



# 2016

## Comprehensive Annual Financial Report

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The City of Fargo, North Dakota  
for the fiscal year ended  
December 31, 2016



# **CITY OF FARGO NORTH DAKOTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

**PREPARED BY:  
FINANCE DEPARTMENT**

**CITY OF FARGO, NORTH DAKOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**June 9, 2017**

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, 2016. 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 that 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, 2016. The independent auditor's report is located at the front of the financial section of this report.

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 have been 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 is estimated at 123,998, a 17% 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 being completed in the past few years. This trend is predicted for the next several years as our population and economy expands. A recent demographic study expects Fargo's population to grow to 171,540 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. The next municipal election will be held in June of 2018 at which time the citizens will elect two new City Commissioners.

All Department Heads serve on the Mayor's Cabinet which 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. The City recruited Michael Redlinger as Assistant City Administrator in 2016.

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 an annual operating budget by October 7 of each year. All Departments submit their requests to the Mayor during the budget development process that begins each June. Currently, the Mayor utilizes a budget team approach to discuss budget strategy with the 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 Declining**

Statewide economic conditions have declined in North Dakota resulting primarily from the impact of declining oil prices and the impact on exploration in the western part of the State. State intergovernmental revenues in our General Fund decreased by 9% in 2016 as compared to 2015.

The Tax Commissioner for the State of North Dakota recently announced that statewide taxable sales and purchases decreased by 24% in 2016 as compared to 2015.

The changes in intergovernmental revenues are discussed in more detail in the management discussion and analysis section of this report. There was a significant decline in State aid noted in 2016 due to the continued decline of State sales tax collections.

The median Fargo per capita income and our labor force continues to rise and is reflective of our strong local economy. Per capita incomes have increased to \$49,987 in 2015 as compared to \$40,644 in 2010 which represents a 23% increase in income levels over the past five years. Our labor force has increased to 69,230 in 2016 as compared to 63,842 five years ago which represents an 8.4% increase.

### **Strong Trend in Building Permit History**

Construction activity in Fargo continues to remain strong as evidenced by building permit total of approximately \$500 million for each of the last two years. Residential permits increased by 14% in 2016. Demand for housing remains strong in our community in light of the strength of our local economy. Residential building permit activity has been accelerating for the past few years with growth from \$36.8 million in 2009 to \$103.3 million in 2016.

## **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 to be utilized on the Fargo Moorhead flood diversion project.

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

### **Local Sales Tax Revenue Trends**

Fargo's locally imposed sales tax revenue totaled \$51.1 million, up from \$50.9 in 2015. Our local sales tax revenue trends surpass statewide sales tax revenue trends by a significant margin. Statewide sales tax revenue fell by 24% during 2016 due to falling oil and commodity prices.

## **MAJOR INITIATIVES FOR THE YEAR**

### **Fargo Moorhead Diversion Channel Project**

The Army Corp of Engineers has been studying various alternative flood protection projects for the Fargo-Moorhead area for the past two years. They have recommended a large flood diversion channel that will redirect and lower record river flood levels significantly. The estimated current project cost is \$2.1 billion. This will be funded by 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. We 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 will continue into 2017 with a contractor selection planned by early 2018.

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 2017-2019 biennium, \$66.5 million was appropriated for a portion of their \$570 million funding commitment.

The Army Corp of Engineers began construction on the southern embankment in April 2017.



Our success on this project is significant and we were fortunate to be selected by the Army Corp of Engineers for this demonstration project that has national significance in its planned delivery method.

### **Fargo Becomes Regional Water Service Provider to West Fargo**

In June 2016, Fargo began providing water services to the City of West Fargo. This project significantly increased the water quality for residents of West Fargo and created a new revenue stream within the Water Department. They consume about 2.99 million gallons per day.

There has been ongoing discussion about providing West Fargo and Horace wastewater collection services in 2017. This configuration, as a regional utility services provider is mutually beneficial and demonstrates the ability to work together on cost effective service delivery.

### **Status of Municipal Building Projects**

One major project is the design and construction of a new City Hall. The existing City Hall was built in 1960 and is not meeting the needs of our growing community. It will be demolished once the new facility is constructed. Design work was completed in 2014 and construction bids were solicited in early 2015. Subsequent to year end project bids were tabulated and the cost of the facility was \$31 million, significantly higher than anticipated. Bids were rejected and a formal redesign as completed with an expected cost of \$22 million. The rebidding came in within expectations and work commenced in 2016 with an estimated completion in 2018.

The second project is the construction of the Roberts Street Parking Ramp. Construction of the ramp began in 2016 and is estimated to be completed in 2017. The construction of this ramp will help with the parking and transportation needs of downtown Fargo.

The third major project is the expansion of our water treatment plant to accommodate future growth and demands for water services. The project will incorporate 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. Construction began in 2015 and should be completed in 2018.

Due to the ongoing growth of the Fargo Police Department, the City approved leasing a large building adjacent to the Public Works facility on 7<sup>th</sup> Ave North. This will eventually become the home of the Department.

Significant downtown redevelopment opportunity exists for these former City buildings as the move to other locations within the City.

### **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.

Funds were appropriated in 2015 for a Downtown Fargo strategic plan for the growth and redevelopment of our core Downtown area. Our flood control projects in the Downtown area are creating new opportunities for accelerated growth and development in our City center. This planning focus will take place in 2016.

## **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, 2015. This will be the nineteenth 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,



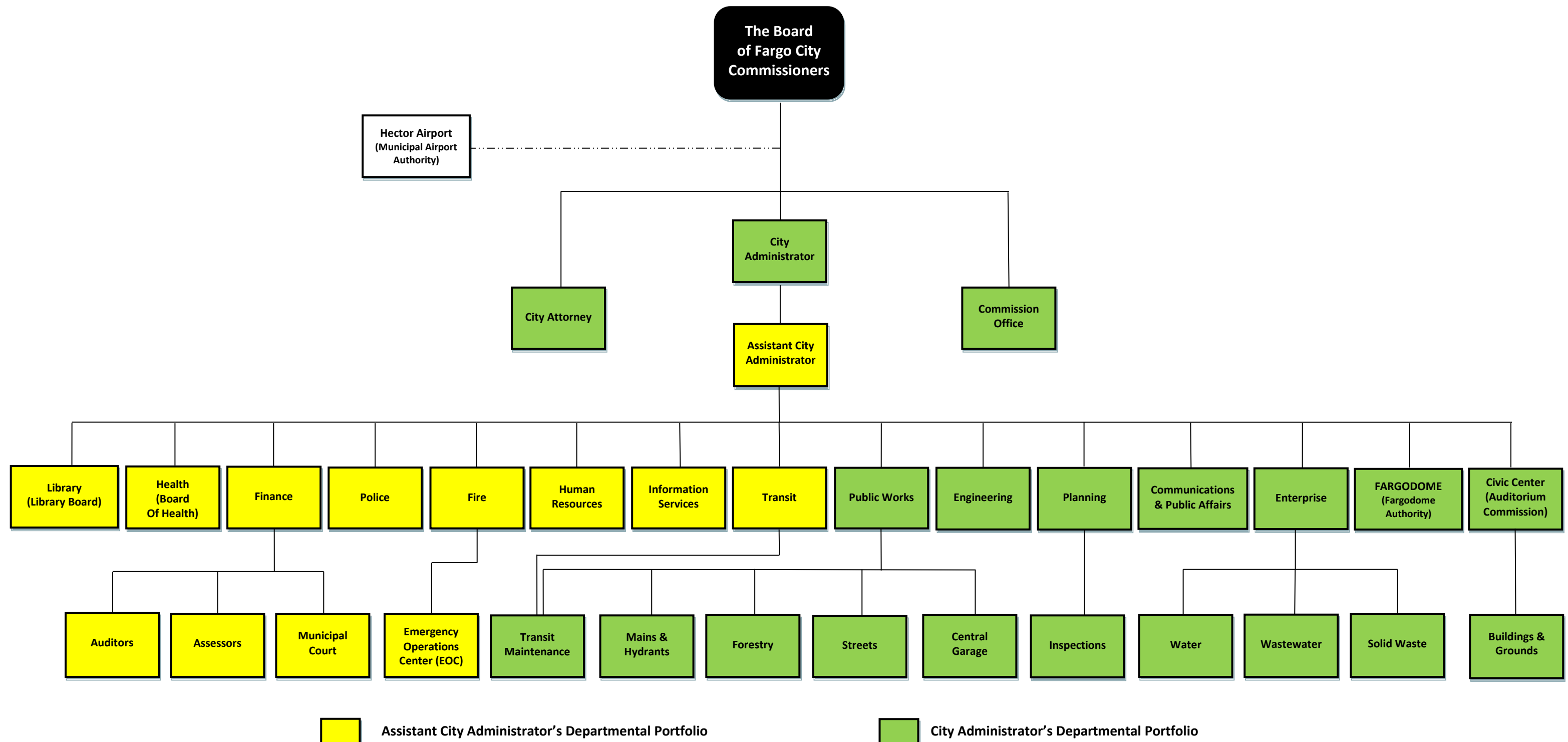
Kent A. Costin  
Director of Finance



**CITY OF FARGO, NORTH DAKOTA  
LISTING OF CITY OFFICIALS  
AS OF DECEMBER 31, 2016**

<b>NAME</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Dr. Tim Mahoney	Mayor	June 2018
Dave Piepkorn	Commissioner	June 2018
Tony Gehrig	Commissioner	June 2018
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, 2015**

Executive Director/CEO



## **Independent Auditor's Report**

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, 2016, 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, 2016, 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 4-11, and the pension information including, significant assumptions used to measure total pension liability, schedule of change in net pension liability, schedule of 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 88-93, 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 and schedules, 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 fund statements and schedules 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 June 9, 2017 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 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 cursive script that reads "Eide Sallee LLP".

Bismarck, North Dakota  
June 9, 2017

## **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, 2016. 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 - VI 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 \$998,586 (net position).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$193,407 a decrease of \$24,918 in comparison with the prior year. The decrease in fund balance is explained in subsequent sections of this analysis.

The City's unassigned General Fund balance of 32% of the total General Fund expenditures exceeds our management goal of 25%.

While our overall General Fund revenues met our budget expectations, State intergovernmental revenues lagged budget projections due to the overall slowdown in the State economy which has been adversely impacted by declining oil prices and agricultural commodity. The lagging State revenues were offset by better than expected revenue generation from our local economy, most specifically building permits and other development related revenue. We experienced a very good year with strong demand for residential and commercial construction.

Work began on constructing a new City Hall adjacent to our current City Hall. This new facility should be completed by mid 2018 and will provide much needed space to consolidate our governmental operations.

Work continued on several in-town flood control projects. The second street flood wall and related lift station was opened in November. This provides permanent flood control protection for the Downtown area.

A \$9.7 million upgrade to the video and technology infrastructure at the Fargodome was completed this year to include a state of the art video production facility, scoreboard and video screens in the arena and lobbies.

#### **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 14 and 15 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 twenty 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 seventeen 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 16 - 19 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 22 - 24 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 28 and 29 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 31 – 92 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 to its employees. Required supplementary information can be found on pages 93 - 97 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 101 - 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 \$998,586 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (85%) 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, 2016 and 2015.

City of Fargo's Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 567,683	\$ 531,803	\$ 106,962	\$ 104,392	\$ 674,645	\$ 636,195
Capital assets	439,030	399,507	726,498	653,196	1,165,528	1,052,703
Total assets	1,006,713	931,310	833,460	757,588	1,840,173	1,688,898
Deferred outflows of resources	15,763	10,356	2,982	1,275	18,745	11,631
Long-term liabilities outstanding	777,447	634,568	39,711	29,748	817,158	664,316
Other liabilities	29,650	84,232	9,758	16,735	39,408	100,967
Total liabilities	807,097	718,800	49,469	46,483	856,566	765,283
Deferred inflows of resources	2,935	1,657	831	558	3,766	2,215
Net position:						
Net investment in capital assets	138,920	181,249	708,549	632,352	847,469	813,601
Restricted	71,486	36,576	38,133	42,919	109,619	79,495
Unrestricted	2,038	3,384	39,460	36,551	41,498	39,935
Total net position	\$ 212,444	\$ 221,209	\$ 786,142	\$ 711,822	\$ 998,586	\$ 933,031

A portion of the City of Fargo's net position (11%) represents resources that are subject to external restrictions on how they may be used.

City of Fargo's Changes in Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 32,595	\$ 30,568	\$ 65,340	\$ 61,457	\$ 97,935	\$ 92,025
Operating grants and contributions	11,035	9,662	-	-	11,035	9,662
Capital grants and contributions	138,364	86,152	13,367	4,230	151,731	90,382
General Revenues:						
Taxes	86,116	84,292	840	744	86,956	85,036
Unrestricted intergovernmental	6,112	8,778	-	-	6,112	8,778
Unrestricted investment earnings	3,786	2,722	3,843	408	7,629	3,130
Miscellaneous	245	699	2,093	1,271	2,338	1,970
Total revenues	<u>278,253</u>	<u>222,873</u>	<u>85,483</u>	<u>68,110</u>	<u>363,736</u>	<u>290,983</u>
Expenses:						
General government	17,776	16,819	-	-	17,776	16,819
Public safety	39,029	37,826	-	-	39,029	37,826
Public works	122,801	103,298	-	-	122,801	103,298
Public health and welfare	11,443	11,683	-	-	11,443	11,683
Recreation and culture	8,425	8,152	-	-	8,425	8,152
Urban redevelopment	1,849	2,117	-	-	1,849	2,117
Transportation	9,942	10,045	-	-	9,942	10,045
General support	1,057	1,200	-	-	1,057	1,200
Interest and fiscal charges	21,918	19,671	-	-	21,918	19,671
Municipal airport authority	-	-	8,824	8,484	8,824	8,484
Water	-	-	15,000	14,200	15,000	14,200
Wastewater	-	-	9,907	9,814	9,907	9,814
Storm sewer	-	-	5,283	5,083	5,283	5,083
Solid waste	-	-	11,111	10,799	11,111	10,799
Fargodome	-	-	8,400	7,894	8,400	7,894
Southeast cass	-	-	49	54	49	54
Vector control	-	-	380	335	380	335
Street lighting	-	-	3,217	3,024	3,217	3,024
Forestry	-	-	1,770	1,721	1,770	1,721
Total expenses	<u>234,240</u>	<u>210,811</u>	<u>63,941</u>	<u>61,408</u>	<u>298,181</u>	<u>272,219</u>
Excess before Transfers	44,013	12,062	21,542	6,702	65,555	18,764
Transfers	(52,778)	(48,660)	52,778	48,660	-	-
Change in net position	(8,765)	(36,598)	74,320	55,362	65,555	18,764
Net position - beginning	221,209	257,807	711,822	656,460	933,031	914,267
Net position - ending	<u>\$ 212,444</u>	<u>\$ 221,209</u>	<u>\$ 786,142</u>	<u>\$ 711,822</u>	<u>\$ 998,586</u>	<u>\$ 933,031</u>

The City's net position increased by \$65,555 during the current fiscal year.

## Governmental activities

The governmental activities' net position decreased by \$8,765 during the current fiscal year.

There was a significant decline in State aid noted in 2016 due to the continued decline of State sales tax collections.

## Business type activities

Business-type activities increased the City of Fargo's net position by \$74,320.

The City of Fargo began providing water services to the City of West Fargo in June of 2016. This project created a new revenue stream for the Water Fund and resulted in increased revenue of \$2.6 million for 2016.



## **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 \$193,407, a decrease of \$24,917 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 \$28,855 while total fund balance reached \$39,397. 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 32% percent of total general fund expenditures, while total fund balance represents 44% percent of that same amount. Managements fund balance goal of 25% has been achieved for this fiscal year. This fund balance level represents an increase of \$220 during the year. The remainder of fund balance is assigned (\$1,640, 4 percent), committed (\$2,581, 7 percent), restricted (\$2,913, 7 percent) or nonspendable (\$3,408, 9 percent).

Overall General Fund revenues of this fund group remained constant, with minimal change from the prior year, while total expenditures increased by 4%

The increase in General Fund expenditures is attributed to expanding public safety personnel to handle increased needs and protection throughout the City. The most significant budget savings are related to the timing of capital outlay funding which lagged budget levels by \$2,476. Capital funds will be carried forward into the 2017 budget.

The debt service fund has a total fund balance of \$108,619, all of which is restricted for the payment of future debt service. The net increase in fund balance during the current year was \$17,949. This is due to an increase in special assessments revenue, which included an increase of \$4.5 million of prepayments.

The capital projects fund had a net decrease in fund balance of \$42,901. Capital project expenditures increased by 29% in 2016 due continued work on flood control projects, continued expansion of our City infrastructure, and the expansion of the water treatment plant.

### **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 \$39,154. All individual proprietary funds, with the exception of Solid Waste, reported increases in net position.

Operating revenues of this fund group increased by 6%. This increase is attributed to the City of Fargo starting to provide water services to the City of West Fargo. This project created a new revenue stream for the Water Fund.

Operating expenses increased by 4%. The increase in expense can also be attributed to providing water services to the City of West Fargo.

## General Fund Budgetary Highlights

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

General Fund revenue projections fell short of the originally adopted budget by 0.5% and 0.1% of the revised budget. Changes were made to our revenue projections mid-year to increase charges for services due to a strong city project schedule and to decrease the state aid due to lagging budget projects as a result of the state wide economic conditions.

Noted variances between final budget and actual are as follows:

Overall General Fund expenditures were incurred at 96% of final budget, a variance similar to the prior years.

Capital outlay expenditures lagged budget by \$2,476 due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2017 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, 2016 amounts to \$1,165 (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:

There were a number of municipal building projects in progress during 2016. \$5.4 million was expended on the new City Hall project, \$8.2 million was expended on the construction of a parking ramp, \$2.5 million was expended on the Fire Headquarters remodel project, and \$30 million was expended on the expansion of the water treatment plant.

Other notable events include, \$9.1 million expended on a wastewater treatment plant improvement project, \$6.7 million expended on the video board project at the FARGODOME, and \$13.9 million expended on taxiway projects at the Airport.

City of Fargo's Capital Assets (net of depreciation) (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 68,783	\$ 63,276	\$ 41,017	\$ 41,592	\$ 109,800	\$ 104,868
Construction in progress	19,068	11,364	107,287	42,456	126,355	53,820
Intangible	8,821	8,413	920	920	9,741	9,333
Buildings	50,095	43,389	126,064	130,041	176,159	173,430
Improvements other than buildings	654	675	19,699	16,541	20,353	17,216
Machinery and equipment	17,368	18,323	25,150	22,465	42,518	40,788
Infrastructure	234,254	214,961	406,361	399,181	640,615	614,142
Flood Control	39,987	39,106	-	-	39,987	39,106
Total	<u>\$ 439,030</u>	<u>\$ 399,507</u>	<u>\$ 726,498</u>	<u>\$ 653,196</u>	<u>\$ 1,165,528</u>	<u>\$ 1,052,703</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 \$768,653. Of this amount, \$415,715 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).

The City of Fargo's total outstanding debt increased by \$72,861 during the current fiscal year. This increase can be associated with the need to finance the new City Hall project, financing the Fargo-Moorhead Diversion flood control project, and expansion of the City's utility infrastructure.

City of Fargo's Outstanding Debt (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Improvement bonds	\$ 415,715	\$ 386,760	\$ -	\$ -	\$ 415,715	\$ 386,760
Gross revenue bonds	-	-	7,112	10,965	7,112	10,965
General obligation bonds	37,910	12,390	-	-	37,910	12,390
Sales tax bonds	75,889	79,063	-	-	75,889	79,063
Notes payable	144,462	126,955	3,900	2,700	148,362	129,655
Capital leases	254	323	3,380	4,626	3,634	4,949
Net pension liability	68,709	62,432	11,322	9,578	80,031	72,010
Total	\$ 742,939	\$ 667,923	\$ 25,714	\$ 27,869	\$ 768,653	\$ 695,792

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

The City issued \$25,640 General Obligation Development Bonds, Series 2016A at a true interest cost of 2.43%. These bonds were issued to finance the new city hall building project.

The City issued \$27,485 Refunding Improvement Refunding Bonds, Series 2016B at a true interest cost of 2.46%. These bonds were issued as a crossover refunding of the Series 2009C Refunding Improvement Bonds.

The City issued \$41,745 Refunding Improvement Bonds, Series 2016C at a true interest cost of 2.92%. 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 two \$50,000 loans to finance the flood control project. One loan was used to repay the \$50,000 loan issued in 2015 and the second loan was issued to finance the project.

The City continues to use the North Dakota State Revolving Loan funds to finance some of its water and wastewater projects.

The City of Fargo maintained 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

Budgeted revenues from State sources are in a state of decline, however, State officials believe that this decline will bottom out in 2017 with gradual increase in economic activity in the oil production sector. Management monitors our revenue base very closely and will introduce budget management strategies that help us to overcome changes in our revenues.

Forestry utility rates were increased slightly in the 2017 budget. No changes were made to our major utilities. Fargo became a regional water provider in June of 2016 by servicing the City of West Fargo (population 30,000). This will greatly improve their water quality and will provide additional revenue for

our water utility fund. Fargo is presently working with West Fargo and Horace to become a regional wastewater services provider for these communities.

The City constrained our 2017 General Fund budget due to decline state intergovernmental resource currently occurring. The budget increase overall was approved at a 1.7%, which is significantly lower than in past years.

The Board of Equalization's preliminary assessment of our tax base for 2017 projected an increase of 7.8%. This healthy growth in our tax base will provide produce additional resources

### **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, 200 3<sup>rd</sup> Street North, City of Fargo, ND, 58102 or visit the City's web site at [www.cityoffargo.com](http://www.cityoffargo.com). The entire report is presented in the City information section.



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**CITY OF FARGO, NORTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 187,064	\$ 5,833,529	\$ 6,020,593
Investments	61,092,205	306,330	61,398,535
Equity in pooled investments	111,007,746	59,907,399	170,915,145
Receivables (net of allowance for uncollectibles):			
Interest	410,121	54,314	464,435
Taxes	237,447	7,686	245,133
Accounts	5,151,482	5,697,427	10,848,909
Sales tax	9,459,322	-	9,459,322
Notes receivable	194,809	-	194,809
Special assessments	356,126,981	23,169	356,150,150
Intergovernmental	17,123,752	770,534	17,894,286
Contract	14,253	-	14,253
Loans	2,240,195	-	2,240,195
Internal balances	(53,230)	53,230	-
Inventory	1,291,433	502,393	1,793,826
Prepaid expenses	463,313	506,614	969,927
Property held for resale	2,702,097	-	2,702,097
Restricted assets:			
Equity in pooled investments	-	4,970	4,970
Investments	-	33,275,003	33,275,003
Prepaid expenses	-	18,884	18,884
Unamortized debt costs	34,262	-	34,262
Capital assets not being depreciated:			
Land	68,782,805	41,017,386	109,800,191
Construction in progress	19,068,021	107,286,647	126,354,668
Intangible - Right-of-way Easements	8,821,274	420,036	9,241,310
Intangible - Water Rights	-	500,000	500,000
Capital assets (net of accumulated depreciation):			
Buildings	50,094,573	126,063,704	176,158,277
Improvements other than buildings	654,234	19,699,136	20,353,370
Machinery and equipment	17,367,412	25,150,237	42,517,649
Infrastructure	234,254,073	406,361,091	640,615,164
Flood Control	39,987,328	-	39,987,328
Total capital assets	<u>439,029,720</u>	<u>726,498,237</u>	<u>1,165,527,957</u>
Total assets	<u>1,006,712,972</u>	<u>833,459,719</u>	<u>1,840,172,691</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources related to pension	15,762,643	2,982,500	18,745,143
Total deferred outflows of resources	<u>15,762,643</u>	<u>2,982,500</u>	<u>18,745,143</u>
<b>LIABILITIES</b>			
Vouchers payable	14,027,293	3,923,917	17,951,210
Retainage payable	5,210,129	656,425	5,866,554
Accrued payroll	2,334,864	561,418	2,896,282
Accrued interest payable	5,140,298	474,137	5,614,435
Accrued interest payable from restricted assets	-	125,735	125,735
Special assessments payable	477,908	384,195	862,103
Unearned revenue	2,161,249	3,622,081	5,783,330
Deposits	297,632	9,990	307,622
Noncurrent liabilities:			
Due within one year	81,337,586	2,777,330	84,114,916
Due within one year payable from restricted assets	-	4,708,759	4,708,759
Due in more than one year	627,400,354	20,902,827	648,303,181
Net pension liability	68,709,183	11,322,058	80,031,241
Total liabilities	<u>807,096,496</u>	<u>49,468,872</u>	<u>856,565,368</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow of resources related to pension	2,935,196	830,817	3,766,013
Total deferred Inflows of resources	<u>2,935,196</u>	<u>830,817</u>	<u>3,766,013</u>
<b>NET POSITION</b>			
Net investment in capital assets	138,920,327	708,548,590	847,468,917
Restricted for:			
Debt service	49,091,269	4,858,348	53,949,617
Specific projects and programs	5,582,364	-	5,582,364
Capital improvements	16,811,873	33,275,003	50,086,876
Unrestricted	2,038,090	39,460,589	41,498,679
Total net position	<u>\$ 212,443,923</u>	<u>\$ 786,142,530</u>	<u>\$ 998,586,453</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, 2016**

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	\$ 17,776,492	\$ 2,916,943	\$ 471,755	\$ -	\$ (14,387,794)	\$ -	\$ (14,387,794)
Public safety	39,029,094	6,119,964	1,305,416	162,304	(31,441,410)	-	(31,441,410)
Public works	122,801,345	15,343,800	556,321	137,329,719	30,428,495	-	30,428,495
Public health & welfare	11,442,822	2,946,313	3,718,023	-	(4,778,486)	-	(4,778,486)
Recreation & culture	8,424,874	647,217	189,507	-	(7,588,150)	-	(7,588,150)
Urban redevelopment	1,849,153	637,583	845,539	59,390	(306,641)	-	(306,641)
Transportation	9,941,816	3,982,718	3,947,946	812,814	(1,198,338)	-	(1,198,338)
General support	1,057,122	-	-	-	(1,057,122)	-	(1,057,122)
Interest and fiscal charges	21,917,557	-	-	-	(21,917,557)	-	(21,917,557)
Total governmental activities	<u>234,240,275</u>	<u>32,594,538</u>	<u>11,034,507</u>	<u>138,364,227</u>	<u>(52,247,003)</u>	<u>-</u>	<u>(52,247,003)</u>
Business-type activities:							
Municipal airport authority	8,823,490	8,296,226	-	13,366,270	-	12,839,006	12,839,006
Water	15,000,452	21,779,615	-	-	-	6,779,163	6,779,163
Wastewater	9,907,111	10,526,541	-	-	-	619,430	619,430
Storm sewer	5,283,166	1,634,581	-	-	-	(3,648,585)	(3,648,585)
Solid waste	11,111,432	12,504,724	-	577	-	1,393,869	1,393,869
Fargodome	8,399,909	6,578,942	-	-	-	(1,820,967)	(1,820,967)
Southeast Cass	49,345	28,554	-	-	-	(20,791)	(20,791)
Vector control	379,561	697,221	-	-	-	317,660	317,660
Street lighting	3,216,418	1,812,382	-	-	-	(1,404,036)	(1,404,036)
Forestry	1,770,157	1,481,288	-	-	-	(288,869)	(288,869)
Total business-type activities	<u>63,941,041</u>	<u>65,340,074</u>	<u>-</u>	<u>13,366,847</u>	<u>-</u>	<u>14,765,880</u>	<u>14,765,880</u>
Total	<u>\$ 298,181,316</u>	<u>\$ 97,934,612</u>	<u>\$ 11,034,507</u>	<u>\$ 151,731,074</u>	<u>(52,247,003)</u>	<u>14,765,880</u>	<u>(37,481,123)</u>
General revenues:							
Taxes:							
Property taxes					26,065,359	840,443	26,905,802
Sales taxes					51,109,289	-	51,109,289
Gross business receipts taxes					4,839,170	-	4,839,170
Lodging taxes					2,339,795	-	2,339,795
Other taxes					1,762,599	-	1,762,599
Unrestricted intergovernmental					6,112,343	-	6,112,343
Unrestricted investment earnings					3,786,334	3,842,990	7,629,324
Miscellaneous revenue					245,370	2,092,868	2,338,238
Transfers					(52,778,426)	52,778,426	-
Total general revenues and transfers					<u>43,481,833</u>	<u>59,554,727</u>	<u>103,036,560</u>
Change in net position					(8,765,170)	74,320,607	65,555,437
Net position - beginning					<u>221,209,093</u>	<u>711,821,923</u>	<u>933,031,016</u>
Net position - ending					<u>\$ 212,443,923</u>	<u>\$ 786,142,530</u>	<u>\$ 998,586,453</u>

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

**CITY OF FARGO, NORTH DAKOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 187,064	\$ -	\$ -	\$ -	\$ 187,064
Investments	-	61,092,205	-	-	61,092,205
Equity in pooled investments	35,383,869	33,819,340	38,550,182	3,254,355	111,007,746
Receivables (net of allowance for uncollectibles):					
Interest	206,540	96,612	106,969	-	410,121
Taxes	200,844	31,523	-	5,080	237,447
Accounts	4,460,435	58,875	328,424	303,748	5,151,482
Sales tax	-	2,364,830	7,094,492	-	9,459,322
Special assessments	-	355,374,557	456,414	296,010	356,126,981
Contracts	-	14,253	-	-	14,253
Intergovernmental	4,140,798	-	12,922,407	60,547	17,123,752
Long term note receivable	-	194,809	-	-	194,809
Loans	-	-	-	2,240,195	2,240,195
Advances to other funds	1,659,697	-	-	-	1,659,697
Inventory	1,291,433	-	-	-	1,291,433
Prepaid items	428,961	-	19,323	15,029	463,313
Property held for resale	27,500	-	2,500,000	174,597	2,702,097
	<u>\$ 47,987,141</u>	<u>\$ 453,047,004</u>	<u>\$ 61,978,211</u>	<u>\$ 6,349,561</u>	<u>\$ 569,361,917</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Vouchers payable	\$ 3,096,328	\$ 68,152	\$ 10,588,895	\$ 273,918	\$ 14,027,293
Contract retainage payable	-	-	5,210,129	-	5,210,129
Advances from other funds	-	-	-	1,712,927	1,712,927
Accrued payroll	2,316,915	-	6,279	11,670	2,334,864
Special assessments payable	2,040	40,976	116,998	317,894	477,908
Unearned revenue	66,601	-	439,828	1,654,822	2,161,251
Deposits	297,632	-	-	-	297,632
Total liabilities	<u>5,779,516</u>	<u>109,128</u>	<u>16,362,129</u>	<u>3,971,231</u>	<u>26,222,004</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	<u>2,811,121</u>	<u>344,318,402</u>	<u>1,768,293</u>	<u>834,840</u>	<u>349,732,656</u>
<b>Fund balances</b>					
Nonspendable	3,407,591	-	19,323	15,029	3,441,943
Restricted	2,913,219	108,619,474	43,828,466	3,036,857	158,398,016
Committed	2,581,150	-	-	-	2,581,150
Assigned	1,639,608	-	-	-	1,639,608
Unassigned	28,854,936	-	-	(1,508,396)	27,346,540
Total fund balance	<u>39,396,504</u>	<u>108,619,474</u>	<u>43,847,789</u>	<u>1,543,490</u>	<u>193,407,257</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 47,987,141</u>	<u>\$ 453,047,004</u>	<u>\$ 61,978,211</u>	<u>\$ 6,349,561</u>	<u>\$ 569,361,917</u>

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, 2016**

Amounts reported for governmental activities in the statement of net position (page 14)  
are different because:

Total fund balance - governmental funds (page 16)	\$ 193,407,257
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements	439,029,720
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	349,732,659
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	(55,881,736)
Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds	<u>(713,843,977)</u>
Net position of governmental activities (page 14)	<u><u>\$ 212,443,923</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, 2016

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 28,702,567	\$ 26,700,415	\$ 27,919,475	\$ 2,802,224	\$ 86,124,681
Special assessments	-	36,744,932	29,218	231,329	37,005,479
Licenses and permits	4,832,453	-	-	-	4,832,453
Intergovernmental revenues	21,543,645	228,023	39,800,555	905,466	62,477,689
Charges for services	22,161,433	-	-	1,794,991	23,956,424
Fines and forfeits	2,121,582	-	-	219,666	2,341,248
Investment income	2,525,865	767,889	491,955	628	3,786,337
Miscellaneous revenues	1,030,903	12,875	288,915	771,614	2,104,307
Total revenues	<u>82,918,448</u>	<u>64,454,134</u>	<u>68,530,118</u>	<u>6,725,918</u>	<u>222,628,618</u>
<b>EXPENDITURES</b>					
Current:					
General government	15,850,432	-	556,830	-	16,407,262
Public safety	35,804,818	-	18,366	258,888	36,082,072
Public works	10,662,455	656,933	100,033,320	287,492	111,640,200
Public health & welfare	10,762,458	-	51,643	34,864	10,848,965
Recreation and culture	4,770,797	-	-	2,808,589	7,579,386
Urban redevelopment	-	235,399	106,560	1,442,876	1,784,835
Public transportation	7,092,990	-	34,014	869,819	7,996,823
General support	1,057,122	-	-	-	1,057,122
Capital outlay	2,611,766	-	118,755,730	83,531	121,451,027
Debt service:					
Principal	68,352	99,510,439	-	-	99,578,791
Interest and fiscal charges	9,705	21,217,782	822,357	-	22,049,844
Total expenditures	<u>88,690,895</u>	<u>121,620,553</u>	<u>220,378,820</u>	<u>5,786,059</u>	<u>436,476,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,772,447)</u>	<u>(57,166,419)</u>	<u>(151,848,702)</u>	<u>939,859</u>	<u>(213,847,709)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	11,515,029	1,779,810	14,455,127	100,294	27,850,260
Transfers out	(5,522,130)	(6,520,585)	(3,061)	(2,036,057)	(14,081,833)
Loans issued	-	50,102,436	23,346,227	-	73,448,663
Bonds issued	-	27,485,000	67,385,000	-	94,870,000
Bond premium	-	2,268,544	4,574,452	-	6,842,996
Total other financing sources (uses)	<u>5,992,899</u>	<u>75,115,205</u>	<u>109,757,745</u>	<u>(1,935,763)</u>	<u>188,930,086</u>
Net change in fund balances	220,452	17,948,786	(42,090,957)	(995,904)	(24,917,623)
Fund balance - beginning of year	39,176,052	90,670,688	85,938,746	2,539,394	218,324,880
Fund balance - end of year	<u>\$ 39,396,504</u>	<u>\$ 108,619,474</u>	<u>\$ 43,847,789</u>	<u>\$ 1,543,490</u>	<u>\$ 193,407,257</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, 2016**

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ (24,917,623)
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.	104,897,614
Capital assets transferred to enterprise funds	(66,546,854)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	1,171,973
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	54,452,941
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.	(2,148,291)
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.	(75,582,868)
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.	(92,062)
Change in net position of governmental activities (page 15)	<u><u>\$ (8,765,170)</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, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Taxes	\$ 29,123,995	\$ 29,113,995	\$ 28,702,567	\$ (411,428)
Licenses & permits	4,580,000	4,580,000	4,832,453	252,453
Intergovernmental revenues	26,662,005	21,549,569	21,543,645	(5,924)
Charges for services	17,217,850	21,496,550	22,161,433	664,883
Fines and forfeits	2,641,000	2,641,000	2,121,582	(519,418)
Investment income	1,957,000	2,457,000	2,525,865	68,865
Miscellaneous revenues	1,117,150	1,169,097	1,030,903	(138,194)
Total revenues	<u>83,299,000</u>	<u>83,007,211</u>	<u>82,918,448</u>	<u>(88,763)</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,861,468	16,385,803	15,850,432	535,371
Public safety	34,929,918	36,263,025	35,804,818	458,207
Public works	11,214,525	10,944,796	10,662,455	282,341
Public health & welfare	9,840,631	10,443,146	10,762,458	(319,312)
Recreation & culture	4,541,670	4,562,577	4,770,797	(208,220)
Public Transportation	7,821,638	7,336,456	7,092,990	243,466
General support	945,150	980,150	1,057,122	(76,972)
Capital outlay	7,166,000	5,087,381	2,611,766	2,475,615
Debt service:				
Principal	-	-	68,352	(68,352)
Interest and fiscal charges	-	-	9,705	(9,705)
Total expenditures	<u>92,321,000</u>	<u>92,003,334</u>	<u>88,690,895</u>	<u>3,312,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,022,000)</u>	<u>(8,996,123)</u>	<u>(5,772,447)</u>	<u>3,223,676</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,996,000	10,996,000	11,515,029	519,029
Transfers out	<u>(1,794,000)</u>	<u>(5,764,660)</u>	<u>(5,522,130)</u>	<u>242,530</u>
Total other financing sources	<u>9,202,000</u>	<u>5,231,340</u>	<u>5,992,899</u>	<u>761,559</u>
Net change in fund balances	<u>180,000</u>	<u>(3,764,783)</u>	220,452	<u>3,985,235</u>
Fund balance - beginning of year			39,176,052	
Fund balance - end of year			<u>\$ 39,396,504</u>	

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





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**CITY OF FARGO, NORTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	Business Type Activities-Proprietary Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total
<b>ASSETS</b>								
Current assets								
Cash	\$ -	\$ 50	\$ 50	\$ -	\$ 300	\$ 5,833,079	\$ 50	\$ 5,833,529
Investments	-	-	-	-	306,330	-	-	306,330
Equity in pooled investments	20,286,635	16,209,138	15,492,591	371,132	608,944	662,366	1,442,099	55,072,905
Receivables (net of allowance for uncollectibles):								
Interest	53,470	844	-	-	-	-	-	54,314
Special assessments	-	-	-	-	-	-	23,169	23,169
Taxes	7,686	-	-	-	-	-	-	7,686
Accounts	626,976	1,730,917	1,035,771	162,868	1,092,124	580,768	468,003	5,697,427
Intergovernmental	770,534	-	-	-	-	-	-	770,534
Advances to other funds	-	-	-	-	53,230	-	-	53,230
Inventory	-	159,236	-	-	-	40,892	302,265	502,393
Prepaid expenses	20,141	67,134	123,682	6,675	85,142	191,855	11,985	506,614
Restricted equity in pooled investments	-	3,940,800	81,601	-	812,093	-	-	4,834,494
Total current assets	<u>21,765,442</u>	<u>22,108,119</u>	<u>16,733,695</u>	<u>540,675</u>	<u>2,958,163</u>	<u>7,308,960</u>	<u>2,247,571</u>	<u>73,662,625</u>
Noncurrent assets								
Restricted assets								
Equity in pooled investments	-	4,970	-	-	-	-	-	4,970
Investments	-	-	-	-	-	33,275,003	-	33,275,003
Prepaid expenses	-	18,884	-	-	-	-	-	18,884
Capital assets								
Land	8,516,547	4,859,387	583,744	24,403,503	2,654,205	-	-	41,017,386
Right of way	-	-	289,090	130,946	-	-	-	420,036
Construction in progress	15,892,405	68,050,228	15,435,601	911,400	35,493	6,961,520	-	107,286,647
Intangible	-	500,000	-	-	-	-	-	500,000
Buildings	27,200,860	85,714,229	31,550,528	-	5,699,195	58,677,604	-	208,842,416
Improvements other than buildings	2,267,980	1,707,158	2,068,043	3,243,618	15,038,581	6,006,067	-	30,331,447
Machinery and equipment	10,285,392	6,929,006	11,715,628	4,931,963	19,030,241	21,594,820	1,660,985	76,148,035
Infrastructure	94,434,846	127,298,635	133,926,683	196,320,925	6,158	-	37,765,986	589,753,233
Less accumulated depreciation	(58,633,544)	(59,514,692)	(60,593,756)	(62,548,701)	(19,563,903)	(49,109,496)	(17,836,871)	(327,800,963)
Total capital assets (net of accumulated depreciation)	<u>99,964,486</u>	<u>235,543,951</u>	<u>134,975,561</u>	<u>167,393,654</u>	<u>22,899,970</u>	<u>44,130,515</u>	<u>21,590,100</u>	<u>726,498,237</u>
Total noncurrent assets	<u>99,964,486</u>	<u>235,567,805</u>	<u>134,975,561</u>	<u>167,393,654</u>	<u>22,899,970</u>	<u>77,405,518</u>	<u>21,590,100</u>	<u>759,797,094</u>
Total assets	<u>\$ 121,729,928</u>	<u>\$ 257,675,924</u>	<u>\$ 151,709,256</u>	<u>\$ 167,934,329</u>	<u>\$ 25,858,133</u>	<u>\$ 84,714,478</u>	<u>\$ 23,837,671</u>	<u>\$ 833,459,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows of resources related to pension	399,888	775,628	409,449	113,324	789,698	258,189	236,324	2,982,500
Total deferred outflows of resources	<u>399,888</u>	<u>775,628</u>	<u>409,449</u>	<u>113,324</u>	<u>789,698</u>	<u>258,189</u>	<u>236,324</u>	<u>2,982,500</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, 2016**

	Business Type Activities-Proprietary Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total
<b>LIABILITIES</b>								
Current liabilities								
Vouchers payable	\$ 1,393,233	\$ 443,620	\$ 282,153	\$ 20,392	\$ 704,849	\$ 873,663	\$ 206,007	\$ 3,923,917
Retainage payable	255,491	-	-	-	-	400,934	-	656,425
Interest payable	-	26,864	52,642	151,533	143,643	99,455	-	474,137
Accrued payroll	81,689	127,323	56,351	18,430	132,238	106,037	39,350	561,418
Current portion of special assessments	-	16,842	46,551	110,590	166,327	43,885	-	384,195
Current portion of capital lease	-	-	38,536	-	761,880	1,180,000	-	1,980,416
Accrued vacation payable	157,933	190,596	106,877	23,813	207,527	50,096	60,072	796,914
Unearned revenue	-	-	-	-	-	3,622,081	-	3,622,081
Deposits	-	-	-	-	-	9,990	-	9,990
Current liabilities payable from restricted assets:								
Current portion of long-term debt	-	3,840,000	81,601	-	787,158	-	-	4,708,759
Accrued interest and other	-	100,800	-	-	24,935	-	-	125,735
Total current liabilities	<u>1,888,346</u>	<u>4,746,045</u>	<u>664,711</u>	<u>324,758</u>	<u>2,928,557</u>	<u>6,386,141</u>	<u>305,429</u>	<u>17,243,987</u>
Noncurrent liabilities								
Landfill closure accruals	-	-	-	-	5,168,202	-	-	5,168,202
Long-term debt, net of current portion:								
Special assessments payable	-	528,639	882,333	2,911,558	1,892,973	1,670,010	-	7,885,513
Capital lease	-	-	66,310	-	1,333,088	-	-	1,399,398
Revenue bonds, net of deferred amount of refunding	-	146,829	-	-	2,993,632	-	-	3,140,461
Notes payable	-	-	339,391	-	2,969,862	-	-	3,309,253
Net pension liability	1,527,278	3,222,580	1,631,317	383,946	3,325,372	340,988	890,577	11,322,058
Total noncurrent liabilities	<u>1,527,278</u>	<u>3,898,048</u>	<u>2,919,351</u>	<u>3,295,504</u>	<u>17,683,129</u>	<u>2,010,998</u>	<u>890,577</u>	<u>32,224,885</u>
Total liabilities	<u>3,415,624</u>	<u>8,644,093</u>	<u>3,584,062</u>	<u>3,620,262</u>	<u>20,611,686</u>	<u>8,397,139</u>	<u>1,196,006</u>	<u>49,468,872</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows of resources related to pension	111,221	248,973	122,370	25,961	258,228	-	64,064	830,817
Total deferred inflows of resources	<u>111,221</u>	<u>248,973</u>	<u>122,370</u>	<u>25,961</u>	<u>258,228</u>	<u>-</u>	<u>64,064</u>	<u>830,817</u>
<b>NET POSITION</b>								
Net investment in capital assets	99,964,486	234,976,295	133,602,440	164,371,506	13,113,473	41,236,620	21,590,100	708,854,920
Restricted for:								
Debt service	-	3,964,654	81,601	-	812,093	-	-	4,858,348
Capital improvements	-	-	-	-	-	33,275,003	-	33,275,003
Unrestricted	18,638,485	10,617,537	14,728,232	29,924	(8,147,649)	2,063,905	1,223,825	39,154,259
Total net position	<u>\$ 118,602,971</u>	<u>\$ 249,558,486</u>	<u>\$ 148,412,273</u>	<u>\$ 164,401,430</u>	<u>\$ 5,777,917</u>	<u>\$ 76,575,528</u>	<u>\$ 22,813,925</u>	<u>\$ 786,142,530</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, 2016**

	Business Type Activities-Proprietary Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total
OPERATING REVENUES								
Charges for services	\$ 8,296,226	\$ 21,779,615	\$ 10,526,541	\$ 1,634,581	\$ 12,504,724	\$ 6,578,942	\$ 4,019,445	\$ 65,340,074
OPERATING EXPENSES								
Personnel services	2,257,875	3,610,814	1,810,468	440,326	3,983,063	2,937,433	1,273,616	16,313,595
Other services	1,256,790	2,883,186	2,280,170	198,918	2,007,256	2,606,738	1,012,910	12,245,968
Materials and supplies	651,610	4,064,497	1,738,547	145,702	2,553,667	62,229	1,490,136	10,706,388
Depreciation	4,022,587	4,190,394	4,022,370	4,346,687	2,169,689	2,659,236	1,638,819	23,049,782
Total operating expenses	8,188,862	14,748,891	9,851,555	5,131,633	10,713,675	8,265,636	5,415,481	62,315,733
Operating income (loss)	107,364	7,030,724	674,986	(3,497,052)	1,791,049	(1,686,694)	(1,396,036)	3,024,341
NONOPERATING REVENUES (EXPENSES)								
Gain (loss) on disposal of assets	-	(29,954)	(24,897)	(18,852)	535,721	-	23,313	485,331
Investment income (expense)	171,913	191,409	154,970	-	253	3,324,445	-	3,842,990
Interest expense and bond fees	(634,628)	(232,677)	(55,556)	(151,533)	(397,757)	(134,273)	-	(1,606,424)
Amortization expense	-	(18,884)	-	-	-	-	-	(18,884)
General property tax revenue	840,443	-	-	-	-	-	-	840,443
Miscellaneous revenue (expense)	9,330	196,920	15,557	33,584	66,667	846	9,259	332,163
Sale of byproducts	-	-	937,848	-	337,526	-	-	1,275,374
Total nonoperating revenues (expenses)	387,058	106,814	1,027,922	(136,801)	542,410	3,191,018	32,572	5,150,993
Income (loss) before contributions and transfers	494,422	7,137,538	1,702,908	(3,633,853)	2,333,459	1,504,324	(1,363,464)	8,175,334
Capital contributions	13,383,413	40,497,740	15,252,117	7,690,842	65,852	-	3,023,736	79,913,700
Transfers in:								
Enterprise	-	45,777	-	-	-	-	530,000	575,777
Transfers out:								
General	(50,000)	(4,387,000)	(2,000,000)	(321,000)	(2,776,029)	(50,000)	(481,000)	(10,065,029)
Capital projects	-	(2,633,694)	(759,802)	(309,902)	-	-	-	(3,703,398)
Enterprise	-	-	(310,777)	-	(190,000)	-	(75,000)	(575,777)
Change in net position	13,827,835	40,660,361	13,884,446	3,426,087	(566,718)	1,454,324	1,634,272	74,320,607
Total net position - beginning	104,775,136	208,898,125	134,527,827	160,975,343	6,344,635	75,121,204	21,179,653	711,821,923
Total net position - ending	\$ 118,602,971	\$ 249,558,486	\$ 148,412,273	\$ 164,401,430	\$ 5,777,917	\$ 76,575,528	\$ 22,813,925	\$ 786,142,530

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



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**CITY OF FARGO, NORTH DAKOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	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	\$ 8,242,115	\$ 21,602,054	\$ 10,499,289	\$ 1,627,064	\$ 12,396,375	\$ 7,072,800	\$ 3,981,455	\$ 65,421,152
Payments to suppliers	(508,033)	(6,791,712)	(4,213,815)	(298,959)	(2,836,231)	(2,696,271)	(896,036)	(18,241,057)
Payments to employees	(1,572,221)	(2,569,761)	(1,202,402)	(322,039)	(2,859,801)	(2,767,546)	(335,510)	(11,629,280)
Payments of benefits on behalf of employees	(588,731)	(1,001,569)	(525,700)	(101,633)	(1,082,462)	(82,851)	(2,446,515)	(5,829,461)
Net cash provided (used) by operating activities	5,573,130	11,239,012	4,557,372	904,433	5,617,881	1,526,132	303,394	29,721,354
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers to other funds	(50,000)	(7,020,694)	(3,024,802)	(630,902)	(2,966,029)	(50,000)	(556,000)	(14,298,427)
Transfers from other funds	-	-	-	-	-	-	530,000	530,000
Property taxes	840,125	-	-	-	-	-	-	840,125
Payments received on interfund borrowing	-	-	-	-	-	-	-	-
Payments made for interfund borrowing	-	-	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	790,125	(7,020,694)	(3,024,802)	(630,902)	(2,966,029)	(50,000)	(26,000)	(12,928,302)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sale of assets	-	8,216	2,756	-	1,369,124	-	23,313	1,403,409
Proceeds from byproduct sales	-	-	937,848	-	337,526	-	-	1,275,374
Proceeds from notes payable	-	-	420,992	-	1,079,008	-	-	1,500,000
Acquisition of capital assets	(16,372,128)	(469,633)	(519,950)	(5,431)	(3,422,150)	(7,147,168)	(207,366)	(28,143,826)
Debt service - principal	-	(3,663,784)	(112,663)	(87,353)	(1,406,715)	(1,163,363)	-	(6,433,878)
Debt service - interest & fees	(634,628)	(326,664)	(56,040)	(133,445)	(402,282)	(88,291)	-	(1,641,350)
Intergovernmental capital grants	12,940,873	-	-	-	-	-	-	12,940,873
Net cash provided (used) by capital and related financing activities	(4,065,883)	(4,451,865)	672,943	(226,229)	(2,445,489)	(8,398,822)	(184,053)	(19,099,398)
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income (expense)	145,364	181,586	146,038	-	253	1,212	-	474,453
Investments redeemed	17,843,899	20,164,906	13,184,571	323,830	1,520,751	8,519,382	1,348,758	62,906,097
Investments (purchased)	(20,286,635)	(20,112,945)	(15,536,122)	(371,132)	(1,727,367)	(662,366)	(1,442,099)	(60,138,666)
Net cash provided (used) by investing activities	(2,297,372)	233,547	(2,205,513)	(47,302)	(206,363)	7,858,228	(93,341)	3,241,884
Net change in cash and cash equivalents	-	-	-	-	-	935,538	-	935,538
Cash and cash equivalents, January 1	-	50	50	-	300	4,897,541	50	4,897,991
Cash and cash equivalents, December 31	\$ -	\$ 50	\$ 50	\$ -	\$ 300	\$ 5,833,079	\$ 50	\$ 5,833,529

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, 2016**

	Business-type activities - Enterprise Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Enterprise Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 107,364	\$ 7,030,724	\$ 674,986	\$ (3,497,052)	\$ 1,791,049	\$ (1,686,694)	\$ (1,396,036)	\$ 3,024,341
Adjustments to reconcile operating income to net cash provided by operating activities								
Depreciation	4,022,587	4,190,394	4,022,370	4,346,687	2,169,689	2,659,236	1,638,819	23,049,782
Change in assets and liabilities								
Accounts receivable	(54,111)	(177,561)	(27,252)	(7,517)	(108,349)	(236,056)	(39,000)	(649,846)
Specials receivable	-	-	-	-	-	-	1,010	1,010
Inventories	-	77,860	-	-	-	4,041	35,946	117,847
Prepaid expenses	931	2,644	(90,664)	269	(3,812)	(3,360)	(256)	(94,248)
Accounts payable	1,176,388	75,467	(104,434)	45,392	372,681	(284,495)	20,841	1,301,840
Retainage payable	223,048	-	-	-	-	256,510	-	479,558
Landfill closure accruals	-	-	-	-	1,355,823	-	-	1,355,823
Payroll payable	19,841	19,446	5,261	7,107	21,270	(45,859)	6,958	34,024
Vacation payable	31,210	(8,755)	139	(12,123)	1,733	50,096	(168)	62,132
Unearned revenue	-	-	-	-	-	735,259	-	735,259
Deposits	-	-	-	-	-	(5,345)	-	(5,345)
Net pension liability	45,872	28,793	76,966	21,670	17,797	82,799	35,280	309,177
Total adjustments	5,465,766	4,208,288	3,882,386	4,401,485	3,826,832	3,212,826	1,699,430	26,697,013
Net cash provided (used) by operating activities	\$ 5,573,130	\$ 11,239,012	\$ 4,557,372	\$ 904,433	\$ 5,617,881	\$ 1,526,132	\$ 303,394	\$ 29,721,354
	-	-	-	-	-	-	-	-
Noncash transactions affecting financial position:								
Acquisition of / change in assets through capital contributions and donations	\$ 17,143	\$ 40,497,740	\$ 15,252,117	\$ 7,690,842	\$ 65,275	\$ -	\$ 3,023,736	\$ 66,546,853
Acquisition of assets through acquisition of debt	\$ -	\$ 42,646	\$ -	\$ 507,036	\$ 738,870	\$ 1,290,834	\$ -	\$ 2,579,386
Change in fair value of investments	\$ -	\$ 41,963	\$ 38,070	\$ -	\$ -	\$ -	\$ -	\$ 80,033

Concluded

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, 2016**

	<u>Pension Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash	\$ 416,061	\$ -
Equity in pooled investments	<u>292,028</u>	<u>77,230,866</u>
Receivables:		
Accounts receivable	10,101	-
Special assessments	-	10,863,631
Intergovernmental	-	4,020,140
Interest	<u>46,935</u>	<u>-</u>
Total receivables	<u>57,036</u>	<u>14,883,771</u>
Investments, at fair value:		
Mutual funds	<u>91,734,923</u>	<u>-</u>
Total investments	<u>91,734,923</u>	<u>-</u>
Total assets	<u><u>\$ 92,500,048</u></u>	<u><u>\$ 92,114,637</u></u>
<b>LIABILITIES</b>		
Vouchers and benefits payable	\$ 32,218	\$ 883,421
Due to other governments	-	90,430,333
Deposits	<u>-</u>	<u>800,883</u>
Total liabilities	<u>\$ 32,218</u>	<u>\$ 92,114,637</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u><u>\$ 92,467,830</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, 2016**

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 4,554,792
Employee	1,683,855
Total contributions	<u>6,238,647</u>
Investment income	
Net appreciation in fair value of investments	6,169,142
Less investment expense	<u>(314,623)</u>
Net investment income	<u>5,854,519</u>
Total additions	<u>12,093,166</u>
DEDUCTIONS	
Pension benefit payments	6,443,682
Member contribution refunds	214,562
Administrative expenses	<u>86,151</u>
Total deductions	<u>6,744,395</u>
Change in net position	5,348,771
Total net position - beginning	<u>87,119,059</u>
Total net position - ending	<u><u>\$ 92,467,830</u></u>

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



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## 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 board for governmental accounting and financial reporting.

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will improve the usefulness of information about postemployment benefits other than pensions. This statement was a result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to provide decision-useful information, supporting assessments of accountability and to create additional transparency. This statement replaces statement No. 43 and No. 57 and includes requirements for defined contribution OPEB plans that replace the requirements for those in statement No. 25, statement No. 43, and statement No. 50. This statement will be implemented by the City in the year ended December 31, 2018.

Management has not yet determined the effect this statement will have on the entity'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 state or local governments. Additionally, the City is not included in any other governmental reporting entity.

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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 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.

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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. 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.

**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.

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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 3<sup>rd</sup> 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 and internal service 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

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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 last reported sales price at current exchange rates.

## **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. Total mills levied for 2016 were fifty-five.

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 10<sup>th</sup> working day following the month of collection.

## **3. Inventories and Prepaid Items**

Depending upon the nature of the item, inventories for both governmental and business-type funds are valued at the lower of cost or market 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.

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

## **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 are recorded at estimated fair value at the date of donation. 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.

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.

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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. EXPLANANATION 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 \$713,843,977 difference are as follows:

Bonds payable	\$ 529,514,000
Notes payable	144,462,044
Capital leases	254,398
December 31, 2016 long-term debt outstanding	\$ 674,230,442
Accrued interest payable	5,140,298
Bond premium	30,814,050
Accumulated unpaid vacation	3,693,448
Bond discount and bond insurance	(34,261)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 713,843,977</u>

**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 \$104,689,493 difference are as follows:

Capital Outlay	\$ 121,451,027
Plus: assets transferred in from enterprise funds	298,289
Plus: prior year construction in progress added as asset in current year	8,890,505
Capital asset increases per footnote 4.C	\$ 130,639,821
Less: assets transferred in from enterprise funds	(298,289)
Less: prior year construction in progress added as asset in current year	(8,890,505)
Depreciation expense	(16,553,413)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 104,897,614

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 \$75,582,868 difference are as follows:

Bonded debt issued	\$ (94,870,000)
Premium on bonded debt issued	(6,842,996)
Bonded debt principal payments	43,569,000
Capital lease proceeds	-
Capital lease payment	68,352
Loan proceeds	(73,448,663)
Loan payments	55,941,439
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (75,582,868)

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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 \$92,061 are as follows:

Compensated absences	\$ (224,348)
Accrued interest	(1,457,099)
Amortization of bond discounts and bond insurance	(48,675)
Amortization of bond premium	1,638,061
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (92,061)</u>

## **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 August 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 September 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 current year's budget must be approved by the Finance Committee and the City Commission. Supplemental appropriations granted for the 2016 year include \$1,768,185 for the General Fund.
8. Appropriations lapse at year-end.

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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 \$696,286 for the year ended December 31, 2016.

**B. EXCESS OF EXPENDITURES OVER BUDGET**

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

<b>Special Revenue Funds</b>		
Downtown Business Improvement District	\$	65,769
HUD Home Participating Jurisdiction		196,237
<b>Debt Service Fund</b>	<b>\$</b>	<b>3,252,758</b>

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

**C. NET POSITION/FUND BALANCE DEFICITS**

<b>Governmental Funds</b>		
<b>Special Revenue Funds</b>		
Parking Authority	310,111	This deficit will be eliminated by future revenue growth from added facilities.
Baseball Stadium	1,189,373	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.

**D. NET POSITION RESTRICTED BY ENABLING LEGISLATION**

The government-wide statement of net position reports \$109,618,857 of restricted net position, of which \$42,364,980 is restricted by enabling legislation.

**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

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not covered by insurance or bonds. As of December 31, 2016, the carrying amount of the City's deposits was \$112,999,339 and the bank balance was \$118,044,405. 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, 2016, 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
  - g. Certificate 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
  - 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

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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.

Investment Type	Credit Rating	Fair Value	Investment Maturities (in years)				
			Not Applicable	< 1	1 - 5	> 5 - 10	> 10
Corporate Bonds	AAA	\$ 8,802,632	\$ -	\$ -	\$ 8,802,632	\$ -	\$ -
Corporate Bonds	AA1	684,515	-	-	684,515	-	-
Corporate Bonds	AA2	2,053,440	-	999,450	1,053,990	-	-
Corporate Bonds	AA3	1,897,338	-	-	1,897,338	-	-
Corporate Bonds	A1	8,590,537	-	2,000,250	6,590,287	-	-
Corporate Bonds	A2	6,916,778	-	1,998,660	4,918,118	-	-
Corporate Bonds	A3	2,708,550	-	1,003,710	1,704,840	-	-
Money Market Funds	AAAm	11,398,964	11,398,964	-	-	-	-
Money Market Funds	N/A	61,507,371	61,507,371	-	-	-	-
Municipal Bond	AA2	626,964	-	-	626,964	-	-
Municipal Bond	AA3	357,119	-	-	357,119	-	-
U.S. Agencies	AAA	16,687,401	-	7,088,352	9,599,048	-	-
U.S. Agencies	NA	5,037,356	-	-	2,389,638	687,972	1,959,746
U.S. Treasuries	AAA	28,830,475	-	8,269,972	20,560,503	-	-
Bond Mutal Funds	N/A	31,333,705	-	-	9,396,003	21,937,702	-
CDs	N/A	15,313,259	-	13,880,336	1,432,923	-	-
CDs	AA1	1,750,788	-	1,750,788	-	-	-
Corporate Commercial Paper	N/A	30,115,373	-	30,115,373	-	-	-
Equity Mutual Funds	N/A	60,401,216	60,401,216	-	-	-	-
External Investment Pool *	N/A	33,275,003	33,275,003	-	-	-	-
		<b>\$ 328,288,785</b>	<b>\$ 166,582,555</b>	<b>\$ 67,106,890</b>	<b>\$ 70,013,919</b>	<b>\$ 22,625,674</b>	<b>\$ 1,959,746</b>

\* - The weighted average maturity of the portion of the external investment pool subject to maturity is 7.76 years.

**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% of the City's portfolio for any of the following security types in total: commercial paper, corporate obligations or notes, bankers' acceptances, and negotiable CD's. No single issuer exceeded these established limits as of December 31, 2016.



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**B. RECEIVABLES**

Loans receivable as of December 31, 2016 were:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Community Development	3%	8/2/2021	\$ 168,651
Neighborhood Revitalization Initiative (NRI)	3 - 4 %	8/1/18 - 8/1/21	17,651
Neighborhood Revitalization Initiative (NRI)	0%	Due Upon Sale	15,500
HUD HOME	0%	Non-Repayment	1,498,393
HUD HOME	0%	Due Upon Sale	540,000
Total loans receivable			<u>\$ 2,240,195</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, \$1,654,823 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 is not met, payment is required.

## **C. TAX ABATEMENTS**

The Governmental Accounting Standards Board, (GASB) Statement No. 77, Tax Abatement Disclosure, is a requirement that became effective for years beginning after December 15, 2015. This statement will improve financial reporting by giving users of the financial statements essential information not consistently or comprehensively reported to the public at present.

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, 2016, 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

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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 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 2016 Fiscal Year (in thousands)</u>
Residential New Construction - School District #1	\$ 499,561
Residential New Construction - School District #6	480,467
Remodeling - Residential - School District #1	83,870
Remodeling - Commercial - School District #1	60,384
New Industry Exemption & Payment In Lieu - School District #1	1,816,716
New Industry Exemption & Payment In Lieu - School District #6	601,462
Tax Increment Financing - Commercial - School District #1	325,624
Traditional Tax Increment Financing	3,318,000
Renaissance Zone - Commercial - School District #1	227,607
Renaissance Zone - Residential - School District #1	68,157
Daycare, Fire Protection - Commercial - School District #1	76,635
Daycare, Fire Protection - Commercial - School District #6	52,444
	<u>\$ 7,610,927</u>

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**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 63,275,554	\$ 5,507,251	\$ -	\$ 68,782,805
Right of Way	8,413,003	408,271	-	8,821,274
Construction in progress	11,363,698	16,594,827	8,890,504	19,068,021
Total capital assets, not being depreciated	83,052,255	22,510,349	8,890,504	96,672,100
Capital assets, being depreciated				
Buildings	76,708,044	8,631,937	2,260,792	83,079,189
Improvements other than buildings	1,122,099	66,313	8,570	1,179,842
Machinery and equipment	54,967,079	4,353,762	2,174,491	57,146,350
Infrastructure	352,247,149	93,807,152	66,494,337	379,559,964
Flood control	40,221,883	1,270,308	-	41,492,191
Total capital assets being depreciated	525,266,254	108,129,472	70,938,190	562,457,536
Less accumulated depreciation for:				
Buildings	33,319,109	1,926,299	2,260,792	32,984,616
Improvements other than buildings	446,600	87,578	8,570	525,608
Machinery and equipment	36,643,489	4,999,240	1,863,791	39,778,938
Infrastructure	137,286,472	9,392,552	1,373,133	145,305,891
Flood control	1,115,852	389,011	-	1,504,863
Total accumulated depreciation	208,811,522	16,794,680	5,506,286	220,099,916
Total capital assets, being depreciated, net	316,454,732	91,334,792	65,431,904	342,357,620
Governmental activities capital assets, net	\$ 399,506,987	\$ 113,845,141	\$ 74,322,408	\$ 439,029,720

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

Governmental activities:	
General government	\$ 948,017
Public safety	1,677,549
Public works	10,924,545
Public health & welfare	277,679
Recreation & culture	765,076
Urban development	70,547
Transportation	1,890,000
Total depreciation expense - governmental activities	\$ 16,553,413
Accumulated depreciation recorded through asset transfers from business-type activities	241,267
	\$ 16,794,680

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 41,591,763	\$ 266,876	\$ 841,253	\$ 41,017,386
Intangible - Right-of -way Easements	420,036	-	-	420,036
Construction in progress	42,456,224	69,552,713	4,722,290	107,286,647
Intangible - Water rights	500,000	-	-	500,000
Total capital assets, not being depreciated	84,968,023	69,819,589	5,563,543	149,224,069
Capital assets, being depreciated				
Buildings	208,218,557	623,859	-	208,842,416
Improvements other than buildings	26,039,568	4,424,115	132,236	30,331,447
Machinery and equipment	71,030,267	7,661,548	2,543,780	76,148,035
Infrastructure	570,737,849	19,613,367	597,983	589,753,233
Total capital assets being depreciated	876,026,241	32,322,889	3,273,999	905,075,131
Less accumulated depreciation for:				
Buildings	78,177,799	4,600,913	-	82,778,712
Improvements other than buildings	9,498,899	1,215,706	82,294	10,632,311
Machinery and equipment	48,565,133	4,854,785	2,422,120	50,997,798
Infrastructure	171,556,400	12,433,725	597,983	183,392,142
Total accumulated depreciation	307,798,231	23,105,129	3,102,397	327,800,963
Total capital assets, being depreciated, net	568,228,010	9,217,760	171,602	577,274,168
Business-type activities capital assets, net	\$ 653,196,033	\$ 79,037,349	\$ 5,735,145	\$ 726,498,237

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

Business-type activities:	
Airport	\$ 4,022,586
Water	4,190,394
Wastewater	4,022,370
Storm sewer	4,346,687
Vector control	5,309
Street lighting	1,537,930
Solid waste	2,169,690
Forestry	95,580
Fargodome	2,659,236
Total depreciation expense - business-type activities	\$ 23,049,782
Accumulated depreciation recorded through asset transfers from governmental-type activities	55,347
	\$ 23,105,129

## E. COMMITMENTS

### **Construction**

As of December 31, 2016, the City had commitments on various construction contracts totaling approximately \$153,356,037.

### **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 23-29.04) impact the operation of the landfill.

The current (west) landfill site design has a total of 18 cells on approximately 116 acres of land. The City has constructed all or portions of 17 cells to date, which vary in surface area from 4 to 6 acres. The cell depths range up to 30' below existing grade, varying based on their footprint location. Final elevations of cells range from 40' to 80' 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 capacity, final closure can be performed, which involves placement of 4' un-compacted clay soils, in which 4" of yard waste compost is incorporated into the top 12", and 6" of topsoil.

Cells 1 through 12 are presently fully constructed and partially filled. Cells 13 through 17 are partially constructed and partially filled. Based upon design capacity, the current landfill is 69.33% full (acres), and based upon present utilization rates; the remaining capacity of the landfill is estimated at 4.87 years. The estimated liability for landfill closure and post closure care is \$5,168,202 as of December 31, 2016. The City will recognize the remaining estimated cost of closure and post closure care as the remaining estimated capacity is filled. 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, 2016. However, actual costs may be higher due to inflation, changes in technology, or landfill regulations.

The City also owns adjacent land that was the former (east) landfill. The 20-year Solid Waste Capital Improvement plan includes reclaiming and reusing the entire former landfill site. As cell area is reclaimed to meet current regulations and guidelines, the site will provide 25 years of future landfill capacity. The former landfill site design has a total of 8 cells, with an area of approximately 11 acres currently reclaimed and constructed. There is currently no new municipal solid waste being placed in this cell or on the former landfill site.

The City is meeting closure and post closure obligations by applying a financial test as specified in North Dakota Administrative Code sections 33-20-14-02 through 33-20-14-07. Because the City is able to meet the financial test, the restriction of cash in a landfill assurance fund is not required.

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**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, 2016, the inter-fund advance balances are:

	Funds Advanced	Amount Repaid To-Date	Advance Balance December 31, 2016
General fund	\$ 2,298,802	\$ 1,114,105	\$ 1,184,697
Solid waste fund	1,200,000	1,146,770	53,230
Subtotal baseball advances	\$ 3,498,802	\$ 2,260,875	\$ 1,237,927
General fund - parking authority debt defeasance advance	\$ 765,000	\$ 290,000	\$ 475,000
Total advances	\$ 4,263,802	\$ 2,550,875	\$ 1,712,927

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

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Interfund Transfers:

	Transfer In:						
	Major Funds				Nonmajor Funds		Total
	General	Debt Service	Capital Projects	Water	Governmental	Enterprise	
Transfer Out:							
Major Funds:							
General	\$ -	\$ 1,415,625	\$ 4,075,660	\$ -	\$ 30,845	\$ -	\$ 5,522,130
Debt Service	1,450,000	-	5,037,136	-	33,449	-	6,520,585
Capital Projects	-	3,061	-	-	-	-	3,061
Airport	50,000	-	-	-	-	-	50,000
Water	4,387,000	-	2,633,694	-	-	-	7,020,694
Wastewater	2,000,000	-	759,802	45,777	-	265,000	3,070,579
Storm Sewer	321,000	-	309,902	-	-	-	630,902
Solid Waste	2,776,029	-	-	-	-	190,000	2,966,029
FargoDome	50,000	-	-	-	-	-	50,000
Nonmajor Funds:							
Governmental	-	361,124	1,638,933	-	36,000	-	2,036,057
Enterprise	481,000	-	-	-	-	75,000	556,000
Total	\$ 11,515,029	\$ 1,779,810	\$ 14,455,127	\$ 45,777	\$ 100,294	\$ 530,000	\$ 28,426,037

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 \$556,246 for the year ended December 31, 2016. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2017	\$ 552,577
2018	491,298
2019	447,764
2020	324,667
2021	293,251
2022 - 2026	1,096,625
	<u>\$ 3,206,182</u>



**CITY OF FARGO, NORTH DAKOTA**  
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**Capital Leases**

The City is obligated to the following capital lease agreements:

BUSINESS-TYPE	Remaining Balance
<b>SOLID WASTE ENTERPRISE FUND</b>	
Duratech Tub Grinder	\$ 97,564
Labrie Expert Automated Packer	61,266
Loadmaster Excel Rear Loader	30,805
Peterbilt with Sideloader	90,792
Peterbilt with Sidewinder	90,926
Curbside Recycling Truck	63,940
Peterbilt 320 Chassis	132,996
Peterbilt 320 Chassis	132,996
International Refuse Box (2)	189,549
Wildcat Compost Turner	126,623
Caterpillar D8 Dozer	484,034
Caterpillar 826K	593,476
<b>WASTEWATER ENTERPRISE FUND</b>	
Ford F450 Cab/Chassis	\$ 28,172
Rolloff Truck	76,674
<b>FARGODOME ENTERPRISE FUND</b>	
Turf and Parking Lot	\$ 1,180,000
<b>Total Business-Type</b>	<b>\$ 3,379,815</b>
<b>GOVERNMENTAL</b>	
Motor Grader	157,716
JD Motor Grader	96,682
<b>Total Governmental</b>	<b>\$ 254,398</b>

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	\$ 474,391	\$ 9,803,396
Less: Accumulated depreciation	(90,753)	(1,967,896)
<b>Total</b>	<b>\$ 383,638</b>	<b>\$ 7,835,500</b>

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Future Minimum Payments under the above capital lease agreements at December 31, 2016 are shown below:

	Governmental Activities	Business-type Activities
2017	\$ 68,860	\$ 2,084,461
2018	68,860	678,305
2019	134,018	590,363
2020	-	210,000
Total minimum lease payments	271,738	3,563,129
Less: amount representing interest	(17,340)	(183,314)
Present value of minimum lease payments	\$ 254,398	\$ 3,379,815

**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 has executed a lease with North Dakota State University for use of its facility. The terms of the 2012 lease are set to expire on June 30, 2017 with the terms of NDSU having a maximum of fifty days per lease year to rent the FargoDome. Annual rental fees under the new terms are \$164,718. The lease payment terms change annually on July 1, with the rate based off the prior year annual payment.

*Locker Room Rental Agreement*

During 2005, an additional lease agreement was entered into with the NDSU Development Foundation. The agreement is for 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 give 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.

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The asset leased to NDSU is as follows:

	Business-type Activity
Asset:	
Fargodome	\$ 58,256,248
Less: Accumulated depreciation	(31,428,248)
Total	<u>\$ 26,828,000</u>

The future minimum lease payments for these leases are as follows:

2017	<u>\$ 80,672</u>
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**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.

The Fargo Baseball, LLC, as lessee, has leased the stadium for exclusive lease from May 29<sup>th</sup> 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 21<sup>st</sup> to May 29<sup>th</sup> 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**  
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The leased asset is as follows:

	Governmental Activity
Asset:	
Baseball stadium	\$ 5,266,692
Less: Accumulated depreciation	(2,324,733)
Total	<u>\$ 2,941,959</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:

2017	\$ 45,684
2018	45,684
2019	45,684
2020	45,684
2021	45,684
Thereafter	<u>251,262</u>
	<u>\$ 479,682</u>

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**H. LONG-TERM DEBT**

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due within one year
<b>GOVERNMENTAL ACTIVITIES</b>					
Improvement bonds	\$ 386,760,000	\$ 69,230,000	\$ 40,275,000	\$ 415,715,000	\$ 14,250,000
General obligation bonds	12,390,000	25,640,000	120,000	37,910,000	930,000
Sales tax revenue bonds	79,063,000	-	3,174,000	75,889,000	3,280,000
Total Bonds Payable	478,213,000	94,870,000	43,569,000	529,514,000	18,460,000
State revolving fund notes	68,143,235	23,096,227	5,085,000	86,154,462	6,822,422
Direct bank loan	55,455,000	50,250,000	50,555,000	55,150,000	50,565,000
Tax increment revenue notes	3,356,586	102,436	301,440	3,157,582	-
Total Notes Payable	126,954,821	73,448,663	55,941,440	144,462,044	57,387,422
Capital leases	322,749	-	68,351	254,398	61,170
Total Debt	605,490,570	168,318,663	99,578,791	674,230,442	75,908,592
Accumulated unpaid vacation	3,469,100	3,693,448	3,469,100	3,693,448	3,693,448
Unamortized premium on refunding	25,609,116	6,842,997	1,638,063	30,814,050	1,735,546
Net pension liability	62,432,409	7,741,397	1,464,623	68,709,183	-
<b>TOTAL</b>	<b>\$ 697,001,195</b>	<b>\$ 186,596,505</b>	<b>\$ 106,150,577</b>	<b>\$ 777,447,123</b>	<b>\$ 81,337,586</b>
	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due within one year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue bonds	\$ 10,965,000	\$ -	\$ 3,853,356	\$ 7,111,644	\$ 4,118,012
Unamortized premium on refunding	293,659	-	146,830	146,829	146,829
Total Bonds Payable	11,258,659	-	4,000,186	7,258,473	4,264,841
Direct bank loan	2,700,000	1,500,000	300,000	3,900,000	590,747
Capital leases	4,625,543	738,870	1,984,599	3,379,814	1,980,416
Special assessments	6,727,823	1,846,947	305,062	8,269,708	384,196
Landfill closure/postclosure	3,812,379	1,355,823	-	5,168,202	-
Accumulated unpaid vacation	734,782	796,914	734,782	796,914	796,914
Net pension liability	9,577,754	2,606,476	862,172	11,322,058	-
<b>TOTAL</b>	<b>\$ 39,436,940</b>	<b>\$ 8,845,030</b>	<b>\$ 8,186,801</b>	<b>\$ 40,095,169</b>	<b>\$ 8,017,114</b>

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, 2016 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 has typically been used in prior years to 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**  
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**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 G.

	Original Interest Rates	Original Issue Amounts	Balance Remaining
<b>GOVERNMENTAL ACTIVITIES</b>			
Improvement bonds			
(Special assessment debt)	0.80 - 6.00 %	\$ 474,165,000	\$ 415,715,000
General obligation bonds	2.00 - 5.00%	38,745,000	37,910,000
Sales tax revenue bonds	2.00 - 5.00%	83,887,000	75,889,000
<b>TOTAL</b>		<u><u>\$ 596,797,000</u></u>	<u><u>\$ 529,514,000</u></u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water revenue bond	5.25%	\$ 28,065,000	\$ 3,840,000
Clean renewable energy bond	0.85%	1,500,000	500,000
Qualified Energy Conservation Bond	4.65%	2,875,000	2,771,644
<b>TOTAL</b>		<u><u>\$ 32,440,000</u></u>	<u><u>\$ 7,111,644</u></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, 2016, consist of two issues backed and serviced by sales tax and three issues backed and serviced by utility revenues, which include the Water Fund and Solid Waste Fund.

**CITY OF FARGO, NORTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**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 \$6,292,500. Net sales tax revenue totaled \$12,775,522 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 \$188,825. Net general fund appropriations totaled \$188,825 for the year.

The City has pledged future water revenues to repay \$28.065 million in revenue bonds issued in 1997. Proceeds from the bond were used to finance construction of a water treatment plant. Principal and interest paid for the current year was \$3,851,600. Net water revenue totaled \$11,221,118 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 \$105,100. Net solid waste byproduct revenue totaled \$337,527 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 \$252,294. Net landfill tipping fee revenue totaled \$7,517,651 for the year.

Debt service maturities for these revenue bonds at December 31, 2016, are as follows:

Sales Tax			
Year	Principal	Interest	Total
2017	\$ 3,280,000	\$ 3,015,560	\$ 6,295,560
2018	3,394,000	2,902,050	6,296,050
2019	3,519,000	2,774,065	6,293,065
2020	3,657,000	2,637,515	6,294,515
2021	3,813,000	2,483,790	6,296,790
2022-2026	21,780,000	9,689,100	31,469,100
2027-2031	26,776,000	4,697,080	31,473,080
2032-2036	9,670,000	339,000	10,009,000
Totals	<u>\$ 75,889,000</u>	<u>\$ 28,538,160</u>	<u>\$ 104,427,160</u>

General Fund Appropriations			
Year	Principal	Interest	Total
2017	\$ 930,000	\$ 1,252,954	\$ 2,182,954
2018	1,465,000	1,241,285	2,706,285
2019	1,520,000	1,186,120	2,706,120
2020	1,590,000	1,127,090	2,717,090
2021	1,655,000	1,063,965	2,718,965
2022-2026	9,325,000	4,236,158	13,561,158
2027-2031	10,585,000	2,608,931	13,193,931
2032-2036	10,840,000	1,008,415	11,848,415
Totals	<u>\$ 37,910,000</u>	<u>\$ 13,724,918</u>	<u>\$ 51,634,918</u>

Water			
Year	Principal	Interest	Total
2017	<u>\$ 3,840,000</u>	<u>\$ 100,800</u>	<u>\$ 3,940,800</u>

Solid Waste			
Year	Principal	Interest	Total
2017	\$ 278,012	\$ 134,358	\$ 412,370
2018	280,889	124,805	405,694
2019	283,812	115,111	398,923
2020	286,782	105,274	392,056
2021	289,801	95,291	385,092
2022-2026	996,015	329,976	1,325,991
2027-2031	856,333	83,896	940,229
Totals	<u>\$ 3,271,644</u>	<u>\$ 988,711</u>	<u>\$ 4,260,355</u>

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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.

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, 2016, the statutory limit for the City was \$257,457,517 providing a debt margin of \$207,698,226. 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, a portion of the new water treatment plant, sewer hook-up for Reile's Acres and Oxbow, storm sewer system, 45<sup>th</sup> 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 water treatment plant. Future sales tax revenue has been pledged to repay these SRLF notes.



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The City has issued seven tax increment revenue notes subject to development agreements for housing 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, the US Bank Lease Financing, and the FM Diversion Financing.

Details relative to the outstanding notes payable are shown below:

TYPE AND ISSUE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/16
<b>GOVERNMENTAL ACTIVITIES</b>				
SRLF Storm Sewer Project	9/1/2020	2.50%	\$ 1,816,295	\$ 435,000
SRLF Water Tower	9/1/2027	2.50%	2,270,000	1,600,000
SRLF North Side Sewer Service Facility Plan	9/1/2028	2.50%	1,630,000	1,180,000
SRLF 45th Street Corridor Interceptor System	9/1/2029	2.50%	63,725,000	47,136,787
SRLF Transmission Lines South Side System	9/1/2029	2.82%	14,110,422	7,380,422
SRLF Wastewater Clarifier Improvements	9/1/2029	0.50%	699,374	535,000
SRLF Wastewater Stabilization Ponds	9/1/2030	2.50%	4,071,140	3,135,000
SRLF Water Treatment Plant	9/1/2036	2.00%	66,352,000	24,752,253
TIF Revenue Notes	5/1/2038	5.00 - 6.00%	4,227,545	3,157,582
Direct Bank Loan - Fargo Cass Public Health Expansion and Relocation Project and Red River Regional Dispatch Center Project	5/1/2019	1.02% *	6,000,000	4,900,000
Direct Bank Loan - FM Diversion Financing, Temporary Sales Tax Revenue	7/31/2017	0.87% *	50,000,000	50,000,000
Direct Bank Loan - FM Diversion Financing	7/31/2018	0.97% *	50,000,000	250,000
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			<b>\$ 264,901,776</b>	<b>\$ 144,462,044</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Direct Bank Loan - Baling Facility	12/1/2024	2.35% *	3,000,000	2,400,000
Direct Bank Loan - US Bank Lease Financing	7/15/2021	1.57%	1,500,000	1,500,000
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>			<b>\$ 4,500,000</b>	<b>\$ 3,900,000</b>
<b>TOTAL NOTES PAYABLE</b>			<b>\$ 269,401,776</b>	<b>\$ 148,362,044</b>
* Variable rate note. Rate reported is as of December 31, 2016.				

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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, 2016, are shown in the following table:

**GOVERNMENTAL ACTIVITIES**

	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 14,250,000	\$ 16,249,225	930,000	1,252,954
2018	16,795,000	15,452,906	1,465,000	1,241,285
2019	18,565,000	14,819,944	1,520,000	1,186,120
2020	19,470,000	14,108,625	1,590,000	1,127,090
2021	20,275,000	13,344,163	1,655,000	1,063,965
2022-2026	107,910,000	54,549,556	9,325,000	4,236,158
2027-2031	100,290,000	33,780,252	10,585,000	2,608,931
2032-2036	77,355,000	15,492,519	10,840,000	1,008,415
2037-2041	39,380,000	3,429,274	-	-
2042	1,425,000	24,937	-	-
	<u>\$ 415,715,000</u>	<u>\$ 181,251,401</u>	<u>\$ 37,910,000</u>	<u>\$ 13,724,918</u>

	Sales Tax Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2017	\$ 3,280,000	\$ 3,015,560	\$ 57,387,422	\$ 2,343,500
2018	3,394,000	2,902,050	6,006,507	1,948,426
2019	3,519,000	2,774,065	9,066,521	1,814,657
2020	3,657,000	2,637,515	5,430,205	1,650,408
2021	3,813,000	2,483,790	5,463,814	1,513,842
2022-2026	21,780,000	9,689,100	32,075,221	5,498,024
2027-2031	26,776,000	4,697,080	21,818,600	1,863,727
2032-2036	9,670,000	339,000	6,669,423	410,033
2037-2038	-	-	544,332	-
	<u>\$ 75,889,000</u>	<u>\$ 28,538,160</u>	<u>\$ 144,462,045</u>	<u>\$ 17,042,617</u>

**BUSINESS-TYPE ACTIVITIES**

	Revenue Bonds		Notes Payable		Special Assessments	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 4,118,012	\$ 235,158	\$ 590,747	\$ 78,228	\$ 384,196	\$ 419,687
2018	280,889	124,805	595,302	66,612	358,707	398,732
2019	283,812	115,111	599,928	54,924	348,644	380,058
2020	286,782	105,274	604,626	43,163	330,595	361,870
2021	289,801	95,291	609,397	31,329	333,331	344,872
2022-2026	996,015	329,976	900,000	37,075	1,904,904	1,448,405
2027-2031	856,333	83,896	-	-	2,125,980	918,579
2032-2036	-	-	-	-	1,582,415	429,784
2037-2041	-	-	-	-	900,936	101,533
	<u>\$ 7,111,644</u>	<u>\$ 1,089,511</u>	<u>\$ 3,900,000</u>	<u>\$ 311,331</u>	<u>\$ 8,269,708</u>	<u>\$ 4,803,520</u>

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Individual Bond Issues by Fund – The following is a summary of the individual bond issues, as of the year ended December 31, 2016.

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/16
<b>GOVERNMENTAL ACTIVITIES</b>						
<b>SPECIAL ASSESSMENT BONDS</b>						
2014 Series D Refunding	Advance refunding of 2005 Series A	6/25/2014	5/1/2030	2.00 - 5.00	\$ 12,640,000	\$ 11,985,000
2005 Series B Refunding	Crossover refunding of 1997 Series A	12/15/2005	5/1/2018	4.00-4.25	10,675,000	360,000
2006 Series C Refunding	Crossover refunding of Series 1999A, 2000B, and 2001B	12/15/2006	5/1/2018	3.75	6,465,000	850,000
2007 Series B	Infrastructure system construction	12/15/2007	5/1/2032	4.00-4.70	13,045,000	9,400,000
2008 Series E	Infrastructure system construction	12/19/2008	5/1/2033	4.00-6.00	26,285,000	20,565,000
2009 Series A Refunding	Current refunding of 2001 Series A and B	4/30/2009	5/1/2019	2.50-4.00	13,190,000	3,980,000
2009 Series C	Infrastructure system construction	10/15/2009	5/1/2034	2.00-4.125	37,680,000	32,650,000
2014 Series E Refunding	Current refunding of 2010 Series B	9/4/2014	5/1/2035	2.00 - 5.00	19,440,000	18,140,000
2010 Series C Refunding	Crossover refunding of 2002 Series A	5/25/2010	5/1/2027	3.00-5.00	8,250,000	6,480,000
2011 Series A	Infrastructure system construction	5/15/2011	5/1/2036	2.00-5.00	19,180,000	16,945,000
2011 Series C	Infrastructure system construction	12/15/2011	5/1/2037	2.00-4.00	20,965,000	18,865,000
2011 Series E Refunding	Crossover refunding of 2003 Series A	12/15/2011	5/1/2028	2.00-3.25	9,515,000	7,795,000
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	29,505,000
2013 Series C	Infrastructure system construction	9/12/2013	5/1/2039	2.00 - 4.60	16,705,000	15,730,000
2014 Series D	Infrastructure system construction	6/25/2014	5/1/2039	2.00 - 5.00	39,760,000	37,795,000
2014 Series F	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 5.00	40,445,000	39,175,000
2014 Series G	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 4.25	8,355,000	8,015,000
2015 Series A Refunding	Crossover refunding of Series 2006B and 2007B	2/25/2015	5/1/2031	2.00 - 5.00	18,250,000	18,250,000
2015 Series B Refunding	Crossover refunding of Series 2008E	9/30/2015	5/1/2033	2.50 - 5.00	15,235,000	15,325,000
2015 Series D	Infrastructure system construction	11/18/2015	5/1/2041	3.00 - 5.00	34,675,000	34,675,000
2016 Series B Refunding	Crossover refunding of Series 2009C	6/6/2016	5/1/2034	2.00 - 5.00	27,485,000	27,485,000
2016 Series C	Infrastructure system construction	11/7/2016	5/1/2042	2.00 - 5.00	41,745,000	41,745,000
					<u>\$ 474,165,000</u>	<u>\$ 415,715,000</u>
<b>GENERAL OBLIGATION BONDS</b>						
2009 Series B	Fire station and fire truck	10/15/2009	5/1/2029	2.00 - 4.00	\$ 2,875,000	\$ 2,040,000
2015 Series E	Parking Ramp	12/7/2015	12/1/2035	1.00 - 3.85	10,230,000	10,230,000
2016 Series A	City Hall building	6/14/2016	7/1/2036	2.00 - 5.00	25,640,000	25,640,000
					<u>\$ 38,745,000</u>	<u>\$ 37,910,000</u>
<b>SALES TAX INFRASTRUCTURE BONDS</b>						
2013 Series A	Flood mitigation projects	3/27/2013	6/1/2033	3.00 - 4.00	\$ 51,375,000	\$ 45,940,000
2014 Series B	Flood mitigation projects	4/22/2014	6/1/2032	2.00 - 5.00	32,512,000	29,949,000
					<u>\$ 83,887,000</u>	<u>\$ 75,889,000</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>					<u>\$ 596,797,000</u>	<u>\$ 529,514,000</u>

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/16
<b>BUSINESS-TYPE ACTIVITIES</b>						
<b>WATER FUND</b>						
Revenue Bonds of 2007	Refund water revenue bonds of 1997 (construction of water treatment plant)	10/11/2007	1/1/2017	5.25	\$ 28,065,000	\$ 3,840,000
<b>SOLID WASTE FUND</b>						
Clean Renewable Energy Bond	Improvements to Landfill Gas Collection System	11/5/2007	12/15/2021	0.85	\$ 1,500,000	\$ 500,000
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	2,771,644
					<u>\$ 4,375,000</u>	<u>\$ 3,271,644</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>					<u>\$ 32,440,000</u>	<u>\$ 7,111,644</u>
<b>TOTAL BONDED INDEBTEDNESS</b>					<u>\$ 629,237,000</u>	<u>\$ 536,625,644</u>

In July 2016, the City of Fargo issued Refunding Improvement Refunding Bonds, Series 2016B to be used for crossover refunding the 2009C Refunding Improvement Bonds. The

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net proceeds and the City's equity contribution of \$3,000,000 were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt is \$8,421,044. The economic benefit, as measured by the present value savings of the refunding, is \$6,757,432. A schedule of the refunding bonds and bonds to be called are as follows:

<u>Bond Issue</u>	<u>Amount</u>	<u>Average Coupon</u>	<u>Proceeds</u>	<u>Bonds to be Called</u>			
				<u>Bond Issue</u>	<u>Average Coupon</u>	<u>Call Date</u>	<u>Balance to be Called</u>
Refunding Improvement Refunding Bond, Series 2016B	\$ 27,485,000	3.25%	\$ 30,148,315	Refunding Improvement Bonds, Series 2009C	3.99%	5/1/2018	\$ 31,805,000

**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:

	<u>Deferred Inflows of Resources</u>	<u>Liabilities</u>	<u>Total</u>
	<u>Unavailable</u>	<u>Unearned</u>	
Delinquent property taxes receivable	\$ 167,130	\$ -	\$ 167,130
Special assessments receivable	344,963,341	-	344,963,341
Grant resources held and grant items receivable	1,081,325	475,428	1,556,753
Loans/contracts/accounts receivable	3,520,860.24	1,685,821	5,206,681
Total unavailable revenue for governmental funds	<u>\$ 349,732,656</u>	<u>\$ 2,161,249</u>	<u>\$ 351,893,905</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, 2016 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.

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**K. FUND BALANCES**

The City classified fund balances within the governmental funds as follows at December 31, 2016:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Advances to other funds	\$ 1,659,697	\$ -	\$ -	\$ -	\$ 1,659,697
Inventory	1,291,433	-	-	-	1,291,433
Prepaid Items	428,961	-	19,323	15,029	463,313
Property held for resale	27,500	-	-	-	27,500
Total Nonspendable	<u>3,407,591</u>	<u>-</u>	<u>19,323</u>	<u>15,029</u>	<u>3,441,943</u>
<b>Restricted for:</b>					
Auditors	-	-	-	-	-
Capital Projects	-	-	43,828,466	-	43,828,466
City Share of Specials	-	-	-	697,899	697,899
Community Development	-	-	-	253,559	253,559
Convention & Visitors Bureau	-	-	-	29,609	29,609
Court Forfeits	-	-	-	150,986	150,986
Debt Service	-	108,619,474	-	-	108,619,474
Downtown Business Improvement District	-	-	-	69,901	69,901
Fire	211,982	-	-	-	211,982
Health	928,868	-	-	-	928,868
Highway and streets	1,126,340	-	-	-	1,126,340
HUD Home Participating Jurisdiction	-	-	-	107,421	107,421
HUD Home Program	-	-	-	52,458	52,458
Neighborhood Stabilization	-	-	-	144,911	144,911
Noxious Weeds	-	-	-	89,201	89,201
NRI Loan Program	-	-	-	146,444	146,444
Parking Repair and Replacement	-	-	-	258,879	258,879
Parking Surplus Fund	-	-	-	747,592	747,592
Planning and Development	396,832	-	-	-	396,832
Police	249,197	-	-	-	249,197
Regional Training Center	-	-	-	180,995	180,995
Skyway Maintenance	-	-	-	107,002	107,002
Total Restricted	<u>2,913,219</u>	<u>108,619,474</u>	<u>43,828,466</u>	<u>3,036,857</u>	<u>158,398,016</u>
<b>Committed to:</b>					
Revenue Stabilization	<u>2,581,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,581,150</u>
<b>Assigned to:</b>					
2017 Budget	<u>1,639,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639,608</u>
<b>Unassigned:</b>	<u>28,854,936</u>	<u>-</u>	<u>-</u>	<u>(1,508,396)</u>	<u>27,346,540</u>
<b>Total Fund Balances</b>	<u>\$ 39,396,504</u>	<u>\$ 108,619,474</u>	<u>\$ 43,847,789</u>	<u>\$ 1,543,490</u>	<u>\$ 193,407,257</u>

**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.

The City maintains one self-insurance internal service fund that is used to administer the risks of losses associated with the various exposures.

**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 January 1, 2017 (date of most recent actuarial study) is as follows:

Retirees and beneficiaries	224
Terminated vested and deferred beneficiaries	46
City active plan members	129
NDPERS active plan members	188

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 contribution rates are established by local ordinance, and the employer's contribution rate is



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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, 2016, 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	2.75%
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-2016 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:

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Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return <sup>1</sup>
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 <sup>2</sup>	100.00%		7.81%
Reduced for assumed investment expense <sup>3</sup>			-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				
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability	
	(a)	(b)	(c) = (a) - (b)	
Balance at 1/1/2016	\$ 56,092,017	\$ 39,686,361	\$ 16,405,656	
Changes for the year:				
Service cost	487,463	-	487,463	
Interest	4,000,397	-	4,000,397	
Differences between expected and actual experience	232,443	-	232,443	
Changes of assumptions	(1,434,752)	-	(1,434,752)	
Contributions - City and Park District	-	1,955,478	(1,955,478)	
Contributions - member	-	564,107	(564,107)	
Net investment income	-	2,590,225	(2,590,225)	
Other additions (e.g. receivables)	-	4,209	(4,209)	
Benefit payments, including refund of member contributions	(2,803,193)	(2,803,193)	-	
Administrative expense	-	(50,264)	50,264	
Net changes	482,358	2,260,562	(1,778,204)	
Balance at 12/31/2016 Measurement Date	\$ 56,574,375	\$ 41,946,923	\$ 14,627,452	

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%)	\$ 62,736,883	\$ 41,946,923	\$ 20,789,960	\$ 18,702,648
Current Discount Rate (7.25%)	56,574,375	41,946,923	14,627,452	13,158,856
1% Increase in Discount Rate (8.25%)	51,345,785	41,943,923	9,401,862	8,455,216

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

For the year ended December 31, 2016, the City recognized pension expense of \$1,336,617. At December 31, 2016, 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>
<b><u>Summary of Deferred Outflows (Inflows)</u></b>		
Difference between expected and actual experience	\$ 167,117	\$ 172,622
Change of assumptions and methods	101,182	1,031,525
Net difference between projected and actual investment earnings	1,735,715	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	87,155	19,126
Total	\$ 2,091,169	\$ 1,223,273

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>
2017	\$ 342,392
2018	342,392
2019	342,391
2020	(176,032)
2021	16,753
Thereafter	-
	\$ 867,896

Reserves. The net position at December 31, 2016 is \$41,946,924 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 (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 (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 seven 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; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include 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. The plan permits early retirement at ages 55-64 with three or more years of service.

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.

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

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

At December 31, 2016, the City reported a liability of \$26,729,038 for its proportionate share of the net pension liability. The net pension liability was measured as of 6/30/2016, 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 6/30/2016, the Employer's proportion was 2.742572 percent.

For the year ended 12/31/2016, the Employer recognized pension expense of \$1,756,943. At 12/31/2016, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 401,527	\$ 247,489
Changes of assumptions	2,464,076	1,327,898
Net difference between projected and actual earnings on pension plan investments	3,729,086	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,038,229	0
Employer contributions subsequent to the measurement date (see below)	<u>*1,198,524</u>	<u>0-</u>
Total	<u>*\$ 8,831,442</u>	<u>\$1,575,387</u>

\$1,198,524 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 12/31/2017.

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

**Year ended June 30:**

2017	\$ 1,134,352
2018	1,134,352
2019	1,947,841
2020	1,329,567
2021	511,419
Thereafter	0

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**Actuarial assumptions.** The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, 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 actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2016, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2016. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Domestic Equity</b>	<b>31%</b>	<b>6.90%</b>
<b>International Equity</b>	<b>21%</b>	<b>7.55%</b>
<b>Private Equity</b>	<b>5%</b>	<b>11.30%</b>
<b>Domestic Fixed Income</b>	<b>17%</b>	<b>1.52%</b>
<b>International Fixed Income</b>	<b>5%</b>	<b>0.45%</b>
<b>Global Real Assets</b>	<b>20%</b>	<b>5.38%</b>
<b>Cash Equivalents</b>	<b>1%</b>	<b>0.00%</b>

**Discount rate.** The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was

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projected to be available to make all projected future benefit payments for current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016

***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 8 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 (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
Employer's proportionate share of the net pension liability	\$37,914,623	\$26,729,038	\$17,304,601

***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](http://www.nd.gov/ndpers) , or by writing to NDPERS at PO Box 1657, Bismarck, ND 58502.

### **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 January 1, 2017, (date of most recent actuarial study) in the plan is as follows:

Retirees and beneficiaries currently receiving pension payments	118
Fully vested members contributing	79
Non vested members contributing	102
Terminated vested employees	11

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



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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.

Actuarial Methods and Assumptions

The City's net pension liability was measured as of December 31, 2016, 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	2.75%
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-2016 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

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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:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return <sup>1</sup>
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 <sup>2</sup>			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.

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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 1/1/2016	\$ 68,942,367	\$ 47,402,306	\$ 21,540,061
Changes for the year:			
Service cost	1,894,349	-	1,894,349
Interest	4,995,916	-	4,995,916
Differences between expected and actual experience	586,409	-	586,409
Changes of assumptions	(568,315)	-	(568,315)
Contributions - City	-	2,599,313	(2,599,313)
Contributions - member	-	1,119,749	(1,119,749)
Net investment income	-	3,264,292	(3,264,292)
Other additions (e.g. receivables)	-	26,185	(26,185)
Benefit payments, including refund of member contributions	(3,855,050)	(3,855,050)	-
Administrative expense	-	(35,889)	35,889
Net changes	3,053,309	3,118,600	(65,291)
Balance at 12/31/2016 Measurement Date	\$ 71,995,676	\$ 50,520,906	\$ 21,474,770

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%)	\$ 81,218,545	\$ 50,520,906	\$ 30,697,639
Current Discount Rate (7.25%)	71,995,676	50,520,906	21,474,770
1% Increase in Discount Rate (8.25%)	64,337,622	50,520,906	13,816,716

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

For the year ended December 31, 2016, the City recognized pension expense of \$3,420,808. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows	Inflows
<b>Summary of Deferred Outflows (Inflows)</b>		
Difference between expected and actual liability	\$ 1,141,349	\$ -
Change of assumptions and methods	1,207,178	497,187
Net difference between projected and actual investment earnings	2,307,851	-
Total	\$ 4,656,378	\$ 497,187

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

Year ended:	Future recognition
2017	\$ 1,067,159
2018	1,067,159
2019	1,067,160
2020	341,149
2021	308,694
Thereafter	307,870
	<u>\$ 4,159,191</u>

Reserves. The net position at December 31, 2016 is \$50,520,906 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 January 1, 2017, (date of most recent actuarial study) in the plan is as follows:

Active plan members	118
Deferred vested	3
Retirees, disabled, and beneficiaries	94

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.

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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 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, 2016, 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	2.75%
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-2016 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:

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Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return <sup>1</sup>
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 <sup>2</sup>			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				
	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability ( c ) = ( a ) - ( b )	
Balance at 1/1/2016	\$ 43,046,487	\$ 25,009,344	\$ 18,037,143	
Changes for the year:				
Service cost	1,033,817	-	1,033,817	
Interest	3,107,060	-	3,107,060	
Differences between expected and actual experience	1,380,692	-	1,380,692	
Changes of assumptions	(537,815)	-	(537,815)	
Contributions - City	-	1,916,012	(1,916,012)	
Contributions - member	-	769,780	(769,780)	
Net investment income	-	1,711,824	(1,711,824)	
Benefit payments, including refund of member contributions	(2,448,614)	(2,448,614)	-	
Administrative expense	-	(45,295)	45,295	
Net changes	2,535,140	1,903,707	631,433	
Balance at 12/31/2016 Measurement Date	\$ 45,581,627	\$ 26,913,051	\$ 18,668,576	

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:

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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%)	\$ 51,501,753	\$ 26,913,051	\$ 24,588,702
Current Discount Rate (7.25%)	45,581,627	26,913,051	18,668,576
1% Increase in Discount Rate (8.25%)	40,658,814	26,913,051	13,745,763

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

For the year ended December 31, 2016, the City recognized pension expense of \$2,228,714. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows	Inflows
<b>Summary of Deferred Outflows (Inflows)</b>		
Difference between expected and actual liability	\$ 1,332,478	\$ -
Change of assumptions and methods	596,732	470,165
Net difference between projected and actual investment earnings	1,236,945	-
Total	\$ 3,166,155	\$ 470,165

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

Year ended:	Future recognition
2017	\$ 624,655
2018	624,655
2019	624,654
2020	239,141
2021	219,040
Thereafter	363,845
	\$ 2,695,990

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.

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**CITY OF FARGO, NORTH DAKOTA  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2016**

	<b>CITY EMPLOYEES' PENSION</b>	<b>POLICE PENSION</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash	\$ 108,836	\$ 307,225	\$ 416,061
Equity in pooled investments	94,909	197,119	292,028
Receivables:			
Accounts receivable	8,467	1,634	10,101
Interest	34	46,901	46,935
Total receivables	8,501	48,535	57,036
Investments, at fair value:			
Mutual funds	41,762,543	49,972,380	91,734,923
Total investments	41,762,543	49,972,380	91,734,923
Total assets	<u>\$ 41,974,789</u>	<u>\$ 50,525,259</u>	<u>\$ 92,500,048</u>
<b>LIABILITIES</b>			
Vouchers and benefits payable	<u>\$ 27,865</u>	<u>\$ 4,353</u>	<u>\$ 32,218</u>
<b>NET POSITION</b>			
Restricted for pension benefits	<u>\$ 41,946,924</u>	<u>\$ 50,520,906</u>	<u>\$ 92,467,830</u>

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



**CITY OF FARGO, NORTH DAKOTA  
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**CITY OF FARGO, NORTH DAKOTA  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
For the Year Ended December 31, 2016**

	<b>CITY EMPLOYEES' PENSION</b>	<b>POLICE PENSION</b>	<b>TOTAL</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,770,291	\$ 2,599,313	\$ 4,369,604
Employer (Fargo Park District)	185,188	-	185,188
Employee	465,275	1,119,748	1,585,023
Employee (Fargo Park District)	98,832	-	98,832
Total contributions	<u>2,519,586</u>	<u>3,719,061</u>	<u>6,238,647</u>
Investment income			
Net appreciation in fair value of investments, and interest and dividends	2,732,222	3,436,920	6,169,142
Less investment expense	<u>(141,996)</u>	<u>(172,627)</u>	<u>(314,623)</u>
Net investment income (loss)	<u>2,590,226</u>	<u>3,264,293</u>	<u>5,854,519</u>
Total additions (deductions)	<u>5,109,812</u>	<u>6,983,354</u>	<u>12,093,166</u>
<b>DEDUCTIONS</b>			
Pension benefit payments	2,746,547	3,697,135	6,443,682
Member contribution refunds	56,647	157,915	214,562
Administrative expenses	<u>50,263</u>	<u>35,888</u>	<u>86,151</u>
Total deductions	<u>2,853,457</u>	<u>3,890,938</u>	<u>6,744,395</u>
Change in net position	2,256,355	3,092,416	5,348,771
Total net position - beginning	<u>39,690,569</u>	<u>47,428,490</u>	<u>87,119,059</u>
Total net position - ending	<u>\$ 41,946,924</u>	<u>\$ 50,520,906</u>	<u>\$ 92,467,830</u>

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

### **Related Party Investments**

During 2016 and as of December 31, 2016 the pension plans (City Employees', Police or Firefighters Relief Association) held no securities issued by the City of Fargo or other related parties.

## **C. 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. 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.

## **D. 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.

**E. SUBSEQUENT EVENTS**

**State Funding of Metro Flood Diversion Project**

During the State of North Dakota's legislative session for the 2017-2019 biennium, \$66.5 million was appropriated for a portion of the state's \$570 million funding commitment to this project.

**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**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**

<b>City of Fargo Employees' Pension Plan Schedule of Change in Net Pension Liability</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 487,463	\$ 529,173	\$ 557,997
Interest	4,000,397	4,014,233	3,646,552
Differences between expected and actual experience	232,443	(297,322)	138,298
Changes in assumptions and methods	(1,434,752)	174,274	3,112,904
Benefit payments, including refunds of member contributions	(2,803,193)	(2,644,555)	(2,404,469)
Net change in total pension liability	482,358	1,775,803	5,051,282
Total Pension Liability - beginning of year	56,092,017	54,316,214	49,264,932
Total Pension Liability - end of year (a)	<u>\$ 56,574,375</u>	<u>\$ 56,092,017</u>	<u>\$ 54,316,214</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,955,478	\$ 1,946,591	\$ 1,782,708
Contributions - member	564,107	596,282	626,300
Net investment income	2,590,225	122,865	2,220,334
Benefit payments, including member contribution refunds	(2,803,193)	(2,644,555)	(2,404,469)
Administrative expense	(50,264)	(43,830)	(48,178)
Other changes	4,209	-	-
Net change in plan fiduciary net position	2,260,562	(22,647)	2,176,695
Plan fiduciary net position - beginning of year	39,686,361	39,709,008	37,532,313
Plan fiduciary net position - end of year (b)	<u>\$ 41,946,923</u>	<u>\$ 39,686,361</u>	<u>\$ 39,709,008</u>
<b>Net Pension Liability - end of year (a) - (b)</b>	<b>\$ 14,627,452</b>	<b>\$ 16,405,656</b>	<b>\$ 14,607,206</b>

**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**City of Fargo Employees' Pension Plan  
Schedule of Employer Contributions**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution (ADC)	\$ 2,324,774	\$ 1,980,838	\$ 1,569,560
Contributions in relation to the ADC	1,955,478	1,946,591	1,782,708
Contribution deficiency (excess)	<u>\$ 369,296</u>	<u>\$ 34,247</u>	<u>\$ (213,148)</u>

**City of Fargo Employees' Pension Plan  
Schedule of Investment Returns**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	6.6%	0.3%	5.9%

**City of Fargo Employees' Pension Plan  
Contributions and Net Pension Liability as a Percent of Payroll**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Payroll	\$ 21,788,871	\$ 22,786,760	\$ 23,051,797
Contributions as a percent of payroll	8.97%	8.54%	7.73%
Net pension liability as a percent of payroll	67.1%	72.00%	63.37%

**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>
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>
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%

**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**NORTH DAKOTA PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN**

<b>Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System</b>		
	As of measurement date of	
	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	2.742572%	2.611792%
Employer's proportionate share of the net pension liability	\$ 26,729,038	\$ 17,759,740
Employer's covered-employee payroll	\$ 27,638,652	\$ 23,267,898
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability		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.

<b>Schedule of Employer Contributions ND Public Employees Retirement System</b>		
	12/31/2016	12/31/2015
Statutorily required contribution	\$ 2,012,946	\$ 1,776,751
Contributions in relation to the statutorily required contribution	\$ (2,012,946)	\$ (1,776,751)
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 28,271,713	\$ 24,954,368
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

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

**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**POLICE PENSION PLAN**

<b>City of Fargo Police Pension Plan Schedule of Change in Net Pension Liability</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,894,349	\$ 1,655,230	\$ 1,463,698
Interest	4,995,916	4,750,232	4,417,408
Differences between expected and actual experience	586,409	838,127	519,099
Changes in assumptions and methods	(568,315)	1,610,242	986,369
Benefit payments, including refunds of member contributions	(3,855,050)	(3,185,308)	(3,095,609)
Net change in total pension liability	3,053,309	5,668,523	4,290,965
Total Pension Liability - beginning of year	68,942,367	63,273,844	58,982,879
Total Pension Liability - end of year (a)	<u>\$ 71,995,676</u>	<u>\$ 68,942,367</u>	<u>\$ 63,273,844</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 2,599,313	\$ 2,338,069	\$ 2,516,258
Contributions - member	1,119,749	1,052,344	997,513
Net investment income	3,264,292	(75,555)	2,636,103
Benefit payments, including member contribution refunds	(3,855,050)	(3,185,308)	(3,095,609)
Administrative expense	(35,889)	(35,797)	(38,021)
Other changes	26,185	-	-
Net change in plan fiduciary net position	3,118,600	93,753	3,016,244
Plan fiduciary net position - beginning of year	47,402,306	47,308,553	44,292,309
Plan fiduciary net position - end of year (b)	<u>\$ 50,520,906</u>	<u>\$ 47,402,306</u>	<u>\$ 47,308,553</u>
<b>Net Pension Liability - end of year (a) - (b)</b>	<b>\$ 21,474,770</b>	<b>\$ 21,540,061</b>	<b>\$ 15,965,291</b>

<b>City of Fargo Police Pension Plan Schedule of Employer Contributions</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution (ADC)	\$ 3,205,550	\$ 2,422,703	\$ 2,059,933
Contributions in relation to the ADC	2,599,313	2,338,069	2,516,258
Contribution deficiency (excess)	<u>\$ 606,237</u>	<u>\$ 84,634</u>	<u>\$ (456,325)</u>

<b>City of Fargo Police Pension Plan Schedule of Investment Returns</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	6.9%	-0.2%	5.9%



**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**City of Fargo Police Pension Plan  
Contributions and Net Pension Liability as a Percent of Payroll**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Payroll	\$ 10,882,568	\$ 10,312,350	\$ 10,050,543
Contributions as a percent of payroll	23.9%	22.67%	25.04%
Net pension liability as a percent of payroll	197.3%	208.90%	158.85%

**FARGO FIREFIGHTERS' RELIEF ASSOCIATION RETIREMENT PLAN**

**Fargo Firefighters Pension Association Pension Plan  
Schedule of Change in Net Pension Liability**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,033,817	\$ 942,970	\$ 882,740
Interest	3,107,060	3,020,513	2,656,719
Differences between expected and actual experience	1,380,692	164,724	(114,152)
Changes in assumptions and methods	(537,815)	783,502	3,642,866
Benefit payments, including refunds of member contributions	(2,448,614)	(2,391,530)	(2,164,096)
Net change in total pension liability	2,535,140	2,520,179	4,904,077
Total Pension Liability - beginning of year	43,046,487	40,526,308	35,622,231
Total Pension Liability - end of year (a)	<u>\$ 45,581,627</u>	<u>\$ 43,046,487</u>	<u>\$ 40,526,308</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,916,012	\$ 1,889,722	\$ 1,661,219
Contributions - member	769,780	744,739	723,023
Net investment income	1,711,824	(54,881)	1,417,654
Benefit payments, including member contribution refunds	(2,448,614)	(2,391,530)	(2,164,096)
Administrative expense	(45,295)	(52,707)	(64,290)
Net change in plan fiduciary net position	1,903,707	135,343	1,573,510
Plan fiduciary net position - beginning of year	25,009,344	24,874,001	23,300,491
Plan fiduciary net position - end of year (b)	<u>\$ 26,913,051</u>	<u>\$ 25,009,344</u>	<u>\$ 24,874,001</u>
<b>Net Pension Liability - end of year (a) - (b)</b>	\$ 18,668,576	\$ 18,037,143	\$ 15,652,307

**CITY OF FARGO, NORTH DAKOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**Fargo Firefighters Pension Association Pension Plan  
Schedule of Employer Contributions**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution (ADC)	\$ 2,312,759	\$ 1,995,062	\$ 1,542,399
Contributions in relation to the ADC	1,916,012	1,889,722	1,661,219
Contribution deficiency (excess)	<u>\$ 396,747</u>	<u>\$ 105,340</u>	<u>\$ (118,820)</u>

**Fargo Firefighters Pension Association Pension Plan  
Schedule of Investment Returns**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	6.8%	-0.2%	6.0%

**Fargo Firefighters Pension Association Pension Plan  
Contributions and Net Pension Liability as a Percent of Payroll**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Payroll	\$ 7,362,577	\$ 7,129,995	\$ 6,813,000
Contributions as a percent of payroll	26.0%	26.5%	24.4%
Net pension liability as a percent of payroll	253.56%	252.98%	229.74%

## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

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.

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..

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. This fund is required by bond covenants.

Parking Surplus Fund - This fund is used to account for parking net revenues in excess of that required for operations, maintenance, and debt service. This fund is required by bond covenants.

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.

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.

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.

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, 2016**

	Special Revenue						
	City Share of Specials	Noxious Weeds	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Authority
<b>ASSETS</b>							
Equity in pooled investments	\$ 976,379	\$ 89,190	\$ 39,048	\$ 1,531	\$ 66,221	\$ 182,949	\$ 147,196
Receivables (net of allowance for uncollectibles):							
Taxes	5,018	62	-	-	-	-	-
Accounts	-	-	-	169,964	-	2,200	76,805
Special assessments	-	-	198,334	-	-	-	8,598
Intergovernmental	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	8,912
Loans	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	87,500	-	-
Total assets	<u>\$ 981,397</u>	<u>\$ 89,252</u>	<u>\$ 237,382</u>	<u>\$ 171,495</u>	<u>\$ 153,721</u>	<u>\$ 185,149</u>	<u>\$ 241,511</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ -	\$ 9,622	\$ 141,169	\$ 8,241	\$ 4,154	\$ 30,139
Advances from other funds	-	-	-	-	-	-	475,000
Accrued payroll	-	-	-	-	-	-	2,569
Special assessments payable	279,938	-	-	717	569	-	35,316
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>279,938</u>	<u>-</u>	<u>9,622</u>	<u>141,886</u>	<u>8,810</u>	<u>4,154</u>	<u>543,024</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue	<u>3,560</u>	<u>51</u>	<u>157,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,598</u>
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	-	8,912
Restricted	697,899	89,201	69,901	29,609	144,911	180,995	-
Unassigned	-	-	-	-	-	-	(319,023)
Total fund balances	<u>697,899</u>	<u>89,201</u>	<u>69,901</u>	<u>29,609</u>	<u>144,911</u>	<u>180,995</u>	<u>(310,111)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 981,397</u>	<u>\$ 89,252</u>	<u>\$ 237,382</u>	<u>\$ 171,495</u>	<u>\$ 153,721</u>	<u>\$ 185,149</u>	<u>\$ 241,511</u>

**CITY OF FARGO, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**December 31, 2016**

				Special Revenue			
	Parking Repair and Replacement	Parking Surplus Fund	Community Development	HUD Home Participating Jurisdiction	HUD Home Program	NRI Loan Program	Court Forfeits
ASSETS							
Equity in pooled investments	\$ 258,879	\$ 747,592	\$ 194,600	\$ 119,881	\$ 52,458	\$ 83,130	\$ 152,233
Receivables (net of allowance for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	48,843	3,309
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	60,547	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Loans	-	-	168,651	1,789,872	248,521	33,151	-
Property held for resale	-	-	65,063	-	-	22,034	-
Total assets	<u>\$ 258,879</u>	<u>\$ 747,592</u>	<u>\$ 428,314</u>	<u>\$ 1,970,300</u>	<u>\$ 300,979</u>	<u>\$ 187,158</u>	<u>\$ 155,542</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Vouchers payable	\$ -	\$ -	\$ 885	\$ 58,842	\$ -	\$ 5,644	\$ 4,556
Advances from other funds	-	-	-	-	-	-	-
Accrued payroll	-	-	5,219	3,317	-	565	-
Special assessments payable	-	-	-	-	-	1,354	-
Unearned revenue	-	-	168,078	1,301,958	184,786	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>174,182</u>	<u>1,364,117</u>	<u>184,786</u>	<u>7,563</u>	<u>4,556</u>
Deferred inflows of resources							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>573</u>	<u>498,762</u>	<u>63,735</u>	<u>33,151</u>	<u>-</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	258,879	747,592	253,559	107,421	52,458	146,444	150,986
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>258,879</u>	<u>747,592</u>	<u>253,559</u>	<u>107,421</u>	<u>52,458</u>	<u>146,444</u>	<u>150,986</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 258,879</u>	<u>\$ 747,592</u>	<u>\$ 428,314</u>	<u>\$ 1,970,300</u>	<u>\$ 300,979</u>	<u>\$ 187,158</u>	<u>\$ 155,542</u>

**CITY OF FARGO, NORTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**December 31, 2016**

	Special Revenue		
	Skyway Maintenance	Baseball Stadium	Total
<b>ASSETS</b>			
Equity in pooled investments	\$ 97,141	\$ 45,927	\$ 3,254,355
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	5,080
Accounts	-	2,627	303,748
Special assessments	89,078	-	296,010
Intergovernmental	-	-	60,547
Prepaid expenditures	6,117	-	15,029
Loans	-	-	2,240,195
Property held for resale	-	-	174,597
Total assets	<u>\$ 192,336</u>	<u>\$ 48,554</u>	<u>\$ 6,349,561</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Vouchers payable	\$ 10,666	\$ -	\$ 273,918
Advances from other funds	-	1,237,927	1,712,927
Accrued payroll	-	-	11,670
Special assessments payable	-	-	317,894
Unearned revenue	-	-	1,654,822
Total liabilities	<u>10,666</u>	<u>1,237,927</u>	<u>3,971,231</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>68,551</u>	<u>-</u>	<u>834,840</u>
<b>Fund balances</b>			
Nonspendable	6,117	-	15,029
Restricted	107,002	-	3,036,857
Unassigned	-	(1,189,373)	(1,508,396)
Total fund balances	<u>113,119</u>	<u>(1,189,373)</u>	<u>1,543,490</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 192,336</u>	<u>\$ 48,554</u>	<u>\$ 6,349,561</u>

**CITY OF FARGO, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	Special Revenue						
	City Share of Specials	Noxious Weed	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Authority
<b>REVENUES</b>							
Taxes	\$ 462,225	\$ 205	\$ -	\$ 2,339,794	\$ -	\$ -	\$ -
Special assessments	-	-	199,880	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	49,699	-
Charges for services	-	-	-	-	-	-	1,597,190
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	5,873	-	17,322	3,845
Total revenues	<u>462,225</u>	<u>205</u>	<u>199,880</u>	<u>2,345,667</u>	<u>-</u>	<u>67,021</u>	<u>1,601,035</u>
<b>EXPENDITURES</b>							
Current:							
Public safety	-	-	-	-	-	60,355	-
Public works	287,492	-	-	-	-	-	-
Public health & welfare	-	22,662	-	-	-	-	-
Recreation & culture	-	-	259,769	2,316,377	-	-	-
Urban redevelopment	-	-	-	-	60,591	-	-
Public transportation	-	-	-	-	-	-	761,234
Capital outlay	-	16,000	-	-	-	-	-
Total expenditures	<u>287,492</u>	<u>38,662</u>	<u>259,769</u>	<u>2,316,377</u>	<u>60,591</u>	<u>60,355</u>	<u>761,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>174,733</u>	<u>(38,457)</u>	<u>(59,889)</u>	<u>29,290</u>	<u>(60,591)</u>	<u>6,666</u>	<u>839,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in							
General fund	-	-	-	-	-	30,845	-
Special revenue funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Transfers out							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	(36,000)
Debt service	-	-	-	-	-	-	(361,124)
Capital projects	(8,528)	-	-	-	-	-	(1,442,405)
Total other financing sources (uses)	<u>(8,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,845</u>	<u>(1,839,529)</u>
Net change in fund balances	166,205	(38,457)	(59,889)	29,290	(60,591)	37,511	(999,728)
Fund balance (deficit) - beginning of year	531,694	127,658	129,790	319	205,502	143,484	689,617
Fund balance (deficit) - end of year	<u>\$ 697,899</u>	<u>\$ 89,201</u>	<u>\$ 69,901</u>	<u>\$ 29,609</u>	<u>\$ 144,911</u>	<u>\$ 180,995</u>	<u>\$ (310,111)</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, 2016**

	Special Revenue						
	Parking Repair and Replacement	Parking Surplus Fund	Community Development	HUD Home Participating Jurisdiction	HUD Home Program	NRI Loan Program	Court Forfeits
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	309,004	543,763	-	-	3,000
Charges for services	-	-	-	-	-	2,800	-
Fines and forfeits	-	-	-	-	-	-	219,666
Investment income	-	-	20	36	-	572	-
Miscellaneous revenues	-	-	402,020	156,397	5,000	171,861	9,296
Total revenues	-	-	711,044	700,196	5,000	175,233	231,962
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	198,533
Public works	-	-	-	-	-	-	-
Public health & welfare	-	-	12,202	-	-	-	-
Recreation & culture	-	-	-	-	-	-	-
Urban redevelopment	-	-	514,344	712,434	-	155,507	-
Public transportation	108,585	-	-	-	-	-	-
Capital outlay	55,867	-	-	-	-	-	11,664
Total expenditures	164,452	-	526,546	712,434	-	155,507	210,197
Excess (deficiency) of revenues over (under) expenditures	(164,452)	-	184,498	(12,238)	5,000	19,726	21,765
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	-	-	-	-	-	-	-
Special revenue funds	36,000	-	-	-	-	-	-
Debt service	-	-	-	-	-	33,449	-
Transfers out							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	(188,000)	-	-	-	-	-
Total other financing sources (uses)	36,000	(188,000)	-	-	-	33,449	-
Net change in fund balances	(128,452)	(188,000)	184,498	(12,238)	5,000	53,175	21,765
Fund balance (deficit) - beginning of year	387,331	935,592	69,061	119,659	47,458	93,269	129,221
Fund balance (deficit) - end of year	\$ 258,879	\$ 747,592	\$ 253,559	\$ 107,421	\$ 52,458	\$ 146,444	\$ 150,986

**CITY OF FARGO, NORTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**For the Year Ended December 31, 2016**

	Special Revenue		
	Skyway Maintenance	Baseball Stadium	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 2,802,224
Special assessments	31,449	-	231,329
Intergovernmental revenues	-	-	905,466
Charges for services	-	195,001	1,794,991
Fines and forfeits	-	-	219,666
Investment income	-	-	628
Miscellaneous revenues	-	-	771,614
Total revenues	31,449	195,001	6,725,918
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	258,888
Public works	-	-	287,492
Public health & welfare	-	-	34,864
Recreation & culture	81,364	151,079	2,808,589
Urban redevelopment	-	-	1,442,876
Public transportation	-	-	869,819
Capital outlay	-	-	83,531
Total expenditures	81,364	151,079	5,786,059
Excess (deficiency) of revenues over (under) expenditures	(49,915)	43,922	939,859
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
General fund	-	-	30,845
Special revenue funds	-	-	36,000
Debt service	-	-	33,449
Transfers out			
General fund	-	-	-
Special revenue funds	-	-	(36,000)
Debt service	-	-	(361,124)
Capital projects	-	-	(1,638,933)
Total other financing sources (uses)	-	-	(1,935,763)
Net change in fund balances	(49,915)	43,922	(995,904)
Fund balance (deficit) - beginning of year	163,034	(1,233,295)	2,539,394
Fund balance (deficit) - end of year	\$ 113,119	\$ (1,189,373)	\$ 1,543,490

**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, 2016**

	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		
<b>REVENUES</b>								
Taxes	\$ 468,000	\$ 468,000	\$ 462,225	\$ (5,775)	\$ -	\$ -	\$ 205	\$ 205
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Total revenues	468,000	468,000	462,225	(5,775)	-	-	205	205
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	302,000	302,000	287,492	14,508	-	-	-	-
Public health and welfare	-	-	-	-	50,000	34,000	22,662	11,338
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	16,000	16,000	-
Total expenditures	302,000	302,000	287,492	14,508	50,000	50,000	38,662	11,338
Excess (deficiency) of revenues over (under) expenditures	166,000	166,000	174,733	8,733	(50,000)	(50,000)	(38,457)	11,543
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	(98,000)	(98,000)	(8,528)	89,472	-	-	-	-
Total other financing sources (uses)	(98,000)	(98,000)	(8,528)	89,472	-	-	-	-
Net change in fund balances	68,000	68,000	166,205	98,205	(50,000)	(50,000)	(38,457)	11,543
Fund balance (deficit) - beginning of year	531,694	531,694	531,694	-	127,658	127,658	127,658	-
Fund balance (deficit) - end of year	\$ 599,694	\$ 599,694	\$ 697,899	\$ 98,205	\$ 77,658	\$ 77,658	\$ 89,201	\$ 11,543

**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, 2016**

	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		
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,519,850	\$ 2,519,850	\$ 2,339,794	\$ (180,056)
Special assessments	194,000	194,000	199,880	5,880	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	6,000	6,000	5,873	(127)
Total revenues	194,000	194,000	199,880	5,880	2,525,850	2,525,850	2,345,667	(180,183)
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	194,000	194,000	259,769	(65,769)	2,525,850	2,525,850	2,316,377	209,473
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	194,000	194,000	259,769	(65,769)	2,525,850	2,525,850	2,316,377	209,473
Excess (deficiency) of revenues over (under) expenditures	-	-	(59,889)	(59,889)	-	-	29,290	29,290
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	(59,889)	(59,889)	-	-	29,290	29,290
Fund balance (deficit) - beginning of year	129,790	129,790	129,790	-	319	319	319	-
Fund balance (deficit) - end of year	\$ 129,790	\$ 129,790	\$ 69,901	\$ (59,889)	\$ 319	\$ 319	\$ 29,609	\$ 29,290

**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, 2016**

	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	600,000	139,000	-	(139,000)	49,699	49,699	49,699	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	25,000	25,000	17,322	(7,678)
Total revenues	600,000	139,000	-	(139,000)	74,699	74,699	67,021	(7,678)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	80,534	80,534	60,355	20,179
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	600,000	139,000	60,591	78,409	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	600,000	139,000	60,591	78,409	80,534	80,534	60,355	20,179
Excess (deficiency) of revenues over (under) expenditures	-	-	(60,591)	(60,591)	(5,835)	(5,835)	6,666	12,501
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	30,845	30,845	30,845	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	(10,000)	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	20,845	30,845	30,845	-
Net change in fund balances	-	-	(60,591)	(60,591)	15,010	25,010	37,511	12,501
Fund balance (deficit) - beginning of year	205,502	205,502	205,502	-	143,484	143,484	143,484	-
Fund balance (deficit) - end of year	\$ 205,502	\$ 205,502	\$ 144,911	\$ (60,591)	\$ 158,494	\$ 168,494	\$ 180,995	\$ 12,501

**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, 2016**

	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	1,404,300	1,404,300	1,597,190	192,890	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	3,845	3,845	-	-	-	-
Total revenues	1,404,300	1,404,300	1,601,035	196,735	-	-	-	-
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	962,679	963,302	761,234	202,068	75,000	139,133	108,585	30,548
Capital outlay	-	-	-	-	-	55,867	55,867	-
Total expenditures	962,679	963,302	761,234	202,068	75,000	195,000	164,452	30,548
Excess (deficiency) of revenues over (under) expenditures	441,621	440,998	839,801	398,803	(75,000)	(195,000)	(164,452)	30,548
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	36,000	36,000	36,000	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	(36,000)	(36,000)	-	-	-	-
Debt service	(282,691)	(282,691)	(361,124)	(78,433)	-	-	-	-
Capital projects	-	(1,442,405)	(1,442,405)	-	-	-	-	-
Total other financing sources (uses)	(282,691)	(1,725,096)	(1,839,529)	(114,433)	36,000	36,000	36,000	-
Net change in fund balances	158,930	(1,284,098)	(999,728)	284,370	(39,000)	(159,000)	(128,452)	30,548
Fund balance (deficit) - beginning of year	689,617	689,617	689,617	-	387,331	387,331	387,331	-
Fund balance (deficit) - end of year	\$ 848,547	\$ (594,481)	\$ (310,111)	\$ 284,370	\$ 348,331	\$ 228,331	\$ 258,879	\$ 30,548

**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, 2016**

	Parking Surplus Fund				Community Development			
	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	-	-	-	-	718,000	718,000	309,004	(408,996)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	100	100	20	(80)
Miscellaneous revenue	-	-	-	-	4,900	4,900	402,020	397,120
Total revenues	-	-	-	-	723,000	723,000	711,044	(11,956)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	63,886	64,493	12,202	52,291
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	713,194	714,684	514,344	200,340
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	777,080	779,177	526,546	252,631
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(54,080)	(56,177)	184,498	240,675
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	(188,000)	(188,000)	-	-	-	-	-
Total other financing sources (uses)	-	(188,000)	(188,000)	-	-	-	-	-
Net change in fund balances	-	(188,000)	(188,000)	-	(54,080)	(56,177)	184,498	240,675
Fund balance (deficit) - beginning of year	935,592	935,592	935,592	-	69,061	69,061	69,061	-
Fund balance (deficit) - end of year	\$ 935,592	\$ 747,592	\$ 747,592	\$ -	\$ 14,981	\$ 12,884	\$ 253,559	\$ 240,675

**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, 2016**

	HUD Home Participating Jurisdiction				HUD Home 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	430,000	430,000	543,763	113,763	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	2,000	2,000	36	(1,964)	-	-	-	-
Miscellaneous revenue	51,000	51,000	156,397	105,397	23,000	23,000	5,000	(18,000)
Total revenues	483,000	483,000	700,196	217,196	23,000	23,000	5,000	(18,000)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	515,316	516,197	712,434	(196,237)	30,000	30,000	-	30,000
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	515,316	516,197	712,434	(196,237)	30,000	30,000	-	30,000
Excess (deficiency) of revenues over (under) expenditures	(32,316)	(33,197)	(12,238)	20,959	(7,000)	(7,000)	5,000	12,000
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(32,316)	(33,197)	(12,238)	20,959	(7,000)	(7,000)	5,000	12,000
Fund balance (deficit) - beginning of year	119,659	119,659	119,659	-	47,458	47,458	47,458	-
Fund balance (deficit) - end of year	\$ 87,343	\$ 86,462	\$ 107,421	\$ 20,959	\$ 40,458	\$ 40,458	\$ 52,458	\$ 12,000



**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, 2016**

	NRI Loan Program				Court Forfeits			
	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	-	-	-	-	-	-	3,000	3,000
Charges for services	3,000	3,000	2,800	(200)	-	-	-	-
Fines and forfeits	-	-	-	-	100,000	171,000	219,666	48,666
Investment income	6,000	6,000	572	(5,428)	-	-	-	-
Miscellaneous revenue	152,000	371,901	171,861	(200,040)	-	-	9,296	9,296
Total revenues	161,000	380,901	175,233	(205,668)	100,000	171,000	231,962	60,962
EXPENDITURES								
Current:								
Public safety	-	-	-	-	160,000	219,336	198,533	20,803
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	21,259	229,598	155,507	74,091	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	11,664	11,664	-
Total expenditures	21,259	229,598	155,507	74,091	160,000	231,000	210,197	20,803
Excess (deficiency) of revenues over (under) expenditures	139,741	151,303	19,726	(131,577)	(60,000)	(60,000)	21,765	81,765
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	33,000	33,000	33,449	449	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	33,000	33,000	33,449	449	-	-	-	-
Net change in fund balances	172,741	184,303	53,175	(131,128)	(60,000)	(60,000)	21,765	81,765
Fund balance (deficit) - beginning of year	93,269	93,269	93,269	-	129,221	129,221	129,221	-
Fund balance (deficit) - end of year	\$ 266,010	\$ 277,572	\$ 146,444	\$ (131,128)	\$ 69,221	\$ 69,221	\$ 150,986	\$ 81,765

**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, 2016**

	Skyway Maintenance				Baseball Stadium			
	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	100,000	-	31,449	31,449	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	190,000	195,001	5,001
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Total revenues	100,000	-	31,449	31,449	-	190,000	195,001	5,001
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	102,000	102,000	81,364	20,636	-	220,000	151,079	68,921
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	102,000	102,000	81,364	20,636	-	220,000	151,079	68,921
Excess (deficiency) of revenues over (under) expenditures	(2,000)	(102,000)	(49,915)	52,085	-	(30,000)	43,922	73,922
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(2,000)	(102,000)	(49,915)	52,085	-	(30,000)	43,922	73,922
Fund balance (deficit) - beginning of year	\$ 163,034	\$ 163,034	\$ 163,034	\$ -	\$ (1,233,295)	\$ (1,233,295)	\$ (1,233,295)	\$ -
Fund balance (deficit) - end of year	161,034	61,034	113,119	52,085	(1,233,295)	(1,263,295)	(1,189,373)	73,922

**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, 2016**

	Totals			Variance with
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,987,850	\$ 2,987,850	\$ 2,802,224	\$ (185,626)
Special assessments	294,000	194,000	231,329	37,329
Intergovernmental revenues	1,797,699	1,336,699	905,466	(431,233)
Charges for services	1,407,300	1,597,300	1,794,991	197,691
Fines and forfeits	100,000	171,000	219,666	48,666
Investment income	8,100	8,100	628	(7,472)
Miscellaneous revenue	261,900	481,801	771,614	289,813
Total revenues	<u>6,856,849</u>	<u>6,776,750</u>	<u>6,725,918</u>	<u>(50,832)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	240,534	299,870	258,888	40,982
Public works	302,000	302,000	287,492	14,508
Public health and welfare	113,886	98,493	34,864	63,629
Recreation and culture	2,821,850	3,041,850	2,808,589	233,261
Urban redevelopment	1,879,769	1,629,479	1,442,876	186,603
Public transportation	1,037,679	1,102,435	869,819	232,616
Capital outlay	-	83,531	83,531	-
Total expenditures	<u>6,395,718</u>	<u>6,557,658</u>	<u>5,786,059</u>	<u>771,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>461,131</u>	<u>219,092</u>	<u>939,859</u>	<u>(720,767)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General fund	30,845	30,845	30,845	-
Special revenue	36,000	36,000	36,000	-
Debt service	33,000	33,000	33,449	449
Transfers out:				
General fund	(10,000)	-	-	-
Special revenue	-	-	(36,000)	(36,000)
Debt service	(282,691)	(282,691)	(361,124)	(78,433)
Capital projects	(98,000)	(1,728,405)	(1,638,933)	89,472
Total other financing sources (uses)	<u>(290,846)</u>	<u>(1,911,251)</u>	<u>(1,935,763)</u>	<u>(24,512)</u>
Net change in fund balances	170,285	(1,692,159)	(995,904)	696,255
Fund balance (deficit) - beginning of year	\$ 2,539,394	\$ 2,539,394	\$ 2,539,394	\$ -
Fund balance (deficit) - end of year	<u>2,709,679</u>	<u>847,235</u>	<u>1,543,490</u>	<u>696,255</u>

**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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 29,400,000	\$ 27,150,925	\$ 26,700,415	\$ (450,510)
Special assessments	26,099,650	31,891,650	36,744,932	4,853,282
Intergovernmental revenues	-	-	228,023	228,023
Investment income	150,000	150,000	767,889	617,889
Miscellaneous revenues	-	-	12,875	12,875
Total revenues	<u>55,649,650</u>	<u>59,192,575</u>	<u>64,454,134</u>	<u>5,261,559</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	656,933	(656,933)
Urban redevelopment	-	-	235,399	(235,399)
Debt Service	44,272,233	118,367,795	120,728,221	(2,360,426)
Total expenditures	<u>44,272,233</u>	<u>118,367,795</u>	<u>121,620,553</u>	<u>(3,252,758)</u>
Excess (deficiency) of revenues over (under)	<u>11,377,417</u>	<u>(59,175,220)</u>	<u>(57,166,419)</u>	<u>2,008,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,330,226	1,159,226	1,779,810	620,584
Transfers out	(13,099,275)	(13,099,275)	(6,520,585)	6,578,690
Loans issued	-	50,000,000	50,102,436	102,436
Bonds issued	-	27,209,550	27,485,000	275,450
Bond premium	-	-	2,268,544	2,268,544
Total other financing sources (uses)	<u>(11,769,049)</u>	<u>65,269,501</u>	<u>75,115,205</u>	<u>9,845,704</u>
Net change in fund balances	<u>(391,632)</u>	<u>6,094,281</u>	<u>17,948,786</u>	<u>11,854,505</u>
Fund balance - beginning of year			<u>90,670,688</u>	
Fund balance - end of year			<u>\$ 108,619,474</u>	

## NONMAJOR ENTERPRISE FUNDS

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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, 2016**

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
<b>ASSETS</b>					
Current assets					
Cash	\$ -	\$ -	\$ -	\$ 50	\$ 50
Equity in pooled investments	4,241	909,840	372,236	155,782	1,442,099
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	23,169	23,169
Accounts	10,566	67,197	228,406	161,834	468,003
Inventory	-	-	302,265	-	302,265
Prepaid expenses	-	1,691	4,682	5,612	11,985
Total current assets	<u>14,807</u>	<u>978,728</u>	<u>907,589</u>	<u>346,447</u>	<u>2,247,571</u>
Noncurrent assets					
Capital assets					
Machinery and equipment	-	53,232	432,486	1,175,267	1,660,985
Infrastructure	-	-	37,765,986	-	37,765,986
Less accumulated depreciation	-	(45,267)	(17,032,122)	(759,482)	(17,836,871)
Total noncurrent assets	<u>-</u>	<u>7,965</u>	<u>21,166,350</u>	<u>415,785</u>	<u>21,590,100</u>
Total assets	<u>14,807</u>	<u>986,693</u>	<u>22,073,939</u>	<u>762,232</u>	<u>23,837,671</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources related to pension	-	-	42,378	193,946	236,324
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>42,378</u>	<u>193,946</u>	<u>236,324</u>
<b>LIABILITIES</b>					
Current liabilities					
Vouchers payable	2,856	-	193,082	10,069	206,007
Accrued payroll	-	-	7,516	31,834	39,350
Accrued vacation payable	-	-	12,391	47,681	60,072
Total current liabilities	<u>2,856</u>	<u>-</u>	<u>212,989</u>	<u>89,584</u>	<u>305,429</u>
Long-term liabilities					
Net pension liability	-	-	133,994	756,583	890,577
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>133,994</u>	<u>756,583</u>	<u>890,577</u>
Total liabilities	<u>2,856</u>	<u>-</u>	<u>346,983</u>	<u>846,167</u>	<u>1,196,006</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pension	-	-	8,353	55,711	64,064
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>8,353</u>	<u>55,711</u>	<u>64,064</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	7,965	21,166,350	415,785	21,590,100
Unrestricted	11,951	978,728	594,631	(361,485)	1,223,825
Total net position	<u>\$ 11,951</u>	<u>\$ 986,693</u>	<u>\$ 21,760,981</u>	<u>\$ 54,300</u>	<u>\$ 22,813,925</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, 2016**

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
OPERATING REVENUES					
Charges for services	\$ 28,554	\$ 697,221	\$ 1,812,382	\$ 1,481,288	\$ 4,019,445
OPERATING EXPENSES					
Personnel services	-	-	201,083	1,072,533	1,273,616
Other services	6,913	298,938	248,591	458,468	1,012,910
Materials and supplies	42,432	75,314	1,228,814	143,576	1,490,136
Depreciation	-	5,309	1,537,930	95,580	1,638,819
Total operating expenses	49,345	379,561	3,216,418	1,770,157	5,415,481
Operating income (loss)	(20,791)	317,660	(1,404,036)	(288,869)	(1,396,036)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	-	-	-	23,313	23,313
Miscellaneous revenue	-	-	4,540	4,719	9,259
Total nonoperating revenues	-	-	4,540	28,032	32,572
Income (loss) before contributions and transfers	(20,791)	317,660	(1,399,496)	(260,837)	(1,363,464)
Capital Contributions	-	-	3,023,736	-	3,023,736
Transfers in:					
Enterprise	-	-	150,000	380,000	530,000
Transfers out:					
General	-	(132,000)	(257,000)	(92,000)	(481,000)
Enterprise	-	(75,000)	-	-	(75,000)
Change in net position	(20,791)	110,660	1,517,240	27,163	1,634,272
Total net position - beginning	32,742	876,033	20,243,741	27,137	21,179,653
Total net position - ending	\$ 11,951	\$ 986,693	\$ 21,760,981	\$ 54,300	\$ 22,813,925

**CITY OF FARGO, NORTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2016**

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 26,541	\$ 693,623	\$ 1,774,945	\$ 1,486,346	\$ 3,981,455
Payments to employees	-	-	(139,060)	(756,976)	(896,036)
Payments of benefits on behalf of employees	-	-	(50,559)	(284,951)	(335,510)
Payments to suppliers	(48,754)	(374,276)	(1,432,808)	(590,677)	(2,446,515)
Net cash provided (used) by operating activities	(22,213)	319,347	152,518	(146,258)	303,394
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	-	(207,000)	(257,000)	(92,000)	(556,000)
Transfers from other funds	-	-	150,000	380,000	530,000
Net cash provided (used) by noncapital financing activities	-	(207,000)	(107,000)	288,000	(26,000)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of assets	-	-	-	23,313	23,313
Acquisition of capital assets	-	-	-	(207,366)	(207,366)
Net cash provided (used) by capital and related financing activities	-	-	-	(184,053)	(184,053)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investments redeemed	26,454	797,493	326,718	198,093	1,348,758
Investments (purchased)	(4,241)	(909,840)	(372,236)	(155,782)	(1,442,099)
Net cash provided (used) by investing activities	22,213	(112,347)	(45,518)	42,311	(93,341)
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, January 1	-	-	-	50	50
Cash and cash equivalents, December 31	\$ -	\$ -	\$ -	\$ 50	\$ 50
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (20,791)	\$ 317,660	\$ (1,404,036)	\$ (288,869)	\$ (1,396,036)
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>					
Depreciation	-	5,309	1,537,930	95,580	1,638,819
<b>Change in assets and liabilities</b>					
Accounts receivable	(2,013)	(3,598)	(37,437)	4,048	(39,000)
Special assessment receivable	-	-	-	1,010	1,010
Inventories	-	-	35,946	-	35,946
Prepaid expenses	-	(24)	(264)	32	(256)
Accounts payable	591	-	8,915	11,335	20,841
Vacation payable	-	-	1,016	(1,184)	(168)
Payroll payable	-	-	1,842	5,116	6,958
Net Pension Liability	-	-	8,606	26,674	35,280
Total adjustments	(1,422)	1,687	1,556,554	142,611	1,699,430
Net cash provided (used) by operating activities	\$ (22,213)	\$ 319,347	\$ 152,518	\$ (146,258)	\$ 303,394
<b>Noncash transactions affecting financial position:</b>					
Acquisition of / change in assets through capital contributions and donations	\$ -	\$ -	\$ 3,023,736	\$ -	\$ 3,023,736



## FIDUCIARY FUNDS

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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 Employee's 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, 2016**

	Performance Deposits	Park District Special Assessments	Metro Flood Project Diversion Authority	Red River Regional Dispatch Center	Total
<b>ASSETS</b>					
Equity in pooled investments	182,900	-	76,429,983	617,983	77,230,866
Receivables(net of allowance for uncollectibles)					
Special assessments receivable	-	10,863,631	-	-	10,863,631
Intergovernmental	-	-	4,020,140	-	4,020,140
Total assets	<u>\$ 182,900</u>	<u>\$ 10,863,631</u>	<u>\$ 80,450,123</u>	<u>\$ 617,983</u>	<u>\$ 92,114,637</u>
<b>LIABILITIES</b>					
Vouchers payable	\$ -	\$ -	\$ 883,421	\$ -	\$ 883,421
Due to other governments	-	10,863,631	79,566,702	-	90,430,333
Deposits	182,900	-	-	617,983	800,883
Total liabilities	<u>\$ 182,900</u>	<u>\$ 10,863,631</u>	<u>\$ 80,450,123</u>	<u>\$ 617,983</u>	<u>\$ 92,114,637</u>

**CITY OF FARGO, NORTH DAKOTA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING DECEMBER 31, 2016**

	Beginning of Year	Additions	Deductions	End of Year
<b>PERFORMANCE DEPOSITS</b>				
<b>ASSETS</b>				
Cash, including time deposits	\$ 13,820	\$ -	\$ 13,820	\$ -
Equity in pooled investments	224,900	79,760	121,760	182,900
<b>Total assets</b>	<b>\$ 238,720</b>	<b>\$ 79,760</b>	<b>\$ 135,580</b>	<b>\$ 182,900</b>
<b>LIABILITIES</b>				
Deposits	\$ 238,720	\$ 10,658	\$ 66,478	\$ 182,900
<b>Total liabilities</b>	<b>\$ 238,720</b>	<b>\$ 10,658</b>	<b>\$ 66,478</b>	<b>\$ 182,900</b>
<b>PARK DISTRICT SPECIAL ASSESSMENTS</b>				
<b>ASSETS</b>				
Equity in pooled investments	\$ 17,555	\$ 610,795	\$ 628,350	\$ -
Special assessments receivable	6,864,680	4,223,089	224,138	10,863,631
<b>Total assets</b>	<b>\$ 6,882,235</b>	<b>\$ 4,833,884</b>	<b>\$ 852,488</b>	<b>\$ 10,863,631</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 6,864,680	\$ 4,212,184	\$ 213,233	\$ 10,863,631
Deposits	17,555	610,795	628,350	-
<b>Total liabilities</b>	<b>\$ 6,882,235</b>	<b>\$ 4,822,979</b>	<b>\$ 841,583</b>	<b>\$ 10,863,631</b>
<b>METRO FLOOD PROJECT DIVERSION AUTHORITY</b>				
<b>ASSETS</b>				
Equity in pooled investments	\$ (9,540,236)	\$ 247,317,188	\$ 161,346,969	\$ 76,429,983
Accounts receivable	7,448,325	-	7,448,325	-
Intergovernmental receivable	60,588,413	161,216,003	217,784,276	4,020,140
<b>Total assets</b>	<b>\$ 58,496,502</b>	<b>\$ 408,533,191</b>	<b>\$ 386,579,570</b>	<b>\$ 80,450,123</b>
<b>LIABILITIES</b>				
Vouchers Payable	\$ 187,516	\$ 103,020,436	\$ 102,324,531	\$ 883,421
Due to other governments	58,308,986	7,231,821	65,540,807	79,566,702
<b>Total liabilities</b>	<b>\$ 58,496,502</b>	<b>\$ 110,252,257</b>	<b>\$ 167,865,338</b>	<b>\$ 80,450,123</b>
<b>RED RIVER REGIONAL DISPATCH CENTER</b>				
<b>ASSETS</b>				
Equity in pooled investments	\$ 542,953	\$ 4,237,151	\$ 4,162,121	\$ 617,983
<b>Total assets</b>	<b>\$ 542,953</b>	<b>\$ 4,237,151</b>	<b>\$ 4,162,121</b>	<b>\$ 617,983</b>
<b>LIABILITIES</b>				
Deposits	\$ 542,953	\$ 4,237,151	\$ 4,162,121	\$ 617,983
<b>Total liabilities</b>	<b>\$ 542,953</b>	<b>\$ 4,237,151</b>	<b>\$ 4,162,121</b>	<b>\$ 617,983</b>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, including time deposits	\$ 13,820	\$ -	\$ 13,820	\$ -
Equity in pooled investments	(8,754,828)	252,244,894	166,259,200	77,230,866
Accounts receivable	7,448,325	-	7,448,325	-
Special assessments receivable	6,864,680	4,223,089	224,138	10,863,631
Intergovernmental receivable	60,588,413	161,216,003	217,784,276	4,020,140
<b>Total assets</b>	<b>\$ 66,160,410</b>	<b>\$ 417,683,986</b>	<b>\$ 391,729,759</b>	<b>\$ 92,114,637</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ 187,516	\$ 103,020,436	\$ 102,324,531	\$ 883,421
Due to other governments	65,173,666	11,444,005	65,754,040	90,430,333
Deposits	799,228	4,858,604	4,856,949	800,883
<b>Total liabilities</b>	<b>\$ 66,160,410</b>	<b>\$ 119,323,045</b>	<b>\$ 172,935,520</b>	<b>\$ 92,114,637</b>

**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, 2016**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 68,782,805
Intangible - Right of way	8,821,274
Buildings	83,079,189
Improvements other than buildings	1,179,842
Machinery and equipment	57,146,349
Infrastructure	379,559,963
Flood Control	41,492,192
Construction in progress	19,068,019
Total governmental funds capital assets	<u>\$ 659,129,633</u>

**INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:**

General fund	\$ 45,565,436
Special revenue funds	6,112,298
Capital projects	576,078,390
Enterprise funds	1,521,222
Federal and state grants	26,916,507
Donated	2,935,780
Total governmental funds capital assets	<u>\$ 659,129,633</u>

**CITY OF FARGO, NORTH DAKOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2016**

FUNCTION AND ACTIVITY	Land	Right of Way	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Flood Control	Construction in Progress	Total
<b>General Government:</b>									
City Commission	\$ -	\$ -	\$ -	\$ -	\$ 60,930	\$ -	\$ -	\$ -	\$ 60,930
City Auditor	-	-	-	-	70,457	-	-	-	70,457
Information Technology	-	-	-	-	4,874,194	-	-	8,350	4,882,544
Public Information	-	-	-	-	109,110	-	-	-	109,110
Human Resources	-	-	-	-	38,185	-	-	-	38,185
City Assessor	-	-	-	-	107,685	-	-	-	107,685
Municipal Court	-	-	1,596,948	-	39,233	-	-	-	1,636,181
Planning & Development	-	-	-	-	16,292	-	-	8,862,428	8,878,720
Central Garage	-	-	4,228,637	127,813	1,018,979	-	-	-	5,375,429
City Buildings	-	-	1,159,335	17,865	414,015	-	-	7,243,609	8,834,824
City Administrator	-	-	-	-	5,890	-	-	-	5,890
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,984,920</b>	<b>145,678</b>	<b>6,754,970</b>	<b>-</b>	<b>-</b>	<b>16,114,387</b>	<b>29,999,955</b>
<b>Public Safety:</b>									
Traffic Engineering	-	-	21,422	-	369,713	-	-	-	391,135
Fire Department	436,448	-	8,934,954	5,490	8,357,626	-	-	2,843,239	20,577,757
Emergency Management	-	-	-	-	584,052	-	-	54,526	638,578
Police Department	43,000	-	4,175,178	31,654	6,389,181	-	-	-	10,639,013
Inspections	-	-	-	-	314,235	-	-	-	314,235
<b>Total</b>	<b>479,448</b>	<b>-</b>	<b>13,131,554</b>	<b>37,144</b>	<b>16,014,807</b>	<b>-</b>	<b>-</b>	<b>2,897,765</b>	<b>32,560,718</b>
<b>Public Works:</b>									
City Engineer	1,462,261	351,261	-	-	1,618,439	-	-	-	3,431,961
Street Department	817,500	4,588,892	999,284	131,561	12,118,749	379,559,963	-	-	398,215,949
Flood	63,671,133	3,881,121	-	134,240	-	-	41,492,192	-	109,178,686
<b>Total</b>	<b>65,950,894</b>	<b>8,821,274</b>	<b>999,284</b>	<b>265,801</b>	<b>13,737,188</b>	<b>379,559,963</b>	<b>41,492,192</b>	<b>-</b>	<b>510,826,596</b>
<b>Public Health &amp; Welfare:</b>									
Health Department	857,805	-	10,900,128	305,120	940,748	-	-	-	13,003,801
<b>Total</b>	<b>857,805</b>	<b>-</b>	<b>10,900,128</b>	<b>305,120</b>	<b>940,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,003,801</b>
<b>Recreation &amp; Culture:</b>									
Public Library	-	-	13,173,098	-	3,559,062	-	-	-	16,732,160
City Auditorium	-	-	7,729,584	-	407,248	-	-	-	8,136,832
Convention Bureau	199,505	-	749,851	-	-	-	-	-	949,356
Baseball Stadium	-	-	5,266,692	61,439	278,807	-	-	-	5,606,938
<b>Total</b>	<b>199,505</b>	<b>-</b>	<b>26,919,225</b>	<b>61,439</b>	<b>4,245,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,425,286</b>
<b>Urban Redevelopment</b>									
Home Grants	-	-	605,042	-	-	-	-	-	605,042
Community Development	189,153	-	3,942,108	28,446	39,798	-	-	-	4,199,505
<b>Total</b>	<b>189,153</b>	<b>-</b>	<b>4,547,150</b>	<b>28,446</b>	<b>39,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,804,547</b>
<b>Transportation</b>									
Transit	-	-	12,034,530	-	15,269,885	-	-	-	27,304,415
Parking Authority	1,106,000	-	7,562,398	336,214	143,836	-	-	55,867	9,204,315
<b>Total</b>	<b>1,106,000</b>	<b>-</b>	<b>19,596,928</b>	<b>336,214</b>	<b>15,413,721</b>	<b>-</b>	<b>-</b>	<b>55,867</b>	<b>36,508,730</b>
<b>Grand Total</b>	<b>\$ 68,782,805</b>	<b>\$ 8,821,274</b>	<b>\$ 83,079,189</b>	<b>\$ 1,179,842</b>	<b>\$ 57,146,349</b>	<b>\$ 379,559,963</b>	<b>\$ 41,492,192</b>	<b>\$ 19,068,019</b>	<b>\$ 659,129,633</b>

**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, 2016**

FUNCTION AND ACTIVITY	Balance January 1, 2016	Additions & Transfers In	Deletions & Transfers Out	Balance December 31, 2016
<b>GENERAL GOVERNMENT:</b>				
City Commission	\$ 60,930	\$ -	\$ -	\$ 60,930
City Administrator	-	5,890	-	5,890
City Auditor	64,457	6,000	-	70,457
Information Technology	4,865,412	215,095	(197,963)	4,882,544
Public Information	103,060	6,050	-	109,110
Human Resources	38,185	-	-	38,185
City Assessor	92,385	15,300	-	107,685
Municipal Court	1,636,181	-	-	1,636,181
Planning & Development	348,384	8,530,337	-	8,878,721
Central Garage	5,642,228	95,347	(362,146)	5,375,429
City Buildings	3,413,649	5,436,091	(14,916)	8,834,824
Total	<u>16,264,871</u>	<u>14,310,110</u>	<u>(575,025)</u>	<u>29,999,956</u>
<b>PUBLIC SAFETY:</b>				
Traffic Engineer	355,516	35,619	-	391,135
Fire Department	17,546,879	3,275,399	(244,522)	20,577,756
Emergency Management	584,052	54,526	-	638,578
Police Department	7,868,611	2,908,037	(137,636)	10,639,012
Inspections	209,466	104,769	-	314,235
Total	<u>26,564,524</u>	<u>6,378,350</u>	<u>(382,158)</u>	<u>32,560,716</u>
<b>PUBLIC WORKS:</b>				
City Engineer	3,049,053	401,849	(18,941)	3,431,961
Street Department	370,198,696	29,710,733	(1,693,481)	398,215,948
Flood	102,298,646	6,880,040	-	109,178,686
Total	<u>475,546,395</u>	<u>36,992,622</u>	<u>(1,712,422)</u>	<u>510,826,595</u>
<b>PUBLIC HEALTH &amp; WELFARE:</b>				
Health Department	15,050,516	126,097	(2,172,812)	13,003,801
Total	<u>15,050,516</u>	<u>126,097</u>	<u>(2,172,812)</u>	<u>13,003,801</u>
<b>RECREATION &amp; CULTURE:</b>				
Public Library	16,732,160	-	-	16,732,160
City Auditorium	10,068,875	-	(1,932,042)	8,136,833
Convention Bureau	949,356	-	-	949,356
Baseball Stadium	5,571,495	56,844	(21,400)	5,606,939
Total	<u>33,321,886</u>	<u>56,844</u>	<u>(1,953,442)</u>	<u>31,425,288</u>
<b>URBAN REDEVELOPMENT</b>				
Home Grants	605,042	-	-	605,042
Community Development	4,199,505	-	-	4,199,505
	<u>4,804,547</u>	<u>-</u>	<u>-</u>	<u>4,804,547</u>
<b>TRANSPORTATION:</b>				
Transit	27,240,921	1,129,180	(1,065,686)	27,304,415
Parking Authority	9,524,849	55,867	(376,401)	9,204,315
Total	<u>36,765,770</u>	<u>1,185,047</u>	<u>(1,442,087)</u>	<u>36,508,730</u>
<b>Grand Total</b>	<u>\$ 608,318,509</u>	<u>\$ 59,049,070</u>	<u>\$ (8,237,946)</u>	<u>\$ 659,129,633</u>



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## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>129</b>
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
<b>Revenue Capacity</b>	<b>134</b>
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.	
<b>Debt Capacity</b>	<b>149</b>
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.	
<b>Demographic and Economic Information</b>	<b>157</b>
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.	
<b>Operating Information</b>	<b>160</b>
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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 109,639,923	\$ 136,829,790	\$ 133,054,594	\$ 142,709,681	\$ 165,198,383	\$ 198,360,557	\$ 189,087,362	\$ 206,472,245	\$ 181,249,168	\$ 138,920,327
Restricted	101,928,282	99,854,244	88,187,372	83,724,522	64,114,256	91,329,393	94,565,364	86,385,806	36,575,596	71,485,506
Unrestricted	445,006	(24,461,521)	(13,592,579)	(26,809,117)	9,117,295	(19,974,535)	416,679	13,702,900	3,384,329	2,038,090
Total governmental activities	212,013,211	212,222,513	207,649,387	199,625,086	238,429,934	269,715,415	284,069,405	306,560,951	221,209,093	212,443,923
Business-type activities										
Net investment in capital assets	384,874,278	405,649,311	447,423,939	488,520,828	507,957,852	534,544,356	554,814,340	580,624,402	632,351,653	708,548,590
Restricted	20,037,327	27,578,567	29,310,590	34,129,228	31,565,252	35,995,567	39,793,330	47,453,013	42,919,415	38,133,351
Unrestricted	19,752,324	18,795,131	20,655,890	22,190,520	25,929,372	31,301,382	36,016,908	36,694,655	36,550,855	39,460,589
Total business-type	424,663,929	452,023,009	497,390,419	544,840,576	565,452,476	601,841,305	630,624,578	664,772,070	711,821,923	786,142,530
Primary government										
Net investment in capital assets	494,514,201	542,479,101	580,478,533	631,230,509	673,156,235	732,904,913	743,901,702	787,096,647	813,600,821	847,468,917
Restricted	121,965,609	127,432,811	117,497,962	117,853,750	95,679,508	127,324,960	134,358,694	133,838,819	79,495,011	109,618,857
Unrestricted	20,197,330	(5,666,390)	7,063,311	(4,618,597)	35,046,667	11,326,847	36,433,587	50,397,555	39,935,184	41,498,679
Total primary government	\$ 636,677,140	\$ 664,245,522	\$ 705,039,806	\$ 744,465,662	\$ 803,882,410	\$ 871,556,720	\$ 914,693,983	\$ 971,333,021	\$ 933,031,016	\$ 998,586,453

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 11,988,162	\$ 12,628,766	\$ 16,061,513	\$ 16,172,223	\$ 10,287,469	\$ 13,785,114	\$ 12,980,379	\$ 15,657,870	\$ 16,818,838	\$ 17,776,492
Public safety	24,518,517	27,258,895	31,299,101	31,292,462	31,735,792	33,428,258	33,861,695	34,415,785	37,826,165	39,029,094
Public works	53,116,809	66,435,406	61,560,495	56,086,729	53,970,609	42,392,349	69,082,966	73,315,688	103,297,687	122,801,345
Public health & welfare	7,381,740	7,802,377	8,619,558	9,184,914	9,182,688	9,083,491	9,682,135	9,937,389	11,683,089	11,442,822
Recreation & culture	5,564,318	5,877,783	7,290,768	6,176,197	6,898,193	7,132,599	7,497,540	8,222,506	8,151,402	8,424,874
Urban redevelopment	5,530,189	4,901,145	5,270,433	4,986,361	4,294,454	2,278,779	1,293,873	2,534,044	2,117,333	1,849,153
Transportation	5,839,730	6,712,613	8,240,985	7,637,009	8,117,307	8,653,280	9,448,794	9,670,550	10,045,459	9,941,816
General support	1,709,940	1,252,486	1,279,040	1,576,481	982,211	1,200,633	1,214,200	1,002,608	1,200,135	1,057,122
Interest and fiscal charges	10,383,847	10,078,666	10,970,999	13,203,253	13,699,460	15,751,657	17,090,585	18,545,356	19,670,971	21,917,557
Total governmental activities expenses	126,033,252	142,948,137	150,592,892	146,315,629	139,168,183	133,706,160	162,152,167	173,301,796	210,811,079	234,240,275
Business-type activities:										
Municipal airport authority	6,492,808	6,340,451	6,380,673	6,920,335	6,331,018	6,570,226	7,908,632	8,299,826	8,483,692	8,823,490
Water	11,186,131	12,739,834	13,172,848	13,378,237	13,634,186	13,293,762	14,474,710	14,112,129	14,200,256	15,000,452
Wastewater	6,759,994	6,810,660	7,282,660	8,114,318	8,802,312	8,733,862	9,279,582	8,956,040	9,814,203	9,907,111
Storm sewer	3,137,414	3,318,002	3,573,700	3,743,309	4,131,731	3,988,408	4,525,630	4,737,663	5,082,586	5,283,166
Solid waste	6,615,557	7,739,012	7,524,388	8,229,701	9,279,191	9,272,784	9,856,134	9,889,337	10,798,649	11,111,432
Fargodome	7,544,366	6,781,837	6,872,075	7,284,833	6,435,476	7,099,483	7,868,558	8,236,303	7,893,940	8,399,909
Southeast Cass	52,694	66,979	66,047	46,757	74,054	67,079	67,763	73,926	54,315	49,345
Vector control	479,179	589,113	389,667	592,516	477,494	327,920	445,567	397,296	335,279	379,561
Street lighting	-	-	-	2,237,468	2,374,751	2,604,698	2,644,451	2,779,110	3,024,018	3,216,418
Forestry	1,198,305	1,271,640	1,361,803	1,475,962	1,550,266	1,477,668	1,630,661	1,603,197	1,720,593	1,770,157
Total business-type activities expenses	43,466,448	45,657,528	46,623,861	52,023,436	53,090,479	53,435,890	58,701,688	59,084,827	61,407,531	63,941,041
Total primary government expenses	\$ 169,499,700	\$ 188,605,665	\$ 197,216,753	\$ 198,339,065	\$ 192,258,662	\$ 187,142,050	\$ 220,853,855	\$ 232,386,623	\$ 272,218,610	\$ 298,181,316
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,371,413	\$ 2,238,848	\$ 2,406,704	\$ 2,443,507	\$ 2,789,248	\$ 2,989,977	\$ 2,953,292	\$ 3,548,664	\$ 3,166,528	\$ 2,916,943
Public safety	4,876,717	4,694,548	4,285,553	4,264,740	4,668,687	5,433,194	5,467,052	8,337,597	6,247,357	6,119,964
Public works	4,962,198	8,041,216	8,418,374	11,163,026	10,519,541	8,064,249	9,708,531	11,731,930	13,399,541	15,343,800
Public health & welfare	2,479,295	2,341,930	2,439,988	2,621,144	2,560,812	2,590,591	2,802,846	2,839,283	3,026,151	2,946,313
Recreation & culture	652,563	702,866	676,537	739,345	670,765	716,288	764,587	777,310	475,257	647,217
Urban redevelopment	3,512,005	2,974,370	2,409,435	1,659,901	170,033	151,670	465,744	82,815	229,405	637,583
Transportation	2,561,343	2,760,860	2,875,615	3,076,024	3,130,777	3,441,492	3,589,903	3,876,963	4,023,455	3,982,718
Operating grants and contributions	7,374,752	8,736,849	19,366,139	13,938,290	14,268,244	10,084,351	11,957,140	10,523,934	9,661,729	11,034,507
Capital grants and contributions	37,607,084	51,553,892	65,836,704	57,828,290	71,999,481	65,485,536	68,048,195	76,383,369	86,152,387	138,364,227
Total governmental activities program revenues	66,397,370	84,045,379	108,715,049	97,734,267	110,777,588	98,957,348	105,757,290	118,101,865	126,381,810	181,993,272

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Airport	5,274,194	5,622,701	5,822,644	6,042,021	6,244,177	6,716,756	7,546,237	8,641,627	8,546,795	8,296,226
Water	16,894,612	17,422,765	17,695,424	17,307,253	17,284,658	19,828,733	19,051,936	18,311,211	19,134,802	21,779,615
Wastewater	9,226,721	9,949,467	10,340,200	10,321,247	10,401,385	10,905,355	11,046,790	10,176,950	10,328,605	10,526,541
Storm sewer	1,457,069	1,479,912	1,546,291	1,485,138	1,504,238	1,528,614	1,588,515	1,582,079	1,602,497	1,634,581
Solid waste	9,702,453	10,428,390	9,881,695	9,990,271	11,266,479	10,724,500	11,181,542	12,310,654	11,850,605	12,504,724
Fargodome	4,539,268	4,312,703	4,756,694	5,305,298	4,473,612	5,161,637	5,447,421	6,442,044	6,069,576	6,578,942
Other activities	1,556,522	1,659,185	1,735,879	3,423,829	3,470,485	3,672,429	3,740,032	3,824,210	3,923,673	4,019,445
Operating grants and contributions	20,000	-	-	-	-	-	-	-	-	-
Capital grants and contributions	19,540,506	26,965,424	9,095,212	4,157,791	588,860	10,312,478	3,975,726	3,774,958	4,230,097	13,366,847
Total business-type activities program revenues	68,211,345	77,840,547	60,874,039	58,032,848	55,233,894	68,850,502	63,578,199	65,063,733	65,686,650	78,706,921
Total primary government program revenues	\$ 134,608,715	\$ 161,885,926	\$ 169,589,088	\$ 155,767,115	\$ 166,011,482	\$ 167,807,850	\$ 169,335,489	\$ 183,165,598	\$ 192,068,460	\$ 260,700,193
NET (EXPENSE) REVENUE										
Governmental activities	\$ (59,635,882)	\$ (58,902,758)	\$ (41,877,843)	\$ (48,581,362)	\$ (28,390,595)	\$ (34,748,812)	\$ (56,394,877)	\$ (55,199,931)	\$ (84,429,269)	\$ (52,247,003)
Business-type activities	24,744,897	32,183,019	14,250,178	6,009,412	2,143,415	15,414,612	4,876,511	5,978,906	4,279,119	14,765,880
Total primary government net expense	\$ (34,890,985)	\$ (26,719,739)	\$ (27,627,665)	\$ (42,571,950)	\$ (26,247,180)	\$ (19,334,200)	\$ (51,518,366)	\$ (49,221,025)	\$ (80,150,150)	\$ (37,481,123)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 16,200,629	\$ 17,319,289	\$ 18,312,912	\$ 19,180,738	\$ 20,144,787	\$ 20,979,784	\$ 21,988,667	\$ 22,618,520	\$ 24,076,015	\$ 26,065,359
Sales taxes	10,376,182	10,364,101	29,243,136	40,435,541	42,049,097	39,471,099	47,107,737	48,336,282	50,988,474	51,109,289
Gross business receipts taxes	4,171,392	4,487,665	4,134,001	4,146,643	4,474,974	4,360,497	4,789,001	5,177,263	4,943,429	4,839,170
Lodging taxes	1,480,061	1,625,484	1,675,939	1,775,404	1,942,057	2,152,130	2,310,646	2,556,722	2,408,710	2,339,795
Other taxes	2,978,215	3,014,048	3,051,229	3,255,800	3,312,240	2,586,200	2,907,258	2,953,800	1,874,754	1,762,599
Unrestricted intergovernmental	2,970,994	3,403,887	3,296,682	3,830,789	5,632,867	8,188,288	8,404,341	9,446,998	8,778,310	6,112,343
Unrestricted investment earnings	5,833,229	4,889,864	3,440,226	3,014,501	3,058,022	2,267,527	2,677,208	3,141,709	2,722,190	3,786,334
Miscellaneous	254,248	286,695	(85,941)	405,694	2,497,946	262,848	855,955	205,642	699,233	245,370
Transfers	12,799,961	13,721,027	(25,763,467)	(35,488,049)	(15,765,314)	(14,234,080)	(16,294,658)	(23,562,793)	(48,659,781)	(52,778,426)
Total governmental activities	57,064,911	59,112,060	37,304,717	40,557,061	67,346,676	66,034,293	74,746,155	70,874,143	47,831,334	43,481,833
Business-type activities:										
Property taxes	515,932	556,329	579,513	601,556	619,474	637,860	664,036	692,977	744,009	840,443
Sales taxes	10,271,895	10,364,101	-	-	-	-	-	-	-	-
Unrestricted investment earnings	2,067,151	(3,064,009)	3,601,388	3,942,511	557,643	4,566,253	5,597,897	2,715,512	407,886	3,842,990
Miscellaneous	426,700	1,040,667	1,172,864	1,408,629	1,374,819	1,536,024	1,581,978	1,197,304	1,270,719	2,092,868
Transfers	(12,799,961)	(13,721,027)	25,763,467	35,488,049	15,765,314	14,234,080	16,294,658	23,562,793	48,659,781	52,778,426
Total business-type activities	481,717	(4,823,939)	31,117,232	41,440,745	18,317,250	20,974,217	24,138,569	28,168,586	51,082,395	59,554,727
Total primary government	\$ 57,546,628	\$ 54,288,121	\$ 68,421,949	\$ 81,997,806	\$ 85,663,926	\$ 87,008,510	\$ 98,884,724	\$ 99,042,729	\$ 98,913,729	\$ 103,036,560
CHANGE IN NET POSITION										
Governmental activities	\$ (2,570,971)	\$ 209,302	\$ (4,573,126)	\$ (8,024,301)	\$ 38,956,081	\$ 31,285,481	\$ 18,351,278	\$ 15,674,212	\$ (36,597,935)	\$ (8,765,170)
Business-type activities	25,226,614	27,359,080	45,367,410	47,450,157	20,460,665	36,388,829	29,015,080	34,147,492	55,361,514	74,320,607
Total primary government	\$ 22,655,643	\$ 27,568,382	\$ 40,794,284	\$ 39,425,856	\$ 59,416,746	\$ 67,674,310	\$ 47,366,358	\$ 49,821,704	\$ 18,763,579	\$ 65,555,437

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 2,446,506	\$ 2,396,008	\$ 3,193,345	\$ 3,077,850	\$ 3,458,674	\$ 3,407,591
Restricted	-	-	-	-	3,508,782	2,099,862	1,408,205	2,933,454	2,724,557	2,913,219
Committed	-	-	-	-	3,094,517	3,276,615	3,311,267	3,273,816	3,255,360	2,581,150
Assigned	-	-	-	-	1,125,286	1,634,896	1,542,711	2,063,907	696,286	1,639,608
Unassigned	-	-	-	-	23,450,515	23,280,959	22,428,922	25,881,011	29,041,175	28,854,936
Reserved	1,731,044	2,276,501	2,764,013	2,851,707	-	-	-	-	-	-
Unreserved	14,115,241	15,273,881	17,564,092	19,629,816	-	-	-	-	-	-
Total general fund	<u>\$ 15,846,285</u>	<u>\$ 17,550,382</u>	<u>\$ 20,328,105</u>	<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>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,932,128	\$ 988,582	\$ 1,309,969	\$ 191,946	\$ 164,444	\$ 34,352
Restricted	-	-	-	-	84,927,466	105,663,729	105,306,381	134,026,444	180,217,679	155,484,797
Unassigned	-	-	-	-	(23,806,670)	(34,364,189)	(11,865,327)	281,528	(1,233,295)	(1,508,396)
Reserved	66,757,669	46,730,034	58,095,953	68,563,005	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	6,185,099	5,122,076	3,118,470	3,373,748	-	-	-	-	-	-
Capital projects funds	(32,643,415)	(51,656,261)	(37,522,477)	(47,781,251)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 40,299,353</u>	<u>\$ 195,849</u>	<u>\$ 23,691,946</u>	<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>

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 33,706,700	\$ 35,181,056	\$ 56,327,777	\$ 67,815,586	\$ 71,159,547	\$ 69,609,843	\$ 79,112,438	\$ 81,677,930	\$ 84,314,320	\$ 86,124,681
Special assessments	19,223,615	20,126,159	20,762,524	27,610,188	23,242,178	28,443,896	28,217,162	33,035,969	26,817,909	37,005,479
Licenses and permits	2,999,236	2,975,291	2,757,375	2,605,989	2,697,940	3,195,162	3,672,166	7,224,633	4,990,708	4,832,453
Intergovernmental revenues	22,063,937	24,313,438	42,922,740	32,971,141	63,779,423	46,724,100	47,217,292	48,117,275	57,016,153	62,477,689
Charges for services	11,837,766	14,336,047	15,419,727	18,567,755	18,428,393	16,451,021	18,309,587	20,670,015	22,189,233	23,956,424
Fines and forfeits	2,837,597	2,611,087	2,234,844	2,324,097	2,621,381	2,809,790	2,615,896	2,309,818	2,460,352	2,341,248
Investment income	5,194,334	4,691,496	3,623,716	3,075,599	3,101,711	2,267,491	2,677,209	3,141,709	2,722,189	3,786,337
Miscellaneous revenues	6,935,170	4,011,940	3,525,198	4,224,204	3,430,688	1,800,660	2,306,385	1,773,931	1,721,220	2,104,307
Total revenues	104,798,355	108,246,514	147,573,901	159,194,559	188,461,261	171,301,963	184,128,135	197,951,280	202,232,084	222,628,618
<b>EXPENDITURES</b>										
Current:										
General government	9,702,005	10,526,038	11,709,061	12,140,948	13,530,675	12,927,891	13,369,708	14,737,626	15,246,262	16,407,262
Public safety	23,742,908	25,994,545	28,942,982	28,244,521	28,329,588	28,662,756	31,456,126	33,369,095	33,451,426	36,082,072
Public works	43,450,218	58,698,000	53,311,460	48,548,373	46,196,098	32,735,925	58,425,075	63,871,726	92,616,311	111,640,200
Public health & welfare	7,348,459	7,711,261	8,557,497	9,021,360	9,019,173	8,991,350	9,600,626	9,772,583	10,995,285	10,848,965
Recreation & culture	5,004,157	5,252,313	6,679,735	5,484,437	6,090,421	6,296,540	6,759,915	7,487,173	7,260,040	7,579,386
Urban redevelopment	5,207,247	4,803,641	5,221,218	4,924,389	4,222,138	2,197,434	1,229,670	2,475,041	2,043,111	1,784,835
Public transportation	4,747,917	5,620,779	6,465,418	6,171,266	6,421,022	6,949,410	7,699,061	7,790,355	8,032,340	7,996,823
General support	1,328,686	1,251,485	1,278,791	1,580,065	982,211	1,200,633	1,214,200	1,002,608	1,200,135	1,057,122
Capital outlay	17,638,072	34,422,248	71,582,986	63,602,202	78,375,741	54,920,932	65,404,888	79,884,239	91,605,305	121,451,027
Intergovernmental	689,928	-	-	-	-	-	-	-	-	-
Debt service										
Principal	18,676,869	22,828,713	21,886,706	26,718,154	22,675,445	30,418,791	27,353,897	46,567,553	22,888,927	99,578,791
Interest and fiscal charges	10,438,935	10,311,530	11,724,171	13,425,675	15,023,826	16,756,119	17,469,622	19,319,856	20,075,289	22,049,844
Total expenditures	147,975,401	187,420,553	227,360,025	219,861,390	230,866,338	202,057,781	239,982,788	286,277,855	305,414,431	436,476,327
Excess of revenues over (under) expenditures	(43,177,046)	(79,174,039)	(79,786,124)	(60,666,831)	(42,405,077)	(30,755,818)	(55,854,653)	(88,326,575)	(103,182,347)	(213,847,709)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	24,845,543	27,235,645	25,596,564	48,822,131	42,564,702	46,061,220	48,232,207	50,428,758	33,963,296	27,850,260
Transfers out	(12,045,582)	(13,514,618)	(17,720,667)	(38,375,335)	(31,047,668)	(38,384,136)	(36,515,024)	(40,841,318)	(27,934,670)	(14,081,833)
Lease proceeds	-	-	-	-	219,752	25,845	-	-	-	-
Loans issued	2,946,737	8,832,714	33,387,993	21,367,174	14,629,667	2,750,577	3,777,275	9,286,885	59,753,882	73,448,663
Bonds issued	14,445,000	26,285,000	68,090,000	31,070,000	65,175,000	34,180,000	68,080,000	153,152,000	78,480,000	94,870,000
Bond premium	34,542	5,891	1,616,054	439,282	1,056,364	2,500,244	4,634,206	13,463,660	5,350,307	6,842,996
Bond proceeds used for refunding	-	-	-	-	-	-	-	-	-	-
Bond discount	-	-	-	(39,447)	-	-	-	-	-	-
Other financing sources - proceeds of refunding bond	-	-	13,190,000	-	-	-	-	-	-	-
Other financing uses - payment to bond escrow agent	-	(8,070,000)	(4,910,000)	-	-	-	-	(14,420,000)	-	-
Other financing uses - debt service - principal	-	-	(13,190,000)	-	-	(8,080,000)	(10,695,000)	(39,290,000)	-	-
Capital lease	-	-	-	-	-	-	-	244,935	164,456	-
Total other financing sources (uses)	30,226,240	40,774,632	106,059,944	63,283,805	92,597,817	39,053,750	77,513,664	132,024,920	149,777,271	188,930,086
Net change in fund balances	\$ (12,950,806)	\$ (38,399,407)	\$ 26,273,820	\$ 2,616,974	\$ 50,192,740	\$ 8,297,932	\$ 21,659,011	\$ 43,698,345	\$ 46,594,924	\$ (24,917,623)
Debt service as a percentage of noncapital expenditures	22.3%	21.7%	21.6%	25.7%	24.7%	32.1%	25.7%	31.9%	20.1%	38.6%

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Programs										
Governmental Activities:										
General government	\$ 2,641,964	\$ 2,512,175	\$ 2,628,121	\$ 3,085,939	\$ 3,807,394	\$ 3,584,780	\$ 3,727,768	\$ 4,572,894	\$ 3,396,977	\$ 3,388,698
Public safety	5,947,115	8,561,356	7,817,668	8,113,499	6,979,120	7,521,154	6,467,611	9,015,911	7,073,142	7,587,684
Public works	38,739,772	56,788,795	78,101,673	67,011,130	83,718,083	73,015,009	78,027,652	87,673,073	97,619,054	153,229,840
Public health & welfare	5,162,518	4,963,580	5,436,794	5,912,211	5,884,252	5,590,433	6,090,635	6,403,493	6,677,501	6,664,336
Recreation & culture	2,980,784	864,413	913,567	941,916	818,073	885,669	909,441	1,421,032	644,517	836,724
Urban redevelopment	5,089,096	4,732,935	5,425,772	4,529,526	1,870,273	1,676,716	1,056,476	1,448,840	1,847,404	1,542,512
Transportation	5,836,121	5,622,125	8,391,454	8,140,046	7,700,393	6,683,587	9,477,706	7,566,621	9,123,215	8,743,478
Total governmental activities	<u>66,397,370</u>	<u>84,045,379</u>	<u>108,715,049</u>	<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>
Business-type activities:										
Municipal airport authority	9,494,525	10,023,033	6,375,330	10,025,213	6,776,001	17,004,234	11,471,963	12,391,585	12,764,183	21,662,496
Water	20,469,187	27,051,914	17,867,299	17,307,253	17,284,658	19,828,733	19,051,936	18,311,211	19,134,802	21,779,615
Wastewater	12,746,076	13,730,007	18,708,251	10,328,132	10,433,222	10,905,355	11,046,790	10,176,950	10,328,605	10,526,541
Storm sewer	9,683,314	10,628,965	1,546,291	1,485,138	1,504,238	1,528,614	1,558,515	1,582,079	1,602,497	1,634,581
Solid waste	9,722,453	10,428,390	9,884,295	10,009,798	11,266,678	10,724,500	11,181,542	12,310,654	11,850,605	12,505,301
FargoDome	4,539,268	4,312,703	4,756,694	5,305,298	4,473,612	5,161,637	5,447,421	6,442,044	6,069,576	6,578,942
Southeast Cass	60,261	61,159	64,174	50,686	62,423	64,064	88,414	55,593	41,399	28,554
Vector control	591,349	602,787	630,597	621,293	631,185	631,774	646,742	660,007	678,189	697,221
Street lighting	-	-	-	1,744,395	1,629,769	1,642,346	1,669,511	1,696,469	1,753,908	1,812,382
Forestry	904,912	1,001,589	1,041,108	1,155,642	1,172,108	1,359,245	1,385,365	1,437,141	1,462,886	1,481,288
Total business-type activities	<u>68,211,345</u>	<u>77,840,547</u>	<u>60,874,039</u>	<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>
Total	<u>\$ 134,608,715</u>	<u>\$ 161,885,926</u>	<u>\$ 169,589,088</u>	<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>

**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
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
2009	19,005,572	4,882,230	29,243,136	1,675,939	1,520,900	56,327,777
2008	17,269,481	4,487,665	10,364,101	1,625,484	1,434,325	35,181,056
2007	16,228,666	4,171,392	10,376,182	1,480,061	1,450,399	33,706,700

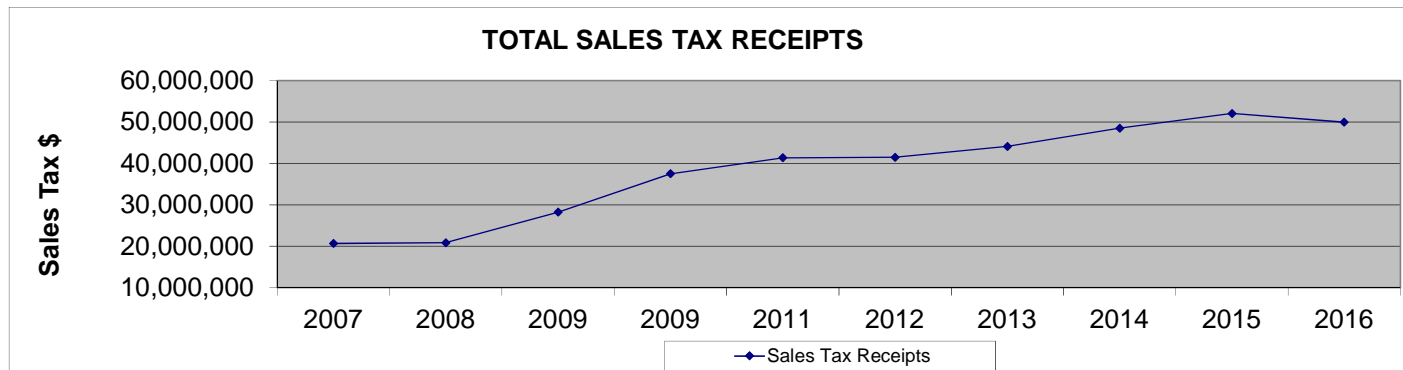


**CITY OF FARGO, NORTH DAKOTA  
SALES TAX RECEIPTS - CASH BASIS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Allocation of Receipts:										
FargoDome Enterprise Fund	\$ 10,256,127	\$ 10,414,568	\$ 1,923,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Street Construction (1)	-	-	-	-	-	-	-	-	-	-
Subtotal FargoDome	10,256,127	10,414,568	1,923,863	-	-	-	-	-	-	-
Water Utility Debt Service	-	-	-	-	-	-	-	-	-	-
Library Expansion Fund (3)	104,288	-	-	-	-	-	-	-	-	-
Sales Tax Bond Debt Service (2)	10,256,127	10,414,568	14,094,045	14,673,960	15,515,131	15,046,337	10,806,389	11,528,271	13,018,973	12,481,805
Public Utility Infrastructure (4)	-	-	12,170,181	13,856,832	15,515,131	15,047,541	13,102,714	13,313,638	13,018,973	12,481,804
Flood Control (5)	-	-	-	8,965,511	10,343,421	11,368,486	20,202,834	23,651,664	26,037,946	24,963,610
Total Sales Tax Receipts	\$ 20,616,542	\$ 20,829,136	\$ 28,188,089	\$ 37,496,303	\$ 41,373,683	\$ 41,462,364	\$ 44,111,937	\$ 48,493,573	\$ 52,075,892	\$ 49,927,219

Receipts are shown net of state administrative fee.

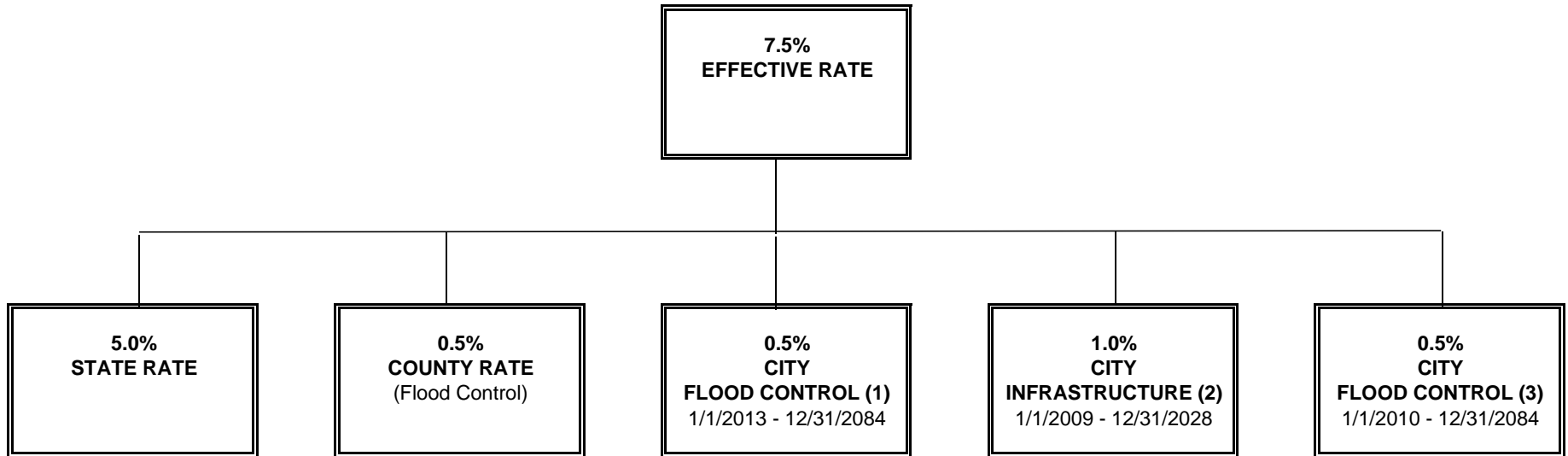
- (1) Beginning in 1996, ordinances were revised to allow the FargoDome to share excess sales tax with the Street Construction Fund.
- (2) Beginning in December 1999, a 1 cent sales tax is receipted into the Sales Tax Bond Debt Service Fund instead of the Street Construction Fund, surplus receipts used for infrastructure projects
- (3) Beginning in 2005 a 1/2 cent sales tax was authorized until June 2006 for library expansion.
- (4) Beginning in 2009 a 1/2 cent sales tax was authorized through December 2028 for infrastructure funding related primarily to an approved utility infrastructure master plan
- (5) Beginning in 2010 a 1/2 cent sales tax was authorized through December 2029 for flood control projects



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

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

**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)**

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Construction	\$ 82,499	\$ 86,142	\$ 97,143	\$ 97,776	\$ 73,367	\$ 102,562	\$ 121,777	\$ 119,922	\$ 118,725	\$ 105,475
Manufacturing	122,548	134,155	119,197	125,544	152,891	176,696	154,645	189,713	179,881	160,397
Wholesale Trade	339,441	391,944	355,798	381,220	457,370	518,411	527,446	546,741	479,306	408,786
Retail Trade	1,040,708	1,050,394	1,024,063	1,066,433	1,165,980	1,225,611	1,251,316	1,264,918	1,271,354	1,237,373
Transportation and Warehousing	4,719	2,794	2,634	4,160	2,772	2,868	3,166	4,185	3,566	3,703
Information Industries	14,202	14,790	17,107	14,644	14,106	17,664	17,080	19,702	20,529	20,235
Fin. Ins. Real Estate, Rental & Leasing	60,605	69,169	64,782	66,777	77,385	87,578	93,327	100,771	93,348	72,262
Professional, Scientific, Tech., & Mgmt Serv.	19,926	21,998	20,459	26,150	23,032	26,893	24,260	24,027	21,936	19,953
Educational, Health Care, and Social Serv.	31,321	33,747	35,501	37,917	32,365	33,254	29,370	26,464	37,643	37,380
Arts, Entertainment & Recreation	15,836	14,500	14,685	16,342	17,301	21,060	24,760	27,254	27,308	32,026
Accommodation & Food Services	305,202	322,805	326,475	331,913	347,719	371,266	379,938	409,666	419,240	416,835
Other Services	41,765	45,153	44,915	42,547	45,707	44,282	50,751	50,272	46,657	46,427
Miscellaneous	7,467	7,612	7,725	9,805	11,743	11,952	13,061	14,190	19,267	17,753
<b>Total</b>	<b>\$ 2,086,239</b>	<b>\$ 2,195,203</b>	<b>\$ 2,130,484</b>	<b>\$ 2,221,228</b>	<b>\$ 2,421,738</b>	<b>\$ 2,640,097</b>	<b>\$ 2,690,897</b>	<b>\$ 2,797,825</b>	<b>\$ 2,738,760</b>	<b>\$ 2,578,605</b>

Source: North Dakota Office of State Tax Commissioner

Note: Prior to 2006, the State Tax Commissioner's Office utilized a coding that was different than NAICS, called SIC (Standard Industrial Code). SIC codes were not the same as NAICS and cannot be readily compared. The data prior to 2006 is not available.

**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
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
2009	3,639,440,534	3,676,200	3,018,701,210	4,000,320	72,118,460	(87,529,775)	6,650,406,949	3,325,203,475	314,345,150	58.25
2008	3,511,778,184	3,348,300	2,893,353,170	3,174,420	61,661,400	(70,319,600)	6,402,995,874	3,201,497,937	302,612,498	58.25
2007	3,374,957,014	3,528,300	2,770,278,500	2,714,400	67,148,160	(57,368,400)	6,161,257,974	3,080,628,987	291,211,070	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

**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
2016	2017	49.90	2.00	1.00	0.10	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	1.00	0.10	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
2009	2010	53.32	2.00	2.83	0.10	58.25	221.77	132.35	170.64	31.45	62.00	1.00	0.45	6.00	380.92	291.50	329.79
2008	2009	53.32	2.00	2.83	0.10	58.25	296.77	194.72	245.64	31.56	62.00	1.00	0.45	5.40	455.43	353.38	404.30
2007	2008	53.32	2.00	2.83	0.10	58.25	299.99	187.48	248.76	31.85	62.00	1.00	0.35	5.60	459.04	346.53	407.81

\* 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

**CITY OF FARGO, NORTH DAKOTA  
PRINCIPAL PROPERTY TAXPAYERS  
2016 AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2016			2007		
	Assessed Valuation	Rank	% of total assessed valuation	Assessed Valuation	Rank	% of total assessed valuation
Sanford / Meritcare	\$ 117,102,850	1	2.27	\$ -	-	-
INREIT Properties	79,589,400	2	1.55	27,100,900	3	0.88
West Acres Development Company	58,750,550	3	1.14	41,098,550	2	1.33
Matrix Properties	29,387,250	4	0.57	24,712,650	4	0.80
Innovis Health	27,892,350	5	0.54	41,208,800	1	1.34
R & B Development	25,189,900	6	0.49	-	-	-
Dakota UPREIT	24,999,500	7	0.49	-	-	-
Wal-Mart Real Estate Business Trust	23,267,950	8	0.45	-	-	-
RVC Ltd Partnership/Van Raden	20,856,850	9	0.41	15,024,200	7	0.49
Osgood Investments	20,615,800	10	0.40	18,726,750	6	0.61
Meritcare	-	-	-	23,591,650	5	0.77
Anda Const. Co. Inc	-	-	-	11,915,300	8	0.39
Dakota Park Ltd	-	-	-	11,632,650	9	0.38
Waterford at Harwood Groves	-	-	-	11,040,050	10	0.36
Total attributable to top taxpayers	427,652,400		8.31	226,051,500		7.35
Total of all other properties	4,721,497,943		91.69	2,854,577,487		92.65
	<u>\$ 5,149,150,343</u>		<u>100.00</u>	<u>\$ 3,080,628,987</u>		<u>100.00</u>

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

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

**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
2016	\$	30,267,785	\$ 7,104,488	23.47%	\$ -	\$ 7,104,488	23.47%
2015		28,012,985	7,034,130	25.11%	19,677,431	26,711,561	95.35%
2014		26,036,427	5,892,963	22.63%	18,923,633	24,816,596	95.31%
2013		23,964,157	4,924,969	20.55%	17,997,190	22,922,159	95.65%
2012		23,439,045	6,631,277	28.29%	15,862,567	22,493,844	95.97%
2011		22,228,006	6,439,159	28.97%	14,900,867	21,340,026	96.01%
2010		21,344,948	5,498,150	25.76%	14,909,428	20,407,578	95.61%
2009		20,473,762	5,449,123	26.62%	14,161,124	19,610,247	95.78%
2008		19,350,364	5,463,374	28.23%	13,035,754	18,499,128	95.60%
2007		18,384,404	5,351,853	29.11%	12,177,596	17,529,449	95.35%

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

The second installment becomes delinquent on October 16 at which time a 6% penalty is assessed. On January 1 the taxes are sold to the County Auditor at which time 12% interest penalty is compounded daily. After five years the property is offered at tax sale at a fair market valuation.

Source: County Auditors Office

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

**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
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
2009	232	36,772,400	40	38,154,470	10	33,230,000	1,937	164,458,121	2,219	272,614,991
2008	221	37,800,540	60	102,503,465	10	30,274,056	2,181	130,461,240	2,472	301,039,301
2007	292	53,726,408	61	45,119,186	13	39,751,870	2,063	126,599,975	2,429	265,197,439

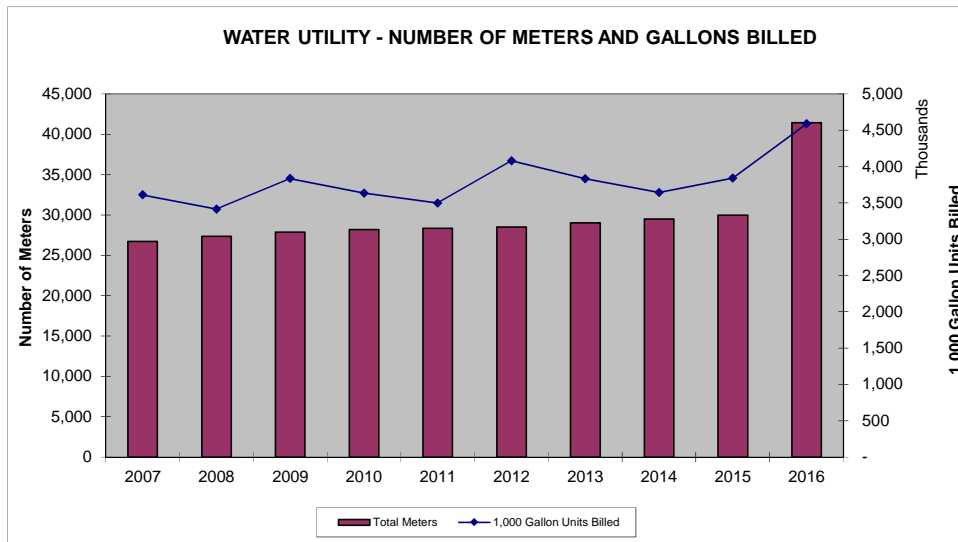
Source: City of Fargo Building Inspector

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 307531



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential Customers (1,000 Gallon Units)	1,372,331	1,298,233	1,318,338	1,259,759	1,243,427	1,456,310	1,323,864	1,178,140	1,239,102	1,292,389
Commercial Customers (1,000 Gallon Units)	2,240,250	2,118,567	2,517,916	2,374,922	2,256,798	2,624,512	2,511,811	2,468,018	2,604,483	3,298,145
Total 1,000 Gallon Units	3,612,581	3,416,800	3,836,254	3,634,681	3,500,225	4,080,822	3,835,675	3,646,158	3,843,585	4,590,534
Total Number of Meters	26,760	27,388	27,882	28,209	28,355	28,539	29,027	29,525	30,001	41,449



Source: City Auditor's Office

Required MSRB continuing disclosure for CUSIPs: 307531

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, 2016  
(UNAUDITED)**

Customer	1,000 Gallon Units
City of West Fargo	557,000
Cass Rural Water District	202,536
Goldmark	200,841
North Dakota State University	162,129
Cass Clay Creamery	96,664
Sanford Health	93,757
BMI	50,605
Vally Rental Service	46,716
Fargo Public Schools	43,168
Fargo Park District	33,745
Hegenes Management	29,093
Fargo Housing	28,466
Campbell Property Management	24,658
Ameripride	22,506
William Block	<u>22,055</u>
Total Attributable to Major Customers	<u><u>1,613,939</u></u>
Total Billed Consumption	<u><u>4,590,534</u></u>
Percentage Attributable to to Major Customers	<u><u>35.2%</u></u>

Source: City Auditor's Office

Required MSRB continuing disclosure for CUSIPs: 307531

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

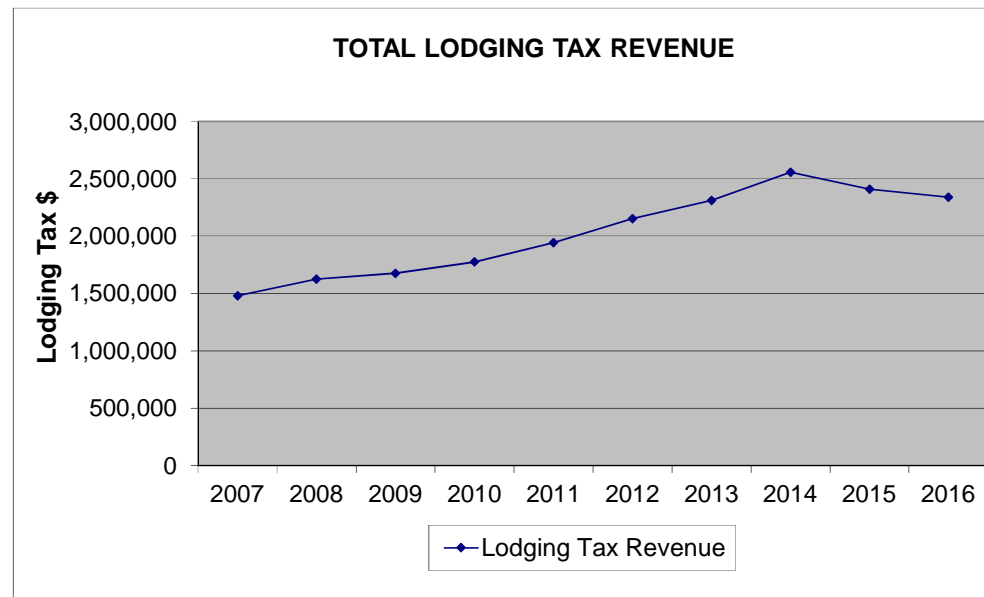
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water (\$ per 1,000 gallons)										
First 200,000 Gallons	\$ 4.05	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
200,000 Gallons to 2,000,000 Gallons	3.80	3.95	3.95	3.95	3.95	4.00	4.00	4.00	4.00	4.00
Over 2,000,000 Gallons	3.45	3.60	3.60	3.60	3.60	3.65	3.65	3.65	3.65	3.65
Waste Water										
Residential (fixed rate)	17.60	18.65	18.65	18.65	18.65	19.00	19.00	16.00	16.00	16.00
Commercial (per 1000 gallons)	1.90	2.00	2.00	2.00	2.00	2.05	2.05	2.05	2.05	2.05
Garbage										
Small (48-gallon)	N/A	N/A	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)	N/A	N/A	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Storm Sewer										
Residential	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Forestry	2.40	2.60	2.60	3.00	3.00	3.50	3.50	3.50	3.50	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
Commercial	-	-	-	8.00	8.00	8.00	8.00	8.00	8.00	8.00

Source: City Auditor's Office

Required MSRB continuing disclosure for CUSIPs: 307531

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Lodging Tax Revenue -										
2% Operating	\$ 986,709	\$ 1,083,658	\$ 1,117,293	\$ 1,183,607	\$ 1,294,751	\$ 1,434,821	\$ 1,540,920	\$ 1,705,336	\$ 1,606,176	\$ 1,559,922
1% Capital	493,352	541,826	558,646	591,797	647,306	717,309	769,726	851,386	802,535	779,872
Total	\$ 1,480,061	\$ 1,625,484	\$ 1,675,939	\$ 1,775,404	\$ 1,942,057	\$ 2,152,130	\$ 2,310,646	\$ 2,556,722	\$ 2,408,711	\$ 2,339,794



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	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Special Assessments	Capital Leases			
2016	\$ 415,715,000	\$ 37,910,000	\$ -	\$ 75,889,000	\$ 144,462,045	\$ 254,398	\$ 7,111,644	\$ 3,900,000	\$ 8,269,708	\$ 3,379,815	\$ 696,891,610	n/a	5,620
2015	386,760,000	12,390,000	-	79,063,000	126,954,821	322,749	10,965,000	2,700,000	6,727,822	4,625,543	630,508,935	5.39%	5,323
2014	332,360,000	2,285,000	-	82,142,000	72,962,978	231,179	16,785,000	7,993,000	6,916,821	4,848,864	526,524,842	4.72%	4,544
2013	299,160,000	2,400,000	100,036	57,040,000	68,709,176	165,679	20,595,000	5,754,000	6,599,787	5,944,453	466,468,131	4.44%	4,162
2012	304,920,000	2,515,000	4,957,727	11,245,000	69,923,438	205,352	24,230,000	6,495,000	5,501,788	6,822,916	436,816,221	4.35%	3,979
2011	292,670,000	2,625,000	5,756,022	22,045,000	71,932,749	280,115	29,845,000	10,612,767	4,595,632	1,764,472	442,126,757	4.88%	4,130
2010	238,133,281	2,730,000	6,200,773	32,575,000	58,200,987	119,871	33,815,000	12,202,767	4,992,673	2,053,885	391,024,237	4.59%	3,703
2009	219,828,561	2,875,000	6,624,952	42,850,000	39,886,147	176,232	37,610,000	13,752,767	5,001,351	1,794,497	370,399,507	4.64%	3,581
2008	201,651,051	-	7,033,767	20,050,000	8,594,451	230,336	42,690,000	15,252,767	4,206,574	331,954	300,040,900	3.85%	2,930
2007	197,423,524	-	7,673,935	24,620,000	3,201,737	421,408	48,325,000	16,591,094	3,811,371	286,443	302,354,512	4.32%	3,009

(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 Actual Taxable Value of Property	Per Capita (1)
	Other General Obligation Debt	Gross Revenue Debt	Fannie Mae Notes Payable	Total		
2016	\$ 37,910,000	\$ -	\$ -	\$ 37,910,000	7.74%	\$ 306
2015	12,390,000	-	-	12,390,000	2.84%	105
2014	2,285,000	-	-	2,285,000	0.59%	20
2013	2,400,000	100,036	-	2,500,036	0.69%	22
2012	2,515,000	4,957,727	-	7,472,727	2.16%	67
2011	2,625,000	5,756,022	-	8,381,022	2.52%	78
2010	2,730,000	6,200,773	-	8,930,773	2.76%	85
2009	2,875,000	6,624,952	1,271,000	10,770,952	3.43%	104
2008	-	7,033,767	1,400,000	8,433,767	2.79%	82
2007	-	7,673,935	1,400,000	9,073,935	3.12%	90

(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
2016	123,998	\$ 5,149,150,343	\$ 536,625,644	\$ 108,619,474	\$ 7,111,644	\$ 420,894,526	8.17%	\$ 3,394
2015	118,456	4,080,226,572	489,178,000	90,670,688	10,965,000	387,542,312	9.50%	3,272
2014	115,863	3,802,125,794	433,572,000	61,094,853	16,785,000	355,692,147	9.36%	3,070
2013	112,075	3,661,954,369	379,295,036	102,874,688	20,595,000	255,825,348	6.99%	2,283
2012	109,779	3,661,954,369	347,867,727	103,608,342	24,230,000	220,029,385	6.01%	2,004
2011	107,054	3,419,759,611	352,941,022	83,267,593	29,845,000	239,828,429	7.01%	2,240
2010	105,600	3,419,759,611	313,454,054	67,151,036	33,815,000	212,488,018	6.21%	2,012
2009	103,428	3,325,203,475	309,788,513	57,548,208	37,610,000	214,630,305	6.45%	2,075
2008	102,404	3,201,497,937	271,424,819	44,286,451	42,690,000	184,448,368	5.76%	1,801
2007	100,477	3,080,628,987	278,042,459	57,619,829	48,325,000	172,097,630	5.59%	1,713

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, 307531

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

Legal Debt Margin Calculation for Fiscal Year 2016

Market Value of all property (1)	\$ 10,298,300,686
	50%
Assessed valuation	<u>\$ 5,149,150,344</u>
Debt limit (5% of assessed value)	\$ 257,457,517
Debt applicable to limit:	
City's Share of Special Assessments	10,725,081 (2)
Debt Supported Solely by Taxes	37,910,000 (2)
Governmental Lease Obligations	254,398 (2)
Less:	
Debt available in related debt service funds	<u>869,812 (2)</u>
Total net debt applicable to limit	<u>49,759,291</u>
Legal debt margin	<u>\$ 207,698,226</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 154,031,449	\$ 160,074,897	\$ 166,260,174	\$ 170,987,981	\$ 175,901,694	\$ 183,097,718	\$ 190,106,290	\$ 204,011,329	\$ 229,925,362	\$ 257,457,517
Total net debt applicable to limit	7,119,965	6,218,384	8,672,284	6,941,107	10,057,205	10,613,336	10,762,778	10,949,030	22,174,224	49,759,291
Legal debt margin	<u>\$ 146,911,484</u>	<u>\$ 153,856,513</u>	<u>\$ 157,587,890</u>	<u>\$ 164,046,874</u>	<u>\$ 165,844,489</u>	<u>\$ 172,484,382</u>	<u>\$ 179,343,512</u>	<u>\$ 179,343,512</u>	<u>\$ 207,751,138</u>	<u>\$ 207,698,226</u>
Total net debt applicable to the limit as a percentage of debt limit	4.85%	4.04%	5.50%	4.23%	6.06%	6.15%	6.00%	6.11%	10.67%	23.96%

(1) Source - Cass County Auditor

(2) Source - City Auditors Office

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



**CITY OF FARGO, NORTH DAKOTA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**AS OF DECEMBER 31, 2016**  
**(UNAUDITED)**

Taxing Entity	2016 Taxable Value	Debt Outstanding	Percent Overlapping to City of Fargo	Total Direct and Overlapping Debt
City of Fargo	\$ 489,481,255	\$ 536,625,644	100.00%	\$ 536,625,644
Fargo Park District	489,481,255	22,290,000	100.00%	22,290,000
Fargo Public Schools	350,229,161	96,242,508	96.96%	93,316,736
Kindred Public Schools	22,981,447	11,121,462	0.11%	12,234
West Fargo Public Schools	315,946,630	156,551,986	47.44%	74,268,262
Subtotal overlapping debt		286,205,956		189,887,232
Total Direct and Overlapping Debt		\$ 822,831,600		\$ 726,512,876

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

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, 2016**  
**(UNAUDITED)**

Summary of Direct Debt	Gross Debt	Less: Debt Service Funds	Net Direct Debt
Supported by Tax Increment (G.O.)	\$ 37,910,000	\$ -	\$ 37,910,000
Supported by Special Assessments	416,150,000	(23,587,677)	392,562,323
Supported by Revenues	161,608,462	(3,818,545)	157,789,917
Leases Payable	3,634,213	-	3,634,213
Notes Payable	3,157,583	-	3,157,583
Specials Payable	8,269,708	-	8,269,708
Debt Ratios		Net Direct Debt	Indirect & Net Direct Debt**
To 2016 Assessed Value (\$5,149,150,343)		0.117169572	0.218651024
Per Capita (2016 - 123,998)		\$ 3,593	\$ 9,080

\*\* Indirect (overlapping) debt information can be found on page 134.

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

**CITY OF FARGO, NORTH DAKOTA**  
**PLEDGED REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Special Assessment Bonds					Lease Revenue Bonds				Housing Revenue Bonds			
Fiscal Year	Special Assessment Collections	Debt Service		Coverage	Lease Revenue	Debt Service		Coverage	NRI Loan Repayments	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2016	\$ 37,005,478	\$ 40,275,000	\$ 14,561,616	0.67	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	-
2015	26,817,909	13,850,000	13,431,966	0.98	-	-	-	-	-	-	-	-
2014	33,035,969	87,440,000	11,159,663	0.34	-	-	-	-	100,036	100,036	-	1.00
2013	28,217,162	22,465,000	12,014,553	0.82	1,611,020	3,005,000	96,020	0.52	50,000	50,000	-	1.00
2012	28,443,896	21,930,000	12,614,955	0.82	384,948	230,000	151,610	1.01	442,756	428,297	14,458	1.00
2011	23,242,178	10,638,281	10,626,319	1.09	383,026	296,421	217,064	0.75	104,996	88,330	16,667	1.00
2010	27,360,540	12,765,280	9,167,699	1.25	384,237	210,000	170,105	1.01	104,996	86,175	18,821	1.00
2009	20,503,315	14,592,491	8,457,758	0.89	383,510	205,000	178,510	1.00	104,997	84,074	20,923	1.00
2008	18,710,674	12,002,472	7,921,087	0.94	381,510	195,000	186,510	1.00	104,996	82,023	22,973	1.00
2007	19,049,962	10,417,452	7,563,252	1.06	384,210	190,000	194,210	1.00	104,996	80,022	24,974	1.00

Convention Bureau Revenue Bonds					Parking Revenue Bonds				
Fiscal Year	1% Lodging Tax	Debt Service		Coverage	Parking Revenue	Less: Operating Expenditures	Net Available Revenue	Debt Service	
		Principal	Interest					Principal	Interest
2016	-	-	-	-	\$ -	\$ -	\$ -	\$ -	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	1,282,636	540,165	742,471	765,000	10,089
2012	-	-	-	-	1,158,192	610,978	547,214	60,000	52,531
2011	-	-	-	-	1,154,244	646,825	507,419	60,000	55,891
2010	-	-	-	-	1,074,258	660,212	414,046	55,000	58,889
2009	-	-	-	-	910,807	577,977	332,830	50,000	61,539
2008	\$ 541,826	\$ 120,000	\$ 16,250	3.98	769,484	496,709	272,775	50,000	64,114
2007	493,352	115,000	23,495	3.56	847,631	428,796	418,835	45,000	66,364

Sales Tax Revenue Bonds					SRLF Storm Sewer Project Note Payable				SRLF Notes Payable			
Fiscal Year	Sales Tax	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	Sales Tax	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2016	\$ 10,412,492	\$ 3,174,000	\$ 3,118,500	1.65	\$ 131,218	\$ 105,000	\$ 13,500	1.11	\$ 12,775,522	\$ 4,980,000	1,726,812	1.90
2015	12,747,118	3,079,000	3,217,930	2.02	113,343	100,000	16,000	0.98	12,747,118	4,851,075	1,581,750	1.98
2014	24,168,140	7,410,000	2,848,951	2.36	77,574	100,000	18,500	0.65	12,084,070	4,725,000	1,649,348	1.90
2013	20,609,635	5,580,000	1,591,026	2.87	64,883	95,000	20,875	0.56	17,665,401	4,604,374	1,679,810	2.81
2012	16,455,425	10,800,000	672,463	1.43	65,533	95,000	23,250	0.55	14,029,328	4,556,000	1,710,247	2.24
2011	15,768,411	10,530,000	1,093,503	1.36	60,872	90,000	25,500	0.53	15,768,412	351,000	1,475,188	8.63
2010	15,163,328	4,910,000	773,680	2.67	127,594	90,000	27,750	1.08	15,163,328	175,974	973,833	13.19
2009	14,621,568	4,735,000	1,010,430	2.54	4,436	85,000	29,875	0.04	14,621,568	125,000	193,382	45.92
2008	10,364,101	4,570,000	1,238,930	1.78	43,125	85,000	32,000	0.37	n/a	n/a	n/a	n/a
2007	10,271,895	4,415,000	1,459,680	1.75	43,163	80,000	34,000	0.38	n/a	n/a	n/a	n/a

**Sales Tax Note Payable - Direct Bank Loan - FM Diversion Financing\***

Fiscal Year	Sales Tax	Debt Service		Coverage
		Principal	Interest	
2016	\$ 16,324,568	\$ -	\$ 100,573	162.32

\* Includes notes payable and temporary sales tax revenue

**CITY OF FARGO, NORTH DAKOTA**  
**PLEDGED REVENUE COVERAGE - BUSINESS TYPE ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Water Revenue Bonds						Airport Revenue Bonds					
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage	Airport Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
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	8,546,795	4,281,126	4,265,669	5,125,000	146,597	0.81
2014	18,311,211	9,459,296	8,851,915	3,295,000	575,400	2.29	8,641,627	4,364,638	4,276,989	415,000	229,255	6.64
2013	19,051,936	9,704,611	9,347,325	3,130,000	748,388	2.41	7,546,237	4,406,659	3,139,578	405,000	245,731	4.82
2012	19,828,733	8,815,325	11,013,408	2,975,000	912,713	2.83	6,716,756	3,151,206	3,565,550	2,540,000	340,259	1.24
2011	17,284,658	9,243,565	8,041,093	2,825,000	1,143,056	2.03	6,244,177	2,955,458	3,288,719	1,045,000	377,369	2.31
2010	17,533,098	8,957,643	8,575,455	2,685,000	1,287,694	2.16	6,722,597	3,488,605	3,233,992	1,010,000	413,254	2.27
2009	17,934,051	8,462,145	9,471,906	2,195,000	1,415,794	2.62	5,907,184	3,150,752	2,756,432	975,000	447,566	1.94
2008	17,798,504	7,940,224	9,858,280	-	1,105,059	8.92	6,444,752	3,323,596	3,121,156	940,000	239,533	2.65
2007	17,570,378	6,992,730	10,577,648	2,375,000	1,676,758	2.61	6,345,195	3,586,971	2,758,224	595,000	176,145	3.58

Fiscal Year	FargoDome Sales Tax Revenue Bonds				Clean Renewable Energy Bond				Qualified Energy Conservation Bonds			
	FargoDome Sales Tax	Debt Service		Coverage	Sale of by products	Debt Service		Coverage	Tipping Fee Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2016	-	-	-	-	\$ 337,527	\$ 100,000	\$ 5,100	3.21	\$ 7,517,651	\$ 103,356	\$ 148,938	29.80
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	-	-	-	-
2009	\$ -	\$ 1,810,000	\$ 42,956	-	196,927	100,000	11,050	1.77	-	-	-	-
2008	10,364,101	4,595,000	238,698	2.14	855,932	100,000	5,950	8.08	-	-	-	-
2007	10,271,895	4,395,000	380,890	2.15	499,818	100,000	142	4.99	-	-	-	-

Fiscal Year	SRLF Notes Payable					
	Wastewater Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2009	10,340,200	4,000,183	6,340,017	1,500,000	386,794	3.36
2008	9,949,467	3,819,699	6,129,768	1,350,000	422,155	3.46
2007	9,226,721	3,847,702	5,379,019	1,325,000	420,748	3.08

**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)
2016	123,998	n/a	n/a	n/a	n/a	n/a	11,175	2.2%	3.2%	4.9%	69,230
2015	118,456	\$ 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	105,600	8,511,095,000	40,644	31.5	94.2%	35.6%	10,455	3.9%	3.9%	9.6%	58,817
2009	103,428	7,980,697,000	39,883	30.2	93.3%	33.7%	10,414	4.2%	4.3%	9.3%	59,265
2008	102,404	7,801,096,000	39,812	30.4	94.1%	38.0%	10,474	2.7%	3.2%	5.8%	60,909
2007	100,477	6,997,666,000	36,459	30.9	93.8%	35.9%	10,494	2.6%	3.2%	4.6%	60,159

(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, 307531

**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)		
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
2009	3,221,627	2,971,275	37,105	36,655
2008	3,402,489	3,034,803	39,855	37,348
2007	3,178,374	2,889,780	39,210	36,981

Source: Demographics USA, Survey of Buying Power

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

**CITY OF FARGO, NORTH DAKOTA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sanford Health	6,664	1	9.63%	-	-	-
North Dakota State University	4,238	2	6.12%	3,745	1	6.23%
Fargo Public Schools	1,816	3	2.62%	1,300	4	2.16%
Essentia Health	1,663	4	2.40%	-	-	-
West Fargo Public Schools	1,432	5	2.07%	-	-	-
Department of Veterans Affairs	1,114	6	1.61%	655	10	1.09%
Microsoft Business Solutions	1,000	7	1.44%	946	5	1.57%
Noridian Healthcare Solutions	958	8	1.38%	719	7	1.20%
U.S. Bank	955	9	1.38%	770	6	1.28%
City of Fargo	948	10	1.37%	690	8	1.15%
MeritCare Health System	-	-	-	3,051	2	5.07%
Innovis Health	-	-	-	1,714	3	2.85%
Case Corporation	-	-	-	672	9	1.12%

Source: Fargo Moorhead Chamber of Commerce  
City of Fargo, ND

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

**CITY OF FARGO, NORTH DAKOTA**  
**NUMBER OF CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
City Administrator	3	3	3	2	1	1	1	1	1	2
Human Resources	4	4	5	6	6	6	6	6	6	7
Information Services	14	15	15	19	22	22	23	23	23	24
Public Information	-	-	-	1	1	2	2	2	2	2
Auditor	16	16	16	16	16	15	15	15	15	15
Municipal Court	8	8	8	8	8	8	8	8	8	8
City Assessor	10	11	11	11	11	11	11	11	11	11
Buildings & Grounds	7	7	7	7	7	7	7	7	7	13
Planning	9	9	9	10	11	12	11	12	13	14
Central Garage	21	21	23	23	23	23	23	23	23	23
City Commission	8	8	8	8	8	8	8	8	8	8
Public safety										
Inspections	19	19	20	20	20	20	20	20	21	22
Traffic Engineering	8	8	8	9	9	9	9	9	11	11
Fire Department	100	107	111	117	117	117	117	121	121	122
Police Department	146	149	157	164	166	167	169	172	180	187
Public works										
City Engineering	36	36	37	38	36	37	37	37	41	42
Streets & Sewers	44	45	46	46	49	49	51	51	54	55
Public health & welfare										
Health	110	111	111	111	111	110	112	114	117	116
Homeless shelter	-	-	1	2	2	15	16	18	18	19
Recreation & culture										
Public Library	44	46	45	46	47	48	48	49	49	50
Civic Memorial Auditorium	6	6	6	6	6	6	6	6	6	4
Urban redevelopment	4	4	3	3	3	3	2	2	2	2
Public transportation	15	16	18	19	20	19	21	22	21	23
Business-type funds										
Airport	14	14	14	14	14	16	16	16	26	27
Water	39	38	39	39	42	42	44	45	46	47
Wastewater	17	18	19	19	20	20	20	20	20	20
Solid waste	45	46	49	49	50	50	50	50	50	50
Storm sewer	3	3	4	4	4	5	5	5	5	5
Street Lighting	3	3	3	3	2	2	2	2	2	2
Forestry	10	10	10	10	10	10	10	11	11	11
Fargodome	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21
<b>Total</b>	<b>763</b>	<b>781</b>	<b>806</b>	<b>830</b>	<b>842</b>	<b>860</b>	<b>870</b>	<b>886</b>	<b>918</b>	<b>963</b>

- Number includes budgeted full-time equivalent (FTE) positions



**CITY OF FARGO, NORTH DAKOTA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public safety</b>										
Fire										
Number of calls answered	3,886	4,280	4,221	4,485	4,785	6,262	6,984	7,196	9,336	10,483
Number of fire inspections	7,174	7,216	6,949	7,754	8,372	7,109	6,552	6,470	6,437	6,005
Police										
Number of calls for service	44,751	46,183	48,062	47,534	51,215	55,584	62,836	65,682	74,516	78,784
Arrests	10,544	9,939	10,117	7,991	8,285	7,632	6,067	6,063	6,907	7,412
<b>Public works</b>										
Average daily water consumption (gallons)	9,897,482	9,361,096	10,510,285	9,958,030	9,589,658	11,180,334	10,508,699	9,989,474	10,530,370	12,576,805
Wastewater avg flow per day (MGD)	11.49	12.16	12.86	13.01	13.66	12.23	13.39	12.84	12.17	12.72
<b>Public health &amp; welfare</b>										
WIC participation	2,261	2,801	2,699	2,606	2,720	2,695	2,702	2,701	2,970	2,908
Nursing visits	210,719	211,013	208,124	194,823	196,131	192,853	214,637	152,266*	144,985*	148,719*
<b>Recreation &amp; culture</b>										
Library circulation	659,139	830,287	815,998	919,845	960,092	986,773	997,492	1,000,024	1,004,966	987,851
Civic center attendance	101,382	112,032	88,828	91,115	78,327	82,870	88,355	91,660	48,945	46,001
Fargodome attendance	445,270	436,294	486,059	528,380	499,805	529,657	539,285	550,330	565,914	593,489
<b>Public transportation</b>										
Number of rides										
Fixed route	962,030	1,228,464	1,479,646	1,624,637	1,665,221	1,608,628	1,682,267	1,751,824	1,600,610	1,483,667
Paratransit	50,768	60,255	57,428	57,850	58,992	54,217	53,403	53,893	51,513	52,394
<b>Public information</b>										
Web site										
Total Sessions	n/a	n/a	n/a	n/a	905,700	1,220,404	1,269,295	1,272,993	1,378,527	1,239,551
Users	n/a	n/a	n/a	n/a	419,268	620,800	716,763	745,192	759,584	653,841
Page views	n/a	n/a	n/a	n/a	2,789,176	3,640,975	3,216,029	3,017,692	3,110,926	2,751,964
Pages per visit	n/a	n/a	n/a	n/a	3.08	2.98	2.50	2.37	2.26	2.22
<b>Infrastructure</b>										
New projects assessed	29	32	32	71	19	50	51	43	38	53
Value of new projects	\$ 13,349,269	\$ 27,452,278	\$ 37,651,698	\$ 25,706,180	\$ 10,826,700	\$ 27,829,486	\$ 27,096,674	\$ 42,278,237	\$ 34,950,435	\$ 77,220,449

\* 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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Area in square miles	46.63	47.74	48.45	48.45	48.45	48.60	48.80	48.84	49.22	49.22
Public safety										
Fire										
Stations	6	6	6	7	7	7	7	7	7	7
Vehicles	25	27	30	28	28	27	31	31	31	23
Police										
Stations	3	3	3	3	3	3	2	1	2	2
Marked cars	33	26	37	38	39	41	41	41	44	44
Public works										
Number of street lights	8,119	8,514	8,959	9,077	9,430	9,785	10,113	10,402	11,091	11,622
Miles of paved streets	363.76	369.17	367.16	371.65	394.30	400.92	407.43	464.39	525.47	590.04
Miles of water mains	411.82	424.82	428.02	436.00	445.26	449.79	459.93	472.90	484.03	490.01
Miles of sanitary sewer	398.01	404.39	414.64	425.40	429.53	433.98	443.30	453.99	460.87	466.28
Miles of storm sewer	369.01	383.56	387.88	395.05	409.85	416.49	429.74	442.51	455.86	464.51
Recreation & culture										
Print materials - Library	167,998	179,120	202,790	218,355	224,547	273,736	283,852	299,774	222,848	228,032
Public transportation										
Buses	18	17	22	26	27	28	32	32	29	29

**CITY OF FARGO, NORTH DAKOTA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**DECEMBER 31, 2016**  
**(UNAUDITED)**

Policy No.	Insurance Broker	Insuring Company	Coverage type / \$ Limits	Term
FBP8341772	USI Insurance Services LLC	Hartford	Boiler & equipment breakdown \$ 100,000,000	1/1/2016 - 1/1/2017
1949	State Fire & Tornado	State Fire & Tornado	Buildings & Contents \$366,868,479 Building \$45,682,479 Contents \$82,426,851 Outdoor property	7/1/2016 - 6/30/2017
2536	State Fire & Tornado	State Fire & Tornado	Buildings & Contents \$ 5,152,227 Building	7/1/2016 - 6/30/2017
COP35513P	USI Insurance Services LLC	Harleysville Insurance Company	Buildings & Contents Transit Maintenance Facility \$7,000,000 Building \$653,680 Contents	10/30/2016 - 10/30/2017
00417288	Warner & Co	Chubb	New City Hall Inland Marine - Builders Risk Contract Works: \$20,500,000/\$250,000/\$250,000 Soft Costs: \$500,000 Effects of Law: \$1,000,000 Loss Prevention Expense: \$25,000 Electronic Data, Valuable Papers: \$50,000 Fungus Clean Up or Removal: \$25,000 Rental Income: \$50,000 Debris/Pollutant Removal: \$150,000/\$50,000 Expediting Expenses: \$50,000 Preparation of Loss Fee: \$25,000 Public Safety Service Charge: \$25,000	9/22/2016 - 5/1/2018
IM000114706	Warner & Company	ND Insurance Reserve Fund	Mobile Equipment and Trailers \$56,563,940 Fine Arts \$14,450 Portable Radio Equipment \$991,158	6/1/2016 - 6/1/2017
33 1150903540 03	Insure Forward	Wright National Flood Insurance	City Hall Flood - \$500,000 Building/\$500,000 Contents	4/15/2016 - 4/15/2017
87043898542015	Warner & Company	Harleysville Insurance Company	Main Library Flood - \$500,000 Building/\$500,000 Contents	3/26/2016 - 3/26/2017
33 1151410674 00	Insure Forward	Wright National Flood Insurance	Convention Visitors Bureau Flood - \$500,000 Building/\$200,000 Contents	4/15/2016 - 4/15/2017
G2382520A 010	Dawson Insurance Agency	Westchester Surplus Lines Insurance Co.	Environmental General Liability for Methane Operations \$2,000,000	8/14/2016-8/14/2017
BA000230010	Warner & Company	ND Insurance Reserve Fund	Auto Liability - \$2,000,000 Liability	1/1/2016 - 1/1/2017
GL000333407	Warner & Company	ND Insurance Reserve Fund	General Liability Personal Injury/Property Damage \$2,000,000 Medical Payments \$2,500 Governance Liability \$2,000,000 Data Breach Liability \$250,000 Data Breach Expense \$250,000 Data Breach Coverage Aggregate \$250,000	10/29/2016 - 10/29/2017
MSP000644	MMIC Insurance, Inc.	MMIC Insurance, Inc.	Malpractice Insurance	1/1/2016 - 1/1/2017
AP003387932-17	Northstar Aviation Ins. Inc	Commerce & Industry Insurance Co.	Primary Aircraft Liability \$ 100,000,000	1/1/2016 - 1/1/2017
33 1150903542 03	Insure Forward	Wright National Flood Insurance	Hector Airport Admin Building Flood - \$500,000 Building/\$78,000 Contents	4/15/2016 - 4/15/2017
BA000230209	Warner & Company	ND Insurance Reserve Fund	Airport Auto Liability - \$2,000,000 Liability	3/5/2016- 3/5/2017
1006177	No Broker - Direct Writer	FM Global	Fargodome \$173 MM property, \$100MM flood	11/2/2016-11/2/2017
33-1150891263 02	Insure Forward	Wright National Flood Insurance Company	Fargodome Flood - \$500M contents & \$500M building	3/5/2016-3/5/2017
6LKKO0000005874700 & 6LKKO0000005874800	Insure Forward	K&K	Fargodome General Liability - \$1MM per event aggregate Excess Liability - \$10MM umbrella Auto Liability - \$1MM	11/1/2016-10/31/2017
106244436	Warner & Company	Traveler's Insurance	Commercial Crime Police Forgery or Alteration - \$5,000,000/\$50,000 Computer Crimes - \$5,000,000/\$50,000 Computer Program & Electronic Data Restoration Expense - \$1,000,000/\$50,000 Funds Transfer Fraud - \$5,000,000/\$50,000 Claim Expense - \$5,000	2/12/2016 - 2/12/2017
Z41606-3	Warner & Company	Acuity	Commercial Property Coverage - \$2,800,000 Bergseth Budling (Leased for Street Department)	3/23/2016 - 3/23/2017
Z59550-8	Warner & Company	Acuity	Commercial Fire Insurance for Radisson Parking Ramp Building: \$3,722,241 BPP: \$56,962 Papers and Records Exc Electronic: \$10,000	
16CPLCMW40059	Warner & Company	Evanston Insurance Co - RT Specialty	Contractors Pollution Liability Magellan Midstream Partners General Aggrate - \$5,000,000 CPL - \$10,000	4/1/2016 - 12/15/2016
3735	State Bonding Fund	ND Insurance Department	Fidelity Bond - \$2,000,000	1/1/2016 - 12/31/2017



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