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

***COMPREHENSIVE ANNUAL***

***FINANCIAL REPORT***

***FOR THE FISCAL YEAR***

***ENDED DECEMBER 31, 2003***

Prepared By:

DEPARTMENT OF FINANCE

Robert E. Frantsvog, City Auditor

CITY OF MINOT, NORTH DAKOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

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May 27, 2004

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

Ladies and Gentlemen,

The City Council requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Minot, North Dakota, for the fiscal year ended December 31, 2003. This set of financial statements was prepared by the City's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

Eide Bailly, LLP, a firm of licensed certified public accountants have audited the City of Minot's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Minot, North Dakota for the fiscal year ended December 31, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. This requirement has been complied with and the independent auditor's report has been included as the first component of the financial section of this report.

## The Honorable Mayor, City Council and City Manager

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

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

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

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

The City of Minot, incorporated on July 16, 1887, is located in the north central part of North Dakota. The City of Minot currently occupies a land area of approximately 15 square miles and serves a population of 36,567. Located twelve miles north of the City of Minot, and a definite part of the community, is one of the nation's largest Air Force bases. The economic impact of the Minot Air Force Base on the City of Minot during 2003 was \$314.7 million. During 2003, the Minot Air Force Base had over \$62.4 million in construction, services and other expenditures. Minot Air Force Base serves as the home for over 11,556 active duty personnel and their dependents. Many of the personnel assigned to the base choose to reside in the City of Minot during their tour of duty and after their discharge. The relationship between the citizens of Minot and those of the base is one of mutual cooperation and friendliness.

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

The City of Minot operates under Home Rule Charter, established July 23, 1909, with a council-manager form of government. Policy-making and legislative authority are vested in a city council consisting of the mayor and 14 aldermen. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The city manager is responsible for carrying out the policies and ordinances of the council, and for overseeing the day-to-day operations of the city government. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with 7 council members elected every two years. The mayor is elected to serve a four-year term and is elected at large. The aldermen are elected by ward.

The Honorable Mayor, City Council and City Manager

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

**Factors Affecting Financial Condition**

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

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

<b><i>SALES TAX COLLECTIONS</i></b>	
2002	\$9,668,627
2003	9,537,654

<b><i>PROPERTY TAX LEVY</i></b>	
2002	\$7,884,739
2003	8,175,763

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

<b><i>ASSETS, LIABILITIES, AND NET ASSETS PER CAPITA</i></b>				
	POPULATION	TOTAL ASSETS	TOTAL LIABILITIES	NET ASSETS
2002	36,567	\$3,555	\$770	\$2,785
2003	36,567	4,462	1,110	3,352

The Honorable Mayor, City Council and City Manager

<b>EXPENSES AND PROGRAM REVENUES PER CAPITA</b>						
	POPULATION	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSE)
2002	36,567	\$876	\$365	\$20	\$184	(\$307)
2003	36,567	855	398	36	397	(24)

<b>RATIO OF NET ASSETS TO EXPENSES</b>		
	GOVERNMENTAL ACTIVITY	BUSINESS-TYPE ACTIVITY
2002	2.10	5.57
2003	3.06	5.58

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

The City has completed several major highway projects in recent years with additional projects planned for 2004, 2005, and 2006. 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, 2002. This was the 20<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Honorable Mayor, City Council and City Manager

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

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

Respectfully submitted,

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

Robert Frantsvog  
City Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Minot,  
North Dakota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

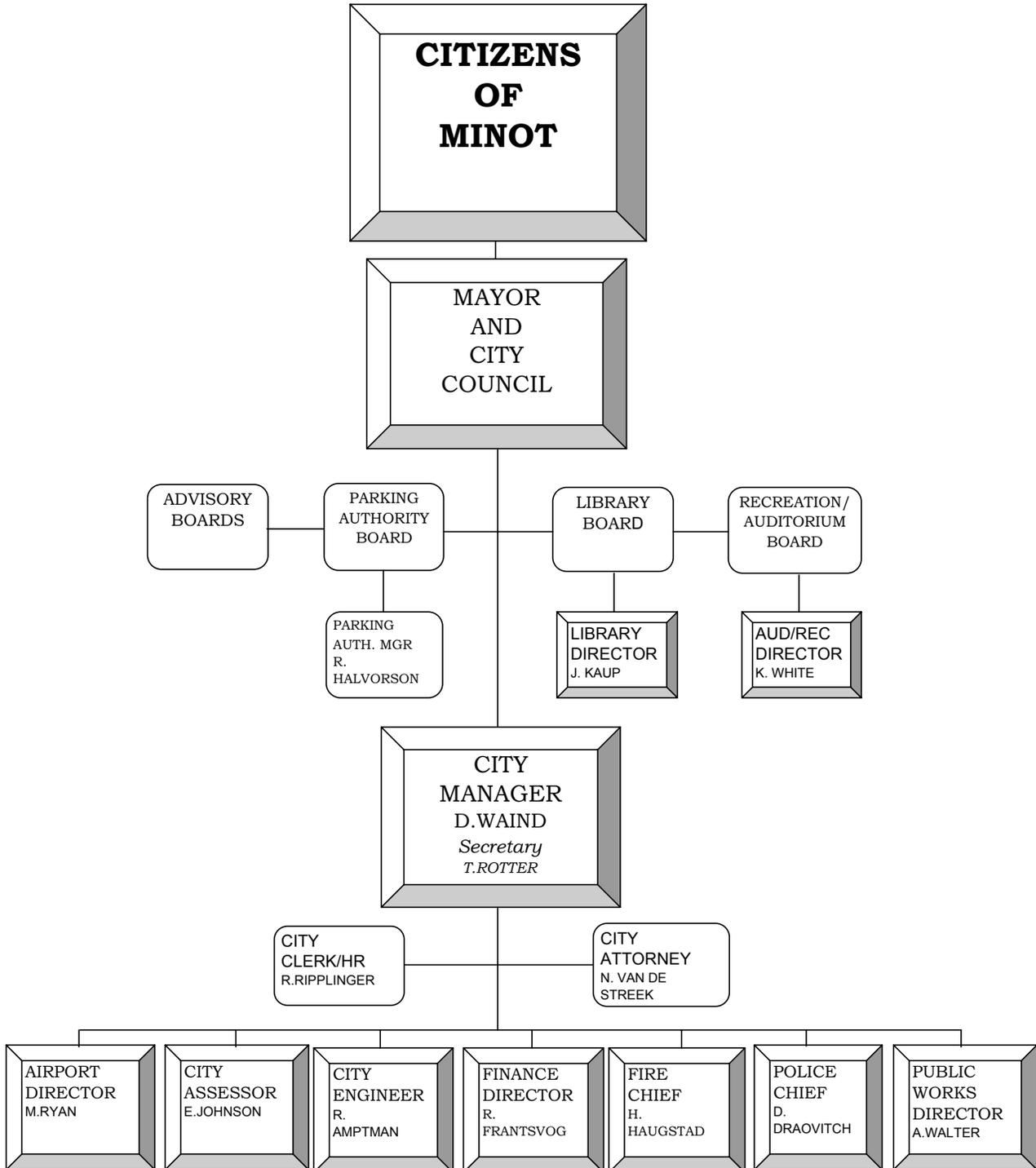
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF MINOT**  
ORGANIZATIONAL CHART



***PRINCIPAL OFFICERS***

**CITY OF MINOT,**

**NORTH DAKOTA**

***MAYOR***

***CURT ZIMBELMAN***

***MEMBERS OF THE CITY COUNCIL***

WARD 1:	LARRY FREY DAVE LEHNER
WARD 2:	NEIL LEIGH LEE SNYDER
WARD 3:	JIM HATLELID - PRESIDENT DEAN FRANTSVOG
WARD 4:	CHUCK BARNEY – VICE PRESIDENT TIM GREENHECK
WARD 5:	RONALD GARCIA DEAN SOMERVILLE
WARD 6:	ERNEST MEDALEN RANDY BURCKHARD
WARD 7:	BLAKE KRABSETH RON BOEN

***CITY MANAGER***

***DAVID W. WAIND***

***CITY AUDITOR***

***ROBERT E. FRANTSVOG***



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Consultants • Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot, North Dakota**, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2003, 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.

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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Sales Tax-Economic Development Fund, and the Sales Tax-NW Area Water Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the **City of Minot, North Dakota**, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 5, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

A handwritten signature in black ink that reads "Lide Bailey" followed by a stylized flourish.

Minot, North Dakota  
May 5, 2004

# CITY OF MINOT, NORTH DAKOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Minot, we are pleased to offer readers of the City of Minot's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2003, with comparative data for the fiscal year ended December 31, 2002. We encourage readers to consider it in conjunction with the additional information presented in the accompanying letter of transmittal, the basic financial statements, the fund financial statements, and the notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The net assets of the City of Minot increased by \$20,710,526 as a result of the current year's operations. Net assets of our business type activities increased by \$ 4,205,062 or 7%, and net assets of our governmental activities increased by \$16,505,464 or 26.2%.
- Total revenues from all sources were \$51,988,510. This is an increase of \$8,616,606 from 2002. The reason for the increase is increases in charges for services and a sizable intergovernmental proceed for highway construction.
- Total cost of all programs was \$ 31,277,984. This is a decrease of \$766,605 over 2002. The main reason for this decrease was the decrease in expenditures for highways and streets that are not capitalized. These are expenditures that did not meet our capitalization threshold policy.
- Governmental net assets totaled \$62,964,378, which was an increase of \$16,505,464 over 2002. Approximately \$8 million of this increase was for construction of infrastructure.
- Governmental revenues exceeded expenditures by \$16,505,464. In 2002, revenues exceeded expenditures by \$6,297,372.
- Unreserved fund balance for the General Fund was \$2,624,002, 20.6% of the total general fund expenditures. This is a decrease from 2002 of \$341,451.

### USING THIS ANNUAL REPORT

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

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

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

### Government-wide financial statements

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

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

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

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

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

The government-wide financial statements begin on page 13.

### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Minot, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the City's short-term financing requirements.

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

The City of Minot maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds: sales tax economic development fund, sales tax NAWS fund, highway debt service fund, special assessment debt service fund, and highway reserve capital project fund. Data from the 20 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements, which begin on page 63.

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

The governmental fund financial statements begin on page 16.

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

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

The basic proprietary fund statements begin on page 28.

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

The basic fiduciary fund statements begin on page 34.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 63-104 of this report.

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

The following two tables present condensed information on the City's Net Assets and Changes in Net Assets for the fiscal year ended December 31, 2003, with comparative data for the fiscal year ended December 31, 2002.

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Minot, assets exceeded liabilities by \$122,570,037 at the close of the most recent fiscal year.

By far the largest portion of the City of Minot's net assets (69%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Minot uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Minot's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Minot Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$33,156,413	\$20,293,106	\$ 7,061,703	\$ 6,105,042	\$ 40,218,116	\$ 26,398,148
Capital Assets	58,124,332	42,725,970	64,805,664	60,886,178	122,929,996	103,612,148
<b>Total Assets</b>	<b>91,280,745</b>	<b>63,019,076</b>	<b>71,867,367</b>	<b>66,991,220</b>	<b>163,148,112</b>	<b>130,010,296</b>
Long-term debt outstanding	26,815,000	15,107,150	11,525,352	10,576,691	38,340,352	25,683,841
Other liabilities	1,501,367	1,453,012	736,356	1,013,932	2,237,723	2,466,944
<b>Total liabilities</b>	<b>28,316,367</b>	<b>16,560,162</b>	<b>12,261,708</b>	<b>11,590,623</b>	<b>40,578,075</b>	<b>28,150,785</b>
Net Assets						
Invested in capital assets, net of related debt	31,309,332	27,618,820	53,280,312	50,309,487	84,589,644	77,928,307
Restricted	12,490,920	9,425,045	42,580	40,182	12,533,500	9,465,227
Unrestricted	19,164,126	9,415,049	6,282,767	5,050,928	25,446,893	14,465,977
<b>Total net assets</b>	<b>\$62,964,378</b>	<b>\$46,458,914</b>	<b>\$59,605,659</b>	<b>\$55,400,597</b>	<b>\$122,570,037</b>	<b>\$101,859,511</b>

An additional portion of the City of Minot's net assets (9.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$25,446,893 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2003, the City of Minot is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

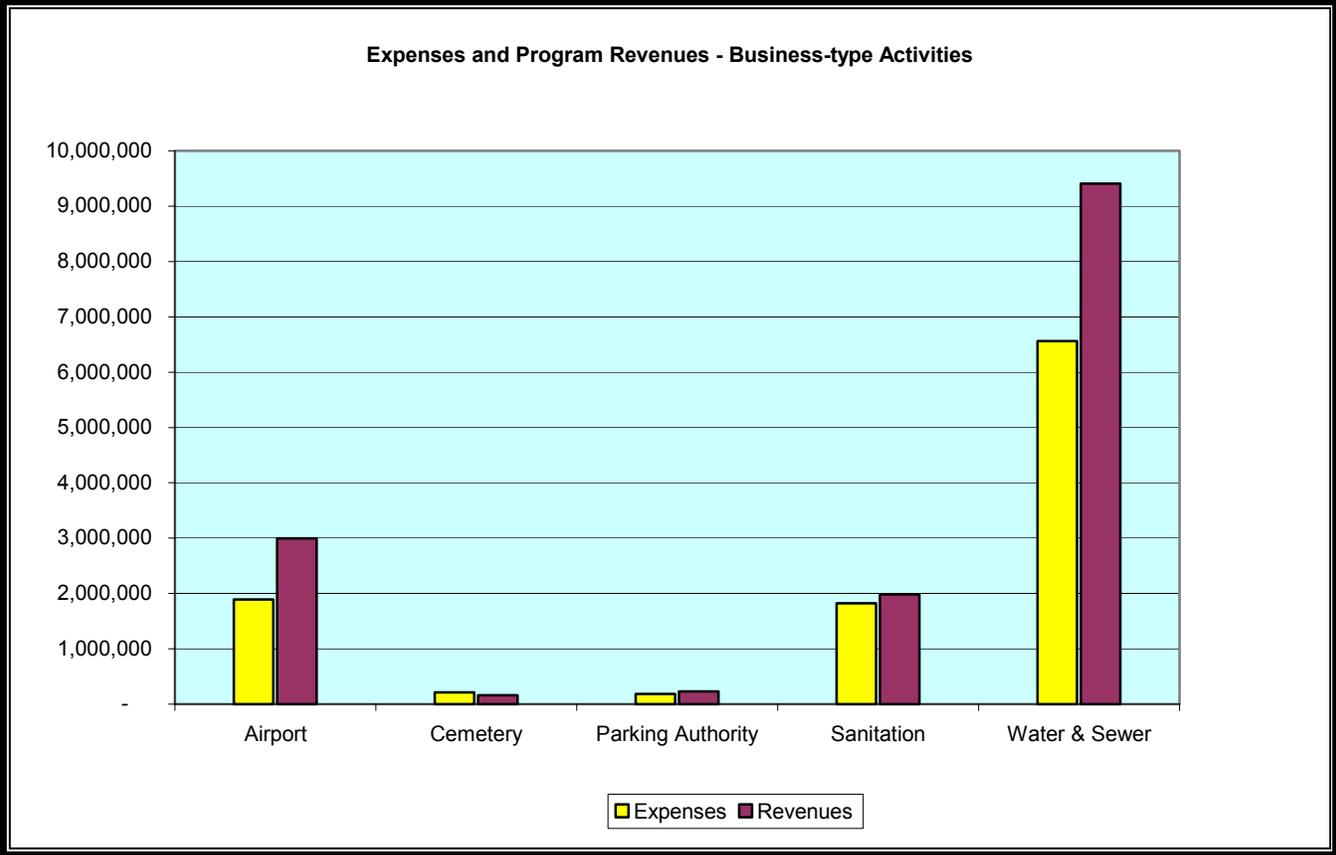
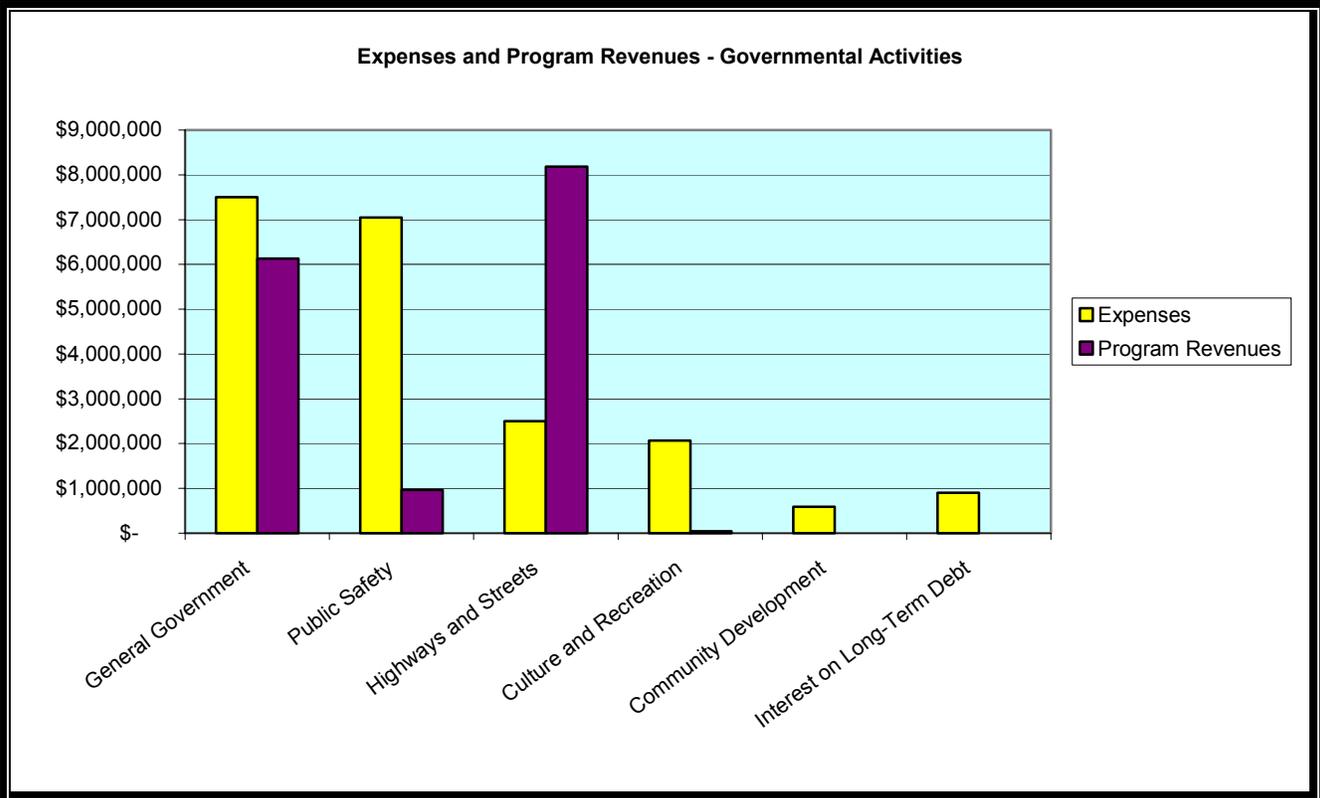
The City of Minot's net assets increased by \$20,710,526. The majority of this increase was due to additions to capital assets.

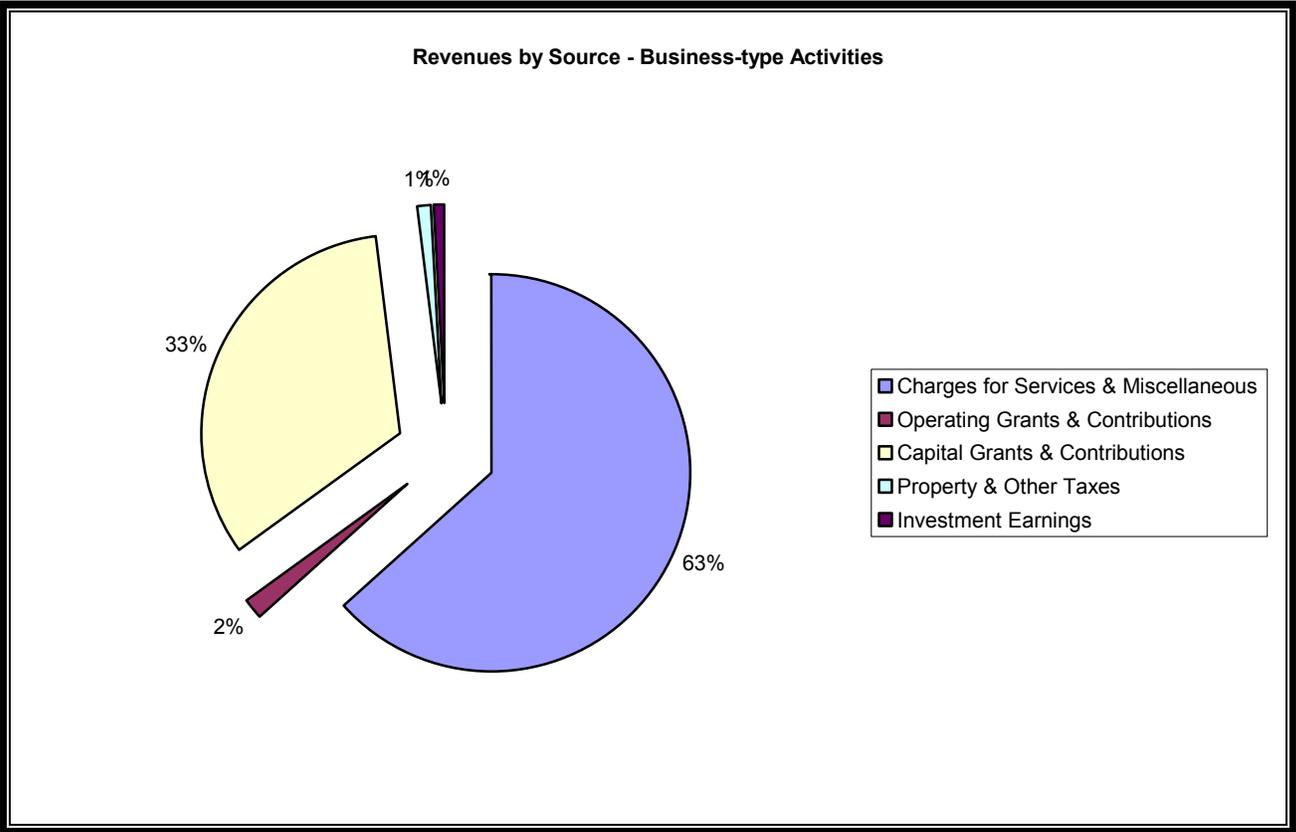
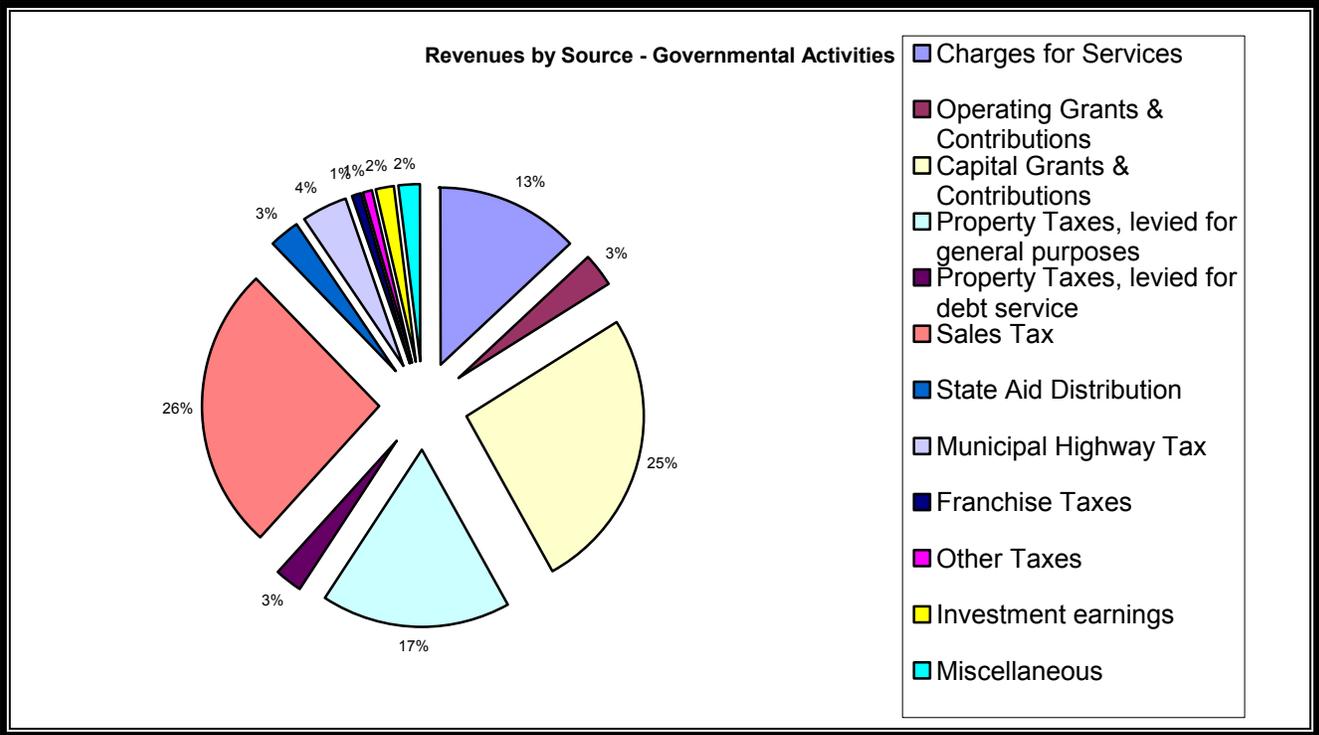
Business-type activities increased the City of Minot net assets by \$4,205,062, accounting for 20.3% of the total growth in the government's net assets. Capital contributions in Airport and Water and Sewer account for the majority of this increase.

City of Minot Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues:						
Charges for Services	\$ 4,830,709	\$ 4,100,684	\$ 9,703,764	\$ 9,263,614	\$14,534,473	\$13,364,298
Operating Grants and Contributions	1,024,016	433,898	283,152	283,684	1,307,168	717,582
Capital Grants and Contributions	9,466,878	1,379,845	5,040,317	5,359,145	14,507,195	6,738,990
General Revenues:						
Taxes	19,969,378	20,128,578	188,568	280,854	20,157,946	20,409,432
Investments Earnings	627,567	876,509	119,508	189,444	747,075	1,065,953
Miscellaneous	713,914	1,050,349	20,739	25,300	734,653	1,075,649
<b>Total Revenues</b>	<b>36,632,462</b>	<b>27,969,863</b>	<b>15,356,048</b>	<b>15,402,041</b>	<b>51,988,510</b>	<b>43,371,904</b>
Program Expenses:						
General Government	7,504,143	8,994,383			7,504,143	8,994,383
Public Safety	7,046,392	6,614,253			7,046,392	6,614,253
Highways and Streets	2,500,445	3,771,929			2,500,445	3,771,929
Culture and Recreation	2,067,089	1,757,139			2,067,089	1,757,139
Community Development	587,920	35,641			587,920	35,641
Interest on Long-Term Debt	899,139	934,073			899,139	934,073
Airport			1,893,121	1,763,660	1,893,121	1,763,660
Cemetery			213,527	222,538	213,527	222,538
Parking Authority			182,440	170,617	182,440	170,617
Sanitation			1,823,056	1,633,854	1,823,056	1,633,854
Water and Sewer			6,560,712	6,146,502	6,560,712	6,146,502
<b>Total Expenses</b>	<b>20,605,128</b>	<b>22,107,418</b>	<b>10,672,856</b>	<b>9,937,171</b>	<b>31,277,984</b>	<b>32,044,589</b>
Excess before transfers	16,027,334	5,862,445	4,683,192	5,464,870	20,710,526	11,327,315
Transfers	478,130	434,927	(478,130)	(434,927)	-	-
<b>Change in net assets</b>	<b>16,505,464</b>	<b>6,297,372</b>	<b>4,205,062</b>	<b>5,029,943</b>	<b>20,710,526</b>	<b>11,327,315</b>
<b>Ending Net Assets</b>	<b>\$62,964,378</b>	<b>\$46,458,914</b>	<b>\$59,605,659</b>	<b>\$55,400,597</b>	<b>\$122,570,037</b>	<b>101,859,511</b>

Governmental program revenues for operating grants and contributions increased as a result of federal dollars for bus purchases and improvements and state dollars for flood control. Governmental program revenues for capital grants and contributions increased due to funds received from the State for highway construction of South Broadway. Governmental program expenses for public safety increased as a result of increases in depreciation expenses. Governmental program expenses for community development increased due to contractual obligations paid in 2003 for the Economic Development fund.

Business-type program revenues remained relatively unchanged as compared to 2002. Increases in charges for services offset decreases in capital contributions.





## Financial Analysis of the Government's Funds

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

### **Governmental Funds.**

The focus of the City of Minot's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Minot's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City of Minot's governmental funds reported combined ending fund balances of \$16,794,106, an increase of \$3,159,726 in comparison with 2002. The majority of this increase is attributable to sales tax collections in the Sales Tax-NWAWS fund. Sales Tax-NWAWS will spend sales tax revenues collected as the project is completed. The *governmental funds unreserved/ undesignated fund balance* is (\$831,542). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) \$580,282 to liquidate contracts and purchase orders of the prior period, 2) \$1,373,926 to pay debt service, 3) \$11,895,096 for capital improvements, or 4) \$3,776,344 for a variety of other purposes.

The general fund is the chief operating fund of the City of Minot. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,624,002, while total fund balance was \$2,649,419. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.6% of total general fund expenditures, while total fund balance represents 20.8% of that same amount.

The fund balance of the City of Minot's general fund decreased by (\$345,936) during the current fiscal year. The main reason was increases in expenditures for Public Safety.

The debt service fund has a total fund balance of \$1,373,926, 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 of the Airport at the end of the year amounted to \$1,389,459, for Sanitation \$899,814, and for Water and Sewer \$3,759,648. The non-major funds amounted to \$125,422 for total unrestricted net assets in the Enterprise funds of \$6,174,343.

Total growth in net assets for these funds was \$4,124,312. The majority of this increase is attributable to an increase in capital contributions for the Airport and Water and Sewer funds.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor (\$23,905 in expenditure appropriations) and can be briefly summarized as follows:

- \$2,249 in expenditure decreases in general government activities
- \$25,632 in police and fire expenditures in public safety activities
- \$522 in street and storm sewer maintenance in highways and street

These appropriations were to have been funded from available fund balance. During the year, however, for these appropriations expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balances.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Minot's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$122,929,996 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, machinery and equipment, and work in progress.

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

- Construction on South Broadway from 7<sup>th</sup> Ave SW to 19<sup>th</sup> Ave SW.
- Phase I of the Northwest Area Water Supply Project continued.
- A variety of street construction projects in the City continued.

CITY OF MINOT CAPITAL ASSETS (net of depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2003	2002	2003	2002	2003	2002
Land	\$ 4,909,325	\$ 4,909,325	\$ 2,756,418	\$ 2,715,421	\$ 7,665,743	\$ 7,624,746
Buildings	2,451,245	2,467,525	4,054,936	4,374,196	6,506,181	6,841,721
Improvements	68,871	90,853	42,488,793	32,752,328	42,557,664	32,843,181
Equipment	4,932,299	4,231,888	1,627,605	1,384,072	6,559,904	5,615,960
Infrastructure	24,478,579	26,671,419	0	0	24,478,579	26,671,419
Construction in Progress	21,284,013	4,354,960	13,877,912	19,660,161	35,161,925	24,015,121
<b>Total</b>	<b>\$ 58,124,332</b>	<b>\$ 42,725,970</b>	<b>\$ 64,805,664</b>	<b>\$ 60,886,178</b>	<b>\$122,929,996</b>	<b>\$103,612,148</b>

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

### Long-term Debt

At year-end the City had total debt of \$ 29,135,055, an increase of \$2,685,946 over the prior year. Note IV. H to the financial statements describes the City's long-term debt to greater detail.

The City issued new debt for Special Assessment Refunding Bonds in the amount of \$2,205,000, and for general obligation Highway Bonds \$2,675,000. General Obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issued Water and Sewer Revenue Bonds for \$2,000,000.

The City issued a Grant Anticipation Note Payable for \$10,000,000 to provide funds for the intergovernmental share of the construction of South Broadway between 7<sup>th</sup> Ave SW and 19<sup>th</sup> Ave SW. Once construction is completed in 2004 this note will be paid.

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

The City's debt is limited to 8% of the assessed valuation of taxable property within the City of Minot or \$ 54,920,223. The City's legal debt margin is \$46,791,836. The net bonded debt per capita is \$212.30.

<b>City of Minot Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$ 8,235,000	\$ 6,460,000			\$ 8,235,000	\$ 6,460,000
Special Assessment Bonds	8,580,000	7,910,000			8,580,000	7,910,000
Revenue Bonds			\$ 9,004,386	\$ 7,984,386	9,004,386	7,984,386
Notes	-	-	1,913,453	1,965,122	1,913,453	1,965,122
Loans	-	-	607,513	627,183	607,513	627,183
Grants	-	737,150	-	-	-	737,150
Compensated Absences	613,566	576,389	181,137	188,879	794,703	765,268
Totals	\$17,428,566	\$15,683,539	\$11,706,489	\$10,765,570	\$29,135,055	\$26,449,109

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

Projects in 2003 that boosted the economy in Minot included, the construction of the new Sleep Inn and Water Slide, the Target Department Store remodeling, the Central Campus High School renovation, the remodel of the Police Station/City Hall and several other apartment complex remodels and additions. For 2004, the City anticipates that the following projects will boost our economy. The building of the new Dacotah Bank for \$2.1 million, the completion of the addition and renovation of Brentmoor assisted living facility for \$1.3 million, the remodel and addition of Carmike Cinemas for \$1.5 million, the U.N.D. Clinic for \$1.7 million, a fertilizer storage building for Dakota Agronomy Partners at \$1.8 million, the Minot Milling small grain processing plant for \$1.3 million and several other condo and business remodeling.

The 2004 budget for the City of Minot does include increases in some of the licenses and permits issued by the City. There is also an increase in sanitation rates, water rates, sewer rates, and storm sewer rates. The value of a mill for the City is expected to increase from \$62,641 to \$64,323 per mill.

Total appropriations for operations for 2004 increased by approximately \$850 thousand dollars from 2003. This 9.7% increase is caused primarily by increases in debt service payments as well as increases in employee salaries and benefits.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**City of Minot, North Dakota**  
Statement of Net Assets  
December 31, 2003  
With Comparative Totals for December 31, 2002

	<i>Primary Government</i>			
	Governmental Activities	Business-Type Activities	Total 2003	Total 2002
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,874,072	\$ 2,479,032	\$ 27,353,104	\$ 14,451,901
Investments	290,000	-	290,000	290,000
Receivables				
Taxes Receivable Deferred	76,500	-	76,500	231,300
Taxes Receivable Delinquent	322,816	4,269	327,085	365,580
Special Assessments Deferred	4,105,427	-	4,105,427	4,274,852
Special Assessments Delinquent	169,990	-	169,990	164,691
Accounts Receivable	180,929	866,975	1,047,904	983,538
Loans Receivable, net of Allowance	408,533	-	408,533	568,883
Accrued Interest Receivable	-	-	-	20,960
Internal Balances	718,673	(718,673)	-	-
Due From Other Agencies	1,692,861	319,802	2,012,663	2,022,417
Merchandise Inventory	316,612	81,913	398,525	350,928
Restricted Cash and cash equivalents	-	3,799,498	3,799,498	2,411,031
Capital Assets, net				
Non-Depreciable	26,193,338	16,634,330	42,827,668	31,639,867
Depreciable	31,930,994	48,171,334	80,102,328	71,972,281
Unamortized Issue Costs	-	160,237	160,237	183,610
Unamortized Interest on Refunding	-	68,650	68,650	78,457
Total Assets	<u>91,280,745</u>	<u>71,867,367</u>	<u>163,148,112</u>	<u>130,010,296</u>
<b>LIABILITIES</b>				
Accounts Payable	226,319	773	227,092	66,353
Retainage Payable	-	-	-	293,795
Due To Other Agencies	40,406	13,699	54,105	176,834
Accrued Vacation Payable	613,566	181,137	794,703	765,268
Accrued Salaries Payable	344,567	95,580	440,147	443,972
Insurance Claims Payable	85,458	-	85,458	68,832
Grant Anticipation Accrued Interest Payable	65,929	-	65,929	-
Grant Anticipation Note Payable	10,000,000	-	10,000,000	-
Deferred Revenue	-	-	-	84,466
Long-term Liabilities (Note IV. H)				
Portion due or payable within one year:	2,620,000	1,279,059	3,899,059	4,294,203
Portion due or payable after one year:	14,195,000	10,246,293	24,441,293	21,389,638
Accrued Interest Payable	125,122	82,970	208,092	238,682
Customer Deposits	-	90,281	90,281	89,336
Accrued MSWLF Postcare Costs	-	271,916	271,916	239,406
Total Liabilities	<u>28,316,367</u>	<u>12,261,708</u>	<u>40,578,075</u>	<u>28,150,785</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	31,309,332	53,280,312	84,589,644	77,928,307
Restricted for:				
Debt Service	1,373,926	-	1,373,926	1,021,187
Capital Projects	11,116,994	-	11,116,994	8,403,858
Other Purposes	-	42,580	42,580	40,182
Unrestricted	19,164,126	6,282,767	25,446,893	14,465,977
<b>TOTAL NET ASSETS</b>	<u>\$ 62,964,378</u>	<u>\$ 59,605,659</u>	<u>\$ 122,570,037</u>	<u>\$ 101,859,511</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, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

Functions/Programs	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total 2003	Total 2002
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental Activities:								
General Government	\$ 7,504,143	\$ 3,867,504	\$ 937,622	\$ 1,327,028	\$ (1,371,989)	-	\$ (1,371,989)	\$ (3,793,513)
Public Safety	7,046,392	877,607	86,394	-	(6,082,391)	-	(6,082,391)	(5,922,544)
Highways and Streets	2,500,445	39,946	-	8,139,850	5,679,351	-	5,679,351	(3,761,733)
Culture and Recreation	2,067,089	45,652	-	-	(2,021,437)	-	(2,021,437)	(1,745,487)
Community Development	587,920	-	-	-	(587,920)	-	(587,920)	(35,641)
Interest on Long-Term Debt	899,139	-	-	-	(899,139)	-	(899,139)	(934,073)
Total Governmental Activities	20,605,128	4,830,709	1,024,016	9,466,878	(5,283,525)	-	(5,283,525)	(16,192,991)
Business-Type Activities:								
Airport	1,893,121	972,965	283,152	1,992,422	-	1,355,418	1,355,418	4,684,046
Cemetery	213,527	155,278	-	2,880	-	(55,369)	(55,369)	(49,715)
Parking Authority	182,440	174,441	-	54,600	-	46,601	46,601	16,560
Sanitation	1,823,056	1,984,815	-	-	-	161,759	161,759	215,594
Water and Sewer	6,560,712	6,416,265	-	2,990,415	-	2,845,968	2,845,968	102,787
Total Business-Type Activities	10,672,856	9,703,764	283,152	5,040,317	-	4,354,377	4,354,377	4,969,272
Total Primary Government	\$ 31,277,984	\$ 14,534,473	\$ 1,307,168	\$ 14,507,195	(5,283,525)	4,354,377	(929,148)	(11,223,719)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes					6,333,804	82,585	6,416,389	6,199,894
Property Taxes, levied for debt service					954,337	-	954,337	853,386
Sales Tax					9,537,654	-	9,537,654	9,668,627
State Aid Distribution					1,062,948	3,800	1,066,748	1,072,068
Municipal Highway Tax					1,454,460	-	1,454,460	1,490,695
Franchise Taxes					299,824	-	299,824	269,602
Other Taxes					326,351	102,183	428,534	855,160
Grants and contributions not restricted to specific programs					-	-	-	-
Investment earnings					627,567	119,508	747,075	1,065,953
Miscellaneous					713,914	20,739	734,653	1,075,649
Transfers					478,130	(478,130)	-	-
Total general revenues and transfers					21,788,989	(149,315)	21,639,674	22,551,034
Change in Net Assets					16,505,464	4,205,062	20,710,526	11,327,315
Net Assets-January 1					46,458,914	55,400,597	101,859,511	61,852,752
Prior Period Adjustment					-	-	-	28,679,444
Net Assets-January 1 as restated					46,458,914	55,400,597	101,859,511	90,532,196
Net Assets-December 31					\$ 62,964,378	\$ 59,605,659	\$ 122,570,037	\$ 101,859,511

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, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

ASSETS	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	GENERAL FUND	SALES TAX	SALES TAX	HIGHWAY	ASSESSMENT
		ECONOMIC	NW AREA		
	DEVELOPMENT	WATER	DEBT	DEBT	
Cash And Cash Equivalents	\$1,684,300	\$0	\$10,596,054	\$471,993	\$250,563
Investments	-	290,000	-	-	-
Taxes Receivable Deferred	-	-	-	-	76,500
Taxes Receivable Delinquent	178,624	-	-	28,623	15,002
Special Assessments Deferred	10,150	-	-	-	4,008,239
Special Assessments Delinquent	13,044	-	-	-	154,383
Accounts Receivable	167,705	-	-	-	-
Loans Receivable	-	984,350	-	-	-
Allowance For Loans Receivable	-	(575,817)	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Advance To Other Funds	-	-	-	-	-
Due From Other Funds	544,397	-	-	-	1,008,005
Due From Other Agencies	557,071	208,376	520,940	-	-
Merchandise Inventory	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$3,155,291</b>	<b>\$906,909</b>	<b>\$11,116,994</b>	<b>\$500,616</b>	<b>\$5,512,692</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$662	\$0	\$0	\$0	\$0
Retainage Payable	-	-	-	-	-
Advance From Other Funds	-	1,684,030	-	-	369,000
Due To Other Funds	-	544,397	-	-	-
Due To Other Agencies	38,420	-	-	-	-
Accrued Salaries Payable	314,113	-	-	-	-
Grant Anticipation Accrued Interest Payable	-	-	-	-	-
Grant Anticipation Note Payable	-	-	-	-	-
Deferred Revenue	152,677	-	-	20,652	4,249,730
<b>TOTAL LIABILITIES</b>	<b>505,872</b>	<b>2,228,427</b>	<b>-</b>	<b>20,652</b>	<b>4,618,730</b>
<b>FUND BALANCE</b>					
Reserved For Encumbrances	25,417	7,500	-	-	-
Reserved For Advances	-	-	-	-	-
Reserved For Merchandise Inventory	-	-	-	-	-
Reserved For Economic Development	-	290,000	-	-	-
Reserved For Property Tax Relief	-	-	-	-	-
Reserved For Capital Improvements	-	-	11,116,994	-	-
Reserved For Loans Receivable	-	408,533	-	-	-
Unreserved					
Designated					
Memorial	-	-	-	-	-
Maintenance and Operations	-	-	-	-	-
Debt Retirement	-	-	-	479,964	893,962
Undesignated	2,624,002	(2,027,551)	-	-	-
Undesignated-Nonmajor Funds					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>2,649,419</b>	<b>(1,321,518)</b>	<b>11,116,994</b>	<b>479,964</b>	<b>893,962</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$3,155,291</b>	<b>\$906,909</b>	<b>\$11,116,994</b>	<b>\$500,616</b>	<b>\$5,512,692</b>

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

**CITY OF MINOT, NORTH DAKOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	CAPITAL PROJECT FUNDS		TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL
	HIGHWAY RESERVE	OTHER GOVERNMENTAL FUNDS	2003	2002
<b>ASSETS</b>				
Cash And Cash Equivalents	\$7,847,254	\$3,154,961	\$24,005,125	\$11,360,454
Investments	-	-	290,000	290,000
Taxes Receivable Deferred	-	-	76,500	231,300
Taxes Receivable Delinquent	705	99,862	322,816	360,424
Special Assessments Deferred	81,083	5,955	4,105,427	4,274,852
Special Assessments Delinquent	-	2,563	169,990	164,691
Accounts Receivable	-	11,785	179,490	133,497
Loans Receivable	-	-	984,350	1,159,284
Allowance For Loans Receivable	-	-	(575,817)	(590,401)
Accrued Interest Receivable	-	-	-	20,960
Advance To Other Funds	-	2,053,030	2,053,030	2,358,030
Due From Other Funds	-	1,326,792	2,879,194	3,416,896
Due From Other Agencies	-	406,474	1,692,861	1,773,253
Merchandise Inventory	-	5,623	5,623	4,986
<b>TOTAL ASSETS</b>	<b>\$7,929,042</b>	<b>\$7,067,045</b>	<b>\$36,188,589</b>	<b>\$24,958,226</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$224,011	\$1,266	\$225,939	\$38,221
Retainage Payable	-	-	-	6,127
Advance From Other Funds	-	-	2,053,030	2,358,030
Due To Other Funds	-	1,616,124	2,160,521	3,338,509
Due To Other Agencies	-	1,986	40,406	160,285
Accrued Salaries Payable	-	30,454	344,567	340,324
Grant Anticipation Accrued Interest Payable	65,929	-	65,929	-
Grant Anticipation Note Payable	10,000,000	-	10,000,000	-
Deferred Revenue	462	80,570	4,504,091	5,082,350
<b>TOTAL LIABILITIES</b>	<b>10,290,402</b>	<b>1,730,400</b>	<b>19,394,483</b>	<b>11,323,846</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	-	547,365	580,282	402,468
Reserved For Advances	-	2,053,030	2,053,030	2,358,030
Reserved For Merchandise Inventory	-	5,623	5,623	4,986
Reserved For Economic Development	-	-	290,000	290,000
Reserved For Property Tax Relief	-	76,625	76,625	80,199
Reserved For Capital Improvements	-	778,102	11,895,096	8,877,748
Reserved For Loans Receivable	-	-	408,533	568,883
Unreserved Designated				
Memorial	-	2,281	2,281	684
Maintenance and Operations	-	940,252	940,252	335,916
Debt Retirement	-	-	1,373,926	1,021,187
Undesignated	(2,361,360)	-	(1,764,909)	(505,787)
Undesignated-Nonmajor Funds				
Special Revenue Funds	-	412,607	412,607	551,300
Capital Project Funds	-	520,760	520,760	(351,234)
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>(2,361,360)</b>	<b>5,336,645</b>	<b>16,794,106</b>	<b>13,634,380</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$7,929,042</b>	<b>\$7,067,045</b>	<b>\$36,188,589</b>	<b>\$24,958,226</b>

**City of Minot, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**December 31, 2003**

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Total *fund balances* for governmental funds (Exhibit 3) \$ 16,794,106

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

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

Land	4,909,325	
Construction in progress	21,284,013	
Buildings, net of accumulated depreciation (\$4,369,808)	2,451,245	
Improvements, net of accumulated depreciation (\$631,912)	68,871	
Equipment, net of accumulated depreciation (\$4,363,149)	3,378,121	
Infrastructure, net of accumulated depreciation (\$14,224,722)	24,478,579	
Books, net of accumulated depreciation (\$2,072,541)	1,554,178	
Total Capital Assets (See Note IV.D)		58,124,332

Internal Service Funds are used by the City to charge the cost of the central garage and the City's Self Insurance to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets are: 1,095,537

Some of the City's taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds 4,504,091

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets. (See Note II.A) (17,553,688)

Total net assets of governmental activities (Exhibit 1): \$ 62,964,378

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, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

REVENUES	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	GENERAL FUND	SALES TAX ECONOMIC DEVELOPMENT	SALES TAX NW AREA WATER	HIGHWAY DEBT	ASSESSMENT DEBT
Property Tax Collections	\$3,994,832	\$0	\$0	\$698,341	\$255,012
Special Assessment Collections	10,044	-	-	-	903,900
Sales Tax Collections	-	1,907,531	4,768,827	-	-
Licenses and Permits	413,553	-	-	-	-
Intergovernmental	3,693,788	-	-	-	739,709
Charges For Services	2,551,140	-	-	-	-
Fines and Forfeits	573,961	-	-	-	-
Interest Income	112,365	16,628	248,335	19,091	48,943
Miscellaneous	147,806	29,663	-	-	-
<b>TOTAL REVENUES</b>	<b>\$11,497,489</b>	<b>\$1,953,822</b>	<b>\$5,017,162</b>	<b>\$717,432</b>	<b>\$1,947,564</b>
<b>EXPENDITURES</b>					
Current					
General Government	4,280,691	-	2,005,691	-	1,071
Public Safety	6,758,687	-	-	-	-
Highways and Streets	1,448,476	-	-	-	-
Culture and Recreation	-	-	-	-	-
Economic Development	-	587,920	-	-	-
Capital Outlay					
Contracted Work	-	-	-	-	-
Equipment	-	-	-	-	-
Legal	-	-	-	-	-
Other	-	-	-	-	-
Architect	-	-	-	-	-
Acquisitions	-	-	-	-	-
Engineering	-	-	-	-	-
Debt Retirement	-	-	-	-	-
Principal Retirement	-	-	-	900,000	1,535,000
Interest and Fiscal Charges	244,378	32,832	-	254,132	332,150
<b>TOTAL EXPENDITURES</b>	<b>12,732,232</b>	<b>620,752</b>	<b>2,005,691</b>	<b>1,154,132</b>	<b>1,868,221</b>
Revenues Over (Under) Expenditures	(1,234,743)	1,333,070	3,011,471	(436,700)	79,343
<b>OTHER FINANCING SOURCES (USES)</b>					
G.O. Bonds Issued	-	-	-	-	-
Special Assessment Bonds Issued	-	-	-	-	-
Premium (Discount) on Debt Issued	-	-	-	-	-
Transfers IN	985,838	182,832	-	480,456	273,478
Transfers OUT	(97,031)	(225,063)	(298,335)	(19,091)	(24,747)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>888,807</b>	<b>(42,231)</b>	<b>(298,335)</b>	<b>461,365</b>	<b>248,731</b>
Change in Fund Balance	(345,936)	1,290,839	2,713,136	24,665	328,074
FUND BALANCE(DEFICIT), JANUARY 1	2,995,355	(2,612,357)	8,403,858	455,299	565,888
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$2,649,419</b>	<b>(\$1,321,518)</b>	<b>\$11,116,994</b>	<b>\$479,964</b>	<b>\$893,962</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

<b>REVENUES</b>	<b>CAPITAL PROJECT FUNDS HIGHWAY RESERVE</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS 2003</b>	<b>TOTAL GOVERNMENTAL 2002</b>
Property Tax Collections	\$984	\$2,272,182	\$7,221,351	\$6,912,390
Special Assessment Collections	-	2,873	916,817	826,078
Sales Tax Collections	-	2,861,296	9,537,654	9,668,627
Licenses and Permits	-	-	413,553	345,873
Intergovernmental	8,139,850	937,622	13,510,969	4,296,948
Charges For Services	-	432,806	2,983,946	2,889,849
Fines and Forfeits	-	-	573,961	431,493
Interest Income	54,524	104,281	604,167	876,509
Miscellaneous	120,898	415,547	713,914	1,050,349
<b>TOTAL REVENUES</b>	<b>\$8,316,256</b>	<b>\$7,026,607</b>	<b>\$36,476,332</b>	<b>\$27,298,116</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	5,540	1,048,330	7,341,323	8,672,981
Public Safety	-	-	6,758,687	6,349,779
Highways and Streets	-	936,756	2,385,232	2,587,407
Culture and Recreation	-	1,789,177	1,789,177	1,614,088
Economic Development	-	-	587,920	35,641
<b>Capital Outlay</b>				
Contracted Work	13,496,848	1,614,653	15,111,501	1,944,357
Equipment	-	410,507	410,507	1,307,926
Legal	218,236	10,012	228,248	46,331
Other	9,926	8,638	18,564	53,579
Architect	-	30,868	30,868	103,312
Acquisitions	38,540	-	38,540	203,360
Engineering	317,849	315,255	633,104	695,771
<b>Debt Retirement</b>				
Principal Retirement	-	-	2,435,000	4,870,800
Interest and Fiscal Charges	65,929	248	929,669	917,496
<b>TOTAL EXPENDITURES</b>	<b>14,152,868</b>	<b>6,164,444</b>	<b>38,698,340</b>	<b>29,402,828</b>
Revenues Over (Under) Expenditures	(5,836,612)	862,163	(2,222,008)	(2,104,712)
<b>OTHER FINANCING SOURCES (USES)</b>				
G.O. Bonds Issued	2,675,000	-	2,675,000	2,850,000
Refunding Bonds Issued	-	2,205,000	2,205,000	-
Premium (Discount) on Debt Issued	205	-	205	(4,759)
Transfers IN	350,000	1,478,534	3,751,138	6,409,948
Transfers OUT	(89,524)	(2,495,818)	(3,249,609)	(5,951,999)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,935,681</b>	<b>1,187,716</b>	<b>5,381,734</b>	<b>3,303,190</b>
Change in Fund Balance	(2,900,931)	2,049,879	3,159,726	1,198,478
<b>FUND BALANCE(DEFICIT), JANUARY 1</b>	<b>539,571</b>	<b>3,286,766</b>	<b>13,634,380</b>	<b>12,435,902</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>(\$2,361,360)</b>	<b>\$5,336,645</b>	<b>\$16,794,106</b>	<b>\$13,634,380</b>

**City of Minot, North Dakota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2003**

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Net change in *fund balances* -total governmental funds (Exhibit 4) \$ 3,159,726

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

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

Excess of capital outlay over depreciation expense 15,664,859

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

Debt issued:			
General Obligation Highway Bonds	(2,675,000)		
Special Assessment Bonds	(2,205,000)		
Repayments:			
Premium (Discount) on Debt Issued	(205)		
For bond principal	2,435,000		
Net Adjustment			(2,445,205)

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

Accrued Interest Payable	30,530
Compensated Absences	(37,177)

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

New Special Assessment Districts-to be billed and collected annually	587,319	
Amount shown as revenue in governmental funds	(916,817)	
Net Adjustment		(329,498)

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.

462,229

Change in net assets of governmental activities (Exhibit 2) \$ 16,505,464

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

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

REVENUES	BUDGETED AMOUNTS		2003 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2002 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
PROPERTY TAX COLLECTIONS	\$3,913,810	\$3,913,810	\$3,994,832	\$81,022	\$4,003,867
SPECIAL ASSESSMENTS COLLECTIONS	-	-	10,044	10,044	4,538
LICENSES AND PERMITS					
Licenses	200,360	200,360	174,407	(25,953)	183,546
Permits	214,200	214,200	239,146	24,946	162,327
TOTAL LICENSES AND PERMITS	414,560	414,560	413,553	(1,007)	345,873
INTERGOVERNMENTAL					
FEDERAL:					
Drug Task Force	101,813	101,813	57,609	(44,204)	75,166
Universal Hiring Cops	71,791	71,791	28,785	(43,006)	68,873
STATE:					
Highway Fund	1,480,000	1,480,000	1,454,460	(25,540)	1,490,695
State Aid Distribution	1,125,000	1,125,000	1,062,948	(62,052)	1,068,268
Cigarette Tax	96,500	96,500	95,154	(1,346)	100,525
Estate Tax	110,000	110,000	96,419	(13,581)	421,071
Gas and Oil Production Tax	9,300	9,300	9,003	(297)	8,141
Telecommunications Tax	103,000	103,000	105,617	2,617	105,617
Senior Citizen Property Tax Credit	35,000	35,000	29,215	(5,785)	30,524
Fire Insurance Refund	50,000	50,000	48,251	(1,749)	46,691
Gambling Tax Revenue	28,000	28,000	20,158	(7,842)	21,069
COUNTY:					
Road And Bridge	3,000	3,000	2,973	(27)	3,014
Joint Communications	115,537	115,537	101,116	(14,421)	178,066
Telephone Fee	221,000	221,000	185,505	(35,495)	-
Information Services	85,120	85,120	52,506	(32,614)	80,514
OTHER:					
Housing Authority	30,000	30,000	30,602	602	25,035
Parking Authority	4,000	4,000	4,000	-	4,000
Cable TV	271,000	271,000	299,824	28,824	269,602
Damage Claims	15,000	15,000	5,335	(9,665)	4,820
Public Schools	2,000	2,000	2,000	-	2,000
Policing-Central Campus	-	-	2,308	2,308	3,398
TOTAL INTERGOVERNMENTAL	3,957,061	3,957,061	3,693,788	(263,273)	4,007,089
CHARGES FOR SERVICES					
Engineering & Administrative	400,000	400,000	349,169	(50,831)	561,042
Utility & Special Funds	1,202,504	1,202,504	1,202,504	-	910,129
Agency Funds	988,768	988,768	944,375	(44,393)	934,793
Fleet Labor	65,010	65,010	55,092	(9,918)	58,770
TOTAL CHARGES FOR SERVICES	2,656,282	2,656,282	2,551,140	(105,142)	2,464,734

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	BUDGETED AMOUNTS		2003 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2002 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
<b>REVENUES</b>					
<b>FINES AND FORFEITS</b>					
Parking Tickets	\$90,000	\$90,000	\$73,709	(\$16,291)	\$70,671
Police Court	610,000	610,000	500,252	(109,748)	360,822
TOTAL FINES AND FORFEITS	700,000	700,000	573,961	(126,039)	431,493
INTEREST INCOME	595,850	595,850	112,365	(483,485)	221,311
<b>MISCELLANEOUS REVENUES</b>					
Work For Others	15,000	15,000	8,864	(6,136)	9,812
Miscellaneous	80,000	80,000	126,377	46,377	91,309
Towing Fees	15,000	15,000	12,565	(2,435)	12,558
TOTAL MISCELLANEOUS REVENUES	110,000	110,000	147,806	37,806	113,679
TOTAL REVENUES	12,347,563	12,347,563	11,497,489	(850,074)	11,592,584
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and City Council	110,011	112,011	110,454	1,557	108,278
City Manager	160,780	160,780	152,562	8,218	147,641
City Clerk	152,880	163,770	162,839	931	153,630
City Attorney	65,120	65,120	68,506	(3,386)	68,928
Administrative and General	552,161	534,161	507,949	26,212	532,860
Finance	368,175	368,175	362,278	5,897	352,619
Information Technology	281,644	281,644	228,902	52,742	253,632
Property Assessment	277,847	277,847	267,675	10,172	254,236
Building Inspection	301,246	301,986	303,958	(1,972)	285,099
Traffic and Planning	673,343	673,467	671,709	1,758	642,495
Engineering	521,532	522,560	486,367	36,193	498,189
Vehicle Maintenance	461,934	462,903	456,879	6,024	432,394
Property Maintenance	264,236	264,236	249,914	14,322	239,952
Public Works Administration	259,618	259,618	250,699	8,919	249,151
TOTAL GENERAL GOVERNMENT	4,450,527	4,448,278	4,280,691	167,587	4,219,104
<b>PUBLIC SAFETY</b>					
Police Administration	613,712	614,354	601,704	12,650	578,129
Police Patrol	2,339,862	2,356,087	2,341,644	14,443	2,154,465
Narcotics & Criminal Investigations	614,919	616,484	542,099	74,385	494,545
Narcotics Task Force	118,388	118,388	93,690	24,698	102,171
Telecommunications Division	555,106	555,106	505,096	50,010	491,934
Municipal Judge	107,009	112,009	113,828	(1,819)	93,108
Fire Administration	292,142	292,142	307,259	(15,117)	258,094
Fire Control	2,329,105	2,331,305	2,253,367	77,938	2,177,333
TOTAL PUBLIC SAFETY	6,970,243	6,995,875	6,758,687	237,188	6,349,779

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	BUDGETED AMOUNTS		2003 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2002 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
<b>EXPENDITURES</b>					
HIGHWAYS AND STREETS					
Street & Storm Sewer Mtce	\$1,473,453	\$1,473,975	\$1,448,476	\$25,499	\$1,450,581
TOTAL HIGHWAYS AND STREETS	1,473,453	1,473,975	1,448,476	25,499	1,450,581
INTEREST EXPENDITURE	-	-	244,378	(244,378)	246,147
TOTAL EXPENDITURES	12,894,223	12,918,128	12,732,232	185,896	12,265,611
Revenues (Under) Expenditures	(546,660)	(570,565)	(1,234,743)	(664,178)	(673,027)
OTHER FINANCING SOURCES (USES)					
Transfers In	371,500	371,500	985,838	614,338	890,311
Transfers Out	-	-	(97,031)	(97,031)	(282,916)
TOTAL OTHER FINANCING SOURCES (USES)	371,500	371,500	888,807	517,307	607,395
Change in Fund Balance	<u>(\$175,160)</u>	<u>(\$199,065)</u>	(345,936)	<u>(\$146,871)</u>	(65,632)
FUND BALANCE, JANUARY 1			2,995,355		3,060,987
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$2,649,419</u>		<u>\$2,995,355</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 BALANCE, BUDGET AND ACTUAL  
 MAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	SALES TAX-ECONOMIC DEVELOPMENT			SALES TAX-NW AREA WATER			2003 ACTUAL AMOUNTS	2002 ACTUAL AMOUNTS
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)		
<b>REVENUES</b>								
Sales Tax Collections	\$1,883,424	\$1,907,531	\$24,107	\$4,708,560	\$4,768,827	\$60,267	\$6,676,358	\$6,817,174
Interest Income	-	16,628	16,628	-	248,335	248,335	264,963	413,825
Miscellaneous	-	29,663	29,663	-	-	-	29,663	16,988
<b>TOTAL REVENUES</b>	<b>1,883,424</b>	<b>1,953,822</b>	<b>70,398</b>	<b>4,708,560</b>	<b>5,017,162</b>	<b>308,602</b>	<b>6,970,984</b>	<b>7,247,987</b>
<b>EXPENDITURES</b>								
Current								
General Government	-	-	-	-	2,005,691	(2,005,691)	2,005,691	2,798,550
Economic Development	2,162,704	587,920	1,574,784	-	-	-	587,920	35,641
Debt Retirement								
Principal Retirement	-	-	-	-	-	-	-	2,560,800
Interest and Fiscal Charges	-	32,832	(32,832)	-	-	-	32,832	63,935
Intergovernmental	-	-	-	4,658,560	-	4,658,560	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,162,704</b>	<b>620,752</b>	<b>1,541,952</b>	<b>4,658,560</b>	<b>2,005,691</b>	<b>2,652,869</b>	<b>2,626,443</b>	<b>5,458,926</b>
Revenues Over (Under) Expenditures	(279,280)	1,333,070	(1,612,350)	50,000	3,011,471	(2,961,471)	4,344,541	1,789,061
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	329,280	182,832	(146,448)	-	-	-	182,832	355,930
Transfers Out	(50,000)	(225,063)	(175,063.00)	(50,000)	(298,335)	(248,335)	(523,398)	(299,269)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>279,280</b>	<b>(42,231)</b>	<b>(321,511)</b>	<b>(50,000)</b>	<b>(298,335)</b>	<b>(248,335)</b>	<b>(340,566)</b>	<b>56,661</b>
Change in Fund Balance	<u>\$0</u>	1,290,839		<u>\$0</u>	2,713,136		4,003,975	1,845,722
FUND BALANCE(DEFICIT), JANUARY 1		<u>(2,612,357)</u>			<u>8,403,858</u>		<u>5,791,501</u>	<u>3,945,779</u>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>(\$1,321,518)</b></u>			<u><b>\$11,116,994</b></u>		<u><b>\$ 9,795,476</b></u>	<u><b>\$ 5,791,501</b></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, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2003	TOTAL 2002
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash And Cash Equivalents	\$356,793	\$1,052,227	\$807,052	\$154,536	\$2,370,608	\$977,371	\$3,347,979	\$3,091,447
Taxes Receivable Delinquent	3,019	-	-	1,250	4,269	-	4,269	5,156
Accounts Receivable	69,621	179,290	591,887	26,177	866,975	1,439	868,414	850,041
Due From Other Funds	-	-	-	-	-	44,248	44,248	-
Due From Other Agencies	299,124	-	20,678	-	319,802	-	319,802	249,164
Merchandise Inventory	81,913	-	-	-	81,913	310,989	392,902	345,942
<b>TOTAL CURRENT ASSETS</b>	<b>810,470</b>	<b>1,231,517</b>	<b>1,419,617</b>	<b>181,963</b>	<b>3,643,567</b>	<b>1,334,047</b>	<b>4,977,614</b>	<b>4,541,750</b>
<b>NONCURRENT ASSETS:</b>								
<b>RESTRICTED ASSETS</b>								
Cash And Cash Equivalents	603,019	-	3,196,479	-	3,799,498	-	3,799,498	2,411,031
<b>CAPITAL ASSETS</b>								
Land	1,109,583	337,335	1,054,707	254,793	2,756,418	-	2,756,418	2,715,421
Buildings	6,552,249	114,278	3,344,620	332,499	10,343,646	-	10,343,646	10,343,646
Improvements Other Than Buildings	19,685,714	2,026,862	60,449,616	171,241	82,333,433	-	82,333,433	70,345,794
Machinery And Equipment	2,101,135	1,000,879	3,420,663	444,988	6,967,665	-	6,967,665	6,607,507
Construction In Progress	13,255,151	-	622,761	-	13,877,912	-	13,877,912	19,660,161
<b>TOTAL CAPITAL ASSETS</b>	<b>42,703,832</b>	<b>3,479,354</b>	<b>68,892,367</b>	<b>1,203,521</b>	<b>116,279,074</b>	<b>-</b>	<b>116,279,074</b>	<b>109,672,529</b>
Less-Accumulated Depreciation	(11,630,305)	(1,683,789)	(37,562,363)	(596,953)	(51,473,410)	-	(51,473,410)	(48,786,351)
<b>NET CAPITAL ASSETS</b>	<b>31,073,527</b>	<b>1,795,565</b>	<b>31,330,004</b>	<b>606,568</b>	<b>64,805,664</b>	<b>-</b>	<b>64,805,664</b>	<b>60,886,178</b>
<b>OTHER DEBITS</b>								
Unamortized Issue Costs	58,788	-	101,449	-	160,237	-	160,237	183,610
Unamortized Interest on Refunding	-	-	68,650	-	68,650	-	68,650	78,457
<b>TOTAL OTHER DEBITS</b>	<b>58,788</b>	<b>-</b>	<b>170,099</b>	<b>-</b>	<b>228,887</b>	<b>-</b>	<b>228,887</b>	<b>262,067</b>
<b>TOTAL ASSETS</b>	<b>\$32,545,804</b>	<b>\$3,027,082</b>	<b>\$36,116,199</b>	<b>\$788,531</b>	<b>\$72,477,616</b>	<b>\$1,334,047</b>	<b>\$73,811,663</b>	<b>\$68,101,026</b>

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2003	TOTAL 2002
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts Payable	\$433	\$216	\$124	\$0	\$773	\$380	\$1,153	\$28,132
Retainage Payable	-	-	-	-	-	-	-	287,668
Due To Other Funds	-	-	718,673	-	718,673	44,248	762,921	78,387
Due To Other Agencies	4,248	145	8,391	915	13,699	-	13,699	16,549
Accrued Vacation Payable	32,471	39,090	103,624	5,952	181,137	-	181,137	188,879
Accrued Salaries Payable	16,536	20,336	52,599	6,109	95,580	-	95,580	103,648
Insurance Claims Payable	-	-	-	-	-	85,458	85,458	68,832
Bonds Payable-Current	245,000	-	825,000	55,000	1,125,000	-	1,125,000	980,000
Notes Payable-Current	-	-	53,493	-	53,493	-	53,493	51,669
Loans Payable-Current	-	-	100,566	-	100,566	-	100,566	90,384
Accrued Interest Payable	29,130	-	52,855	985	82,970	-	82,970	83,030
<b>TOTAL CURRENT LIABILITIES</b>	<b>327,818</b>	<b>59,787</b>	<b>1,915,325</b>	<b>68,961</b>	<b>2,371,891</b>	<b>130,086</b>	<b>2,501,977</b>	<b>1,977,178</b>
<b>LONG-TERM LIABILITIES:</b>								
Customer Deposits	-	-	90,281	-	90,281	-	90,281	89,336
Bonds Payable-Long Term	2,325,000	-	5,429,386	125,000	7,879,386	-	7,879,386	7,004,386
Notes Payable-Long Term	-	-	1,859,960	-	1,859,960	-	1,859,960	1,913,453
Loans Payable-Long Term	-	-	506,947	-	506,947	-	506,947	536,799
Accrued MSWLF Postcare Costs	-	271,916	-	-	271,916	-	271,916	239,406
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,325,000</b>	<b>271,916</b>	<b>7,886,574</b>	<b>125,000</b>	<b>10,608,490</b>	<b>-</b>	<b>10,608,490</b>	<b>9,783,380</b>
<b>TOTAL LIABILITIES</b>	<b>2,652,818</b>	<b>331,703</b>	<b>9,801,899</b>	<b>193,961</b>	<b>12,980,381</b>	<b>130,086</b>	<b>13,110,467</b>	<b>11,760,558</b>
<b>NET ASSETS</b>								
Invested in Capital Assets, net of related debt	28,503,527	1,795,565	22,554,652	426,568	53,280,312	-	53,280,312	50,309,487
Restricted for Perpetual Care	-	-	-	38,250	38,250	-	38,250	38,250
Restricted for Chapel/Veteran's Memorial	-	-	-	4,330	4,330	-	4,330	1,932
Unrestricted	1,389,459	899,814	3,759,648	125,422	6,174,343	1,203,961	7,378,304	5,990,799
<b>TOTAL NET ASSETS</b>	<b>\$ 29,892,986</b>	<b>\$ 2,695,379</b>	<b>\$ 26,314,300</b>	<b>\$ 594,570</b>	<b>59,497,235</b>	<b>\$ 1,203,961</b>	<b>60,701,196</b>	<b>56,340,468</b>

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

108,424	108,424	27,674
<u>\$ 59,605,659</u>	<u>\$ 60,809,620</u>	<u>\$ 56,368,142</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, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS
	AIRPORT	SANITATION	WATER & SEWER	
<b>OPERATING REVENUES</b>				
Sales	\$905,371	\$0	\$0	\$0
Cost of Goods Sold	(558,648)	-	-	-
Gross Margin On Sales	346,723	-	-	-
Charges For Services	626,242	1,955,065	6,360,848	328,037
Employer	-	-	-	-
Employee	-	-	-	-
Miscellaneous	-	-	4,417	1,682
<b>TOTAL OPERATING REVENUES</b>	<b>972,965</b>	<b>1,955,065</b>	<b>6,365,265</b>	<b>329,719</b>
<b>OPERATING EXPENSES</b>				
Salaries	437,658	652,315	1,426,295	186,301
Employee Benefits	75,811	159,924	288,337	32,772
Professional Services	1,671	27,724	31,355	-
Property Services	195,137	460,756	499,482	44,993
Purchased Services	48,444	29,728	96,107	9,301
Supplies	143,505	127,863	1,241,155	20,667
Capital Purchases	13,802	62	22,687	1,752
Sundry	59,225	188,588	712,963	30,600
Insurance Claims	-	-	-	-
Bad Debt Expense	-	2,867	8,189	-
Amortization	8,186	-	24,994	-
MSWLF Closure & Postclosure Care	-	32,510	-	-
Depreciation	783,322	140,719	1,863,084	53,586
<b>TOTAL OPERATING EXPENSES</b>	<b>1,766,761</b>	<b>1,823,056</b>	<b>6,214,648</b>	<b>379,972</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(793,796)</b>	<b>132,009</b>	<b>150,617</b>	<b>(50,253)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	1,900	-	-	1,900
Telecommunications Tax	1,247	-	-	450
Property Tax Collections	63,013	-	-	19,572
State Collected Taxes	100,486	-	-	-
Interest Income	23,132	26,446	65,297	4,633
Miscellaneous Income	8,669	4,055	4,912	3,103
Passenger Facility Charge Income	283,152	-	-	-
Interest And Fiscal Charges	(126,360)	-	(325,874)	(13,380)
Miscellaneous Expense	-	-	(20,190)	(2,615)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>355,239</b>	<b>30,501</b>	<b>(275,855)</b>	<b>13,663</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(438,557)</b>	<b>162,510</b>	<b>(125,238)</b>	<b>(36,590)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,992,422</b>	<b>-</b>	<b>2,990,415</b>	<b>57,480</b>
<b>PREMIUM(DISCOUNT) ON DEBT ISSUED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>150,000</b>	<b>125,400</b>	<b>75,000</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>(113,757)</b>	<b>(329,446)</b>	<b>(384,634)</b>	<b>(693)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>2,028,665</b>	<b>(204,046)</b>	<b>2,680,781</b>	<b>56,787</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,590,108</b>	<b>(41,536)</b>	<b>2,555,543</b>	<b>20,197</b>
<b>NET ASSETS, JANUARY 1</b>	<b>28,302,878</b>	<b>2,736,915</b>	<b>23,758,757</b>	<b>574,373</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$29,892,986</b>	<b>\$2,695,379</b>	<b>\$26,314,300</b>	<b>\$594,570</b>

Some amounts reported for business-type activities in the statement of activities (Exhibit 2) are different because the 2003 net revenue (expense) of certain internal service funds are reported with business-type activities.

Change in net assets of business-type activities

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	GOVERNMENTAL ACTIVITIES			
	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL 2003	TOTAL 2002
<b>OPERATING REVENUES</b>				
Sales	\$905,371	\$368,396	\$1,273,767	\$1,140,120
Cost of Goods Sold	(558,648)	(356,326)	(914,974)	(814,184)
Gross Margin On Sales	346,723	12,070	358,793	325,936
Charges For Services	9,270,192	-	9,270,192	8,938,997
Employer	-	950,495	950,495	909,631
Employee	-	468,983	468,983	459,508
Miscellaneous	6,099	-	6,099	6,889
<b>TOTAL OPERATING REVENUES</b>	<b>9,623,014</b>	<b>1,431,548</b>	<b>11,054,562</b>	<b>10,640,961</b>
<b>OPERATING EXPENSES</b>				
Salaries	2,702,569	-	2,702,569	2,660,142
Employee Benefits	556,844	-	556,844	540,653
Professional Services	60,750	-	60,750	30,642
Property Services	1,200,368	-	1,200,368	989,819
Purchased Services	183,580	-	183,580	138,283
Supplies	1,533,190	5,436	1,538,626	1,448,551
Capital Purchases	38,303	-	38,303	119,524
Sundry	991,376	-	991,376	716,957
Insurance Claims	-	1,225,410	1,225,410	1,157,541
Bad Debt Expense	11,056	-	11,056	9,922
Amortization	33,180	-	33,180	33,439
MSWLF Closure & Postclosure Care	32,510	-	32,510	31,280
Depreciation	2,840,711	-	2,840,711	2,755,426
<b>TOTAL OPERATING EXPENSES</b>	<b>10,184,437</b>	<b>1,230,846</b>	<b>11,415,283</b>	<b>10,632,179</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(561,423)</b>	<b>200,702</b>	<b>(360,721)</b>	<b>8,782</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	3,800	-	3,800	3,800
Telecommunications Tax	1,697	-	1,697	1,697
Property Tax Collections	82,585	-	82,585	78,317
State Collected Taxes	100,486	-	100,486	197,040
Interest Income	119,508	24,065	143,573	212,466
Miscellaneous Income	20,739	35,765	56,504	43,936
Passenger Facility Charge Income	283,152	-	283,152	283,684
Interest And Fiscal Charges	(465,614)	(666)	(466,280)	(475,778)
Miscellaneous Expense	(22,805)	(51)	(22,856)	(901)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>123,548</b>	<b>59,113</b>	<b>182,661</b>	<b>344,261</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(437,875)</b>	<b>259,815</b>	<b>(178,060)</b>	<b>353,043</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>5,040,317</b>	<b>-</b>	<b>5,040,317</b>	<b>5,359,145</b>
<b>PREMIUM(DISCOUNT) ON DEBT ISSUED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,656)</b>
<b>TRANSFERS IN</b>	<b>350,400</b>	<b>666</b>	<b>351,066</b>	<b>314,412</b>
<b>TRANSFERS OUT</b>	<b>(828,530)</b>	<b>(24,065)</b>	<b>(852,595)</b>	<b>(772,361)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>4,562,187</b>	<b>(23,399)</b>	<b>4,538,788</b>	<b>4,889,540</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,124,312</b>	<b>236,416</b>	<b>4,360,728</b>	<b>5,242,583</b>
<b>NET ASSETS, JANUARY 1</b>		<b>967,545</b>		<b>-</b>
<b>NET ASSETS, DECEMBER 31</b>		<b>\$1,203,961</b>	<b>4,360,728</b>	<b>5,242,583</b>
	<b>80,750</b>		<b>80,750</b>	<b>6,930</b>
	<b>\$ 4,205,062</b>		<b>\$ 4,441,478</b>	<b>\$ 5,249,513</b>

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, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</b>			<b>NON MAJOR ENTERPRISE FUNDS</b>
	<b>AIRPORT</b>	<b>SANITATION</b>	<b>WATER AND SEWER</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,581,539	\$ 1,918,941	\$ 6,332,287	\$ 327,125
Payments to suppliers	(1,325,550)	(837,491)	(1,964,349)	(106,311)
Payments to employees	(517,118)	(826,980)	(1,708,154)	(222,371)
Internal activity - payments from (to) other funds	-	-	-	-
Other	(52,105)	-	(21,957)	-
Net cash provided (used) by operating activities	(313,234)	254,470	2,637,827	(1,557)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	166,646	-	-	22,809
Transfers In	150,000	125,400	75,000	-
Transfers Out	(113,757)	(329,446)	(384,634)	(693)
Other	-	-	(20,190)	-
Net cash provided (used) by noncapital financing activities	202,889	(204,046)	(329,824)	22,116
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	2,090,112	-
Capital Contributions	1,992,423	-	990,415	57,480
Passenger Facility Charges	291,821	-	-	-
Acquisition And Construction Of Capital Assets	(1,971,582)	(94,223)	(2,643,902)	(50,491)
Principal Paid on Capital Debt	(140,000)	-	(946,451)	(55,000)
Interest Paid on Capital Debt	(119,786)	-	(329,596)	(13,571)
Other	(6,574)	-	3,722	191
Net cash provided (used) by capital and related financing activities	46,302	(94,223)	(835,700)	(61,391)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	-	-	-
Interest and dividends	23,132	26,446	65,297	4,633
Net cash provided by investing activities	23,132	26,446	65,297	4,633
Net increase (decrease) in cash and cash equivalents	(40,911)	(17,353)	1,537,600	(36,199)
Cash and cash equivalents, January 1	1,000,723	1,069,580	2,465,931	190,735
Cash and cash equivalents, December 31	\$ 959,812	\$ 1,052,227	\$ 4,003,531	\$ 154,536
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$793,796)	\$136,064	\$155,529	(\$50,652)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	783,322	140,719	1,863,084	53,586
Amortization Expense	8,186	-	24,994	-
Change In Assets And Liabilities				
Taxes Receivable	394	-	-	-
Receivables, net	49,532	(36,124)	(29,506)	(912)
Due From Other Agencies	(50,002)	-	(20,636)	-
Merchandise Inventory	(23,179)	-	-	-
Accounts Payable	(288,513)	(3,922)	124	-
Insurance Claims Payable	-	-	-	-
Due To Other Agencies	(2,103)	(36)	(1,321)	610
Due To (From) Other Funds	-	-	644,479	-
Accrued Vacation Payable	(2,335)	(8,021)	5,738	(3,124)
Accrued Salaries Payable	(1,314)	(6,720)	740	(774)
Accrued Interest Payable	6,574	-	(6,343)	(291)
Accrued MSWLF Postcare Costs	-	32,510	-	-
Customer Deposits	-	-	945	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(313,234)	254,470	2,637,827	(1,557)

**CITY OF MINOT, NORTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS	TOTAL 2003	TOTAL 2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 10,159,892	\$ 1,763,223	\$ 11,923,115	\$ 11,372,843
Payments to suppliers	(4,233,701)	(331,758)	(4,565,459)	(4,924,370)
Payments to employees	(3,274,623)	(1,225,410)	(4,500,033)	(3,570,454)
Internal activity - payments from (to) other funds	-	(4,193)	(4,193)	4,193
Other	(74,062)	-	(74,062)	8,672
Net cash provided (used) by operating activities	2,577,506	201,862	2,779,368	2,890,884
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	189,455	-	189,455	281,345
Transfers In	350,400	666	351,066	314,412
Transfers Out	(828,530)	(24,065)	(852,595)	(772,361)
Other	(20,190)	-	(20,190)	-
Net cash provided (used) by noncapital financing activities	(308,865)	(23,399)	(312,074)	(176,604)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	2,090,112	-	2,090,112	800,000
Capital Contributions	3,040,318	-	3,040,318	5,336,920
Passenger Facility Charges	291,821	-	291,821	283,684
Acquisition And Construction Of Capital Assets	(4,760,198)	-	(4,760,198)	(7,861,269)
Principal Paid on Capital Debt	(1,141,451)	-	(1,141,451)	(1,154,995)
Interest Paid on Capital Debt	(462,953)	(666)	(463,619)	(475,778)
Other	(2,661)	-	(2,661)	-
Net cash (used) by capital and related financing activities	(945,012)	(666)	(945,678)	(3,071,438)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	-	-	1,800,000
Interest and dividends	119,508	24,065	143,573	255,009
Net cash provided by investing activities	119,508	24,065	143,573	2,055,009
Net increase in cash and cash equivalents	1,443,137	201,862	1,665,189	1,697,851
Cash and cash equivalents, January 1	4,726,969	775,509	5,502,478	3,804,627
Cash and cash equivalents, December 31	\$ 6,170,106	\$ 977,371	\$ 7,167,667	\$ 5,502,478
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$552,855)	\$236,416	\$ (316,439)	\$ 8,782
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	2,840,711	-	2,840,711	2,755,426
Amortization Expense	33,180	-	33,180	33,441
Change In Assets And Liabilities				
Taxes Receivable	394	-	394	1,526
Receivables, net	(17,010)	(870)	(17,880)	(65,728)
Due From Other Agencies	(70,638)	-	(70,638)	4,269
Merchandise Inventory	(23,179)	(23,781)	(46,960)	(21,820)
Accounts Payable	(292,311)	(22,336)	(314,647)	315,250
Insurance Claims Payable	-	16,626	16,626	(17,757)
Due To Other Agencies	(2,850)	-	(2,850)	4,398
Due To (From) Other Funds	644,479	(4,193)	640,286	(175,616)
Accrued Vacation Payable	(7,742)	-	(7,742)	11,255
Accrued Salaries Payable	(8,068)	-	(8,068)	12,650
Accrued Interest Payable	(60)	-	(60)	(6,439)
Accrued MSWLF Postcare Costs	32,510	-	32,510	31,280
Customer Deposits	945	-	945	(33)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,577,506	201,862	2,779,368	2,890,884

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, 2003

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 507,528	\$ 208,970
Investments	43,493,364	-
Taxes Receivable Delinquent	-	5,417
Accrued Interest Receivable	570,405	-
Total Assets	<u>44,571,297</u>	<u>214,387</u>
<b>LIABILITIES</b>		
Due To Other Funds	-	114,498
Due To Other Agencies	-	95,988
Other Deferred Credits	-	3,901
Total Liabilities	<u>-</u>	<u>\$ 214,387</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits		
City Employee's Pension Plan	34,174,569	
Police Pension Plan	10,396,728	
<b>NET ASSETS</b>	<u>\$ 44,571,297</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, 2003**

	<b>PENSION TRUST FUNDS</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$1,104,299
Employee	881,699
Total Contributions	1,985,998
Investment earnings:	
Interest	2,353,505
Net (decrease) in the fair value of investments	(2,290,958)
Total Investment earnings	62,547
Less investment expense	203,846
Net Investment earnings	(141,299)
<b>TOTAL ADDITIONS</b>	<b>1,844,699</b>
<b>DEDUCTIONS:</b>	
Benefits Paid to Participants	2,120,300
Refunds	121,289
Administrative Expenses	173,525
<b>TOTAL DEDUCTIONS</b>	<b>2,415,114</b>
<b>Change in Net Assets</b>	(570,415)
Net Assets - January 1	45,141,712
<b>Net Assets- December 31</b>	<b>\$44,571,297</b>

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

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A: Reporting entity**

The City of Minot was incorporated on July 16, 1887. The City has operated under a council/manager form of government since 1933 and the citizens approved a home rule charter in 1972. The accompanying financial statements present the activities of the City of Minot. Only funds of the City have been included since the City does not have any blended or discrete component units.

**B: Government-wide and fund financial statements**

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

The statement of activities compares the direct expenses and program revenues for both the functions of the governmental activities and the business-type activities of the City. Direct expenses are clearly identifiable with a specific function. Indirect expense allocations have been eliminated for the statement of financial activities. Program revenues include 1) fines, fees, and charges for services to customers that benefit from the services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

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

**C: Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are generally recognized when the liability is incurred, as under accrual accounting. An exception to this general rule is that unmatured principal and interest on general long-term debt is recognized when payment is due.

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

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

The City reports the following major governmental funds:

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

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

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

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

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

*Highway Reserve Capital Project:* This fund is used to account for the construction of highway related projects within the City of Minot, and the financing of these projects.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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The City reports the following major enterprise funds:

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

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

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

In addition, the City reports the following funds types:

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

*Agency Funds:* These funds are used to account for assets held by the City as agent for other individuals, private organizations, or other governmental units and/or funds.

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

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

**D:      **Assets, liabilities and equity****

**1:      *Deposits and Investments:***

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

North Dakota state statute authorizes municipalities to invest their surplus funds in a) bonds, treasury bills or notes, or other securities which are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality, or organizations created by an act of

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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Congress, b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) certificates of deposit fully insured by the federal deposit insurance corporation or the state, d) obligation of the state. In addition to the above mentioned investments, the Pension Trust Funds are authorized to invest all or part of their surplus funds in other investments by selecting a funding agent or agents to hold and invest such funds for the board and such funds shall be placed for investment only with a firm or firms whose primary endeavor is money management.

Investments are stated at fair value. The City has elected to early implement GASB Statement #40 for Deposit and Investment Risk Disclosures.

2: *Receivables and Payables*

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

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

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

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

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

3: *Inventories*

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

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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4: *Restricted Assets*

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

5: *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having an individual cost of \$5,000 or more and have a useful life in excess of two years. Capital assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

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

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

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

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

6: *Compensated Absences*

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

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

**CITY OF MINOT, NORTH DAKOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2003**

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7: *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond 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.

8: *Fund Equity*

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$17,553,688) difference are as follows:

Bonds payable	\$ 16,815,000
Accrued interest payable	125,122
Compensated absences	<u>613,566</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 17,553,688</u>

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$15,664,859 difference are as follows:

Capital outlay	\$ 18,359,568
Depreciation-Current Year	<u>( 2,694,709)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 15,664,859</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A: Budgetary information**

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

By the first Monday in August, the City Manager submits to the City Council a proposed operating budget for the calendar year beginning January 1<sup>st</sup>. The City Council holds public hearings on the proposed budget and the final budget is prepared and passed on first reading on or before October 1<sup>st</sup>. The budget is prepared by fund, by department within each fund, and by line item within each department. The legal level of 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.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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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 for the General Fund, Public Transportation, Recreation/Auditorium, and Emergency Levy.

**B: Excess of expenditures over appropriations**

Expenditures in nonmajor funds for the fiscal year 2003 exceed appropriations in Sales Tax-Capital Improvements by \$202. All expenditures were approved by City Council.

**C: Deficit fund equity**

Two major funds had deficit fund balances as of December 31, 2003. Sales Tax-Economic Development had a deficit fund balance of \$1,321,518. This deficit will be reimbursed with funds from future sales tax collections dedicated to this fund. Highway Reserve-Capital Fund had a deficit fund balance of \$2,361,360. This deficit will be reimbursed with State and Federal funds dedicated for highway construction. Four nonmajor funds had deficit fund balances as of December 31, 2003. The \$11,839 deficit in Sidewalk will be reimbursed by future bond sale monies dedicated to this fund. The \$551,407 deficit in Capital-Fire Equipment and the \$718,398 deficit in Sales Tax-Capital will be reimbursed with funds from future sales tax collections dedicated to these funds. And the \$45,148 in Capital-Library Construction will be reimbursed by pledged donations towards the construction of the library addition.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**IV. DETAILED NOTES ON ALL FUNDS**

**A: Due From Other Agencies**

A total of \$2,012,663 is due from other agencies. This includes \$1,625,969 due from the State of North Dakota, - \$170,729 for highway user taxes, \$1,041,880 for city sales taxes, \$15,974 for estate taxes, \$3,080 from state aeronautics commission, \$300,396 for State Aid Distribution, \$38,930 for Section 5309 grant, and \$54,980 for a Section 18 grant. Other amounts due are \$16,657 from Ward County for the E911 Telephone fee, \$20,678 from Ward County for the IBM computer loan, and \$53,666 for reimbursement of expenses from various entities and individuals. In addition, \$492 due from the fiduciary funds has been reclassified in the government wide statements to due from other agencies. \$281,553 is due from the federal government for a FAA grant for the Airport and \$13,648 is due from the federal government for a TSA grant for security at the Airport.

**B: Receivables**

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

Due within one year:	\$ 815,153
Due after one year:	169,197
Less: Allowance for uncollectibles:	<u>(575,817)</u>
Total Loans Receivable:	<u>\$ 408,533</u>

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**C: Capital assets**

Capital asset activity for the year ended December 31, 2003 was as follows:

	BALANCE 1/1/03	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE 12/31/03
Governmental Activities:					
Capital Assets, Not being depreciated:					
Land	\$ 4,909,325	\$ 0	\$ 0		\$ 4,909,325
Construction in progress	4,354,960	17,386,155	(457,102)		21,284,013
Total capital assets, Not being depreciated	9,264,285	17,386,155	(457,102)		26,193,338
Capital Assets, Being depreciated					
Buildings	6,821,053	0	0		6,821,053
Improvements	700,783	0	0		700,783
Equipment	7,620,101	1,417,308	(1,296,139)		7,741,270
Infrastructure	38,011,330	691,971	0		38,703,301
Books	3,547,403	79,316	0		3,626,719
Total capital assets being depreciated	56,700,670	2,188,595	(1,296,139)		57,593,126
Less accumulated depreciation for:					
Buildings	(4,353,528)	(93,276)	0	76,996	(4,369,808)
Improvements	(609,930)	(22,635)	0	653	(631,912)
Equipment	(3,388,213)	(1,168,849)	271,562	(77,649)	(4,363,149)
Infrastructure	(13,011,421)	(1,213,301)	0	0	(14,224,722)
Books	(1,875,893)	(196,648)	0	0	(2,072,541)
Total accumulated depreciation	(23,238,985)	(2,694,709)	271,562	0	(25,662,132)
Total capital assets, Being depreciated, net	33,461,685	(506,114)	(1,024,577)	0	31,930,994
Governmental activities capital assets, net	\$42,725,970	\$16,880,041	\$ (1,481,679)	\$0	\$58,124,332

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

	BALANCE 1/1/03	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE 12/31/03
Business-type Activities:					
Capital Assets, Not being depreciated:					
Land	\$ 2,715,421	\$136,397	\$95,400		\$ 2,756,418
Construction in progress	19,660,161	2,884,364	8,666,613		13,877,912
Total capital assets, Not being depreciated	22,375,582	3,020,761	8,762,013	0	16,634,330
Capital Assets, Being depreciated					
Buildings	10,343,646	0	0		10,343,646
Improvements	70,345,794	11,989,085	0	(1,446)	82,333,433
Equipment	6,607,507	513,500	154,788	1,446	6,967,665
Total capital assets Being depreciated	87,296,947	12,502,585	154,788	0	99,644,744
Less accumulated depreciation for:					
Buildings	(5,969,450)	(265,131)	0	(54,129)	(6,288,710)
Improvements	(37,593,466)	(2,238,388)	0	(12,786)	(39,844,640)
Equipment	(5,223,435)	(337,192)	153,652	66,915	(5,340,060)
Total accumulated depreciation	(48,786,351)	(2,840,711)	153,652	0	(51,473,410)
Total capital assets being depreciated, net	38,510,596	9,661,874	1,136	0	48,171,334
Business-type activities capital assets, net	\$ 60,886,178	\$12,682,635	\$8,763,149		\$64,805,664

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

Governmental activities:	
General Government	\$ 155,235
Public Safety	954,804
Highways and Streets	1,308,228
Culture and Recreation	<u>276,442</u>
Total depreciation expense – governmental activities	<u>\$ 2,694,709</u>

**CITY OF MINOT, NORTH DAKOTA  
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Business-type activities:	
Airport	\$ 783,322
Cemetery	13,341
Parking Authority	40,245
Sanitation	140,719
Water and Sewer	<u>1,863,084</u>
Total depreciation expense-business-type activities	<u>\$ 2,840,711</u>

**D: Construction commitments**

Construction commitments as of December 31, 2003 were approximately \$624,061. The City is also committed to approximately \$23 million local share in the Northwest Area Water Supply Project to bring water from the Missouri River to Minot. This project will be funded with sales tax monies approved by the voters in March 1999. The NAWS project began the first phase in the spring of 2002. Although there are various other commitments, it is the opinion of the City that they will not have a material effect on the financial statements.

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

The composition of interfund balances at December 31, 2003 were:

DUE TO/ FROM OTHER FUNDS		
RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General Fund	Sales Tax – Economic Development	\$ 544,397
Assessment Debt	Water and Sewer	718,673
Assessment Debt	Nonmajor-Governmental	289,332
Nonmajor-Governmental	Nonmajor-Governmental	1,326,792
Total-Governmental Activities		\$2,879,194
Internal Service-Self Insurance	Internal Service-Central Garage	\$44,248

ADVANCES TO/FROM OTHER FUNDS		
ADVANCE TO:	ADVANCE FROM:	AMOUNT
Assessment Debt	Nonmajor-Governmental	\$ 369,000
Sales Tax Economic Development	Nonmajor-Governmental	1,684,030
Totals		\$2,053,030

The due to Assessment Debt is the amount of outstanding special assessments that will be paid in annual installments by the Water and Sewer fund and Nonmajor-Governmental funds. \$792,659 is not scheduled for repayment in the subsequent year.

The advance to Sales Tax Economic Development is an interfund loan for economic development projects that will be repaid in installments. \$1,010,418 is not scheduled for repayment in the subsequent year.

The advance to Assessment Debt is an interfund loan for special assessment projects. \$369,000 is not scheduled for repayment in the subsequent year.

The advances to/from other funds have scheduled repayment plans through 2006.

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Transfers In – Governmental Funds							
Transfer Out:	General Fund	Sales Tax – Economic Development	Sales Tax – NWAWS	Highway Debt	Assessment Debt	Highway Reserve	Nonmajor Governmental Funds
General Fund	\$0	\$ 50,000	\$ 50,000	\$ 19,091	\$ 24,747	\$89,524	\$ 341,288
Sales Tax – Economic Development	32,832						150,000
Highway Debt							480,456
Assessment Debt		175,063					17,408
Highway Reserve							350,000
Nonmajor Governmental Funds	64,199		248,335				931,000
Airport							150,000
Sanitation							
Water and Sewer							75,000
Internal Service Funds							666
Total transfers out	\$97,031	\$225,063	\$298,335	\$ 19,091	\$ 24,747	\$89,524	\$ 2,495,818

Transfers In – Business Type Funds						
Transfer Out:	Airport	Sanitation	Water & Sewer	Nonmajor Business-type Funds	Internal Service Funds	Totals
General Fund	89,057	169,446	127,927	693	24,065	\$ 985,838
Sales Tax – Economic Development						\$ 182,832
Highway Debt						\$480,456
Assessment Debt	24,700		56,307			\$273,478
Highway Reserve						\$350,000
Nonmajor Governmental Funds		160,000	75,000			\$1,478,534
Airport						\$150,000
Sanitation			125,400			\$125,400
Water and Sewer						\$75,000
Internal Service Funds						\$666
Total transfers out	\$113,757	\$329,446	\$384,634	\$ 693	\$24,065	\$4,102,204

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

\$ 169,446	To General Fund from Sanitation to supplement other fund sources.
50,000	To General Fund from Sales Tax-Economic Development for administration.
50,000	To General Fund from Sales Tax-NWAWS for administration.
35,000	To General Fund from Capital Projects-Highway Reserve for debt service.
65,000	To Recreation/Auditorium from Sales Tax-Capital Improvements for maintenance.
28,500	To Recreation/Auditorium from General Fund for ice rental agreement.
160,000	To Equipment Purchase from Sanitation for equipment purchases transfer.
75,000	To Equipment Purchase from Water & Sewer for equipment purchases transfer.
150,000	To Sales Tax-Economic Development from Sales Tax-Capital Improvements for budgeted transfers.
480,456	To Debt Service-Highway from Sales Tax-Property Tax Relief for debt service.
273,478	To Debt Service-Assessment Debt from Airport (\$24,700), Water & Sewer (\$56,307), Storm Sewer Development (\$17,408), and Sales Tax-Economic Development (\$175,063) for Special Assessment debt service.
350,000	To Capital Projects-Highway Reserve from Sales Tax-Capital Improvements for debt service.
655,000	To Capital Projects-Fire Equipment from Sales Tax-Capital Projects (\$640,000), Fire Equipment (\$15,000) for Fire equipment purchases.
460,000	To Capital Projects-Sales Tax Capital from Sales Tax-Capital Improvements for capital construction projects.
150,000	To Airport from Sales Tax-Capital Improvements for debt service.
125,400	To Sanitation from Water & Sewer for debt service.
75,000	To Water & Sewer from Sales Tax-Capital for debt service.
<u>749,924</u>	Between funds for annual interest distribution.
\$4,102,204	

**F: Leases**

*Operating Leases.* The City leases equipment under operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's assets and liabilities. Total cost for such leases were \$184,650 for the year ended December 31, 2003. The future minimum lease payments for these leases are as follows:

YEAR ENDED DECEMBER 31	AMOUNTS
2004	\$ 257,755
2005	172,650
2006	481,849
Total Minimum Lease Payments	\$ 912,254

**CITY OF MINOT, NORTH DAKOTA  
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**G: Short-Term Debt**

During 2003 the City of Minot issued a Grant Anticipation Note Payable for \$10,000,000 to provide funds for the federal share of the construction of South Broadway between 7<sup>th</sup> Ave SW and 19<sup>th</sup> Ave SW. Once construction is completed in 2004 this note will be paid. The interest rate on this note is 1.25% and is due on June 14, 2004.

Short-term debt activity for the year ended December 31, 2003, was as follows:

	<i>Beginning Balance</i>	<i>Issued</i>	<i>Redeemed</i>	<i>Ending Balance</i>
Grant Anticipation Note Payable	\$ 0	\$ 10,000,000	\$ 0	\$10,000,000

**H: Long-Term Debt**

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

*General obligation bonds* are issued to provide funds for the acquisition and construction of major capital items. They are direct obligations and pledge the full faith and credit of the City of Minot. These bonds are generally issued as 10-year bonds and the outstanding bonds have interest rates ranging from 2.5% to 4.8%.

*Special assessment bonds* are issued to provide funds for the construction of improvement projects for residential and commercial developments. Special assessment bonds are paid directly from the sinking funds with the annual certification payments made by the property owners who directly benefit from each project. The City has \$412,799 of special assessment bonds outstanding, with \$8,167,201 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 1.75% to 5.9%.

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

*Revenue Bonds.* The City of Minot issues bonds and pledges all revenues from the Enterprise Funds to pay the debt service. Interest rates on the outstanding bonds range from 3.0% to 5.5%.

*Notes* outstanding at December 31, 2003 include the Bureau of Reclamation note for \$1,913,453, with a 3.5% interest rate, maturing January 1, 2027.

*Loans* outstanding as of December 31, 2003 include \$70,760 to IBM for the purchase of IBM hardware. This loan has interest rates ranging from 2.84% to 3.39% and matures June 1, 2006. Also included is a loan from Norwest Investment Services for \$94,597 which has an interest rate of 5.98% and matures June 3, 2006, and a loan from Zion's Bank for \$442,156 which has an interest rate of 5.77% and matures July 1,

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

Governmental activities	General obligation bonds		Special assessment bonds	
	Principal	Interest	Principal	Interest
2004	\$ 1,065,000	\$ 323,610	\$ 1,555,000	\$ 329,886
2005	1,005,000	291,477	1,390,000	275,230
2006	1,040,000	252,372	1,160,000	220,908
2007	910,000	210,635	1,050,000	175,208
2008	945,000	173,805	905,000	133,293
2009-2013	1,685,000	521,163	2,520,000	225,766
2014-2018	705,000	304,143		
2019-2023	880,000	134,050		
Total governmental activities	\$ 8,235,000	\$ 2,211,255	\$ 8,580,000	\$1,360,291

Business-type activities	Revenue bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,125,000	\$ 362,721	\$ 53,493	\$ 33,485	\$ 100,566	\$ 31,590
2005	1,184,386	326,638	54,429	65,571	143,449	25,416
2006	1,090,000	282,818	56,351	63,649	89,847	19,079
2007	1,055,000	241,274	58,341	61,659	62,868	14,940
2008	985,000	196,947	60,400	59,600	66,548	11,261
2009-2013	3,565,000	369,040	335,536	264,465	144,235	10,608
2014-2018			399,100	200,900		
2019-2023			475,636	111,284		
2024-2028			420,167	35,886		
Totals	\$9,004,386	\$ 1,779,438	\$1,913,453	\$ 896,499	\$ 607,513	\$ 112,894

*General Obligation Bonds.* The City of Minot issued \$2,675,000 of general obligation highway bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The City also issued \$2,205,000 of special assessment bonds. These bonds provide funds for special assessment districts. These bonds will be repaid from amounts levied against the property owners benefited by this construction.

*Revenue Bonds.* The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay the debt service. The City issued \$2,000,000 in Water and Sewer revenue bonds in 2003.

**CITY OF MINOT, NORTH DAKOTA  
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*Changes in Long Term Liabilities.* The following is a summary of the activity in long-term liabilities for the year ended December 31, 2003.

<b>Governmental activities:</b>	BALANCE 1/1/03	ADDITIONS	DELETIONS	BALANCE 12/31/03	DUE WITHIN ONE YEAR
Bonds payable:					
General obligation	\$ 6,460,000	\$ 2,675,000	\$ ( 900,000)	\$ 8,235,000	\$ 1,065,000
Special assessment	7,910,000	2,205,000	(1,535,000)	8,580,000	1,555,000
<b>Total bonds payable</b>	<b>14,370,000</b>	<b>4,880,000</b>	<b>(2,435,000)</b>	<b>16,815,000</b>	<b>2,620,000</b>
Grants	737,150	0	(737,150)	0	0
Compensated absences	576,389	553,267	(516,090)	613,566	208,612
Governmental activity Long-term liabilities	\$ 15,683,539	\$ 5,433,267	\$ (3,688,240)	\$ 17,428,566	\$ 2,828,612

<b>Business-type activities</b>					
Bonds payable:					
Revenue	\$ 7,984,386	\$ 2,000,000	\$ (980,000)	\$ 9,004,386	\$ 1,125,000
Notes	1,965,122	0	(51,669)	1,913,453	53,493
Loans	627,183	90,112	(109,782)	607,513	100,566
Compensated absences	188,879	150,935	(158,677)	181,137	61,587
Business-type activity Long-term liabilities	\$ 10,765,570	\$ 2,241,047	\$ (1,300,128)	\$ 11,706,489	\$ 1,340,646

Compensated absences for governmental activities are generally liquidated by the general fund. Grants are liquidated from the Sales Tax-economic development 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, 2003, the aggregate principal amount payable for the nine outstanding conduit debt series issued prior to July 1, 1995, could not be determined, however, their original issue amounts totaled \$41,500,000.

The City's debt limit is \$54,920,223 and the legal debt margin is \$46,791,836.

**CITY OF MINOT, NORTH DAKOTA  
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**I: Segment information**

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

**CONDENSED STATEMENT OF NET ASSETS**

Assets:	
Current assets	\$ 59,893
Capital assets	391,365
Total assets	<u>451,258</u>
Liabilities:	
Current Liabilities	57,995
Long-term liabilities	<u>125,000</u>
Total liabilities	<u>182,995</u>
Net Assets:	
Invested in capital assets, net of related debt	211,365
Unrestricted	<u>56,898</u>
Total net assets	<u>\$ 268,263</u>

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

Parking charges for services	\$ 174,441
Depreciation expense	(40,245)
Other operating expenses	<u>(126,200)</u>
Operating Income	<u>7,996</u>
Nonoperating revenues (expenses)	
Miscellaneous Income	2,216
Miscellaneous Expense	(2,615)
Interest income	1,584
Interest expense	(13,380)
Capital Contributions	54,600
Transfers in (out)	<u>(644)</u>
Change in net assets	49,757
Beginning net assets	<u>218,506</u>
Ending net assets	<u>\$ 268,263</u>

**CONDENSED STATEMENT OF CASH FLOWS**

Net cash provided (used) by:	
Operating activities	\$ 47,407
Noncapital financing activities	( 644)
Capital and related financing activities	(54,778)
Investing activities	<u>1,584</u>
Net (decrease) in cash/cash equivalents	(6,431)
Beginning cash and cash equivalents	<u>66,324</u>
Ending cash and cash equivalents	<u>\$ 59,893</u>

**CITY OF MINOT, NORTH DAKOTA  
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**V. OTHER INFORMATION**

**A: Risk management**

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

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

**Employee health benefits**

Effective Jan. 1, 1999, the City began insuring for employee health benefits. All covered expenses are paid from the City's Health Insurance Fund, which is operated by a Health Committee and a third party administrator. Risks retained by the employees include deductibles and co-insurance. The City pays all other claims subject to the health plan agreement up to plan maximums. Commercial stop loss insurance has been purchased to limit catastrophic losses. This coverage pays all claims in excess of \$20,000 per year per employee with a \$2,000,000 lifetime employee maximum. The City's insurer pays all aggregate claims in excess of \$1,239,801.

Claims, which have been incurred at year-end but not yet reported, have been recorded as insurance claims payable in the amount of \$85,458. This reserve requirement was calculated by the City and it is the amount payable within 90 days of year-end. A summary of the claim liabilities and related claim payments is shown below:

	BEGINNING FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
1999	\$ 0	\$ 800,356	\$ 750,346	\$ 50,010
2000	50,010	743,994	731,542	62,462
2001	62,462	788,756	764,629	86,589
2002	86,589	801,912	819,669	68,832
2003	68,832	915,017	898,391	85,458

**CITY OF MINOT, NORTH DAKOTA  
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**B: Contingent liabilities**

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

A citizens/taxpayers suit has been initiated against the City to compel the City to contribute interest payments to the NWAWS fund for approximately \$850,000. The decision in this case is still pending or awaiting appeal.

**C: Other postemployment benefits**

The City provides a pay-as-you-go postretirement health care benefits plan for retirees between the ages of 60 and 65 at the same rate provided to current employees. City ordinance #3021 provides that contributions shall be deducted from the wages of those persons who are required to contribute to the pension plans at a percentage not to exceed one and one-half percent. The City will match employee contributions.

During 2003, 33 retired employees met the eligibility requirements for the health supplement. Once a retired employee reaches the age of 65 and is eligible for Medicare, they will no longer receive the health care supplement but will receive a cost of living percentage to be determined at that time. At December 31, 2003, 94 retirees and/or their spouses were eligible for the cost of living percentage. During 2003, expenditures of \$89,539 were incurred for the health insurance supplement and \$205,849 for the cost of living percentage.

**D: Employee retirement systems and plans**

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

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

These benefit provisions, amendments, and all requirements are established by City ordinance. City employees who retire at or after the age of 60 with 240 months of employment are eligible for full benefits, 66% of the employee's average monthly earnings, payable monthly for life. The average monthly earnings are considered to be the average of the highest 36 months earnings for Police Pension participants. The average monthly earnings for the City Employee Pension participants are considered to the average of highest 60 months earnings.

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Benefits vest after 15 years of service. Vested employees may retire after 15 years of employment. Reduced retirement benefits will commence when the employee reaches age 60. Disability benefits are equal to normal retirement benefits for both plans and commence immediately. Both plans provide the same death benefits. If death is not in the course of employment and the participant has less than 10 years of service, then a refund of contributions is made. In all other cases, the plan pays survivor benefits that are allocated on a percentage dependent upon if there is a surviving spouse and/or children or other beneficiaries. For participants who die in the course of employment or deferred vested or active participants with 20 years of service, the benefit amount is equal to the full normal retirement benefit.

For all other participants, the benefit amount is equal to the normal retirement benefit multiplied by a fraction of the number of months employed over 240. Cost of living increases may be made to monthly amounts paid to beneficiaries.

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

	CEPP	PPP
Retirees and Beneficiaries Currently Receiving Benefits	108	23
Terminated Employees:		
Vested	7	7
Nonvested	0	0
Total Terminated Employees	7	7
Active Employees:		
Vested	105	31
Nonvested	126	51
Total Active Employees	231	82
Date of Annual Valuation	January 1, 2004	January 1, 2004

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

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

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

**CITY OF MINOT, NORTH DAKOTA  
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fair value of investments between years. Security transactions are accounted for on a trade date basis.

Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

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

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

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

	CEPP	PPP
Valuation Date	January 1, 2004	January 1, 2004
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Pay - Closed	Level Percentage of Pay - Closed
Remaining Amortization Period	40 years for transition liability established January 1, 1996 32 years for funding method change established January 1, 2004 15 years for actuarial gains or losses	40 years for transition liability established January 1, 1996 32 years for funding method change established January 1, 2004 15 years for actuarial gains or losses
Asset Valuation Method	Government backed securities maturing in less than 5 years at book value. All other assets at fair market value.	Government backed securities maturing in less than 5 years at book value. All other assets at fair market value.
Actuarial Assumptions:		
Investment Rate of Return	7.25% effective 12-31-98	7.25% effective 12-31-98
Projected Salary Increases	4.0%	4.0%
Includes Inflation at	3.0%	3.0%
Post Retirement Cost of Living Adjustments	None	None

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**Schedule of Funding Progress**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL
<b>CEEP</b>						
Jan 1, 1999	\$27,024,923	\$36,710,650	\$ 9,685,727	73.6%	\$ 6,722,520	144.1%
Jan 1, 2000	28,433,357	39,099,147	10,665,790	72.7%	6,863,557	155.4%
Jan 1, 2001	29,983,849	40,728,839	10,744,990	73.6%	7,016,631	153.1%
Jan 1, 2002	31,524,486	43,107,821	11,583,335	73.1%	7,734,230	149.8%
Jan 1, 2003	32,983,467	42,043,385	9,059,918	78.5%	8,034,788	112.8%
Jan 1, 2004	34,087,821	54,298,974	20,211,153	62.8%	8,227,786	245.6%

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL
<b>PPP</b>						
Jan 1, 1999	\$7,486,902	\$10,164,702	\$2,677,800	73.7%	\$2,251,723	118.9%
Jan 1, 2000	7,972,106	10,871,266	2,899,160	73.3%	2,357,813	123.0%
Jan 1, 2001	8,483,071	11,402,955	2,919,884	74.4%	2,319,647	125.9%
Jan 1, 2002	9,160,183	12,136,548	2,976,365	75.5%	2,543,131	117.0%
Jan 1, 2003	9,758,732	11,676,683	1,917,951	83.6%	2,772,893	69.2%
Jan 1, 2004	10,349,102	15,681,388	5,332,286	66.0%	2,979,013	179.0%

For the PPP, annual pension cost equals the employer contributions for the fiscal years ending December 31<sup>st</sup> of 2003, 2002, and 2001. The percentage funded was 100% for each year. As noted in the following paragraph, there are no annual required contributions; therefore, NPO for the end of each year was zero.

Contributions Required and Contributions Made. The actuary does not determine the contribution rates, rather by employer recommendations that are within the limits established by state statute. Employees are required to contribute 7.7% of their gross earnings. The employer contributions to the plans are to be made through an annual tax levy or other budgeted sources. Based on an actuarial valuation CEEP and PPP contributions are providing for an amortization of 26 and 18 years respectively on the unfunded liability at January 1, 2004.

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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For the PPP, a single employer plan, contributions for the years ended December 31, 2003, 2002, 2001, 2000, 1999, and 1998 were \$271,719, \$272,186, \$279,242, \$204,318, \$200,883, and \$178,819 respectively which are equal to the required contribution for the respective years.

Schedule of Employer Contributions.

CEPP	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
1999	\$ 613,282	117.5%
2000	655,405	113.0%
2001	696,161	99.9%
2002	830,096	97.6%
2003	992,964	81.6%
2004	1,339,054	-

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**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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Statement of Plan Net Assets  
December 31, 2003

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ASSETS</b>		
Cash and Cash equivalents	\$ 327,584	\$ 179,944
Investments	33,407,671	10,085,693
Accrued Interest Receivable	439,314	131,091
<b>TOTAL ASSETS</b>	<b>\$ 34,174,569</b>	<b>\$ 10,396,728</b>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits and Other Purposes	34,174,569	10,396,728
<b>TOTAL NET ASSETS</b>	<b>\$ 34,174,569</b>	<b>\$ 10,396,728</b>

Statement of Changes in Plan Net Assets  
For the Fiscal Period Ended December 31, 2003

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 832,580	\$ 271,719
Employee	647,806	233,893
Total Contributions	1,480,386	505,612
Investment Earnings:		
Interest	1,821,442	532,063
Net Increase in the fair value of investments	(1,803,595)	(487,363)
Total Investment Earnings	17,847	44,700
Less Investment expense	171,076	32,770
Net Investment earnings	(153,229)	11,930
<b>TOTAL ADDITIONS</b>	<b>1,327,157</b>	<b>517,542</b>
<b>DEDUCTIONS:</b>		
Benefits Paid to Participants	1,774,220	346,080
Refunds	113,678	7,611
Administrative Expenses	134,973	38,552

**CITY OF MINOT, NORTH DAKOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

<b>TOTAL DEDUCTIONS</b>	2,022,871	392,243
<b>Change in Net Assets</b>	(695,714)	125,299
Net Assets – January 1	34,870,283	10,271,429
<b>Net Assets – December 31</b>	<b>\$ 34,174,569</b>	<b>\$ 10,396,728</b>

**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 postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$271,916 reported as MSWLF closure and postclosure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of 15.17% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1.7 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. The City expects the landfill will be operated for another 63 years with closure anticipated in the year 2066. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

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

**F: Implementation of New GASB Standards and Recommendations**

The City of Minot has elected to early implement GASB Statement #40 on Deposit and Investment Risk Disclosures.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
			2003	2002
<b>ASSETS</b>				
Cash And Cash Equivalents	\$2,354,413	\$800,548	\$3,154,961	\$1,564,371
Taxes Receivable Delinquent	99,862	-	99,862	109,297
Special Assessments Deferred	5,955	-	5,955	5,613
Special Assessments Delinquent	2,563	-	2,563	2,127
Accounts Receivable	2,241	9,544	11,785	10,224
Advance To Other Funds	2,053,030	-	2,053,030	2,358,030
Due From Other Funds	11,839	1,314,953	1,326,792	1,259,812
Due From Other Agencies	406,474	-	406,474	348,548
Merchandise Inventory	5,623	-	5,623	4,986
<b>TOTAL ASSETS</b>	<b>\$4,942,000</b>	<b>\$2,125,045</b>	<b>\$7,067,045</b>	<b>\$5,663,008</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$1,266	\$0	\$1,266	\$38,221
Retainage Payable	-	-	-	6,127
Due To Other Funds	11,839	1,604,285	1,616,124	1,652,348
Due To Other Agencies	1,986	-	1,986	2,660
Accrued Salaries Payable	30,454	-	30,454	30,299
Deferred Revenue	80,570	-	80,570	107,016
<b>TOTAL LIABILITIES</b>	<b>126,115</b>	<b>1,604,285</b>	<b>1,730,400</b>	<b>1,836,671</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	547,365	-	547,365	372,566
Reserved For Advances	2,053,030	-	2,053,030	2,358,030
Reserved For Merchandise Inventory	5,623	-	5,623	4,986
Reserved For Property Tax Relief	76,625	-	76,625	80,199
Reserved For Capital Improvements	778,102	-	778,102	473,890
Unreserved Designated				
Memorial	2,281	-	2,281	684
Maintenance and Operations	940,252	-	940,252	335,916
Undesignated	412,607	520,760	933,367	200,066
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>4,815,885</b>	<b>520,760</b>	<b>5,336,645</b>	<b>3,826,337</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$4,942,000</b>	<b>\$2,125,045</b>	<b>\$7,067,045</b>	<b>\$5,663,008</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
			2003	2002
<b>REVENUES</b>				
Property Tax Collections	\$2,272,182	\$0	\$2,272,182	\$2,055,137
Special Assessment Collections	2,873	-	2,873	2,937
Sales Tax Collections	2,861,296	-	2,861,296	2,851,453
Intergovernmental	937,622	-	937,622	289,859
Charges For Services	432,806	-	432,806	425,115
Interest Income	91,809	12,472	104,281	153,364
Miscellaneous	79,446	336,101	415,547	530,630
<b>TOTAL REVENUES</b>	<b>\$6,678,034</b>	<b>\$348,573</b>	<b>\$7,026,607</b>	<b>\$6,308,495</b>
<b>EXPENDITURES</b>				
Current				
General Government	843,115	205,215	\$1,048,330	\$1,655,327
Highways and Streets	936,756	-	936,756	1,136,826
Culture and Recreation	1,789,177	-	1,789,177	1,614,088
Capital Outlay				
Contracted Work	-	1,614,653	1,614,653	1,944,357
Equipment	333,234	77,273	410,507	1,307,926
Legal	-	10,012	10,012	46,331
Other	-	8,638	8,638	53,579
Architect	-	30,868	30,868	103,312
Acquisitions	-	-	-	203,360
Engineering	-	315,255	315,255	695,771
Debt Retirement				
Interest and Fiscal Charges	248	-	248	-
<b>TOTAL EXPENDITURES</b>	<b>3,902,530</b>	<b>2,261,914</b>	<b>6,164,444</b>	<b>8,760,877</b>
Revenues Over (Under) Expenditures	2,775,504	(1,913,341)	862,163	(2,452,382)
<b>OTHER FINANCING SOURCES (USES)</b>				
Special Assessment Bonds Issued	-	2,205,000	2,205,000	2,850,000
Premium (Discount) on Debt Issued	-	-	-	(4,759)
Transfers IN	328,748	1,149,786	1,478,534	2,777,963
Transfers OUT	(2,465,938)	(29,880)	(2,495,818)	(4,637,479)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,137,190)</b>	<b>3,324,906</b>	<b>1,187,716</b>	<b>985,725</b>
Change in Fund Balance	638,314	1,411,565	2,049,879	(1,466,657)
FUND BALANCE, JANUARY 1	4,177,571	(890,805)	3,286,766	5,292,994
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$4,815,885</b>	<b>\$520,760</b>	<b>\$5,336,645</b>	<b>\$3,826,337</b>

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

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

ASSETS	PUBLIC		RECREATION\	EMERGENCY	EQUIPMENT	FIRE
	TRANSPORTATION	LIBRARY	AUDITORIUM	LEVY	PURCHASE	EQUIPMENT PURCHASE
Cash And Cash Equivalents	\$17,889	\$48,599	\$151,995	\$22,194	\$154,187	\$61,748
Taxes Receivable Delinquent	8,207	33,956	22,252	769	1,060	4,045
Special Assessments Deferred	-	-	-	-	-	-
Special Assessments Delinquent	-	-	-	-	-	-
Accounts Receivable	164	-	2,077	-	-	-
Advance To Other Funds	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Agencies	93,910	-	-	-	-	-
Merchandise Inventory	-	-	5,623	-	-	-
<b>TOTAL ASSETS</b>	<b>\$120,170</b>	<b>\$82,555</b>	<b>\$181,947</b>	<b>\$22,963</b>	<b>\$155,247</b>	<b>\$65,793</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$0	\$619	\$0	\$0	\$0	\$647
Due To Other Funds	-	-	-	-	-	-
Due To Other Agencies	-	-	1,028	-	-	958
Accrued Salaries Payable	998	15,219	14,237	-	-	-
Deferred Revenue	5,928	24,529	16,082	493	582	2,899
<b>TOTAL LIABILITIES</b>	<b>6,926</b>	<b>40,367</b>	<b>31,347</b>	<b>493</b>	<b>582</b>	<b>4,504</b>
<b>FUND BALANCE</b>						
Reserved For Encumbrances	509,000	4,836	14,858	-	18,671	-
Reserved For Advances	-	-	-	-	-	-
Reserved For Merchandise Inventory	-	-	5,623	-	-	-
Reserved For Property Tax Relief	-	-	-	-	-	-
Reserved For Capital Improvements	-	-	-	-	-	-
Unreserved						
Designated						
Memorial	-	2,281	-	-	-	-
Maintenance and Operations	-	-	-	-	-	-
Undesignated	(395,756)	35,071	130,119	22,470	135,994	61,289
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>113,244</b>	<b>42,188</b>	<b>150,600</b>	<b>22,470</b>	<b>154,665</b>	<b>61,289</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$120,170</b>	<b>\$82,555</b>	<b>\$181,947</b>	<b>\$22,963</b>	<b>\$155,247</b>	<b>\$65,793</b>

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SALES TAX	SALES TAX	SALES TAX	SIDEWALK
	PROPERTY	CAPITAL	FLOOD	
ASSETS	TAX RELIEF	IMPROVEMENTS	CONTROL	IMPROVEMENTS
Cash And Cash Equivalents	\$24,531	\$517,632	\$940,252	\$0
Taxes Receivable Delinquent	-	-	-	-
Special Assessments Deferred	-	-	-	-
Special Assessments Delinquent	-	-	-	212
Accounts Receivable	-	-	-	-
Advance To Other Funds	-	-	1,303,030	-
Due From Other Funds	-	-	-	-
Due From Other Agencies	52,094	260,470	-	-
Merchandise Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$76,625</b>	<b>\$778,102</b>	<b>\$2,243,282</b>	<b>\$212</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Due To Other Funds	-	-	-	11,839
Due To Other Agencies	-	-	-	-
Accrued Salaries Payable	-	-	-	-
Deferred Revenue	-	-	-	212
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,051</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	-	-	-	-
Reserved For Advances	-	-	1,303,030	-
Reserved For Merchandise Inventory	-	-	-	-
Reserved For Property Tax Relief	76,625	-	-	-
Reserved For Capital Improvements	-	778,102	-	-
Unreserved				
Designated				
Memorial	-	-	-	-
Maintenance and Operations	-	-	940,252	-
Undesignated	-	-	-	(11,839)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>76,625</b>	<b>778,102</b>	<b>2,243,282</b>	<b>(11,839)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$76,625</b>	<b>\$778,102</b>	<b>\$2,243,282</b>	<b>\$212</b>

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SPECIAL			TOTAL 2003	TOTAL 2002
	STREET RESERVE	ASSESSMENT DEFICIENCY	DEMOLITIONS		
<b>ASSETS</b>					
Cash And Cash Equivalents	\$292,111	\$115,503	\$7,772	\$2,354,413	\$1,513,849
Taxes Receivable Delinquent	29,564	7	2	99,862	107,996
Special Assessments Deferred	-	-	5,955	5,955	5,613
Special Assessments Delinquent	-	164	2,187	2,563	2,127
Accounts Receivable	-	-	-	2,241	557
Advance To Other Funds	-	750,000	-	2,053,030	2,358,030
Due From Other Funds	-	11,839	-	11,839	98,091
Due From Other Agencies	-	-	-	406,474	348,548
Merchandise Inventory	-	-	-	5,623	4,986
<b>TOTAL ASSETS</b>	<b>\$321,675</b>	<b>\$877,513</b>	<b>\$15,916</b>	<b>\$4,942,000</b>	<b>\$4,439,797</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$0	\$0	\$1,266	\$25,405
Due To Other Funds	-	-	-	11,839	98,091
Due To Other Agencies	-	-	-	1,986	2,660
Accrued Salaries Payable	-	-	-	30,454	30,299
Deferred Revenue	21,532	170	8,143	80,570	105,771
<b>TOTAL LIABILITIES</b>	<b>21,532</b>	<b>170</b>	<b>8,143</b>	<b>126,115</b>	<b>262,226</b>
<b>FUND BALANCE</b>					
Reserved For Encumbrances	-	-	-	547,365	372,566
Reserved For Advances	-	750,000	-	2,053,030	2,358,030
Reserved For Merchandise Inventory	-	-	-	5,623	4,986
Reserved For Property Tax Relief	-	-	-	76,625	80,199
Reserved For Capital Improvements	-	-	-	778,102	473,890
Unreserved					
Designated					
Memorial	-	-	-	2,281	684
Maintenance and Operations	-	-	-	940,252	335,916
Undesignated	300,143	127,343	7,773	412,607	551,300
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>300,143</b>	<b>877,343</b>	<b>7,773</b>	<b>4,815,885</b>	<b>4,177,571</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$321,675</b>	<b>\$877,513</b>	<b>\$15,916</b>	<b>\$4,942,000</b>	<b>\$4,439,797</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

REVENUES	PUBLIC		RECREATION\	EMERGENCY	EQUIPMENT	FIRE
	TRANSPORTATION	LIBRARY	AUDITORIUM	LEVY	PURCHASE	EQUIPMENT PURCHASE
Property Tax Collections	\$209,780	\$752,094	\$505,711	\$1,214	\$1,561	\$75,454
Special Assessment Collections	-	-	-	-	-	-
Sales Tax Collections	-	-	-	-	-	-
Intergovernmental	535,419	73,217	29,650	-	-	-
Charges For Services	60,415	19,740	352,651	-	-	-
Interest Income	2,201	7,693	9,078	946	1,526	2,196
Miscellaneous	1,912	35,307	19,727	-	-	-
<b>TOTAL REVENUES</b>	<b>\$809,727</b>	<b>\$888,051</b>	<b>\$916,817</b>	<b>\$2,160</b>	<b>\$3,087</b>	<b>\$77,650</b>
<b>EXPENDITURES</b>						
Current						
General Government	\$443,897	\$0	\$0	\$61,804	\$78,064	\$44,248
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	-	801,281	987,896	-	-	-
Capital Outlay						
Equipment	199,798	79,316	-	-	40,331	13,789
Debt Retirement						
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>643,695</b>	<b>880,597</b>	<b>987,896</b>	<b>61,804</b>	<b>118,395</b>	<b>58,037</b>
Revenues Over (Under) Expenditures	166,032	7,454	(71,079)	(59,644)	(115,308)	19,613
OTHER FINANCING SOURCES (USES)						
Transfers IN	-	-	93,500	-	235,000	-
Transfers OUT	(901)	(3,128)	(3,691)	(946)	(1,526)	(17,196)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(901)</b>	<b>(3,128)</b>	<b>89,809</b>	<b>(946)</b>	<b>233,474</b>	<b>(17,196)</b>
Change in Fund Balance	165,131	4,326	18,730	(60,590)	118,166	2,417
<b>FUND BALANCE, JANUARY 1</b>	<b>(51,887)</b>	<b>37,862</b>	<b>131,870</b>	<b>83,060</b>	<b>36,499</b>	<b>58,872</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$113,244</b>	<b>\$42,188</b>	<b>\$150,600</b>	<b>\$22,470</b>	<b>\$154,665</b>	<b>\$61,289</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SALES TAX		SALES TAX		STREET
	PROPERTY	CAPITAL	FLOOD	SIDEWALK	
REVENUES	TAX RELIEF	IMPROVEMENTS	CONTROL	IMPROVEMENTS	RESERVE
Property Tax Collections	\$0	\$0	\$0	\$0	\$726,217
Special Assessment Collections	-	-	-	-	-
Sales Tax Collections	476,882	2,384,414	-	-	-
Intergovernmental	-	-	299,336	-	-
Charges For Services	-	-	-	-	-
Interest Income	6,572	18,900	19,012	-	20,047
Miscellaneous	-	20,000	-	-	-
<b>TOTAL REVENUES</b>	<b>\$483,454</b>	<b>\$2,423,314</b>	<b>\$318,348</b>	<b>\$0</b>	<b>\$746,264</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$0	\$210,202	\$0	\$0	\$0
Highways and Streets	-	-	-	4,177	932,579
Culture and Recreation	-	-	-	-	-
Capital Outlay					
Equipment	-	-	-	-	-
Debt Retirement					
Interest and Fiscal Charges	-	-	-	248	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>210,202</b>	<b>-</b>	<b>4,425</b>	<b>932,579</b>
Revenues Over (Under) Expenditures	483,454	2,213,112	318,348	(4,425)	(186,315)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers IN	-	-	-	248	-
Transfers OUT	(487,028)	(1,908,900)	(19,012)	-	(20,047)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(487,028)</b>	<b>(1,908,900)</b>	<b>(19,012)</b>	<b>248</b>	<b>(20,047)</b>
Change in Fund Balance	(3,574)	304,212	299,336	(4,177)	(206,362)
FUND BALANCE, JANUARY 1	80,199	473,890	1,943,946	(7,662)	506,505
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$76,625</b>	<b>\$778,102</b>	<b>\$2,243,282</b>	<b>(\$11,839)</b>	<b>\$300,143</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SPECIAL		TOTAL	TOTAL
	ASSESSMENT			
REVENUES	DEFICIENCY	DEMOLITIONS	2003	2002
Property Tax Collections	\$7	\$144	\$2,272,182	\$2,053,402
Special Assessment Collections	59	2,814	2,873	2,937
Sales Tax Collections	-	-	2,861,296	2,851,453
Intergovernmental	-	-	937,622	276,312
Charges For Services	-	-	432,806	425,115
Interest Income	3,348	290	91,809	123,692
Miscellaneous	2,500	-	79,446	99,162
<b>TOTAL REVENUES</b>	<b>\$5,914</b>	<b>\$3,248</b>	<b>\$6,678,034</b>	<b>\$5,832,073</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$1,150	\$3,750	\$843,115	\$820,878
Highways and Streets	-	-	936,756	1,136,826
Culture and Recreation	-	-	1,789,177	1,614,088
Capital Outlay				
Equipment	-	-	333,234	659,782
Debt Retirement				
Interest and Fiscal Charges	-	-	248	-
<b>TOTAL EXPENDITURES</b>	<b>1,150</b>	<b>3,750</b>	<b>3,902,530</b>	<b>4,231,574</b>
Revenues Over (Under) Expenditures	4,764	(502)	2,775,504	1,600,499
OTHER FINANCING SOURCES (USES)				
Transfers IN	-	-	328,748	497,381
Transfers OUT	(3,314)	(249)	(2,465,938)	(2,817,356)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,314)</b>	<b>(249)</b>	<b>(2,137,190)</b>	<b>(2,319,975)</b>
Change in Fund Balance	1,450	(751)	638,314	(719,476)
FUND BALANCE, JANUARY 1	875,893	8,524	4,177,571	4,897,047
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$877,343</b>	<b>\$7,773</b>	<b>\$4,815,885</b>	<b>\$4,177,571</b>

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

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	PUBLIC TRANSPORTATION			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
	BUDGETED AMOUNTS	BUDGETED AMOUNTS		
<b>REVENUES</b>				
Property Tax Collections	\$214,232	\$214,232	\$209,780	(\$4,452)
Sales Tax Collections	-	-	-	-
Intergovernmental	585,845	585,845	535,419	(50,426)
Charges For Services	61,509	61,509	60,415	(1,094)
Interest Income	1,300	1,300	2,201	901
Miscellaneous	2,500	2,500	1,912	(588)
<b>TOTAL REVENUES</b>	<b>865,386</b>	<b>865,386</b>	<b>809,727</b>	<b>(55,659)</b>
<b>EXPENDITURES</b>				
Current				
General Government	456,386	461,148	443,897	17,251
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	409,000	747,080	199,798	547,282
<b>TOTAL EXPENDITURES</b>	<b>865,386</b>	<b>1,208,228</b>	<b>643,695</b>	<b>564,533</b>
Revenues Over (Under) Expenditures	-	(342,842)	166,032	508,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(901)	(901)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>(901)</b>	<b>(901)</b>
Change in Fund Balance	\$0	(\$342,842)	165,131	\$507,973
FUND BALANCE, JANUARY 1			(51,887)	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$113,244</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	LIBRARY		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$761,715	\$752,094	(\$9,621)
Sales Tax Collections	-	-	-
Intergovernmental	73,750	73,217	(533)
Charges For Services	20,000	19,740	(260)
Interest Income	7,500	7,693	193
Miscellaneous	31,511	35,307	3,796
<b>TOTAL REVENUES</b>	<b>894,476</b>	<b>888,051</b>	<b>(6,425)</b>
<b>EXPENDITURES</b>			
Current			
General Government	-	-	-
Culture And Recreation	894,476	801,281	93,195
Capital Outlay			
Equipment	-	79,316	(79,316)
<b>TOTAL EXPENDITURES</b>	<b>894,476</b>	<b>880,597</b>	<b>13,879</b>
Revenues Over (Under) Expenditures	-	7,454	7,454
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(3,128)	(3,128)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>(3,128)</b>	<b>(3,128)</b>
Change in Fund Balance	<u>\$0</u>	4,326	<u>\$4,326</u>
FUND BALANCE, JANUARY 1		<u>37,862</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><b>\$42,188</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	RECREATION/AUDITORIUM			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
	BUDGETED AMOUNTS	BUDGETED AMOUNTS		
<b>REVENUES</b>				
Property Tax Collections	\$513,030	\$513,030	\$505,711	(\$7,319)
Sales Tax Collections	-	-	-	-
Intergovernmental	29,650	29,650	29,650	-
Charges For Services	392,975	343,235	352,651	(40,324)
Interest Income	9,350	12,900	9,078	(272)
Miscellaneous	13,887	13,442	19,727	6,285
<b>TOTAL REVENUES</b>	<b>958,892</b>	<b>912,257</b>	<b>916,817</b>	<b>(41,630)</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Culture And Recreation	969,643	1,056,139	987,896	68,243
Capital Outlay				
Equipment	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>969,643</b>	<b>1,056,139</b>	<b>987,896</b>	<b>68,243</b>
Revenues Over (Under) Expenditures	(10,751)	(143,882)	(71,079)	26,613
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	65,000	65,000	93,500	28,500
Transfers Out	-	-	(3,691)	(3,691)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>65,000</b>	<b>65,000</b>	<b>89,809</b>	<b>24,809</b>
Change in Fund Balance	\$54,249	(\$78,882)	18,730	\$51,422
FUND BALANCE, JANUARY 1			131,870	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$150,600</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	EMERGENCY LEVY			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	
<b>REVENUES</b>				
Property Tax Collections	\$0	\$0	\$1,214	\$1,214
Sales Tax Collections	-	-	-	-
Intergovernmental	-	-	-	-
Charges For Services	-	-	-	-
Interest Income	-	-	946	946
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>2,160</b>	<b>2,160</b>
<b>EXPENDITURES</b>				
Current				
General Government	60,000	79,724	61,804	17,920
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>60,000</b>	<b>79,724</b>	<b>61,804</b>	<b>17,920</b>
Revenues Over (Under) Expenditures	(60,000)	(79,724)	(59,644)	356
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(946)	(946)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>(946)</b>	<b>(946)</b>
Change in Fund Balance	(\$60,000)	(\$79,724)	(60,590)	(\$590)
FUND BALANCE, JANUARY 1			83,060	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$22,470</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	EQUIPMENT PURCHASE		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<b>REVENUES</b>		
Property Tax Collections	\$0	\$1,561	\$1,561
Sales Tax Collections	-	-	-
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	1,526	1,526
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>3,087</b>	<b>3,087</b>
<b>EXPENDITURES</b>			
Current			
General Government	-	78,064	(78,064)
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	228,238	40,331	187,907
<b>TOTAL EXPENDITURES</b>	<b>228,238</b>	<b>118,395</b>	<b>109,843</b>
Revenues Over (Under) Expenditures	(228,238)	(115,308)	(106,756)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	235,000	235,000	-
Transfers Out	-	(1,526)	(1,526)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>235,000</b>	<b>233,474</b>	<b>(1,526)</b>
Change in Fund Balance	<u>\$6,762</u>	118,166	<u>(\$108,282)</u>
FUND BALANCE, JANUARY 1		<u>36,499</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><b>\$154,665</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	FIRE EQUIPMENT PURCHASE		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<b>REVENUES</b>		
Property Tax Collections	\$74,543	\$75,454	\$911
Sales Tax Collections	-	-	-
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	2,196	2,196
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>74,543</b>	<b>77,650</b>	<b>3,107</b>
<b>EXPENDITURES</b>			
Current			
General Government	74,543	44,248	30,295
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	13,789	(13,789)
<b>TOTAL EXPENDITURES</b>	<b>74,543</b>	<b>58,037</b>	<b>16,506</b>
Revenues Over (Under) Expenditures	-	19,613	19,613
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(17,196)	(17,196)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>(17,196)</b>	<b>(17,196)</b>
Change in Fund Balance	<b>\$0</b>	2,417	<b>\$2,417</b>
FUND BALANCE, JANUARY 1		58,872	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$61,289</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	SALES TAX PROPERTY TAX RELIEF		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$0	\$0	\$0
Sales Tax Collections	470,856	476,882	6,026
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	6,572	6,572
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>470,856</b>	<b>483,454</b>	<b>12,598</b>
<b>EXPENDITURES</b>			
Current			
General Government	-	-	-
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues Over (Under) Expenditures	470,856	483,454	12,598
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(480,456)	(487,028)	(6,572)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(480,456)</b>	<b>(487,028)</b>	<b>(6,572)</b>
Change in Fund Balance	(\$9,600)	(3,574)	\$6,026
FUND BALANCE, JANUARY 1		80,199	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$76,625</b>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	SALES TAX CAPITAL IMPROVEMENTS		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$0	\$0	\$0
Sales Tax Collections	2,354,280	2,384,414	30,134
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	18,900	18,900
Miscellaneous	-	20,000	20,000
<b>TOTAL REVENUES</b>	<b>2,354,280</b>	<b>2,423,314</b>	<b>69,034</b>
<b>EXPENDITURES</b>			
Current			
General Government	210,000	210,202	(202)
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>210,000</b>	<b>210,202</b>	<b>(202)</b>
Revenues Over (Under) Expenditures	2,144,280	2,213,112	68,832
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(2,144,280)	(1,908,900)	235,380
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,144,280)</b>	<b>(1,908,900)</b>	<b>235,380</b>
Change in Fund Balance	<u>\$0</u>	304,212	<u>\$304,212</u>
FUND BALANCE, JANUARY 1		<u>473,890</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><b>\$778,102</b></u>	

CITY OF MINOT, ND  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	2003 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2002 ACTUAL AMOUNTS
<b>REVENUES</b>					
Property Tax Collections	\$1,563,520	\$1,563,520	\$1,545,814	(\$17,706)	\$1,439,495
Sales Tax Collections	2,825,136	2,825,136	2,861,296	36,160	2,851,453
Intergovernmental	689,245	689,245	638,286	(50,959)	276,312
Charges For Services	474,484	424,744	432,806	8,062	425,115
Interest Income	18,150	21,700	49,112	27,412	63,971
Miscellaneous	47,898	47,453	76,946	29,493	99,162
<b>TOTAL REVENUES</b>	<b>5,618,433</b>	<b>5,571,798</b>	<b>5,604,260</b>	<b>32,462</b>	<b>5,155,508</b>
<b>EXPENDITURES</b>					
Current					
General Government	800,929	777,402	838,215	(60,813)	817,630
Culture And Recreation	1,864,119	1,857,420	1,789,177	68,243	1,614,088
Capital Outlay					
Equipment	637,238	840,185	333,234	506,951	659,782
<b>TOTAL EXPENDITURES</b>	<b>3,302,286</b>	<b>3,475,007</b>	<b>2,960,626</b>	<b>514,381</b>	<b>3,091,500</b>
Revenues Over (Under) Expenditures	2,316,147	2,096,791	2,643,634	546,843	2,064,008
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	300,000	65,000	328,500	263,500	494,823
Transfers Out	(2,624,736)	(2,624,736)	(2,423,316)	201,420	(2,746,860)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,324,736)</b>	<b>(2,559,736)</b>	<b>(2,094,816)</b>	<b>464,920</b>	<b>(2,252,037)</b>
Change in Fund Balance	(\$8,589)	(\$462,945)	548,818	\$1,011,763	(188,029)
FUND BALANCE, JANUARY 1			850,365		1,038,394
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$1,399,183</b>		<b>\$850,365</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

<b>ASSETS</b>	<b>SERTOMA</b>			
	<b>SPORTS COMPLEX</b>	<b>ASSESSMENT CAPITAL</b>	<b>FIRE EQUIPMENT</b>	<b>SALES TAX CAPITAL</b>
Cash And Cash Equivalents	\$28,674	\$239,364	\$0	\$0
Taxes Receivable Delinquent	-	-	-	-
Accounts Receivable	-	-	-	-
Due From Other Funds	-	1,314,953	-	-
<b>TOTAL ASSETS</b>	<b>\$28,674</b>	<b>\$1,554,317</b>	<b>\$0</b>	<b>\$0</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Retainage Payable	-	-	-	-
Due To Other Funds	-	-	551,407	718,398
Deferred Revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>551,407</b>	<b>718,398</b>
<b>FUND BALANCE</b>				
Undesignated	28,674	1,554,317	(551,407)	(718,398)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>28,674</b>	<b>1,554,317</b>	<b>(551,407)</b>	<b>(718,398)</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$28,674</b>	 <b>\$1,554,317</b>	 <b>\$0</b>	 <b>\$0</b>

**CITY OF MINOT, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

<b>ASSETS</b>	<b>LIBRARY</b>	<b>STORM SEWER DEVELOPMENT</b>	<b>TOTAL 2003</b>	<b>TOTAL 2002</b>
Cash And Cash Equivalents	\$0	\$532,510	\$800,548	\$50,522
Taxes Receivable Delinquent	-	-	-	1,301
Accounts Receivable	-	9,544	9,544	9,667
Due From Other Funds	-	-	1,314,953	1,161,721
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$542,054</b>	<b>\$2,125,045</b>	<b>\$1,223,211</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$12,816
Retainage Payable	-	-	-	6,127
Due To Other Funds	45,148	289,332	1,604,285	1,554,257
Deferred Revenue	-	-	-	1,245
<b>TOTAL LIABILITIES</b>	<b>45,148</b>	<b>289,332</b>	<b>1,604,285</b>	<b>1,574,445</b>
<b>FUND BALANCE</b>				
Undesignated	(45,148)	252,722	520,760	(351,234)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>(45,148)</b>	<b>252,722</b>	<b>520,760</b>	<b>(351,234)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$542,054</b>	<b>\$2,125,045</b>	<b>\$1,223,211</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	SERTOMA			
	C.D. SIRENS	SPORTS COMPLEX	ASSESSMENT CAPITAL	FIRE EQUIPMENT
<b>REVENUES</b>				
Property Tax Collections	\$0	\$0	\$0	\$0
Intergovernmental	-	-	-	-
Interest Income	-	680	-	-
Miscellaneous	-	9,950	-	-
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$10,630</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$3,068	\$10,635	\$9,086	\$25,615
Capital Outlay				
Contracted Work	-	-	337,903	-
Equipment	-	-	-	69,903
Legal	-	-	6,272	-
Other	-	-	4,613	-
Architect	-	-	-	-
Acquisitions	-	-	-	-
Engineering	-	-	219,503	-
<b>TOTAL EXPENDITURES</b>	<b>3,068</b>	<b>10,635</b>	<b>577,377</b>	<b>95,518</b>
Revenues Over (Under) Expenditures	(3,068)	(5)	(577,377)	(95,518)
<b>OTHER FINANCING SOURCES (USES)</b>				
Special Assessment Bonds Issued	-	-	2,205,000	-
Premium (Discount) on Debt Issued	-	-	-	-
Transfers IN	7	-	6,154	680,615
Transfers OUT	-	(680)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7</b>	<b>(680)</b>	<b>2,211,154</b>	<b>680,615</b>
Change in Fund Balance	(3,061)	(685)	1,633,777	585,097
FUND BALANCE(DEFICIT), JANUARY 1	3,061	29,359	(79,460)	(1,136,504)
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$0</b>	<b>\$28,674</b>	<b>\$1,554,317</b>	<b>(\$551,407)</b>

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	<b>SALES TAX</b>			<b>STORM SEWER</b>		<b>TOTAL</b>	
	<b>CAPITAL</b>	<b>LIBRARY</b>	<b>DEVELOPMENT</b>	<b>2003</b>	<b>2002</b>		
<b>REVENUES</b>							
Property Tax Collections	\$0	\$0	\$0	\$0	\$0	\$1,735	
Intergovernmental	-	-	-	-	-	13,547	
Interest Income	-	-	11,792	12,472	12,472	29,672	
Miscellaneous	-	9,230	316,921	336,101	336,101	431,468	
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$9,230</b>	<b>\$328,713</b>	<b>\$348,573</b>	<b>\$348,573</b>	<b>\$476,422</b>	
<b>EXPENDITURES</b>							
Current							
General Government	\$72,770	\$29,443	\$54,598	\$205,215	\$205,215	\$834,449	
Capital Outlay							
Contracted Work	1,276,750	-	-	1,614,653	1,614,653	1,944,357	
Equipment	7,370	-	-	77,273	77,273	648,144	
Legal	3,740	-	-	10,012	10,012	46,331	
Other	4,025	-	-	8,638	8,638	53,579	
Architect	30,868	-	-	30,868	30,868	103,312	
Acquisitions	-	-	-	-	-	203,360	
Engineering	95,752	-	-	315,255	315,255	695,771	
<b>TOTAL EXPENDITURES</b>	<b>1,491,275</b>	<b>29,443</b>	<b>54,598</b>	<b>2,261,914</b>	<b>2,261,914</b>	<b>4,529,303</b>	
Revenues Over (Under) Expenditures	(1,491,275)	(20,213)	274,115	(1,913,341)	(1,913,341)	(4,052,881)	
<b>OTHER FINANCING SOURCES (USES)</b>							
Special Assessment Bonds Issued	-	-	-	2,205,000	2,205,000	2,850,000	
Premium (Discount) on Debt Issued	-	-	-	-	-	(4,759)	
Transfers IN	462,728	282	-	1,149,786	1,149,786	2,280,582	
Transfers OUT	-	-	(29,200)	(29,880)	(29,880)	(1,820,123)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>462,728</b>	<b>282</b>	<b>(29,200)</b>	<b>3,324,906</b>	<b>3,324,906</b>	<b>3,305,700</b>	
Change in Fund Balance	(1,028,547)	(19,931)	244,915	1,411,565	1,411,565	(747,181)	
FUND BALANCE(DEFICIT), JANUARY 1	310,149	(25,217)	7,807	(890,805)	(890,805)	395,947	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>(\$718,398)</b>	<b>(\$45,148)</b>	<b>\$252,722</b>	<b>\$520,760</b>	<b>\$520,760</b>	<b>(\$351,234)</b>	

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

**CITY OF MINOT, NORTH DAKOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR PROPRIETARY FUNDS  
 DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2003	TOTAL NONMAJOR PROPRIETARY FUNDS 2002
	CEMETERY	PARKING AUTHORITY		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash And Cash Equivalents	\$94,643	\$59,893	\$154,536	\$190,735
Taxes Receivable Delinquent	1,250	-	1,250	1,743
Accounts Receivable	26,177	-	26,177	24,772
<b>TOTAL CURRENT ASSETS</b>	<b>122,070</b>	<b>59,893</b>	<b>181,963</b>	<b>217,250</b>
<b>CAPITAL ASSETS</b>				
Land	118,396	136,397	254,793	213,796
Buildings	149,327	183,172	332,499	332,499
Improvements Other Than Buildings	39,526	131,715	171,241	171,241
Machinery And Equipment	136,274	308,714	444,988	435,494
<b>TOTAL CAPITAL ASSETS</b>	<b>443,523</b>	<b>759,998</b>	<b>1,203,521</b>	<b>1,153,030</b>
Less-Accumulated Depreciation	(228,320)	(368,633)	(596,953)	(543,367)
<b>NET CAPITAL ASSETS</b>	<b>215,203</b>	<b>391,365</b>	<b>606,568</b>	<b>609,663</b>
<b>TOTAL ASSETS</b>	<b>\$337,273</b>	<b>\$451,258</b>	<b>\$788,531</b>	<b>\$826,913</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Due To Other Agencies	\$315	\$600	\$915	\$305
Accrued Vacation Payable	5,952	-	5,952	9,076
Accrued Salaries Payable	4,699	1,410	6,109	6,883
Bonds Payable-Current	-	55,000	55,000	55,000
Accrued Interest Payable	-	985	985	1,276
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,966</b>	<b>57,995</b>	<b>68,961</b>	<b>72,540</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds Payable-Long Term	-	125,000	125,000	180,000
<b>TOTAL LIABILITIES</b>	<b>10,966</b>	<b>182,995</b>	<b>193,961</b>	<b>252,540</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	215,203	211,365	426,568	374,663
Restricted for Perpetual Care	38,250	-	38,250	38,250
Restricted for Chapel/Veteran's Memorial	4,330	-	4,330	1,932
Unrestricted	68,524	56,898	125,422	159,528
<b>TOTAL NET ASSETS</b>	<b>\$326,307</b>	<b>\$268,263</b>	<b>\$594,570</b>	<b>\$574,373</b>

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

CITY OF MINOT, NORTH DAKOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2003	TOTAL NONMAJOR PROPRIETARY FUNDS 2002
	CEMETERY	PARKING AUTHORITY		
<b>OPERATING REVENUES</b>				
Charges For Services	\$153,596	\$174,441	\$328,037	\$358,899
Miscellaneous	1,682	-	1,682	495
<b>TOTAL OPERATING REVENUES</b>	<b>155,278</b>	<b>174,441</b>	<b>329,719</b>	<b>359,394</b>
<b>OPERATING EXPENSES</b>				
Salaries	132,964	53,337	186,301	185,400
Employee Benefits	23,285	9,487	32,772	36,386
Property Services	8,453	36,540	44,993	38,188
Purchased Services	4,356	4,945	9,301	5,850
Supplies	8,157	12,510	20,667	18,018
Capital Purchases	1,752	-	1,752	9,688
Sundry	21,219	9,381	30,600	28,818
Depreciation	13,341	40,245	53,586	54,187
<b>TOTAL OPERATING EXPENSES</b>	<b>213,527</b>	<b>166,445</b>	<b>379,972</b>	<b>376,535</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(58,249)</b>	<b>7,996</b>	<b>(50,253)</b>	<b>(17,141)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	1,900	-	1,900	1,900
Telecommunications Tax	450	-	450	450
Property Tax Collections	19,572	-	19,572	38,376
Interest Income	3,049	1,584	4,633	6,792
Miscellaneous Income	887	2,216	3,103	491
Interest And Fiscal Charges	-	(13,380)	(13,380)	(16,620)
Miscellaneous Expense	-	(2,615)	(2,615)	-
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>25,858</b>	<b>(12,195)</b>	<b>13,663</b>	<b>31,389</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(32,391)</b>	<b>(4,199)</b>	<b>(36,590)</b>	<b>14,248</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>2,880</b>	<b>54,600</b>	<b>57,480</b>	<b>606</b>
<b>TRANSFERS OUT</b>	<b>(49)</b>	<b>(644)</b>	<b>(693)</b>	<b>(2,255)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>2,831</b>	<b>53,956</b>	<b>56,787</b>	<b>(1,649)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(29,560)</b>	<b>49,757</b>	<b>20,197</b>	<b>12,599</b>
<b>NET ASSETS, JANUARY 1</b>	<b>355,867</b>	<b>218,506</b>	<b>574,373</b>	<b>561,774</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$326,307</b>	<b>\$268,263</b>	<b>\$594,570</b>	<b>\$574,373</b>

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

**CITY OF MINOT, NORTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2003	TOTAL 2002
	CEMETERY	PARKING AUTHORITY		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 152,684	\$ 174,441	\$ 327,125	\$ 351,994
Payments to suppliers	(42,245)	(64,066)	(106,311)	(100,823)
Payments to employees	(159,403)	(62,968)	(222,371)	(219,935)
Net cash provided (used) by operating activities	(48,964)	47,407	(1,557)	31,236
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	22,809	-	22,809	41,217
Transfers Out	(49)	(644)	(693)	(2,255)
Net cash provided (used) by noncapital financing activities	22,760	(644)	22,116	38,962
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	2,880	54,600	57,480	606
Acquisition And Construction Of Capital Assets	(9,493)	(40,998)	(50,491)	-
Principal Paid on Capital Debt	-	(55,000)	(55,000)	(50,000)
Interest Paid on Capital Debt	-	(13,571)	(13,571)	(16,620)
Other	-	191	191	-
Net cash (used) by capital and related financing activities	(6,613)	(54,778)	(61,391)	(66,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	3,049	1,584	4,633	6,792
Net cash provided by investing activities	3,049	1,584	4,633	6,792
Net (decrease) in cash and cash equivalents	(29,768)	(6,431)	(36,199)	10,976
Cash and cash equivalents, January 1	124,411	66,324	190,735	179,759
Cash and cash equivalents, December 31	\$ 94,643	\$ 59,893	\$ 154,536	\$ 190,735
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$58,249)	\$7,597	(\$50,652)	(\$17,141)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	13,341	40,245	53,586	54,187
Change In Assets And Liabilities				
Receivables, net	(912)	-	(912)	(7,400)
Due To Other Agencies	10	600	610	-
Accrued Vacation Payable	(3,124)	-	(3,124)	571
Accrued Salaries Payable	(30)	(744)	(774)	1,280
Accrued Interest Payable	-	(291)	(291)	(261)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(48,964)	47,407	(1,557)	31,236

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

**City of Minot, North Dakota**  
Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2003  
with Comparative Totals for December 31, 2002

	CENTRAL GARAGE	SELF INSURANCE	TOTAL 2003	TOTAL 2002
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 977,371	\$ 977,371	\$ 775,509
Accounts Receivable	1,439	-	1,439	569
Due From Other Funds		44,248	44,248	-
Merchandise Inventory	310,989	-	310,989	287,208
Total Assets	<u>312,428</u>	<u>1,021,619</u>	<u>1,334,047</u>	<u>1,063,286</u>
<b>LIABILITIES</b>				
Accounts Payable	380	-	380	22,716
Due To Other Funds	44,248	-	44,248	4,193
Insurance Claims Payable	-	85,458	85,458	68,832
Total Liabilities	<u>44,628</u>	<u>85,458</u>	<u>130,086</u>	<u>95,741</u>
<b>NET ASSETS</b>				
Unrestricted	267,800	936,161	1,203,961	967,545
<b>TOTAL NET ASSETS</b>	<u>\$ 267,800</u>	<u>\$ 936,161</u>	<u>\$ 1,203,961</u>	<u>\$ 967,545</u>

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

**CITY OF MINOT, NORTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	<b>CENTRAL GARAGE</b>	<b>SELF INSURANCE</b>	<b>TOTAL 2003</b>	<b>TOTAL 2002</b>
<b>OPERATING REVENUES</b>				
Sales	\$368,396	\$0	\$368,396	\$367,100
Cost of Goods Sold	(356,326)	-	(356,326)	(351,962)
Gross Margin On Sales	12,070	-	12,070	15,138
Charges For Services				
Employer	-	950,495	950,495	909,631
Employee	-	468,983	468,983	459,508
<b>TOTAL OPERATING REVENUES</b>	<b>12,070</b>	<b>1,419,478</b>	<b>1,431,548</b>	<b>1,384,277</b>
<b>OPERATING EXPENSES</b>				
Supplies	5,436	-	5,436	25,802
Insurance Claims	-	1,225,410	1,225,410	1,157,541
<b>TOTAL OPERATING EXPENSES</b>	<b>5,436</b>	<b>1,225,410</b>	<b>1,230,846</b>	<b>1,183,343</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,634</b>	<b>194,068</b>	<b>200,702</b>	<b>200,934</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
Interest Income	-	24,065	24,065	23,022
Miscellaneous Income	349	35,416	35,765	18,636
Interest And Fiscal Charges	(666)	-	(666)	-
Miscellaneous Expense	(51)	-	(51)	-
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>(368)</b>	<b>59,481</b>	<b>59,113</b>	<b>41,658</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>6,266</b>	<b>253,549</b>	<b>259,815</b>	<b>242,592</b>
<b>TRANSFERS IN</b>	<b>666</b>	<b>-</b>	<b>666</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>(24,065)</b>	<b>(24,065)</b>	<b>(23,022)</b>
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>666</b>	<b>(24,065)</b>	<b>(23,399)</b>	<b>(23,022)</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,932</b>	<b>229,484</b>	<b>236,416</b>	<b>219,570</b>
NET ASSETS, JANUARY 1	260,868	706,677	967,545	747,975
<b>NET ASSETS, DECEMBER 31</b>	<b>\$267,800</b>	<b>\$936,161</b>	<b>\$1,203,961</b>	<b>\$967,545</b>

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

**CITY OF MINOT, NORTH DAKOTA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	<b>CENTRAL GARAGE</b>	<b>SELF INSURANCE</b>	<b>TOTAL 2003</b>	<b>TOTAL 2002</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 343,745	\$ 1,419,478	\$ 1,763,223	\$ 1,719,429
Payments to suppliers	(383,800)	52,042	(331,758)	(1,136,782)
Payments to employees	-	(1,225,410)	(1,225,410)	(393,564)
Internal activity - payments from (to) other funds	40,055	(44,248)	(4,193)	4,193
Net cash provided by operating activities	-	201,862	201,862	193,276
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	666	-	666	-
Transfers Out	-	(24,065)	(24,065)	(23,022)
Net cash provided (used) by noncapital financing activities	666	(24,065)	(23,399)	(23,022)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Capital Debt	(666)	-	(666)	-
Net cash (used) by capital and related financing activities	(666)	-	(666)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	-	-	500,000
Interest and dividends	-	24,065	24,065	41,658
Net cash provided by investing activities	-	24,065	24,065	541,658
Net increase in cash and cash equivalents	-	201,862	201,862	711,912
Cash and cash equivalents, January 1	-	775,509	775,509	63,597
Cash and cash equivalents, December 31	\$ -	\$ 977,371	\$ 977,371	\$ 775,509
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income	\$6,932	\$229,484	\$236,416	\$200,934
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities				
Change In Assets And Liabilities				
Receivables, net	(870)	-	(870)	1,257
Merchandise Inventory	(23,781)	-	(23,781)	(18,067)
Accounts Payable	(22,336)	-	(22,336)	22,716
Insurance Claims Payable	-	16,626	16,626	(17,757)
Due To (From) Other Funds	40,055	(44,248)	(4,193)	4,193
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	201,862	201,862	193,276

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

**City of Minot, North Dakota**  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2003  
With Comparative Totals For December 31, 2002

	City Employee Pension Plan	Police Pension Plan	Agency Funds	<b>Total 2003</b>	Total 2002
<b>ASSETS</b>					
Cash and cash equivalents	\$ 327,584	\$ 179,944	\$ 208,970	\$ 716,498	\$ 230,948
Investments	33,407,671	10,085,693	-	43,493,364	44,508,395
Taxes Receivable Delinquent	-	-	5,417	5,417	6,022
Accrued Interest Receivable	439,314	131,091	-	570,405	591,526
Total Assets	<u>34,174,569</u>	<u>10,396,728</u>	<u>214,387</u>	<u>44,785,684</u>	<u>45,336,891</u>
<b>LIABILITIES</b>					
Due To Other Funds	-	-	114,498	114,498	550
Due To Other Agencies	-	-	95,988	95,988	79,939
Other Deferred Credits	-	-	3,901	3,901	114,690
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 214,387</u>	<u>\$ 214,387</u>	<u>\$ 195,179</u>
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	34,174,569	10,396,728		44,571,297	45,141,712
<b>TOTAL NET ASSETS</b>	<u>\$ 34,174,569</u>	<u>\$ 10,396,728</u>		<u>\$ 44,785,684</u>	<u>\$ 45,336,891</u>

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

**CITY OF MINOT, NORTH DAKOTA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN	TOTAL 2003	TOTAL 2002
<b>ADDITIONS</b>				
Contributions:				
Employer	\$832,580	\$271,719	\$1,104,299	\$1,081,995
Employee	647,806	233,893	881,699	839,340
Total Contributions	1,480,386	505,612	1,985,998	1,921,335
Investment earnings:				
Interest	1,821,442	532,063	2,353,505	2,374,523
Net increase(decrease) in the fair value of investments	(1,803,595)	(487,363)	(2,290,958)	1,135,294
Total Investment earnings	17,847	44,700	62,547	3,509,817
Less investment expense	171,076	32,770	203,846	126,993
Net Investment earnings	(153,229)	11,930	(141,299)	3,382,824
<b>TOTAL ADDITIONS</b>	1,327,157	517,542	1,844,699	5,304,159
<b>DEDUCTIONS:</b>				
Benefits Paid to Participants	1,774,220	346,080	2,120,300	1,967,692
Refunds	113,678	7,611	121,289	74,745
Administrative Expenses	134,973	38,552	173,525	107,738
<b>TOTAL DEDUCTIONS</b>	2,022,871	392,243	2,415,114	2,150,175
<b>Change in Net Assets</b>	(695,714)	125,299	(570,415)	3,153,984
Net Assets - January 1	34,870,283	10,271,429	45,141,712	41,987,728
<b>Net Assets- December 31</b>	<b>\$34,174,569</b>	<b>\$10,396,728</b>	<b>\$44,571,297</b>	<b>\$45,141,712</b>

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

CITY OF MINOT, NORTH DAKOTA  
 COMBINING STATEMENT OF NET ASSETS  
 AGENCY FUNDS  
 DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	AGENCY FUNDS						TOTAL 2002
	PAYROLL DEDUCTIONS	EMPLOYER SOCIAL SECURITY	C.O.L.A.F.	HOTEL/ MOTEL TAX	CDBG PASS- THROUGH	TOTAL 2003	
<b>ASSETS</b>							
Cash And Cash Equivalents	\$46,068	\$0	\$112,982	\$24,212	\$25,708	\$208,970	\$89,157
Investments	-	-	-	-	-	-	100,000
Taxes Receivable Delinquent	-	2,882	2,535	-	-	5,417	6,022
<b>TOTAL ASSETS</b>	<b>\$46,068</b>	<b>\$2,882</b>	<b>\$115,517</b>	<b>\$24,212</b>	<b>\$25,708</b>	<b>\$214,387</b>	<b>\$195,179</b>
<b>LIABILITIES</b>							
Due To Other Funds	\$0	\$772	\$113,726	\$0	\$0	\$114,498	\$550
Due To Other Agencies	46,068	-	-	24,212	25,708	95,988	79,939
Other Deferred Credits	-	2,110	1,791	-	-	3,901	114,690
<b>TOTAL LIABILITIES</b>	<b>\$46,068</b>	<b>\$2,882</b>	<b>\$115,517</b>	<b>\$24,212</b>	<b>\$25,708</b>	<b>\$214,387</b>	<b>\$195,179</b>

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

**CITY OF MINOT, NORTH DAKOTA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	JANUARY 1	ADDITIONS	DELETIONS	DECEMBER 31
<b>PAYROLL DEDUCTIONS</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 37,887	\$ 2,445,466	\$ 2,437,285	\$ 46,068
<b>LIABILITIES</b>				
Accounts Payable	-	733,360	733,360	-
Due To Other Agencies	37,887	2,481,362	2,473,181	46,068
<b>TOTAL LIABILITIES</b>	<b>37,887</b>	<b>3,214,722</b>	<b>3,206,541</b>	<b>46,068</b>
<b>EMPLOYER SOCIAL SECURITY</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	-	63,043	63,043	-
Taxes Receivable Delinquent	3,245	63,580	63,943	2,882
<b>TOTAL ASSETS</b>	<b>3,245</b>	<b>126,623</b>	<b>126,986</b>	<b>2,882</b>
<b>LIABILITIES</b>				
Due To Other Funds	486	772	486	772
Other Deferred Credits	2,759	63,408	64,057	2,110
<b>TOTAL LIABILITIES</b>	<b>3,245</b>	<b>64,180</b>	<b>64,543</b>	<b>2,882</b>
<b>C.O.L.A.F.</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	29,388	657,929	574,335	112,982
Investments	100,000	-	100,000	-
Taxes Receivable Delinquent	2,624	59,509	59,598	2,535
<b>TOTAL ASSETS</b>	<b>132,012</b>	<b>717,438</b>	<b>733,933</b>	<b>115,517</b>
<b>LIABILITIES</b>				
Accounts Payable	-	196,516	196,516	-
Due To Other Funds	390	113,726	390	113,726
Due To Other Agencies	129,388	486,809	616,197	-
Other Deferred Credits	2,234	60,513	60,956	1,791
<b>TOTAL LIABILITIES</b>	<b>132,012</b>	<b>857,564</b>	<b>874,059</b>	<b>115,517</b>
<b>COMMISSION ON AGING</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	-	34,256	34,256	-
<b>LIABILITIES</b>				
Due To Other Agencies	-	34,256	34,256	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>34,256</b>	<b>34,256</b>	<b>-</b>

**CITY OF MINOT, NORTH DAKOTA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

	<u>JANUARY 1</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>DECEMBER 31</u>
<b>HOTEL/MOTEL TAX</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$22,784	\$320,804	\$319,376	\$24,212
<b>LIABILITIES</b>				
Due to Other Agencies	22,784	320,804	319,376	24,212
<b>CDBG PASSTHROUGH</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	23,654	31,584	29,530	25,708
<b>LIABILITIES</b>				
Due To Other Agencies	23,654	31,584	29,530	25,708
<b>TOTAL 2003</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$113,713	\$3,553,082	\$3,457,825	\$208,970
Investments	100,000	-	100,000	-
Taxes Receivable Delinquent	5,869	123,089	123,541	5,417
<b>TOTAL ASSETS</b>	<b>\$219,582</b>	<b>\$3,676,171</b>	<b>\$3,681,366</b>	<b>\$214,387</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$929,876	\$929,876	\$0
Due To Other Funds	876	114,498	876	114,498
Due To Other Agencies	213,713	3,354,815	3,472,540	95,988
Other Deferred Credits	4,993	123,921	125,013	3,901
<b>TOTAL LIABILITIES</b>	<b>\$219,582</b>	<b>\$4,523,110</b>	<b>\$4,528,305</b>	<b>\$214,387</b>
<b>TOTAL 2002</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$111,368	\$3,273,474	\$3,295,685	\$89,157
Investments	100,000	-	-	100,000
Taxes Receivable Delinquent	5,869	124,049	123,896	6,022
<b>TOTAL ASSETS</b>	<b>\$217,237</b>	<b>\$3,397,523</b>	<b>\$3,419,581</b>	<b>\$195,179</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$884,542	\$884,542	\$0
Due To Other Funds	876	550	876	550
Due To Other Agencies	211,368	3,138,937	3,270,366	79,939
Other Deferred Credits	4,993	230,432	120,735	114,690
<b>TOTAL LIABILITIES</b>	<b>\$217,237</b>	<b>\$4,254,461</b>	<b>\$4,276,519</b>	<b>\$195,179</b>

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

**CITY OF MINOT, NORTH DAKOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY SOURCE  
DECEMBER 31, 2003 AND 2002**

<b>Governmental funds capital assets</b>	<b>2003</b>	2002
Land	\$4,909,325	\$4,909,325
Buildings	6,821,053	6,821,053
Improvements Other Than Buildings	700,783	700,783
Equipment	7,741,270	7,620,101
Infrastructure	38,703,301	38,011,330
Books	3,626,719	3,547,403
Construction in Progress	21,284,013	4,354,960
<b>Total governmental funds capital assets</b>	<b>\$83,786,464</b>	<b>\$65,964,955</b>

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

Capital Project Funds		
G.O. Bonds and Levies	\$6,024,628	\$3,002,636
Sales Tax Revenue Bonds	190,916	190,916
Federal Grants	36,386,362	16,981,706
State Grants	1,037,022	1,037,022
County Grants	214,124	214,124
Contributions From Others	19,303,753	22,289,874
General Fund	5,792,931	4,853,218
Special Revenue	12,704,239	15,262,970
Urban Renewal	465,739	465,739
Enterprise Fund	1,666,750	1,666,750
<b>Total governmental funds capital assets</b>	<b>\$83,786,464</b>	<b>\$65,964,955</b>

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

**CITY OF MINOT, NORTH DAKOTA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 AS OF DECEMBER 31, 2003  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002**

FUNCTION OR ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION	T		
							IN PROGRESS	2003	2002	
GENERAL GOVERNMENT										
Manager	\$0	\$0	\$0	\$1,824	\$0	\$0	\$0	\$1,824	\$1,824	
Clerk	-	-	-	1,018	-	-	-	1,018	3,549	
Civic Center/Property Maintenance	49,374	1,354,528	-	70,072	-	-	-	1,473,974	1,477,603	
Personnel	-	-	-	1,395	-	-	-	1,395	1,395	
Finance	-	-	-	12,925	-	-	-	12,925	11,225	
Assessor	-	-	-	63,414	-	-	-	63,414	63,414	
Engineering	-	-	-	193,933	-	-	-	193,933	182,881	
Inspection	-	-	-	115,226	-	-	-	115,226	97,698	
Traffic Control	-	-	-	206,437	4,176,389	-	-	4,382,826	4,382,826	
Public Works	-	1,432,856	-	64,357	-	-	-	1,497,213	1,463,186	
General	4,186,089	120,425	1,590	-	-	-	21,284,013	25,592,117	9,598,093	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,235,463</b>	<b>2,907,809</b>	<b>1,590</b>	<b>730,601</b>	<b>4,176,389</b>	<b>-</b>	<b>21,284,013</b>	<b>33,335,865</b>	<b>17,283,694</b>	
PUBLIC SAFETY										
Police	-	35,920	-	1,856,591	-	-	-	1,892,511	1,543,652	
Fire	243,861	2,164,886	-	1,998,944	-	-	-	4,407,691	4,498,560	
<b>TOTAL PUBLIC SAFETY</b>	<b>243,861</b>	<b>2,200,806</b>	<b>-</b>	<b>3,855,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,300,202</b>	<b>6,042,212</b>	
STREET										
	-	32,580	-	1,706,212	34,526,912	-	-	36,265,704	35,600,139	
SHOP										
	-	-	7,815	130,914	-	-	-	138,729	138,729	
LIBRARY										
	7,624	790,236	-	76,197	-	3,626,719	-	4,500,776	4,421,460	
BAND										
	-	-	-	-	-	-	-	-	1,700	
PUBLIC TRANSPORTATION										
	-	396,243	-	882,050	-	-	-	1,278,293	1,208,694	
AUDITORIUM										
	398,427	493,379	-	262,825	-	-	-	1,154,631	1,147,441	
RECREATION										
	23,950	-	691,378	96,936	-	-	-	812,264	120,886	
<b>Total governmental funds</b>										
<b>capital assets</b>	<b>\$4,909,325</b>	<b>\$6,821,053</b>	<b>\$700,783</b>	<b>\$7,741,270</b>	<b>\$38,703,301</b>	<b>\$3,626,719</b>	<b>\$21,284,013</b>	<b>\$83,786,464</b>	<b>\$65,964,955</b>	

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

**CITY OF MINOT, NORTH DAKOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

Function and Activity	GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS DECEMBER 31
<b>GENERAL GOVERNMENT</b>				
Manager	\$1,824	\$0	\$0	\$1,824
Clerk	3,549	-	2,531	1,018
Civic Center/Property Maintenance	1,477,603	-	3,629	1,473,974
Personnel	1,395	-	-	1,395
Finance/Band	12,925	-	-	12,925
Assessor	63,414	-	-	63,414
Engineering	182,881	22,500	11,448	193,933
Inspection	97,698	17,528	-	115,226
Traffic Control	4,382,826	-	-	4,382,826
Public Works	1,463,186	34,027	-	1,497,213
General	9,598,093	17,386,155	1,392,131	25,592,117
<b>TOTAL GENERAL GOVERNMENT</b>	<b>17,285,394</b>	<b>17,460,210</b>	<b>1,409,739</b>	<b>33,335,865</b>
<b>PUBLIC SAFETY</b>				
Police	1,543,652	432,956	84,097	1,892,511
Fire	4,498,560	45,176	136,045	4,407,691
<b>TOTAL PUBLIC SAFETY</b>	<b>6,042,212</b>	<b>478,132</b>	<b>220,142</b>	<b>6,300,202</b>
STREET	35,600,139	701,912	36,347	36,265,704
SHOP	138,729	-	-	138,729
LIBRARY	4,421,460	79,316	-	4,500,776
PUBLIC TRANSPORTATION	1,208,694	156,612	87,013	1,278,293
AUDITORIUM	1,147,441	7,190	-	1,154,631
RECREATION	120,886	691,378	-	812,264
<b>Total governmental funds capital assets</b>	<b>\$65,964,955</b>	<b>\$19,574,750</b>	<b>\$1,753,241</b>	<b>\$83,786,464</b>

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

**CITY OF MINOT, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY SOURCE**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003 AND 2002**

	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION IN PROGRESS	2003	2002
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1,</b>	\$4,909,325	\$6,821,053	\$700,783	\$7,620,101	\$38,011,330	\$3,547,403	\$4,354,960	\$65,964,955	\$61,625,624
<b>ADDITIONS</b>									
Expenditures From:									
Capital Project Funds	-	-	-	-	105,454	-	17,386,155	17,491,609	2,387,791
General Fund	-	-	-	211,702	586,517	-	-	798,219	-
Special Revenue	-	-	-	219,022	-	79,316	-	298,338	6,711,379
Enterprise Funds	-	-	-	17,528	-	-	-	17,528	-
General Fund Transfers	-	-	-	969,056	-	-	-	969,056	-
<b>TOTAL ADDITIONS</b>	-	-	-	1,417,308	691,971	79,316	17,386,155	19,574,750	9,099,170
<b>TOTAL BALANCE AND ADDITIONS</b>	4,909,325	6,821,053	700,783	9,037,409	38,703,301	3,626,719	21,741,115	85,539,705	70,724,794
<b>DEDUCTIONS</b>									
Fixed Assets Traded	-	-	-	41,250	-	-	-	41,250	-
Fixed Assets Sold	-	-	-	154,214	-	-	-	154,214	-
Capitalized	-	-	-	-	-	-	457,102	457,102	4,698,618
Written Off	-	-	-	109,169	-	-	-	109,169	61,221
Transferred To Enterprise	-	-	-	22,450	-	-	-	22,450	-
General Fund Transfers	-	-	-	969,056	-	-	-	969,056	-
<b>TOTAL DEDUCTIONS</b>	-	-	-	1,296,139	-	-	457,102	1,753,241	4,759,839
<b>GENERAL FIXED ASSETS DECEMBER 31,</b>	\$4,909,325	\$6,821,053	\$700,783	\$7,741,270	\$38,703,301	\$3,626,719	\$21,284,013	\$83,786,464	\$65,964,955

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

CITY OF MINOT, NORTH DAKOTA  
 GOVERNMENT-WIDE EXPENSES BY FUNCTION

** FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	HIGHWAYS AND STREETS	CULTURE AND RECREATION	COMMUNITY DEVELOPMENT	INTEREST ON LONG-TERM DEBT	AIRPORT	CEMETERY	PARKING AUTHORITY	SANITATION	WATER & SEWER	TOTAL
2001	\$ 6,703,291	\$ 6,349,105	\$ 2,431,141	\$ 1,937,281	\$ 2,717,852	\$ 900,023	\$ 1,889,375	\$ 214,164	\$ 174,108	\$ 1,649,318	\$ 6,017,143	\$ 30,982,801
2002	8,994,383	6,614,253	3,771,929	1,757,139	35,641	934,073	1,763,660	222,538	170,617	1,633,854	6,146,502	32,044,589
2003	7,504,143	7,046,392	2,500,445	2,067,089	587,920	899,139	1,893,121	213,527	182,440	1,823,056	6,560,712	31,277,984

\*\*This table began with the implementation of GASB #34. The City of Minot implemented with our fiscal year ended December 31, 2001

CITY OF MINOT, NORTH DAKOTA  
 GOVERNMENT-WIDE REVENUES BY SOURCE

** FISCAL YEAR	PROGRAM REVENUES			GENERAL REVENUES					TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	UNRESTRICTED INVESTMENT EARNINGS	MISCELLANEOUS		
2001	\$ 12,795,123	\$ 1,837,500	\$ 6,378,683	\$ 19,285,787	\$ -	\$ 1,126,488	\$ 981,285	\$ 42,404,866	
2002	13,364,298	717,582	6,738,990	20,409,432	-	1,065,953	1,075,649	43,371,904	
2003	14,534,473	1,307,168	14,507,195	20,157,946	-	747,075	734,653	51,988,510	

\*\*This table is new with the implementation of GASB #34. The City of Minot implemented with our fiscal year ended December 31, 2001.

CITY OF MINOT, NORTH DAKOTA  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENT	SAFETY	STREETS	CULTURE AND RECREATION	ECONOMIC DEVELOPMENT	BAD DEBT	CAPITAL OUTLAY	DEBT SERVICE	INTER-GOVERNMENTAL	TOTAL
1994	\$3,229,134	\$4,163,882	\$1,136,365	\$1,218,957	\$882,665	-	\$837,725	\$69,988	\$549,734	\$12,088,450
1995 (2)	3,270,300	4,254,740	1,135,921	1,312,345	1,091,195	95,000	567,209	85,288	397,685	12,209,683
1996	3,569,444	4,490,802	1,295,346	1,335,825	3,645,735	-	836,856	64,996	124,918	15,363,922
1997	3,757,944	4,735,115	1,299,316	1,426,233	12,539	-	893,330	70,313	13,379	12,208,169
1998	3,928,735	5,015,102	1,240,112	1,475,756	2,357,862	-	4,038,066	266,947	10,610	18,333,190
1999	4,034,087	5,306,975	1,458,095	1,419,019	4,957,879	-	950,261	399,504	4,058,835	22,584,655
2000	4,255,155	5,506,917	2,309,631	1,467,580	2,136,108	-	933,259	405,014	1,481,456	18,495,120
2001	6,526,829	6,084,587	2,322,209	1,901,854	2,717,852	-	4,495,259	330,546	-	24,379,136
2002	8,672,981	6,349,779	2,587,407	1,614,088	35,641	-	4,354,636	2,870,882	-	26,485,414
2003	7,334,712	6,758,687	2,385,232	1,789,177	587,920	-	2,389,933	277,458	-	21,523,119

(1) General, Major Special Revenue funds and other governmental funds.

(2) Bad Debt function is a new type of expenditure this year.

CITY OF MINOT, NORTH DAKOTA  
 GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
 LAST TEN FISCAL YEARS

FISCAL YEAR	(2) TAXES	LICENSES AND PERMITS	INTER- GOVERN- MENTAL	CHARGES FOR SERVICES	FINES AND FORFEITS	INTEREST INCOME	MISCELLANEOUS	TOTAL
1994	\$7,631,872	\$392,348	\$2,861,728	\$1,593,706	\$281,023	\$625,986	\$187,387	\$13,574,050
1995	8,178,007	395,493	2,666,755	1,705,094	342,345	1,025,579	244,254	14,557,527
1996	8,563,305	391,814	3,061,097	2,043,099	410,071	949,547	194,069	15,613,002
1997	8,773,617	440,995	3,261,562	2,000,965	388,098	976,389	309,106	16,150,732
1998	12,598,331	416,617	3,069,985	2,193,586	400,258	1,003,647	187,315	19,869,739
1999	13,785,250	405,167	4,061,694	2,412,986	312,727	668,864	697,038	22,343,726
2000	14,510,820	384,335	3,672,414	2,720,102	381,848	794,711	383,213	22,847,443
2001	14,837,985	344,806	5,123,131	2,295,849	444,103	718,232	957,633	24,721,739
2002	15,735,106	345,873	4,296,948	2,889,849	431,493	788,500	661,297	25,149,066
2003	15,817,585	413,553	4,631,410	2,983,946	573,961	481,609	593,016	25,495,080

(1) General, Major Special Revenue funds and Other Governmental Funds.

(2) Includes property tax collections, special assessment collections, and sales tax collections.

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

LEVY YEAR	TOTAL CURRENT TAX LEVY (1)	CURRENT COLLECTIONS (2)	PERCENT OF LEVY COLLECTED	DELINQUENT COLLECTIONS (2)	TOTAL COLLECTIONS (2)	TOTAL COLLECTION AS PERCENT OF CURRENT LEVY	ADJUSTMENTS (4)	ACCUMULATED OUTSTANDING TAXES (3)	OUTSTANDING DELINQUENT AS PERCENT OF CURRENT LEVY
1994	\$5,760,619	\$5,465,075	94.87%	\$183,485	\$5,648,560	98.05%	\$191,069	\$282,576	4.91%
1995	6,117,626	5,811,238	94.99%	98,522	5,909,760	96.60%	188,352	302,090	4.94%
1996	6,402,217	6,052,482	94.54%	97,638	6,150,120	96.06%	215,292	338,895	5.29%
1997	6,817,830	6,453,519	94.66%	141,863	6,595,382	96.74%	259,245	302,098	4.43%
1998	7,210,665	6,878,134	95.39%	153,855	7,031,989	97.52%	207,231	273,543	3.79%
1999	7,479,335	7,095,650	94.87%	123,498	7,219,148	96.52%	223,634	310,096	4.15%
2000	7,793,799	7,334,493	94.11%	100,772	7,435,265	95.40%	253,181	415,449	5.33%
2001	7,884,516	7,441,868	94.39%	163,366	7,605,234	96.46%	285,092	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

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

YEAR	REAL PROPERTY		RATIO ASSESSED TO MARKET
	ASSESSED VALUE (1)	TRUE AND FULL VALUE	
1994	\$ 442,710,612	\$ 885,421,224	50.00%
1995	486,634,700	973,269,400	50.00%
1996	524,700,430	1,049,400,860	50.00%
1997	562,999,000	1,125,998,000	50.00%
1998	601,102,842	1,202,205,684	50.00%
1999	621,863,600	1,243,727,200	50.00%
2000	642,090,100	1,284,180,200	50.00%
2001	655,545,597	1,311,091,194	50.00%
2002	661,353,400	1,322,706,800	50.00%
2003	686,502,782	1,373,005,564	50.00%

(1) 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 FUND	DEBT SERVICE FUND					
1994	64.56	39.72	30.87	135.15	27.42	185.93	86.70	435.20
1995	62.69	39.88	29.78	132.35	27.11	181.78	80.37	421.61
1996	61.56	37.68	29.02	128.26	26.34	174.32	67.91	396.83
1997	60.16	36.95	29.46	126.57	24.85	174.41	76.00	401.83
1998	59.23	36.85	29.60	125.68	25.81	173.76	67.54	392.79
1999	58.35	41.39	25.68	125.42	26.27	177.02	71.50	400.21
2000	61.22	41.02	25.97	128.21	28.10	184.78	68.86	409.95
2001	64.10	39.77	24.37	128.24	29.28	192.29	73.05	422.86
2002	62.48	40.96	27.19	130.63	29.81	208.99	75.23	444.66
2003	61.48	42.69	28.60	132.77	29.91	206.93	78.02	447.63

CITY OF MINOT, NORTH DAKOTA  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS

LEVY YEAR	CURRENT ASSESSMENT LEVY (1)	CURRENT COLLECTIONS (2)	PERCENT OF LEVY COLLECTED	OUTSTANDING CURRENT LEVY (3)	TOTAL COLLECTIONS (2)	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY	ADJUSTMENTS (4)	ACCUMULATED OUTSTANDING ASSESSMENTS (5)
1994	\$392,524	\$375,005	95.54%	\$17,519	\$404,852	103.14%	\$20,025	\$63,317
1995	388,624	316,563	81.46%	72,061	351,274	90.39%	59,246	41,421
1996	327,706	281,986	86.05%	45,720	295,464	90.16%	27,900	45,763
1997	339,583	293,135	86.32%	46,448	320,008	94.24%	32,129	33,209
1998	516,728	413,147	79.95%	103,581	426,733	82.58%	62,999	60,205
1999	550,739	445,360	80.87%	105,379	461,533	83.80%	58,698	90,713
2000	607,466	501,079	82.49%	106,387	514,937	84.77%	51,296	131,946
2001	628,466	560,694	89.22%	24,771	585,465	93.16%	10,239	164,708
2002	842,776	714,040	84.72%	47,539	761,579	90.37%	75,916	169,989
2003	805,530	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Amounts are certified to Ward County on November 1 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 assessment year.

(3) Current levy minus current collections

(4) Includes cancellations, foreclosures & change orders.

(5) Prior year accumulated outstanding assessments plus current year levy minus total collections less adjustments.

CITY OF MINOT, NORTH DAKOTA  
 COMPUTATION OF LEGAL DEBT MARGIN  
 DECEMBER 31, 2003

True And Full Value Of Taxable Property - 2003		<u>\$1,373,005,564</u>
Debt Limit - 8% of 50% of True And Full Value		\$54,920,223
Amount of Debt Applicable To Debt Limit:		
General Obligation Bonds	\$8,235,000	
Special Assessment Obligations (1)	<u>412,799</u>	
	8,647,799	
Less:		
Cash In Debt Service Funds (2)	<u>519,413</u>	
		<u>8,128,385</u>
Legal Debt Margin		<u><u>\$46,791,836</u></u>

(1) City's Share Of Construction Costs

90% Of Street Improvements	<u><u>\$412,799</u></u>
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(2) Sinking Funds

Highway	\$471,993
90% Special Assessment Debt	<u>47,420</u>
	<u><u>\$519,413</u></u>

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

FISCAL YEAR	POPULATION	ASSESSED VALUE (1)	GROSS BONDED DEBT (2)	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1994	34,544	\$442,710,612	\$4,550,000	\$528,383	\$4,021,617	0.91%	\$116.42
1995 (3)	35,352	486,634,700	4,135,000	449,549	3,685,451	0.76%	104.25
1996 (3)	35,352	524,700,430	3,745,000	660,303	3,084,697	0.59%	87.26
1997(3)	35,352	562,999,000	3,610,000	336,967	3,273,033	0.58%	92.59
1998(3)	35,352	601,102,842	6,060,000	455,532	5,604,468	0.93%	158.53
1999(3)	35,352	621,863,600	6,380,000	470,928	5,909,072	0.95%	167.15
2000	36,567	642,090,100	5,590,000	380,561	5,209,439	0.81%	142.46
2001	36,567	655,545,597	4,925,000	348,148	4,576,852	0.70%	125.16
2002	36,567	661,353,400	6,460,000	455,299	6,004,701	0.91%	164.21
2003	36,567	686,502,782	8,235,000	471,993	7,763,007	1.13%	212.30

(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  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
 GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
 LAST TEN FISCAL YEARS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL (1) GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1994	\$365,000	\$243,488	\$608,488	\$12,088,450	5.03%
1995	445,000	247,245	692,245	12,209,683	5.67%
1996	390,000	200,299	590,299	15,363,922	3.84%
1997	695,000	211,343	906,343	12,208,169	7.42%
1998	770,000	225,226	995,226	18,333,190	5.43%
1999	680,000	271,072	951,072	22,584,655	4.21%
2000	790,000	283,259	1,073,259	18,495,120	5.80%
2001	680,000	263,421	943,421	24,379,136	3.87%
2002	750,000	225,422	975,422	26,485,414	3.68%
2003	900,000	254,132	1,154,132	21,523,119	5.36%

(1) Expenditures from General and Special Revenue Funds.

CITY OF MINOT, NORTH DAKOTA  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 FOR THE PERIOD ENDED DECEMBER 31, 2003

GOVERNMENTAL UNIT	OUTSTANDING DEBT	SINKING FUNDS	NET DEBT	RATIO	CITY'S SHARE OF DEBT
MINOT SCHOOL DISTRICT	\$0	\$0	\$0	95.06%	\$0
MINOT PARK DISTRICT	0	0	0	100.00%	0
WARD COUNTY	286,055	110,733	175,322	64.51%	<u>113,090</u>
<u>OVERLAPPING DEBT</u>					113,090
CITY OF MINOT (DIRECT DEBT)			7,763,007	100.00%	<u>7,763,007</u>
TOTAL DIRECT AND OVERLAPPING DEBT					<u><u>\$7,876,097</u></u>

RATIOS USED

	2003 ASSESSED VALUE	2003 CITY'S ASSESSED VALUE	PERCENTAGE
MINOT SCHOOL DISTRICT	\$722,176,732	\$686,502,782	95.06%
MINOT PARK DISTRICT	686,502,782	686,502,782	100.00%
WARD COUNTY	1,064,254,072	686,502,782	64.51%

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

FISCAL YEAR	GROSS REVENUE	DIRECT(1) OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL (2)	INTEREST & FISCAL CHARGES	TOTAL	COVERAGE
1994	\$5,115,273	\$3,376,554	\$1,738,719	\$650,000	\$763,533	\$1,413,533	1.23
1995	5,275,241	3,313,649	1,961,592	850,000	556,820	1,406,820	1.39
1996	5,571,685	3,426,692	2,144,993	900,000	475,900	1,375,900	1.56
1997	5,789,347	3,683,986	2,105,361	960,000	426,000	1,386,000	1.52
1998	5,813,681	3,742,918	2,070,763	740,000	349,341	1,089,341	1.90
1999	5,564,054	3,924,868	1,639,186	663,522	348,736	1,012,258	1.62
2000	5,765,813	4,174,147	1,591,666	630,000	395,813	1,025,813	1.55
2001	6,067,731	4,055,897	2,011,834	750,000	425,118	1,175,118	1.71
2002	6,117,762	4,001,686	2,116,076	805,000	363,414	1,168,414	1.81
2003	6,365,265	4,351,564	2,013,701	825,000	325,874	1,150,874	1.75

(1) Excludes Depreciation.

(2) Permanent financing only.

CITY OF MINOT, NORTH DAKOTA  
SUMMARY OF DEBT STATISTICS  
DECEMBER 31, 2003

True And Full Value Of Taxable Property - 2003	\$1,373,005,564
Assessed Valuation - 2003	686,502,782
Direct Debt	7,763,007
Overlapping Debt	<u>117,483</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$7,880,490</u></u>

CITY OF MINOT DEBT STATISTICS

	AMOUNT	PER CAPITA (36,567)	PERCENT OF TRUE AND FULL VALUE	PERCENT OF ASSESSED VALUE
Direct Debt	\$7,763,007	\$212.30	0.565%	1.131%
Overlapping Debt	<u>117,483</u>	<u>3.22</u>	<u>0.009%</u>	<u>0.017%</u>
TOTALS	<u><u>\$7,880,490</u></u>	<u><u>\$222.91</u></u>	<u><u>0.574%</u></u>	<u><u>1.148%</u></u>

CITY OF MINOT, NORTH DAKOTA  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL LAND AND BUILDINGS (1)	RESIDENTIAL LAND AND BUILDINGS (1)	PUBLIC UTILITIES (1)	NUMBER ISSUED (2)	VALUE OF BUILDINGS (2)	BANK DEPOSITS (IN) (MILLIONS) (3)
1994	\$162,542,400	\$268,588,500	\$14,658,290	535	\$36,994,000	781.9
1995	175,756,500	296,883,600	13,958,900	554	34,436,000	859.2
1996	187,013,600	323,763,800	13,923,030	552	29,757,000	867.3
1997	196,348,600	349,821,500	16,828,900	486	31,092,000	**
1998	224,919,400	369,616,522	6,566,920	524	38,136,000	**
1999	231,353,730	383,797,250	6,712,620	441	30,714,000	**
2000	244,717,050	397,373,050	**	439	29,570,000	**
2001	240,964,250	407,031,567	7,549,780	399	20,595,000	**
2002	240,702,800	412,990,296	7,660,304	415	20,895,000	**
2003	253,660,900	450,984,770	8,523,130	486	39,104,000	**

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

(2) Data obtained from the City Inspection Office.

(3) Data obtained from the respective financial institutions.

(4) Includes banks, federal banks, and credit unions

\*\* This information is no longer available.

CITY OF MINOT, NORTH DAKOTA  
LEADING TAXPAYERS AND TAXABLE VALUES  
DECEMBER 31, 2003

TAXPAYER	TAXABLE VALUE	% OF TOTAL TAXABLE VALUE
Concordia Properties (Dakota Square)	\$2,497,090	3.88%
Investor's Real Estate Trust (IRET)	1,431,130	2.22%
Health Care Property Investors(Unimed)	564,700	0.88%
Northern States Power	467,820	0.73%
James & Mary Ommen	404,600	0.63%
Trinity	365,420	0.57%
Menard's Inc.	349,020	0.54%
International Inn	297,890	0.46%
Hoffman Ridge LTD (Wal-Mart)	289,290	0.45%
Dayton-Hudson Corporation(Target)	256,340	0.40%
Bremer Bank	255,330	0.40%
Johanneson's Property (Marketplace)	245,810	0.38%
Wells Fargo Bank ND	233,720	0.36%
Riverside Inc. (Holiday Inn)	233,170	0.36%
Farmer's Union	214,330	0.33%
Minot Town & Country Investors	203,410	0.32%
Gould Dakota Venture (K-Mart)	202,830	0.32%
Somerset Court Partners	196,720	0.31%
Montana Dakota Utilites	190,040	0.30%
Oakland Properties (Mobile Home Courts)	170,190	0.26%
ALL OTHERS	<u>55,254,116</u>	<u>85.90%</u>
Total Taxable Value	<u><u>\$64,322,966</u></u>	<u><u>100.00%</u></u>

CITY OF MINOT, NORTH DAKOTA  
 MISCELLANEOUS AND DEMOGRAPHIC STATISTICAL DATA

DATE OF INCORPORATION: July 16, 1887  
 DATE FIRST CHARTER ADOPTED: July 23, 1909  
 FORM OF GOVERNMENT: Home Rule, Council/Manager

YEAR	SQUARE MILES (1)
2003	14.9
2002	14.86
2001	14.833
2000	14.6075
1999	14.29

NUMBER OF CITY EMPLOYEES (1)
289 Full Time
34 Part Time

ELECTION	(1)
VOTES CAST	NO VOTER REGISTRATION REQUIRED IN NORTH DAKOTA.
18,397	Last General election (November 2002)
7,583	Last Municipal election (March 2002)

COMMUNICATIONS (2)	
Television Stations	3
Radio Stations	8
Cable Television	125 Channels
Daily Newspaper	1-Circulation of 22,700

	RECREATIONAL (1)
22	Parks (600 + acres)
1	Golf Course
16	Ball Diamonds
21	Tennis Courts
2	Swimming Pools
2	Indoor Ice-Skating Arena

OTHER FACILITIES (2)
62 Churches
1 Hospital
3 Libraries
15 Banking Facilities

YEAR	TOTAL TAXABLE SALES (3) As reported by sales and use tax permit holders
2003	\$562,646,219
2002	545,238,826
2001	537,932,451
2000	529,015,309
1999	520,956,059
1998	494,738,552
1997	511,529,313

- (1) Respective Departments
- (2) Chamber of Commerce
- (3) North Dakota Sales and Use Tax Statistical Report

CITY OF MINOT, NORTH DAKOTA  
 MISCELLANEOUS AND DEMOGRAPHIC STATISTICAL DATA

EDUCATIONAL FACILITIES (4)	NUMBER	ENROLLMENT
Elementary Schools	12	3,684
Junior High Schools	3	946
Senior High Schools	3	2,022
OTHER SCHOOLS:		
Minot State University	1	3,659
Private Jr./Sr. Highs	2	411
Parochial Elementary	3	326

YEAR	POPULATION (5)
2000	36,567
1990	34,544
1980	32,843
1970	32,290
1960	30,604
1950	22,032
1940	16,577

CITY BUS: (6)

City involvement in bus operations became permanent in November 1974 when City citizens voted in favor of a mill levy for a city owned and operated city-wide bus system. Early City Bus ridership averaged approximately 150 passengers per day. During the year 2003, 160,025 riders, an average of 533 per day rode the City Bus. Additional routes and vehicles are provided to handle peak traffic.

The public transportation department acquired a handicap accessible van during 1992. ADA complimentary transportation service is now provided.

ROSEHILL CEMETERY: (6)

Located in southeast Minot, Rosehill Cemetery is supported by a yearly tax levy and revenues received from lot sales and interment charges. Services are available to the citizens of the City of Minot and surrounding communities. The cemetery had 220 interments and 260 lot sales in 2003.

- (4) Minot Public Schools
- (5) Bureau of Census Data
- (6) Respective City Departments

CITY OF MINOT, NORTH DAKOTA  
 MISCELLANEOUS AND DEMOGRAPHIC STATISTICAL DATA

SANITATION UTILITY: (7)

The Sanitation Utility currently has 9,966 users. The City Sanitation service provides garbage curb pick-up service twice weekly to residential users. Sanitary landfill services are available six days a week, eight hours per day with extra hours at the landfill during the summer months. Trash service is provided twice each week to each household.

CITY AUDITORIUM: (7)

The municipal auditorium was financed by general obligation bonds and supported by a yearly tax levy and revenue received for rental and concessions. The complex has a total seating capacity of 5,066. In the year 2003, 234,689 persons attended 2,109 events in the 21 rooms.

WATER AND SEWER UTILITY: (7)

The goal of this enterprise is to provide safe and adequate water for all users on demand; provide functional and efficient water distribution and to continue to provide safe and reliable transportation of the wastewater from the residences and establishments to the wastewater pumping stations and the treatment facilities. The operation of the water and wastewater facilities will continue to promote and encourage education for the protection of the public health and improved environment.

The City's sewage system operates with 18 lift stations. Essentially all meters are now remote meters.

The City obtains its water supply from the Souris River, Minot aquifer and the Sundre Aquifer. A 18 million gallon per day water plant assures the citizens of Minot of a definite water supply for the years to come.

WATER PLANT STATISTICS	AMOUNTS
Consumers	11,545
Average gallons per day	8,082,000
Total 2003 gallons treated	2,236,058,000
Peak consumption 2003	11,578,000
Miles of water mains and sanitary sewers	Estimated at 160 miles each

(7) Respective City Departments

CITY OF MINOT, NORTH DAKOTA  
MISCELLANEOUS AND DEMOGRAPHIC STATISTICAL DATA

AIRPORT: (8)

The Minot International Airport provides the public and commercial airlines with an ultra modern commercial aviation terminal facility for the safe efficient air transportation of persons and goods. The commercial aviation terminal facility provides services for 70,528 annual enplaned commercial passengers (approximately the same number deplaned) and 1,099 commercial flights. The commercial aviation terminal provides housing for one commercial airlines, three car rental companies, restaurant, lounge, U.S. Customs offices, gift shop, security office, restrooms, and Airport Administration offices. The commercial terminal also supports a 400 car pay parking facility which provides a substantial revenue source to the Airport.

The newly constructed general aviation terminal provides housing for the airport fueling office, Pan Am Weather system, and pilot lounge available 24 hours daily. The GA Terminal also houses FAA Airway Facilities office and U.S. Customs and two air-freight companies.

Two fixed base operators are located on the airport property. The municipal airport owns 16 T-hangars which are rented to private aircraft owners and 13 privately owned aircraft hangars are located on the airport property. There are approximately 50 based aircraft on the airport.

The airport provides the fueling and servicing of approximately 9,000 aircraft each year and removes snow and ice from runways, taxiways, aircraft parking areas, both GA and Commercial, and landside snow removal for both terminals.

Built in 1974, the fire station houses State of the Art Aircraft Rescue and Fire Fighting Vehicles (ARFF) necessary to provide coverage as required under FAA Certification Rules.

The Airport provides land for our newly established Dakota Territory Air Museum and an Armed Forces Reserve Center. Both of these facilities are located on airport land at the north end of the airport.

MINOT AIR FORCE BASE: (9)

Located twelve miles north of Minot and a definite part of the community is one of the nation's largest Air Force bases. Minot Air Force Base serves as the home of over 11,556 active duty personnel and their dependents. Many of the personnel assigned to the base choose to reside in the City of Minot during their tour of duty and after their discharge. The relationship between the citizens of Minot and those of the base is one of mutual cooperation and friendliness. In a recent economic impact analysis, Minot Air Force Base had an economic impact of more than \$314.7 million to the Minot area in 2003.

(8) Respective City Departments

(9) Minot Air Force Base



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

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

Compliance

We have audited the compliance of **the City of Minot, North Dakota Airport**, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its Passenger Facility Charge Program for the year ended December 31, 2003. 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, 2003.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink that reads "Lida Bailey" followed by a stylized flourish.

Minot, North Dakota  
May 5, 2004



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot**, North Dakota, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2003, and have issued our report thereon dated May 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

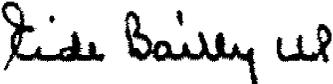
*Compliance*

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

*Internal Control Over Financial Reporting*

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

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

*Lide Bailey* 

Minot, North Dakota  
May 5, 2004



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

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

*Compliance*

We have audited the compliance of the **City of Minot**, North Dakota, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The **City of Minot**, North Dakota's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Minot, North Dakota's management. Our responsibility is to express an opinion of the **City of Minot**, North Dakota's compliance based on our audit.

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

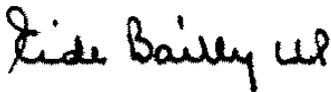
In our opinion, the **City of Minot**, North Dakota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

*Internal Control Over Compliance*

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

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

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

A handwritten signature in black ink that reads "Lide Bailey" followed by a stylized flourish.

Minot, North Dakota  
May 5, 2004

**CITY OF MINOT**  
**MINOT, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<i><b>U.S. DEPARTMENT OF JUSTICE</b></i>			
Direct Programs:			
Local Law Enforcement Block Grant		16.590	92,467
COPS		16.590	27,124
Total CFDA #16.590			<u>119,591</u>
Bullet Proof Vest Program		16.580	<u>6,576</u>
Passed-Through North Dakota Attorney General's Office:			
Narcotics Task Force		16.579	92,877
Rehab Services	D02-229	16.579	12,755
Domestic Violence Crisis Center	D01-223	16.579	15,886
Underage Drinking Law Enforcement		16.579	2,509
Total CFDA #16.579			<u>124,027</u>
Passed-Through North Dakota Department of Justice:			
Domestic Preparedness	PD-1	97.004	6,600
Domestic Preparedness	PD-2	97.004	181,971
Domestic Preparedness	PD-3	97.004	25,000
Weapons of Mass Destruction		97.004	113,509
Total CFDA #97.004			<u>327,080</u>
Total Department of Justice			<u>577,274</u>
<i><b>U.S. FEDERAL EMERGENCY MANAGEMENT</b></i>			
Citizens Corporation Council		83.564	<u>69,432</u>
Total Federal Emergency Management			<u>69,432</u>
<i><b>U.S. DEPARTMENT OF HEALTH</b></i>			
Passed through the State of North Dakota Health Department:			
STOP - Violence Against Women	#04-178 & #03-262	16.588	<u>1,928</u>
Total Department of Health			<u>1,928</u>

(continued on next page)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<b><i>U.S. DEPARTMENT OF TRANSPORTATION</i></b>			
Direct Programs:			
Airport Programs:			
#628		20.106	983,052
#629		20.106	253,644
#630		20.106	352,488
#631		20.106	332,624
Transportation Security Program		20.106	85,241
Total CFDA #20.106			2,007,049
Passed-Through North Dakota Department of Transportation			
Section 18		20.507	210,711
High School Seat Belt Program		20.600	695
Work Site Seat Belt Program		20.600	1,835
Innovative Seat Belt Program		20.600	36,595
Mayor's Council for Traffic Safety		20.600	28,542
Total CFDA #20.600			67,667
Saturation Patrol		20.601	2,295
Total Department of Transportation			2,287,722
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,936,356</b>

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

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

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

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

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

**CITY OF MINOT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2003**

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None

**CITY OF MINOT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2003**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the **City of Minot**.
2. No instances of noncompliance material to the financial statements of the **City of Minot** were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for the **City of Minot** expresses an unqualified opinion on all major federal programs.
4. No audit findings relative to the major federal award programs for the **City of Minot** are reported in this schedule.
5. The programs tested as major programs were Airport Improvement Grant, CFDA #20.106, and Department of Justice Programs CFDA #97.004.
6. The threshold for distinguishing a Type A program was \$300,000.
7. The **City of Minot** was determined to be a low-risk auditee.

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

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