

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

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

***FOR THE FISCAL YEAR***  
***ENDED DECEMBER 31, 2002***

PREPARED BY:  
DEPARTMENT OF FINANCE  
ROBERT E. FRANTSGOG, CITY AUDITOR

CITY OF MINOT, NORTH DAKOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

---

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Title Page	
Table Of Contents	i
Finance Director's Letter Of Transmittal	V
GFOA Certificate Of Achievement For Excellence In Financial Reporting	XI
Organizational Chart	XII
Principal Officers	XIII

<b>FINANCIAL SECTION</b>	<b>EXHIBIT</b>	<b>PAGE</b>
Independent Auditor's Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	13
Statement of Activities	2	15
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets		17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	5	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds	6	23
Statement of Net Assets – Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	8	26
Statement of Cash Flows – Proprietary Funds	9	28
Statement of Fiduciary Net Assets – Fiduciary Funds	10	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	11	31
Notes To The Financial Statements		33

Combining and Individual Non-Major Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	60
Combining Balance Sheet – Nonmajor Special Revenue Fund	B-1	61
Combining Statement of Revenues, Expenses and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	64
Combining Statement of Revenues, Expenses and Changes in Fund Balances-Budget and Actual – Nonmajor Special Revenue Funds	B-3	67
Combining Balance Sheet – Nonmajor Capital Project Funds	C-1	77
Combining Statement of Revenues, Expenses and Changes in Fund Balances – Nonmajor Capital Project Funds	C-2	79
Combining Balance Sheet – Nonmajor Proprietary Funds	D-1	81
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	D-2	82
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	D-3	83
Combining Statement of Net Assets – Internal Service Funds	E-1	85
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	E-2	86
Combining Statement of Cash Flows – Internal Service Funds	E-3	87
Combining Statement of Fiduciary Net Assets – Fiduciary Net Assets	F-1	89
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	F-2	90
Combining Statement of Net Assets – Agency Funds	G-1	91
Combining Statement of Changes in Assets and Liabilities – Agency Funds	G-2	92
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedule By Source	H-1	95
Schedule by Function and Activity	H-2	96
Schedule of Changes by Function and Activity	H-3	97
Schedule of Changes by Source	H-4	98

## STATISTICAL SECTION

## TABLE

Government-wide Information:		
Government-wide Expenses by Function	A	99
Government-wide Revenues by Source	B	100
Fund Information:		
General Governmental Expenditures By Function	1	101
General Governmental Revenues By Source	2	102
Property Tax Levies And Collections	3	103
Assessed And Estimated Actual Value Of Taxable Property	4	104
Property Tax Rates in Mills - Direct And Overlapping Governments	5	105
Special Assessment Billings And Collections	6	106
Computation Of Legal Debt Margin	7	107
Ratio Of Net General Bonded Debt To Assessed Value And Net Bonded Debt Per Capita	8	108

Ratio Of Annual Debt Service Expenditures For General Bonded Debt To		
Total General Expenditures	9	109
Computation of Direct And Overlapping Debt	10	110
Revenue Bond Coverage – Water And Sewer Bonds	11	111
Summary of Debt Statistics	12	112
Property Value, Construction, And Bank Deposits	13	113
Leading Taxpayers And Taxable Values	14	114
Miscellaneous And Demographic Statistical Data	15	115

## **SINGLE AUDIT SECTION**

Independent Auditor's Report On Compliance With Requirements Applicable To The Passenger Facility Charge Program And On Internal Control Over Compliance		119
Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>		121
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		123
Schedule Of Expenditures Of Federal Awards		125
Notes To Schedule of Expenditures of Federal Awards		126
Summary Schedule of Prior Audit Findings		127
Schedule Of Findings And Questioned Costs		128

THIS PAGE LEFT BLANK INTENTIONALLY

May 7, 2003

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, 2002. 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, 2002, 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.

### ***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 2002 was \$283.8 million. During 2002, the Minot Air Force Base had over \$52.5 million in construction, services and other expenditures. Minot Air Force Base serves as the home for over 10,150 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 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 Honorable Mayor, City Council and City Manager

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 20 through 23 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 67.

### ***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 is an extremely cost-efficient and cost-effective business location. Services, utilities, real estate – almost every cost involved in doing business is significantly lower in Minot than anywhere else in the United States.

Minot's centralized location in North America and its high-quality transportation make it an excellent site for both businesses and manufacturers.

The community and the local government are pro-business as well, offering needed resources, business counseling, and innovative financing opportunities. 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.

The City has a variety of industrial sites and industrial parks that are adaptable to virtually every business need. Minot can offer industrial and commercial property, as well as existing buildings, at very reasonable costs. One of the community's strengths is its room to grow a business: from a small enterprise to a major international firm.

The City continues with the practice of maintaining current levels of service, building cash reserves, and preserving our basic infrastructure in a responsible manner. To pursue that practice, the City will continue to obtain the maximum use of each dollar expended, and with an attitude of achieving and maintaining those objectives in an orderly and responsible manner.

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.



The Honorable Mayor, City Council and City Manager

**Long-term financial planning.** The City of Minot continually plans into the future for anticipated construction projects and infrastructure needs. One of our largest projects is the Northwest Area Water Supply Project (NAWS)-which will bring Missouri River water to Minot and Northwest North Dakota, ensuring an adequate water supply for the future. Construction began in 2002, with anticipated completion to Minot in 2007. The project will extend to Northwest North Dakota with that phase expected to last until 2014. Funding for the NAWS project is from a 1% City Sales Tax dedicated to this project, along with state and federal funding.

There are several highway projects anticipated. The 16<sup>th</sup> Street underpass is scheduled to be completed in the spring of 2003. The reconstruction of South Broadway from 7<sup>th</sup> Ave SW to 19<sup>th</sup> Ave SW will continue. The funding for these projects will come from the highway fund, along with state and federal funding.

Several facilities are scheduled for remodeling. The old fire station located at City Hall will be remodeled for additional space for the police department. This is scheduled to begin in early 2003. Construction of a 3 million gallon water storage facility on North Hill is scheduled for 2003. The City Bus Department will make improvements by adding two new bus stalls. The police department remodel will be funded with Sales Tax-Capital Improvement funds. The water tank will be funded with water and sewer revenues. The Bus building improvements will be funded through a Federal Grant in 2003.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, and various Federal Agency securities. The maturities of the investments range from 3 months to 2 years, with an average maturity of 8 months. The average yield on investments was 3.00 percent. (Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.)

**Risk management.** The City of Minot provides for health insurance claims with a self-funded insurance plan. A third party administrator operates the self-funded insurance plan. The financial statements of the plan are shown in the internal service funds of the City.

The City is a member of the North Dakota Insurance Reserve Fund. NDIRF is a self-insurance pool established to provide general liability, public official's errors and omissions, and auto and inland marine coverage for North Dakota state agencies and political subdivisions. The Fund also provides loss control and claim service.

Other risk management achievements include the implementation of a city-wide safety program, which provides for safety training, an accident review board, and accident prevention techniques. Additional information on the City of Minot's risk management activity can be found in Note V. A of the notes to the financial statements.

The Honorable Mayor, City Council and City Manager

**Pension and other postemployment benefits.** The City of Minot participates in two separate defined benefit pension plans. The City of Minot also provides postretirement health care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 23 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Minot's pension arrangements and postemployment benefits can be found in Notes V, C & D in the notes to the financial statements.

**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, 2001. This was the 19<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.

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 dark ink, appearing to read 'Robert Frantsvog', with a stylized, flowing script.

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, 2001

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.

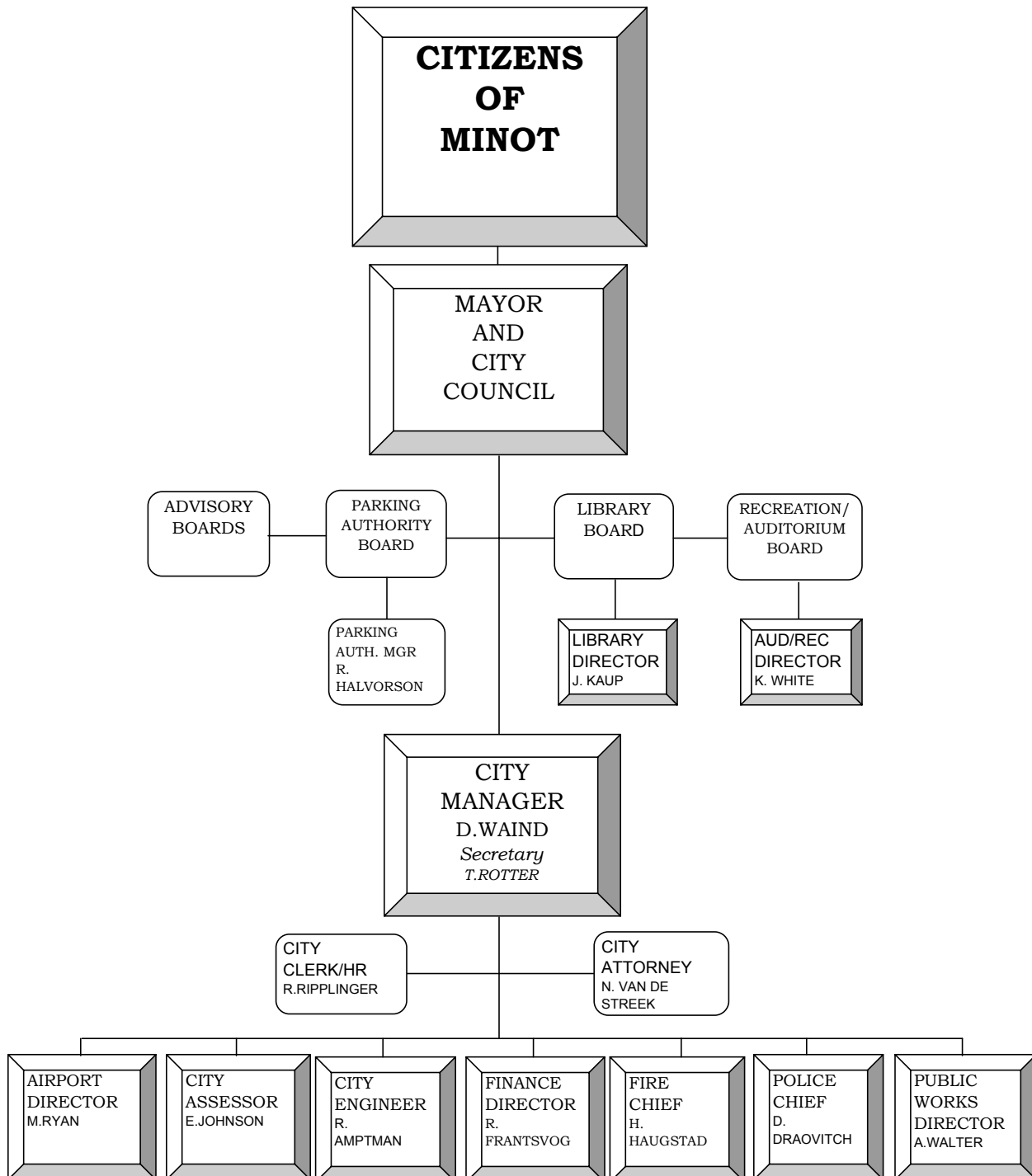


President

Executive Director

# CITY OF MINOT

## ORGANIZATIONAL CHART



***PRINCIPAL OFFICERS***

**CITY OF MINOT,  
NORTH DAKOTA**

***MAYOR***

***CURT ZIMBELMAN***

***MEMBERS OF THE CITY COUNCIL***

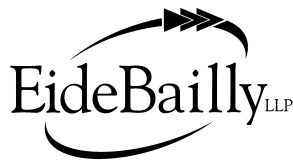
WARD 1:	LARRY FREY DAVE LEHNER
WARD 2:	NEIL LEIGH LEE SNYDER
WARD 3:	JIM HATLELID - PRESIDENT DEAN FRANTSVOG
WARD 4:	CHUCK BARNEY – VICE PRESIDENT TIM GREENHECK
WARD 5:	RONALD GARCIA DEAN SOMERVILLE
WARD 6:	ERNEST MEDALEN RANDY BURCKHARD
WARD 7:	BLAKE KRABSETH RON BOEN

***CITY MANAGER***

***DAVID W. WAIND***

***CITY AUDITOR***

***ROBERT E. FRANTSVOG***



Consultants • Certified Public Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot, North Dakota**, as of and for the year ended December 31, 2002, 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, 2002, 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.

As described in Note F., the City retroactively restated capital assets to include infrastructure assets as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2002.

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, 2002, 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, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 2003, 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 9 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 dark ink, reading "Linda Bailey" followed by a stylized monogram or initials.

Minot, North Dakota  
April 10, 2003

# 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, 2002, with comparative data for the fiscal year ended December 31, 2001. 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 \$11,327,315 as a result of the current year's operations. Net assets of our business type activities increased by \$ 5,029,943 or 10%, and net assets of our governmental activities increased by \$ 6,297,372 or 6.3%.
- Total revenues from all sources were \$43,371,904. This is an increase of \$ 967,038 over 2001. The majority of this increase was from increased property and tax revenues.
- Total cost of all programs was \$ 32,044,589. This is an increase of \$1,061,788 over 2001. The main reason for this increase was the additional depreciation expense associated with adding infrastructure to our Capital assets.
- Governmental net assets totaled \$46,458,914, which was an increase of \$ 6,297,372 over 2001. The main reason for this increase was the additions to infrastructure during 2002.
- Governmental revenues exceeded expenditures by \$6,297,372. In 2001, revenues exceeded expenditures by \$6,500,119.
- Unreserved fund balance for the General Fund was \$2,965,453, 24.2% of the total general fund expenditures. This is a decrease from 2001 by \$ 68,053.

### 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, and special assessment debt service fund. Data from the 21 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 59.

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 81.

The basic proprietary fund statements begin on page 24.

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 30.

### **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 33-58 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 59-98 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, 2002, with comparative data for the fiscal year ended December 31, 2001.

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 \$101,859,511 at the close of the most recent fiscal year.

By far the largest portion of the City of Minot's net assets (77%) 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.

<b>City of Minot Net Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	<b>2002</b>	2001-as restated	<b>2002</b>	2001-as restated	<b>2002</b>	2001-as restated
Current and other assets	\$20,293,106	\$18,335,892	\$ 6,105,042	\$ 6,190,293	\$ 26,398,148	\$ 24,526,185
Capital Assets	42,725,970	40,275,559	60,886,178	55,780,334	103,612,148	96,055,893
<b>Total Assets</b>	<b>63,019,076</b>	<b>58,611,451</b>	<b>66,991,220</b>	<b>61,970,627</b>	<b>130,010,296</b>	<b>120,582,078</b>
Long-term debt outstanding	15,107,150	17,127,950	10,576,691	10,931,686	25,683,841	28,059,636
Other liabilities	1,453,012	1,321,959	1,013,932	668,290	2,466,944	1,990,246
<b>Total liabilities</b>	<b>16,560,162</b>	<b>18,449,909</b>	<b>11,590,623</b>	<b>11,599,973</b>	<b>28,150,785</b>	<b>30,049,882</b>
Net Assets						
Invested in capital assets, net of related debt	27,618,820	23,417,609	50,309,487	44,848,648	77,928,307	67,996,257
Restricted	9,425,045	6,422,345	40,182	39,605	9,465,227	6,461,950
Unrestricted	9,415,049	10,591,588	5,050,928	5,482,401	14,465,977	16,073,989
<b>Total net assets</b>	<b>\$46,458,914</b>	<b>\$40,161,542</b>	<b>\$55,400,597</b>	<b>\$50,370,654</b>	<b>\$101,859,511</b>	<b>\$90,532,196</b>

An additional portion of the City of Minot's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$14,465,977 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2002, 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.

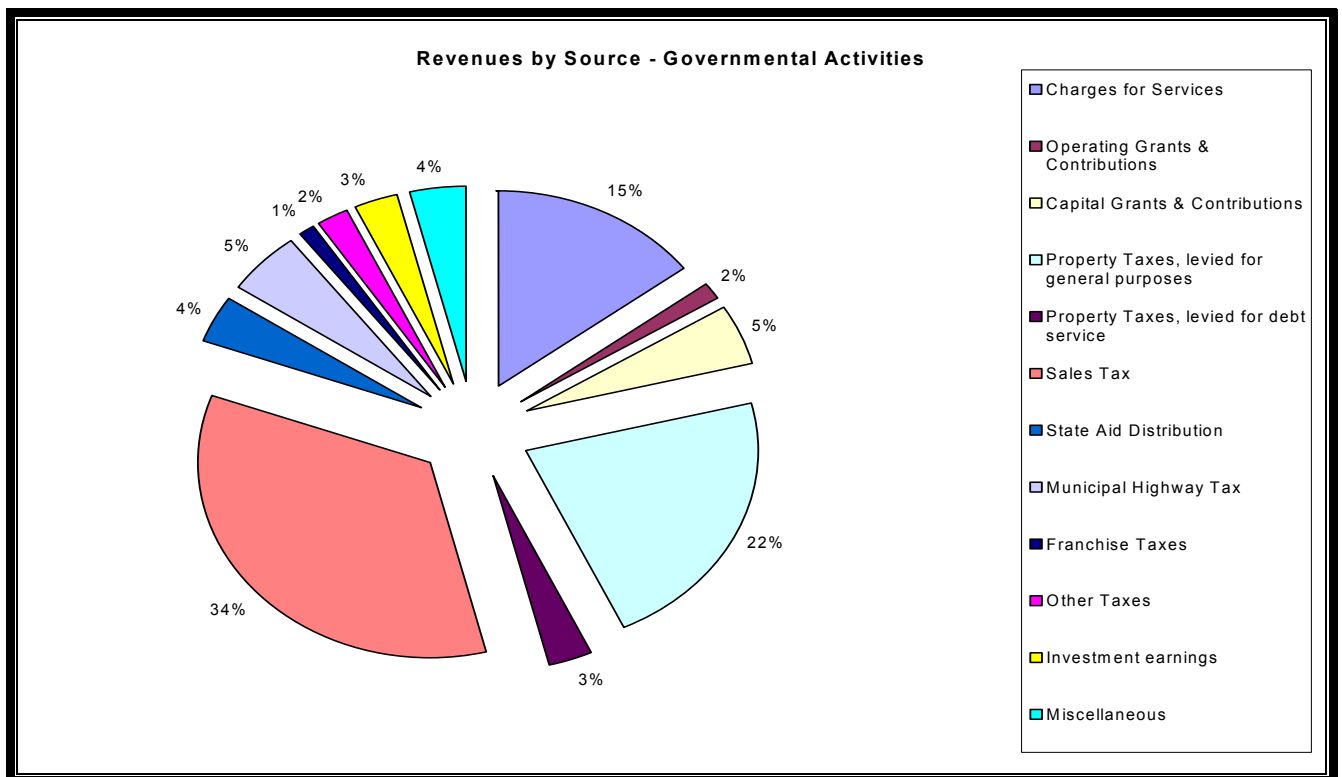
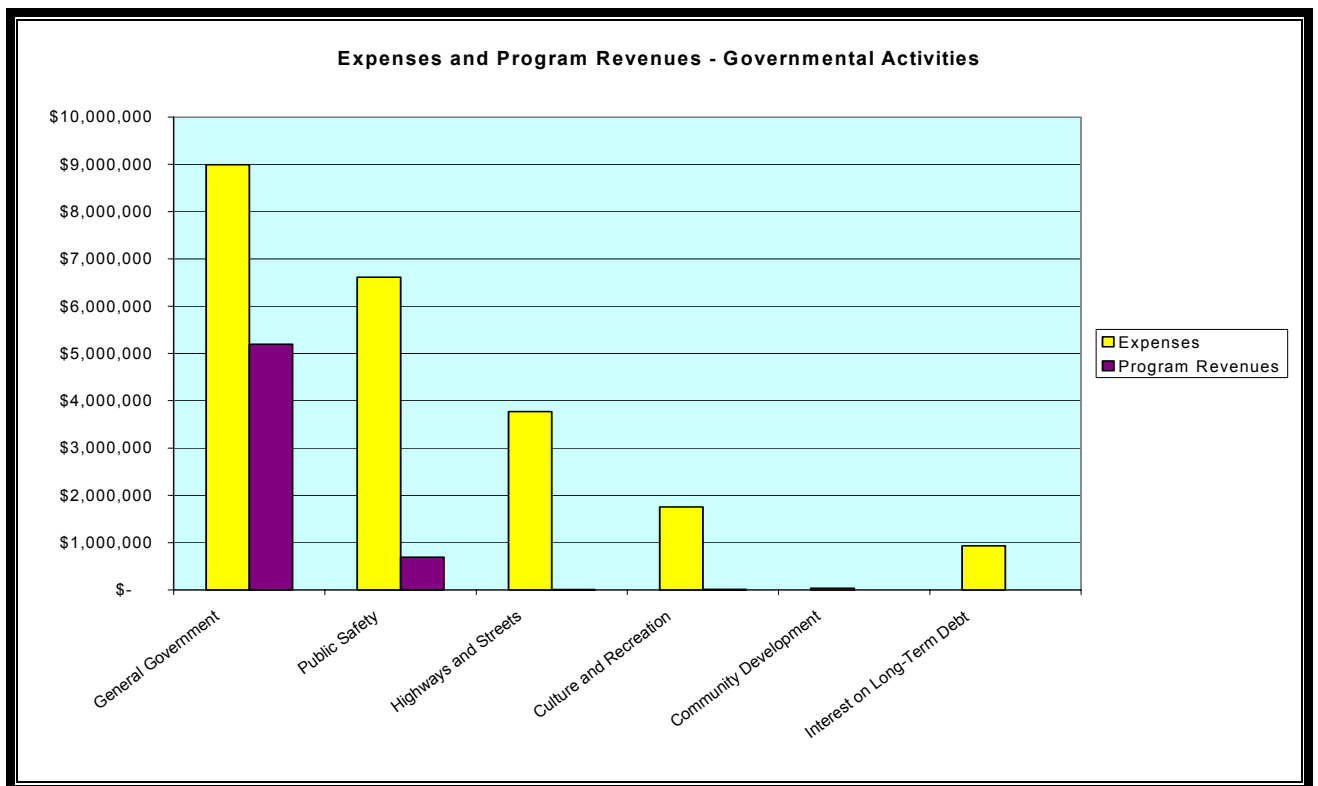
The City of Minot's net assets increased by \$11,327,315. The majority of this increase was due to additions to infrastructure.

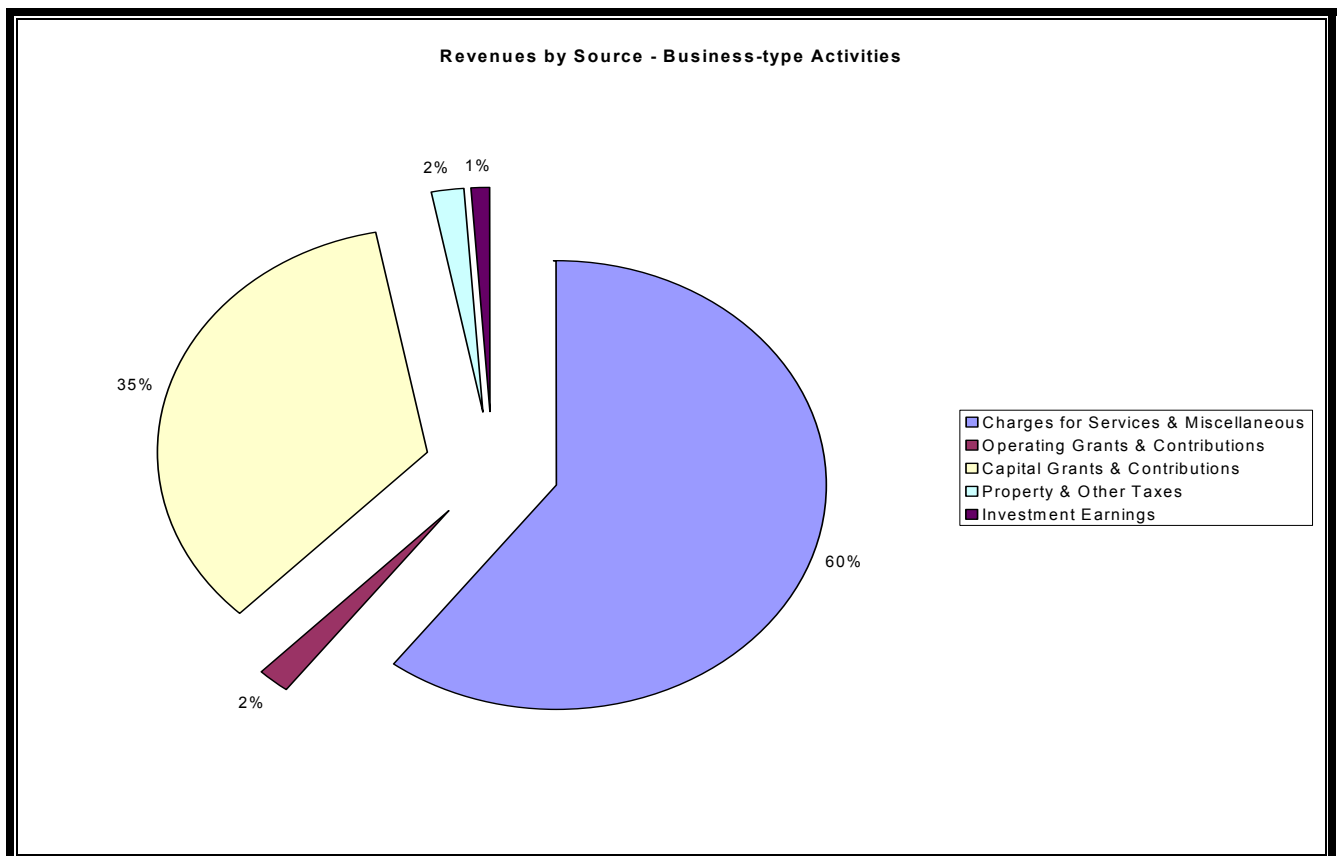
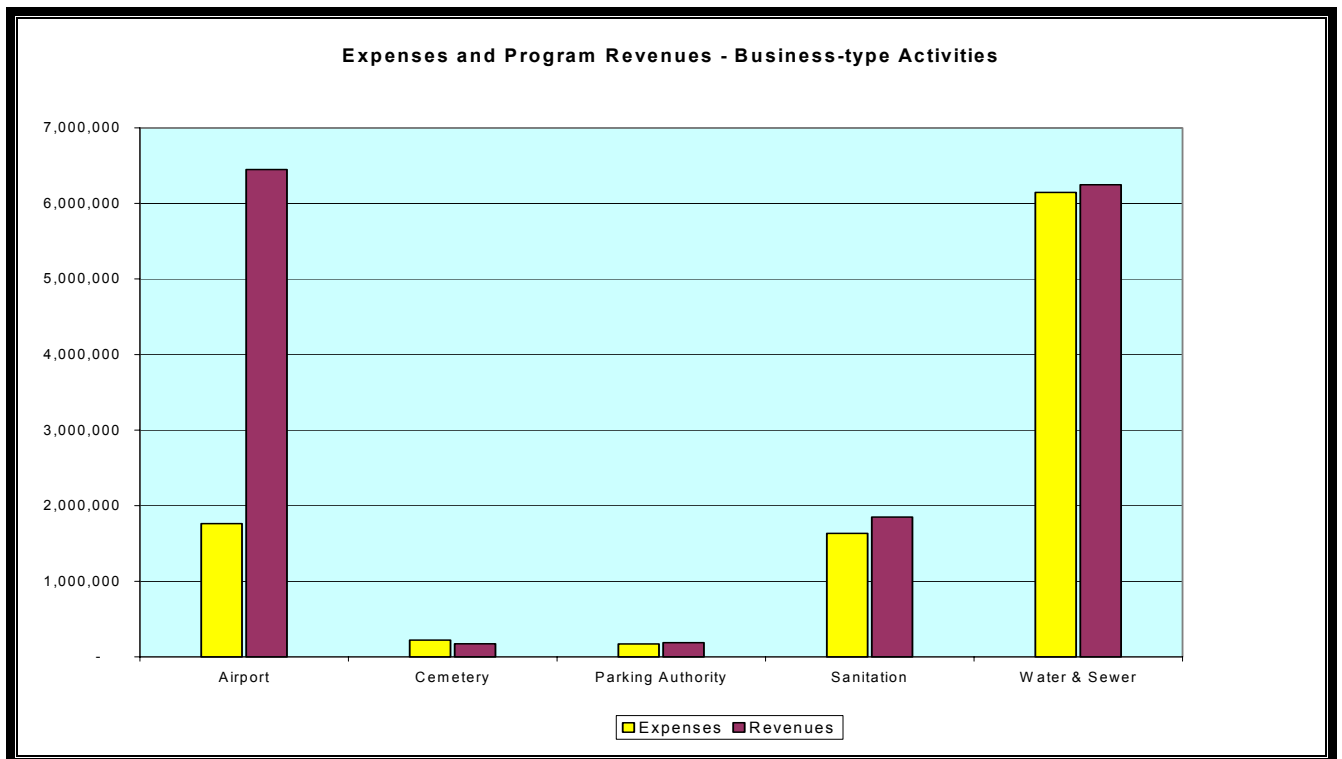
Business-type activities increased the City of Minot net assets by \$5,029,943, accounting for 44.4% of the total growth in the government's net assets. Capital contributions in the Airport account for the majority of this increase.

City of Minot Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2002	2001-as restated	2002	2001-as restated	2002	2001-as restated
Revenues						
Program Revenues:						
Charges for Services	\$ 4,100,684	\$ 3,506,927	\$ 9,263,614	\$9,288,196	\$13,364,298	\$12,795,123
Operating Grants and Contributions	433,898	1,670,318	283,684	167,182	717,582	1,837,500
Capital Grants and Contributions	1,379,845	1,478,747	5,359,145	4,899,936	6,738,990	6,378,683
General Revenues:						
Taxes	20,128,578	18,904,588	280,854	381,199	20,409,432	19,285,787
Investments Earnings	876,509	848,083	189,444	278,405	1,065,953	1,126,488
Miscellaneous	1,050,349	957,633	25,300	23,652	1,075,649	981,285
<b>Total Revenues</b>	<b>27,969,863</b>	<b>27,366,296</b>	<b>15,402,041</b>	<b>15,038,570</b>	<b>43,371,904</b>	<b>42,404,866</b>
Program Expenses:						
General Government	8,994,383	6,703,291			8,994,383	6,703,291
Public Safety	6,614,253	6,349,105			6,614,253	6,349,105
Highways and Streets	3,771,929	2,431,141			3,771,929	2,431,141
Culture and Recreation	1,757,139	1,937,281			1,757,139	1,937,281
Community Development	35,641	2,717,852			35,641	2,717,852
Interest on Long-Term Debt	934,073	900,023			934,073	900,023
Airport			1,763,660	1,889,375	1,763,660	1,889,375
Cemetery			222,538	214,164	222,538	214,164
Parking Authority			170,617	174,108	170,617	174,108
Sanitation			1,633,854	1,649,318	1,633,854	1,649,318
Water and Sewer			6,146,502	6,017,143	6,146,502	6,017,143
<b>Total Expenses</b>	<b>22,107,418</b>	<b>21,038,693</b>	<b>9,937,171</b>	<b>9,944,108</b>	<b>32,044,589</b>	<b>30,982,801</b>
Excess (deficiency) before transfers	5,862,445	6,327,603	5,464,870	5,094,462	11,327,315	11,422,065
Transfers	434,927	172,516	(434,927)	(172,516)	-	-
<b>Change in net assets</b>	<b>6,297,372</b>	<b>6,500,119</b>	<b>5,029,943</b>	<b>4,921,946</b>	<b>11,327,315</b>	<b>11,422,065</b>
<b>Ending Net Assets</b>	<b>\$46,458,914</b>	<b>\$40,161,542</b>	<b>\$55,400,597</b>	<b>\$50,370,654</b>	<b>\$101,859,511</b>	<b>\$90,532,196</b>

Governmental program revenues for operating grants and contributions increased as a result of federal dollars for bus purchases and state matching dollars for storm sewer and highway projects. Governmental program revenues for taxes increased primarily as the result of additional property and sales tax collections. Governmental program expenses for general government increased as a result of moving expenses that did not meet the capitalization threshold to general government. Governmental program expenses for highways and streets included increased depreciation expense as a result of adding infrastructure. Governmental program expenses for community development decreased pending revisions to the Economic Development fund.

Business-type program revenues for capital grants and contributions increased as a result of federal dollars for airport improvements and donated assets to the Water and Sewer fund.





## 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 \$13,634,380, an increase of \$1,198,478 in comparison with 2001. 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 *unreserved/ undesignated fund balance* is (\$305,721). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) \$402,468 to liquidate contracts and purchase orders of the prior period, 2) \$1,021,187 to pay debt service, 3) \$8,877,748 for capital improvements, or 4) \$3,638,698 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 \$2,965,453, while total fund balance reached \$2,995,355. 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 24.2% of total general fund expenditures, while total fund balance represents 24.4% of that same amount.

The fund balance of the City of Minot's general fund decreased by (\$65,632) during the current fiscal year. The main reason was interest revenues decreased due to declining interest rates.

The debt service fund has a total fund balance of \$1,021,187, all of which is reserved for the payment of debt service.

### **Propriety 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 \$1,127,611, for Sanitation \$894,854, and for Water and Sewer \$2,841,261. The non-major funds amounted to \$159,528 for a total unrestricted net assets of \$5,023,254. Total growth in net assets for these funds was \$5,023,013. The majority of this increase is attributable to an increase in capital contributions for the Airport and additional collections in user fees at the City's landfill.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor (\$3,078 in revenues and \$94,681 in expenditure appropriations) and can be briefly summarized as follows:

- \$3,078 in additional revenues in charges for services from agency funds
- \$3,000 in administration expenditure increases in general government activities
- \$1,275 in vehicle maintenance increases in general government activities
- \$82,370 in police patrol increases in public safety
- \$ 1,862 in fire control increases in public safety

- \$ 6,174 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, 2002, amounts to \$103,612,148 (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 began on the CP Railroad underpass.
- Phase I of the Northwest Area Water Supply Project began.
- 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
	2002	2001-as restated	2002	2001-as restated	2002	2001-as restated
Land	\$ 4,909,325	\$ 4,909,325	\$ 2,715,421	\$ 2,715,421	\$ 7,624,746	\$ 7,624,746
Infrastructure	26,671,419	24,811,755	0	0	26,671,419	24,811,755
Buildings	2,467,525	599,919	4,374,196	4,638,578	6,841,721	5,238,497
Improvements	90,853	113,923	32,752,328	34,443,902	32,843,181	34,557,825
Equipment	4,231,888	3,428,678	1,384,072	1,587,677	5,615,960	5,016,355
Construction in Progress	4,354,960	6,411,959	19,660,161	12,394,756	24,015,121	18,806,715
Total	\$ 42,725,970	\$ 40,275,559	\$ 60,886,178	\$ 55,780,334	\$103,612,148	\$96,055,893

Additional information on the City of Minot's capital assets can be found in note IV. D on pages 43-45 of this report.

### **Long-term Debt**

At year-end the City had total debt of \$ 26,449,109, a (decrease) of \$2,340,011 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 \$565,000, and for general obligation Highway Bonds \$1,835,000 and \$450,000. General Obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issued Airport Revenue Bonds for \$800,000.

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

The City's debt is limited to 8% of the assessed valuation of taxable property within the City of Minot or \$ 52,908,272. The City's legal debt margin is \$46,396,632. The net bonded debt per capita is \$164.21.



<b>City of Minot Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	<b>2002</b>	2001	<b>2002</b>	2001	<b>2002</b>	2001
General Obligation Bonds	\$ 6,460,000	\$ 4,925,000			\$ 6,460,000	\$ 4,925,000
Special Assessment Bonds	7,910,000	8,905,000			7,910,000	8,905,000
Revenue Bonds			\$ 7,984,386	\$ 8,174,386	7,984,386	8,174,386
Notes	-		1,965,122	2,015,029	1,965,122	2,015,029
Loans	-	1,190,000	627,183	742,271	627,183	1,932,271
Grants	737,150	2,107,950	-	-	737,150	2,107,950
Compensated Absences	576,389	551,860	188,879	177,624	765,268	729,484
Totals	\$15,683,539	\$17,679,810	\$10,765,570	\$11,109,310	\$26,449,109	\$28,789,120

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

Projects in 2002 that boosted the economy in Minot included, the addition and remodeling of the Minot State University Old Main building, phase II for \$1.47 million, and the construction of South Glen Village for \$2.1 million. For 2003, the City anticipates that the following projects will boost our economy. The addition and renovation of the Police Station/City Hall for \$1 million, the remodel of Central Campus High School for \$1.8 million, the remodel of Target for \$1.8 million, the construction of a major hotel, convention/water park for \$2 million, and a 7-unit condo building for \$0.5 million.

The 2003 budget for the City of Minot does not increase water rates, sewer rates, sanitation rates, storm sewer rates, cemetery rates or bus fares. The budget does anticipate an adjustment in 2003 in our building-related permits and fees. The value of a mill for the City is expected to increase from \$61,484 to \$62,641 per mill.

Total appropriations for operations for 2003 decreased by approximately \$82 thousand dollars from 2002. This 1.21% decrease is caused primarily by decreases in Capital Purchases and 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, 2002  
With Comparative Totals for December 31, 2001

	<i>Primary Government</i>			Total 2001 (as restated)
	Governmental Activities	Business-Type Activities	Total 2002	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,108,289	\$ 2,343,612	\$ 14,451,901	\$ 4,281,011
Investments	290,000	-	290,000	8,492,357
Receivables				
Taxes Receivable Deferred	231,300	-	231,300	389,950
Taxes Receivable Delinquent	360,424	5,156	365,580	373,367
Special Assessments Deferred	4,274,852	-	4,274,852	3,705,568
Special Assessments Delinquent	164,691	-	164,691	124,928
Accounts Receivable	134,066	849,472	983,538	1,062,978
Loans Receivable, net of Allowance	568,883	-	568,883	1,659,767
Accrued Interest Receivable	20,960	-	20,960	125,452
Internal Balances	74,194	(74,194)	-	-
Due From Other Agencies	1,773,253	249,164	2,022,417	1,580,745
Merchandise Inventory	292,194	58,734	350,928	329,536
Restricted Cash and cash equivalents	-	2,411,031	2,411,031	2,115,587
Capital Assets, net				
Non-Depreciable	9,264,285	22,375,582	31,639,867	26,431,461
Depreciable	33,461,685	38,510,596	71,972,281	69,624,432
Unamortized Issue Costs	-	183,610	183,610	196,671
Unamortized Interest on Refunding	-	78,457	78,457	88,268
Total Assets	63,019,076	66,991,220	130,010,296	120,582,078
<b>LIABILITIES</b>				
Accounts Payable	60,937	5,416	66,353	580
Retainage Payable	6,127	287,668	293,795	-
Due To Other Agencies	160,285	16,549	176,834	237,801
Accrued Vacation Payable	576,389	188,879	765,268	729,484
Accrued Salaries Payable	340,324	103,648	443,972	409,753
Insurance Claims Payable	68,832	-	68,832	86,589
Deferred Revenue	84,466	-	84,466	-
Long-term Liabilities (Note IV. H)				
Portion due or payable within one year:	3,172,150	1,122,053	4,294,203	7,323,133
Portion due or payable after one year:	11,935,000	9,454,638	21,389,638	20,736,503
Accrued Interest Payable	155,652	83,030	238,682	228,544
Customer Deposits	-	89,336	89,336	89,369
Accrued MSWLF Postcare Costs	-	239,406	239,406	208,126
Total Liabilities	16,560,162	11,590,623	28,150,785	30,049,882
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	27,618,820	50,309,487	77,928,307	67,996,257
Restricted for:				
Debt Service	1,021,187	-	1,021,187	136,142
Capital Projects	8,403,858	-	8,403,858	6,286,203
Other Purposes	-	40,182	40,182	39,605
Unrestricted	9,415,049	5,050,928	14,465,977	16,073,989
TOTAL NET ASSETS	\$ 46,458,914	\$ 55,400,597	\$ 101,859,511	\$ 90,532,196

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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

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 2001-as restated
					Governmental Activities	Business-Type Activities	Total 2002	
Primary government:								
Governmental Activities:								
General Government	\$ 8,994,383	\$ 3,531,166	\$ 289,859	\$ 1,379,845	\$ (3,793,513)	-	\$ (3,793,513)	\$ (760,906)
Public Safety	6,614,253	547,670	144,039	-	(5,922,544)	-	(5,922,544)	(5,652,986)
Highways and Streets	3,771,929	10,196	-	-	(3,761,733)	-	(3,761,733)	(2,425,445)
Culture and Recreation	1,757,139	11,652	-	-	(1,745,487)	-	(1,745,487)	(1,925,489)
Community Development	35,641	-	-	-	(35,641)	-	(35,641)	(2,717,852)
Interest on Long-Term Debt	934,073	-	-	-	(934,073)	-	(934,073)	(900,023)
Total Governmental Activities	22,107,418	4,100,684	433,898	1,379,845	(16,192,991)	-	(16,192,991)	(14,382,701)
Business-Type Activities:								
Airport	1,763,660	934,580	283,684	5,229,442	-	4,684,046	4,684,046	4,048,271
Cemetery	222,538	172,217	-	606	-	(49,715)	(49,715)	(65,470)
Parking Authority	170,617	187,177	-	-	-	16,560	16,560	19,314
Sanitation	1,633,854	1,849,448	-	-	-	215,594	215,594	343,455
Water and Sewer	6,146,502	6,120,192	-	129,097	-	102,787	102,787	65,636
Total Business-Type Activities	9,937,171	9,263,614	283,684	5,359,145	-	4,969,272	4,969,272	4,411,206
Total Primary Government	\$ 32,044,589	\$ 13,364,298	\$ 717,582	\$ 6,738,990	(16,192,991)	4,969,272	(11,223,719)	(9,971,495)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes					6,121,577	78,317	6,199,894	6,020,978
Property Taxes, levied for debt service					853,386	-	853,386	953,223
Sales Tax					9,668,627	-	9,668,627	8,993,959
State Aid Distribution					1,068,268	3,800	1,072,068	1,087,618
Municipal Highway Tax					1,490,695	-	1,490,695	1,443,352
Franchise Taxes					269,602	-	269,602	259,244
Other Taxes					656,423	198,737	855,160	527,413
Grants and contributions not restricted to specific programs					-	-	-	-
Investment earnings					876,509	189,444	1,065,953	1,126,488
Miscellaneous					1,050,349	25,300	1,075,649	981,285
Transfers					434,927	(434,927)	-	-
Total general revenues and transfers					22,490,363	60,671	22,551,034	21,393,560
Change in Net Assets					6,297,372	5,029,943	11,327,315	11,422,065
Net Assets-January 1					18,358,087	43,494,665	61,852,752	79,110,131
Prior Period Adjustment					21,803,455	6,875,989	28,679,444	-
Net Assets-January 1 as restated					40,161,542	50,370,654	90,532,196	79,110,131
Net Assets-December 31					\$ 46,458,914	\$ 55,400,597	\$ 101,859,511	\$ 90,532,196

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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

ASSETS	SPECIAL REVENUE FUNDS						TOTAL GOVERNMENTAL FUNDS 2002	TOTAL GOVERNMENTAL 2001-as restated
	GENERAL FUND	SALES TAX	SALES TAX	DEBT SERVICE FUNDS		OTHER GOVERNMENTAL FUNDS		
		ECONOMIC	NW AREA	HIGHWAY	ASSESSMENT			
		DEVELOPMENT	WATER	DEBT	DEBT			
Cash And Cash Equivalents	\$983,204	\$0	\$7,893,981	\$452,690	\$466,208	\$1,564,371	\$11,360,454	\$2,591,971
Investments	-	290,000	-	-	-	-	290,000	6,692,357
Taxes Receivable Deferred	-	-	-	-	231,300	-	231,300	389,950
Taxes Receivable Delinquent	201,135	-	-	28,808	21,184	109,297	360,424	366,878
Special Assessments Deferred	16,352	-	-	-	4,252,887	5,613	4,274,852	3,705,568
Special Assessments Delinquent	7,727	-	-	-	154,837	2,127	164,691	124,928
Accounts Receivable	123,273	-	-	-	-	10,224	133,497	278,472
Loans Receivable	-	1,159,284	-	-	-	-	1,159,284	2,325,168
Allowance For Loans Receivable	-	(590,401)	-	-	-	-	(590,401)	(665,401)
Accrued Interest Receivable	20,960	-	-	-	-	-	20,960	125,452
Advance To Other Funds	-	-	-	-	-	2,358,030	2,358,030	2,964,000
Due From Other Funds	1,690,354	-	-	-	466,730	1,259,812	3,416,896	3,491,115
Due From Other Agencies	710,877	203,951	509,877	-	-	348,548	1,773,253	1,327,312
Merchandise Inventory	-	-	-	-	-	4,986	4,986	5,414
TOTAL ASSETS	\$3,753,882	\$1,062,834	\$8,403,858	\$481,498	\$5,593,146	\$5,663,008	\$24,958,226	\$23,723,184
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$38,221	\$38,221	\$30
Retainage Payable	-	-	-	-	-	6,127	6,127	-
Advance From Other Funds	-	1,989,030	-	-	369,000	-	2,358,030	2,964,000
Due To Other Funds	-	1,686,161	-	-	-	1,652,348	3,338,509	3,237,112
Due To Other Agencies	157,625	-	-	-	-	2,660	160,285	225,650
Accrued Salaries Payable	310,025	-	-	-	-	30,299	340,324	318,755
Deferred Revenue	290,877	-	-	26,199	4,658,258	107,016	5,082,350	4,541,735
TOTAL LIABILITIES	758,527	3,675,191	-	26,199	5,027,258	1,836,671	11,323,846	11,287,282
FUND BALANCE								
Reserved For Encumbrances	29,902	-	-	-	-	372,566	402,468	35,671
Reserved For Advances	-	-	-	-	-	2,358,030	2,358,030	2,964,000
Reserved For Merchandise Inventory	-	-	-	-	-	4,986	4,986	5,414
Reserved For Economic Development	-	290,000	-	-	-	-	290,000	290,000
Reserved For Property Tax Relief	-	-	-	-	-	80,199	80,199	174,492
Reserved For Capital Improvements	-	-	8,403,858	-	-	473,890	8,877,748	6,724,188
Reserved For Loans Receivable	-	568,883	-	-	-	-	568,883	1,659,767
Unreserved								
Designated								
Memorial	-	-	-	-	-	684	684	1,316
Maintenance and Operations	-	-	-	-	-	335,916	335,916	239,946
Debt Retirement	-	-	-	455,299	565,888	-	1,021,187	136,142
Undesignated	2,965,453	(3,471,240)	-	-	-	-	(505,787)	(1,256,685)
Undesignated-Nonmajor Funds								
Special Revenue Funds	-	-	-	-	-	551,300	551,300	1,065,704
Capital Project Funds	-	-	-	-	-	(351,234)	(351,234)	395,947
TOTAL FUND BALANCE (DEFICIT)	2,995,355	(2,612,357)	8,403,858	455,299	565,888	3,826,337	13,634,380	12,435,902
TOTAL LIABILITIES AND FUND BALANCE	\$3,753,882	\$1,062,834	\$8,403,858	\$481,498	\$5,593,146	\$5,663,008	\$24,958,226	\$23,723,184

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

**City of Minot, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**December 31, 2002**

---

Total <i>fund balances</i> for governmental funds (Exhibit 3)	\$ 13,634,380
---	---------------

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	
Infrastructure, net of accumulated depreciation	26,671,419	
Construction in progress	4,354,960	
Buildings and improvements, net of accumulated depreciation	2,558,378	
Equipment, net of accumulated depreciation	4,231,888	
Total Capital Assets (See Note IV.D)		42,725,970

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:	939,871
--	---------

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	4,997,884
--	-----------

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)	(15,839,191)
--	--------------

Total net assets of governmental activities (Exhibit 1):	\$ 46,458,914
--	---------------

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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	GENERAL FUND	SALES TAX ECONOMIC DEVELOPMENT	SALES TAX NW AREA WATER	HIGHWAY DEBT	ASSESSMENT DEBT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS 2002	TOTAL GOVERNMENTAL 2001
<b>REVENUES</b>								
Property Tax Collections	\$4,003,867	\$0	\$0	\$513,038	\$340,348	\$2,055,137	\$6,912,390	\$6,775,332
Special Assessment Collections	4,538	-	-	-	818,603	2,937	826,078	644,304
Sales Tax Collections	-	1,900,969	4,916,205	-	-	2,851,453	9,668,627	8,993,959
Licenses and Permits	345,873	-	-	-	-	-	345,873	344,806
Intergovernmental	4,007,089	-	-	-	-	289,859	4,296,948	5,123,131
Charges For Services	2,464,734	-	-	-	-	425,115	2,889,849	2,295,849
Fines and Forfeits	431,493	-	-	-	-	-	431,493	444,103
Interest Income	221,311	164,556	249,269	18,100	69,909	153,364	876,509	848,083
Miscellaneous	113,679	16,988	-	-	389,052	530,630	1,050,349	957,633
<b>TOTAL REVENUES</b>	<b>\$11,592,584</b>	<b>\$2,082,513</b>	<b>\$5,165,474</b>	<b>\$531,138</b>	<b>\$1,617,912</b>	<b>\$6,308,495</b>	<b>\$27,298,116</b>	<b>\$26,427,200</b>
<b>EXPENDITURES</b>								
Current								
General Government	4,219,104	-	2,798,550	-	-	1,655,327	8,672,981	6,526,829
Public Safety	6,349,779	-	-	-	-	-	6,349,779	6,084,587
Highways and Streets	1,450,581	-	-	-	-	1,136,826	2,587,407	2,322,209
Culture and Recreation	-	-	-	-	-	1,614,088	1,614,088	1,901,854
Economic Development	-	35,641	-	-	-	-	35,641	2,717,852
Capital Outlay								
Contracted Work	-	-	-	-	-	1,944,357	1,944,357	2,390,457
Equipment	-	-	-	-	-	1,307,926	1,307,926	1,089,133
Legal	-	-	-	-	-	46,331	46,331	23,622
Other	-	-	-	-	-	53,579	53,579	427,416
Architect	-	-	-	-	-	103,312	103,312	73,969
Acquisitions	-	-	-	-	-	203,360	203,360	85,692
Engineering	-	-	-	-	-	695,771	695,771	404,970
Debt Retirement								
Principal Retirement	-	2,560,800	-	750,000	1,560,000	-	4,870,800	2,510,000
Interest and Fiscal Charges	246,147	63,935	-	225,422	381,992	-	917,496	760,948
<b>TOTAL EXPENDITURES</b>	<b>12,265,611</b>	<b>2,660,376</b>	<b>2,798,550</b>	<b>975,422</b>	<b>1,941,992</b>	<b>8,760,877</b>	<b>29,402,828</b>	<b>27,319,538</b>
Revenues Over (Under) Expenditures	(673,027)	(577,863)	2,366,924	(444,284)	(324,080)	(2,452,382)	(2,104,712)	(892,338)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from G.O. Bonds	-	-	-	-	-	2,850,000	2,850,000	1,530,000
Refunding Bonds Issued	-	-	-	-	-	-	-	1,740,000
Premium (Discount) on Debt Issued	-	-	-	-	-	(4,759)	(4,759)	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(1,725,000)
Transfers IN	890,311	355,930	-	569,535	1,816,209	2,777,963	6,409,948	3,940,832
Transfers OUT	(282,916)	(50,000)	(249,269)	(18,100)	(714,235)	(4,637,479)	(5,951,999)	(3,766,827)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>607,395</b>	<b>305,930</b>	<b>(249,269)</b>	<b>551,435</b>	<b>1,101,974</b>	<b>985,725</b>	<b>3,303,190</b>	<b>1,719,005</b>
Change in Fund Balance	(65,632)	(271,933)	2,117,655	107,151	777,894	(1,466,657)	1,198,478	826,667
FUND BALANCE(DEFICIT), JANUARY 1	3,060,987	(2,340,424)	6,286,203	348,148	(212,006)	5,292,994	12,435,902	11,609,235
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$2,995,355</b>	<b>(\$2,612,357)</b>	<b>\$8,403,858</b>	<b>\$455,299</b>	<b>\$565,888</b>	<b>\$3,826,337</b>	<b>\$13,634,380</b>	<b>\$12,435,902</b>

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

**City of Minot, North Dakota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2002**

---

Net change in <i>fund balances</i> -total governmental funds (Exhibit 4)	\$	1,198,478
--	----	-----------

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		2,465,716
--	--	-----------

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	(2,285,000)	
Special Assessment Refunding	(565,000)	
Repayments:		
Premium (Discount) on Debt Issued	4,759	
For bond principal	<u>4,870,800</u>	
Net Adjustment		2,025,559

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		(16,577)
Compensated Absences		(24,529)

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	1,379,845	
Amount shown as revenue in governmental funds	<u>(826,078)</u>	
Net Adjustment		553,767

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.

		<u>94,958</u>
--	--	---------------

Change in net assets of governmental activities (Exhibit 2)	\$	<u><u>6,297,372</u></u>
---	----	-------------------------

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

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

REVENUES	BUDGETED AMOUNTS		2002 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2001 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
PROPERTY TAX COLLECTIONS	\$3,940,994	\$3,940,994	\$4,003,867	\$62,873	\$3,751,461
SPECIAL ASSESSMENTS COLLECTIONS	-	-	4,538	4,538	12,220
LICENSES AND PERMITS					
Licenses	200,000	200,000	183,546	(16,454)	174,940
Permits	210,000	210,000	162,327	(47,673)	169,866
TOTAL LICENSES AND PERMITS	410,000	410,000	345,873	(64,127)	344,806
INTERGOVERNMENTAL					
FEDERAL:					
Drug Task Force	101,315	101,315	75,166	(26,149)	90,647
Universal Hiring Cops	47,763	47,763	68,873	21,110	45,629
STATE:					
Highway Fund	1,443,000	1,443,000	1,490,695	47,695	1,443,352
State Aid Distribution	1,125,000	1,125,000	1,068,268	(56,732)	1,083,818
Cigarette Tax	98,425	98,425	100,525	2,100	102,572
Estate Tax	110,000	110,000	421,071	311,071	59,941
Gas and Oil Production Tax	11,600	11,600	8,141	(3,459)	9,264
Telecommunications Tax	103,000	103,000	105,617	2,617	104,417
Senior Citizen Property Tax Credit	35,000	35,000	30,524	(4,476)	33,508
Fire Insurance Refund	45,000	45,000	46,691	1,691	51,313
Gambling Tax Revenue	40,000	40,000	21,069	(18,931)	4,204
COUNTY:					
Road And Bridge	2,800	2,800	3,014	214	2,981
Joint Communications	187,684	187,684	178,066	(9,618)	182,847
Information Services	78,077	78,077	80,514	2,437	63,223
OTHER:					
Housing Authority	30,000	30,000	25,035	(4,965)	27,996
Parking Authority	4,000	4,000	4,000	-	4,000
Cable TV	276,000	276,000	269,602	(6,398)	259,244
Damage Claims	10,000	10,000	4,820	(5,180)	12,642
Public Schools	2,000	2,000	2,000	-	2,000
Policing-Central Campus	-	-	3,398	3,398	5,491
TOTAL INTERGOVERNMENTAL	3,750,664	3,750,664	4,007,089	256,425	3,589,089
CHARGES FOR SERVICES					
Engineering & Administrative	400,000	400,000	561,042	161,042	123,231
Utility & Special Funds	950,614	950,614	910,129	(40,485)	854,448
Agency Funds	929,799	932,877	934,793	1,916	835,479
Fleet Labor	60,210	60,210	58,770	(1,440)	48,651
TOTAL CHARGES FOR SERVICES	2,340,623	2,343,701	2,464,734	121,033	1,861,809



**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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	BUDGETED AMOUNTS		2002 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2001 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
<b>REVENUES</b>					
FINES AND FORFEITS					
Parking Tickets	\$80,000	\$80,000	\$70,671	(\$9,329)	\$86,197
Police Court	608,000	608,000	360,822	(247,178)	357,906
TOTAL FINES AND FORFEITS	688,000	688,000	431,493	(256,507)	444,103
INTEREST INCOME	647,500	647,500	221,311	(426,189)	251,540
MISCELLANEOUS REVENUES					
Work For Others	10,000	10,000	9,812	(188)	15,505
Miscellaneous	100,000	100,000	91,309	(8,691)	103,282
Towing Fees	11,000	11,000	12,558	1,558	15,445
TOTAL MISCELLANEOUS REVENUES	121,000	121,000	113,679	(7,321)	134,232
TOTAL REVENUES	11,898,781	11,901,859	11,592,584	(309,275)	10,389,260
<b>EXPENDITURES</b>					
GENERAL GOVERNMENT					
Mayor and City Council	110,006	110,006	108,278	1,728	106,367
City Manager	148,171	148,171	147,641	530	138,812
City Clerk	155,173	155,173	153,630	1,543	136,586
City Attorney	64,860	64,860	68,928	(4,068)	79,028
Administrative and General	500,428	503,428	532,860	(29,432)	188,503
Finance	354,600	354,600	352,619	1,981	333,005
Information Technology	264,625	264,625	253,632	10,993	231,346
Property Assessment	264,872	264,872	254,236	10,636	238,928
Building Inspection	288,984	288,984	285,099	3,885	268,783
Traffic and Planning	652,378	652,378	642,495	9,883	652,093
Engineering	503,292	503,292	498,189	5,103	460,569
Vehicle Maintenance	461,889	463,164	432,394	30,770	401,644
Property Maintenance	251,357	251,357	239,952	11,405	232,743
Public Works Administration	250,678	250,678	249,151	1,527	217,319
Social Services	-	-	-	-	281,432
TOTAL GENERAL GOVERNMENT	4,271,313	4,275,588	4,219,104	56,484	3,967,158
PUBLIC SAFETY					
Police Administration	577,647	577,647	578,129	(482)	531,816
Police Patrol	2,182,399	2,264,769	2,154,465	110,304	2,039,318
Narcotics & Criminal Investigations	557,521	557,521	494,545	62,976	488,460
Narcotics Task Force	117,808	117,808	102,171	15,637	103,726
Telecommunications Division	536,241	536,241	491,934	44,307	492,512
Municipal Judge	105,435	105,435	93,108	12,327	99,039
Fire Administration	284,299	284,299	258,094	26,205	256,749
Fire Control	2,248,755	2,250,617	2,177,333	73,284	2,072,967
TOTAL PUBLIC SAFETY	6,610,105	6,694,337	6,349,779	344,558	6,084,587

**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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	BUDGETED AMOUNTS		2002 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2001 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
<b>EXPENDITURES</b>					
HIGHWAYS AND STREETS					
Street & Storm Sewer Mtce	\$1,472,675	\$1,478,849	\$1,450,581	\$28,268	\$1,469,768
TOTAL HIGHWAYS AND STREETS	1,472,675	1,478,849	1,450,581	28,268	1,469,768
INTEREST EXPENDITURE	-	-	246,147	(246,147)	-
TOTAL EXPENDITURES	12,354,093	12,448,774	12,265,611	183,163	11,521,513
Revenues (Under) Expenditures	(455,312)	(546,915)	(673,027)	(126,112)	(1,132,253)
OTHER FINANCING SOURCES (USES)					
Transfers In	278,000	278,000	890,311	612,311	937,687
Transfers Out	-	-	(282,916)	(282,916)	(243,238)
TOTAL OTHER FINANCING SOURCES (USES)	278,000	278,000	607,395	329,395	694,449
Change in Fund Balance	(\$177,312)	(\$268,915)	(65,632)	\$203,283	(437,804)
FUND BALANCE, JANUARY 1			3,060,987		3,498,791
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$2,995,355</b>		<b>\$3,060,987</b>

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

CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL  
MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	SALES TAX-ECONOMIC DEVELOPMENT			SALES TAX-NW AREA WATER			2002 ACTUAL TOTALS	2001 ACTUAL TOTALS
	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	\$1,864,776	\$1,900,969	\$36,193	\$4,553,868	\$4,916,205	\$362,337	\$6,817,174	\$6,272,670
Interest Income	-	164,556	164,556	-	249,269	249,269	413,825	271,809
Miscellaneous	-	16,988	16,988	-	-	-	16,988	52,806
<b>TOTAL REVENUES</b>	<b>1,864,776</b>	<b>2,082,513</b>	<b>217,737</b>	<b>4,553,868</b>	<b>5,165,474</b>	<b>611,606</b>	<b>7,247,987</b>	<b>6,597,285</b>
<b>EXPENDITURES</b>								
Current								
General Government	-	-	-	-	2,798,550	(2,798,550)	2,798,550	1,727,262
Economic Development	2,120,746	35,641	2,085,105	-	-	-	35,641	2,717,852
Debt Retirement								
Principal Retirement	-	2,560,800	(2,560,800)	-	-	-	2,560,800	220,000
Interest and Fiscal Charges	-	63,935	(63,935)	-	-	-	63,935	110,414
Intergovernmental	-	-	-	4,503,868	-	4,503,868	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,120,746</b>	<b>2,660,376</b>	<b>(539,630)</b>	<b>4,503,868</b>	<b>2,798,550</b>	<b>1,705,318</b>	<b>5,458,926</b>	<b>4,775,528</b>
Revenues Over (Under) Expenditures	(255,970)	(577,863)	321,893	50,000	2,366,924	(2,316,924)	1,789,061	1,821,757
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	305,970	355,930	49,960	-	-	-	355,930	30,636
Transfers Out	(50,000)	(50,000)	-	(50,000)	(249,269)	(199,269)	(299,269)	(408,017)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>255,970</b>	<b>305,930</b>	<b>49,960</b>	<b>(50,000)</b>	<b>(249,269)</b>	<b>(199,269)</b>	<b>56,661</b>	<b>(377,381)</b>
Change in Fund Balance	<u>\$0</u>	(271,933)		<u>\$0</u>	2,117,655		1,845,722	1,444,376
FUND BALANCE(DEFICIT), JANUARY 1		<u>(2,340,424)</u>			<u>6,286,203</u>		<u>3,945,779</u>	<u>2,501,403</u>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>(\$2,612,357)</b></u>			<u><b>\$8,403,858</b></u>		<u><b>\$ 5,791,501</b></u>	<u><b>\$ 3,945,779</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2002	TOTAL 2001
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>ASSETS</b>								
CURRENT ASSETS:								
Cash And Cash Equivalents	\$526,770	\$1,069,580	\$528,853	\$190,735	\$2,315,938	\$775,509	\$3,091,447	\$1,689,040
Investments	-	-	-	-	-	-	-	1,800,000
Taxes Receivable Delinquent	3,413	-	-	1,743	5,156	-	5,156	6,489
Accounts Receivable	119,153	143,166	562,381	24,772	849,472	569	850,041	784,506
Due From Other Agencies	249,122	-	42	-	249,164	-	249,164	253,433
Merchandise Inventory	58,734	-	-	-	58,734	287,208	345,942	324,122
TOTAL CURRENT ASSETS	957,192	1,212,746	1,091,276	217,250	3,478,464	1,063,286	4,541,750	4,857,590
NONCURRENT ASSETS:								
RESTRICTED ASSETS								
Cash And Cash Equivalents	473,953	-	1,937,078	-	2,411,031	-	2,411,031	2,115,587
CAPITAL ASSETS								
Land	1,109,583	337,335	1,054,707	213,796	2,715,421	-	2,715,421	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	12,134,785	1,517,023	56,522,745	171,241	70,345,794	-	70,345,794	59,920,889
Machinery And Equipment	2,088,062	912,939	3,171,012	435,494	6,607,507	-	6,607,507	6,448,874
Construction In Progress	18,850,173	503,556	306,432	-	19,660,161	-	19,660,161	12,394,756
TOTAL CAPITAL ASSETS	40,734,852	3,385,131	64,399,516	1,153,030	109,672,529	-	109,672,529	91,823,586
Less-Accumulated Depreciation	(10,849,585)	(1,543,070)	(35,850,329)	(543,367)	(48,786,351)	-	(48,786,351)	(42,919,241)
NET CAPITAL ASSETS	29,885,267	1,842,061	28,549,187	609,663	60,886,178	-	60,886,178	48,904,345
OTHER DEBITS								
Unamortized Issue Costs	66,975	-	116,635	-	183,610	-	183,610	196,671
Unamortized Interest on Refunding	-	-	78,457	-	78,457	-	78,457	88,268
TOTAL OTHER DEBITS	66,975	-	195,092	-	262,067	-	262,067	284,939
<b>TOTAL ASSETS</b>	<b>\$31,383,387</b>	<b>\$3,054,807</b>	<b>\$31,772,633</b>	<b>\$826,913</b>	<b>\$67,037,740</b>	<b>\$1,063,286</b>	<b>\$68,101,026</b>	<b>\$56,162,461</b>

**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTAL 2002	TOTAL 2001
	AIRPORT	SANITATION	WATER & SEWER			INTERNAL SERVICE FUNDS		
<b>LIABILITIES</b>								
CURRENT LIABILITIES:								
Accounts Payable	\$1,278	\$4,138	\$0	\$0	\$5,416	\$22,716	\$28,132	\$550
Retainage Payable	287,668	-	-	-	287,668	-	287,668	-
Due To Other Funds	-	-	74,194	-	74,194	4,193	78,387	254,003
Due To Other Agencies	6,351	181	9,712	305	16,549	-	16,549	12,151
Accrued Vacation Payable	34,806	47,111	97,886	9,076	188,879	-	188,879	177,624
Accrued Salaries Payable	17,850	27,056	51,859	6,883	103,648	-	103,648	90,998
Insurance Claims Payable	-	-	-	-	-	68,832	68,832	86,589
Bonds Payable-Current	140,000	-	785,000	55,000	980,000	-	980,000	990,000
Notes Payable-Current	-	-	51,669	-	51,669	-	51,669	49,907
Loans Payable-Current	-	-	90,384	-	90,384	-	90,384	115,276
Accrued Interest Payable	22,556	-	59,198	1,276	83,030	-	83,030	89,469
TOTAL CURRENT LIABILITIES	510,509	78,486	1,219,902	72,540	1,881,437	95,741	1,977,178	1,866,567
LONG-TERM LIABILITIES:								
Customer Deposits	-	-	89,336	-	89,336	-	89,336	89,369
Bonds Payable-Long Term	2,570,000	-	4,254,386	180,000	7,004,386	-	7,004,386	7,184,386
Notes Payable-Long Term	-	-	1,913,453	-	1,913,453	-	1,913,453	1,965,122
Loans Payable-Long Term	-	-	536,799	-	536,799	-	536,799	626,995
Accrued MSWLF Postcare Costs	-	239,406	-	-	239,406	-	239,406	208,126
TOTAL LONG-TERM LIABILITIES	2,570,000	239,406	6,793,974	180,000	9,783,380	-	9,783,380	10,073,998
<b>TOTAL LIABILITIES</b>	<b>3,080,509</b>	<b>317,892</b>	<b>8,013,876</b>	<b>252,540</b>	<b>11,664,817</b>	<b>95,741</b>	<b>11,760,558</b>	<b>11,940,565</b>
<b>NET ASSETS</b>								
Invested in Capital Assets, net of related debt	27,175,267	1,842,061	20,917,496	374,663	50,309,487	-	50,309,487	37,972,659
Restricted for Perpetual Care	-	-	-	38,250	38,250	-	38,250	38,250
Restricted for Chapel	-	-	-	1,932	1,932	-	1,932	1,355
Unrestricted	1,127,611	894,854	2,841,261	159,528	5,023,254	967,545	5,990,799	6,209,632
<b>TOTAL NET ASSETS</b>	<b>\$ 28,302,878</b>	<b>\$ 2,736,915</b>	<b>\$ 23,758,757</b>	<b>\$ 574,373</b>	<b>55,372,923</b>	<b>\$ 967,545</b>	<b>56,340,468</b>	<b>44,221,896</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.

	27,674	27,674	20,744
\$	55,400,597	\$	44,242,640

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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			NON MAJOR ENTERPRISE FUNDS
	AIRPORT	SANITATION	WATER & SEWER	
<b>OPERATING REVENUES</b>				
Sales	\$773,020	\$0	\$0	\$0
Cost of Goods Sold	(462,222)	-	-	-
Gross Margin On Sales	310,798	-	-	-
Charges For Services	622,241	1,846,489	6,111,368	358,899
Employer	-	-	-	-
Employee	-	-	-	-
Miscellaneous	-	-	6,394	495
<b>TOTAL OPERATING REVENUES</b>	<b>933,039</b>	<b>1,846,489</b>	<b>6,117,762</b>	<b>359,394</b>
<b>OPERATING EXPENSES</b>				
Salaries	405,674	667,434	1,401,634	185,400
Employee Benefits	65,873	158,113	280,281	36,386
Professional Services	1,378	6,429	22,835	-
Property Services	171,723	355,205	424,703	38,188
Purchased Services	27,106	23,117	82,210	5,850
Supplies	121,318	94,475	1,188,938	18,018
Capital Purchases	7,718	-	102,118	9,688
Sundry	59,662	120,107	508,370	28,818
Insurance Claims				
Employer	-	-	-	-
Employee	-	-	-	-
Bad Debt Expense	-	2,619	7,303	-
Amortization	8,445	-	24,994	-
MSWLF Closure & Postclosure Care	-	31,280	-	-
Depreciation	787,363	174,174	1,739,702	54,187
<b>TOTAL OPERATING EXPENSES</b>	<b>1,656,260</b>	<b>1,632,953</b>	<b>5,783,088</b>	<b>376,535</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(723,221)</b>	<b>213,536</b>	<b>334,674</b>	<b>(17,141)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	1,900	-	-	1,900
Telecommunications Tax	1,247	-	-	450
Property Tax Collections	39,941	-	-	38,376
State Collected Taxes	197,040	-	-	-
Interest Income	31,199	48,465	102,988	6,792
Miscellaneous Income	2,122	626	22,061	491
Passenger Facility Charge Income	283,684	-	-	-
Interest And Fiscal Charges	(95,744)	-	(363,414)	(16,620)
Miscellaneous Expense	-	(901)	-	-
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>461,389</b>	<b>48,190</b>	<b>(238,365)</b>	<b>31,389</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(261,832)</b>	<b>261,726</b>	<b>96,309</b>	<b>14,248</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>5,229,442</b>	<b>-</b>	<b>129,097</b>	<b>606</b>
<b>PREMIUM(DISCOUNT) ON DEBT ISSUED</b>	<b>(11,656)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>150,000</b>	<b>101,412</b>	<b>63,000</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>(92,868)</b>	<b>(351,465)</b>	<b>(302,751)</b>	<b>(2,255)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>5,274,918</b>	<b>(250,053)</b>	<b>(110,654)</b>	<b>(1,649)</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,013,086</b>	<b>11,673</b>	<b>(14,345)</b>	<b>12,599</b>
<b>NET ASSETS, JANUARY 1</b>	<b>23,289,792</b>	<b>2,725,242</b>	<b>16,897,113</b>	<b>561,774</b>
Prior Period Adjustment	-	-	6,875,989	-
Net Assets, January 1 - as restated	23,289,792	2,725,242	23,773,102	561,774
<b>NET ASSETS, DECEMBER 31</b>	<b>\$28,302,878</b>	<b>\$2,736,915</b>	<b>\$23,758,757</b>	<b>\$574,373</b>

Some amounts reported for business-type activities in the statement of activities (Exhibit 2) are different because the 2002 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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES	TOTALS 2002	TOTALS 2001
		INTERNAL SERVICE FUNDS		
<b>OPERATING REVENUES</b>				
Sales	\$773,020	\$367,100	\$1,140,120	\$1,252,909
Cost of Goods Sold	(462,222)	(351,962)	(814,184)	(905,830)
Gross Margin On Sales	310,798	15,138	325,936	347,079
Charges For Services	8,938,997	-	8,938,997	8,928,400
Employer	-	909,631	909,631	807,300
Employee	-	459,508	459,508	528,599
Miscellaneous	6,889	-	6,889	6,595
<b>TOTAL OPERATING REVENUES</b>	<b>9,256,684</b>	<b>1,384,277</b>	<b>10,640,961</b>	<b>10,617,973</b>
<b>OPERATING EXPENSES</b>				
Salaries	2,660,142	-	2,660,142	2,541,732
Employee Benefits	540,653	-	540,653	490,666
Professional Services	30,642	-	30,642	29,372
Property Services	989,819	-	989,819	1,375,542
Purchased Services	138,283	-	138,283	123,624
Supplies	1,422,749	25,802	1,448,551	1,502,226
Capital Purchases	119,524	-	119,524	20,023
Sundry	716,957	-	716,957	675,494
Insurance Claims				
Employer	-	763,977	763,977	675,522
Employee	-	393,564	393,564	450,348
Bad Debt Expense	9,922	-	9,922	11,763
Amortization	33,439	-	33,439	23,944
MSWLF Closure & Postclosure Care	31,280	-	31,280	32,523
Depreciation	2,755,426	-	2,755,426	2,576,438
<b>TOTAL OPERATING EXPENSES</b>	<b>9,448,836</b>	<b>1,183,343</b>	<b>10,632,179</b>	<b>10,529,217</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(192,152)</b>	<b>200,934</b>	<b>8,782</b>	<b>88,756</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	78,317	-	78,317	130,384
State Collected Taxes	197,040	-	197,040	245,318
Interest Income	189,444	23,022	212,466	301,905
Miscellaneous Income	25,300	18,636	43,936	24,868
Passenger Facility Charge Income	283,684	-	283,684	167,182
Interest And Fiscal Charges	(475,778)	-	(475,778)	(532,621)
Miscellaneous Expense	(901)	-	(901)	(14,771)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>302,603</b>	<b>41,658</b>	<b>344,261</b>	<b>327,762</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>110,451</b>	<b>242,592</b>	<b>353,043</b>	<b>416,518</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>5,359,145</b>	<b>-</b>	<b>5,359,145</b>	<b>4,899,936</b>
<b>PREMIUM(DISCOUNT) ON DEBT ISSUED</b>	<b>(11,656)</b>	<b>-</b>	<b>(11,656)</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>314,412</b>	<b>-</b>	<b>314,412</b>	<b>586,011</b>
<b>TRANSFERS OUT</b>	<b>(749,339)</b>	<b>(23,022)</b>	<b>(772,361)</b>	<b>(760,016)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>4,912,562</b>	<b>(23,022)</b>	<b>4,889,540</b>	<b>4,725,931</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,023,013</b>	<b>219,570</b>	<b>5,242,583</b>	<b>5,142,449</b>
<b>NET ASSETS, JANUARY 1</b>		<b>747,975</b>		<b>506,728</b>
Prior Period Adjustment		-		-
Net Assets, January 1 - as restated		<b>747,975</b>		<b>506,728</b>
<b>NET ASSETS, DECEMBER 31</b>		<b>\$967,545</b>	<b>5,242,583</b>	<b>5,649,177</b>
	6,930		6,930	20,744
<b>\$</b>	<b>5,029,943</b>		<b>\$ 5,249,513</b>	<b>\$ 5,669,921</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<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	\$ 1,342,794	\$ 1,839,120	\$ 6,119,506	\$ 351,994
Payments to suppliers	(564,147)	(597,869)	(2,524,749)	(100,823)
Payments to employees	(467,207)	(815,692)	(1,674,056)	(219,935)
Internal activity - payments from (to) other funds	-	-	-	-
Other	(6,384)	-	15,056	-
Net cash provided (used) by operating activities	305,056	425,559	1,935,757	31,236
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	240,128	-	-	41,217
Transfers In	150,000	101,412	63,000	-
Transfers Out	(92,868)	(351,465)	(302,751)	(2,255)
Other	-	-	-	-
Net cash provided (used) by noncapital financing activities	297,260	(250,053)	(239,751)	38,962
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	800,000	-	-	-
Capital Contributions	5,207,218	-	129,096	606
Passenger Facility Charges	283,684	-	-	-
Acquisition And Construction Of Capital Assets	(6,455,417)	(503,556)	(902,296)	-
Principal Paid on Capital Debt	(135,000)	-	(969,995)	(50,000)
Interest Paid on Capital Debt	(95,744)	-	(363,414)	(16,620)
Net cash (used) by capital and related financing activities	(395,259)	(503,556)	(2,106,609)	(66,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	200,000	500,000	600,000	-
Purchase of Investments	-	-	-	-
Interest and dividends	33,321	48,189	125,049	6,792
Net cash provided by investing activities	233,321	548,189	725,049	6,792
Net increase in cash and cash equivalents	440,378	220,139	314,446	10,976
Cash and cash equivalents, January 1	560,345	849,441	2,151,485	179,759
Cash and cash equivalents, December 31	\$ 1,000,723	\$ 1,069,580	\$ 2,465,931	\$ 190,735
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$723,221)	\$213,536	\$334,674	(\$17,141)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	787,363	174,174	1,739,702	54,187
Amortization Expense	8,445	-	24,996	-
Change In Assets And Liabilities				
Taxes Receivable	1,526	-	-	-
Receivables, net	(53,993)	(7,369)	1,777	(7,400)
Credit Cards	-	-	-	-
Due From Other Agencies	(8,287)	-	12,556	-
Merchandise Inventory	(3,753)	-	-	-
Accounts Payable	288,446	4,088	-	-
Insurance Claims Payable	-	-	-	-
Due To Other Agencies	1,903	(5)	2,500	-
Due To (From) Other Funds	-	-	(179,809)	-
Accrued Vacation Payable	1,678	3,492	5,514	571
Accrued Salaries Payable	2,662	6,363	2,345	1,280
Accrued Interest Payable	2,287	-	(8,465)	(261)
Accrued MSWLF Postcare Costs	-	31,280	-	-
Customer Deposits	-	-	(33)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	305,056	425,559	1,935,757	31,236



**CITY OF MINOT, NORTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>TOTAL ENTERPRISE FUNDS</b>	<b>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</b>	<b>TOTAL 2002</b>	<b>TOTAL 2001</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 9,653,414	\$ 1,719,429	\$ 11,372,843	\$ 11,579,227
Payments to suppliers	(3,787,588)	(1,136,782)	(4,924,370)	(5,482,807)
Payments to employees	(3,176,890)	(393,564)	(3,570,454)	(3,459,101)
Internal activity - payments from (to) other funds	-	4,193	4,193	-
Other	8,672	-	8,672	(252,607)
Net cash provided (used) by operating activities	2,697,608	193,276	2,890,884	2,384,712
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	281,345	-	281,345	338,794
Transfers In	314,412	-	314,412	586,011
Transfers Out	(749,339)	(23,022)	(772,361)	(760,016)
Other	-	-	-	(14,749)
Net cash provided (used) by noncapital financing activities	(153,582)	(23,022)	(176,604)	150,040
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	800,000	-	800,000	2,185,000
Capital Contributions	5,336,920	-	5,336,920	4,899,936
Passenger Facility Charges	283,684	-	283,684	167,182
Acquisition And Construction Of Capital Assets	(7,861,269)	-	(7,861,269)	(6,143,450)
Principal Paid on Capital Debt	(1,154,995)	-	(1,154,995)	(2,807,341)
Interest Paid on Capital Debt	(475,778)	-	(475,778)	(532,621)
Net cash (used) by capital and related financing activities	(3,071,438)	-	(3,071,438)	(2,231,294)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	1,300,000	500,000	1,800,000	500,000
Purchase of Investments	-	-	-	(300,000)
Interest and dividends	213,351	41,658	255,009	368,238
Net cash provided by investing activities	1,513,351	541,658	2,055,009	568,238
Net increase in cash and cash equivalents	985,939	711,912	1,697,851	871,696
Cash and cash equivalents, January 1	3,741,030	63,597	3,804,627	2,932,931
Cash and cash equivalents, December 31	\$ 4,726,969	\$ 775,509	\$ 5,502,478	\$ 3,804,627
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$192,152)	\$200,934	\$ 8,782	\$ 88,756
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	2,755,426	-	2,755,426	2,576,438
Amortization Expense	33,441	-	33,441	23,944
Change In Assets And Liabilities				
Taxes Receivable	1,526	-	1,526	(1,258)
Receivables, net	(66,985)	1,257	(65,728)	47,778
Credit Cards	-	-	-	787
Due From Other Agencies	4,269	-	4,269	(228,898)
Merchandise Inventory	(3,753)	(18,067)	(21,820)	6,711
Accounts Payable	292,534	22,716	315,250	(16,832)
Insurance Claims Payable	-	(17,757)	(17,757)	24,127
Due To Other Agencies	4,398	-	4,398	(23,704)
Due To (From) Other Funds	(179,809)	4,193	(175,616)	(170,523)
Accrued Vacation Payable	11,255	-	11,255	19,098
Accrued Salaries Payable	12,650	-	12,650	4,547
Accrued Interest Payable	(6,439)	-	(6,439)	1,150
Accrued MSWLF Postcare Costs	31,280	-	31,280	32,523
Customer Deposits	(33)	-	(33)	68
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,697,608	193,276	2,890,884	2,384,712

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, 2002

---

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 141,791	\$ 89,157
Investments	44,408,395	100,000
Taxes Receivable Delinquent	-	6,022
Accrued Interest Receivable	591,526	-
Total Assets	45,141,712	195,179
<b>LIABILITIES</b>		
Due To Other Funds	-	550
Due To Other Agencies	-	79,939
Other Deferred Credits	-	114,690
Total Liabilities	-	\$ 195,179
<b>NET ASSETS</b>		
Held in trust for pension benefits		
City Employee's Pension Plan	34,870,283	
Police Pension Plan	10,271,429	
<b>NET ASSETS</b>	\$ 45,141,712	

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, 2002**

	<b>PENSION TRUST FUNDS</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$1,081,995
Employee	839,340
Total Contributions	<u>1,921,335</u>
Investment earnings:	
Interest	2,374,523
Net increase in the fair value of investments	<u>1,135,294</u>
Total Investment earnings	<u>3,509,817</u>
Less investment expense	<u>126,993</u>
Net Investment earnings	<u>3,382,824</u>
<b>TOTAL ADDITIONS</b>	<u>5,304,159</u>
<b>DEDUCTIONS:</b>	
Benefits Paid to Participants	1,967,692
Refunds	74,745
Administrative Expenses	<u>107,738</u>
<b>TOTAL DEDUCTIONS</b>	<u>2,150,175</u>
<b>Change in Net Assets</b>	3,153,984
Net Assets - January 1	<u>41,987,728</u>
<b>Net Assets- December 31</b>	<u><u>\$45,141,712</u></u>

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

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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, 2002**

---

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, 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 NAWWS project.

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

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

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

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 and proprietary 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, 2002**

---

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.

**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 a 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, 2002**

---

**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 projects are constructed.

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, 2002**

---

**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 (\$15,839,191) difference are as follows:

Bonds payable	\$ 14,370,000
Grants payable	737,150
Accrued interest payable	155,652
Compensated absences	<u>576,389</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 15,839,191</u>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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 \$2,465,716 difference are as follows:

Capital outlay	\$ 4,354,636
Depreciation-Current Year	<u>( 1,888,920)</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>\$ 2,465,716</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, 2002**

---

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 Equipment Purchase.

**B: Excess of expenditures over appropriations**

Expenditures in Major Funds for the fiscal year 2002 exceed appropriations in Sales Tax-Economic Development by \$539,630. A bank loan was paid off early as the result of a large payment being received on a loan receivable. Expenditures in nonmajor funds for the fiscal year 2002 exceed appropriations in Sales Tax-Capital Improvements by \$9,203. All expenditures were approved by City Council.

**C: Deficit fund equity**

Sales Tax-Economic Development, a major fund, had a deficit fund balance as of December 31, 2002 of \$2,612,357. This deficit will be reimbursed with funds from future sales tax collections dedicated to this fund. Five nonmajor funds had deficit fund balances as of December 31, 2002. The deficit of \$51,887 in Public Transportation will be reimbursed by a federal grant for the purchase of buses. The \$7,662 deficit in Sidewalk will be reimbursed by future bond sale monies dedicated to this fund, as will the deficit of \$79,460 in Capital Projects – Assessment Capital. The \$1,136,504 deficit in Capital-Fire Equipment will be reimbursed with funds from future sales tax collections dedicated to this fund. And the \$25,217 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, 2002**

---

**IV. DETAILED NOTES ON ALL FUNDS**

**A: Deposits and investments**

The following summary presents the amount of the City's deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name (category 2), and those deposits which are not collateralized or are collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the City's name (category 3) at December 31, 2002. The following does not include petty cash of \$16,155.

	CATEGORY 1	CATEGORY 2	CATEGORY 3	BANK BALANCE	CARRYING AMOUNT
Cash Deposits	\$ 416,257	\$ 15,215,911	\$ 0	\$ 15,632,168	\$ 15,077,724
Cert. Of Deposit Recorded as Deposits	100,000	2,000,000	0	2,100,000	2,100,000
Cert. Of Deposit Recorded as Investments	0	0	0	0	0
Total	\$ 516,257	\$17,215,911	\$ 0	\$ 17,732,168	\$ 17,177,724

The City of Minot's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured, registered, or securities held by the City, or its agent, in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

	CATEGORY 1	CATEGORY 2	CATEGORY 3	FAIR VALUE	HISTORICAL COST
US Treasury Obligations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
US Agency Obligations	44,136,696	0	0	44,136,696	41,737,183
	\$ 44,136,696	\$ 0	\$ 0	\$ 44,136,696	\$41,737,183
Non Security Investments				290,000	290,000
Limited Partnerships				271,700	401,375
Total Investments				\$ 44,698,396	\$ 42,428,558

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

U.S. Treasury & Agency Obligations & the limited partnerships were determined on the quoted-market price on 12-31-02. Non-security investment is a stock option in a closely held entity and there is no readily available market value.

**Reconciliation:**

STATEMENT OF NET ASSETS		NOTE IV A	
Cash & cash equivalents	\$ 14,451,901	Deposits – carrying amount	\$ 17,177,724
Investments	290,000	Investments – fair value	44,698,396
Restricted cash & cash equivalents	2,411,031	Petty cash	16,155
Statement of Net Assets Total	\$ 17,152,932	Totals	\$ 61,892,275
FIDUCIARY FUNDS			
Cash & cash equivalents	230,948		
Investments	44,508,395		
Fiduciary Fund Totals	44,739,343		
Totals	\$ 61,892,275		

**B: Due From Other Agencies**

A total of \$2,022,417 is due from other agencies. This includes \$1,738,494 due from the State of North Dakota, - \$174,255 for highway user taxes, \$1,019,753 for city sales taxes, \$177,616 for estate taxes, \$34,288 for narcotics task force, \$289,960 for State Aid Distribution and \$42,622 for a Section 18 grant. Other amounts due are \$34,250 for reimbursement of expenses from various entities and individuals. In addition, \$551 due from the fiduciary funds has been reclassified in the government wide statements to due from other agencies. \$249,122 is due from the federal government for a FAA grant for the Airport.

**C: Receivables**

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

Due within one year:	\$ 881,254
Due after one year:	278,030
Less: Allowance for uncollectibles:	<u>(590,401)</u>
Total Loans Receivable:	<u>\$ 568,883</u>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**D: Capital assets**

Capital asset activity for the year ended December 31, 2002 was as follows:

	BALANCE 1/1/02	PRIOR PERIOD	1/1/02 AS RESTATED	ADDITIONS	DELETIONS	BALANCE 12/31/02
Governmental Activities:						
Capital Assets, Not being depreciated:						
Land	\$ 4,909,325	\$0	\$ 4,909,325	\$ 0	\$ 0	\$ 4,909,325
Construction in progress	4,495,259	1,916,700	6,411,959	2,641,619	(4,698,618)	4,354,960
Total capital assets, Not being depreciated	9,404,584	1,916,700	11,321,284	2,641,619	(4,698,618)	9,264,285
Capital Assets, Being depreciated						
Buildings	4,822,525	0	4,822,525	1,998,528	0	6,821,053
Improvements	700,783	0	700,783	0	0	700,783
Equipment	6,431,753	0	6,431,753	1,188,348	0	7,620,101
Infrastructure	0	34,883,001	34,883,001	3,128,329	0	38,011,330
Books	0	3,466,278	3,466,278	142,346	(61,221)	3,547,403
Total capital assets being depreciated	11,955,061	38,349,279	50,304,340	6,457,551	(61,221)	56,700,670
Less accumulated depreciation for:						
Buildings	(4,222,606)	0	(4,222,606)	(130,922)	0	(4,353,528)
Improvements	(586,860)	0	(586,860)	(23,070)	0	(609,930)
Equipment	(3,003,075)	0	(3,003,075)	(385,138)	0	(3,388,213)
Infrastructure	0	(11,781,397)	(11,781,397)	(1,230,024)	0	(13,011,421)
Books	0	(1,756,127)	(1,756,127)	(119,766)	0	(1,875,893)
Total accumulated depreciation	(7,812,541)	(13,537,524)	(21,350,065)	(1,888,920)	0	(23,238,985)
Total capital assets, Being depreciated, net	4,142,520	24,811,755	28,954,275	4,568,631	(61,221)	33,461,685
Governmental activities capital assets, net	\$13,547,104	\$ 26,728,455	\$ 40,275,559	\$7,210,250	\$ (4,759,839)	\$42,725,970

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

	BALANCE 1/1/02	PRIOR PERIOD	1/01/02 AS RESTATED	ADDITIONS	DELETIONS	BALANCE 12/31/02
Business-type Activities:						
Capital Assets, Not being depreciated:						
Land	\$ 2,715,421	\$0	\$2,715,421	\$0	\$0	\$ 2,715,421
Construction in progress	12,394,756	0	12,394,756	7,265,405	0	19,660,161
Total capital assets, Not being depreciated	15,110,177	0	15,110,177	7,265,405	0	22,375,582
Capital Assets, Being depreciated						
Buildings	10,343,646	0	10,343,646	0	0	10,343,646
Improvements	59,920,889	9,987,674	69,908,563	437,231	0	70,345,794
Equipment	6,448,874	0	6,448,874	158,633	0	6,607,507
Total capital assets Being depreciated	76,713,409	9,987,674	86,701,083	595,864	0	87,296,947
Less accumulated depreciation for:						
Buildings	(5,705,068)	0	(5,705,068)	(264,382)	0	(5,969,450)
Improvements	(32,352,976)	(3,111,685)	(35,464,661)	(2,128,805)	0	(37,593,466)
Equipment	(4,861,197)	0	(4,861,197)	(362,238)	0	(5,223,435)
Total accumulated depreciation	(42,919,241)	(3,111,685)	(46,030,926)	(2,755,425)	0	(48,786,351)
Total capital assets being depreciated, net	33,794,168	6,875,989	40,670,157	(2,159,561)	0	38,510,596
Business-type activities capital assets, net	\$ 48,904,345	\$6,875,989	\$55,780,334	\$ 5,105,844	\$ 0	\$ 60,886,178

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

Governmental activities:	
General Government	\$ 324,473
Public Safety	234,229
Highways and Streets	1,185,807
Culture and Recreation	<u>144,411</u>
Total depreciation expense – governmental activities	<u>\$ 1,888,920</u>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

Business-type activities:	
Airport	\$ 787,363
Cemetery	15,079
Parking Authority	39,108
Sanitation	174,174
Water and Sewer	<u>1,739,702</u>
Total depreciation expense-business-type activities	<u>\$ 2,755,426</u>

**E: Construction commitments**

Construction commitments as of December 31, 2002 were approximately \$1,095,807. The City is also committed to approximately \$23 million local share in the Northwest Area Water Supply Project to bring water from the Missouri River to Minot. This project will be funded with sales tax monies approved by the voters in March 1999. The NAWS project began the first phase in the spring of 2002. Although there are various other commitments, it is the opinion of the City that they will not have a material effect on the financial statements.

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

The composition of interfund balances at December 31, 2002 were:

DUE TO/ FROM OTHER FUNDS		
RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General Fund	Sales Tax – Economic Development	\$ 1,686,161
General Fund	Governmental -Internal Service	4,193
Highway Debt	Nonmajor-Governmental	539,898
Assessment Debt	Nonmajor-Governmental	392,536
Assessment Debt	Water and Sewer	74,194
Nonmajor-Governmental	Nonmajor-Governmental	719,914
Totals		<u>\$3,416,896</u>

ADVANCES TO/FROM OTHER FUNDS		
ADVANCE TO:	ADVANCE FROM:	AMOUNT
Assessment Debt	Nonmajor-Governmental	\$ 369,000
Sales Tax Economic Development	Nonmajor-Governmental	1,989,030
Totals		<u>\$2,358,030</u>

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



**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

Transfers In – Governmental Funds						
Transfer Out:	General Fund	Sales Tax – Economic Development	Sales Tax – NWAWS	Highway Debt	Assessment Debt	Nonmajor Governmental Funds
General Fund	\$0	\$ 50,000	\$ 249,269	\$ 18,100	\$ 8,336	\$ 178,578
Sales Tax – Economic Development	49,960					305,970
Highway Debt						569,535
Assessment Debt						1,766,288
Nonmajor Governmental Funds	232,956				705,899	1,604,108
Airport						150,000
Sanitation						
Water and Sewer						63,000
Total transfers out	\$282,916	\$ 50,000	\$ 249,269	\$ 18,100	\$ 714,235	\$ 4,637,479

Transfer In – Business-type Funds						
Transfer Out:	Airport	Sanitation	Water & Sewer	Nonmajor Business-type Funds	Internal Service Funds	Totals
General Fund	66,824	191,465	102,462	2,255	23,022	\$ 890,311
Sales Tax – Economic Development						\$ 355,930
Highway Debt						\$569,535
Assessment Debt	26,044		23,877			\$1,816,209
Nonmajor Governmental Funds		160,000	75,000			\$2,777,963
Airport						\$150,000
Sanitation			101,412			\$101,412
Water and Sewer						\$63,000
Total transfers out	\$92,868	\$351,465	\$302,751	\$ 2,255	\$23,022	\$6,724,360

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

Transfers in/out consisted of the following:

\$ 191,465	To General Fund from Sanitation to supplement other fund sources.
50,000	To General Fund from Sales Tax-Economic Development 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.
44,200	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.
305,970	To Sales Tax-Economic Development from Sales Tax-Capital Improvements for budgeted transfers.
2,558	To Sidewalk from Debt Service-Assessment Debt for debt service.
569,535	To Debt Service-Highway from Sales Tax-Property Tax Relief for debt service.
1,816,209	To Debt Service-Assessment Debt from Airport (\$26,044), Water & Sewer (\$23,877), Storm Sewer Development (\$9,662), and Capital Projects-Assessment (\$1,756,626) for Special Assessment debt service.
350,000	To Capital Projects-Highway from Sales Tax-Capital Improvements for debt service.
703,341	To Capital Projects-Assessment from Debt Service-Assessment Debt for debt service.
432,558	To Capital Projects-Fire Equipment from Sales Tax-Capital Projects (\$426,558), Fire Equipment (\$6,000) for Fire equipment purchases.
534,541	To Capital Projects-Sales Tax Capital from Sales Tax-Capital Improvements for capital construction projects.
222,000	To Capital-Library from Sales Tax-Capital Improvements for library construction.
150,000	To Airport from Sales Tax-Capital Improvements for debt service.
101,412	To Sanitation from Water & Sewer for debt service.
63,000	To Water & Sewer from Sales Tax-Capital for debt service.
852,571	Between funds for annual interest distribution.
<u>\$6,724,360</u>	

**G: Leases**

*Operating Leases.* The City leases equipment under operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's assets and liabilities. Total cost for such leases were \$184,650 for the year ended December 31, 2002. The future minimum lease payments for these leases are as follows:

YEAR ENDED DECEMBER 31	AMOUNTS
2003	\$ 184,650
2004	257,755
2005	172,650
2006	481,849
Total Minimum Lease Payments	\$ 1,096,904

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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 varying 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 \$681,600 of special assessment bonds outstanding, with \$7,228,400 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 vary from 1.75% to 5.9%.

*Grants payable* are direct obligations of the City of Minot as the result of economic development projects within the City of Minot and the surrounding area. Payment of these commitments is dependent upon meeting certain criteria. Management presumes it is probable that the criteria will be met and therefore has recorded these accounts as liabilities. These grants are interest free.

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 vary from 3.0% to 5.5%.

*Notes* outstanding at December 31, 2002 include the Bureau of Reclamation note for \$1,965,122, with a 3.5% interest rate, maturing January 1, 2027.

*Loans* outstanding as of December 31, 2002 include \$6,204 to IBM for the purchase of IBM hardware. This loan has an interest rate of 6.49% and matures February 1, 2003. Also included is a loan from Norwest Investment Services for \$128,702 which has an interest rate of 5.98% and matures June 3, 2006, and a loan from Zion's Bank for \$492,277 which has an interest rate of 5.77% and matures July 1, 2010.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

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

<b>Governmental activities</b>	General obligation bonds		Special assessment bonds		Grants
	Principal	Interest	Principal	Interest	Principal
2003	\$ 900,000	\$ 155,093	\$ 1,535,000	\$ 332,130	\$ 737,150
2004	960,000	112,139	1,330,000	269,725	
2005	905,000	93,133	1,170,000	215,225	
2006	940,000	75,080	940,000	166,402	
2007	810,000	55,711	830,000	126,203	
2007-2012	1,945,000	85,809	2,105,000	200,440	
Total governmental activities	\$ 6,460,000	\$ 576,965	\$ 7,910,000	\$1,310,125	\$ 737,150

<b>Business-type activities</b>	Revenue bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 980,000	\$ 358,097	\$ 25,611	\$ 34,610	\$ 90,384	\$ 34,989
2004	945,000	319,445	52,573	67,427	89,181	29,927
2005	1,004,386	278,354	54,429	65,571	94,479	24,629
2006	910,000	234,003	56,351	63,649	76,158	19,016
2007	870,000	193,914	58,341	61,659	62,868	14,940
2008-2012	3,235,000	404,535	324,093	275,907	214,113	21,869
2013-2017	40,000	1,000	385,490	214,510		
2018-2022			458,520	141,481		
2023-2027			549,714	54,237		
Totals	\$7,984,386	\$ 1,789,348	\$1,965,122	\$ 979,051	\$ 627,183	\$ 145,370

*General Obligation Bonds.* The City of Minot issued \$1,835,000 and \$450,000 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 \$565,000 special assessment refunding 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 \$800,000 in airport revenue bonds in 2002.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

*Changes in Long Term Liabilities.* The following is a summary of the activity in long-term liabilities for the year ended December 31, 2002.

<b>Governmental activities:</b>	<b>BALANCE 1/1/02</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>BALANCE 12/31/02</b>	<b>DUE WITHIN ONE YEAR</b>
Bonds payable:					
General obligation	\$ 4,925,000	\$ 2,285,000	\$ ( 750,000)	\$ 6,460,000	\$ 900,000
Special assessment	8,905,000	565,000	(1,560,000)	7,910,000	1,535,000
Total bonds payable	13,830,000	2,850,000	(2,310,000)	14,370,000	2,435,000
Loans	1,190,000	0	(1,190,000)	0	0
Grants	2,107,950	0	(1,370,800)	737,150	737,150
Compensated absences	551,860	517,541	(493,012)	576,389	175,378
Governmental activity Long-term liabilities	\$ 17,679,810	\$ 3,367,541	\$ (5,363,812)	\$ 15,683,539	\$ 3,347,528

<b>Business-type activities</b>					
Bonds payable:					
Revenue	\$ 8,174,386	\$ 800,000	\$ (990,000)	\$ 7,984,386	\$ 980,000
Notes	2,015,029	0	(49,907)	1,965,122	51,669
Loans	742,271	0	(115,088)	627,183	90,384
Compensated absences	177,624	158,200	(146,945)	188,879	73,476
Business-type activity Long-term liabilities	\$ 11,109,310	\$ 958,200	\$ (1,301,940)	\$ 10,765,570	\$ 1,195,529

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, 2002, the aggregate principal amount payable for the nine outstanding 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 \$52,908,272 and the legal debt margin is \$46,396,632.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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	\$ 66,324
Capital assets	<u>390,612</u>
Total assets	<u>456,936</u>

**Liabilities:**

Current Liabilities	58,430
Long-term liabilities	<u>180,000</u>
Total liabilities	<u>238,430</u>

**Net Assets:**

Invested in capital assets, net of related debt	155,612
Unrestricted	<u>62,894</u>
Total net assets	<u>\$ 218,506</u>

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

Parking charges	\$ 187,177
Depreciation expense	(39,108)
Other operating expenses	<u>(114,889)</u>
Operating Income	<u>33,180</u>
Nonoperating revenues (expenses)	
Interest income	1,997
Interest expense	(16,620)
Transfers in (out)	<u>(460)</u>
Change in net assets	18,097
Beginning net assets	<u>200,409</u>
Ending net assets	<u>\$ 218,506</u>

**CONDENSED STATEMENT OF CASH FLOWS**

**Net cash provided (used) by:**

Operating activities	\$ 72,935
Noncapital financing activities	( 460)
Capital and related financing activities	(66,620)
Investing activities	<u>1,997</u>
Net increase in cash/cash equivalents	7,852
Beginning cash and cash equivalents	<u>58,472</u>
Ending cash and cash equivalents	<u>\$ 66,324</u>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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 1-1-1999, 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. All aggregate claims in excess of \$1,239,801 are paid by the City's insurer.

Claims, which have been incurred at year-end but not yet reported, have been recorded as insurance claims payable in the amount of \$68,832. This reserve requirement was calculated by the City and it is what is 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

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**B: Contingent liabilities**

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

**C: Other postemployment benefits**

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 2002, 23 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, 2002, 98 retirees and/or their spouses were eligible for the cost of living percentage. During 2002, expenditures of \$56,466 were incurred for the health insurance supplement and \$182,120 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.

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



**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

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	102	22
Terminated Employees:		
Vested	9	7
Nonvested	0	0
Total Terminated Employees	9	7
Active Employees:		
Vested	107	31
Nonvested	126	51
Total Active Employees	233	82
Date of Annual Valuation	January 1, 2003	January 1, 2003

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

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

**Method Used to Value Investments.** Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net appreciation in fair value of investments consists of the realized gains or losses and the unrealized appreciation or depreciation in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the fair value of the investments as of the beginning of the year or cost if purchased during the year. Unrealized appreciation or depreciation is computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

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 is 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, 2003	January 1, 2003
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 33 years for funding method change established January 1, 2003 15 years for actuarial gains or losses	40 years for transition liability established January 1, 1996 33 years for funding method change established January 1, 2003 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

**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, 1998	\$25,518,434	\$35,095,160	\$ 9,576,726	72.7%	\$ 6,494,887	147.5%
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%

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

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, 1998	\$7,010,896	\$9,409,685	\$2,398,789	74.5%	\$2,056,848	116.6%
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%

For the PPP, annual pension cost equals the employer contributions for the fiscal years ending December 31<sup>st</sup> of 2002, 2001, and 2000. The percentage funded was 100% for each year. 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 CEPP and PPP contributions are providing for an amortization of 26 and 18 years respectively on the unfunded liability at January 1, 2003.

For the PPP, a single employer plan, contributions for the years ended December 31, 2002, 2001, 2000, 1999, 1998, and 1997 were \$272,186, \$279,242, \$204,318, \$200,883, \$178,819 and \$133,495 respectively which are equal to the required contribution for the respective years.

**Schedule of Employer Contributions.**

CEPP	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
1998	\$ 554,933	122.6%
1999	613,282	117.5%
2000	655,405	113.0%
2001	696,161	99.9%
2002	830,096	97.6%
2003	992,964	-

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**Statement of Plan Net Assets**  
**December 31, 2002**

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ASSETS</b>		
Cash and Cash equivalents	\$ 93,313	\$ 48,478
Investments	34,321,127	10,087,268
Accrued Interest Receivable	455,843	135,683
<b>TOTAL ASSETS</b>	<b>\$ 34,870,283</b>	<b>\$ 10,271,429</b>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits and Other Purposes	34,870,283	10,271,429
<b>TOTAL NET ASSETS</b>	<b>\$ 34,870,283</b>	<b>\$ 10,271,429</b>

**Statement of Changes in Plan Net Assets**  
**For the Fiscal Period Ended December 31, 2002**

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 809,809	\$ 272,186
Employee	624,034	215,306
<b>Total Contributions</b>	<b>1,433,843</b>	<b>487,492</b>
Investment Earnings:		
Interest	1,847,301	527,222
Net Increase in the fair value of investments	893,247	242,047
<b>Total Investment Earnings</b>	<b>2,740,548</b>	<b>769,269</b>
Less Investment expense	95,876	31,117
<b>Net Investment earnings</b>	<b>2,644,672</b>	<b>738,152</b>
<b>TOTAL ADDITIONS</b>	<b>4,078,515</b>	<b>1,225,644</b>
<b>DEDUCTIONS:</b>		
Benefits Paid to Participants	1,647,259	320,433
Refunds	29,970	44,775
Administrative Expenses	85,973	21,765
<b>TOTAL DEDUCTIONS</b>	<b>1,763,202</b>	<b>386,973</b>
<b>Change in Net Assets</b>	<b>2,315,313</b>	<b>838,671</b>
Net Assets – January 1	32,554,970	9,432,758
<b>Net Assets – December 31</b>	<b>\$34,870,283</b>	<b>\$10,271,429</b>

**CITY OF MINOT, NORTH DAKOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

---

**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 \$239,406 reported as MSWLF closure and postclosure care liability at December 31, 2002, represents the cumulative amount reported to date based on the use of 13.35% 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 2002. The City expects the landfill will be operated for another 64 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:      Prior Period Adjustments**

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. The City of Minot implemented GASB 34 with their financial statements for the fiscal period ended December 31, 2001. For the fiscal year ended December 31, 2002 the City is retroactively reporting infrastructure as required by this statement.

Prior period adjustments for the governmental activities include \$26,728,455 for infrastructure assets that were contributed by private entities and (\$4,925,000) for taxes receivable deferred that were recorded and do not meet the criteria for inclusion in net assets. The total prior period for governmental activities was \$21,803,455.

Prior period adjustments for the business-type activities include \$6,875,989 for infrastructure assets that were contributed by private entities.

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS 2002</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS 2001</b>
<b>ASSETS</b>				
Cash And Cash Equivalents	\$1,513,849	\$50,522	\$1,564,371	\$1,082,559
Investments	-	-	-	852,357
Taxes Receivable Delinquent	107,996	1,301	109,297	110,889
Special Assessments Deferred	5,613	-	5,613	7,249
Special Assessments Delinquent	2,127	-	2,127	3,055
Accounts Receivable	557	9,667	10,224	120,063
Advance To Other Funds	2,358,030	-	2,358,030	2,964,000
Due From Other Funds	98,091	1,161,721	1,259,812	1,269,014
Due From Other Agencies	348,548	-	348,548	316,956
Merchandise Inventory	4,986	-	4,986	5,414
<b>TOTAL ASSETS</b>	<b>\$4,439,797</b>	<b>\$1,223,211</b>	<b>\$5,663,008</b>	<b>\$6,731,556</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$25,405	\$12,816	\$38,221	\$30
Retainage Payable	-	6,127	6,127	-
Due To Other Funds	98,091	1,554,257	1,652,348	1,292,808
Due To Other Agencies	2,660	-	2,660	3,189
Accrued Salaries Payable	30,299	-	30,299	28,944
Deferred Revenue	105,771	1,245	107,016	113,591
<b>TOTAL LIABILITIES</b>	<b>262,226</b>	<b>1,574,445</b>	<b>1,836,671</b>	<b>1,438,562</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	372,566	-	372,566	8,190
Reserved For Advances	2,358,030	-	2,358,030	2,964,000
Reserved For Merchandise Inventory	4,986	-	4,986	5,414
Reserved For Property Tax Relief	80,199	-	80,199	174,492
Reserved For Capital Improvements	473,890	-	473,890	437,985
Unreserved				
Designated				
Memorial	684	-	684	1,316
Maintenance and Operations	335,916	-	335,916	239,946
Undesignated	551,300	(351,234)	200,066	1,461,651
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>4,177,571</b>	<b>(351,234)</b>	<b>3,826,337</b>	<b>5,292,994</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$4,439,797</b>	<b>\$1,223,211</b>	<b>\$5,663,008</b>	<b>\$6,731,556</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS 2002</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS 2001</b>
<b>REVENUES</b>				
Property Tax Collections	\$2,053,402	\$1,735	\$2,055,137	\$2,070,648
Special Assessment Collections	2,937	-	2,937	9,697
Sales Tax Collections	2,851,453	-	2,851,453	2,721,289
Intergovernmental	276,312	13,547	289,859	1,534,042
Charges For Services	425,115	-	425,115	434,040
Interest Income	123,692	29,672	153,364	194,883
Miscellaneous	99,162	431,468	530,630	770,595
<b>TOTAL REVENUES</b>	<b>\$5,832,073</b>	<b>\$476,422</b>	<b>\$6,308,495</b>	<b>\$7,735,194</b>
<b>EXPENDITURES</b>				
Current				
General Government	820,878	834,449	\$1,655,327	\$832,409
Highways and Streets	1,136,826	-	1,136,826	852,441
Culture and Recreation	1,614,088	-	1,614,088	1,901,854
Capital Outlay				
Contracted Work	-	1,944,357	1,944,357	2,390,457
Equipment	659,782	648,144	1,307,926	1,089,133
Legal	-	46,331	46,331	23,622
Other	-	53,579	53,579	427,416
Architect	-	103,312	103,312	73,969
Acquisitions	-	203,360	203,360	85,692
Engineering	-	695,771	695,771	404,970
Debt Retirement				
Interest and Fiscal Charges	-	-	-	132
<b>TOTAL EXPENDITURES</b>	<b>4,231,574</b>	<b>4,529,303</b>	<b>8,760,877</b>	<b>8,082,095</b>
Revenues Over (Under) Expenditures	1,600,499	(4,052,881)	(2,452,382)	(346,901)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From G.O. Bonds	-	2,850,000	2,850,000	1,530,000
Premium (Discount) on Debt Issued	-	(4,759)	(4,759)	-
Transfers IN	497,381	2,280,582	2,777,963	2,436,735
Transfers OUT	(2,817,356)	(1,820,123)	(4,637,479)	(2,977,001)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,319,975)</b>	<b>3,305,700</b>	<b>985,725</b>	<b>989,734</b>
Change in Fund Balance	(719,476)	(747,181)	(1,466,657)	642,833
FUND BALANCE, JANUARY 1	4,897,047	395,947	5,292,994	4,650,161
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$4,177,571</b>	<b>(\$351,234)</b>	<b>\$3,826,337</b>	<b>\$5,292,994</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>PUBLIC</b>		<b>RECREATION\</b>	<b>EMERGENCY</b>	<b>EQUIPMENT</b>	<b>FIRE</b>
<b>ASSETS</b>	<b>TRANSPORTATION</b>	<b>LIBRARY</b>	<b>AUDITORIUM</b>	<b>LEVY</b>	<b>PURCHASE</b>	<b>EQUIPMENT PURCHASE</b>
Cash And Cash Equivalents	\$0	\$48,631	\$142,729	\$82,980	\$56,087	\$59,364
Investments	-	-	-	-	-	-
Taxes Receivable Delinquent	7,851	37,790	24,169	1,515	1,904	5,129
Special Assessments Deferred	-	-	-	-	-	-
Special Assessments Delinquent	-	-	-	-	-	-
Accounts Receivable	-	92	465	-	-	-
Advance To Other Funds	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Agencies	42,622	-	-	-	-	-
Merchandise Inventory	-	-	4,986	-	-	-
<b>TOTAL ASSETS</b>	<b>\$50,473</b>	<b>\$86,513</b>	<b>\$172,349</b>	<b>\$84,495</b>	<b>\$57,991</b>	<b>\$64,493</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$279	\$0	\$3,035	\$0	\$19,665	\$0
Due To Other Funds	92,855	-	-	-	-	-
Due To Other Agencies	-	-	1,702	-	-	958
Accrued Salaries Payable	2,099	14,377	13,823	-	-	-
Deferred Revenue	7,127	34,274	21,919	1,435	1,827	4,663
<b>TOTAL LIABILITIES</b>	<b>102,360</b>	<b>48,651</b>	<b>40,479</b>	<b>1,435</b>	<b>21,492</b>	<b>5,621</b>
<b>FUND BALANCE</b>						
Reserved For Encumbrances	342,842	10,000	-	19,724	-	-
Reserved For Advances	-	-	-	-	-	-
Reserved For Merchandise Inventory	-	-	4,986	-	-	-
Reserved For Property Tax Relief	-	-	-	-	-	-
Reserved For Capital Improvements	-	-	-	-	-	-
Unreserved						
Designated						
Memorial	-	684	-	-	-	-
Maintenance and Operations	-	-	-	-	-	-
Undesignated	(394,729)	27,178	126,884	63,336	36,499	58,872
<b>TOTAL FUND BALANCE(DEFICIT)</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>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$50,473</b>	<b>\$86,513</b>	<b>\$172,349</b>	<b>\$84,495</b>	<b>\$57,991</b>	<b>\$64,493</b>



**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	SALES TAX PROPERTY TAX RELIEF	SALES TAX CAPITAL IMPROVEMENTS	SALES TAX FLOOD CONTROL	SIDEWALK IMPROVEMENTS
<b>ASSETS</b>				
Cash And Cash Equivalents	\$29,211	\$218,952	\$335,916	\$0
Investments	-	-	-	-
Taxes Receivable Delinquent	-	-	-	-
Special Assessments Deferred	-	-	-	-
Special Assessments Delinquent	-	-	-	212
Accounts Receivable	-	-	-	-
Advance To Other Funds	-	-	1,608,030	-
Due From Other Funds	-	-	-	-
Due From Other Agencies	50,988	254,938	-	-
Merchandise Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$80,199</b>	<b>\$473,890</b>	<b>\$1,943,946</b>	<b>\$212</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$0	\$2,426
Due To Other Funds	-	-	-	5,236
Due To Other Agencies	-	-	-	-
Accrued Salaries Payable	-	-	-	-
Deferred Revenue	-	-	-	212
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,874</b>
<b>FUND BALANCE</b>				
Reserved For Encumbrances	-	-	-	-
Reserved For Advances	-	-	1,608,030	-
Reserved For Merchandise Inventory	-	-	-	-
Reserved For Property Tax Relief	80,199	-	-	-
Reserved For Capital Improvements	-	473,890	-	-
Unreserved				
Designated				
Memorial	-	-	-	-
Maintenance and Operations	-	-	335,916	-
Undesignated	-	-	-	(7,662)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>80,199</b>	<b>473,890</b>	<b>1,943,946</b>	<b>(7,662)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$80,199</b>	<b>\$473,890</b>	<b>\$1,943,946</b>	<b>\$212</b>

**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>SPECIAL</b>			<b>TOTAL</b>	<b>TOTAL</b>
	<b>STREET</b>	<b>ASSESSMENT</b>			
<b>ASSETS</b>	<b>RESERVE</b>	<b>DEFICIENCY</b>	<b>DEMOLITIONS</b>	<b>2002</b>	<b>2001</b>
Cash And Cash Equivalents	\$405,564	\$125,892	\$8,523	\$1,513,849	\$910,324
Investments	-	-	-	-	722,496
Taxes Receivable Delinquent	29,623	12	3	107,996	107,890
Special Assessments Deferred	-	-	5,613	5,613	7,249
Special Assessments Delinquent	-	222	1,693	2,127	3,055
Accounts Receivable	-	-	-	557	23,692
Advance To Other Funds	-	750,000	-	2,358,030	2,964,000
Due From Other Funds	98,091	-	-	98,091	-
Due From Other Agencies	-	-	-	348,548	287,142
Merchandise Inventory	-	-	-	4,986	5,414
<b>TOTAL ASSETS</b>	<b>\$533,278</b>	<b>\$876,126</b>	<b>\$15,832</b>	<b>\$4,439,797</b>	<b>\$5,031,262</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$0	\$0	\$0	\$25,405	\$30
Due To Other Funds	-	-	-	98,091	-
Due To Other Agencies	-	-	-	2,660	3,189
Accrued Salaries Payable	-	-	-	30,299	28,944
Deferred Revenue	26,773	233	7,308	105,771	102,052
<b>TOTAL LIABILITIES</b>	<b>26,773</b>	<b>233</b>	<b>7,308</b>	<b>262,226</b>	<b>134,215</b>
<b>FUND BALANCE</b>					
Reserved For Encumbrances	-	-	-	372,566	8,190
Reserved For Advances	-	750,000	-	2,358,030	2,964,000
Reserved For Merchandise Inventory	-	-	-	4,986	5,414
Reserved For Property Tax Relief	-	-	-	80,199	174,492
Reserved For Capital Improvements	-	-	-	473,890	437,985
Unreserved					
Designated					
Memorial	-	-	-	684	1,316
Maintenance and Operations	-	-	-	335,916	239,946
Undesignated	506,505	125,893	8,524	551,300	1,065,704
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>506,505</b>	<b>875,893</b>	<b>8,524</b>	<b>4,177,571</b>	<b>4,897,047</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$533,278</b>	<b>\$876,126</b>	<b>\$15,832</b>	<b>\$4,439,797</b>	<b>\$5,031,262</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>PUBLIC</b>		<b>RECREATION\</b>	<b>EMERGENCY</b>	<b>EQUIPMENT</b>	<b>FIRE</b>
<b>REVENUES</b>	<b>TRANSPORTATION</b>	<b>LIBRARY</b>	<b>AUDITORIUM</b>	<b>LEVY</b>	<b>PURCHASE</b>	<b>EQUIPMENT PURCHASE</b>
Property Tax Collections	\$143,891	\$727,343	\$464,774	\$1,609	\$1,585	\$100,293
Special Assessment Collections	-	-	-	-	-	-
Sales Tax Collections	-	-	-	-	-	-
Intergovernmental	172,552	74,110	29,650	-	-	-
Charges For Services	58,618	18,024	348,473	-	-	-
Interest Income	5,956	10,027	9,905	3,328	-	2,707
Miscellaneous	1,570	34,059	47,179	-	10,388	-
<b>TOTAL REVENUES</b>	<b>\$382,587</b>	<b>\$863,563</b>	<b>\$899,981</b>	<b>\$4,937</b>	<b>\$11,973</b>	<b>\$103,000</b>
<b>EXPENDITURES</b>						
Current						
General Government	\$422,620	\$0	\$0	\$27,393	\$93,008	\$45,406
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	-	711,088	903,000	-	-	-
Capital Outlay						
Equipment	176,160	142,346	22,717	-	268,455	50,104
Debt Retirement						
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>598,780</b>	<b>853,434</b>	<b>925,717</b>	<b>27,393</b>	<b>361,463</b>	<b>95,510</b>
Revenues Over (Under) Expenditures	(216,193)	10,129	(25,736)	(22,456)	(349,490)	7,490
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds From G.O. Bonds	-	-	-	-	-	-
Transfers IN	-	-	109,200	-	385,623	-
Transfers OUT	(3,958)	(2,310)	(9,905)	(3,328)	-	(8,707)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,958)</b>	<b>(2,310)</b>	<b>99,295</b>	<b>(3,328)</b>	<b>385,623</b>	<b>(8,707)</b>
Change in Fund Balance	(220,151)	7,819	73,559	(25,784)	36,133	(1,217)
<b>FUND BALANCE, JANUARY 1</b>	<b>168,264</b>	<b>30,043</b>	<b>58,311</b>	<b>108,844</b>	<b>366</b>	<b>60,089</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</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>

**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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	SALES TAX PROPERTY TAX RELIEF	SALES TAX CAPITAL IMPROVEMENTS	SALES TAX FLOOD CONTROL	SIDEWALK IMPROVEMENTS	STREET RESERVE
<b>REVENUES</b>					
Property Tax Collections	\$0	\$0	\$0	\$0	\$613,748
Special Assessment Collections	-	-	-	-	-
Sales Tax Collections	475,242	2,376,211	-	-	-
Intergovernmental	-	-	-	-	-
Charges For Services	-	-	-	-	-
Interest Income	12,359	19,689	8,574	738	45,500
Miscellaneous	-	5,966	-	-	-
<b>TOTAL REVENUES</b>	<b>\$487,601</b>	<b>\$2,401,866</b>	<b>\$8,574</b>	<b>\$738</b>	<b>\$659,248</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$0	\$229,203	\$0	\$0	\$0
Highways and Streets	-	-	-	37,735	1,099,091
Culture and Recreation	-	-	-	-	-
Capital Outlay					
Equipment	-	-	-	-	-
Debt Retirement					
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>229,203</b>	<b>-</b>	<b>37,735</b>	<b>1,099,091</b>
Revenues Over (Under) Expenditures	487,601	2,172,663	8,574	(36,997)	(439,843)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds From G.O. Bonds	-	-	-	-	-
Transfers IN	-	-	-	2,558	-
Transfers OUT	(581,894)	(2,136,758)	(8,574)	(11,575)	(45,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(581,894)</b>	<b>(2,136,758)</b>	<b>(8,574)</b>	<b>(9,017)</b>	<b>(45,500)</b>
Change in Fund Balance	(94,293)	35,905	-	(46,014)	(485,343)
<b>FUND BALANCE, JANUARY 1</b>	<b>174,492</b>	<b>437,985</b>	<b>1,943,946</b>	<b>38,352</b>	<b>991,848</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$80,199</b>	<b>\$473,890</b>	<b>\$1,943,946</b>	<b>(\$7,662)</b>	<b>\$506,505</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>SPECIAL ASSESSMENT</b>		<b>TOTAL</b>	<b>TOTAL</b>
<b>REVENUES</b>	<b>DEFICIENCY</b>	<b>DEMOLITIONS</b>	<b>2002</b>	<b>2001</b>
Property Tax Collections	\$13	\$146	\$2,053,402	\$2,013,622
Special Assessment Collections	67	2,870	2,937	9,697
Sales Tax Collections	-	-	2,851,453	2,721,289
Intergovernmental	-	-	276,312	731,466
Charges For Services	-	-	425,115	434,040
Interest Income	4,534	375	123,692	178,138
Miscellaneous	-	-	99,162	268,582
<b>TOTAL REVENUES</b>	<b>\$4,614</b>	<b>\$3,391</b>	<b>\$5,832,073</b>	<b>\$6,356,834</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$0	\$3,248	\$820,878	\$832,409
Highways and Streets	-	-	1,136,826	852,441
Culture and Recreation	-	-	1,614,088	1,901,854
Capital Outlay				
Equipment	-	-	659,782	954,452
Debt Retirement				
Interest and Fiscal Charges	-	-	-	132
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,248</b>	<b>4,231,574</b>	<b>4,541,288</b>
Revenues Over (Under) Expenditures	4,614	143	1,600,499	1,815,546
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From G.O. Bonds	-	-	-	49,000
Transfers IN	-	-	497,381	415,131
Transfers OUT	(4,496)	(351)	(2,817,356)	(2,849,718)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,496)</b>	<b>(351)</b>	<b>(2,319,975)</b>	<b>(2,385,587)</b>
Change in Fund Balance	118	(208)	(719,476)	(570,041)
FUND BALANCE, JANUARY 1	875,775	8,732	4,897,047	5,467,088
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$875,893</b>	<b>\$8,524</b>	<b>\$4,177,571</b>	<b>\$4,897,047</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	PUBLIC TRANSPORTATION			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Tax Collections	\$146,953	\$146,953	\$143,891	(\$3,062)
Sales Tax Collections	-	-	-	-
Intergovernmental	568,334	568,334	172,552	(395,782)
Charges For Services	60,000	60,000	58,618	(1,382)
Interest Income	2,000	2,000	5,956	3,956
Miscellaneous	2,500	2,500	1,570	(930)
<b>TOTAL REVENUES</b>	<b>779,787</b>	<b>779,787</b>	<b>382,587</b>	<b>(397,200)</b>
<b>EXPENDITURES</b>				
Current				
General Government	444,381	445,381	422,620	21,761
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	420,000	420,000	176,160	243,840
<b>TOTAL EXPENDITURES</b>	<b>864,381</b>	<b>865,381</b>	<b>598,780</b>	<b>265,601</b>
Revenues Over (Under) Expenditures	(84,594)	(85,594)	(216,193)	(131,599)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(3,958)	(3,958)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>(3,958)</b>	<b>(3,958)</b>
Change in Fund Balance	(\$84,594)	(\$85,594)	(220,151)	(\$135,557)
FUND BALANCE, JANUARY 1			168,264	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>			<b>(\$51,887)</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	LIBRARY		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$745,514	\$727,343	(\$18,171)
Sales Tax Collections	-	-	-
Intergovernmental	73,750	74,110	360
Charges For Services	20,000	18,024	(1,976)
Interest Income	10,000	10,027	27
Miscellaneous	26,500	34,059	7,559
<b>TOTAL REVENUES</b>	<b>875,764</b>	<b>863,563</b>	<b>(12,201)</b>
<b>EXPENDITURES</b>			
Current			
General Government	-	-	-
Culture And Recreation	880,847	711,088	169,759
Capital Outlay			
Equipment	-	142,346	(142,346)
<b>TOTAL EXPENDITURES</b>	<b>880,847</b>	<b>853,434</b>	<b>27,413</b>
Revenues Over (Under) Expenditures	(5,083)	10,129	15,212
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(2,310)	(2,310)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>(2,310)</b>	<b>(2,310)</b>
Change in Fund Balance	<u>(\$5,083)</u>	7,819	<u>\$12,902</u>
FUND BALANCE, JANUARY 1		<u>30,043</u>	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>\$37,862</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	RECREATION/AUDITORIUM			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Tax Collections	\$476,299	\$476,299	\$464,774	(\$11,525)
Sales Tax Collections	-	-	-	-
Intergovernmental	29,650	29,650	29,650	-
Charges For Services	343,235	343,235	348,473	5,238
Interest Income	12,900	12,900	9,905	(2,995)
Miscellaneous	13,442	13,442	47,179	33,737
<b>TOTAL REVENUES</b>	<b>875,526</b>	<b>875,526</b>	<b>899,981</b>	<b>24,455</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Culture And Recreation	969,643	998,993	903,000	95,993
Capital Outlay				
Equipment	-	-	22,717	(22,717)
<b>TOTAL EXPENDITURES</b>	<b>969,643</b>	<b>998,993</b>	<b>925,717</b>	<b>73,276</b>
Revenues Over (Under) Expenditures	(94,117)	(123,467)	(25,736)	97,731
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	65,000	65,000	109,200	44,200
Transfers Out	-	-	(9,905)	(9,905)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>65,000</b>	<b>65,000</b>	<b>99,295</b>	<b>34,295</b>
Change in Fund Balance	(\$29,117)	(\$58,467)	73,559	\$132,026
FUND BALANCE, JANUARY 1			58,311	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>			<b>\$131,870</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	EMERGENCY LEVY		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$0	\$1,609	\$1,609
Sales Tax Collections	-	-	-
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	3,328	3,328
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	-	4,937	4,937
<b>EXPENDITURES</b>			
Current			
General Government	60,789	27,393	33,396
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	-	-
<b>TOTAL EXPENDITURES</b>	60,789	27,393	33,396
Revenues Over (Under) Expenditures	(60,789)	(22,456)	38,333
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(3,328)	(3,328)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	-	(3,328)	(3,328)
Change in Fund Balance	<u>(\$60,789)</u>	<u>(25,784)</u>	<u>\$35,005</u>
FUND BALANCE, JANUARY 1		<u>108,844</u>	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><u>\$83,060</u></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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	EQUIPMENT PURCHASE			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	
<b>REVENUES</b>				
Property Tax Collections	\$0	\$0	\$1,585	\$1,585
Sales Tax Collections	-	-	-	-
Intergovernmental	-	-	-	-
Charges For Services	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	10,388	10,388
<b>TOTAL REVENUES</b>	-	-	11,973	11,973
<b>EXPENDITURES</b>				
Current				
General Government	-	-	93,008	(93,008)
Culture And Recreation	-	-	-	-
Capital Outlay				
Equipment	381,468	400,798	268,455	132,343
<b>TOTAL EXPENDITURES</b>	381,468	400,798	361,463	39,335
Revenues Over (Under) Expenditures	(381,468)	(400,798)	(349,490)	51,308
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	385,000	355,000	385,623	623
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	385,000	355,000	385,623	623
Change in Fund Balance	\$3,532	(\$45,798)	36,133	\$51,931
FUND BALANCE, JANUARY 1			366	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>			<b>\$36,499</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	FIRE EQUIPMENT PURCHASE		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Property Tax Collections	\$102,125	\$100,293	(\$1,832)
Sales Tax Collections	-	-	-
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	2,707	2,707
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>102,125</b>	<b>103,000</b>	<b>875</b>
<b>EXPENDITURES</b>			
Current			
General Government	102,125	45,406	56,719
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	50,104	(50,104)
<b>TOTAL EXPENDITURES</b>	<b>102,125</b>	<b>95,510</b>	<b>6,615</b>
Revenues Over (Under) Expenditures	-	7,490	7,490
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(8,707)	(8,707)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>(8,707)</b>	<b>(8,707)</b>
Change in Fund Balance	<u>\$0</u>	<u>(1,217)</u>	<u>(\$1,217)</u>
FUND BALANCE, JANUARY 1		<u>60,089</u>	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>\$58,872</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	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	466,194	475,242	9,048
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	12,359	12,359
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>466,194</b>	<b>487,601</b>	<b>21,407</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	466,194	487,601	21,407
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(569,535)	(581,894)	(12,359)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(569,535)</b>	<b>(581,894)</b>	<b>(12,359)</b>
Change in Fund Balance	<u>(\$103,341)</u>	<u>(94,293)</u>	<u>\$9,048</u>
FUND BALANCE, JANUARY 1		<u>174,492</u>	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>\$80,199</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	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	2,330,970	2,376,211	45,241
Intergovernmental	-	-	-
Charges For Services	-	-	-
Interest Income	-	19,689	19,689
Miscellaneous	-	5,966	5,966
<b>TOTAL REVENUES</b>	<b>2,330,970</b>	<b>2,401,866</b>	<b>70,896</b>
<b>EXPENDITURES</b>			
Current			
General Government	220,000	229,203	(9,203)
Culture And Recreation	-	-	-
Capital Outlay			
Equipment	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>220,000</b>	<b>229,203</b>	<b>(9,203)</b>
Revenues Over (Under) Expenditures	2,110,970	2,172,663	61,693
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(2,110,970)	(2,136,758)	(25,788)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,110,970)</b>	<b>(2,136,758)</b>	<b>(25,788)</b>
Change in Fund Balance	<u>\$0</u>	35,905	<u>\$35,905</u>
FUND BALANCE, JANUARY 1		<u>437,985</u>	
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>		<u><b>\$473,890</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	2002 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2001 ACTUAL AMOUNTS
<b>REVENUES</b>					
Property Tax Collections	\$1,470,891	\$1,470,891	\$1,439,495	(\$31,396)	\$1,495,540
Sales Tax Collections	2,797,164	2,797,164	2,851,453	54,289	2,721,289
Intergovernmental	671,734	671,734	276,312	(395,422)	731,466
Charges For Services	423,235	423,235	425,115	1,880	434,040
Interest Income	24,900	24,900	63,971	39,071	98,862
Miscellaneous	42,442	42,442	99,162	56,720	232,764
<b>TOTAL REVENUES</b>	<b>5,430,366</b>	<b>5,430,366</b>	<b>5,155,508</b>	<b>(274,858)</b>	<b>5,713,961</b>
<b>EXPENDITURES</b>					
Current					
General Government	827,295	747,383	817,630	(70,247)	831,522
Culture And Recreation	1,850,490	1,710,081	1,614,088	95,993	1,901,854
Capital Outlay					
Equipment	801,468	1,013,248	659,782	353,466	954,452
<b>TOTAL EXPENDITURES</b>	<b>3,479,253</b>	<b>3,470,712</b>	<b>3,091,500</b>	<b>379,212</b>	<b>3,687,828</b>
Revenues Over (Under) Expenditures	1,951,113	1,959,654	2,064,008	104,354	2,026,133
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	450,000	420,000	494,823	74,823	414,999
Transfers Out	(2,680,505)	(2,680,505)	(2,746,860)	(66,355)	(2,770,719)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,230,505)</b>	<b>(2,260,505)</b>	<b>(2,252,037)</b>	<b>8,468</b>	<b>(2,355,720)</b>
Change in Fund Balance	(\$279,392)	(\$300,851)	(188,029)	\$112,822	(329,587)
<b>FUND BALANCE, JANUARY 1</b>			<b>1,038,394</b>		<b>1,367,981</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>			<b>\$850,365</b>		<b>\$1,038,394</b>

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

**CITY OF MINOT, NORTH DAKOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	2001 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Tax Collections	\$1,545,600	\$1,545,600	\$1,495,540	(\$50,060)
Sales Tax Collections	2,610,000	2,610,000	2,721,289	111,289
Intergovernmental	433,309	433,309	731,466	298,157
Charges For Services	492,000	492,000	434,040	(57,960)
Interest Income	18,400	18,400	98,862	80,462
Miscellaneous	45,915	123,515	232,764	109,249
<b>TOTAL REVENUES</b>	<b>5,145,224</b>	<b>5,222,824</b>	<b>5,713,961</b>	<b>491,137</b>
<b>EXPENDITURES</b>				
Current				
General Government	569,065	569,065	831,522	(262,457)
Culture And Recreation	1,871,402	1,938,163	1,901,854	36,309
Capital Outlay				
Equipment	1,203,750	1,240,447	954,452	(53,855)
<b>TOTAL EXPENDITURES</b>	<b>3,644,217</b>	<b>3,747,675</b>	<b>3,687,828</b>	<b>(280,003)</b>
Revenues Over (Under) Expenditures	1,501,007	1,475,149	2,026,133	550,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	405,000	405,000	414,999	9,999
Transfers Out	(2,563,479)	(2,563,479)	(2,770,719)	(207,240)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(2,158,479)</b>	<b>(2,158,479)</b>	<b>(2,355,720)</b>	<b>(197,241)</b>
Change in Fund Balance	(\$657,472)	(\$683,330)	(329,587)	\$353,743
<b>FUND BALANCE, JANUARY 1</b>			<b>4,373,116</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$4,043,529</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, 2002  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	CIVIL DEFENSE SIRENS	HIGHWAY RESERVE	SERTOMA SPORTS COMPLEX	ASSESSMENT CAPITAL
<b>ASSETS</b>				
Cash And Cash Equivalents	\$3,061	\$0	\$4,142	\$0
Investments	-	-	-	-
Taxes Receivable Delinquent	-	1,301	-	-
Accounts Receivable	-	-	-	-
Due From Other Funds	-	539,898	25,217	-
Due From Other Agencies	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$3,061</b>	<b>\$541,199</b>	<b>\$29,359</b>	<b>\$0</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$383	\$0	\$12,433
Retainage Payable	-	-	-	6,127
Due To Other Funds	-	-	-	60,900
Deferred Revenue	-	1,245	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,628</b>	<b>-</b>	<b>79,460</b>
<b>FUND BALANCE</b>				
Undesignated	3,061	539,571	29,359	(79,460)
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>3,061</b>	<b>539,571</b>	<b>29,359</b>	<b>(79,460)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$3,061</b>	<b>\$541,199</b>	<b>\$29,359</b>	<b>\$0</b>



**CITY OF MINOT, NORTH DAKOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>FIRE</b>	<b>SALES TAX</b>		<b>STORM SEWER</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>ASSETS</b>	<b>EQUIPMENT</b>	<b>CAPITAL</b>	<b>LIBRARY</b>	<b>DEVELOPMENT</b>	<b>2002</b>	<b>2001</b>
Cash And Cash Equivalents	\$0	\$41,500	\$0	\$1,819	\$50,522	\$172,235
Investments	-	-	-	-	-	129,861
Taxes Receivable Delinquent	-	-	-	-	1,301	2,999
Accounts Receivable	-	-	-	9,667	9,667	96,371
Due From Other Funds	-	268,649	-	327,957	1,161,721	1,269,014
Due From Other Agencies	-	-	-	-	-	29,814
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$310,149</b>	<b>\$0</b>	<b>\$339,443</b>	<b>\$1,223,211</b>	<b>\$1,700,294</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$0	\$0	\$0	\$0	\$12,816	\$0
Retainage Payable	-	-	-	-	6,127	-
Due To Other Funds	1,136,504	-	25,217	331,636	1,554,257	1,292,808
Deferred Revenue	-	-	-	-	1,245	11,539
<b>TOTAL LIABILITIES</b>	<b>1,136,504</b>	<b>-</b>	<b>25,217</b>	<b>331,636</b>	<b>1,574,445</b>	<b>1,304,347</b>
<b>FUND BALANCE</b>						
Undesignated	(1,136,504)	310,149	(25,217)	7,807	(351,234)	395,947
<b>TOTAL FUND BALANCE(DEFICIT)</b>	<b>(1,136,504)</b>	<b>310,149</b>	<b>(25,217)</b>	<b>7,807</b>	<b>(351,234)</b>	<b>395,947</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$0</b>	<b>\$310,149</b>	<b>\$0</b>	<b>\$339,443</b>	<b>\$1,223,211</b>	<b>\$1,700,294</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	CIVIL DEFENSE SIRENS	HIGHWAY RESERVE	SERTOMA SPORTS COMPLEX	ASSESSMENT CAPITAL
<b>REVENUES</b>				
Property Tax Collections	\$0	\$1,735	\$0	\$0
Intergovernmental	-	13,547	-	-
Interest Income	143	-	656	12,718
Miscellaneous	-	-	11,000	95,653
<b>TOTAL REVENUES</b>	<b>\$143</b>	<b>\$15,282</b>	<b>\$11,656</b>	<b>\$108,371</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$1,749	\$183,063	\$0	\$26,171
Capital Outlay				
Contracted Work	-	1,004,100	-	818,479
Equipment	-	-	-	-
Legal	-	29,124	-	17,207
Other	-	3,055	-	10,332
Architect	-	-	-	-
Acquisitions	-	203,360	-	-
Engineering	-	584,291	-	109,111
<b>TOTAL EXPENDITURES</b>	<b>1,749</b>	<b>2,006,993</b>	<b>-</b>	<b>981,300</b>
Revenues Over (Under) Expenditures	(1,606)	(1,991,711)	11,656	(872,929)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From G.O. Bonds	-	2,285,000	-	565,000
Premium (Discount) on Debt Issued	-	213	-	(4,972)
Transfers IN	-	354,741	-	703,341
Transfers OUT	(143)	(35,000)	(656)	(1,758,508)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(143)</b>	<b>2,604,954</b>	<b>(656)</b>	<b>(495,139)</b>
Change in Fund Balance	(1,749)	613,243	11,000	(1,368,068)
FUND BALANCE(DEFICIT), JANUARY 1	4,810	(73,672)	18,359	1,288,608
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>\$3,061</b>	<b>\$539,571</b>	<b>\$29,359</b>	<b>(\$79,460)</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>FIRE</b>	<b>SALES TAX</b>		<b>STORM SEWER</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>REVENUES</b>	<b>EQUIPMENT</b>	<b>CAPITAL</b>	<b>LIBRARY</b>	<b>DEVELOPMENT</b>	<b>2002</b>	<b>2001</b>
Property Tax Collections	\$0	\$0	\$0	\$0	\$1,735	\$57,026
Intergovernmental	-	-	-	-	13,547	802,576
Interest Income	-	5,457	-	10,698	29,672	16,745
Miscellaneous	-	2,909	31,367	290,539	431,468	502,013
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$8,366</b>	<b>\$31,367</b>	<b>\$301,237</b>	<b>\$476,422</b>	<b>\$1,378,360</b>
<b>EXPENDITURES</b>						
Current						
General Government	\$58,127	\$68,152	\$5,529	\$491,658	\$834,449	\$0
Capital Outlay						
Contracted Work	-	111,464	10,314	-	1,944,357	2,390,457
Equipment	648,144	-	-	-	648,144	134,681
Legal	-	-	-	-	46,331	23,622
Other	-	10,192	30,000	-	53,579	427,416
Architect	-	103,312	-	-	103,312	73,969
Acquisitions	-	-	-	-	203,360	85,692
Engineering	-	2,369	-	-	695,771	404,970
<b>TOTAL EXPENDITURES</b>	<b>706,271</b>	<b>295,489</b>	<b>45,843</b>	<b>491,658</b>	<b>4,529,303</b>	<b>3,540,807</b>
Revenues Over (Under) Expenditures	(706,271)	(287,123)	(14,476)	(190,421)	(4,052,881)	(2,162,447)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds From G.O. Bonds	-	-	-	-	2,850,000	1,481,000
Premium (Discount) on Debt Issued	-	-	-	-	(4,759)	-
Transfers IN	464,685	534,541	223,274	-	2,280,582	2,021,604
Transfers OUT	-	(5,457)	-	(20,359)	(1,820,123)	(127,283)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>464,685</b>	<b>529,084</b>	<b>223,274</b>	<b>(20,359)</b>	<b>3,305,700</b>	<b>3,375,321</b>
Change in Fund Balance	(241,586)	241,961	208,798	(210,780)	(747,181)	1,212,874
<b>FUND BALANCE(DEFICIT), JANUARY 1</b>	<b>(894,918)</b>	<b>68,188</b>	<b>(234,015)</b>	<b>218,587</b>	<b>395,947</b>	<b>(816,927)</b>
<b>FUND BALANCE(DEFICIT), DECEMBER 31</b>	<b>(\$1,136,504)</b>	<b>\$310,149</b>	<b>(\$25,217)</b>	<b>\$7,807</b>	<b>(\$351,234)</b>	<b>\$395,947</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>NON-MAJOR BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL NONMAJOR PROPRIETARY FUNDS 2002</b>	<b>TOTAL NONMAJOR PROPRIETARY FUNDS 2001</b>
	<b>CEMETERY</b>	<b>PARKING AUTHORITY</b>		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash And Cash Equivalents	\$124,411	\$66,324	\$190,735	\$179,759
Taxes Receivable Delinquent	1,743	-	1,743	1,550
Accounts Receivable	24,772	-	24,772	17,565
<b>TOTAL CURRENT ASSETS</b>	<b>150,926</b>	<b>66,324</b>	<b>217,250</b>	<b>198,874</b>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>				
Land	118,396	95,400	213,796	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	126,781	308,713	435,494	435,494
<b>TOTAL PROPERTY, PLANT, &amp; EQUIPMENT</b>	<b>434,030</b>	<b>719,000</b>	<b>1,153,030</b>	<b>1,153,030</b>
Less-Accumulated Depreciation	(214,979)	(328,388)	(543,367)	(489,180)
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>219,051</b>	<b>390,612</b>	<b>609,663</b>	<b>663,850</b>
<b>TOTAL ASSETS</b>	<b>\$369,977</b>	<b>\$456,936</b>	<b>\$826,913</b>	<b>\$862,724</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Due To Other Agencies	\$305	\$0	\$305	\$305
Accrued Vacation Payable	9,076	-	9,076	8,505
Accrued Salaries Payable	4,729	2,154	6,883	5,603
Bonds Payable-Current	-	55,000	55,000	50,000
Accrued Interest Payable	-	1,276	1,276	1,537
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,110</b>	<b>58,430</b>	<b>72,540</b>	<b>65,950</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds Payable-Long Term	-	180,000	180,000	235,000
<b>TOTAL LIABILITIES</b>	<b>14,110</b>	<b>238,430</b>	<b>252,540</b>	<b>300,950</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	219,051	155,612	374,663	378,850
Restricted for Perpetual Care	38,250	-	38,250	38,250
Restricted for Chapel	1,932	-	1,932	1,355
Unrestricted	96,634	62,894	159,528	143,319
<b>TOTAL NET ASSETS</b>	<b>\$355,867</b>	<b>\$218,506</b>	<b>\$574,373</b>	<b>\$561,774</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	NON-MAJOR BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS 2002	TOTAL NONMAJOR PROPRIETARY FUNDS 2001
	CEMETERY	PARKING AUTHORITY		
<b>OPERATING REVENUES</b>				
Charges For Services	\$171,722	\$187,177	\$358,899	\$339,586
Miscellaneous	495	-	495	2,530
<b>TOTAL OPERATING REVENUES</b>	<b>172,217</b>	<b>187,177</b>	<b>359,394</b>	<b>342,116</b>
<b>OPERATING EXPENSES</b>				
Salaries	134,157	51,243	185,400	178,851
Employee Benefits	27,358	9,028	36,386	33,740
Professional Services	-	-	-	20
Property Services	7,360	30,828	38,188	42,641
Purchased Services	3,539	2,311	5,850	7,115
Supplies	6,513	11,505	18,018	22,373
Capital Purchases	8,688	1,000	9,688	2,950
Sundry	19,844	8,974	28,818	26,893
Depreciation	15,079	39,108	54,187	53,976
<b>TOTAL OPERATING EXPENSES</b>	<b>222,538</b>	<b>153,997</b>	<b>376,535</b>	<b>368,559</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(50,321)</b>	<b>33,180</b>	<b>(17,141)</b>	<b>(26,443)</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
State Aid Distribution	1,900	-	1,900	1,900
Telecommunications Tax	450	-	450	450
Property Tax Collections	38,376	-	38,376	39,137
Interest Income	4,795	1,997	6,792	10,616
Miscellaneous Income	491	-	491	539
Interest And Fiscal Charges	-	(16,620)	(16,620)	(19,713)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>46,012</b>	<b>(14,623)</b>	<b>31,389</b>	<b>32,929</b>
<b>INCOME(LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(4,309)</b>	<b>18,557</b>	<b>14,248</b>	<b>6,486</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>606</b>	<b>-</b>	<b>606</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>(1,795)</b>	<b>(460)</b>	<b>(2,255)</b>	<b>(5,373)</b>
<b>TOTAL CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(1,189)</b>	<b>(460)</b>	<b>(1,649)</b>	<b>(5,373)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(5,498)</b>	<b>18,097</b>	<b>12,599</b>	<b>1,113</b>
<b>NET ASSETS, JANUARY 1</b>	<b>361,365</b>	<b>200,409</b>	<b>561,774</b>	<b>560,661</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$355,867</b>	<b>\$218,506</b>	<b>\$574,373</b>	<b>\$561,774</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>NON-MAJOR BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL NONMAJOR PROPRIETARY FUNDS 2002</b>	<b>TOTAL 2001</b>
	<b>CEMETERY</b>	<b>PARKING AUTHORITY</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 164,817	\$ 187,177	\$ 351,994	\$ 342,336
Payments to suppliers	(45,944)	(54,879)	(100,823)	(102,256)
Payments to employees	(160,572)	(59,363)	(219,935)	(213,307)
Net cash provided (used) by operating activities	(41,699)	72,935	31,236	26,773
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Taxes Received	41,217	-	41,217	(918)
Transfers Out	(1,795)	(460)	(2,255)	(5,373)
Net cash provided (used) by noncapital financing activities	39,422	(460)	38,962	(6,291)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	606	-	606	-
Acquisition And Construction Of Capital Assets	-	-	-	(19,455)
Principal Paid on Capital Debt	-	(50,000)	(50,000)	(50,000)
Interest Paid on Capital Debt	-	(16,620)	(16,620)	(19,713)
Net cash provided (used) by capital and related financing activities	606	(66,620)	(66,014)	(89,168)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	4,795	1,997	6,792	52,642
Net cash provided by investing activities	4,795	1,997	6,792	52,642
Net increase in cash and cash equivalents	3,124	7,852	10,976	(16,044)
Cash and cash equivalents, January 1	121,287	58,472	179,759	195,803
Cash and cash equivalents, December 31	\$ 124,411	\$ 66,324	\$ 190,735	\$ 179,759
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$50,321)	\$33,180	(\$17,141)	(\$26,443)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities				
Depreciation Expense	15,079	39,108	54,187	53,976
Change In Assets And Liabilities				
Receivables, net	(7,400)	-	(7,400)	220
Due To Other Agencies	-	-	-	(10)
Accrued Vacation Payable	571	-	571	(887)
Accrued Salaries Payable	372	908	1,280	171
Accrued Interest Payable	-	(261)	(261)	(254)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(41,699)	72,935	31,236	26,773

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, 2002  
with Comparative Totals for December 31, 2001

	CENTRAL GARAGE	SELF INSURANCE	TOTALS 2002	TOTAL 2001
<b>ASSETS</b>				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 775,509	\$ 775,509	\$ 63,597
Investments	-	-	-	500,000
Accounts Receivable	569	-	569	1,826
Merchandise Inventory	287,208	-	287,208	269,141
Total Assets	287,777	775,509	1,063,286	834,564
<b>LIABILITIES</b>				
Accounts Payable	22,716	-	22,716	-
Due To Other Funds	4,193	-	4,193	-
Insurance Claims Payable	-	68,832	68,832	86,589
Total Liabilities	26,909	68,832	95,741	86,589
<b>NET ASSETS</b>				
Unrestricted	260,868	706,677	967,545	747,975
TOTAL NET ASSETS	\$ 260,868	\$ 706,677	\$ 967,545	\$ 747,975

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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>CENTRAL GARAGE</b>	<b>SELF INSURANCE</b>	<b>TOTAL 2002</b>	<b>TOTAL 2001</b>
<b>OPERATING REVENUES</b>				
Sales	\$367,100	\$0	\$367,100	\$353,100
Cost of Goods Sold	(351,962)	-	(351,962)	(336,937)
Gross Margin On Sales	15,138	-	15,138	16,163
Charges For Services				
Employer	-	909,631	909,631	807,300
Employee	-	459,508	459,508	528,599
<b>TOTAL OPERATING REVENUES</b>	<b>15,138</b>	<b>1,369,139</b>	<b>1,384,277</b>	<b>1,352,062</b>
<b>OPERATING EXPENSES</b>				
Supplies	25,802	-	25,802	7,115
Insurance Claims				
Employer	-	763,977	763,977	675,522
Employee	-	393,564	393,564	450,348
<b>TOTAL OPERATING EXPENSES</b>	<b>25,802</b>	<b>1,157,541</b>	<b>1,183,343</b>	<b>1,132,985</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(10,664)</b>	<b>211,598</b>	<b>200,934</b>	<b>219,077</b>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
Interest Income	11	23,011	23,022	23,500
Miscellaneous Income	565	18,071	18,636	1,216
Interest And Fiscal Charges	-	-	-	(1,035)
Miscellaneous Expense	-	-	-	(22)
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>576</b>	<b>41,082</b>	<b>41,658</b>	<b>23,659</b>
<b>INCOME(LOSS) BEFORE TRANSFERS</b>	<b>(10,088)</b>	<b>252,680</b>	<b>242,592</b>	<b>242,736</b>
TRANSFERS IN	-	-	-	22,011
TRANSFERS OUT	(11)	(23,011)	(23,022)	(23,500)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>(11)</b>	<b>(23,011)</b>	<b>(23,022)</b>	<b>(1,489)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(10,099)</b>	<b>229,669</b>	<b>219,570</b>	<b>241,247</b>
NET ASSETS, JANUARY 1	270,967	477,008	747,975	506,728
<b>NET ASSETS, DECEMBER 31</b>	<b>\$260,868</b>	<b>\$706,677</b>	<b>\$967,545</b>	<b>\$747,975</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>CENTRAL GARAGE</b>	<b>SELF INSURANCE</b>	<b>TOTAL 2002</b>	<b>TOTAL 2001</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 350,290	\$ 1,369,139	\$ 1,719,429	\$ 1,697,123
Payments to suppliers	(355,048)	(781,734)	(1,136,782)	(995,621)
Payments to employees	-	(393,564)	(393,564)	(450,348)
Internal activity - payments from (to) other funds	4,193	-	4,193	-
Net cash provided (used) by operating activities	(565)	193,841	193,276	251,154
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	-	-	-	22,011
Transfers Out	(11)	(23,011)	(23,022)	(23,500)
Net cash (used) by noncapital financing activities	(11)	(23,011)	(23,022)	(1,489)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Capital Debt	-	-	-	(1,035)
Net cash (used) by capital and related financing activities	-	-	-	(1,035)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	500,000	500,000	-
Purchase of Investments	-	-	-	(300,000)
Interest and dividends	576	41,082	41,658	24,694
Net cash provided (used) by investing activities	576	541,082	541,658	(275,306)
Net increase (decrease) in cash and cash equivalents	-	711,912	711,912	(26,676)
Cash and cash equivalents, January 1	-	63,597	63,597	90,273
Cash and cash equivalents, December 31	\$ -	\$ 775,509	\$ 775,509	\$ 63,597
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	(\$10,664)	\$211,598	\$200,934	\$219,077
Adjustments To Reconcile Operating Income(Loss) To Net Cash Provided (Used) By Operating Activities				
Change In Assets And Liabilities				
Receivables, net	1,257	-	1,257	75
Merchandise Inventory	(18,067)	-	(18,067)	8,049
Accounts Payable	22,716	-	22,716	(174)
Insurance Claims Payable	-	(17,757)	(17,757)	24,127
Due To (From) Other Funds	4,193	-	4,193	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(565)	193,841	193,276	251,154

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, 2002  
With Comparative Totals For December 31, 2001

	City Employee Pension Plan	Police Pension Plan	Agency Funds	<b>Total 2002</b>	Total 2001
<b>ASSETS</b>					
Cash and cash equivalents	\$ 93,313	\$ 48,478	\$ 89,157	\$ 230,948	\$ 493,195
Investments	34,321,127	10,087,268	100,000	44,508,395	41,139,242
Taxes Receivable Delinquent	-	-	6,022	6,022	5,869
Accrued Interest Receivable	455,843	135,683	-	591,526	566,659
Total Assets	34,870,283	10,271,429	195,179	45,336,891	42,204,965
<b>LIABILITIES</b>					
Due To Other Funds	-	-	550	550	876
Due To Other Agencies	-	-	79,939	79,939	211,368
Other Deferred Credits	-	-	114,690	114,690	4,993
Total Liabilities	-	-	\$ 195,179	\$ 195,179	\$ 217,237
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	34,870,283	10,271,429		45,141,712	41,987,728
<b>TOTAL NET ASSETS</b>	<b>\$ 34,870,283</b>	<b>\$ 10,271,429</b>		<b>\$ 45,336,891</b>	<b>\$ 42,204,965</b>

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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	CITY EMPLOYEE PENSION PLAN	POLICE PENSION PLAN	TOTAL 2002	TOTAL 2001
<b>ADDITIONS</b>				
Contributions:				
Employer	\$809,809	\$272,186	\$1,081,995	\$974,780
Employee	624,034	215,306	839,340	808,896
Total Contributions	1,433,843	487,492	1,921,335	1,783,676
Investment earnings:				
Interest	1,847,301	527,222	2,374,523	2,551,911
Net increase in the fair value of investments	893,247	242,047	1,135,294	1,132,338
Total Investment earnings	2,740,548	769,269	3,509,817	3,684,249
Less investment expense	95,876	31,117	126,993	221,863
Net Investment earnings	2,644,672	738,152	3,382,824	3,462,386
<b>TOTAL ADDITIONS</b>	4,078,515	1,225,644	5,304,159	5,246,062
<b>DEDUCTIONS:</b>				
Benefits Paid to Participants	1,647,259	320,433	1,967,692	1,871,038
Refunds	29,970	44,775	74,745	51,618
Administrative Expenses	85,973	21,765	107,738	91,702
<b>TOTAL DEDUCTIONS</b>	1,763,202	386,973	2,150,175	2,014,358
<b>Change in Net Assets</b>	2,315,313	838,671	3,153,984	3,231,704
Net Assets - January 1	32,554,970	9,432,758	41,987,728	38,756,024
<b>Net Assets- December 31</b>	<b>\$34,870,283</b>	<b>\$10,271,429</b>	<b>\$45,141,712</b>	<b>\$41,987,728</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, 2002  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	AGENCY FUNDS					TOTALS	TOTALS
	PAYROLL DEDUCTIONS	EMPLOYER SOCIAL SECURITY	C.O.L.A.F.	HOTEL/ MOTEL TAX	CDBG PASS- THROUGH	2002	2001
<b>ASSETS</b>							
Cash And Cash Equivalents	\$37,887	\$0	\$9,555	\$16,892	\$24,823	\$89,157	\$111,368
Investments	-	-	100,000	-	-	100,000	100,000
Taxes Receivable Delinquent	-	3,227	2,795	-	-	6,022	5,869
<b>TOTAL ASSETS</b>	<b>\$37,887</b>	<b>\$3,227</b>	<b>\$112,350</b>	<b>\$16,892</b>	<b>\$24,823</b>	<b>\$195,179</b>	<b>\$217,237</b>
<b>LIABILITIES</b>							
Due To Other Funds	\$0	\$287	\$263	\$0	\$0	\$550	\$876
Due To Other Agencies	37,887	-	337	16,892	24,823	79,939	211,368
Other Deferred Credits	-	2,940	111,750	-	-	114,690	4,993
<b>TOTAL LIABILITIES</b>	<b>\$37,887</b>	<b>\$3,227</b>	<b>\$112,350</b>	<b>\$16,892</b>	<b>\$24,823</b>	<b>\$195,179</b>	<b>\$217,237</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, 2002  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	JANUARY 1	ADDITIONS	DELETIONS	DECEMBER 31
<b>MAINTENANCE BOND AGREEMENT</b>				
ASSETS				
Cash And Cash Equivalents	\$4,277	\$0	\$4,277	\$0
LIABILITIES				
Due To Other Agencies	4,277	-	4,277	-
<b>PAYROLL DEDUCTIONS</b>				
ASSETS				
Cash And Cash Equivalents	31,265	2,327,154	2,320,532	37,887
LIABILITIES				
Accounts Payable	-	700,465	700,465	-
Due To Other Agencies	31,265	2,316,020	2,309,398	37,887
TOTAL LIABILITIES	31,265	3,016,485	3,009,863	37,887
<b>EMPLOYER SOCIAL SECURITY</b>				
ASSETS				
Cash And Cash Equivalents	-	63,060	63,060	-
Taxes Receivable Delinquent	3,245	64,086	64,104	3,227
TOTAL ASSETS	3,245	127,146	127,164	3,227
LIABILITIES				
Due To Other Funds	486	287	486	287
Other Deferred Credits	2,759	62,722	62,541	2,940
TOTAL LIABILITIES	3,245	63,009	63,027	3,227
<b>C.O.L.A.F.</b>				
ASSETS				
Cash And Cash Equivalents	29,388	505,816	525,649	9,555
Investments	100,000	-	-	100,000
Taxes Receivable Delinquent	2,624	59,963	59,792	2,795
TOTAL ASSETS	132,012	565,779	585,441	112,350
LIABILITIES				
Accounts Payable	-	184,077	184,077	-
Due To Other Funds	390	263	390	263
Due To Other Agencies	129,388	446,017	575,068	337
Other Deferred Credits	2,234	167,710	58,194	111,750
TOTAL LIABILITIES	132,012	798,067	817,729	112,350
<b>COMMISSION ON AGING</b>				
ASSETS				
Cash And Cash Equivalents	-	43,093	43,093	-
LIABILITIES				
Due To Other Agencies	-	42,549	42,549	-
TOTAL LIABILITIES	-	42,549	42,549	-

**CITY OF MINOT, NORTH DAKOTA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

	<b>JANUARY 1</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>DECEMBER 31</b>
<b>HOTEL/MOTEL TAX</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$22,784	\$301,292	\$307,184	\$16,892
<b>LIABILITIES</b>				
Due to Other Agencies	22,784	301,292	307,184	16,892
<b>CDBG PASSTHROUGH</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	23,654	33,059	31,890	24,823
<b>LIABILITIES</b>				
Due To Other Agencies	23,654	33,059	31,890	24,823
<b>TOTALS 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>
<b>TOTALS 2001</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$109,827	\$2,998,249	\$2,996,708	\$111,368
Investments	100,000	-	-	100,000
Taxes Receivable Delinquent	4,236	86,938	85,305	5,869
<b>TOTAL ASSETS</b>	<b>\$214,063</b>	<b>\$3,085,187</b>	<b>\$3,082,013</b>	<b>\$217,237</b>
<b>LIABILITIES</b>				
Accounts Payable	\$39,591	\$1,345,623	\$1,385,214	\$0
Due To Other Funds	301	1,183	608	876
Due To Other Agencies	45,921	3,230,012	3,064,565	211,368
Other Deferred Credits	128,250	198,645	321,902	4,993
<b>TOTAL LIABILITIES</b>	<b>\$214,063</b>	<b>\$4,775,463</b>	<b>\$4,772,289</b>	<b>\$217,237</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, 2002 AND 2001**

<b>Governmental funds capital assets</b>	<b>2002</b>	2001 <i>as restated</i>
Land	\$4,909,325	\$4,909,325
Buildings	6,821,053	4,822,525
Improvements Other Than Buildings	700,783	700,783
Equipment	7,620,101	6,431,753
Infrastructure	38,011,330	34,883,001
Books	3,547,403	3,466,278
Construction in Progress	4,354,960	6,411,959
<b>Total governmental funds capital assets</b>	<b>\$65,964,955</b>	<b>\$61,625,624</b>

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

Capital Project Funds		
G.O. Bonds and Levies	\$3,002,636	\$1,178,705
Sales Tax Revenue Bonds	190,916	190,916
Federal Grants	16,981,706	16,981,706
State Grants	1,037,022	1,037,022
County Grants	214,124	214,124
Contributions From Others	22,289,874	19,942,399
General Fund	4,853,218	4,853,218
Special Revenue	15,262,970	15,095,045
Urban Renewal	465,739	465,739
Enterprise Fund	1,666,750	1,666,750
<b>Total governmental funds capital assets</b>	<b>\$65,964,955</b>	<b>\$61,625,624</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, 2002**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001**

FUNCTION OR ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION	T	
							IN PROGRESS	2002	2001-as restated
GENERAL GOVERNMENT									
Manager	\$0	\$0	\$0	\$1,824	\$0	\$0	\$0	\$1,824	\$1,824
Clerk	-	-	-	3,549	-	-	-	3,549	3,549
Civic Center/Property Maintenance	49,374	1,354,528	-	73,701	-	-	-	1,477,603	1,477,603
Personnel	-	-	-	1,395	-	-	-	1,395	1,395
Finance	-	-	-	11,225	-	-	-	11,225	11,225
Assessor	-	-	-	63,414	-	-	-	63,414	63,414
Engineering	-	-	-	182,881	-	-	-	182,881	182,881
Inspection	-	-	-	97,698	-	-	-	97,698	97,698
Traffic Control	-	-	-	4,382,826	-	-	-	4,382,826	206,437
Public Works	-	1,432,856	-	30,330	-	-	-	1,463,186	1,463,186
General	4,186,089	135,600	692,968	228,476	-	-	4,354,960	9,598,093	11,655,092
TOTAL GENERAL GOVERNMENT	4,235,463	2,922,984	692,968	5,077,319	-	-	4,354,960	17,283,694	15,164,304
PUBLIC SAFETY									
Police	-	20,745	-	1,522,907	-	-	-	1,543,652	1,386,651
Fire	243,861	2,164,886	-	2,089,813	-	-	-	4,498,560	1,762,837
TOTAL PUBLIC SAFETY	243,861	2,185,631	-	3,612,720	-	-	-	6,042,212	3,149,488
STREET									
SHOP	-	32,580	-	1,732,618	33,834,941	-	-	35,600,139	36,545,734
LIBRARY	-	-	7,815	130,914	-	-	-	138,729	138,729
BAND	7,624	790,236	-	76,197	-	3,547,403	-	4,421,460	4,340,335
PUBLIC TRANSPORTATION	-	-	-	1,700	-	-	-	1,700	1,700
AUDITORIUM	-	396,243	-	812,451	-	-	-	1,208,694	1,032,534
RECREATION	398,427	493,379	-	255,635	-	-	-	1,147,441	1,147,441
	23,950	-	-	96,936	-	-	-	120,886	105,359
Total governmental funds									
capital assets	\$4,909,325	\$6,821,053	\$700,783	\$11,796,490	\$33,834,941	\$3,547,403	\$4,354,960	\$65,964,955	\$61,625,624

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, 2002**

Function and Activity	GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1	PRIOR PERIOD	GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1 AS RESTATED	ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS DECEMBER 31
<b>GENERAL GOVERNMENT</b>						
Manager	\$1,824	\$0	\$1,824	\$0	\$0	\$1,824
Clerk	3,549	-	3,549	-	-	3,549
Civic Center/Property Maintenance	1,477,603	-	1,477,603	-	-	1,477,603
Personnel	1,395	-	1,395	-	-	1,395
Finance	11,225	-	11,225	-	-	11,225
Assessor	63,414	-	63,414	-	-	63,414
Engineering	182,881	-	182,881	-	-	182,881
Inspection	97,698	-	97,698	-	-	97,698
Traffic Control	206,437	4,155,200	4,361,637	21,189	-	4,382,826
Public Works	1,463,186	-	1,463,186	-	-	1,463,186
General	5,243,133	6,411,959	11,655,092	2,641,619	4,698,618	9,598,093
<b>TOTAL GENERAL GOVERNMENT</b>	<b>8,752,345</b>	<b>10,567,159</b>	<b>19,319,504</b>	<b>2,662,808</b>	<b>4,698,618</b>	<b>17,283,694</b>
<b>PUBLIC SAFETY</b>						
Police	1,386,651	-	1,386,651	157,001	-	1,543,652
Fire	1,762,837	-	1,762,837	2,735,723	-	4,498,560
<b>TOTAL PUBLIC SAFETY</b>	<b>3,149,488</b>	<b>-</b>	<b>3,149,488</b>	<b>2,892,724</b>	<b>-</b>	<b>6,042,212</b>
<b>STREET</b>	<b>1,662,733</b>	<b>30,727,801</b>	<b>32,390,534</b>	<b>3,209,605</b>	<b>-</b>	<b>35,600,139</b>
<b>SHOP</b>	<b>138,729</b>	<b>-</b>	<b>138,729</b>	<b>-</b>	<b>-</b>	<b>138,729</b>
<b>LIBRARY</b>	<b>874,057</b>	<b>3,466,278</b>	<b>4,340,335</b>	<b>142,346</b>	<b>61,221</b>	<b>4,421,460</b>
<b>BAND</b>	<b>1,700</b>	<b>-</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>1,700</b>
<b>PUBLIC TRANSPORTATION</b>	<b>1,032,534</b>	<b>-</b>	<b>1,032,534</b>	<b>176,160</b>	<b>-</b>	<b>1,208,694</b>
<b>AUDITORIUM</b>	<b>1,147,441</b>	<b>-</b>	<b>1,147,441</b>	<b>-</b>	<b>-</b>	<b>1,147,441</b>
<b>RECREATION</b>	<b>105,359</b>	<b>-</b>	<b>105,359</b>	<b>15,527</b>	<b>-</b>	<b>120,886</b>
<b>Total governmental funds capital assets</b>	<b>\$16,864,386</b>	<b>\$44,761,238</b>	<b>\$61,625,624</b>	<b>\$9,099,170</b>	<b>\$4,759,839</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**  
**COMPARATIVE SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY SOURCE**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002 AND 2001**

	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	INFRASTRUCTURE	BOOKS	CONSTRUCTION IN PROGRESS	2002	2001
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1,</b>	\$4,909,325	\$4,822,525	\$700,783	\$6,431,753	\$0	\$0	\$0	\$16,864,386	\$16,363,417
<b>PRIOR PERIOD</b>	-	-	-	-	34,883,001	3,466,278	6,411,959	44,761,238	-
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS JANUARY 1, AS RESTATED</b>	4,909,325	4,822,525	700,783	6,431,753	34,883,001	3,466,278	6,411,959	61,625,624	16,363,417
<b>ADDITIONS</b>									
Expenditures From:									
Capital Project Funds	-	-	-	-	-	-	2,387,791	2,387,791	69,180
General Fund	-	-	-	-	-	-	-	-	-
Special Revenue	-	1,998,528	-	1,188,348	3,128,329	142,346	253,828	6,711,379	1,000,705
Enterprise Funds	-	-	-	-	-	-	-	-	37,646
General Fund Transfers	-	-	-	-	-	-	-	-	382,542
<b>TOTAL ADDITIONS</b>	-	1,998,528	-	1,188,348	3,128,329	142,346	2,641,619	9,099,170	1,490,073
<b>TOTAL BALANCE AND ADDITIONS</b>	4,909,325	6,821,053	700,783	7,620,101	38,011,330	3,608,624	9,053,578	70,724,794	17,853,490
<b>DEDUCTIONS</b>									
Fixed Assets Traded	-	-	-	-	-	-	-	-	84,945
Fixed Assets Sold	-	-	-	-	-	-	-	-	226,733
Capitalized	-	-	-	-	-	-	4,698,618	4,698,618	-
Written Off	-	-	-	-	-	61,221	-	61,221	55,779
Transferred To Enterprise	-	-	-	-	-	-	-	-	239,105
General Fund Transfers	-	-	-	-	-	-	-	-	382,542
<b>TOTAL DEDUCTIONS</b>	-	-	-	-	-	61,221	4,698,618	4,759,839	989,104
<b>GENERAL FIXED ASSETS DECEMBER 31,</b>	\$4,909,325	\$6,821,053	\$700,783	\$7,620,101	\$38,011,330	\$3,547,403	\$4,354,960	\$65,964,955	\$16,864,386

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	TOTALS
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

\*\*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				
	CHARGES FOR SERVICES	OPERATING	CAPITAL	TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	UNRESTRICTED INVESTMENT EARNINGS	MISCELLANEOUS	TOTALS
		GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS					
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

\*\*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	TOTALS
1993	\$3,314,460	\$4,029,661	\$891,310	\$1,194,902	\$893,086	-	\$585,445	\$97,122	\$131,503	\$11,137,489
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

(1) General and Special Revenue 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	TOTALS
1993	\$6,908,588	\$340,957	\$2,861,379	\$1,492,486	\$339,780	\$497,746	\$252,989	\$12,693,925
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

(1) General And Special Revenue 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
1993	\$5,456,990	\$5,117,522	93.78%	\$251,848	\$5,369,370	98.39%	\$184,309	\$361,586	6.63%
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	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	
1993	\$ 417,396,270	\$ 834,792,540	50.00%
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%

(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					
1993	60.81	37.93	37.07	135.81	29.21	193.21	80.93	439.07
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

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)
1993	\$475,053	\$442,484	93.14%	\$32,569	\$519,072	109.27%	\$6,227	\$95,670
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	767,647	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, 2002

True And Full Value Of Taxable Property - 2002		<u>\$1,322,706,800</u>
Debt Limit - 8% of 50% of True And Full Value		\$52,908,272
Amount of Debt Applicable To Debt Limit:		
General Obligation Bonds	\$6,460,000	
Special Assessment Obligations (1)	<u>681,600</u>	
	7,141,600	
Less:		
Cash In Debt Service Funds (2)	<u>629,959</u>	
		<u>6,511,639</u>
Legal Debt Margin		<u><u>\$46,396,632</u></u>

(1) City's Share Of Construction Costs

90% Of Street Improvements	<u><u>\$681,600</u></u>
----------------------------	-------------------------

(2) Sinking Funds

Highway	\$452,690
90% Special Assessment Debt	<u>177,269</u>
	<u><u>\$629,959</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
1993	34,544	\$417,396,270	\$4,220,000	\$506,795	\$3,713,205	0.89%	\$107.49
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

(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
1993	\$360,000	\$233,437	\$593,437	\$11,137,489	5.33%
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%

(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, 2002

GOVERNMENTAL UNIT	OUTSTANDING DEBT	SINKING FUNDS	NET DEBT	RATIO	CITY'S SHARE OF DEBT
MINOT SCHOOL DISTRICT	\$0	\$0	\$0	94.16%	\$0
MINOT PARK DISTRICT	0	0	0	100.00%	0
WARD COUNTY	182,744	98,280	84,464	63.78%	<u>53,879</u>
<u>OVERLAPPING DEBT</u>					53,879
CITY OF MINOT (DIRECT DEBT)			6,004,701	100.00%	<u>6,004,701</u>
TOTAL DIRECT AND OVERLAPPING DEBT					<u><u>\$6,058,580</u></u>

RATIOS USED

	2002 ASSESSED VALUE	2002 CITY'S ASSESSED VALUE	PERCENTAGE
MINOT SCHOOL DISTRICT	\$702,379,668	\$661,353,400	94.16%
MINOT PARK DISTRICT	661,353,400	661,353,400	100.00%
WARD COUNTY	1,036,937,422	661,353,400	63.78%

CITY OF MINOT, NORTH DAKOTA  
SUMMARY OF DEBT STATISTICS  
DECEMBER 31, 2002

True And Full Value Of Taxable Property - 2002	\$1,322,706,800
Assessed Valuation - 2002	661,353,400
Direct Debt	6,004,701
Overlapping Debt	<u>55,518</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$6,060,219</u></u>

CITY OF MINOT DEBT STATISTICS

	AMOUNT	PER CAPITA (36,567)	PERCENT OF TRUE AND FULL VALUE	PERCENT OF ASSESSED VALUE
Direct Debt	\$6,004,701	\$164.21	0.454%	0.908%
Overlapping Debt	<u>55,518</u>	<u>1.53</u>	<u>0.004%</u>	<u>0.008%</u>
TOTALS	<u><u>\$6,060,219</u></u>	<u><u>\$171.43</u></u>	<u><u>0.458%</u></u>	<u><u>0.916%</u></u>

CITY OF MINOT, NORTH DAKOTA  
SUMMARY OF DEBT STATISTICS  
DECEMBER 31, 2001

True And Full Value Of Taxable Property - 2001	\$1,311,091,194
Assessed Valuation - 2001	655,545,597
Direct Debt	4,576,852
Overlapping Debt	<u>33,930</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$4,610,782</u></u>

CITY OF MINOT DEBT STATISTICS

	AMOUNT	PER CAPITA (36,567)	PERCENT OF TRUE AND FULL VALUE	PERCENT OF ASSESSED VALUE
Direct Debt	\$4,576,852	\$125.16	0.349%	0.698%
Overlapping Debt	<u>33,930</u>	<u>0.94</u>	<u>0.003%</u>	<u>0.005%</u>
TOTALS	<u><u>\$4,610,782</u></u>	<u><u>\$130.42</u></u>	<u><u>0.352%</u></u>	<u><u>0.703%</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)
1993	\$156,757,450	\$247,628,200	\$13,010,620	531	\$20,028,850	782.5
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	**

(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, 2002

TAXPAYER	TAXABLE VALUE	% OF TOTAL TAXABLE VALUE
Concordia Properties (Dakota Square)	\$2,456,160	3.92%
Investor's Real Estate Trust (IRET)	1,348,520	2.15%
Health Care Property Investors(Medical Arts Clinic)	564,700	0.90%
Northern States Power	467,820	0.75%
Trinity	398,030	0.64%
Menard's Inc.	349,020	0.56%
James & Mary Ommen	331,610	0.53%
International Inn	295,510	0.47%
Hoffman Ridge LTD (Wal-Mart)	289,290	0.46%
Bremer Bank	261,830	0.42%
Dayton-Hudson Corporation(Target)	251,580	0.40%
Wells Fargo Bank ND	237,860	0.38%
Magic City Financial Group(Old Medical Arts)	230,720	0.37%
Johanneson's Property (Marketplace)	227,280	0.36%
Farmer's Union	214,200	0.34%
Riverside Inc. (Holiday Inn)	204,580	0.33%
Minot Town & Country Investors	203,390	0.32%
Gould Dakota Venture (K-Mart)	202,780	0.32%
Montana Dakota Utilites	190,040	0.30%
Somerset Court Partners	190,000	0.30%
ALL OTHERS	<u>53,759,549</u>	<u>85.78%</u>
Total Taxable Value	<u><u>\$62,674,469</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)
2002	14.86
2001	14.833
2000	14.6075
1999	14.29
1998	13.93

NUMBER OF CITY EMPLOYEES (1)
291 Full Time
40 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 23,500

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

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

YEAR	TOTAL TAXABLE SALES (3) <small>As reported by sales and use tax permit holders</small>
2002	\$544,627,147
2001	537,932,451
2000	529,015,309
1999	520,956,059
1998	494,738,552
1997	511,529,313
1996	498,948,197

(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	13	3,703
Junior High Schools	3	967
Senior High Schools	3	2,020
OTHER SCHOOLS:		
Minot State University	1	3,625
Private Jr./Sr. Highs	2	398
Parochial Elementary	3	334

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 2002, 156,189 riders, an average of 520 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 214 interments and 333 lot sales in 2002.

- (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 9,917 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 2002, 360,405 persons attended 2,232 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	11,492
Average gallons per day	5,782,000
Total 2002 gallons treated	2,167,046,000
Peak consumption 2002	11,669,000
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 70,571 annual enplaned commercial passengers (approximately the same number deplaned) and 1,081 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.

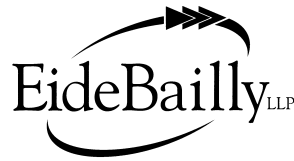
The Airport provides land for our newly established Dakota Territory Air Museum and an Armed Forces Reserve Center. Both of these facilities are located on airport land at the north end of the airport.

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 10,150 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 \$283.8 million to the Minot area in 2002.

(8) Respective City Departments

(9) Minot Air Force Base



Consultants • Certified Public Accountants

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

---

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

### Compliance

We have audited the compliance of **the City of Minot, North Dakota Airport**, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its Passenger Facility Charge Program for the year ended December 31, 2002. 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.

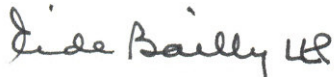
In our opinion, **the City of Minot, North Dakota Airport** complied, in all material respects, with the requirements referred to above that are applicable with its Passenger Facility Charge Program for the year ended December 31, 2002.

### 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.

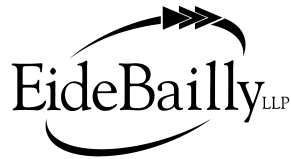
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively 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 dark ink, appearing to read "Lide Bailey" followed by a stylized monogram or initials.

Minot, North Dakota  
April 10, 2003





Consultants • Certified Public Accountants

---

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

---

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Minot**, North Dakota, as of and for the year ended December 31, 2002, 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, 2002, and have issued our report thereon dated April 10, 2003. 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*.

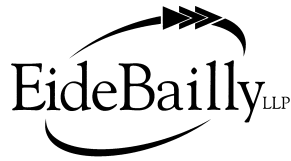
*Internal Control Over Financial Reporting*

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.

A handwritten signature in dark ink, appearing to read "Dede Bailey" followed by a stylized monogram or initials.

Minot, North Dakota  
April 10, 2003



Consultants • Certified Public Accountants

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

---

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

*Compliance*

We have audited the compliance of the **City of Minot**, North Dakota, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. 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, 2002.

### *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 dark ink, appearing to read "Dede Bailey" followed by a stylized monogram or initials.

Minot, North Dakota  
April 10, 2003

**CITY OF MINOT**  
**MINOT, NORTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
<i>U.S. DEPARTMENT OF JUSTICE</i>			
Direct Programs:			
Local Law Enforcement Block Grant		16.590	73,622
COPS		16.590	81,400
Total CFDA #16.590			155,022
Bullet Proof Vest Program		16.580	1,735
Passed-Through North Dakota Attorney General's Office:			
Narcotics Task Force	D97-242	16.579	94,067
Rehab Services	D00-221	16.579	13,474
Domestic Violence Crisis Center	D00-230	16.579	15,886
Underage Drinking Law Enforcement		16.579	1,700
Total CFDA #16.579			125,127
Total Department of Justice			281,884
<i>U.S. DEPARTMENT OF HEALTH</i>			
Passed through the State of North Dakota Health Department:			
STOP - Violence Against Women	#02-312 & #03-262	16.588	5,390
Total Department of Health			5,390
<i>U.S. DEPARTMENT OF TRANSPORTATION</i>			
Direct Programs:			
Airport Projects:			
#626		20.106	36,132
#627		20.106	44,516
#628		20.106	5,150,560
Transportation Security Program		20.106	63,846
Total CFDA #20.106			5,295,054
Passed-Through North Dakota Department of Transportation:			
Occupant Protection Blitz Plan	09-663-0801	20.507	2,841
Section 18		20.507	193,227
Total CFDA #20.507			196,068
High School Seat Belt Program		20.600	3,064
Work Site Seat Belt Program		20.600	1,800
Innovative Seat Belt Program		20.600	11,234
Mayor's Council for Traffic Safety		20.600	29,101
Total CFDA #20.600			45,199
Total Department of Transportation			5,536,321
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,823,595

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

---

### **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, 2002**

---

01-1 Agency: Department of Transportation, Program: Federal Transit, CFDA #20.507, Grant year ended December 31, 2001.

*Statement of Condition:* The City of Minot is not properly identifying fixed assets purchased with federal funds when updating the fixed asset schedule.

*Criteria:* A good system of internal accounting controls will be used to identify assets purchased with federal funds on the fixed asset schedule.

*Effect of Condition:* Inadequate accounting controls could adversely affect the City of Minot's Federal Transit's ability to identify fixed assets purchased with federal funds.

*Recommendation:* The City of Minot should establish an internal accounting control that will identify fixed assets purchased with federal funds.

*Response:* The City of Minot will start including in the fixed asset system the federal grantor information for all fixed assets purchased with federal funds.

*Resolution:* The City of Minot started including in the fixed asset system the federal grantor information for all fixed assets purchased with federal funds in 2002.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

---

### A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose 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 program tested as a major program was Airport Improvement Grant, CFDA #20.106.
6. The threshold for distinguishing a Type A program was \$300,000.
7. The **City of Minot** was determined to be a low-risk auditee.

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

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



## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

---

### 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 reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the **City of Minot** were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for the **City of Minot** expresses an unqualified opinion on all major federal programs.
5. One reportable condition disclosed during the audit of the major federal award programs in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. This condition is not reported as a material weakness.
6. Audit findings relative to the major federal award programs for the **City of Minot** are reported in Part C of this schedule.
7. The programs tested as major programs were Airport Improvement Grant, CFDA #20.106, Federal Transit Authority, CFDA #20.507, and Water System Expansion, CFDA #11.300.
8. The threshold for distinguishing a Type A program was \$300,000.
9. The **City of Minot** was determined to be a low-risk auditee.

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

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

01-1 Agency: Department of Transportation, Program: Federal Transit, CFDA #20.507, Grant year ended December 31, 2001.

*Statement of Condition:* The City of Minot is not properly identifying fixed assets purchased with federal funds when updating the fixed asset schedule.

*Criteria:* A good system of internal accounting controls will be used to identify assets purchased with federal funds on the fixed asset schedule.

*Effect of Condition:* Inadequate accounting controls could adversely affect the City of Minot's Federal Transit's ability to identify fixed assets purchased with federal funds.

*Recommendation:* The City of Minot should establish an internal accounting control that will identify fixed assets purchased with federal funds.

*Response:* The City of Minot will start including in the fixed asset system the federal grantor information for all fixed assets purchased with federal funds.