



2017

Comprehensive Annual Financial Report

The City of Fargo, North Dakota
for the fiscal year ended
December 31, 2017



CITY OF FARGO NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

**PREPARED BY:
FINANCE DEPARTMENT**

**CITY OF FARGO, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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June 7, 2018

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 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, 2017. 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



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. Intergovernmental revenues in our General Fund stabilized in 2017 as compared to a decrease noted in 2016.

The Tax Commissioner for the State of North Dakota reported increases in statewide taxable sales and purchases by 7.19% in 2017 as compared to 2016. This is a significant improvement since reporting a decline of 24% from 2016 to 2015 tax collection levels.

The changes in intergovernmental revenues are discussed in more detail in the management discussion and analysis section of this report. State shared revenues were very close to our budget projections.

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 \$50,364 in 2016 as compared to \$49,987 in 2015 which represents a 17.8% increase in income levels over the past five years. Our labor force has increased to 70,726 in 2017 as compared to 69,230 five years ago which represents an 13.9% increase. Fargo's unemployment rate of 2.2% is lower than the State and national averages.

Strong Trend in Building Permit History

Construction activity in Fargo continues to remain strong as evidenced by a building permit total of \$475 million in 2017 and \$494 million in 2016. Residential permits decreased by 22% in 2017, however, commercial construction increased by 29%. Demand for housing remains strong in our community in light of the strength of our local economy. Building permit activity has accelerated for the past five years and has stabilized around \$500 million for the past three years.

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

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

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

Local Sales Tax Revenue Trends

Fargo's locally imposed sales tax revenue totaled \$47.6 million, down from \$ 51.1 million in 2016.

Statewide sales tax revenue increased by 7.19% during 2017 due to increased economic activity related to oil production in western North Dakota. State economic data is improving following a sharp decline in recent years.

MAJOR INITIATIVES FOR THE YEAR

Fargo Moorhead Diversion Channel Project

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

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

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

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

February, 2016 the Army Corp of Engineers approved this project as a federal "new start" project and provided budgetary resources to begin this project. The Diversion Authority along with the City of Fargo and the City of Moorhead executed a final project participation agreement with the Army Corp of Engineers in July of 2016 that obligates Federal funding.

A request for proposals and related vendor selection one on one meetings will continue into 2018 with a contractor selection planned by early 2019 for construction of the diversion channels and associated infrastructure.

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.

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

The Diversion Authority, USACE and Minnesota DNR are currently working collaboratively to complete the supplemental EIS process and the Minnesota DNR permit process. The issuance of a permit by Minnesota DNR would likely result in the lifting of the temporary injunction and resumption of construction activities by USACE.

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.

The City signed a wastewater collection service agreement with the City of West Fargo and Horace 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. Work will begin on an expansion of the Wastewater treatment plant in 2018 with an anticipated completion date of early 2022.

Status of Municipal Building Projects

Our largest building project includes a New City Hall. This has been under construction for the past two years. It is nearing completion and will open this summer.

The Roberts Street Parking Ramp opened up in July, 2017. This unique project incorporates a parking ramp that is wrapped with residential and commercial units in maximize the use of this property. It increases our Downtown parking capability significantly.

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 will be completed in 2018.

The Fargo Police Department moved its field operations to a building adjacent to the Public Works facility on 7th Ave North. This will eventually become the home of the Department. The growth in our Police Department over the past several years required us to obtain a larger facility. Administration staff will move into this facility in 2018.

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

Strategic Planning and Long Term Capital Improvement Plans

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

A strategic plan for the growth and redevelopment of our core Downtown area was completed this year. This document provides guiding principles to help improve the quality of life in Fargo.

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, 2016. 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,

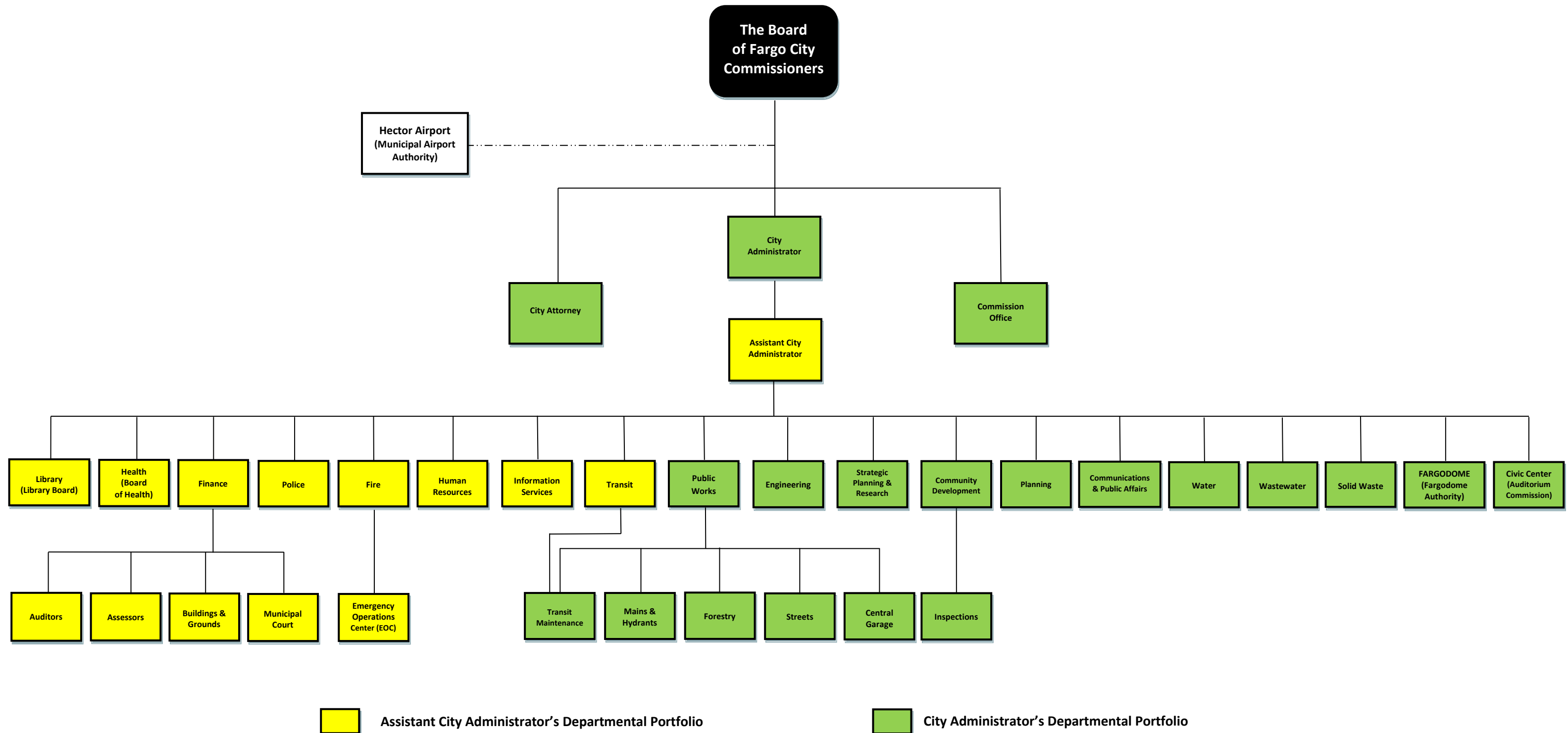
A handwritten signature in black ink, reading "Kent A. Costin". The signature is written in a cursive, flowing style.

Kent A. Costin
Director of Finance

**CITY OF FARGO, NORTH DAKOTA
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2017**

NAME	OFFICE	TERM EXPIRES
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, 2016

Christopher P. Morrell

Executive Director/CEO



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fargo, North Dakota (the City), as of and for the year ended December 31, 2017, 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, 2017, 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 90-94, 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 7, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Bismarck, North Dakota
June 7, 2018

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, 2017. 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 \$1,034,364 (net position).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$108,517 a decrease of \$84,890 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 31 percent of the total General Fund expenditures exceeds our management goal of 25 percent.

While overall General Fund revenues met budget expectations, total revenue decreased by \$2,000 in comparison with the prior year. Charges for services revenue decreased compared to the prior year. The City's infrastructure project development decreased significantly from the prior year with capital project expenditures decreasing 14 percent.

Several large construction projects were in progress at the end of the most recent fiscal year. Work continues on 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. The City is in the process of remodeling a building adjacent to the City's Public Works facility that will eventually become the headquarters for the Fargo Police department. The growth in the Police department over the past several years has required the City to obtain a larger facility. The Roberts Street Parking ramp and the Water Treatment Plant expansion projects were also in progress at the end of the most recent fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fargo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

charges (business-type activities). The governmental activities of the City of Fargo include general government, public safety, public works, public health and welfare, recreation & culture, urban redevelopment, public transportation, and general support. The business-type activities of the City of Fargo include a Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste Collection and Landfill, Southeast Cass Sewer, Urban Forestry, Vector Control, Street Lighting and the FargoDome, a multi-use facility.

The government-wide financial statements can be found on pages 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 \$1,034,364 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (89%) 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, 2017 and 2016.

City of Fargo's Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 524,346	\$ 567,683	\$ 118,724	\$ 106,962	\$ 643,070	\$ 674,645
Capital assets	477,315	439,030	791,624	726,498	1,268,939	1,165,528
Total assets	1,001,661	1,006,713	910,348	833,460	1,912,009	1,840,173
Deferred outflows of resources	23,110	15,763	6,136	2,982	29,246	18,745
Long-term liabilities outstanding	808,828	777,447	48,786	39,711	857,614	817,158
Other liabilities	33,479	29,650	7,457	9,758	40,936	39,408
Total liabilities	842,307	807,097	56,243	49,469	898,550	856,566
Deferred inflows of resources	6,977	2,935	1,364	831	8,341	3,766
Net position:						
Net investment in capital assets	155,725	138,920	763,810	708,549	919,535	847,469
Restricted	15,592	71,486	46,243	38,133	61,835	109,619
Unrestricted	4,170	2,038	48,824	39,460	52,994	41,498
Total net position	\$ 175,487	\$ 212,444	\$ 858,877	\$ 786,142	\$ 1,034,364	\$ 998,586

A portion of the City of Fargo's net position (6%) 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 27,769	\$ 32,595	\$ 69,715	\$ 65,340	\$ 97,484	\$ 97,935
Operating grants and contributions	10,040	11,035	-	-	10,040	11,035
Capital grants and contributions	91,019	138,364	6,219	13,367	97,238	151,731
General Revenues:						
Taxes	85,068	86,116	941	840	86,009	86,956
Unrestricted intergovernmental	5,769	6,112	-	-	5,769	6,112
Unrestricted investment earnings	5,219	3,786	5,539	3,843	10,758	7,629
Miscellaneous	2,048	245	1,114	2,093	3,162	2,338
Total revenues	226,932	278,253	83,528	85,483	310,460	363,736
Expenses:						
General government	18,746	17,776	-	-	18,746	17,776
Public safety	38,540	39,029	-	-	38,540	39,029
Public works	88,777	122,801	-	-	88,777	122,801
Public health and welfare	12,951	11,443	-	-	12,951	11,443
Recreation and culture	8,625	8,425	-	-	8,625	8,425
Urban redevelopment	4,673	1,849	-	-	4,673	1,849
Transportation	10,320	9,942	-	-	10,320	9,942
General support	1,151	1,057	-	-	1,151	1,057
Interest and fiscal charges	22,261	21,918	-	-	22,261	21,918
Municipal airport authority	-	-	8,982	8,824	8,982	8,824
Water	-	-	17,417	15,000	17,417	15,000
Wastewater	-	-	10,797	9,907	10,797	9,907
Storm sewer	-	-	5,679	5,283	5,679	5,283
Solid waste	-	-	10,674	11,111	10,674	11,111
Fargodome	-	-	9,395	8,400	9,395	8,400
Southeast cass	-	-	90	49	90	49
Vector control	-	-	331	380	331	380
Street lighting	-	-	3,350	3,217	3,350	3,217
Forestry	-	-	1,923	1,770	1,923	1,770
Total expenses	206,044	234,240	68,638	63,941	274,682	298,181
Excess before Transfers	20,888	44,013	14,890	21,542	35,778	65,555
Transfers	(57,845)	(52,778)	57,845	52,778	-	-
Change in net position	(36,957)	(8,765)	72,735	74,320	35,778	65,555
Net position - beginning	212,444	221,209	786,142	711,822	998,586	933,031
Net position - ending	\$ 175,487	\$ 212,444	\$ 858,877	\$ 786,142	\$ 1,034,364	\$ 998,586

The City's net position increased by \$35,778 during the current fiscal year.

Governmental activities

The governmental activities' net position decreased by \$36,957 during the current fiscal year.

Charges for services decreased due to a smaller city infrastructure project list compared to the prior year.

Business type activities

Business-type activities increased the City of Fargo's net position by \$72,735.

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 revenue of \$2.6 million for 2016 and \$4.1 million for 2017.

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 \$108,517, a decrease of \$84,890 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 \$28,099 while total fund balance was \$37,847. 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 31 percent of total general fund expenditures, while total fund balance represents 41 percent of that same amount. Managements fund balance goal of 25 percent has been achieved for this fiscal year. This fund balance level represents a decrease of \$1,550 during the year. The remainder of fund balance is assigned (\$1,531, 4 percent), committed (\$1,406, 4 percent), restricted (\$3,170, 8 percent) or nonspendable (\$3,640, 10 percent).

Overall General Fund revenues of this fund group decreased by 2.5 percent compared to the prior year, while total expenditures increased by 3 percent.

The increase in General Fund expenditures is attributed to expanding public safety personnel to handle increased needs and protection throughout the City. Five new police department positions were approved in the 2017 budget. The 2017 budget also included the approval of three new positions for the Public health department. The most significant budget savings are related to the timing of capital outlay funding which lagged budget levels by \$2,202. Capital funds will be carried forward into the 2018 budget.

The debt service fund has a total fund balance of \$81,010, all of which is restricted for the payment of future debt service. The net decrease in fund balance during the current year was \$27,609. Amended sales tax resolutions dedicating a larger percentage of the sales tax to flood projects lead to decreased tax revenue and the increase in overall debt also lead to an increase in debt service expenditures for the year.

The capital projects fund had a net decrease in fund balance of \$55,081. Capital project expenditures decreased by 14 percent in 2017 due to fewer City utility infrastructure projects.

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 \$48,824. All major proprietary funds reported increases in net position.

Operating revenues of this fund group increased by approximately seven percent. This increase is attributed to the City of Fargo providing water services to the City of West Fargo for a full year. This increased the revenue of the Water fund by \$1.6 million. The Solid Waste fund also attributed to the increase in operating revenues. In late 2016, the City Commission approved a resolution to increase landfill tipping fees from \$38/ton to \$43/ton. The result of this change increased revenues in the Solid Waste fund by approximately \$1.7 million for 2017. The City also began a residential single sort recycling program in July of 2017. This new revenue source brought in approximately \$400 for the 2017 year.

Operating expenses increased by 8 percent. The increase in expense can also be attributed to increased chemical costs incurred due to providing water services to the City of West Fargo as well as increased personnel services.

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 0.75% and exceeded the revised budget by 0.65%. State shared revenues were very close to budget projections.

Noted variances between final budget and actual are as follows:

Charges for services revenue lagged the budgeted figure by 3%. This is attributed to a reduced infrastructure demand and a smaller construction project list compared to the prior year.

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

Capital outlay expenditures lagged budget by \$2,202 due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2018 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, 2017 amounts to \$1,269 (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 2017. \$16.7 million was expended on the New City Hall project, \$4.8 million was expended on the construction of a parking ramp, \$1.1 million was expended on the Border States Electric remodel project where the Police department will be relocating to, and \$44.4 million was expended on the expansion of the water treatment plant.

Other notable events include \$13.1 million expended on a wastewater treatment plant improvement project, \$8.5 million expended on various infrastructure projects at the Airport and \$1.2 million expended on the single stream recycling program.

City of Fargo's Capital Assets (net of depreciation) (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 76,969	\$ 68,783	\$ 40,681	\$ 41,017	\$ 117,650	\$ 109,800
Construction in progress	43,281	19,068	125,391	107,287	168,672	126,355
Intangible	9,215	8,821	920	920	10,135	9,741
Buildings	48,178	50,095	124,028	126,064	172,206	176,159
Improvements other than buildings	611	654	24,844	19,699	25,455	20,353
Machinery and equipment	15,429	17,368	39,094	25,150	54,523	42,518
Infrastructure	243,517	234,254	436,666	406,361	680,183	640,615
Flood Control	40,115	39,987	-	-	40,115	39,987
Total	<u>\$ 477,315</u>	<u>\$ 439,030</u>	<u>\$ 791,624</u>	<u>\$ 726,498</u>	<u>\$ 1,268,939</u>	<u>\$ 1,165,528</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 \$804,134. Of this amount, \$409,335 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 \$35,481 during the current fiscal year. This increase can be associated with the need to finance the video boards and related technology at the FARGODOME and expansion of the City's utility infrastructure.

City of Fargo's Outstanding Debt (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Improvement bonds	\$ 409,335	\$ 415,715	\$ -	\$ -	\$ 409,335	\$ 415,715
Gross revenue bonds	-	-	2,994	7,112	2,994	7,112
Annual appropriation bonds	-	-	7,735	-	7,735	-
General obligation bonds	36,980	37,910	-	-	36,980	37,910
Sales tax bonds	72,609	75,889	-	-	72,609	75,889
Notes payable	179,728	144,462	3,309	3,900	183,037	148,362
Capital leases	221	254	1,551	3,380	1,772	3,634
Net pension liability	74,750	68,709	14,922	11,322	89,672	80,031
Total	<u>\$ 773,623</u>	<u>\$ 742,939</u>	<u>\$ 30,511</u>	<u>\$ 25,714</u>	<u>\$ 804,134</u>	<u>\$ 768,653</u>

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

The City issued \$7,810 Annual Appropriation Bonds, Series 2017A at a true interest cost of 3.43%. These bonds were issued to finance project costs for the acquisition and installation of video boards and technology at the FARGODOME.

The City issued \$38,525 Refunding Improvement Bonds, Series 2017C at a true interest cost of 3.06%. 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 \$11,340 Refunding Improvement Refunding Bonds, Series 2017D at a true interest cost of 3.01%. These bonds were issued as a crossover refunding of the Series 2013C Refunding Improvement Bonds.

The City issued one \$100,000 loan to refund the obligations outstanding to Wells Fargo Bank that were used to finance the flood control 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

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

Water and Wastewater utility rates were increased 3% in the 2018 budget. In 2018, Fargo will become a wastewater service provider to the City of West Fargo and the City of Horace. We anticipate Wastewater Fund revenues to increase by an additional \$2.4 million due to the change in our customer base.

The City constrained our 2018 General Fund budget due to a reduction in aid from the State of North Dakota. The budget increase overall was approved at a 0.7%, with a 5.6% decrease in operating expenses.

The Board of Equalization's preliminary assessment of our tax base for 2018 projected an increase of 5.6%. 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 3rd Street North, City of Fargo, ND, 58102 or visit the City's web site at www.fargond.gov. The entire report is presented in the Finance department section.08



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CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 168,114	\$ 12,594,055	\$ 12,762,169
Investments	31,939,208	-	31,939,208
Equity in pooled investments	67,203,215	53,454,483	120,657,698
Receivables (net of allowance for uncollectibles):			
Interest	588,523	-	588,523
Taxes	273,294	8,966	282,260
Accounts	5,051,417	5,678,859	10,730,276
Sales tax	9,042,056	-	9,042,056
Notes receivable	130,678	-	130,678
Special assessments	396,681,797	32,425	396,714,222
Intergovernmental	6,255,622	737,285	6,992,907
Contract	9,502	-	9,502
Loans	2,215,038	-	2,215,038
Internal balances	(53,230)	53,230	-
Inventory	1,420,039	631,404	2,051,443
Prepaid expenses	747,045	492,697	1,239,742
Property held for resale	2,673,366	-	2,673,366
Restricted assets:			
Equity in pooled investments	-	464,700	464,700
Investments	-	44,576,449	44,576,449
Unamortized debt costs	690	-	690
Capital assets not being depreciated:			
Land	76,969,056	40,680,774	117,649,830
Construction in progress	43,280,891	125,391,038	168,671,929
Intangible - Right-of-way Easements	9,215,065	420,036	9,635,101
Intangible - Water Rights	-	500,000	500,000
Capital assets (net of accumulated depreciation):			
Buildings	48,177,812	124,028,123	172,205,935
Improvements other than buildings	610,892	24,844,030	25,454,922
Machinery and equipment	15,429,181	39,093,433	54,522,614
Infrastructure	243,517,315	436,666,219	680,183,534
Flood Control	40,114,801	-	40,114,801
Total assets	<u>1,001,661,387</u>	<u>910,348,206</u>	<u>1,912,009,593</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pension	23,110,186	6,135,819	29,246,005
Total deferred outflows of resources	<u>23,110,186</u>	<u>6,135,819</u>	<u>29,246,005</u>
LIABILITIES			
Vouchers payable	16,234,753	2,769,636	19,004,389
Retainage payable	5,847,353	34,817	5,882,170
Accrued payroll	2,486,846	612,277	3,099,123
Accrued interest payable	4,721,467	448,338	5,169,805
Accrued interest payable from restricted assets	-	105,069	105,069
Special assessments payable	502,126	582,870	1,084,996
Unearned revenue	3,385,616	2,894,022	6,279,638
Deposits	300,933	8,945	309,878
Noncurrent liabilities:			
Due within one year	33,517,909	1,583,275	35,101,184
Due within one year payable from restricted assets	-	1,561,191	1,561,191
Due in more than one year	700,560,498	30,720,112	731,280,610
Net pension liability	74,750,041	14,922,337	89,672,378
Total liabilities	<u>842,307,542</u>	<u>56,242,889</u>	<u>898,550,431</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of resources related to pension	6,977,054	1,364,320	8,341,374
Total deferred Inflows of resources	<u>6,977,054</u>	<u>1,364,320</u>	<u>8,341,374</u>
NET POSITION			
Net investment in capital assets	155,724,812	763,810,437	919,535,249
Restricted for:			
Debt service	10,617,978	1,666,260	12,284,238
Specific projects and programs	4,974,261	-	4,974,261
Capital improvements	-	44,576,449	44,576,449
Unrestricted	4,169,926	48,823,670	52,993,596
Total net position	<u>\$ 175,486,977</u>	<u>\$ 858,876,816</u>	<u>\$ 1,034,363,793</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, 2017**

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	\$ 18,745,925	\$ 2,960,802	\$ 423,194	\$ -	\$ (15,361,929)	\$ -	\$ (15,361,929)
Public safety	38,539,794	6,240,462	1,033,909	77,139	(31,188,284)	-	(31,188,284)
Public works	88,777,599	10,530,618	41,673	89,997,276	11,791,968	-	11,791,968
Public health & welfare	12,950,823	3,030,070	3,938,851	-	(5,981,902)	-	(5,981,902)
Recreation & culture	8,624,606	518,632	181,750	-	(7,924,224)	-	(7,924,224)
Urban redevelopment	4,673,263	183,000	994,523	595,033	(2,900,707)	-	(2,900,707)
Transportation	10,320,580	4,304,515	3,426,337	349,904	(2,239,824)	-	(2,239,824)
General support	1,151,575	-	-	-	(1,151,575)	-	(1,151,575)
Interest and fiscal charges	22,260,570	-	-	-	(22,260,570)	-	(22,260,570)
Total governmental activities	<u>206,044,735</u>	<u>27,768,099</u>	<u>10,040,237</u>	<u>91,019,352</u>	<u>(77,217,047)</u>	<u>-</u>	<u>(77,217,047)</u>
Business-type activities:							
Municipal airport authority	8,981,905	8,583,335	-	6,203,700	-	5,805,130	5,805,130
Water	17,416,843	23,706,110	-	-	-	6,289,267	6,289,267
Wastewater	10,796,934	10,714,193	-	-	-	(82,741)	(82,741)
Storm sewer	5,679,382	1,663,088	-	-	-	(4,016,294)	(4,016,294)
Solid waste	10,674,156	14,905,074	-	15,000	-	4,245,918	4,245,918
Fargodome	9,394,765	5,792,841	-	-	-	(3,601,924)	(3,601,924)
Southeast Cass	90,210	32,224	-	-	-	(57,986)	(57,986)
Vector control	331,429	716,353	-	-	-	384,924	384,924
Street lighting	3,349,777	1,877,197	-	-	-	(1,472,580)	(1,472,580)
Forestry	1,923,056	1,724,327	-	-	-	(198,729)	(198,729)
Total business-type activities	<u>68,638,457</u>	<u>69,714,742</u>	<u>-</u>	<u>6,218,700</u>	<u>-</u>	<u>7,294,985</u>	<u>7,294,985</u>
Total	<u>\$ 274,683,192</u>	<u>\$ 97,482,841</u>	<u>\$ 10,040,237</u>	<u>\$ 97,238,052</u>	<u>(77,217,047)</u>	<u>7,294,985</u>	<u>(69,922,062)</u>
General revenues:							
Taxes:							
Property taxes					28,283,311	941,291	29,224,602
Sales taxes					47,653,443	-	47,653,443
Gross business receipts taxes					5,108,969	-	5,108,969
Lodging taxes					2,286,414	-	2,286,414
Other taxes					1,737,382	-	1,737,382
Unrestricted intergovernmental					5,768,743	-	5,768,743
Unrestricted investment earnings					5,219,212	5,539,034	10,758,246
Miscellaneous revenue					2,048,000	1,113,603	3,161,603
Transfers					(57,845,373)	57,845,373	-
Total general revenues and transfers					<u>40,260,101</u>	<u>65,439,301</u>	<u>105,699,402</u>
Change in net position					<u>(36,956,946)</u>	<u>72,734,286</u>	<u>35,777,340</u>
Net position - beginning					<u>212,443,923</u>	<u>786,142,530</u>	<u>998,586,453</u>
Net position - ending					<u>\$ 175,486,977</u>	<u>\$ 858,876,816</u>	<u>\$ 1,034,363,793</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, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 168,114	\$ -	\$ -	\$ -	\$ 168,114
Investments	-	31,939,208	-	-	31,939,208
Equity in pooled investments	33,837,101	30,809,699	-	2,556,415	67,203,215
Receivables (net of allowance for uncollectibles):					
Interest	456,497	87,929	44,097	-	588,523
Taxes	225,189	43,173	-	4,932	273,294
Accounts	4,745,766	5,024	32,409	268,218	5,051,417
Sales tax	-	2,260,514	6,781,542	-	9,042,056
Special assessments	-	395,177,925	406,206	1,097,666	396,681,797
Contracts	-	9,502	-	-	9,502
Intergovernmental	3,668,971	-	2,460,372	126,279	6,255,622
Long term note receivable	-	130,678	-	-	130,678
Due from other funds	-	2,165,519	-	70,061	2,235,580
Loans	-	-	-	2,215,038	2,215,038
Advances to other funds	1,484,697	-	-	-	1,484,697
Inventory	1,420,039	-	-	-	1,420,039
Prepaid items	720,187	-	7,162	19,696	747,045
Property held for resale	15,000	-	2,500,000	158,366	2,673,366
Total assets	<u>\$ 46,741,561</u>	<u>\$ 462,629,171</u>	<u>\$ 12,231,788</u>	<u>\$ 6,516,671</u>	<u>\$ 528,119,191</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Vouchers payable	\$ 3,215,946	\$ 22,070	\$ 12,563,691	\$ 433,046	\$ 16,234,753
Contract retainage payable	-	-	5,847,353	-	5,847,353
Advances from other funds	-	-	-	1,537,927	1,537,927
Due to other funds	-	-	2,165,519	70,061	2,235,580
Accrued payroll	2,467,744	-	6,877	12,225	2,486,846
Special assessments payable	3,133	40,976	99,233	358,784	502,126
Unearned revenue	111,052	-	1,572,690	1,701,875	3,385,617
Deposits	300,933	-	-	-	300,933
Total liabilities	<u>6,098,808</u>	<u>63,046</u>	<u>22,255,363</u>	<u>4,113,918</u>	<u>32,531,135</u>
Deferred inflows of resources					
Unavailable revenue	<u>2,796,179</u>	<u>381,556,133</u>	<u>1,209,716</u>	<u>1,508,766</u>	<u>387,070,794</u>
Fund balances					
Nonspendable	3,639,923	-	7,162	19,696	3,666,781
Restricted	3,170,287	81,009,992	-	2,327,560	86,507,839
Committed	1,405,918	-	-	-	1,405,918
Assigned	1,531,414	-	-	-	1,531,414
Unassigned	28,099,032	-	(11,240,453)	(1,453,269)	15,405,310
Total fund balance (deficit)	<u>37,846,574</u>	<u>81,009,992</u>	<u>(11,233,291)</u>	<u>893,987</u>	<u>108,517,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,741,561</u>	<u>\$ 462,629,171</u>	<u>\$ 12,231,788</u>	<u>\$ 6,516,671</u>	<u>\$ 528,119,191</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, 2017

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

Total fund balance - governmental funds (page 16)	\$ 108,517,262
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements	477,315,013
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	387,070,795
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	(58,616,909)
Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds	<u>(738,799,184)</u>
Net position of governmental activities (page 14)	<u><u>\$ 175,486,977</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, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 30,690,365	\$ 15,789,245	\$ 35,740,082	\$ 2,803,208	\$ 85,022,900
Special assessments	-	37,728,597	54,925	349,709	38,133,231
Licenses and permits	4,628,182	-	-	-	4,628,182
Intergovernmental revenues	21,434,863	756,526	7,808,535	1,049,287	31,049,211
Charges for services	17,042,076	-	-	1,884,014	18,926,090
Fines and forfeits	2,104,662	-	-	86,915	2,191,577
Investment income	3,942,045	789,262	485,518	2,387	5,219,212
Miscellaneous revenues	991,212	28,350	2,169,222	452,357	3,641,141
Total revenues	<u>80,833,405</u>	<u>55,091,980</u>	<u>46,258,282</u>	<u>6,627,877</u>	<u>188,811,544</u>
EXPENDITURES					
Current:					
General government	16,709,859	-	146,646	-	16,856,505
Public safety	36,823,018	-	25,888	149,121	36,998,027
Public works	10,710,691	844,980	64,412,677	349,892	76,318,240
Public health & welfare	11,533,635	-	-	45,601	11,579,236
Recreation and culture	4,896,092	-	-	2,779,331	7,675,423
Urban redevelopment	-	2,780,137	251,933	1,574,568	4,606,638
Public transportation	7,374,024	-	13,421	907,990	8,295,435
General support	1,151,575	-	-	-	1,151,575
Capital outlay	2,094,902	-	123,131,864	100,457	125,327,223
Debt service:					
Principal	75,831	115,846,235	-	-	115,922,066
Interest and fiscal charges	7,689	24,326,659	513,247	-	24,847,595
Total expenditures	<u>91,377,316</u>	<u>143,798,011</u>	<u>188,495,676</u>	<u>5,906,960</u>	<u>429,577,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,543,911)</u>	<u>(88,706,031)</u>	<u>(142,237,394)</u>	<u>720,917</u>	<u>(240,766,419)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,778,132	4,657,997	11,132,003	148,857	27,716,989
Transfers out	(2,826,851)	(8,406,457)	(2,381,952)	(1,519,277)	(15,134,537)
Loans issued	-	52,668,924	37,987,957	-	90,656,881
Bonds issued	-	11,340,000	38,525,000	-	49,865,000
Bond premium	-	836,085	1,893,306	-	2,729,391
Capital lease	42,700	-	-	-	42,700
Total other financing sources (uses)	<u>8,993,981</u>	<u>61,096,549</u>	<u>87,156,314</u>	<u>(1,370,420)</u>	<u>155,876,424</u>
Net change in fund balances	(1,549,930)	(27,609,482)	(55,081,080)	(649,503)	(84,889,995)
Fund balance - beginning of year	39,396,504	108,619,474	43,847,789	1,543,490	193,407,257
Fund balance (deficit) - end of year	<u>\$ 37,846,574</u>	<u>\$ 81,009,992</u>	<u>\$ (11,233,291)</u>	<u>\$ 893,987</u>	<u>\$ 108,517,262</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, 2017

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)	\$ (84,889,995)
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.	108,604,552
Capital assets transferred to enterprise funds.	(70,427,825)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	108,566
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	37,338,136
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.	(2,735,173)
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.	(27,371,906)
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.	2,416,699
Change in net position of governmental activities (page 15)	<u><u>\$ (36,956,946)</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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 30,923,500	\$ 30,491,500	\$ 30,690,365	\$ 198,865
Licenses & permits	4,790,000	4,900,850	4,628,182	(272,668)
Intergovernmental revenues	19,777,070	21,006,811	21,434,863	428,052
Charges for services	17,637,863	17,551,288	17,042,076	(509,212)
Fines and forfeits	2,536,500	2,536,500	2,104,662	(431,838)
Investment income	3,129,000	3,129,000	3,942,045	813,045
Miscellaneous revenues	921,067	977,467	991,212	13,745
Total revenues	<u>79,715,000</u>	<u>80,593,416</u>	<u>80,833,405</u>	<u>239,989</u>
EXPENDITURES				
Current:				
General government	16,817,825	16,795,005	16,709,859	85,146
Public safety	36,998,992	37,297,091	36,823,018	474,073
Public works	11,592,068	11,287,303	10,710,691	576,612
Public health & welfare	10,497,727	11,603,560	11,533,635	69,925
Recreation & culture	4,847,818	4,898,848	4,896,092	2,756
Public Transportation	8,326,384	7,814,299	7,374,024	440,275
General support	1,212,176	1,630,132	1,151,575	478,557
Capital outlay	3,045,300	4,296,926	2,094,902	2,202,024
Debt service:				
Principal	75,831	75,831	75,831	-
Interest and fiscal charges	7,689	7,689	7,689	-
Total expenditures	<u>93,421,810</u>	<u>95,706,684</u>	<u>91,377,316</u>	<u>4,329,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,706,810)</u>	<u>(15,113,268)</u>	<u>(10,543,911)</u>	<u>4,569,357</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,866,000	12,266,000	11,778,132	(487,868)
Transfers out	(2,284,190)	(2,906,966)	(2,826,851)	80,115
Capital lease	-	-	42,700	42,700
Total other financing sources (uses)	<u>9,581,810</u>	<u>9,359,034</u>	<u>8,993,981</u>	<u>(365,053)</u>
Net change in fund balances	<u>(4,125,000)</u>	<u>(5,754,234)</u>	<u>(1,549,930)</u>	<u>4,204,304</u>
Fund balance - beginning of year			39,396,504	
Fund balance - end of year			<u>\$ 37,846,574</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, 2017

	Business Type Activities-Proprietary Funds						Other Proprietary Funds	Total
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome		
ASSETS								
Current assets								
Cash	\$ 7,996,834	\$ 50	\$ 50	\$ -	\$ 300	\$ 4,596,771	\$ 50	\$ 12,594,055
Equity in pooled investments	13,735,517	21,276,049	16,764,808	339,596	-	-	1,338,513	53,454,483
Receivables (net of allowance for uncollectibles):								
Special assessments	-	-	-	-	-	-	32,425	32,425
Taxes	8,966	-	-	-	-	-	-	8,966
Accounts	733,597	1,747,724	1,075,659	164,656	1,113,703	378,055	465,465	5,678,859
Intergovernmental	737,285	-	-	-	-	-	-	737,285
Due from other funds	-	-	305,868	-	-	-	-	305,868
Advances to other funds	-	-	518,000	-	53,230	-	-	571,230
Inventory	-	295,872	-	-	-	50,060	285,472	631,404
Prepaid expenses	21,478	77,196	46,842	6,976	90,235	237,588	12,382	492,697
Restricted equity in pooled investments	-	-	86,497	-	-	378,203	-	464,700
Total current assets	<u>23,233,677</u>	<u>23,396,891</u>	<u>18,797,724</u>	<u>511,228</u>	<u>1,257,468</u>	<u>5,640,677</u>	<u>2,134,307</u>	<u>74,971,972</u>
Noncurrent assets								
Restricted assets								
Investments	-	-	-	-	-	44,576,449	-	44,576,449
Capital assets								
Land	8,516,547	4,859,387	583,744	24,506,566	2,214,530	-	-	40,680,774
Right of way	-	-	289,090	130,946	-	-	-	420,036
Construction in progress	8,460,280	108,462,702	4,557,507	2,101,940	1,649,631	158,978	-	125,391,038
Intangible	-	500,000	-	-	-	-	-	500,000
Buildings	27,200,861	86,305,407	33,538,372	-	5,699,195	58,677,604	-	211,421,439
Improvements other than buildings	2,451,998	1,678,263	2,173,540	3,584,168	20,979,025	6,006,067	-	36,873,061
Machinery and equipment	10,320,638	8,159,598	19,105,818	5,865,301	21,035,464	25,370,481	1,750,350	91,607,650
Infrastructure	110,407,492	135,097,932	144,051,597	202,224,670	6,158	-	40,630,632	632,418,481
Less accumulated depreciation	<u>(62,847,652)</u>	<u>(63,495,086)</u>	<u>(65,037,674)</u>	<u>(66,893,034)</u>	<u>(21,618,829)</u>	<u>(48,570,207)</u>	<u>(19,226,344)</u>	<u>(347,688,826)</u>
Total capital assets (net of accumulated depreciation)	<u>104,510,164</u>	<u>281,568,203</u>	<u>139,261,994</u>	<u>171,520,557</u>	<u>29,965,174</u>	<u>41,642,923</u>	<u>23,154,638</u>	<u>791,623,653</u>
Total noncurrent assets	<u>104,510,164</u>	<u>281,568,203</u>	<u>139,261,994</u>	<u>171,520,557</u>	<u>29,965,174</u>	<u>86,219,372</u>	<u>23,154,638</u>	<u>836,200,102</u>
Total assets	<u>\$ 127,743,841</u>	<u>\$ 304,965,094</u>	<u>\$ 158,059,718</u>	<u>\$ 172,031,785</u>	<u>\$ 31,222,642</u>	<u>\$ 91,860,049</u>	<u>\$ 25,288,945</u>	<u>\$ 911,172,074</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources related to pension	<u>804,762</u>	<u>1,476,233</u>	<u>809,711</u>	<u>311,042</u>	<u>1,412,321</u>	<u>846,020</u>	<u>475,730</u>	<u>6,135,819</u>
Total deferred outflows of resources	<u>804,762</u>	<u>1,476,233</u>	<u>809,711</u>	<u>311,042</u>	<u>1,412,321</u>	<u>846,020</u>	<u>475,730</u>	<u>6,135,819</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, 2017

	Business Type Activities-Proprietary Funds						Other Proprietary Funds	Total
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome		
LIABILITIES								
Current liabilities								
Vouchers payable	\$ 511,073	\$ 568,430	\$ 424,209	\$ 8,865	\$ 316,060	\$ 733,922	\$ 207,077	2,769,636
Retainage payable	34,817	-	-	-	-	-	-	34,817
Interest payable	-	26,385	47,361	155,554	134,476	84,562	-	448,338
Advances from other funds	-	-	-	-	518,000	-	-	518,000
Due to other funds	-	-	-	-	250,910	-	54,958	305,868
Accrued payroll	96,039	147,204	66,265	20,542	144,182	95,429	42,616	612,277
Current portion of special assessments	-	18,831	52,547	121,752	343,539	46,201	-	582,870
Current portion of capital lease	-	-	39,871	-	622,540	-	-	662,411
Accrued vacation payable	173,929	239,897	115,807	31,201	221,993	83,659	54,378	920,864
Unearned revenue	-	-	-	-	-	2,894,022	-	2,894,022
Deposits	-	-	-	-	-	8,945	-	8,945
Current liabilities payable from restricted assets:								
Current portion of long-term debt	-	-	82,880	-	793,311	685,000	-	1,561,191
Accrued interest and other	-	-	3,617	-	61,777	39,675	-	105,069
Total current liabilities	815,858	1,000,747	832,557	337,914	3,406,788	4,671,415	359,029	11,424,308
Noncurrent liabilities								
Landfill closure accruals	-	-	-	-	5,248,668	-	-	5,248,668
Long-term debt, net of current portion:								
Special assessments payable	-	521,744	880,500	3,082,320	5,997,891	1,623,808	-	12,106,263
Capital lease	-	-	26,439	-	862,048	-	-	888,487
Revenue bonds, net of deferred amount of refunding	-	-	-	-	2,712,743	-	-	2,712,743
Annual appropriation bond	-	-	-	-	-	7,050,000	-	7,050,000
Notes payable	-	-	256,511	-	2,457,440	-	-	2,713,951
Net pension liability	2,014,156	3,969,103	2,081,466	658,954	3,917,660	1,095,257	1,185,741	14,922,337
Total noncurrent liabilities	2,014,156	4,490,847	3,244,916	3,741,274	21,196,450	9,769,065	1,185,741	45,642,449
Total liabilities	2,830,014	5,491,594	4,077,473	4,079,188	24,603,238	14,440,480	1,544,770	57,066,757
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pension	168,528	400,553	191,438	22,356	429,308	52,323	99,814	1,364,320
Total deferred inflows of resources	168,528	400,553	191,438	22,356	429,308	52,323	99,814	1,364,320
NET POSITION								
Net investment in capital assets	104,510,164	281,027,628	138,009,743	168,316,485	16,175,662	32,616,117	23,154,638	763,810,437
Restricted for:								
Debt service	-	-	86,497	-	855,088	724,675	-	1,666,260
Capital improvements	-	-	-	-	-	44,576,449	-	44,576,449
Unrestricted	21,039,897	19,521,552	16,504,278	(75,202)	(9,428,333)	296,025	965,453	48,823,670
Total net position	<u>\$ 125,550,061</u>	<u>\$ 300,549,180</u>	<u>\$ 154,600,518</u>	<u>\$ 168,241,283</u>	<u>\$ 7,602,417</u>	<u>\$ 78,213,266</u>	<u>\$ 24,120,091</u>	<u>\$ 858,876,816</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, 2017

	Business Type Activities-Proprietary Funds							
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total
OPERATING REVENUES								
Charges for services	\$ 8,583,335	\$ 23,706,110	\$ 10,714,193	\$ 1,663,088	\$ 14,905,074	\$ 5,792,841	\$ 4,350,101	\$ 69,714,742
OPERATING EXPENSES								
Personnel services	2,596,241	4,183,077	1,881,568	614,919	4,307,951	3,108,529	1,310,044	18,002,329
Other services	1,324,457	3,466,701	2,321,925	132,680	2,315,590	2,247,157	1,041,878	12,850,388
Materials and supplies	779,822	5,380,387	1,935,511	255,229	1,228,996	97,774	1,559,991	11,237,710
Depreciation	4,223,958	4,338,409	4,600,045	4,521,000	2,402,676	3,526,661	1,782,559	25,395,308
Total operating expenses	8,924,478	17,368,574	10,739,049	5,523,828	10,255,213	8,980,121	5,694,472	67,485,735
Operating income (loss)	(341,143)	6,337,536	(24,856)	(3,860,740)	4,649,861	(3,187,280)	(1,344,371)	2,229,007
NONOPERATING REVENUES (EXPENSES)								
Gain (loss) on disposal of assets	743	11,287	-	-	(471,863)	(13,596)	15,000	(458,429)
Investment income (expense)	235,120	918	-	-	277	5,302,719	-	5,539,034
Interest expense and bond fees	(57,427)	(29,385)	(57,885)	(155,554)	(418,943)	(414,644)	-	(1,133,838)
Amortization expense	-	(18,884)	-	-	-	-	-	(18,884)
General property tax revenue	941,291	-	-	-	-	-	-	941,291
Miscellaneous revenue (expense)	11,806	179,547	-	-	8,698	539	970	201,560
Sale of byproducts	-	-	1,029,002	-	341,470	-	-	1,370,472
Total nonoperating revenues (expenses)	1,131,533	143,483	971,117	(155,554)	(540,361)	4,875,018	15,970	6,441,206
Income (loss) before contributions and transfers	790,390	6,481,019	946,261	(4,016,294)	4,109,500	1,687,738	(1,328,401)	8,670,213
Capital contributions	6,203,700	50,057,761	8,833,341	8,296,491	15,000	-	3,240,232	76,646,525
Transfers in:								
General	3,000	-	-	-	-	-	-	3,000
Enterprise	-	-	-	-	-	-	330,000	330,000
Transfers out:								
General	(50,000)	(4,751,254)	(2,338,000)	(331,000)	(2,300,000)	(50,000)	(489,000)	(10,309,254)
Capital projects	-	(796,832)	(923,357)	(109,344)	-	-	(446,665)	(2,276,198)
Enterprise	-	-	(330,000)	-	-	-	-	(330,000)
Change in net position	6,947,090	50,990,694	6,188,245	3,839,853	1,824,500	1,637,738	1,306,166	72,734,286
Total net position - beginning	118,602,971	249,558,486	148,412,273	164,401,430	5,777,917	76,575,528	22,813,925	786,142,530
Total net position - ending	\$ 125,550,061	\$ 300,549,180	\$ 154,600,518	\$ 168,241,283	\$ 7,602,417	\$ 78,213,266	\$ 24,120,091	\$ 858,876,816

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, 2017**

	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	\$ 8,476,714	\$ 23,689,303	\$ 10,674,305	\$ 1,661,300	\$ 14,898,495	\$ 5,266,450	\$ 4,343,383	\$ 69,009,950
Payments to suppliers	(3,196,644)	(8,830,768)	(4,033,925)	(397,796)	(3,850,274)	(2,939,968)	(921,164)	(24,170,539)
Payments to employees	(1,705,526)	(2,630,019)	(1,185,290)	(350,636)	(2,860,657)	(2,648,013)	(299,800)	(11,679,941)
Payments of benefits on behalf of employees	(721,058)	(1,286,378)	(558,479)	(181,098)	(1,280,139)	(218,800)	(2,583,433)	(6,829,385)
Net cash provided (used) by operating activities	2,853,486	10,942,138	4,896,611	731,770	6,907,425	(540,331)	538,986	26,330,085
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers to other funds	(50,000)	(5,548,086)	(3,591,357)	(440,344)	(2,300,000)	(50,000)	(935,665)	(12,915,452)
Transfers from other funds	3,000	-	-	-	-	-	330,000	333,000
Property taxes	940,011	-	-	-	-	-	-	940,011
Payments received on interfund borrowing	-	-	-	-	250,910	-	54,958	305,868
Payments made for interfund borrowing	-	-	(305,868)	-	-	-	-	(305,868)
Net cash provided (used) by noncapital financing activities	893,011	(5,548,086)	(3,897,225)	(440,344)	(2,049,090)	(50,000)	(550,707)	(11,642,441)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sale of assets	743	11,287	-	-	10,420	-	15,000	37,450
Proceeds from byproduct sales	-	-	1,029,002	-	341,470	-	-	1,370,472
Payments received on advances to other funds	-	-	-	-	518,000	-	-	518,000
Payments made for advances to other funds	-	-	(518,000)	-	-	-	-	(518,000)
Capital debt proceeds	-	-	-	-	-	7,810,000	-	7,810,000
Acquisition of capital assets	(8,769,636)	(299,411)	(14,640)	(71,528)	(5,368,627)	(1,052,665)	(106,865)	(15,683,372)
Debt service - principal	-	(3,855,885)	(159,086)	(99,901)	(1,695,974)	(1,328,976)	-	(7,139,822)
Debt service - interest & fees	(57,427)	(130,664)	(59,549)	(151,533)	(391,268)	(359,772)	-	(1,150,213)
Intergovernmental capital grants	6,236,949	-	-	-	-	-	-	6,236,949
Net cash provided (used) by capital and related financing activities	(2,589,371)	(4,274,673)	277,727	(322,962)	(6,585,979)	5,068,587	(91,865)	(8,518,536)
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment income (expense)	288,590	454	-	-	277	1,273	-	290,594
Investments redeemed	20,286,635	20,154,908	15,574,192	371,132	1,727,367	662,366	1,442,099	60,218,699
Investments (purchased)	(13,735,517)	(21,274,741)	(16,851,305)	(339,596)	-	(6,378,203)	(1,338,513)	(59,917,875)
Net cash provided (used) by investing activities	6,839,708	(1,119,379)	(1,277,113)	31,536	1,727,644	(5,714,564)	103,586	591,418
Net change in cash and cash equivalents	7,996,834	-	-	-	-	(1,236,308)	-	6,760,526
Cash and cash equivalents, January 1	-	50	50	-	300	5,833,079	50	5,833,529
Cash and cash equivalents, December 31	\$ 7,996,834	\$ 50	\$ 50	\$ -	\$ 300	\$ 4,596,771	\$ 50	\$ 12,594,055

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, 2017

	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)	\$ (341,143)	\$ 6,337,536	\$ (24,856)	\$ (3,860,740)	\$ 4,649,861	\$ (3,187,280)	\$ (1,344,371)	\$ 2,229,007
Adjustments to reconcile operating income to net cash provided by operating activities								
Depreciation	4,223,958	4,338,409	4,600,045	4,521,000	2,402,676	3,526,661	1,782,559	25,395,308
Change in assets and liabilities								
Accounts receivable	(106,621)	(16,807)	(39,888)	(1,788)	(6,579)	202,713	2,538	33,568
Specials receivable	-	-	-	-	-	-	(9,256)	(9,256)
Inventories	-	(136,636)	-	-	-	(9,168)	16,793	(129,011)
Prepaid expenses	(1,337)	(10,062)	76,840	(301)	(5,093)	(45,733)	(397)	13,917
Accounts payable	(870,354)	163,018	146,671	(9,586)	(381,061)	(139,202)	2,040	(1,088,474)
Retainage payable	(220,674)	-	-	-	-	(400,934)	-	(621,608)
Landfill closure accruals	-	-	-	-	80,466	-	-	80,466
Payroll payable	14,350	19,881	9,914	2,112	11,944	(10,608)	3,266	50,859
Vacation payable	15,996	49,301	8,930	7,388	14,466	33,563	(5,694)	123,950
Unearned revenue	-	-	-	-	-	(728,059)	-	(728,059)
Deposits	-	-	-	-	-	(1,045)	-	(1,045)
Net pension liability	139,311	197,498	118,955	73,685	140,745	218,761	91,508	980,463
Total adjustments	3,194,629	4,604,602	4,921,467	4,592,510	2,257,564	2,646,949	1,883,357	24,101,078
Net cash provided (used) by operating activities	\$ 2,853,486	\$ 10,942,138	\$ 4,896,611	\$ 731,770	\$ 6,907,425	\$ (540,331)	\$ 538,986	\$ 26,330,085
	-	-	-	-	-	-	-	-
Noncash transactions affecting financial position:								
Acquisition of / change in assets through capital contributions and donations	-	\$ 50,057,761	\$ 8,833,341	\$ 8,296,491	\$ -	\$ -	\$ 3,240,232	\$ 70,427,825
Acquisition of assets through acquisition of debt	-	\$ 5,489	\$ 38,496	\$ 279,883	\$ 4,581,536	\$ -	\$ -	\$ 4,905,404
Change in fair value of investments	-	\$ 1,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,308

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, 2017

	<u>Pension Trust</u>	<u>Agency</u>
ASSETS		
Cash	\$ 189,805	\$ -
Equity in pooled investments	<u>192,158</u>	<u>64,384,169</u>
Receivables:		
Accounts receivable	16,448	-
Special assessments	-	10,534,806
Intergovernmental	-	3,868,993
Interest	<u>55,498</u>	<u>-</u>
Total receivables	<u>71,946</u>	<u>14,403,799</u>
Investments, at fair value:		
Mutual funds	<u>106,157,031</u>	<u>-</u>
Total investments	<u>106,157,031</u>	<u>-</u>
Total assets	<u><u>\$ 106,610,940</u></u>	<u><u>\$ 78,787,968</u></u>
LIABILITIES		
Vouchers and benefits payable	\$ 32,320	\$ 314,792
Due to other governments	-	10,534,806
Deposits	<u>-</u>	<u>67,938,370</u>
Total liabilities	<u>\$ 32,320</u>	<u>\$ 78,787,968</u>
NET POSITION		
Held in trust for pension benefits	<u><u>\$ 106,578,620</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, 2017

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 4,942,602
Employee	<u>1,690,962</u>
Total contributions	<u>6,633,564</u>
Investment income	
Net appreciation in fair value of investments	15,022,680
Less investment expense	<u>(354,969)</u>
Net investment income (loss)	<u>14,667,711</u>
Total additions (deductions)	<u>21,301,275</u>
DEDUCTIONS	
Pension benefit payments	6,783,362
Member contribution refunds	312,791
Administrative expenses	<u>94,332</u>
Total deductions	<u>7,190,485</u>
Change in net position	14,110,790
Total net position - beginning	<u>92,467,830</u>
Total net position - ending	<u><u>\$ 106,578,620</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 body for governmental accounting and financial reporting. The City follows and implements all applicable GASB standards. Below are applicable statements, not yet required to be implemented.

The first statement issued but not yet implemented that will affect the City is statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (ARO's). This statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those ARO's. This statement will be implemented at the City in the year ended December 31, 2019.

The second statement issued but not yet implemented that will affect the City is statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity which meets the criteria outlined in this statement should be reported in a fiduciary fund in the basic financial statements. This statement also outlines and describes the types of fiduciary funds that should be reported. This statement will be implemented at the City in the year ended December 31, 2019.

The third statement issued by not yet implemented that will affect the City is statement No. 85, *Omnibus*. This statement addresses several accounting issues which include blended component units, goodwill, fair value measurement and application, and postemployment benefits among other items. This statement will be implemented at the City in the year ended December 31, 2018.

The fourth statement issued by not yet implemented that will affect the City is statement No. 86, *Certain Debt Extinguishment Issues*. This statement aims to improve consistency in reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement will be implemented at the City in the year ended December 31, 2018.

The fifth statement issued by not yet implemented that will affect the City is statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented at the City in the year ended December 31, 2020.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

B. REPORTING ENTITY

The City is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Additionally, the City is not included in any other governmental reporting entity.

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

Blended Component Unit

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

The government-wide, proprietary fund, and fiduciary pension trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Although agency funds have no measurement focus, they also use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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.

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

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

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

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

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

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

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

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds 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 funds. Five of the investment pools used by the City are managed by the PFM Financial Advisors Group.

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

2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by "nonspendable: fund balance in the applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

The City is permitted under provisions of the Home Rule Charter to levy taxes as needed for general governmental services and payment of principal and interest on long-term debt. The current Home Rule Charter maximum mill levy is sixty-four mills. Total mills levied for 2017 were fifty-three.

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

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

3. Inventories and Prepaid Items

Depending upon the nature of the item, inventories 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.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

4. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Resources have been set aside for capital repair and upkeep of the FargoDome, as directed by Section 3-1509 of the Municipal Code.

5. Capital Assets

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

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

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

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

6. Compensated Absences

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

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

7. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

8. Net Position/Fund Balance

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

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

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

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. An ordinance is the highest level of authority and requires another ordinance to modify or rescind.

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

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

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

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government – wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$738,799,184 difference are as follows:

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Bonds payable	\$ 518,924,000
Notes payable	179,727,693
Capital leases	221,267
December 31, 2017 long-term debt outstanding	<u>\$ 698,872,960</u>
Accrued interest payable	4,721,467
Bond premium	31,341,672
Accumulated unpaid vacation	3,863,775
Bond discount and bond insurance	(690)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 738,799,184</u></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 \$108,604,552 difference are as follows:

Capital Outlay	\$ 125,327,223
Plus: assets transferred in from enterprise funds	464,539
Plus: donated /contributed assets and gain/loss on asset trades	343,805
Plus: prior year construction in progress added as asset in current year	118,743
Capital asset increases per footnote 4.D	<u>\$ 126,254,310</u>
Less: assets transferred in from enterprise funds	(464,539)
Less: donated /contributed assets and gain/loss on asset trades	(343,805)
Less: prior year construction in progress added as asset in current year	(118,743)
Depreciation expense	<u>(16,722,671)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 108,604,552</u></u>

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 \$27,371,906 difference are as follows:

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Bonded debt issued	\$ (49,865,000)
Premium on bonded debt issued	(2,729,391)
Bonded debt principal payments	60,455,000
Capital lease proceeds	(42,700)
Capital lease payment	75,831
Loan proceeds	(90,656,881)
Loan payments	55,391,235
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (27,371,906)</u>

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 \$2,416,699 are as follows:

Compensated absences	\$ (170,327)
Accrued interest	418,828
Amortization of bond discounts and bond insurance	(33,572)
Amortization of bond premium	2,201,770
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,416,699</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 July to the City Commission. At that time, the City Commission makes any changes they deem necessary to this proposed budget.
2. The preliminary budget must be adopted by August 10.
3. Public hearings are conducted to obtain taxpayer comments prior to the final budget adoption.
4. The budget is legally enacted through the passage of a budget ordinance no later than October 7.

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5. Budgets are adopted for the general, special revenue, and debt service.
6. The legal level of budgetary control is at the fund level. The Finance Director may approve transfers of budgeted amounts between departments within a given fund. Any transfers of budgeted amounts and any revisions that alter the total expenditures of any fund must be approved by the City Commission.
7. Formal budgetary integration is employed as a management control device during the period for the general fund, special revenue funds and the debt service fund at the fund level. Any expenditures in excess of the current year's budget must be approved by the Finance Committee and the City Commission. Supplemental appropriations granted for the 2017 year include \$730,040 for the General Fund.
8. Appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of all funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Authority to complete year-end encumbrances for the general fund may be granted by amending the subsequent year's budget. General Fund Budget revisions approved for open encumbrances totaled \$1,744,397 for the year ended December 31, 2017.

B. EXCESS OF EXPENDITURES OVER BUDGET

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

Special Revenue Funds		
City Share of Specials	\$	47,892
Downtown Business Improvement District		30,199
Parking Authority		50,404
Community Development		23,901
NRI Loan Program		32,451

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

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C. NET POSITION/FUND BALANCE DEFICITS

Governmental Funds		
Special Revenue Funds		
Parking Authority	317,076	This deficit will be eliminated by future revenue growth from added facilities.
Baseball Stadium	1,124,272	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.
Capital Projects Funds		
Capital Projects Fund	11,233,291	This deficit will be eliminated by future bond financing and transfers from other funds.

D. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$73,154,714 of restricted net position, of which \$52,583,436 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 not covered by insurance or bonds. As of December 31, 2017, the carrying amount of the City's deposits was \$23,698,206 and the bank balance was \$32,848,146. 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, 2017, 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.

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

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

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

Interest Rate Risk

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

Credit Risk

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

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Investment Type	Credit Rating	Fair Value	Investment Maturities (in years)				
			Not Applicable	< 1	1 - 5	> 5 - 10	> 10
Corporate Bonds	AAA	\$ 15,638,723	\$ -	\$ 2,207,721	\$ 13,431,002	\$ -	\$ -
Corporate Bonds	AA1	1,495,831	-	-	1,495,831	-	-
Corporate Bonds	AA2	2,045,022	-	1,048,352	996,670	-	-
Corporate Bonds	AA3	1,980,357	-	1,242,119	738,238	-	-
Corporate Bonds	A1	7,585,468	-	1,124,573	6,460,895	-	-
Corporate Bonds	A2	9,033,716	-	1,299,912	7,733,804	-	-
Corporate Bonds	A3	3,473,168	-	-	3,473,168	-	-
Money Market Funds	AAAm	17,486,524	17,486,524	-	-	-	-
Money Market Funds	N/A	32,041,489	32,041,489	-	-	-	-
Municipal Bond	AA2	623,350	-	489,211	134,139	-	-
Municipal Bond	A1	354,453	-	-	354,453	-	-
U.S. Agencies	AAA	11,182,098	-	1,058,309	10,123,789	-	-
U.S. Agencies	NA	3,158,036	-	116,963	909,346	737,665	1,394,061
U.S. Treasury Note	AAA	55,582,870	-	6,456,975	49,125,895	-	-
U.S. Treasury Bill	N/A	16,964,140	-	16,964,140	-	-	-
Bond Mutual Funds	N/A	30,153,111	1,389,974	-	1,270,514	27,492,623	-
Certificate of Deposit	N/A	8,373,507	-	-	8,373,507	-	-
Corporate Commercial Paper	N/A	19,872,950	-	19,872,950	-	-	-
Equity Mutual Funds	N/A	76,003,920	76,003,920	-	-	-	-
External Investment Pool *	N/A	44,576,449	44,576,449	-	-	-	-
		<u>\$ 357,625,181</u>	<u>\$ 171,498,356</u>	<u>\$ 51,881,225</u>	<u>\$ 104,621,251</u>	<u>\$ 28,230,288</u>	<u>\$ 1,394,061</u>

* - The weighted average maturity of the portion of the external investment pool subject to maturity is 7.88 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 percent of the City's portfolio for any of the following types in total: commercial paper, corporate obligations or notes, bankers' acceptances, and negotiable CD's.

The City's investment policy also has limits on the following allowable deposits and investment; direct obligations of the state of North Dakota shall not exceed 5 percent of the City's portfolio, investments in money market funds rated "AAAm" by Standard & Poor's shall not exceed 25 percent of the City's portfolio, repurchase agreements shall not exceed 25 percent of the City's portfolio, and aggregate Asset-backed securities may not exceed 25% of the portfolio at the time of purchase. None of the established limits were exceeded as of December 31, 2017.

Fair Value

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

The following table presents the assets measure at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Investments				
U.S. Government and Agency Securities	\$ 86,887,144	\$ -	\$ -	\$ 86,887,144
Money Market Mutual Funds	49,528,013	-	-	49,528,013
Certificate of Deposit	8,373,507	-	-	8,373,507
Corporate Bonds	-	41,252,284	-	41,252,284
Municipal Bonds	-	977,803	-	977,803
Corporate Commercial Paper	-	19,872,950	-	19,872,950
Total Pooled Investments	<u>\$ 144,788,663</u>	<u>\$ 62,103,037</u>	<u>\$ -</u>	<u>\$ 206,891,700</u>
Pension Investments				
Bond Mutual Funds	\$ -	\$ 30,153,111	\$ -	\$ 30,153,111
Equity Mutual Funds	-	76,003,920	-	76,003,920
Total Pension Investments	<u>\$ -</u>	<u>\$ 106,157,031</u>	<u>\$ -</u>	<u>\$ 106,157,031</u>

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

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B. RECEIVABLES

Loans receivable as of December 31, 2017 were:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Community Development	0%	Due Upon Sale	\$ 128,219
Neighborhood Revitalization Initiative (NRI)	3%	8/1/21	8,267
Neighborhood Revitalization Initiative (NRI)	0%	Due Upon Sale	10,500
HUD HOME	0%	Non-Repayment	1,578,052
HUD HOME	0%	Due Upon Sale	490,000
Total loans receivable			<u>\$ 2,215,038</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, \$1,701,875 is considered in non-repayment status. These loans are forgiven upon certain criteria being met, usually relating to maintaining ownership for a certain number of years. However, if the given criteria are not met, payment is required.

C. TAX ABATEMENTS

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

As of December 31, 2017, the City of Fargo provided tax abatements in the form of property tax exemptions for certain new residential properties, improvements made to existing commercial and residential buildings, new and expanding businesses, tax increment financing, properties in the Renaissance Zone, and daycare facilities.

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

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

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

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

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

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

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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>	Amount of Taxes Abated during the 2017 Fiscal Year
Residential New Construction - School District #1	\$ 99,030
Residential New Construction - School District #6	113,668
Remodeling - Residential - School District #1	19,149
Remodeling - Commercial - School District #1	1,030
New Industry Exemption & Payment In Lieu - School District #1	356,126
New Industry Exemption & Payment In Lieu - School District #6	101,062
Tax Increment Financing - Commercial - School District #1	63,431
Traditional Tax Increment Financing	4,022,000
Renaissance Zone - Commercial - School District #1	52,816
Renaissance Zone - Residential - School District #1	11,550
Daycare, Fire Protection - Commercial - School District #1	17,343
Daycare, Fire Protection - Commercial - School District #6	19,759
	<u>\$ 4,876,964</u>

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D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 68,782,805	\$ 8,279,038	\$ 92,787	\$ 76,969,056
Right of Way	8,821,274	393,791	-	9,215,065
Construction in progress	19,068,021	24,331,613	118,743	43,280,891
Total capital assets, not being depreciated	96,672,100	33,004,442	211,530	129,465,012
Capital assets, being depreciated				
Buildings	83,079,189	266,832	708,742	82,637,279
Improvements other than buildings	1,179,842	15,442	-	1,195,284
Machinery and equipment	57,146,350	2,907,117	2,297,138	57,756,329
Infrastructure	379,559,964	89,523,374	72,595,708	396,487,630
Flood control	41,492,191	537,103	-	42,029,294
Total capital assets being depreciated	562,457,536	93,249,868	75,601,588	580,105,816
Less accumulated depreciation for:				
Buildings	32,984,616	1,998,909	524,058	34,459,467
Improvements other than buildings	525,608	58,784	-	584,392
Machinery and equipment	39,778,938	4,461,769	1,913,559	42,327,148
Infrastructure	145,305,891	9,818,442	2,154,018	152,970,315
Flood control	1,504,863	409,630	-	1,914,493
Total accumulated depreciation	220,099,916	16,747,534	4,591,635	232,255,815
Total capital assets, being depreciated, net	342,357,620	76,502,334	71,009,953	347,850,001
Governmental activities capital assets, net	\$ 439,029,720	\$ 109,506,776	\$ 71,221,483	\$ 477,315,013

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

Governmental activities:	
General government	\$ 701,319
Public safety	1,655,948
Public works	11,345,427
Public health & welfare	390,082
Recreation & culture	767,561
Urban development	70,546
Transportation	1,791,788
Total depreciation expense - governmental activities	\$ 16,722,671
Accumulated depreciation recorded through asset transfers from business-type activities	24,863
	\$ 16,747,534

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 41,017,386	\$ 103,064	\$ 439,676	\$ 40,680,774
Intangible - Right-of -way Easements	420,036	-	-	420,036
Construction in progress	107,286,647	60,082,267	41,977,876	125,391,038
Intangible - Water rights	500,000	-	-	500,000
Total capital assets, not being depreciated	149,224,069	60,185,331	42,417,552	166,991,848
Capital assets, being depreciated				
Buildings	208,842,416	2,579,022	-	211,421,438
Improvements other than buildings	30,331,447	6,605,965	64,351	36,873,061
Machinery and equipment	76,148,035	20,218,584	4,758,969	91,607,650
Infrastructure	589,753,233	43,470,132	804,889	632,418,476
Total capital assets being depreciated	905,075,131	72,873,703	5,628,209	972,320,625
Less accumulated depreciation for:				
Buildings	82,778,712	4,614,603	-	87,393,315
Improvements other than buildings	10,632,311	1,461,071	64,351	12,029,031
Machinery and equipment	50,997,798	6,154,630	4,638,211	52,514,217
Infrastructure	183,392,142	13,165,004	804,889	195,752,257
Total accumulated depreciation	327,800,963	25,395,308	5,507,451	347,688,820
Total capital assets, being depreciated, net	577,274,168	47,478,395	120,758	624,631,805
Business-type activities capital assets, net	\$ 726,498,237	\$ 107,663,726	\$ 42,538,310	\$ 791,623,653

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

Business-type activities:	
Airport	\$ 4,223,958
Water	4,338,409
Wastewater	4,600,045
Storm sewer	4,521,000
Vector control	5,310
Street lighting	1,651,999
Solid waste	2,402,676
Forestry	125,250
Fargodome	3,526,661
Total depreciation expense - business-type activities	<u>\$ 25,395,308</u>

E. COMMITMENTS

Construction

As of December 31, 2017, the City had commitments on various construction contracts totaling approximately \$48,386,305.

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 City of Fargo recently submitted and was granted approval on a permit modification through the North Dakota Department of Health. This modification allows a vertical expansion of Cells 1-17 and development of Cells 18-25. Cells 1-17 are in an area referred to as the West Landfill, Cells 18-25 are in on adjacent land that was a former landfill and is referred to as the East Landfill. The East Landfill will be reclaimed as it is developed, with existing waste being removed and placed within permit approved and constructed cells. The volume of existing waste in place has been included in the volume of waste in place.

The current landfill site design consists of Cells 1-25 on approximately 174 acres of land. The City has constructed all or portions of 18 cells to date, which vary in surface area from 4 to 10 acres. The cell depths range up to 35' below existing grade, varying based on their footprint location. Final elevations of cells range from 40' to 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 design capacity, final closure can be performed, which involves placement of 4' un-compacted clay-rich soils, in which 4" of yard waste compost is incorporated into the top 12" and 6" of topsoil.

Cells 1 through 14 are presently fully constructed and mostly filled. Cells 15 through 18 are fully constructed and partially filled. Based upon design capacity, the facility is 53.97% full (acres), and based upon present utilization rates; the remaining capacity is estimated at 20.49 years. The estimated liability for landfill closure and post closure care is \$5,248,668 as of December 31, 2017. Per the City's solid waste permit (SW-260), the City is allowed a maximum of 80 acres of open landfill area at any one time and is required to calculate closure cost based on having 80 acres of landfill to close. The estimated total current cost of landfill closure and post closure care is based upon the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2017. However, actual costs may be higher due to inflation, changes in technology, or landfill regulations.

The City is meeting closure and post closure obligations by applying a financial test as specified in North Dakota Administrative Code sections 33-20-14-02 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, 2017, the inter-fund advance balances are:

	Funds Advanced	Amount Repaid To-Date	Advance Balance December 31, 2017
General fund	\$ 2,298,802	\$ 1,204,105	\$ 1,094,697
Solid waste fund	1,200,000	1,146,770	53,230
Subtotal baseball advances	<u>\$ 3,498,802</u>	<u>\$ 2,350,875</u>	<u>\$ 1,147,927</u>
General fund - parking authority debt defeasance advance	<u>\$ 765,000</u>	<u>\$ 375,000</u>	<u>\$ 390,000</u>
Wastewater - Solid Waste equipment advance	<u>\$ 518,000</u>	<u>\$ -</u>	<u>\$ 518,000</u>
Total advances	<u><u>\$ 4,781,802</u></u>	<u><u>\$ 2,725,875</u></u>	<u><u>\$ 2,055,927</u></u>

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

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

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

CITY OF FARGO, NORTH DAKOTA
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Interfund Transfers:

	Transfer In:							
	Major Funds					Nonmajor Funds		Total
	General	Debt Service	Capital Projects	Water	Airport	Governmental	Enterprise	
Transfer Out:								
Major Funds:								
General	\$ -	\$ 1,559,288	\$ 1,185,818	\$ -	\$ 3,000	\$ 78,745	\$ -	\$ 2,826,851
Debt Service	1,450,000	-	6,922,388	-	-	34,069	-	8,406,457
Capital Projects	18,878	2,363,074	-	-	-	-	-	2,381,952
Airport	50,000	-	-	-	-	-	-	50,000
Water	4,751,254	-	796,832	-	-	-	-	5,548,086
Wastewater	2,338,000	-	923,357	-	-	-	330,000	3,591,357
Storm Sewer	331,000	-	109,344	-	-	-	-	440,344
Solid Waste	2,300,000	-	-	-	-	-	-	2,300,000
FargoDome	50,000	-	-	-	-	-	-	50,000
Nonmajor Funds:								
Governmental	-	735,635	747,599	-	-	36,043	-	1,519,277
Enterprise	489,000	-	446,665	-	-	-	-	935,665
Total	\$ 11,778,132	\$ 4,657,997	\$ 11,132,003	\$ -	\$ 3,000	\$ 148,857	\$ 330,000	\$ 28,049,989

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

G. LEASES

Operating Leases

The City leases building and office facilities under noncancellable operating leases. Total costs for such leases were \$1,086,953 for the year ended December 31, 2017. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2018	\$ 1,154,392
2019	1,109,212
2020	626,880
2021	595,611
2022	568,873
2023 - 2027	1,777,910
	<u>\$ 5,832,878</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
SOLID WASTE ENTERPRISE FUND	
Peterbilt with Sideloaders	\$ 46,153
Peterbilt with Sidewinder	46,198
Curbside Recycling Truck	32,527
Peterbilt 320 Chassis	90,156
Peterbilt 320 Chassis	90,156
International Refuse Box (2)	128,493
Wildcat Compost Turner	85,855
Caterpillar D8 Dozer	345,944
Caterpillar 826K	467,608
2017 Wheel Loader	151,500
WASTEWATER ENTERPRISE FUND	
Ford F450 Cab/Chassis	\$ 14,323
Rolloff Truck	51,987
Total Business-Type	\$ 1,550,899
GOVERNMENTAL	
Motor Grader	129,365
JD Motor Grader	63,862
2011 Volvo Grader	28,040
Total Governmental	\$ 221,267

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	\$ 563,091	\$ 3,518,818
Less: Accumulated depreciation	(144,613)	(1,358,304)
Total	\$ 418,478	\$ 2,160,514

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Future Minimum Payments under the above capital lease agreements at December 31, 2017 are shown below:

	Governmental Activities	Business-type Activities
2018	\$ 83,520	\$ 710,557
2019	148,678	622,615
2020	-	242,252
2021	-	32,253
2022	-	32,253
Total minimum lease payments	232,198	1,639,930
Less: amount representing interest	(10,930)	(89,032)
Present value of minimum lease payments	\$ 221,267	\$ 1,550,899

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 expired on June 30, 2017. The FargoDome executed a three-year lease with North Dakota State University as of July 1, 2017. The new lease addresses use of its facility and advertising revenue sharing. The lease allows NDSU a maximum of fifty days per lease year to rent the FargoDome at an annual rental rate paid over ten months. Rental income amounted to \$165,126 in 2017.

Locker Room Rental Agreement

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

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The asset leased to NDSU is as follows:

	<u>Business-type Activity</u>
Asset:	
Fargodome	\$ 58,677,604
Less: Accumulated depreciation	(32,902,628)
Total	<u>\$ 25,774,976</u>

Baseball Stadium Lease

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

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

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

CITY OF FARGO, NORTH DAKOTA
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The leased asset is as follows:

	Governmental Activity
Asset:	
Baseball stadium	\$ 5,266,692
Less: Accumulated depreciation	(2,462,471)
Total	<u>\$ 2,804,221</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:

2018	\$ 45,684
2019	45,684
2020	45,684
2021	45,684
2020	45,684
Thereafter	<u>205,578</u>
	<u>\$ 433,998</u>

**CITY OF FARGO, NORTH DAKOTA
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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, 2017:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Due within one year
GOVERNMENTAL ACTIVITIES					
Improvement bonds	\$ 415,715,000	\$ 49,865,000	\$ 56,245,000	\$ 409,335,000	\$ 15,335,000
General obligation bonds	37,910,000	-	930,000	36,980,000	1,465,000
Sales tax revenue bonds	75,889,000	-	3,280,000	72,609,000	3,394,000
Total Bonds Payable	529,514,000	49,865,000	60,455,000	518,924,000	20,194,000
State revolving fund notes	86,154,462	37,987,957	4,225,422	119,916,997	6,995,000
Direct bank loan	55,150,000	50,250,000	50,815,000	54,585,000	575,000
Tax increment revenue notes	3,157,582	2,418,926	350,812	5,225,696	-
Total Notes Payable	144,462,044	90,656,883	55,391,234	179,727,693	7,570,000
Capital leases	254,398	42,700	75,831	221,267	76,871
Total Debt	674,230,442	140,564,583	115,922,065	698,872,960	27,840,871
Accumulated unpaid vacation	3,693,448	3,863,775	3,693,448	3,863,775	3,863,775
Unamortized premium on refunding	30,814,050	2,729,392	2,201,770	31,341,672	1,813,263
Net pension liability	68,709,183	12,837,609	6,796,751	74,750,041	-
TOTAL	\$ 777,447,123	\$ 159,995,359	\$ 128,614,034	\$ 808,828,448	\$ 33,517,909
	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Due within one year
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 7,111,644	\$ -	\$ 4,118,012	\$ 2,993,632	\$ 280,889
Annual appropriation bonds	-	7,810,000	75,000	7,735,000	685,000
Unamortized premium on refunding	146,829	-	146,829	-	-
Total Bonds Payable	7,258,473	7,810,000	4,339,841	10,728,632	965,889
Notes Payable - Direct bank loans	3,900,000	-	590,747	3,309,253	595,302
Capital leases	3,379,814	151,500	1,980,416	1,550,898	662,411
Special assessments	8,269,708	4,766,107	346,682	12,689,133	582,870
Landfill closure/postclosure	5,168,202	80,466	-	5,248,668	-
Accumulated unpaid vacation	796,914	920,864	796,914	920,864	920,864
Net pension liability	11,322,058	6,199,941	2,599,662	14,922,337	-
TOTAL	\$ 40,095,169	\$ 19,928,878	\$ 10,654,262	\$ 49,369,785	\$ 3,727,336

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, 2017 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 H.

	Original Interest Rates	Original Issue Amounts	Balance Remaining
GOVERNMENTAL ACTIVITIES			
Improvement bonds			
(Special assessment debt)	0.80 - 6.00%	\$ 466,840,000	\$ 409,335,000
General obligation bonds	1.00 - 5.00%	38,745,000	36,980,000
Sales tax revenue bonds	2.00 - 5.00%	83,887,000	72,609,000
TOTAL		<u><u>\$ 589,472,000</u></u>	<u><u>\$ 518,924,000</u></u>
BUSINESS-TYPE ACTIVITIES			
Clean renewable energy bond	0.85%	\$ 1,500,000	\$ 400,000
Qualified Energy Conservation Bond	4.65%	2,875,000	2,593,632
Annual Appropriation	1.75 - 3.85%	7,810,000	7,735,000
TOTAL		<u><u>\$ 12,185,000</u></u>	<u><u>\$ 10,728,632</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, 2017, 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.

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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 \$6,295,560. Net sales tax revenue totaled \$13,303,870 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 \$190,606. Net general fund appropriations totaled \$190,606 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 \$3,940,800. Net water revenue totaled \$10,675,951 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 \$104,250. Net solid waste byproduct revenue totaled \$341,470 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 \$308,120. Net landfill tipping fee revenue totaled \$9,218,332 for the year.

Debt service maturities for these revenue bonds at December 31, 2017, are as follows:

Sales Tax			
Year	Principal	Interest	Total
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	3,982,000	2,311,915	6,293,915
2023-2027	22,734,000	8,736,305	31,470,305
2028-2032	27,870,000	3,604,160	31,474,160
2033-2037	3,640,000	72,800	3,712,800
Totals	<u>\$ 72,609,000</u>	<u>\$ 25,522,600</u>	<u>\$ 98,131,600</u>

Solid Waste			
Year	Principal	Interest	Total
2018	\$ 280,889	\$ 124,804	\$ 405,693
2019	283,812	115,111	398,923
2020	286,782	105,274	392,056
2021	289,801	95,291	385,092
2022	192,868	85,162	278,030
2023-2027	1,012,110	281,279	1,293,389
2028-2032	647,370	47,432	694,802
Totals	<u>\$ 2,993,632</u>	<u>\$ 854,353</u>	<u>\$ 3,847,985</u>

General Fund Appropriations			
Year	Principal	Interest	Total
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	1,715,000	997,630	2,712,630
2023-2027	9,690,000	3,876,415	13,566,415
2028-2032	10,675,000	2,416,424	13,091,424
2033-2037	8,670,000	563,035	9,233,035
Totals	<u>\$ 36,980,000</u>	<u>\$ 12,471,964</u>	<u>\$ 49,451,964</u>

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

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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, 2017, the statutory limit for the City was \$277,934,676 providing a debt margin of \$224,093,942. 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, 45th street corridor interceptor project, north side sewer service facility project, transmission lines south side system project, a water tower project, clarifier improvements to the wastewater system, a wastewater stabilization pond project and a water treatment plant. Future sales tax revenue has been pledged to repay these SRLF notes.

The City has issued eight 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.

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Details relative to the outstanding notes payable are shown below:

TYPE AND ISSUE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/17
GOVERNMENTAL ACTIVITIES				
SRLF Storm Sewer Project	9/1/2020	2.50%	\$ 1,816,295	\$ 330,000
SRLF Water Tower	9/1/2027	2.50%	2,270,000	1,475,000
SRLF North Side Sewer Service Facility Plan	9/1/2028	2.50%	1,630,000	1,095,000
SRLF 45th Street Corridor Interceptor System	9/1/2029	2.50%	63,725,000	44,712,109
SRLF Transmission Lines South Side System	9/1/2029	2.82%	14,110,422	6,915,000
SRLF Wastewater Clarifier Improvements	9/1/2029	0.50%	699,374	495,000
SRLF Wastewater Stabilization Ponds	9/1/2030	2.50%	4,071,140	2,950,000
SRLF Water Treatment Plant	9/1/2036	2.00%	98,000,000	61,944,888
TIF Revenue Notes	5/1/2038	5.00 - 6.00%	6,575,721	5,225,696
Direct Bank Loan - Fargo Cass Public Health Expansion and Relocation				
Project and Red River Regional Dispatch Center Project	5/1/2019	1.63% *	6,000,000	4,335,000
Direct Bank Loan - FM Diversion Financing	7/31/2019	1.40% *	100,000,000	50,250,000
TOTAL GOVERNMENTAL ACTIVITIES			\$ 298,897,952	\$ 179,727,693
BUSINESS-TYPE ACTIVITIES				
Direct Bank Loan - Baling Facility	12/1/2024	2.83% *	3,000,000	2,100,000
Direct Bank Loan - US Bank Lease Financing	7/15/2021	1.57%	1,500,000	1,209,253
TOTAL BUSINESS-TYPE ACTIVITIES			\$ 4,500,000	\$ 3,309,253
TOTAL NOTES PAYABLE			\$ 303,397,952	\$ 183,036,946
* Variable rate note. Rate reported is as of December 31, 2017.				

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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, 2017, are shown in the following table:

GOVERNMENTAL ACTIVITIES

	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 15,335,000	\$ 15,959,299	1,465,000	1,241,285
2019	18,315,000	14,986,499	1,520,000	1,186,120
2020	18,465,000	14,288,605	1,590,000	1,127,090
2021	18,675,000	13,266,118	1,655,000	1,063,965
2022	18,805,000	12,528,750	1,715,000	997,630
2023-2027	106,850,000	52,002,731	9,690,000	3,876,415
2028-2032	94,270,000	32,025,754	10,675,000	2,416,424
2033-2037	76,665,000	15,201,119	8,670,000	563,035
2038-2042	41,255,000	2,985,369	-	-
2043	700,000	11,813	-	-
	<u>\$ 409,335,000</u>	<u>\$ 173,256,057</u>	<u>\$ 36,980,000</u>	<u>\$ 12,471,964</u>
	Sales Tax Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 3,394,000	\$ 2,902,050	\$ 7,570,000	\$ 3,495,617
2019	3,519,000	2,774,065	61,146,816	2,976,604
2020	3,657,000	2,637,515	7,295,676	2,401,891
2021	3,813,000	2,483,790	7,369,325	2,225,285
2022	3,982,000	2,311,915	7,540,595	2,052,869
2023-2027	22,734,000	8,736,305	42,838,954	7,531,820
2028-2032	27,870,000	3,604,160	30,310,951	3,005,453
2033-2037	3,640,000	72,800	15,078,384	769,312
2038-2042	-	-	576,992	-
	<u>\$ 72,609,000</u>	<u>\$ 25,522,600</u>	<u>\$ 179,727,693</u>	<u>\$ 24,458,851</u>

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BUSINESS-TYPE ACTIVITIES

	Revenue Bonds		Annual Appropriation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 280,889	\$ 124,804	685,000	238,050
2019	283,812	115,111	700,000	224,830
2020	286,782	105,274	715,000	209,080
2021	289,801	95,291	735,000	190,490
2022	192,868	85,162	755,000	170,131
2023-2027	1,012,110	281,279	4,145,000	464,674
2028-2032	647,370	47,432	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
	<u>\$ 2,993,632</u>	<u>\$ 854,353</u>	<u>\$ 7,735,000</u>	<u>\$ 1,497,255</u>
	Special Assessments		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 582,870	\$ 448,338	\$ 595,302	\$ 66,611
2019	535,630	584,303	599,927	54,924
2020	517,930	557,793	604,626	43,163
2021	520,192	532,460	609,398	31,329
2022	537,664	506,890	300,000	19,421
2023-2027	2,926,218	2,120,005	600,000	17,655
2028-2032	2,989,306	1,368,277	-	-
2033-2037	2,493,708	698,534	-	-
2038-2042	1,585,615	190,532	-	-
	<u>\$ 12,689,133</u>	<u>\$ 7,007,132</u>	<u>\$ 3,309,253</u>	<u>\$ 233,103</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, 2017.

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/17
GOVERNMENTAL ACTIVITIES						
SPECIAL ASSESSMENT BONDS						
2014 Series D Refunding	Advance refunding of 2005 Series A	6/25/2014	5/1/2030	2.00 - 5.00	\$ 12,640,000	\$ 11,330,000
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
2008 Series E	Infrastructure system construction	12/19/2008	5/1/2033	4.00-6.00	26,285,000	19,755,000
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	2,650,000
2014 Series E Refunding	Current refunding of 2010 Series B	9/4/2014	5/1/2035	2.00 - 5.00	19,440,000	17,445,000
2010 Series C Refunding	Crossover refunding of 2002 Series A	5/25/2010	5/1/2027	3.00-5.00	8,250,000	6,005,000
2011 Series A	Infrastructure system construction	5/15/2011	5/1/2036	2.00-5.00	19,180,000	16,325,000
2011 Series C	Infrastructure system construction	12/15/2011	5/1/2037	2.00-4.00	20,965,000	18,320,000
2011 Series E Refunding	Crossover refunding of 2003 Series A	12/15/2011	5/1/2028	2.00-3.25	9,515,000	7,210,000
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	27,150,000
2013 Series C	Infrastructure system construction	9/12/2013	5/1/2039	2.00 - 4.60	16,705,000	14,110,000
2014 Series D	Infrastructure system construction	6/25/2014	5/1/2039	2.00 - 5.00	39,760,000	36,670,000
2014 Series F	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 5.00	40,445,000	38,110,000
2014 Series G	Infrastructure system construction	12/22/2014	5/1/2039	2.00 - 4.25	8,355,000	7,770,000
2015 Series A Refunding	Crossover refunding of Series 2006B and 2007B	2/25/2015	5/1/2031	2.00 - 5.00	18,250,000	17,780,000
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	33,925,000
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
2017 Series C	Infrastructure system construction	8/17/2017	5/1/2043	2.00 - 5.00	38,525,000	38,525,000
2017 Series D	Crossover refunding of Series 2013C	8/17/2017	5/1/2039	3.00 - 5.00	11,340,000	11,340,000
					<u>\$ 466,840,000</u>	<u>\$ 409,335,000</u>
GENERAL OBLIGATION BONDS						
2009 Series B	Fire station and fire truck	10/15/2009	5/1/2029	2.00 - 4.00	\$ 2,875,000	\$ 1,915,000
2015 Series E	Parking Ramp	12/7/2015	12/1/2035	1.00 - 3.85	10,230,000	9,800,000
2016 Series A	City Hall building	6/14/2016	7/1/2036	2.00 - 5.00	25,640,000	25,265,000
					<u>\$ 38,745,000</u>	<u>\$ 36,980,000</u>
SALES TAX INFRASTRUCTURE BONDS						
2013 Series A	Flood mitigation projects	3/27/2013	6/1/2033	3.00 - 4.00	\$ 51,375,000	\$ 43,980,000
2014 Series B	Flood mitigation projects	4/22/2014	6/1/2032	2.00 - 5.00	32,512,000	28,629,000
					<u>\$ 83,887,000</u>	<u>\$ 72,609,000</u>
TOTAL GOVERNMENTAL ACTIVITIES					<u>\$ 589,472,000</u>	<u>\$ 518,924,000</u>
BUSINESS-TYPE ACTIVITIES						
SOLID WASTE FUND						
Clean Renewable Energy Bond	Improvements to Landfill Gas Collection System	11/5/2007	12/15/2021	0.85	\$ 1,500,000	\$ 400,000
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	2,593,632
					<u>\$ 4,375,000</u>	<u>\$ 2,993,632</u>
FARGODOME BUILDING FUND						
Annual Appropriation Bonds of 2017	Fargodome video board upgrade	2/9/2017	11/1/2027	1.75 - 3.85	<u>\$ 7,810,000</u>	<u>\$ 7,735,000</u>
TOTAL BUSINESS-TYPE ACTIVITIES					<u>\$ 12,185,000</u>	<u>\$ 10,728,632</u>
TOTAL BONDED INDEBTEDNESS					<u>\$ 601,657,000</u>	<u>\$ 529,652,632</u>

In August 2017, the City of Fargo issued Refunding Improvement Refunding Bonds, Series 2017D to be used for crossover refunding the 2013C Refunding Improvement Bonds. The net proceeds and the City's equity contribution of \$800,000 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 \$2,257,309. The economic benefit, as measured by the present value savings of the refunding, is \$1,558,766.

A schedule of the refunding bonds and bonds to be called are as follows:

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<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
Refunding Improvement Refunding Bond, Series 2017D	\$ 11,340,000	3.52%	\$ 11,938,087	Refunding Improvement Bonds, Series 2013C	4.23%	5/1/2021	\$ 11,960,000

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:

	Deferred Inflows of Resources Unavailable	Liabilities Unearned	Total
Delinquent property taxes receivable	\$ 213,749	\$ -	\$ 213,749
Special assessments receivable	382,894,370	-	382,894,370
Grant resources held and grant items receivable	412,173	280,688	692,861
Loans/contracts/accounts receivable	3,550,502	3,104,929	6,655,431
Total unavailable revenue for governmental funds	<u>\$ 387,070,794</u>	<u>\$ 3,385,617</u>	<u>\$ 390,456,411</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, 2017, the number of Industrial Revenue Bonds outstanding and the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Fargo has a central repository. The only requirement for this type of issue is to request the amount needed for City approval, most times this amount is in excess of the actual amount issued. When completely paid or called they must notify the City of this event.

**CITY OF FARGO, NORTH DAKOTA
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K. FUND BALANCES

The City classified fund balances within the governmental funds as follows at December 31, 2017:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Advances to other funds	\$ 1,484,697	\$ -	\$ -	\$ -	\$ 1,484,697
Inventory	1,420,039	-	-	-	1,420,039
Prepaid Items	720,187	-	7,162	19,696	747,045
Property held for resale	15,000	-	-	-	15,000
Total Nonspendable	<u>3,639,923</u>	<u>-</u>	<u>7,162</u>	<u>19,696</u>	<u>3,666,781</u>
Restricted for:					
City Share of Specials	-	-	-	864,743	864,743
Community Development	-	-	-	75,730	75,730
Convention & Visitors Bureau	-	-	-	20,205	20,205
Court Forfeits	-	-	-	137,581	137,581
Debt Service	-	81,009,992	-	-	81,009,992
Downtown Business Improvement District	-	-	-	111,955	111,955
Fire	280,996	-	-	-	280,996
Health	929,807	-	-	-	929,807
Highway and streets	1,252,682	-	-	-	1,252,682
HUD Home Participating Jurisdiction	-	-	-	192,163	192,163
HUD Home Program	-	-	-	60,102	60,102
Neighborhood Stabilization	-	-	-	71,100	71,100
Noxious Weeds	-	-	-	49,346	49,346
NRI Loan Program	-	-	-	170,852	170,852
Parking Repair and Replacement	-	-	-	229,376	229,376
Planning and Development	333,292	-	-	-	333,292
Police	373,510	-	-	-	373,510
Regional Training Center	-	-	-	228,385	228,385
Skyway Maintenance	-	-	-	116,022	116,022
Total Restricted	<u>3,170,287</u>	<u>81,009,992</u>	<u>-</u>	<u>2,327,560</u>	<u>86,507,839</u>
Committed to:					
Revenue Stabilization	<u>1,405,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,405,918</u>
Assigned to:					
2018 Budget	<u>1,531,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,531,414</u>
Unassigned:	<u>28,099,032</u>	<u>-</u>	<u>(11,240,453)</u>	<u>(1,453,269)</u>	<u>15,405,310</u>
Total Fund Balances	<u>\$ 37,846,574</u>	<u>\$ 81,009,992</u>	<u>\$ (11,233,291)</u>	<u>\$ 893,987</u>	<u>\$ 108,517,262</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 December 31, 2017 (date of most recent actuarial study) is as follows:

Retirees and beneficiaries	232
Terminated vested and deferred beneficiaries	47
City active plan members	114
NDPERS active plan members	160

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, 2017, 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-2017 was applied to these base rates after 2006.

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

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

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

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

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

Schedule of Changes in Net Pension Liability

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

Changes in Net Pension Liability				
	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	
Balance at 1/1/2017	\$ 56,574,375	\$ 41,946,923	\$ 14,627,452	
Changes for the year:				
Service cost	469,907	-	469,907	
Interest	4,019,115	-	4,019,115	
Differences between expected and actual experience	409,699	-	409,699	
Changes of assumptions	(280,032)	-	(280,032)	
Contributions - City and Park District	-	2,035,460	(2,035,460)	
Contributions - pension benefit repayment	-	6,149	(6,149)	
Contributions - member	-	503,548	(503,548)	
Net investment income	-	6,769,009	(6,769,009)	
Benefit payments, including refund of member contributions	(3,216,427)	(3,216,427)	-	
Administrative expense	-	(55,719)	55,719	
Net changes	1,402,262	6,042,020	(4,639,758)	
Balance at 12/31/2017 Measurement Date	\$ 57,976,637	\$ 47,988,943	\$ 9,987,694	

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%)	\$ 64,135,725	\$ 47,988,943	\$ 16,146,782	\$ 14,414,232
Current Discount Rate (7.25%)	57,979,637	47,988,943	9,990,694	8,916,014
1% Increase in Discount Rate (8.25%)	52,739,253	47,988,943	4,750,310	4,240,602

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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, 2017, the City recognized pension expense of \$581,253. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
<u>Summary of Deferred Outflows (Inflows)</u>		
Difference between expected and actual experience	\$ 409,701	\$ 124,238
Change of assumptions and methods	72,821	961,587
Net difference between projected and actual investment earnings	-	1,514,510
Changes in proportion and differences between Employer contributions and proportionate share of contributions	65,258	94,515
Total	\$ 547,780	\$ 2,694,850

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>
2018	\$ (327,022)
2019	(327,023)
2020	(824,849)
2021	(668,176)
2022	-
Thereafter	-
	\$ (2,147,070)

Reserves The net position at December 31, 2017 is \$47,988,942 and the entire amount is reserved for employee pension benefits.

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

North Dakota Public Employee Retirement System Pension Plan

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

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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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

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

At December 31, 2017, the City reported a liability of \$46,812,999 for its proportionate share of the net pension liability. The net pension liability was measured as of 6/30/2017, 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 6/30/2017, the Employer's proportion was 2.912473 percent.

For the year ended 12/31/2017, the Employer recognized pension expense of \$5,368,054. At 12/31/2017, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 278,254	\$ 228,082
Changes of assumptions	19,196,488	1,055,849
Net difference between projected and actual earnings on pension plan investments	629,596	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,856,208	(1)
Employer contributions subsequent to the measurement date (see below)	<u>*1,295,346</u>	<u>0-</u>
Total	<u>*\$23,255,892</u>	<u>\$1,283,930</u>

\$1,295,346 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 12/31/2018.

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:

2018	\$ 4,551,094
2019	5,414,978
2020	4,758,514
2021	3,896,357
2022	2,055,673
Thereafter	0

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Actuarial assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increase (Payroll Growth)	For June, 30, 2017:	
	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36-40	7.50%
	41-49	6.00%
	50+	5.00%
	*Age-based salary increase rates apply for employees with three or more years of service	
Investment Rate of Return	7.75%, net of investment expense, including inflation.	

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.05%
International Equity	21%	6.70%
Private Equity	5%	10.20%
Domestic Fixed Income	17%	1.43%
International Fixed Income	5%	(.45)%
Global Real Assets	20%	5.16%
Cash Equivalents	1%	0.00%

Discount rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

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 6.44 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 (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Employer's proportionate share of the net pension liability	\$63,550,079	\$46,812,999	\$32,888,447

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

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

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.

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Membership on December 31, 2017, (date of most recent actuarial study) in the plan is as follows:

Retirees and beneficiaries currently receiving pension payments	117
Fully vested members contributing	83
Non vested members contributing	107
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 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, 2017, 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.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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-2017 was applied to these base rates after 2006.

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

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

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

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

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

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 1/1/2017	\$ 71,995,676	\$ 50,520,906	\$ 21,474,770
Changes for the year:			
Service cost	2,014,929	-	2,014,929
Interest	5,225,129	-	5,225,129
Differences between expected and actual experience	23,450	-	23,450
Changes of assumptions	(284,113)	-	(284,113)
Contributions - City and Pension Stability Fund	-	2,907,142	(2,907,142)
Contributions - member	-	1,181,265	(1,181,265)
Net investment income	-	7,898,700	(7,898,700)
Benefit payments, including refund of member contributions	(3,879,726)	(3,879,726)	-
Administrative expense	-	(38,609)	38,609
Net changes	3,099,669	8,068,772	(4,969,103)
Balance at 12/31/2017 Measurement Date	\$ 75,095,345	\$ 58,589,678	\$ 16,505,667

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%)	\$ 84,726,921	\$ 58,589,678	\$ 26,137,243
Current Discount Rate (7.25%)	75,095,345	58,589,678	16,505,667
1% Increase in Discount Rate (8.25%)	67,091,750	58,589,678	8,502,072

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

For the year ended December 31, 2017, the City recognized pension expense of \$2,615,098. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows	Inflows
Summary of Deferred Outflows (Inflows)		
Difference between expected and actual liability	\$ 983,656	\$ -
Change of assumptions and methods	1,005,646	675,608
Net difference between projected and actual investment earnings	-	1,831,562
Total	\$ 1,989,302	\$ 2,507,170

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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
2018	\$ 190,211
2019	190,212
2020	(535,799)
2021	(568,254)
2022	273,920
Thereafter	(68,158)
	<u>\$ (517,868)</u>

Reserves The net position at December 31, 2017 is \$58,589,678 and the entire amount is reserved for employee pension benefits.

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

Fargo Firefighters' Relief Association Retirement Plan

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

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

Membership on December 31, 2017, (date of most recent actuarial study) in the plan is as follows:

Active plan members	120
Deferred vested	3
Retirees, disabled, and beneficiaries	96

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.

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, 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-2017 was applied to these base rates after 2006.

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

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

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

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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

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

Schedule of Changes in Net Pension Liability

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

Changes in Net Pension Liability				
	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	
Balance at 1/1/2017	\$ 45,581,627	\$ 26,913,051	\$ 18,668,576	
Changes for the year:				
Service cost	1,065,668	-	1,065,668	
Interest	3,285,670	-	3,285,670	
Differences between expected and actual experience	2,074,434	-	2,074,434	
Changes of assumptions	(133,772)	-	(133,772)	
Contributions - City and Pension Stability Fund	-	2,139,153	(2,139,153)	
Contributions - member	-	779,473	(779,473)	
Net investment income	-	4,665,107	(4,665,107)	
Benefit payments, including refund of member contributions	(2,655,413)	(2,655,413)	-	
Administrative expense	-	(60,855)	60,855	
Net changes	3,636,587	4,867,465	(1,230,878)	
Balance at 12/31/2017 Measurement Date	\$ 49,218,214	\$ 31,780,516	\$ 17,437,698	

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:

CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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%)	\$ 55,629,888	\$ 31,780,516	\$ 23,849,372
Current Discount Rate (7.25%)	49,218,214	31,780,516	17,437,698
1% Increase in Discount Rate (8.25%)	43,885,246	31,780,516	12,104,730

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

For the year ended December 31, 2017, the City recognized pension expense of \$2,006,658. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows	Inflows
<u>Summary of Deferred Outflows (Inflows)</u>		
Difference between expected and actual liability	\$ 2,949,684	\$ -
Change of assumptions and methods	503,347	519,268
Net difference between projected and actual investment earnings	-	1,336,156
Total	\$ 3,453,031	\$ 1,855,424

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
2018	\$ 329,687
2019	329,686
2020	(55,827)
2021	(75,926)
2022	465,944
Thereafter	604,043
	\$ 1,597,607

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

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**CITY OF FARGO, NORTH DAKOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2017**

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ASSETS			
Cash	\$ 102,283	\$ 87,522	\$ 189,805
Equity in pooled investments	179,620	12,538	192,158
Receivables:			
Accounts receivable	11,464	4,984	16,448
Interest	102	55,396	55,498
Total receivables	11,566	60,380	71,946
Investments, at fair value:			
Mutual funds	47,724,743	58,432,288	106,157,031
Total investments	47,724,743	58,432,288	106,157,031
Total assets	<u>\$ 48,018,212</u>	<u>\$ 58,592,728</u>	<u>\$ 106,610,940</u>
LIABILITIES			
Vouchers and benefits payable	<u>\$ 29,270</u>	<u>\$ 3,050</u>	<u>\$ 32,320</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 47,988,942</u>	<u>\$ 58,589,678</u>	<u>\$ 106,578,620</u>

**CITY OF FARGO, NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**CITY OF FARGO, NORTH DAKOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2017**

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ADDITIONS			
Contributions			
Employer	\$ 1,809,129	\$ 2,907,142	\$ 4,716,271
Employer (Fargo Park District)	226,331	-	226,331
Employee	426,315	1,181,265	1,607,580
Employee (Fargo Park District)	83,382	-	83,382
Total contributions	<u>2,545,157</u>	<u>4,088,407</u>	<u>6,633,564</u>
Investment income			
Net appreciation in fair value of investments, and interest and dividends	6,922,556	8,100,124	15,022,680
Less investment expense	<u>(153,546)</u>	<u>(201,423)</u>	<u>(354,969)</u>
Net investment income (loss)	<u>6,769,010</u>	<u>7,898,701</u>	<u>14,667,711</u>
Total additions (deductions)	<u>9,314,167</u>	<u>11,987,108</u>	<u>21,301,275</u>
DEDUCTIONS			
Pension benefit payments	3,094,911	3,688,451	6,783,362
Member contribution refunds	121,516	191,275	312,791
Administrative expenses	<u>55,722</u>	<u>38,610</u>	<u>94,332</u>
Total deductions	<u>3,272,149</u>	<u>3,918,336</u>	<u>7,190,485</u>
Change in net position	6,042,018	8,068,772	14,110,790
Total net position - beginning	<u>41,946,924</u>	<u>50,520,906</u>	<u>92,467,830</u>
Total net position - ending	<u>\$ 47,988,942</u>	<u>\$ 58,589,678</u>	<u>\$ 106,578,620</u>

Related Party Investments

During 2017 and as of December 31, 2017 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.

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY EMPLOYEES' PENSION PLAN

City of Fargo Employees' Pension Plan Schedule of Change in Net Pension Liability				
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 469,907	\$ 487,463	\$ 529,173	\$ 557,997
Interest	4,019,115	4,000,397	4,014,233	3,646,552
Differences between expected and actual experience	409,699	232,443	(297,322)	138,298
Changes in assumptions and methods	(280,032)	(1,434,752)	174,274	3,112,904
Benefit payments, including refunds of member contributions	(3,216,427)	(2,803,193)	(2,644,555)	(2,404,469)
Net change in total pension liability	1,402,262	482,358	1,775,803	5,051,282
Total Pension Liability - beginning of year	56,574,375	56,092,017	54,316,214	49,264,932
Total Pension Liability - end of year (a)	<u>\$ 57,976,637</u>	<u>\$ 56,574,375</u>	<u>\$ 56,092,017</u>	<u>\$ 54,316,214</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,035,460	\$ 1,955,478	\$ 1,946,591	\$ 1,782,708
Contributions - member	503,548	564,107	596,282	626,300
Net investment income	6,769,009	2,590,225	122,865	2,220,334
Benefit payments, including member contribution refunds	(3,216,427)	(2,803,193)	(2,644,555)	(2,404,469)
Administrative expense	(55,719)	(50,264)	(43,830)	(48,178)
Other changes	6,149	4,209	-	-
Net change in plan fiduciary net position	6,042,020	2,260,562	(22,647)	2,176,695
Plan fiduciary net position - beginning of year	41,946,923	39,686,361	39,709,008	37,532,313
Plan fiduciary net position - end of year (b)	<u>\$ 47,988,943</u>	<u>\$ 41,946,923</u>	<u>\$ 39,686,361</u>	<u>\$ 39,709,008</u>
Net Pension Liability - end of year (a) - (b)	\$ 9,987,694	\$ 14,627,452	\$ 16,405,656	\$ 14,607,206

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

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

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

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

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>
2017	89.27%	\$ 8,916,014	\$ 19,132,995	46.60%	82.77%
2016	89.96%	\$ 13,158,856	\$ 19,189,598	68.57%	74.14%
2015	89.44%	\$ 14,673,219	\$ 20,056,043	73.16%	70.75%

City of Fargo Employees' Pension Plan Schedule of Employer Contributions - City of Fargo's Proportionate Share					
<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in relation to the required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 2,019,399	\$ (1,809,129)	\$ 210,270	\$ 19,132,995	9.46%
2016	\$ 2,091,436	\$ (1,770,290)	\$ 321,146	\$ 19,189,598	9.23%
2015	\$ 1,771,591	\$ (1,792,333)	\$ (20,742)	\$ 20,056,043	8.94%

NORTH DAKOTA PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN

Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System			
	As of measurement date of		
	6/30/2017	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	2.912473%	2.742572%	2.611792%
Employer's proportionate share of the net pension liability	\$ 46,812,999	\$ 26,729,038	\$ 17,759,740
Employer's covered-employee payroll	\$ 29,731,782	\$ 27,638,652	\$ 23,267,898
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%

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

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

POLICE PENSION PLAN

City of Fargo Police Pension Plan Schedule of Change in Net Pension Liability				
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 2,014,929	\$ 1,894,349	\$ 1,655,230	\$ 1,463,698
Interest	5,225,129	4,995,916	4,750,232	4,417,408
Differences between expected and actual experience	23,450	586,409	838,127	519,099
Changes in assumptions and methods	(284,113)	(568,315)	1,610,242	986,369
Benefit payments, including refunds of member contributions	(3,879,726)	(3,855,050)	(3,185,308)	(3,095,609)
Net change in total pension liability	3,099,669	3,053,309	5,668,523	4,290,965
Total Pension Liability - beginning of year	71,995,676	68,942,367	63,273,844	58,982,879
Total Pension Liability - end of year (a)	<u>\$ 75,095,345</u>	<u>\$ 71,995,676</u>	<u>\$ 68,942,367</u>	<u>\$ 63,273,844</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,907,142	\$ 2,599,313	\$ 2,338,069	\$ 2,516,258
Contributions - member	1,181,265	1,119,749	1,052,344	997,513
Net investment income	7,898,700	3,264,292	(75,555)	2,636,103
Benefit payments, including member contribution refunds	(3,879,726)	(3,855,050)	(3,185,308)	(3,095,609)
Administrative expense	(38,609)	(35,889)	(35,797)	(38,021)
Other changes	-	26,185	-	-
Net change in plan fiduciary net position	8,068,772	3,118,600	93,753	3,016,244
Plan fiduciary net position - beginning of year	50,520,906	47,402,306	47,308,553	44,292,309
Plan fiduciary net position - end of year (b)	<u>\$ 58,589,678</u>	<u>\$ 50,520,906</u>	<u>\$ 47,402,306</u>	<u>\$ 47,308,553</u>
Net Pension Liability - end of year (a) - (b)	\$ 16,505,667	\$ 21,474,770	\$ 21,540,061	\$ 15,965,291
FNP as a percentage of the TPL	78.02%	70.17%	68.76%	74.77%
Covered Employee Payroll	\$ 11,604,167	\$ 10,882,568	\$ 10,312,350	\$ 10,050,543
Net Pension Liability as a Percentage of Covered Employee Payroll	142.24%	197.33%	208.88%	158.85%

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

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

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

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

	2017	2016	2015	2014
Payroll	\$ 11,604,167	\$ 10,882,568	\$ 10,312,350	\$ 10,050,543
Contributions as a percent of payroll	25.1%	23.89%	22.67%	25.04%
Net pension liability as a percent of payroll	142.2%	197.33%	208.90%	158.85%

FARGO FIREFIGHTERS' RELIEF ASSOCIATION RETIREMENT PLAN

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

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 1,065,668	\$ 1,033,817	\$ 942,970	\$ 882,740
Interest	3,285,670	3,107,060	3,020,513	2,656,719
Differences between expected and actual experience	2,074,434	1,380,692	164,724	(114,152)
Changes in assumptions and methods	(133,772)	(537,815)	783,502	3,642,866
Benefit payments, including refunds of member contributions	(2,655,413)	(2,448,614)	(2,391,530)	(2,164,096)
Net change in total pension liability	3,636,587	2,535,140	2,520,179	4,904,077
Total Pension Liability - beginning of year	45,581,627	43,046,487	40,526,308	35,622,231
Total Pension Liability - end of year (a)	<u>\$ 49,218,214</u>	<u>\$ 45,581,627</u>	<u>\$ 43,046,487</u>	<u>\$ 40,526,308</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,139,153	\$ 1,916,012	\$ 1,889,722	\$ 1,661,219
Contributions - member	779,473	769,780	744,739	723,023
Net investment income	4,665,107	1,711,824	(54,881)	1,417,654
Benefit payments, including member contribution refunds	(2,655,413)	(2,448,614)	(2,391,530)	(2,164,096)
Administrative expense	(60,855)	(45,295)	(52,707)	(64,290)
Net change in plan fiduciary net position	4,867,465	1,903,707	135,343	1,573,510
Plan fiduciary net position - beginning of year	26,913,051	25,009,344	24,874,001	23,300,491
Plan fiduciary net position - end of year (b)	<u>\$ 31,780,516</u>	<u>\$ 26,913,051</u>	<u>\$ 25,009,344</u>	<u>\$ 24,874,001</u>
Net Pension Liability - end of year (a) - (b)	\$ 17,437,698	\$ 18,668,576	\$ 18,037,143	\$ 15,652,307
FNP as a percentage of the TPL	64.57%	59.04%	58.10%	61.38%
Covered Employee Payroll	\$ 7,487,808	\$ 7,362,577	\$ 7,129,995	\$ 6,813,000
Net Pension Liability as a Percentage of Covered Employee Payroll	232.88%	253.56%	252.98%	229.74%

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

	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ 2,466,528	\$ 2,312,759	\$ 1,995,062	\$ 1,542,399
Contributions in relation to the ADC	2,139,153	1,916,012	1,889,722	1,661,219
Contribution deficiency (excess)	<u>\$ 327,375</u>	<u>\$ 396,747</u>	<u>\$ 105,340</u>	<u>\$ (118,820)</u>

**CITY OF FARGO, NORTH DAKOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

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

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	17.3%	6.8%	-0.2%	6.0%

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

	2017	2016	2015	2014
Payroll	\$ 7,487,808	\$ 7,362,577	\$ 7,129,995	\$ 6,813,000
Contributions as a percent of payroll	28.6%	26.0%	26.5%	24.4%
Net pension liability as a percent of payroll	232.88%	253.56%	252.98%	229.74%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The City of Fargo utilizes sixteen special revenue funds.

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

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

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, 2017

	Special Revenue						
	City Share of Specials	Noxious Weeds	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Authority
ASSETS							
Equity in pooled investments	\$ 1,106,192	\$ 49,355	\$ 24,904	\$ 17,322	\$ 183,277	\$ 224,028	\$ 30,657
Receivables (net of allowance for uncollectibles):							
Taxes	4,931	1	-	-	-	-	-
Accounts	-	-	-	169,981	-	8,825	85,745
Special assessments	-	-	1,009,278	-	-	-	8,598
Intergovernmental	-	-	-	-	1,196	-	-
Due from other funds	70,061	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	223	11,921
Loans	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	71,100	-	-
Total assets	<u>\$ 1,181,184</u>	<u>\$ 49,356</u>	<u>\$ 1,034,182</u>	<u>\$ 187,303</u>	<u>\$ 255,573</u>	<u>\$ 233,076</u>	<u>\$ 136,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Vouchers payable	\$ -	\$ 10	\$ 3,456	\$ 166,078	\$ 184,062	\$ 4,468	\$ 8,978
Advances from other funds	-	-	-	-	-	-	390,000
Due to other funds	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	3,301
Special assessments payable	312,766	-	-	1,020	411	-	43,120
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>312,766</u>	<u>10</u>	<u>3,456</u>	<u>167,098</u>	<u>184,473</u>	<u>4,468</u>	<u>445,399</u>
Deferred inflows of resources							
Unavailable revenue	<u>3,675</u>	<u>-</u>	<u>918,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,598</u>
Fund balances							
Nonspendable	-	-	-	-	-	223	11,921
Restricted	864,743	49,346	111,955	20,205	71,100	228,385	-
Unassigned	-	-	-	-	-	-	(328,997)
Total fund balances	<u>864,743</u>	<u>49,346</u>	<u>111,955</u>	<u>20,205</u>	<u>71,100</u>	<u>228,608</u>	<u>(317,076)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,181,184</u>	<u>\$ 49,356</u>	<u>\$ 1,034,182</u>	<u>\$ 187,303</u>	<u>\$ 255,573</u>	<u>\$ 233,076</u>	<u>\$ 136,921</u>

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2017

	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	\$ 229,376	\$ -	\$ -	\$ 175,938	\$ 60,102	\$ 183,685	\$ 144,336
Receivables (net of allowance for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	1,040	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	92,904	32,179	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Loans	-	-	128,219	1,884,431	183,621	18,767	-
Property held for resale	-	-	65,092	-	-	22,174	-
Total assets	<u>\$ 229,376</u>	<u>\$ -</u>	<u>\$ 286,215</u>	<u>\$ 2,092,548</u>	<u>\$ 243,723</u>	<u>\$ 225,666</u>	<u>\$ 144,336</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Vouchers payable	\$ -	\$ -	\$ 5,979	\$ 5,248	\$ -	\$ 33,924	\$ 6,755
Advances from other funds	-	-	-	-	-	-	-
Due to other funds	-	-	70,061	-	-	-	-
Accrued payroll	-	-	6,226	2,042	-	656	-
Special assessments payable	-	-	-	-	-	1,467	-
Unearned revenue	-	-	128,219	1,448,770	124,886	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>210,485</u>	<u>1,456,060</u>	<u>124,886</u>	<u>36,047</u>	<u>6,755</u>
Deferred inflows of resources							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,325</u>	<u>58,735</u>	<u>18,767</u>	<u>-</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	229,376	-	75,730	192,163	60,102	170,852	137,581
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>229,376</u>	<u>-</u>	<u>75,730</u>	<u>192,163</u>	<u>60,102</u>	<u>170,852</u>	<u>137,581</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 229,376</u>	<u>\$ -</u>	<u>\$ 286,215</u>	<u>\$ 2,092,548</u>	<u>\$ 243,723</u>	<u>\$ 225,666</u>	<u>\$ 144,336</u>

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2017

	Special Revenue		
	Skyway Maintenance	Baseball Stadium	Total
ASSETS			
Equity in pooled investments	\$ 106,215	\$ 21,028	\$ 2,556,415
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	4,932
Accounts	-	2,627	268,218
Special assessments	79,790	-	1,097,666
Intergovernmental	-	-	126,279
Due from other funds	-	-	70,061
Prepaid expenditures	7,552	-	19,696
Loans	-	-	2,215,038
Property held for resale	-	-	158,366
Total assets	<u>\$ 193,557</u>	<u>\$ 23,655</u>	<u>\$ 6,516,671</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Vouchers payable	\$ 14,088	\$ -	\$ 433,046
Advances from other funds	-	1,147,927	1,537,927
Due to other funds	-	-	70,061
Accrued payroll	-	-	12,225
Special assessments payable	-	-	358,784
Unearned revenue	-	-	1,701,875
Total liabilities	<u>14,088</u>	<u>1,147,927</u>	<u>4,113,918</u>
Deferred inflows of resources			
Unavailable revenue	<u>55,895</u>	<u>-</u>	<u>1,508,766</u>
Fund balances			
Nonspendable	7,552	-	19,696
Restricted	116,022	-	2,327,560
Unassigned	-	(1,124,272)	(1,453,269)
Total fund balances	<u>123,574</u>	<u>(1,124,272)</u>	<u>893,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 193,557</u>	<u>\$ 23,655</u>	<u>\$ 6,516,671</u>

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue						
	City Share of Specials	Noxious Weed	Downtown Business Improvement District	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center	Parking Authority
REVENUES							
Taxes	\$ 516,743	\$ 51	\$ -	\$ 2,286,414	\$ -	\$ -	\$ -
Special assessments	-	-	247,053	-	-	-	-
Intergovernmental revenues	-	-	-	-	30,077	52,999	-
Charges for services	-	-	-	-	-	-	1,664,813
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	6,213	167,462	20,762	3,626
Total revenues	<u>516,743</u>	<u>51</u>	<u>247,053</u>	<u>2,292,627</u>	<u>197,539</u>	<u>73,761</u>	<u>1,668,439</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	59,693	-
Public works	349,892	-	-	-	-	-	-
Public health & welfare	-	25,156	-	-	-	-	-
Recreation & culture	-	-	250,199	2,302,031	-	-	-
Urban redevelopment	-	-	-	-	271,350	-	-
Public transportation	-	-	-	-	-	-	903,769
Capital outlay	-	14,750	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	<u>349,892</u>	<u>39,906</u>	<u>250,199</u>	<u>2,302,031</u>	<u>271,350</u>	<u>59,693</u>	<u>903,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>166,851</u>	<u>(39,855)</u>	<u>(3,146)</u>	<u>(9,404)</u>	<u>(73,811)</u>	<u>14,068</u>	<u>764,670</u>
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	-	-	45,200	-	-	33,545	-
Special revenue funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Transfers out							
Special revenue funds	-	-	-	-	-	-	(36,000)
Debt service	-	-	-	-	-	-	(735,635)
Capital projects	(7)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(7)</u>	<u>-</u>	<u>45,200</u>	<u>-</u>	<u>-</u>	<u>33,545</u>	<u>(771,635)</u>
Net change in fund balances	166,844	(39,855)	42,054	(9,404)	(73,811)	47,613	(6,965)
Fund balance (deficit) - beginning of year	697,899	89,201	69,901	29,609	144,911	180,995	(310,111)
Fund balance (deficit) - end of year	<u>\$ 864,743</u>	<u>\$ 49,346</u>	<u>\$ 111,955</u>	<u>\$ 20,205</u>	<u>\$ 71,100</u>	<u>\$ 228,608</u>	<u>\$ (317,076)</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, 2017

	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	-	-	688,423	277,788	-	-	-
Charges for services	-	-	-	-	-	19,200	-
Fines and forfeits	-	-	-	-	-	-	86,915
Investment income	-	-	11	1,031	-	1,345	-
Miscellaneous revenues	-	-	573	208,656	8,244	23,288	13,533
Total revenues	-	-	689,007	487,475	8,244	43,833	100,448
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	89,428
Public works	-	-	-	-	-	-	-
Public health & welfare	-	-	20,445	-	-	-	-
Recreation & culture	-	-	-	-	-	-	-
Urban redevelopment	-	-	846,434	402,733	600	53,451	-
Public transportation	4,221	-	-	-	-	-	-
Capital outlay	61,282	-	-	-	-	-	24,425
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	65,503	-	866,879	402,733	600	53,451	113,853
Excess (deficiency) of revenues over (under) expenditures	(65,503)	-	(177,872)	84,742	7,644	(9,618)	(13,405)
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	-	-	-	-	-	-	-
Special revenue funds	36,000	-	43	-	-	-	-
Debt service	-	-	-	-	-	34,069	-
Transfers out							
Special revenue funds	-	-	-	-	-	(43)	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	(747,592)	-	-	-	-	-
Total other financing sources (uses)	36,000	(747,592)	43	-	-	34,026	-
Net change in fund balances	(29,503)	(747,592)	(177,829)	84,742	7,644	24,408	(13,405)
Fund balance (deficit) - beginning of year	258,879	747,592	253,559	107,421	52,458	146,444	150,986
Fund balance (deficit) - end of year	\$ 229,376	\$ -	\$ 75,730	\$ 192,163	\$ 60,102	\$ 170,852	\$ 137,581

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended December 31, 2017

	Special Revenue		
	Skyway Maintenance	Baseball Stadium	Total
REVENUES			
Taxes	\$ -	\$ -	\$ 2,803,208
Special assessments	102,656	-	349,709
Intergovernmental revenues	-	-	1,049,287
Charges for services	-	200,001	1,884,014
Fines and forfeits	-	-	86,915
Investment income	-	-	2,387
Miscellaneous revenues	-	-	452,357
Total revenues	102,656	200,001	6,627,877
EXPENDITURES			
Current:			
Public safety	-	-	149,121
Public works	-	-	349,892
Public health & welfare	-	-	45,601
Recreation & culture	92,201	134,900	2,779,331
Urban redevelopment	-	-	1,574,568
Public transportation	-	-	907,990
Capital outlay	-	-	100,457
Total expenditures	92,201	134,900	5,906,960
Excess (deficiency) of revenues over (under) expenditures	10,455	65,101	720,917
OTHER FINANCING SOURCES (USES)			
Transfers in			
General fund	-	-	78,745
Special revenue funds	-	-	36,043
Debt service	-	-	34,069
Transfers out			
Special revenue funds	-	-	(36,043)
Debt service	-	-	(735,635)
Capital projects	-	-	(747,599)
Total other financing sources (uses)	-	-	(1,370,420)
Net change in fund balances	10,455	65,101	(649,503)
Fund balance (deficit) - beginning of year	113,119	(1,189,373)	1,543,490
Fund balance (deficit) - end of year	\$ 123,574	\$ (1,124,272)	\$ 893,987

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, 2017

	City Share of Specials				Noxious Weeds			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 517,000	\$ 517,000	\$ 516,743	\$ (257)	\$ -	\$ -	\$ 51	\$ 51
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Total revenues	517,000	517,000	516,743	(257)	-	-	51	51
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	302,000	302,000	349,892	(47,892)	-	-	-	-
Public health and welfare	-	-	-	-	50,000	35,250	25,156	10,094
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	14,750	14,750	-
Total expenditures	302,000	302,000	349,892	(47,892)	50,000	50,000	39,906	10,094
Excess (deficiency) of revenues over (under) expenditures	215,000	215,000	166,851	(48,149)	(50,000)	(50,000)	(39,855)	10,145
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	(198,000)	(198,000)	(7)	197,993	-	-	-	-
Total other financing sources (uses)	(198,000)	(198,000)	(7)	197,993	-	-	-	-
Net change in fund balances	17,000	17,000	166,844	149,844	(50,000)	(50,000)	(39,855)	10,145
Fund balance (deficit) - beginning of year	697,899	697,899	697,899	-	89,201	89,201	89,201	-
Fund balance (deficit) - end of year	\$ 714,899	\$ 714,899	\$ 864,743	\$ 149,844	\$ 39,201	\$ 39,201	\$ 49,346	\$ 10,145

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, 2017

	Downtown Business Improvement District				Convention & Visitors Bureau			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,906,905	\$ 2,400,000	\$ 2,286,414	\$ (113,586)
Special assessments	194,000	194,000	247,053	53,053	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	493,095	-	6,213	6,213
Total revenues	194,000	194,000	247,053	53,053	2,400,000	2,400,000	2,292,627	(107,373)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	220,000	220,000	250,199	(30,199)	2,400,000	2,400,000	2,302,031	97,969
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	220,000	220,000	250,199	(30,199)	2,400,000	2,400,000	2,302,031	97,969
Excess (deficiency) of revenues over (under) expenditures	(26,000)	(26,000)	(3,146)	22,854	-	-	(9,404)	(9,404)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	45,200	45,200	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	45,200	45,200	-	-	-	-
Net change in fund balances	(26,000)	(26,000)	42,054	68,054	-	-	(9,404)	(9,404)
Fund balance (deficit) - beginning of year	69,901	69,901	69,901	-	29,609	29,609	29,609	-
Fund balance (deficit) - end of year	\$ 43,901	\$ 43,901	\$ 111,955	\$ 68,054	\$ 29,609	\$ 29,609	\$ 20,205	\$ (9,404)

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, 2017

	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	419,000	219,000	30,077	(188,923)	40,999	40,999	52,999	12,000
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	200,000	167,462	(32,538)	25,456	25,456	20,762	(4,694)
Total revenues	419,000	419,000	197,539	(221,461)	66,455	66,455	73,761	7,306
EXPENDITURES								
Current:								
Public safety	-	-	-	-	80,000	80,000	59,693	20,307
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	419,000	419,000	271,350	147,650	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	419,000	419,000	271,350	147,650	80,000	80,000	59,693	20,307
Excess (deficiency) of revenues over (under) expenditures	-	-	(73,811)	(73,811)	(13,545)	(13,545)	14,068	27,613
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	33,545	33,545	33,545	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	(10,000)	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	23,545	33,545	33,545	-
Net change in fund balances	-	-	(73,811)	(73,811)	10,000	20,000	47,613	27,613
Fund balance (deficit) - beginning of year	144,911	144,911	144,911	-	180,995	180,995	180,995	-
Fund balance (deficit) - end of year	\$ 144,911	\$ 144,911	\$ 71,100	\$ (73,811)	\$ 190,995	\$ 200,995	\$ 228,608	\$ 27,613

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, 2017

	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	1,711,000	1,841,000	1,664,813	(176,187)	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	3,626	3,626	-	-	-	-
Total revenues	<u>1,711,000</u>	<u>1,841,000</u>	<u>1,668,439</u>	<u>(172,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	853,365	853,365	903,769	(50,404)	375,000	313,718	4,221	309,497
Capital outlay	-	-	-	-	-	61,282	61,282	-
Total expenditures	<u>853,365</u>	<u>853,365</u>	<u>903,769</u>	<u>(50,404)</u>	<u>375,000</u>	<u>375,000</u>	<u>65,503</u>	<u>309,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>857,635</u>	<u>987,635</u>	<u>764,670</u>	<u>(222,965)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>(65,503)</u>	<u>309,497</u>
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	(735,635)	(735,635)	(735,635)	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(735,635)</u>	<u>(735,635)</u>	<u>(771,635)</u>	<u>(36,000)</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>
Net change in fund balances	122,000	252,000	(6,965)	(258,965)	(339,000)	(339,000)	(29,503)	309,497
Fund balance (deficit) - beginning of year	(310,111)	(310,111)	(310,111)	-	258,879	258,879	258,879	-
Fund balance (deficit) - end of year	<u>\$ (188,111)</u>	<u>\$ (58,111)</u>	<u>\$ (317,076)</u>	<u>\$ (258,965)</u>	<u>\$ (80,121)</u>	<u>\$ (80,121)</u>	<u>\$ 229,376</u>	<u>\$ 309,497</u>

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2017

	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	838,000	688,423	(149,577)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	100	100	11	(89)
Miscellaneous revenue	-	-	-	-	4,900	4,900	573	(4,327)
Total revenues	-	-	-	-	723,000	843,000	689,007	(153,993)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	20,445	(20,445)
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	733,000	842,978	846,434	(3,456)
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	733,000	842,978	866,879	(23,901)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(10,000)	22	(177,872)	(177,894)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	43	43
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	(747,592)	(747,592)	-	-	-	-	-
Total other financing sources (uses)	-	(747,592)	(747,592)	-	-	-	43	43
Net change in fund balances	-	(747,592)	(747,592)	-	(10,000)	22	(177,829)	(177,851)
Fund balance (deficit) - beginning of year	747,592	747,592	747,592	-	253,559	253,559	253,559	-
Fund balance (deficit) - end of year	\$ 747,592	\$ -	\$ -	\$ -	\$ 243,559	\$ 253,581	\$ 75,730	\$ (177,851)

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, 2017

	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	290,000	277,788	(12,212)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	2,000	2,000	1,031	(969)	-	-	-	-
Miscellaneous revenue	51,000	191,000	208,656	17,656	23,000	23,000	8,244	(14,756)
Total revenues	483,000	483,000	487,475	4,475	23,000	23,000	8,244	(14,756)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	522,000	519,330	402,733	116,597	30,000	30,000	600	29,400
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	522,000	519,330	402,733	116,597	30,000	30,000	600	29,400
Excess (deficiency) of revenues over (under) expenditures	(39,000)	(36,330)	84,742	121,072	(7,000)	(7,000)	7,644	14,644
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	(39,000)	(36,330)	84,742	121,072	(7,000)	(7,000)	7,644	14,644
Fund balance (deficit) - beginning of year	107,421	107,421	107,421	-	52,458	52,458	52,458	-
Fund balance (deficit) - end of year	\$ 68,421	\$ 71,091	\$ 192,163	\$ 121,072	\$ 45,458	\$ 45,458	\$ 60,102	\$ 14,644

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, 2017

	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	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	3,000	3,000	19,200	16,200	-	-	-	-
Fines and forfeits	-	-	-	-	100,000	100,000	86,915	(13,085)
Investment income	6,000	6,000	1,345	(4,655)	-	-	-	-
Miscellaneous revenue	152,000	152,000	23,288	(128,712)	-	-	13,533	13,533
Total revenues	161,000	161,000	43,833	(117,167)	100,000	100,000	100,448	448
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	160,000	135,575	89,428	46,147
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	21,000	21,000	53,451	(32,451)	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	24,425	24,425	-
Total expenditures	21,000	21,000	53,451	(32,451)	160,000	160,000	113,853	46,147
Excess (deficiency) of revenues over (under) expenditures	140,000	140,000	(9,618)	(149,618)	(60,000)	(60,000)	(13,405)	46,595
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	34,069	34,069	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	(43)	(43)	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	34,026	34,026	-	-	-	-
Net change in fund balances	140,000	140,000	24,408	(115,592)	(60,000)	(60,000)	(13,405)	46,595
Fund balance (deficit) - beginning of year	146,444	146,444	146,444	-	150,986	150,986	150,986	-
Fund balance (deficit) - end of year	\$ 286,444	\$ 286,444	\$ 170,852	\$ (115,592)	\$ 90,986	\$ 90,986	\$ 137,581	\$ 46,595

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, 2017

	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	100,000	102,656	2,656	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	220,000	220,000	200,001	(19,999)
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Total revenues	100,000	100,000	102,656	2,656	220,000	220,000	200,001	(19,999)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	102,000	102,000	92,201	9,799	220,000	220,000	134,900	85,100
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	102,000	102,000	92,201	9,799	220,000	220,000	134,900	85,100
Excess (deficiency) of revenues over (under) expenditures	(2,000)	(2,000)	10,455	12,455	-	-	65,101	65,101
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)	(2,000)	10,455	12,455	-	-	65,101	65,101
Fund balance (deficit) - beginning of year	\$ 113,119	\$ 113,119	\$ 113,119	\$ -	\$ (1,189,373)	\$ (1,189,373)	\$ (1,189,373)	\$ -
Fund balance (deficit) - end of year	111,119	111,119	123,574	12,455	(1,189,373)	(1,189,373)	(1,124,272)	65,101

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, 2017

	Totals			Variance with
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,423,905	\$ 2,917,000	\$ 2,803,208	\$ (113,792)
Special assessments	294,000	294,000	349,709	55,709
Intergovernmental revenues	1,607,999	1,387,999	1,049,287	(338,712)
Charges for services	1,934,000	2,064,000	1,884,014	(179,986)
Fines and forfeits	100,000	100,000	86,915	(13,085)
Investment income	8,100	8,100	2,387	(5,713)
Miscellaneous revenue	749,451	596,356	452,357	(143,999)
Total revenues	7,117,455	7,367,455	6,627,877	(739,578)
EXPENDITURES				
Current:				
Public safety	240,000	215,575	149,121	66,454
Public works	302,000	302,000	349,892	(47,892)
Public health and welfare	50,000	35,250	45,601	(10,351)
Recreation and culture	2,942,000	2,942,000	2,779,331	162,669
Urban redevelopment	1,725,000	1,832,308	1,574,568	257,740
Public transportation	1,228,365	1,167,083	907,990	259,093
Capital outlay	-	100,457	100,457	-
Total expenditures	6,487,365	6,594,673	5,906,960	687,713
Excess (deficiency) of revenues over (under) expenditures	630,090	772,782	720,917	51,865
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	33,545	33,545	78,745	45,200
Special revenue	36,000	36,000	36,043	43
Debt service	-	-	34,069	34,069
Transfers out:				
General fund	(10,000)	-	-	-
Special revenue	-	-	(36,043)	(36,043)
Debt service	(735,635)	(735,635)	(735,635)	-
Capital projects	(198,000)	(945,592)	(747,599)	197,993
Total other financing sources (uses)	(874,090)	(1,611,682)	(1,370,420)	241,262
Net change in fund balances	(244,000)	(838,900)	(649,503)	189,397
Fund balance (deficit) - beginning of year	\$ 1,543,490	\$ 1,543,490	\$ 1,543,490	\$ -
Fund balance (deficit) - end of year	1,299,490	704,590	893,987	189,397

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 24,170,345	\$ 17,454,230	\$ 15,789,245	\$ (1,664,985)
Special assessments	29,700,000	33,095,000	37,728,597	4,633,597
Intergovernmental revenues	-	505,668	756,526	250,858
Investment income	300,000	300,000	789,262	489,262
Miscellaneous revenues	-	-	28,350	28,350
Total revenues	<u>54,170,345</u>	<u>51,354,898</u>	<u>55,091,980</u>	<u>3,737,082</u>
EXPENDITURES				
Current:				
Public works	-	-	844,980	(844,980)
Urban redevelopment	-	2,418,924	2,780,137	(361,213)
Capital outlay	787,000	787,000	-	787,000
Debt Service	45,889,500	140,630,591	140,172,894	457,697
Total expenditures	<u>46,676,500</u>	<u>143,836,515</u>	<u>143,798,011</u>	<u>38,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,493,845</u>	<u>(92,481,617)</u>	<u>(88,706,031)</u>	<u>3,775,586</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,413,155	2,413,155	4,657,997	2,244,842
Transfers out	(7,744,703)	(8,871,731)	(8,406,457)	465,274
Loans issued	-	52,668,924	52,668,924	-
Bonds issued	-	11,340,000	11,340,000	-
Bond premium	-	836,085	836,085	-
Total other financing sources (uses)	<u>(5,331,548)</u>	<u>58,386,433</u>	<u>61,096,549</u>	<u>2,710,116</u>
Net change in fund balances	<u>2,162,297</u>	<u>(34,095,184)</u>	<u>(27,609,482)</u>	<u>6,485,702</u>
Fund balance - beginning of year			108,619,474	
Fund balance - end of year			<u>\$ 81,009,992</u>	

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NON MAJOR PROPRIETARY FUNDS
December 31, 2017

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
ASSETS					
Current assets					
Cash	\$ -	\$ -	\$ -	\$ 50	\$ 50
Equity in pooled investments	-	719,816	513,221	105,476	1,338,513
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	32,425	32,425
Accounts	11,185	68,817	210,319	175,144	465,465
Inventory	-	-	285,472	-	285,472
Prepaid expenses	-	1,664	4,651	6,067	12,382
Total current assets	<u>11,185</u>	<u>790,297</u>	<u>1,013,663</u>	<u>319,162</u>	<u>2,134,307</u>
Noncurrent assets					
Capital assets					
Machinery and equipment	-	53,232	432,486	1,264,632	1,750,350
Infrastructure	-	-	40,630,632	-	40,630,632
Less accumulated depreciation	-	(50,577)	(18,308,535)	(867,232)	(19,226,344)
Total noncurrent assets	<u>-</u>	<u>2,655</u>	<u>22,754,583</u>	<u>397,400</u>	<u>23,154,638</u>
Total assets	<u>11,185</u>	<u>792,952</u>	<u>23,768,246</u>	<u>716,562</u>	<u>25,288,945</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pension	-	-	109,672	366,058	475,730
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>109,672</u>	<u>366,058</u>	<u>475,730</u>
LIABILITIES					
Current liabilities					
Vouchers payable	2,262	-	198,370	6,445	207,077
Due to other funds	54,958	-	-	-	54,958
Accrued payroll	-	-	8,346	34,270	42,616
Accrued vacation payable	-	-	14,808	39,570	54,378
Total current liabilities	<u>57,220</u>	<u>-</u>	<u>221,524</u>	<u>80,285</u>	<u>359,029</u>
Long-term liabilities					
Net pension liability	-	-	227,534	958,207	1,185,741
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>227,534</u>	<u>958,207</u>	<u>1,185,741</u>
Total liabilities	<u>57,220</u>	<u>-</u>	<u>449,058</u>	<u>1,038,492</u>	<u>1,544,770</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pension	-	-	7,227	92,587	99,814
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>7,227</u>	<u>92,587</u>	<u>99,814</u>
NET POSITION					
Net investment in capital assets	-	2,655	22,754,583	397,400	23,154,638
Unrestricted	(46,035)	790,297	667,050	(445,859)	965,453
Total net position	<u>\$ (46,035)</u>	<u>\$ 792,952</u>	<u>\$ 23,421,633</u>	<u>\$ (48,459)</u>	<u>\$ 24,120,091</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, 2017

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
OPERATING REVENUES					
Charges for services	\$ 32,224	\$ 716,353	\$ 1,877,197	\$ 1,724,327	\$ 4,350,101
OPERATING EXPENSES					
Personnel services	-	-	234,798	1,075,246	1,310,044
Other services	26,049	224,692	222,140	568,997	1,041,878
Materials and supplies	64,161	101,427	1,240,840	153,563	1,559,991
Depreciation	-	5,310	1,651,999	125,250	1,782,559
Total operating expenses	90,210	331,429	3,349,777	1,923,056	5,694,472
Operating income (loss)	(57,986)	384,924	(1,472,580)	(198,729)	(1,344,371)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	-	-	-	15,000	15,000
Miscellaneous revenue	-	-	-	970	970
Total nonoperating revenues	-	-	-	15,970	15,970
Income (loss) before contributions and transfers	(57,986)	384,924	(1,472,580)	(182,759)	(1,328,401)
Capital Contributions	-	-	3,240,232	-	3,240,232
Transfers in:					
Enterprise	-	-	150,000	180,000	330,000
Transfers out:					
General	-	(132,000)	(257,000)	(100,000)	(489,000)
Capital projects	-	(446,665)	-	-	(446,665)
Change in net position	(57,986)	(193,741)	1,660,652	(102,759)	1,306,166
Total net position - beginning	11,951	986,693	21,760,981	54,300	22,813,925
Total net position - ending	\$ (46,035)	\$ 792,952	\$ 23,421,633	\$ (48,459)	\$ 24,120,091

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 31,605	\$ 714,733	\$ 1,895,284	\$ 1,701,761	\$ 4,343,383
Payments to employees	-	-	(164,382)	(756,782)	(921,164)
Payments of benefits on behalf of employees	-	-	(42,049)	(257,751)	(299,800)
Payments to suppliers	(90,804)	(326,092)	(1,440,868)	(725,669)	(2,583,433)
Net cash provided (used) by operating activities	(59,199)	388,641	247,985	(38,441)	538,986
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(578,665)	(257,000)	(100,000)	(935,665)
Transfers from other funds	-	-	150,000	180,000	330,000
Payments received on interfund borrowing	54,958	-	-	-	54,958
Net cash provided (used) by noncapital financing activities	54,958	(578,665)	(107,000)	80,000	(550,707)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	-	-	-	15,000	15,000
Acquisition of capital assets	-	-	-	(106,865)	(106,865)
Net cash provided (used) by capital and related financing activities	-	-	-	(91,865)	(91,865)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments redeemed	4,241	909,840	372,236	155,782	1,442,099
Investments (purchased)	-	(719,816)	(513,221)	(105,476)	(1,338,513)
Net cash provided (used) by investing activities	4,241	190,024	(140,985)	50,306	103,586
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, January 1	-	-	-	50	50
Cash and cash equivalents, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (57,986)	\$ 384,924	\$ (1,472,580)	\$ (198,729)	\$ (1,344,371)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	-	5,310	1,651,999	125,250	1,782,559
Change in assets and liabilities					
Accounts receivable	(619)	(1,620)	18,087	(13,310)	2,538
Special assessment receivable	-	-	-	(9,256)	(9,256)
Inventories	-	-	16,793	-	16,793
Prepaid expenses	-	27	31	(455)	(397)
Accounts payable	(594)	-	5,288	(2,654)	2,040
Vacation payable	-	-	2,417	(8,111)	(5,694)
Payroll payable	-	-	830	2,436	3,266
Net pension liability	-	-	25,120	66,388	91,508
Total adjustments	(1,213)	3,717	1,720,565	160,288	1,883,357
Net cash provided (used) by operating activities	<u>\$ (59,199)</u>	<u>\$ 388,641</u>	<u>\$ 247,985</u>	<u>\$ (38,441)</u>	<u>\$ 538,986</u>
Noncash transactions affecting financial position:					
Acquisition of / change in assets through capital contributions and donations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,240,232</u>	<u>\$ -</u>	<u>\$ 3,240,232</u>

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

City 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, 2017

	Performance Deposits	Park District Special Assessments	Metro Flood Project Diversion Authority	Red River Regional Dispatch Center	Total
ASSETS					
Equity in pooled investments	\$ 232,360	\$ -	\$ 63,369,239	\$ 782,570	\$ 64,384,169
Receivables(net of allowance for uncollectibles)					
Special assessments receivable	-	10,534,806	-	-	10,534,806
Intergovernmental	-	-	3,868,993	-	3,868,993
Total assets	<u>\$ 232,360</u>	<u>\$ 10,534,806</u>	<u>\$ 67,238,232</u>	<u>\$ 782,570</u>	<u>\$ 78,787,968</u>
LIABILITIES					
Vouchers payable	\$ -	\$ -	\$ 314,792	\$ -	\$ 314,792
Due to other governments	-	10,534,806	-	-	10,534,806
Deposits	232,360	-	66,923,440	782,570	67,938,370
Total liabilities	<u>\$ 232,360</u>	<u>\$ 10,534,806</u>	<u>\$ 67,238,232</u>	<u>\$ 782,570</u>	<u>\$ 78,787,968</u>

**CITY OF FARGO, NORTH DAKOTA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDING DECEMBER 31, 2017**

	Beginning of Year	Additions	Deductions	End of Year
PERFORMANCE DEPOSITS				
ASSETS				
Equity in pooled investments	\$ 182,900	\$ 91,780	\$ 42,320	\$ 232,360
Total assets	<u>\$ 182,900</u>	<u>\$ 91,780</u>	<u>\$ 42,320</u>	<u>\$ 232,360</u>
LIABILITIES				
Deposits	\$ 182,900	\$ 91,780	\$ 42,320	\$ 232,360
Total liabilities	<u>\$ 182,900</u>	<u>\$ 91,780</u>	<u>\$ 42,320</u>	<u>\$ 232,360</u>
PARK DISTRICT SPECIAL ASSESSMENTS				
ASSETS				
Equity in pooled investments	\$ -	\$ 336,269	\$ 336,269	\$ -
Special assessments receivable	10,863,631	22,802	351,627	10,534,806
Total assets	<u>\$ 10,863,631</u>	<u>\$ 359,071</u>	<u>\$ 687,896</u>	<u>\$ 10,534,806</u>
LIABILITIES				
Due to other governments	\$ 10,863,631	\$ -	\$ 328,825	\$ 10,534,806
Deposits	-	740,932	740,932	-
Total liabilities	<u>\$ 10,863,631</u>	<u>\$ 740,932</u>	<u>\$ 1,069,757</u>	<u>\$ 10,534,806</u>
METRO FLOOD PROJECT DIVERSION AUTHORITY				
ASSETS				
Equity in pooled investments	\$ 76,429,983	\$ 187,858,655	\$ 200,919,399	\$ 63,369,239
Intergovernmental receivable	4,020,140	23,650,143	23,801,290	3,868,993
Total assets	<u>\$ 80,450,123</u>	<u>\$ 211,508,798</u>	<u>\$ 224,720,689</u>	<u>\$ 67,238,232</u>
LIABILITIES				
Vouchers Payable	\$ 883,421	\$ 80,051,974	\$ 80,620,603	\$ 314,792
Deposits	79,566,702	131,456,824	144,100,086	66,923,440
Total liabilities	<u>\$ 80,450,123</u>	<u>\$ 211,508,798</u>	<u>\$ 224,720,689</u>	<u>\$ 67,238,232</u>
RED RIVER REGIONAL DISPATCH CENTER				
ASSETS				
Equity in pooled investments	\$ 617,983	\$ 4,975,783	\$ 4,811,196	\$ 782,570
Total assets	<u>\$ 617,983</u>	<u>\$ 4,975,783</u>	<u>\$ 4,811,196</u>	<u>\$ 782,570</u>
LIABILITIES				
Deposits	\$ 617,983	\$ 4,975,783	\$ 4,811,196	\$ 782,570
Total liabilities	<u>\$ 617,983</u>	<u>\$ 4,975,783</u>	<u>\$ 4,811,196</u>	<u>\$ 782,570</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in pooled investments	\$ 77,230,866	\$ 193,262,487	\$ 206,109,184	\$ 64,384,169
Special assessments receivable	10,863,631	22,802	351,627	10,534,806
Intergovernmental receivable	4,020,140	23,650,143	23,801,290	3,868,993
Total assets	<u>\$ 92,114,637</u>	<u>\$ 216,935,432</u>	<u>\$ 230,262,101</u>	<u>\$ 78,787,968</u>
LIABILITIES				
Vouchers payable	\$ 883,421	\$ 80,051,974	\$ 80,620,603	\$ 314,792
Due to other governments	10,863,631	-	328,825	10,534,806
Deposits	80,367,585	137,265,319	149,694,534	67,938,370
Total liabilities	<u>\$ 92,114,637</u>	<u>\$ 217,317,293</u>	<u>\$ 230,643,962</u>	<u>\$ 78,787,968</u>

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

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2017

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 76,969,056
Intangible - Right of way	9,215,065
Buildings	82,637,279
Improvements other than buildings	1,195,284
Machinery and equipment	57,756,329
Infrastructure	396,487,630
Flood Control	42,029,294
Construction in progress	43,280,891
Total governmental funds capital assets	<u>\$ 709,570,828</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	\$ 46,244,393
Special revenue funds	5,992,687
Capital projects	626,303,846
Enterprise funds	1,787,574
Federal and state grants	26,325,373
Donated	2,916,955
Total governmental funds capital assets	<u>\$ 709,570,828</u>

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2017

FUNCTION AND ACTIVITY	Land	Right of Way	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Flood Control	Construction in Progress	Total
General Government:									
City Commission	\$ -	\$ -	\$ -	\$ -	\$ 60,930	\$ -	\$ -	\$ -	\$ 60,930
City Auditor	-	-	-	-	70,457	-	-	-	70,457
Information Technology	-	-	-	-	4,810,630	-	-	-	4,810,630
Public Information	-	-	-	-	109,110	-	-	-	109,110
Human Resources	-	-	-	-	38,185	-	-	-	38,185
City Assessor	-	-	-	-	122,985	-	-	-	122,985
Municipal Court	-	-	1,596,948	-	55,338	-	-	-	1,652,286
Planning & Development	-	-	-	-	16,292	-	-	14,109,557	14,125,849
Central Garage	-	-	4,252,863	127,813	1,322,859	-	-	-	5,703,535
City Buildings	-	-	1,159,334	17,865	573,898	-	-	23,968,872	25,719,969
City Administrator	-	-	-	-	5,890	-	-	-	5,890
Total	-	-	7,009,145	145,678	7,186,574	-	-	38,078,429	52,419,826
Public Safety:									
Traffic Engineering	-	-	21,422	-	360,913	-	-	-	382,335
Fire Department	436,448	-	8,934,954	20,932	8,086,058	-	-	2,892,423	20,370,815
Emergency Management	-	-	-	-	748,569	-	-	-	748,569
Police Department	43,000	-	3,656,435	31,654	6,288,332	-	-	1,131,784	11,151,205
Inspections	-	-	-	-	321,476	-	-	-	321,476
Total	479,448	-	12,612,811	52,586	15,805,348	-	-	4,024,207	32,974,400
Public Works:									
City Engineer	1,462,261	745,051	-	-	1,714,957	-	-	1,149,295	5,071,564
Street Department	817,500	4,588,892	999,284	131,561	12,075,659	396,487,630	-	13,760	415,114,286
Flood	71,857,383	3,881,122	-	134,240	-	-	42,029,294	-	117,902,039
Total	74,137,144	9,215,065	999,284	265,801	13,790,616	396,487,630	42,029,294	1,163,055	538,087,889
Public Health & Welfare:									
Health Department	857,806	-	10,900,128	305,120	983,168	-	-	-	13,046,222
Total	857,806	-	10,900,128	305,120	983,168	-	-	-	13,046,222
Recreation & Culture:									
Public Library	-	-	13,173,098	-	3,559,062	-	-	11,850	16,744,010
City Auditorium	-	-	7,729,584	-	402,426	-	-	-	8,132,010
Convention Bureau	199,505	-	749,851	-	-	-	-	-	949,356
Baseball Stadium	-	-	5,266,692	61,439	389,223	-	-	-	5,717,354
Total	199,505	-	26,919,225	61,439	4,350,711	-	-	11,850	31,542,730
Urban Redevelopment									
Home Grants	-	-	605,042	-	-	-	-	-	605,042
Community Development	189,153	-	3,942,108	28,446	39,798	-	-	-	4,199,505
Total	189,153	-	4,547,150	28,446	39,798	-	-	-	4,804,547
Transportation									
Transit	-	-	12,277,137	-	15,357,995	-	-	3,350	27,638,482
Parking Authority	1,106,000	-	7,372,398	336,214	242,121	-	-	-	9,056,733
Total	1,106,000	-	19,649,535	336,214	15,600,116	-	-	3,350	36,695,215
Grand Total	\$ 76,969,056	\$ 9,215,065	\$ 82,637,278	\$ 1,195,284	\$ 57,756,331	\$ 396,487,630	\$ 42,029,294	\$ 43,280,891	\$ 709,570,829

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, 2017

<u>FUNCTION AND ACTIVITY</u>	<u>Balance January 1, 2017</u>	<u>Additions & Transfers In</u>	<u>Deletions & Transfers Out</u>	<u>Balance December 31, 2017</u>
GENERAL GOVERNMENT:				
City Commission	\$ 60,930			\$ 60,930
City Administrator	5,890			5,890
City Auditor	70,457			70,457
Information Technology	4,882,544	151,065	(222,979)	4,810,630
Public Information	109,110			109,110
Human Resources	38,185			38,185
City Assessor	107,685	15,300		122,985
Municipal Court	1,636,181	16,105		1,652,286
Planning & Development	8,878,721	5,247,128		14,125,849
Central Garage	5,375,429	363,365	(35,259)	5,703,535
City Buildings	8,834,824	16,923,041	(37,896)	25,719,969
Total	<u>29,999,956</u>	<u>22,716,004</u>	<u>(296,134)</u>	<u>52,419,826</u>
PUBLIC SAFETY:				
Traffic Engineer	391,135		(8,800)	382,335
Fire Department	20,577,757	167,355	(374,297)	20,370,815
Emergency Management	638,578	120,342	(10,351)	748,569
Police Department	10,639,012	1,620,929	(1,108,736)	11,151,205
Inspections	314,235	40,166	(32,925)	321,476
Total	<u>32,560,717</u>	<u>1,948,792</u>	<u>(1,535,109)</u>	<u>32,974,400</u>
PUBLIC WORKS:				
City Engineer	3,431,961	1,666,962	(27,359)	5,071,564
Street Department	398,215,948	19,887,134	(2,988,796)	415,114,286
Flood	109,178,686	8,816,140	(92,787)	117,902,039
Total	<u>510,826,595</u>	<u>30,370,236</u>	<u>(3,108,942)</u>	<u>538,087,889</u>
PUBLIC HEALTH & WELFARE:				
Health Department	13,003,802	59,370	(16,950)	13,046,222
Total	<u>13,003,802</u>	<u>59,370</u>	<u>(16,950)</u>	<u>13,046,222</u>
RECREATION & CULTURE:				
Public Library	16,732,160	11,850	-	16,744,010
City Auditorium	8,136,833	18,403	(23,226)	8,132,010
Convention Bureau	949,356	-	-	949,356
Baseball Stadium	5,606,939	110,415		5,717,354
Total	<u>31,425,288</u>	<u>140,668</u>	<u>(23,226)</u>	<u>31,542,730</u>
URBAN REDEVELOPMENT				
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>
TRANSPORTATION:				
Transit	27,304,415	511,347	(177,280)	27,638,482
Parking Authority	9,204,315	61,283	(208,865)	9,056,733
Total	<u>36,508,730</u>	<u>572,630</u>	<u>(386,145)</u>	<u>36,695,215</u>
Grand Total	<u>\$ 659,129,635</u>	<u>\$ 55,807,700</u>	<u>\$ (5,366,506)</u>	<u>\$ 709,570,829</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	129
These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.	
Revenue Capacity	134
These schedules contain information to assist the reader in understanding and assessing the factors affecting the government's ability to generate its own-source revenues.	
Debt Capacity	149
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	157
These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.	
Operating Information	160
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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 155,724,812
Restricted	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	15,592,239
Unrestricted	(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	4,169,926
Total governmental activities	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	175,486,977
Business-type activities										
Net investment in capital assets	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	763,810,437
Restricted	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	46,242,709
Unrestricted	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	48,823,670
Total business-type	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	858,876,816
Primary government										
Net investment in capital assets	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	919,535,249
Restricted	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	61,834,948
Unrestricted	(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	52,993,596
Total primary government	\$ 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	\$ 1,034,363,793

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 18,745,925
Public safety	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	38,539,794
Public works	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	88,777,599
Public health & welfare	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	12,950,823
Recreation & culture	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	8,624,606
Urban redevelopment	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	4,673,263
Transportation	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	10,320,580
General support	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	1,151,575
Interest and fiscal charges	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	22,260,570
Total governmental activities expenses	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	206,044,735
Business-type activities:										
Municipal airport authority	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	8,981,905
Water	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	17,416,843
Wastewater	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	10,796,934
Storm sewer	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	5,679,382
Solid waste	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	10,674,156
Fargodome	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	9,394,765
Southeast Cass	66,979	66,047	46,757	74,054	67,079	67,763	73,926	54,315	49,345	90,210
Vector control	589,113	389,667	592,516	477,494	327,920	445,567	397,296	335,279	379,561	331,429
Street lighting	-	-	2,237,468	2,374,751	2,604,698	2,644,451	2,779,110	3,024,018	3,216,418	3,349,777
Forestry	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	1,923,056
Total business-type activities expenses	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	68,638,457
Total primary government expenses	\$ 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	\$ 274,683,192
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 2,960,802
Public safety	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	6,240,462
Public works	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	10,530,618
Public health & welfare	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	3,030,070
Recreation & culture	702,866	676,537	739,345	670,765	716,288	764,587	777,310	475,257	647,217	518,632
Urban redevelopment	2,974,370	2,409,435	1,659,901	170,033	151,670	465,744	82,815	229,405	637,583	183,000
Transportation	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	4,304,515
Operating grants and contributions	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	10,040,237
Capital grants and contributions	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	91,019,352
Total governmental activities program revenues	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	128,827,688

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Airport	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	8,583,335
Water	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	23,706,110
Wastewater	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	10,714,193
Storm sewer	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	1,663,088
Solid waste	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	14,905,074
Fargodome	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	5,792,841
Other activities	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	4,350,101
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	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	6,218,700
Total business-type activities program revenues	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	75,933,442
Total primary government program revenues	\$ 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	\$ 204,761,130
NET (EXPENSE) REVENUE										
Governmental activities	\$ (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)	\$ (77,217,047)
Business-type activities	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	7,294,985
Total primary government net expense	\$ (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)	\$ (69,922,062)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 28,283,311
Sales taxes	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	47,653,443
Gross business receipts taxes	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	5,108,969
Lodging taxes	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	2,286,414
Other taxes	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	1,737,382
Unrestricted intergovernmental	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	5,768,743
Unrestricted investment earnings	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	5,219,212
Miscellaneous	286,695	(85,941)	405,694	2,497,946	262,848	855,955	205,642	699,233	245,370	2,048,000
Transfers	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)	(57,845,373)
Total governmental activities	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	40,260,101
Business-type activities:										
Property taxes	556,329	579,513	601,556	619,474	637,860	664,036	692,977	744,009	840,443	941,291
Sales taxes	10,364,101	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	(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	5,539,034
Miscellaneous	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	1,113,603
Transfers	(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	57,845,373
Total business-type activities	(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	65,439,301
Total primary government	\$ 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	\$ 105,699,402
CHANGE IN NET POSITION										
Governmental activities	\$ 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)	\$ (36,956,946)
Business-type activities	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	72,734,286
Total primary government	\$ 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	\$ 35,777,340

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 2,446,506	\$ 2,396,008	\$ 3,193,345	\$ 3,077,850	\$ 3,458,674	\$ 3,407,591	\$ 3,639,923
Restricted	-	-	-	3,508,782	2,099,862	1,408,205	2,933,454	2,724,557	2,913,219	3,170,287
Committed	-	-	-	3,094,517	3,276,615	3,311,267	3,273,816	3,255,360	2,581,150	1,405,918
Assigned	-	-	-	1,125,286	1,634,896	1,542,711	2,063,907	696,286	1,639,608	1,531,414
Unassigned	-	-	-	23,450,515	23,280,959	22,428,922	25,881,011	29,041,175	28,854,936	28,099,032
Reserved	2,276,501	2,764,013	2,851,707	-	-	-	-	-	-	-
Unreserved	15,273,881	17,564,092	19,629,816	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 37,846,574</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 1,932,128	\$ 988,582	\$ 1,309,969	\$ 191,946	\$ 164,444	\$ 34,352	\$ 26,858
Restricted	-	-	-	84,927,466	105,663,729	105,306,381	134,026,444	180,217,679	155,484,797	83,337,552
Unassigned	-	-	-	(23,806,670)	(34,364,189)	(11,865,327)	281,528	(1,233,295)	(1,508,396)	(12,693,722)
Reserved	46,730,034	58,095,953	68,563,005	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,122,076	3,118,470	3,373,748	-	-	-	-	-	-	-
Capital projects funds	(51,656,261)	(37,522,477)	(47,781,251)	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 70,670,688</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 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	\$ 85,022,900
Special assessments	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	38,133,231
Licenses and permits	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	4,628,182
Intergovernmental revenues	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	31,049,211
Charges for services	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	18,926,090
Fines and forfeits	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	2,191,577
Investment income	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	5,219,212
Miscellaneous revenues	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	3,641,141
Total revenues	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	188,811,544
EXPENDITURES										
Current:										
General government	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	16,856,505
Public safety	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	36,998,027
Public works	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	76,318,240
Public health & welfare	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	11,579,236
Recreation & culture	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	7,675,423
Urban redevelopment	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	4,606,638
Public transportation	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	8,295,435
General support	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	1,151,575
Capital outlay	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	125,327,223
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	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	115,922,066
Interest and fiscal charges	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	24,847,595
Total expenditures	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	429,577,963
Excess of revenues over (under) expenditures	(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)	(240,766,419)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	27,716,989
Transfers out	(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)	(15,134,537)
Lease proceeds	-	-	-	219,752	25,845	-	-	-	-	-
Loans issued	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	90,656,881
Bonds issued	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	49,865,000
Bond premium	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	2,729,391
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	-	42,700
Total other financing sources (uses)	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	155,876,424
Net change in fund balances	\$ (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)	\$ (84,889,995)
Debt service as a percentage of noncapital expenditures	21.7%	21.6%	25.7%	24.7%	32.1%	25.7%	31.9%	20.1%	38.6%	46.3%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Programs										
Governmental Activities:										
General government	\$ 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	\$ 3,383,996
Public safety	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	7,351,510
Public works	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	100,569,567
Public health & welfare	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	6,968,921
Recreation & culture	864,413	913,567	941,916	818,073	885,669	909,441	1,421,032	644,517	836,724	700,382
Urban redevelopment	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	1,772,556
Transportation	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	8,080,756
Total governmental activities	84,045,379	108,715,049	97,734,267	110,777,588	98,957,348	105,757,289	118,101,864	126,381,810	181,993,272	128,827,688
Business-type activities:										
Municipal airport authority	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	14,787,035
Water	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	23,706,110
Wastewater	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	10,714,193
Storm sewer	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	1,663,088
Solid waste	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	14,920,074
FargoDome	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	5,792,841
Southeast Cass	61,159	64,174	50,686	62,423	64,064	88,414	55,593	41,399	28,554	32,224
Vector control	602,787	630,597	621,293	631,185	631,774	646,742	660,007	678,189	697,221	716,353
Street lighting	-	-	1,744,395	1,629,769	1,642,346	1,669,511	1,696,469	1,753,908	1,812,382	1,877,197
Forestry	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	1,724,327
Total business-type activities	77,840,547	60,874,039	58,032,848	55,233,894	68,850,502	63,548,199	65,063,733	65,686,650	78,706,921	75,933,442
Total	\$ 161,885,926	\$ 169,589,088	\$ 155,767,115	\$ 166,011,482	\$ 167,807,850	\$ 169,305,488	\$ 183,165,597	\$ 192,068,460	\$ 260,700,193	\$ 204,761,130

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
2017	\$ 28,236,693	\$ 5,108,969	\$ 47,653,443	\$ 2,286,413	\$ 1,737,382	\$ 85,022,900
2016	26,073,828	4,839,170	51,109,289	2,339,795	1,762,599	86,124,681
2015	24,098,953	4,943,429	50,988,474	2,408,710	1,874,754	84,314,320
2014	22,653,864	5,177,263	48,336,282	2,556,722	2,953,800	81,677,931
2013	21,997,795	4,789,001	47,107,737	2,310,646	2,907,259	79,112,438
2012	21,039,916	4,360,497	39,471,099	2,152,130	2,586,201	69,609,843
2011	20,203,287	4,474,974	42,049,097	1,942,057	2,490,132	71,159,547
2010	19,202,277	4,146,643	40,435,541	1,775,404	2,255,721	67,815,586
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

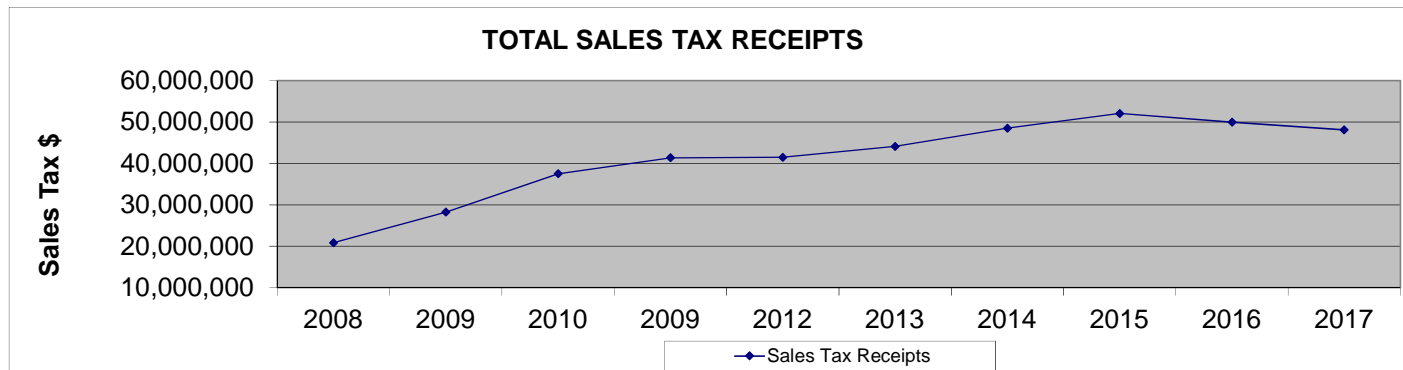
Note: The Other category includes the following revenues; Telephone tax, homestead credit, veteran's tax, cigarette tax, fire premium tax gaming tax, and PILOT revenue.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Allocation of Receipts:										
FargoDome Enterprise Fund	\$ 10,414,568	\$ 1,923,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Street Construction (1)	-	-	-	-	-	-	-	-	-	-
Subtotal FargoDome	10,414,568	1,923,863	-	-	-	-	-	-	-	-
Water Utility Debt Service	-	-	-	-	-	-	-	-	-	-
Library Expansion Fund (3)	-	-	-	-	-	-	-	-	-	-
Sales Tax Bond Debt Service (2)	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	6,008,839
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	12,017,677
Flood Control (5)	-	-	8,965,511	10,343,421	11,368,486	20,202,834	23,651,664	26,037,946	24,963,610	30,044,193
Total Sales Tax Receipts	\$ 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	\$ 48,070,709

Receipts are shown net of state administrative fee.

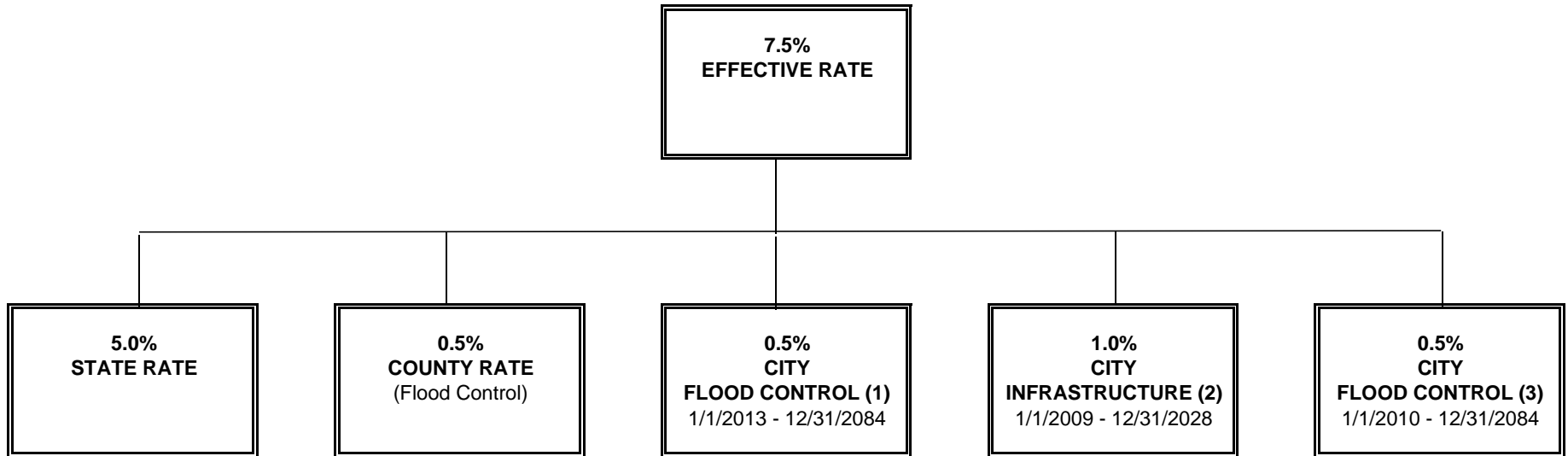
- (1) Beginning in 1996, ordinances were revised to allow the FargoDome to share excess sales tax with the Street Construction Fund.
- (2) Beginning in December 1999, a 1 cent sales tax is receipted into the Sales Tax Bond Debt Service Fund instead of the Street Construction Fund, surplus receipts used 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, 30748F

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



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

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

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percent change from 2008 to 2017
Construction	\$ 86,142	\$ 97,143	\$ 97,776	\$ 73,367	\$ 102,562	\$ 121,777	\$ 119,922	\$ 118,725	\$ 105,475	\$ 85,077	-1.25%
Manufacturing	134,155	119,197	125,544	152,891	176,696	154,645	189,713	179,881	160,397	138,143	2.89%
Wholesale Trade	391,944	355,798	381,220	457,370	518,411	527,446	546,741	479,306	408,786	382,305	-2.52%
Retail Trade	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	1,196,038	12.18%
Transportation and Warehousing	2,794	2,634	4,160	2,772	2,868	3,166	4,185	3,566	3,703	4,810	41.91%
Information Industries	14,790	17,107	14,644	14,106	17,664	17,080	19,702	20,529	20,235	20,406	27.52%
Finc, Ins. Real Estate, Rental & Leasing	69,169	64,782	66,777	77,385	87,578	93,327	100,771	93,348	72,262	65,304	-5.92%
Professional, Scientific, Tech., & Mgmt Serv.	21,998	20,459	26,150	23,032	26,893	24,260	24,027	21,936	19,953	19,323	-13.84%
Educational, Health Care, and Social Serv.	33,747	35,501	37,917	32,365	33,254	29,370	26,464	37,643	37,380	32,342	-4.34%
Arts, Entertainment & Recreation	14,500	14,685	16,342	17,301	21,060	24,760	27,254	27,308	32,026	27,299	46.88%
Accommodation & Food Services	322,805	326,475	331,913	347,719	371,266	379,938	409,666	419,240	416,835	410,254	21.32%
Other Services	45,153	44,915	42,547	45,707	44,282	50,751	50,272	46,657	46,427	41,304	-9.32%
Miscellaneous	7,612	7,725	9,805	11,743	11,952	13,061	14,190	19,267	17,753	16,750	54.56%
Total	\$ 2,195,203	\$ 2,130,484	\$ 2,221,228	\$ 2,421,738	\$ 2,640,097	\$ 2,690,897	\$ 2,797,825	\$ 2,738,760	\$ 2,578,605	\$ 2,439,355	10.01%

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
2017	\$ 5,636,656,118	\$ 2,407,400	\$ 5,709,368,000	\$ 7,204,400	\$ 99,946,260	\$ (338,195,157)	11,117,387,021	5,558,693,511	\$ 489,481,225	51.00
2016	5,130,713,752	2,891,600	5,342,197,200	6,455,800	110,797,860	(294,755,526)	10,298,300,686	5,149,150,343	489,481,255	53.00
2015	4,640,747,077	3,005,900	4,703,499,495	6,088,160	96,224,260	(252,550,425)	9,197,014,467	4,598,507,234	436,837,979	55.00
2014	4,235,747,016	3,655,120	4,066,383,200	5,823,820	84,829,680	(235,985,692)	8,160,453,144	4,080,226,572	387,008,093	57.25
2013	4,012,709,775	3,265,100	3,666,459,320	5,664,700	77,865,780	(161,713,089)	7,604,251,586	3,802,125,794	360,271,576	57.25
2012	3,905,833,955	3,105,400	3,467,182,570	4,553,780	75,715,960	(132,482,929)	7,323,908,736	3,661,954,369	346,750,408	58.25
2011	3,809,974,933	2,902,650	3,257,902,710	4,508,820	61,551,500	(100,772,847)	7,036,067,766	3,518,033,884	332,779,107	58.25
2010	3,706,864,247	3,057,450	3,143,371,510	4,520,080	76,881,920	(95,175,987)	6,839,519,220	3,419,759,611	323,469,153	58.25
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

(1) Assessed value is 50% of market value

(2) Taxable Value is determined as follows:

Commercial property - 10% of assessed value

Agricultural property - 10% of assessed value

Residential property - 9% of assessed value

Source: County Auditors Office

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

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

MILL LEVY RATES *

Levy Year	Collect Year	CITY OF FARGO					OTHER TAXING ENTITIES								TOTALS BY SCHOOL DISTRICT		
		General Revenue	Airport	City Share of Special Assessments **	Special Levies	Total City of Fargo Mills	School District #1	School District #2	School District #6	Park District	Cass County	State	Soil Conservation District	Flood Control	School District #1	School District #2	School District #6
2017	2018	47.90	2.00	1.00	0.10	51.00	154.13	113.73	129.27	27.80	45.61	1.00	0.45	5.50	285.49	245.09	260.63
2016	2017	49.90	2.00	1.00	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

* per \$1,000 of taxable value

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

Source: Cass County

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

**CITY OF FARGO, NORTH DAKOTA
PRINCIPAL PROPERTY TAXPAYERS
2017 AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2017			2008		
	Assessed Valuation	Rank	% of total assessed valuation	Assessed Valuation	Rank	% of total assessed valuation
Sanford / Meritcare	\$ 123,128,950	1	2.22	\$ 24,905,300	3	0.78
Sterling Properties (formerly INREIT)	87,364,950	2	1.57	33,677,750	2	1.05
West Acres Development Company	58,750,550	3	1.06	41,824,650	1	1.31
Dakota UPREIT	35,022,300	4	0.63	-		-
Matrix Properties	31,707,700	5	0.57	24,765,600	4	0.77
Osgood Investments	25,632,950	6	0.46	19,345,750	6	0.60
R & B Development	25,176,900	7	0.45	20,633,250	5	0.64
Innovis Health	24,704,550	8	0.44	15,006,900	8	0.47
Wal-Mart Real Estate Business Trust	23,378,950	9	0.42	-		-
DFI - Kilbourne	21,388,000	10	0.38	-		-
RCV Ltd Partnership/Van Raden	-	-	-	15,417,100	7	0.48
Dakota Park Ltd	-	-	-	11,865,300	9	0.37
Anda Const. Co. Inc	-	-	-	11,741,450	10	0.37
Total attributable to top taxpayers	456,255,800		8.20	219,183,050		6.84
Total of all other properties	5,102,437,711		91.80	2,982,314,887		93.16
	<u>\$ 5,558,693,511</u>		<u>100.00</u>	<u>\$ 3,201,497,937</u>		<u>100.00</u>

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

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

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

Fiscal Year	Taxes levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$	31,586,925	\$ 9,132,902	28.91%	\$ -	\$ 9,132,902	28.91%
2016		30,267,785	7,104,488	23.47%	21,738,643	28,843,131	95.29%
2015		28,012,985	7,034,130	25.11%	19,775,061	26,809,191	95.70%
2014		26,036,427	5,892,963	22.63%	18,960,421	24,853,384	95.46%
2013		23,964,157	4,924,969	20.55%	17,998,189	22,923,158	95.66%
2012		23,439,045	6,631,277	28.29%	15,862,925	22,494,202	95.97%
2011		22,228,006	6,439,159	28.97%	14,900,880	21,340,039	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%

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

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

Source: County Auditors Office
Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

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

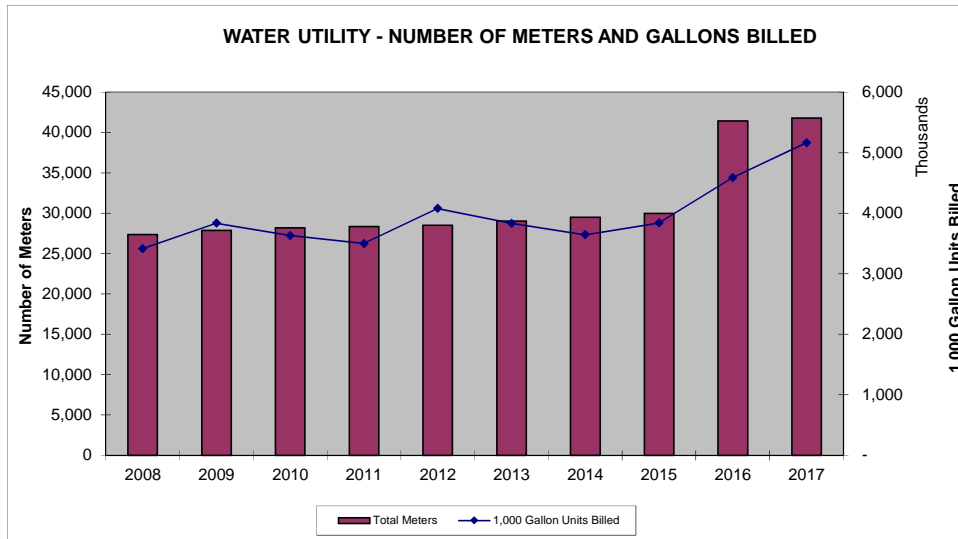
Fiscal Year	Residential		Commercial		Multiple Dwelling		Other		Total	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2017	318	\$ 79,983,547	61	\$ 106,436,485	14	\$ 68,378,598	2,121	\$ 220,015,776	2,514	\$ 474,814,406
2016	369	103,364,854	61	82,030,623	29	77,798,646	2,084	230,596,081	2,543	493,790,204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

Source: City of Fargo Building Inspector

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F 307531

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential Customers (1,000 Gallon Units)	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	1,343,577
Commercial Customers (1,000 Gallon Units)	2,118,567	2,517,916	2,374,922	2,256,798	2,624,512	2,511,811	2,468,018	2,604,483	2,678,618	2,860,390
Other Communities (1,000 Gallon Units)	-	-	-	-	-	-	-	-	619,527	963,249
Total 1,000 Gallon Units	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	5,167,216
Total Number of Meters	27,388	27,882	28,209	28,355	28,539	29,027	29,525	30,001	41,449	41,804



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, 2017
(UNAUDITED)**

Customer	1,000 Gallon Units
City of West Fargo (1)	1,025,776
Cass Rural Water District	230,232
Goldmark	223,843
North Dakota State University	165,952
Sanford Health	116,804
Shoppes at Osgood	69,111
Fargo Park District	60,052
Valley Rental Service	53,263
Fargo Public Schools	44,754
Cass Clay Creamery	44,107
BMI	42,708
Dakota Development	32,135
Campbell Property Management	31,576
Hegenes Management	31,461
Fargo Housing	29,680
Total Attributable to Major Customers	<u>2,201,454</u>
Total Billed Consumption	<u>5,167,216</u>
Percentage Attributable to Major Customers	<u>42.6%</u>

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

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water (\$ per 1,000 gallons)										
First 200,000 Gallons	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
200,000 Gallons to 2,000,000 Gallons	3.95	3.95	3.95	3.95	4.00	4.00	4.00	4.00	4.00	4.00
Over 2,000,000 Gallons	3.60	3.60	3.60	3.60	3.65	3.65	3.65	3.65	3.65	3.65
Waste Water										
Residential (fixed rate)	18.65	18.65	18.65	18.65	19.00	19.00	16.00	16.00	16.00	16.00
Commercial (per 1000 gallons)	2.00	2.00	2.00	2.00	2.05	2.05	2.05	2.05	2.05	2.05
Garbage										
Small (48-gallon)	N/A	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Medium (65-gallon)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Large (96-gallon)	N/A	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Recycling	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.00
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	2.60	2.60	3.00	3.00	3.50	3.50	3.50	3.50	4.00	4.00
Mosquito	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Street Lights										
Residential	N/A	N/A	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Commercial	N/A	N/A	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00

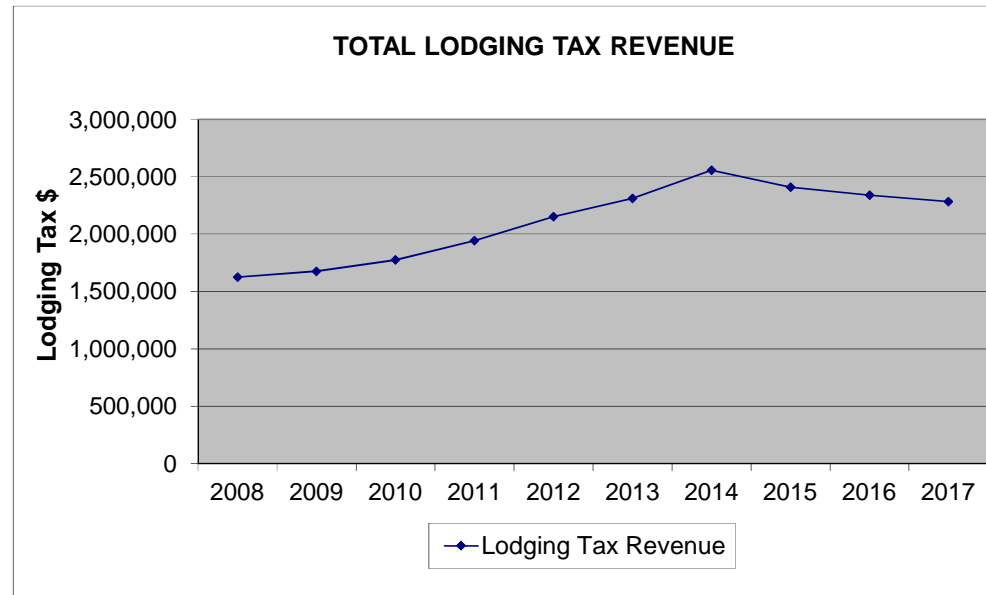
Source: City Auditor's Office

Required MSRB continuing disclosure for CUSIPs: 307531

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

Lodging Tax Revenue -
2% Operating
1% Capital
Total

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$ 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	\$ 1,522,443
	541,826	558,646	591,797	647,306	717,309	769,726	851,386	802,535	779,872	761,222
	<u>\$ 1,625,484</u>	<u>\$ 1,675,939</u>	<u>\$ 1,775,404</u>	<u>\$ 1,942,057</u>	<u>\$ 2,152,130</u>	<u>\$ 2,310,646</u>	<u>\$ 2,556,722</u>	<u>\$ 2,408,711</u>	<u>\$ 2,339,794</u>	<u>\$ 2,283,665</u>



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			
2017	\$ 409,335,000	\$ 36,980,000	\$ -	\$ 72,609,000	\$ 179,727,693	\$ 221,267	\$ 10,728,632	\$ 3,309,253	\$ 12,689,133	\$ 1,550,899	\$ 727,150,877	n/a	5,932
2016	415,715,000	37,910,000	-	75,889,000	144,462,044	254,398	7,258,473	3,900,000	8,269,708	3,379,814	697,038,437	5.81%	5,772
2015	386,760,000	12,390,000	-	79,063,000	126,954,821	322,749	11,258,659	2,700,000	6,727,822	4,625,543	630,802,594	5.40%	5,322
2014	332,360,000	2,285,000	-	82,142,000	72,962,978	231,179	17,237,028	7,993,000	6,916,821	4,848,864	526,976,870	4.72%	4,548
2013	299,160,000	2,400,000	100,036	57,040,000	68,709,176	165,679	21,196,743	5,754,000	6,599,787	5,944,453	467,069,874	4.44%	4,167
2012	304,920,000	2,515,000	4,957,727	11,245,000	69,923,438	205,352	24,981,458	6,495,000	5,501,788	6,822,916	437,567,679	4.36%	3,986
2011	292,670,000	2,625,000	5,756,022	22,045,000	71,932,749	280,115	30,762,879	10,612,767	4,595,632	1,764,472	443,044,636	4.89%	4,139
2010	238,133,281	2,730,000	6,200,773	32,575,000	58,200,987	119,871	34,888,484	12,202,767	4,992,673	2,053,885	392,097,721	4.61%	3,715
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

(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		
2017	\$ 36,980,000	\$ -	\$ -	\$ 36,980,000	7.55%	\$ 302
2016	37,910,000	-	-	37,910,000	7.74%	314
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

(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
2017	122,574	\$ 5,558,693,511	\$ 529,652,632	\$ 81,009,992	\$ 10,728,632	\$ 437,914,008	7.88%	\$ 3,573
2016	120,762	5,149,150,343	536,625,644	108,619,474	7,258,473	420,747,697	8.17%	3,484
2015	118,523	4,080,226,572	489,178,000	90,670,688	11,258,659	387,248,653	9.49%	3,267
2014	115,863	3,802,125,794	433,572,000	61,094,853	17,237,028	355,240,119	9.34%	3,066
2013	112,075	3,661,954,369	379,295,036	102,874,688	21,196,743	255,223,605	6.97%	2,277
2012	109,779	3,661,954,369	347,867,727	103,608,342	24,981,458	219,277,927	5.99%	1,997
2011	107,054	3,419,759,611	352,941,022	83,267,593	30,762,879	238,910,550	6.99%	2,232
2010	105,600	3,419,759,611	313,454,054	67,151,036	34,888,484	211,414,534	6.18%	2,002
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

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

2) Source - Cass County Auditor

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F, 307531

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

Legal Debt Margin Calculation for Fiscal Year 2017

Market Value of all property (1)	\$ 11,117,387,021
	50%
Assessed valuation	<u>\$ 5,558,693,511</u>
Debt limit (5% of assessed value)	\$ 277,934,676
Debt applicable to limit:	
City's Share of Special Assessments	15,463,213 (2)
Debt Supported Solely by Taxes	36,980,000 (2)
Governmental Lease Obligations	221,267 (2)
Less:	
Debt available in related debt service funds	<u>1,176,254 (2)</u>
Total net debt applicable to limit	<u>53,840,734</u>
Legal debt margin	<u>\$ 224,093,942</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016 (3)	2017
Debt limit	\$ 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	\$ 277,934,676
Total net debt applicable to limit	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	53,840,734
Legal debt margin	<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>	<u>\$ 224,093,942</u>
Total net debt applicable to the limit as a percentage of debt limit	4.04%	5.50%	4.23%	6.06%	6.15%	6.00%	6.11%	10.67%	23.96%	24.03%

(1) Source - Cass County Auditor

(2) Source - City Auditors Office

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

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

CITY OF FARGO, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2017
(UNAUDITED)

Taxing Entity	2017 Taxable Value	Debt Outstanding	Percent Overlapping to City of Fargo	Total Direct and Overlapping Debt
City of Fargo	\$ 489,481,225	\$ 698,872,960	100.00%	\$ 698,872,960
Fargo Park District	489,481,225	22,130,000	100.00%	22,130,000
Fargo Public Schools	373,326,181	95,117,291	96.97%	92,235,237
Kindred Public Schools	25,047,493	10,699,024	0.07%	7,489
West Fargo Public Schools	349,521,152	190,866,680	47.46%	90,585,326
Subtotal overlapping debt		318,812,995		204,958,052
Total Direct and Overlapping Debt		\$ 1,017,685,955		\$ 903,831,012

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

Source: The individual entity specified.

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

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

CITY OF FARGO, NORTH DAKOTA
SUMMARY OF DIRECT DEBT AND DEBT RATIOS
AS OF DECEMBER 31, 2017
(UNAUDITED)

<u>Direct Debt as of December 31, 2017</u>	Amount	Per Capita (122,574)	Percent of Market Value (\$11,117,387,021)
General Obligation Supported by Tax Increment	\$ 36,980,000	\$ 302	0.33%
Special Assessment	\$ 378,849,857	\$ 3,091	3.41%
Revenue	\$ 191,258,261	\$ 1,560	1.72%
Leases Payable	\$ 1,772,166	\$ 14	0.02%
Notes Payable	\$ 5,225,696	\$ 43	0.05%
Specials Payable	\$ 12,689,133	\$ 104	0.11%
Overlapping Debt	\$ 318,812,995	\$ 2,601	2.87%
 Total	 \$ 945,588,108	 \$ 7,715	 8.51%

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

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

Fiscal Year	Special Assessment Bonds				
	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest		
2017	\$ 38,133,231	\$ 14,250,000	\$ 15,703,700		1.27
2016	37,005,479	13,985,000	14,561,616		1.30
2015	26,817,909	13,850,000	13,431,966		0.98
2014	33,035,969	11,810,000	11,159,663		1.44
2013	28,217,162	11,770,000	12,014,553		1.19
2012	28,443,896	11,275,000	12,614,955		1.19
2011	23,242,178	10,638,281	10,626,319		1.09
2010	27,360,540	10,410,280	9,167,699		1.40
2009	20,503,315	14,592,491	8,457,758		0.89
2008	18,710,674	12,002,472	7,921,087		0.94

Note: At the end of 2017, there was \$22,850,773 in prepaid special assessments that can be used to make debt service payments.
At the end of 2016, there was \$16,848,334 in prepaid special assessments that can be used to make debt service payments.
At the end of 2015, there was \$25,971,050 in prepaid special assessments that can be used to make debt service payments.
At the end of 2014, there was \$30,263,636 in prepaid special assessments that can be used to make debt service payments.
At the end of 2013, there was \$28,062,003 in prepaid special assessments that can be used to make debt service payments.

Fiscal Year	SRLF Storm Sewer Project Note Payable				
	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest		
2017	\$ 117,211	\$ 105,000	\$ 10,875		1.01
2016	131,218	105,000	13,500		1.11
2015	113,343	100,000	16,000		0.98
2014	77,574	100,000	18,500		0.65
2013	64,883	95,000	20,875		0.56
2012	65,533	95,000	23,250		0.55
2011	60,872	90,000	25,500		0.53
2010	127,594	90,000	27,750		1.08
2009	4,436	85,000	29,875		0.04
2008	43,125	85,000	32,000		0.37

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

Sales Tax Revenue Bonds

Fiscal Year	Sales Tax		Debt Service		Coverage
			Principal	Interest	
2017	\$	7,554,672	\$ 3,280,000	\$ 3,015,560	1.20
2016		10,412,492	3,174,000	3,118,500	1.65
2015		12,747,118	3,079,000	3,217,930	2.02
2014		24,168,140	7,410,000	2,848,951	2.36
2013		20,609,635	5,580,000	1,591,026	2.87
2012		16,455,425	10,800,000	672,463	1.43
2011		15,768,411	10,530,000	1,093,503	1.36
2010		15,163,328	4,910,000	773,680	2.67
2009		14,621,568	4,735,000	1,010,430	2.54
2008		10,364,101	4,570,000	1,238,930	1.78

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

Fiscal Year	Sales Tax		Debt Service		Coverage
			Principal	Interest	
2017	\$	22,228,730	\$ -	\$ 606,737	36.64
2016		16,324,568	-	100,573	162.32
2015		-	-	-	-
2014		-	-	-	-
2013		-	-	-	-
2012		-	-	-	-
2011		-	-	-	-
2010		-	-	-	-
2009		-	-	-	-
2008		-	-	-	-

* Includes notes payable and temporary sales tax revenue

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

		SRLF Notes Payable			
Fiscal Year	Sales Tax	Debt Service		Coverage	
		Principal	Interest		
2017	\$ 13,303,870	\$ 4,120,422	\$ 2,124,443	2.13	
2016	12,775,522	4,980,000	1,726,812	1.90	
2015	12,747,118	4,851,075	1,581,750	1.98	
2014	12,084,070	4,725,000	1,649,348	1.90	
2013	17,665,401	4,604,374	1,679,810	2.81	
2012	14,029,328	4,556,000	1,710,247	2.24	
2011	15,768,412	351,000	1,475,188	8.63	
2010	15,163,328	175,974	973,833	13.19	
2009	14,621,568	125,000	193,382	45.92	
2008	-	-	-	-	

Convention Bureau Revenue Bonds						
Fiscal Year	1% Lodging Tax	Debt Service			Coverage	
		Principal	Interest			
2017	\$ -	\$ -	\$ -	-	-	
2016	-	-	-	-	-	
2015	-	-	-	-	-	
2014	-	-	-	-	-	
2013	-	-	-	-	-	
2012	-	-	-	-	-	
2011	-	-	-	-	-	
2010	-	-	-	-	-	
2009	-	-	-	-	-	
2008	541,826	120,000		16,250	3.98	

Note: Final payment was made on these bonds in 2008.

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

Lease Revenue Bonds						
Fiscal Year	Lease Revenue	Debt Service			Coverage	
		Principal	Interest			
2017	\$ -	\$ -	\$ -		-	
2016	-	-	-		-	
2015	-	-	-		-	
2014	-	-	-		-	
2013	1,611,020	3,005,000	96,020		0.52	
2012	384,948	230,000	151,610		1.01	
2011	383,026	296,421	217,064		0.75	
2010	384,237	210,000	170,105		1.01	
2009	383,510	205,000	178,510		1.00	
2008	381,510	195,000	186,510		1.00	

Note: Final payment was made on these bonds in 2013.

Housing Revenue Bonds						
Fiscal Year	NRI Loan Repayments	Debt Service			Coverage	
		Principal	Interest			
2017	\$ -	\$ -	\$ -		-	
2016	-	-	-		-	
2015	-	-	-		-	
2014	100,036	100,036	-		1.00	
2013	50,000	50,000	-		1.00	
2012	442,756	428,297	14,458		1.00	
2011	104,996	88,330	16,667		1.00	
2010	104,996	86,175	18,821		1.00	
2009	104,997	84,074	20,923		1.00	
2008	104,996	82,023	22,973		1.00	

Note: Final payment was made on these bonds in 2014.

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

Fiscal Year	Parking Revenue Bonds					
	Parking Revenue	Less: Operating Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ -	\$ -	\$ -	\$ -	\$ -	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	1,282,636	540,165	742,471	765,000	10,089	0.96
2012	1,158,192	610,978	547,214	60,000	52,531	4.86
2011	1,154,244	646,825	507,419	60,000	55,891	4.38
2010	1,074,258	660,212	414,046	55,000	58,889	3.64
2009	910,807	577,977	332,830	50,000	61,539	2.98
2008	769,484	496,709	272,775	50,000	64,114	2.39

Note: Final payment was made on these bonds in 2013.

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

Fiscal Year	Water Revenue Bonds					
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 23,706,110	\$ 13,030,159	\$ 10,675,951	\$ 3,840,000	\$ 100,800	2.71
2016	21,779,615	10,558,497	11,221,118	3,650,000	201,600	2.91
2015	19,134,802	9,604,660	9,530,142	3,470,000	393,225	2.47
2014	18,311,211	9,459,296	8,851,915	3,295,000	575,400	2.29
2013	19,051,936	9,704,611	9,347,325	3,130,000	748,388	2.41
2012	19,828,733	8,815,325	11,013,408	2,975,000	912,713	2.83
2011	17,284,658	9,243,565	8,041,093	2,825,000	1,143,056	2.03
2010	17,533,098	8,957,643	8,575,455	2,685,000	1,287,694	2.16
2009	17,934,051	8,462,145	9,471,906	2,195,000	1,415,794	2.62
2008	17,798,504	7,940,224	9,858,280	-	1,105,059	8.92

Note: Final payment made on these bonds on 1/1/2018.

Fiscal Year	Airport Revenue Bonds					
	Airport Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ -	\$ -	\$ -	\$ -	\$ -	-
2016	-	-	-	-	-	-
2015	8,546,795	4,281,126	4,265,669	5,125,000	146,597	0.81
2014	8,641,627	4,364,638	4,276,989	415,000	229,255	6.64
2013	7,546,237	4,406,659	3,139,578	405,000	245,731	4.82
2012	6,716,756	3,151,206	3,565,550	2,540,000	340,259	1.24
2011	6,244,177	2,955,458	3,288,719	1,045,000	377,369	2.31
2010	6,722,597	3,488,605	3,233,992	1,010,000	413,254	2.27
2009	5,907,184	3,150,752	2,756,432	975,000	447,566	1.94
2008	6,444,752	3,323,596	3,121,156	940,000	239,533	2.65

Note: Final payment was made on these bonds in 2015.

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

FargoDome Sales Tax Revenue Bonds						
Fiscal Year	FargoDome Sales Tax	Debt Service		Coverage		
		Principal	Interest			
2017	\$ -	\$ -	\$ -	-		
2016	-	-	-	-		
2015	-	-	-	-		
2014	-	-	-	-		
2013	-	-	-	-		
2012	-	-	-	-		
2011	-	-	-	-		
2010	-	-	-	-		
2009	-	1,810,000	42,956	-		
2008	10,364,101	4,595,000	238,698	2.14		

Note: Final payment was made on these bonds in 2009.

SRLF Notes Payable							
Fiscal Year	Wastewater Revenue	Less: Expenditures	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2017	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2016	-	-	-	-	-	-	-
2015	10,328,605	5,559,656	4,768,949	4,993,000	72,815	0.94	
2014	10,176,950	4,866,238	5,310,712	761,000	140,327	5.89	
2013	11,046,790	5,252,745	5,794,045	741,000	155,411	6.46	
2012	10,905,355	4,769,262	6,136,093	4,117,766	233,609	1.41	
2011	10,401,385	4,920,920	5,480,465	1,590,000	308,444	2.89	
2010	10,321,247	4,533,593	5,787,654	1,550,000	348,269	3.05	
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	

Note: Final payment was made on these bonds in 2015.

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

Clean Renewable Energy Bond							
Fiscal Year	Sale of by products		Debt Service			Coverage	
			Principal	Interest			
2017	\$	341,470	\$	100,000	\$	4,250	3.28
2016		337,527		100,000		5,100	3.21
2015		335,117		100,000		5,950	3.16
2014		316,396		100,000		6,800	2.96
2013		416,658		100,000		7,650	3.87
2012		375,264		100,000		8,500	3.46
2011		407,347		100,000		9,350	3.73
2010		426,793		100,000		10,200	3.87
2009		196,927		100,000		11,050	1.77
2008		855,932		100,000		5,950	8.08

Qualified Energy Conservation Bonds						
Fiscal Year	Tipping Fee Revenue	Debt Service			Coverage	
		Principal	Interest			
2017	\$ 9,218,332	\$ 178,012	\$ 130,108		29.92	
2016	7,517,651	103,356	148,938		29.80	
2015	-	-	-		-	
2014	-	-	-		-	
2013	-	-	-		-	
2012	-	-	-		-	
2011	-	-	-		-	
2010	-	-	-		-	
2009	-	-	-		-	
2008	-	-	-		-	

**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)
2017	122,574	n/a	n/a	n/a	n/a	n/a	11,317	2.2%	2.6%	3.9%	70,726
2016	120,762	\$ 11,992,967,000	\$ 50,364	31.0	93.9%	38.2%	11,175	2.2%	3.2%	4.9%	69,230
2015	118,523	11,688,827,000	49,987	30.7	94.6%	38.0%	11,157	2.2%	2.7%	5.3%	65,665
2014	115,863	11,166,605,000	48,914	29.5	94.7%	38.6%	11,026	2.5%	2.8%	6.2%	65,038
2013	112,075	10,509,203,000	47,023	31.7	93.7%	35.3%	10,903	3.0%	2.9%	7.4%	61,896
2012	109,779	10,033,320,000	46,384	32.1	94.9%	37.1%	10,821	3.2%	3.1%	8.1%	60,869
2011	107,054	9,068,184,000	42,740	31.7	94.5%	33.5%	10,504	3.3%	3.5%	8.9%	63,842
2010	105,549	8,511,095,000	40,644	31.5	94.2%	35.6%	10,455	3.9%	3.9%	9.6%	58,817
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

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

(2) Source - Bureau of Economic Analysis, Fargo-Moorhead (MSA)

(3) Source - North Dakota Job Service

Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F, 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)		
2017	\$ 4,368,865	\$ 5,363,344	\$ 50,722	\$ 53,172
2016	4,788,922	5,172,302	49,082	52,472
2015	4,946,200	4,556,037	46,208	49,198
2014	4,839,445	4,231,840	45,276	46,365
2013	2,862,674	3,667,475	42,550	40,911
2012	3,435,135	3,198,040	37,714	36,558
2011	3,436,706	3,236,972	37,404	36,353
2010	3,136,582	3,056,126	37,839	37,390
2009	3,221,627	2,971,275	37,105	36,655
2008	3,402,489	3,034,803	39,855	37,348

Source: Demographics USA, Survey of Buying Power

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

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sanford Health	7,151	1	10.11%	-	-	-
North Dakota State University	4,315	2	6.10%	2,401	2	3.94%
Essentia Health	2,540	3	3.59%	-	-	-
Fargo Public Schools	1,860	4	2.63%	1,419	5	2.33%
West Fargo Public Schools	1,622	5	2.29%	-	-	-
U.S. Bank	1,229	6	1.74%	985	7	1.62%
Fargo VA Health Care System	1,114	7	1.58%	655	10	1.08%
Noridian Healthcare Solutions	1,074	8	1.52%	1,747	3	2.87%
Microsoft	1,024	9	1.45%	1,010	6	1.66%
Integrity Windows and Doors	1,000	10	1.41%	-	-	-
MeritCare Health System	-	-	-	3,691	1	6.06%
Innovis Health	-	-	-	1,714	4	2.81%
City of Fargo	-	-	-	869	8	1.43%
Case Corporation	-	-	-	849	9	1.39%

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
City Administrator	3	3	2	1	1	1	1	1	2	2
Human Resources	4	5	6	6	6	6	6	6	7	8
Information Services	15	15	19	22	22	23	23	23	24	24
Public Information	-	-	1	1	2	2	2	2	2	2
Auditor	16	16	16	16	15	15	15	15	15	15
Municipal Court	8	8	8	8	8	8	8	8	8	8
City Assessor	11	11	11	11	11	11	11	11	11	11
Buildings & Grounds	7	7	7	7	7	7	7	7	13	13
Planning	9	9	10	11	12	11	12	13	14	15
Central Garage	21	23	23	23	23	23	23	23	23	23
City Commission	8	8	8	8	8	8	8	8	8	8
Public safety										
Inspections	19	20	20	20	20	20	20	21	22	23
Traffic Engineering	8	8	9	9	9	9	9	11	11	11
Fire Department	107	111	117	117	117	117	121	121	122	122
Police Department	149	157	164	166	167	169	172	180	187	197
Public works										
City Engineering	36	37	38	36	37	37	37	41	42	42
Streets & Sewers	45	46	46	49	49	51	51	54	55	55
Public health & welfare										
Health	111	111	111	111	110	112	114	117	116	116
Homeless shelter	-	1	2	2	15	16	18	18	19	20
Recreation & culture										
Public Library	46	45	46	47	48	48	49	49	50	51
Civic Memorial Auditorium	6	6	6	6	6	6	6	6	4	4
Urban redevelopment	4	3	3	3	3	2	2	2	2	2
Public transportation	16	18	19	20	19	21	22	21	23	25
Business-type funds										
Airport	14	14	14	14	16	16	16	26	27	27
Water	38	39	39	42	42	44	45	46	47	48
Wastewater	18	19	19	20	20	20	20	20	20	20
Solid waste	46	49	49	50	50	50	50	50	50	50
Storm sewer	3	4	4	4	5	5	5	5	5	5
Street Lighting	3	3	3	2	2	2	2	2	2	2
Forestry	10	10	10	10	10	10	11	11	11	11
Fargodome	19	20	20	20	18	20	21	21	21	23
Total	800	826	850	862	878	890	907	939	963	983

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percent Change from 2008 to 2017
Public safety											
Fire											
Number of calls answered	4,280	4,221	4,485	4,785	6,262	6,984	7,196	9,336	10,483	10,711	150%
Number of fire inspections	7,216	6,949	7,754	8,372	7,109	6,552	6,470	6,437	6,005	6,007	-17%
Police											
Number of calls for service	46,183	48,062	47,534	51,215	55,584	62,836	65,682	74,516	78,784	89,162	93%
Arrests	9,939	10,117	7,991	8,285	7,632	6,067	6,063	6,907	7,412	7,076	-29%
Public works											
Average daily water consumption (gallons)	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	14,156,756	51%
Wastewater avg flow per day (MGD)	12.16	12.86	13.01	13.66	12.23	13.39	12.84	12.17	12.72	11.81	-3%
Public health & welfare											
WIC participation	2,801	2,699	2,606	2,720	2,695	2,702	2,701	2,970	2,908	2,975	6%
Nursing visits	211,013	208,124	194,823	196,131	192,853	214,637	152,266*	144,985*	148,719*	145,353*	-31%
Recreation & culture											
Library circulation	830,287	815,998	919,845	960,092	986,773	997,492	1,000,024	1,004,966	987,851	992,711	20%
Civic center attendance	112,032	88,828	91,115	78,327	82,870	88,355	91,660	48,945	46,001	37,240	-67%
Fargodome attendance	436,294	486,059	528,380	499,805	529,657	539,285	550,330	565,914	593,489	539,428	24%
Public transportation											
Number of rides											
Fixed route	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	1,419,067	16%
Paratransit	60,255	57,428	57,850	58,992	54,217	53,403	53,893	51,513	52,394	52,509	-13%
Public information											
Web site											
Total Sessions	n/a	n/a	n/a	905,700	1,220,404	1,269,295	1,272,993	1,378,527	1,239,551	1,078,806	n/a
Users	n/a	n/a	n/a	419,268	620,800	716,763	745,192	759,584	653,841	565,904	n/a
Page views	n/a	n/a	n/a	2,789,176	3,640,975	3,216,029	3,017,692	3,110,926	2,751,964	2,635,927	n/a
Pages per visit	n/a	n/a	n/a	3.08	2.98	2.50	2.37	2.26	2.22	2.44	n/a
Infrastructure											
New projects assessed	32	32	71	19	50	51	43	38	53	55	72%
Value of new projects	\$ 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	\$ 58,787,981	114%

* 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Area in square miles	47.74	48.45	48.45	48.45	48.60	48.80	48.84	49.22	49.22	49.22
Public safety										
Fire										
Stations	6	6	7	7	7	7	7	7	7	7
Vehicles	27	30	28	28	27	31	31	31	23	20
Police										
Stations	3	3	3	3	3	2	1	2	2	2
Marked cars	26	37	38	39	41	41	41	44	44	48
Public works										
Number of street lights	8,514	8,959	9,077	9,430	9,785	10,113	10,402	11,091	11,622	12,086
Miles of paved streets	369.17	367.16	371.65	394.30	400.92	407.43	464.39	525.47	590.04	615.35
Miles of water mains	424.82	428.02	436.00	445.26	449.79	459.93	472.90	484.03	490.01	495.22
Miles of sanitary sewer	404.39	414.64	425.40	429.53	433.98	443.30	453.99	460.87	466.28	473.46
Miles of storm sewer	383.56	387.88	395.05	409.85	416.49	429.74	442.51	455.86	464.51	470.96
Recreation & culture										
Print materials - Library	179,120	202,790	218,355	224,547	273,736	283,852	299,774	222,848	228,032	228,519
Public transportation										
Buses	17	22	26	27	28	32	32	29	29	31

CITY OF FARGO, NORTH DAKOTA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2017
(UNAUDITED)

Policy No.	City Department	Insurance Broker	Insuring Company	Coverage type / \$ Limits	Term
FBP8341772	Multiple	USI Insurance Services LLC	Hartford	Boiler & equipment breakdown \$ 100,000,000	1/1/2017 - 1/1/2018
1949	Multiple	State Fire & Tornado	State Fire & Tornado	Buildings & Contents \$366,868,478 Building \$45,682,479 Contents \$82,426,851 Outdoor property	7/1/2017 - 6/30/2018
2536	Multiple	State Fire & Tornado	State Fire & Tornado	Buildings & Contents \$ 5,152,227 Building	7/1/2017 - 6/30/2018
COP35513P	Transit	USI Insurance Services LLC	Nationwide	Buildings & Contents Transit Maintenance Facility \$7,000,000 Building \$653,680 Contents	10/30/2017 - 10/30/2018
00417288	Multiple	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	Multiple	Warner & Company	ND Insurance Reserve Fund	Mobile Equipment and Trailers \$56,563,940 Fine Arts \$14,450 Portable Radio Equipment \$991,158	6/1/2017 - 6/1/2018
33 1150903540 04	Multiple	Insure Forward	Wright National Flood Insurance	City Hall Flood - \$500,000 Building/\$500,000 Contents	4/15/2017 - 4/15/2018
87043898542016	Library	Warner & Company	Harleysville Insurance Company	Main Library Flood - \$500,000 Building/\$500,000 Contents	3/26/2017 - 3/26/2018
33 1151410674 01	Convention & Visitor's Bureau	Insure Forward	Wright National Flood Insurance	Convention Visitors Bureau Flood - \$500,000 Building/\$200,000 Contents	4/15/2017 - 4/15/2018
G2382520A 010	Solid Waste	Dawson Insurance Agency	Westchester Surplus Lines Insurance Co.	Environmental General Liability for Methane Operations \$2,000,000	8/14/2017-8/14/2018
BA000230011	Multiple	Warner & Company	ND Insurance Reserve Fund	Auto Liability - \$2,000,000 Liability	1/1/2017 - 1/1/2018
GL000333407	Multiple	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	10/29/2017 - 10/29/2018
MSP000644	Multiple	MMIC Insurance, Inc.	MMIC Insurance, Inc.	Malpractice Insurance	1/1/2017 - 1/1/2018
AP003387932-18	Airport	Northstar Aviation Ins. Inc	Commerce & Industry Insurance Co.	Primary Aircraft Liability \$ 100,000,000	1/1/2017 - 1/1/2018
33 1150903542 04	Airport	Insure Forward	Wright National Flood Insurance	Hector Airport Admin Building Flood - \$500,000 Building/\$78,000 Contents	4/15/2017 - 4/15/2018
BA000230210	Airport	Warner & Company	ND Insurance Reserve Fund	Airport Auto Liability - \$2,000,000 Liability	3/5/2017 - 3/5/2018
1006177	Fargodome	No Broker - Direct Writer	FM Global	Fargodome \$173 MM property, \$100MM flood	11/2/2017 - 12/31/2018
33-1150891263 02	Fargodome	Insure Forward	Wright National Flood Insurance Company	Fargodome Flood - \$500M contents & \$500M building	3/5/2017 - 3/5/2018
6LKKO0000005874700 & 6LKKO0000005874800	Fargodome	Insure Forward	K&K	Fargodome General Liability - \$1MM per event aggregate Excess Liability - \$10MM umbrella Auto Liability - \$1MM	11/1/2017-12/31/2018
106244436	Multiple	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	2/12/2017 - 2/12/2018
Z41606-3	Street	Warner & Company	Acuity	Commercial Property Coverage - \$2,800,000 Bergseth Building (Leased for Street Department)	3/23/2017 - 3/23/2018
Z59550-8	Parking	Warner & Company	Acuity	Commercial Fire Insurance for Radisson Parking Ramp Building: \$3,796,685 BPP: \$56,962 Papers and Records Exc Electronic: \$10,000	12/1/2017 - 12/1/2018
3735	Multiple	State Bonding Fund	ND Insurance Department	Fidelity Bond - \$2,000,000	1/1/2016 - 12/31/2017



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Federal Awards Reports in Accordance with the Uniform
Guidance

December 31, 2017

City of Fargo, North Dakota

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Mayor and
Members of City Commission
City of Fargo, North Dakota
Fargo, North Dakota

We have audited, 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, the 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Bismarck, North Dakota
June 7, 2018



Independent Auditor's Report on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Mayor and
Members of City Commission
City of Fargo, North Dakota
Fargo, North Dakota

Report on Compliance for The Major Federal Program

We have audited the City of Fargo, North Dakota's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major Federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 7, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Bismarck, North Dakota
June 7, 2018

City of Fargo, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

	CFDA Numbers	Agency or Pass Through Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Agriculture				
<i>Indirect Federal Funding passed through-</i>				
North Dakota Department of Health				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	G15.880A & G17.452	537,720	
Total Department of Agriculture				537,720
Department of Housing and Urban Development				
<i>Direct Federal Funding:</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	N/A	866,908	533,539
Home Investment Partnerships Program	14.239	N/A	385,162	
<i>Indirect Federal Funding passed through-</i>				
North Dakota Division of Community Services				
Community Development Block Grants/State's Program	14.228	2457-NSP09	87,488	
Emergency Solutions Grant Program	14.231	4017-ESG16 & 4211-ESG17	30,281	
Total Department of Housing and Urban Development				1,369,839
Department of the Interior				
<i>Indirect Federal Funding passed through-</i>				
North Dakota State Historical Society				
Historic Preservation Fund Grants In-Aid	15.904	38-2016-141296-27	420	
Total Department of the Interior				420
Department of Justice				
<i>Direct Federal Funding:</i>				
Public Safety Partnership and Community Policing Grants	16.710	N/A	82,325	
<i>Indirect Federal Funding passed through-</i>				
Cass County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-H3010-ND-DJ	41,302	9,750
State of North Dakota Office of Attorney General				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16217	9,750	
CFDA subtotal			51,052	
Missing Children's Assistance	16.543	16801	6,400	
Total Department of Justice				139,777

City of Fargo, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

	CFDA Numbers	Agency or Pass Through Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Transportation				
<i>Direct Federal Funding:</i>				
Airport Improvement Program	20.106	N/A	5,824,073	
Federal Transit Capital Investment Grants	20.500	N/A	1,989	
Federal Transit Formula Grants	20.507	N/A	2,397,121	
<i>Indirect Federal Funding passed through-</i>				
North Dakota Department of Transportation				
Bus and Bus Facilities Formula Program	20.526	38150106B & 38171124	<u>219,919</u>	
Total Federal Transit Cluster			2,619,029	
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	38161174	128,000	
Highway Safety Cluster				
National Priority Safety Programs	20.616	PHSPOP1705-05-09, PHSPID1710-02-08, PHSPID1710-12-04, PHSPDD1711-02-04, PHSPID1710-03-02, PHSPOP1805-05-06, PHSPID1810-02-05, & PHSPID1810-12-02	<u>57,944</u>	
Total Department of Transportation				8,629,046
Environmental Protection Agency				
<i>Direct Federal Funding:</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	72,540	
<i>Indirect Federal Funding passed through-</i>				
North Dakota Department of Health				
Clean Water State Revolving Funds Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	380715-02	912,590	
Drinking Water State Revolving Funds Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	0900336-03	<u>33,866,080</u>	
Performance Partnership Grants	66.605	G13.1245, G15.820, & G17.305	<u>1,592</u>	
Total Environmental Protection Agency				34,852,802

City of Fargo, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

	CFDA Numbers	Agency or Pass Through Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Health and Human Services				
<i>Indirect Federal Funding passed through-</i>				
North Dakota Department of Health				
Public Health Emergency Preparedness	93.069	G15.729B, G15.764, 15.716, G17.016, G17.040, & G17.066	449,663	25,219
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PF15.261	23,955	
Family Planning Services	93.217	G15.672 & G17.222	171,424	
Immunization Cooperative Agreements	93.268	15.1017	8,582	
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	15.1097	2,000	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539	15.1017 & G17.300	82,298	
Cancer Prevention and Control Programs	93.752	PF15.207	64,807	
Preventive Health and Health Services Block Grant funded solely with PPHF	93.758	G15.943, G15.954, G17.427, & G17.441	30,217	
Cancer Prevention and Control Programs	93.898	PF17.029	30,650	
HIV Care Formula Grants	93.917	PF15.152B & G15-1063	270,799	
HIV Prevention Activities Health Department Based	93.940	PF15.275 & G17.569	54,874	
Maternal and Child Health Services Block Grant to the States	93.994	G15.541A, G17.222, & G17.435	153,233	5,712
Lutheran Social Services				
Refugee and Entrant Assistance Discretionary Grants	93.576	90RX0245-03 & 2018-HP-3	24,189	
Total Department of Health and Human Services			1,366,691	30,931
Department of Homeland Security				
<i>Indirect Federal Funding passed through-</i>				
State of North Dakota Department of Emergency Services				
Hazard Mitigation Grant	97.039	FEMA-1981-DR-30-R & FEMA-1981-DR-9-R	4,219,458	
Homeland Security Grant Program	97.067	14, 14, 15, 35, 36, 48, 91, & 92	243,769	
Cass County				
Emergency Management Performance Grants	97.042	9 & 9	59,637	
Total Department of Homeland Security			4,522,864	
Total Expenditures of Federal Awards			<u>\$ 51,419,159</u>	<u>\$ 574,220</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note B – Summary of Significant Accounting Policies

Expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City’s summary of significant accounting policies is presented in Note 1 in the City’s basic financial statements.

Note C – Indirect Cost Rate

The City has not elected to use the 10% de minimis cost rate.

Note D – Loan Programs

As of December 31, 2017, the City’s liability relating to the Storm Sewer, Water, and Waste Water Expansion – State Revolving Fund (SRF) Loans (CFDA # 66.458 and 66.468) is \$119,916,997.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Dollar threshold used to distinguish between type A and type B programs:	\$ 1,542,575
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No findings reported

No findings reported in the prior year

Section III – Federal Award Findings and Questioned Costs

No findings reported

No findings reported in the prior year