	952,201	998,941	1,142,638	2,447,799
Cemetery	148,694	172,217	155,278	152,580	172,847	225,234	200,333	235,546
Parking authority	193,422	187,177	174,441	174,464	160,299	123,237	136,713	145,125
Sanitation	1,992,773	1,849,448	1,984,815	1,830,479	1,958,064	2,099,706	2,148,607	2,706,534
Water and sewer	6,082,779	6,120,192	6,416,265	6,849,133	7,192,105	7,635,599	7,686,895	8,448,601
Operating grants and contributions								
Airport	167,182	283,684	283,152	293,426	295,190	282,857	263,381	262,539

	2001	2002	2003	2004	2005	Restated 2006	2007	2008
Capital grants and contributions								
Airport	\$ 4,899,936	\$ 5,229,442	\$ 1,992,422	\$ 150,557	\$ 1,326,349	\$ 683,772	\$ 1,696,337	\$ 502,264
Cemetery	-	606	2,880	250	99	309	-	-
Parking authority	-	-	54,600	-	-	-	-	-
Sanitation	-	-	-	-	-	-	10,165	248,926
Water and sewer	-	129,097	2,990,415	628,482	519,377	1,294,055	1,965,477	1,805,074
Total business-type activities program revenues	14,357,315	14,908,445	15,029,236	10,973,468	12,578,536	13,345,716	15,250,546	16,802,408
Total government program revenues	21,013,307	20,822,872	30,350,839	24,945,165	19,010,512	23,378,423	34,072,679	38,540,980
Net revenue (expense)								
Governmental activities	(14,382,701)	(16,192,991)	(5,283,525)	(13,186,300)	(15,968,563)	(5,015,283)	(12,103,949)	(14,025,106)
Business-type activities	4,413,207	4,971,274	4,356,380	(1,416,972)	426,278	(120,940)	1,135,230	466,016
Total government net expense	(9,969,494)	(11,221,717)	(927,145)	(14,603,272)	(15,542,285)	(5,136,223)	(10,968,718)	(13,559,090)

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	7,665,997	7,787,046
Property taxes, levied for debt service	953,223	853,386	954,337	1,042,433	1,065,170	998,952	1,142,353	1,152,519
Sales taxes	8,993,959	9,668,627	9,537,654	10,127,486	11,021,415	11,920,592	13,242,768	14,639,441
Municipal highway tax	1,443,352	1,490,695	1,454,460	1,483,320	1,622,132	1,683,303	1,769,430	1,862,605
State aid distribution-unrestricted	1,083,818	1,068,268	1,062,948	1,224,252	1,321,497	1,424,650	1,620,893	1,985,198
Franchise taxes	259,244	269,602	299,824	348,130	348,019	370,158	400,264	442,420
Other taxes	280,398	656,423	326,351	301,605	321,245	309,801	287,113	298,025
Grants and contributions not restricted to specific programs								
Investment earnings	848,083	876,509	627,567	329,216	892,061	1,643,502	2,282,098	1,468,090
Miscellaneous	957,633	1,050,349	713,914	1,992,462	1,005,293	963,821	2,896,504	2,012,030
Transfers	172,516	434,927	478,130	2,096,332	(5,208,299)	675,813	1,458,649	2,353,460
Total governmental activities	20,882,820	22,490,363	21,788,989	25,358,085	18,715,643	27,056,297	32,766,069	34,000,834
Business-type activities:								
Taxes								
Property taxes, levied for general purposes	130,384	78,317	82,585	21,221	39,515	47,185	34,608	73,047
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	164,724	78,526
Investment earnings	278,405	189,444	119,508	102,814	144,680	91,364	226,834	139,967
Miscellaneous	23,652	25,300	20,739	49,183	877,341	134,667	106,857	(15,535)
Transfers	(172,516)	(434,927)	(478,130)	(2,096,332)	5,208,299	(675,813)	(1,458,649)	(2,353,460)
Total business-type activities	510,740	60,671	(149,315)	(1,719,935)	6,452,693	(80,413)	(925,626)	(2,077,455)
Total government	21,393,560	22,551,034	21,639,674	23,638,150	25,168,336	26,975,884	31,840,443	31,923,379
Change in net assets								
Governmental activities	6,500,119	6,297,372	16,505,464	12,171,785	2,747,080	13,738,142	20,662,120	19,975,728
Business-type activities	4,921,946	5,029,943	4,205,062	(3,138,911)	6,876,966	(201,353)	209,606	(1,611,439)
Total government ¹	\$ 11,422,065	\$ 11,327,315	\$ 20,710,526	\$ 9,032,874	\$ 9,624,046	\$ 13,536,789	\$ 20,871,725	\$ 18,364,289

*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 repaid in 2004.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 6,030	\$ 11,254	\$ 27,481	\$ 29,902	\$ 25,417	\$ 5,021	\$ 6,734	\$ -	\$ 66,542	\$ 60,678
Unreserved	3,270,512	3,487,537	3,033,506	2,965,453	2,624,002	2,167,158	2,260,512	3,643,208	4,978,325	6,373,912
Total general fund	<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>	<u>\$ 5,044,867</u>	<u>\$ 6,434,590</u>
All other governmental funds										
Reserved	\$ 6,958,580	\$ 9,883,911	\$ 11,826,051	\$ 12,552,412	\$ 15,283,772	\$ 13,393,529	\$ 17,512,029	\$ 21,126,377	\$ 27,285,887	\$ 36,620,315
Unreserved, reported in:										
Special revenue funds	(1,160,684)	(1,915,420)	(2,983,225)	(2,583,340)	(3,033,771)	3,180,398	4,823,207	7,797,181	8,493,078	7,334,501
Debt service funds	1,485,074	958,880	136,142	1,021,187	1,373,926	944,364	442,745	1,910,960	2,617,579	2,025,734
Capital project funds	1,160,624	(816,927)	395,947	(351,234)	520,760	(1,238,231)	2,515,273	2,908,277	2,503,510	1,598,419
Total all other governmental funds	<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>	<u>\$ 40,900,054</u>	<u>\$ 47,578,969</u>

The increase in total fund balance from 2006 to 2007 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

	1999	2000	2001*	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Property taxes	\$ 6,319,196	\$ 6,475,184	\$ 6,775,332	\$ 6,912,390	\$ 7,221,351	\$ 7,393,732	\$ 7,331,800	\$ 7,995,420	\$ 8,730,892	\$ 8,855,449
Special assessment collections	568,052	604,724	644,304	826,078	916,817	833,144	884,137	702,392	669,155	779,292
Sales tax collections	8,653,896	9,070,485	8,993,959	9,668,627	9,537,654	10,127,486	11,021,415	11,920,592	13,242,768	14,639,441
Licenses and permits	405,167	384,335	344,806	345,873	413,553	502,408	607,474	647,390	607,708	744,303
Intergovernmental	4,319,092	4,264,213	5,123,131	4,296,948	13,510,969	7,379,165	4,612,249	4,695,404	5,348,836	6,716,698
Charges for services	2,412,986	2,720,102	2,295,849	2,889,849	2,983,946	3,558,377	3,788,077	4,281,728	3,821,965	4,540,984
Fines and forfeits	312,727	381,848	444,103	431,493	573,961	493,287	520,615	524,050	540,046	471,653
Interest income	861,129	1,004,368	848,083	876,509	604,167	329,216	892,061	1,643,502	2,282,098	1,468,090
Miscellaneous	821,920	695,650	957,633	1,050,349	713,914	1,992,462	1,005,293	963,821	2,896,504	2,012,030
Total revenues	24,674,165	25,600,909	26,427,200	27,298,116	36,476,332	32,609,277	30,663,121	33,374,299	38,139,972	40,227,940
EXPENDITURES										
General government	4,034,087	4,255,155	6,526,829	8,672,981	7,341,323	11,496,187	6,962,816	8,001,249	8,709,351	11,048,600
Public safety	5,306,975	5,506,917	6,084,587	6,349,779	6,758,687	7,231,044	7,311,855	7,501,383	7,828,236	8,191,065
Highways and streets	1,458,095	2,309,631	2,322,209	2,587,407	2,385,232	2,525,080	2,450,835	2,210,048	2,069,635	2,777,822
Culture and recreation	1,419,019	1,467,580	1,901,854	1,614,088	1,789,177	2,147,590	1,858,446	1,859,266	3,292,295	3,377,216
Economic development	4,957,879	2,136,108	2,717,852	35,641	587,920	645,376	551,207	408,008	2,717,155	3,882,862
Capital outlay	5,687,241	7,258,744	4,495,259	4,354,636	16,471,332	5,602,326	2,321,872	4,854,425	7,898,663	5,517,661
Debt retirement										
Principal	2,255,002	2,375,000	2,510,000	4,870,800	2,435,000	2,620,000	2,395,000	2,415,000	2,520,000	2,655,000
Interest and fiscal charges	718,833	789,751	760,948	917,496	929,669	796,546	583,438	707,286	627,917	773,958
Intergovernmental	4,058,835	1,481,456	-	-	-	-	-	-	-	-
Total expenditures	29,895,966	27,580,342	27,319,538	29,402,828	38,698,340	33,064,149	24,435,469	27,956,665	35,663,252	38,224,184
Excess (deficiency) of revenues over (under) expenditures	(5,221,801)	(1,979,433)	(892,338)	(2,104,712)	(2,222,008)	(454,872)	6,227,652	5,417,634	2,476,720	2,003,756
OTHER FINANCING SOURCES (USES)										
General obligation bonds issued	3,380,000	1,780,000	1,530,000	2,850,000	2,675,000	-	2,355,000	2,810,000	1,785,000	1,720,000
Proceeds from loan issue	-	-	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	1,740,000	-	2,205,000	-	-	910,000	2,715,000	1,905,000
Premium (discount) on debt issued	-	-	-	(4,759)	205	-	-	(15,658)	100	10,265
Principal retirement on current refunding	-	-	(1,725,000)	-	-	-	-	-	17,540	-
Sale of City Property	-	-	-	-	-	-	-	-	27,043	33,617
Transfers In	4,077,239	3,573,953	3,940,832	6,409,948	3,751,138	10,739,674	6,105,360	5,191,192	5,834,714	5,999,009
Transfers Out	(4,381,946)	(3,485,421)	(3,766,827)	(5,951,999)	(3,249,609)	(8,626,669)	(5,579,751)	(4,487,665)	(4,297,199)	(3,603,009)
Total other financing sources (uses)	3,075,293	1,868,532	1,719,005	3,303,190	5,381,734	2,113,005	2,880,609	4,407,869	6,082,198	6,064,882
Net change in fund balances	\$ (2,146,508)	\$ (110,901)	\$ 826,667	\$ 1,198,478	\$ 3,159,726	\$ 1,658,133	\$ 9,108,261	\$ 9,825,503	\$ 8,558,918	\$ 8,068,638
Debt service as a percentage of noncapital expenditures	12.28%	15.57%	14.33%	23.11%	15.14%	12.44%	13.47%	13.52%	11.34%	10.48%

*GASB 34 implemented in 2001

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

Year	Property Tax Levied for General Purposes	Property Tax Levied for Debt Service	* Sales Tax	Municipal Highway Tax	State Aid Distribution	Franchise Tax	Other Tax	Total	Population	(1) Taxable Sales & Purchases	
1999	\$ 5,144,145	\$ 1,175,051	\$ 8,653,896	\$ 1,349,527	\$ 1,395,419	**	\$ 261,032	\$ 451,319	\$ 18,430,389	34,544	\$ 522,357,665
2000	5,439,739	1,035,445	9,070,485	1,408,596	970,413		258,444	334,914	18,518,036	36,567	529,579,222
2001	5,890,594	953,223	8,993,959	1,443,352	1,083,818		259,244	280,398	18,904,588	36,567	537,932,451
2002	6,121,577	853,386	9,668,627	1,490,695	1,068,268		269,602	656,423	20,128,578	36,567	545,039,536
2003	6,333,804	954,337	9,537,654	1,454,460	1,062,948		299,824	326,351	19,969,378	36,567	562,646,219
2004	6,412,849	1,042,433	10,127,486	1,483,320	1,224,252		348,130	301,605	20,940,075	36,567	607,684,297
2005	6,327,110	1,065,170	11,021,415	1,622,132	1,321,497		348,019	321,245	22,026,588	36,567	632,611,203
2006	7,065,705	998,952	11,920,592	1,683,303	1,424,650		370,158	309,801	23,773,161	36,567	673,639,145
2007	7,665,997	1,142,353	13,242,768	1,769,430	1,620,893		400,264	287,113	26,128,818	36,567	741,519,736
2008	7,787,046	1,152,519	14,639,441	1,862,605	1,985,198		442,420	298,025	28,167,254	36,567	819,592,794

*Sales Tax increased from 1% to 2%, with the additional 1% dedicated to the Northwest Area Water Supply project. The sales tax is a citizen voted tax. The original 1% is for capital improvements, economic development and property tax relief. In 1998, we began collecting the additional 1% for the Northwest Area Water Supply project. The sales tax will expire June 30, 2014, unless extended by a vote of the citizens.

**State legislature replaced personal property replacement and state revenue sharing with state aid distribution and changed allocation formula.

(1) Taxable Sales and Purchases figure are from the State of ND Sales Tax Department Sales and Use Tax Statistical Annual Report.

City of Minot, North Dakota
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
 unaudited

Year	(1) Commercial Land and Buildings	(1) Residential Land and Buildings	Public Utilities	(2) Total Assessed Value	Total True and Full Value	Assessed Value as a Percentage of True and Full Value	Total Direct Tax Rate
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
2007	342,470,100	616,720,533	7,982,740	967,173,373	1,934,346,747	50.00%	113.70
2008	364,312,900	658,155,100	7,921,785	1,030,389,785	2,060,779,570	50.00%	113.25

(1) Data obtained from the City Assessor's Office and Ward County Auditor'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

Year	City of Minot			Total	Minot Park District	Minot School District	State and County	Total
	General Fund	Special Revenue Funds	Debt Service Funds					
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
2007	49.50	38.73	25.47	113.70	31.48	206.47	68.13	419.78
2008	51.11	37.54	19.95	113.25	32.8	204.65	74.45	425.15

Data obtained from the City of Minot Budget and the Ward County Auditor's Office

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

Levy Year	(1) Total Current Tax Levy	(2) Current Collections	Percent of Levy Collected	(2) Delinquent Collections	(2) Total Collections	Total Collection as Percent of Current Levy	(3) Adjustments	(4) Accumulated Outstanding Taxes	Outstanding Delinquent as Percent of Current Levy
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	9,443,018	8,969,961	94.99%	147,755	9,117,716	96.56%	315,824	307,084	3.25%
2006	10,132,780	9,573,509	94.48%	125,104	9,698,613	95.72%	373,073	368,178	3.63%
2007	10,329,502	9,754,043	94.43%	188,150	9,942,193	96.25%	385,933	369,554	3.58%
2008	10,895,992	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) Includes discount, mobile homes, abatements & change orders

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

City of Minot, North Dakota
Principal Property Taxpayers
December 31, 2008
 unaudited

TAXPAYER	2008			1999		
	(1) Taxable Assessed Value	Rank	% of total Taxable Assessed Value	(1) Taxable Assessed Value	Rank	% of total Taxable Assessed Value
Minot Dakota Mall, LLC (includes Sleep Inn Complex)	\$ 3,692,710	1	4.10%	\$ 2,110,390	1	3.74%
Investor's Real Estate Trust (IRET)	1,653,590	2	1.84%	337,590	6	0.60%
Wal-Mart Real Estate	775,130	3	0.86%	295,510	8	0.52%
Kadima Medial Properties (Former Unimed Clinic)	640,980	4	0.71%			
Menard's Inc.	564,420	5	0.63%	351,950	7	0.62%
International Inn	513,115	6	0.57%	295,140	9	0.52%
Reliastar (ING)	508,620	7	0.57%			
Philadelphia Macaroni	417,200	8	0.46%			
Cambridge Capital Management	409,520	9	0.46%			
Minot Vista (Edgewood Vista)	376,540	10	0.42%			
Riverside Inc. (Holiday Inn)	354,740	11	0.39%	189,720	15	0.34%
Woodridge Mobile Home Park	344,890	12	0.38%			
Glacial Holdings	324,060	13	0.36%			
Minot Senior Living (Brentmoor)	310,280	14	0.34%			
Dayton-Hudson Corporation (Target)	309,850	15	0.34%	246,400	11	0.44%
Map Dakota (Wellington)	298,710	16	0.33%			
Cenex Harvest States	296,260	17	0.33%			
Farmers Union Oil	279,620	18	0.31%			
MLT	274,640	19	0.31%			
Johanneson's Property (Marketplace)	265,250	20	0.29%			
Dakota Square Inn (Comfort Inn)	-			162,900	19	0.29%
First International Bank & Trust	-			158,580	20	0.27%
Health Care Property Investors(Medical Arts Clinic)	-			811,960	3	1.44%
James & Mary Ommen	-			406,280	5	0.72%
JPW Ventures	-			189,380	16	0.34%
Magic City Financial Group (Medical Arts)	-			235,070	12	0.42%
Magic City Realty	-			247,520	10	0.44%
Montana Dakota Utilities	-			173,426	18	0.31%
Northern States Power (Xcel)	-			430,431	4	0.76%
Quorum Real Estate Trust	-			1,092,250	2	1.94%
Salem Plaza Associates (South K-Mart)	-			220,190	14	0.39%
Sports World (Chad Yale)	-			187,030	17	0.33%
Wells Fargo Bank ND	-			226,470	13	0.40%
All Others	77,389,875		85.99%	48,045,932		85.17%
Total Taxable Value	<u>\$90,000,000</u>		<u>100.00%</u>	<u>\$56,414,119</u>		<u>100.00%</u>

(1) Data obtained from City Assessor's Office

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	(3) Per Capita
	General Obligation Bonds	Special Assessment Bonds	Grants Payable	Loans Payable	Revenue Bonds	Notes Payable	Loans Payable			
1999	\$ 6,380,000	\$ 8,530,000	\$ 2,950,670	\$ 1,670,000	\$ 7,909,386	\$ 2,071,486	\$ 226,172	\$ 29,737,714	(2)	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	(2)	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	(2)	767.35
2002	6,460,000	7,910,000	737,150	-	7,984,386	1,965,122	627,183	25,683,841	(2)	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
2007	10,485,000	6,955,000	-	-	15,270,000	1,687,879	210,756	34,608,635	12.39%	946.44
2008	10,675,000	7,735,000	-	-	25,620,000	1,627,479	144,146	45,801,625	15.58%	1,252.54

(1) Obtained the per capita personal income (\$29,407 for 2008) from www.jobsnd.com.

(2) This is a new table with our 2004 CAFR per GASB #44- prior year's data was unavailable.

(3) 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

Year	Population	(1) Assessed Value	(2) Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2007	36,567	973,559,940	10,485,000	1,076,549	9,408,451	0.97%	257.29
2008	36,567	1,030,389,785	10,675,000	1,043,314	9,631,686	0.93%	263.40

(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, 2008
 unaudited

Governmental Unit	(1) Outstanding Debt	Sinking Funds	Net Debt	Ratio	City's Share of Debt
Minot School District	\$ 8,405,000	\$ -	\$ 8,405,000	99.86%	\$8,393,183
Minot Park District	-	-	-	100.00%	-
Ward County	-	-	-	70.79%	<u>-</u>
Overlapping Debt					8,393,183
City of Minot (Direct Debt)			9,631,686	100.00%	<u>9,631,686</u>
Total Direct and Overlapping Debt					<u><u>\$18,024,869</u></u>

Ratios Used	(2) 2008 Assessed Value	2008 City's Assessed Value	Percentage
Minot School District	\$ 1,031,840,470	\$ 1,030,389,785	99.86%
Minot Park District	1,030,389,785	1,030,389,785	100.00%
Ward County	1,455,594,960	1,030,389,785	70.79%

(1) Data obtained from Minot Public School's Administration Office

(2) Data obtained from City Assessor's Office & Ward County Auditor's Office

The method used to determine the percentage of overlap was the percentage of the City's assessed value shared by the separate entity.

City of Minot, North Dakota
Computation of Legal Debt Margin
December 31, 2008
unaudited

True and full value of taxable property - 2008	\$ 2,060,779,570
Debt limit - 8% of 50% of true and full value	82,431,183
Amount of debt applicable to debt limit:	
General obligation bonds	10,675,000
Special Assessment bonds with Government Commitment	20,362
Less: cash in debt service sinking funds	<u>1,043,314</u>
	<u>9,631,686</u>
Legal debt margin	<u>\$ 72,799,497</u>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 49,749,088	\$ 51,367,208	\$ 52,443,648	\$ 52,908,272	\$ 54,920,223	\$ 57,533,248	\$ 63,960,233	\$ 70,399,141	\$ 77,884,795	\$ 82,431,183
Less total net debt applicable to limit	6,660,257	6,167,322	5,765,912	6,511,639	8,128,385	6,908,162	8,414,944	9,849,234	9,408,451	9,631,686
Legal debt margin	<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>	<u>\$ 68,476,344</u>	<u>\$ 72,799,497</u>
Total net debt applicable to the limit as a percentage of debt limit	13.39%	12.01%	10.99%	12.31%	14.80%	12.01%	13.16%	13.99%	12.08%	11.68%

City of Minot, North Dakota
Revenue Bond Coverage
Airport Bonds
Last Ten Fiscal Years
unaudited

Year	Gross Revenue	(1) Direct Operating Expenses	Budget Appropriated Transfers In for Operations	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					(2) Principal	Interest & Fiscal Charges	Total	
1999	\$ 785,457	\$ 788,852	\$ 150,000	\$ 146,605	\$ 70,000	\$ 71,564	\$ 141,564	1.04
2000	749,843	808,958	150,000	90,885	80,000	68,112	148,112	0.61
2001	870,528	958,699	150,000	61,829	105,000	86,755	191,755	0.32
2002	933,039	868,897	150,000	214,142	135,000	95,744	230,744	0.93
2003	972,965	983,439	150,000	139,526	140,000	126,360	266,360	0.52
2004	892,093	1,002,936	150,000	39,157	245,000	114,031	359,031	0.11
2005	952,201	980,822	150,000	121,379	255,000	103,911	358,911	0.34
2006	973,986	993,225	150,000	130,761	255,000	93,190	348,190	0.38
2007	1,143,245	1,066,534	150,000	226,711	275,000	81,890	356,890	0.64
2008	1,148,227	1,177,910	150,000	120,317	280,000	69,474	349,474	0.34

(1) Excludes depreciation

(2) Permanent financing only

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

Year	Gross Revenue	(1) Direct Operating Expenses	Budget Appropriated Transfers In for Operations	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					(2) Principal	Interest & Fiscal Charges	Total	
1999	\$ 5,564,054	\$ 3,924,868	\$ 265,000	\$ 1,904,186	\$ 663,522	\$ 348,736	\$ 1,012,258	1.88
2000	5,765,813	4,174,147	295,000	1,886,666	630,000	395,813	1,025,813	1.84
2001	6,067,731	4,055,897	315,000	2,326,834	750,000	425,118	1,175,118	1.98
2002	6,117,762	4,001,686	63,000	2,179,076	805,000	363,414	1,168,414	1.86
2003	6,365,265	4,351,564	75,000	2,088,701	825,000	325,874	1,150,874	1.81
2004	6,843,818	4,761,095	100,000	2,182,723	825,000	357,012	1,182,012	1.85
2005	7,199,190	5,013,167	100,000	2,286,023	840,000	364,387	1,204,387	1.90
2006	7,597,350	5,963,549	100,000	1,733,801	840,000	349,127	1,189,127	1.46
2007	7,695,089	6,319,567	550,000	1,925,522	1,125,000	457,548	1,582,548	1.22
2008	8,362,319	6,312,316	350,000	2,400,003	1,473,408	710,515	2,183,923	1.10

(1) Excludes depreciation

(2) Permanent financing only

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

Year	(1) Population	(2) Annual Personal Income	(2) Per Capita Personal Income	(2) Median Age	(2) Education Levels in Years of Formal Schooling	School Enrollment	Unemployment Rate
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 (3)	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%
2007	36,567	1,021,426,011	27,933	35.0	13.16	6,932	3.2%
2008	36,567	1,075,325,769	29,407	35.0	13.16	7,100	2.9%

Note: 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

(3) Median age is for the entire State of ND, individual City information is not available.

Principal Employers
Current Year and Nine Years Ago
 unaudited

Employer	2008			1999		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Minot Air Force Base Civilian	5,414	1	17.64%	1,100	4	3.84%
Trinity Health	2,691	2	8.77%	1,440	2	5.02%
Minot Public Schools	1,419	3	4.62%	1,335	3	4.66%
ING Minot Service Center	900	4	2.93%	-		
Minot Vocational Adjustment Workshop	545	5	1.78%	-		
Minot State University	509	6	1.66%	475	6	1.66%
Dakota Boys & Girls Ranch	452	7	1.47%	-		
Miracle Mart	394	8	1.28%	-		
Choice Hotels International, Inc.	380	9	1.24%	231	10	0.81%
Wal-Mart Super Center	350	10	1.14%	-		
E Telecare Global Solutions	315	11	1.03%	-		
City of Minot	311	12	1.01%	293	8	1.02%
MLT Inc.	296	13	0.96%	-		
Sykes, Inc.	250	14	0.81%	-		
SRT Communications	220	15	0.72%	-		
Ward County	216	16	0.70%	196	13	0.68%
Grand International	165	17	0.54%			
ManorCare Health Services	140	18	0.46%			
US Post Office	130	19	0.42%	-		
Westlie Motors	121	20	0.39%			
North Central Human Service Center	119	21	0.39%			
Dakota Square Mall				1,500	1	5.23%
Untimed				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%
Total	15,337		49.97%	8,434		29.43%

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	32	33	33	33	33	32	32	31	31	31
Public safety										
Police										
Officers	58	58	60	60	64	64	65	63	64	64
Civilians	20	20	19	19	20	20	20	20	20	20
Fire										
Firefighters and officers	44	45	49	49	49	49	49	49	49	49
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Engineering	8	8	9	9	9	9	9	9	9	9
Maintenance	36	36	36	36	36	36	36	35	36	36
Culture and recreation	21	22	22	22	22	24	24	24	25	25
Airport	11	11	11	11	13	13	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	19	20	20	20
Water and sewer	38	40	39	41	39	39	39	39	39	39
Total	293	298	303	305	310	311	311	308	311	311

(1) Budgeted and appropriated positions are shown.

Data obtained from City Clerk's Office - 2008 Budget

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

FUNCTION	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Assessors										
Properties reviewed	1,475	1,860	1,546	1,835	1,021	1,510	1,390	1,575	1,203	775
Properties photographed	4,000	2,560	5,725	550	1,043	2,985	1,435	1,899	1,800	2,800
Building inspections										
Permits issued	441	439	399	415	486	474	690	600	502	540
City bus										
Bus ridership	161,797	154,752	151,027	156,189	160,025	153,036	146,047	151,594	152,314	151,169
Public safety										
Police										
Parking tickets issued	9,415	10,792	9,821	9,901	8,392	8,729	7,019	8,155	8,330	6,804
Criminal citations issued	3,693	3,606	4,752	4,416	5,226	5,607	5,421	5,454	5,695	5,605
Traffic citations issued	7,903	6,772	6,866	5,414	6,958	4,918	4,809	4,556	5,021	3,895
Alarms-patrol & parking division	689	688	722	649	658	620	647	671	675	693
Fire										
# of fire incidents	451	454	437	390	378	364	371	350	373	405
# of rescue incidents	1,636	1,599	1,530	1,713	1,767	1,658	1,781	1,907	2,003	1,924
Inspections made	1,662	1,539	2,003	1,775	1,373	1,742	1,792	1,640	1,645	1,593
Highways and streets										
Traffic										
Signs installed	1,448	1,324	1,683	1,702	1,034	1,783	862	1,194	1,112	1,503
Signs/posts repaired	1,100	874	1,080	1,055	664	1,523	851	817	1,302	2,118
Traffic light repairs	520	448	582	434	286	354	592	369	458	568
Street light repairs	137	158	158	259	164	214	199	174	243	301
Culture and recreation										
Auditorium										
Event days	2,169	2,342	2,034	2,234	2,109	2,010	1,833	1,551	1,895	1,996
Attendance	334,681	371,666	344,165	360,405	234,689	222,484	218,666	203,641	246,596	256,041
Library										
Registered borrowers	25,562	27,300	27,358	24,955	26,326	23,970	23,245	24,371	24,007	23,384
Circulation and activity	300,572	283,350	263,273	276,090	272,011	285,805	301,721	292,785	304,531	325,559
Airport										
Gallons airline fuel dispensed	1,248,849	1,203,273	1,187,110	1,195,553	958,048	943,337	985,647	815,120	748,825	870,578
Airline boarding's	74,939	78,376	74,212	75,382	75,323	79,257	79,654	78,854	74,921	75,972
Sanitation										
# of customers	9,779	9,849	9,862	9,917	9,966	10,069	10,210	10,279	10,392	10,497
Landfill tonnage	97,864	95,564	80,153	85,372	104,781	93,487	88,343	94,757	95,216	113,936
Water and Sewer										
# of consumers	11,309	11,391	11,443	11,492	11,545	11,704	11,801	11,858	11,970	12,142
Gallons pumped/treated	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	2,185,650,000	2,132,600,000

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Source: Various city departments

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

FUNCTION	2002	2003	2004	2005	2006	2007	2008
General government							
Public works building	1	1	1	1	1	1	1
Public safety							
Police							
Stations	1	1	1	1	1	1	1
Patrol units	32	32	33	33	33	31	31
Speed trailer	-	1	1	1	1	1	1
Fire							
Stations	3	3	3	3	3	3	3
Highways and streets							
Streets (square miles)	14.860	14.900	15.029	15.047	16.170	16.395	16.73
Street lights	2,131	2,142	2,167	2,225	2,273	2,311	2,375
Traffic signals	43	44	43	43	44	50	50
Culture and recreation							
Parks	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1
Ball diamonds	16	16	16	16	16	16	16
Tennis courts	12	12	12	12	12	12	10
Indoor tennis center	-	-	1	1	1	1	1
Sanitation							
Collection trucks	7	7	8	7	7	8	8
Water							
Water treatment plant	1	1	1	1	1	1	1
Water mains (miles-estimated)	160	160	160	160	160	210	210
Maximum daily capacity (millions of gallons)	12.30	12.10	11.80	11.90	13.13	12.91	11.96

*This report is new with the 2004 CAFR, capital assets were implemented with our 2002 CAFR.

Sources: Various city departments



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

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, 2008. 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, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Minot's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 administer the program such that there is more than a remote likelihood that 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 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 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
May 7, 2009



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***

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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 7, 2009. 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 the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial report 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 or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, 08-1 to be a significant deficiency in internal control over financial reporting:

A material weakness is a significant deficiency, or a 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 City's internal control.

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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 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, we consider the significant deficiency described above, 08-1, to be a material weakness.

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*.

The City of Minot, North Dakota's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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
May 7, 2009



CPAs & BUSINESS ADVISORS

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

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, 2008. The **City of Minot**, North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 on **City of Minot**, North Dakota'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 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, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **City of Minot's** internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 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
May 7, 2009

CITY OF MINOT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2008

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:			
Bullet Proof Vest Grant		16.607	\$ 5,996
Local Joint Drug Task Force		16.738	16,598
School Security		16.738	45,806
Passed-Through North Dakota Attorney General's Office:			
Narcotics Task Force		16.738	27,300
Domestic Violence Crisis Center	D05-218	16.738	8,500
Total CFDA #16.738			98,204
Project Safe Neighborhoods		16.609	30,525
Passed through the State of North Dakota Health Department:			
Smoking Cessation Program	G08-351	N/A	2,020
Total Department of Justice			136,745
<i>U.S. DEPARTMENT OF TRANSPORTATION</i>			
Direct Programs:			
Airport Projects:			
#633		20.106	3,253
#634		20.106	74,171
#635		20.106	210,375
#636		20.106	154,529
Total CFDA #20.106			442,328
Transportation Security Program		N/A	78,526
Passed-Through North Dakota Department of Transportation:			
Section 5311		20.509	216,425
Section 5309		20.509	2,476
Total CFDA #20.509			218,901
Section 5311		20.513	42,261

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<i>Highway Safety Cluster:</i>			
Mayor's Council for Traffic Safety		20.600	40,725
Safety Incentive for Seatbelts		20.600	4,753
Saturation Patrol		20.601	15,411
Total Highway Safety Cluster			<u>60,889</u>
Total Department of Transportation			<u>842,905</u>
<i>U.S. DEPARTMENT OF COMMERCE</i>			
<i>Passed-Through Economic Development Administration</i>			
Public Works and Economic Development Facilities		11.300	<u>143,220</u>
<i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			
<i>Passed Through ND Division of Community Services</i>			
Community Development Block Grant		14.228	<u>374,585</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,497,455</u></u>

CITY OF MINOT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2008

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, 2008

07-1: Schedule of Expenditures of Federal Awards

Condition: The schedule of expenditures of federal awards did not include all federal dollars expended during the year.

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

Cause: The schedule of federal expenditures did not include all of the 2007 federal dollars expended during the year.

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 all federal expenditures are being reflected on the schedule.

Status:: The City of Minot's management corrected this in the current year.

07-2: Material Audit Adjustments

Condition: Grant expenditures related to CFDA #11.300 and CFDA #14.228 were incorrectly recorded through an agency fund instead of a governmental fund.

Criteria: All grant funds in which the City is named as the recipient should be recorded in the correct fund.

Cause: Management interpreted the grant awards incorrectly, leading them to believe these funds were pass-through funds, thus should be recorded in an agency fund.

Effect: An agency fund was misstated, a non-major governmental fund was misstated and governmental activities were misstated. The misstatement was a material dollar amount.

Recommendation: Procedures should be in place to ensure all grants to the City are properly recorded in the correct funds.

Status: The City of Minot posted this correction in the prior year and these funds were correctly recorded in a governmental fund in the current year

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

07-3 Prior Period Adjustment

Condition: A material dollar amount of capital assets was included twice in the 2006 governmental activities. Amounts were included under construction in progress and under capital infrastructure.

Criteria: Projects which are still in progress are to be reported as construction in progress under capital assets not being depreciated. Projects which are in service are to be report under capital assets net of accumulated depreciation.

Cause: Management incorrectly reported the donated capital line item when reconciling between the governmental funds to the governmental activities.

Effect: The governmental activities total assets, total capital grants and contributions, and total net assets were overstated by a material dollar amount.

Recommendation: Management should ensure that a reconciliation process is in place to account for all differences between the fund financial statements and the government-wide financial statements. These numbers should be tied out.

Status: The City's financial statements did not contain any prior period adjustments in the current year.

07-4 Financial Reporting

Condition: Both immaterial and material corrections were made to the draft of the 2007 Comprehensive Annual Financial Report (CAFR).

Criteria: Management is responsible for the correct presentation and reporting of the items in the CAFR.

Cause: A process was not in place to ensure all reconciling items between the fund financials and the government-wide financials were correct. A process was not in place to ensure the footnote disclosures included all required information. A process was not in place to ensure all statement of cash flow items were presented correctly.

Effect: Material and immaterial errors were present in the 2007 draft CAFR.

Recommendation: Management should ensure that a process is in place related to the preparation of the CAFR and the review of the CAFR which will detect misstatements so these misstatements will get corrected.

Status: Management corrected the items on the 2007 draft CAFR. Management had proper controls over financial reporting in the current year and they did not receive this finding in 2008.

CITY OF MINOT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the **City of Minot**.
2. One significant deficiency was disclosed by our audit of the financial statements. We consider significant deficiency 08-1 to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the **City of Minot** were disclosed during the audit.
4. No significant deficiencies were reported by our audit of the major federal award programs.
5. 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.
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 program tested as a major program is the Airport Improvement Program #20.106
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

08-1: Material Audit Adjustments

Condition: The balance in an interest receivable account was incorrectly recorded

Criteria: There should be appropriate internal controls in place over interest receivable accounts to properly ensure the correct balance is posted.

Cause: An error was made during the reversal of the prior year accrual, leading to a material incorrect balance in the interest receivable account.

Effect: A special revenue fund account balance was misstated. The misstatement was a material dollar amount.

Recommendation: Procedures should be in place to ensure all interest receivable amounts are properly recorded.

Response: The City of Minot posted the correction, thus items are presented correctly in the 2008 financial statements. The City of Minot's management will ensure all future balances in interest receivable accounts will be materially correct.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None