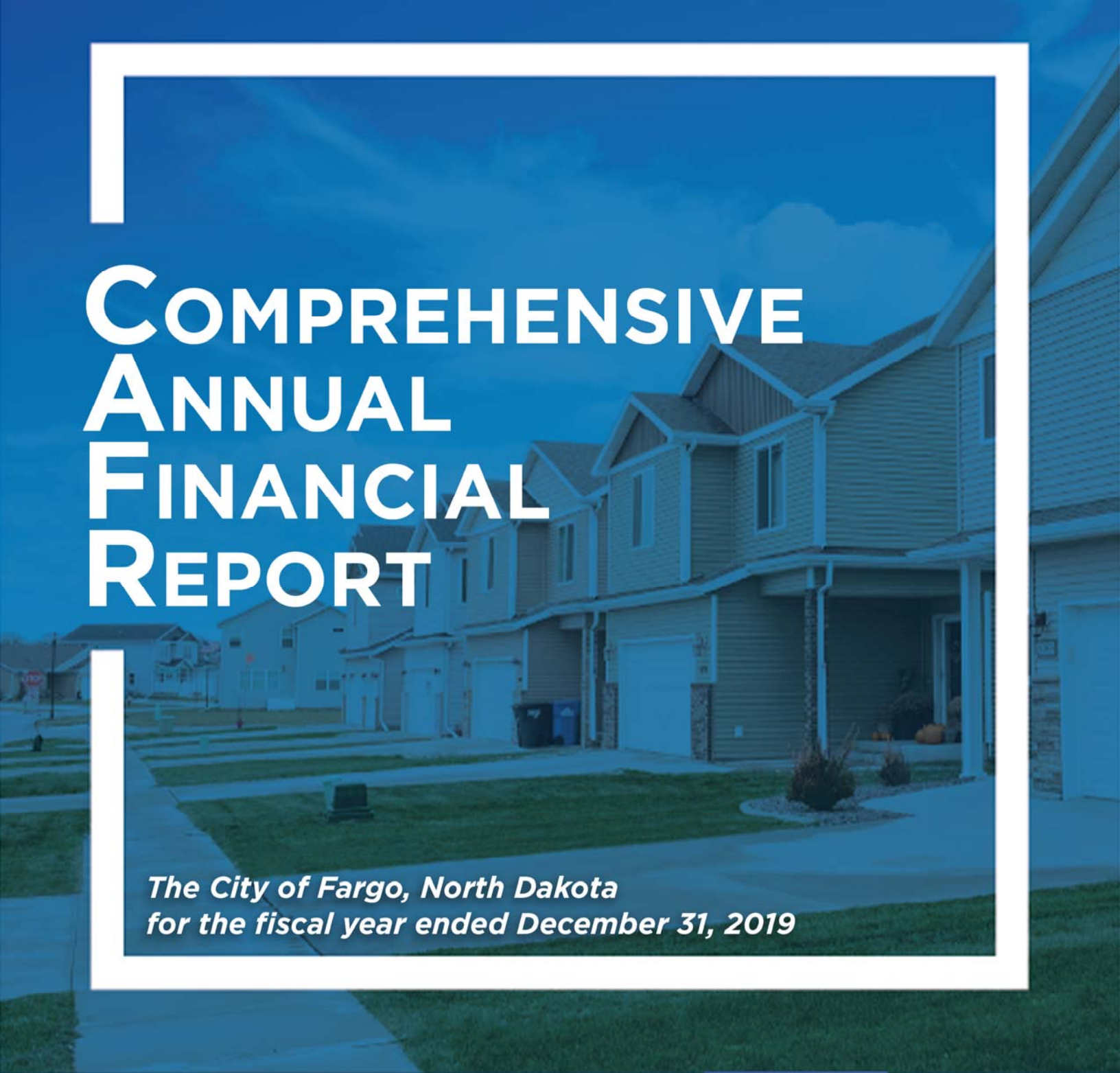




COMPREHENSIVE ANNUAL FINANCIAL REPORT

*The City of Fargo, North Dakota
for the fiscal year ended December 31, 2019*

2019

THE CITY OF
Fargo
FAR MORE 



CITY OF FARGO NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**PREPARED BY:
THE FINANCE DEPARTMENT
KENT COSTIN, DIRECTOR OF FINANCE**

**CITY OF FARGO, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

INTRODUCTORY SECTION

Table of Contents	I
Finance Director's Letter of Transmittal	III
Listing of City Officials	IX
Organizational Chart	X
Certificate of Achievement of Excellence in Financial Reporting	XI

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	24
Notes to the Financial Statements	25
Required Supplementary Information	89
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	98
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Debt Service Fund	108
Combining Statement of Net Position – Nonmajor Proprietary Funds	110
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	111
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	112

TABLE OF CONTENTS, Continued

Combining Statement of Net Position – Agency Funds	114
Combining Statement of Changes in Assets and Liabilities – Agency Funds	115
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule by Source	117
Schedule by Function and Activity	118
Schedule of Changes by Function and Activity	119
STATISTICAL SECTION	
Net Position by Component	121
Change in Net Position	122
Fund Balance of Governmental Funds	124
Changes in Fund Balance of Governmental Funds	125
Program Revenues by Function/Program	126
Tax Revenues by Source, Governmental Funds	127
Sales Tax Receipts – Cash Basis	128
Sales Tax Rates In Effect	129
Taxable Sales and Purchases by State NAICS Category	130
Market, Assessed, and Taxable Value of Taxable Property	131
Property Tax Rates – Direct and Overlapping Governments	132
Principal Property Taxpayers	133
Property Tax Levies and Collections	134
Delinquent Property Tax Collections	135
Special Assessments Levies	136
Summary of Building Permits Issued	137
Water Utility Billed Consumption	138
Water Utility – Major Customers	139
Utility Rate Structure	140
Lodging Tax Revenue	141
Ratios of Outstanding Debt by Type	142
Ratios of General Bonded Debt Outstanding	143
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	144
Legal Debt Margin	145
Direct and Overlapping Debt	146
Summary of Direct Debt and Debt Ratios	147
Pledged Revenue Coverage – Governmental Activities	148
Pledged Revenue Coverage – Business Type Activities	152
Demographic and Economic Statistics	155
Retail Sales and Estimated Buying Income	156
Principal Employers	157
Number of City Government Employees by Function/Program	158
Operating Indicators by Function/Program	159
Capital Asset Statistics by Function/Program	160

September 24, 2020

To the Honorable Mayor, Members of the City Commission, and the Citizens of the City of Fargo, North Dakota.

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Fargo for the fiscal year ending December 31, 2019. This report satisfies audit and financial reporting requirements pursuant to North Dakota Century Code 54-10-14 and the Uniform Guidance.

This report is prepared by the City's Finance Department in accordance with generally accepted accounting principles. The Finance Department is responsible for the accuracy, clarity, and presentation of the financial statements. We believe this report fairly and accurately presents the financial position of the City and the results of operation of the various funds for the period covered, and that all disclosures necessary for such presentation have been included.

Eide Bailly LLP has issued an unmodified "clean" opinion on the City of Fargo's financial statements for the year ended December 31, 2019. The independent auditor's report is located at the front of the financial section of this report. There were no audit findings or management comments.

It is management's responsibility to develop a system of internal controls to safeguard the assets of the City. In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. Because the cost of internal controls should not exceed their benefits, the City's internal controls are designed to provide reasonable basis rather than absolute assurance that the financial statements will be free from material misstatement. We assert that this financial report is complete and reliable in all material respects.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. Management's Discussion and Analysis is included in this report on page 4. This letter of transmittal has been designed to compliment the MD&A and should be read in conjunction with it. The MD&A contains a more detailed analysis of changes in financial condition.

CITY OF FARGO PROFILE

The City of Fargo was incorporated in 1875 and is located in the eastern border of North Dakota at the intersection of Interstate Highways I-29 and I-94. This regional economic center continues to expand with a trend of consistent growth over the past several years. The current population estimate of 126,842 represents a 20% growth since 2010. Health care, education and retail have a strong presence that expands the local economy into a broader regional economic center. The City is empowered to levy taxes on real property located within its boundaries and continues to expand its size with many annexations completed in the past few years. A recent demographic study expects Fargo's population trend to continue to grow for the next several years 171,000 by 2040.

The City of Fargo operates under a Home Rule Charter, established in 1986, with a Mayor-Commission form of government. Policy making and legislative authority is vested in a five member Commission. The City Commission is responsible for policy and ordinance adoption, approving budgets, committees, and

serving needs of the community. The Mayor and City Commissioners are elected at large and serve four year terms. Tim Mahoney is the Mayor. He has served as a City Commissioner since 2005, as interim Mayor in December of 2014, and Mayor since that time. A municipal election was held in June of 2020. The election resulted in one new commissioner being elected. Commissioner Arlette Preston replaced Commissioner Tony Grindberg.

All Department Heads serve on the Mayor's Cabinet that is used as a forum to communicate City and community issues. The City Administrator, Bruce Grubb is the liaison to the City Commission and is responsible for overseeing the day-to-day operations of the City and its eighteen Departments. Michael Redlinger is the Assistant City Administrator.

The City of Fargo provides a full range of governmental services including public safety, construction and maintenance of infrastructure, public utilities including water, wastewater, solid waste and urban forestry, health and social services, public transportation, recreation and culture, and general support services necessary to serve the citizens of Fargo.

The City is required to adopt a preliminary budget by August 10 and a final budget by October 7 of each year. All Departments submit their requests to the Mayor during the budget development process that begins each May. Currently, the Mayor utilizes a budget team approach to discuss budget strategy with the City Administrator, Assistant City Administrator and the Director of Finance; however, the Mayor is responsible for the final decisions relating to the preliminary budget presentation. The City Commission is responsible for adoption of the final budget. Budget control is maintained at the fund, function (e.g. Public Safety) and Department (e.g., Police). Department Heads may make transfers of appropriations within a Department. Supplemental budget appropriations require approval by the City Commission.

STATE OF NORTH DAKOTA AND ECONOMIC CONDITIONS IN FARGO

Statewide Financial Conditions

Statewide economic conditions have declined in North Dakota resulting primarily from the impact of rapidly plummeting oil prices. This is a significant event in North Dakota's overall economy because it has become a major player in US oil production in the past several years.

The Tax Commissioner for the State of North Dakota reported annual increases in statewide taxable sales and purchases for 2019 of 6.19%.

The Management discussion and analysis section of this report details changes in intergovernmental revenues in more detail. Major State intergovernmental revenues in our General Fund increased by 7% this year which were in line with budget projections.

The median Fargo per capita income continues to rise and is reflective of our strong local economy. Per capita incomes have increased to \$52,712 in 2018 as compared to \$48,914 in 2014 representing an 8% increase in income levels over the past five years. Our labor force has increased to 69,702 in 2019 as compared to 65,038 five years ago which represents an 7.2% increase. Fargo's unemployment rate of 1.8% is considerably lower than the State (2.2%) and the national average (3.4%).

Local Building Permits Decline

Construction activity in Fargo declined from historically high levels experienced from 2014 – 2018. Building permits totaled \$381 million in 2019 from \$515 million in 2018. Multi-family construction came to a near standstill down from \$92 million in 2018. Residential and commercial permits values decreased slightly in 2019. Demand for housing remains strong in our community in light of the strength of our local

economy and overall quality of life we offer. We expect construction activity to remain consistently strong as we look forward to 2021.

Sales Taxes Funding Key Infrastructure / Voter Extension to 2084 for Flood Control

Fargo is utilizing sales tax revenues as a primary funding source for key infrastructure projects. All of our sales tax resources (2% tax rate) are dedicated to various types of infrastructure. The most significant expenditures are being made in updating municipal utilities to accommodate present and future growth, flood levees to protect us from Red River flood events, and improving our highway systems throughout our community. Existing sales tax authorizations expire in 2028, and 2084. During 2016, voters approved a long-term extension of sales tax to 2084 for the Fargo Moorhead flood-control diversion project.

A more comprehensive review of these statistics is contained in the statistical section of this report.

State and Local Sales Tax Revenue Trends

Statewide sales tax revenue increased by 6.19% during 2019 due to increased economic activity related to oil production in western North Dakota following a sharp decline in 2015 and 2016.

Fargo's locally imposed sales tax revenue totaled \$49.6 million this year as compared to \$48.0 in 2018, a 3% increase. We were pleased to produce an increase after reporting minor decreases in 2016-2018.

MAJOR INITIATIVES FOR THE YEAR

Fargo Moorhead Diversion Channel Project Status

The construction of a major flood control structure continues to be one of our highest priorities for our community. A history of this project including past and present status is summarized below.

The Army Corp of Engineers (USACE) has been studying various alternative flood protection projects for the Fargo-Moorhead area for several years. USACE has recommended a large flood diversion channel (to the west of the cities of Fargo and West Fargo) combined with a southern embankment, temporary water storage area and water control structures to limit the flow of water through Fargo Moorhead that will redirect and lower record river flood levels significantly. The estimated current project cost is anticipated to exceed \$2.4 billion. These costs will be funded by a combination of various Federal, State and local stakeholders.

In October of 2012 a record of decision was approved by the Chief of the Army Corp of Engineers. This critical step recognized the feasibility, final review, and concurrence to include this project on the Federal Government's approved projects listing.

This project was included in the 2013 Water Resources Development Act Bill and has been approved by the U.S. Senate and the House of Representatives. The construction project will take about eight to ten years to construct subject to funds being appropriated in a timely manner.

Work continued in 2015 on securing Federal and State funding for this project. Local officials and our congressional delegation from North Dakota and Minnesota worked together to help formulate plans for a public private partnership pilot project (PPP) as a way to provide long term funding of this project. In February of 2015 the Army Corp of Engineers named this project as federal P3 demonstration project.

February, 2016 the Army Corp of Engineers approved this project as a federal "new start" project and provided budgetary resources to begin this project. The Diversion Authority along with the City of Fargo

and the City of Moorhead executed a final project participation agreement with the Army Corp of Engineers in July of 2016 that obligates Federal funding.

A request for proposals and related vendor selection one on one meetings occurred during 2018 and 2019 with a contractor selection planned for construction of the diversion channels and associated infrastructure after the meetings are completed.

In November 2016, voters approved a long-term extension of certain sales tax authorizations for City of Fargo as well as Cass County until 2084. These should provide a sustainable long-term revenue stream that will allow us to finance this project.

During the State of North Dakota's Legislative session for the 2020-2021 biennium, \$66.5 million was appropriated and the legislative intent for funding through the 2029-2031 biennium was increased to \$750 million.

USACE construction on the southern embankment began in April 2017, but these construction efforts have been placed on hold due to a federal court's temporary injunction. In the fall of 2017, federal judge Tunheim issued a temporary injunction halting USACE construction efforts citing the need for USACE to obtain a permit from Minnesota DNR in order to complete construction of the southern embankment. Following Judge Tunheim's decision, the Governors of Minnesota and North Dakota personally formed and participated in a task force to recommend changes to the project that would result in a permissible project under Minnesota DNR's rules and regulations. The Governor's task force completed its work in December of 2017 and published its recommendations in January of 2018. The Diversion Authority then made revisions to the project based upon the Governor's task force recommendations and subsequently submitted a new permit application for the Project to Minnesota DNR on March 16, 2018.

The Minnesota Department of Natural Resources granted a permit for the FM Diversion "Plan B" project on December 27, 2018.

On April 8, 2019, Judge Tunheim modified the injunction to allow all requested construction of the Diversion project to proceed.

Significant resources were expended in 2019 and will continue into 2020 to acquire land in the flood channel footprint. This will allow us to move forward with a P3 project contractor bid in late 2020.

Our success in moving this project along is a result of our strong project partnerships with the FM Diversion Authority, the Army Corp of Engineers and Jacobs Engineering. Funding partners including the State of North Dakota, State of Minnesota, Army Corp of Engineers, City of Fargo and Cass County. Governmental leaders from the Federal, State and local levels have expended significant effort in a collaborative manner to continue to advance this project.

Status of Major Municipal Facility Projects

The Fargo Police Department moved its field operations to a building adjacent to the Public Works facility on 7th Ave North in 2017. During 2018, remodeling continued to accommodate relocation of the entire Police Department from its current downtown location. The entire Department moved into their newly remodeled facility in 2019. This centralizes all of our Police functions and provides improved fleet space.

The water treatment plant expansion was completed in 2019. The project incorporates advanced water treatment technologies due to changing water quality conditions on the Sheyenne River as a result of discharges from Devils Lake. In addition advanced water treatment technologies, the project will also increase the City's overall treatment capacity from 30 million gallons per day (MGD) to 45 MGD. This was important due to the fact that Fargo became a regional water supplier to the cities of West Fargo and Horace. This project spanned four construction seasons and is a major expansion that will serve our community needs well into the future.

An expansion of our wastewater treatment facility was initiated in 2018. This is a major expansion of our current facilities allowing an increase in our treatment capacity from 26 mgd to 50 MGD per day. We became a regional wastewater service provider to West Fargo in 2019 and expect to service Horace in 2020. This expansion is expected to be completed in 2023.

A new Downtown mixed use development was approved in 2019 that includes the construction of another parking facility in the heart of our City. The City partnered with private developers and is responsible for financing the construction of the parking ramp portion of the project. Bonds for this project were issued in early 2020 and we expect to begin using the new ramp in late 2020.

Significant downtown redevelopment opportunity exists for several locations in the Downtown area due to recent flood control buyouts, and moving out of former facilities for Fargo Cass Public Health and the Police Department. The City expects to market these facilities for development opportunity in the future.

Strategic Planning and Long Term Capital Improvement Plans

Strategic planning efforts are ongoing for various City functions and the development of long term capital improvement plans have been formally adopted for municipal utility infrastructure projects over a twenty year planning horizon, flood control projects and Departmental capital needs for a five year timeframe. Major infrastructure projects are funded with a variety of sources, however, the major resources available are from sales tax and special assessment revenues.

A strategic plan for the growth and redevelopment of our core Downtown area was completed in 2017. A large civic plaza adjacent to the new city hall is in the planning and design phase. Future city goals include completion of the plaza project, studying the feasibility of a performing arts center, and renovation or expansion of the Fargodome. All of these projects are designed to improve the quality of life for our citizenry.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

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 Fargo for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This will be the twenty-first consecutive award received since submission to this voluntary quality review program. 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 GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated services of our entire staff. The staff members who were responsible for the achievement of this goal include:

Jenica Flanagan, Accounting Manager
Jamie Bullock, Grant Accountant
Jessica Houim, Accountant
Megan Zahradka, Financial Analyst
Sheree Calkins, Accounting Supervisor

Finally, I would like to express my appreciation to the members of the City Commission, the Mayor, City Administrator, Cabinet members and City staff for operating the City in a professional and progressive manner.

Respectfully submitted,

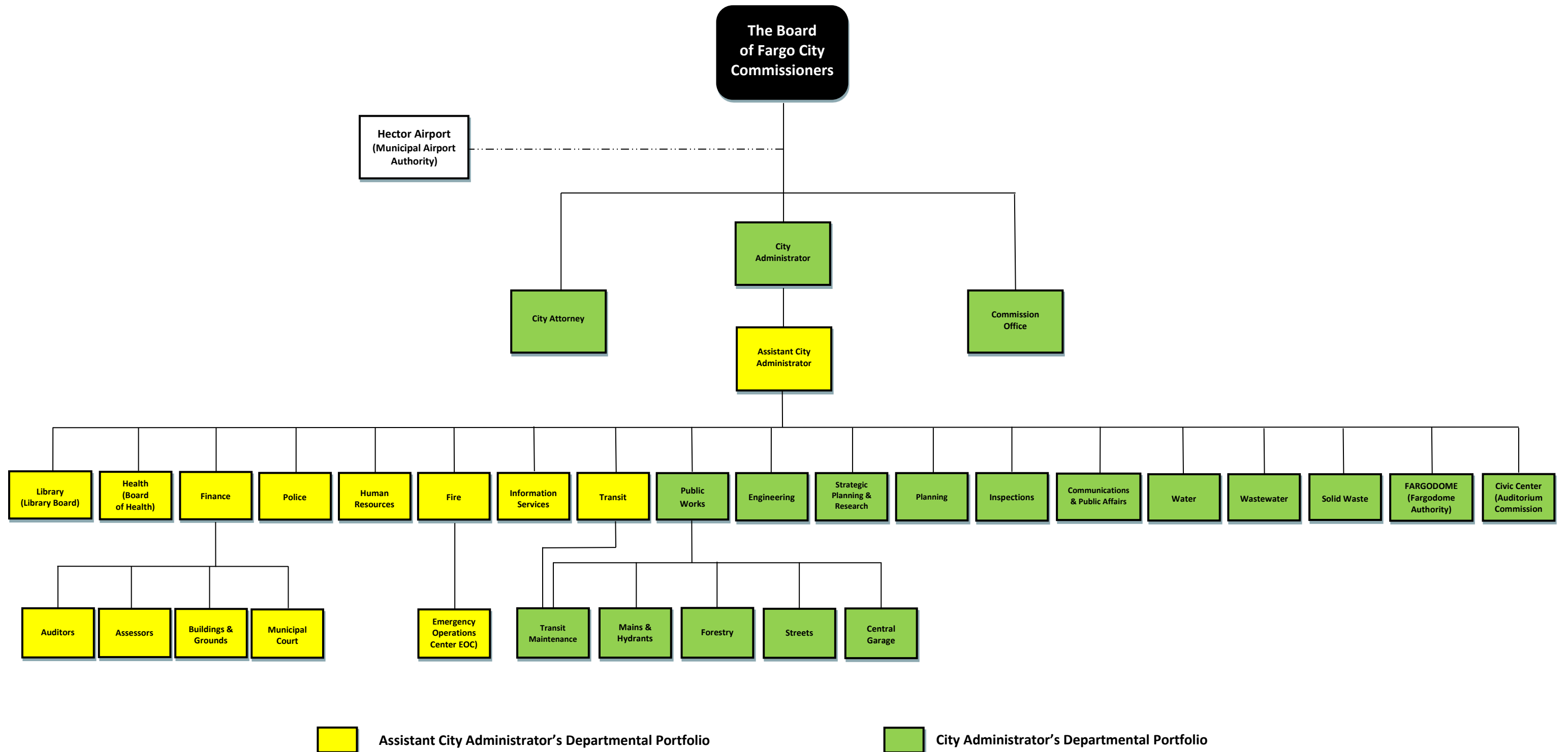
A handwritten signature in black ink, reading "Kent A. Costin". The signature is written in a cursive, flowing style.

Kent A. Costin, CPA
Director of Finance

**CITY OF FARGO, NORTH DAKOTA
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2019**

NAME	OFFICE	TERM EXPIRES
Dr. Tim Mahoney	Mayor	June 2022
Dave Piepkorn	Commissioner	June 2022
Tony Gehrig	Commissioner	June 2022
Tony Grindberg	Commissioner	June 2020
John Strand	Commissioner	June 2020
Bruce Grubb	City Administrator	
Michael Redlinger	Assistant City Administrator	
Kent Costin	Finance Director	
Steven Sprague	City Auditor	
Kember Anderson	City Commission Executive Assistant	

The City of Fargo's Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fargo
North Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO



Independent Auditor's Report

To the Honorable Mayor
and Members of City Commission
City of Fargo, North Dakota
Fargo, North Dakota

Report on the Financial Statements

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 Fargo, North Dakota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-10, the pension information including, significant assumptions used to measure total pension liability, schedule of change in net pension liability, schedule of employer contributions, schedule of net pension liability- City of Fargo's proportionate share, and schedule of employer contributions- City of Fargo's proportionate share as presented on pages 89-92, and the OPEB information including, significant assumptions used to measure the OPEB liability, schedule of employer's share of net OPEB liability, schedule of employer contributions, as presented on page 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual fund statements, capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, capital assets used in the operation of governmental funds, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Mankato, Minnesota
September 24, 2020

City of Fargo, North Dakota

Management's Discussion and Analysis

As management of the City of Fargo, we offer readers of the City of Fargo's financial statements this narrative overview and analysis of the financial activities of the City of Fargo for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages III - VIII of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets of the City of Fargo exceeded its liabilities at the close of the most recent fiscal year by \$1,192,599 (net position).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$129,638 an increase of \$19,705 in comparison with the prior year. The increase in fund balance is explained in subsequent sections of this analysis.

The City's unassigned General Fund balance of 26 percent of the total General Fund expenditures exceeds our management goal of 25 percent.

Overall, General Fund revenues lagged budget expectations by \$673, however total revenue increased by \$2,016 in comparison with the prior year. Investment income revenue increased 13 percent primarily due to more favorable rates.

Municipal building projects have been a priority for the City over the past couple of years. The Water Treatment Plant facility expansion was completed in 2019. Work continues on the remodeling of a building adjacent to the City's Public Works facility that will eventually become the headquarters for the Fargo Police department. The growth in the Police department over the past several years has required the City to obtain a larger facility. The Block Nine Parking garage, Mercantile Parking garage and the Wastewater Treatment Plant expansion projects were in progress at the end of the most recent fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Fargo's basic financial statements. The City of Fargo's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The statement of net position presents information on all of the City of Fargo's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Fargo is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fargo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fargo include general government, public safety, public works, public health and welfare, recreation & culture, urban

redevelopment, public transportation, and general support. The business-type activities of the City of Fargo include a Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste Collection and Landfill, Southeast Cass Sewer, Urban Forestry, Vector Control, Street Lighting and the FargoDome, a multi-use facility.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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 Fargo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fargo 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-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 this comparison between governmental funds and governmental activities.

The City of Fargo maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are all considered as major funds. Data from the other fifteen 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 elsewhere in this report.

The City of Fargo adopts an annual appropriated budget for its governmental funds, except for capital projects funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary funds

The City of Fargo maintains ten different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Fargo uses enterprise funds to account for its Municipal Airport, Water, Wastewater, Storm Sewer, Vector Control, Solid Waste, Southeast Cass Sewer, Forestry, Street Lighting and FargoDome activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste, and FargoDome activities which are considered to be major funds of the City of Fargo. Data from the other four enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18 - 22 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Fargo's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

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 25 – 88 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Fargo's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 89 - 93 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 94 - 115 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fargo, assets exceeded liabilities by \$1,192,599 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (79%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Fargo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fargo's net investment in 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.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2019 and 2018.

City of Fargo's Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 589,409	\$ 546,008	\$ 117,632	\$ 118,513	\$ 707,041	\$ 664,521
Capital assets	604,617	508,121	900,410	832,726	1,505,027	1,340,847
Total assets	1,194,026	1,054,129	1,018,042	951,239	2,212,068	2,005,368
Deferred outflows of resources	20,599	31,075	5,344	7,509	25,943	38,584
Long-term liabilities outstanding	798,996	785,976	167,594	150,005	966,590	935,981
Other liabilities	31,274	29,775	17,687	14,539	48,961	44,314
Total liabilities	830,270	815,751	185,281	164,544	1,015,551	980,295
Deferred inflows of resources	23,493	4,271	6,369	1,154	29,862	5,425
Net position:						
Net investment in capital assets	182,947	133,462	754,736	707,758	937,683	841,220
Restricted	121,145	62,858	50,570	44,230	171,715	107,088
Unrestricted	56,770	68,862	26,430	41,062	83,200	109,924
Total net position	\$ 360,862	\$ 265,182	\$ 831,736	\$ 793,050	\$ 1,192,598	\$ 1,058,232

A portion of the City of Fargo's net position (10%) represents resources that are subject to external restrictions on how they may be used.

The City's net position increased by \$134,366 during the current fiscal year.

City of Fargo's Changes in Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 26,112	\$ 29,553	\$ 75,241	\$ 71,123	\$ 101,353	\$ 100,676
Operating grants and contributions	11,563	9,673	-	-	11,563	9,673
Capital grants and contributions	152,987	94,795	41,057	2,319	194,044	97,114
General Revenues:						
Taxes	92,294	86,900	1,066	1,009	93,360	87,909
Unrestricted intergovernmental	7,259	6,742	-	-	7,259	6,742
Unrestricted investment earnings	7,852	5,943	8,140	(1,875)	15,992	4,068
Miscellaneous	464	416	1,250	1,731	1,714	2,147
Total revenues	298,531	234,022	126,754	74,307	425,285	308,329
Expenses:						
General government	22,172	21,122	-	-	22,172	21,122
Public safety	40,099	40,387	-	-	40,099	40,387
Public works	83,187	85,923	-	-	83,187	85,923
Public health and welfare	12,967	13,636	-	-	12,967	13,636
Recreation and culture	9,448	9,393	-	-	9,448	9,393
Urban redevelopment	1,380	1,531	-	-	1,380	1,531
Transportation	13,178	12,157	-	-	13,178	12,157
General support	1,070	1,193	-	-	1,070	1,193
Interest and fiscal charges	23,184	22,968	-	-	23,184	22,968
Municipal airport authority	-	-	10,601	10,309	10,601	10,309
Water	-	-	23,385	20,414	23,385	20,414
Wastewater	-	-	14,760	11,062	14,760	11,062
Storm sewer	-	-	6,326	6,030	6,326	6,030
Solid waste	-	-	10,948	11,606	10,948	11,606
Fargodome	-	-	11,311	10,680	11,311	10,680
Southeast cass	-	-	80	59	80	59
Vector control	-	-	453	429	453	429
Street lighting	-	-	4,284	3,502	4,284	3,502
Forestry	-	-	2,085	2,060	2,085	2,060
Total expenses	206,685	208,310	84,233	76,151	290,918	284,461
Excess before Transfers	91,846	25,712	42,521	(1,844)	134,367	23,868
Transfers	3,835	63,983	(3,835)	(63,983)	-	-
Change in net position	95,681	89,695	38,686	(65,827)	134,367	23,868
Net position - beginning	265,182	175,487	793,050	858,877	1,058,232	1,034,364
Net position - ending	\$ 360,863	\$ 265,182	\$ 831,736	\$ 793,050	\$ 1,192,599	\$ 1,058,232

Governmental activities

The governmental activities' net position increased by \$95,680 during the current fiscal year.

In 2019, the City was conveyed various flood control and infrastructure assets in the amount of \$91 million from the Metro Flood Diversion Authority. This transaction resulted in an increase of \$51 million to the overall net position of governmental activities.

Business type activities

Business-type activities increased the City of Fargo's net position by \$38,686 during the current fiscal year.

As noted above, in 2019, the City was conveyed various flood control and infrastructure assets in the amount of \$91 million from the Metro Flood Diversion Authority. This transaction resulted in an increase of \$40 million to the overall net position of business type activities.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the City of Fargo'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 Fargo's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending during the fiscal year.

As of the end of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$129,638, an increase of \$19,705 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Fargo. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$25,532 while total fund balance was \$33,685. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26 percent of total general fund expenditures, while total fund balance represents 35 percent of that same amount. Managements fund balance goal of 25 percent has been achieved for this fiscal year. This fund balance level represents a decrease of \$1,854 during the year. The remainder of fund balance is assigned (\$598, 2 percent), committed (\$1,000, 2 percent), restricted (\$3,299, 10 percent) or nonspendable (\$3,255, 10 percent).

Overall General Fund revenues of this fund group increased by 2 percent compared to the prior year, while total expenditures increased by 4 percent.

The increase in General Fund expenditures is attributed to extreme snow fall impacts, which resulted in increased expense to Public Works overtime costs and snow hauling expenses. The budget savings are related to the timing of capital outlay funding which lagged budget levels by \$448. Capital funds will be carried forward into the 2020 budget.

The debt service fund has a total fund balance of \$95,212, all of which is restricted for the payment of future debt service. The net increase in fund balance during the current year was \$20,566.

The capital projects fund had a net increase in fund balance of \$1,167. Capital project expenditures decreased by 3 percent in 2019.

Proprietary funds

The City of Fargo's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year amounted to \$26,430. The Water and Wastewater funds were the two major proprietary funds that reported decreases in net position. The Water fund decrease is the result a decrease in operating revenue due to a wet weather cycle. There was also an increase in depreciation expense due to the Water Treatment Facility expansion being completed. The Wastewater fund decrease is the result of an increase in repair and maintenance to various lift stations and electricity costs.

Operating revenues of this fund group increased by approximately six percent. This increase is attributed to rate increases approved for both the Storm Sewer and Street Light utilities. As well as increased reimbursed labor revenue at the FargoDome.

Operating expenses increased by 10 percent. The increase in expense can be attributed to increased other services and depreciation expense.

General Fund Budgetary Highlights

Significant variances between original and final budget are noted as follows:

General Fund revenue lagged the revised budget by 0.78%. Investment income exceeded budget projections by 55 percent. This is largely due to an increase in more favorable investment rates.

Noted variances between final budget and actual are as follows:

Charges for services revenue lagged the budgeted figure by 6%. This is attributed to a reduced infrastructure demand and a smaller construction project list compared to the prior year.

Overall General Fund expenditures were incurred at 99% of final budget.

Capital outlay expenditures lagged budget by \$448 due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2020 budget.

Capital Asset and Debt Administration

Capital Assets. The City of Fargo's investment in capital assets for its governmental and business type activities as of December 31, 2019 amounts to \$1,505 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and flood control projects.

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

The conveyance of \$91 million of flood control and infrastructure assets from the Metro Flood Diversion Authority.

The \$128 million water treatment plant expansion was completed in 2019.

Major projects in progress in 2019 include, \$27 million expended on the wastewater treatment facility expansion and \$7.3 million expended on the construction of the Block Nine parking garage in downtown Fargo. The Mercantile parking garage project also started during 2019.

City of Fargo's Capital Assets						
(net of depreciation)						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 97,521	\$ 82,353	\$ 43,646	\$ 43,285	\$ 141,167	\$ 125,638
Construction in progress	30,955	6,572	60,003	152,460	90,958	159,032
Intangible	10,676	9,974	920	920	11,596	10,894
Buildings	91,325	91,219	245,799	121,066	337,124	212,285
Improvements other than buildings	2,182	1,969	27,468	27,201	29,650	29,170
Machinery and equipment	20,596	18,475	38,662	36,813	59,258	55,288
Infrastructure	279,259	256,177	483,912	450,981	763,171	707,158
Flood Control	72,103	41,382	-	-	72,103	41,382
Total	<u>\$ 604,617</u>	<u>\$ 508,121</u>	<u>\$ 900,410</u>	<u>\$ 832,726</u>	<u>\$ 1,505,027</u>	<u>\$ 1,340,847</u>

Additional information on the City of Fargo's capital assets can be found in Note 4. D. of this report.

Long Term Debt

At the end of the current fiscal year, the City of Fargo had total bonded debt and notes outstanding of \$914,177. Of this amount, \$450,485 is special assessment debt (improvement bonds) for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Fargo's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) and annual appropriation bonds.

The City of Fargo's total outstanding debt increased by \$32,670 during the current fiscal year.

City of Fargo's Outstanding Debt (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Improvement bonds	\$ 450,485	\$ 418,055	\$ -	\$ -	\$ 450,485	\$ 418,055
Gross revenue bonds	-	-	2,429	2,713	2,429	2,713
Annual appropriation bonds	17,315	17,315	6,350	7,050	23,665	24,365
General obligation bonds	33,995	35,515	-	-	33,995	35,515
Sales tax bonds	65,696	69,215	-	-	65,696	69,215
Notes payable	130,128	118,260	127,700	100,102	257,828	218,362
Capital leases	226	174	2,018	1,638	2,244	1,812
Net pension liability	63,669	91,050	11,696	18,083	75,365	109,133
Net OPEB liability	1,825	1,728	645	609	2,470	2,337
Total	\$ 763,339	\$ 751,312	\$ 150,838	\$ 130,195	\$ 914,177	\$ 881,507

During the current fiscal year, the City issued debt as detailed below:

The City issued \$37,260 Refunding Improvement Bonds, Series 2019A at a true interest cost of 2.8%. These bonds were issued to reimburse the capital project fund for project costs previously incurred for the expansion of the City's utility infrastructure.

The City issued \$13,940 Taxable Refunding Improvement Refunding Bonds, Series 2019B at a true interest cost of 2.65%. These bonds were issued as a crossover refunding of the Series 2011A Refunding Improvement Bonds.

The City issued a \$500 North Dakota State Revolving Fund loan with an interest rate of 1.5%. This loan was issued to finance the engineering project costs to construct a regional storm water pond.

The City issued a \$10,500 North Dakota State Revolving Fund loan with an interest rate of 1.5%. This loan was issued to finance the construction project costs for a regional storm water pond.

The City of Fargo has an "Aa1" rating from Moody's Investors Service for general obligation debt.

Additional information on the City of Fargo's long-term debt can be found in Note 4. H. of this report.

Economic Factors and Next Year's Budgets and Rates

Management continues to monitor the revenue base very closely and has introduced budget management strategies to overcome potential changes in revenues.

Fee adjustments in the Solid Waste utility for landfill and recycling were included in the 2020 budget.

The City constrained the 2019 General Fund budget. The budget increase overall was approved at 4.7 percent.

The property tax mill levy was increased by two mills.

Requests for information

This financial report is designed to provide a general overview of the City of Fargo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 225 4th Street North, City of Fargo, ND, 58102 or visit the City's web site at www.fargond.gov. The entire report is presented in the Finance department section.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 147,722	\$ 15,365,578	\$ 15,513,300
Investments	27,278,259	-	27,278,259
Equity in pooled investments	86,634,974	41,277,735	127,912,709
Receivables (net of allowance for uncollectibles):			
Interest	271,457	34,539	305,996
Taxes	489,814	17,652	507,466
Accounts	7,067,685	6,170,282	13,237,967
Sales tax	11,299,191	-	11,299,191
Special assessments	445,788,145	33,379	445,821,524
Intergovernmental	7,454,080	161,311	7,615,391
Loans	2,011,291	-	2,011,291
Internal balances	(3,907,627)	3,907,627	-
Inventory	1,644,514	980,442	2,624,956
Prepaid expenses	408,085	398,969	807,054
Property held for resale	2,821,687	-	2,821,687
Restricted assets:			
Equity in pooled investments	-	3,671,914	3,671,914
Investments	-	45,612,796	45,612,796
Capital assets not being depreciated:			
Land	97,520,873	43,645,986	141,166,859
Construction in progress	30,954,932	60,002,716	90,957,648
Intangible - Right-of-way Easements	10,675,894	420,036	11,095,930
Intangible - Water Rights	-	500,000	500,000
Capital assets (net of accumulated depreciation):			
Buildings	91,325,013	245,798,827	337,123,840
Improvements other than buildings	2,182,560	27,467,688	29,650,248
Machinery and equipment	20,595,845	38,662,343	59,258,188
Infrastructure	279,259,340	483,912,660	763,172,000
Flood Control	72,102,473	-	72,102,473
Total assets	<u>1,194,026,207</u>	<u>1,018,042,480</u>	<u>2,212,068,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pension	20,201,585	5,202,158	25,403,743
Deferred outflow of resources related to OPEB	397,990	142,166	540,156
Total deferred outflows of resources	<u>20,599,575</u>	<u>5,344,324</u>	<u>25,943,899</u>
LIABILITIES			
Vouchers payable	18,678,172	6,853,262	25,531,434
Retainage payable	1,543,408	1,557,408	3,100,816
Accrued payroll	3,522,112	854,939	4,377,051
Accrued interest payable	4,488,800	525,046	5,013,846
Accrued interest payable from restricted assets	-	866,747	866,747
Special assessments payable	799,658	572,426	1,372,084
Unearned revenue	1,923,742	6,448,214	8,371,956
Deposits	318,544	8,501	327,045
Debt			
Current debt - due within one year	36,314,296	1,715,900	38,030,196
Current debt - due within one year payable from restricted assets	-	4,091,408	4,091,408
Noncurrent debt - due in more than one year	697,188,118	149,446,249	846,634,367
Net pension liability	63,669,044	11,696,012	75,365,056
Net OPEB liability	1,824,576	644,952	2,469,528
Total liabilities	<u>830,270,470</u>	<u>185,281,064</u>	<u>1,015,551,534</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of resources related to pension	23,430,494	6,347,756	29,778,250
Deferred Inflow of resources related to OPEB	62,309	21,647	83,956
Total deferred Inflows of resources	<u>23,492,803</u>	<u>6,369,403</u>	<u>29,862,206</u>
NET POSITION			
Net investment in capital assets	182,947,036	754,735,747	937,682,783
Restricted for:			
Debt service	95,473,525	4,958,155	100,431,680
Specific projects and programs	5,905,553	-	5,905,553
Capital improvements	19,765,914	45,612,796	65,378,710
Unrestricted	56,770,481	26,429,639	83,200,120
Total net position	<u>\$ 360,862,509</u>	<u>\$ 831,736,337</u>	<u>\$ 1,192,598,846</u>

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 22,172,478	\$ 2,920,609	\$ 554,044	\$ -	\$ (18,697,825)	\$ -	\$ (18,697,825)
Public safety	40,099,055	5,071,568	1,013,546	155,497	(33,858,444)	-	(33,858,444)
Public works	83,187,071	9,825,876	664,364	151,974,207	79,277,376	-	79,277,376
Public health and welfare	12,966,788	2,933,469	4,130,038	-	(5,903,281)	-	(5,903,281)
Recreation and culture	9,448,369	461,689	191,165	-	(8,795,515)	-	(8,795,515)
Urban redevelopment	1,380,054	34,920	1,024,664	58,376	(262,094)	-	(262,094)
Transportation	13,177,659	4,864,224	3,985,621	798,895	(3,528,919)	-	(3,528,919)
General support and unallocated	1,069,637	-	-	-	(1,069,637)	-	(1,069,637)
Interest and fiscal charges	23,184,117	-	-	-	(23,184,117)	-	(23,184,117)
Total governmental activities	206,685,228	26,112,355	11,563,442	152,986,975	(16,022,456)	-	(16,022,456)
Business-type activities:							
Municipal airport authority	10,600,697	10,190,031	-	1,254,171	-	843,505	843,505
Water	23,384,899	22,744,596	-	1,220,250	-	579,947	579,947
Wastewater	14,760,568	11,276,502	-	4,039,890	-	555,824	555,824
Storm sewer	6,326,433	2,988,746	-	34,159,597	-	30,821,910	30,821,910
Solid waste	10,947,670	15,213,314	-	-	-	4,265,644	4,265,644
Fargodome	11,310,794	6,451,080	-	30,000	-	(4,829,714)	(4,829,714)
Southeast Cass	79,715	43,652	-	-	-	(36,063)	(36,063)
Vector control	453,082	739,646	-	-	-	286,564	286,564
Street lighting	4,283,578	3,515,795	-	353,394	-	(414,389)	(414,389)
Forestry	2,085,546	2,077,843	-	-	-	(7,703)	(7,703)
Total business-type activities	84,232,982	75,241,205	-	41,057,302	-	32,065,525	32,065,525
Total	\$ 290,918,210	\$ 101,353,560	\$ 11,563,442	\$ 194,044,277	(16,022,456)	32,065,525	16,043,069
General revenues:							
Taxes:							
Property taxes					31,360,332	1,065,589	32,425,921
Sales taxes					51,732,825	-	51,732,825
Gross business receipts taxes					5,074,870	-	5,074,870
Lodging taxes					2,353,102	-	2,353,102
Other taxes					1,772,002	-	1,772,002
Unrestricted intergovernmental					7,258,781	-	7,258,781
Unrestricted investment earnings					7,852,248	8,139,904	15,992,152
Miscellaneous revenue					463,526	1,250,780	1,714,306
Transfers					3,835,415	(3,835,415)	-
Total general revenues and transfers					111,703,101	6,620,858	118,323,959
Change in net position					95,680,645	38,686,383	134,367,028
Net position - beginning					265,181,864	793,049,954	1,058,231,818
Net position - ending					\$ 360,862,509	\$ 831,736,337	\$ 1,192,598,846

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 147,722	\$ -	\$ -	\$ -	\$ 147,722
Investments	-	27,278,259	-	-	27,278,259
Equity in pooled investments	29,665,502	49,037,005	5,809,793	2,122,674	86,634,974
Receivables (net of allowance for uncollectibles):					
Interest	184,777	63,919	22,761	-	271,457
Taxes	422,777	57,329	-	9,708	489,814
Accounts	5,467,944	-	1,301,413	298,328	7,067,685
Sales tax	-	2,824,798	8,474,393	-	11,299,191
Special assessments	51,594	444,953,055	329,124	454,372	445,788,145
Intergovernmental	4,353,728	7,500	2,970,385	122,467	7,454,080
Due from other funds	-	-	-	203,282	203,282
Loans	-	-	-	2,011,291	2,011,291
Advances to other funds	1,154,697	-	-	-	1,154,697
Inventory	1,644,514	-	-	-	1,644,514
Prepaid items	385,701	-	2,582	19,802	408,085
Property held for resale	70,000	-	2,500,000	251,687	2,821,687
Total assets	\$ 43,548,956	\$ 524,221,865	\$ 21,410,451	\$ 5,493,611	\$ 594,674,883
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Vouchers payable	\$ 2,979,817	\$ 187,753	\$ 15,143,175	\$ 367,427	\$ 18,678,172
Contract retainage payable	-	-	1,543,408	-	1,543,408
Advances from other funds	-	-	3,552,169	1,510,155	5,062,324
Due to other funds	-	-	-	203,282	203,282
Accrued payroll	3,504,144	-	7,868	10,100	3,522,112
Special assessments payable	3,133	1,589	42,236	752,700	799,658
Unearned revenue	64,336	-	243,615	1,615,791	1,923,742
Deposits	318,544	-	-	-	318,544
Total liabilities	6,869,974	189,342	20,532,471	4,459,455	32,051,242
Deferred inflows of resources					
Unavailable revenue	2,994,257	428,820,228	415,156	756,223	432,985,864
Fund balances					
Nonspendable	3,254,912	-	2,582	19,802	3,277,296
Restricted	3,299,447	95,212,295	460,242	1,715,499	100,687,483
Committed	1,000,016	-	-	-	1,000,016
Assigned	598,370	-	-	-	598,370
Unassigned	25,531,980	-	-	(1,457,368)	24,074,612
Total fund balance (deficit)	33,684,725	95,212,295	462,824	277,933	129,637,777
Total liabilities, deferred inflows of resources and fund balances	\$ 43,548,956	\$ 524,221,865	\$ 21,410,451	\$ 5,493,611	\$ 594,674,883

The notes to the financial statements are an integral part of this statement.

**CITY OF FARGO, NORTH DAKOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2019**

Amounts reported for governmental activities in the statement of net position (page 11)
are different because:

Total fund balance - governmental funds (page 13)	\$ 129,637,777
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements	604,616,930
Other assets are not available to pay for current period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds	432,985,864
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds	(66,897,953)
Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds	(1,488,895)
Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds	<u>(737,991,214)</u>
Net position of governmental activities (page 11)	<u><u>\$ 360,862,509</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 32,971,338	\$ 17,569,715	\$ 38,799,618	\$ 2,937,877	\$ 92,278,548
Special assessments	-	43,475,534	29,218	421,681	43,926,433
Licenses and permits	4,493,214	-	-	-	4,493,214
Intergovernmental revenues	23,496,414	7,709,232	17,624,371	1,077,664	49,907,681
Charges for services	15,792,218	-	-	2,197,342	17,989,560
Fines and forfeits	1,858,190	-	-	92,399	1,950,589
Investment income	5,821,118	1,264,979	765,873	277	7,852,247
Miscellaneous revenues	1,034,434	14,251	1,067,994	169,135	2,285,814
Total revenues	<u>85,466,926</u>	<u>70,033,711</u>	<u>58,287,074</u>	<u>6,896,375</u>	<u>220,684,086</u>
EXPENDITURES					
Current:					
General government	17,981,222	-	1,385,624	-	19,366,846
Public safety	38,545,250	-	318,970	194,596	39,058,816
Public works	12,998,730	1,050,824	54,667,226	704,464	69,421,244
Public health and welfare	11,623,812	-	4,856	31,967	11,660,635
Recreation and culture	5,505,097	-	8,430	3,006,907	8,520,434
Urban redevelopment	-	65,241	70,819	1,157,703	1,293,763
Public transportation	8,385,961	-	1,089,255	1,067,559	10,542,775
General support and unallocated	1,069,637	-	-	-	1,069,637
Capital outlay	488,156	-	78,296,789	22,615	78,807,560
Debt service:					
Principal	139,210	28,578,878	68,257	-	28,786,345
Interest and fiscal charges	3,399	25,049,023	115,860	-	25,168,282
Total expenditures	<u>96,740,474</u>	<u>54,743,966</u>	<u>136,026,086</u>	<u>6,185,811</u>	<u>293,696,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,273,548)</u>	<u>15,289,745</u>	<u>(77,739,012)</u>	<u>710,564</u>	<u>(73,012,251)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,555,452	2,990,200	23,613,595	240,236	40,399,483
Transfers out	(4,395,200)	(12,035,147)	(792,657)	(1,124,901)	(18,347,905)
Loans issued	-	63,652	16,573,516	-	16,637,168
Bonds issued	-	14,257,641	36,942,359	-	51,200,000
Bond premium	-	-	2,569,041	-	2,569,041
Capital lease	259,000	-	-	-	259,000
Total other financing sources (uses)	<u>9,419,252</u>	<u>5,276,346</u>	<u>78,905,854</u>	<u>(884,665)</u>	<u>92,716,787</u>
Net change in fund balances	(1,854,296)	20,566,091	1,166,842	(174,101)	19,704,536
Fund balance (deficit) - beginning of year	35,539,021	74,646,204	(704,018)	452,034	109,933,241
Fund balance (deficit) - end of year	<u>\$ 33,684,725</u>	<u>\$ 95,212,295</u>	<u>\$ 462,824</u>	<u>\$ 277,933</u>	<u>\$ 129,637,777</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARGO, NORTH DAKOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances - total governmental funds (page 15)	\$ 19,704,536
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.	59,003,227
Capital assets transferred to enterprise funds.	(18,213,761)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	55,706,715
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	22,116,117
Changes to net pension liability and pension related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(2,432,471)
Changes to net OPEB liability and OPEB related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	19,210
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(41,878,864)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,655,936
Change in net position of governmental activities (page 12)	\$ <u><u>95,680,645</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 32,952,900	\$ 32,952,900	\$ 32,971,338	\$ 18,438
Licenses & permits	5,559,000	5,259,000	4,493,214	(765,786)
Intergovernmental revenues	22,206,161	23,532,909	23,496,414	(36,495)
Charges for services	15,837,863	16,840,363	15,792,218	(1,048,145)
Fines and forfeits	2,142,500	2,011,750	1,858,190	(153,560)
Investment income	3,595,000	3,745,000	5,821,118	2,076,118
Miscellaneous revenues	1,754,976	1,798,082	1,034,434	(763,648)
Total revenues	84,048,400	86,140,004	85,466,926	(673,078)
EXPENDITURES				
Current:				
General government	18,533,367	18,034,508	17,981,222	53,286
Public safety	39,443,187	39,413,779	38,545,250	868,529
Public works	11,958,577	12,573,265	12,998,730	(425,465)
Public health and welfare	11,591,809	11,918,925	11,623,812	295,113
Recreation & culture	5,388,664	5,331,813	5,505,097	(173,284)
Public Transportation	8,312,848	8,558,957	8,385,961	172,996
General support and unallocated	(552,232)	262,766	1,069,637	(806,871)
Capital outlay	636,835	936,526	488,156	448,370
Debt service:				
Principal	-	139,210	139,210	-
Interest and fiscal charges	-	3,399	3,399	-
Total expenditures	95,313,055	97,173,148	96,740,474	432,674
Excess (deficiency) of revenues over (under) expenditures	(11,264,655)	(11,033,144)	(11,273,548)	(240,404)
OTHER FINANCING SOURCES (USES)				
Transfers in	14,494,600	14,494,600	13,555,452	(939,148)
Transfers out	(2,924,945)	(4,361,822)	(4,395,200)	(33,378)
Capital lease	-	-	259,000	259,000
Total other financing sources (uses)	11,569,655	10,132,778	9,419,252	(713,526)
Net change in fund balances	305,000	(900,366)	(1,854,296)	(953,930)
Fund balance - beginning of year			35,539,021	
Fund balance - end of year			\$ 33,684,725	

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business Type Activities-Proprietary Funds						Other Proprietary Funds	Total
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome		
ASSETS								
Current assets								
Cash	\$ 6,919,536	\$ 50	\$ 50	\$ -	\$ 300	\$ 8,445,592	\$ 50	\$ 15,365,578
Equity in pooled investments	24,280,236	7,857,584	7,390,393	-	-	-	1,749,522	41,277,735
Receivables (net of allowance for uncollectibles):								
Interest	34,539	-	-	-	-	-	-	34,539
Special assessments	-	8,502	-	-	-	-	24,877	33,379
Taxes	17,652	-	-	-	-	-	-	17,652
Accounts	669,184	1,645,003	1,163,620	307,505	1,033,605	631,472	719,893	6,170,282
Intergovernmental	161,311	-	-	-	-	-	-	161,311
Due from other funds	-	-	2,840,146	-	-	-	-	2,840,146
Advances to other funds	-	2,078,312	2,091,500	-	53,230	-	-	4,223,042
Inventory	-	520,091	-	-	-	49,357	410,994	980,442
Prepaid expenses	21,865	83,674	41,303	7,044	99,097	132,441	13,545	398,969
Restricted equity in pooled investments	-	3,127,866	213,923	-	-	330,125	-	3,671,914
Total current assets	<u>32,104,323</u>	<u>15,321,082</u>	<u>13,740,935</u>	<u>314,549</u>	<u>1,186,232</u>	<u>9,588,987</u>	<u>2,918,881</u>	<u>75,174,989</u>
Noncurrent assets								
Restricted assets								
Investments	-	-	-	-	-	45,612,796	-	45,612,796
Capital assets								
Land	8,516,547	5,056,812	583,744	27,274,353	2,214,530	-	-	43,645,986
Right of way	-	-	289,090	130,946	-	-	-	420,036
Construction in progress	1,093,817	2,250,953	33,787,418	21,369,274	1,501,254	-	-	60,002,716
Intangible	-	500,000	-	-	-	-	-	500,000
Buildings	27,285,654	217,913,062	33,538,372	-	5,699,195	59,351,015	-	343,787,298
Improvements other than buildings	2,521,255	1,837,915	2,250,034	3,669,780	26,213,030	6,006,067	-	42,498,081
Machinery and equipment	13,719,581	11,061,864	20,945,450	7,531,636	22,091,536	26,157,957	1,803,094	103,311,118
Infrastructure	121,449,011	142,834,399	161,023,009	234,358,913	6,158	-	46,734,093	706,405,583
Less accumulated depreciation	(71,620,935)	(73,767,393)	(74,784,859)	(75,940,755)	(25,365,249)	(56,715,731)	(21,965,640)	(400,160,562)
Total capital assets (net of accumulated depreciation)	<u>102,964,930</u>	<u>307,687,612</u>	<u>177,632,258</u>	<u>218,394,147</u>	<u>32,360,454</u>	<u>34,799,308</u>	<u>26,571,547</u>	<u>900,410,256</u>
Total noncurrent assets	<u>102,964,930</u>	<u>307,687,612</u>	<u>177,632,258</u>	<u>218,394,147</u>	<u>32,360,454</u>	<u>80,412,104</u>	<u>26,571,547</u>	<u>946,023,052</u>
Total assets	<u>\$ 135,069,253</u>	<u>\$ 323,008,694</u>	<u>\$ 191,373,193</u>	<u>\$ 218,708,696</u>	<u>\$ 33,546,686</u>	<u>\$ 90,001,091</u>	<u>\$ 29,490,428</u>	<u>\$ 1,021,198,041</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources related to pension	696,361	1,230,562	692,077	270,667	1,221,727	719,122	371,642	5,202,158
Deferred outflows of resources related to OPEB	17,010	37,551	18,145	7,197	28,671	21,366	12,226	142,166
Total deferred outflows of resources	<u>713,371</u>	<u>1,268,113</u>	<u>710,222</u>	<u>277,864</u>	<u>1,250,398</u>	<u>740,488</u>	<u>383,868</u>	<u>5,344,324</u>

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business Type Activities-Proprietary Funds						Other Proprietary Funds	Total
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome		
LIABILITIES								
Current liabilities								
Vouchers payable	\$ 2,364,030	\$ 1,656,292	\$ 1,322,230	\$ 20,687	\$ 543,459	\$ 730,034	\$ 216,530	\$ 6,853,262
Retainage payable	-	92,779	1,326,485	-	138,144	-	-	1,557,408
Interest payable	-	27,867	46,869	148,627	222,071	79,612	-	525,046
Advances from other funds	-	-	-	-	315,415	-	-	315,415
Due to other funds	-	-	-	173,099	2,490,368	-	176,679	2,840,146
Accrued payroll	170,801	205,215	87,801	25,594	171,706	123,274	70,548	854,939
Current portion of special assessments	-	28,958	127,531	130,978	233,808	51,151	-	572,426
Current portion of capital lease	-	1,236	-	-	624,266	-	-	625,502
Accrued vacation payable	171,805	261,218	141,882	49,120	240,367	138,096	87,910	1,090,398
Unearned revenue	-	-	-	-	-	6,448,214	-	6,448,214
Deposits	-	-	-	-	-	8,501	-	8,501
Current liabilities payable from restricted assets:								
Current portion of long-term debt	-	2,485,000	85,497	-	805,911	715,000	-	4,091,408
Accrued interest and other	-	642,886	128,426	-	60,588	34,847	-	866,747
Total current liabilities	<u>2,706,636</u>	<u>5,401,451</u>	<u>3,266,721</u>	<u>548,105</u>	<u>5,846,103</u>	<u>8,328,729</u>	<u>551,667</u>	<u>26,649,412</u>
Noncurrent liabilities								
Landfill closure accruals	-	-	-	-	5,389,162	-	-	5,389,162
Long-term debt, net of current portion:								
Special assessments payable	-	556,897	892,119	2,915,274	4,388,407	1,524,046	-	10,276,743
Capital lease	-	4,800	-	-	1,387,575	-	-	1,392,375
Revenue bonds, net of deferred amount of refunding	-	-	-	-	2,142,149	-	-	2,142,149
Annual appropriation bond	-	-	-	-	-	5,635,000	-	5,635,000
Notes payable	-	95,463,049	27,725,209	-	1,422,562	-	-	124,610,820
Net pension liability	1,648,473	3,095,113	1,655,373	552,545	3,178,190	750,405	815,913	11,696,012
Net OPEB liability	77,648	171,200	82,925	33,031	131,846	96,888	51,414	644,952
Total noncurrent liabilities	<u>1,726,121</u>	<u>99,291,059</u>	<u>30,355,626</u>	<u>3,500,850</u>	<u>18,039,891</u>	<u>8,006,339</u>	<u>867,327</u>	<u>161,787,213</u>
Total liabilities	<u>4,432,757</u>	<u>104,692,510</u>	<u>33,622,347</u>	<u>4,048,955</u>	<u>23,885,994</u>	<u>16,335,068</u>	<u>1,418,994</u>	<u>188,436,625</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pension	757,087	1,701,134	807,918	260,794	1,406,900	788,035	625,888	6,347,756
Deferred inflows of resources related to OPEB	2,634	5,794	2,818	1,129	4,526	3,249	1,497	21,647
Total deferred inflows of resources	<u>759,721</u>	<u>1,706,928</u>	<u>810,736</u>	<u>261,923</u>	<u>1,411,426</u>	<u>791,284</u>	<u>627,385</u>	<u>6,369,403</u>
NET POSITION								
Net investment in capital assets	102,964,930	212,275,538	149,015,825	215,347,895	21,355,776	27,204,236	26,571,547	754,735,747
Restricted for:								
Debt service	-	3,127,886	213,923	-	866,499	749,847	-	4,958,155
Capital improvements	-	-	-	-	-	45,612,796	-	45,612,796
Unrestricted	27,625,216	2,473,945	8,420,584	(672,213)	(12,722,611)	48,348	1,256,370	26,429,639
Total net position	<u>\$ 130,590,146</u>	<u>\$ 217,877,369</u>	<u>\$ 157,650,332</u>	<u>\$ 214,675,682</u>	<u>\$ 9,499,664</u>	<u>\$ 73,615,227</u>	<u>\$ 27,827,917</u>	<u>\$ 831,736,337</u>

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Business Type Activities-Proprietary Funds						Other Proprietary Funds	Total
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome		
OPERATING REVENUES								
Charges for services	\$ 10,190,031	\$ 22,744,596	\$ 11,276,502	\$ 2,988,746	\$ 15,213,314	\$ 6,451,080	\$ 6,376,936	\$ 75,241,205
OPERATING EXPENSES								
Personnel services	2,926,649	4,978,380	2,123,231	667,535	4,431,349	3,784,900	1,873,266	20,785,310
Other services	2,038,144	4,376,396	3,454,234	173,834	2,039,012	2,911,210	1,181,434	16,174,264
Materials and supplies	879,645	5,518,267	3,641,347	212,885	1,410,423	81,284	1,832,398	13,576,249
Depreciation	4,626,674	6,101,238	5,241,155	5,123,552	2,585,594	4,231,583	2,014,823	29,924,619
Total operating expenses	10,471,112	20,974,281	14,459,967	6,177,806	10,466,378	11,008,977	6,901,921	80,460,442
Operating income (loss)	(281,081)	1,770,315	(3,183,465)	(3,189,060)	4,746,936	(4,557,897)	(524,985)	(5,219,237)
NONOPERATING REVENUES (EXPENSES)								
Gain (loss) on disposal of assets	48,751	4,000	(4,751)	41,242	(260,625)	-	2,576	(168,807)
Investment income (expense)	624,245	12,608	10,581	-	-	7,492,470	-	8,139,904
Interest expense and bond fees	(129,585)	(2,410,618)	(300,601)	(148,627)	(481,292)	(301,817)	-	(3,772,540)
General property tax revenue	1,065,589	-	-	-	-	-	-	1,065,589
Miscellaneous revenue (expense)	117,233	2,868	8,776	-	62,924	101	7,096	198,998
Sale of byproducts	-	-	1,193,115	-	27,474	-	-	1,220,589
Total nonoperating revenues (expenses)	1,726,233	(2,391,142)	907,120	(107,385)	(651,519)	7,190,754	9,672	6,683,733
Income (loss) before contributions and transfers	1,445,152	(620,827)	(2,276,345)	(3,296,445)	4,095,417	2,632,857	(515,313)	1,464,496
Capital contributions	1,254,171	4,086,824	6,809,871	43,813,935	-	30,000	3,278,664	59,273,465
Transfers in:								
Capital projects	-	-	-	-	654,121	-	-	654,121
Enterprise	-	-	-	-	-	-	150,000	150,000
Transfers out:								
General	(155,153)	(4,550,312)	(2,867,000)	(585,400)	(2,999,987)	(50,000)	(897,600)	(12,105,452)
Capital projects	-	(6,214,364)	(3,409,443)	(846,785)	-	-	(129,655)	(10,600,247)
Enterprise	-	-	(150,000)	-	-	-	-	(150,000)
Change in net position	2,544,170	(7,298,679)	(1,892,917)	39,085,305	1,749,551	2,612,857	1,886,096	38,686,383
Total net position - beginning	128,045,976	225,176,048	159,543,249	175,590,377	7,750,113	71,002,370	25,941,821	793,049,954
Total net position - ending	\$ 130,590,146	\$ 217,877,369	\$ 157,650,332	\$ 214,675,682	\$ 9,499,664	\$ 73,615,227	\$ 27,827,917	\$ 831,736,337

The notes to the financial statements are an integral part of this statement.

**CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Business-type activities - Enterprise Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 10,256,586	\$ 22,809,463	\$ 11,177,204	\$ 2,850,539	\$ 15,222,490	\$ 9,112,172	\$ 6,187,066	\$ 77,615,520
Payments to suppliers	(708,906)	(12,224,457)	(6,064,978)	(399,085)	(3,677,399)	(2,903,564)	(1,322,939)	(27,301,328)
Payments to employees	(2,115,883)	(3,524,032)	(1,515,995)	(475,262)	(3,153,542)	(2,464,155)	(388,277)	(13,637,146)
Payments of benefits on behalf of employees	(623,868)	(1,186,215)	(453,888)	(109,492)	(1,143,727)	(1,056,066)	(3,088,270)	(7,661,526)
Net cash provided (used) by operating activities	6,807,929	5,874,759	3,142,343	1,866,700	7,247,822	2,688,387	1,387,580	29,015,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers to other funds	(155,153)	(10,764,676)	(6,426,443)	(1,432,185)	(2,345,866)	(50,000)	(1,027,255)	(22,201,578)
Transfers from other funds	-	-	-	-	-	-	150,000	150,000
Property taxes	1,062,093	-	-	-	-	-	-	1,062,093
Payments received on interfund borrowing	-	-	-	-	1,280,893	-	104,774	1,385,667
Payments made for interfund borrowing	-	-	(1,225,138)	(160,529)	-	-	-	(1,385,667)
Net cash provided (used) by noncapital financing activities	906,940	(10,764,676)	(7,651,581)	(1,592,714)	(1,064,973)	(50,000)	(772,481)	(20,989,485)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sale of assets	106,803	-	-	-	1,518	-	2,576	110,897
Proceeds from byproduct sales	-	-	1,193,115	-	27,474	-	-	1,220,589
Payments received on advances to other funds	-	-	149,067	-	-	-	-	149,067
Payments made for advances to other funds	-	(1,225,712)	(1,422,524)	-	(106,778)	-	-	(2,755,014)
Capital debt proceeds	-	6,098,209	23,100,393	-	-	-	-	29,198,602
Acquisition of capital assets	(6,731,335)	(4,251,032)	(25,928,427)	-	(3,571,947)	(1,025,134)	-	(41,507,875)
Debt service - principal	-	(1,020,221)	(155,643)	(119,101)	(1,968,132)	(748,611)	-	(4,011,708)
Debt service - interest & fees	(129,585)	(2,365,962)	(180,791)	(154,885)	(564,984)	(306,982)	-	(3,703,189)
Intergovernmental capital grants	1,207,376	-	-	-	-	-	-	1,207,376
Net cash provided (used) by capital and related financing activities	(5,546,741)	(2,764,718)	(3,244,810)	(273,986)	(6,182,849)	(2,080,727)	2,576	(20,091,255)
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income (expense)	589,706	10	-	-	-	63,314	-	653,030
Investments redeemed	21,178,203	18,640,077	15,358,364	-	-	2,908,058	1,131,847	59,216,549
Investments (purchased)	(24,280,236)	(10,985,452)	(7,604,316)	-	-	(330,125)	(1,749,522)	(44,949,651)
Net cash provided (used) by investing activities	(2,512,327)	7,654,635	7,754,048	-	-	2,641,247	(617,675)	14,919,928
Net change in cash and cash equivalents	(344,199)	-	-	-	-	3,198,907	-	2,854,708
Cash and cash equivalents, January 1	7,263,735	50	50	-	300	5,246,685	50	12,510,870
Cash and cash equivalents, December 31	\$ 6,919,536	\$ 50	\$ 50	\$ -	\$ 300	\$ 8,445,592	\$ 50	\$ 15,365,578

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type activities - Enterprise Funds						
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Enterprise Funds
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (281,081)	\$ 1,770,315	\$ (3,183,465)	\$ (3,189,060)	\$ 4,746,936	\$ (4,557,897)	\$ (524,985)
Adjustments to reconcile operating income to net cash provided by operating activities							
Depreciation	4,626,674	6,101,238	5,241,155	5,123,552	2,585,594	4,231,583	2,014,823
Change in assets and liabilities							
Accounts receivable	66,555	73,369	(99,298)	(138,207)	9,176	(19,358)	(201,375)
Specials receivable	-	(8,502)	-	-	-	-	11,505
Inventories	-	58,979	-	-	-	(14,050)	(79,403)
Prepaid expenses	(137)	(15,916)	(4,083)	623	(2,226)	7	(1,088)
Accounts payable	2,209,020	(889,537)	(45,756)	(12,989)	(441,410)	102,973	6,053
Retainage payable	-	(1,483,320)	1,080,442	-	99,663	-	-
Landfill closure accruals	-	-	-	-	116,009	-	-
Payroll payable	61,992	25,832	13,540	2,623	13,865	18,482	23,690
Vacation payable	8,742	(5,529)	21,465	5,738	8,672	14,714	8,328
Unearned revenue	-	-	-	-	-	2,678,260	-
Deposits	-	-	-	-	-	2,190	-
Net pension liability	116,998	249,681	119,229	74,766	112,910	232,558	130,809
Net OPEB liability	(834)	(1,851)	(886)	(346)	(1,367)	(1,075)	(777)
Total adjustments	7,089,010	4,104,444	6,325,808	5,055,760	2,500,886	7,246,284	1,912,565
Net cash provided (used) by operating activities	\$ 6,807,929	\$ 5,874,759	\$ 3,142,343	\$ 1,866,700	\$ 7,247,822	\$ 2,688,387	\$ 1,387,580
Noncash transactions affecting financial position:							
Acquisition of / change in assets through capital contributions and donations	-	\$ 4,086,824	\$ 6,809,871	\$ 43,813,935	\$ -	\$ -	\$ 3,278,664
Acquisition of / change in assets through acquisition of debt	-	\$ 56,456	\$ 45,427	\$ (71,673)	\$ (1,496,457)	\$ -	\$ -
Change in fair value of investments	-	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ (2)

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2019

	<u>Pension Trust</u>	<u>Agency</u>
ASSETS		
Cash	\$ 180,775	\$ -
Equity in pooled investments	<u>430,923</u>	<u>85,125,645</u>
Receivables:		
Accounts receivable	16,991	-
Special assessments	-	11,911,578
Intergovernmental	-	22,083,527
Interest	58,654	200,099
Prepaid items	<u>-</u>	<u>83,107</u>
Total receivables	<u>75,645</u>	<u>34,278,311</u>
Investments, at fair value:		
Mutual funds	<u>120,703,329</u>	<u>-</u>
Total investments	<u>120,703,329</u>	<u>-</u>
Total assets	<u><u>\$ 121,390,672</u></u>	<u><u>\$ 119,403,956</u></u>
 LIABILITIES		
Vouchers and benefits payable	\$ 36,266	\$ 6,326,081
Contract retainage payable	-	1,559,857
Due to other governments	-	11,911,578
Deposits	<u>-</u>	<u>99,606,440</u>
Total liabilities	<u>\$ 36,266</u>	<u>\$ 119,403,956</u>
 NET POSITION		
Restricted for pension benefits	<u><u>\$ 121,354,406</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2019

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 5,340,909
Employee	1,776,394
Total contributions	<u>7,117,303</u>
Investment income	
Net appreciation in fair value of investments	21,745,116
Less investment expense	<u>(408,762)</u>
Net investment income (loss)	<u>21,336,354</u>
Total additions (deductions)	<u>28,453,657</u>
DEDUCTIONS	
Pension benefit payments	7,195,607
Member contribution refunds	83,570
Administrative expenses	<u>95,901</u>
Total deductions	<u>7,375,078</u>
Change in net position	21,078,579
Total net position - beginning	<u>100,275,827</u>
Total net position - ending	<u><u>\$ 121,354,406</u></u>

The notes to the financial statements are an integral part of this statement.

INDEX

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of presentation
- B. Reporting entity
- C. Government-wide and fund financial statements
- D. Measurement focus, basis of accounting and financial statement presentation
- E. Assets, liabilities, and net position/fund balance

NOTE 2 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 position
- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgetary information
- B. Excess of expenditures over budget
- C. Net position/fund balance deficits
- D. Net position restricted by enabling legislation

NOTE 4 DETAIL NOTES ON ALL FUNDS

- A. Deposits and investments
- B. Receivables
- C. Tax abatements
- D. Capital assets
- E. Commitments
- F. Interfund receivables, payables, and transfers
- G. Leases
- H. Long-term debt
- I. Deferred inflows of resources/unearned revenues
- J. Conduit debt obligation
- K. Fund balances

NOTE 5 OTHER NOTES

- A. Risk management
- B. Pension plans
- C. Other Post-Employment Benefit Plans (OPEB)
- D. Joint powers agreement
- E. Contingent liabilities
- F. Subsequent Events

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fargo operates under a "mayor-commission" form of government under the Home Rule Charter. The accounting policies of the City, as reflected in the accompanying financial statements, conform to generally accepted accounting principles for local government units.

The following is a summary of the City's significant accounting policies:

A. BASIS OF PRESENTATION

The financial statements of the City have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The City follows and implements all applicable GASB standards. Below are applicable statements, not yet required to be implemented.

GASB statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. An activity which meets the criteria outlined in this statement should be reported in a fiduciary fund in the basic financial statements. This statement also outlines and describes the types of fiduciary funds that should be reported. This statement is effective for reporting periods ending June 30, 2020.

GASB statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 30, 2022. Earlier application is encouraged.

GASB statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements requires that essential information related to debt be disclosed in notes to the financial statements including unused lines of credit or assets pledged as collateral for debt. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement is effective for reporting periods ending June 30, 2020.

GASB statement No. 89, *Accounting for the Interest Cost Incurred Before the End of a Construction Period* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirement of this Statement are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. Earlier application is encouraged.

GASB Statement No. 92, Omnibus 2020, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 30, 2022. Earlier application is encouraged.

GASB Statement No. 93, Replacement of Interbank Offered Rates, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 30, 2022. Earlier application is encouraged.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 30, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined the effect these statements will have on the City's financial statements.

B. REPORTING ENTITY

The City is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

state or local governments. Additionally, the City is not included in any other governmental reporting entity.

The accompanying financial statements present the City and its component units. Blended component units are entities which are legally separate from the City but which are so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

Blended Component Unit

The City of Fargo Building Authority, a non-profit corporation, was formed for the purpose of providing funds to finance improvements on City property and for leasing property from the City. The directors of the Authority are made up of the City's Board of Commissioners, as well as the City Administrator and City Finance Director. The activity of the Authority is being reported as a blended component unit within the activities of the primary government. There are no separately issued statements for this component unit.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The goal of government-wide financial statements is to present a broad overview of a government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide, proprietary fund, and fiduciary pension trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Although agency funds have no measurement focus, they also use the accrual basis of accounting to recognize receivables and payables.

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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For FEMA grant funds, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, special assessments (both certified and uncertified), intergovernmental revenue, permits, charges for services, pledges and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are collected in 60 days. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the City. All financial resources of the general government that are not required to be reported in another fund are accounted for in the general fund.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Projects Fund – The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed directly by proprietary funds. Major capital facilities include infrastructure such as streets, sidewalks, street lighting, paving, sanitary storm sewers, water mains, sewer lines, flood control and other projects.

The City reports the following major proprietary funds:

Airport – This fund accounts for the operations and construction activities of the Hector International Airport.

Water – This fund accounts for the activities (revenues, operating and capital expenses) of the City's water system. The City receives user fee revenues derived from sale of water and other related services to the general public.

Wastewater – This fund accounts for the activities (revenues, operating and capital expenses) of the City's wastewater (sewer) disposal system. The City receives user fee revenues derived from providing sanitary sewer services to the public.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Storm Sewer – This fund accounts for the activities (revenues, operating and capital expenses) of the City's storm sewer system. The City receives user fee revenues derived from providing storm sewer services to the public.

Solid Waste – This fund accounts for the activities (revenues, operating and capital expenses) of the City's garbage utility. The City receives user fee revenues derived from providing garbage services to the public and operating a regional landfill.

FargoDome – This fund accounts for the operation of the FargoDome which is a multi-purpose regional event center that was constructed in 1989 and is used for conventions, sporting events, trade shows, concerts and other programs. The FargoDome has a maximum seating capacity of 28,000. As of January 1, 2016, the onsite FargoDome staff became employees of the City of Fargo and assumed the management of arena operations exclusive of a 3rd party Management Company.

In addition, the City reports for the following fund types:

Pension Trust Funds – Pension trust funds are used to account for the activities of the City Employees' Pension Plan and the Police Pension Plan, which accumulates resources for pension benefit payments.

Agency Funds – Agency funds are used to account for assets held by the City as agent for other individuals, organizations, or governmental units. The City has four agency funds, the Performance Deposits fund, the Park District Special Assessments fund, the Red River Regional Dispatch Center fund, and the Metro Flood Diversion Authority.

As a general rule, the City has eliminated the effect of interfund activity from the government-wide financial statements. Exceptions to this rule are when various charges exist between different functions of the government (i.e. water and sewer charges to other various functions of the City). Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include the following: amounts received from those who purchase, use or directly benefit from a program; amounts received from parties outside the City that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

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

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Equity in Pooled Investments, Cash and Investments

The City maintains investment pools used by the funds. Each fund's portion of the pool is displayed on the statements as "Equity in Pooled Investments." Interest income on such investments is allocated to certain funds on the basis of the participating funds balance in the cash and investments pool. In addition, investments are separately held by various funds. Five of the investment pools used by the City are managed by the PFM Financial Advisors Group.

Investments for the City are reported at fair value based on the framework established by GASB 72 *Fair Value Measurement and Application*.

2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion). 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 funds, as reported in the fund financial statements, are offset by "nonspendable: fund balance in the applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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. The current Home Rule Charter maximum mill levy is sixty-four mills, excluding City share of special assessments. Total mills levied for 2018 were fifty-one.

All real estate is assessed on current value as of February 1 of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date. A 5% reduction of taxes is allowed if taxes are paid in full by February 15. To avoid being delinquent, one-half of taxes due must be paid by March 1 and the remaining balance paid by October 15.

Taxes are collected by the County and remitted monthly to the City no later than the 10th working day following the month of collection.

3. Inventories and Prepaid Items

Depending upon the nature of the item, inventories of supplies for both governmental and business-type funds are valued at cost using either first-in-first-out or weighted average. The cost of inventory is recognized as an expense in both the fund and the government-wide financial statements when used (consumption method). Reported inventories of governmental funds are offset by "nonspendable" fund balance to indicate they are not available for appropriation and are not expendable available financial resources.

Inventories held for resale are reported at lower of cost or market.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

4. Restricted Assets

Certain proceeds of the City's 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. Resources have been set aside for capital repair and upkeep of the FargoDome, as directed by Section 3-1509 of the Municipal Code.

5. Capital Assets

Capital assets, which include property, plant, equipment, intangible, and infrastructure assets (e.g., roads, bridges, sidewalks, flood control, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000, except for infrastructure networks which are capitalized in their entirety. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Intangible assets consist of water rights and right-of-way easements. The water rights were purchased from Cass Rural Water Users. Both the water rights and right-of-way easement assets are considered to have an indefinite useful life as there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the assets and therefore the assets are not amortized.

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

Property, plant and equipment of the government is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	10 – 50
Improvements other than buildings	10 – 20
Infrastructure/Flood Control	20 – 100
Vehicles	3 – 10
Equipment	5 – 10
Office equipment	5 – 10
Computer equipment	3 – 5

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees vest in sick leave accumulated in excess of 960 hours, which is paid out at 44.4% of their normal pay in December of every year. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts (other than the vested amounts paid out annually) when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary

fund financial statements. In the governmental funds, a liability would be reported only if they have matured, for example, as a result of employee retirements or resignations. The entire portion of accumulated unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminate their service with the City or with the use of annual leave throughout the year.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Net Position/Fund Balance

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities related to those assets. Unrestricted net position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund balances are classified based on the spending constraints placed upon them. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. An ordinance is the highest level of authority and requires another ordinance to modify or rescind.

Assigned fund balance is established by the City Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital outlay, project construction, debt service, or other purposes).

The City's first priority is to utilize the restricted fund balance. Committed funds will be considered second with assigned fund balance third when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are eligible to be used.

The Board of City Commissioners has adopted, through policy, a formal revenue stabilization arrangement. The primary funding source for this arrangement is surplus revenues generated by the General fund. The funding status and sufficiency of this arrangement is to be evaluated annually during the budget development process. As defined in the policy establishing this commitment, the specific uses are listed as overall decline of economically sensitive revenues over at least one fiscal period as incorporated into the City's annual budget revenue projections, (or) need for emergency funds as declared by the Mayor for the local share funding of any major natural disaster event.

In the General Fund, the City strives to maintain an unassigned fund balance to be used for cash flow and unanticipated expenditures of 25 percent of the total current year general fund expenditures.

2. 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 POSITION

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government – wide statement of net position. 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 \$737,991,214 difference are as follows:

Bonds payable	\$ 567,491,000
Notes payable	130,127,690
Capital leases	226,051
December 31, 2019 long-term debt outstanding	<u>\$ 697,844,741</u>
Accrued interest payable	4,488,800
Bond premium	31,255,233
Accumulated unpaid vacation	<u>4,402,440</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 737,991,214</u></u>

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, 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 position 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 \$59,003,227 difference are as follows:

Capital Outlay	\$ 78,807,560
Plus: assets transferred in from enterprise funds	1,115,867
Plus: donated /contributed assets and gain/loss on asset trades	55,041,661
Plus: prior year construction in progress added as asset in current year	1,375,466
Capital asset increases per footnote 4.D	\$ 136,340,554
Less: assets transferred in from enterprise funds	(1,115,867)
Less: donated /contributed assets and gain/loss on asset trades	(55,041,661)
Less: prior year construction in progress added as asset in current year	(1,375,466)
Depreciation expense	(19,804,333)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 59,003,227

Another element of that reconciliation states that “The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$41,878,864 difference are as follows:

Bonded debt issued	\$ (51,200,000)
Premium on bonded debt issued	(2,569,041)
Bonded debt principal payments	23,809,000
Capital lease proceeds	(259,000)
Capital lease payment	207,467
Loan proceeds	(16,637,168)
Loan payments	4,769,878
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (41,878,864)

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$1,655,936 are as follows:

Compensated absences	\$ (328,229)
Accrued interest	80,850
Amortization of bond premium	1,903,315
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,655,936</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds classified as the general fund, special revenue funds, and the debt service fund. No budgets are prepared for capital projects funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. According to City charter, the Mayor submits a proposed budget each July to the City Commission. At that time, the City Commission makes any changes they deem necessary to this proposed budget.
2. The preliminary budget must be adopted by August 10.
3. Public hearings are conducted to obtain taxpayer comments prior to the final budget adoption.
4. The budget is legally enacted through the passage of a budget ordinance no later than October 7.
5. Budgets are adopted for the general, special revenue, and debt service.
6. The legal level of budgetary control is at the fund level. The Finance Director may approve transfers of budgeted amounts between departments within a given fund. Any transfers of budgeted amounts and any revisions that alter the total expenditures of any fund must be approved by the City Commission.
7. Formal budgetary integration is employed as a management control device during the period for the general fund, special revenue funds and the debt service fund at the fund level. Any expenditures in excess of the current year's budget must be approved by the Finance Committee and the City Commission. Supplemental appropriations granted for the 2019 year include \$383,989 for the General Fund.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. Appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of all funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Authority to complete year-end encumbrances for the general fund may be granted by amending the subsequent year's budget. General Fund Budget revisions approved for open encumbrances totaled \$542,423 for the year ended December 31, 2019.

B. EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded budget in the following funds by the following amounts:

Special Revenue Funds		
City Share of Specials	\$	334,464
Noxious Weeds		273
Downtown Business Improvement District		67,371
Convention & Visitors Bureau		98,446
Neighborhood Stabilization		13,434
Community Development		420,949
NRI Loan Program		4,925

No remedial action is anticipated or required by the City regarding these excess expenditures.

C. NET POSITION/FUND BALANCE DEFICITS

Governmental Funds			
Special Revenue Funds			
Parking Authority	\$	372,331	This deficit will be eliminated by future revenue growth from added facilities.
Parking Repair and Replacement		72,839	This deficit will be eliminated by future revenue growth from added facilities.
Baseball Stadium		994,172	This deficit is due to a capital projects fund being closed out and set up as special revenue fund. The deficit will be recovered by future suite lease fees over the next several years.
Proprietary Funds			
Southeast Cass Sewer		102,763	This deficit will be eliminated by future user fee revenue.
Forestry		510,856	This deficit will be eliminated by future user fee revenue.

D. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$171,715,943 of restricted net position, of which \$52,703,351 is restricted by enabling legislation.

4. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits - In accordance with North Dakota Century Code, the City maintains deposits at those depository banks and brokerages authorized by the City Commission, all of which are covered by Federal Depository Insurance or Securities Investor Protection. Century Code requires that all City deposits be protected by insurance, collateral or surety bond. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. As of December 31, 2019, the carrying amount of the City's deposits was \$86,113,883 and the bank balance was \$88,843,887. As noted above, the bank balance is covered by Federal Depository Insurance or Securities Investor Protection.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Per the City's investment policy, custodial credit risk will be minimized by using the following techniques; limiting investments to the safest type of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized. As of December 31, 2019, the City's deposits were either fully insured or properly collateralized, were held in the City's name, and have no custodial credit risk.

Investments – The City maintains pooled cash portfolios used by substantially all City funds, excluding the investment of employees' retirement funds, using the pooled deposit and investment concept. These pools are governed by an investment policy established by the City Commission.

Investment policy: The City has an adopted investment policy, conforming with federal, state, and other legal requirements, including the City of Fargo Home Rule Charter, specifically Article 3.B – Powers of the City. This policy sets forth the City's investment objectives as well as authorized and suitable deposits and investments, and serves as a guide to proper diversification, maturity constraints, internal controls, and performance measurement. The foremost objective of the City's investment program as set forth by the investment policy is safety of principal. Investment decisions are made under the assumption that, except under limited circumstances, all investments within the pooled portfolios will be held to maturity.

Allowable deposits and investment include:

- a. Direct obligations of the United States of America
- b. Debt securities issued by government sponsored enterprises (GSE's), federal agencies, and federal financing banks
- c. Direct obligations of the state of North Dakota
- d. Commercial paper
- e. Bankers' acceptances
- f. Negotiable certificates of deposit

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

- g. Certificates of deposit and time deposits
- h. Obligations or notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States
- i. Investments in money-market funds rated “AAAm” by Standard & Poor’s Corporation
- j. Repurchase agreements that are collateralized only by direct obligation of the U.S. government, GNMA, Fannie Mae, Freddie Mac, FFCB, and FHLB
- k. Asset-backed securities (ABS) rated a minimum of AA long-term or A-1 short-term, or its equivalent, from any nationally recognized statistical rating organization (NRSRO).

Pension funds may purchase any investments authorized by the Pension Boards.

The North Dakota Retirement and Investment Office (NDRIO) manages the FargoDome capital escrow investments, which the City reports as an external investment pool. The investment pool is not registered with the SEC and is regulated by the North Dakota Century Code. The fair value of the investment pool is the same as the value of the pooled investment shares. More information on the NDRIO can be found in their financial reports at <http://www.state.nd.us/rio/SIB/Publications/default.htm>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The chart below summarizes the City’s investments using segmented time distribution. The City’s investment policy, limits investing funds primarily in short- and intermediate-term liquid securities of high credit quality to ensure adequate liquidity and minimize the impact of changes in interest rates. Portfolios are structured so that securities mature concurrent with cash needs to meet anticipated demands.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As outlined above, city policy limits the type of investments allowed to reduce the amount of credit risk to the portfolio. The chart below summarizes the credit quality of the City’s investment holdings.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2019									
Investment Type	Credit Rating	Fair Value	Investment Maturities (in years)						
			Not Applicable	< 1	1 - 5	> 5 - 10	> 10		
Corporate Bonds	AAA	\$ 10,397,209	\$ -	\$ 1,692,942	\$ 8,704,267	\$ -	\$ -		
Corporate Bonds	AA1	\$ 1,262,648	\$ -	\$ 250,638	\$ 1,012,010	\$ -	\$ -		
Corporate Bonds	AA2	\$ 2,044,150	\$ -	\$ -	\$ 2,044,150	\$ -	\$ -		
Corporate Bonds	AA3	\$ 939,772	\$ -	\$ -	\$ 939,772	\$ -	\$ -		
Corporate Bonds	A1	\$ 7,066,025	\$ -	\$ 399,956	\$ 6,666,069	\$ -	\$ -		
Corporate Bonds	A2	\$ 6,558,941	\$ -	\$ 1,250,572	\$ 5,308,369	\$ -	\$ -		
Corporate Bonds	A3	\$ 2,895,920	\$ -	\$ 250,038	\$ 2,645,882	\$ -	\$ -		
Corporate Bonds	BAA1	\$ 971,834	\$ -	\$ 971,834	\$ -	\$ -	\$ -		
Money Market Funds	AAAmm	\$ 39,393,032	\$ 39,393,032	\$ -	\$ -	\$ -	\$ -		
Money Market Funds	N/A	\$ 27,457,591	\$ 27,392,835	\$ -	\$ 64,756	\$ -	\$ -		
Municipal Bond	AA2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Municipal Bond	A1	\$ 355,174	\$ -	\$ 355,174	\$ -	\$ -	\$ -		
U.S. Agencies	AAA	\$ 6,210,633	\$ -	\$ 1,711,983	\$ 4,498,650	\$ -	\$ -		
U.S. Agencies	NA	\$ 6,837,596	\$ -	\$ -	\$ 1,990,687	\$ 1,159,293	\$ -	\$ 3,687,616	
U.S. Treasury Note	AAA	\$ 57,751,223	\$ -	\$ 9,040,725	\$ 48,710,498	\$ -	\$ -		
U.S. Treasury Bill	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Bond Mutual Funds	N/A	\$ 31,942,673	\$ 4,365,098	\$ -	\$ 4,433,576	\$ 23,143,999	\$ -		
Certificate of Deposit	N/A	\$ 3,857,895	\$ -	\$ 3,091,267	\$ 766,628	\$ -	\$ -		
CDs	AA1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Corporate Commercial Paper	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Corporate Stocks	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Equity Mutual Funds	N/A	\$ 88,760,655	\$ 88,760,655	\$ -	\$ -	\$ -	\$ -		
External Investment Pool *	N/A	\$ 45,612,796	\$ 45,612,796	\$ -	\$ -	\$ -	\$ -		
Local Government Bond	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		\$ 340,315,767	\$ 205,524,416	\$ 19,015,129	\$ 87,785,314	\$ 24,303,292	\$ -	\$ 3,687,616	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy diversifies the portfolios by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities). Investments in a single issuer shall not exceed 5 percent of the City's portfolio for any of the following types in total: commercial paper, corporate obligations or notes, bankers' acceptances, and negotiable CD's.

The City's investment policy also has limits on the following allowable deposits and investment; direct obligations of the state of North Dakota shall not exceed 5 percent of the City's portfolio, investments in money market funds rated "AAAmm" by Standard & Poor's shall not exceed 25 percent of the City's portfolio, repurchase agreements shall not exceed 25 percent of the City's portfolio, and aggregate Asset-backed securities may not exceed 25% of the portfolio at the time of purchase. None of the established limits were exceeded as of December 31, 2019.

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Level 2 – Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in active markets;
3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the assets measure at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Investments				
U.S. Government and Agency Securities	\$ 70,799,452	\$ -	\$ -	\$ 70,799,452
Money Market Mutual Funds	66,850,623	-	-	66,850,623
Certificate of Deposit	3,857,895	-	-	3,857,895
Corporate Bonds	-	32,136,499	-	32,136,499
Municipal Bonds	-	355,174	-	355,174
Total Pooled Investments	<u>\$ 141,507,970</u>	<u>\$ 32,491,673</u>	<u>\$ -</u>	<u>\$ 173,999,643</u>
Pension Investments				
Bond Mutual Funds	\$ -	\$ 31,942,673	\$ -	\$ 31,942,673
Equity Mutual Funds	-	88,760,655	-	88,760,655
Total Pension Investments	<u>\$ -</u>	<u>\$ 120,703,328</u>	<u>\$ -</u>	<u>\$ 120,703,328</u>

U.S. Government and Agency securities, money market mutual funds, and certificates of deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities. Corporate bonds, municipal bonds, corporate commercial paper, bond and equity mutual funds classified in Level 2 of the fair value hierarchy are valued using techniques such as quoted prices for similar investments in active and inactive markets as well as inputs other than quoted prices that are observable for these assets.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

B. RECEIVABLES

Loans receivable as of December 31, 2019 were:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Community Development	0%	Non-Repayment	\$ 143,366
Neighborhood Revitalization Initiative (NRI)	0%	Due Upon Sale	10,500
HUD HOME	0%	Non-Repayment	1,472,425
HUD HOME	0%	Due Upon Sale	385,000
Total loans receivable			<u>\$ 2,011,291</u>

The NRI loans and HUD HOME (Home Investment Partnership Program) loans are made to encourage investment in housing as a way to stabilize and strengthen Fargo's neighborhoods. Loans are made for renovation of homes already owned, for assistance with buying and renovating a home, and for assistance with low-income housing and other housing-related issues. The HOME loans are funded by the Department of Housing and Urban Development, while the NRI loans are funded by the City.

Of the above loans, \$1,615,791 is considered in non-repayment status. These loans are forgiven upon certain criteria being met, usually relating to maintaining ownership for a certain number of years. However, if the given criteria are not met, payment is required.

C. TAX ABATEMENTS

Per GASB Statement No. 77, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of December 31, 2019, the City of Fargo provided tax abatements in the form of property tax exemptions for certain new residential properties, improvements made to existing commercial and residential buildings, new and expanding businesses, tax increment financing, properties in the Renaissance Zone, and daycare facilities.

The property tax exemption for certain single family, condominium, & townhouse residential properties, N.D.C.C. § 57-02-08 (35) & (42), allows for newly constructed homes, excluding land, to be exempt for up to two years, up to a maximum of \$150,000 of the home's value. This is available to homes owned and occupied for the first time as well as unoccupied homes still owned by the builder.

The property tax exemption for improvements made to existing commercial and residential buildings, N.D.C.C. § 57-02.2, allows for value added resulting from the improvements made to the property to be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements. This incentive is to encourage the investment of private capital in improvements to buildings, thereby encouraging the production of wealth, improving the volume of employment, enhancing living conditions, and preserving and increasing the property tax base.

The property tax incentive for new or expanding businesses, N.D.C.C. § 40-57.1, provides for property tax exemptions as well as payments in lieu of taxes to revenue-producing, primary sector enterprises. This incentive allows for a new or expanding business to be granted a property tax exemption for up to five years or a payment in lieu of tax option for up to twenty years. This is to encourage activities in the public interest by assisting in establishing industrial plants, expanding and retaining existing businesses, and to help promote economic activities within the state and thereby increasing production of wealth and adding to the volume of employment.

Tax increment financing, N.D.C.C. § 40-58-20, allows for providing a property tax exemption to provide assistance in a development or urban renewal area for the development of commercial or industrial property or for the elimination and prevention of the development or spread of slums and blight.

The Renaissance Zone property tax exemption, N.D.C.C. § 40-63, is for commercial and residential properties located within a renaissance zone and allows for the buildings to be exempt for up to five years. A renaissance zone is a geographic area, proposed by a city, and designated by the State Department of Commerce. This incentive is to encourage the purchase, lease, rehabilitation, or historical preservation or renovation of properties within the zone.

The property tax exemption for daycare facilities, N.D.C.C. § 57-02-08(36) may exempt buildings used to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 or used primarily as an adult day care

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

center. This incentive is to assist and encourage the adequacy of facilities in the community that provide early childhood and adult day care services.

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated during the 2019 Fiscal Year</u>	
Residential New Construction - School District #1	\$	105,426
Residential New Construction - School District #6		57,981
Remodeling - Residential - School District #1		40,081
Remodeling - Commercial - School District #1		9,686
New Industry Exemption & Payment In Lieu - School District #1		312,350
New Industry Exemption & Payment In Lieu - School District #6		153,005
Traditional Tax Increment Financing		840,135
Renaissance Zone - Commercial - School District #1		177,437
Renaissance Zone - Residential - School District #1		1,266
Daycare, Fire Protection - Commercial - School District #1		30,636
Daycare, Fire Protection - Commercial - School District #6		26,298
	\$	<u>1,754,301</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 82,352,549	\$ 15,168,324	\$ -	\$ 97,520,873
Right of Way	9,974,327	701,567	-	10,675,894
Construction in progress	6,572,440	25,757,958	1,375,466	30,954,932
Total capital assets, not being depreciated	<u>98,899,316</u>	<u>41,627,849</u>	<u>1,375,466</u>	<u>139,151,699</u>
Capital assets, being depreciated				
Buildings	127,599,050	3,455,875	-	131,054,925
Improvements other than buildings	2,630,027	446,445	-	3,076,472
Machinery and equipment	63,190,044	7,020,022	2,241,174	67,968,892
Infrastructure	417,112,608	52,406,078	19,940,723	449,577,963
Flood control	43,723,259	31,384,285	-	75,107,544
Total capital assets being depreciated	<u>654,254,988</u>	<u>94,712,705</u>	<u>22,181,897</u>	<u>726,785,796</u>
Less accumulated depreciation for:				
Buildings	36,379,948	3,349,964	-	39,729,912
Improvements other than buildings	660,802	233,110	-	893,912
Machinery and equipment	44,715,122	4,577,269	1,919,344	47,373,047
Infrastructure	160,936,328	11,106,855	1,724,560	170,318,623
Flood control	2,341,355	663,716	-	3,005,071
Total accumulated depreciation	<u>245,033,555</u>	<u>19,930,914</u>	<u>3,643,904</u>	<u>261,320,565</u>
Total capital assets, being depreciated, net	<u>409,221,433</u>	<u>74,781,791</u>	<u>18,537,993</u>	<u>465,465,231</u>
Governmental activities capital assets, net	<u>\$ 508,120,749</u>	<u>\$ 116,409,640</u>	<u>\$ 19,913,459</u>	<u>\$ 604,616,930</u>

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 1,556,545
Public safety	1,617,582
Public works	12,967,460
Public health & welfare	412,104
Recreation & culture	726,053
Urban development	70,546
Transportation	2,454,043
Total depreciation expense - governmental activities	<u>\$ 19,804,333</u>
Accumulated depreciation recorded through asset transfers from business-type activities	126,581
	<u><u>\$ 19,930,914</u></u>

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 43,285,471	\$ 360,515	\$ -	\$ 43,645,986
Intangible - Right-of -way Easements	420,036	-	-	420,036
Construction in progress	152,459,784	53,425,526	145,882,594	60,002,716
Intangible - Water rights	500,000	-	-	500,000
Total capital assets, not being depreciated	196,665,291	53,786,041	145,882,594	104,568,738
Capital assets, being depreciated				
Buildings	213,095,261	130,692,037	-	343,787,298
Improvements other than buildings	40,864,015	5,178,446	3,544,380	42,498,081
Machinery and equipment	95,016,166	10,324,590	2,029,638	103,311,118
Infrastructure	659,802,010	47,745,662	1,142,089	706,405,583
Total capital assets being depreciated	1,008,777,452	193,940,735	6,716,107	1,196,002,080
Less accumulated depreciation for:				
Buildings	92,029,282	5,959,189	-	97,988,471
Improvements other than buildings	13,662,811	1,668,615	301,033	15,030,393
Machinery and equipment	58,202,806	7,497,743	1,051,774	64,648,775
Infrastructure	208,821,575	14,799,072	1,127,724	222,492,923
Total accumulated depreciation	372,716,474	29,924,619	2,480,531	400,160,562
Total capital assets, being depreciated, net	636,060,978	164,016,116	4,235,576	795,841,518
Business-type activities capital assets, net	\$ 832,726,269	\$ 217,802,157	\$ 150,118,170	\$ 900,410,256

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:	
Airport	\$ 4,626,674
Water	6,101,238
Wastewater	5,241,155
Storm sewer	5,123,552
Street lighting	1,883,548
Solid waste	2,585,594
Forestry	131,275
Fargodome	4,231,583
Total depreciation expense - business-type activities	<u>\$ 29,924,619</u>

E. COMMITMENTS

Construction

As of December 31, 2019, the City had commitments on various construction contracts totaling approximately \$39,570,650.

Municipal Landfill Closure and Post-Closure Care Costs

The City of Fargo operates a municipal solid waste landfill to service the waste disposal needs of the community. The Environmental Protection Agency and the State of North Dakota regulations and guidelines (NDCC 23.1) impact the operation of the landfill.

The City of Fargo operates under a permit through the North Dakota Department of Environmental Quality. This current permit includes Cells 1-25. Cells 1-17 are in an area referred to as the West Landfill, Cells 18-25 are in on adjacent land that was a former landfill and is referred to as the East Landfill. The East Landfill will be reclaimed as it is developed, with existing waste being removed and placed within permit approved and constructed cells. The volume of existing waste in place has been included in the volume of waste in place.

The current landfill site design consists of Cells 1-25 on approximately 174 acres of land. The City has constructed all or portions of 18 cells to date, which vary in surface area from 4 to 10 acres. The cell depths range up to 35' below existing grade, varying based on their footprint location. Final elevations of cells range from 40' to 92' above existing grade. The cells have been designed with a leachate collection system and each cell is constructed with a composite liner system consisting of a compacted clay subgrade overlain by a 60-mil high-density polyethylene synthetic liner. Once cells have been filled to design capacity, final closure can be performed, which involves placement of 4' un-compacted clay-rich soils, in which 4" of yard waste compost is incorporated into the top 12", and 6" of topsoil.

Cells 1 through 14 are presently fully constructed and mostly filled. Cells 15 through 18 are fully constructed and partially filled. Based upon design capacity, the facility is 53.97% full (acres), and based upon present utilization rates; the remaining capacity is estimated at 23.57 years. The estimated liability for landfill closure and post closure care is \$5,389,162 as of December 31, 2019. Per the City's solid waste permit (SW-260), the City is allowed a maximum of 80 acres of open landfill area at any one time and is required to calculate closure cost based on having 80 acres of landfill area to close. The estimated total current cost of landfill closure and post closure care is based upon the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. However, actual costs may be higher due to inflation, changes in technology, or landfill regulations.

The City is meeting closure and post closure obligations by applying a financial test as specified in North Dakota Administrative Code sections 33.1-20-14-02 through 33.1-20-14-07. Because the City is able to meet the financial test, the restriction of cash in a landfill assurance fund is not required.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables are used when a fund has a cash deficit, as well as for other amounts owed between funds.

At December 31, 2019, the inter-fund advance balances are:

	Funds Advanced	Amount Repaid To-Date	Advance Balance December 31, 2019
General fund - baseball stadium advance	\$ 2,298,802	\$ 1,349,105	\$ 949,697
General fund - parking authority debt defeasance advance	765,000	560,000	205,000
Subtotal General Fund advances	<u>\$ 3,063,802</u>	<u>\$ 1,909,105</u>	<u>\$ 1,154,697</u>
Solid waste fund - baseball stadium advance	\$ 1,200,000	\$ 1,146,770	\$ 53,230
Water - Parking Authority Civic Center Ramp advance	\$ 450,000	\$ 147,773	\$ 302,227
Water - Civic Center HVAC Retrofit advance	390,000	36,439	353,561
Water - Border States Facility Acquisition Equipment advance	550,000	-	550,000
Water - Border States Facility Acquisition Building advance	872,524	-	872,524
Subtotal Water advances	<u>\$ 2,262,524</u>	<u>\$ 184,212</u>	<u>\$ 2,078,312</u>
Wastewater - Solid Waste equipment advance	\$ 518,000	\$ 202,585	\$ 315,415
Wastewater - Civic Center HVAC Retrofit advance	390,000	36,439	353,561
Wastewater - Border States Facility Acquisition Building advance	1,422,524	-	1,422,524
Subtotal Wastewater advance	<u>\$ 2,330,524</u>	<u>\$ 239,024</u>	<u>\$ 2,091,500</u>
Total advances to other funds	<u>\$ 8,856,850</u>	<u>\$ 3,479,111</u>	<u>\$ 5,377,739</u>

Baseball stadium advances will be repaid by future lease revenues generated by the Stadium lease contract with Fargo Baseball, LLC. The terms of the lease agreement provide for collection of lease revenues for private suites and individual seat license fees.

The Solid Waste equipment advance will be repaid to the Wastewater fund over a five year period with future utility rate revenue.

The Parking authority debt defeasance advance will be repaid by future parking authority revenue.

The Civic Center HVAC retrofit advance will be repaid to the Water and Wastewater funds over a five year period with future general fund budget appropriations transfers.

The Border States facility acquisition will be repaid to the Water and Wastewater funds over a twenty year period with future general fund budget appropriation transfers.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Interfund Transfers:

	Transfer In:						
	Major Funds				Nonmajor Funds		Total
	General	Debt Service	Capital Projects	Solid Waste	Governmental	Enterprise	
Transfer Out:							
Major Funds:							
General	\$ -	\$ 2,254,400	\$ 2,064,255	\$ -	\$ 76,545	\$ -	\$ 4,395,200
Debt Service	1,450,000	-	10,577,992	-	7,155	-	12,035,147
Capital Projects	-	-	-	654,121	138,536	-	792,657
Airport	155,153	-	-	-	-	-	155,153
Water	4,550,312	-	6,214,364	-	-	-	10,764,676
Wastewater	2,867,000	-	3,409,443	-	-	150,000	6,426,443
Storm Sewer	585,400	-	846,785	-	-	-	1,432,185
Solid Waste	2,999,987	-	-	-	-	-	2,999,987
FargoDome	50,000	-	-	-	-	-	50,000
Nonmajor Funds:							
Governmental	-	735,800	371,101	-	18,000	-	1,124,901
Enterprise	897,600	-	129,655	-	-	-	1,027,255
Total	\$ 13,555,452	\$ 2,990,200	\$ 23,613,595	\$ 654,121	\$ 240,236	\$ 150,000	\$ 41,203,604

Transfers are made for funding various projects, meeting debt service requirements, and for capital infrastructure. Interest earned on Debt fund residuals and reported as revenue in the Debt fund is periodically transferred to the General Fund.

G. LEASES

Operating Leases

The City leases building and office facilities under noncancellable operating leases. Total costs for such leases were \$1,432,709 for the year ended December 31, 2019. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2020	\$ 1,691,929
2021	1,666,248
2022	1,660,506
2023	1,618,834
2024	674,058
2025 - 2029	2,390,838
2030 - 2034	2,271,566
2035 - 2039	2,507,993
2040 - 2044	2,769,026
	<u>\$ 17,250,998</u>

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Capital Leases

The City is obligated to the following capital lease agreements:

	Remaining Balance
GOVERNMENTAL	
2018 Chevy Tahoe	22,981
2019 Caterpillar Motor Grader	203,070
Total Governmental	<u>\$ 226,051</u>
BUSINESS-TYPE	
SOLID WASTE ENTERPRISE FUND	
2016 Caterpillar 826K	\$ 203,311
2017 Wheel Loader	91,582
2018 Komatsu D65PXL-18 Crawler Tractor	273,019
2018 John Deere 644K	136,163
2018 Dual Arm Side Load	182,432
2019 International 7000 Loadmaster	134,298
2019 Crawler Dozer	582,398
2019 Excavator	283,931
2020 International Garbage Truck	124,707
WATER ENTERPRISE FUND	
Savin IM C3000 Copier	
	<u>\$ 6,036</u>
Total Business-Type	<u>\$ 2,017,877</u>

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	\$ 297,332	\$ 3,343,722
Less: Accumulated depreciation	<u>(24,450)</u>	<u>(653,275)</u>
Total	<u>\$ 272,882</u>	<u>\$ 2,690,447</u>

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Future Minimum Payments under the above capital lease agreements at December 31, 2019 are shown below:

	Governmental Activities	Business-type Activities
2020	\$ 64,140	\$ 706,519
2021	64,140	496,519
2022	64,140	496,519
2023	55,930	385,956
2024	-	49,607
2025 - 2029	-	98,137
Total minimum lease payments	248,350	2,233,257
Less: amount representing interest	(22,299)	(215,380)
Present value of minimum lease payments	\$ 226,051	\$ 2,017,877

Site and Facility Lease

Site Lease

The City of Fargo executed a long-term lease agreement with North Dakota State University (NDSU) for the FargoDome site. NDSU is leasing the FargoDome site to the City, and is in turn leasing forty days use of the facility from the City. The site lease agreement, which runs from January 1990 to December 2089, requires payments of base rent of \$1 per year.

Facility Lease

The FargoDome executed a three-year lease with North Dakota State University as of July 1, 2017. The lease addresses use of its facility and advertising revenue sharing. The lease allows NDSU a maximum of fifty days per lease year to rent the FargoDome at an annual rental rate paid over ten months. Rental income amounts to \$165,000 and \$165,000 in 2019 and 2018, respectively.

Locker Room Rental Agreement

An additional lease agreement was entered into with North Dakota State University for the use of approximately 23,461 square feet of its upstairs mezzanine level and lower level locker rooms. The agreement provides for annual rent of \$57,500 due August 1 of each year. In addition to the rent, North Dakota State University will pay annual fixed expenses of \$3,000 for the generator and building depreciation, as well as the variable costs associated with electrical usage and generator operating costs. The original lease expired in 2016, however it was renewed via an auto-renew clause for an additional 10 year period. The lease may be renewed for an additional period of another 10 years unless North Dakota State University gives the FargoDome Authority six months in advance at the end of any 10-year term their intent to not renew the lease. The annual rent will be increased 5% every ten years during the term of the lease. Rental income amounted to \$79,565 and \$77,092 in 2019 and 2018, respectively. Future minimum lease payments excluding considering for variable costs associated with electrical usage and generator operating costs are:

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2020	\$ 60,875
2021	60,875
2022	60,875
2023	60,875
	\$ 243,500

The asset leased to NDSU is as follows:

	Business-type Activity
Asset:	
Fargodome	\$ 59,351,015
Less: Accumulated depreciation	(35,855,961)
Total	
	\$ 23,495,054

Baseball Stadium Lease

The City of Fargo constructed a baseball stadium in 1996, and as lessor, has leased the stadium to Fargo Baseball, LLC and North Dakota State University under separate lease agreements.

Fargo Baseball, LLC, as lessee, has leased the stadium for exclusive lease from May 29th of each year through the end of each baseball season. The lessee will pay the City funds raised from private suite and VIP seat licenses. A 30% commission from these revenue sources will be paid to the lessee by the City according to the lease agreement. The lessee retains the exclusive rights to the concession operations during the lease period. The lessee has responsibility for normal maintenance of the stadium and the lessor has responsibility for major structural improvements, maintenance and insurance.

North Dakota State University, as another lessee, has leased the stadium for an exclusive period from March 21st to May 29th of each season. NDSU has exclusive rights to the parking fees and concessions operations. The lease agreement expires in 2089, and is conditioned on the use of the premises as a stadium for professional baseball. After the City has been repaid all the money it advanced for initial construction of the stadium, or twenty years after the beginning date of the lease, whichever occurs first, the lease will automatically terminate if the premises are not used by a professional baseball team for 24 consecutive months, or have not been used for some other mutually agreeable purpose. Upon termination of the lease, the stadium and all fixtures will belong to NDSU with no further compensation due to the City. Because future payments are not known, a schedule of future minimum lease payments is not presented.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The leased asset is as follows:

	Governmental Activity
Asset:	
Baseball stadium	\$ 5,266,692
Less: Accumulated depreciation	(2,737,947)
Total	<u>\$ 2,528,745</u>

Lease of Rights to Sewer System

The City of Fargo completed installation of a sewer line to a point of connection with the corporate city limits of the City of Oxbow, and as lessor, has leased the rights of the sewer system to the City of Oxbow.

The City of Oxbow, as lessee, has leased the sewer system until 2027 with the lease agreement expiring at this time.

The future minimum lease payments for this lease are as follows:

2020	\$ 45,684
2021	45,684
2022	45,684
2023	45,684
2024	45,684
Thereafter	<u>114,210</u>
	<u>\$ 342,630</u>

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

H. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2019:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Due within one year
GOVERNMENTAL ACTIVITIES					
Improvement bonds	\$ 418,055,000	\$ 51,200,000	\$ 18,770,000	\$ 450,485,000	\$ 19,455,000
General obligation bonds	35,515,000	-	1,520,000	33,995,000	1,590,000
Sales tax revenue bonds	69,215,000	-	3,519,000	65,696,000	3,657,000
Taxable annual appropriation bonds	17,315,000	-	-	17,315,000	-
Total Bonds Payable	540,100,000	51,200,000	23,809,000	567,491,000	24,702,000
State revolving fund notes	54,485,000	4,554,097	4,360,000	54,679,097	4,485,000
Direct bank loan	54,010,000	-	-	54,010,000	352,514
Mercantile Parking Ramp	-	2,000,000	-	2,000,000	-
BND Infrastructure Loan	4,363,596	10,019,419	100,000	14,283,015	465,185
Tax increment revenue notes	5,401,804	63,652	309,878	5,155,578	-
Total Notes Payable	118,260,400	16,637,168	4,769,878	130,127,690	5,302,699
Capital leases	174,518	259,000	207,467	226,051	55,223
Total Debt	658,534,918	68,096,168	28,786,345	697,844,741	30,059,922
Accumulated unpaid vacation	4,074,211	4,402,440	4,074,211	4,402,440	4,402,440
Unamortized premium on refunding	30,589,507	2,569,041	1,903,315	31,255,233	1,911,198
Net pension liability	91,049,630	2,432,471	29,813,057	63,669,044	-
Net OPEB liability	1,727,668	389,156	292,248	1,824,576	-
TOTAL	\$ 785,975,934	\$ 77,889,276	\$ 64,869,176	\$ 798,996,034	\$ 36,373,560
	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Due within one year
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 2,712,743	\$ -	\$ 283,812	\$ 2,428,931	\$ 286,782
Annual appropriation bonds	7,050,000	-	700,000	6,350,000	715,000
Total Bonds Payable	9,762,743	-	983,812	8,778,931	1,001,782
State revolving fund notes	97,387,820	29,198,602	1,000,000	125,586,422	2,485,000
Direct bank loan	2,713,951	-	599,927	2,114,024	604,626
Total Notes Payable	100,101,771	29,198,602	1,599,927	127,700,446	3,089,626
Capital leases	1,638,398	1,408,097	1,028,618	2,017,877	625,502
Special assessments	14,215,945	495,161	3,861,937	10,849,169	572,426
Landfill closure/postclosure	5,273,153	116,009	-	5,389,162	-
Accumulated unpaid vacation	1,028,268	1,090,398	1,028,268	1,090,398	1,090,398
Net pension liability	18,082,579	1,916,512	8,303,079	11,696,012	-
Net OPEB liability	608,959	144,085	108,092	644,952	-
TOTAL	\$ 150,711,816	\$ 34,368,864	\$ 16,913,733	\$ 168,166,947	\$ 6,379,734

The General Fund has typically been used in prior years to liquidate the bulk of the liability for accumulated unpaid vacation. Smaller amounts have typically been liquidated by Community Development, HUD HOME, HUD HOME Participating Jurisdiction, and Parking Authority Special Revenue Funds.

Net pension liability was recorded at December 31, 2018 due to the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date. The General Fund will liquidate the bulk of the net pension liability.

The entire portion of accumulated unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminated their service with the City or with the use of annual leave throughout the year.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

BONDS PAYABLE

A summary of bonds payable is shown below. A detailed listing of the individual bond issues is continued at the end of Note H.

	Original Interest Rates	Original Issue Amounts	Balance Remaining
GOVERNMENTAL ACTIVITIES			
Improvement bonds			
(Special assessment debt)	1.80 - 5.00%	\$ 524,045,000	\$ 450,485,000
General obligation bonds	1.00 - 5.00%	38,745,000	33,995,000
Sales tax revenue bonds	2.00 - 5.00%	83,887,000	65,696,000
Taxable annual appropriation bonds	3.30 - 4.47%	17,315,000	17,315,000
TOTAL		<u>\$ 663,992,000</u>	<u>\$ 567,491,000</u>
BUSINESS-TYPE ACTIVITIES			
Clean renewable energy bond	0.85%	\$ 1,500,000	\$ 200,000
Qualified Energy Conservation Bond	4.85%	2,875,000	2,228,931
Annual Appropriation	1.75 - 3.85%	7,810,000	6,350,000
TOTAL		<u>\$ 12,185,000</u>	<u>\$ 8,778,931</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Revenue bonds payable at December 31, 2019, consist of two issues backed and serviced by sales tax and two issues backed and serviced by Solid Waste utility revenues.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

PLEDGED REVENUES

The City has pledged future sales tax revenues, net of specified operating expenses, to repay \$83.887 million in sales tax revenue bonds issued in 2013 and 2014. Proceeds from the bonds were used to finance the construction and installation of flood mitigation projects. Principal and interest paid for the current year was \$6,293,065. Net sales tax revenue totaled \$7,5551,678 for the year.

The City has pledged future general fund appropriations to repay \$2.875 million in development bonds issued in 2009. Proceeds from the bond were used to finance the capital and equipment costs related to the construction of a new fire station in southwest Fargo. Principal and interest paid for the current year was \$188,188. Net general fund appropriations totaled \$188,188 for the year.

The City has pledged future solid waste byproduct revenues to repay \$1.5 million in clean renewable energy bonds issued in 2007. Proceeds from the bond were used to finance improvements to the landfill gas collection system. Principal and interest paid for the current year was \$102,550. Net solid waste byproduct revenue totaled \$27,474 for the year.

The City has pledged future landfill tipping fee revenue to repay \$2.875 million in qualified energy conservation taxable revenue bonds. Proceeds from the bond were used to finance the acquisition, installation and construction of equipment and facilities for the conversion of landfill gas to compressed natural gas. Principal and interest paid for the current year was \$296,373. Net landfill tipping fee revenue totaled \$8,903,000 for the year.

Debt service maturities for these revenue bonds at December 31, 2019, are as follows:

Sales Tax			
Year	Principal	Interest	Total
2020	\$ 3,657,000	\$ 2,637,515	\$ 6,294,515
2021	3,813,000	2,483,790	6,296,790
2022	3,982,000	2,311,915	6,293,915
2023	4,161,000	2,132,265	6,293,265
2024	4,350,000	1,944,390	6,294,390
2025-2029	24,708,000	6,765,310	31,473,310
2030-2034	21,025,000	1,571,300	22,596,300
Totals	\$ 65,696,000	\$ 19,846,485	\$ 85,542,485

Solid Waste			
Year	Principal	Interest	Total
2020	\$ 286,782	\$ 105,274	\$ 392,056
2021	289,801	95,292	385,093
2022	192,868	85,162	278,030
2023	195,985	75,732	271,717
2024	199,152	66,150	265,302
2025-2029	1,045,085	181,512	1,226,597
2030-2034	219,258	5,316	224,574
Totals	\$ 2,428,931	\$ 614,438	\$ 3,043,369

General Fund Appropriations			
Year	Principal	Interest	Total
2020	\$ 1,590,000	\$ 1,127,090	\$ 2,717,090
2021	1,655,000	1,063,965	2,718,965
2022	1,715,000	997,630	2,712,630
2023	1,780,000	927,301	2,707,301
2024	1,860,000	851,778	2,711,778
2025-2029	10,395,000	3,189,970	13,584,970
2030-2034	10,885,000	1,705,590	12,590,590
2035-2039	4,115,000	181,235	4,296,235
Totals	\$ 33,995,000	\$ 10,044,559	\$ 44,039,559

Special assessment bonds are paid directly from debt service sinking funds. Special assessments are certified annually in amounts sufficient to pay the debt service requirement. Whenever all special assessments appropriated and collected for a special improvement district are insufficient to pay principal and interest then due on the special improvement bonds issued against such improvement district, the City of Fargo is to levy a tax upon all the taxable property in the City for the payment of such deficiency.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The City of Fargo is subject to the North Dakota Century Code, which limits the amount of general obligation indebtedness (exclusive of revenue-producing utility debt, special assessment debt, tax increment debt, and Housing Authority debt) that the City may have outstanding to 5% of assessed valuation. On December 31, 2019, the statutory limit for the City was \$312,629,330 providing a debt margin of \$258,188,447. This calculation can be found in the statistical section of this report.

NOTES PAYABLE

The City has obtained financing from the State of North Dakota's State Revolving Loan Fund (SRLF) to finance expansion of the wastewater treatment facility, water treatment plant, sewer hook-up for Reile's Acres and Oxbow, storm sewer system, 45th street corridor interceptor project, north side sewer service facility project, transmission lines south side system project, a water tower project, clarifier improvements to the wastewater system, a wastewater stabilization pond project, and a regional stormwater pond.

The City has issued ten tax increment revenue notes subject to development agreements for housing and commercial redevelopment projects. The notes are payable from the future taxes generated by the redevelopment projects and will be paid to the developer annually as property taxes are collected from the tax increment project.

The City has obtained financing through direct bank loans to finance the Fargo Cass Public Health Expansion and Relocation project, the Red River Regional Dispatch Center project, the Solid Waste Baling Facility, Wastewater and Solid Waste equipment, the FM Diversion project, and the Mercantile Parking Ramp.

The City has obtained financing through the Bank of North Dakota to finance construction costs of Improvement District projects.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Details relative to the outstanding notes payable are shown below:

TYPE AND ISSUE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/19
GOVERNMENTAL ACTIVITIES				
SRLF Storm Sewer Project	9/1/2020	2.50%	\$ 1,816,295	\$ 110,000
SRLF Water Tower	9/1/2027	2.50%	2,270,000	1,215,000
SRLF North Side Sewer Service Facility Plan	9/1/2028	2.50%	1,630,000	920,000
SRLF 45th Street Corridor Interceptor System	9/1/2029	2.50%	63,725,000	38,960,000
SRLF Transmission Lines South Side System	9/1/2029	2.82%	14,110,422	5,940,000
SRLF Wastewater Clarifier Improvements	9/1/2029	0.50%	699,374	415,000
SRLF Wastewater Stabilization Ponds	9/1/2030	2.50%	4,071,140	2,565,000
SRLF Regional Storm Water Pond - Construction	9/1/2052	1.50%	10,500,000	4,520,406
SRLF Regional Storm Water Pond - Engineering	9/1/2052	1.50%	500,000	33,691
TIF Revenue Notes	5/1/2038	5.00 - 6.00%	7,106,853	5,155,578
Direct Bank Loan - Fargo Cass Public Health Expansion and Relocation				
Project and Red River Regional Dispatch Center Project	4/8/2029	2.85%	6,000,000	3,760,000
Direct Bank Loan - FM Diversion Project	7/30/2021	1.77% *	100,000,000	50,250,000
Mercantile Parking Garage	11/22/2029	0.00%	2,000,000	2,000,000
BND Infrastructure Loan	5/1/2044	2.00%	15,000,000	14,283,015
TOTAL GOVERNMENTAL ACTIVITIES			\$ 229,429,084	\$ 130,127,690
BUSINESS-TYPE ACTIVITIES				
SRLF Wastewater Construction Loan	9/1/2052	1.50%	\$ 126,500,000	\$ 19,000,321
SRLF Wastewater Engineering Loan	9/1/2052	1.50%	20,229,000	8,638,052
SRLF Water Treatment Plant	9/1/2048	1.50%	98,000,000	95,316,120
SRLF Water Supply and Treatment	9/1/2050	1.50%	23,950,000	2,631,929
Direct Bank Loan - Baling Facility	12/1/2024	3.90% *	3,000,000	1,500,000
Direct Bank Loan - Wastewater and Solid Waste Equipment	7/15/2021	1.57%	1,500,000	614,024
TOTAL BUSINESS-TYPE ACTIVITIES			\$ 273,179,000	\$ 127,700,446
TOTAL NOTES PAYABLE			\$ 502,608,084	\$ 257,828,136
* Variable rate note. Rate reported is as of December 31, 2019.				

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The annual requirements to amortize long-term debt for the next five years (excluding accumulated unpaid vacation, capital leases, contract payable, landfill closure/postclosure, unamortized premium on refunding, and net pension obligations) as of December 31, 2019, are shown in the following table:

GOVERNMENTAL ACTIVITIES

	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 19,455,000	\$ 16,744,268	\$ 1,590,000	\$ 1,127,090
2021	20,060,000	15,412,062	1,655,000	1,063,965
2022	21,005,000	14,625,203	1,715,000	997,630
2023	22,625,000	14,071,461	1,780,000	927,301
2024	24,070,000	13,234,021	1,860,000	851,778
2025-2029	115,705,000	52,635,642	10,395,000	3,189,970
2030-2034	103,940,000	32,202,462	10,885,000	1,705,590
2035-2039	88,365,000	14,203,263	4,115,000	181,235
2040-2044	35,260,000	2,252,142	-	-
	<u>\$ 450,485,000</u>	<u>\$ 175,380,524</u>	<u>\$ 33,995,000</u>	<u>\$ 10,044,559</u>
	Sales Tax Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2020	\$ 3,657,000	\$ 2,637,515	\$ 5,302,699	\$ 2,418,600
2021	3,813,000	2,483,790	55,682,478	2,034,759
2022	3,982,000	2,311,915	5,578,416	1,456,098
2023	4,161,000	2,132,265	6,853,321	1,317,691
2024	4,350,000	1,944,390	6,493,318	1,175,978
2025-2029	24,708,000	6,765,310	33,613,006	3,599,208
2030-2034	21,025,000	1,571,300	6,584,330	1,088,353
2035-2039	-	-	4,453,997	733,007
2040-2044	-	-	4,215,106	349,373
2045-2049			825,290	77,553
2050-2052			525,729	15,977
	<u>\$ 65,696,000</u>	<u>\$ 19,846,485</u>	<u>\$ 130,127,690</u>	<u>\$ 14,266,597</u>
Taxable Annual Appropriation Bond				
	Principal		Interest	
2020	\$ -		\$ 729,107	
2021	445,000		721,764	
2022	460,000		706,602	
2023	475,000		690,445	
2024	490,000		673,265	
2025-2029	2,755,000		3,065,264	
2030-2034	3,360,000		2,441,225	
2035-2039	4,170,000		1,627,741	
2040-2044	5,160,000		596,743	
	<u>\$ 17,315,000</u>		<u>\$ 11,252,156</u>	

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

BUSINESS-TYPE ACTIVITIES

	Revenue Bonds		Annual Appropriation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 286,782	\$ 105,274	715,000	209,080
2021	289,801	95,292	735,000	190,490
2022	192,868	85,162	755,000	170,131
2023	195,985	75,732	775,000	147,103
2024	199,152	66,150	800,000	122,536
2025-2029	1,045,085	181,512	2,570,000	195,035
2030	219,258	5,316	-	-
	<u>\$ 2,428,931</u>	<u>\$ 614,438</u>	<u>\$ 6,350,000</u>	<u>\$ 1,034,375</u>
	Special Assessments		Notes Payable	
	Principal	Interest	Principal	Interest
2020	\$ 572,425	\$ 525,047	\$ 3,089,626	\$ 1,959,924
2021	379,502	413,990	3,367,787	1,905,579
2022	477,392	433,470	3,805,802	1,848,291
2023	497,424	413,332	3,858,784	1,784,553
2024	516,958	392,165	3,907,842	1,724,741
2025-2029	2,808,486	1,613,378	18,893,926	7,728,657
2030-2034	2,565,779	1,012,627	20,366,043	6,256,540
2035-2039	2,048,528	536,083	21,952,874	4,669,708
2040-2044	982,674	246,080	23,662,121	2,960,461
2045-2049	-	-	21,416,642	1,114,624
2050-2052	-	-	3,378,999	101,037
	<u>\$ 10,849,168</u>	<u>\$ 5,586,172</u>	<u>\$ 127,700,446</u>	<u>\$ 32,054,115</u>

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Individual Bond Issues by Fund – The following is a summary of the individual bond issues, as of the year ended December 31, 2019.

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/19
GOVERNMENTAL ACTIVITIES						
SPECIAL ASSESSMENT BONDS						
2014 Series D Refunding	Advance refunding of 2005 Series A	6/25/2014	5/1/2030	2.00 - 5.00	\$ 12,640,000	\$ 9,915,000
2014 Series E Refunding	Current refunding of 2010 Series B	9/4/2014	5/1/2035	2.00 - 5.00	19,440,000	15,985,000
2010 Series C Refunding	Crossover refunding of 2002 Series A	5/25/2010	5/1/2027	3.00 - 5.00	8,250,000	3,610,000
2011 Series A	Infrastructure system construction	5/15/2011	5/1/2036	2.00 - 5.00	19,180,000	15,015,000
2011 Series C	Infrastructure system construction	12/15/2011	5/1/2037	2.00 - 4.00	20,965,000	17,195,000
2011 Series E Refunding	Crossover refunding of 2003 Series A	12/15/2011	5/1/2028	2.00 - 3.25	9,515,000	6,000,000
2012 Series A Refunding	Crossover refunding of Series 2003D, 2004C, and 2004E	4/26/2012	5/1/2029	3.00 - 4.00	34,180,000	22,310,000
2013 Series C	Infrastructure system construction	9/12/2013	5/1/2039	2.00 - 4.60	16,705,000	13,075,000
2014 Series D	Infrastructure system construction	6/25/2014	5/1/2039	2.00 - 5.00	39,760,000	34,255,000
2014 Series F	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 5.00	40,445,000	35,810,000
2014 Series G	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 4.25	8,355,000	7,265,000
2015 Series A Refunding	Crossover refunding of Series 2006B and 2007B	2/25/2015	5/1/2031	2.00 - 5.00	18,250,000	15,675,000
2015 Series B Refunding	Crossover refunding of Series 2008E	9/30/2015	5/1/2033	2.50 - 5.00	15,235,000	13,975,000
2015 Series D	Infrastructure system construction	11/18/2015	5/1/2041	3.00 - 5.00	34,675,000	31,780,000
2016 Series B Refunding	Crossover refunding of Series 2009C	6/6/2016	5/1/2034	2.00 - 5.00	27,485,000	26,045,000
2016 Series C	Infrastructure system construction	11/7/2016	5/1/2042	2.00 - 5.00	41,745,000	39,685,000
2017 Series C	Infrastructure system construction	8/17/2017	5/1/2043	2.00 - 5.00	38,525,000	37,385,000
2017 Series D Refunding	Crossover refunding of Series 2013C	8/17/2017	5/1/2039	3.00 - 5.00	11,340,000	11,340,000
2018 Series D	Infrastructure system construction	7/24/2018	5/1/2044	2.70 - 5.00	42,965,000	42,965,000
2019 Series A	Infrastructure system construction	8/6/2019	5/1/2042	3.00 - 5.00	37,260,000	37,260,000
2019 Series B Refunding	Crossover refunding of Series 2011A	11/21/2019	5/1/2036	1.80 - 2.90	13,940,000	13,940,000
					<u>\$ 510,855,000</u>	<u>\$ 450,485,000</u>
GENERAL OBLIGATION BONDS						
2009 Series B	Fire station and fire truck	10/15/2009	5/1/2029	2.00 - 4.00	\$ 2,875,000	\$ 1,660,000
2015 Series E	Roberts Commons Parking Ramp	12/7/2015	12/1/2035	1.00 - 3.85	10,230,000	8,925,000
2016 Series A	City Hall building	6/14/2016	7/1/2036	2.00 - 5.00	25,640,000	23,410,000
					<u>\$ 38,745,000</u>	<u>\$ 33,995,000</u>
SALES TAX INFRASTRUCTURE BONDS						
2013 Series A	Flood mitigation projects	3/27/2013	6/1/2033	3.00 - 4.00	\$ 51,375,000	\$ 39,830,000
2014 Series B	Flood mitigation projects	4/22/2014	6/1/2032	2.00 - 5.00	32,512,000	25,866,000
					<u>\$ 83,887,000</u>	<u>\$ 65,696,000</u>
TAXABLE ANNUAL APPROPRIATION BONDS						
2018 Series E	Block Nine project	9/6/2018	5/1/2044	3.30 - 4.47	\$ 17,315,000	\$ 17,315,000
					<u>\$ 17,315,000</u>	<u>\$ 17,315,000</u>
TOTAL GOVERNMENTAL ACTIVITIES					<u>\$ 650,802,000</u>	<u>\$ 567,491,000</u>
BUSINESS-TYPE ACTIVITIES						
SOLID WASTE FUND						
Clean Renewable Energy Bond	Improvements to Landfill Gas Collection System	11/5/2007	12/15/2021	0.85	\$ 1,500,000	\$ 200,000
Qualified Energy Conservation Bond	Conversion of landfill gas to compressed natural gas for use in landfill generator	9/30/2015	5/1/2030	4.85	2,875,000	2,228,931
					<u>\$ 4,375,000</u>	<u>\$ 2,428,931</u>
FARGODOME BUILDING FUND						
Annual Appropriation Bonds of 2017	Fargodome video board upgrade	2/9/2017	11/1/2027	1.75 - 3.85	\$ 7,810,000	\$ 6,350,000
TOTAL BUSINESS-TYPE ACTIVITIES					<u>\$ 12,185,000</u>	<u>\$ 8,778,931</u>
TOTAL BONDED INDEBTEDNESS					<u>\$ 662,987,000</u>	<u>\$ 576,269,931</u>

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

I. DEFERRED INFLOW OF RESOURCES/UNEARNED REVENUES

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. A large portion of the amount unavailable relates to special assessments receivable which will be used to pay off refunding improvement and sidewalk bonds. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue in the governmental funds were as follows:

	Deferred Inflows of Resources Unavailable	Liabilities Unearned	Total
Delinquent property taxes receivable	\$ 379,292	\$ -	\$ 379,292
Special assessments receivable	429,489,344	-	429,489,344
Grant resources held and grant items receivable	86,030	276,594	362,624
Loans/contracts/accounts receivable	3,031,198	1,647,148	4,678,346
Total unavailable revenue for governmental funds	<u>\$ 432,985,864</u>	<u>\$ 1,923,742</u>	<u>\$ 434,909,606</u>

J. CONDUIT DEBT OBLIGATIONS

From time to time, the City has approved issuance of Industrial 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. Neither the City, the State, nor any political subdivision thereof is 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, 2019, the number of Industrial Revenue Bonds outstanding and the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Fargo has a central repository. The only requirement for this type of issue is to request the amount needed for City approval, most times this amount is in excess of the actual amount issued. When completely paid or called they must notify the City of this event.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

K. FUND BALANCES

The City classified fund balances within the governmental funds as follows at December 31, 2019:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Advances to other funds	\$ 1,154,697	\$ -	\$ -	\$ -	\$ 1,154,697
Inventory	1,644,514	-	-	-	1,644,514
Prepaid Items	385,701	-	2,582	19,802	408,085
Property held for resale	70,000	-	-	-	70,000
Total Nonspendable	3,254,912	-	2,582	19,802	3,277,296
Restricted for:					
Capital Projects	-	-	460,242	-	460,242
City Share of Specials	-	-	-	498,029	498,029
Community Development	-	-	-	166,828	166,828
Convention & Visitors Bureau	-	-	-	29,366	29,366
Court Forfeits	-	-	-	49,765	49,765
Debt Service	-	95,212,295	-	-	95,212,295
Downtown Business Improvement District	-	-	-	98,045	98,045
Fire	292,935	-	-	-	292,935
Health	805,756	-	-	-	805,756
Highway and streets	1,274,465	-	-	-	1,274,465
HUD Home Participating Jurisdiction	-	-	-	242,727	242,727
HUD Home Program	-	-	-	15,102	15,102
Neighborhood Stabilization	-	-	-	59,000	59,000
Noxious Weeds	-	-	-	8,100	8,100
NRI Loan Program	-	-	-	188,812	188,812
Planning and Development	266,862	-	-	-	266,862
Police	611,878	-	-	-	611,878
Regional Training Center	-	-	-	276,567	276,567
Skyway Maintenance	-	-	-	83,158	83,158
Transit	47,551	-	-	-	47,551
Total Restricted	3,299,447	95,212,295	460,242	1,715,499	100,687,483
Committed to:					
Revenue Stabilization	1,000,016	-	-	-	1,000,016
Assigned to:					
2020 Budget	598,370	-	-	-	598,370
Unassigned:	25,531,980	-	-	(1,457,368)	24,074,612
Total Fund Balances	\$ 33,684,725	\$ 95,212,295	\$ 462,824	\$ 277,933	\$ 129,637,777

5. OTHER NOTES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions, errors and omissions; job related illness or injuries to employees; acts of God, and losses resulting from providing accident, health, dental and medical benefits to employees and retirees and their dependents or beneficiaries.

INSURED RISKS

The City purchases commercial insurance for the risk of damage to or destruction of buildings and equipment. Present coverage is provided by the State Fire and Tornado Fund as our primary property insurance carrier. The City's general liability coverage is provided by the North Dakota Insurance Reserve Fund. Other commercial insurance is also purchased for boiler, specialty equipment floaters, aircraft liability coverage and flood coverage for certain locations required by FEMA. A schedule of insurance in force is included in the supplementary information portions of this report. There have been no significant reductions to insurance coverage in the past year. There have been no insurance settlements in excess of the City's coverage in the past three years.

B. PENSION PLANS

The City of Fargo contributes to four separate pension plans which cover substantially all full-time employees. They are the North Dakota Public Employee Retirement System, Employees' Pension Plan, Police Pension Plan, and the Fargo Firefighters' Relief Association Retirement Plan. All of these plans are defined benefit pension systems. The Fargo Firefighters' Relief Association Retirement Plan and the North Dakota Public Employee Retirement System are separate legal entities and are not administered by the City. The plans have not been included in the reporting entity and are not shown in the accompanying financial statements. Details regarding this fund are described below.

Summary of Significant Accounting Policies

Basis of Accounting - The City's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments - Investments are reported at fair value. Certificates of deposit are reported at cost, which approximates fair value. Securities traded on national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description, Contribution and Reserves Information

Employees' Pension Plan

Plan Description The City of Fargo Employees' Pension plan is a multiple employer public employee retirement system. The plan is integrated with social security and therefore, is considered a supplemental plan. All full-time City employees not covered by another plan are eligible for participation in the Employees' Pension Plan. As of January 1, 2008 all newly hired employees become North Dakota Public Employee Retirement System (NDPERS) members. Voluntary enrollment in the NDPERS plan was offered to all members currently participating in the City Employee Pension Plan.

Membership in the plan on December 31, 2019 (date of most recent actuarial study) is as follows:

Retirees and beneficiaries	243
Terminated vested and deferred beneficiaries	54
City active plan members	96
NDPERS active plan members	163

Number of participating employers: 2

Employees under a discounted annuity formula may be eligible for early, normal or disability retirement. The plan permits early retirement at age 55. Normal retirement age for full benefits is age 65 or when an employee's age plus their years of service as a full time city employee reaches a sum of 90.

Employee death benefits of \$20,000 are paid to a designated beneficiary for a participant who dies prior to retirement. If a participant dies after retirement, the designated beneficiary will receive a \$3,000 death benefit.

All participants are eligible for a full refund of their contributions plus interest at 5%. Upon termination of employment prior to retirement age, participants may elect a deferred vested benefit to begin between ages 55-65 or a lump sum payment. Lump sum settlements are allowable up to age 55. Lump sum payments are computed as the greater of the actuarial value of plan assets or the "cash balance" in their plan account. The cash balance consists of the employee contributions, plus one-half of the employer's contribution since January 1, 1990, plus interest at 5%.

The City makes a matching contribution of \$25 per month to a deferred compensation plan on behalf of pension plan members who also contribute a minimum of \$25 per month to the deferred compensation plan.

Benefit provisions are established under the authority of the City Commission.

Plan Administration Management of the plan consists of 7 members; the Mayor, City Attorney, City Auditor, Director of Finance, and 4 at large members elected by all plan members. Elected members serve 2-year terms.

Contributions. Participating employees contribute to the plan at a rate of 6.5% of salary and the employers contribute at a rate of 8.0% of regular salary for all employees. The

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

contribution rates are established by local ordinance, and the employer's contribution rate is set by the City Commission. Costs of administering the plan are financed by the employer and employee contributions, and by the Plan's investment earnings.

Actuarial Methods and Assumptions

The City's net pension liability was measured as of December 31, 2019, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions.

Significant Assumptions and Methods Used to Measure the Total Pension Liability

Discount rate	7.25%
Expected return on plan assets	7.25%
Inflation rate	2.50%
Actuarial cost method	Entry age normal in accordance with the requirements of GASB 67/68
Asset valuation method	Market value of assets
Mortality	Base RP-2014 no-collar table adjusted to 2006. Generational projection using scale MP-2017 was applied to these base rates after 2006.

Long-term Expected Investment Return The long-term expected rate of return on pension plan investments was determined by the employer. We verified the reasonability of the assumption using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return ¹
Domestic equity	42.00%	5.58%	8.33%
International equity	16.00%	5.71%	8.46%
Emerging markets equity	7.00%	6.80%	9.55%
Core fixed income	26.00%	2.27%	5.02%
Investment grade corporate	2.25%	2.56%	5.31%
High yield	2.25%	4.50%	7.25%
Emerging markets debt	2.25%	4.12%	6.87%
Bank loans	2.25%	1.63%	4.38%
Total ²	100.00%		7.81%
Reduced for assumed investment expense ³			-0.50%
Net assumed investment return (weighted avg, rounded to 1/4%)			7.25%

1 Nominal rates of return are equal to real rates of return plus the assumed inflation rate.
2 Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.
3 Investment expense reduction assumes 0.4% investment expense and 0.1% margin for adverse deviation.

Schedule of Changes in Net Pension Liability

The following chart summarize the changes in the key items during the year:

Changes in Net Pension Liability				
	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	
Balance at 1/1/2019	\$ 59,131,377	\$ 44,439,112	\$ 14,692,265	
Changes for the year:				
Service cost	401,832	-	401,832	
Interest	4,191,703	-	4,191,703	
Differences between expected and actual experience	(333,799)	-	(333,799)	
Contributions - City and Park District	-	2,233,282	(2,233,282)	
Contributions - member	-	450,243	(450,243)	
Net investment income	-	9,229,281	(9,229,281)	
Benefit payments, including refund of member contributions	(3,433,240)	(3,433,240)	-	
Administrative expense	-	(56,158)	56,158	
Net changes	826,496	8,423,408	(7,596,912)	
Balance at 12/31/2019 Measurement Date	\$ 59,957,873	\$ 52,862,520	\$ 7,095,353	

The following presents the net pension liability of the City calculated using a discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	City of Fargo Proportionate Share of the Net Pension Liability
1% Decrease in Discount Rate (6.25%)	\$ 66,099,725	\$ 52,862,520	\$ 13,237,205	\$ 11,771,846
Current Discount Rate (7.25%)	59,957,873	52,862,520	7,095,353	6,309,897
1% Increase in Discount Rate (8.25%)	54,715,449	52,862,520	1,852,929	1,647,810

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$522,849. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
<u>Summary of Deferred Outflows (Inflows)</u>		
Difference between expected and actual experience	\$ 200,129	\$ 251,507
Change of assumptions and methods	17,585	388,791
Net difference between projected and actual investment earnings	-	2,194,891
Changes in proportion and differences between Employer contributions and proportionate share of contributions	<u>79,794</u>	<u>96,877</u>
Total	\$ 297,508	\$ 2,932,066

The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended:</u>	<u>Future recognition</u>
2020	\$ (856,575)
2021	(700,526)
2022	(6,153)
2023	(1,071,304)
2024	-
Thereafter	-
	<u>\$ (2,634,558)</u>

Reserves The net position at December 31, 2019 is \$52,862,520 and the entire amount is reserved for employee pension benefits.

The City Employees' Pension Plan is included in the City of Fargo financial statements. It does not issue a stand-alone report, nor is it included in the report of any other entity.

North Dakota Public Employee Retirement System Pension Plan

Plan Description As of January 1, 2008, all newly hired full-time and certain part-time employees (with the exception of Police and Fire department employees) of the City of Fargo are covered by defined benefit plans administered by the North Dakota Public Employee Retirement System (NDPERS). Voluntary enrollment in the NDPERS plan was offered to all members currently participating in the City Employee Pension Plan.

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$38,609,013 for its proportionate share of the net pension liability. The net pension liability was measured as of 6/30/2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At 6/30/2019, the Employer's proportion was 3.294081 percent.

For the year ended 12/31/2019, the Employer recognized pension expense of \$5,705,117. At 12/31/2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,862	\$ 7,006,799
Changes of assumptions	14,427,173	12,386,977
Net difference between projected and actual earnings on pension plan investments	672,662	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,580,077	(1)
Employer contributions subsequent to the measurement date (see below)	1,468,374 *	-
Total	<u>\$ 20,171,148 *</u>	<u>\$ 19,393,775</u>

\$1,468,374 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 12/31/2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

<u>Year Ended June 30:</u>		
2019	\$	2,460,732
2020		1,499,727
2021		(551,478)
2022		(3,073,137)
2023		(1,006,845)
Thereafter		-
Total	\$	(671,001)

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Actuarial assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increase	For June, 30, 2019:	
(Payroll Growth)	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 30	10.00%
	30-39	7.50%
	40-49	6.75%
	50-59	6.50%
	60+	5.25%
	*Age-based salary increase rates apply for employees with three or more years of service	
Investment Rate of Return	7.50%, net of investment expense, including inflation.	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Discount rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
Employer's proportionate share of the net pension liability	\$55,357,013	\$38,609,013	\$24,537,765

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained on the internet at www.nd.gov/ndpers , or by writing to NDPERS at PO Box 1657, Bismarck, ND 58502.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Police Pension Plan

Plan Description The Police Pension Plan is a single employer public employee retirement system. The plan is not integrated with Social Security and has elected to make contributions on a pre-tax basis as of January 1, 1986.

All full-time employees of the Police department, except the Chief of Police, are required to enroll in the plan.

Membership on December 31, 2019, (date of most recent actuarial study) in the plan is as follows:

Retirees and beneficiaries currently receiving pension payments	115
Fully vested members contributing	86
Non vested members contributing	116
Terminated vested employees	14

Number of participating employers: 1

Plan participants are eligible for normal retirement benefits after age 50 with 10 years of service under 2.65% per year of service formula, plus \$8.33 per year of service, maximum \$250. This is applicable to all new members who participate on or after August 1, 1990. Members who first participated prior to August 1, 1990, can elect this retirement age formula or remain under the Rule of 88, 60% formula.

The Plan purchases life insurance for active employees, the proceeds of which are paid to a designated beneficiary in the amount of \$65,000. The designated beneficiary will also receive the participant's employee contribution plus interest earned on contributions at 6% per annum. Interest is accrued on contributions starting January 1, 1970. Non-active participant's death benefit is \$40,000 for retirements after September 1985, and \$25,000 for retirements between July 25, 1983 and September 30, 1985.

Participants are fully vested in plan benefits after 10 years of service. Upon termination of employment prior to retirement age, participants may elect a deferred vested benefit to begin at the early retirement date, or may elect a refund of all employee contributions plus interest at 6% per annum, in lieu of a deferred vested benefit.

Benefit provisions are established under the authority of the City Commission.

Plan Administration Management of the plan consists of 5 members; the Director of Finance is the member designated by the Board of City Commissioners and 4 members are elected by and from the members of the police department who are currently being assessed. Elected members serve 4-year terms.

Contributions Employees contribute at a rate of 10.0% of salary. The City contributes at a rate of 15.65% of salary for members employed prior to April 1, 1986, and a rate of 14.20% of salary for members employed after April 1, 1986. Costs of administering the plan are financed by the employer and employee contributions, and by the Plan's investment earnings.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Actuarial Methods and Assumptions

The City's net pension liability was measured as of December 31, 2019, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions.

Significant Assumptions and Methods Used to Measure the Total Pension Liability

Discount rate	7.25%
Expected return on plan assets	7.25%
Inflation rate	2.50%
Actuarial cost method	Entry age normal in accordance with the requirements of GASB 67/68
Asset valuation method	Market value of assets
Mortality	Base RP-2014 no-collar table adjusted to 2006. Generational projection using scale MP-2017 was applied to these base rates after 2006.

Long-term Expected Investment Return The long-term expected rate of return on pension plan investments was determined by the employer. We verified the reasonability of the assumption using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return ¹
Domestic large cap equity	54.00%	5.58%	8.33%
International equity	16.00%	571.00%	8.46%
US aggregate fixed income	25.00%	2.27%	5.02%
Global fixed income	5.00%	1.39%	4.14%
Total ²			7.64%
Reduced for assumed investment expense			-0.40%
Net assumed investment return (weighted avg, rounded to 1/4%)			7.25%

1 Nominal rates of return are equal to real rates of return plus the assumed inflation rate.

2 Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Schedule of Changes in Net Pension Liability

The following chart summarize the changes in the key items during the year:

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at 1/1/2019	\$ 78,075,001	\$ 55,836,717	\$ 22,238,284
Changes for the year:			
Service cost	2,285,820	-	2,285,820
Interest	5,686,744	-	5,686,744
Differences between expected and actual experience	888,233	-	888,233
Changes of assumptions	-	-	-
Contributions - City and Pension Stability Fund	-	3,107,627	(3,107,627)
Contributions - member	-	1,326,151	(1,326,151)
Net investment income	-	12,107,073	(12,107,073)
Benefit payments, including refund of member contributions	(3,845,938)	(3,845,938)	-
Administrative expense	-	(39,744)	39,744
Net changes	5,014,859	12,655,169	(7,640,310)
Balance at 12/31/2019 Measurement Date	\$ 83,089,860	\$ 68,491,886	\$ 14,597,974

The following presents the net pension liability of the City calculated using a discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
1% Decrease in Discount Rate (6.25%)	\$ 93,821,394	\$ 68,491,886	\$ 25,329,508
Current Discount Rate (7.25%)	83,089,860	68,491,886	14,597,974
1% Increase in Discount Rate (8.25%)	74,173,407	68,491,886	5,681,521

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$2,663,859. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows	Inflows
Summary of Deferred Outflows (Inflows)		
Difference between expected and actual liability	\$ 1,403,355	\$ 296,005
Change of assumptions and methods	602,582	600,104
Net difference between projected and actual investment earnings	-	3,773,288
Total	\$ 2,005,937	\$ 4,669,397

The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Year ended:	Future recognition
2020	\$ (668,586)
2021	(701,041)
2022	141,133
2023	(1,597,796)
2024	5,435
Thereafter	157,395
	<u>\$ (2,663,460)</u>

Reserves The net position at December 31, 2019 is \$68,491,886 and the entire amount is reserved for employee pension benefits.

The Police Pension Plan is included in the City of Fargo financial statements. It does not issue a stand-alone report, nor is it included in the report of any other entity.

Fargo Firefighters' Relief Association Retirement Plan

Plan Description The Fargo Firefighters' Relief Association Retirement Plan is a single employer public employee retirement system governed by Section 18-11 of the North Dakota State Century Code. The Association is organized, operated, and maintained in accordance with its own articles of incorporation and by-laws. The plan is not integrated with social security and has elected to make employee contributions on a pre-tax basis as of January 1, 1996

All full time firefighters are required to enroll in the plan.

Membership on December 31, 2019, (date of most recent actuarial study) in the plan is as follows:

Active plan members	119
Deferred vested	7
Retirees, disabled, and beneficiaries	90

Number of participating employers: 1

Plan participants are eligible for normal retirement at age 55 with 10 years of eligible service. Effective August 1, 2001, the benefit formula was improved to provide 2.50% of earnings times years of service. The result is taken times the salary of a first class firefighter to determine the monthly pension benefit amount. A monthly disability service pension benefit is also provided under an alternative formula along with family death benefits.

In lieu of any other benefits from the plan, a member may request a lump sum payment of employee contributions without interest.

Benefit provisions and changes to benefit formulas are established under the authority of the plan's Board of Directors.

Plan Administration Management of the plan consists of a 7 member Board of Trustees, with a President, Vice-President, Secretary-Treasurer, and four (4) Trustees-at-large. One of the Trustees can be the Chief of the Fargo Fire Department. At each annual meeting of

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

the Association, Trustees shall be elected by the voting membership for a term of two (2) years each to succeed those Trustees whose terms are expiring.

Contributions Participating employees contribute to the plan at a rate of 10.4% of salary and the City contributes at a rate of 15.65% for pre-1986 employees and 14.20% for post 1986 employees covered by Medicare. Costs of administering the plan are financed by the employer and employee contributions, and by the Plan's investment earnings.

Actuarial Methods and Assumptions

The City's net pension liability was measured as of December 31, 2019, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions.

Significant Assumptions and Methods Used to Measure the Total Pension Liability

Discount rate	7.25%
Expected return on plan assets	7.25%
Inflation rate	2.50%
Actuarial cost method	Entry age normal in accordance with the requirements of GASB 67/68
Asset valuation method	Market value of assets
Mortality	Base RP-2014 no-collar table adjusted to 2006. Generational projection using scale MP-2017 was applied to these base rates after 2006.

Long-term Expected Investment Return The long-term expected rate of return on pension plan investments was determined by the employer. We verified the reasonability of the assumption using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.75%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return ¹
Domestic large cap equity	54.00%	5.58%	8.33%
International equity	16.00%	5.71%	8.46%
US aggregate fixed income	25.00%	2.27%	5.02%
Global fixed income	5.00%	1.39%	4.14%
Total ²			7.64%
Reduced for assumed investment expense			-0.40%
Net assumed investment return (weighted avg, rounded to 1/4%)			7.25%

1 Nominal rates of return are equal to real rates of return plus the assumed inflation rate.
2 Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.

The City is legally obligated to contribute to the plan based upon a certain formula established by State law. The City has chosen to fund this obligation by paying the same percentage of pay as other defined benefit plans.

Schedule of Changes in Net Pension Liability

The following chart summarize the changes in the key items during the year:

Changes in Net Pension Liability				
	Total Pension Liability	Increase (Decrease)		Net Pension Liability
	(a)	Plan Fiduciary Net Position		(c) = (a) - (b)
		(b)		
Balance at 1/1/2019	\$ 51,385,413	\$ 30,663,400		\$ 20,722,013
Changes for the year:				
Service cost	1,153,327	-		1,153,327
Interest	3,713,542	-		3,713,542
Differences between expected and actual experience	457,524	-		457,524
Contributions - City and Pension Stability Fund	-	2,465,168		(2,465,168)
Contributions - member	-	860,908		(860,908)
Net investment income	-	6,921,391		(6,921,391)
Benefit payments, including refund of member contributions	(2,634,931)	(2,634,931)		-
Administrative expense	-	(49,233)		49,233
Net changes	2,689,462	7,563,303		(4,873,841)
Balance at 12/31/2019 Measurement Date	\$ 54,074,875	\$ 38,226,703		\$ 15,848,172

The following presents the net pension liability of the City calculated using a discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
1% Decrease in Discount Rate (6.25%)	\$ 61,149,679	\$ 38,226,703	\$ 22,922,976
Current Discount Rate (7.25%)	54,074,875	38,226,703	15,848,172
1% Increase in Discount Rate (8.25%)	48,186,860	38,226,703	9,960,157

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$2,088,567. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
<u>Summary of Deferred Outflows (Inflows)</u>		
Difference between expected and actual liability	\$ 2,612,573	\$ -
Change of assumptions and methods	316,577	384,497
Net difference between projected and actual investment earnings	-	2,398,515
Total	\$ 2,929,150	\$ 2,783,012

The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended:</u>	<u>Future recognition</u>
2020	\$ (102,451)
2021	(122,550)
2022	419,318
2023	(455,747)
2024	299,220
Thereafter	108,348
	<u>\$ 146,138</u>

The Fargo Firefighters' Relief Association Retirement Plan is not included in the City of Fargo financial statements, nor is it included in the report of any other entity. The Firefighters' Relief Association issues a stand-alone, publicly available financial report. This report can be obtained by contacting: City of Fargo Fire Department Headquarters, 627 N.P. Avenue, Fargo, ND 58102, Attention: Secretary/Treasurer of the Fargo Firefighters Pension Association.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**CITY OF FARGO, NORTH DAKOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2019**

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ASSETS			
Cash	\$ 114,576	\$ 66,199	\$ 180,775
Equity in pooled investments	228,876	202,047	430,923
Receivables:			
Accounts receivable	-	16,991	16,991
Interest	244	58,410	58,654
Total receivables	244	75,401	75,645
Investments, at fair value:			
Mutual funds	52,552,005	68,151,324	120,703,329
Total investments	52,552,005	68,151,324	120,703,329
Total assets	<u>\$ 52,895,701</u>	<u>\$ 68,494,971</u>	<u>\$ 121,390,672</u>
LIABILITIES			
Vouchers and benefits payable	<u>\$ 33,181</u>	<u>\$ 3,085</u>	<u>\$ 36,266</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 52,862,520</u>	<u>\$ 68,491,886</u>	<u>\$ 121,354,406</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**CITY OF FARGO, NORTH DAKOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2019**

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ADDITIONS			
Contributions			
Employer	\$ 1,938,175	\$ 3,107,627	\$ 5,045,802
Employer (Fargo Park District)	295,107	-	295,107
Employee	378,451	1,326,151	1,704,602
Employee (Fargo Park District)	71,792	-	71,792
Total contributions	<u>2,683,525</u>	<u>4,433,778</u>	<u>7,117,303</u>
Investment income			
Net appreciation in fair value of investments, and interest and dividends	9,392,778	12,352,338	21,745,116
Less investment expense	<u>(163,498)</u>	<u>(245,264)</u>	<u>(408,762)</u>
Net investment income (loss)	<u>9,229,280</u>	<u>12,107,074</u>	<u>21,336,354</u>
Total additions (deductions)	<u>11,912,805</u>	<u>16,540,852</u>	<u>28,453,657</u>
DEDUCTIONS			
Pension benefit payments	3,433,240	3,762,367	7,195,607
Member contribution refunds	-	83,570	83,570
Administrative expenses	<u>56,157</u>	<u>39,744</u>	<u>95,901</u>
Total deductions	<u>3,489,397</u>	<u>3,885,681</u>	<u>7,375,078</u>
Change in net position	8,423,408	12,655,171	21,078,579
Total net position - beginning	<u>44,439,112</u>	<u>55,836,715</u>	<u>100,275,827</u>
Total net position - ending	<u>\$ 52,862,520</u>	<u>\$ 68,491,886</u>	<u>\$ 121,354,406</u>

The notes to the financial statements are an integral part of this statement.

Related Party Investments

During 2019 and as of December 31, 2019 the pension plans (City Employees', Police and Firefighters Relief Association) held no securities issued by the City of Fargo or other related parties.

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (OPEB)

Summary of Significant Accounting Policies

Other Post Employment Benefits (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. . Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At 12/31/2019 the Employer reported a liability of \$2,469,528 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of 06/30/2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At 06/30/2019, the Employer's proportion was 3.074660 percent.

For the year ended 12/31/2019, the Employer recognized OPEB expense of \$363,189. At 12/31/2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows	Inflows
Summary of Deferred Outflows (Inflows)		
Differences between expected and actual experience	\$ 60,984	\$ 77,145
Changes of assumptions and methods	294,325	-
Net difference between projected and actual earnings on OPEB plan investments	2,751	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	165,357	6,811
Employer contributions subsequent to the measurement date	16,739	-
Total	<u>\$ 540,156</u>	<u>\$ 83,956</u>

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

\$16,739 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended 12/31/2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended:	Future recognition
2020	\$ 72,806
2021	72,806
2022	95,795
2023	91,576
2024	66,625
Thereafter	39,853
	<u>\$ 439,461</u>

Actuarial assumptions. The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	40%	2.07%
Core-Plus Fixed Income	21%	6.95%

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net OPEB liability	\$ 3,152,023	\$ 2,469,528	\$ 1,885,310

D. JOINT POWERS AGREEMENT

Regional Dispatch Center

In December of 2002, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN and Cass County of ND entered into a joint powers agreement to establish a framework that allows for the joint operation of dispatch functions by the named entities. Additionally, the City of West Fargo, ND entered into the joint powers agreement in 2008. By combining the communications and dispatch of these agencies, duplication of equipment and staff time is reduced or eliminated. The goal was to reduce the financial burden to the respective governments' taxpayers through the sharing of one communication center, as well as to improve communications services.

Effective January 1, 2015 the joint powers agreement was amended as a result of the county-wide vote in November 2014, which ended the City of West Fargo and City of Fargo collections of emergency communication system fees on an individual city-wide basis. Cass County emergency fee collection, which is collected per user by the county, is expected to be sufficient to cover the contribution for the City of Fargo, West Fargo and Cass County.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Cass County has agreed to pay all valid billings from vendors of emergency service communication system funds for all users in Cass County.

Prior to 2015, each governmental entity contributed to the joint operations in the following percentages:

City of Fargo – 50%
City of Moorhead – 20%
Cass County – 10%
Clay County – 11%
City of West Fargo – 9%

Effective January 1, 2015, the cost share formula was amended as follows:

City of Fargo – 0%
City of Moorhead – 18.2%
Cass County – 71.8%
Clay County – 10%
City of West Fargo – 0%

Members of the RRRDC may elect to withdraw from participation in the Agreement upon giving a 6-month written notice. Additional financial information may be obtained by contacting: Attn: Director, Red River Regional Dispatch Center, 300 NP Avenue, Suite 206, Fargo, ND 58102.

Metro Flood Diversion Authority

In June of 2010, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN, Cass County of ND, the Cass County Joint Water Resource District, and the Buffalo Red River Watershed District entered into a joint powers agreement for the purpose of building and operating a flood diversion channel along the Red River of the North to reduce the flood risk of the stakeholder communities and counties. The Diversion Authority and its members worked with the United States Army Corps of Engineers on the FM Metro Flood Risk Management Feasibility Study to develop the flood diversion channel project plan.

In June of 2016, the joint powers agreement was revised to exclude the Buffalo Red River Watershed District.

This joint powers agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members to this Agreement. Additional information regarding the authority may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108.

E. CONTINGENT LIABILITIES

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if

any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

The City is a defendant in various lawsuits incident to its operations. In the opinion of City Counsel and management, such claims against the City, not covered by insurance, would not materially affect the financial condition of the City.

Metro Flood Diversion Project

The Diversion Project is the first project of the U.S. Army Corps of Engineers to use a public private partnership approach to project delivery. The City of Fargo is one of three non-federal sponsors of the project along with the City of Moorhead (Minnesota) and the Metro Flood Diversion Authority. The Authority is a joint powers entity established by a joint powers agreement between the cities of Fargo, Moorhead, the counties of Clay (Minnesota) and Cass (North Dakota) and the Cass County Joint Water Resource District. Although the Project's status carries with it all of the authority, immunities and limitations of liability associated with such federal authorization and implementation, given the level of the City of Fargo's involvement in the Project, there is a reasonable likelihood that the City will be named as a defendant in one or more claims or lawsuits related to the Project, its design, construction, financing, operations and/or maintenance. To the extent such claims would not be covered by insurance, they would not materially affect the financial condition of the City.

F. SUBSEQUENT EVENTS

On October 3, 2019, the Board of City Commissioners approved a resolution authorizing the issuance of \$11,525,000 Taxable Annual Appropriation Bonds, Series 2020A to finance the construction of the Mercantile Parking Garage. The bonds closed on January 30, 2020.

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization (WHO). On March 13, 2020, the President of the United States declared a national emergency concerning the COVID-19 outbreak. The City is closely monitoring the future impact of this unprecedented situation.

On January 7, 2020, Moody's Investor Service downgraded the City's underlying rating related to its general obligation debt to Aa2 from Aa1 and outstanding annual appropriation debt from A1 to Aa3.

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

REQUIRED SUPPLEMENTARY INFORMATION

Schedules are intended to show information for ten years commencing with the fiscal year ended December 31, 2014. Additional years will be displayed as they occur.

CITY EMPLOYEES' PENSION PLAN

City of Fargo Employees' Pension Plan Schedule of Change in Net Pension Liability						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 401,832	\$ 432,671	\$ 469,907	\$ 487,463	\$ 529,173	\$ 557,997
Interest	4,191,703	4,113,116	4,019,115	4,000,397	4,014,233	3,646,552
Differences between expected and actual experience	(333,799)	74,079	409,699	232,443	(297,322)	138,298
Changes in assumptions and methods		(111,771)	(280,032)	(1,434,752)	174,274	3,112,904
Benefit payments, including refunds of member contributions	(3,433,240)	(3,353,355)	(3,216,427)	(2,803,193)	(2,644,555)	(2,404,469)
Net change in total pension liability	826,496	1,154,740	1,402,262	482,358	1,775,803	5,051,282
Total Pension Liability - beginning of year	59,131,377	57,976,637	56,574,375	56,092,017	54,316,214	49,264,932
Total Pension Liability - end of year (a)	<u>\$ 59,957,873</u>	<u>\$ 59,131,377</u>	<u>\$ 57,976,637</u>	<u>\$ 56,574,375</u>	<u>\$ 56,092,017</u>	<u>\$ 54,316,214</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,233,282	\$ 2,213,651	\$ 2,035,460	\$ 1,955,478	\$ 1,946,591	\$ 1,782,708
Contributions - member	450,243	481,258	503,548	564,107	596,282	626,300
Net investment income	9,229,281	(2,841,329)	6,769,009	2,590,225	122,865	2,220,334
Benefit payments, including member contribution refunds	(3,433,240)	(3,353,355)	(3,216,427)	(2,803,193)	(2,644,555)	(2,404,469)
Administrative expense	(56,158)	(50,056)	(55,719)	(50,264)	(43,830)	(48,178)
Other changes	-	-	6,149	4,209	-	-
Net change in plan fiduciary net position	8,423,408	(3,549,831)	6,042,020	2,260,562	(22,647)	2,176,695
Plan fiduciary net position - beginning of year	44,439,112	47,988,943	41,946,923	39,686,361	39,709,008	37,532,313
Plan fiduciary net position - end of year (b)	<u>\$ 52,862,520</u>	<u>\$ 44,439,112</u>	<u>\$ 47,988,943</u>	<u>\$ 41,946,923</u>	<u>\$ 39,686,361</u>	<u>\$ 39,709,008</u>
Net Pension Liability - end of year (a) - (b)	<u>\$ 7,095,353</u>	<u>\$ 14,692,265</u>	<u>\$ 9,987,694</u>	<u>\$ 14,627,452</u>	<u>\$ 16,405,656</u>	<u>\$ 14,607,206</u>

City of Fargo Employees' Pension Plan Schedule of Employer Contributions						
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ 2,639,134	\$ 1,745,338	\$ 2,262,115	\$ 2,324,774	\$ 1,980,838	\$ 1,569,560
Contributions in relation to the ADC	2,233,282	2,213,651	2,035,460	1,955,478	1,946,591	1,782,708
Contribution deficiency (excess)	<u>\$ 405,852</u>	<u>\$ (468,313)</u>	<u>\$ 226,655</u>	<u>\$ 369,296</u>	<u>\$ 34,247</u>	<u>\$ (213,148)</u>

City of Fargo Employees' Pension Plan Schedule of Investment Returns						
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	20.9%	-5.9%	16.3%	6.6%	0.3%	5.9%

City of Fargo Employees' Pension Plan Contributions and Net Pension Liability as a Percent of Payroll						
	2019	2018	2017	2016	2015	2014
Payroll	\$ 20,322,191	\$ 20,993,347	\$ 21,459,747	\$ 21,788,871	\$ 22,786,760	\$ 23,051,797
Contributions as a percent of payroll	10.99%	10.54%	9.49%	8.97%	8.54%	7.73%
Net pension liability as a percent of payroll	34.9%	69.9%	46.5%	67.10%	72.0%	63.4%

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

City of Fargo Employees' Pension Plan Schedule of Net Pension Liability - City of Fargo's Proportionate Share					
<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2019	88.93%	\$ 6,309,897	\$ 17,964,987	35.12%	88.17%
2018	87.85%	\$ 12,907,155	\$ 18,565,983	69.52%	75.15%
2017	89.27%	\$ 8,916,014	\$ 19,132,995	46.60%	82.77%
2016	89.96%	\$ 13,158,856	\$ 19,189,598	68.57%	74.14%
2015	89.44%	\$ 14,673,219	\$ 20,056,043	73.16%	70.75%

City of Fargo Employees' Pension Plan Schedule of Employer Contributions - City of Fargo's Proportionate Share					
<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in relation to the required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2019	\$ 2,346,966	\$ (1,938,175)	\$ 408,791	\$ 17,964,987	10.79%
2018	\$ 1,533,328	\$ (2,012,265)	\$ (478,937)	\$ 18,565,983	10.84%
2017	\$ 2,019,399	\$ (1,809,129)	\$ 210,270	\$ 19,132,995	9.46%
2016	\$ 2,091,436	\$ (1,770,290)	\$ 321,146	\$ 19,189,598	9.23%
2015	\$ 1,771,591	\$ (1,792,333)	\$ (20,742)	\$ 20,056,043	8.94%

NORTH DAKOTA PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN

Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System					
	As of measurement date of				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	3.294081%	3.156226%	2.912473%	2.742572%	2.611792%
Employer's proportionate share of the net pension liability	\$ 38,609,013	\$ 53,264,757	\$ 46,812,999	\$ 26,729,038	\$ 17,759,740
Employer's covered payroll	\$ 34,264,052	\$ 32,424,454	\$ 29,731,782	\$ 27,638,652	\$ 23,267,898
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	112.68%	164.27%	157.45%	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	72.53%	63.53%	61.98%	70.46%	77.15%

The amounts presented for each fiscal year were determined as of the measurement date of the City's net pension liability, which is June 30, of the previous year for NDPERS.

Schedule of Employer Contributions ND Public Employees Retirement System					
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Statutorily required contribution	\$ 2,500,366	\$ 2,371,434	\$ 2,189,026	\$ 2,012,946	\$ 1,776,751
Contributions in relation to the statutorily required contribution	\$ (2,500,366)	\$ (2,371,434)	\$ (2,189,026)	\$ (2,012,946)	\$ (1,776,751)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 35,117,500	\$ 33,306,661	\$ 30,744,747	\$ 28,271,713	\$ 24,954,368
Contributions as a percentage of covered payroll	7.12%	7.12%	7.12%	7.12%	7.12%

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

The amounts presented for each fiscal year were determined as of the City's year end which is December 31.

POLICE PENSION PLAN

City of Fargo Police Pension Plan Schedule of Change in Net Pension Liability						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 2,285,820	\$ 2,188,283	\$ 2,014,929	\$ 1,894,349	\$ 1,655,230	\$ 1,463,698
Interest	5,686,744	5,454,684	5,225,129	4,995,916	4,750,232	4,417,408
Differences between expected and actual experience	888,233	(390,727)	23,450	586,409	838,127	519,099
Changes in assumptions and methods	-	(179,362)	(284,113)	(568,315)	1,610,242	986,369
Benefit payments, including refunds of member contributions	(3,845,938)	(4,093,222)	(3,879,726)	(3,855,050)	(3,185,308)	(3,095,609)
Net change in total pension liability	5,014,859	2,979,656	3,099,669	3,053,309	5,668,523	4,290,965
Total Pension Liability - beginning of year	78,075,001	75,095,345	71,995,676	68,942,367	63,273,844	58,982,879
Total Pension Liability - end of year (a)	<u>\$ 83,089,860</u>	<u>\$ 78,075,001</u>	<u>\$ 75,095,345</u>	<u>\$ 71,995,676</u>	<u>\$ 68,942,367</u>	<u>\$ 63,273,844</u>
Plan fiduciary net position						
Contributions - employer	\$ 3,107,627	\$ 2,996,110	\$ 2,907,142	\$ 2,599,313	\$ 2,338,069	\$ 2,516,258
Contributions - member	1,326,151	1,264,771	1,181,265	1,119,749	1,052,344	997,513
Net investment income	12,107,073	(2,881,346)	7,898,700	3,264,292	(75,555)	2,636,103
Benefit payments, including member contribution refunds	(3,845,938)	(4,093,222)	(3,879,726)	(3,855,050)	(3,185,308)	(3,095,609)
Administrative expense	(39,744)	(39,274)	(38,609)	(35,889)	(35,797)	(38,021)
Other changes	-	-	-	26,185	-	-
Net change in plan fiduciary net position	12,655,169	(2,752,961)	8,068,772	3,118,600	93,753	3,016,244
Plan fiduciary net position - beginning of year	55,836,717	58,589,678	50,520,906	47,402,306	47,308,553	44,292,309
Plan fiduciary net position - end of year (b)	<u>\$ 68,491,886</u>	<u>\$ 55,836,717</u>	<u>\$ 58,589,678</u>	<u>\$ 50,520,906</u>	<u>\$ 47,402,306</u>	<u>\$ 47,308,553</u>
Net Pension Liability - end of year (a) - (b)	\$ 14,597,974	\$ 22,238,284	\$ 16,505,667	\$ 21,474,770	\$ 21,540,061	\$ 15,965,291
FNP as a percentage of the TPL	82.43%	71.52%	78.02%	70.17%	68.76%	74.77%
Covered Payroll	\$ 13,305,433	\$ 12,669,718	\$ 11,604,167	\$ 10,882,568	\$ 10,312,350	\$ 10,050,543
Net Pension Liability as a Percentage of Covered Payroll	109.71%	175.52%	142.24%	197.33%	208.88%	158.85%

City of Fargo Police Pension Plan Schedule of Employer Contributions						
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ 3,743,822	\$ 2,987,966	\$ 3,331,157	\$ 3,205,550	\$ 2,422,703	\$ 2,059,933
Contributions in relation to the ADC	3,107,627	2,996,110	2,907,142	2,599,313	2,338,069	2,516,258
Contribution deficiency (excess)	<u>\$ 636,195</u>	<u>\$ (8,144)</u>	<u>\$ 424,015</u>	<u>\$ 606,237</u>	<u>\$ 84,634</u>	<u>\$ (456,325)</u>

City of Fargo Police Pension Plan Schedule of Investment Returns						
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	21.5%	-4.9%	15.6%	6.9%	-0.2%	5.9%

City of Fargo Police Pension Plan Contributions and Net Pension Liability as a Percent of Payroll						
	2019	2018	2017	2016	2015	2014
Payroll	\$ 13,305,433	\$ 12,669,718	\$ 11,604,167	\$ 10,882,568	\$ 10,312,350	\$ 10,050,543
Contributions as a percent of payroll	23.4%	23.7%	25.1%	23.89%	22.67%	25.04%
Net pension liability as a percent of payroll	109.7%	175.5%	142.2%	197.33%	208.90%	158.85%

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

FARGO FIREFIGHTERS' RELIEF ASSOCIATION RETIREMENT PLAN

Fargo Firefighters Pension Association Pension Plan Schedule of Change in Net Pension Liability						
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 1,153,327	\$ 1,139,344	\$ 1,065,668	\$ 1,033,817	\$ 942,970	\$ 882,740
Interest	3,713,542	3,552,233	3,285,670	3,107,060	3,020,513	2,656,719
Differences between expected and actual experience	457,524	244,951	2,074,434	1,380,692	164,724	(114,152)
Changes in assumptions and methods	-	(46,847)	(133,772)	(537,815)	783,502	3,642,866
Benefit payments, including refunds of member contributions	(2,634,931)	(2,722,482)	(2,655,413)	(2,448,614)	(2,391,530)	(2,164,096)
Net change in total pension liability	2,689,462	2,167,199	3,636,587	2,535,140	2,520,179	4,904,077
Total Pension Liability - beginning of year	51,385,413	49,218,214	45,581,627	43,046,487	40,526,308	35,622,231
Total Pension Liability - end of year (a)	<u>\$ 54,074,875</u>	<u>\$ 51,385,413</u>	<u>\$ 49,218,214</u>	<u>\$ 45,581,627</u>	<u>\$ 43,046,487</u>	<u>\$ 40,526,308</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,465,168	\$ 2,486,861	\$ 2,139,153	\$ 1,916,012	\$ 1,889,722	\$ 1,661,219
Contributions - member	860,908	825,550	779,473	769,780	744,739	723,023
Net investment income	6,921,391	(1,646,760)	4,665,107	1,711,824	(54,881)	1,417,654
Benefit payments, including member contribution refunds	(2,634,931)	(2,722,482)	(2,655,413)	(2,448,614)	(2,391,530)	(2,164,096)
Administrative expense	(49,233)	(60,285)	(60,855)	(45,295)	(52,707)	(64,290)
Net change in plan fiduciary net position	7,563,303	(1,117,116)	4,867,465	1,903,707	135,343	1,573,510
Plan fiduciary net position - beginning of year	30,663,400	31,780,516	26,913,051	25,009,344	24,874,001	23,300,491
Plan fiduciary net position - end of year (b)	<u>\$ 38,226,703</u>	<u>\$ 30,663,400</u>	<u>\$ 31,780,516</u>	<u>\$ 26,913,051</u>	<u>\$ 25,009,344</u>	<u>\$ 24,874,001</u>
Net Pension Liability - end of year (a) - (b)	\$ 15,848,172	\$ 20,722,013	\$ 17,437,698	\$ 18,668,576	\$ 18,037,143	\$ 15,652,307
FNP as a percentage of the TPL	70.69%	59.67%	64.57%	59.04%	58.10%	61.38%
Covered Payroll	\$ 8,118,061	\$ 7,966,082	\$ 7,487,808	\$ 7,362,577	\$ 7,129,995	\$ 6,813,000
Net Pension Liability as a Percentage of Covered Payroll	195.22%	260.13%	232.88%	253.56%	252.98%	229.74%

Fargo Firefighters Pension Association Pension Plan Schedule of Employer Contributions						
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ 2,934,543	\$ 2,484,690	\$ 2,466,528	\$ 2,312,759	\$ 1,995,062	\$ 1,542,399
Contributions in relation to the ADC	2,465,168	2,486,861	2,139,153	1,916,012	1,889,722	1,661,219
Contribution deficiency (excess)	<u>\$ 469,375</u>	<u>\$ (2,171)</u>	<u>\$ 327,375</u>	<u>\$ 396,747</u>	<u>\$ 105,340</u>	<u>\$ (118,820)</u>

Fargo Firefighters Pension Association Pension Plan Schedule of Investment Returns						
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	22.3%	-5.1%	17.3%	6.8%	-0.2%	6.0%

Fargo Firefighters Pension Association Pension Plan Contributions and Net Pension Liability as a Percent of Payroll						
	2019	2018	2017	2016	2015	2014
Payroll	\$ 8,118,061	\$ 7,966,082	\$ 7,487,808	\$ 7,362,577	\$ 7,129,995	\$ 6,813,000
Contributions as a percent of payroll	30.4%	31.2%	28.6%	26.0%	26.5%	24.4%
Net pension liability as a percent of payroll	195.22%	260.13%	232.88%	253.56%	252.98%	229.74%

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

NORTH DAKOTA PUBLIC EMPLOYEE RETIREMENT SYSTEM OPEB PLAN

Schedule of Employer's Share of Net OPEB Liability ND Public Employees Retirement System OPEB Plan			
	As of measurement date of		
	6/30/2019	6/30/2018	
Employer's proportion of the net OPEB Liability	3.074660%	2.966889%	
Employer's proportionate share of the net OPEB liability	\$ 2,469,528	\$ 2,336,627	
Employer's covered payroll	\$ 34,308,827	\$ 32,464,199	
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.20%	7.20%	
Plan fiduciary net position as a percentage of the total OPEB liability	63.13%	61.89%	

Schedule of Employer Contributions ND Public Employees Retirement System OPEB Plan			
	12/31/2019	12/31/2018	
Statutorily required contribution	\$ 391,121	\$ 370,092	
Contributions in relation to the statutorily required contribution	\$ (391,121)	\$ (370,092)	
Contribution deficiency (excess)	\$ -	\$ -	
Employer's covered payroll	\$ 34,308,827	\$ 32,464,199	
Contributions as a percentage of covered payroll	1.14%	1.14%	

Changes of benefit terms.

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The City of Fargo utilizes sixteen special revenue funds.

City Share of Special Assessments - This fund is used to account for the portion of special improvement district projects that are not assessed back to the benefiting property owners, and to pay for the special assessments levied against City and HRA owned properties. Resources are derived from property tax revenue.

Noxious Weeds - This fund is used to account for the City's weed eradication programs. Resources are derived from property tax revenue.

Downtown Business Improvement District – This fund is used to account for acquisition and maintenance of the City's Downtown Business Improvement District. Resources are derived from special assessment revenue.

Convention & Visitors Bureau - This fund is used to account for the 3% hotel and motel excise tax that is assessed to promote tourism and conventions. The City has contracted with the Convention and Visitors Bureau to provide this service.

Neighborhood Stabilization - This fund is used to account for the programs which are currently participating in the Neighborhood Stabilization program. Resources are provided by annual entitlements from Federal Department of Housing and Urban Development.

Regional Training Center - This fund is used to account for the operations of the Regional Law Enforcement Training Center. This facility operates on annual contributions from West Fargo, Cass County, and the City of Fargo.

Parking Authority - This fund is used to account for the operations and maintenance of the City owned parking facilities. The City owns and operates eleven parking facilities in the Downtown area. Resources are derived from parking fee service charges.

Parking Repair and Replacement - This fund is used to account for any major repair or replacement of parking facilities.

Community Development - This fund is used to account for the programs which are currently participating in the Community Development Block Grant program and the Rental Rehabilitation program. Resources are provided by annual entitlements from Federal Department of Housing and Urban Development.

Housing and Urban Development (HUD) Home Participating Jurisdiction – This fund is used to account for the HOME program which provides resources for housing rehabilitation in the Community. Resources are provided by annual entitlements received directly from the Federal Department of Housing and Urban Development.

Housing and Urban Development (HUD) Home Program - This fund is used to account for the HOME program which provides resources for housing rehabilitation in the Community. Resources are provided by annual entitlements from the Federal Department of Housing and Urban Development.

NRI Loan Program - This fund is used to account for revolving loan activity relating to the City's Neighborhood Revitalization Initiative. Resources are derived from both private and public financing.

Court Forfeits - Assets that are forfeited by criminal defendants as ordered by the courts are placed in this fund and are used for local law enforcement.

Skyway Maintenance - This fund is used to account for maintenance of the Fargo skyway system. Resources are derived from special assessment revenue.

Baseball Stadium - This fund is used to account for the operations of the baseball stadium located on the NDSU campus. Resources are derived from private suites.

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue							
	City Share of Specials	Noxious Weeds	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Authority	Parking Repair and Replacement
ASSETS								
Equity in pooled investments	\$ 992,448	\$ 18,681	\$ 36,089	\$ 16,358	\$ -	\$ 284,023	\$ -	\$ 229,389
Receivables (net of allowance for uncollectibles):								
Taxes	9,708	-	-	-	-	-	-	-
Accounts	-	-	-	183,427	-	2,500	109,374	-
Special assessments	-	-	337,718	-	-	-	8,598	-
Intergovernmental	-	-	-	-	-	-	-	-
Due from other funds	203,282	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	238	18,026	-
Loans	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	59,000	-	-	-
Total assets	<u>\$ 1,205,438</u>	<u>\$ 18,681</u>	<u>\$ 373,807</u>	<u>\$ 199,785</u>	<u>\$ 59,000</u>	<u>\$ 286,761</u>	<u>\$ 135,998</u>	<u>\$ 229,389</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Vouchers payable	\$ -	\$ 10,581	\$ 22,448	\$ 169,562	\$ -	\$ 9,956	\$ 46,737	\$ -
Advances from other funds	-	-	-	-	-	-	205,000	302,228
Due to other funds	-	-	-	-	-	-	196,382	-
Accrued payroll	-	-	-	-	-	-	3,172	-
Special assessments payable	700,181	-	-	857	-	-	48,440	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>700,181</u>	<u>10,581</u>	<u>22,448</u>	<u>170,419</u>	<u>-</u>	<u>9,956</u>	<u>499,731</u>	<u>302,228</u>
Deferred inflows of resources								
Unavailable revenue	<u>7,228</u>	<u>-</u>	<u>253,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,598</u>	<u>-</u>
Fund balances								
Nonspendable	-	-	-	-	-	238	18,026	-
Restricted	498,029	8,100	98,045	29,366	59,000	276,567	-	-
Unassigned	-	-	-	-	-	-	(390,357)	(72,839)
Total fund balances	<u>498,029</u>	<u>8,100</u>	<u>98,045</u>	<u>29,366</u>	<u>59,000</u>	<u>276,805</u>	<u>(372,331)</u>	<u>(72,839)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,205,438</u>	<u>\$ 18,681</u>	<u>\$ 373,807</u>	<u>\$ 199,785</u>	<u>\$ 59,000</u>	<u>\$ 286,761</u>	<u>\$ 135,998</u>	<u>\$ 229,389</u>

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2019

	Special Revenue							
	Community Development	HUD Home Participating Jurisdiction	HUD Home Program	NRI Loan Program	Court Forfeits	Skyway Maintenance	Baseball Stadium	Total
ASSETS								
Equity in pooled investments	\$ -	\$ 220,554	\$ 15,102	\$ 155,965	\$ 49,765	\$ 98,172	\$ 6,128	\$ 2,122,674
Receivables (net of allowance for uncollectibles):								
Taxes	-	-	-	-	-	-	-	9,708
Accounts	-	-	-	400	-	-	2,627	298,328
Special assessments	-	-	-	-	-	108,056	-	454,372
Intergovernmental	92,720	29,747	-	-	-	-	-	122,467
Due from other funds	-	-	-	-	-	-	-	203,282
Prepaid expenditures	-	-	-	-	-	1,538	-	19,802
Loans	143,366	1,704,363	153,062	10,500	-	-	-	2,011,291
Property held for resale	156,692	-	-	35,995	-	-	-	251,687
Total assets	<u>\$ 392,778</u>	<u>\$ 1,954,664</u>	<u>\$ 168,164</u>	<u>\$ 202,860</u>	<u>\$ 49,765</u>	<u>\$ 207,766</u>	<u>\$ 8,755</u>	<u>\$ 5,493,611</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Vouchers payable	\$ 69,573	\$ 6,255	\$ -	\$ 828	\$ -	\$ 31,487	\$ -	\$ 367,427
Advances from other funds	-	-	-	-	-	-	1,002,927	1,510,155
Due to other funds	6,900	-	-	-	-	-	-	203,282
Accrued payroll	5,609	1,319	-	-	-	-	-	10,100
Special assessments payable	502	-	-	2,720	-	-	-	752,700
Unearned revenue	143,366	1,358,098	114,327	-	-	-	-	1,615,791
Total liabilities	<u>225,950</u>	<u>1,365,672</u>	<u>114,327</u>	<u>3,548</u>	<u>-</u>	<u>31,487</u>	<u>1,002,927</u>	<u>4,459,455</u>
Deferred inflows of resources								
Unavailable revenue	-	346,265	38,735	10,500	-	91,583	-	756,223
Fund balances								
Nonspendable	-	-	-	-	-	1,538	-	19,802
Restricted	166,828	242,727	15,102	188,812	49,765	83,158	-	1,715,499
Unassigned	-	-	-	-	-	-	(994,172)	(1,457,368)
Total fund balances	<u>166,828</u>	<u>242,727</u>	<u>15,102</u>	<u>188,812</u>	<u>49,765</u>	<u>84,696</u>	<u>(994,172)</u>	<u>277,933</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 392,778</u>	<u>\$ 1,954,664</u>	<u>\$ 168,164</u>	<u>\$ 202,860</u>	<u>\$ 49,765</u>	<u>\$ 207,766</u>	<u>\$ 8,755</u>	<u>\$ 5,493,611</u>

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue						
	City Share of Specials	Noxious Weed	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Repair and Replacement
REVENUES							
Taxes	\$ 584,775	\$ -	\$ -	\$ 2,353,102	\$ -	\$ -	\$ -
Special assessments	-	-	325,929	-	-	-	-
Intergovernmental revenues	-	-	-	-	1,334	52,999	-
Charges for services	-	-	-	-	-	1,992,675	-
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous revenues	2,000	-	-	9,920	-	21,160	-
Total revenues	<u>586,775</u>	<u>-</u>	<u>325,929</u>	<u>2,363,022</u>	<u>1,334</u>	<u>74,159</u>	<u>-</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	62,314	-
Public works	704,464	-	-	-	-	-	-
Public health & welfare	-	14,773	-	-	-	-	-
Recreation & culture	-	-	397,371	2,365,801	-	-	-
Urban redevelopment	-	-	-	-	13,434	-	-
Public transportation	-	-	-	-	-	1,025,656	41,903
Capital outlay	-	10,500	-	-	-	-	-
Total expenditures	<u>704,464</u>	<u>25,273</u>	<u>397,371</u>	<u>2,365,801</u>	<u>13,434</u>	<u>62,314</u>	<u>41,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(117,689)</u>	<u>(25,273)</u>	<u>(71,442)</u>	<u>(2,779)</u>	<u>(12,100)</u>	<u>11,845</u>	<u>(41,903)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	-	-	43,000	-	-	33,545	-
Special revenue funds	-	-	-	-	-	-	18,000
Debt service	-	-	-	-	-	7,147	-
Capital Projects	-	-	-	-	-	138,536	-
Transfers out							
Special revenue funds	-	-	-	-	-	(18,000)	-
Debt service	-	-	-	-	-	(735,800)	-
Capital projects	(371,101)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(371,101)</u>	<u>-</u>	<u>43,000</u>	<u>-</u>	<u>-</u>	<u>33,545</u>	<u>18,000</u>
Net change in fund balances	(488,790)	(25,273)	(28,442)	(2,779)	(12,100)	45,390	(23,903)
Fund balance (deficit) - beginning of year	986,819	33,373	126,487	32,145	71,100	231,415	(48,936)
Fund balance (deficit) - end of year	<u>\$ 498,029</u>	<u>\$ 8,100</u>	<u>\$ 98,045</u>	<u>\$ 29,366</u>	<u>\$ 59,000</u>	<u>\$ 276,805</u>	<u>\$ (72,839)</u>

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended December 31, 2019

Special Revenue

	Community Development	HUD Home Participating Jurisdiction	HUD Home Program	NRI Loan Program	Court Forfeits	Skyway Maintenance	Baseball Stadium	Total
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,937,877
Special assessments	-	-	-	-	-	95,752	-	421,681
Intergovernmental revenues	967,499	55,832	-	-	-	-	-	1,077,664
Charges for services	-	-	-	4,400	-	-	200,267	2,197,342
Fines and forfeits	-	-	-	-	92,399	-	-	92,399
Investment income	-	125	-	152	-	-	-	277
Miscellaneous revenues	12,049	90,427	10,000	2,448	19,319	-	-	169,135
Total revenues	<u>979,548</u>	<u>146,384</u>	<u>10,000</u>	<u>7,000</u>	<u>111,718</u>	<u>95,752</u>	<u>200,267</u>	<u>6,896,375</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	132,282	-	-	194,596
Public works	-	-	-	-	-	-	-	704,464
Public health & welfare	17,194	-	-	-	-	-	-	31,967
Recreation & culture	-	-	-	-	-	106,635	137,100	3,006,907
Urban redevelopment	1,069,593	64,601	-	10,075	-	-	-	1,157,703
Public transportation	-	-	-	-	-	-	-	1,067,559
Capital outlay	-	-	-	-	-	12,115	-	22,615
Total expenditures	<u>1,086,787</u>	<u>64,601</u>	<u>-</u>	<u>10,075</u>	<u>132,282</u>	<u>118,750</u>	<u>137,100</u>	<u>6,185,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,239)</u>	<u>81,783</u>	<u>10,000</u>	<u>(3,075)</u>	<u>(20,564)</u>	<u>(22,998)</u>	<u>63,167</u>	<u>710,564</u>
OTHER FINANCING SOURCES (USES)								
Transfers in								
General fund	-	-	-	-	-	-	-	76,545
Special revenue funds	-	-	-	-	-	-	-	18,000
Debt service	-	-	-	8	-	-	-	7,155
Capital Projects	-	-	-	-	-	-	-	138,536
Transfers out								
Special revenue funds	-	-	-	-	-	-	-	(18,000)
Debt service	-	-	-	-	-	-	-	(735,800)
Capital projects	-	-	-	-	-	-	-	(371,101)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(884,665)</u>
Net change in fund balances	(107,239)	81,783	10,000	(3,067)	(20,564)	(22,998)	63,167	(174,101)
Fund balance (deficit) - beginning of year	274,067	160,944	5,102	191,879	70,329	107,694	(1,057,339)	452,034
Fund balance (deficit) - end of year	<u>\$ 166,828</u>	<u>\$ 242,727</u>	<u>\$ 15,102</u>	<u>\$ 188,812</u>	<u>\$ 49,765</u>	<u>\$ 84,696</u>	<u>\$ (994,172)</u>	<u>\$ 277,933</u>

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	City Share of Specials				Noxious Weeds			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 586,000	\$ 586,000	\$ 584,775	\$ (1,225)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	2,000	2,000	-	-	-	-
Total revenues	586,000	586,000	586,775	775	-	-	-	-
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	370,000	370,000	704,464	(334,464)	-	-	-	-
Public health and welfare	-	-	-	-	25,000	14,500	14,773	(273)
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	10,500	10,500	-
Total expenditures	370,000	370,000	704,464	(334,464)	25,000	25,000	25,273	(273)
Excess (deficiency) of revenues over (under) expenditures	216,000	216,000	(117,689)	(333,689)	(25,000)	(25,000)	(25,273)	(273)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	(216,000)	(216,000)	(371,101)	(155,101)	-	-	-	-
Total other financing sources (uses)	(216,000)	(216,000)	(371,101)	(155,101)	-	-	-	-
Net change in fund balances	-	-	(488,790)	(488,790)	(25,000)	(25,000)	(25,273)	(273)
Fund balance (deficit) - beginning of year	986,819	986,819	986,819	-	33,373	33,373	33,373	-
Fund balance (deficit) - end of year	\$ 986,819	\$ 986,819	\$ 498,029	\$ (488,790)	\$ 8,373	\$ 8,373	\$ 8,100	\$ (273)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Downtown Business Improvement District				Convention & Visitors Bureau			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,292,150	\$ 2,292,150	\$ 2,353,102	\$ 60,952
Special assessments	330,000	335,000	325,929	(9,071)	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	9,920	9,920
Total revenues	330,000	335,000	325,929	(9,071)	2,292,150	2,292,150	2,363,022	70,872
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	330,000	330,000	397,371	(67,371)	2,267,355	2,267,355	2,365,801	(98,446)
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	330,000	330,000	397,371	(67,371)	2,267,355	2,267,355	2,365,801	(98,446)
Excess (deficiency) of revenues over (under) expenditures	-	5,000	(71,442)	(76,442)	24,795	24,795	(2,779)	(27,574)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	43,000	43,000	43,000	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	43,000	43,000	43,000	-	-	-	-	-
Net change in fund balances	43,000	48,000	(28,442)	(76,442)	24,795	24,795	(2,779)	(27,574)
Fund balance (deficit) - beginning of year	126,487	126,487	126,487	-	32,145	32,145	32,145	-
Fund balance (deficit) - end of year	\$ 169,487	\$ 174,487	\$ 98,045	\$ (76,442)	\$ 56,940	\$ 56,940	\$ 29,366	\$ (27,574)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Neighborhood Stabilization				Regional Training Center			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	1,334	1,334	40,999	40,999	52,999	12,000
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	25,456	25,456	21,160	(4,296)
Total revenues	-	-	1,334	1,334	66,455	66,455	74,159	7,704
EXPENDITURES								
Current:								
Public safety	-	-	-	-	80,534	80,534	62,314	18,220
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	148,025	-	13,434	(13,434)	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	148,025	-	13,434	(13,434)	80,534	80,534	62,314	18,220
Excess (deficiency) of revenues over (under) expenditures	(148,025)	-	(12,100)	(12,100)	(14,079)	(14,079)	11,845	25,924
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	33,545	33,545	33,545	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	33,545	33,545	33,545	-
Net change in fund balances	(148,025)	-	(12,100)	(12,100)	19,466	19,466	45,390	25,924
Fund balance (deficit) - beginning of year	71,100	71,100	71,100	-	231,415	231,415	231,415	-
Fund balance (deficit) - end of year	\$ (76,925)	\$ 71,100	\$ 59,000	\$ (12,100)	\$ 250,881	\$ 250,881	\$ 276,805	\$ 25,924

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Parking Authority				Parking Repair and Replacement			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	1,892,000	1,942,000	1,992,675	50,675	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	3,500	3,500	1,812	(1,688)	-	-	-	-
Total revenues	1,895,500	1,945,500	1,994,487	48,987	-	-	-	-
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	1,180,207	1,180,207	1,025,656	154,551	756,750	256,750	41,903	214,847
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,180,207	1,180,207	1,025,656	154,551	756,750	256,750	41,903	214,847
Excess (deficiency) of revenues over (under) expenditures	715,293	765,293	968,831	203,538	(756,750)	(256,750)	(41,903)	214,847
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	36,000	36,000	18,000	(18,000)
Debt service	-	7,000	7,147	147	-	-	-	-
Capital projects	-	-	138,536	138,536	-	-	-	-
Transfers out:								
Special revenue	(36,000)	(36,000)	(18,000)	18,000	-	-	-	-
Debt service	(735,800)	(735,800)	(735,800)	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(771,800)	(764,800)	(608,117)	156,683	36,000	36,000	18,000	(18,000)
Net change in fund balances	(56,507)	493	360,714	360,221	(720,750)	(220,750)	(23,903)	196,847
Fund balance (deficit) - beginning of year	(733,045)	(733,045)	(733,045)	-	(48,936)	(48,936)	(48,936)	-
Fund balance (deficit) - end of year	\$ (789,552)	\$ (732,552)	\$ (372,331)	\$ 360,221	\$ (769,686)	\$ (269,686)	\$ (72,839)	\$ 196,847

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Community Development				HUD Home Participating Jurisdiction			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	715,000	715,000	967,499	252,499	480,000	480,000	55,832	(424,168)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	100	100	-	(100)	1,000	1,000	125	(875)
Miscellaneous revenue	4,900	4,900	12,049	7,149	115,000	115,000	90,427	(24,573)
Total revenues	<u>720,000</u>	<u>720,000</u>	<u>979,548</u>	<u>259,548</u>	<u>596,000</u>	<u>596,000</u>	<u>146,384</u>	<u>(449,616)</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	21,365	21,365	17,194	4,171	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	644,473	644,473	1,069,593	(425,120)	536,782	536,782	64,601	472,181
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>665,838</u>	<u>665,838</u>	<u>1,086,787</u>	<u>(420,949)</u>	<u>536,782</u>	<u>536,782</u>	<u>64,601</u>	<u>472,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,162</u>	<u>54,162</u>	<u>(107,239)</u>	<u>(161,401)</u>	<u>59,218</u>	<u>59,218</u>	<u>81,783</u>	<u>22,565</u>
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	54,162	54,162	(107,239)	(161,401)	59,218	59,218	81,783	22,565
Fund balance (deficit) - beginning of year	274,067	274,067	274,067	-	160,944	160,944	160,944	-
Fund balance (deficit) - end of year	<u>\$ 328,229</u>	<u>\$ 328,229</u>	<u>\$ 166,828</u>	<u>\$ (161,401)</u>	<u>\$ 220,162</u>	<u>\$ 220,162</u>	<u>\$ 242,727</u>	<u>\$ 22,565</u>

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	HUD Home Program				NRI Loan Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	3,000	3,000	4,400	1,400
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	2,500	2,500	152	(2,348)
Miscellaneous revenue	8,500	8,500	10,000	1,500	152,000	152,000	2,448	(149,552)
Total revenues	8,500	8,500	10,000	1,500	157,500	157,500	7,000	(150,500)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	30,000	30,000	-	30,000	5,150	5,150	10,075	(4,925)
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	30,000	30,000	-	30,000	5,150	5,150	10,075	(4,925)
Excess (deficiency) of revenues over (under) expenditures	(21,500)	(21,500)	10,000	31,500	152,350	152,350	(3,075)	(155,425)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	8	8
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	8	8
Net change in fund balances	(21,500)	(21,500)	10,000	31,500	152,350	152,350	(3,067)	(155,417)
Fund balance (deficit) - beginning of year	5,102	5,102	5,102	-	191,879	191,879	191,879	-
Fund balance (deficit) - end of year	\$ (16,398)	\$ (16,398)	\$ 15,102	\$ 31,500	\$ 344,229	\$ 344,229	\$ 188,812	\$ (155,417)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Court Forfeits				Skyway Maintenance			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	90,000	89,000	95,752	6,752
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	100,000	100,000	92,399	(7,601)	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	19,319	19,319	-	-	-	-
Total revenues	100,000	100,000	111,718	11,718	90,000	89,000	95,752	6,752
EXPENDITURES								
Current:								
Public safety	160,000	160,000	132,282	27,718	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	176,000	163,885	106,635	57,250
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	12,115	12,115	-
Total expenditures	160,000	160,000	132,282	27,718	176,000	176,000	118,750	57,250
Excess (deficiency) of revenues over (under) expenditures	(60,000)	(60,000)	(20,564)	39,436	(86,000)	(87,000)	(22,998)	64,002
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Transfers out:								
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(60,000)	(60,000)	(20,564)	39,436	(86,000)	(87,000)	(22,998)	64,002
Fund balance (deficit) - beginning of year	70,329	70,329	70,329	-	107,694	107,694	107,694	-
Fund balance (deficit) - end of year	\$ 10,329	\$ 10,329	\$ 49,765	\$ 39,436	\$ 21,694	\$ 20,694	\$ 84,696	\$ 64,002

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Baseball Stadium				Totals			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,878,150	\$ 2,878,150	\$ 2,937,877	\$ 59,727
Special assessments	-	-	-	-	420,000	424,000	421,681	(2,319)
Intergovernmental revenues	-	-	-	-	1,235,999	1,235,999	1,077,664	(158,335)
Charges for services	200,000	200,000	200,267	267	2,095,000	2,145,000	2,197,342	52,342
Fines and forfeits	-	-	-	-	100,000	100,000	92,399	(7,601)
Investment income	-	-	-	-	3,600	3,600	277	(3,323)
Miscellaneous revenue	-	-	-	-	309,356	309,356	169,135	(140,221)
Total revenues	200,000	200,000	200,267	267	7,042,105	7,096,105	6,896,375	(199,730)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	240,534	240,534	194,596	45,938
Public works	-	-	-	-	370,000	370,000	704,464	(334,464)
Public health and welfare	-	-	-	-	46,365	35,865	31,967	3,898
Recreation and culture	220,000	220,000	137,100	82,900	2,993,355	2,981,240	3,006,907	(25,667)
Urban redevelopment	-	-	-	-	1,364,430	1,216,405	1,157,703	58,702
Public transportation	-	-	-	-	1,936,957	1,436,957	1,067,559	369,398
Capital outlay	-	-	-	-	-	22,615	22,615	-
Total expenditures	220,000	220,000	137,100	82,900	6,951,641	6,303,616	6,185,811	117,805
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	63,167	83,167	90,464	792,489	710,564	(81,925)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	76,545	76,545	76,545	-
Special revenue	-	-	-	-	36,000	36,000	18,000	(18,000)
Debt service	-	-	-	-	-	7,000	7,155	155
Capital projects	-	-	-	-	-	-	138,536	138,536
Transfers out:								
Special revenue	-	-	-	-	(36,000)	(36,000)	(18,000)	18,000
Debt service	-	-	-	-	(735,800)	(735,800)	(735,800)	-
Capital projects	-	-	-	-	(216,000)	(216,000)	(371,101)	(155,101)
Total other financing sources (uses)	-	-	-	-	(875,255)	(868,255)	(884,665)	(16,410)
Net change in fund balances	(20,000)	(20,000)	63,167	83,167	(784,791)	(75,766)	(174,101)	(98,335)
Fund balance (deficit) - beginning of year	(1,057,339)	(1,057,339)	(1,057,339)	-	452,034	452,034	452,034	-
Fund balance (deficit) - end of year	\$ (1,077,339)	\$ (1,077,339)	\$ (994,172)	\$ 83,167	\$ (332,757)	\$ 376,268	\$ 277,933	\$ (98,335)

CITY OF FARGO, NORTH DAKOTA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 16,903,362	\$ 16,903,362	\$ 17,569,715	\$ 666,353
Special assessments	38,067,200	43,312,200	43,475,534	163,334
Intergovernmental revenues	8,548,465	8,548,465	7,709,232	(839,233)
Investment income	500,000	500,000	1,264,979	764,979
Miscellaneous revenues	-	-	14,251	14,251
Total revenues	<u>64,019,027</u>	<u>69,264,027</u>	<u>70,033,711</u>	<u>769,684</u>
EXPENDITURES				
Current:				
Public works	-	1,050,824	1,050,824	-
Urban redevelopment	-	65,241	65,241	-
Debt Service	<u>52,756,123</u>	<u>53,730,058</u>	<u>53,627,901</u>	<u>102,157</u>
Total expenditures	<u>52,756,123</u>	<u>54,846,123</u>	<u>54,743,966</u>	<u>102,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,262,904</u>	<u>14,417,904</u>	<u>15,289,745</u>	<u>871,841</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,154,200	2,990,200	2,990,200	-
Transfers out	(11,237,318)	(12,287,318)	(12,035,147)	252,171
Loans issued	-	-	63,652	63,652
Bonds issued	<u>978,800</u>	<u>14,257,641</u>	<u>14,257,641</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,104,318)</u>	<u>4,960,523</u>	<u>5,276,346</u>	<u>315,823</u>
Net change in fund balances	<u>4,158,586</u>	<u>19,378,427</u>	<u>20,566,091</u>	<u>1,187,664</u>
Fund balance - beginning of year			<u>74,646,204</u>	
Fund balance - end of year			<u>\$ 95,212,295</u>	

NONMAJOR ENTERPRISE FUNDS

The enterprise funds account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City has decided that periodic determination of the revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or for other purposes.

The City operates four nonmajor enterprise funds which are listed below.

Southeast Cass Sewer District - To account for user fee revenues derived from providing sanitary sewer services to the Southeast Cass Sanitary Sewer District, and the expenses and maintenance for this function.

Vector Control – To account for vector control operations involving mosquito control for the City of Fargo.

Street Lighting – To account for user fee revenues derived from providing street lighting services to the City of Fargo, and all expenses for the operation and maintenance of this function.

Forestry - To account for user fee revenues and donations from the Park Board derived from planting and maintaining trees on boulevards and in parks, and all expenses for the operation and maintenance of this function.

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NON MAJOR PROPRIETARY FUNDS
December 31, 2019

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
ASSETS					
Current assets					
Cash	\$ -	\$ -	\$ -	\$ 50	\$ 50
Equity in pooled investments	-	602,205	1,147,317	-	1,749,522
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	24,877	24,877
Accounts	11,324	69,639	409,745	229,185	719,893
Inventory	-	-	410,994	-	410,994
Prepaid expenses	-	1,299	6,143	6,103	13,545
Total current assets	<u>11,324</u>	<u>673,143</u>	<u>1,974,199</u>	<u>260,215</u>	<u>2,918,881</u>
Noncurrent assets					
Capital assets					
Machinery and equipment	-	53,232	432,486	1,317,376	1,803,094
Infrastructure	-	-	46,734,093	-	46,734,093
Less accumulated depreciation	-	(53,232)	(20,844,691)	(1,067,717)	(21,965,640)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>26,321,888</u>	<u>249,659</u>	<u>26,571,547</u>
Total assets	<u>11,324</u>	<u>673,143</u>	<u>28,296,087</u>	<u>509,874</u>	<u>29,490,428</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pension	-	-	61,342	310,300	371,642
Deferred outflows of resources related to OPEB	-	-	3,683	8,543	12,226
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>65,025</u>	<u>318,843</u>	<u>383,868</u>
LIABILITIES					
Current liabilities					
Vouchers payable	3,245	-	206,579	6,706	216,530
Due to other funds	110,282	-	-	66,397	176,679
Accrued payroll	560	-	27,834	42,154	70,548
Accrued vacation payable	-	-	48,815	39,095	87,910
Total current liabilities	<u>114,087</u>	<u>-</u>	<u>283,228</u>	<u>154,352</u>	<u>551,667</u>
Long-term liabilities					
Net pension liability	-	-	57,786	758,127	815,913
Net OPEB liability	-	-	12,412	39,002	51,414
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>70,198</u>	<u>797,129</u>	<u>867,327</u>
Total liabilities	<u>114,087</u>	<u>-</u>	<u>353,426</u>	<u>951,481</u>	<u>1,418,994</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pension	-	-	239,119	386,769	625,888
Deferred inflows of resources related to OPEB	-	-	174	1,323	1,497
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>239,293</u>	<u>388,092</u>	<u>627,385</u>
NET POSITION					
Net investment in capital assets	-	-	26,321,888	249,659	26,571,547
Unrestricted	(102,763)	673,143	1,446,505	(760,515)	1,256,370
Total net position	<u>\$ (102,763)</u>	<u>\$ 673,143</u>	<u>\$ 27,768,393</u>	<u>\$ (510,856)</u>	<u>\$ 27,827,917</u>

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON MAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
OPERATING REVENUES					
Charges for services	\$ 43,652	\$ 739,646	\$ 3,515,795	\$ 2,077,843	\$ 6,376,936
OPERATING EXPENSES					
Personnel services	21,028	-	718,793	1,133,445	1,873,266
Other services	6,109	336,009	233,199	606,117	1,181,434
Materials and supplies	52,578	117,073	1,448,038	214,709	1,832,398
Depreciation	-	-	1,883,548	131,275	2,014,823
Total operating expenses	79,715	453,082	4,283,578	2,085,546	6,901,921
Operating income (loss)	(36,063)	286,564	(767,783)	(7,703)	(524,985)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	-	-	-	2,576	2,576
Investment income (expense)	-	-	-	-	-
Miscellaneous revenue	-	-	-	7,096	7,096
Total nonoperating revenues	-	-	-	9,672	9,672
Income (loss) before contributions and transfers	(36,063)	286,564	(767,783)	1,969	(515,313)
Capital Contributions	-	-	3,278,664	-	3,278,664
Transfers in:					
Enterprise	-	-	-	150,000	150,000
Transfers out:					
General	-	(147,600)	(350,000)	(400,000)	(897,600)
Capital projects	-	-	(129,655)	-	(129,655)
Change in net position	(36,063)	138,964	2,031,226	(248,031)	1,886,096
Total net position - beginning	(66,700)	534,179	25,737,167	(262,825)	25,941,821
Total net position - ending	\$ (102,763)	\$ 673,143	\$ 27,768,393	\$ (510,856)	\$ 27,827,917

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 45,866	\$ 738,192	\$ 3,371,040	\$ 2,031,968	\$ 6,187,066
Payments to employees	(16,848)	-	(494,409)	(811,682)	(1,322,939)
Payments of benefits on behalf of employees	(3,657)	-	(121,711)	(262,909)	(388,277)
Payments to suppliers	(63,738)	(452,220)	(1,738,217)	(834,095)	(3,088,270)
Net cash provided (used) by operating activities	(38,377)	285,972	1,016,703	123,282	1,387,580
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(147,600)	(479,655)	(400,000)	(1,027,255)
Transfers from other funds	-	-	-	150,000	150,000
Payments received on interfund borrowing	38,377	-	-	66,397	104,774
Net cash provided (used) by noncapital financing activities	38,377	(147,600)	(479,655)	(183,603)	(772,481)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	-	-	-	2,576	2,576
Net cash provided (used) by capital and related financing activities	-	-	-	2,576	2,576
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments redeemed	-	463,833	610,269	57,745	1,131,847
Investments (purchased)	-	(602,205)	(1,147,317)	-	(1,749,522)
Net cash provided (used) by investing activities	-	(138,372)	(537,048)	57,745	(617,675)
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, January 1	-	-	-	50	50
Cash and cash equivalents, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (36,063)	\$ 286,564	\$ (767,783)	\$ (7,703)	\$ (524,985)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	-	-	1,883,548	131,275	2,014,823
Change in assets and liabilities					
Accounts receivable	2,214	(1,454)	(144,755)	(57,380)	(201,375)
Special assessment receivable	-	-	-	11,505	11,505
Inventories	-	-	(79,403)	-	(79,403)
Prepaid expenses	-	862	(1,685)	(265)	(1,088)
Accounts payable	(5,051)	-	24,108	(13,004)	6,053
Vacation payable	-	-	6,846	1,482	8,328
Payroll payable	523	-	18,843	4,324	23,690
Net pension liability	-	-	77,342	53,467	130,809
Net OPEB liability	-	-	(358)	(419)	(777)
Total adjustments	(2,314)	(592)	1,784,486	130,985	1,912,565
Net cash provided (used) by operating activities	<u>\$ (38,377)</u>	<u>\$ 285,972</u>	<u>\$ 1,016,703</u>	<u>\$ 123,282</u>	<u>\$ 1,387,580</u>
Noncash transactions affecting financial position:					
Acquisition of / change in assets through capital contributions and donations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,278,664</u>	<u>\$ -</u>	<u>\$ 3,278,664</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in trust or as an agent for individuals, private organizations, or other governmental units and/or other funds. The fiduciary funds of the City are described below.

PENSION TRUST FUNDS

City Employees' Pension Trust Fund is used to account for the activities of this defined benefit pension plan. All employees except those covered by other plans are members.

Police Pension Trust Fund is used to account for the activities of this defined benefit pension plan. All members of the Police Department are members of this plan.

The Pension Plan financial statements can be found in the notes to the financial statements, Note 5.

AGENCY FUNDS

The City has four agency funds used to account for assets held as an agent for others.

Performance Deposit Fund is used for deposits required by City ordinance for excavators, bid deposits, special assessment developer deposits, and other miscellaneous deposits.

Park District Specials Fund is used to account for special assessments collected and administered for the Fargo Park District.

Metro Flood Project Diversion Authority is used to account for the collection and disbursement of funds for the Metro Flood Project Diversion Authority.

Red River Regional Dispatch Center Fund is used to account for the collection and disbursement of funds for the Red River Regional Dispatch Center Fund.

CITY OF FARGO, NORTH DAKOTA
AGENCY FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2019

	Performance Deposits	Park District Special Assessments	Metro Flood Project Diversion Authority	Red River Regional Dispatch Center	Total
ASSETS					
Equity in pooled investments	297,860	-	83,659,892	1,167,893	85,125,645
Receivables(net of allowance for uncollectibles)					
Interest	-	-	200,099	-	200,099
Special assessments receivable	-	11,911,578	-	-	11,911,578
Intergovernmental	-	-	22,083,527	-	22,083,527
Prepaid items	-	-	83,107	-	83,107
Total assets	<u>\$ 297,860</u>	<u>\$ 11,911,578</u>	<u>\$ 106,026,625</u>	<u>\$ 1,167,893</u>	<u>\$ 119,403,956</u>
LIABILITIES					
Vouchers payable	\$ -	\$ -	\$ 6,326,081	\$ -	\$ 6,326,081
Contract retainage payable	-	-	1,559,857	-	1,559,857
Due to other governments	-	11,911,578	-	-	11,911,578
Deposits	297,860	-	98,140,687	1,167,893	99,606,440
Total liabilities	<u>\$ 297,860</u>	<u>\$ 11,911,578</u>	<u>\$ 106,026,625</u>	<u>\$ 1,167,893</u>	<u>\$ 119,403,956</u>

**CITY OF FARGO, NORTH DAKOTA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDING DECEMBER 31, 2019**

	Beginning of Year	Additions	Deductions	End of Year
PERFORMANCE DEPOSITS				
ASSETS				
Equity in pooled investments	\$ 287,460	\$ 31,540	\$ 21,140	\$ 297,860
Total assets	<u>\$ 287,460</u>	<u>\$ 31,540</u>	<u>\$ 21,140</u>	<u>\$ 297,860</u>
LIABILITIES				
Deposits	\$ 287,460	\$ 31,540	\$ 21,140	\$ 297,860
Total liabilities	<u>\$ 287,460</u>	<u>\$ 31,540</u>	<u>\$ 21,140</u>	<u>\$ 297,860</u>
PARK DISTRICT SPECIAL ASSESSMENTS				
ASSETS				
Equity in pooled investments	\$ -	\$ 1,063,509	\$ 1,063,509	\$ -
Special assessments receivable	12,500,396	28,158	616,976	11,911,578
Total assets	<u>\$ 12,500,396</u>	<u>\$ 1,091,667</u>	<u>\$ 1,680,485</u>	<u>\$ 11,911,578</u>
LIABILITIES				
Due to other governments	\$ 12,500,396	\$ -	\$ 588,818	\$ 11,911,578
Deposits	-	1,064,326	1,064,326	-
Total liabilities	<u>\$ 12,500,396</u>	<u>\$ 1,064,326</u>	<u>\$ 1,653,144</u>	<u>\$ 11,911,578</u>
METRO FLOOD PROJECT DIVERSION AUTHORITY				
ASSETS				
Equity in pooled investments	\$ 84,671,372	\$ 158,834,127	\$ 159,845,607	\$ 83,659,892
Accounts receivable	61,410	-	61,410	-
Interest	164,927	200,099	164,927	200,099
Intergovernmental receivable	14,464,803	42,653,621	35,034,897	22,083,527
Prepaid items	236,535	-	153,428	83,107
Total assets, as restated	<u>\$ 99,599,047</u>	<u>\$ 201,687,847</u>	<u>\$ 195,260,269</u>	<u>\$ 106,026,625</u>
LIABILITIES				
Vouchers Payable	\$ 6,063,903	\$ 56,495,763	\$ 56,233,585	\$ 6,326,081
Contract retainage payable	1,176,009	614,806	230,958	1,559,857
Deposits	92,359,135	144,577,278	138,795,726	98,140,687
Total liabilities, as restated	<u>\$ 99,599,047</u>	<u>\$ 201,687,847</u>	<u>\$ 195,260,269</u>	<u>\$ 106,026,625</u>
RED RIVER REGIONAL DISPATCH CENTER				
ASSETS				
Equity in pooled investments	\$ 1,072,661	\$ 4,949,920	\$ 4,854,688	\$ 1,167,893
Total assets	<u>\$ 1,072,661</u>	<u>\$ 4,949,920</u>	<u>\$ 4,854,688</u>	<u>\$ 1,167,893</u>
LIABILITIES				
Deposits	\$ 1,072,661	\$ 4,949,920	\$ 4,854,688	\$ 1,167,893
Total liabilities	<u>\$ 1,072,661</u>	<u>\$ 4,949,920</u>	<u>\$ 4,854,688</u>	<u>\$ 1,167,893</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in pooled investments	\$ 86,031,493	\$ 164,879,096	\$ 165,784,944	\$ 85,125,645
Interest receivable	164,927	200,099	164,927	200,099
Special assessments receivable	12,500,396	28,158	616,976	11,911,578
Intergovernmental receivable	14,464,803	42,653,621	35,034,897	22,083,527
Prepaid items	236,535	-	153,428	83,107
Total assets	<u>\$ 113,398,154</u>	<u>\$ 207,760,974</u>	<u>\$ 201,755,172</u>	<u>\$ 119,403,956</u>
LIABILITIES				
Vouchers payable	\$ 6,063,903	\$ 56,495,763	\$ 56,233,585	\$ 6,326,081
Contract retainage payable	1,176,009	614,806	230,958	1,559,857
Due to other governments	12,500,396	-	588,818	11,911,578
Deposits	93,719,256	150,623,064	144,735,880	99,606,440
Total liabilities	<u>\$ 113,459,564</u>	<u>\$ 207,733,633</u>	<u>\$ 201,789,241</u>	<u>\$ 119,403,956</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2019

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 97,520,873
Intangible - Right of way	10,675,894
Buildings	131,054,925
Improvements other than buildings	3,076,472
Machinery and equipment	67,968,892
Infrastructure	449,577,963
Flood Control	75,107,544
Construction in progress	30,954,932
Total governmental funds capital assets	<u>\$ 865,937,495</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 44,797,614
Special revenue funds	5,949,439
Debt service funds	70,093
Capital projects	721,464,180
Enterprise funds	2,816,817
Federal and state grants	33,237,799
Donated	57,601,553
Total governmental funds capital assets	<u>\$ 865,937,495</u>

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2019

FUNCTION AND ACTIVITY	Land	Right of Way	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Flood Control	Construction in Progress	Total
General Government:									
City Commission	\$ -	\$ -	\$ -	\$ -	\$ 513,413	\$ -	\$ -	\$ -	\$ 513,413
City Administrator	-	-	-	-	28,324	-	-	-	28,324
City Auditor	-	-	-	-	185,641	-	-	-	185,641
Information Technology	-	-	-	-	5,007,560	-	-	73,117	5,080,677
Public Information	-	-	-	-	1,438,871	-	-	-	1,438,871
Human Resources	-	-	-	-	170,777	-	-	-	170,777
City Assessor	-	-	-	-	173,194	-	-	-	173,194
Municipal Court	-	-	1,596,948	-	47,813	-	-	-	1,644,761
Planning & Development	70,093	-	-	1,439,626	107,086	-	-	1,890,216	3,507,021
Central Garage	-	-	4,252,862	127,813	1,152,093	-	-	-	5,532,768
City Buildings	-	-	28,680,638	7,866	563,723	-	-	-	29,252,227
Total	<u>70,093</u>	<u>-</u>	<u>34,530,448</u>	<u>1,575,305</u>	<u>9,388,495</u>	<u>-</u>	<u>-</u>	<u>1,963,333</u>	<u>47,527,674</u>
Public Safety:									
Traffic Engineering	-	-	-	-	390,249	-	-	-	390,249
Fire Department	436,448	-	11,825,618	20,932	8,920,943	-	-	-	21,203,941
Emergency Management	-	-	-	-	699,318	-	-	-	699,318
Police Department	43,000	-	7,122,914	31,654	7,936,951	-	-	1,980,573	17,115,092
Inspections	-	-	-	-	755,732	-	-	-	755,732
Total	<u>479,448</u>	<u>-</u>	<u>18,948,532</u>	<u>52,586</u>	<u>18,703,193</u>	<u>-</u>	<u>-</u>	<u>1,980,573</u>	<u>40,164,332</u>
Public Works:									
City Engineer	8,297,620	1,994,799	-	-	2,138,033	-	-	-	12,430,452
Street Department	817,500	4,588,892	1,595,332	587,965	13,209,498	448,328,938	-	-	469,128,125
Flood	85,503,749	4,092,203	-	134,240	956,917	1,249,025	75,107,544	12,961,058	180,004,736
Total	<u>94,618,869</u>	<u>10,675,894</u>	<u>1,595,332</u>	<u>722,205</u>	<u>16,304,448</u>	<u>449,577,963</u>	<u>75,107,544</u>	<u>12,961,058</u>	<u>661,563,313</u>
Public Health & Welfare:									
Health Department	857,805	-	10,921,551	305,120	1,052,505	-	-	-	13,136,981
Total	<u>857,805</u>	<u>-</u>	<u>10,921,551</u>	<u>305,120</u>	<u>1,052,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,136,981</u>
Recreation & Culture:									
Public Library	-	-	13,173,098	-	3,614,588	-	-	-	16,787,686
City Auditorium	-	-	8,184,478	-	402,426	-	-	-	8,586,904
Convention Bureau	199,505	-	749,851	-	-	-	-	-	949,356
Baseball Stadium	-	-	5,266,692	96,523	389,223	-	-	-	5,752,438
Total	<u>199,505</u>	<u>-</u>	<u>27,374,119</u>	<u>96,523</u>	<u>4,406,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,076,384</u>
Urban Redevelopment									
Home Grants	-	-	605,042	-	-	-	-	-	605,042
Community Development	189,153	-	3,942,108	28,446	34,650	-	-	-	4,194,357
Total	<u>189,153</u>	<u>-</u>	<u>4,547,150</u>	<u>28,446</u>	<u>34,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,799,399</u>
Transportation									
Transit	-	-	12,387,022	20,473	17,837,242	-	-	693,390	30,938,127
Parking Authority	1,106,000	-	20,750,771	275,814	242,122	-	-	13,356,578	35,731,285
Total	<u>1,106,000</u>	<u>-</u>	<u>33,137,793</u>	<u>296,287</u>	<u>18,079,364</u>	<u>-</u>	<u>-</u>	<u>14,049,968</u>	<u>66,669,412</u>
Grand Total	<u>\$ 97,520,873</u>	<u>\$ 10,675,894</u>	<u>\$ 131,054,925</u>	<u>\$ 3,076,472</u>	<u>\$ 67,968,892</u>	<u>\$ 449,577,963</u>	<u>\$ 75,107,544</u>	<u>\$ 30,954,932</u>	<u>\$ 865,937,495</u>

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>FUNCTION AND ACTIVITY</u>	<u>Balance January 1, 2019</u>	<u>Additions & Transfers In</u>	<u>Deletions & Transfers Out</u>	<u>Balance December 31, 2019</u>
GENERAL GOVERNMENT:				
City Commission	\$ 375,111	\$ 138,302	\$ -	\$ 513,413
City Administrator	28,324	-	-	28,324
City Auditor	185,641	-	-	185,641
Information Technology	5,082,557	78,193	(80,073)	5,080,677
Public Information	1,251,765	187,106	-	1,438,871
Human Resources	170,777	-	-	170,777
City Assessor	173,194	-	-	173,194
Municipal Court	1,652,286	-	(7,525)	1,644,761
Planning & Development	1,616,805	1,890,216	-	3,507,021
Central Garage	5,591,629	70,402	(129,263)	5,532,768
City Buildings	29,240,112	12,115	-	29,252,227
Total	<u>45,368,201</u>	<u>2,376,334</u>	<u>(216,861)</u>	<u>47,527,674</u>
PUBLIC SAFETY:				
Traffic Engineer	362,510	49,161	(21,422)	390,249
Fire Department	20,466,540	1,230,941	(493,540)	21,203,941
Emergency Management	733,669	-	(34,351)	699,318
Police Department	12,281,289	5,089,804	(256,001)	17,115,092
Inspections	500,919	305,088	(50,275)	755,732
Total	<u>34,344,927</u>	<u>6,674,994</u>	<u>(855,589)</u>	<u>40,164,332</u>
PUBLIC WORKS:				
City Engineer	5,034,570	7,499,223	(103,341)	12,430,452
Street Department	436,162,779	35,893,237	(2,927,891)	469,128,125
Flood	124,795,261	55,209,475	-	180,004,736
Total	<u>565,992,610</u>	<u>98,601,935</u>	<u>(3,031,232)</u>	<u>661,563,313</u>
PUBLIC HEALTH & WELFARE:				
Health Department	13,296,630	39,076	(198,725)	13,136,981
Total	<u>13,296,630</u>	<u>39,076</u>	<u>(198,725)</u>	<u>13,136,981</u>
RECREATION & CULTURE:				
Public Library	16,787,686	-	-	16,787,686
City Auditorium	8,430,114	156,790	-	8,586,904
Convention Bureau	949,356	-	-	949,356
Baseball Stadium	5,752,438	-	-	5,752,438
Total	<u>31,919,594</u>	<u>156,790</u>	<u>-</u>	<u>32,076,384</u>
URBAN REDEVELOPMENT				
Home Grants	605,042	-	-	605,042
Community Development	4,194,357	-	-	4,194,357
	<u>4,799,399</u>	<u>-</u>	<u>-</u>	<u>4,799,399</u>
TRANSPORTATION:				
Transit	29,967,618	1,012,851	(42,342)	30,938,127
Parking Authority	27,465,325	8,265,960	-	35,731,285
Total	<u>57,432,943</u>	<u>9,278,811</u>	<u>(42,342)</u>	<u>66,669,412</u>
Grand Total	<u>\$ 753,154,304</u>	<u>\$ 117,127,940</u>	<u>\$ (4,344,749)</u>	<u>\$ 865,937,495</u>

STATISTICAL SECTION

This part of the City of Fargo's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	121
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	126
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
Debt Capacity	140
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	154
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	157
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF FARGO, NORTH DAKOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 142,709,681	\$ 165,198,383	\$ 198,360,557	\$ 189,087,362	\$ 206,472,245	\$ 181,249,168	\$ 138,920,327	\$ 155,724,812	\$ 133,461,710	\$ 182,947,036
Restricted	83,724,522	64,114,256	91,329,393	94,565,364	86,385,806	36,575,596	71,485,506	15,592,239	62,858,162	121,144,992
Unrestricted	(26,809,117)	9,117,295	(19,974,535)	416,679	13,702,900	3,384,329	2,038,090	4,169,926	68,861,992	56,770,481
Total governmental activities	199,625,086	238,429,934	269,715,415	284,069,405	306,560,951	221,209,093	212,443,923	175,486,977	265,181,864	360,862,509
Business-type activities										
Net investment in capital assets	488,520,828	507,957,852	534,544,356	554,814,340	580,624,402	632,351,653	708,548,590	763,810,437	707,758,594	754,735,747
Restricted	34,129,228	31,565,252	35,995,567	39,793,330	47,453,013	42,919,415	38,133,351	46,242,709	44,229,649	50,570,951
Unrestricted	22,190,520	25,929,372	31,301,382	36,016,908	36,694,655	36,550,855	39,460,589	48,823,670	41,061,711	26,429,639
Total business-type	544,840,576	565,452,476	601,841,305	630,624,578	664,772,070	711,821,923	786,142,530	858,876,816	793,049,954	831,736,337
Primary government										
Net investment in capital assets	631,230,509	673,156,235	732,904,913	743,901,702	787,096,647	813,600,821	847,468,917	919,535,249	841,220,304	937,682,783
Restricted	117,853,750	95,679,508	127,324,960	134,358,694	133,838,819	79,495,011	109,618,857	61,834,948	107,087,811	171,715,943
Unrestricted	(4,618,597)	35,046,667	11,326,847	36,433,587	50,397,555	39,935,184	41,498,679	52,993,596	109,923,703	83,200,120
Total primary government	\$ 744,465,662	\$ 803,882,410	\$ 871,556,720	\$ 914,693,983	\$ 971,333,021	\$ 933,031,016	\$ 998,586,453	\$ 1,034,363,793	\$ 1,058,231,818	\$ 1,192,598,846

CITY OF FARGO, NORTH DAKOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities:										
General government	\$ 16,172,223	\$ 10,287,469	\$ 13,785,114	\$ 12,980,379	\$ 15,657,870	\$ 16,818,838	\$ 17,776,492	\$ 18,745,925	\$ 21,121,650	\$ 22,172,478
Public safety	31,292,462	31,735,792	33,428,258	33,861,695	34,415,785	37,826,165	39,029,094	38,539,794	40,386,651	40,099,055
Public works	56,086,729	53,970,609	42,392,349	69,082,966	73,315,688	103,297,687	122,801,345	88,777,599	85,922,794	83,187,071
Public health & welfare	9,184,914	9,182,688	9,083,491	9,682,135	9,937,389	11,683,089	11,442,822	12,950,823	13,636,149	12,966,788
Recreation & culture	6,176,197	6,898,193	7,132,599	7,497,540	8,222,506	8,151,402	8,424,874	8,624,606	9,393,133	9,448,369
Urban redevelopment	4,986,361	4,294,454	2,278,779	1,293,873	2,534,044	2,117,333	1,849,153	4,673,263	1,530,806	1,380,054
Transportation	7,637,009	8,117,307	8,653,280	9,448,794	9,670,550	10,045,459	9,941,816	10,320,580	12,157,449	13,177,659
General support	1,576,481	982,211	1,200,633	1,214,200	1,002,608	1,200,135	1,057,122	1,151,575	1,192,789	1,069,637
Interest and fiscal charges	13,203,253	13,699,460	15,751,657	17,090,585	18,545,356	19,670,971	21,917,557	22,260,570	22,968,482	23,184,117
Total governmental activities expenses	146,315,629	139,168,183	133,706,160	162,152,167	173,301,796	210,811,079	234,240,275	206,044,735	208,309,903	206,685,228
Business-type activities:										
Municipal airport authority	6,920,335	6,331,018	6,570,226	7,908,632	8,299,826	8,483,692	8,823,490	8,981,905	10,309,142	10,600,697
Water	13,378,237	13,634,186	13,293,762	14,474,710	14,112,129	14,200,256	15,000,452	17,416,843	20,414,032	23,384,899
Wastewater	8,114,318	8,802,312	8,733,862	9,279,582	8,956,040	9,814,203	9,907,111	10,796,934	11,061,329	14,760,568
Storm sewer	3,743,309	4,131,731	3,988,408	4,525,630	4,737,663	5,082,586	5,283,166	5,679,382	6,029,507	6,326,433
Solid waste	8,229,701	9,279,191	9,272,784	9,856,134	9,889,337	10,798,649	11,111,432	10,674,156	11,606,061	10,947,670
Fargodome	7,284,833	6,435,476	7,099,483	7,868,558	8,236,303	7,893,940	8,399,909	9,394,765	10,680,289	11,310,794
Southeast Cass	46,757	74,054	67,079	67,763	73,926	54,315	49,345	90,210	59,253	79,715
Vector control	592,516	477,494	327,920	445,567	397,296	335,279	379,561	331,429	429,203	453,082
Street lighting	2,237,468	2,374,751	2,604,698	2,644,451	2,779,110	3,024,018	3,216,418	3,349,777	3,502,155	4,283,578
Forestry	1,475,962	1,550,266	1,477,668	1,630,661	1,603,197	1,720,593	1,770,157	1,923,056	2,059,976	2,085,546
Total business-type activities expenses	52,023,436	53,090,479	53,435,890	58,701,688	59,084,827	61,407,531	63,941,041	68,638,457	76,150,947	84,232,982
Total primary government expenses	\$ 198,339,065	\$ 192,258,662	\$ 187,142,050	\$ 220,853,855	\$ 232,386,623	\$ 272,218,610	\$ 298,181,316	\$ 274,683,192	\$ 284,460,850	\$ 290,918,210
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,443,507	\$ 2,789,248	\$ 2,989,977	\$ 2,953,292	\$ 3,548,664	\$ 3,166,528	\$ 2,916,943	\$ 2,960,802	\$ 3,274,293	\$ 2,920,609
Public safety	4,264,740	4,668,687	5,433,194	5,467,052	8,337,597	6,247,357	6,119,964	6,240,462	6,238,735	5,071,568
Public works	11,163,026	10,519,541	8,064,249	9,708,531	11,731,930	13,399,541	15,343,800	10,530,618	11,747,317	9,825,876
Public health & welfare	2,621,144	2,560,812	2,590,591	2,802,846	2,839,283	3,026,151	2,946,313	3,030,070	2,865,791	2,933,469
Recreation & culture	739,345	670,765	716,288	764,587	777,310	475,257	647,217	518,632	526,085	461,689
Urban redevelopment	1,659,901	170,033	151,670	465,744	82,815	229,405	637,583	183,000	249,471	34,920
Transportation	3,076,024	3,130,777	3,441,492	3,589,903	3,876,963	4,023,455	3,982,718	4,304,515	4,651,756	4,864,224
Operating grants and contributions	13,938,290	14,268,244	10,084,351	11,957,140	10,523,934	9,661,729	11,034,507	10,040,237	9,673,151	11,563,442
Capital grants and contributions	57,828,290	71,999,481	65,485,536	68,048,195	76,383,369	86,152,387	138,364,227	91,019,352	94,795,470	152,986,975
Total governmental activities program revenues	97,734,267	110,777,588	98,957,348	105,757,290	118,101,865	126,381,810	181,993,272	128,827,688	134,022,069	190,662,772

CITY OF FARGO, NORTH DAKOTA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Airport	6,042,021	6,244,177	6,716,756	7,546,237	8,641,627	8,546,795	8,296,226	8,583,335	9,309,037	10,190,031
Water	17,307,253	17,284,658	19,828,733	19,051,936	18,311,211	19,134,802	21,779,615	23,706,110	23,888,031	22,744,596
Wastewater	10,321,247	10,401,385	10,905,355	11,046,790	10,176,950	10,328,605	10,526,541	10,714,193	10,961,261	11,276,502
Storm sewer	1,485,138	1,504,238	1,528,614	1,588,515	1,582,079	1,602,497	1,634,581	1,663,088	1,690,018	2,988,746
Solid waste	9,990,271	11,266,479	10,724,500	11,181,542	12,310,654	11,850,605	12,504,724	14,905,074	14,975,672	15,213,314
Fargodome	5,305,298	4,473,612	5,161,637	5,447,421	6,442,044	6,069,576	6,578,942	5,792,841	5,773,223	6,451,080
Other activities	3,423,829	3,470,485	3,672,429	3,740,032	3,824,210	3,923,673	4,019,445	4,350,101	4,525,857	6,376,936
Capital grants and contributions	4,157,791	588,860	10,312,478	3,975,726	3,774,958	4,230,097	13,366,847	6,218,700	2,319,135	41,057,302
Total business-type activities program revenues	58,032,848	55,233,894	68,850,502	63,578,199	65,063,733	65,686,650	78,706,921	75,933,442	73,442,234	116,298,507
Total primary government program revenues	\$ 155,767,115	\$ 166,011,482	\$ 167,807,850	\$ 169,335,489	\$ 183,165,598	\$ 192,068,460	\$ 260,700,193	\$ 204,761,130	\$ 207,464,303	\$ 306,961,279
NET (EXPENSE) REVENUE										
Governmental activities	\$ (48,581,362)	\$ (28,390,595)	\$ (34,748,812)	\$ (56,394,877)	\$ (55,199,931)	\$ (84,429,269)	\$ (52,247,003)	\$ (77,217,047)	\$ (74,287,834)	\$ (16,022,456)
Business-type activities	6,009,412	2,143,415	15,414,612	4,876,511	5,978,906	4,279,119	14,765,880	7,294,985	(2,708,713)	32,065,525
Total primary government net expense	\$ (42,571,950)	\$ (26,247,180)	\$ (19,334,200)	\$ (51,518,366)	\$ (49,221,025)	\$ (80,150,150)	\$ (37,481,123)	\$ (69,922,062)	\$ (76,996,547)	\$ 16,043,069
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 19,180,738	\$ 20,144,787	\$ 20,979,784	\$ 21,988,667	\$ 22,618,520	\$ 24,076,015	\$ 26,065,359	\$ 28,283,311	\$ 29,435,063	\$ 31,360,332
Sales taxes	40,435,541	42,049,097	39,471,099	47,107,737	48,336,282	50,988,474	51,109,289	47,653,443	48,185,965	51,732,825
Gross business receipts taxes	4,146,643	4,474,974	4,360,497	4,789,001	5,177,263	4,943,429	4,839,170	5,108,969	5,264,571	5,074,870
Lodging taxes	1,775,404	1,942,057	2,152,130	2,310,646	2,556,722	2,408,710	2,339,795	2,286,414	2,300,096	2,353,102
Other taxes	3,255,800	3,312,240	2,586,200	2,907,258	2,953,800	1,874,754	1,762,599	1,737,382	1,713,618	1,772,002
Unrestricted intergovernmental	3,830,789	5,632,867	8,188,288	8,404,341	9,446,998	8,778,310	6,112,343	5,768,743	6,741,796	7,258,781
Unrestricted investment earnings	3,014,501	3,058,022	2,267,527	2,677,208	3,141,709	2,722,190	3,786,334	5,219,212	5,942,482	7,852,248
Miscellaneous	405,694	2,497,946	262,848	855,955	205,642	699,233	245,370	2,048,000	415,705	463,526
Transfers	(35,488,049)	(15,765,314)	(14,234,080)	(16,294,658)	(23,562,793)	(48,659,781)	(52,778,426)	(57,845,373)	63,983,425	3,835,415
Total governmental activities	40,557,061	67,346,676	66,034,293	74,746,155	70,874,143	47,831,334	43,481,833	40,260,101	163,982,721	111,703,101
Business-type activities:										
Property taxes	601,556	619,474	637,860	664,036	692,977	744,009	840,443	941,291	1,009,429	1,065,589
Unrestricted investment earnings	3,942,511	557,643	4,566,253	5,597,897	2,715,512	407,886	3,842,990	5,539,034	(1,874,911)	8,139,904
Miscellaneous	1,408,629	1,374,819	1,536,024	1,581,978	1,197,304	1,270,719	2,092,868	1,113,603	1,730,758	1,250,780
Transfers	35,488,049	15,765,314	14,234,080	16,294,658	23,562,793	48,659,781	52,778,426	57,845,373	(63,983,425)	(3,835,415)
Total business-type activities	41,440,745	18,317,250	20,974,217	24,138,569	28,168,586	51,082,395	59,554,727	65,439,301	(63,118,149)	6,620,858
Total primary government	\$ 81,997,806	\$ 85,663,926	\$ 87,008,510	\$ 98,884,724	\$ 99,042,729	\$ 98,913,729	\$ 103,036,560	\$ 105,699,402	\$ 100,864,572	\$ 118,323,959
CHANGE IN NET POSITION										
Governmental activities	\$ (8,024,301)	\$ 38,956,081	\$ 31,285,481	\$ 18,351,278	\$ 15,674,212	\$ (36,597,935)	\$ (8,765,170)	\$ (36,956,946)	\$ 89,694,887	\$ 95,680,645
Business-type activities	47,450,157	20,460,665	36,388,829	29,015,080	34,147,492	55,361,514	74,320,607	72,734,286	(65,826,862)	38,686,383
Total primary government	\$ 39,425,856	\$ 59,416,746	\$ 67,674,310	\$ 47,366,358	\$ 49,821,704	\$ 18,763,579	\$ 65,555,437	\$ 35,777,340	\$ 23,868,025	\$ 134,367,028

CITY OF FARGO, NORTH DAKOTA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ -	\$ 2,446,506	\$ 2,396,008	\$ 3,193,345	\$ 3,077,850	\$ 3,458,674	\$ 3,407,591	\$ 3,639,923	\$ 4,080,149	\$ 3,254,912
Restricted	-	3,508,782	2,099,862	1,408,205	2,933,454	2,724,557	2,913,219	3,170,287	3,054,111	3,299,447
Committed	-	3,094,517	3,276,615	3,311,267	3,273,816	3,255,360	2,581,150	1,405,918	1,000,016	1,000,016
Assigned	-	1,125,286	1,634,896	1,542,711	2,063,907	696,286	1,639,608	1,531,414	542,423	598,370
Unassigned	-	23,450,515	23,280,959	22,428,922	25,881,011	29,041,175	28,854,936	28,099,032	26,862,322	25,531,980
Reserved	2,851,707	-	-	-	-	-	-	-	-	-
Unreserved	19,629,816	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 22,481,523</u>	<u>\$ 33,625,606</u>	<u>\$ 32,688,340</u>	<u>\$ 31,884,450</u>	<u>\$ 37,230,038</u>	<u>\$ 39,176,052</u>	<u>\$ 39,396,504</u>	<u>\$ 37,846,574</u>	<u>\$ 35,539,021</u>	<u>\$ 33,684,725</u>
All other governmental funds										
Nonspendable	\$ -	\$ 1,932,128	\$ 988,582	\$ 1,309,969	\$ 191,946	\$ 164,444	\$ 34,352	\$ 26,858	\$ 25,926	\$ 22,384
Restricted	-	84,927,466	105,663,729	105,306,381	134,026,444	180,217,679	155,484,797	83,337,552	76,935,852	97,388,036
Unassigned	-	(23,806,670)	(34,364,189)	(11,865,327)	281,528	(1,233,295)	(1,508,396)	(12,693,722)	(2,567,558)	(1,457,368)
Reserved	68,563,005	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,373,748	-	-	-	-	-	-	-	-	-
Capital projects funds	(47,781,251)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 24,155,502</u>	<u>\$ 63,052,924</u>	<u>\$ 72,288,122</u>	<u>\$ 94,751,023</u>	<u>\$ 134,499,918</u>	<u>\$ 179,148,828</u>	<u>\$ 154,010,753</u>	<u>\$ 70,670,688</u>	<u>\$ 74,394,220</u>	<u>\$ 95,953,052</u>

Note: GASB 54 provisions implemented in 2011.

CITY OF FARGO, NORTH DAKOTA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 67,815,586	\$ 71,159,547	\$ 69,609,843	\$ 79,112,438	\$ 81,677,930	\$ 84,314,320	\$ 86,124,681	\$ 85,022,900	\$ 86,748,354	\$ 92,278,548
Special assessments	27,610,188	23,242,178	28,443,896	28,217,162	33,035,969	26,817,909	37,005,479	38,133,231	38,646,930	43,926,433
Licenses and permits	2,605,989	2,697,940	3,195,162	3,672,166	7,224,633	4,990,708	4,832,453	4,628,182	5,198,720	4,493,214
Intergovernmental revenues	32,971,141	63,779,423	46,724,100	47,217,292	48,117,275	57,016,153	62,477,689	31,049,211	48,717,857	49,907,681
Charges for services	18,567,755	18,428,393	16,451,021	18,309,587	20,670,015	22,189,233	23,956,424	18,926,090	19,298,417	17,989,560
Fines and forfeits	2,324,097	2,621,381	2,809,790	2,615,896	2,309,818	2,460,352	2,341,248	2,191,577	2,172,109	1,950,589
Investment income	3,075,599	3,101,711	2,267,491	2,677,209	3,141,709	2,722,189	3,786,337	5,219,212	5,942,482	7,852,247
Miscellaneous revenues	4,224,204	3,430,688	1,800,660	2,306,385	1,773,931	1,721,220	2,104,307	3,641,141	3,160,450	2,285,814
Total revenues	159,194,559	188,461,261	171,301,963	184,128,135	197,951,280	202,232,084	222,628,618	188,811,544	209,885,319	220,684,086
EXPENDITURES										
Current:										
General government	12,140,948	13,530,675	12,927,891	13,369,708	14,737,626	15,246,262	16,407,262	16,856,505	17,703,650	19,366,846
Public safety	28,244,521	28,329,588	28,662,756	31,456,126	33,369,095	33,451,426	36,082,072	36,998,027	37,747,717	39,058,816
Public works	48,548,373	46,196,098	32,735,925	58,425,075	63,871,726	92,616,311	111,640,200	76,318,240	72,031,169	69,421,244
Public health & welfare	9,021,360	9,019,173	8,991,350	9,600,626	9,772,583	10,995,285	10,848,965	11,579,236	11,416,597	11,660,635
Recreation & culture	5,484,437	6,090,421	6,296,540	6,759,915	7,487,173	7,260,040	7,579,386	7,675,423	8,205,305	8,520,434
Urban redevelopment	4,924,389	4,222,138	2,197,434	1,229,670	2,475,041	2,043,111	1,784,835	4,606,638	1,438,043	1,293,763
Public transportation	6,171,266	6,421,022	6,949,410	7,699,061	7,790,355	8,032,340	7,996,823	8,295,435	9,636,184	10,542,775
General support	1,580,065	982,211	1,200,633	1,214,200	1,002,608	1,200,135	1,057,122	1,151,575	1,192,789	1,069,637
Capital outlay	63,602,202	78,375,741	54,920,932	65,404,888	79,884,239	91,605,305	121,451,027	125,327,223	81,234,761	78,807,560
Debt service										
Principal	26,718,154	22,675,445	30,418,791	27,353,897	46,567,553	22,888,927	99,578,791	115,922,066	44,419,181	28,786,345
Interest and fiscal charges	13,425,675	15,023,826	16,756,119	17,469,622	19,319,856	20,075,289	22,049,844	24,847,595	24,957,276	25,168,282
Total expenditures	219,861,390	230,866,338	202,057,781	239,982,788	286,277,855	305,414,431	436,476,327	429,577,963	309,982,672	293,696,337
Excess of revenues over (under) expenditures	(60,666,831)	(42,405,077)	(30,755,818)	(55,854,653)	(88,326,575)	(103,182,347)	(213,847,709)	(240,766,419)	(100,097,353)	(73,012,251)
OTHER FINANCING SOURCES (USES)										
Transfers in	48,822,131	42,564,702	46,061,220	48,232,207	50,428,758	33,963,296	27,850,260	27,716,989	39,711,889	40,399,483
Transfers out	(38,375,335)	(31,047,668)	(38,384,136)	(36,515,024)	(40,841,318)	(27,934,670)	(14,081,833)	(15,134,537)	(16,519,651)	(18,347,905)
Lease proceeds	-	219,752	25,845	-	-	-	-	-	-	-
Loans issued	21,367,174	14,629,667	2,750,577	3,777,275	9,286,885	59,753,882	73,448,663	90,656,881	16,917,260	16,637,168
Bonds issued	31,070,000	65,175,000	34,180,000	68,080,000	153,152,000	78,480,000	94,870,000	49,865,000	60,280,000	51,200,000
Bond premium	439,282	1,056,364	2,500,244	4,634,206	13,463,660	5,350,307	6,842,996	2,729,391	1,085,502	2,569,041
Bond discount	(39,447)	-	-	-	-	-	-	-	-	-
Other financing uses - payment to bond escrow agent	-	-	-	-	(14,420,000)	-	-	-	-	-
Other financing uses - debt service - principal	-	-	(8,080,000)	(10,695,000)	(39,290,000)	-	-	-	-	-
Capital lease	-	-	-	-	244,935	164,456	-	42,700	38,332	259,000
Total other financing sources (uses)	63,283,805	92,597,817	39,053,750	77,513,664	132,024,920	149,777,271	188,930,086	155,876,424	101,513,332	92,716,787
Net change in fund balances	\$ 2,616,974	\$ 50,192,740	\$ 8,297,932	\$ 21,659,011	\$ 43,698,345	\$ 46,594,924	\$ (24,917,623)	\$ (84,889,995)	\$ 1,415,979	\$ 19,704,536
Debt service as a percentage of noncapital expenditures	25.7%	24.7%	32.1%	25.7%	31.9%	20.1%	38.6%	46.3%	30.3%	25.1%

CITY OF FARGO, NORTH DAKOTA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Programs										
Governmental Activities:										
General government	\$ 3,085,939	\$ 3,807,394	\$ 3,584,780	\$ 3,727,768	\$ 4,572,894	\$ 3,396,977	\$ 3,388,698	\$ 3,383,996	\$ 3,791,309	\$ 3,474,653
Public safety	8,113,499	6,979,120	7,521,154	6,467,611	9,015,911	7,073,142	7,587,684	7,351,510	7,061,916	6,240,611
Public works	67,011,130	83,718,083	73,015,009	78,027,652	87,673,073	97,619,054	153,229,840	100,569,567	103,639,312	162,464,447
Public health & welfare	5,912,211	5,884,252	5,590,433	6,090,635	6,403,493	6,677,501	6,664,336	6,968,921	6,747,855	7,063,507
Recreation & culture	941,916	818,073	885,669	909,441	1,421,032	644,517	836,724	700,382	843,185	652,854
Urban redevelopment	4,529,526	1,870,273	1,676,716	1,056,476	1,448,840	1,847,404	1,542,512	1,772,556	1,220,520	1,117,960
Transportation	8,140,046	7,700,393	6,683,587	9,477,706	7,566,621	9,123,215	8,743,478	8,080,756	10,717,972	9,648,740
Total governmental activities	<u>97,734,267</u>	<u>110,777,588</u>	<u>98,957,348</u>	<u>105,757,289</u>	<u>118,101,864</u>	<u>126,381,810</u>	<u>181,993,272</u>	<u>128,827,688</u>	<u>134,022,069</u>	<u>190,662,772</u>
Business-type activities:										
Municipal airport authority	10,025,213	6,776,001	17,004,234	11,471,963	12,391,585	12,764,183	21,662,496	14,787,035	11,465,172	11,444,202
Water	17,307,253	17,284,658	19,828,733	19,051,936	18,311,211	19,134,802	21,779,615	23,706,110	24,051,031	23,964,846
Wastewater	10,328,132	10,433,222	10,905,355	11,046,790	10,176,950	10,328,605	10,526,541	10,714,193	10,961,261	15,316,392
Storm sewer	1,485,138	1,504,238	1,528,614	1,558,515	1,582,079	1,602,497	1,634,581	1,663,088	1,690,018	37,148,343
Solid waste	10,009,798	11,266,678	10,724,500	11,181,542	12,310,654	11,850,605	12,505,301	14,920,074	14,975,672	15,213,314
FargoDome	5,305,298	4,473,612	5,161,637	5,447,421	6,442,044	6,069,576	6,578,942	5,792,841	5,773,223	6,481,080
Southeast Cass	50,686	62,423	64,064	88,414	55,593	41,399	28,554	32,224	38,588	43,652
Vector control	621,293	631,185	631,774	646,742	660,007	678,189	697,221	716,353	727,430	739,646
Street lighting	1,744,395	1,629,769	1,642,346	1,669,511	1,696,469	1,753,908	1,812,382	1,877,197	1,986,450	3,869,189
Forestry	1,155,642	1,172,108	1,359,245	1,385,365	1,437,141	1,462,886	1,481,288	1,724,327	1,773,389	2,077,843
Total business-type activities	<u>58,032,848</u>	<u>55,233,894</u>	<u>68,850,502</u>	<u>63,548,199</u>	<u>65,063,733</u>	<u>65,686,650</u>	<u>78,706,921</u>	<u>75,933,442</u>	<u>73,442,234</u>	<u>116,298,507</u>
Total	<u>\$ 155,767,115</u>	<u>\$ 166,011,482</u>	<u>\$ 167,807,850</u>	<u>\$ 169,305,488</u>	<u>\$ 183,165,597</u>	<u>\$ 192,068,460</u>	<u>\$ 260,700,193</u>	<u>\$ 204,761,130</u>	<u>\$ 207,464,303</u>	<u>\$ 306,961,279</u>

CITY OF FARGO, NORTH DAKOTA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

Year	Property Tax	Business Tax	Sales Tax	Lodging Tax	Other	Totals
2019	\$ 31,345,749	\$ 5,074,870	\$ 51,732,825	\$ 2,353,102	\$ 1,772,002	\$ 92,278,548
2018	29,284,104	5,264,571	48,185,965	2,300,096	1,713,618	86,748,354
2017	28,236,693	5,108,969	47,653,443	2,286,413	1,737,382	85,022,900
2016	26,073,828	4,839,170	51,109,289	2,339,795	1,762,599	86,124,681
2015	24,098,953	4,943,429	50,988,474	2,408,710	1,874,754	84,314,320
2014	22,653,864	5,177,263	48,336,282	2,556,722	2,953,800	81,677,931
2013	21,997,795	4,789,001	47,107,737	2,310,646	2,907,259	79,112,438
2012	21,039,916	4,360,497	39,471,099	2,152,130	2,586,201	69,609,843
2011	20,203,287	4,474,974	42,049,097	1,942,057	2,490,132	71,159,547
2010	19,202,277	4,146,643	40,435,541	1,775,404	2,255,721	67,815,586

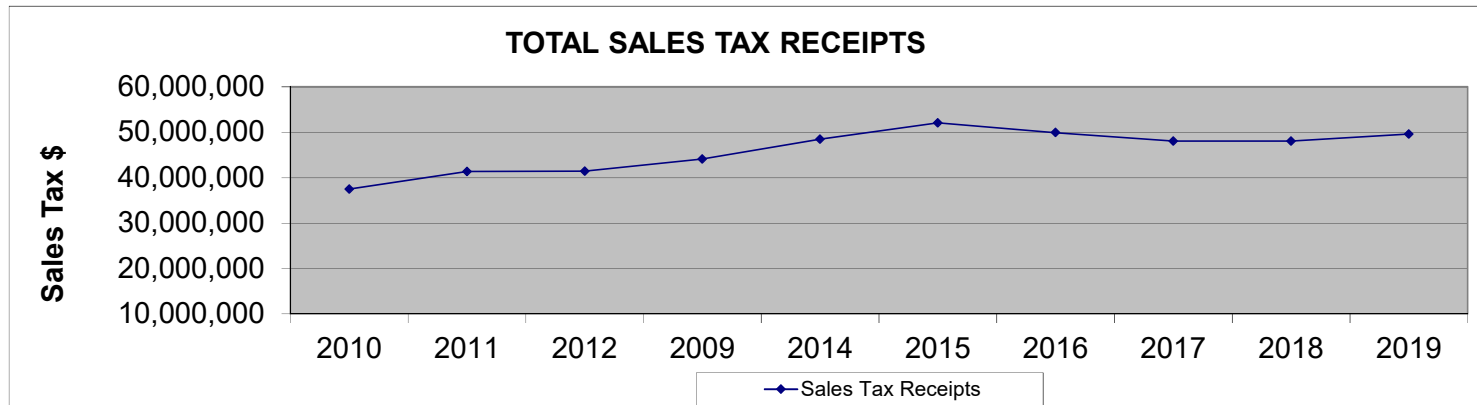
Note: The Other category includes the following revenues; Telephone tax, homestead credit, veteran's tax, cigarette tax, fire premium tax gaming tax, and PILOT revenue.

**CITY OF FARGO, NORTH DAKOTA
SALES TAX RECEIPTS - CASH BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Allocation of Receipts:										
Infrastructure (1)	\$ 14,673,960	\$ 15,515,131	\$ 15,046,337	\$ 10,806,389	\$ 11,528,271	\$ 13,018,973	\$ 12,481,805	\$ 6,008,839	\$ 6,004,775	\$ 6,202,932
Public Utility (1)	13,856,832	15,515,131	15,047,541	13,102,714	13,313,638	13,018,973	12,481,804	12,017,677	12,009,551	12,405,863
Flood Control (1)(2)(3)	8,965,511	10,343,421	11,368,486	20,202,834	23,651,664	26,037,946	24,963,610	30,044,193	30,023,876	31,014,659
Total Sales Tax Receipts	\$ 37,496,303	\$ 41,373,683	\$ 41,462,364	\$ 44,111,937	\$ 48,493,573	\$ 52,075,892	\$ 49,927,219	\$ 48,070,709	\$ 48,038,202	\$ 49,623,454

Receipts are shown net of state administrative fee.

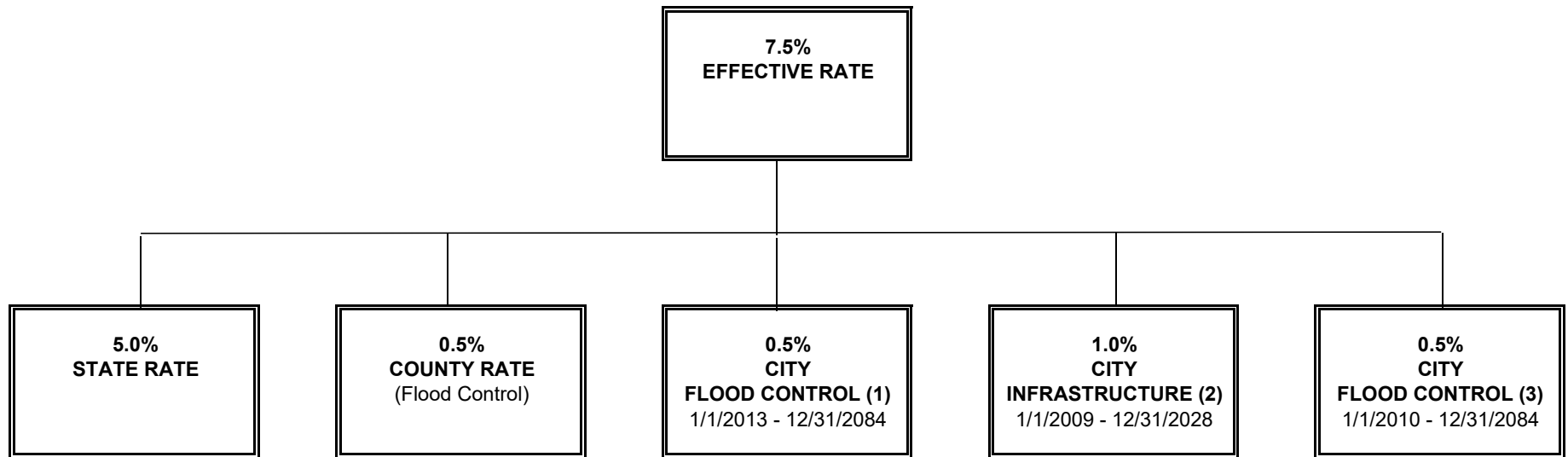
- (1) Beginning in 2009 a 1 cent sales tax was authorized through December 2028 for infrastructure capital improvement funding related primarily to an approved utility infrastructure master plan
- (2) Beginning in 2010 a 1/2 cent sales tax was authorized through December 2084 for flood risk protection, mitigation and reduction.
- (3) Beginning in 2013 a 1/2 cent sales tax was authorized through December 2032 for infrastructure improvements including flood protection, after January 1, 2017 all proceeds were redirected to flood protection, mitigation and reduction. In November 2016, the citizens of Fargo voted to extend the sales tax to expire December 2084 or earlier if all debt and obligations related to the flood control projects have been retired.



Source: City Auditors Office and Office of the ND State Tax Commissioner

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
SALES TAX MODEL
(UNAUDITED)**



- (1) The City uses this tax for infrastructure improvements including flood protection, after January 1, 2017 all proceeds are redirected to flood protection, mitigation and reduction.
- (2) The City of Fargo will use this sales tax for infrastructure capital improvements which may include the following: streets and traffic management; water supply and treatment needs, including construction or expansion of water treatment facilities; water distribution system needs; sewage treatment and collection system needs, including construction or expansion of sewage treatment facilities and flood protection projects.
- (3) This sales tax is utilized by the City of Fargo for flood risk protection, mitigation and reduction.

CITY OF FARGO, NORTH DAKOTA
TAXABLE SALES AND PURCHASES BY STATE NAICS CATEGORY (in thousands)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Percent change from 2010 to 2019
Construction	\$ 97,776	\$ 73,367	\$ 102,562	\$ 121,777	\$ 119,922	\$ 118,725	\$ 105,475	\$ 85,077	\$ 80,788	\$ 87,293	-12.01%
Manufacturing	125,544	152,891	176,696	154,645	189,713	179,881	160,397	138,143	156,593	156,024	19.54%
Wholesale Trade	381,220	457,370	518,411	527,446	546,741	479,306	408,786	382,305	352,940	353,018	-7.99%
Retail Trade	1,066,433	1,165,980	1,225,611	1,251,316	1,264,918	1,271,354	1,237,373	1,196,038	1,207,261	1,187,251	10.18%
Transportation and Warehousing	4,160	2,772	2,868	3,166	4,185	3,566	3,703	4,810	5,274	6,272	33.67%
Information Industries	14,644	14,106	17,664	17,080	19,702	20,529	20,235	20,406	21,883	20,194	27.48%
Finc, Ins. Real Estate, Rental & Leasing	66,777	77,385	87,578	93,327	100,771	93,348	72,262	65,304	62,741	64,465	-3.59%
Professional, Scientific, Tech., & Mgmt Serv.	26,150	23,032	26,893	24,260	24,027	21,936	19,953	19,323	20,868	20,652	-26.62%
Educational, Health Care, and Social Serv.	37,917	32,365	33,254	29,370	26,464	37,643	37,380	32,342	33,584	81,241	53.33%
Arts, Entertainment & Recreation	16,342	17,301	21,060	24,760	27,254	27,308	32,026	27,299	30,644	33,995	51.93%
Accommodation & Food Services	331,913	347,719	371,266	379,938	409,666	419,240	416,835	410,254	417,610	426,718	22.22%
Other Services	42,547	45,707	44,282	50,751	50,272	46,657	46,427	41,304	42,896	38,572	-10.31%
Miscellaneous	9,805	11,743	11,952	13,061	14,190	19,267	17,753	16,750	16,060	16,284	39.79%
Total	\$ 2,221,228	\$ 2,421,738	\$ 2,640,097	\$ 2,690,897	\$ 2,797,825	\$ 2,738,760	\$ 2,578,605	\$ 2,439,355	\$ 2,449,142	\$ 2,491,979	10.86%

Source: North Dakota Office of State Tax Commissioner

**CITY OF FARGO, NORTH DAKOTA
MARKET, ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Residential	Agriculture	Commercial	Railroad	Other Utilities	Less: Incremental Value	Estimated (True & Full) Market Value	Assessed Value (1)	Taxable Value (2)	Total Direct Tax Rate
2019	\$ 6,168,675,008	\$ 2,183,600	\$ 6,342,575,459	\$ 8,119,840	\$ 130,586,580	\$ (146,967,279)	\$ 12,505,173,208	\$ 6,252,586,604	\$ 594,470,390	53.00
2018	5,974,373,574	2,330,700	5,984,366,500	7,126,140	107,394,840	(360,641,830)	11,714,949,924	5,857,474,962	556,125,077	51.00
2017	5,636,656,118	2,407,400	5,709,368,000	7,204,400	99,946,260	(338,195,157)	11,117,387,021	5,558,693,511	527,912,051	51.00
2016	5,130,713,752	2,891,600	5,342,197,200	6,455,800	110,797,860	(294,755,526)	10,298,300,686	5,149,150,343	489,481,255	53.00
2015	4,640,747,077	3,005,900	4,703,499,495	6,088,160	96,224,260	(252,550,425)	9,197,014,467	4,598,507,234	436,837,979	55.00
2014	4,235,747,016	3,655,120	4,066,383,200	5,823,820	84,829,680	(235,985,692)	8,160,453,144	4,080,226,572	387,008,093	57.25
2013	4,012,709,775	3,265,100	3,666,459,320	5,664,700	77,865,780	(161,713,089)	7,604,251,586	3,802,125,794	360,271,576	57.25
2012	3,905,833,955	3,105,400	3,467,182,570	4,553,780	75,715,960	(132,482,929)	7,323,908,736	3,661,954,369	346,750,408	58.25
2011	3,809,974,933	2,902,650	3,257,902,710	4,508,820	61,551,500	(100,772,847)	7,036,067,766	3,518,033,884	332,779,107	58.25
2010	3,706,864,247	3,057,450	3,143,371,510	4,520,080	76,881,920	(95,175,987)	6,839,519,220	3,419,759,611	323,469,153	58.25

(1) Assessed value is 50% of market value

(2) Taxable Value is determined as follows:

Commercial property - 10% of assessed value

Agricultural property - 10% of assessed value

Residential property - 9% of assessed value

Source: County Auditors Office

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

MILL LEVY RATES *

Levy Year	Collect Year	CITY OF FARGO					OTHER TAXING ENTITIES								TOTALS BY SCHOOL DISTRICT		
		General Revenue	Airport	City Share of Special Assessments **	Special Levies	Total City of Fargo Mills	School District #1	School District #2	School District #6	Park District	Cass County	State	Soil Conservation District	Flood Control	School District #1	School District #2	School District #6
2019	2020	49.90	2.00	1.10	-	53.00	154.38	99.46	137.26	28.67	49.90	1.00	0.38	5.11	292.44	237.52	275.32
2018	2019	47.90	2.00	1.10	-	51.00	154.13	105.93	133.31	27.83	48.90	1.00	0.48	5.26	288.60	240.40	267.78
2017	2018	47.90	2.00	1.10	-	51.00	154.13	113.73	129.27	27.80	45.61	1.00	0.45	5.50	285.49	245.09	260.63
2016	2017	49.90	2.00	1.10	-	53.00	154.35	124.08	133.29	28.61	53.76	1.00	0.39	6.40	297.51	267.24	276.45
2015	2016	51.90	2.00	1.10	-	55.00	166.35	126.88	139.71	29.52	58.32	1.00	0.63	6.50	317.32	277.85	290.68
2014	2015	54.15	2.00	1.00	0.10	57.25	165.35	133.05	142.20	30.71	63.67	1.00	0.44	7.00	325.42	293.12	302.27
2013	2014	54.15	2.00	1.00	0.10	57.25	165.35	137.51	142.20	30.74	63.67	1.00	0.70	7.00	325.71	297.87	302.56
2012	2013	55.15	2.00	1.00	0.10	58.25	219.28	179.22	192.20	31.25	64.60	1.00	0.68	7.00	382.06	342.00	354.98
2011	2012	53.32	2.00	2.83	0.10	58.25	221.59	187.91	192.20	31.34	66.75	1.00	0.83	7.00	386.76	353.08	357.37
2010	2011	53.32	2.00	2.83	0.10	58.25	221.59	191.29	170.64	31.39	65.00	1.00	0.90	7.00	385.13	354.83	334.18

* per \$1,000 of taxable value

** City share of special assessments is not subject to the city ordinance imposed mill levy limitation of 64 mills

Source: Cass County

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
PRINCIPAL PROPERTY TAXPAYERS
2019 AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2019			2010		
	Assessed Valuation	Rank	% of total assessed valuation	Assessed Valuation	Rank	% of total assessed valuation
Sterling Properties (formerly INREIT)	\$ 208,060,600	1	3.33	\$ 53,679,450	1	1.57
West Acres Development Company	129,689,200	2	2.07	41,921,000	2	1.23
Sanford	123,294,300	3	1.97	24,668,000	4	0.72
Dakota UPREIT	75,145,400	4	1.20	-	-	-
Comstock Land Company	68,792,300	5	1.10	-	-	-
Matrix Properties	63,888,300	6	1.02	25,660,650	3	0.75
Innovis Health	55,357,500	7	0.89	18,200,650	7	0.53
R & B Development	51,147,800	8	0.82	19,493,600	6	0.57
Wal-Mart Real Estate Business Trust	49,160,300	9	0.79	14,878,250	10	0.44
Urban Plains Apartments	47,826,500	10	0.76	-	-	-
Osgood Investments	-	-	-	21,019,350	5	0.61
RCV Ltd Partnership/Van Raden	-	-	-	16,019,900	8	0.47
JPR Investments LLC	-	-	-	15,369,600	9	0.45
Total attributable to top taxpayers	872,362,200		13.95	250,910,450		7.34
Total of all other properties	5,380,224,404		86.05	3,168,849,161		92.66
	<u>\$ 6,252,586,604</u>		<u>100.00</u>	<u>\$ 3,419,759,611</u>		<u>100.00</u>

Source: City of Fargo Assessors Office, Cass County Auditors Office

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Taxes levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$	33,765,795	\$ 3,903,997	11.56%	\$ -	\$ 3,903,997	11.56%
2018		33,447,420	7,630,249	22.81%	24,006,699	31,636,948	94.59%
2017		31,586,925	9,132,902	28.91%	20,905,006	30,037,908	95.10%
2016		30,267,785	7,104,488	23.47%	21,876,769	28,981,257	95.75%
2015		28,012,985	7,034,130	25.11%	19,815,942	26,850,072	95.85%
2014		26,036,427	5,892,963	22.63%	18,960,431	24,853,394	95.46%
2013		23,964,157	4,924,969	20.55%	17,998,400	22,923,369	95.66%
2012		23,439,045	6,631,277	28.29%	15,862,925	22,494,202	95.97%
2011		22,228,006	6,439,159	28.97%	14,901,118	21,340,277	96.01%
2010		21,344,948	5,498,150	25.76%	14,909,475	20,407,625	95.61%

Property taxes are collectable at the taxpayer's option under two plans: 1) taxes paid in full by February 15 of the collection year receive a 5% discount or 2) taxes paid in two installments dues by March 1 and due by October 15. Penalties are levied on the following schedule:

<u>Delinquent Time Period</u>	<u>Penalty</u>
Mar 2 - Apr 30	3%
May 2 - Jun 30	an additional 3%
Jul 2 - Sept 30	an additional 3%
Oct 16 - Dec 31	an additional 3%
Jan 1	12% annual rate

Source: County Auditors Office

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
DELINQUENT PROPERTY TAX COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Delinquent Taxes Collections	Total Collections	Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2019	\$ 323,756	\$ 3,903,997	11.56%	\$ 507,466	1.50%
2018	199,534	31,636,948	94.59%	461,929	1.38%
2017	133,236	30,037,908	95.10%	282,259	0.89%
2016	178,552	28,981,257	95.75%	245,133	0.81%
2015	203,665	26,850,072	95.85%	244,633	0.87%
2014	205,187	24,853,394	95.46%	287,782	1.11%
2013	216,366	22,923,369	95.66%	300,177	1.25%
2012	267,098	22,494,202	95.97%	319,323	1.36%
2011	411,643	21,340,277	96.01%	479,771	2.16%
2010	340,654	20,407,625	95.61%	447,920	2.10%

Source: County Auditors Office

**CITY OF FARGO, NORTH DAKOTA
SPECIAL ASSESSMENTS LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Specials levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Specials	
			Amount	Percentage of Levy		Amount	Percentage of Levy		
2019	\$	35,934,663	\$	2,862,551	7.97%	\$	-	\$	-
2018		34,362,056		6,575,340	19.14%		26,381,598		32,956,938
2017		32,166,352		8,072,103	25.09%		23,364,756		31,436,859
2016		29,347,696		6,583,191	22.43%		22,752,715		29,335,906
2015		25,074,877		6,096,259	24.31%		18,976,802		25,073,061
2014		25,147,316		5,779,384	22.98%		18,484,299		24,263,683
2013		22,649,269		3,757,745	16.59%		18,785,355		22,543,100
2012		21,063,661		4,850,681	23.03%		15,980,752		20,831,433
2011		19,470,644		4,499,565	23.11%		14,962,458		19,462,023
2010		19,782,752		4,461,043	22.55%		15,165,808		19,626,851

Source: County Auditors Office

**CITY OF FARGO, NORTH DAKOTA
SUMMARY OF BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS
(UNAUDITED)**

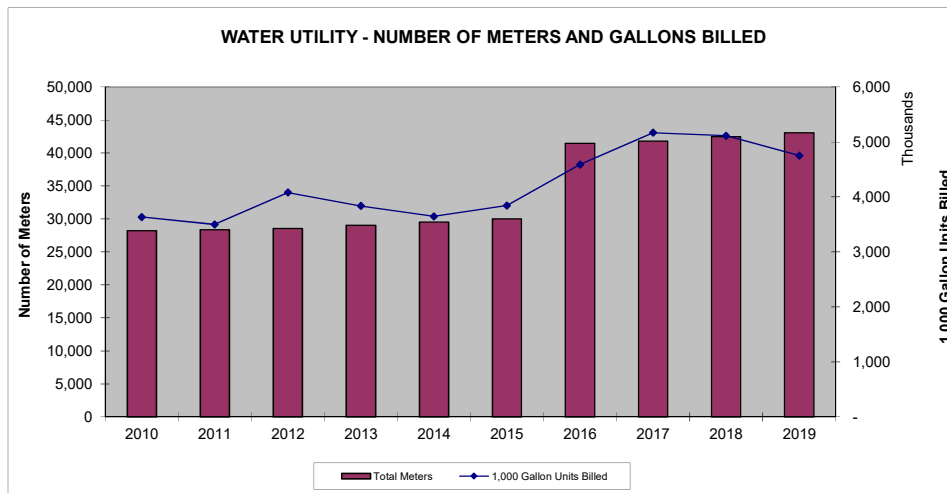
Fiscal Year	Residential		Commercial		Multiple Dwelling		Other		Total	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2019	268	\$ 68,393,961	53	\$ 86,207,856	2	\$ 1,940,000	1,704	\$ 224,673,878	2,027	\$ 381,215,695
2018	278	\$ 73,167,154	63	\$ 119,031,408	26	\$ 92,097,292	1,764	\$ 230,802,890	2,131	\$ 515,098,744
2017	318	79,983,547	61	106,436,485	14	68,378,598	2,121	220,015,776	2,514	474,814,406
2016	369	103,364,854	61	82,030,623	29	77,798,646	2,084	230,596,081	2,543	493,790,204
2015	366	90,050,759	82	60,341,584	27	76,040,603	1,985	274,312,784	2,460	500,745,730
2014	312	75,353,306	79	516,998,923	44	148,775,000	1,953	271,008,516	2,388	1,012,135,745
2013	411	82,346,838	64	76,140,336	29	84,674,999	1,887	134,605,425	2,391	377,767,598
2012	306	59,679,260	54	65,903,210	23	52,561,747	1,925	114,491,655	2,308	292,635,872
2011	231	43,473,605	31	30,081,468	16	37,660,900	1,848	122,459,205	2,126	233,675,178
2010	213	37,978,700	29	35,164,896	12	30,992,090	2,016	116,745,415	2,270	220,881,101

Source: City of Fargo Building Inspector

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
WATER UTILITY BILLED CONSUMPTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential Customers (1,000 Gallon Units)	1,259,759	1,243,427	1,456,310	1,323,864	1,178,140	1,239,102	1,292,389	1,343,577	1,352,441	1,144,070
Commercial Customers (1,000 Gallon Units)	2,374,922	2,256,798	2,624,512	2,511,811	2,468,018	2,604,483	2,678,618	2,860,390	2,754,660	2,675,536
Other Communities (1,000 Gallon Units)	-	-	-	-	-	-	619,527	963,249	1,005,826	931,971
Total 1,000 Gallon Units	3,634,681	3,500,225	4,080,822	3,835,675	3,646,158	3,843,585	4,590,534	5,167,216	5,112,927	4,751,577
Total Number of Meters	28,209	28,355	28,539	29,027	29,525	30,001	41,449	41,804	42,478	43,030



Source: City Auditor's Office

Note: In 2016 the City of Fargo became a wholesale water supplier to the City of West Fargo, effective June 2016.

**CITY OF FARGO, NORTH DAKOTA
WATER UTILITY - MAJOR CUSTOMERS
DECEMBER 31, 2019
(UNAUDITED)**

Customer	1,000 Gallon Units
City of West Fargo (1)	931,971
Cass Rural Water	226,267
Goldmark	184,480
North Dakota State Univeristy	119,725
Sanford Health	74,971
Valley Rental Service	46,620
Cass Clay Creamery	39,965
BMI	31,476
Hegenes Management	27,974
Fargo Public Schools	27,751
Ameripride	24,292
Fargo Park District	24,078
Campbell Property Management	21,214
Innovis Health LLC	21,052
Case New Holland	<u>18,712</u>
Total Attributable to Major Customers	<u><u>1,820,548</u></u>
Total Billed Consumption	<u><u>4,751,577</u></u>
Percentage Attributable to Major Customers	<u><u>38.3%</u></u>

(1) The City of Fargo started providing water to all of West Fargo in June 2016.

Source: City Auditor's Office

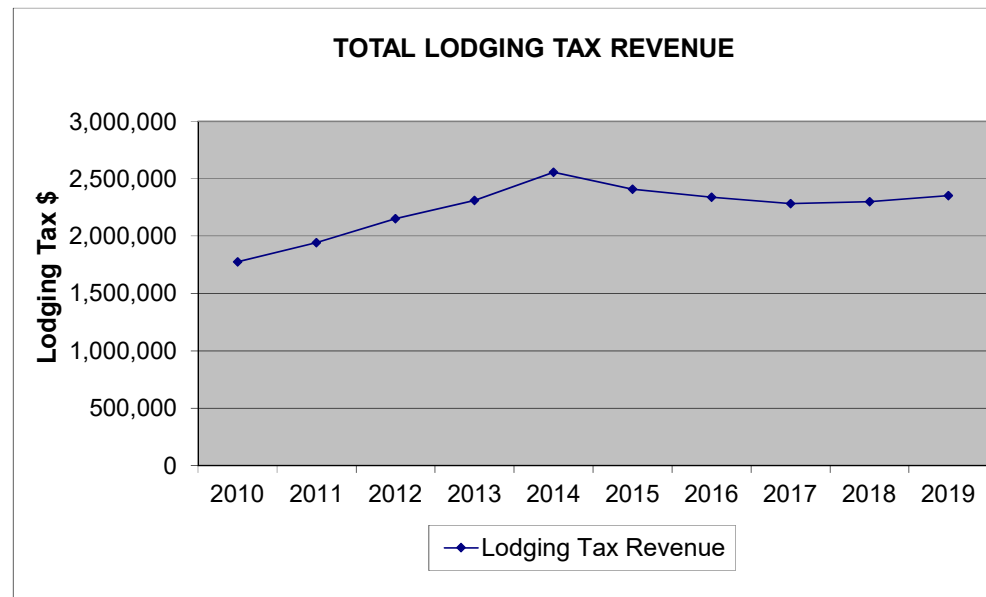
**CITY OF FARGO, NORTH DAKOTA
UTILITY RATE STRUCTURE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water (\$ per 1,000 gallons)										
First 200,000 Gallons	\$ 4.20	\$ 4.20	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.40	\$ 4.40
200,000 Gallons to 2,000,000 Gallons	3.95	3.95	4.00	4.00	4.00	4.00	4.00	4.00	4.15	4.15
Over 2,000,000 Gallons	3.60	3.60	3.65	3.65	3.65	3.65	3.65	3.65	3.75	3.75
Waste Water										
Residential (fixed rate)	18.65	18.65	19.00	19.00	16.00	16.00	16.00	16.00	16.50	16.50
Commercial (per 1000 gallons)	2.00	2.00	2.05	2.05	2.05	2.05	2.05	2.05	2.10	2.10
Garbage										
Small (48-gallon)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Medium (65-gallon)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Large (96-gallon)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Recycling	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.00	3.00	3.00
Storm Sewer										
Residential	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Commercial	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	8.00
Forestry	3.00	3.00	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00
Mosquito	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Street Lights										
Residential	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.50
Commercial	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	16.00

Source: City Auditor's Office

**CITY OF FARGO, NORTH DAKOTA
LODGING TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Lodging Tax Revenue -										
2% Operating	\$ 1,183,607	\$ 1,294,751	\$ 1,434,821	\$ 1,540,920	\$ 1,705,336	\$ 1,606,176	\$ 1,559,922	\$ 1,522,443	\$ 1,533,398	\$ 1,568,735
1% Capital	591,797	647,306	717,309	769,726	851,386	802,535	779,872	761,222	766,699	784,367
Total	\$ 1,775,404	\$ 1,942,057	\$ 2,152,130	\$ 2,310,646	\$ 2,556,722	\$ 2,408,711	\$ 2,339,794	\$ 2,283,665	\$ 2,300,097	\$ 2,353,102



Source: City Auditors Office

CITY OF FARGO, NORTH DAKOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities							Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	Special Assessment Bonds	Other General Obligation Debt	Gross Revenue Debt	Sales Tax Bonds	Taxable Annual Appropriation	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Special Assessments	Capital Leases			
2019	\$ 450,485,000	\$ 33,995,000	\$ -	\$ 65,696,000	\$ 17,315,000	\$ 130,127,690	\$ 226,051	\$ 8,778,931	\$ 127,700,446	\$ 14,136,484	\$ 2,017,876	\$ 850,478,478	n/a	6,705
2018	418,055,000	35,515,000	-	69,215,000	17,315,000	118,260,400	174,518	9,762,743	100,101,771	14,215,945	1,638,398	784,253,775	6.06%	6,282
2017	409,335,000	36,980,000	-	72,609,000	-	179,727,693	221,267	10,728,632	3,309,253	12,689,133	1,550,899	727,150,877	5.94%	5,943
2016	415,715,000	37,910,000	-	75,889,000	-	144,462,044	254,398	7,258,473	3,900,000	8,269,708	3,379,814	697,038,437	5.81%	5,772
2015	386,760,000	12,390,000	-	79,063,000	-	126,954,821	322,749	11,258,659	2,700,000	6,727,822	4,625,543	630,802,594	5.40%	5,322
2014	332,360,000	2,285,000	-	82,142,000	-	72,962,978	231,179	17,237,028	7,993,000	6,916,821	4,848,864	526,976,870	4.72%	4,548
2013	299,160,000	2,400,000	100,036	57,040,000	-	68,709,176	165,679	21,196,743	5,754,000	6,599,787	5,944,453	467,069,874	4.44%	4,167
2012	304,920,000	2,515,000	4,957,727	11,245,000	-	69,923,438	205,352	24,981,458	6,495,000	5,501,788	6,822,916	437,567,679	4.36%	3,986
2011	292,670,000	2,625,000	5,756,022	22,045,000	-	71,932,749	280,115	30,762,879	10,612,767	4,595,632	1,764,472	443,044,636	4.89%	4,139
2010	238,133,281	2,730,000	6,200,773	32,575,000	-	58,200,987	119,871	34,888,484	12,202,767	4,992,673	2,053,885	392,097,721	4.61%	3,715

(1) Source - Fargo, ND Metropolitan Statistical Area data from Bureau of Economic Analysis, US Department of Commerce

(2) Source - Population data from FM Metrocog, City of Fargo Planning Dept, NDSU Data Center, US Census Bureau

**CITY OF FARGO, NORTH DAKOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Market Value of Property	Per Capita (1)
	Other General Obligation Debt	Gross Revenue Debt	Total		
2019	\$ 33,995,000	\$ -	\$ 33,995,000	0.27%	\$ 268
2018	35,515,000	-	35,515,000	0.30%	284
2017	36,980,000	-	36,980,000	0.33%	302
2016	37,910,000	-	37,910,000	0.37%	314
2015	12,390,000	-	12,390,000	0.13%	105
2014	2,285,000	-	2,285,000	0.03%	20
2013	2,400,000	100,036	2,500,036	0.03%	22
2012	2,515,000	4,957,727	7,472,727	0.10%	67
2011	2,625,000	5,756,022	8,381,022	0.12%	78
2010	2,730,000	6,200,773	8,930,773	0.13%	85

(1) Source - Population data from FM Metrocog, City of Fargo Planning Dept, NDSU Data Center,
US Census Bureau

CITY OF FARGO, NORTH DAKOTA
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population (1)	Assessed Valuation (2)	Gross Bonded Debt	Debt Service Balance Available	Debt payable from Enterprise Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2019	126,842	\$ 6,252,586,604	\$ 576,269,931	\$ 95,212,295	\$ 8,778,931	\$ 472,278,705	7.55%	\$ 3,723
2018	124,844	5,857,474,962	549,862,743	74,646,204	9,762,743	465,453,796	7.95%	3,728
2017	122,359	5,558,693,511	529,652,632	81,009,992	10,728,632	437,914,008	7.88%	3,579
2016	120,762	5,149,150,343	536,625,644	108,619,474	7,258,473	420,747,697	8.17%	3,484
2015	118,523	4,080,226,572	489,178,000	90,670,688	11,258,659	387,248,653	9.49%	3,267
2014	115,863	3,802,125,794	433,572,000	61,094,853	17,237,028	355,240,119	9.34%	3,066
2013	112,075	3,661,954,369	379,295,036	102,874,688	21,196,743	255,223,605	6.97%	2,277
2012	109,779	3,661,954,369	347,867,727	103,608,342	24,981,458	219,277,927	5.99%	1,997
2011	107,054	3,419,759,611	352,941,022	83,267,593	30,762,879	238,910,550	6.99%	2,232
2010	105,600	3,419,759,611	313,454,054	67,151,036	34,888,484	211,414,534	6.18%	2,002

1) Source - FM Metrocog, City of Fargo Planning Dept, NDSU Data Center, US Census Bureau

2) Source - Cass County Auditor

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2017

Market Value of all property (1)	\$ 12,505,173,208
	50%
Assessed valuation	<u>\$ 6,252,586,604</u>
Debt limit (5% of assessed value)	\$ 312,629,330
Debt applicable to limit:	
City's Share of Special Assessments	19,023,220 (2)
Debt Supported Solely by Taxes	33,995,000 (2)
Governmental Lease Obligations	226,051 (2)
Less:	
Debt available in related debt service funds	<u>1,196,612 (2)</u>
Total net debt applicable to limit	<u>54,440,883</u>
Legal debt margin	<u>\$ 258,188,447</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016 (3)	2017	2018	2019
Debt limit	\$ 170,987,981	\$ 175,901,694	\$ 183,097,718	\$ 190,106,290	\$ 204,011,329	\$ 229,925,362	\$ 257,457,517	\$ 277,934,676	\$ 292,873,748	\$ 312,629,330
Total net debt applicable to limit	6,941,107	10,057,205	10,613,336	10,762,778	10,949,030	22,174,224	49,759,291	53,840,734	55,309,257	54,440,883
Legal debt margin	<u>\$ 164,046,874</u>	<u>\$ 165,844,489</u>	<u>\$ 172,484,382</u>	<u>\$ 179,343,512</u>	<u>\$ 193,062,299</u>	<u>\$ 207,751,138</u>	<u>\$ 207,698,226</u>	<u>\$ 224,093,942</u>	<u>\$ 237,564,491</u>	<u>\$ 258,188,447</u>
Total net debt applicable to the limit as a percentage of debt limit	4.23%	6.06%	6.15%	6.00%	5.67%	10.67%	23.96%	24.03%	23.28%	21.09%

(1) Source - Cass County Auditor

(2) Source - City Auditors Office

(3) \$26 million GO Bonds issued for construction of new City Hall

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

CITY OF FARGO, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2019
(UNAUDITED)

Taxing Entity	2019 Taxable Value	Debt Outstanding	Percent Overlapping to City of Fargo	Total Direct and Overlapping Debt
City of Fargo	\$ 594,470,390	\$ 697,844,741	100.00%	\$ 697,844,741
Fargo Park District	594,470,390	21,610,000	100.00%	21,610,000
Fargo Public Schools	412,856,822	87,558,574	96.99%	84,923,061
Kindred Public Schools	28,531,362	3,590,805	0.06%	2,154
West Fargo Public Schools	399,041,668	210,741,827	48.51%	102,230,860
Subtotal overlapping debt		323,501,206		208,766,075
Total Direct and Overlapping Debt		\$ 1,021,345,947		\$ 906,610,816

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

Source: The individual entity specified.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fargo. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages are estimated by determining the portion of the entity's taxable value that is within the city's boundaries and dividing it by the entity's total taxable assessed value.

CITY OF FARGO, NORTH DAKOTA
SUMMARY OF DIRECT DEBT AND DEBT RATIOS
AS OF DECEMBER 31, 2019
(UNAUDITED)

Direct Debt as of December 31, 2019	Amount	Per Capita (126,842)	Percent of Market Value \$ (12,505,173,208)
General Obligation Supported by Property Tax	\$ 33,995,000	\$ 268	0.27%
Special Assessment	427,098,904	3,367	3.42%
Revenue	115,600,375	911	0.92%
Leases Payable	2,243,927	18	0.02%
Notes Payable	5,155,578	41	0.04%
Specials Payable	14,136,484	111	0.11%
Overlapping Debt	323,501,206	2,550	2.59%
Total	<u>\$ 921,731,474</u>	<u>\$ 7,266</u>	<u>7.37%</u>

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Special Assessment Bonds				
	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest		
2019	\$ 43,926,433	\$ 17,435,000	\$ 15,804,696		1.32
2018	38,646,930	15,335,000	15,394,480		1.26
2017	38,133,231	14,250,000	15,703,700		1.27
2016	37,005,479	13,985,000	14,561,616		1.30
2015	26,817,909	13,850,000	13,431,966		0.98
2014	33,035,969	11,810,000	11,159,663		1.44
2013	28,217,162	11,770,000	12,014,553		1.19
2012	28,443,896	11,275,000	12,614,955		1.19
2011	23,242,178	10,638,281	10,626,319		1.09
2010	27,360,540	10,410,280	9,167,699		1.40

Note: At the end of 2019, there was \$34,534,157 in prepaid special assessments that can be used to make debt service payments.
At the end of 2018, there was \$30,278,380 in prepaid special assessments that can be used to make debt service payments.
At the end of 2017, there was \$22,850,773 in prepaid special assessments that can be used to make debt service payments.
At the end of 2016, there was \$16,848,334 in prepaid special assessments that can be used to make debt service payments.
At the end of 2015, there was \$25,971,050 in prepaid special assessments that can be used to make debt service payments.
At the end of 2014, there was \$30,263,636 in prepaid special assessments that can be used to make debt service payments.
At the end of 2013, there was \$28,062,003 in prepaid special assessments that can be used to make debt service payments.

Fiscal Year	SRLF Storm Sewer Project Note Payable				
	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest		
2019	\$ 69,674	\$ 110,000	\$ 5,500		0.60
2018	114,402	110,000	8,250		0.97
2017	117,211	105,000	10,875		1.01
2016	131,218	105,000	13,500		1.11
2015	113,343	100,000	16,000		0.98
2014	77,574	100,000	18,500		0.65
2013	64,883	95,000	20,875		0.56
2012	65,533	95,000	23,250		0.55
2011	60,872	90,000	25,500		0.53
2010	127,594	90,000	27,750		1.08

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Sales Tax Revenue Bonds					
Fiscal Year	Sales Tax		Debt Service		Coverage
			Principal	Interest	
2019	\$	7,551,678	\$ 3,519,000	\$ 2,774,065	1.20
2018		7,555,260	3,394,000	2,902,050	1.20
2017		7,554,672	3,280,000	3,015,560	1.20
2016		10,412,492	3,174,000	3,118,500	1.65
2015		12,747,118	3,079,000	3,217,930	2.02
2014		24,168,140	7,410,000	2,848,951	2.36
2013		20,609,635	5,580,000	1,591,026	2.87
2012		16,455,425	10,800,000	672,463	1.43
2011		15,768,411	10,530,000	1,093,503	1.36
2010		15,163,328	4,910,000	773,680	2.67

Sales Tax Note Payable - Direct Bank Loan - FM Diversion Financing*					
Fiscal Year	Sales Tax		Debt Service		Coverage
			Principal	Interest	
2019	\$	24,781,337	\$ -	\$ 1,393,067	17.79
2018		22,560,969	-	1,095,209	20.60
2017		22,228,730	-	606,737	36.64
2016		16,324,568	-	100,573	162.32
2015		-	-	-	-
2014		-	-	-	-
2013		-	-	-	-
2012		-	-	-	-
2011		-	-	-	-
2010		-	-	-	-

* Includes notes payable and temporary sales tax revenue

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	SRLF Notes Payable				
	Sales Tax	Debt Service		Coverage	
		Principal	Interest		
2019	\$ 12,957,605	\$ 4,250,000	\$ 1,368,117	2.31	
2018	12,046,492	4,132,409	2,054,132	1.95	
2017	13,303,870	4,120,422	2,124,443	2.13	
2016	12,775,522	4,980,000	1,726,812	1.90	
2015	12,747,118	4,851,075	1,581,750	1.98	
2014	12,084,070	4,725,000	1,649,348	1.90	
2013	17,665,401	4,604,374	1,679,810	2.81	
2012	14,029,328	4,556,000	1,710,247	2.24	
2011	15,768,412	351,000	1,475,188	8.63	
2010	15,163,328	175,974	973,833	13.19	

Fiscal Year	Parking Revenue Bonds					
	Parking Revenue	Less: Operating Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$ -	\$ -	\$ -	\$ -	\$ -	-
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	1,282,636	540,165	742,471	765,000	10,089	0.96
2012	1,158,192	610,978	547,214	60,000	52,531	4.86
2011	1,154,244	646,825	507,419	60,000	55,891	4.38
2010	1,074,258	660,212	414,046	55,000	58,889	3.64

Note: Final payment was made on these bonds in 2013.

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Lease Revenue Bonds						
Fiscal Year	Lease Revenue	Debt Service			Coverage	
		Principal	Interest			
2019	\$ -	\$ -	\$ -		-	
2018	-	-	-		-	
2017	-	-	-		-	
2016	-	-	-		-	
2015	-	-	-		-	
2014	-	-	-		-	
2013	1,611,020	3,005,000	96,020		0.52	
2012	384,948	230,000	151,610		1.01	
2011	383,026	296,421	217,064		0.75	
2010	384,237	210,000	170,105		1.01	

Note: Final payment was made on these bonds in 2013.

Housing Revenue Bonds						
Fiscal Year	NRI Loan Repayments	Debt Service			Coverage	
		Principal	Interest			
2019	\$ -	\$ -	\$ -		-	
2018	-	-	-		-	
2017	-	-	-		-	
2016	-	-	-		-	
2015	-	-	-		-	
2014	100,036	100,036	-		1.00	
2013	50,000	50,000	-		1.00	
2012	442,756	428,297	14,458		1.00	
2011	104,996	88,330	16,667		1.00	
2010	104,996	86,175	18,821		1.00	

Note: Final payment was made on these bonds in 2014.

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - BUSINESS TYPE ACTIVITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Water Revenue Bonds					
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$ -	\$ -	\$ -	\$ -	\$ -	-
2018	-	-	-	-	-	-
2017	23,706,110	13,030,159	10,675,951	3,840,000	100,800	2.71
2016	21,779,615	10,558,497	11,221,118	3,650,000	201,600	2.91
2015	19,134,802	9,604,660	9,530,142	3,470,000	393,225	2.47
2014	18,311,211	9,459,296	8,851,915	3,295,000	575,400	2.29
2013	19,051,936	9,704,611	9,347,325	3,130,000	748,388	2.41
2012	19,828,733	8,815,325	11,013,408	2,975,000	912,713	2.83
2011	17,284,658	9,243,565	8,041,093	2,825,000	1,143,056	2.03
2010	17,533,098	8,957,643	8,575,455	2,685,000	1,287,694	2.16

Note: Final payment made on these bonds on 1/1/2018.

Fiscal Year	Airport Revenue Bonds						Coverage
	Airport Revenue	Less: Expenditures	Net Available Revenue	Debt Service			
				Principal	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	-	
2018	-	-	-	-	-	-	
2017	-	-	-	-	-	-	
2016	-	-	-	-	-	-	
2015	8,546,795	4,281,126	4,265,669	5,125,000	146,597	0.81	
2014	8,641,627	4,364,638	4,276,989	415,000	229,255	6.64	
2013	7,546,237	4,406,659	3,139,578	405,000	245,731	4.82	
2012	6,716,756	3,151,206	3,565,550	2,540,000	340,259	1.24	
2011	6,244,177	2,955,458	3,288,719	1,045,000	377,369	2.31	
2010	6,722,597	3,488,605	3,233,992	1,010,000	413,254	2.27	

Note: Final payment was made on these bonds in 2015.

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - BUSINESS TYPE ACTIVITIES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	SRLF Notes Payable						
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2019	\$ 22,744,596	\$ 14,876,113	\$ 7,868,483	\$ 1,000,000	\$ 1,911,785	2.70	
2018	23,888,031	14,268,537	9,619,494	-	737,169	13.05	
2017	-	-	-	-	-	-	
2016	-	-	-	-	-	-	
2015	-	-	-	-	-	-	
2014	-	-	-	-	-	-	
2013	-	-	-	-	-	-	
2012	-	-	-	-	-	-	
2011	-	-	-	-	-	-	
2010	-	-	-	-	-	-	

Fiscal Year	SRLF Notes Payable						
	Wastewater Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2019	\$ 11,276,502	\$ 9,220,282	2,056,220	\$ -	\$ 95,660	21.50	
2018	-	-	-	-	-	-	
2017	-	-	-	-	-	-	
2016	-	-	-	-	-	-	
2015	10,328,605	5,559,656	4,768,949	4,993,000	72,815	0.94	
2014	10,176,950	4,866,238	5,310,712	761,000	140,327	5.89	
2013	11,046,790	5,252,745	5,794,045	741,000	155,411	6.46	
2012	10,905,355	4,769,262	6,136,093	4,117,766	233,609	1.41	
2011	10,401,385	4,920,920	5,480,465	1,590,000	308,444	2.89	
2010	10,321,247	4,533,593	5,787,654	1,550,000	348,269	3.05	

CITY OF FARGO, NORTH DAKOTA
PLEDGED REVENUE COVERAGE - BUSINESS TYPE ACTIVITIES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Clean Renewable Energy Bond						
Fiscal Year	Sale of by products	Debt Service			Coverage	
		Principal	Interest			
2019	\$ 27,474	\$ 100,000	\$ 2,550		0.27	
2018	177,869	100,000	3,400		1.72	
2017	341,470	100,000	4,250		3.28	
2016	337,527	100,000	5,100		3.21	
2015	335,117	100,000	5,950		3.16	
2014	316,396	100,000	6,800		2.96	
2013	416,658	100,000	7,650		3.87	
2012	375,264	100,000	8,500		3.46	
2011	407,347	100,000	9,350		3.73	
2010	426,793	100,000	10,200		3.87	

Qualified Energy Conservation Bonds						
Fiscal Year	Tipping Fee Revenue	Debt Service			Coverage	
		Principal	Interest			
2019	\$ 8,903,000	\$ 183,812	\$ 112,561		30.04	
2018	8,781,299	180,889	121,405		29.05	
2017	9,218,332	178,012	130,108		29.92	
2016	7,517,651	103,356	148,938		29.80	
2015	-	-	-		-	
2014	-	-	-		-	
2013	-	-	-		-	
2012	-	-	-		-	
2011	-	-	-		-	
2010	-	-	-		-	

**CITY OF FARGO, NORTH DAKOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Estimated Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (1)	Level of Education (1) % High School Grad or Higher	% Bachelor's Degree or higher	K - 12 Public School Enrollment (1)	Fargo Unemployment Rate (3)	State Unemployment Rate (3)	National Unemployment Rate (3)	Fargo Labor Force (3)
2019	126,842	n/a	n/a	n/a	n/a	n/a	11,368	1.8%	2.2%	3.4%	69,702
2018	124,844	\$ 12,939,269,000	\$ 52,712	31.2	93.9%	39.5%	11,242	2.2%	2.4%	3.7%	68,195
2017	122,359	\$ 12,242,900,000	\$ 50,725	30.7	93.8%	38.8%	11,317	2.2%	2.6%	3.9%	70,726
2016	120,762	11,992,967,000	50,364	31.0	93.9%	38.2%	11,175	2.2%	3.2%	4.9%	69,230
2015	118,523	11,688,827,000	49,987	30.7	94.6%	38.0%	11,157	2.2%	2.7%	5.3%	65,665
2014	115,863	11,166,605,000	48,914	29.5	94.7%	38.6%	11,026	2.5%	2.8%	6.2%	65,038
2013	112,075	10,509,203,000	47,023	31.7	93.7%	35.3%	10,903	3.0%	2.9%	7.4%	61,896
2012	109,779	10,033,320,000	46,384	32.1	94.9%	37.1%	10,821	3.2%	3.1%	8.1%	60,869
2011	107,054	9,068,184,000	42,740	31.7	94.5%	33.5%	10,504	3.3%	3.5%	8.9%	63,842
2010	105,549	8,511,095,000	40,644	31.5	94.2%	35.6%	10,455	3.9%	3.9%	9.6%	58,817

(1) Source - FM Metrocog, City of Fargo Planning Dept, NDSU Data Center, US Census Bureau, Fargo Public Schools

(2) Source - Bureau of Economic Analysis, Fargo-Moorhead (MSA)

(3) Source - North Dakota Job Service

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

CITY OF FARGO, NORTH DAKOTA
RETAIL SALES & ESTIMATED BUYING INCOME
CASS COUNTY
(UNAUDITED)

	Retail Sales	Effective Buying	Median Household EBI	
	(\$000)	Income (EBI)	MSA	State
		(\$000)		
2019	\$ 5,679,415	\$ 6,274,069	\$ 57,602	\$ 56,623
2018	5,433,331	5,529,837	54,109	55,194
2017	4,368,865	5,363,344	50,722	53,172
2016	4,788,922	5,172,302	49,082	52,472
2015	4,946,200	4,556,037	46,208	49,198
2014	4,839,445	4,231,840	45,276	46,365
2013	2,862,674	3,667,475	42,550	40,911
2012	3,435,135	3,198,040	37,714	36,558
2011	3,436,706	3,236,972	37,404	36,353
2010	3,136,582	3,056,126	37,839	37,390

Source: Demographics USA, Survey of Buying Power

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

**CITY OF FARGO, NORTH DAKOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sanford Health	7,110	1	10.20%	3,691	1	6.28%
North Dakota State University	3,500	2	5.02%	2,401	2	4.08%
Innovis Health/Essentia Health	2,440	3	3.50%	1,285	5	2.18%
Fargo Public Schools	1,929	4	2.77%	1,638	4	2.78%
Wanzek Construction	1,841	5	2.64%	-	-	-
West Fargo Public Schools	1,726	6	2.48%	-	-	-
Fargo VA Health Care System	1,186	7	1.70%	830	9	1.41%
Microsoft	1,092	8	1.57%	854	8	1.45%
US Bank - Service Center	1,065	9	1.53%	1,030	6	1.75%
City of Fargo	1,014	10	1.45%	897	7	1.53%
Blue Cross Blue Shield of ND	-	-	-	1,800	3	3.06%
Case New Holland	-	-	-	811	10	1.38%

Source: Fargo Moorhead Chamber of Commerce
City of Fargo, ND

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

CITY OF FARGO, NORTH DAKOTA
NUMBER OF CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
City Administrator	2	1	1	1	1	1	2	2	3	3
Human Resources	6	6	6	6	6	6	7	8	8	8
Information Services	19	22	22	23	23	23	24	24	24	24
Public Information	1	1	2	2	2	2	2	2	3	4
Auditor	16	16	15	15	15	15	15	15	15	15
Municipal Court	8	8	8	8	8	8	8	8	8	8
City Assessor	11	11	11	11	11	11	11	11	11	11
Buildings & Grounds	7	7	7	7	7	7	13	13	14	14
Planning	10	11	12	11	12	13	14	15	13	14
Central Garage	23	23	23	23	23	23	23	23	24	24
City Commission	8	8	8	8	8	8	8	8	8	8
Public safety										
Inspections	20	20	20	20	20	21	22	23	23	24
Traffic Engineering	9	9	9	9	9	11	11	11	11	6
Fire Department	117	117	117	117	121	121	122	122	122	123
Police Department	164	166	167	169	172	180	187	197	204	205
Public works										
City Engineering	38	36	37	37	37	41	42	42	43	42
Streets & Sewers	46	49	49	51	51	54	55	55	55	55
Public health & welfare										
Health	111	111	110	112	114	117	116	116	112	112
Homeless shelter	2	2	15	16	18	18	19	20	20	21
Recreation & culture										
Public Library	46	47	48	48	49	49	50	51	52	54
Civic Memorial Auditorium	6	6	6	6	6	6	4	4	4	4
Urban redevelopment	3	3	3	2	2	2	2	2	2	2
Public transportation	19	20	19	21	22	21	23	25	25	25
Business-type funds										
Airport	14	14	16	16	16	26	27	27	27	28
Water	39	42	42	44	45	46	47	48	52	52
Wastewater	19	20	20	20	20	20	20	20	20	20
Solid waste	49	50	50	50	50	50	50	50	50	50
Storm sewer	4	4	5	5	5	5	5	5	5	5
Street Lighting	3	2	2	2	2	2	2	2	2	7
Forestry	10	10	10	10	11	11	11	11	11	11
Fargodome	20	20	18	20	21	21	21	23	23	23
Total	850	862	878	890	907	939	963	983	994	1,002

- Number includes budgeted full-time equivalent (FTE) positions

**CITY OF FARGO, NORTH DAKOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Percent Change from 2010 to 2019
Public safety											
Fire											
Number of calls answered	4,485	4,785	6,262	6,984	7,196	9,336	10,483	10,711	11,014	11,563	158%
Number of fire inspections	7,754	8,372	7,109	6,552	6,470	6,437	6,005	6,007	6,956	6,245	-19%
Police											
Number of calls for service	47,534	51,215	55,584	62,836	65,682	74,516	78,784	89,162	89,565	93,590	97%
Arrests	7,991	8,285	7,632	6,067	6,063	6,907	7,412	7,076	6,592	6,492	-19%
Public works											
Average daily water consumption (gallons)	9,958,030	9,589,658	11,180,334	10,508,699	9,989,474	10,530,370	12,576,805	14,156,756	14,008,019	13,018,019	31%
Wastewater avg flow per day (MGD)	13.01	13.66	12.23	13.39	12.84	12.17	12.72	11.81	11.78	13.00	0%
Public health & welfare											
WIC participation	2,606	2,720	2,695	2,702	2,701	2,970	2,908	2,975	2,773	2,619	0%
Nursing visits	194,823	196,131	192,853	214,637	152,266*	144,985*	148,719*	145,353*	146,465*	157,786*	-31%
Recreation & culture											
Library circulation	919,845	960,092	986,773	997,492	1,000,024	1,004,966	987,851	992,711	1,026,953	1,047,165	14%
Civic center attendance	91,115	78,327	82,870	88,355	91,660	48,945	46,001	37,240	33,963	32,740	-64%
Fargodome attendance	528,380	499,805	529,657	539,285	550,330	565,914	593,489	539,428	522,883	535,224	1%
Public transportation											
Number of rides											
Fixed route	1,624,637	1,665,221	1,608,628	1,682,267	1,751,824	1,600,610	1,483,667	1,419,067	1,440,766	1,336,401	-18%
Paratransit	57,850	58,992	54,217	53,403	53,893	51,513	52,394	52,509	52,665	53,350	-8%
Public information											
Web site											
Total Sessions	n/a	905,700	1,220,404	1,269,295	1,272,993	1,378,527	1,239,551	1,078,806	993,435	1,234,414	n/a
Users	n/a	419,268	620,800	716,763	745,192	759,584	653,841	565,904	448,066	640,287	n/a
Page views	n/a	2,789,176	3,640,975	3,216,029	3,017,692	3,110,926	2,751,964	2,635,927	2,424,353	2,646,277	n/a
Pages per visit	n/a	3.08	2.98	2.50	2.37	2.26	2.22	2.44	2.44	2.14	n/a
Infrastructure											
New projects assessed	71	19	50	51	43	38	53	55	45	44	-38%
Value of new projects	\$ 25,706,180	\$ 10,826,700	\$ 27,829,486	\$ 27,096,674	\$ 42,278,237	\$ 34,950,435	\$ 77,220,449	\$ 58,787,981	\$ 46,058,863	\$ 40,214,225	56%

* Amount does not include correctional health clinical nursing visits.

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Area in square miles	48.45	48.45	48.60	48.80	48.84	49.22	49.22	49.22	49.22	49.22
Public safety										
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Vehicles	28	28	27	31	31	31	23	20	17	17
Police										
Stations	3	3	3	2	1	2	2	2	2	2
Marked cars	38	39	41	41	41	44	44	48	47	47
Public works										
Number of street lights	9,077	9,430	9,785	10,113	10,402	11,091	11,622	12,086	12,759	13,255
Miles of paved streets	371.65	394.30	400.92	407.43	464.39	525.47	590.04	615.35	651.04	669.47
Miles of water mains	436.00	445.26	449.79	459.93	472.90	484.03	490.01	495.22	504.72	509.31
Miles of sanitary sewer	425.40	429.53	433.98	443.30	453.99	460.87	466.28	473.46	468.06	471.13
Miles of storm sewer	395.05	409.85	416.49	429.74	442.51	455.86	464.51	470.96	494.18	501.71
Recreation & culture										
Library Collection	253,167	250,000	252,618	282,462	298,344	305,539	274,536	275,981	271,187	313,604
Public transportation										
Buses	26	27	28	32	32	29	29	31	46	43