

REC'D APR 08 2005

**The City of Bismarck Employees'  
Pension Plan**

**Actuarial Valuation**

**January 1, 2005**

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**GROUP**

# THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

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**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

**ACTUARIAL REPORT**

JANUARY 1, 2005 to DECEMBER 31, 2005

In our opinion, the following report presents fairly the actuarial position of the plan in accordance with generally accepted actuarial principles and practices.


Our actuarial valuation has been conducted with reliance on participant information provided by the plan sponsor and financial information provided by the plan sponsor or trustee. The valuation was performed on the basis of the current plan provisions, actuarial cost method and actuarial assumptions stated in this report.

In our opinion, the actuarial assumptions used (a) each and in the aggregate are reasonably related to the experience of the plan and to reasonable expectations, and (b) in the aggregate, represent our best estimate of anticipated experience under the plan.

To the best of our knowledge, the information contained in this report is complete and accurate.



\_\_\_\_\_  
Scott E. Syverson  
Actuarial Consultant



\_\_\_\_\_  
Douglas A. Anderson, A.A.A., M.A.A.A., E.A.  
Enrollment Number 02-05012

4/6/2005

\_\_\_\_\_  
Date

4/6/2005

\_\_\_\_\_  
Date

# THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

## COMMENTARY

In this report we present the results of the January 1, 2005 Actuarial Valuation of The City of Bismarck Employees' Pension Plan. There were significant changes in plan provisions since the prior report. See the Summary of Principal Plan Provisions for details. There were no changes in actuarial cost methods or assumptions.

### *Recommended Contribution*

It is recommended that the City contribution be at least equal to the contribution required under the entry age normal actuarial cost method with frozen initial liability. On this basis, a minimum contribution of \$1,414,021 (11.1% of payroll) is recommended for the 2005 plan year. The calculation of this contribution is illustrated by Exhibits 8, 9, and 10.

### *Expected City Contribution*

The City Commission has approved that the City contribution to the Employees' Pension Plan for the five year period beginning January 1, 2004 will be in the amount of 10.4% of salary with an additional \$819,791 to be contributed toward payment of the unfunded liability. The expected contribution for 2005 on this basis is \$2,147,359 (16.8% of payroll).

### *Contribution Requirements*

The valuation results are shown on page 3 in a comparison between 2004 and 2005. The 2004 calculation, developed in the first column, shows a City liability of \$13,953,984 and, with a City payment of \$2,113,743 for 2004 and \$2,147,359 for 2005 plus future contributions of 10.4% of payroll plus \$819,791 per year for three additional years to be contributed toward payment of the unfunded liability, an amortization period of 11 years.

The calculation for 2005 shows a City liability of \$15,111,942 and, with a City payment of \$2,147,359 for 2005 and \$2,187,186 for 2006 plus future contributions of 10.4% of payroll plus \$819,791 per year for two additional years to be contributed toward payment of the unfunded liability, an amortization period of 12 years.

### *Funding Ratio*

On a plan assumptions basis, plan assets cover 119% of the present value of accumulated benefits. More detail is contained in Exhibit 11. Last year plan assets covered 110% of the present value of accumulated benefits.

### *GASB No. 5*

Information required by Statement No. 5 of the Governmental Accounting Standards Board is summarized in Exhibit 13.

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

**SUMMARY OF RESULTS**

	1/1/04	1/1/05
1. Number of Participants		
a. Active	336	334
b. Retired	117	119
c. Terminated Vested	<u>17</u>	<u>17</u>
d. Total Participants	470	470
2. Annual Covered Salaries for Participants under Age 62	\$ 12,441,844	\$ 12,765,077
3. Present Value of Future Benefits		
a. Active Participants	41,885,556	45,368,612
b. Retired Participants	12,860,807	13,771,144
c. Terminated Vested Participants	617,236	639,264
d. Present Value of Employee Contributions		
i. Current Accumulation	10,177,599	0
ii. Future Contributions	<u>6,762,824</u>	<u>6,744,858</u>
e. Net Total Present Value (a + b + c - di - dii)	38,423,176	53,034,162
4. Plan Assets	24,469,192	37,922,220
5. Net Present Value to be Funded by Employer (3e - 4)	13,953,984	15,111,942
6. Expected Annual Financial Support by Employer	2,113,743*	2,147,359*
7. Recommended Contribution (See Exhibit 10)	\$ 1,267,143	\$ 1,414,021
8. Amortization Period at Recommended Level of Funding	11 years**	12 years***

\* 10.4% of salary with an additional \$819,791 each year for the five year period beginning January 1, 2004 to be contributed toward payment of the unfunded liability.

\*\* Amortization period based on \$2,113,743 contribution for 2004, increased to \$2,147,359 for 2005, and increasing due to total salary growth at the rate of 3.0% annually (including contribution of \$819,791 per year for three years thereafter).

\*\*\* Amortization period based on \$2,147,359 contribution for 2005, increased to \$2,187,186 for 2006, and increasing due to total salary growth at the rate of 3.0% annually (including contribution of \$819,791 per year for two years thereafter).

**THE CITY OF BISMARCK EMPLOYEES'  
PENSION PLAN**

***INPUT  
INFORMATION***

# THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

## EXHIBIT 1

### SUMMARY OF PRINCIPAL PLAN PROVISIONS

The following summary has been prepared for valuation purposes only. It outlines the provisions found in Chapter 9-07 (City Employees' Pension) necessary to perform the actuarial valuation, as interpreted by Stanton Group.

#### Definitions

##### *Actuarial Equivalence*

###### *Factors:*

In calculating the actuarial equivalence of one form of benefit to another, the interest rate to be used shall be 7.0% and the mortality table to be used shall be the "applicable mortality table" as defined by Section 417(e)(3) of the Code (9-07-10).

##### *Average Basic Monthly Compensation:*

The average of the monthly base compensation of a Participant over the 36 month period prior to termination or retirement. Monthly base compensation excludes overtime, bonuses, severance payments, and other remuneration in excess of base compensation (9-07-15(1)).

##### *Effective Date Of the Plan:*

January 1, 1966.

##### *Early Retirement Date:*

Participants who have completed 60 consecutive months of contributing service and have attained age 50 are eligible for a monthly pension benefit (9-07-15(2)).

##### *Membership Fee:*

Every full-time employee of the City of Bismarck except police officers and fire fighters shall be assessed and required to pay an amount of 5.0% of their basic salary (9-07-01).

##### *Normal Form of Benefit:*

Married Participants receive a Joint & Two-Thirds to Survivor annuity. Single Participants receive a Life Only annuity.

##### *Normal Retirement Date:*

Participants who have attained age 62 are eligible for a monthly pension benefit (9-07-15(1)).

##### *Plan Year:*

January 1<sup>st</sup> through December 31<sup>st</sup> (9-07-08).

# THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

## EXHIBIT 1 (continued)

### SUMMARY OF PRINCIPAL PLAN PROVISIONS

***Recognized Service:*** Full and fractional years of contributing service during which the employee contributed to the fund (9-07-23). Military service will be included as part of the period of service with the city provided that the period does not exceed 5 years and the employee pays into the fund 5.0% of the lesser of the last full year's salary paid by the city or military salary for each year of military service (9-07-05).

#### **Plan Provisions**

***Eligibility:*** Every full-time employee, other than members of the police department who are sworn officers, members of the firefighter's relief association, and employees who perform fire suppression duties (9-07-11).

***Normal Retirement Benefit:*** Participants serving until the Normal Retirement Date are eligible for a monthly pension benefit computed by multiplying his or her highest 36 months of Average Basic Monthly Compensation times 1.75% times his or her number of full and fractional years of Recognized Service prior to January 1, 2005 plus 2.25% times his or her number of full and fractional years of Recognized Service after December 31, 2004 (9-07-15(1)).

***Early Retirement Benefit:*** The monthly pension benefit shall be equal to the Normal Retirement Benefit actuarially reduced for payments commencing prior to age 62 (9-07-15(2)). The reduction factors are as follows:

<b>Age</b>	<b>Factor</b>	<b>Age</b>	<b>Factor</b>
50	.4287	57	.6841
51	.4567	58	.7353
52	.4870	59	.7918
53	.5199	60	.8542
54	.5557	61	.9233
55	.5947	62	1.000
56	.6373		



# THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

## EXHIBIT 1 (continued)

### SUMMARY OF PRINCIPAL PLAN PROVISIONS

- Termination Benefit:*** After 60 consecutive months of contributing service and termination of employment, a Participant may elect a deferred retirement benefit to commence at an elected age 50 to 62. The Participant's deferred benefit shall equal the Normal Retirement Benefit (based on service and compensation to the date of termination) actuarially reduced for early commencement (9-07-15(3)).
- Death Benefit:*** The surviving spouse (while unmarried) receives 2/3 of the actuarially reduced pension to which the Participant would have been entitled, but not less than \$65 per month provided the Participant served at least 60 consecutive months of contributing service (9-07-15(4)).
- The surviving spouse has the option to elect a refund of contributions in lieu of the above-mentioned benefit (9-07-15(5)).
- If there is no surviving spouse, the Participant's contributions are paid to the Participant's estate (9-07-15(6)).
- Refund of Contributions:*** Any Participant who has contributed to the plan and terminates employment before being entitled to a pension shall be entitled to a refund of all contributions made by him to the pension system with accumulated interest. Interest of 5.0% per year will be credited on such contributions made after July 1, 1972. Interest of 2.5% per year will be credited on such contribution made before July 1, 1973.
- Any Participant electing a refund of contributions forfeits all rights to any other form of benefit under this plan (9-07-14).
- Cost of Living Adjustments:*** Persons receiving pension payments shall be eligible for cost of living adjustments in an amount determined by the board of trustees. The adjustment may not exceed the lesser of the city employees' salary adjustment or 3% (9-07-16).

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 2

CENSUS SUMMARY AND RECONCILIATION

	1/1/04	1/1/05
<i><b>Active Participants</b></i>		
• Number of Participants		
• Fully Vested	233	238
• Partially Vested	0	0
• Non-Vested	<u>103</u>	<u>96</u>
• Total	336	334
• Average Age	46.5	47.1
• Average Service	13.2	13.6
• Average Salary	\$ 37,147	\$ 38,424
<i><b>Retired Participants</b></i>		
• Number of Participants	117	119
• Average Age	73.1	72.9
• Average Years Since Retirement	11.1	11.0
• Average Monthly Benefit	\$ 1,030.91	\$ 1,087.44
<i><b>Terminated Vested Participants</b></i>		
• Number of Participants	17	17
• Average Age	50.9	51.4
• Average Years Since Termination	5.7	6.2
• Average Monthly Benefit at Normal Retirement	\$ 591.60	\$ 598.57

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 2 (continued)

CENSUS SUMMARY AND RECONCILIATION

The following information provides the reconciliation from January 1, 2004 to January 1, 2005 of plan participants.

	Active	Terminated Vested	Retired	Disabled	Beneficiaries	Total
1/1/2004 Participants	336	17	91	1	25	470
New Participants	14	-	-	-	-	14
Terminated vested	(2)	2	-	-	-	0
Terminated non-vested	(8)	-	-	-	-	(8)
Retired	(5)	(1)	6	-	-	0
Disabled	-	-	-	-	-	0
Died with beneficiary	-	-	(4)	-	4	0
Died without beneficiary	-	-	(1)	-	(3)	(4)
Benefit stopped	-	-	-	-	-	0
Paid-out lump sum	(1)	(1)	-	-	-	(2)
1/1/2005 Participants	334	17	92	1	26	470

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

**EXHIBIT 3**

**DISTRIBUTION OF ACTIVE PARTICIPANTS  
BY AGE AND SERVICE AS OF JANUARY 1, 2005**

Age	Years of Credited Service										Total
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	2	1	-	-	-	-	-	-	-	-	3
25-29	6	6	1	-	-	-	-	-	-	-	13
30-34	3	8	6	-	-	-	-	-	-	-	17
35-39	3	13	9	11	1	-	-	-	-	-	37
40-44	8	6	9	11	16	6	-	-	-	-	56
45-49	6	11	9	9	14	13	7	-	-	-	69
50-54	4	11	9	6	11	17	18	-	-	-	76
55-59	-	8	5	3	6	3	7	9	2	-	43
60-64	-	-	-	1	6	4	4	1	2	-	18
65-69	-	-	-	1	-	-	-	-	-	-	1
70+	-	-	-	-	-	-	-	1	-	-	1
<b>Total</b>	<b>32</b>	<b>64</b>	<b>48</b>	<b>42</b>	<b>54</b>	<b>43</b>	<b>36</b>	<b>11</b>	<b>4</b>	<b>0</b>	<b>334</b>

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

**EXHIBIT 4**

**DISTRIBUTION OF INACTIVE PARTICIPANTS BY  
AGE AND YEARS SINCE RETIREMENT OR TERMINATION  
AS OF JANUARY 1, 2005**

**Retired Participants**

Age	Years Since Retirement						Average Monthly Annuity
	0-1	2-4	5-9	10-14	15+	Total	
Below 55	-	-	-	-	-	-	\$ N/A
55-59	1	2	2	-	-	5	582.53
60-64	8	8	1	-	-	17	1,237.21
65-69	2	15	7	-	5	29	1,279.88
70-74	-	2	10	9	4	25	1,159.93
75-79	-	1	2	8	9	20	978.89
80+	2	1	-	-	20	23	859.48
<b>Total</b>	<b>13</b>	<b>29</b>	<b>22</b>	<b>17</b>	<b>38</b>	<b>119</b>	<b>\$ 1,087.44</b>

**Terminated Vested Participants**

Age	Years Since Termination						Average Monthly Annuity
	0-1	2-4	5-9	10-14	15+	Total	
Below 45	1	1	-	-	-	2	\$ 317.99
45-49	-	2	2	-	-	4	752.87
50-54	1	3	-	-	1	5	698.89
55-59	1	-	2	2	1	6	505.62
60-64	-	-	-	-	-	0	N/A
65+	-	-	-	-	-	0	N/A
<b>Total</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>17</b>	<b>\$ 598.57</b>

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 5

PLAN ASSETS

<b>A. Beginning Balance as of January 1, 2004</b>		\$ 34,646,792
<b>B. Revenue</b>		
Employer's Contribution		
General Property Tax	\$ 832,843	
Mobile Home Tax	14,303	
Homestead Credit	2,450	
State Payment in Lieu of Tax	74,275	
Park & Rec. Contribution	<u>165,005</u>	
<b>Subtotal</b>	\$ 1,088,876	
Employee's Contribution	647,861	
Investment Income (Loss)	<u>3,760,493</u>	
<b>Total Revenue</b>		5,497,230
<b>C. Expenditure</b>		
Pension Benefit Payments	\$ 1,472,406	
Accounting & Audit Fees	101	
Management Consulting	12,590	
Legal Fees	14,073	
Investment Expense	109,435	
Pension Refunds	162,257	
Postage	<u>646</u>	
<b>Total Expenditure</b>		<u>1,771,508</u>
<b>D. Total Operating Income (Loss) (B – C)</b>		\$ 3,725,722
<b>E. Other Financing Sources (Uses)</b>		
Transfer from General Fund	\$ 21,736	
Transfer from Special Revenue Funds	23,597	
Transfer from Capital Projects Fund	5,878	
Transfer from Enterprise Funds	493,705	
Transfer from Internal Service Fund	44,809	
Transfer to General Fund	<u>(12,543)</u>	
<b>Total Other Financing Uses</b>		<u>577,182</u>
<b>F. Net Income (Loss) (D + E)</b>		4,302,904
<b>G. Ending Balance as of December 31, 2004 (A+F)</b>		\$ 38,949,696
<b>H. Excess Earnings Allocated to Employees</b>		<u>(1,027,476)</u>
<b>I. Ending Balance as of January 1, 2005 (G+H)</b>		\$ 37,922,220

THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

EXHIBIT 6

ACTUARIAL ASSUMPTIONS AND COST METHODS

Economic Assumptions

- Investment Return:* The fund is assumed to earn 7.5% per year.
- Salary Scale:* Active Participant salaries are assumed to increase at 4.0% per year.
- Inflation:* The amortization of the Unfunded Liability is determined as a level percent of payroll using a 3.0% total payroll growth assumption.
- Employee Accounts:* Employee contribution accounts are credited with interest at 5.0% per year.

Demographic Assumptions

- Retirement:* Active Participants are assumed to retire upon attainment of age 62.
- Mortality:* Mortality rates are based on the 1983 Group Annuity Mortality Table for Males and Females (See Illustrations on Page 13).
- Disability:* None.
- Withdrawal:* Active Participant termination rates are based on Sarason's T-1 Table (See Illustrations on Page 13).
- Spouse Age:* Male Participants are assumed to be 3 years older than female spouses. Female Participants are assumed to be 3 years younger than male spouses.
- Marriage Rate:* 85% of Participants are assumed to be married.

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 6 (continued)

ACTUARIAL ASSUMPTIONS AND COST METHODS

**Actuarial Cost Methods**

***Form of Benefit:*** Married Participants receive their benefit in the form of a Joint and Two Thirds to Survivor annuity. Single Participants receive their benefit in the form of a Life Only annuity.

***Actuarial Asset Value:*** The Actuarial Value of Assets is equal to the market value of assets reserved for employee pension benefits.

***Expenses:*** Plan expenses are paid from plan assets.

***Funding Method:*** The contribution requirement is determined using the Entry Age Normal - Frozen Initial Liability actuarial cost method.

**Illustrations**

Age	Rate of Mortality (per 1,000)		Rate of Disability (per 1,000)		Rate of Withdrawal (per 1,000)	
	Male	Female	Male	Female	Male	Female
25	0.46	0.25	0	0	49	49
30	0.61	0.34	0	0	37	37
35	0.86	0.48	0	0	23	23
40	1.24	0.67	0	0	11	11
45	2.18	1.01	0	0	3	3
50	3.91	1.65	0	0	0	0
55	6.13	2.54	0	0	0	0



**THE CITY OF BISMARCK EMPLOYEES'  
PENSION PLAN**

***CONTRIBUTION  
INFORMATION***

## THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN

### EXHIBIT 7

#### DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Unfunded Actuarial Accrued Liability as of January 1, 2004	\$ 4,441,608
B. Normal Cost due January 1, 2004	875,015
C. Interest on A and B to Year End at 7.50%	398,747
D. Employer Contribution for Year	1,088,876
E. Interest on Contribution to Year End at 7.50%	<u>40,833</u>
F. Unfunded Actuarial Accrued Liability as of December 31, 2004, before adjustments (A + B + C - D - E)	4,585,661
G. Adjustments	<u>348,463</u>
H. Unfunded Actuarial Accrued Liability as of December 31, 2004, after adjustments (F + G)	\$ 4,934,124

Under the Entry Age Normal-Frozen Initial Liability actuarial cost method, an initial unfunded accrued liability is established and amortized over a fixed period of time. The initial unfunded accrued liability for this plan was reestablished as of January 1, 2002 and the amortization period was reset at 20 years. The amortization payment is a component of the total recommended contribution.

Effective January 1, 2005, the Unfunded Actuarial Accrued Liability was adjusted to reflect the plan provision changes.

The unfunded accrued liability is scheduled to be reduced to \$0 over the amortization period. However, this schedule is met only if the actual employer contribution equals the recommended contribution each year. If the employer contribution exceeds the recommended contribution, the unfunded accrued liability will be reduced more rapidly. Alternatively, if the employer contribution is less than the recommended contribution, the unfunded accrued liability will increase.

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 8

DEVELOPMENT OF NORMAL COST

	1/1/04	1/1/05
<b>Actuarial Balance Sheet</b>		
<b>A. Liabilities</b>		
Actuarial Present Value of Future Benefits		
1. Participants Receiving Benefits	\$ 12,860,807	\$ 13,771,144
2. Terminated Vested Participants	617,236	639,264
3. Active Participants	<u>41,885,556</u>	<u>45,368,612</u>
4. Total (1 + 2 + 3)	55,363,599	59,779,020
<b>B. Assets</b>		
Portion Currently Funded		
1. Actuarial Value of Assets (Exhibit 5)	\$ 24,469,192	\$ 37,922,220
2. Accumulated Employee Contributions with Interest (Kemper Fund Balance)	10,177,599	0
Portion to be Funded in Future Years		
3. Present Value of Future Employee Contributions	6,762,824	6,744,858
4. Unfunded Actuarial Accrued Liability (Exhibit 7)	4,441,608	4,934,124
5. Actuarial Present Value of Future Employer Normal Cost	<u>9,512,376</u>	<u>10,177,818</u>
6. Total (1 + 2 + 3 + 4 + 5)	\$ 55,363,599	\$ 59,779,020
<b>Development of Normal Cost</b>		
A. Actuarial Present Value of Future Employer Normal Cost	\$ 9,512,376	\$ 10,177,818
B. Actuarial Present Value of Future Earnings	135,256,488	134,897,161
C. Normal Cost Percentage (A ÷ B)	7.0328%	7.5449%
D. Earnings of Active Participants under Age 62 *	12,441,844	12,765,077
E. Normal Cost (C x D)	\$ 875,015	\$ 963,112

\* Earnings are annualized for Participants with less than one year of service.

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 9

DEVELOPMENT OF AMORTIZATION PAYMENT

**Amortization Schedule**

Year	Unfunded Liability at Beginning of Year	Annual Amortization Payment	Unfunded Liability at End of Year
2005	\$ 4,934,124	\$ 399,800	\$ 4,874,398
2006	4,874,398	411,794	4,797,299
2007	4,797,299	424,148	4,701,137
2008	4,701,137	436,873	4,584,084
2009	4,584,084	449,979	4,444,163
2010	4,444,163	463,478	4,279,237
2011	4,279,237	477,382	4,086,993
2012	4,086,993	491,704	3,864,936
2013	3,864,936	506,455	3,610,367
2014	3,610,367	521,649	3,320,372
2015	3,320,372	537,298	2,991,805
2016	2,991,805	553,417	2,621,267
2017	2,621,267	570,020	2,205,090
2018	2,205,090	587,120	1,739,318
2019	1,739,318	604,734	1,219,678
2020	1,219,678	622,876	641,562
2021	641,562	641,562	0

The annual amortization payment is determined by amortizing the unfunded liability over 17 years as a level percentage of total payroll. Total payroll is assumed to increase at 3% per year. Therefore, the remaining balance of \$4,934,124 as of January 1, 2005 will be fully amortized over a 17-year period with payments increasing from \$399,800 in 2005 by 3% per year.

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 10

DEVELOPMENT OF RECOMMENDED CONTRIBUTION

**Recommended Contribution  
(Dollar Amounts)**

	1/1/04 to 12/31/04	1/1/05 to 12/31/05
A. Normal Cost	\$ 875,015	\$ 963,112
B. Amortization of Unfunded Actuarial Accrued Liability	<u>346,328</u>	<u>399,800</u>
C. Recommended Contribution, Beginning of Year (A + B)	\$ 1,221,343	\$ 1,362,912
D. Interest to Mid-Year at 7.5%	<u>45,800</u>	<u>51,109</u>
E. Recommended Contribution, Mid-Year, (C + D)	\$ 1,267,143	\$ 1,414,021

**Recommended Contribution  
(As a Percent of Payroll)**

	1/1/04 to 12/31/04	1/1/05 to 12/31/05
A. Normal Cost	7.0%	7.6%
B. Amortization of Unfunded Actuarial Accrued Liability	<u>2.8%</u>	<u>3.1%</u>
C. Recommended Contribution, Beginning of Year (A + B)	9.8%	10.7%
D. Interest to Mid-Year at 7.5%	<u>0.4%</u>	<u>0.4%</u>
E. Recommended Contribution, Mid-Year, (C + D)	10.2%	11.1%

**THE CITY OF BISMARCK EMPLOYEES'  
PENSION PLAN**

***ACCOUNTING  
INFORMATION***

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

**EXHIBIT 11**

**ACCUMULATED BENEFIT LIABILITY  
JANUARY 1, 2005**

A measure of the degree of progress made in funding any plan is a comparison between the liability for benefits and the assets accumulated to date. For ongoing plans, the liabilities are determined using the regular valuation assumptions. The table below shows the actuarial present value of accumulated plan benefits.

	No. of Participants	Plan Liability
<b>Inactive Participants</b>		
Receiving Benefits	119	\$ 13,771,144
Deferred Benefits	17	639,264
<b>Active Participants</b>		
100% Vested Benefits	238	17,231,678
Non-Vested Benefits	96	160,723
<b>Vested Accrued Benefits</b>	374	\$ 31,642,086
<b>Total Accrued Benefits</b>	470	\$ 31,802,809

The ratio of assets to the above liabilities (known as the Funding Ratio) represents the degree to which accumulated plan benefits have been funded. As of January 1, 2005, the market value of assets was \$37,922,220. The table below outlines the Funding Ratios.

	<b>Plan Liability</b>
<b>Funding Ratio</b>	
• Vested Accrued Benefits	120%
• Total Accrued Benefits	119%

**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 12

STATEMENT OF ACCUMULATED PLAN BENEFITS

	1/1/04	1/1/05
<b>Actuarial Present Value of Accumulated Plan Benefits:</b>		
Vested Accrued Benefits		
• Participants Currently Receiving Payments	\$ 12,860,807	\$ 13,771,144
• Other Participants	<u>18,517,363</u>	<u>17,870,942</u>
Total Vested Accrued Benefits	\$ 31,378,170	\$ 31,642,086
Non-Vested Accrued Benefits	<u>150,235</u>	<u>160,723</u>
Total Accrued Benefits	\$ 31,528,405	\$ 31,802,809

**Statement of Changes in Accumulated Plan Benefits**

Beginning Value, January 1, 2004	\$ 31,528,405
Increases (Decreases)	
• Plan Amendment	(2,048,318)
• Change in Actuarial Assumptions	0
• Benefits Accumulated and (Gain)/Loss	1,592,755
• Increase for Interest Due to Decrease in Discount Period	2,364,630
• Benefits Paid	<u>(1,634,663)</u>
• Net Increase (Decrease)	274,404
Ending Value, January 1, 2005	\$ 31,802,809



**THE CITY OF BISMARCK EMPLOYEES' PENSION PLAN**

EXHIBIT 13

GOVERNMENTAL ACCOUNTING STANDARDS NO. 5

	1/1/04	1/1/05
1. Pension Benefit Obligation		
a. Retired Participants	\$ 12,860,807	\$ 13,771,144
b. Terminated Vested Participants	617,236	639,264
c. Active Participants	<u>24,227,943</u>	<u>23,824,242</u>
d. Total Pension Benefit Obligation (a + b + c)	\$ 37,705,986	\$ 38,234,650
2. Net Assets Available for Benefits	\$ 24,469,192*	\$ 37,922,220
3. Accumulated Employee Contributions with Interest (Kemper Fund Balance)	\$ 10,177,599	\$ 0
4. Unfunded Pension Benefit Obligation (1d - 2 - 3), not less than zero	\$ 3,059,195	\$ 312,430
5. Accumulated Benefit Obligation		
a. Retired Participants	\$ 12,860,807	\$ 13,771,144
b. Terminated Vested Participants	617,236	639,264
c. Vested Active Participants	<u>17,900,127</u>	<u>17,231,678</u>
d. Total Vested Benefit Obligation (a + b + c)	\$ 31,378,170	\$ 31,642,086
e. Non-Vested Active Participants	<u>150,235</u>	<u>160,723</u>
f. Total Accumulated Benefit Obligation (d + e)	\$ 31,528,405	\$ 31,802,809

\* Does not include Accumulated Employee Contributions (Assets held with Kemper Financial Services for Group #K3130).