



## **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, 2018, 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, 2018, 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, the pension information including, significant assumptions used to measure total pension liability, schedule of change in net pension liability, schedule of employer contributions, schedule of net pension liability- City of Fargo's proportionate share, and schedule of employer contributions- City of Fargo's proportionate share as presented on pages 88-91, and the OPEB information including, significant assumptions used to measure the OPEB liability, schedule of employer's share of net OPEB liability, schedule of employer contributions, as presented on page 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2019 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 "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
June 18, 2019

## **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, 2018. 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 \$1,058,232 (net position).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$109,933 an increase of \$1,416 in comparison with the prior year. The increase in fund balance is explained in subsequent sections of this analysis.

The City's unassigned General Fund balance of 29 percent of the total General Fund expenditures exceeds our management goal of 25 percent.

Overall, General Fund revenues met budget expectations and total revenue increased by \$2,618 in comparison with the prior year. License and permits revenue increased 12 percent primarily due to increased business beverage licenses and commercial building permits. Intergovernmental revenue increased 3 percent from the prior year as a result of an increased state aid distribution. This can be attributed to rising economic conditions.

Municipal building projects have been a priority for the City over the past couple of years. A new City Hall was completed in September 2018. This new facility provides significantly more functional space for municipal services. Work continues on the remodeling of a building adjacent to the City's Public Works facility that will eventually become the headquarters for the Fargo Police department. The growth in the Police department over the past several years has required the City to obtain a larger facility. The Block Nine Parking ramp and the Wastewater Treatment Plant expansion projects were initiated during 2018 and were in progress at the end of the most recent fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### **Government-wide financial statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fargo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fargo can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Fargo maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are all considered as major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14 - 17 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 19 - 21 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 24 and 25 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 26 – 88 of this report.

## Other information

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

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 94 - 107 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 \$1,058,232 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (79%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Fargo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fargo's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2018 and 2017.

City of Fargo's Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 546,008	\$ 524,346	\$ 118,513	\$ 118,724	\$ 664,521	\$ 643,070
Capital assets	508,121	477,315	832,726	791,624	1,340,847	1,268,939
Total assets	1,054,129	1,001,661	951,239	910,348	2,005,368	1,912,009
Deferred outflows of resources	31,075	23,110	7,509	6,136	38,584	29,246
Long-term liabilities outstanding	785,976	808,828	150,005	48,786	935,981	857,614
Other liabilities	29,775	33,479	14,539	7,457	44,314	40,936
Total liabilities	815,751	842,307	164,544	56,243	980,295	898,550
Deferred inflows of resources	4,271	6,977	1,154	1,364	5,425	8,341
Net position:						
Net investment in capital assets	133,462	155,725	707,758	763,810	841,220	919,535
Restricted	62,858	15,592	44,230	46,243	107,088	61,835
Unrestricted	68,862	4,170	41,062	48,824	109,924	52,994
Total net position	\$ 265,182	\$ 175,487	\$ 793,050	\$ 858,877	\$ 1,058,232	\$ 1,034,364

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

City of Fargo's Changes in Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 29,553	\$ 27,769	\$ 71,123	\$ 69,715	\$ 100,676	\$ 97,484
Operating grants and contributions	9,673	10,040	-	-	9,673	10,040
Capital grants and contributions	94,795	91,019	2,319	6,219	97,114	97,238
General Revenues:						
Taxes	86,900	85,068	1,009	941	87,909	86,009
Unrestricted intergovernmental	6,742	5,769	-	-	6,742	5,769
Unrestricted investment earnings	5,943	5,219	(1,875)	5,539	4,068	10,758
Miscellaneous	416	2,048	1,731	1,114	2,147	3,162
Total revenues	234,022	226,932	74,307	83,528	308,329	310,460
Expenses:						
General government	21,122	18,746	-	-	21,122	18,746
Public safety	40,387	38,540	-	-	40,387	38,540
Public works	85,923	88,777	-	-	85,923	88,777
Public health and welfare	13,636	12,951	-	-	13,636	12,951
Recreation and culture	9,393	8,625	-	-	9,393	8,625
Urban redevelopment	1,531	4,673	-	-	1,531	4,673
Transportation	12,157	10,320	-	-	12,157	10,320
General support	1,193	1,151	-	-	1,193	1,151
Interest and fiscal charges	22,968	22,261	-	-	22,968	22,261
Municipal airport authority	-	-	10,309	8,982	10,309	8,982
Water	-	-	20,414	17,417	20,414	17,417
Wastewater	-	-	11,062	10,797	11,062	10,797
Storm sewer	-	-	6,030	5,679	6,030	5,679
Solid waste	-	-	11,606	10,674	11,606	10,674
Fargodome	-	-	10,680	9,395	10,680	9,395
Southeast cass	-	-	59	90	59	90
Vector control	-	-	429	331	429	331
Street lighting	-	-	3,502	3,350	3,502	3,350
Forestry	-	-	2,060	1,923	2,060	1,923
Total expenses	208,310	206,044	76,151	68,638	284,461	274,682
Excess before Transfers	25,712	20,888	(1,844)	14,890	23,868	35,778
Transfers	63,983	(57,845)	(63,983)	57,845	-	-
Change in net position	89,695	(36,957)	(65,827)	72,735	23,868	35,778
Net position - beginning	175,487	212,444	858,877	786,142	1,034,364	998,586
Net position - ending	\$ 265,182	\$ 175,487	\$ 793,050	\$ 858,877	\$ 1,058,232	\$ 1,034,364

The City's net position increased by \$23,868 during the current fiscal year.

### Governmental activities

The governmental activities' net position increased by \$89,695 during the current fiscal year.

In 2018, the City amended the pledged revenue source of an existing State Revolving Fund loan. The revenue pledge was changed from sales tax to water utility revenue. This amendment resulted in the transfer of \$73 million of existing debt from a governmental fund to a proprietary fund and an increase of the overall net position of governmental activities.

### Business type activities

Business-type activities decreased the City of Fargo's net position by \$65,827.

As noted above, in 2018, the City amended the pledged revenue source of an existing State Revolving Fund loan. The revenue pledge was changed from sales tax to water utility revenue. This amendment resulted in the transfer of \$73 million of existing debt from a governmental fund to a proprietary fund and the decrease of the overall net position of business type activities.

## **Financial Analysis of the Government's Funds**

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

### **Governmental funds**

The focus of the City of Fargo's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fargo's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending during the fiscal year.

As of the end of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$109,933, an increase of \$1,416 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 \$26,862 while total fund balance was \$35,539. 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 29 percent of total general fund expenditures, while total fund balance represents 38 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 \$2,308 during the year. The remainder of fund balance is assigned (\$542, 2 percent), committed (\$1,000, 3 percent), restricted (\$3,054, 9 percent) or nonspendable (\$4,080, 11 percent).

Overall General Fund revenues of this fund group increased by 3 percent compared to the prior year, while total expenditures increased by 2 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 2018 budget. The 2018 budget also included the approval of one new position for Buildings and Grounds as well as the Library. Additional operating budget was also approved for the police department attributed to relocating the department to a new campus. The most significant budget savings are related to the timing of capital outlay funding which lagged budget levels by \$650. Capital funds will be carried forward into the 2019 budget.

The debt service fund has a total fund balance of \$74,646, all of which is restricted for the payment of future debt service. The net decrease in fund balance during the current year was \$6,364.

The capital projects fund had a net increase in fund balance of \$10,529. Capital project expenditures decreased by 25 percent in 2018 due to the revenue pledge on the existing Water Treatment Plant project being amended. This amendment resulted in the capital outlay expenditures for the project being moved from the capital project fund to the water utility fund.

### **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 \$41,062. The Water and Fargodome funds were the two major proprietary funds that reported decreases in net position. The Water fund decrease is the result of debt transferred to the utility from a governmental fund. An existing State Revolving Fund Loan for the Water Treatment plant expansion was amended to remove the sales tax revenue pledge and pledge Water Utility fund revenues instead. The result of this amendment was a transfer of the existing \$73 million debt to the utility. The decrease in the Fargodome fund is attributed to the net investment depreciation of its State Investment Board Permanent Fund.

Operating revenues of this fund group increased by approximately two percent. This increase is attributed to rate increases approved for both the Water and Wastewater utilities. As well as increased passenger facilities fees at the Airport.

Operating expenses increased by 9 percent. The increase in expense can be attributed to increased personnel expense and depreciation expense.



## General Fund Budgetary Highlights

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

General Fund revenue projections exceeded the revised budget by 2.29%. State shared revenues exceeded budget projections. This is a very good indicator of rising economic conditions.

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 99% of final budget.

Capital outlay expenditures lagged budget by \$650 due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2019 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, 2018 amounts to \$1,341 (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:

Construction of a New City Hall building was completed in September 2018.

Major projects in progress in 2018 include, \$21.3 million expended on the water treatment plant expansion which is expected to be completed in 2019. An expansion of the wastewater treatment facility began in 2018 and \$5.4 million was expended on this project during the year. \$5.1 million expended on the construction of the Block Nine parking ramp in downtown Fargo.

Other notable events include \$9 million expended on various infrastructure projects at the Airport.

City of Fargo's Capital Assets (net of depreciation) (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 82,353	\$ 76,969	\$ 43,285	\$ 40,681	\$ 125,638	\$ 117,650
Construction in progress	6,572	43,281	152,460	125,391	159,032	168,672
Intangible	9,974	9,215	920	920	10,894	10,135
Buildings	91,219	48,178	121,066	124,028	212,285	172,206
Improvements other than buildings	1,969	611	27,201	24,844	29,170	25,455
Machinery and equipment	18,475	15,429	36,813	39,094	55,288	54,523
Infrastructure	256,177	243,517	450,981	436,666	707,158	680,183
Flood Control	41,382	40,115	-	-	41,382	40,115
Total	<u>\$ 508,121</u>	<u>\$ 477,315</u>	<u>\$ 832,726</u>	<u>\$ 791,624</u>	<u>\$ 1,340,847</u>	<u>\$ 1,268,939</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 \$881,507. Of this amount, \$418,055 is special assessment debt (improvement bonds) for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Fargo's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) and annual appropriation bonds.

The City of Fargo's total outstanding debt increased by \$77,373 during the current fiscal year.

City of Fargo's Outstanding Debt (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Improvement bonds	\$ 418,055	\$ 409,335	\$ -	\$ -	\$ 418,055	\$ 409,335
Gross revenue bonds	-	-	2,713	2,994	2,713	2,994
Annual appropriation bonds	17,315	-	7,050	7,735	24,365	7,735
General obligation bonds	35,515	36,980	-	-	35,515	36,980
Sales tax bonds	69,215	72,609	-	-	69,215	72,609
Notes payable	118,260	179,728	100,102	3,309	218,362	183,037
Capital leases	174	221	1,638	1,551	1,812	1,772
Net pension liability	91,050	74,750	18,083	14,922	109,133	89,672
Net OPEB liability	1,728	-	609	-	2,337	-
Total	<u>\$ 751,312</u>	<u>\$ 773,623</u>	<u>\$ 130,195</u>	<u>\$ 30,511</u>	<u>\$ 881,507</u>	<u>\$ 804,134</u>

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

The City issued a \$126,500 North Dakota State Revolving Fund loan with an interest rate of 2.0%. This loan was issued to finance project costs for the expansion of the Wastewater Treatment Facility.

The City issued a \$20,229 North Dakota State Revolving Fund loan with an interest rate of 2.0%. This loan was issued to finance project costs for the expansion of the Wastewater Treatment Facility.

The City issued \$42,965 Refunding Improvement Bonds, Series 2018D at a true interest cost of 3.37%. 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 \$17,315 Taxable Annual Appropriation Bonds, Series 2018E at a true interest cost of 4.39%. These bonds were issued to finance the construction of a parking ramp, multi-use public plaza and pedestrian skyway connection located in the City's central downtown area that will be part of a major redevelopment of surface parking lots currently occupying three fourths of the full city block known as "Block Nine."

The City issued \$15,000 Bank of North Dakota Infrastructure Revolving fund loan with an interest rate of 2.0%. This loan was issued to reimburse the capital project fund for project costs previously incurred for the expansion of the City's utility infrastructure.

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 potential changes in revenues.

Modest fee adjustments in the Storm Sewer, Street Light and Forestry utilities were included in the 2019 budget.

The City constrained the 2019 General Fund budget. The budget increase overall was approved at 1.9 percent.

The Board of Equalization's preliminary assessment of our tax base for 2019 projected an increase of 4.7%. 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, 225 4<sup>th</sup> Street North, City of Fargo, ND, 58102 or visit the City's web site at [www.fargond.gov](http://www.fargond.gov). The entire report is presented in the Finance department section.