THE CITY OF Fargo FAR MORE | FINANCE

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED ON DECEMBER 31, 2025

2025

Annual Comprehensive Financial Report
Year Ended December 31, 2025

City of Fargo, North Dakota

Prepared by the Finance Department

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Introductory Section

Year Ended December 31, 2025

City of Fargo, North Dakota

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June 25, 2026

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

We are pleased to submit the City of Fargo's Annual Comprehensive Financial Report for the fiscal year ending December 31, 2025. 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, 2025. The independent auditor's report is located at the front of the financial section of this report. There were no audit findings.

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

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. Management's Discussion and Analysis is included in this report on page 5. This letter of transmittal has been designed to complement 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 along the eastern border of North Dakota at the intersection of Interstate Highways I-29 and I-94. Situated on the Red River of the North, the City serves as a regional economic center and is part of a metropolitan area that includes neighboring Moorhead, Minnesota, serving a primary market area of over 262,000 consumers. The City's current population is estimated at 140,682, representing a 10.0 percent increase since the 2020 Census. A recent demographic study projects continued growth, with the population expected to reach approximately 171,000 by 2040. Key sectors of the local economy include health care, education, retail, and professional services, which support Fargo's role as a regional employment and service center.

The City is authorized to levy taxes on real property within its boundaries, subject to a 3 percent property tax revenue cap enacted by the 2025 State Legislature. The City continues to monitor the impact of state legislative changes on local revenue authority and long-term financial planning.

The City operates under a Home Rule Charter, adopted in 1986, with a Mayor-Commission form of government. Legislative and policy authority is vested in a five-member City Commission responsible for adopting ordinances, approving budgets, and establishing policy direction. The Mayor and Commissioners are elected at-large to four-year terms. Following the June 9, 2025 municipal election, Josh Boschee was elected Mayor, and Chad Peterson and Nikkie Gullickson were elected to serve four-year terms on the City Commission.

All Department Heads serve on the Mayor's Cabinet, a coordinating forum that facilitates communication between City departments and community priorities. The City Administrator, Michael Redlinger, serves as the liaison to the City Commission and is responsible for the overall management of daily City operations and its twenty-two departments. Brenda Derrig serves as Assistant City Administrator.

The City of Fargo provides a full range of municipal services, including public safety; construction and maintenance of infrastructure; public utilities such as water, water reclamation, solid waste, and urban forestry; health and human services; public transportation; recreation and cultural services; and general administrative support services.

The City is required to adopt a preliminary budget by August 10 and a final budget by October 7 each year. Budget requests are submitted by all departments to the City's Budget Team during the annual budget development process, which begins in May. The Mayor works collaboratively with the City Administrator, Assistant City Administrator, Director of Human Resources, and Director of Finance to develop the preliminary budget recommendation, which is presented to the City Commission for consideration. The City Commission is responsible for final budget adoption. Budgetary control is maintained at the fund level. Department Heads are authorized to transfer appropriations within their respective departments. Transfers between funds and supplemental appropriations require approval by the City Commission.

In accordance with GASB pronouncements, the City's financial statements include all funds, departments of the City (the primary government), and its two component units. 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 and is reported as a blended component unit within the activities of the primary government. The Municipal Airport Authority of the City of Fargo was formed for the purpose of operating an airport system that provides domestic air service for the Midwest region and is reported as a discretely presented component unit. Separately issued financial reports are available for the Municipal Airport Authority by contacting the Executive Director, PO Box 2845, Fargo ND 58108.

FINANCIAL AND ECONOMIC CONDITIONS IN FARGO

Financial Conditions

The median Fargo per capita income continues to rise and is reflective of our strong local economy. Per capita incomes are strong at $66,021 in 2024 as compared to $58,158 in 2020 representing a 13.5% increase in income levels over the past five years. The labor force has increased to 78,677 in 2025 as compared to 73,397 five years ago which represents a 7.19% increase. Fargo's unemployment rate is currently 2.6% while the State of North Dakota is 2.5%.

Building Permit Activity

Following record levels of construction activity during the low interest rate environment through 2022, building permit activity in the City has declined in recent years. Total building permits issued in 2025 were approximately $517 million, compared to $685 million in 2024, representing a 6.2% decrease. Residential demand continues to be supported by population growth and favorable economic conditions within the region.

Sales Taxes Funding for City of Fargo Initiatives

The City of Fargo uses sales tax revenues as a significant funding source for major infrastructure and public service initiatives. A 2 percent sales tax is dedicated to infrastructure-related projects, including municipal utility improvements to support current and future growth, flood protection infrastructure along the Red River, regional water supply development through the Red River Valley Water Supply Project, and roadway improvements throughout the community.

In 2016, voters approved a long-term extension through 2084 of a 1 percent sales tax dedicated to the Fargo-Moorhead Area Diversion Project, a regional flood control initiative designed to reduce flood risk for the Fargo-Moorhead metropolitan area. The remaining 1 percent infrastructure sales tax is authorized through 2048.

In November 2024, voters approved a 0.25 percent sales tax dedicated to public safety for a twenty-year period. The revenue is restricted for public safety personnel, equipment, and facilities. The initial implementation plan approved by the City Commission was incorporated into the 2025 budget and includes funding for additional police and fire personnel, a revised public safety compensation plan, technology enhancements, a fire department facility study, and future facility improvements.

Additional information regarding sales tax revenues and related expenditures is presented in the statistical section of this report.

MAJOR INITIATIVES FOR THE YEAR

Enterprise Resource Planning (ERP)

Following a request for proposals and a cross-departmental evaluation process, the City of Fargo selected a new Enterprise Resource Planning (ERP) system, with implementation beginning in late 2023. The system will replace the City’s legacy accounting, payroll, and human resource management software. The financial reporting module is expected to go live in early 2027, with payroll and human capital management modules anticipated to follow later in 2027. The new system is intended to enhance the efficiency, consistency, and transparency of financial reporting, payroll processing, and personnel management. This investment supports improved financial management and aligns with the City’s broader efforts to strengthen internal controls and long-term operational capacity.

Forward-Looking Initiatives

The City of Fargo continues to advance long-term planning initiatives related to growth management, infrastructure investment, and service delivery in response to continued population and economic expansion. These efforts are closely aligned with the City’s capital investment strategy.

Key initiatives include a citywide Growth Plan developed in collaboration with residents, business owners, and planning professionals; continued expansion activities at Hector International Airport; the opening of the Red River Regional Dispatch Center in 2025; and evaluation of proposals for a Fargo Convention Center. The Fargo Growth Plan 2024 provides a 20-year framework for land use, infrastructure planning, and development patterns, and is intended to guide future capital investment decisions.

The City is also undertaking an update to its Land Development Code to support coordinated development, infrastructure planning, and long-range capital improvement programming. These planning efforts are supported by continued strength in the local tax base and construction activity.

Major infrastructure initiatives, including the Fargo-Moorhead Area Flood Diversion Project and the Red River Valley Water Supply Project, remain ongoing. These projects represent significant long-term capital commitments designed to mitigate flood risk, ensure regional water supply reliability, and support the City’s continued economic stability.

Fargo Moorhead Diversion Channel Project

The construction of a major regional flood control project remains a priority for the Fargo-Moorhead metropolitan area. A summary of the project's history, including its development and current status, is provided below.

The United States Army Corps of Engineers (USACE) has evaluated multiple flood risk reduction alternatives for the Fargo-Moorhead area over several years. Following extensive analysis, USACE recommended a flood diversion channel located west of Fargo and West Fargo, combined with a southern embankment system, as the preferred technical solution for reducing flood risk. The system is designed to temporarily store and regulate flood flows through a series of control structures, thereby reducing river levels and flood impacts within the metropolitan area.

The estimated total project cost exceeds $2.7 billion and is being funded through a combination of federal, state, and local sources. Funding partners include the State of North Dakota, State of Minnesota, USACE, the City of Fargo, Cass County, and other regional stakeholders.

Project delivery is supported through coordination among the Metro Flood Diversion Authority, USACE, and Jacobs Engineering. Construction remains ongoing, with substantial completion anticipated in 2026. Upon completion, the project is expected to provide comprehensive permanent flood protection for the Fargo-Moorhead-West Fargo metropolitan area.

Red River Valley Water Supply Project (RRVWSP)

The need for the RRVWSP arose from the drought-prone Red River and supported studies that show a severe drought, similar to that of the 1930s, will likely repeat by the year 2050. With continued growth and industrial development, the project is needed to mitigate against drought conditions that would cause costly water shortages, foster economic development by meeting municipal, industrial and rural water demands, and promote environmental sustainability. Based on a 2021 estimate, the financial impact of a drought similar to the one Fargo, North Dakota experienced in the 1930s is 33 billion over a ten-year period.

The original project was conceived as a federal, state and local project. Without federal authorization in place, local leaders and stakeholders began to look for a state and local option to complete the highly needed project. At a cost in excess of $1.3 billion, the project benefits from the state of North Dakota's significant funding over seven biennium's. State funding includes required local matches ranging from 10 to 30 percent; however, various state of North Dakota long-term, low-interest loan programs have been made available for the local match. Additionally, through the efforts of our congressional delegation, federal funding of $150 million has been appropriated to the project to ease the funding burden on the state and local partners. The City of Fargo has modeled their local share repayment via water utility rates over the next forty years.

After completing multiple studies and examining countless alternatives, a route for the project was determined. The project will bring Missouri River water from the McClusky Canal in central North Dakota, to the Sheyenne River, closely running along the Hwy 200 corridor. The route for the RRVWSP is flexible, environmentally friendly and reliable. The project has a route that is adaptable to different growth patterns, and the Sheyenne and Red Rivers will provide increased water delivery capacity to the systems compared to a pipeline. Using the river conveyance will enhance return flow capture allowing reuse of the RRVWSP water. The project was expanded to include central North Dakota, in response to the 2015 legislative session. The state and local project version of the project will benefit users along the pipeline route throughout central North Dakota and ultimately the Red River Valley.

Construction began with the transmission pipeline in June 2022. Additional land acquisition, final design, and construction of remaining project features are expected to be complete by 2029.

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.

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 annual comprehensive financial report for the fiscal year ended December 31, 2024. This is the twenty-seventh 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 annual comprehensive 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 annual comprehensive 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 Annual Comprehensive 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:

Emily Kettner, Senior Accountant
Carrie Clemens, Senior Accountant
Jessica Houim, Senior Accountant
Lindsey Tester, Accountant
Emily Bartz, Accountant

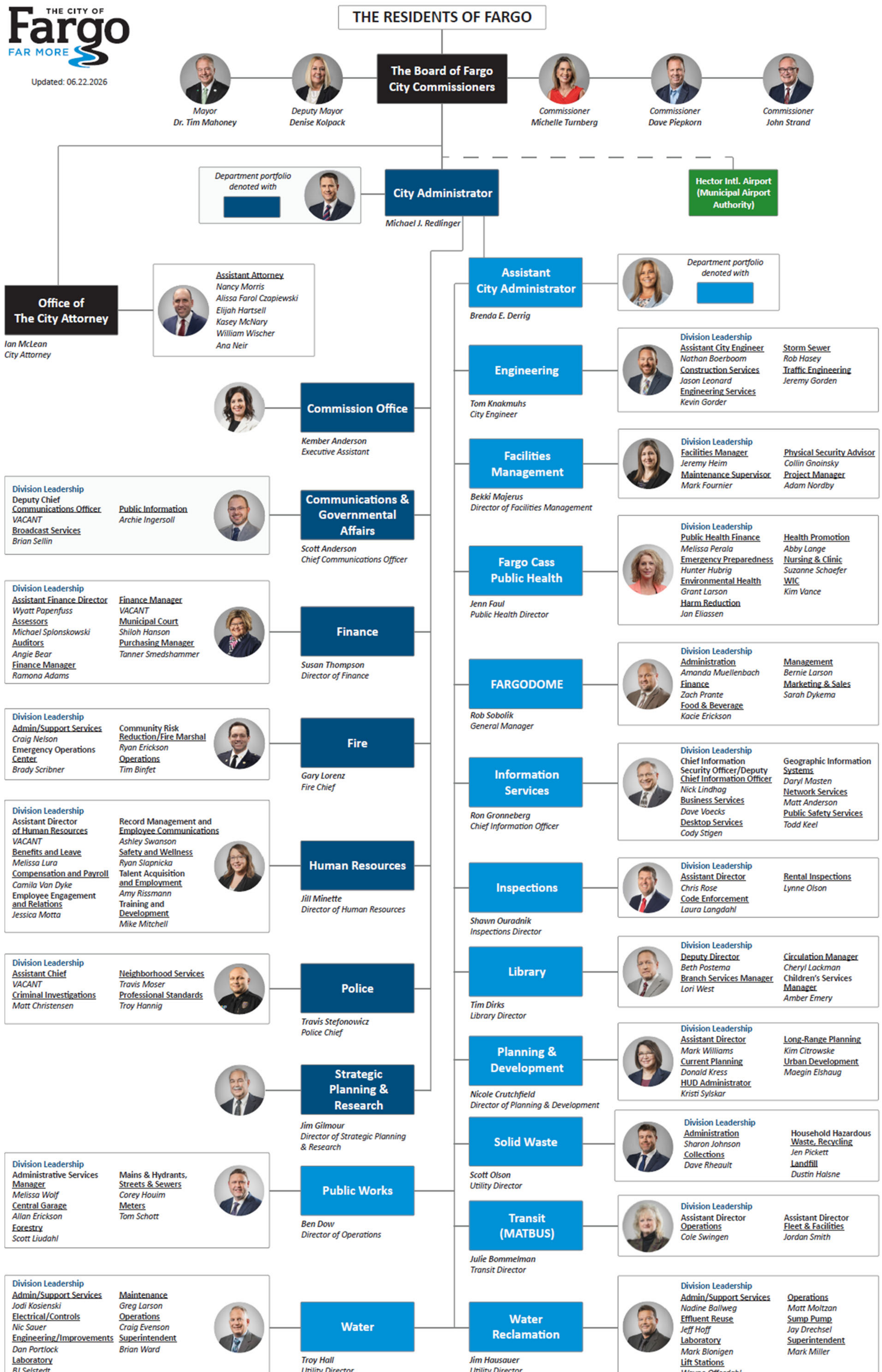
Special thanks are due to the Eide Bailly, LLP and their staff for the technical assistance during the audit and throughout the year. We acknowledge the thorough and professional manner in which they conducted their audit.

Appreciation is expressed to the members of the City Commission, Mayor, City Administrator, Cabinet members, and City staff for their support and commitment to planning and conducting the financial activities of the City in a responsible and progressive manner. The City's financial status is a tribute to that discipline and vision.

Respectfully submitted,

Susan J. Thompson, CPA	Wyatt Papenfuss
Director of Finance	Assistant Finance Director

Name	Position	Term Expires
Elected Officials		
Dr. Tim Mahoney	Mayor	June 2026
Denice Kolpack	Deputy Mayor	June 2026
Dave Piepkorn	Commissioner	June 2026
John Strand	Commissioner	June 2028
Michelle Turnburg	Commissioner	June 2028
Appointed Officials		
Michael Redlinger	City Administrator	
Brenda Derrig	Assistant City Administrator	
Susan Thompson	Director of Finance	
Angie Bear	City Auditor	
Kember Anderson	City Commission Executive Assistant	


THE CITY OF Fargo FAR MORE
Updated: 06.22.2026
THE RESIDENTS OF FARGO
The Board of Fargo City Commissioners
Mayor Dr. Tim Mahoney
Deputy Mayor Denise Kolpack
Commissioner Michelle Turnberg
Commissioner Dave Piepkorn
Commissioner John Strand
Department portfolio denoted with
City Administrator
Michael J. Redlinger
Hector Intl. Airport (Municipal Airport Authority)
Office of The City Attorney
Ian McLean
City Attorney
Assistant Attorney
Nancy Morris
Alissa Farol Czapiewski
Elijah Hartsell
Kasey McNary
William Wischer
Ana Neir
Assistant City Administrator
Brenda E. Derrig
Department portfolio denoted with
Commission Office
Kember Anderson
Executive Assistant
Division Leadership
Deputy Chief Communications Officer
VACANT
Broadcast Services
Brian Sellin
Public Information
Archie Ingersoll
Communications & Governmental Affairs
Scott Anderson
Chief Communications Officer
Division Leadership
Assistant Finance Director
Wyatt Papenfuss
Assessors
Michael Splonskowski
Auditors
Angie Bear
Finance Manager
Ramona Adams
Finance Manager
VACANT
Municipal Court
Shiloh Hanson
Purchasing Manager
Tanner Smedshammer
Finance
Susan Thompson
Director of Finance
Division Leadership
Admin/Support Services
Craig Nelson
Emergency Operations Center
Brady Scribner
Community Risk Reduction/Fire Marshal
Ryan Erickson
Operations
Tim Binfet
Fire
Gary Lorenz
Fire Chief
Division Leadership
Assistant Director of Human Resources
VACANT
Benefits and Leave
Melissa Lura
Compensation and Payroll
Camila Van Dyke
Employee Engagement and Relations
Jessica Motta
Record Management and Employee Communications
Ashley Swanson
Safety and Wellness
Ryan Slapnicka
Talent Acquisition and Employment
Amy Rissmann
Training and Development
Mike Mitchell
Human Resources
Jill Minette
Director of Human Resources
Division Leadership
Assistant Chief
VACANT
Criminal Investigations
Matt Christensen
Neighborhood Services
Travis Moser
Professional Standards
Troy Hannig
Police
Travis Stefonowicz
Police Chief
Strategic Planning & Research
Jim Gilmour
Director of Strategic Planning & Research
Division Leadership
Administrative Services Manager
Melissa Wolf
Central Garage
Allan Erickson
Forestry
Scott Liudahl
Mains & Hydrants, Streets & Sewers
Corey Houim
Meters
Tom Schott
Public Works
Ben Dow
Director of Operations
Division Leadership
Admin/Support Services
Jodi Kosienski
Electrical/Controls
Nic Sauer
Engineering/Improvements
Dan Portlock
Laboratory
BJ Selstedt
Maintenance
Greg Larson
Operations
Craig Swenson
Superintendent
Brian Ward
Water
Troy Hall
Utility Director
Engineering
Tom Knakmuhs
City Engineer
Division Leadership
Assistant City Engineer
Nathan Boerboom
Construction Services
Jason Leonard
Engineering Services
Kevin Gorder
Storm Sewer
Rob Hasey
Traffic Engineering
Jeremy Gorden
Facilities Management
Bekki Majerus
Director of Facilities Management
Division Leadership
Facilities Manager
Jeremy Heim
Maintenance Supervisor
Mark Fournier
Physical Security Advisor
Collin Gnoinsky
Project Manager
Adam Nordby
Fargo Cass Public Health
Jenn Faul
Public Health Director
Division Leadership
Public Health Finance
Melissa Perala
Emergency Preparedness
Hunter Hubrig
Environmental Health
Grant Larson
Harm Reduction
Jan Eliassen
Health Promotion
Abby Lange
Nursing & Clinic
Suzanne Schaefer
WIC
Kim Vance
FARGODOME
Rob Sobolik
General Manager
Division Leadership
Administration
Amanda Muellenbach
Finance
Zach Prante
Food & Beverage
Kacie Erickson
Management
Bernie Larson
Marketing & Sales
Sarah Dykema
Information Services
Ron Gronneberg
Chief Information Officer
Division Leadership
Chief Information Security Officer/Deputy Chief Information Officer
Nick Lindhag
Business Services
Dave Voecks
Desktop Services
Cody Stigen
Geographic Information Systems
Daryl Masten
Network Services
Matt Anderson
Public Safety Services
Todd Keel
Inspections
Shawn Ouradnik
Inspections Director
Division Leadership
Assistant Director
Chris Rose
Code Enforcement
Laura Langdahl
Rental Inspections
Lynne Olson
Library
Tim Dirks
Library Director
Division Leadership
Deputy Director
Beth Postema
Branch Services Manager
Lori West
Circulation Manager
Cheryl Lackman
Children's Services Manager
Amber Emery
Planning & Development
Nicole Crutchfield
Director of Planning & Development
Division Leadership
Assistant Director
Mark Williams
Current Planning
Donald Kress
HUD Administrator
Kristi Sylskar
Long-Range Planning
Kim Citrowske
Urban Development
Maegin Elshaug
Solid Waste
Scott Olson
Utility Director
Division Leadership
Administration
Sharon Johnson
Collections
Dave Rheault
Household Hazardous Waste, Recycling
Jen Pickett
Landfill
Dustin Halsne
Transit (MATBUS)
Julie Bommelman
Transit Director
Division Leadership
Assistant Director Operations
Cole Swingen
Assistant Director Fleet & Facilities
Jordan Smith
Water Reclamation
Jim Hausauer
Utility Director
Division Leadership
Admin/Support Services
Nadine Ballweg
Effluent Reuse
Jeff Hoff
Laboratory
Mark Blonigen
Lift Stations
Wayne Offerdahl
Operations
Matt Moltzan
Sump Pump
Jay Drechsel
Superintendent
Mark Miller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fargo
North Dakota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Financial Section
Year Ended December 31, 2025

City of Fargo, North Dakota

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fargo ("the City") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fargo, as of December 31, 2025, 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.

We did not audit the financial statements of the Municipal Airport Authority of the City of Fargo, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit, as of December 31, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Municipal Airport Authority of the City of Fargo, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; North Dakota Public Employee Retirement System OPEB Plan schedules: schedule of employer's share of net OPEB liability and related ratios and schedule of employer contributions; North Dakota Public Employee Retirement System Pension plan schedules: schedule of employer's share of net pension liability and related ratios and schedule of employer contributions; City employees' pension plan schedules: schedule of changes in net pension liability (asset) and related ratios, schedule of employer contributions, schedule of investment returns, schedule of employer's share of net pension liability (asset) and schedule of employer's share of employer contributions; Police Pension Plan schedules: schedule of changes in net pension liability, schedule of employer contributions, and schedule of investment returns; and Firefighters' Relief Association Retirement Plan schedules: schedule of changes in net pension liability and related ratios and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and capital assets used in the operation of governmental funds sections are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules and the capital assets used in the operation of governmental funds section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, 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 solely 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.

Eide Bailly LLP

Fargo, North Dakota
June 25, 2026

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, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Government-wide Statements

The assets and deferred outflows of resources of the City of Fargo exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $1,399,676,678 (net position). Of this amount, the net investment in capital assets and amounts restricted for specific purposes exceed the total net position, resulting in a deficit unrestricted net position of $72,767,670.

Fund Financial Statements

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of $201,329,862, an increase of $35,057,820 in comparison with the prior year balance. Of this balance, $34,121,890 constitutes unassigned fund balance, $357,127 assigned fund balance, $1,000,016 committed fund balance, $163,916,979 restricted fund balance and $1,933,850 nonspendable fund balance.

The City's eleven enterprise funds ended the year with net position of $834,754,954, an increase of $38,006,938 from the prior year balance. Net cash flows from operations were $33,468,580 while net cash used for noncapital and related financing activities was $20,453,275, net cash used for capital and related financing activities was $2,895,158, and net cash used for investing activities was $9,323,737.

The City's unassigned General Fund balance of $34,287,796 represents 27 percent of the total General Fund expenditures. This exceeds our management goal of 25 percent.

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, economic development, and general support. The business-type activities of the City of Fargo include Water, Water Reclamation, Storm Sewer, Solid Waste, Southeast Cass Sewer, Forestry, Vector Control, Street Lighting, Transit, Civic Memorial Auditorium, and the FargoDome, a multi-use facility.

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-three 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 twenty-one 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. Budgetary comparison statements have been provided to demonstrate compliance with the approved budget.

Proprietary Funds

The City of Fargo maintains eleven 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 Water, Water Reclamation, Storm Sewer, Vector Control, Solid Waste, Southeast Cass Sewer, Forestry, Street Lighting, Transit, Civic Memorial Auditorium, 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 Water, Water Reclamation, Storm Sewer, Solid Waste, and FargoDome activities, which are considered major funds of the City of Fargo. Data from the other six enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in 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 City's fiduciary funds consist of pension trust funds and custodial funds. The City's two pension funds, the City Employees' Pension Plan and the Police Pension Plan are reported as pension trust funds. The City has three custodial funds: Park District Special Assessments, Metro Flood Project Diversion Authority, and Police Custodial Fund.

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.

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.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds as well as the custodial funds are presented as other supplementary information.

Government-wide Financial Analysis

Net Position

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,399,676,678 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (78 percent) reflects its net investment in capital assets (e.g., land, construction in progress, intangibles, buildings, improvements other than buildings, infrastructure, machinery and equipment, flood control, right-of-use lease assets, and subscription-based IT assets), less any related outstanding debt, leases, and software based IT arrangements 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 table presents condensed financial information on the City's net position for the fiscal years ending December 31, 2025 and 2024. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 759,672	$ 716,400	$ 98,287	$ 75,714	$ 857,959	$ 792,114
Capital assets	748,276	714,500	1,100,867	1,053,798	1,849,143	1,768,298
Total assets	1,507,948	1,430,900	1,199,154	1,129,512	2,707,102	2,560,412
Deferred Outflows of Resources	23,132	28,007	3,905	7,266	27,037	35,273
Liabilities						
Other liabilities	26,127	31,133	20,740	15,950	46,867	47,083
Long-term liabilities	909,885	888,693	336,661	310,352	1,246,546	1,199,045
Total liabilities	936,012	919,826	357,401	326,302	1,293,413	1,246,128
Deferred Inflows of Resources	30,146	25,653	10,903	13,728	41,049	39,381
Net Position						
Net investment in capital assets	301,689	274,534	788,524	765,577	1,090,213	1,040,111
Restricted	327,895	316,448	54,336	48,904	382,231	365,352
Unrestricted	(64,662)	(77,554)	(8,105)	(17,733)	(72,767)	(95,287)
Total net position	$ 564,922	$ 513,428	$ 834,755	$ 796,748	$ 1,399,677	$ 1,310,176

A portion of the City of Fargo's net position (27 percent) represents resources that are subject to external restrictions on how they may be used.

The net investment in capital assets and amounts restricted for specific purposes exceed the total net position, resulting in a deficit unrestricted net position of $72,767,670.

Changes in Net Position

The City's net position increased by $89,500,324 as revenues exceeded expenses during the current fiscal year for both governmental and enterprise funds. Much of this is committed to current and future capital infrastructure.

Governmental Activities

Governmental activities increased the City's net position by $51,493,386 during the current fiscal year, thereby accounting for 57.5 percent of the total growth in the net position of the City.

Revenues increased by $10,792,422 or 3.4 percent. This increase can be attributed to the timing of receiving Prairie Dog Funds from the State of North Dakota which are to be used for essential infrastructure projects within the Capital Projects fund. General Fund tax revenues increased during the fiscal year primarily due to growth in franchise fee revenues. Franchise fee collections from utility providers exceeded prior-year levels, resulting in higher overall tax revenues for the General Fund. Sales tax revenues also increased 7.3 from 2024 to 2025. The increase was primarily attributable to the implementation of a new voter-approved public safety sales tax authorization that became effective April 2025.

Business-type Activities

Business-type activities increased the City of Fargo's net position by $38,006,938 during the current fiscal year, increasing the total growth in the government's net position. As the City continues to plan for both current and future infrastructure investments, we have been closely monitoring revenues to ensure they exceed expenses.

The following table presents condensed financial information on the City's changes in net position for the fiscal years ending December 31, 2025 and 2024. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 31,486	$ 29,159	$ 108,667	$ 95,240	$ 140,153	$ 124,399
Operating grants and contributions	6,068	12,272	5,802	4,345	11,870	16,617
Capital grants and contributions	125,054	122,109	4,020	8,230	129,074	130,339
General revenues						
Taxes	136,741	129,538	-	-	136,741	129,538
Unrestricted intergovernmental	11,355	9,395	-	-	11,355	9,395
Unrestricted investment earnings	12,812	10,706	6,810	3,953	19,622	14,659
Miscellaneous	1,836	1,380	2,252	1,985	4,088	3,365
Gain on disposal of capital assets	-	-	6,484	-	6,484	-
Total revenues	325,352	314,559	134,035	113,753	459,387	428,312
Expenses						
General government	30,309	33,180	-	-	30,309	33,180
Public safety	62,947	55,089	-	-	62,947	55,089
Public works	103,555	122,177	-	-	103,555	122,177
Public health and welfare	14,479	16,266	-	-	14,479	16,266
Recreation and culture	10,511	10,942	-	-	10,511	10,942
Urban redevelopment	2,747	6,819	-	-	2,747	6,819
Transportation	2,756	3,782	-	-	2,756	3,782
Economic development	1,064	493	-	-	1,064	493
General support and unallocated	-	1,826	-	-	-	1,826
Interest	24,207	15,534	-	-	24,207	15,534
Water	-		32,995	31,319	32,995	31,319
Water Reclamation	-	-	19,279	15,652	19,279	15,652
Storm sewer	-	-	9,554	8,861	9,554	8,861
Solid waste	-	-	14,345	13,449	14,345	13,449
FargoDome	-	-	13,786	14,259	13,786	14,259
Southeast Cass	-	-	78	98	78	98
Vector control	-	-	462	362	462	362
Street lighting	-	-	6,288	5,433	6,288	5,433
Forestry	-	-	2,726	2,567	2,726	2,567
Transit	-	-	17,399	15,098	17,399	15,098
Civic Memorial Auditorium	-	-	399	354	399	354
Total expenses	252,575	266,108	117,311	107,452	369,886	373,560
Excess (Deficiency) before Transfers	72,777	48,451	16,724	6,301	89,501	54,752
Transfers	(21,283)	(18,714)	21,283	18,714	-	-
Change in Net Position	51,494	29,737	38,007	25,015	89,501	54,752
Beginning Net Position	513,428	483,691	796,748	771,733	1,310,176	1,255,424
Ending Net Position	$ 564,922	$ 513,428	$ 834,755	$ 796,748	$ 1,399,677	$ 1,310,176

Financial Analysis of the City's Funds

As noted earlier, the City of Fargo uses fund accounting to demonstrate compliance with finance-related legal requirements. Some funds are required statutorily while others are established internally to assist management in accounting for certain activities.

Governmental Funds

The focus of the City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial needs and ability to meet those needs with current revenue streams. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary use, as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Commission.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $201,329,862.

Approximately 16.9 percent, or $34,121,890, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned ($357,127, 0.2 percent), committed ($1,000,016, 0.5 percent), restricted ($163,916,979, 81.4 percent), or nonspendable ($1,933,850, 1.0 percent).

The General Fund is the primary operating fund of the City of Fargo. At the end of the 2025 fiscal year, the General Fund unassigned fund balance was $34,287,796, an increase of $11,219,923 from the prior year. Unassigned fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 29 percent of that same amount. Management's fund balance goal of 25 percent has been achieved for this fiscal year.

The City strategically budgets reserves at or above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure.

Overall General Fund revenues increased by 9 percent compared to the prior year, while total expenditures increased by 8 percent.

The increase in General Fund revenues is directly correlated to increased property tax collections in the current year as the valuation of the City increases with growth. Additionally, higher utility provider revenues and related franchise fee remittances contributed to the growth in General Fund tax revenues during the fiscal year.

The debt service fund has a total fund balance of $113,180,498, all of which is restricted for the payment of current and future debt service obligations. The net increase in fund balance during the current year was $16,306,023 due to debt service property tax revenues and investment earnings exceeding current year principal and interest payments. The excess resources will be used to meet future debt service obligations.

The capital projects fund had a net increase in fund balance of $6,381,379. Capital project intergovernmental revenues increased by 30.2 percent in 2025. This increase is due to additional State funds received from the Prairie Dog Fund. These resources are programmed for infrastructure projects and are incorporated into the City's long-term capital improvement plans.

Proprietary (Business-type) 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 deficit of the proprietary funds at the end of the year amounted to $8,104,783. Restrictions for debt service are required to satisfy future obligations of the State Revolving Fund. The Solid Waste Fund continues to restrict a significant portion of the cash balance to meet the City's future landfill closure and post-closure obligations.

Operating revenues of this fund group increased by $13,426,872, or 14.1 percent. The largest portion of this increase was in the Water and Storm Sewer Utility Funds as a result of continued growth of users within the community.

Operating expenses increased by $9,042,812, or 9.0 percent.

General Fund Budgetary Highlights

The City's low annual average unemployment rate of 2.6 percent and continued positive construction activity of $517.3 million in valuations both point to a strong, growing economy.

The General fund has two primary revenue sources, property tax and intergovernmental revenues, which count for around 69.1 percent of the budgeted revenues. In addition, the General Fund received a significant transfer from an enterprise fund related to the sale of property, a portion of which had been budgeted for transfer to the General Fund.

The City's expenditures for the year totaled $125,314,322 or 0.4 percent above final budget. The variance was primarily attributable to increased costs in certain operating functions and was substantially offset by favorable variances in revenues and transfers. As a result, the General Fund ended the year with a positive budgetary variance overall.

Capital Asset and Debt Administration

Capital Assets

The carrying value of the City of Fargo's capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $1,849,143,375 (net of accumulated depreciation/amortization). This investment in capital assets includes land, intangibles, construction in progress, buildings, improvements, machinery and equipment, infrastructure, right of way, right-of-use lease assets, subscription-based IT assets and flood control projects.

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

- Construction completed on the expansion of the City's Water Reclamation Treatment Facility. The project has been ongoing since 2018 totaling $143 million. Completion of the project will allow an increase in treatment capacity from 26 MGD to 50 MGD per day.
- Multiple Storm Sewer Lift Stations were completed in 2025 resulting in $6.1 million of additions within the Capital Project Funds.

- Parking availability in the downtown area continues to be a priority for the City. During 2025, approximately $19 million was expended to complete the NP Avenue Parking Ramp. The ramp is part of a larger mixed-use development that includes residential units, commercial space, and the new Fargo-Moorhead Community Theatre. With six levels of covered parking, the facility is the largest City-owned parking ramp and provides additional parking capacity to support continued downtown growth and redevelopment.

The following table presents a summary of capital assets, net of accumulated depreciation/amortization as of December 31, 2025 and 2024. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets (net of accumulated depreciation/amortization where applicable)						
Land	$ 114,584	$ 109,614	$ 38,331	$ 37,790	$ 152,915	$ 147,404
Right of way/Intangibles	15,385	15,157	920	920	16,305	16,077
Construction in progress	519	12,635	58,598	184,349	59,117	196,984
Buildings	130,077	112,785	369,684	235,826	499,761	348,611
Improvements other than buildings	5,649	6,192	39,517	29,507	45,166	35,699
Machinery and equipment	16,349	15,398	33,556	32,526	49,905	47,924
Infrastructure	350,355	338,338	560,155	532,119	910,510	870,457
Flood Control	105,304	93,402	-	-	105,304	93,402
Right-of-use lease assets	7,814	8,461	106	179	7,920	8,640
Subscription-based IT assets	2,240	2,518	-	582	2,240	3,100
Total capital assets	$ 748,276	$ 714,500	$ 1,100,867	$ 1,053,798	$ 1,849,143	$ 1,768,298

Additional information on the City of Fargo's capital assets can be found in Note 6 of this report.

Long Term Liabilities

At the end of the current fiscal year, the City of Fargo had total long-term obligations of $1,246,546,004, an increase of approximately $47.5 million from the prior fiscal year.

Of this amount, $568,170,000 is refunding improvement bonds (funded by special assessments) for which the government is liable in the event of default by the property owners subject to the assessment.

Notes payable amounted to$372,975,847 of the total debt. This type of debt will be funded with utility fees and/or sales tax receipts.

The City's net pension liability decreased by approximately $18.8 million from 2024. This decrease is a result of assumption changes in both the North Dakota Public Employee Retirement System Pension Plan and City Employees' Pension Plan.

The following table presents a summary of long term debts as of December 31, 2025 and 2024. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Improvement bonds	$ 568,170	$ 537,805	$ -	$ -	$ 568,170	$ 537,805
General Obligation Bonds	23,455	25,395	1,062	1,264	24,517	26,659
Sales Tax Bonds	41,186	45,733	-	-	41,186	45,733
Taxable Annual Appropriation Bonds	35,515	36,160	-	-	35,515	36,160
Annual Appropriation Bonds	29,716	30,177	1,740	2,570	31,456	32,747
Notes Payable	77,928	64,289	295,048	265,457	372,976	329,746
Unamortized Premiums	37,351	37,560	-	-	37,351	37,560
Financed Purchases Payable	217	263	2,250	2,335	2,467	2,598
Leases Payable	8,375	8,898	106	180	8,481	9,078
SBITAs Payable	1,809	1,912	-	534	1,809	2,446
Special Assessments	-	-	11,166	9,261	11,166	9,261
Landfill Closure/Postclosure	-	-	6,611	6,456	6,611	6,456
Compensated Absences	11,719	10,691	2,915	2,511	14,634	13,202
Net OPEB Liability	1,544	1,969	563	764	2,107	2,733
Net Pension Liability	72,900	87,841	15,200	19,020	88,100	106,861
Total long-term liabilities	$ 909,885	$ 888,693	$ 336,661	$ 310,352	$ 1,246,546	$ 1,199,045

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

- The City issued $54,765,000 of Refunding Improvement Bonds, Series 2025D at interest rate of 4.0-5.0%. These bonds were issued to finance the cost of construction of improvements within the various improvement districts of the City.
- The City drew $44,556,412 on State Revolving Fund notes payable at interest rates of 0.0-1.50%. These notes were used to finance various infrastructure projects within the enterprise utility funds. Of the amount drawn, $1,169,258 was forgiven and included as capital contributions from other governments in the current year.

The City of Fargo has an "Aa3" 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 10 of this report.

Economic Factors and Next Year's Budgets and Rates

The 2026 budget reflects the City's continued focus on maintaining service levels, investing in human capital, and implementing enhancements supported by the new Public Safety Sales Tax, while addressing challenges associated with a new legislative property tax revenue cap, ongoing increases in operating costs, and growing service demands within an expanding service area. Progress continues on major regional infrastructure projects, including the Metro Flood Diversion Project and the Red River Valley Water Supply Project, which are intended to significantly reduce the City's long-term flood and drought risk.

The 2025 City mill value increased from $842,600 to $883,000 per mill. To sustain existing service levels, the property tax levy for the 2026 budget equates to 55.36 mills, a slight increase from 55.00 mills in 2025. The total 2026 General Fund appropriation is $140.2 million, which includes $5.8 million attributable to the new Public Safety Sales Tax. Excluding the impact of this new revenue source, the 2026 budget reflects an increase of approximately 1.86 percent compared to the 2025 budget.

North Dakota House Bill 1176 (2025 Legislative Session) established a 3 percent cap on annual property tax levy increases for local governments, applicable to residential, commercial, and agricultural property. The legislation also expanded the primary residence property tax credit from $500 to a maximum of $1,600 annually. This credit is funded through earnings from the State's Legacy Fund.

The City continues to experience competitive labor market conditions, which present challenges in recruiting and retaining qualified employees and contribute to upward pressure on wages and benefits.

The City's financial condition remains subject to risks associated with legislative changes affecting property tax authority, inflationary cost pressures, and variability in construction-related activity. Management continues to monitor these factors and incorporates them into long-range financial planning.

The City of Fargo's economy continues to benefit from a diverse tax base supported by steady population growth, ongoing construction activity, and sustained economic development. The City continues to prioritize infrastructure investment and regional partnerships to support long-term growth and service delivery needs. These factors collectively contribute to Fargo's continued economic stability and quality of life.

Requests for Information

This financial report was designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 225 4th Street North, City of Fargo, ND, 58102 or visit the City's web site at www.fargond.gov. The entire report is presented in the Finance department section.

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Airport Authority
Assets				
Cash and cash equivalents	$ 184,736	$ 8,870,687	$ 9,055,423	$ 52,553,544
Investments	1,234,860	-	1,234,860	-
Equity in pooled investments	177,097,188	12,831,327	189,928,515	-
Receivables (net of allowance for uncollectibles):				
Interest	1,003,407	21,108	1,024,515	100,762
Taxes	872,686	-	872,686	17,108
Accounts	6,951,698	10,546,972	17,498,670	1,412,035
Sales tax	15,156,971	-	15,156,971	-
Special assessments	547,322,626	360,250	547,682,876	-
Intergovernmental	5,271,108	1,829,208	7,100,316	8,484,770
Leases	2,418,614	3,438,271	5,856,885	6,812,711
Loans	2,223,944	-	2,223,944	-
Internal balances	(2,160,708)	2,160,708	-	-
Inventories	1,446,205	2,540,515	3,986,720	-
Prepaid items	487,645	678,975	1,166,620	201,156
Net pension asset	160,547	76,454	237,001	50,221
Restricted assets				
Cash and cash equivalents	-	-	-	738,877
Equity in pooled investments	-	6,393,014	6,393,014	-
Investments	-	48,539,497	48,539,497	-
Capital assets, net of accumulated depreciation/ amortization, where applicable				
Land	114,583,902	38,330,694	152,914,596	8,516,547
Intangible - right-of-way easements	15,385,007	420,036	15,805,043	-
Intangible - water rights	-	500,000	500,000	-
Construction in progress	518,832	58,598,578	59,117,410	141,684,689
Buildings	130,076,643	369,683,670	499,760,313	31,163,346
Improvements other than buildings	5,649,067	39,516,997	45,166,064	863,300
Machinery and equipment	16,348,802	33,555,792	49,904,594	4,377,485
Infrastructure	350,355,169	560,154,701	910,509,870	80,811,325
Flood control	105,304,141	-	105,304,141	-
Right-of-use lease assets	7,814,531	106,433	7,920,964	-
Subscription-based IT assets	2,240,380	-	2,240,380	-
Total assets	1,507,948,001	1,199,153,887	2,707,101,888	337,787,876
Deferred Outflows of Resources				
Other postemployment benefits	219,794	72,226	292,020	39,082
Pension plans	22,911,898	3,832,865	26,744,763	807,536
Total deferred outflows of resources	23,131,692	3,905,091	27,036,783	846,618

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Airport Authority
Liabilities				
Vouchers payable	13,640,568	13,155,751	26,796,319	3,876,075
Retainage payable	2,994,831	969,929	3,964,760	7,092,497
Accrued payroll	3,538,511	952,750	4,491,261	160,133
Accrued interest payable	4,193,029	1,444,750	5,637,779	121,005
Accrued interest payable from restricted assets	-	597,104	597,104	-
Special assessments payable	813,866	-	813,866	-
Unearned revenue	397,958	3,567,924	3,965,882	171,895
Deposits payable	548,151	51,456	599,607	-
Debt				
Due within one year, other than OPEB and pensions	55,352,727	5,540,464	60,893,191	1,459,519
Due within one year from restricted assets	-	3,469,511	3,469,511	-
Due in more than one year, other than OPEB and pensions	780,088,017	311,888,374	1,091,976,391	36,869,025
Due in more than one year, net OPEB liability	1,543,839	562,610	2,106,449	87,839
Due in more than one year, net pension liability	72,900,165	15,200,297	88,100,462	1,635,105
Total liabilities	936,011,662	357,400,920	1,293,412,582	51,473,093
Deferred Inflows of Resources				
Other postemployment benefits	483,352	206,537	689,889	27,163
Pension plans	27,490,668	7,043,720	34,534,388	909,502
Lease related	2,172,287	3,652,847	5,825,134	6,412,902
Total deferred inflows of resources	30,146,307	10,903,104	41,049,411	7,349,567
Net Position				
Net investment in capital assets	301,689,446	788,524,330	1,090,213,776	222,279,309
Restricted for				
Debt service	282,518,744	5,795,910	288,314,654	738,877
Specific projects and programs	12,731,543	-	12,731,543	-
Capital improvements	32,644,878	48,539,497	81,184,375	-
Unrestricted	(64,662,887)	(8,104,783)	(72,767,670)	56,793,648
Total net position	$ 564,921,724	$ 834,754,954	$ 1,399,676,678	$ 279,811,834

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Discretely Presented Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Municipal Airport Authority
Primary Government								
Governmental activities								
General government	$ 30,309,341	$ 5,292,491	$ 1,112,362	$ 72,882	$ (23,831,606)	$ -	$ (23,831,606)	$ -
Public safety	62,947,068	9,527,995	1,385,675	1,114,756	(50,918,642)	-	(50,918,642)	-
Public works	103,555,069	11,105,877	-	123,712,946	31,263,754	-	31,263,754	-
Public health and welfare	14,478,632	2,714,344	2,699,358	-	(9,064,930)	-	(9,064,930)	-
Recreation and culture	10,511,461	213,924	120,873	141,489	(10,035,175)	-	(10,035,175)	-
Urban redevelopment	2,746,770	230,997	749,957	-	(1,765,816)	-	(1,765,816)	-
Public transportation	2,755,692	2,400,209	-	12,000	(343,483)	-	(343,483)	-
Economic development	1,064,297	-	-	-	(1,064,297)	-	(1,064,297)	-
Interest	24,206,739	-	-	-	(24,206,739)	-	(24,206,739)	-
Total governmental activities	252,575,069	31,485,837	6,068,225	125,054,073	(89,966,934)	-	(89,966,934)	-
Business-type activities								
Water	32,994,726	33,084,683	-	1,169,257	-	1,259,214	1,259,214	-
Water reclamation	19,278,566	20,590,890	-	-	-	1,312,324	1,312,324	-
Storm sewer	9,554,412	7,586,826	-	54,093	-	(1,913,493)	(1,913,493)	-
Solid waste	14,344,912	19,714,255	47,139	-	-	5,416,482	5,416,482	-
FargoDome	13,786,275	9,194,968	-	-	-	(4,591,307)	(4,591,307)	-
Southeast Cass	77,887	233,923	-	-	-	156,036	156,036	-
Vector control	461,680	824,974	-	-	-	363,294	363,294	-
Street lighting	6,287,900	7,708,595	-	-	-	1,420,695	1,420,695	-
Forestry	2,725,899	3,319,911	41,535	-	-	635,547	635,547	-
Transit	17,399,116	6,358,696	5,712,930	2,796,858	-	(2,530,632)	(2,530,632)	-
Civic Memorial Auditorium	399,258	49,043	-	-	-	(350,215)	(350,215)	-
Total business-type activities	117,310,631	108,666,764	5,801,604	4,020,208	-	1,177,945	1,177,945	
Total Primary Government	$ 369,885,700	$ 140,152,601	$ 11,869,829	$ 129,074,281	(89,966,934)	1,177,945	(88,788,989)	-
Component Unit								
Municipal Airport Authority	$ 15,886,336	$ 13,548,984	$ -	$ 57,703,173	-	-	-	55,365,821
General revenues								
Property taxes					44,335,009	-	44,335,009	1,518,309
Sales taxes					74,935,830	-	74,935,830	-
Gross business receipts taxes					10,337,053	-	10,337,053	-
Lodging taxes					3,327,299	-	3,327,299	-
Other taxes					3,805,838	-	3,805,838	-
Unrestricted intergovernmental					11,355,009	-	11,355,009	-
Unrestricted investment earnings					12,811,747	6,809,683	19,621,430	2,797,490
Miscellaneous					1,835,935	2,251,833	4,087,768	701,827
Gain on disposal of assets					-	6,484,077	6,484,077	-
Transfers					(21,283,400)	21,283,400	-	-
Total general revenue and transfers					141,460,320	36,828,993	178,289,313	5,017,626
Change in net position					51,493,386	38,006,938	89,500,324	60,383,447
Net position - beginning, as previously reported					513,428,338	796,748,016	1,310,176,354	217,003,516
Adjustments (Note 22)					-	-	-	2,424,871
Net position - beginning, as adjusted					513,428,338	796,748,016	1,310,176,354	219,428,387
Net position - ending					$ 564,921,724	$ 834,754,954	$ 1,399,676,678	$ 279,811,834

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 184,736	$ -	$ -	$ -	$ 184,736
Investments	-	1,234,860	-	-	1,234,860
Equity in pooled investments	37,018,626	86,164,428	48,625,003	5,289,131	177,097,188
Receivables (net of allowance for uncollectibles)					
Interest	414,858	540,013	48,536	-	1,003,407
Taxes	638,832	221,068	-	12,786	872,686
Accounts	6,155,348	13,967	322,709	459,674	6,951,698
Sales tax	-	3,368,216	10,104,647	1,684,108	15,156,971
Special assessments	330,090	546,050,536	-	942,000	547,322,626
Intergovernmental	4,561,264	-	489,150	220,694	5,271,108
Leases	-	-	-	2,418,614	2,418,614
Loans	-	-	-	2,223,944	2,223,944
Due from other funds	127,271	-	-	-	127,271
Advances to other funds	-	2,439,394	-	-	2,439,394
Inventories	1,446,205	-	-	-	1,446,205
Prepaid items	399,561	-	18,329	69,755	487,645
Total assets	$ 51,276,791	$ 640,032,482	$ 59,608,374	$ 13,320,706	$ 764,238,353
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Vouchers payable	$ 2,324,894	$ 27,295	$ 10,718,871	$ 569,508	$ 13,640,568
Retainage payable	-	-	2,994,831	-	2,994,831
Due to other funds	-	-	-	127,271	127,271
Advances from other funds	-	-	4,600,102	-	4,600,102
Accrued payroll	3,536,826	-	-	1,685	3,538,511
Special assessments payable	-	-	16,451	797,415	813,866
Unearned revenue	9,602	-	19,089	369,267	397,958
Deposits	312,311	-	235,840	-	548,151
Total liabilities	6,183,633	27,295	18,585,184	1,865,146	26,661,258
Deferred Inflows of Resources					
Unavailable revenue	4,288,845	526,824,689	249,960	2,711,452	534,074,946
Lease related	-	-	-	2,172,287	2,172,287
Total deferred inflows of resources	4,288,845	526,824,689	249,960	4,883,739	536,247,233
Fund Balance (Deficit)					
Nonspendable	1,845,766	-	18,329	69,755	1,933,850
Restricted	3,313,608	113,180,498	40,754,901	6,667,972	163,916,979
Committed	1,000,016	-	-	-	1,000,016
Assigned	357,127	-	-	-	357,127
Unassigned	34,287,796	-	-	(165,906)	34,121,890
Total fund balance (deficit)	40,804,313	113,180,498	40,773,230	6,571,821	201,329,862
Total liabilities, deferred inflows of resources, and fund balances	$ 51,276,791	$ 640,032,482	$ 59,608,374	$ 13,320,706	$ 764,238,353

Total Fund Balances - Governmental Funds	$ 201,329,862
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	748,276,474
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are unearned in the funds	534,074,946
Long-term assets from pensions reported in the governmental activities are not financial resources, and therefore, are not reported in the funds	160,547
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds	(4,842,328)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(914,077,777)
Net Position of Governmental Activities	$ 564,921,724

City of Fargo, North Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 55,015,336	$ 19,425,549	$ 51,205,934	$ 10,823,433	$ 136,470,252
Special assessments	48,784	52,534,356	238,888	901,183	53,723,211
Licenses and permits	5,991,327	-	-	-	5,991,327
Intergovernmental	26,338,431	6,295,490	42,526,512	1,804,364	76,964,797
Charges for services	18,766,824	-	-	2,045,704	20,812,528
Fines and forfeitures	1,966,787	-	-	15,420	1,982,207
Investment income	8,794,107	3,552,863	380,451	13,125	12,740,546
Miscellaneous	825,055	972,842	441,592	650,866	2,890,355
Total revenues	117,746,651	82,781,100	94,793,377	16,254,095	311,575,223
Expenditures					
Current					
General government	28,611,294	-	1,036,596	-	29,647,890
Public safety	56,699,675	-	1,267,341	321,555	58,288,571
Public works	14,700,587	19,335	66,642,226	805,363	82,167,511
Public health and welfare	15,100,016	-	48,825	36,564	15,185,405
Recreation and culture	5,766,212	-	-	4,515,201	10,281,413
Urban redevelopment	-	2,086,924	-	589,455	2,676,379
Public transportation	-	-	-	1,251,209	1,251,209
Economic development	493,895	570,402	-	-	1,064,297
General support	1,618,773	-	-	-	1,618,773
Capital outlay	1,166,553	-	102,021,970	769,963	103,958,486
Debt service					
Principal	1,108,796	38,632,156	492,275	39,324	40,272,551
Interest and fiscal charges	48,521	26,865,793	4,122,634	5,268	31,042,216
Total expenditures	125,314,322	68,174,610	175,631,867	8,333,902	377,454,701
Excess (Deficiency) of Revenues over (under) Expenditures	(7,567,671)	14,606,490	(80,838,490)	7,920,193	(65,879,478)
Other Financing Sources (Uses)					
Transfers in	24,355,311	7,363,073	22,218,895	1,551,315	55,488,594
Transfers out	(8,775,081)	(10,390,236)	(7,644,886)	(6,316,850)	(33,127,053)
Issuance of bonds	-	2,863,936	51,901,064	-	54,765,000
Premium on bond issuance	-	-	2,328,150	-	2,328,150
Issuance of notes payable	-	1,862,760	18,385,667	-	20,248,427
Issuance of financed purchases	214,429	-	-	-	214,429
Issuance of leases	5,172	-	5,291	-	10,463
Issuance of SBITAs	810,809	-	25,688	-	836,497
Sale of capital assets	172,791	-	-	-	172,791
Total other financing sources (uses)	16,783,431	1,699,533	87,219,869	(4,765,535)	100,937,298
Net Change in Fund Balance	9,215,760	16,306,023	6,381,379	3,154,658	35,057,820
Fund Balance, Beginning of Year	31,588,553	96,874,475	34,391,851	3,417,163	166,272,042
Fund Balance, End of Year	$ 40,804,313	$ 113,180,498	$ 40,773,230	$ 6,571,821	$ 201,329,862

Net Change in Fund Balances - Total Governmental Funds	$ 35,057,820
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/ amortization expense.	33,775,947
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,248,181
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(1,027,757)
In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	42,275
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	5,844,829
In the statement of activities interest expense is recognized as it accrues. In the governmental funds, however, the expenditure is measured by the amount of financial resources used.	81,763
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 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.	(35,529,672)
Change in Net Position of Governmental Activities	$ 51,493,386

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes	$ 58,443,604	$ 56,693,604	$ 55,015,336	$ (1,678,268)
Special assessments	140,000	140,000	48,784	(91,216)
Licenses and permits	6,774,000	6,774,000	5,991,327	(782,673)
Intergovernmental	24,122,893	27,854,124	26,338,431	(1,515,693)
Charges for services	15,613,035	16,049,490	18,766,824	2,717,334
Fines and forfeitures	1,504,500	1,504,500	1,966,787	462,287
Investment income	7,500,000	7,500,000	8,794,107	1,294,107
Miscellaneous	672,153	690,973	825,055	134,082
Total revenues	114,770,185	117,206,691	117,746,651	539,960
Expenditures				
Current				
General government	27,862,216	29,386,718	28,611,294	775,424
Public safety	56,509,576	56,631,498	56,699,675	(68,177)
Public works	15,870,102	15,558,018	14,700,587	857,431
Public health and welfare	15,703,934	15,532,506	15,100,016	432,490
Recreation and culture	5,827,235	5,795,284	5,766,212	29,072
Economic development	203,700	203,700	493,895	(290,195)
General support	1,510,860	1,510,860	1,618,773	(107,913)
Capital outlay	-	148,346	1,166,553	(1,018,207)
Debt service				
Principal	-	-	1,108,796	(1,108,796)
Interest and fiscal charges	-	-	48,521	(48,521)
Total expenditures	123,487,623	124,766,930	125,314,322	(547,392)
Deficiency of Revenues under Expenditures	(8,717,438)	(7,560,239)	(7,567,671)	(7,432)
Other Financing Sources (Uses)				
Transfers in	17,574,767	24,604,512	24,355,311	(249,201)
Transfers out	(8,857,329)	(9,070,652)	(8,775,081)	295,571
Issuance of financed purchases	-	-	214,429	214,429
Issuance of leases	-	-	5,172	5,172
Issuance of SBITAs	-	-	810,809	810,809
Sale of capital assets	-	-	172,791	172,791
Total other financing sources (uses)	8,717,438	15,533,860	16,783,431	1,249,571
Net Change in Fund Balances	$ -	$ 7,973,621	9,215,760	$ 1,242,139
Fund Balance, Beginning of Year			31,588,553	
Fund Balance, End of Year			$ 40,804,313	

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Assets							
Current Assets							
Cash and cash equivalents	$ -	$ -	$ -	$ 700	$ 8,869,287	$ 700	$ 8,870,687
Equity in pooled investments	2,686,708	2,070,211	5,661,792	1,095,876	-	1,316,740	12,831,327
Receivables (net of allowance for uncollectibles):							
Interest	-	-	-	-	21,108	-	21,108
Accounts	2,431,429	1,929,281	730,463	1,582,238	766,376	3,107,185	10,546,972
Special assessments	265,153	-	-	-	-	95,097	360,250
Intergovernmental	-	-	-	16,605	-	1,812,603	1,829,208
Leases	-	-	-	-	3,438,271	-	3,438,271
Due from other funds	-	5,050,372	-	-	-	-	5,050,372
Advances to other funds	994,039	1,166,669	-	-	-	-	2,160,708
Inventories	1,064,844	-	-	-	138,016	1,337,655	2,540,515
Prepaid items	92,014	46,601	6,436	88,692	318,397	126,835	678,975
Restricted assets							
Equity in pooled investments	5,987,782	-	-	405,232	-	-	6,393,014
Total current assets	13,521,969	10,263,134	6,398,691	3,189,343	13,551,455	7,796,815	54,721,407
Noncurrent Assets							
Net pension asset	25,047	9,930	114	32,345	-	9,018	76,454
Restricted assets							
Investments	-	-	-	-	48,539,497	-	48,539,497
Capital assets							
Land	5,591,951	571,620	30,155,448	2,011,675	-	-	38,330,694
Construction in progress	50,422,252	895,619	6,150,128	-	-	1,130,579	58,598,578
Intangible right of way easements	-	289,090	130,946	-	-	-	420,036
Intangible water rights	500,000	-	-	-	-	-	500,000
Buildings	216,625,088	204,450,883	-	5,990,269	60,897,249	24,486,176	512,449,665
Improvements other than buildings	7,796,890	2,288,301	3,690,465	43,390,832	6,191,282	39,438	63,397,208
Machinery and equipment	15,222,110	21,774,077	9,815,627	25,579,762	28,476,303	24,792,541	125,660,420
Infrastructure	202,796,150	199,007,156	351,668,185	632,666	-	57,540,871	811,645,028
Right-of-use leased assets	586,633	9,848	-	-	-	132,728	729,209
Less accumulated depreciation/amortization	(119,799,683)	(110,539,081)	(112,438,964)	(33,319,195)	(75,297,962)	(59,469,052)	(510,863,937)
Total capital assets, net of accumulated depreciation/amortization	379,741,391	318,747,513	289,171,835	44,286,009	20,266,872	48,653,281	1,100,866,901
Total noncurrent assets	379,766,438	318,757,443	289,171,949	44,318,354	68,806,369	48,662,299	1,149,482,852
Total assets	393,288,407	329,020,577	295,570,640	47,507,697	82,357,824	56,459,114	1,204,204,259

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Deferred Outflows of Resources							
Other postemployment benefits	17,735	8,894	5,310	11,320	15,567	13,400	72,226
Pension plans	914,413	430,569	313,851	836,434	654,547	683,051	3,832,865
Total deferred outflows of resources	932,148	439,463	319,161	847,754	670,114	696,451	3,905,091
Liabilities							
Current Liabilities							
Vouchers payable	4,237,362	5,159,391	10,391	159,826	1,192,627	2,396,154	13,155,751
Retainage payable	428,512	443,562	-	-	-	97,855	969,929
Due to other funds	-	-	-	-	31,073	5,019,299	5,050,372
Accrued payroll	202,573	89,140	35,047	152,795	120,119	353,076	952,750
Accrued interest payable	235,553	839,740	125,687	161,576	73,237	8,957	1,444,750
Current portion of bonds and notes payable	-	579,000	-	205,640	855,000	-	1,639,640
Current portion of special assessments payable	127,824	77,180	178,530	151,599	73,205	1,650	609,988
Current portion of financed purchases payable	-	144,840	83,810	820,150	-	65,135	1,113,935
Current portion of leases payable	39,678	427	-	-	-	2,738	42,843
Current portion of compensated absences	580,410	301,774	53,584	444,430	272,533	481,327	2,134,058
Unearned revenue	-	-	-	-	3,349,997	217,927	3,567,924
Deposits payable	13,350	2,380	-	27,500	8,226	-	51,456
Current liabilities payable from restricted assets							
Current portion of long-term debt	2,725,000	-	-	744,511	-	-	3,469,511
Accrued interest payable	557,737	-	-	39,367	-	-	597,104
Total current liabilities	9,147,999	7,637,434	487,049	2,907,394	5,976,017	8,644,118	34,800,011
Noncurrent Liabilities							
Landfill closure costs	-	-	-	6,610,988	-	-	6,610,988
Long-term debt, net of current portion							
Special assessments payable	4,262,280	771,564	2,389,563	1,938,944	1,193,004	539	10,555,894
Financed purchases payable	-	49,336	88,280	844,657	-	153,741	1,136,014
Bonds payable	-	-	-	856,333	-	-	856,333
Annual appropriation bond	-	-	-	-	885,000	-	885,000
Notes payable	122,673,130	159,643,217	1,063,480	7,619,950	-	-	290,999,777
Leases payable	55,881	7,826	-	-	-	-	63,707
Compensated absences	257,111	121,569	17,850	117,087	126,569	140,475	780,661
Net OPEB liability	145,297	70,411	28,660	111,358	88,057	118,827	562,610
Net pension liability	3,972,741	1,897,643	855,617	3,329,287	1,684,223	3,460,786	15,200,297
Total noncurrent liabilities	131,366,440	162,561,566	4,443,450	21,428,604	3,976,853	3,874,368	327,651,281
Total liabilities	140,514,439	170,199,000	4,930,499	24,335,998	9,952,870	12,518,486	362,451,292

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Deferred Inflows of Resources							
Other postemployment benefits	54,175	26,365	9,047	40,562	27,568	48,820	206,537
Pension plans	1,801,472	929,448	381,016	1,494,569	981,062	1,456,153	7,043,720
Lease related	-	-	-	-	3,652,847	-	3,652,847
Total deferred inflows resources	1,855,647	955,813	390,063	1,535,131	4,661,477	1,504,973	10,903,104
Net Position							
Net investment in capital assets	249,429,086	157,030,561	285,368,172	31,104,225	17,260,663	48,331,623	788,524,330
Restricted for:							
Debt service	5,430,045	-	-	365,865	-	-	5,795,910
Capital improvement	-	-	-	-	48,539,497	-	48,539,497
Unrestricted	(3,008,662)	1,274,666	5,201,067	(8,985,768)	2,613,431	(5,199,517)	(8,104,783)
Total net position	$ 251,850,469	$ 158,305,227	$ 290,569,239	$ 22,484,322	$ 68,413,591	$ 43,132,106	$ 834,754,954

City of Fargo, North Dakota
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2025

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Operating Revenues							
Charges for services	$ 33,084,683	$ 20,590,890	$ 7,586,826	$ 19,714,255	$ 9,194,968	$ 18,495,142	$ 108,666,764
Operating Expenses							
Personnel services	6,491,554	2,847,931	849,574	5,250,257	2,520,191	5,901,917	23,861,424
Other services	5,107,387	3,599,830	357,383	3,262,301	5,851,640	12,599,182	30,777,723
Materials and supplies	9,364,851	1,722,248	352,047	2,068,927	2,397,959	4,282,102	20,188,134
Depreciation/amortization	8,846,460	7,952,289	7,822,951	3,363,659	2,797,366	4,449,450	35,232,175
Total operating expenses	29,810,252	16,122,298	9,381,955	13,945,144	13,567,156	27,232,651	110,059,456
Operating Income (Loss)	3,274,431	4,468,592	(1,795,129)	5,769,111	(4,372,188)	(8,737,509)	(1,392,692)
Nonoperating Revenues (Expenses)							
(Loss) Gain on disposal of assets	(621,186)	-	-	6,460,235	(16,688)	(34,840)	5,787,521
Investment income	18,395	20,747	-	-	6,770,541	-	6,809,683
Interest expense and bond fees	(2,563,288)	(3,156,268)	(172,457)	(399,768)	(154,617)	(60,407)	(6,506,805)
Intergovernmental operating grants	-	-	-	47,139	-	5,754,465	5,801,604
Miscellaneous revenue (expense)	37,579	2,911	-	19,844	(47,814)	83,819	96,339
Sale of byproducts	-	1,813,955	-	293,725	-	-	2,107,680
Total nonoperating revenues (expenses)	(3,128,500)	(1,318,655)	(172,457)	6,421,175	6,551,422	5,743,037	14,096,022
Income (Loss) before Contributions and Transfers	145,931	3,149,937	(1,967,586)	12,190,286	2,179,234	(2,994,472)	12,703,330
Transfers in	5,265,838	3,272,142	-	-	-	3,918,323	12,456,303
Transfers out	(8,166,918)	(8,710,752)	(4,184,449)	(9,407,654)	-	(4,348,071)	(34,817,844)
Capital contributions from governmental funds	6,861,745	7,600,073	26,988,129	21,182	-	2,173,812	43,644,941
Capital contributions from other governments	1,169,257	-	54,093	-	-	2,796,858	4,020,208
Change in Net Position	5,275,853	5,311,400	20,890,187	2,803,814	2,179,234	1,546,450	38,006,938
Total Net Position, Beginning of Year	246,574,616	152,993,827	269,679,052	19,680,508	66,234,357	41,585,656	796,748,016
Total Net Position, End of Year	$ 251,850,469	$ 158,305,227	$ 290,569,239	$ 22,484,322	$ 68,413,591	$ 43,132,106	$ 834,754,954

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Operating Activities							
Receipts from customers and users	$ 32,557,856	$ 20,372,968	$ 7,351,101	$ 19,605,984	$ 11,761,606	$ 17,205,651	$ 108,855,166
Payments to suppliers	(11,554,916)	(6,689,569)	(712,562)	(5,777,139)	(9,318,901)	(15,469,198)	(49,522,285)
Payments to and on behalf of employees	(7,066,634)	(3,200,597)	(957,308)	(5,652,847)	(2,799,253)	(6,187,662)	(25,864,301)
Net Cash from (Used for) Operating Activities	13,936,306	10,482,802	5,681,231	8,175,998	(356,548)	(4,451,209)	33,468,580
Noncapital Financing Activities							
Transfers to other funds	(8,166,918)	(8,710,752)	(4,184,449)	(9,407,654)	-	(4,348,071)	(34,817,844)
Transfers from other funds	5,265,838	3,272,142	-	-	-	3,918,323	12,456,303
Intergovernmental operating grants	40,354	-	-	30,534	-	4,171,957	4,242,845
Payments received on interfund borrowing	-	-	3,310,577	1,242,425	31,073	1,453,441	6,037,516
Payments made for interfund borrowing	(6,148,448)	(1,769,373)	-	-	-	(454,274)	(8,372,095)
Net Cash from (Used for) Noncapital Financing Activities	(9,009,174)	(7,207,983)	(873,872)	(8,134,695)	31,073	4,741,376	(20,453,275)
Capital and Related Financing Activities							
Proceeds from sale of assets	68,252	-	-	6,697,773	-	42,512	6,808,537
Proceeds from byproduct sales	-	1,813,955	-	293,725	-	-	2,107,680
Payments received on advances to other funds	135,587	105,625	-	-	-	-	241,212
Miscellaneous capital activities	37,579	2,911	-	19,844	(29,144)	83,819	115,009
Long-term debt proceeds	21,156,511	10,173,600	1,183,678	1,557,513	-	-	34,071,302
Acquisition of capital assets	(17,663,706)	(10,007,285)	42,761	(4,851,855)	(488,225)	(3,597,153)	(36,565,463)
Debt service							
Principal	(2,834,342)	(210,088)	(247,767)	(1,912,440)	(899,624)	(136,790)	(6,241,051)
Interest	(2,327,818)	(3,104,073)	(178,332)	(448,935)	(163,123)	(61,054)	(6,283,335)
Intergovernmental capital grants	-	-	54,093	-	-	2,796,858	2,850,951
Net Cash from (Used for) Capital and Related Financing Activities	(1,427,937)	(1,225,355)	854,433	1,355,625	(1,580,116)	(871,808)	(2,895,158)
Investing Activities							
Investments redeemed	5,156,900	-	-	104,180	2,471,187	1,898,481	9,630,748
Purchase of investments	(8,674,490)	(2,070,211)	(5,661,792)	(1,501,108)	-	(1,316,740)	(19,224,341)
Interest and dividends from investments	18,395	20,747	-	-	230,714	-	269,856
Net Cash from (Used for) Investing Activities	(3,499,195)	(2,049,464)	(5,661,792)	(1,396,928)	2,701,901	581,741	(9,323,737)
Change in Cash and Cash Equivalents	-	-	-	-	796,310	100	796,410
Cash and Cash Equivalents, Beginning of Year	-	-	-	700	8,072,977	600	8,074,277
Cash and Cash Equivalents, End of Year	$ -	$ -	$ -	$ 700	$ 8,869,287	$ 700	$ 8,870,687

	Water	Water Reclamation	Storm Sewer	Solid Waste	FargoDome	Nonmajor Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash from (Used for) Operating Activities							
Operating income (loss)	$ 3,274,431	$ 4,468,592	$ (1,795,129)	$ 5,769,111	$ (4,372,188)	$ (8,737,509)	$ (1,392,692)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities							
Depreciation/amortization	8,846,460	7,952,289	7,822,951	3,363,659	2,797,366	4,449,450	35,232,175
Changes in assets and liabilities							
Accounts receivable	(379,018)	(220,302)	(235,725)	(135,771)	63,188	(1,375,726)	(2,283,354)
Special assessments receivable	(161,153)	-	-	-	-	(7,625)	(168,778)
Inventories	120,529	-	-	-	(32,616)	(200,022)	(112,109)
Prepaid expenses	(453)	(18,362)	280	(2,851)	(189,771)	26,752	(184,405)
Pension related deferred outflows	892,311	421,968	133,015	669,213	414,260	734,951	3,265,718
OPEB related deferred outflows	25,334	11,805	3,839	18,880	11,936	22,905	94,699
Vouchers payable	2,750,567	4,207,309	(3,412)	(358,671)	(846,915)	1,487,501	7,236,379
Retainage payable	46,679	(5,556,438)	-	(239,334)	-	97,855	(5,651,238)
Payroll payable	39,368	10,313	22,134	23,720	32,989	211,805	340,329
Compensated absences	120,310	(14,203)	(18,671)	118,282	34,437	163,277	403,432
Unearned revenue	-	-	-	-	2,512,060	93,860	2,605,920
Deposits payable	13,344	2,380	-	27,500	(8,610)	-	34,614
Landfill closure accruals	-	-	-	154,945	-	-	154,945
Net pension liability	(1,102,726)	(502,544)	(114,823)	(1,009,570)	(352,807)	(737,549)	(3,820,019)
Net OPEB liability	(53,827)	(25,082)	(8,157)	(40,115)	(25,360)	(48,665)	(201,206)
Pension related deferred inflows	(493,949)	(255,778)	(128,465)	(167,905)	(405,422)	(644,377)	(2,095,896)
OPEB related deferred inflows	23,146	10,785	3,508	17,250	10,905	20,926	86,520
Net cash from (used for) operating activities	$ 13,936,306	$ 10,482,802	$ 5,681,231	$ 8,175,998	$ (356,548)	$ (4,451,209)	$ 33,468,580
Supplemental Schedule of Noncash Investing and Financing Activities							
Acquisition of capital assets through capital contributions and donations	$ 6,861,745	$ 7,600,073	$ 26,988,129	$ 21,182	$ -	$ 2,173,812	$ 43,644,941
Acquisition of capital assets through debt	$ 3,702,216	$ 33,111	$ 23,847	$ 993,183	$ -	$ 240,908	$ 4,993,265
Forgiveness of state revolving fund loans	$ 1,169,257	$ -	$ -	$ -	$ -	$ -	$ 1,169,257

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	$ 2,341,384	$ 1,403,174
Equity in pooled investments	-	239,838,299
Receivables (net of allowance for uncollectibles):		
Interest	14,227	1,003,190
Accounts	10,124	-
Special assessments	-	7,867,262
Intergovernmental	-	13,100,751
Investments, at fair value:		
Mutual funds	151,826,742	-
Exchange-traded products	17,042,439	-
Prepaid items	-	2,353,900
Restricted cash and cash equivalents	-	20,931,802
Capital assets		
Construction in progress	-	112,851,421
Total assets	171,234,916	399,349,799
Liabilities		
Vouchers payable	41,672	17,204,144
Retainage payable	-	116,455
Benefits payable	241	-
Deposits payable	-	13,250
Long-term liabilities		
Accrued interest on settlement payable	-	4,167,725
Due in more than one year - note payable	-	33,265,408
Due in more than one year - settlement payable	-	40,000,000
Total liabilities	41,913	94,766,982
Net Position		
Restricted for		
Pension benefits	171,193,003	-
Park District special assessments	-	7,867,262
Metro Flood Diversion Authority	-	296,579,317
Police custodial fund	-	136,238
Total net position	$ 171,193,003	$ 304,582,817

	Pension Trust Funds	Custodial Funds
Additions		
Contributions		
Employer	$ 5,566,669	$ -
Employee	2,099,802	-
Total contributions	7,666,471	-
Investment income		
Net increase in fair value	21,706,247	13,461,645
Less investment expense	(578,584)	-
Net investment income	21,127,663	13,461,645
Special assessments collected for other governments	-	893,277
Aid from other governments	-	130,138,823
Miscellaneous	-	5,061,903
Police funds received into custody	-	22,463
Total additions	28,794,134	149,578,111
Deductions		
Pension benefit payments	10,894,861	-
Member contribution refunds	309,598	-
Administrative expenses	195,941	-
Payments of special assessments to other governments	-	1,479,751
Payments for public protection	-	115,673,672
Police funds released from custody	-	12,109
Interest expense	-	965,533
Total deductions	11,400,400	118,131,065
Change in Net Position	17,393,734	31,447,046
Net Position, Beginning	153,799,269	273,135,771
Net Position, Ending	$ 171,193,003	$ 304,582,817

Note 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:

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.

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.

Discretely Presented Component Unit

The Municipal Airport Authority of the City of Fargo ("the Airport Authority") was formed for the purpose of operating an airport system that provides domestic air service for the Midwest region and exists as a separate legal entity. The commissioners of the Airport Authority are appointed by the Mayor of the City of Fargo. The City has the ability to impose its will upon the Airport Authority through its ability to remove appointed members of the Airport Authority's governing board at will. Detailed disclosures for the Airport Authority are presented in Note 22 to the financial statements. Separately issued financial reports for the Airport Authority are available by contacting the Executive Director, PO Box 2845, Fargo, ND 58108.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For FEMA grant funds, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. For the Red River Diversion Authority fund, the City considers intergovernmental revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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.

Water Reclamation – This fund accounts for the activities (revenues, operating and capital expenses) of the City's Water Reclamation (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.

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

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 statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds consist of pension trust funds and custodial funds.

Pension trust funds accumulate resources held in trust for pension payments to qualified beneficiaries. The City acts as Administrator and includes the following pension trust funds in its financial statements:

City Employees' Pension Trust – This fund accounts for the cost-sharing, multiple employer pension plan covering certain eligible employees of the City of Fargo and the Fargo Park District.

Police Pension Trust – This fund accounts for the single employer pension plan covering all full-time employees of the Police department, except for the Chief of Police.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The City has the following custodial funds:

Park District Special Assessments Fund – To account for special assessments collected and administered for the Fargo Park District.

Metro Flood Diversion Authority Fund – To account for the collection and disbursement of funds for the Metro Flood Diversion Authority.

Police Custodial Fund – To account for deposits of police pending forfeitures, evidence held, and unclaimed property. Once the deposits become property of the City, they are transferred from the custodial fund into the Court Forfeits special revenue fund.

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

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

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with an original maturity of three months or less.

Equity in Pooled Investments 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 Statement No. 72, *Fair Value Measurement and Application*.

Receivables and Payables

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

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

The City is permitted under provisions of the Home Rule Charter to levy taxes as needed for general governmental services and payment of principal and interest on long-term debt. The current Home Rule Charter maximum mill levy is sixty-four mills, excluding City share of special assessments. Total mills levied for 2025 were fifty-five.

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

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

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Inventories and Prepaid Items

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

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.

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.

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 $10,000, 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:

Buildings	10-50 years
Improvements other than buildings	10-20 years
Infrastructure/flood control	20-100 years
Machinery	3-10 years
Equipment	5-10 years
Office equipment	5-10 years
Computer equipment	3-5 years

Land, intangible assets, and construction in progress are not depreciated.

Right-of-use lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right-of-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use lease assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 21 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 8 years.

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.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Financed purchase payables represent the City's obligation to make periodic installment payments arising from the agreement. Financed purchase payables are recognized at the agreement commencement date based on the present value of future payments expected to be made during the term.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – annual leave and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Annual Leave

Full-time regular (40), contract (40) and temporary (40) employees will earn annual leave, at a specified rate based on actual hours worked and/or paid leave hours up to 80 hours per pay period. Full-time regular (30-39), contract (30-39) and part-time regular (20-29) employees will earn annual leave on a pro-rated basis based on actual hours worked and/or paid leave hours up to 80 hours per pay period. Fire suppression employees, because of their schedules and work hours, earn annual leave which includes holidays.

Employees may accrue annual leave up to 320 hours as of December 31st, which may be carried over to the next fiscal year. The annual leave balance, including all hours accrued by the end of the 26th pay period, or the last pay period of the year, minus any annual leave hours used on or before December 31 determines the year-end annual leave accrual. Any hours over 320 will be forfeited. Fire suppression employees may accrue annual leave up to 576 hours which may be carried over to the next fiscal year. Any accumulated hours in excess of these amounts shall be forfeited. Upon termination, annual leave accruals will be paid in one lump sum on the final check for the pay period in which employment ended. The entire accrued balance will be paid at the employee's base rate of pay as of their last day of work.

The entire portion of annual leave 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.

Sick Leave

Full-time regular (40), contract (40) and temporary (40) employees will earn sick leave at a specified rate based on actual hours worked and/or paid leave hours up to 80 hours per pay period. Full-time regular (30-39), contract (30-39) and part-time regular (20-29) employees will earn leave on a pro-rated basis based on actual hours worked and/or paid leave hours up to 80 hours per pay period. Fire suppression employees accrue sick leave at a rate of 11.2 hours per calendar month of full-time service. Fire suppression full-time temporary (30-39) and part-time temporary employees will earn sick leave based on hours worked the previous service year.

Employees are permitted to accrue sick leave up to a maximum of 960 hours. Fire suppression employees may accrue sick leave up to a maximum of 1,344 hours. At the end of each calendar year or at the time of termination, 44.4% of the accrued sick leave in excess of the maximum accrual will be paid at the employee's hourly pay rate.

All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists other than for amounts in excess of the maximum accrual as previously described. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Other Post-Employment Benefits (OPEB)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS), City Employees' Pension Plan, Police Pension Plan, and Firefighters' Relief Association Retirement Plan and additions to/deductions from the NDPERS, City Employees' Pension Plan, Police Pension Plan, and Firefighters' Relief Association Retirement Plan fiduciary net positions have been determined on the same basis as they are reported by the respective plans, except that NDPERS' fiscal year end is June 30. For this purpose, plan contributions are recognized as of the employer payroll paid dates and 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has four items that qualify for reporting in this category. They are the contributions made to pension plans and the other postemployment benefit plan after the measurement date and prior to the fiscal year-end, changes in the net pension liability not included in pension expense, and changes in the other post employments benefits liability not included in OPEB expense, reported in the district-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category.

The City reports unavailable revenues from property taxes, special assessments, loans, and contract receivables on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The other items are changes in the net pension liability not included in pension expense and changes in the other post-employment benefits liability not included in OPEB expense reported in the district-wide statement of net position.

Net Position

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/amortization, reduced by the outstanding balances of any long-term debt or lease 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 Balance

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 and prepaid items) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.

Assigned Fund Balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Standard

As of January 1, 2025, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was no effect of the implementation of this standard on disclosures during the year.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

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 are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Bonds payable	$ 698,042,000
Notes payable	77,927,559
Unamortized premium	37,350,941
Financed purchases payable	216,702
Leases payable	8,375,154
Subscription-based IT agreements payable	1,809,355
Compensated absences	11,719,033
Accrued interest	4,193,029
OPEB liability	1,543,839
Net pension liability	72,900,165
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$ 914,077,777

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 "Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense." The details of this difference are as follows:

Capital outlay reported in fund financial statements	$ 103,958,486	
Plus: assets transferred in from enterprise funds	74,962	
Plus: donated/contributed assets	12,000	
Plus: value of asset trades	338,593	
Plus: prior year construction in progress added as asset in current year	12,634,978	
Capital asset increases per Note 6		$ 117,019,019
Less: assets transferred out to enterprise funds	(43,951,749)	
Less: assets disposed	(4,737,806)	
Less: prior year construction in progress added as asset in current year	(12,634,978)	
Capital asset decreases per Note 6		(61,324,533)
Depreciation/amortization expense	(26,298,578)	
Plus: accumulated depreciation on assets transferred in from enterprise funds	(74,962)	
Accumulated depreciation/amortization increases per Note 6		(26,373,540)
Less: accumulated depreciation on assets transferred out to enterprise fund	306,807	
Less: accumulated depreciation/amortization on assets disposed	4,148,194	
Accumulated depreciation/amortization decreases per Note 6		4,455,001
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		$ 33,775,947

Another element of that reconciliation states that "The issuance of long-term debt 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 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 difference are as follows:

Issuance of bonded debt	$ (54,765,000)
Principal payments on bonded debt	31,993,000
Issuance of notes payable	(20,248,427)
Principal payments on notes payable	6,610,002
Premium on bonded debt issued	(2,328,150)
Amortization of premium on bonded debt	2,537,445
Issuance of financed purchases payable	(214,429)
Principal payments on financed purchases payable	260,362
Issuance of leases payable	(10,463)
Principal payments on leases payable	532,817
Issuance of SBITAs	(836,497)
Principal payments on SBITAs	876,370
Termination of SBITA agreement	63,298
Net adjustment to net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (35,529,672)

Note 3 - Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

1. According to City charter, the Mayor submits a proposed budget each July to the City Commission. At that time, the City Commission makes any changes they deem necessary to this proposed budget.
2. The preliminary budget must be adopted by August 10.
3. Public hearings are conducted to obtain taxpayer comments prior to the final budget adoption.
4. The budget is legally enacted through the passage of a budget ordinance no later than October 7.
5. Budgets are adopted for the general, special revenue, and debt service funds.
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 City Commission. Supplemental appropriations granted for the 2025 year include $5,422,183 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 $357,127 for the year ended December 31, 2025.

Expenditures in Excess of Appropriation

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

General Fund	$	547,392
Special Revenue Funds		
Convention and Visitors Bureau		68,704
Court Forfeits		3,727
Downtown Business Improvement District		44,571
NRI Loan Program		2,157
Health Department Donations		1,564
Debt Service Fund		4,214,866

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

Deficit Fund Balance/Net Position

The following funds had a deficit fund balance/net position at December 31, 2025:

Governmental Funds		
Nonmajor Funds		
City Share of Specials	$	111,364
Skyway Maintenance		2,850
Baseball Stadium		43,539
Proprietary Funds		
Nonmajor Funds		
Forestry		578,448

These deficits will be eliminated through future revenues and, if necessary, transfers from other funds.

Net Investment in Capital Assets

Net investment in capital assets as shown in the statement of net position is calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets Not Depreciated/Amortized	$ 130,487,741	$ 97,849,308
Capital Assets, net of accumulated depreciation/amortization	617,788,733	1,003,017,593
Unspent bond proceeds	10,439,637	-
Retainage payable	(2,994,831)	(969,929)
Non-current liabilities due in one year	(55,352,727)	(9,009,975)
Non-current liabilities due in more than one year	(780,088,017)	(311,888,374)
Less:		
Non-current liabilities not related to capital activity	369,689,877	-
Accrued compensated absences	11,719,033	2,914,719
Post closure liability	-	6,610,988
	$ 301,689,446	$ 788,524,330

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports $382,230,572 of restricted net position, of which $62,861,096 is restricted by enabling legislation.

Note 4 - 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 fair 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, 2025, the carrying amount of the City's deposits was $252,768,309 and the bank balance was $260,891,591. The City's deposits were secured by FDIC coverage of $249,291,196 and pledged collateral of $16,779,353. As noted above, the bank balance is covered by Federal Depository Insurance or Securities Investor Protection.

<u>Custodial Credit Risk</u> – 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, 2025, the City's deposits were either fully insured or properly collateralized and were held in the City's name.

Investments

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

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

Allowable deposits and investment include:

- Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations").
- Debt securities issued by government sponsored enterprises ("GSE"), federal agencies, and federal financing banks.
- Direct obligations of the state of North Dakota or any subdivision or agency thereof those unsecured, and uninsured is rated, at the time of purchase, "A3" or better by Moody's Investors Services and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation.
- Commercial paper rated, at the time of purchase, "P-1" by Moody's Investor's Services and "A-1" or better by Standard & Poor's Corporation.
- Bankers' acceptances issued by a domestic bank or a branch office of a foreign bank which branch office is located in the United States.
- Negotiable certificates of deposit issued by a nationally-chartered or state-chartered bank or a savings association or federal association, a state or federal credit union, or by a state-licensed branch of a foreign bank.
- Certificates of deposit and time deposits issued or endorsed by a domestic bank, or a savings and loan association, organized and supervised under the laws of the United States and denominated in US dollars; provided, however, that deposits are fully insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC").
- Obligations or notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a minimum long term debt ratings, at the time or purchase, of "A3" by Moody's and "A-" by Standard & Poor's Corporation.
- Investments in money-market funds rated "AAAm" by Standard & Poor's Corporation.
- Repurchase agreements that are collateralized only by direct obligations of the U.S. government, or of Government National Mortgage Association ("GNMA"), The Federal National Mortgage Association ("FNMA", "Fannie Mae"), The Federal Home Loan Mortgage Corporation ("FHLMC", "Freddie Mac"), Federal Farm Credit Bank ("FFCB"), or Federal Home Loan Banks ("FHLB").

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. The City does not have any policies to manage credit risk beyond those previously described in the investment policy section of this note. The chart below summarizes the credit quality of the City's investment holdings.

			Maturities (in Years)					
Investment Type	Credit Rating	Fair Value	Not Applicable	< 1	1 - 5	> 5 - 10	>10
Primary Government							
Corporate Bonds	AAA	$ 16,700,265	$ -	$ -	$ 16,700,265	$ -	$ -
Corporate Bonds	AA2	1,144,405	-	-	1,144,405	-	-
Corporate Bonds	AA3	7,072,397	-	271,029	6,801,368	-	-
Corporate Bonds	A1	10,379,223	-	-	10,379,223	-	-
Corporate Bonds	A2	6,357,643	-	-	6,357,643	-	-
Corporate Bonds	A3	1,486,753	-	-	1,486,753	-	-
Money Market Funds	N/A	51,235,251	51,235,251	-	-	-	-
U.S. Agencies	AAA	13,082,682	-	876,505	10,587,182	1,152,194	466,801
U.S. Agencies	AA1	2,703,814	-	-	2,703,814	-	-
U.S. Agencies	AA+	505,582	-	-	505,582	-	-
U.S. Treasury Note	AAA	39,004,281	-	14,411,905	24,592,376	-	-
U.S. Treasury Note	AA1	68,685,865	-	5,177,699	63,508,166	-	-
Bond Mutual Funds	N/A	53,094,289	-	-	7,707,702	45,386,587	-
Equity Mutual Funds	N/A	98,732,453	98,732,453	-	-	-	-
Equity Exchange Traded Funds	N/A	17,042,440	17,042,440	-	-	-	-
External Investment Pool*	N/A	48,539,497	48,539,497	-	-	-	-
		$ 435,766,840	$ 215,549,641	$ 20,737,138	$ 152,474,479	$ 46,538,781	$ 466,801

* The weighted average maturity of the portion of the external investment pool subject to maturity is 1.01 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 investments: 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 percent of the portfolio at the time of purchase. None of the established limits were exceeded as of December 31, 2025.

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:

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, 2025:

	Total	Level 1	Level 2	Level 3
Primary Government				
Pooled Investments				
U.S. Government and Agency Securities	$ 123,982,224	$ 123,982,224	$ -	$ -
Money Market Mutual Funds	51,235,251	51,235,251	-	-
Corporate Bonds	43,140,686	-	43,140,686	-
	$ 218,358,161	$ 175,217,475	$ 43,140,686	$ -
Pension Investments				
Bond Mutual Funds	$ 53,094,289	$ -	$ 53,094,289	$ -
Equity Mutual Funds	98,732,453	-	98,732,453	-
Equity Exchange Traded Funds	17,042,440	-	17,042,440	-
	$ 168,869,182	$ -	$ 168,869,182	$ -

The City has investments in the North Dakota State Investment Board short-term investment fund of $43,024,233 valued at net asset value and not subject to leveling.

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.

Deposits and investments are included in the financial statements of the primary government as follows:

Cash and cash equivalents	
Statement of net position	$ 9,055,423
Statement of fiduciary net position	3,744,558
Investments	
Statement of net position	1,234,860
Statement of fiduciary net position	168,869,181
Equity in pooled investments	
Statement of net position	189,928,515
Statement of fiduciary net position	239,838,299
Restricted equity in pooled investments	
Statement of net position	6,393,014
Restricted cash and cash equivalents	
Statement of fiduciary net position	20,931,802
Restricted investments	
Statement of net position	48,539,497
	$ 688,535,149

Deposits	$ 252,768,309
Investments	435,766,840
	$ 688,535,149

Note 5 - Loans Receivable

Loans receivable as of December 31, 2025, were as follows:

Loan Program	Interest Rate	Maturity Date	Amount
Community Development	0%	Non-Repayment	$ 98,651
Neighborhood Revitalization Initiative (NRI)	0%	Due upon Sale	7,000
HUD HOME	0%	August 2040	1,557,677
HUD HOME	0%	Non-Repayment	270,616
HUD HOME	0%	Due upon Sale	290,000
			$ 2,223,944

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 these loans, $369,267$369,267$369,267$369,267 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.

Management has evaluated the ultimate collectability or forgiveness of these loans and determined that any potential losses due to uncollectible amounts are trivial and therefore, no allowance for uncollectible amounts is necessary.

Note 6 - Capital Assets

Governmental activities capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	$ 109,614,393	$ 4,969,509	$ -	$ 114,583,902
Intangible right-of-way easements	15,156,606	228,401	-	15,385,007
Construction in progress	12,634,977	518,833	12,634,978	518,832
Total capital assets, not being depreciated/amortized	137,405,976	5,716,743	12,634,978	130,487,741
Capital assets, being depreciated/amortized				
Buildings	155,184,224	21,487,749	-	176,671,973
Improvements other than buildings	9,462,797	16,500	29,300	9,449,997
Machinery and equipment	58,078,252	5,627,465	2,352,433	61,353,284
Infrastructure	564,745,182	70,347,902	45,915,562	589,177,522
Flood control	100,991,957	12,975,699	-	113,967,656
Right-of-use leased assets				
Buildings	1,487,492	-	196,411	1,291,081
Improvements other than buildings	8,648,565	5,291	-	8,653,856
Equipment	239,057	5,172	-	244,229
Subscription-based IT assets	3,943,347	836,498	195,849	4,583,996
Total capital assets, being depreciated/ amortized	902,780,873	111,302,276	48,689,555	965,393,594
Less accumulated depreciation/amortization for				
Buildings	42,399,125	4,196,205	-	46,595,330
Improvements other than buildings	3,270,383	559,847	29,300	3,800,930
Machinery and equipment	42,680,112	4,144,350	1,819,980	45,004,482
Infrastructure	226,406,758	14,689,544	2,273,949	238,822,353
Flood control	7,590,479	1,073,036	-	8,663,515
Right-of-use leased assets				
Buildings	685,606	230,120	196,411	719,315
Improvements other than buildings	1,133,963	378,911	-	1,512,874
Equipment	94,224	48,222	-	142,446
Subscription-based IT assets	1,425,672	1,053,305	135,361	2,343,616
Total accumulated depreciation/amortization	325,686,322	26,373,540	4,455,001	347,604,861
Total capital assets, being depreciated/ amortized, net	577,094,551	84,928,736	44,234,554	617,788,733
Governmental Activities Capital Assets, Net	$ 714,500,527	$ 90,645,479	$ 56,869,532	$ 748,276,474

Accumulated depreciation increases include $74,962 of accumulated depreciation on assets transferred from the business-type activities.

Business-type activities capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized				
Land	$ 37,789,814	$ 742,880	$ 202,000	$ 38,330,694
Intangible right-of-way easements	420,036	-	-	420,036
Intangible water rights	500,000	-	-	500,000
Construction in progress	184,349,172	24,933,207	150,683,801	58,598,578
Total capital assets, not being depreciated/amortized	223,059,022	25,676,087	150,885,801	97,849,308
Capital assets, being depreciated/amortized				
Buildings	370,169,685	143,531,379	1,251,399	512,449,665
Improvements other than buildings	52,060,039	13,415,589	2,078,420	63,397,208
Machinery and equipment	120,055,253	8,980,000	3,374,833	125,660,420
Infrastructure	768,645,113	44,512,073	1,512,158	811,645,028
Right-of-use leased assets				
Buildings	629,016	90,345	-	719,361
Improvements other than buildings	7,639	2,209	-	9,848
Equipment	36,907	-	36,907	-
Subscription-based IT assets	717,428	-	717,428	-
Total capital assets, being depreciated/ amortized	1,312,321,080	210,531,595	8,971,145	1,513,881,530
Less accumulated depreciation/amortization for				
Buildings	134,343,216	9,201,124	778,345	142,765,995
Improvements other than buildings	22,553,422	2,056,085	729,296	23,880,211
Machinery and equipment	87,529,374	7,633,679	3,058,425	92,104,628
Infrastructure	236,526,529	16,475,956	1,512,158	251,490,327
Right-of-use leased assets				
Buildings	462,135	159,063	-	621,198
Improvements other than buildings	1,092	486	-	1,578
Equipment	31,151	5,756	36,907	-
Subscription-based IT assets	134,940	6,834	141,774	-
Total accumulated depreciation/amortization	481,581,859	35,538,983	6,256,905	510,863,937
Total capital assets, being depreciated/ amortized, net	830,739,221	174,992,612	2,714,240	1,003,017,593
Business-Type Activities Capital Assets, Net	$ 1,053,798,243	$ 200,668,699	$ 153,600,041	$ 1,100,866,901

Accumulated depreciation increases include $306,808 of accumulated depreciation on assets transferred from the governmental activities.

Additions to accumulated depreciation/amortization for the year ended December 31, 2025, are as follows:

Governmental Activities Depreciation/Amortization Expense		
General Government	$	2,501,178
Public Safety		3,147,373
Public Works		17,957,614
Public Health and Welfare		477,916
Recreation and Culture		639,625
Urban Development		70,391
Transportation		1,504,481
Total depreciation/amortization expense - governmental activities		26,298,578
Accumulated Depreciation on Assets Transferred From Business-Type Activities		74,962
Total Depreciation/Amortization Additions - Governmental Activities	$	26,373,540
Business-Type Activities Depreciation/Amortization Expense		
Water	$	8,846,460
Water Reclamation		7,952,289
Storm Sewer		7,822,951
Street Lighting		2,356,883
Solid Waste		3,363,659
Forestry		177,165
Transit		1,746,052
Civic Memorial Auditorium		169,350
FargoDome		2,797,366
Total depreciation/amortization expense - business-type activities		35,232,175
Accumulated Depreciation on Assets Transferred From Governmental Activities		306,808
Total Depreciation/Amortization Additions - Business-Type Activities	$	35,538,983

Note 7 - Unearned Revenues/Deferred Inflows of Resources

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 Revenues	Unearned Revenues	Total
Delinquent property taxes receivable	$ 696,614	$ -	$ 696,614
Special assessments receivable	527,755,933	-	527,755,933
Grant resources held and grant items receivable	340,690	28,691	369,381
Loans/contracts/accounts receivable	5,281,709	369,267	5,650,976
Total unavailable revenues of governmental funds	$ 534,074,946	$ 397,958	$ 534,472,904

Note 8 - Leases

Lessor Activities

The City has accrued a receivable for the use of a building, water tower, stadium space, suites, and land. The remaining receivable for these leases was $5,856,885 for the year ended December 31, 2025. Deferred inflows related to these leases were $5,825,134 as of December 31, 2025. Interest revenue recognized on these leases was $174,000 for the year ended December 31, 2025. Principal receipts of $1,506,381 were recognized during the fiscal year. The interest rates on the leases range from 0.3957 to 3.511 percent. Final receipt is expected in fiscal year 2043.

The future principal and interest lease receipts as of December 31, 2025, are as follows:

Years Ending	Governmental Activities		Business-Type Activities	
December 31,	Principal	Interest	Principal	Interest
2026	$ 146,042	$ 79,598	$ 1,199,153	$ 74,147
2027	150,929	74,711	821,308	49,117
2028	188,281	69,359	534,840	32,935
2029	109,162	62,678	281,063	21,187
2030	112,603	62,678	235,805	14,195
2031-2035	696,639	257,464	366,102	8,897
2036-2040	640,317	148,149	-	-
2041-2043	374,641	31,867	-	-
	$ 2,418,614	$ 786,504	$ 3,438,271	$ 200,478

Lessee Activities

The City has entered into lease agreements for the use of various building spaces and office equipment. The City is required to make principal and interest payments through 2044. The lease liability was valued using discount rates of 0.4257 to 3.049 percent. For leases with no interest rate stated, the City utilized its incremental borrowing rate for valuing the lease. The total amount of right-of-use lease assets, and the related accumulated amortization was $729,209 and $622,776, as of December 31, 2025, respectively. The City recognized amortization expense of $203,834,081 and interest expense of $144,399 related to leases during the year ended December 31, 2025. Governmental activities leases payable are liquidated by the general fund, capital projects fund, and parking authority fund. Business-type activities leases payable are liquidated by the water fund, water reclamation fund, solid waste fund, public transportation fund and forestry fund.

The future principal and interest lease payments as of December 31, 2025, are as follows:

Years Ending	Governmental Activities		Business-Type Activities	
December 31,	Principal	Interest	Principal	Interest
2026	$ 432,172	$ 137,718	$ 42,843	$ 1,895
2027	429,055	129,827	30,604	1,154
2028	419,175	121,995	26,151	406
2029	423,496	114,518	447	110
2030	432,255	106,807	454	103
2031-2035	1,910,885	438,116	2,383	406
2036-2040	2,247,025	269,334	2,578	210
2041-2044	2,081,091	70,362	1,090	26
	$ 8,375,154	$ 1,388,677	$ 106,550	$ 4,310

Note 9 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into two SBITA contracts for various departmental operating software. The City is required to make principal and interest payments through fiscal year 2031. The SBITA contracts have interest rates between 2.31% and 3.11%. For SBITA contracts with no stated interest rate, the subscription liability was valued using discount rates based on the City's incremental borrowing rate at the inception of the subscriptions.

Remaining principal and interest payments on subscriptions are as follows:

Years Ending	Governmental Activities	
December 31,	Principal	Interest
2026	$ 694,054	$ 42,741
2027	515,669	26,838
2028	409,283	14,432
2029	160,893	4,607
2030	23,484	516
2031	5,972	27
	$ 1,809,355	$ 89,161

Note 10 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
Improvement bonds	$ 537,805,000	$ 54,765,000	$ 24,400,000	$ 568,170,000	$ 29,080,000
General obligation bonds	25,395,000	-	1,940,000	23,455,000	2,030,000
Sales tax revenue bonds	45,733,000	-	4,547,000	41,186,000	4,740,000
Taxable annual appropriation bonds	36,160,000	-	645,000	35,515,000	755,000
Annual appropriation bonds	30,177,000	-	461,000	29,716,000	1,225,000
Total bonds payable	675,270,000	54,765,000	31,993,000	698,042,000	37,830,000
Notes payable					
State revolving fund notes	38,078,979	10,618,289	5,098,000	43,599,268	5,259,000
Direct bank loan	1,946,475	-	378,357	1,568,118	383,749
Mercantile Parking Ramp	2,000,000	-	-	2,000,000	-
BND infrastructure loan	10,842,640	-	446,808	10,395,832	455,143
Parking garage	1,232,622	7,767,378	274,700	8,725,300	260,843
Tax increment revenue notes	10,188,418	1,862,760	412,137	11,639,041	-
Total notes payable	64,289,134	20,248,427	6,610,002	77,927,559	6,358,735
Unamortized premium	37,560,236	2,328,150	2,537,445	37,350,941	2,492,672
Financed purchases payable	262,635	214,429	260,362	216,702	104,539
Leases payable	8,897,508	10,463	532,817	8,375,154	432,172
Subscription-based IT agreements payable	1,912,526	836,497	939,668	1,809,355	694,054
Compensated absences*	10,691,276	1,027,757	-	11,719,033	7,440,555
	$ 798,883,315	$ 79,430,723	$ 42,873,294	$ 835,440,744	$ 55,352,727
Business-Type Activities					
Bonds payable					
Revenue bonds	$ 1,264,343	$ -	$ 202,370	$ 1,061,973	$ 205,640
Annual appropriation bonds	2,570,000	-	830,000	1,740,000	855,000
Total bonds payable	3,834,343	-	1,032,370	2,801,973	1,060,640
State revolving fund notes payable	265,456,422	33,938,123	4,346,257	295,048,288	4,048,511
Financed purchases payable	2,334,815	1,180,391	1,265,257	2,249,949	1,113,935
Leases payable	180,052	92,555	166,057	106,550	42,843
Subscription-based IT agreements payable	534,190	-	534,190	-	-
Special assessments	9,260,381	3,853,498	1,947,997	11,165,882	609,988
Landfill closure/postclosure	6,456,043	154,945	-	6,610,988	-
Compensated absences*	2,511,287	403,432	-	2,914,719	2,134,058
	$ 290,567,533	$ 39,622,944	$ 9,292,128	$ 320,898,349	$ 9,009,975

*Change in compensated absences is presented as the net change

Bonds Payable

At December 31, 2025, the City had the following bond issuances outstanding:

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Governmental Activities:				
Improvement bonds (special assessment debt)				
2012 Series A Refunding - crossover refunding of Series 2003D, 2004C, and 2004E	5/1/2029	3.00 -4.00%	$ 34,180,000	$ 3,820,000
2014 Series E Refunding - current refunding of Series 2010B	5/1/2035	2.00 - 5.00%	19,440,000	11,060,000
2014 Series G - infrastructure system construction	5/1/2039	2.00 - 4.25%	8,355,000	5,550,000
2015 Series A Refunding - crossover refunding of Series 2006B and 2007B	5/1/2031	2.00 - 5.00%	18,250,000	7,635,000
2015 Series B Refunding - crossover refunding of Series 2008E	5/1/2033	2.50 - 5.00%	15,235,000	4,750,000
2015 Series D - infrastructure system construction	5/1/2041	3.00 - 5.00%	34,675,000	24,520,000
2016 Series B Refunding - crossover refunding of Series 2009C	5/1/2034	2.00 - 5.00%	27,485,000	17,050,000
2016 Series C - infrastructure system construction	5/1/2042	2.00 - 5.00%	41,745,000	31,625,000
2017 Series C - infrastructure system construction	5/1/2043	2.00 - 5.00%	38,525,000	29,375,000
2017 Series D Refunding - crossover refunding of Series 2013C	5/1/2039	3.00 - 5.00%	11,340,000	10,175,000
2018 Series D - infrastructure system construction	5/1/2044	2.70 - 5.00%	42,965,000	35,025,000
2019 Series A - infrastructure system construction	5/1/2044	3.00 - 5.00%	37,260,000	30,550,000
2019 Series B Refunding - crossover refunding of Series 2011A	5/1/2036	1.80 - 2.90%	13,940,000	10,630,000
2020 Series B - infrastructure system construction	5/1/2045	2.00 - 5.00%	29,565,000	25,740,000
2020 Series C Refunding - crossover refunding of Series 2011C, 2012A, 2014D, and 2014F	5/1/2039	1.50 - 2.30%	91,015,000	73,135,000
2021 Series A - infrastructure system construction	5/1/2046	2.00 - 5.00%	37,310,000	33,420,000
2022 Series A - Infrastructure system construction	5/1/2047	3.00 - 5.00%	22,855,000	20,465,000
2023 Series A - Infrastructure system construction	5/1/2048	4.00 - 5.00%	52,590,000	50,310,000
2023 Series D - Infrastructure system construction	5/1/2048	5.00%	38,845,000	36,825,000
2024 Series H - Infrastructure system construction	5/1/2050	4.00 - 5.00%	51,745,000	51,745,000
2025 Series D - Infrastructure system construction	5/1/2051	4.00 - 5.00%	54,765,000	54,765,000
Total improvement bonds			$ 722,085,000	$ 568,170,000

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
General obligation bonds				
2009 Series B - fire station and fire truck	5/1/2029	2.00 - 4.00%	$ 2,875,000	$ 750,000
2015 Series E - Roberts Commons parking ramp	12/1/2035	1.00 - 3.85%	10,230,000	6,070,000
2016 Series A - City Hall building	7/1/2036	2.00 - 5.00%	25,640,000	16,635,000
Total general obligation bonds			$ 38,745,000	$ 23,455,000
Sales tax revenue bonds				
2013 Series A - flood mitigation projects	6/1/2033	3.00 - 4.00%	$ 51,375,000	$ 25,430,000
2014 Series B - flood mitigation projects	6/1/2032	2.00 - 5.00%	32,512,000	15,756,000
Total sales tax revenue bonds			$ 83,887,000	$ 41,186,000
Taxable annual appropriation bonds				
2018 Series E - Block Nine project	5/1/2044	3.30 - 4.47%	$ 17,315,000	$ 14,935,000
2020 Series A - Mercantile parking ramp	12/1/2045	2.15 - 3.69%	11,525,000	11,035,000
2024 Series F - Northern Pacific parking ramp	12/1/2044	4.71 - 5.415%	9,545,000	9,545,000
Total taxable appropriation bonds			$ 38,385,000	$ 35,515,000
Annual appropriation bonds				
2022 Series D - fire station and fire truck	5/1/2037	3.04%	$ 8,103,000	$ 6,761,000
2024 Series G - police headquarters and citywide facility improvements	12/1/2044	4.00 - 5.00%	22,955,000	22,955,000
Total taxable appropriation bonds			$ 31,058,000	$ 29,716,000
Total governmental activities			$ 914,160,000	$ 698,042,000
Business-Type Activities				
Qualified Energy Conservation Bond - conversion of landfill gas to compressed natural gas for use in landfill generator	5/1/2030	4.85%	$ 2,875,000	$ 1,061,973
2017 Annual Appropriation Bond - FargoDome video board upgrade	11/1/2027	1.75 - 3.85%	7,810,000	1,740,000
Total business-type activities			$ 10,685,000	$ 2,801,973

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, 2025, consist of two issues backed and serviced by sales tax (sales tax infrastructure bonds) and one issue backed and serviced by Solid Waste utility revenues (qualified energy conservation bond).

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

General obligation bonds are recorded in the governmental activities in the government-wide statement and are backed by the full faith and credit of the City. These bonds are payable from the debt service funds primarily through property tax levies.

Sales tax infrastructure bonds are recorded in the governmental activities in the government-wide statement and are backed and serviced by sales tax revenues. These bonds are payable from the debt service funds primarily through sales tax levies.

Taxable annual appropriation bonds are recorded in the governmental activities in the government-wide statement and are paid from the debt service fund. These bonds are paid through annual appropriations made by the City.

Annual appropriation bonds are recorded in the governmental activities and the FargoDome fund. Annual appropriation bonds of the governmental activities are paid from the debt service fund through annual appropriations made by the City.

The qualified energy conservation bond is recorded in the solid waste fund and paid through pledged future landfill tipping fees.

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. As of December 31, 2025, the statutory limit for the City was $455,640,701 providing a debt margin of $405,798,974. This calculation can be found in the statistical section of this report.

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of December 31, 2025, are as follows:

Years Ending	Improvement Bonds		General Obligation Bonds		Sales Tax Bonds	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 29,080,000	$ 19,500,961	$ 2,030,000	$ 687,528	$ 4,740,000	$ 1,552,640
2027	29,245,000	18,806,460	2,080,000	637,888	4,936,000	1,359,120
2028	29,485,000	17,793,204	2,145,000	573,286	5,136,000	1,157,680
2029	30,330,000	16,705,390	2,200,000	519,348	5,349,000	947,980
2030	29,565,000	15,616,918	2,050,000	465,955	5,565,000	729,700
2031-2035	144,870,000	62,871,464	11,225,000	1,369,120	15,460,000	841,600
2036-2040	132,280,000	38,725,269	1,725,000	51,750	-	-
2041-2045	92,485,000	18,016,741	-	-	-	-
2046-2050	47,560,000	4,778,894	-	-	-	-
2051	3,270,000	69,488	-	-	-	-
	$ 568,170,000	$ 212,884,789	$ 23,455,000	$ 4,304,875	$ 41,186,000	$ 6,588,720

Years Ending	Taxable Annual Appropriation Bond		Annual Appropriation Bond		Total Governmental Activities	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 755,000	$ 1,511,052	$ 1,225,000	$ 1,294,664	$ 37,830,000	$ 24,546,845
2027	835,000	1,484,090	1,285,000	1,242,496	38,381,000	23,530,054
2028	1,025,000	1,453,946	1,335,000	1,187,622	39,126,000	22,165,738
2029	1,065,000	1,417,303	1,390,000	1,130,542	40,334,000	20,720,563
2030	1,220,000	1,378,428	1,451,000	1,070,991	39,851,000	19,261,992
2031-2035	8,495,000	6,001,985	8,233,000	4,362,882	188,283,000	75,447,051
2036-2040	10,805,000	3,945,225	8,087,000	2,511,885	152,897,000	45,234,129
2041-2045	11,315,000	1,280,780	6,710,000	700,500	110,510,000	19,998,021
2046-2050	-	-	-	-	47,560,000	4,778,894
2051	-	-	-	-	3,270,000	69,488
	$ 35,515,000	$ 18,472,809	$ 29,716,000	$ 13,501,582	$ 698,042,000	$ 255,752,775

The annual requirements to amortize the bonded debt outstanding for the business-type activities as of December 31, 2025, are as follows:

Years Ending	Revenue Bonds		Annual Appropriation Bonds		Total Business-Type Activities	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 205,640	$ 46,519	$ 855,000	$ 65,708	$ 1,060,640	$ 112,227
2027	208,963	36,465	885,000	34,073	1,093,963	70,538
2028	212,340	26,248	-	-	212,340	26,248
2029	215,772	15,866	-	-	215,772	15,866
2030	219,258	5,317	-	-	219,258	5,317
	$ 1,061,973	$ 130,415	$ 1,740,000	$ 99,781	$ 2,801,973	$ 230,196

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 $6,294,890. Net sales tax revenue totaled $8,496,146 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 $194,419. Net general fund appropriations totaled $196,419 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 $426,099. Net landfill tipping fee revenue totaled $12,018,929 for the year.

Notes Payable

At December 31, 2025, the City had the following notes payable outstanding:

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Governmental Activities:				
SRLF Water Tower	9/1/2027	2.50%	$ 2,270,000	$ 330,000
SRLF North Side Sewer Service Facility Plan	9/1/2028	2.50%	1,630,000	335,000
SRLF 45th Street Corridor Interceptor System	9/1/2029	2.50%	63,725,000	16,975,000
SRLF Transmission Lines South Side System	9/1/2029	2.00%	14,110,422	2,610,000
SRLF Water Reclamation Clarifier Improvements	9/1/2029	0.50%	699,374	170,000
SRLF Water Reclamation Stabilization Ponds	9/1/2030	2.50%	4,071,140	1,275,000
SRLF Regional Storm Water Pond - Engineering	9/1/2052	1.50%	500,000	436,000
SRLF Regional Storm Water Pond - Construction	9/1/2054	1.50%	24,705,000	20,473,268
SRLF Regional Storm Water Pond - Construction	9/1/2028	1.50%	1,000,000	995,000
TIF Revenue Notes	5/1/2038	3.50 - 6.00%	10,875,265	11,639,041
Direct Bank Loan - Fargo Cass Public Health Expansion and Relocation Project and Red River Regional Dispatch Center Project	4/8/2029	2.85%	6,000,000	1,568,118
Mercantile Parking Garage	11/22/2029	0.00%	2,000,000	2,000,000
BND Infrastructure Loan	5/1/2044	2.00%	15,000,000	10,395,832
BND Infrastructure Loan - NP Garage	12/1/2054	2.00%	9,000,000	8,725,300
Total governmental activities			$ 155,586,201	$ 77,927,559

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Business-Type Activities				
SRLF Water Reclamation Construction Loan	9/1/2055	1.50%	$ 151,500,000	$ 138,205,143
SRLF Water Reclamation Engineering Loan	9/1/2055	1.50%	21,229,000	20,587,874
SRLF Water Reclamation 2025-2028 Federal Aid Projects	9/1/2058	1.50%	20,000,000	2,492,681
SRLF Water Automated Meter Project	9/1/2046	1.50%	15,000,000	12,197,261
SRLF Water Treatment Plant	9/1/2048	1.50%	98,000,000	82,200,000
SRLF Water Supply and Treatment	9/1/2050	1.50%	30,595,000	24,078,731
SRLF Water Filter Conversion	9/1/2054	1.50%	6,400,000	1,255,469
SRLF Water Supply and Treatment	9/1/2031	1.50%	4,100,000	4,100,000
SRLF Water 2025-2028 Federal Aid Projects	9/1/2058	1.50%	20,000,000	1,516,929
SRLF Water Lead Service Line Replacements	9/1/2059	0.00%	35,000,000	49,739
SRLF Leachate Collection Construction Loan	9/1/2032	1.50%	4,361,000	3,500,000
SRLF Leachate Collection Engineering Loan	9/1/2032	0.00%	259,000	205,000
SRLF Solid Waste Cell 21 - Engineering Loan	9/1/2054	1.50%	701,000	584,511
SRLF Solid Waste Cell 21 - Construction Loan	9/1/2054	1.50%	10,647,000	4,074,950
Total business-type activities			$ 417,792,000	$ 295,048,288

The City has obtained financing from the State of North Dakota's State Revolving Loan Fund (SRLF) to finance expansion of the water reclamation treatment facility, water treatment plant, 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 water reclamation system, a water reclamation stabilization pond project, a regional stormwater pond, leachate collection project, lead service line replacements, improvements to the water system, and improvements to the wastewater treatment facility. SRLF notes payable recorded in the governmental activities are payable from the debt service fund. SRLF notes payable recorded in the business-type activities are payable from the water, water reclamation, storm sewer, and solid waste funds.

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

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, and the Mercantile Parking Ramp. Direct bank loans recorded in the governmental activities are payable from the debt service fund. The Solid Waste Bailing Facility note is recorded in the solid waste fund.

The City has obtained financing through the Bank of North Dakota to finance construction costs of Improvement District projects. This note is paid from the debt service fund.

The annual requirements to amortize the notes payable outstanding of December 31, 2025, are as follows:

Years Ending December 31,	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2026	$ 6,358,735	$ 6,532,904	$ 4,048,511	$ 4,237,788
2027	7,210,914	7,294,256	6,297,751	5,179,706
2028	7,447,361	7,323,410	6,106,132	5,065,439
2029	9,205,326	6,868,582	10,462,972	4,938,291
2030	1,692,794	1,558,812	10,653,249	4,752,154
2031-2035	10,901,662	6,141,924	50,970,627	20,950,989
2036-2040	9,276,082	5,727,914	53,681,610	16,246,281
2041-2045	14,983,520	5,210,518	58,828,152	11,091,489
2046-2050	5,912,349	4,757,511	52,041,624	5,596,601
2051-2055	4,938,816	3,716,968	40,483,434	1,958,421
2056-2059	-	-	1,474,226	29,724
	$ 77,927,559	$ 55,132,799	$ 295,048,288	$ 80,046,883

Financed Purchases Payable

Financed purchases payable consists of direct borrowing financing agreements for the purchase of various pieces of machinery and equipment. Financed purchases payable of the governmental activities are paid by the general fund and capital projects fund. Financed purchases payable of the business-type activities are paid by the water reclamation, storm sewer, solid waste, and forestry funds.

The annual requirements to amortize the financed purchases payable as of December 31, 2025, are as follows:

Years Ending December 31,	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2026	$ 104,539	$ 10,822	$ 1,113,935	$ 112,493
2027	102,690	5,772	817,957	58,578
2028	9,473	544	196,620	15,405
2029	-	-	121,437	5,779
	$ 216,702	$ 17,138	$ 2,249,949	$ 192,255

Leases Payable

Leases payable consists of long-term leases as described in Note 8. Leases payable of the governmental activities are liquidated by the general fund, capital projects fund, and parking authority fund. Leases payable of the business-type activities are liquidated by the water fund, water reclamation fund, solid waste fund, forestry fund, and public transportation fund.

Subscription-Based IT Agreements Payable

Subscription-based IT agreements (SBITAs) payable consists of long-term software contracts as described in Note 9. SBITAs payable of the governmental activities are liquidated by the general fund, debt service fund, capital projects fund, court forfeits fund, and parking authority fund. SBITAs payable of the business-type activities are liquidated by the water fund, solid waste fund, forestry fund, and public transportation fund.

Special Assessments

The business-type activities record a long-term liability for special assessments payable for the activity's share of City infrastructure projects on the same basis as would be assessed to private landowners.

The annual requirements to amortize the special assessments as of December 31, 2025, are as follows:

Years Ending December 31,	Special Assessments Principal	Special Assessments Interest
2026	$ 609,988	$ 517,782
2027	590,689	470,953
2028	630,280	459,926
2029	645,984	428,991
2030	608,114	397,385
2031-2035	2,837,330	1,562,603
2036-2040	2,414,681	939,239
2041-2045	1,633,037	476,721
2046-2050	1,195,779	166,196
	$ 11,165,882	$ 5,419,796

Landfill Closure/Postclosure

Landfill Closure/Postclosure liability consists of expected future obligations relating to the municipal landfill. See Note 20 for additional information.

Compensated Absences

Compensated absences consist of earned but unused annual leave and estimated future usage of accrued sick leave as described in Note 1.

Note 11 - Other Post-Employments Benefit Plan

North Dakota Public Employees Retirement System

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

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

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Gover-nor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At December 31, 2025, the City reported a liability of $2,106,449 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2025, the City's proportion was 3.20252 percent, which was an increase of 0.03929 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized OPEB expense of $328,319. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,791	$ 30,616
Changes of assumptions	182,619	181,336
Net difference between projected and actual investment earnings on OPEB plan investments	-	405,681
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,837	72,256
City contributions subsequent to the measurement date	25,773	-
	$ 292,020	$ 689,889

The $25,773 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026.

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

2026	$ 130,044
2027	(281,196)
2028	(186,003)
2029	(86,487)

Actuarial Assumptions

The total OPEB liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	Not applicable
Healthcare trend rate	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 107% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 113% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 87% for males and 88% for females. Mortality rates are projected from 2010 using the MP-2021 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	4.00%
Small Cap Domestic Equities	7%	6.00%
Domestic Fixed Income	27%	3.29%
International Equities	29%	7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2025, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
City's proportionate share of the net OPEB liability	$ 3,112,827	$ 2,106,449	$ 1,257,978

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare cost trend rate was not performed.

OPEB Plan Fiduciary Net Position

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

Note 12 - Defined Benefit 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 (NDPERS) Main 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 administered by a separate Board of Directors. 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.

For the year ended December 31, 2025 the City reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the plans as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	(Reduction of) Pension Expense
NDPERS - Main System	$ -	$ 14,097,721	$ 57,392,525	$ 21,742,149	$ (4,315,407)
City of Fargo Pension Plan	237,001	1,698,815	-	3,572,546	1,384,192
Police Pension Plan	-	6,113,597	15,296,670	5,309,896	4,671,885
Firefighters' Relief Association	-	4,834,630	15,411,267	3,909,797	3,475,380
Total all plans	$ 237,001	$ 26,744,763	$ 88,100,462	$ 34,534,388	$ 5,216,050

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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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 be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation.

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

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

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

At December 31, 2025, the City reported a liability of $57,392,525 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2025, the Employer's proportion was 3.60978 percent, which was an increase of 0.07871 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized a reduction of pension expense of $4,315,407. At December 31, 2025, the City 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	$ 3,100,773	$ -
Changes of assumptions	5,961,202	15,895,410
Net difference between projected and actual investment earnings on pension plan investments	-	5,071,343
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,809,618	775,396
City contributions subsequent to the measurement date	2,226,128	-
	$ 14,097,721	$ 21,742,149

The $2,226,128 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

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

2026	$ (43,715)
2027	(5,792,238)
2028	(2,432,423)
2029	(1,602,180)

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2021 scale.

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	31.9%	5.03%
International Equity	19.1%	6.10%
Private Equity	7.0%	8.30%
Domestic Fixed Income	23.0%	2.32%
Global Real Assets	19.0%	5.47%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate shares of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability	$ 85,608,656	$ 57,392,525	$ 33,954,224

Pension Plan Fiduciary Net Position

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

City of Fargo Pension Plan

Plan Description

The City of Fargo Employees' Pension plan is a cost-sharing multiple employer public employee retirement system. The plan is integrated with social security and therefore, is considered a supplemental plan. All full-time City and Park District 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, 2025, is as follows:

Retirees and beneficiaries currently receiving pension payments	287
Terminated vested	55
Active plan members	159

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.

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 and 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 8 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 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2025.

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

Discount rate	6.50%
Expected return on plan assets	6.50%
Inflation rate	2.50%
Actuarial cost method	Entry age normal
Asset valuation method	Fair value of assets
Mortality	PubG-2016 General amount-weighted mortality tables with generational projection using scale MP-2021

Since the previous valuation, the withdrawal, retirement, mortality, salary scale, and form of payment assumptions were updated based on the January 1, 2020 – December 31, 2024 Actuarial Experience Review report dated September 4, 2025.

Long-term Expected Investment Return

The long-term expected rate of return on pension plan investments was selected by the City. This assumption is based on the Plan's current investment policy and forward-looking capital market assumptions provided by the Plan's investment advisor. It uses a building-block method in which best-estimates of expected future "real" rates of return (expected returns net of inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio's long-term expected real rate of return. Expected inflation (2.50%) is added to the portfolio real rate of return to determine the portfolio nominal rate of return.

The best-estimates of expected future asset class returns were provided by the Plan's investment advisor. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

The table below summarizes the long-term expected real rate of return for each major asset class included in the pension plan's target asset allocation as of the measurement date.

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return
Domestic equity	42.00%	4.70%
International equity	16.00%	4.70%
Emerging markets equity	7.00%	5.30%
Core fixed income	17.50%	1.90%
Investment grade corporate	8.75%	3.10%
High yield	4.38%	3.30%
Emerging markets debt	4.38%	3.30%
Totals	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent as of December 31, 2025. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the December 31, 2025, Actuarial Valuation Report and City pension stability fund contributions will be made equal to the five-year average of $1.12 million for at least the next three years. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of December 31, 2025. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2025.

Schedule of Changes in Net Pension Liability

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

	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	City of Fargo Proportionate Share
Balances at January 1, 2025	$ 64,463,876	$ 60,703,604	$ 3,760,272	$ 3,339,874
Changes from the Prior Year				
Service cost	177,715	-	177,715	155,412
Interest cost	4,352,368	-	4,352,368	3,806,146
Differences between expected and actual experience	(161,066)	-	(161,066)	(140,852)
Changes of assumptions	2,436,734	-	2,436,734	2,130,924
Contributions - employer	-	1,458,401	(1,458,401)	(1,376,059)
Contributions - employee	-	228,018	(228,018)	(150,232)
Net investment income	-	9,253,646	(9,253,646)	(8,092,313)
Benefit payments	(4,929,815)	(4,929,815)	-	-
Administrative expense	-	(103,029)	103,029	90,099
Net Changes	1,875,936	5,907,221	(4,031,285)	(3,576,875)
Balances at December 31, 2025	$ 66,339,812	$ 66,610,825	$ (271,013)	$ (237,001)

The following presents the net pension liability of the City calculated using a discount rate of 6.50%, as well as what the City's net pension liability (asset) 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:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Plan net pension liability (asset)	$ 6,070,673	$ (271,013)	$ (5,717,808)
City's proportionate share of the net pension liability (asset)	$ 5,308,804	$ (237,001)	$ (5,000,223)

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

At December 31, 2025, the City reported an asset of $237,001 for its proportionate share of the City of Fargo Pension Plan's net pension asset. The net pension asset was measured as of December 31, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2025. The City's proportion of the net pension asset was based on the City's contributions received by the City of Fargo Pension Plan during the measurement period for employer payroll paid dates from January 1, 2025, through December 31, 2025, relative to the total plan contributions received from the all participating employers. The City's proportionate share was 87.45 percent at the end of the measurement period and 88.82 percent at the beginning of the measurement period, a decrease of 1.37 percent.

For the year ended December 31, 2025, the City recognized pension expense of $1,384,192.At December 31, 2025, the City 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	$ 247,471	$ 91,257
Changes of assumptions	1,380,599	-
Net difference between projected and actual earnings on pension plan investments	-	3,454,803
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,745	26,486
Total	$ 1,698,815	$ 3,572,546

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 December 31,	Pension Expense
2026	$ 1,780,741
2027	(1,424,800)
2028	(1,333,044)
2029	(896,628)

Reserves

The plan fiduciary net position at December 31, 2025, is $66,615,398 and the entire amount is reserved for employee pension benefits.

Pension Plan Fiduciary Net Position

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.

Police Pension Plan

Plan Description

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

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

Membership in the plan on December 31, 2025, is as follows:

Retirees and beneficiaries currently receiving pension payments	145
Active plan members	209
Terminated vested employees	24

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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2025.

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

Discount rate	7.00%
Expected return on plan assets	7.00%
Payroll growth rate	4.00%
Inflation rate	2.50%
Actuarial cost method	Entry age normal
Asset valuation method	Fair value of assets
Mortality	PubS-2016 Safety amount-weighted mortality tables with generational projection using scale MP-2021

Since the previous valuation, the withdrawal, retirement, mortality, salary scale, and form of payment assumptions were updated based on the January 1, 2020 – December 31, 2024 Actuarial Experience Review report dated October 8, 2025.

Long-term Expected Investment Return

The long-term expected rate of return on pension plan investments was selected by the City. This assumption is based on the Plan's current investment policy and forward-looking capital market assumptions provided by the Plan's investment advisor. It uses a building-block method in which best-estimates of expected future "real" rates of return (expected returns net of inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio's long-term expected real rate of return. Expected inflation (2.50%) is added to the portfolio real rate of return to determine the portfolio nominal rate of return.

The best-estimates of expected future asset class returns were provided by the Plan's investment advisor. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

The table below summarizes the long-term expected real rate of return for each major asset class included in the pension plan's target asset allocation as of the measurement date.

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return
Domestic equity - large cap	42.00%	5.12%
Domestic equity - small/mid cap	18.00%	5.55%
International equity - developed	8.00%	3.83%
International equity - emerging market	3.00%	3.96%
Core fixed income	20.00%	1.58%
High yield fixed income	7.00%	3.27%
Cash	2.00%	0.50%
Totals	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of December 31, 2025. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the December 31, 2025, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of December 31, 2025. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2025.

Schedule of Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2025	$ 112,487,678	$ 93,095,665	$ 19,392,013
Changes from the Prior Year			
Service cost	3,196,396	-	3,196,396
Interest cost	7,878,312	-	7,878,312
Differences between expected and actual experience	2,092,094	-	2,092,094
Changes of assumptions	493,319	-	493,319
Contributions - employer	-	4,105,792	(4,105,792)
Contributions - employee	-	1,868,566	(1,868,566)
Net investment income	-	11,874,018	(11,874,018)
Benefit payments	(6,273,523)	(6,273,523)	-
Administrative expense	-	(92,912)	92,912
Net Changes	7,386,598	11,481,941	(4,095,343)
Balances at December 31, 2025	$ 119,874,276	$ 104,577,606	$ 15,296,670

The following presents the net pension liability of the City calculated using a discount rate of 7.00%, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$ 31,871,246	$ 15,296,670	$ 1,709,501

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

For the year ended December 31, 2025, the City recognized pension expense of $4,671,885. At December 31, 2025, the City 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	$ 4,855,411	$ 11,839
Changes of assumptions	1,258,186	5,434
Net difference between projected and actual earnings on pension plan investments	-	5,292,623
Total	$ 6,113,597	$ 5,309,896

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

Year Ended December 31,	Pension Expense
2026	$ 2,185,694
2027	(1,405,323)
2028	(777,832)
2029	(144,182)
2030	560,281
Thereafter	385,063

Reserves

The plan fiduciary net position at December 31, 2025, is $104,577,605 and the entire amount is reserved for employee pension benefits.

Pension Plan Fiduciary Net Position

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 in the plan on December 31, 2023, is as follows:

Active plan members	137
Deferred vested	16
Retirees, disabled, and beneficiaries	95

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, up to a maximum of 75%, times the applicable final monthly salary. For officers, final monthly salary equals the average monthly salary for the five years prior to retirement. For other members, final monthly salary is the monthly salary of the top paid firefighter as of January 1 of the year of retirement.

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

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

Plan Administration

Management of the plan consists of a 7-member Board of Trustees, with a President, Vice-President, Secretary-Treasurer, and four (4) Trustees-at-large. One of the Trustees can be the Chief of the Fargo Fire Department. At each annual meeting of 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2025.

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

Discount rate	7.00%
Expected return on plan assets	7.00%
Payroll growth rate	4.00%
Inflation rate	2.50%
Actuarial cost method	Entry age normal
Asset valuation method	Fair value of assets
Mortality	PubS-2016 Safety amount-weighted mortality tables with generational projection using scale MP-2021

Since the previous valuation, the withdrawal, disability, retirement, mortality, salary scale, and form of payment assumptions were updated based on the January 1, 2020 – December 31, 2024 Actuarial Experience Review report dated September 3, 2025.

Long-term Expected Investment Return

The long-term expected rate of return on pension plan investments was selected by the City. This assumption is based on the Plan's current investment policy and forward-looking capital market assumptions provided by the Plan's investment advisor. It uses a building-block method in which best-estimates of expected future "real" rates of return (expected returns net of inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio's long-term expected real rate of return. Expected inflation (2.50%) is added to the portfolio real rate of return to determine the portfolio nominal rate of return.

The best-estimates of expected future asset class returns were provided by the Plan's investment advisor. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

The table below summarizes the long-term expected real rate of return for each major asset class included in the pension plan's target asset allocation as of the measurement date.

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return
Domestic equity - large cap	42.00%	5.12%
Domestic equity - small/mid cap	18.00%	5.55%
International equity - developed	8.00%	3.83%
International equity - emerging market	3.00%	3.96%
Core fixed income	20.00%	1.58%
High yield fixed income	7.00%	3.27%
Cash	2.00%	0.50%
Totals	100.00%	

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of December 31, 2025. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the December 31, 2025, Actuarial Valuation Report. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of December 31, 2025. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2025.

Schedule of Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2025	$ 74,667,397	$ 56,582,028	$ 18,085,369
Changes from the Prior Year			
Service cost	1,899,006	-	1,899,006
Interest cost	5,233,804	-	5,233,804
Differences between expected and actual experience	3,537,450	-	3,537,450
Changes of assumptions	(743,523)	-	(743,523)
Contributions - employer	-	4,127,993	(4,127,993)
Contributions - employee	-	1,243,678	(1,243,678)
Net investment income	-	7,291,373	(7,291,373)
Benefit payments	(3,595,550)	(3,595,550)	-
Administrative expense	-	(62,205)	62,205
Net Changes	6,331,187	9,005,289	(2,674,102)
Balances at December 31, 2025	$ 80,998,584	$ 65,587,317	$ 15,411,267

The following presents the net pension liability of the City calculated using a discount rate of 7.00%, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$ 26,757,164	$ 15,411,267	$ 6,078,429

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

For the year ended December 31, 2025, the City recognized pension expense of $3,475,380. At December 31, 2025, the City 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	$ 4,196,706	$ 73,233
Changes of assumptions	637,924	639,242
Net difference between projected and actual earnings on pension plan investments	-	3,197,322
Total	$ 4,834,630	$ 3,909,797

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

Year Ended December 31,	Pension Expense
2026	$ 1,527,109
2027	(771,771)
2028	(503,248)
2029	(151,808)
2030	381,754
Thereafter	442,797

Pension Plan Fiduciary Net Position

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.

Combining Statement of Net Position – Pension Trust Funds
December 31, 2025

	City Employees' Pension Trust	Police Pension Trust	Total
Assets			
Cash and cash equivalents	$ 34,271	$ 2,307,113	$ 2,341,384
Receivables (net of allowance for uncollectibles):			
Interest	-	14,227	14,227
Accounts	10,124	-	10,124
Investments, at fair value:			
Mutual funds	66,606,797	85,219,945	151,826,742
Exchange-traded products	-	17,042,439	17,042,439
Total assets	66,651,192	104,583,724	171,234,916
Liabilities			
Vouchers payable	35,553	6,119	41,672
Benefits payable	241	-	241
Total liabilities	35,794	6,119	41,913
Net Position			
Restricted for			
Pension benefits	$ 66,615,398	$ 104,577,605	$ 171,193,003

Combining Statement of Changes in Net Position – Pension Trust Funds
December 31, 2025

	City Employees' Pension Trust	Police Pension Trust	Total
Additions			
Contributions			
Employer	$ 1,460,877	$ 4,105,792	$ 5,566,669
Employee	231,236	1,868,566	2,099,802
Total contributions	1,692,113	5,974,358	7,666,471
Investment income			
Net increase in fair value	9,449,816	12,256,431	21,706,247
Less investment expense	(196,170)	(382,414)	(578,584)
Net investment income	9,253,646	11,874,017	21,127,663
Total additions	10,945,759	17,848,375	28,794,134
Deductions			
Pension benefit payments	4,727,587	6,167,274	10,894,861
Member contribution refunds	203,349	106,249	309,598
Administrative expenses	103,029	92,912	195,941
Total deductions	5,033,965	6,366,435	11,400,400
Change in Net Position	5,911,794	11,481,940	17,393,734
Net Position, Beginning	60,703,604	93,095,665	153,799,269
Net Position, Ending	$ 66,615,398	$ 104,577,605	$ 171,193,003

Note 13 - Defined Contribution Pension Plan

The City participates in the North Dakota Public Employee Retirement System Defined Contribution Retirement Plan (the “Plan”), a statewide defined contribution pension plan administered by NDPERS. The Plan provides retirement benefits to participating public employees based solely on accumulated contributions to each member’s individual account, plus investment earnings thereon. Benefit terms and contribution requirements are established by North Dakota Century Code Chapter 54-52. Under the Plan, each employee maintains an individual account, and the City’s obligation is limited to contributing a specified percentage of payroll to that account – the City has no further commitment to provide future pension benefits beyond these contributions. Participants vest immediately in their own contributions and investment earnings, and vest in the City’s contributions as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%
Upon attainment of age 65 while an employee	100%

Non-vested account balances forfeited by employees who leave employment are used to cover Plan administrative expenses, per Plan policy.

Contributions

During the year ended December 31, 2025, employees were required to contribute 4.00% of covered payroll and the City was required to contribute 5.26%, as required by State law. Employees may elect to contribute up to an additional 3.0% of gross wages which will be matched by an equal City contribution. The City recognized pension expense of $94,422 for the year, equal to its required contributions, which was reported as expense/expenditure in the applicable funds.

Note 14 - Interfund Activity

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

	Due from: Nonmajor Governmental Funds	Due from: Fargodome Fund	Due from: Nonmajor Enterprise Funds	Total
Due to:				
General Fund	$ 127,271	$ -	$ -	$ 127,271
Water Reclamation Fund	-	31,073	5,019,299	5,050,372
Total	$ 127,271	$ 31,073	$ 5,019,299	$ 5,177,643

Interfund advances are used to account for long-term advances between funds. A summary of the City's interfund advances is as follows:

	Original Amount	Amount Repaid	Balance at December 31, 2025
Advanced by Debt Service Fund			
To Capital Projects Fund			
NP Parking Ramp	$ 2,439,394	$ -	$ 2,439,394
Advanced by Water Fund			
To Capital Projects Fund			
Civic Center HVAC Retrofit	390,000	266,845	123,155
Border States Facility Equipment	550,000	319,146	230,854
Border States Facility Building	872,524	232,494	640,030
Total Water Fund advances	1,812,524	818,485	994,039
Advanced by Water Reclamation Fund			
To Capital Projects Fund			
Civic Center HVAC Retrofit	390,000	266,845	123,155
Border States Facility Building	1,422,524	379,010	1,043,514
Total Water Reclamation Fund advances	1,812,524	645,855	1,166,669
	$ 6,064,442	$ 1,464,340	$ 4,600,102

The NP Parking Ramp advance will be repaid to the Debt Service fund over several years to support interim cash flow shortages during the construction phase. The advance is non-interest bearing and will be repaid from overall parking operational profits as cashflow allows. The expected timeline for repayment is 2037-2039, based upon full capture of various TIF revenues and retirement of other parking debt.

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

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

Interfund Transfers

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.

The following interfund transfers occurred during the year ended December 31, 2025:

	Transfer in							
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total
Transfer out								
General Fund	$ -	$ 4,398,618	299,319	178,821	$ -	$ -	$ 3,898,323	$ 8,775,081
Debt Service Fund	-	-	8,599,229	274,298	1,319,187	177,522	20,000	10,390,236
Capital Projects Fund	16,094	558,731	-	49,000	3,946,651	3,074,410	-	7,644,886
Nonmajor Governmental Funds	1,839,515	2,405,724	1,022,415	1,049,196	-	-	-	6,316,850
Water Fund	6,032,839	-	2,134,079	-	-	-	-	8,166,918
Water Reclamation Fund	3,715,380	-	4,995,372	-	-	-	-	8,710,752
Storm Sewer Fund	1,545,289	-	2,639,160	-	-	-	-	4,184,449
Solid Waste Fund	8,561,903	-	825,541	-	-	20,210	-	9,407,654
Nonmajor Enterprise Funds	2,644,291	-	1,703,780	-	-	-	-	4,348,071
Total	$ 24,355,311	$ 7,363,073	$ 22,218,895	$ 1,551,315	$ 5,265,838	$ 3,272,142	$ 3,918,323	$ 67,944,897

Transfers from the general fund were made to fund debt service payments, funding certain projects from the capital projects fund and to fund Transit.

Transfers from the debt service fund consist of excess sales tax proceeds allocated to fund various capital projects and TIF Fund transfers and transfers to close various capital projects.

Transfers from the capital project funds are made for funding various projects and meeting debt service requirements.

Transfers from the nonmajor governmental funds were made to fund debt service payments and to allocate Public Safety sales tax, parking and opioid expenditures and Fund health projects through CDBG.

Transfers from the enterprise funds primarily relate to funding capital projects and subsidizing operations of the general fund per approved budgets and to meet SRF Reserve requirements.

Note 15 - Fund Balances

The City classified fund balances within the governmental funds as follows at December 31, 2025:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Fund Balances					
Nonspendable					
Inventory	$ 1,446,205	$ -	$ -	$ -	$ 1,446,205
Prepaid items	399,561	-	18,329	69,755	487,645
Total nonspendable	1,845,766	-	18,329	69,755	1,933,850
Restricted					
Capital projects	-	-	40,754,901	-	40,754,901
Community development	-	-	-	10,637	10,637
Convention and visitors bureau	-	-	-	117,345	117,345
Court forfeits	-	-	-	266,924	266,924
Debt service	-	113,180,498	-	-	113,180,498
Downtown business improvement district	-	-	-	115,442	115,442
Fire	230,019	-	-	-	230,019
Health	1,071,331	-	-	-	1,071,331
Health department donations	-	-	-	40,130	40,130
Highway and streets	1,339,779	-	-	-	1,339,779
HUD home program	-	-	-	5,000	5,000
HUD home participating jurisdiction	-	-	-	109,315	109,315
Information systems	233,483	-	-	-	233,483
NRI loan program	-	-	-	117,096	117,096
Opioid abatement	-	-	-	851,405	851,405
Parking authority	-	-	-	179,564	179,564
Parking repair and replacement	-	-	-	427,684	427,684
Parking surplus	-	-	-	27,587	27,587
Police	438,996	-	-	-	438,996
Public safety	-	-	-	4,038,780	4,038,780
Red River Valley UAS	-	-	-	50,449	50,449
Regional training center	-	-	-	266,429	266,429
SWAT	-	-	-	44,185	44,185
Total restricted	3,313,608	113,180,498	40,754,901	6,667,972	163,916,979
Committed					
Revenue stabilization	1,000,016	-	-	-	1,000,016
Assigned					
2026 budget	357,127	-	-	-	357,127
Unassigned	34,287,796	-	-	(165,906)	34,121,890
Total Fund Balances	$ 40,804,313	$ 113,180,498	$ 40,773,230	$ 6,571,821	$ 201,329,862

Note 16 - 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 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 the 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. 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.

Note 17 - Conduit Debt

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, 2025, there are seven Industrial Revenue Bonds outstanding and the aggregate principal amount payable is $83,770,000. 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.

Note 18 - Joint Power Agreement with other Governmental Entities

Red River Regional Dispatch Center (RRRDC)

In 2008, the City entered into a joint powers agreement with the City of Fargo, North Dakota, City of Moorhead, Minnesota, Clay County of Minnesota, and Cass County of North Dakota, to establish a framework that allows for the joint operation of dispatch functions by the named entities. 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 countywide 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.

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 six-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, North Dakota; City of Moorhead, Minnesota; Clay County of Minnesota; Cass County of North Dakota; 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: Metro Flood Diversion Board of Authority, 4784 Amber Valley Parkway South, Suite 100, Fargo, ND 58104.

Note 19 - Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. 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 at December 31, 2025.

Note 20 - Commitments and Contingencies

Grants and Grants Receivable

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.

Construction Commitments

As of December 31, 2025, the City had commitments on various construction contracts totaling approximately $31,631,752.

Municipal Landfill Closure and Post-Closure Care Costs

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

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

The current landfill site design consists of Cells 1-25 on approximately 174 acres of land. The City has constructed all or portions of 20 cells to date, which vary in surface area from 4 to 10 acres. The cell depths range up to 35’ below existing grade, varying based on their footprint location. Final elevations of cells range from 40’ to 92’ above existing grade. The cells have been designed with a leachate collection system and each cell is constructed with a composite liner system consisting of a compacted clay subgrade overlain by a 60-mil high-density polyethelene 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 17 are presently fully constructed and mostly filled. Cells 18 through 20 are fully constructed and partially filled. Based upon design capacity, the facility is 71.25% full (acres), and based upon present utilization rates; the remaining capacity is estimated at 14.57 years. The estimated liability for landfill closure and post closure care is $6,610,988 as of December 31, 2025. Per the City’s solid waste permit (SW-260), the City is allowed a maximum of 80 acres of open landfill area at any one time and is required to calculate closure cost based on having 80 acres of landfill area to close. The estimated total current cost of landfill closure and post closure care is based upon the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2025. However, actual costs may be higher due to inflation, changes in technology, or landfill regulations.

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

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 and 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.

Note 21 - 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, 2025, 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 center. This incentive is to assist and encourage the adequacy of facilities in the community that provide early childhood and adult day care services.

Taxes abated during the year ended December 31, 2025, were as follows:

Tax Abatement Program	Amount
Residential New Construction - School District #1	$ 112,921
Residential New Construction - School District #6	11,770
Remodeling - Residential - School District #1	39,236
Remodeling - Residential - School District #6	32
Remodeling - Commercial - School District #1	116,831
Remodeling - Commercial - School District #6	4,348
New Industry Exemption & Payment in Lieu - School District #1	709,983
New Industry Exemption & Payment in Lieu - School District #6	311,558
Traditional Tax Increment Financing	453,020
Renaissance Zone - Commercial - School District #1	465,574
Renaissance Zone - Residential - School District #1	16,303
Daycare, Fire Protection - Commercial - School District #1	56,365
Daycare, Fire Protection - Commercial - School District #6	40,537
	$ 2,338,478

Note 22 - Discretely Presented Component Unit – Municipal Airport Authority

The Municipal Airport Authority of the City of Fargo (“the Airport Authority”) was formed for the purpose of operating an airport system that provides domestic air service for the Midwest region and exists as a separate legal entity. The commissioners of the Airport Authority are appointed by the Mayor of the City of Fargo. The City has the ability to impose its will upon the Airport Authority through its ability to remove appointed members of the Airport Authority’s governing board at will. Separately issued financial reports for the Airport Authority are available by contacting the Executive Director, PO Box 2845, Fargo, ND, 58108.

Deposits

In accordance with North Dakota Century Code, the Airport Authority maintains deposits at those depository banks and brokerages authorized by the Board of Commissioners. Those depository banks and savings and loans are all members of the Federal Reserve System. State statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 110% of the deposits not covered by insurance or bonds. The carrying amount of the Airport Authority's deposits was $53,292,421 and the bank balance was $60,917,215, which were covered by depository insurance or collateral held in safekeeping in the Authority's name.

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, 2025, the Airport Authority's deposits were either fully insured or properly collateralized and were held in the Airport Authority's name.

Capital Assets

Airport Authority component unit capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Airport Authority Component Unit				
Capital assets, not being depreciated				
Land	$ 8,516,547	$ -	$ -	$ 8,516,547
Construction in progress	52,325,089	90,380,351	1,020,751	141,684,689
Total capital assets, not being depreciated	60,841,636	90,380,351	1,020,751	150,201,236
Capital assets, being depreciated				
Buildings	49,423,393	-	9,747	49,413,646
Improvements other than buildings	2,676,347	43,470	-	2,719,817
Machinery and equipment	17,354,343	316,656	34,641	17,636,358
Infrastructure	146,550,673	3,540,118	1,658,981	148,431,810
Total capital assets, being depreciated	216,004,756	3,900,244	1,703,369	218,201,631
Less accumulated depreciation for			-	
Buildings	17,118,814	1,134,532	3,046	18,250,300
Improvements other than buildings	1,749,831	106,686	-	1,856,517
Machinery and equipment	12,465,813	827,701	34,641	13,258,873
Infrastructure	65,488,575	3,790,891	1,658,981	67,620,485
Total accumulated depreciation	96,823,033	5,859,810	1,696,668	100,986,175
Total capital assets, being depreciated	119,181,723	(1,959,566)	6,701	117,215,456
Airport Authority Component Unit Capital Assets, Net	$ 180,023,359	$ 88,420,785	$ 1,027,452	$ 267,416,692

The Airport Authority component unit has outstanding construction commitments totaling $57,507,981 related to construction in progress at December 31, 2025.

Leases Receivable

The Airport Authority component unit has accrued a receivable for substantially all airport facilities, including ground, land, office space, and building. The remaining receivable for these leases was $6,812,711 for the year ended December 31, 2025. Deferred inflows related to this lease were $6,412,902 as of December 31, 2025. Interest revenue recognized on this lease was $209,439 for the year ended December 31, 2025. Principal receipts of $1,301,459 were recognized during the fiscal year. The interest rate on the leases was 3.0%. Final receipt is expected in fiscal year 2089.

The future principal and interest lease receipts as of December 31, 2025, are as follows:

Years Ending	Airport Authority	
December 31,	Principal	Interest
2026	$ 1,128,321	$ 200,520
2027	1,097,191	167,282
2028	360,032	134,699
2029	254,775	125,050
2030	232,549	117,835
Thereafter	3,739,843	1,216,984
	$ 6,812,711	$ 1,962,370

Long Term Debt

The following is a summary of changes in long-term debt of the Airport Authority component unit for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Airport Authority Component Unit					
Revenue bonds payable	$ 21,068,681	$ 18,309,105	$ 1,332,900	$ 38,044,886	$ 1,175,861
Compensated absences	205,818	214,030	136,190	283,658	283,658
	$ 21,274,499	$ 18,523,135	$ 1,469,090	$ 38,328,544	$ 1,459,519

Revenue Bonds Payable

The Airport Authority component unit has entered into an agreement with the Bank of North Dakota to issue Airport Facilities Revenue Bonds in the amount of $40,000,000 through the Infrastructure Revolving Loan Fund to be used for the construction of new infrastructure. The bond calls for semiannual interest payments and annual principal payments through May 2054. The Airport Authority component unit draws bond funds as expenses are incurred. As of December 31, 2025, the Airport Authority component unit has drawn $39,377,786. Remaining available draws total $622,214.

Annual debt service requirements to maturity of the Airport Facilities Bonds are as follows and are based on the full amount of the bonds being drawn.

Years Ending December 31,	Bonds Payable Principal	Bonds Payable Interest
2026	$ 1,175,861	$ 774,902
2027	1,187,620	751,267
2028	1,199,496	727,395
2029	1,211,491	703,291
2030	1,223,606	678,935
2031-2035	6,304,038	3,020,803
2036-2040	6,625,607	2,374,448
2041-2045	6,963,580	1,695,123
2046-2050	7,318,792	981,146
2051-2054	4,834,795	246,441
	$ 38,044,886	$ 11,953,751

Compensated Absences

Regular full-time employees of the Airport Authority component unit accrue paid time off (PTO) and sick leave (compensated absences) at varying rates based on employee group and years of service. Employees shall be paid for compensated absences at the time of termination.

Other Post-Employments Benefit Plan - North Dakota Public Employees Retirement System

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

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

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Gover-nor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At December 31, 2025, the Airport Authority component unit reported a liability of $87,839 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Airport Authority component unit's proportion of the net OPEB liability was based on the Airport Authority component unit 's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2025, the Airport Authority component unit 's proportion was 0.13355 percent., which was an increase of 0.00898 from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Airport Authority component unit recognized OPEB expense of $29,672. At December 31, 2025, the Airport Authority component unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 450	$ 1,276
Changes of assumptions	7,615	7,562
Net difference between projected and actual investment earnings on earnings on pension plan investments	-	16,917
Changes in proportion and differences between employer contributions and contributions and proportionate share of contributions	23,002	1,408
Airport Authority contributions subsequent to the measurement date	8,015	-
	$ 39,082	$ 27,163

The $8,015 reported as deferred outflows of resources related to OPEB resulting from Airport Authority component unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026.

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

2026	$ 20,683
2027	(7,475)
2028	(5,698)
2029	(3,606)

Actuarial Assumptions

The total OPEB liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	Not applicable
Healthcare trend rate	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 107% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 113% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 87% for males and 88% for females. Mortality rates are projected from 2010 using the MP-2021 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	4.00%
Small Cap Domestic Equities	7%	6.00%
Domestic Fixed Income	27%	3.29%
International Equities	29%	7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2025, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Airport Authority's proportionate share of the net OPEB liability	$ 129,806	$ 87,839	$ 52,458

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare cost trend rate was not performed.

OPEB Plan Fiduciary Net Position

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

Defined Benefit Pension Plans

The Airport Authority component unit contributes to two separate pension plans, the NDPERS Main System and NDPERS Law Enforcement System. Both of these plans are defined benefit pension systems. For the year ended December 31, 2025 the Airport Authority Component Unit reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the plans as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
NDPERS - Main System	$ -	$ 640,907	$ 1,635,105	$ 680,869	$ 249,516
NDPERS - Law Enforcement System	50,221	166,629	-	228,633	25,061
Total all plans	$ 50,221	$ 807,536	$ 1,635,105	$ 909,502	$ 274,577

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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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 be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation.

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

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

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

At December 31, 2025, the Airport Authority component unit reported a liability of $1,635,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport Authority component unit's proportion of the net pension liability was based on the Airport Authority component unit's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2025, the Airport Authority component unit's proportion was 0.10280 percent, which was a decrease of 0.00400 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Airport Authority component unit recognized pension expense of $249,516. At December 31, 2025, the Airport Authority component unit 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	$ 88,341	$ -
Changes of assumptions	169,834	452,858
Net difference between projected and actual investment earnings on pension plan investments	-	144,482
Changes in proportion and differences between employer contributions and proportionate share of contributions	316,345	83,529
Airport Authority contributions subsequent to the measurement date	66,387	-
	$ 640,907	$ 680,869

The $66,387 reported as deferred outflows of resources related to pensions resulting from Airport Authority component unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

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

2026	$ 203,178
2027	(173,230)
2028	(84,221)
2029	(52,076)

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2021 scale.

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	31.9%	5.03%
International Equity	19.1%	6.10%
Private Equity	7.0%	8.30%
Domestic Fixed Income	23.0%	2.32%
Global Real Assets	19.0%	5.47%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 5.20%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the Airport Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Airport Authority's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Airport Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Airport Authority's proportionate share of the net pension liability	$ 2,438,979	$ 1,635,105	$ 967,351

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 Law Enforcement Retirement System

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System 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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement 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 (55) with three or more years of service. 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 50-55 with three or more years of service.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service in the Law Enforcement 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 Law Enforcement 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 of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 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 established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

Plan	Member Contribution Rate	Employer Contribution Rate
Law Enforcement with previous service		
Political subdivisions	5.50%	11.40%
State	6.00%	14.34%
National Guard	5.50%	11.40%
Law enforcement without previous service	5.50%	9.16%

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

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

At December 31, 2025, the Airport Authority component unit reported an asset of $50,221 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Airport Authority component unit 's proportion of the net pension asset was based on the Airport Authority component unit 's share of covered payroll/contributions in the Law Enforcement System pension plan relative to the covered payroll/contributions of all participating Law Enforcement System employers. At June 30, 2025 the Airport Authority component unit's proportion was 4.21674 percent, which was a decrease of 0.23657 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Airport Authority component unit recognized pension expense of $25,061. At December 31, 2025, the Airport Authority component unit 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	$ 30,411	$ 8,718
Changes of assumptions	78,715	170,026
Net difference between projected and actual investment earnings on pension plan investments	-	41,706
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,218	8,183
Airport Authority contributions subsequent to the measurement date	35,285	-
	$ 166,629	$ 228,633

The $35,285 reported as deferred outflows of resources related to pensions resulting from Airport Authority component unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

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

2026	$ (22,627)
2027	(29,513)
2028	(26,507)
2029	(18,642)

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2021 scale.

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	31.9%	5.03%
International Equity	19.1%	6.10%
Private Equity	7.0%	8.30%
Domestic Fixed Income	23.0%	2.32%
Global Real Assets	19.0%	5.47%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 5.20%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Airport Authority component unit's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Airport Authority component unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Airport Authority's proportionate share of the net pension liability (asset)	$ 157,328	$ (50,221)	$ (216,392)

Pension Plan Fiduciary Net Position

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

Correction of Error

During fiscal year 2025, the Airport Authority Component Unit identified expenses that should have been recorded as construction in progress in the prior year. Accordingly, construction in progress and net position were understated by $2,424,871 and expenses were overstated by the same amount as of December 31, 2024.

Beginning net position was restated as follows:

	January 1, 2025, As Previously Reported	Correction of Error	January 1, 2025, As Restated
Component Unit			
Airport Authority	$ 217,003,516	$ 2,424,871	$ 219,428,387

If these amounts had been properly recorded in the prior year, the change in net position would have been adjusted as follows for the year ended December 31, 2024:

	January 1, 2025, As Previously Reported	Correction of Error	January 1, 2025, As Restated
Component Unit			
Airport Authority	$ 21,393,183	$ 2,424,871	$ 23,818,054

Concentrations

The Airport Authority component unit operates in a regional market consisting primarily of eastern North Dakota and western Minnesota. The accounting loss if customers fail to perform is $1,412,035 for 2025, which is the balance of accounts receivable.

The Airport Authority's operating revenues, excluding operating grants, include the following vendors, along with their percentage of operating revenues:

American Airlines	4.09%
Avis/Budget Rental	3.42%
Delta Air Lines, Inc.	5.06%
Enterprise Rental	4.04%
Fargo Jet Center	5.00%
National Rental	4.19%
Overland West, Inc.	3.27%
SP Plus	48.79%
United Airlines	4.28%

Current Vulnerability Due to Certain Conditions

The Airport Authority component unit received approximately 35% of its funding from federal sources for the year ended December 31, 2025. As of the date of these financial statements, there is uncertainty regarding the continued availability or adequacy of this funding in future periods.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 5.20%; and the resulting Single Discount Rate is 6.50%.

Note 23 - Subsequent Events

In December 2025, the City entered into an agreement for body-worn cameras, related software, and support services with total expected payments of approximately $13.3 million over the term of the agreement. The agreement has a term of 120 months and is expected to commence on June 1, 2026. Total expected payments under the agreement are approximately $13.3 million over the contract term.

Accordingly, no right-to-use asset or lease liability has been recognized in the accompanying financial statements as of December 31, 2025. Upon commencement of the lease term, the City expects to recognize a right-to-use asset and corresponding lease liability in accordance with applicable accounting standards.

On June 22, 2026, the City Commission approved the Fargo Civic Center site for the City's future convention center project. Fargo voters previously approved a 3% lodging tax in November 2024 to fund construction of the convention center; however, the tax is not effective until both a project site and developer agreement are approved. The City expects to finalize a developer agreement in 2026 and begin collecting the lodging tax on January 1, 2027.

Management has evaluated subsequent events through June 25, 2026, the date the financial statements were available to be issued.

Required Supplementary Information
December 31, 2025

City of Fargo, North Dakota

Schedule of Employer's Share of Net OPEB Liability
Last 10 Fiscal Years*

Measurement Date	Employer's Proportionate Share (Percentage) of the Net OPEB Liability (Asset)	Employer's Proportionate Share (Amount) of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	3.202522%	$ 2,106,449	$ 33,271,252	6.33%	75.94%
2024	3.163228%	$ 2,733,205	$ 32,793,420	8.33%	68.35%
2023	3.338341%	$ 3,337,511	$ 33,556,431	9.95%	62.74%
2022	3.102121%	$ 3,723,506	$ 32,026,452	11.63%	56.28%
2021	3.157168%	$ 1,755,931	$ 34,421,272	5.10%	76.63%
2020	3.121050%	$ 2,625,420	$ 35,579,046	7.38%	63.38%
2019	3.074660%	$ 2,469,528	$ 34,308,827	7.20%	71.66%
2018	2.966889%	$ 2,336,627	$ 32,464,199	7.20%	61.89%
2017	2.753670%	$ 2,178,183	$ 29,790,331	7.31%	59.78%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years *

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 396,888	$ 389,837	$ 7,051	$ 33,271,252	1.17%
2024	$ 389,966	$ 400,368	$ (10,402)	$ 32,793,420	1.22%
2023	$ 405,190	$ 381,661	$ 23,529	$ 33,556,431	1.14%
2022	$ 389,799	$ 394,438	$ (4,639)	$ 32,026,452	1.23%
2021	$ 413,925	$ 444,411	$ (30,486)	$ 34,421,272	1.29%
2020	$ 417,979	$ 377,645	$ 40,334	$ 35,579,046	1.06%
2019	$ 399,013	$ 388,634	$ 10,379	$ 34,308,827	1.13%
2018	$ 380,787	$ 364,381	$ 16,406	$ 32,464,199	1.12%
2017	$ 346,291	$ 334,824	$ 11,467	$ 29,790,331	1.12%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer's Contributions

2025

Changes of benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2024.

Changes of assumptions

The actuarial assumptions used in the actuarial valuation as of July 1, 2025 were based on an experience review for the period from July 1, 2019 to July 1, 2024, and were adopted for first use commencing with the July 1, 2025 actuarial valuation. The following assumptions were changed: price inflation, salary increase rates, retirement rates, turnover rates, disability rates, RHIC participation rates, and mortality rates.

2024

Changes of benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

2022

Changes of benefit terms

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

Changes of assumptions

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

2021

Changes of benefit terms

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

Changes of assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

2020

Changes of benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019

Changes of benefit terms

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

Changes of assumptions

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

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

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

2018

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2025	3.6098%	$ 57,392,525	$ 47,777,124	120.1%	73.6%
6/30/2024	3.5311%	$ 66,043,563	$ 46,320,496	142.6%	68.0%
6/30/2023	3.5862%	$ 69,150,909	$ 43,854,528	157.7%	65.3%
6/30/2022	3.3381%	$ 96,138,322	$ 38,749,407	248.1%	54.5%
6/30/2021	3.3610%	$ 35,031,450	$ 38,059,358	92.0%	78.3%
6/30/2020	3.2946%	$ 103,648,318	$ 36,343,235	285.2%	48.9%
6/30/2019	3.2941%	$ 38,609,013	$ 34,264,052	112.7%	71.7%
6/30/2018	3.1562%	$ 53,264,757	$ 32,424,454	164.3%	62.8%
6/30/2017	2.9125%	$ 46,812,999	$ 29,731,782	157.5%	70.5%
6/30/2016	2.7426%	$ 26,729,038	$ 27,638,652	96.7%	70.5%

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
12/31/2025	$ 4,373,377	$ 4,373,377	$ -	$ 47,777,124	9.15%
12/31/2024	$ 3,813,009	$ 3,813,009	$ -	$ 47,662,613	8.00%
12/31/2023	$ 3,317,627	$ 3,317,627	$ -	$ 46,595,885	7.12%
12/31/2022	$ 3,373,059	$ 3,373,059	$ -	$ 47,374,424	7.12%
12/31/2021	$ 2,500,163	$ 2,500,163	$ -	$ 35,114,649	7.12%
12/31/2020	$ 2,693,322	$ 2,693,322	$ -	$ 37,827,556	7.12%
12/31/2019	$ 2,500,366	$ 2,500,366	$ -	$ 35,117,500	7.12%
12/31/2018	$ 2,371,434	$ 2,371,434	$ -	$ 33,306,657	7.12%
12/31/2017	$ 2,189,026	$ 2,189,026	$ -	$ 30,744,747	7.12%
12/31/2016	$ 2,012,946	$ 2,012,946	$ -	$ 28,271,713	7.12%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

2025

Changes of benefit terms

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Changes of assumptions

The actuarial assumptions used in the actuarial valuation as of July 1, 2025 were based on an experience review for the period from July 1, 2019 to July 1, 2024, and were adopted for first use commencing with the actuarial valuation as of July 1, 2025.

2024

Changes of benefit terms

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025, and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026, and ending June 30, 2056.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

2023

Changes of benefit terms

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025, and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026, and ending June 30, 2056.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

2022

Changes of benefit terms

The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

2021

Changes of benefit terms

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of assumptions

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

2020

Changes of benefit terms

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

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

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

2019
Changes of benefit terms
The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

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

- The investment return assumption was lowered from 7.75% to 7.50%

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

2018
Changes of benefit terms
None

Changes of assumptions
Amounts reported in 2019 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2017

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

2016

Changes of benefit terms

None

Changes of assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Schedule of Changes in Net Pension Liability (Asset)
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 177,715	$ 362,019	$ 386,686	$ 439,416	$ 533,945	$ 365,929	$ 401,832	$ 432,671	$ 469,907	$ 487,463
Interest	4,352,368	4,344,803	4,308,676	4,289,214	4,296,324	4,245,644	4,191,703	4,113,116	4,019,115	4,000,397
Difference between expected and actual experience	(161,066)	545,274	547,851	-	(50,217)	-	(333,799)	74,079	409,699	232,443
Changes of assumption	2,436,734	-	-	-	1,529,548	(307,341)	-	(111,771)	(280,032)	(1,434,752)
Benefit payments, including refunds of member contributions	(4,929,815)	(4,989,620)	(4,415,280)	(4,380,452)	(4,020,015)	(3,526,401)	(3,433,240)	(3,353,355)	(3,216,427)	(2,803,193)
Net change in total pension liability	1,875,936	262,476	827,933	348,178	2,289,585	777,831	826,496	1,154,740	1,402,262	482,358
Beginning of year	64,463,876	64,201,400	63,373,467	63,025,289	60,735,704	59,957,873	59,131,377	57,976,637	56,574,375	56,092,017
End of year	$ 66,339,812	$ 64,463,876	$ 64,201,400	$ 63,373,467	$ 63,025,289	$ 60,735,704	$ 59,957,873	$ 59,131,377	$ 57,976,637	$ 56,574,375
Plan Fiduciary Net Position										
Contributions - employer	$ 1,458,401	$ 1,216,480	$ 1,484,284	$ 1,505,941	$ 2,106,906	$ 2,355,393	$ 2,233,282	$ 2,213,651	$ 2,035,460	$ 1,955,478
Contributions - employee	228,018	260,042	288,909	311,597	386,154	452,023	450,243	481,258	503,548	564,107
Net investment income	9,253,646	6,421,205	7,629,247	(11,645,771)	7,916,223	8,741,227	9,229,281	(2,841,329)	6,769,009	2,590,225
Benefit payments, including refunds of member contributions	(4,929,815)	(4,989,620)	(4,415,280)	(4,380,452)	(4,020,015)	(3,526,401)	(3,433,240)	(3,353,355)	(3,216,427)	(2,803,193)
Administrative expense	(103,029)	(73,266)	(56,092)	(66,376)	(48,235)	(52,226)	(56,158)	(50,056)	(55,719)	(50,264)
Other	-	-	-	37,077	1,055	1,055	-	-	6,149	4,209
Net change in plan fiduciary net position	5,907,221	2,834,841	4,931,068	(14,237,984)	6,342,088	7,971,071	8,423,408	(3,549,831)	6,042,020	2,260,562
Beginning of year	60,703,604	57,868,763	52,937,695	67,175,679	60,833,591	52,862,520	44,439,112	47,988,943	41,946,923	39,686,361
End of year	$ 66,610,825	$ 60,703,604	$ 57,868,763	$ 52,937,695	$ 67,175,679	$ 60,833,591	$ 52,862,520	$ 44,439,112	$ 47,988,943	$ 41,946,923
Net Pension Liability (Asset)	$ (271,013)	$ 3,760,272	$ 6,332,637	$ 10,435,772	$ (4,150,390)	$ (97,887)	$ 7,095,353	$ 14,692,265	$ 9,987,694	$ 14,627,452
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.41%	94.17%	90.14%	83.53%	106.59%	100.16%	88.17%	75.15%	82.77%	74.14%
Covered Employee Payroll	$ 15,664,828	$ 16,184,572	$ 16,176,388	$ 18,914,478	$ 17,882,104	$ 19,752,588	$ 20,322,191	$ 20,993,347	$ 21,459,747	$ 21,788,871
Contributions as a Percent of Covered Payroll	9.31%	7.52%	9.18%	7.96%	11.78%	11.92%	10.99%	10.54%	9.49%	8.97%
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-1.73%	23.23%	39.15%	55.17%	-23.21%	-0.50%	34.91%	69.99%	46.54%	67.13%

Schedule of Employer Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$ 2,219,599	$ 1,670,525	$ 1,274,016	$ 1,274,016	$ 2,204,263	$ 2,204,263	$ 2,639,134	$ 1,745,338	$ 2,262,115	$ 2,324,774
Contributions in relation to the ADC	1,458,401	1,216,480	1,484,284	1,505,941	2,106,906	2,355,393	2,233,282	2,213,651	2,035,460	1,955,478
Contribution deficiency (excess)	$ 761,198	$ 454,045	$ (210,268)	$ (231,925)	$ 97,357	$ (151,130)	$ 405,852	$ (468,313)	$ 226,655	$ 369,296

Schedule of Investment Returns
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	15.70%	11.45%	14.79%	-17.60%	13.22%	16.72%	20.87%	-5.90%	16.30%	6.60%

Schedule of Employer’s Share of Net Pension Liability
Last 10 Fiscal Years

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2025	87.45%	$ (237,001)	$ 13,816,295	-1.72%	100.41%
12/31/2024	88.82%	$ 3,339,874	$ 14,132,822	23.63%	94.17%
12/31/2023	88.73%	$ 5,618,949	$ 13,932,078	40.33%	90.14%
12/31/2022	88.73%	$ 9,259,660	$ 16,791,538	55.14%	83.53%
12/31/2021	88.77%	$ (3,684,301)	$ 15,815,811	-23.30%	106.59%
12/31/2020	88.77%	$ (86,894)	$ 17,601,166	-0.49%	100.16%
12/31/2019	88.93%	$ 6,309,897	$ 17,964,987	35.12%	88.17%
12/31/2018	87.85%	$ 12,907,155	$ 18,565,983	69.52%	75.15%
12/31/2017	89.27%	$ 8,916,014	$ 19,132,995	46.60%	82.77%
12/31/2016	89.96%	$ 13,158,856	$ 19,189,598	68.57%	74.14%

Schedule of Employer’s Contributions
Last 10 Fiscal Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
12/31/2025	$ 1,941,132	$ 1,376,059	$ 565,073	$ 13,816,533	9.96%
12/31/2024	$ 1,483,760	$ 1,142,853	$ 340,907	$ 14,132,822	8.09%
12/31/2023	$ 1,130,488	$ 1,175,357	$ (44,869)	$ 13,932,078	8.44%
12/31/2022	$ 1,130,488	$ 1,098,813	$ 31,675	$ 16,791,538	6.54%
12/31/2021	$ 1,130,944	$ 2,023,398	$ (892,454)	$ 15,815,811	12.79%
12/31/2020	$ 1,956,724	$ 2,274,111	$ (317,387)	$ 17,601,166	12.92%
12/31/2019	$ 1,960,251	$ 1,938,175	$ 22,076	$ 17,964,987	10.79%
12/31/2018	$ 2,639,134	$ 2,012,265	$ 626,869	$ 18,565,983	10.84%
12/31/2017	$ 1,558,063	$ 1,809,129	$ (251,066)	$ 19,132,995	9.46%
12/31/2016	$ 2,034,999	$ 1,770,290	$ 264,709	$ 19,189,598	9.23%

Schedule of Changes in Net Pension Liability
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 3,196,396	$ 2,813,776	$ 2,640,758	$ 2,570,081	$ 2,392,318	$ 2,469,074	$ 2,285,820	$ 2,188,283	$ 2,014,929	$ 1,894,349
Interest	7,878,312	7,423,622	6,962,601	6,692,543	6,404,086	6,054,419	5,686,744	5,454,684	5,225,129	4,995,916
Difference between expected and actual experience	2,092,094	2,008,148	2,636,312	-	254,789	-	888,233	(390,727)	23,450	586,409
Changes of assumption	493,319	-	-	-	2,991,523	726,402	-	(179,362)	(284,113)	(568,315)
Benefit payments, including refunds of member contributions	(6,273,523)	(5,991,681)	(5,661,643)	(5,289,029)	(4,600,860)	(4,099,421)	(3,845,938)	(4,093,222)	(3,879,726)	(3,855,050)
Net change in total pension liability	7,386,598	6,253,865	6,578,028	3,973,595	7,441,856	5,150,474	5,014,859	2,979,656	3,099,669	3,053,309
Beginning of year	112,487,678	106,233,813	99,655,785	95,682,190	88,240,334	83,089,860	78,075,001	75,095,345	71,995,676	68,942,367
End of year	$ 119,874,276	$ 112,487,678	$ 106,233,813	$ 99,655,785	$ 95,682,190	$ 88,240,334	$ 83,089,860	$ 78,075,001	$ 75,095,345	$ 71,995,676
Plan Fiduciary Net Position										
Contributions - employer	$ 4,105,792	$ 3,131,680	$ 2,945,175	$ 2,537,994	$ 3,188,248	$ 3,274,581	$ 3,107,627	$ 2,996,110	$ 2,907,142	$ 2,599,313
Contributions - employee	1,868,566	1,696,221	1,623,530	1,461,913	1,428,983	1,490,856	1,326,151	1,264,771	1,181,265	1,119,749
Net investment income	11,874,018	9,719,058	10,185,037	(10,359,545)	7,150,085	10,994,087	12,107,073	(2,881,346)	7,898,700	3,264,292
Benefit payments, including refunds of member contributions	(6,273,523)	(5,991,681)	(5,661,643)	(5,289,029)	(4,600,860)	(4,099,421)	(3,845,938)	(4,093,222)	(3,879,726)	(3,855,050)
Administrative expense	(92,912)	(53,168)	(42,575)	(50,259)	(33,709)	(41,779)	(39,744)	(39,274)	(38,609)	(35,889)
Other	-	-	-	-	-	-	-	-	-	26,185
Net change in plan fiduciary net position	11,481,941	8,502,110	9,049,524	(11,698,926)	7,132,747	11,618,324	12,655,169	(2,752,961)	8,068,772	3,118,600
Beginning of year	93,095,665	84,593,555	75,544,031	87,242,957	80,110,210	68,491,886	55,836,717	58,589,678	50,520,906	47,402,306
End of year	$ 104,577,606	$ 93,095,665	$ 84,593,555	$ 75,544,031	$ 87,242,957	$ 80,110,210	$ 68,491,886	$ 55,836,717	$ 58,589,678	$ 50,520,906
Net Pension Liability	$ 15,296,670	$ 19,392,013	$ 21,640,258	$ 24,111,754	$ 8,439,233	$ 8,130,124	$ 14,597,974	$ 22,238,284	$ 16,505,667	$ 21,474,770
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.24%	82.76%	79.63%	75.80%	91.18%	90.79%	82.43%	71.52%	78.02%	70.17%
Covered Employee Payroll	$ 19,607,249	$ 17,691,556	$ 17,812,606	$ 15,407,413	$ 13,295,371	$ 14,564,739	$ 13,305,433	$ 12,669,718	$ 11,604,167	$ 10,882,568
Contributions as a Percent of Covered Payroll	20.94%	17.70%	16.53%	16.47%	23.98%	22.48%	23.36%	23.65%	25.05%	23.89%
Net Pension Liability as a Percentage of Covered Payroll	78.02%	109.61%	121.49%	156.49%	63.47%	55.82%	109.71%	175.52%	142.24%	197.33%

Schedule of Employer Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$ 4,300,974	$ 3,326,188	$ 2,951,945	$ 2,951,945	$ 3,481,047	$ 3,481,047	$ 3,743,822	$ 2,987,966	$ 3,331,157	$ 3,205,550
Contributions in relation to the ADC	4,105,792	3,131,680	2,945,175	2,537,994	3,188,248	3,274,581	3,107,627	2,996,110	2,907,142	2,599,313
Contribution deficiency (excess)	$ 195,182	$ 194,508	$ 6,770	$ 413,951	$ 292,799	$ 206,466	$ 636,195	$ (8,144)	$ 424,015	$ 606,237

Schedule of Investment Returns
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.79%	11.57%	13.59%	-11.95%	8.94%	15.98%	21.52%	-4.90%	15.60%	6.90%

Schedule of Changes in Net Pension Liability
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 1,899,006	$ 1,725,769	$ 1,637,747	$ 1,582,364	$ 1,351,503	$ 1,226,111	$ 1,153,327	$ 1,139,344	$ 1,065,668	$ 1,033,817
Interest	5,233,804	5,006,633	4,699,427	4,494,874	4,198,672	3,911,808	3,713,542	3,552,233	3,285,670	3,107,060
Difference between expected and actual experience	3,537,450	(104,799)	1,452,290	-	1,402,629	-	457,524	244,951	2,074,434	1,380,692
Changes of assumption	(743,523)	-	-	-	2,015,570	1,458,532	-	(46,847)	(133,772)	(537,815)
Benefit payments, including refunds of member contributions	(3,595,550)	(3,515,531)	(3,462,113)	(2,958,782)	(2,840,147)	(2,690,035)	(2,634,931)	(2,722,482)	(2,655,413)	(2,448,614)
Net change in total pension liability	6,331,187	3,112,072	4,327,351	3,118,456	6,128,227	3,906,416	2,689,462	2,167,199	3,636,587	2,535,140
Beginning of year	74,667,397	71,555,325	67,227,974	64,109,518	57,981,291	54,074,875	51,385,413	49,218,214	45,581,627	43,046,487
End of year	$ 80,998,584	$ 74,667,397	$ 71,555,325	$ 67,227,974	$ 64,109,518	$ 57,981,291	$ 54,074,875	$ 51,385,413	$ 49,218,214	$ 45,581,627
Plan Fiduciary Net Position										
Contributions - employer	$ 4,127,993	$ 2,932,673	$ 2,845,473	$ 2,447,627	$ 2,467,028	$ 2,625,101	$ 2,465,168	$ 2,486,861	$ 2,139,153	$ 1,916,012
Contributions - employee	1,243,678	1,144,004	1,038,785	1,020,779	922,596	949,539	860,908	825,550	779,473	769,780
Net investment income	7,291,373	5,762,289	5,922,145	(5,935,182)	3,728,930	6,208,207	6,921,391	(1,646,760)	4,665,107	1,711,824
Benefit payments, including refunds of member contributions	(3,595,550)	(3,515,531)	(3,462,113)	(2,958,782)	(2,840,147)	(2,690,035)	(2,634,931)	(2,722,482)	(2,655,413)	(2,448,614)
Administrative expense	(62,205)	(68,295)	(55,849)	(50,391)	(46,448)	(55,492)	(49,233)	(60,285)	(60,855)	(45,295)
Other	-	4,924	13,490	-	-	-	-	-	-	-
Net change in plan fiduciary net position	9,005,289	6,260,064	6,301,931	(5,475,949)	4,231,959	7,037,320	7,563,303	(1,117,116)	4,867,465	1,903,707
Beginning of year	56,582,028	50,321,964	44,020,033	49,495,982	45,264,023	38,226,703	30,663,400	31,780,516	26,913,051	25,009,344
End of year	$ 65,587,317	$ 56,582,028	$ 50,321,964	$ 44,020,033	$ 49,495,982	$ 45,264,023	$ 38,226,703	$ 30,663,400	$ 31,780,516	$ 26,913,051
Net Pension Liability	$ 15,411,267	$ 18,085,369	$ 21,233,361	$ 23,207,941	$ 14,613,536	$ 12,717,268	$ 15,848,172	$ 20,722,013	$ 17,437,698	$ 18,668,576
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.97%	75.78%	70.33%	65.48%	77.21%	78.07%	70.69%	59.67%	64.57%	59.04%
Covered Employee Payroll	$ 11,981,163	$ 10,641,365	$ 9,972,595	$ 9,586,689	$ 8,869,450	$ 8,658,216	$ 8,118,061	$ 7,966,082	$ 7,487,808	$ 7,362,577
Contributions as a Percent of Covered Payroll	34.45%	27.56%	28.53%	25.53%	27.81%	30.32%	30.37%	31.22%	28.57%	26.02%
Net Pension Liability as a Percentage of Covered Payroll	128.63%	169.95%	212.92%	242.09%	164.76%	146.88%	195.22%	260.13%	232.88%	253.56%

Schedule of Employer Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$ 3,916,256	$ 3,291,106	$ 3,050,964	$ 3,050,964	$ 3,004,925	$ 3,004,925	$ 2,934,543	$ 2,484,690	$ 2,466,528	$ 2,312,759
Contributions in relation to the ADC	4,127,993	2,932,673	2,845,473	2,447,627	2,467,028	2,625,101	2,465,168	2,486,861	2,139,153	1,916,012
Contribution deficiency (excess)	$ (211,737)	$ 358,433	$ 205,491	$ 603,337	$ 537,897	$ 379,824	$ 469,375	$ (2,171)	$ 327,375	$ 396,747

Other Supplementary Information
December 31, 2025

City of Fargo, North Dakota

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 21,304,134	$ 21,304,134	$ 19,425,549	$ (1,878,585)
Special assessments	47,253,500	47,253,500	52,534,356	5,280,856
Intergovernmental	6,294,890	6,294,890	6,295,490	600
Investment income	2,942,019	2,942,019	3,552,863	610,844
Miscellaneous	978,547	978,547	972,842	(5,705)
Total revenues	78,773,090	78,773,090	82,781,100	4,008,010
Expenditures				
Current				
Public works	25,000	25,000	19,345	5,655
Urban redevelopment	313,074	313,074	2,086,924	(1,773,850)
Debt service				
Principal	40,693,547	40,693,547	38,632,156	2,061,391
Interest and fiscal charges	22,928,123	22,928,123	26,865,793	(3,937,670)
Total expenditures	63,959,744	63,959,744	68,174,620	(4,214,876)
Excess of Revenues over Expenditures	14,813,346	14,813,346	14,606,480	(206,866)
Other Financing Sources (Uses)				
Transfers in	7,433,058	7,433,058	7,363,073	(69,985)
Transfers out	(12,324,584)	(12,344,584)	(10,390,236)	1,954,348
Issuance of bonds	-	-	2,863,936	2,863,936
Issuance of notes payable	-	-	1,862,760	1,862,760
Total other financing sources (uses)	(4,891,526)	(4,911,526)	1,699,533	6,611,059
Net Change in Fund Balances	$ 9,921,820	$ 9,901,820	16,306,013	$ 6,404,193
Fund Balance, Beginning of Year			96,874,485	
Fund Balances, End of Year			$ 113,180,498	

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 the following special revenue funds:

City Share of Specials - 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.

Convention and 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.

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.

SWAT – This fund is used to account for the operations of the Red River Valley SWAT (Special Weapons and Tactics) Team. This program operates on annual contributions from the City of West Fargo, the City of Moorhead, Cass County, Clay County, NDSU, and the City of Fargo.

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

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

Red River Valley UAS – This fund is used to account for the operations of the Red River Valley Unmanned Aircraft Systems Unit. The unit operates on contributions from the member entities including the Cass County Sheriff's Office as well as the Police and Fire Departments of the City of Fargo and City of West Fargo.

Public Safety Sales Tax – This fund accounts for public safety sales tax revenues restricted for Fire and Police Department operating and capital expenditures.

Public Safety Sales Tax Reserve – This fund accounts for public safety sales tax revenues restricted for future Fire and Police Department capital expenditures, including facilities, property, and equipment.

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.

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 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.

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.

Parking Authority - This fund is used to account for the operations and maintenance of the City owned parking facilities. The City owns and operates nine 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.

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

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.

Opioid Abatement - This fund is used to account for the payments derived from the National Settlements with opioid manufacturers. The dollars must be used for the abatement of the opioid epidemic.

Health Department Donations - This fund is used to account for the collection and distribution of donations for Fargo Cass Public Health, which is a department of the City of Fargo.

	Special Revenue Funds						
	City Share of Specials	Convention and Visitors Bureau	Regional Training Center	Court Forfeits	SWAT	Skyway Maintenance	Downtown Business Improvement District
Assets							
Equity in pooled investments	$ 622,974	$ 31,147	$ 269,500	$ 259,726	$ 29,290	$ -	$ 53,106
Receivables (Net of allowance for uncollectibles)							
Taxes	12,786	-	-	-	-	-	-
Accounts	-	254,020	8,500	-	25,561	-	-
Sales tax	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	148,009	785,393
Intergovernmental	-	-	-	7,198	-	-	-
Leases	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Prepaid items	-	-	410	-	1,023	2,648	-
Total assets	$ 635,760	$ 285,167	$ 278,410	$ 266,924	$ 55,874	$ 150,657	$ 838,499
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Vouchers payable	$ -	$ 167,550	$ 7,821	$ -	$ 10,666	$ 9,563	$ 55,240
Due to other funds	-	-	-	-	-	5,853	-
Accrued payroll	-	-	-	-	-	-	-
Special assessments payable	737,513	272	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	737,513	167,822	7,821	-	10,666	15,416	55,240
Deferred Inflows of Resources							
Unavailable revenue	9,611	-	3,750	-	-	138,091	667,817
Lease related	-	-	-	-	-	-	-
Total deferred inflows of resources	9,611	-	3,750	-	-	138,091	667,817
Fund Balance (Deficit)							
Nonspendable	-	-	410	-	1,023	2,648	-
Restricted	-	117,345	266,429	266,924	44,185	-	115,442
Unassigned	(111,364)	-	-	-	-	(5,498)	-
Total fund balance (deficit)	(111,364)	117,345	266,839	266,924	45,208	(2,850)	115,442
Total liabilities, deferred inflows of resources, and fund balances	$ 635,760	$ 285,167	$ 278,410	$ 266,924	$ 55,874	$ 150,657	$ 838,499

	Special Revenue Funds						
	Red River Valley UAS	Public Safety Sales Tax	Public Safety Sales Tax Reserve	NRI Loan Program	Community Development	HUD Home Program	HUD Home Participating Jurisdiction
Assets							
Equity in pooled investments	$ 50,666	$ 1,405,476	$ 949,196	$ 117,956	$ -	$ 5,000	$ 109,361
Receivables (Net of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Sales tax	-	1,684,108	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	213,440	-	56
Leases	-	-	-	-	-	-	-
Loans	-	-	-	7,000	98,651	48,004	2,070,289
Prepaid items	-	-	-	-	-	-	-
Total assets	$ 50,666	$ 3,089,584	$ 949,196	$ 124,956	$ 312,091	$ 53,004	$ 2,179,706
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Vouchers payable	$ 217	$ -	$ -	$ 860	$ 152,212	$ -	$ 11
Due to other funds	-	-	-	-	49,862	-	-
Accrued payroll	-	-	-	-	729	-	91
Special assessments payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	98,651	19,269	251,347
Total liabilities	217	-	-	860	301,454	19,269	251,449
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	7,000	-	28,735	1,818,942
Lease related	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	7,000	-	28,735	1,818,942
Fund Balance (Deficit)							
Nonspendable	-	-	-	-	-	-	-
Restricted	50,449	3,089,584	949,196	117,096	10,637	5,000	109,315
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	50,449	3,089,584	949,196	117,096	10,637	5,000	109,315
Total liabilities, deferred inflows of resources, and fund balances	$ 50,666	$ 3,089,584	$ 949,196	$ 124,956	$ 312,091	$ 53,004	$ 2,179,706

	Special Revenue Funds						
	Parking Authority	Parking Repair and Replacement	Parking Surplus	Baseball Stadium	Opioid Abatement	Health Department Donations	Total Nonmajor Governmental Funds
Assets							
Equity in pooled investments	$ 34,619	$ 427,684	$ 27,587	$ -	$ 851,405	$ 44,438	$ 5,289,131
Receivables (Net of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	12,786
Accounts	170,543	-	-	-	-	1,050	459,674
Sales tax	-	-	-	-	-	-	1,684,108
Special assessments	8,598	-	-	-	-	-	942,000
Intergovernmental	-	-	-	-	-	-	220,694
Leases	2,133,467	-	-	285,147	-	-	2,418,614
Loans	-	-	-	-	-	-	2,223,944
Prepaid items	60,169	-	-	5,505	-	-	69,755
Total assets	$ 2,407,396	$ 427,684	$ 27,587	$ 290,652	$ 851,405	$ 45,488	$ 13,320,706
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Vouchers payable	$ 150,545	$ -	$ -	$ 9,465	$ -	$ 5,358	$ 569,508
Due to other funds	-	-	-	71,556	-	-	127,271
Accrued payroll	865	-	-	-	-	-	1,685
Special assessments payable	59,294	-	-	336	-	-	797,415
Unearned revenue	-	-	-	-	-	-	369,267
Total liabilities	210,704	-	-	81,357	-	5,358	1,865,146
Deferred Inflows of Resources							
Unavailable revenue	37,506	-	-	-	-	-	2,711,452
Lease related	1,919,453	-	-	252,834	-	-	2,172,287
Total deferred inflows of resources	1,956,959	-	-	252,834	-	-	4,883,739
Fund Balance							
Nonspendable	60,169	-	-	5,505	-	-	69,755
Restricted	179,564	427,684	27,587	-	851,405	40,130	6,667,972
Unassigned	-	-	-	(49,044)	-	-	(165,906)
Total fund balance	239,733	427,684	27,587	(43,539)	851,405	40,130	6,571,821
Total liabilities, deferred inflows of resources, and fund balances	$ 2,407,396	$ 427,684	$ 27,587	$ 290,652	$ 851,405	$ 45,488	$ 13,320,706

	Special Revenue Funds						
	City Share of Specials	Convention and Visitors Bureau	Regional Training Center	Court Forfeits	SWAT	Skyway Maintenance	Downtown Business Improvement District
Revenues							
Taxes	$ 834,883	$ 3,327,299	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	141,489	759,694
Intergovernmental	-	-	40,999	124,938	822,380	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	15,420	-	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous	-	3,858	34,050	-	25,314	-	-
Total revenues	834,883	3,331,157	75,049	140,358	847,694	141,489	759,694
Expenditures							
Current							
Public safety	-	-	62,024	17,604	204,032	-	-
Public works	805,363	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Recreation and culture	-	3,273,077	-	-	-	178,997	834,571
Urban redevelopment	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-
Capital outlay	-	-	-	51,000	669,361	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	805,363	3,273,077	62,024	68,604	873,393	178,997	834,571
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,520	58,080	13,025	71,754	(25,699)	(37,508)	(74,877)
Other Financing Sources (Uses)							
Transfers in	-	-	33,545	-	69,276	-	35,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	33,545	-	69,276	-	35,000
Net Change in Fund Balance (Deficit)	29,520	58,080	46,570	71,754	43,577	(37,508)	(39,877)
Fund Balance (Deficit), Beginning of Year	(140,884)	59,265	220,269	195,170	1,631	34,658	155,319
Fund Balance (Deficit), End of Year	$ (111,364)	$ 117,345	$ 266,839	$ 266,924	$ 45,208	$ (2,850)	$ 115,442

	Special Revenue Funds						
	Red River Valley UAS	Public Safety Sales Tax	Public Safety Sales Tax Reserve	NRI Loan Program	Community Development	HUD Home Program	HUD Home Participating Jurisdiction
Revenues							
Taxes	$ -	$ 6,661,251	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	24,000	-	-	-	690,293	-	59,664
Charges for services	-	-	-	4,400	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	67,684
Total revenues	24,000	6,661,251	-	4,400	690,293	-	127,348
Expenditures							
Current							
Public safety	37,895	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	9,197	523,152	-	57,106
Public transportation	-	-	-	-	-	-	-
Capital outlay	10,620	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	48,515	-	-	9,197	523,152	-	57,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,515)	6,661,251	-	(4,797)	167,141	-	70,242
Other Financing Sources (Uses)							
Transfers in	16,000	-	949,196	-	-	-	-
Transfers out	-	(3,571,667)	-	-	(167,141)	-	-
Total other financing sources (uses)	16,000	(3,571,667)	949,196	-	(167,141)	-	-
Net Change in Fund Balance (Deficit)	(8,515)	3,089,584	949,196	(4,797)	-	-	70,242
Fund Balance (Deficit), Beginning of Year	58,964	-	-	121,893	10,637	5,000	39,073
Fund Balance (Deficit), End of Year	$ 50,449	$ 3,089,584	$ 949,196	$ 117,096	$ 10,637	$ 5,000	$ 109,315

	Special Revenue Funds						
	Parking Authority	Parking Repair and Replacement	Parking Surplus	Baseball Stadium	Opioid Abatement	Health Department Donations	Total Nonmajor Governmental Funds
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,823,433
Special assessments	-	-	-	-	-	-	901,183
Intergovernmental	-	-	-	-	-	42,090	1,804,364
Charges for services	1,938,104	-	-	103,200	-	-	2,045,704
Fines and forfeits	-	-	-	-	-	-	15,420
Investment income	-	-	-	13,125	-	-	13,125
Miscellaneous	205,126	-	-	91,911	222,923	-	650,866
Total revenues	2,143,230	-	-	208,236	222,923	42,090	16,254,095
Expenditures							
Current							
Public safety	-	-	-	-	-	-	321,555
Public works	-	-	-	-	-	-	805,363
Public health and welfare	-	-	-	-	-	36,564	36,564
Recreation and culture	-	-	-	228,556	-	-	4,515,201
Urban redevelopment	-	-	-	-	-	-	589,455
Public transportation	1,234,467	16,742	-	-	-	-	1,251,209
Capital outlay	-	38,982	-	-	-	-	769,963
Debt service							
Principal	39,324	-	-	-	-	-	39,324
Interest and fiscal charges	5,268	-	-	-	-	-	5,268
Total expenditures	1,279,059	55,724	-	228,556	-	36,564	8,333,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	864,171	(55,724)	-	(20,320)	222,923	5,526	7,920,193
Other Financing Sources (Uses)							
Transfers in	274,298	100,000	-	74,000	-	-	1,551,315
Transfers out	(2,505,723)	-	-	-	(72,319)	-	(6,316,850)
Total other financing sources (uses)	(2,231,425)	100,000	-	74,000	(72,319)	-	(4,765,535)
Net Change in Fund Balance (Deficit)	(1,367,254)	44,276	-	53,680	150,604	5,526	3,154,658
Fund Balance (Deficit), Beginning of Year	1,606,987	383,408	27,587	(97,219)	700,801	34,604	3,417,163
Fund Balance (Deficit), End of Year	$ 239,733	$ 427,684	$ 27,587	$ (43,539)	$ 851,405	$ 40,130	$ 6,571,821

	City Share of Specials				Convention and Visitors Bureau			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes	$ 885,517	$ 885,517	$ 834,883	$ (50,634)	$ 3,200,000	$ 3,200,000	$ 3,327,299	$ 127,299
Miscellaneous	-	-	-	-	4,373	4,373	3,858	(515)
Total revenues	885,517	885,517	834,883	(50,634)	3,204,373	3,204,373	3,331,157	126,784
Expenditures								
Current								
Public works	921,200	921,200	805,363	115,837	-	-	-	-
Recreation and culture	-	-	-	-	3,204,373	3,204,373	3,273,077	(68,704)
Total expenditures	921,200	921,200	805,363	115,837	3,204,373	3,204,373	3,273,077	(68,704)
Net Change in Fund Balance (Deficit)	$ (35,683)	$ (35,683)	29,520	$ 65,203	$ -	$ -	58,080	$ 58,080
Fund Balance (Deficit), Beginning of Year			(140,884)				59,265	
Fund Balance (Deficit), End of Year			$ (111,364)				$ 117,345	

	Regional Training Center				Court Forfeits			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	$ 40,999	$ 40,999	$ 40,999	$ -	$ -	$ -	$ 124,938	$ 124,938
Fines and forfeits	-	-	-	-	20,000	20,000	15,420	(4,580)
Miscellaneous	25,456	25,456	34,050	8,594	-	-	-	-
Total revenues	66,455	66,455	75,049	8,594	20,000	20,000	140,358	120,358
Expenditures								
Current								
Public safety	97,860	97,860	62,024	35,836	-	64,877	17,604	47,273
Capital outlay	-	-	-	-	-	-	51,000	(51,000)
Total expenditures	97,860	97,860	62,024	35,836	-	64,877	68,604	(3,727)
Excess (Deficiency) of Revenues over (under) Expenditures	(31,405)	(31,405)	13,025	44,430	20,000	(44,877)	71,754	116,631
Other Financing Sources								
Transfers in	33,545	33,545	33,545	-	-	-	-	-
Net Change in Fund Balance	$ 2,140	$ 2,140	46,570	$ 44,430	$ 20,000	$ (44,877)	71,754	$ 116,631
Fund Balance, Beginning of Year			220,269				195,170	
Fund Balance, End of Year			$ 266,839				$ 266,924	

	SWAT				Skyway Maintenance			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Special assessments	$ -	$ -	$ -	$ -	$ 160,000	$ 160,000	$ 141,489	$ (18,511)
Intergovernmental	59,240	889,735	822,380	(67,355)	-	-	-	-
Miscellaneous	-	6,324	25,314	18,990	-	-	-	-
Total revenues	59,240	896,059	847,694	(48,365)	160,000	160,000	141,489	(18,511)
Expenditures								
Current								
Public safety	117,075	873,394	204,032	669,362	-	-	-	-
Recreation and culture	-	-	-	-	130,000	190,500	178,997	11,503
Capital outlay	-	-	669,361	(669,361)	-	-	-	-
Total expenditures	117,075	873,394	873,393	1	130,000	190,500	178,997	11,503
Excess (Deficiency) of Revenues over (under) Expenditures	(57,835)	22,665	(25,699)	(48,364)	30,000	(30,500)	(37,508)	(7,008)
Other Financing Sources								
Transfers in	57,835	57,835	69,276	11,441	-	-	-	-
Net Change in Fund Balance	$ -	$ 80,500	43,577	$ (36,923)	$ 30,000	$ (30,500)	(37,508)	$ (7,008)
Fund Balance, Beginning of Year			1,631				34,658	
Fund Balance (Deficit), End of Year			$ 45,208				$ (2,850)	

	Downtown Business Improvement District				Red River Valley UAS			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Special assessments	$ 720,000	$ 720,000	$ 759,694	$ 39,694	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	24,000	24,000	24,000	-
Total revenues	720,000	720,000	759,694	39,694	24,000	24,000	24,000	-
Expenditures								
Current								
Public safety	-	-	-	-	40,000	48,517	37,895	10,622
Recreation and culture	790,000	790,000	834,571	(44,571)	-	-	-	-
Capital outlay	-	-	-	-	-	-	10,620	(10,620)
Total expenditures	790,000	790,000	834,571	(44,571)	40,000	48,517	48,515	2
Excess (Deficiency) of Revenues over (under) Expenditures	(70,000)	(70,000)	(74,877)	(4,877)	(16,000)	(24,517)	(24,515)	2
Other Financing Sources								
Transfers in	70,000	35,000	35,000	-	16,000	16,000	16,000	-
Net Change in Fund Balance	$ -	$ (35,000)	(39,877)	$ (4,877)	$ -	$ (8,517)	(8,515)	$ 2
Fund Balance, Beginning of Year			155,319				58,964	
Fund Balance, End of Year			$ 115,442				$ 50,449	

	Public Safety Sales Tax				Public Safety Sales Tax Reserve			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes	$ -	$ 6,500,000	$ 6,661,251	$ 161,251	$ -	$ -	$ -	$ -
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	949,196	949,196	-
Transfers out	-	(3,571,667)	(3,571,667)	-	-	-	-	-
Total other financing sources (uses)	-	(3,571,667)	(3,571,667)	-	-	949,196	949,196	-
Net Change in Fund Balance	$ -	$ 2,928,333	3,089,584	$ 161,251	$ -	$ 949,196	949,196	$ -
Fund Balance, Beginning of Year			-				-	
Fund Balance, End of Year			$ 3,089,584				$ 949,196	

	NRI Loan Program				Community Development			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	$ -	$ -	$ -	$ -	$ 822,824	$ 822,824	$ 690,293	$ (132,531)
Charges for services	6,000	6,000	4,400	(1,600)	-	-	-	-
Miscellaneous	-	-	-	-	4,900	4,900	-	(4,900)
Total revenues	6,000	6,000	4,400	(1,600)	827,724	827,724	690,293	(137,431)
Expenditures								
Current								
Urban redevelopment	7,040	7,040	9,197	(2,157)	840,957	840,957	523,152	317,805
Excess (Deficiency) of Revenues over (under) Expenditures	(1,040)	(1,040)	(4,797)	(3,757)	(13,233)	(13,233)	167,141	180,374
Other Financing Uses								
Transfers out	-	-	-	-	(125,000)	(125,000)	(167,141)	(42,141)
Net Change in Fund Balance	$ (1,040)	$ (1,040)	(4,797)	$ (3,757)	$ (138,233)	$ (138,233)	-	$ 138,233
Fund Balance, Beginning of Year			121,893				10,637	
Fund Balance, End of Year			$ 117,096				$ 10,637	

	HUD Home Program				HUD Home Participating Jurisdiction			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	$ -	$ -	$ -	$ -	$ 444,620	$ 444,620	$ 59,664	$ (384,956)
Miscellaneous	10,000	10,000	-	(10,000)	75,000	75,000	67,684	(7,316)
Total revenues	10,000	10,000	-	(10,000)	519,620	519,620	127,348	(392,272)
Expenditures								
Current								
Urban redevelopment	-	-	-	-	549,768	549,768	57,106	492,662
Net Change in Fund Balance	$ 10,000	$ 10,000	-	$ (10,000)	$ (30,148)	$ (30,148)	70,242	$ 100,390
Fund Balance, Beginning of Year			5,000				39,073	
Fund Balance, End of Year			$ 5,000				$ 109,315	

	Parking Authority				Parking Repair and Replacement			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Charges for services	$ 2,348,000	$ 2,348,000	$ 1,938,104	$ (409,896)	$ -	$ -	$ -	$ -
Miscellaneous	-	-	205,126	205,126	-	-	-	-
Total revenues	2,348,000	2,348,000	2,143,230	(204,770)	-	-	-	-
Expenditures								
Current								
Public transportation	1,311,876	1,311,876	1,234,467	77,409	60,000	185,000	16,742	168,258
Capital outlay	-	-	-	-	-	-	38,982	(38,982)
Debt service								
Principal	-	-	39,324	(39,324)	-	-	-	-
Interest and fiscal charges	1,800	1,800	5,268	(3,468)	-	-	-	-
Total expenditures	1,313,676	1,313,676	1,279,059	34,617	60,000	185,000	55,724	129,276
Excess (Deficiency) of Revenues over (under) Expenditures	1,034,324	1,034,324	864,171	(170,153)	(60,000)	(185,000)	(55,724)	129,276
Other Financing Sources (Uses)								
Transfers in	242,097	242,097	274,298	32,201	150,000	150,000	100,000	(50,000)
Transfers out	(2,799,919)	(2,799,919)	(2,505,723)	294,196	-	-	-	-
Total other financing sources (uses)	(2,557,822)	(2,557,822)	(2,231,425)	326,397	150,000	150,000	100,000	(50,000)
Net Change in Fund Balance	$ (1,523,498)	$ (1,523,498)	(1,367,254)	$ 156,244	$ 90,000	$ (35,000)	44,276	$ 79,276
Fund Balance, Beginning of Year			1,606,987				383,408	
Fund Balance, End of Year			$ 239,733				$ 427,684	

	Parking Surplus				Baseball Stadium			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Charges for services	$ -	$ -	$ -	$ -	$ 200,000	$ 205,000	$ 103,200	$ (101,800)
Investment income	-	-	-	-	-	-	13,125	13,125
Miscellaneous	-	-	-	-	-	-	91,911	91,911
Total revenues	-	-	-	-	200,000	205,000	208,236	3,236
Expenditures								
Current								
Recreation and culture	-	-	-	-	200,000	229,376	228,556	820
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-	(24,376)	(20,320)	4,056
Other Financing Sources								
Transfers in	-	-	-	-	-	-	74,000	74,000
Net Change in Fund Balance (Deficit)	$ -	$ -	-	$ -	$ -	$ (24,376)	53,680	$ 78,056
Fund Balance (Deficit), Beginning of Year			27,587				(97,219)	
Fund Balance (Deficit), End of Year			$ 27,587				$ (43,539)	

	Opioid Abatement				Health Department Donations			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	$ -	$ -	$ -	$ -	$ 35,000	$ 35,000	$ 42,090	$ 7,090
Miscellaneous	-	-	222,923	222,923	-	-	-	-
Total revenues	-	-	222,923	222,923	35,000	35,000	42,090	7,090
Expenditures								
Current								
Public health and welfare	-	16,099	-	16,099	35,000	35,000	36,564	(1,564)
Excess (Deficiency) of Revenues over (under) Expenditures	-	(16,099)	222,923	239,022	-	-	5,526	5,526
Other Financing Uses								
Transfers out	-	-	(72,319)	(72,319)	-	-	-	-
Net Change in Fund Balance	$ -	$ (16,099)	150,604	$ 166,703	$ -	$ -	5,526	$ 5,526
Fund Balance, Beginning of Year			700,801				34,604	
Fund Balance, End of Year			$ 851,405				$ 40,130	

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 the following nonmajor enterprise funds:

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.

Transit - To account for user fee revenues derived from providing transit services to the public, and all expenses for the operation and maintenance of this function.

Civic Memorial Auditorium – To account for the operation of the Fargo Civic Center which is a facility used to host trade shows, sporting events, entertainment events, meetings and community events. The Fargo Civic Center has a maximum capacity of 3,000.

	Southeast Cass Sewer District	Vector Control	Street Lighting	Forestry	Transit	Civic Memorial Auditorium	Total
Assets							
Current Assets							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 700	$ -	$ 700
Equity in pooled investments	450,489	666,526	-	199,725	-	-	1,316,740
Receivables (net of allowance for uncollectibles):							
Accounts	28,238	80,577	944,719	353,749	1,671,793	28,109	3,107,185
Special assessments	-	-	-	95,097	-	-	95,097
Intergovernmental	-	-	-	-	1,812,603	-	1,812,603
Inventories	-	-	819,644	-	518,011	-	1,337,655
Prepaid items	-	40	69,218	2,523	55,054	-	126,835
Total current assets	478,727	747,143	1,833,581	651,094	4,058,161	28,109	7,796,815
Noncurrent Assets							
Net pension asset	-	-	63	6,030	2,925	-	9,018
Capital assets							
Construction in progress	-	-	-	-	1,130,579	-	1,130,579
Buildings	-	-	-	-	16,307,697	8,178,479	24,486,176
Improvements other than buildings	-	-	-	-	20,473	18,965	39,438
Machinery and equipment	-	26,547	990,880	2,062,089	21,428,707	284,318	24,792,541
Infrastructure	-	-	57,540,871	-	-	-	57,540,871
Right-of-use leased assets	-	-	-	132,728	-	-	132,728
Less accumulated depreciation/amortization	-	(26,547)	(30,124,653)	(1,769,260)	(22,152,220)	(5,396,372)	(59,469,052)
Total capital assets, net of accumulated depreciation/amortization	-	-	28,407,098	425,557	16,735,236	3,085,390	48,653,281
Total noncurrent assets	-	-	28,407,161	431,587	16,738,161	3,085,390	48,662,299
Total assets	478,727	747,143	30,240,742	1,082,681	20,796,322	3,113,499	56,459,114
Deferred Outflows of Resources							
OPEB	-	-	-	6,116	6,490	794	13,400
Pensions	-	-	451	391,255	222,492	68,853	683,051
Total deferred outflows of resources	-	-	451	397,371	228,982	69,647	696,451

	Southeast Cass Sewer District	Vector Control	Street Lighting	Forestry	Transit	Civic Memorial Auditorium	Total
Liabilities							
Current Liabilities							
Vouchers payable	907	-	173,296	43,240	2,163,211	15,500	2,396,154
Retainage payable	-	-	-	-	97,855	-	97,855
Due to other funds	-	-	1,894,115	-	2,959,582	165,602	5,019,299
Accrued payroll	495	-	40,945	35,117	276,519	-	353,076
Accrued interest payable	-	-	-	8,942	15	-	8,957
Current portion of special assessments payable	-	-	-	-	1,650	-	1,650
Current portion of financed purchases payable	-	-	-	65,135	-	-	65,135
Current portion of leases payable	-	-	-	2,738	-	-	2,738
Current portion of compensated absences	-	-	105,474	87,391	288,462	-	481,327
Unearned revenue	-	-	-	-	217,927	-	217,927
Total current liabilities	1,402	-	2,213,830	242,563	6,005,221	181,102	8,644,118
Noncurrent Liabilities							
Long-term debt, net of current portion							
Special assessments payable	-	-	-	-	539	-	539
Financed purchases payable	-	-	-	153,741	-	-	153,741
Compensated absences	-	-	46,168	68,315	25,992	-	140,475
Net OPEB liability	-	-	5,387	37,909	72,560	2,971	118,827
Net pension liability	-	-	290,186	1,035,724	2,022,000	112,876	3,460,786
Total noncurrent liabilities	-	-	341,741	1,295,689	2,121,091	115,847	3,874,368
Total liabilities	1,402	-	2,555,571	1,538,252	8,126,312	296,949	12,518,486
Deferred Inflows of Resources							
OPEB plans	-	-	10,866	8,793	29,065	96	48,820
Pension plans	-	-	309,168	511,455	617,843	17,687	1,456,153
Total deferred inflows resources	-	-	320,034	520,248	646,908	17,783	1,504,973
Net Position							
Net investment in capital assets	-	-	28,407,098	203,943	16,635,192	3,085,390	48,331,623
Unrestricted	477,325	747,143	(1,041,510)	(782,391)	(4,383,108)	(216,976)	(5,199,517)
Total net position	$ 477,325	$ 747,143	$ 27,365,588	$ (578,448)	$ 12,252,084	$ 2,868,414	$ 43,132,106

City of Fargo, North Dakota
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2025

	Southeast Cass Sewer District	Vector Control	Street Lighting	Forestry	Transit	Civic Memorial Auditorium	Total
Operating Revenues							
Charges for services	$ 233,923	$ 824,974	$ 7,708,595	$ 3,319,911	$ 6,358,696	$ 49,043	$ 18,495,142
Operating Expenses							
Personnel services	30,785	-	1,198,536	1,283,475	3,377,919	11,202	5,901,917
Other services	11,660	369,133	348,879	979,281	10,852,441	37,788	12,599,182
Materials and supplies	35,442	92,547	2,383,602	276,089	1,313,504	180,918	4,282,102
Depreciation/amortization	-	-	2,356,883	177,165	1,746,052	169,350	4,449,450
Total operating expenses	77,887	461,680	6,287,900	2,716,010	17,289,916	399,258	27,232,651
Operating Income (Loss)	156,036	363,294	1,420,695	603,901	(10,931,220)	(350,215)	(8,737,509)
Nonoperating Revenues (Expenses)							
Gain (loss) on disposal of assets	-	-	20,683	3,159	(58,682)	-	(34,840)
Interest expense and bond fees	-	-	-	(9,889)	(50,518)	-	(60,407)
Intergovernmental operating grants	-	-	-	41,535	5,712,930	-	5,754,465
Miscellaneous revenue	25	-	4,830	13,853	52,778	12,333	83,819
Total nonoperating revenues (expenses)	25	-	25,513	48,658	5,656,508	12,333	5,743,037
Income (Loss) before Contributions and Transfers	156,061	363,294	1,446,208	652,559	(5,274,712)	(337,882)	(2,994,472)
Transfers in	-	-	-	20,000	3,748,323	150,000	3,918,323
Transfers out	-	(907,800)	(3,132,821)	(307,450)	-	-	(4,348,071)
Capital contributions from governmental funds	-	-	2,173,812	-	-	-	2,173,812
Capital contributions from other governments	-	-	-	-	2,796,858	-	2,796,858
Change in Net Position	156,061	(544,506)	487,199	365,109	1,270,469	(187,882)	1,546,450
Total Net Position (Deficit), Beginning of Year	321,264	1,291,649	26,878,389	(943,557)	10,981,615	3,056,296	41,585,656
Total Net Position (Deficit), End of Year	$ 477,325	$ 747,143	$ 27,365,588	$ (578,448)	$ 12,252,084	$ 2,868,414	$ 43,132,106

	Southeast Cass Sewer District	Vector Control	Street Lighting	Forestry	Transit	Civic Memorial Auditorium	Total
Operating Activities							
Receipts from customers and users	$ 229,699	$ 825,263	$ 7,631,438	$ 3,330,531	$ 5,151,514	$ 37,206	$ 17,205,651
Payments to suppliers	(47,112)	(461,680)	(2,899,882)	(1,217,075)	(10,614,851)	(228,598)	(15,469,198)
Payments to and on behalf of employees	(30,421)	-	(1,215,759)	(1,381,525)	(3,548,327)	(11,630)	(6,187,662)
Net cash from (used for) Operating Activities	152,166	363,583	3,515,797	731,931	(9,011,664)	(203,022)	(4,451,209)
Noncapital Financing Activities							
Transfers to other funds	-	(907,800)	(3,132,821)	(307,450)	-	-	(4,348,071)
Transfers from other funds	-	-	-	20,000	3,748,323	150,000	3,918,323
Intergovernmental operating grants	-	-	-	41,535	4,130,422	-	4,171,957
Payments received on interfund borrowing	-	-	-	-	1,412,752	40,689	1,453,441
Payments made for interfund borrowing	-	-	(314,534)	(139,740)	-	-	(454,274)
Net Cash from (Used for) Noncapital Financing Activities	-	(907,800)	(3,447,355)	(385,655)	9,291,497	190,689	4,741,376
Capital and Related Financing Activities							
Proceeds from sale of assets	-	-	20,683	11,900	9,929	-	42,512
Miscellaneous capital activities	25	-	4,830	13,853	52,778	12,333	83,819
Acquisition of capital assets	-	-	(93,955)	(45,376)	(3,457,822)	-	(3,597,153)
Debt service							
Principal	-	-	-	(123,307)	(13,483)	-	(136,790)
Interest	-	-	-	(3,621)	(57,433)	-	(61,054)
Intergovernmental capital grants	-	-	-	-	2,796,858	-	2,796,858
Net Cash from (Used for) Capital and Related Financing Activities	25	-	(68,442)	(146,551)	(669,173)	12,333	(871,808)
Investing Activities							
Investments redeemed	298,298	1,210,743	-	-	389,440	-	1,898,481
Purchase of investments	(450,489)	(666,526)	-	(199,725)	-	-	(1,316,740)
Net Cash from (Used for) Investing Activities	(152,191)	544,217	-	(199,725)	389,440	-	581,741
Change in Cash and Cash Equivalents	-	-	-	-	100	-	100
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	600	-	600
Cash and Cash Equivalents, End of Year	$ -	$ -	$ -	$ -	$ 700	$ -	$ 700

	Southeast Cass Sewer District	Vector Control	Street Lighting	Forestry	Transit	Civic Memorial Auditorium	Total
Reconciliation of Operating Income (Loss) to							
Net cash from (used for) Operating Activities							
Operating income (loss)	$ 156,036	$ 363,294	$ 1,420,695	$ 603,901	$ (10,931,220)	$ (350,215)	$ (8,737,509)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities							
Depreciation/amortization	-	-	2,356,883	177,165	1,746,052	169,350	4,449,450
Changes in assets and liabilities							
Accounts receivable	(4,224)	289	(77,157)	18,245	(1,301,042)	(11,837)	(1,375,726)
Special assessments receivable	-	-	-	(7,625)	-	-	(7,625)
Inventories	-	-	(178,014)	-	(22,008)	-	(200,022)
Prepaid expenses	-	-	34,757	(92)	(7,913)	-	26,752
OPEB related deferred outflows	-	-	2,810	5,436	14,644	15	22,905
Pension related deferred outflows	-	-	85,952	139,960	508,528	511	734,951
Vouchers payable	(10)	-	(24,144)	38,387	1,483,160	(9,892)	1,487,501
Payroll payable	364	-	17,364	4,445	189,632	-	211,805
Compensated absences	-	-	87,719	11,635	63,923	-	163,277
Unearned revenue	-	-	-	-	93,860	-	93,860
Net OPEB liability	-	-	(8,983)	(8,537)	(31,114)	(31)	(48,665)
Net pension liability	-	-	(65,074)	(199,324)	(472,716)	(435)	(737,549)
OPEB related deferred inflows	-	-	5,281	2,253	13,379	13	20,926
Pension related deferred inflows	-	-	(142,229)	(47,888)	(453,759)	(501)	(644,377)
Net cash from (used for) Operating Activities	$ 152,166	$ 363,583	$ 3,515,797	$ 731,931	$ (9,011,664)	$ (203,022)	$ (4,451,209)
Supplemental Schedule of Noncash Investing and Financing Activities							
Acquisition of capital assets through capital contributions and donations	$ -	$ -	$ 2,173,812	$ -	$ -	$ -	$ 2,173,812
Acquisition of capital assets through debt	$ -	$ -	$ -	$ 240,908	$ -	$ -	$ 240,908

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The City has the following custodial funds:

Park District Special Assessments– To account for special assessments collected and administered for the Fargo Park District.

Metro Flood Diversion Authority – To account for the collection and disbursement of funds for the Metro Flood Diversion Authority.

Police Custodial – To account for deposits of police pending forfeitures, evidence held, and unclaimed property. Once the deposits become property of the City, they are transferred from the custodial fund into the Court Forfeits special revenue fund.

	Park District Special Assessments	Metro Flood Diversion Authority	Police Custodial	Total
Assets				
Cash and cash equivalents	$ -	$ 1,403,174	$ -	$ 1,403,174
Equity in pooled investments	-	239,702,061	136,238	239,838,299
Receivables (net of allowance for uncollectibles):				
Interest	-	1,003,190	-	1,003,190
Special assessments	7,867,262	-	-	7,867,262
Intergovernmental	-	13,100,751	-	13,100,751
Prepaid items	-	2,353,900	-	2,353,900
Restricted cash and cash equivalents	-	20,931,802	-	20,931,802
Capital assets				
Construction in progress	-	112,851,421	-	112,851,421
Total assets	7,867,262	391,346,299	136,238	399,349,799
Liabilities				
Vouchers payable	-	17,204,144	-	17,204,144
Retainage payable	-	116,455	-	116,455
Deposits payable	-	13,250	-	13,250
Debt				
Accrued interest on settlement payable	-	4,167,725	-	4,167,725
Due in more than one year - note payable	-	33,265,408	-	33,265,408
Due in more than one year - settlement payable	-	40,000,000	-	40,000,000
Total liabilities	-	94,766,982	-	94,766,982
Net Position				
Restricted for				
Park District special assessments	7,867,262	-	-	7,867,262
Metro Flood Diversion Authority	-	296,579,317	-	296,579,317
Police custodial fund	-	-	136,238	136,238
Total net position	$ 7,867,262	$ 296,579,317	$ 136,238	$ 304,582,817

	Park District Special Assessments	Metro Flood Project Diversion Authority	Police Custodial	Total
Additions				
Investment income				
Net increase in fair value	$ -	$ 13,461,645	$ -	$ 13,461,645
Special assessments collected for other governments	893,277	-	-	893,277
Aid from other governments	-	130,138,823	-	130,138,823
Miscellaneous	-	5,061,903	-	5,061,903
Police funds received into custody	-	-	22,463	22,463
Total additions	893,277	148,662,371	22,463	149,578,111
Deductions				
Payments of special assessments to other governments	1,479,751	-	-	1,479,751
Payments for public protection	-	115,673,672	-	115,673,672
Police funds released from custody	-	-	12,109	12,109
Interest expense	-	965,533	-	965,533
Total deductions	1,479,751	116,639,205	12,109	118,131,065
Change in Net Position	(586,474)	32,023,166	10,354	31,447,046
Net Position, Beginning	8,453,736	264,556,151	125,884	273,135,771
Net Position, Ending	$ 7,867,262	$ 296,579,317	$ 136,238	$ 304,582,817

Capital Assets Used in the Operation of Governmental Funds
Year Ended December 31, 2025

City of Fargo, North Dakota

Governmental Funds Capital Assets	
Land	$ 114,583,902
Intangible - right-of-way easements	15,385,007
Buildings	176,671,973
Improvements other than buildings	9,449,997
Machinery and equipment	61,353,284
Infrastructure	589,177,522
Flood control	113,967,656
Right-of-use leased assets	10,189,166
Subscription-based IT assets	4,583,996
Construction in progress	518,832
Total	$ 1,095,881,335

Investments in Governmental Capital Assets by Source	
General fund	$ 39,971,456
Special revenue funds	10,585,134
Debt service funds	147,664
Capital projects funds	983,693,845
Enterprise funds	3,127,866
Federal and state grants	13,928,167
Donated	44,427,203
Total	$ 1,095,881,335

City of Fargo, North Dakota
Schedule by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
December 31, 2025

	Land	Intangible Right-of-Way Easements	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Flood Control	Right-of-Use Leased Assets	Subscription-Based IT Assets	Construction in Progress	Total
General Government											
City Commission	$ -	$ -	$ -	$ -	$ 446,054	$ -	$ -	$ -	$ -	$ -	$ 446,054
City Administrator	-	-	45,409	205,195	52,184	-	-	-	63,766	-	366,554
City Auditor	-	-	-	-	161,132	-	-	-	342,309	-	503,441
Information Technology	-	-	-	-	4,852,451	-	-	-	2,142,660	-	6,995,111
Public Information	-	-	180,220	910,226	2,384,307	-	-	14,694	-	-	3,489,447
Human Resources	-	-	-	-	173,932	-	-	-	-	-	173,932
City Assessor	-	-	-	-	194,270	-	-	-	-	-	194,270
Municipal Court	-	-	1,783,004	-	269,060	-	-	16,194	-	-	2,068,258
Planning & Development	70,093	-	-	3,457,224	132,704	-	-	38,267	-	-	3,698,288
Central Garage	-	-	5,620,698	127,813	1,736,600	-	-	-	-	476,300	7,961,411
City Buildings	-	-	31,538,422	-	1,073,352	-	-	-	-	-	32,611,774
Total General Government	70,093	-	39,167,753	4,700,458	11,476,046	-	-	69,155	2,548,735	476,300	58,508,540
Public Safety											
Traffic Engineering	-	-	-	-	84,332	-	-	-	-	-	84,332
Fire Department	436,448	-	20,447,185	31,942	11,685,311	-	-	-	-	-	32,600,886
Emergency Management	-	-	-	-	1,019,787	-	-	-	-	-	1,019,787
Police Department	35,000	-	15,606,196	15,098	9,175,534	-	-	379,608	1,714,918	-	26,926,354
Inspections	-	-	-	-	845,879	-	-	-	-	-	845,879
Total Public Safety	471,448	-	36,053,381	47,040	22,810,843	-	-	379,608	1,714,918	-	61,477,238
Public Works											
City Engineer	15,444,863	5,666,026	70,159	-	1,887,159	-	706,518	-	-	-	23,774,725
Street Department	810,900	4,559,909	3,890,379	533,508	18,008,046	587,928,497	-	525,142	5,570	-	616,261,951
Flood	93,639,983	5,159,072	-	-	956,918	1,249,025	113,261,138	8,653,856	-	-	222,919,992
Total Public Works	109,895,746	15,385,007	3,960,538	533,508	20,852,123	589,177,522	113,967,656	9,178,998	5,570	-	862,956,668
Public Health & Welfare											
Health Department	857,805	-	13,285,657	578,642	1,514,639	-	-	34,007	137,430	-	16,408,180
Recreation & Culture											
Public Library	-	-	13,222,323	-	3,547,965	-	-	334,898	-	-	17,105,186
Convention Bureau	199,505	-	1,093,906	-	18,275	-	-	-	-	-	1,311,686
Baseball Stadium	-	-	5,963,129	474,374	381,392	-	-	-	-	-	6,818,895
Total Recreation & Culture	199,505	-	20,279,358	474,374	3,947,632	-	-	334,898	-	-	25,235,767
Urban Development											
Home Grants	-	-	605,042	-	-	-	-	-	-	-	605,042
Community Development	1,150,812	-	3,942,108	28,446	34,650	-	-	-	-	-	5,156,016
Total Urban Development	1,150,812	-	4,547,150	28,446	34,650	-	-	-	-	-	5,761,058
Transportation											
Parking Authority	1,938,493	-	59,378,136	3,087,529	717,351	-	-	192,500	177,343	42,532	65,533,884
Total Governmental Funds	$ 114,583,902	$ 15,385,007	$ 176,671,973	$ 9,449,997	$ 61,353,284	$ 589,177,522	$ 113,967,656	$ 10,189,166	$ 4,583,996	$ 518,832	$ 1,095,881,335

City of Fargo, North Dakota
Schedule of Changes by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
December 31, 2025

	Balance January 1, 2025	Additions	Transfers	Deletions	Balance December 31, 2025
General Government					
City Commission	$ 491,909	$ -	$ (45,855)	$ -	$ 446,054
City Administrator	366,554	-	-	-	366,554
City Auditor	503,441	-	-	-	503,441
Information Technology	6,989,123	25,688	20,401	(40,101)	6,995,111
Public Information	3,083,398	506,161	25,454	(125,566)	3,489,447
Human Resources	173,932	-	-	-	173,932
City Assessor	194,270	-	-	-	194,270
Municipal Court	2,000,499	67,759	-	-	2,068,258
Planning & Development	3,698,288	-	-	-	3,698,288
Central Garage	7,503,837	751,017	(30,346)	(263,097)	7,961,411
City Buildings	32,491,842	119,932	-	-	32,611,774
Total General Government	57,497,093	1,470,557	(30,346)	(428,764)	58,508,540
Public Safety					
Traffic Engineering	258,123	-	(173,791)	-	84,332
Fire Department	30,738,917	2,202,169	-	(340,200)	32,600,886
Emergency Management	1,019,787	-	-	-	1,019,787
Police Department	24,594,622	2,349,310	22,939	(40,517)	26,926,354
Inspections	835,212	52,894	-	(42,227)	845,879
Total Public Safety	57,446,661	4,604,373	(150,852)	(422,944)	61,477,238
Public Works					
City Engineer	19,242,800	4,725,044	(16,456)	(176,663)	23,774,725
Street Department	591,006,380	29,379,513	(667,338)	(3,456,604)	616,261,951
Flood	209,353,838	13,566,154	-	-	222,919,992
Total Public Works	819,603,018	47,670,711	(683,794)	(3,633,267)	862,956,668
Public Health & Welfare					
Health Department	16,252,045	207,558	-	(51,423)	16,408,180
Recreation & Culture					
Public Library	17,464,177	-	-	(358,991)	17,105,186
Convention Bureau	1,311,686	-	-	-	1,311,686
Baseball Stadium	6,818,895	-	-	-	6,818,895
Total Recreation & Culture	25,594,758	-	-	(358,991)	25,235,767
Urban Development					
Home Grants	605,042	-	-	-	605,042
Community Development	5,156,016	-	-	-	5,156,016
Total Urban Development	5,761,058	-	-	-	5,761,058
Transportation					
Parking Authority	58,032,216	7,501,668	-	-	65,533,884
Capital Assets Constructed for Enterprise Funds	-	42,854,213	-	(42,854,213)	-
Total Governmental Funds	$ 1,040,186,849	$ 104,309,080	$ (864,992)	$ (47,749,602)	$ 1,095,881,335

Statistical Section
Year Ended December 31, 2025

City of Fargo, North Dakota

This part of the City of Fargo's annual comprehensive 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.

Financial Trends – These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.

Revenue Capacity – 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 – 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 – 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 – 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 annual comprehensive financial reports for the relevant year.

City of Fargo, North Dakota
Components of Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	$ 138,920,327	$ 155,724,812	$ 133,461,710	$ 182,947,036	$ 152,409,494	$ 262,441,361	$ 302,002,314	$ 285,140,975	$ 274,533,666	$ 301,689,446
Restricted	71,485,506	15,592,239	62,858,162	121,144,992	170,048,177	113,961,612	254,937,529	277,968,216	316,448,316	327,895,165
Unrestricted	2,038,090	4,169,926	68,861,992	56,770,481	77,285,201	69,961,510	(131,505,872)	(74,709,102)	(77,553,644)	(64,662,887)
Total Governmental Activities Net Position	$ 212,443,923	$ 175,486,977	$ 265,181,864	$ 360,862,509	$ 399,742,872	$ 446,364,483	$ 425,433,971	$ 488,400,089	$ 513,428,338	$ 564,921,724
Business-Type Activities										
Net investment in capital assets	$ 708,548,590	$ 763,810,437	$ 707,758,594	$ 754,735,747	$ 769,927,969	$ 817,425,266	$ 716,786,848	$ 734,017,889	$ 765,576,873	$ 788,524,330
Restricted	38,133,351	46,242,709	44,229,649	50,570,951	53,325,855	54,448,303	39,431,888	47,243,337	48,904,366	54,335,407
Unrestricted	39,460,589	48,823,670	41,061,711	26,429,639	17,143,800	27,629,906	(13,649,579)	(8,546,166)	(17,733,223)	(8,104,783)
Total Business-Type Activities Net Position	$ 786,142,530	$ 858,876,816	$ 793,049,954	$ 831,736,337	$ 840,397,624	$ 899,503,475	$ 742,569,157	$ 772,715,060	$ 796,748,016	$ 834,754,954
Primary Government										
Net investment in capital assets	$ 847,468,917	$ 919,535,249	$ 841,220,304	$ 937,682,783	$ 922,337,463	$ 1,079,866,627	$ 1,018,789,162	$ 1,019,158,864	$ 1,040,110,539	$ 1,090,213,776
Restricted	109,618,857	61,834,948	107,087,811	171,715,943	223,374,032	168,409,915	294,369,417	325,211,553	365,352,682	382,230,572
Unrestricted	41,498,679	52,993,596	109,923,703	83,200,120	94,429,001	97,591,416	(145,155,451)	(83,255,268)	(95,286,867)	(72,767,670)
Total Primary Government Net Position	$ 998,586,453	$ 1,034,363,793	$ 1,058,231,818	$ 1,192,598,846	$ 1,240,140,496	$ 1,345,867,958	$ 1,168,003,128	$ 1,261,115,149	$ 1,310,176,354	$ 1,399,676,678

Note: Effective January 1, 2022, the Municipal Airport Authority is reported as a discretely presented component unit rather than a blended component unit in the business-type activities of the primary government. Amounts prior to this date have not been restated.

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
General government	$ 17,776,492	$ 18,745,925	$ 21,121,650	$ 22,172,478	$ 24,328,279	$ 22,520,224	$ 31,445,940	$ 31,311,666	$ 33,179,930	$ 30,309,341
Public safety	39,029,094	38,539,794	40,386,651	40,099,055	39,366,726	41,257,161	50,996,226	50,978,430	55,090,458	62,947,068
Public works	122,801,345	88,777,599	85,922,794	83,187,071	90,683,363	88,160,036	107,753,842	111,123,823	122,176,933	103,555,069
Public health & welfare	11,442,822	12,950,823	13,636,149	12,966,788	21,646,822	17,626,615	18,427,063	16,166,025	16,265,983	14,478,632
Recreation & culture	8,424,874	8,624,606	9,393,133	9,448,369	8,869,345	12,416,140	10,503,437	10,773,925	10,941,726	10,511,461
Urban redevelopment	1,849,153	4,673,263	1,530,806	1,380,054	1,740,816	2,482,461	1,845,378	3,849,279	6,818,996	2,746,770
Public transportation	9,941,816	10,320,580	12,157,449	13,177,659	13,541,248	13,477,911	1,904,651	2,551,227	3,781,906	2,755,692
Economic development	-	-	-	-	100,000	501,956	499,610	551,888	492,626	1,064,297
General support	1,057,122	1,151,575	1,192,789	1,069,637	1,228,890	1,380,060	1,514,020	735,202	1,825,812	-
Interest and fiscal charges	21,917,557	22,260,570	22,968,482	23,184,117	24,412,629	29,404,274	19,405,200	20,800,580	15,533,841	24,206,739
Total governmental activities expenses	234,240,275	206,044,735	208,309,903	206,685,228	225,918,118	229,226,838	244,295,367	248,842,045	266,108,211	252,575,069
Business-Type Activities										
Municipal airport authority*	8,823,490	8,981,905	10,309,142	10,600,697	10,359,737	11,015,664	-	-	-	-
Water	15,000,452	17,416,843	20,414,032	23,384,899	25,684,536	25,585,590	28,103,261	29,926,232	31,319,312	32,994,726
Water Reclamation	9,907,111	10,796,934	11,061,329	14,760,568	14,193,049	16,051,317	18,259,193	18,291,822	15,651,771	19,278,566
Storm sewer	5,283,166	5,679,382	6,029,507	6,326,433	6,986,738	7,137,768	7,759,663	8,470,933	8,860,901	9,554,412
Solid waste	11,111,432	10,674,156	11,606,061	10,947,670	11,755,799	10,631,087	13,821,122	13,799,489	13,448,196	14,344,912
FargoDome	8,399,909	9,394,765	10,680,289	11,310,794	9,442,827	12,391,698	15,218,137	16,138,415	14,258,965	13,786,275
Southeast Cass	49,345	90,210	59,253	79,715	99,473	56,240	68,197	57,509	98,142	77,887
Vector control	379,561	331,429	429,203	453,082	390,044	241,544	259,131	275,338	361,690	461,680
Street lighting	3,216,418	3,349,777	3,502,155	4,283,578	4,527,542	4,541,580	4,788,087	4,759,193	5,433,269	6,287,900
Forestry	1,770,157	1,923,056	2,059,976	2,085,546	2,179,408	2,204,551	2,491,783	2,447,235	2,566,774	2,725,899
Transit	-	-	-	-	-	13,578,079	12,733,347	13,218,977	15,098,482	17,399,116
Civic Memorial Auditorium	-	-	-	-	-	405,109	468,414	368,020	353,713	399,258
Total business-type activities expenses	63,941,041	68,638,457	76,150,947	84,232,982	85,619,153	103,840,227	103,970,335	107,753,163	107,451,215	117,310,631
Total Primary Government Expenses	$ 298,181,316	$ 274,683,192	$ 284,460,850	$ 290,918,210	$ 311,537,271	$ 333,067,065	$ 348,265,702	$ 356,595,208	$ 373,559,426	$ 369,885,700

*Effective January 1, 2022, the Municipal Airport Authority is reported as a discretely presented component unit rather than a blended component unit in the business-type activities of the primary government. Amounts prior to this date have not been restated.

City of Fargo, North Dakota
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues										
Governmental Activities										
Charges for services										
General government	$ 2,916,943	$ 2,960,802	$ 3,274,293	$ 2,920,609	$ 2,750,524	$ 3,178,041	$ 3,678,397	$ 3,406,959	$ 3,849,363	$ 5,292,491
Public safety	6,119,964	6,240,462	6,238,735	5,071,568	6,675,823	6,700,909	2,814,884	9,576,431	9,264,950	9,527,995
Public works	15,343,800	10,530,618	11,747,317	9,825,876	8,972,236	8,477,310	10,583,127	10,705,559	9,372,651	11,105,877
Public health & welfare	2,946,313	3,030,070	2,865,791	2,933,469	2,380,936	4,278,481	3,109,574	2,695,595	3,268,334	2,714,344
Recreation & culture	647,217	518,632	526,085	461,689	180,898	229,113	120,657	238,705	147,652	213,924
Urban redevelopment	637,583	183,000	249,471	34,920	459,849	239,816	50,940	1,237,729	721,879	230,997
Transportation	3,982,718	4,304,515	4,651,756	4,864,224	3,857,806	1,758,864	2,191,638	2,548,133	2,534,336	2,400,209
Operating grants and contributions	11,034,507	10,040,237	9,673,151	11,563,442	38,966,469	13,034,155	16,798,410	18,545,922	12,272,372	6,068,225
Capital grants and contributions	138,364,227	91,019,352	94,765,470	152,986,975	96,585,425	135,299,804	77,888,686	146,198,544	122,108,391	125,054,073
Total governmental activities program revenues	181,993,272	128,827,688	133,992,069	190,662,772	160,829,966	173,196,493	117,236,313	195,153,577	163,539,928	162,608,135
Business-Type Activities										
Charges for services										
Municipal airport authority*	8,296,226	8,583,335	9,309,037	10,190,031	6,722,634	9,914,685	-	-	-	-
Water	21,779,615	23,706,110	23,888,031	22,744,596	23,773,689	26,123,374	25,679,019	29,109,021	27,976,392	33,084,683
Water Reclamation	10,526,541	10,714,193	10,961,261	11,276,502	12,266,270	14,491,086	15,530,744	18,234,249	17,625,205	20,590,890
Storm sewer	1,634,581	1,663,088	1,690,018	2,988,746	3,032,860	3,095,185	4,475,090	4,564,710	4,715,743	7,586,826
Solid waste	12,504,724	14,905,074	14,975,672	15,213,314	17,156,780	17,032,533	17,072,793	18,527,610	19,170,402	19,714,255
FargoDome	6,578,942	5,792,841	5,773,223	6,451,080	1,837,932	6,231,388	10,576,620	12,806,595	10,639,633	9,194,968
Other activities	4,019,445	4,350,101	4,525,857	6,376,936	6,386,087	9,341,628	9,877,069	10,330,225	15,112,517	18,495,142
Operating grants and contributions	-	-	-	-	4,143,971	16,901,948	5,919,064	5,841,964	4,344,955	5,801,604
Capital grants and contributions	13,366,847	6,218,700	2,319,135	41,057,302	11,428,686	28,172,899	756,034	7,889,200	8,229,669	4,020,208
Total business-type activities program revenues	78,706,921	75,933,442	73,442,234	116,298,507	86,748,909	131,304,726	89,886,433	107,303,574	107,814,516	118,488,576
Total Primary Government Program Revenues	$ 260,700,193	$ 204,761,130	$ 207,434,303	$ 306,961,279	$ 247,578,875	$ 304,501,219	$ 207,122,746	$ 302,457,151	$ 271,354,444	$ 281,096,711
Net Revenue (Expense)										
Governmental Activities	$ (52,247,003)	$ (77,217,047)	$ (74,317,834)	$ (16,022,456)	$ (65,088,152)	$ (56,030,345)	$ (127,059,054)	$ (53,688,468)	$ (102,568,283)	$ (89,966,934)
Business-Type Activities	14,765,880	7,294,985	(2,708,713)	32,065,525	1,129,756	27,464,499	(14,083,902)	(449,589)	363,301	1,177,945
Total Primary Government Net Revenue (Expense)	$ (37,481,123)	$ (69,922,062)	$ (77,026,547)	$ 16,043,069	$ (63,958,396)	$ (28,565,846)	$ (141,142,956)	$ (54,138,057)	$ (102,204,982)	$ (88,788,989)

* Note: Effective January 1, 2022, the Municipal Airport Authority is reported as a discretely presented component unit rather than a blended component unit in the business-type activities of the primary government. Amounts prior to this date have not been restated.

City of Fargo, North Dakota
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	$ 26,065,359	$ 28,283,311	$ 29,435,063	$ 31,360,332	$ 31,722,101	$ 34,242,887	$ 33,088,640	$ 37,377,384	$ 43,293,547	$ 44,335,009
Sales taxes	51,109,289	47,653,443	48,185,965	51,732,825	49,146,842	63,840,808	66,571,120	69,250,463	69,824,744	74,935,830
Gross business receipts taxes	4,839,170	5,108,969	5,264,571	5,074,870	4,920,360	5,401,665	6,262,395	6,355,562	9,667,362	10,337,053
Lodging taxes	2,339,795	2,286,414	2,300,096	2,353,102	1,268,373	2,295,974	2,858,716	3,329,493	3,543,353	3,327,299
Other taxes	1,762,599	1,737,382	1,713,618	1,772,002	1,563,737	1,686,063	2,176,255	2,635,192	3,209,148	3,805,838
Unrestricted intergovernmental	6,112,343	5,768,743	6,741,796	7,258,781	6,365,987	7,708,324	8,037,398	9,298,872	9,395,021	11,355,009
Unrestricted investment earnings (losses)	3,786,334	5,219,212	5,942,482	7,852,248	6,138,825	2,155,149	(271,866)	11,079,478	10,706,118	12,811,747
Miscellaneous	245,370	2,048,000	415,705	463,526	1,483,134	9,039,654	7,007,967	501,454	1,380,242	1,835,935
Transfers	(52,778,426)	(57,845,373)	63,983,425	3,835,415	1,359,156	(23,718,568)	(19,602,083)	(23,173,311)	(18,714,079)	(21,283,400)
Total governmental activities	43,481,833	40,260,101	163,982,721	111,703,101	103,968,515	102,651,956	106,128,542	116,654,587	132,305,456	141,460,320
Business-Type Activities										
Property taxes	840,443	941,291	1,009,429	1,065,589	1,159,827	1,248,941	-	-	-	-
Unrestricted investment earnings	3,842,990	5,539,034	(1,874,911)	8,139,904	5,225,915	5,238,431	(7,363,420)	5,756,630	3,952,868	6,809,683
Miscellaneous	2,092,868	1,113,603	1,730,758	1,250,780	2,504,945	1,435,412	1,660,236	1,665,551	1,984,771	2,251,833
Gain on disposal of capital asset	-	-	-	-	-	-	-	-	-	6,484,077
Transfers	52,778,426	57,845,373	(63,983,425)	(3,835,415)	(1,359,156)	23,718,568	19,602,083	23,173,311	18,714,079	21,283,400
Total business-type activities	59,554,727	65,439,301	(63,118,149)	6,620,858	7,531,531	31,641,352	13,898,899	30,595,492	24,651,718	36,828,993
Total Primary Government	$ 103,036,560	$ 105,699,402	$ 100,864,572	$ 118,323,959	$ 111,500,046	$ 134,293,308	$ 120,027,441	$ 147,250,079	$ 156,957,174	$ 178,289,313
Change in Net Position										
Governmental Activities	$ (8,765,170)	$ (36,956,946)	$ 89,664,887	$ 95,680,645	$ 38,880,363	$ 46,621,611	$ (20,930,512)	$ 62,966,119	$ 29,737,173	$ 51,493,386
Business-Type Activities	74,320,607	72,734,286	(65,826,862)	38,686,383	8,661,287	59,105,851	(185,003)	30,145,903	25,015,019	38,006,938
Total Primary Government Change in Net Position	$ 65,555,437	$ 35,777,340	$ 23,838,025	$ 134,367,028	$ 47,541,650	$ 105,727,462	$ (21,115,515)	$ 93,112,022	$ 54,752,192	$ 89,500,324

Note: Effective January 1, 2022, the Municipal Airport Authority is reported as a discretely presented component unit rather than a blended component unit in the business-type activities of the primary government. Amounts prior to this date have not been restated.

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ 3,407,591	$ 3,639,923	$ 4,080,149	$ 3,254,912	$ 4,562,747	$ 3,787,630	$ 2,877,199	$ 3,185,859	$ 3,652,607	$ 1,845,766
Restricted	2,913,219	3,170,287	3,054,111	3,299,447	5,515,852	5,423,514	3,702,580	4,518,706	3,389,700	3,313,608
Committed	2,581,150	1,405,918	1,000,016	1,000,016	1,000,015	1,000,015	1,000,015	1,000,015	1,000,016	1,000,016
Assigned	1,639,608	1,531,414	542,423	598,370	234,832	1,079,780	181,794	183,690	478,357	357,127
Unassigned	28,854,936	28,099,032	26,862,322	25,531,980	34,629,546	27,144,995	21,955,906	21,788,774	23,067,873	34,287,796
Total General Fund	$ 39,396,504	$ 37,846,574	$ 35,539,021	$ 33,684,725	$ 45,942,992	$ 38,435,934	$ 29,717,494	$ 30,677,044	$ 31,588,553	$ 40,804,313
All Other Governmental Funds										
Nonspendable	$ 34,352	$ 26,858	$ 25,926	$ 22,384	$ 767,462	$ 96,618	$ 83,788	$ 96,899	$ 87,658	$ 88,084
Restricted	155,484,797	83,337,552	76,935,852	97,388,036	195,339,825	170,181,200	99,166,680	114,640,892	134,839,447	160,603,371
Unassigned	(1,508,396)	(12,693,722)	(2,567,558)	(1,457,368)	(8,968,773)	(1,308,784)	(22,934,212)	(316,923)	(243,616)	(165,906)
Total All Other Governmental Funds	$ 154,010,753	$ 70,670,688	$ 74,394,220	$ 95,953,052	$ 187,138,514	$ 168,969,034	$ 76,316,256	$ 114,420,868	$ 134,683,489	$ 160,525,549

City of Fargo, North Dakota

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 86,124,681	$ 85,022,900	$ 86,748,354	$ 92,278,548	$ 88,698,627	$ 107,554,930	$ 110,949,421	$ 118,873,116	$ 129,399,542	$ 136,470,252
Special assessments	37,005,479	38,133,231	38,646,930	43,926,433	48,726,546	54,980,777	41,209,736	43,466,340	49,053,611	53,723,211
Licenses and permits	4,832,453	4,628,182	5,198,720	4,493,214	5,737,598	6,055,986	6,689,081	6,829,062	6,623,356	5,991,327
Intergovernmental	62,477,689	31,049,211	48,717,857	49,907,681	76,296,854	111,814,176	56,982,503	82,460,212	65,351,403	76,964,797
Charges for services	23,956,424	18,926,090	19,298,417	17,989,560	16,295,423	15,757,005	18,253,166	18,856,144	18,230,444	20,812,528
Fines and forfeitures	2,341,248	2,191,577	2,172,109	1,950,589	1,662,365	1,737,919	1,922,411	1,549,449	1,566,399	1,982,207
Investment income (losses)	3,786,337	5,219,212	5,942,482	7,852,247	6,138,828	2,155,150	(271,866)	11,036,326	10,633,351	12,740,546
Miscellaneous	2,104,307	3,641,141	3,160,450	2,285,814	2,345,312	12,224,206	2,715,158	2,570,455	3,057,104	2,890,355
Total revenues	222,628,618	188,811,544	209,885,319	220,684,086	245,901,553	312,280,149	238,449,610	285,641,104	283,915,210	311,575,223
Expenditures										
General government	16,407,262	16,856,505	17,703,650	19,366,846	20,270,944	20,524,873	23,594,194	27,345,884	29,380,531	29,647,890
Public safety	36,082,072	36,998,027	37,747,717	39,058,816	41,617,827	43,750,709	45,716,702	47,460,075	51,611,755	58,288,571
Public works	111,640,200	76,318,240	72,031,169	69,421,244	73,333,640	73,502,413	88,650,835	93,723,140	100,026,188	82,167,511
Public health & welfare	10,848,965	11,579,236	11,416,597	11,660,635	17,845,112	17,008,134	15,445,292	14,848,756	15,869,854	15,185,405
Recreation & culture	7,579,386	7,675,423	8,205,305	8,520,434	7,203,951	8,113,958	9,186,258	9,908,125	10,226,605	10,281,413
Urban redevelopment	1,784,835	4,606,638	1,438,043	1,293,763	1,621,118	2,407,756	1,732,275	3,778,833	6,750,173	2,676,379
Public transportation	7,996,823	8,295,435	9,636,184	10,542,775	10,314,110	1,471,837	1,354,731	1,373,803	1,245,253	1,251,209
Economic development	-	-	-	-	100,000	501,956	499,610	551,888	492,626	1,064,297
General support	1,057,122	1,151,575	1,192,789	1,069,637	1,228,890	1,380,060	1,514,020	1,304,940	1,376,461	1,618,773
Capital outlay	121,451,027	125,327,223	81,234,761	78,807,560	69,742,369	73,804,992	74,697,808	83,655,233	106,434,158	103,958,486
Debt service										
Principal	99,578,791	115,922,066	44,419,181	28,786,345	34,571,644	121,616,276	104,750,334	59,713,612	36,153,841	40,272,551
Interest and fiscal charges	22,049,844	24,847,595	24,957,276	25,168,282	26,399,498	31,733,985	24,409,641	23,144,443	27,459,310	31,042,216
Total expenditures	436,476,327	429,577,963	309,982,672	293,696,337	304,249,103	395,816,949	391,551,700	366,808,732	387,026,755	377,454,701

	2017	2018	2019	2020	2021	2022	2023	2024	2024	2025
Excess (Deficiency) of Revenues over (under) Expenditures	(213,847,709)	(240,766,419)	(100,097,353)	(73,012,251)	(58,347,550)	(83,536,800)	(153,102,090)	(81,167,628)	(103,111,545)	(65,879,478)
Other Financing Sources (Uses)										
Transfers in	27,850,260	27,716,989	39,711,889	40,399,483	41,539,919	41,361,158	37,936,402	44,785,138	57,421,778	55,488,594
Transfers out	(14,081,833)	(15,134,537)	(16,519,651)	(18,347,905)	(17,733,637)	(29,052,595)	(21,185,610)	(26,074,762)	(35,495,083)	(33,127,053)
Bonds issued (net of premium and discounts)	175,161,659	143,251,272	78,282,762	70,406,209	137,714,247	45,322,999	33,171,859	98,860,081	89,912,711	57,093,150
Notes payable issued	-	-	-	-	-	-	490,928	1,744,710	10,274,649	20,248,427
Financed purchase issued	-	42,700	38,332	259,000	270,750	228,700	371,558	929,753	14,889	214,429
Leases issued	-	-	-	-	-	-	577,466	157,958	269,993	10,463
SBITAs issued	-	-	-	-	-	-	-	552,565	1,800,297	836,497
Sale of capital assets	-	-	-	-	-	-	368,269	122,924	86,441	172,791
Total other financing sources (uses)	188,930,086	155,876,424	101,513,332	92,716,787	161,791,279	57,860,262	51,730,872	121,078,367	124,285,675	100,937,298
Net Change in Fund Balances	$ (24,917,623)	$ (84,889,995)	$ 1,415,979	$ 19,704,536	$ 103,443,729	$ (25,676,538)	$ (101,371,218)	$ 39,910,739	$ 21,174,130	$ 35,057,820
Debt Service as a Percentage of Noncapital Expenditures	38.6%	46.3%	30.3%	25.1%	26.0%	47.6%	40.8%	29.3%	22.7%	26.1%

Program Revenues by Function/Program
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues										
Governmental Activities										
General government	$ 3,388,698	$ 3,383,996	$ 3,791,309	$ 3,474,653	$ 3,674,162	$ 4,389,983	$ 12,321,960	$ 14,481,667	$ 7,155,124	$ 6,477,735
Public safety	7,587,684	7,351,510	7,061,916	6,240,611	23,818,438	7,839,261	3,532,922	10,694,577	10,856,092	12,028,426
Public works	153,229,840	100,569,567	103,639,312	162,464,447	103,469,103	143,166,748	89,331,993	156,297,033	130,758,220	134,818,823
Public health & welfare	6,664,336	6,968,921	6,747,855	7,063,507	14,671,639	13,283,578	8,160,632	6,645,709	10,374,418	5,413,702
Recreation & culture	836,724	700,382	843,185	652,854	428,365	374,999	245,679	562,577	404,826	476,286
Urban redevelopment	1,542,512	1,772,556	1,220,520	1,117,960	1,542,039	2,136,166	1,297,022	3,724,405	1,253,385	980,954
Transportation	8,743,478	8,080,756	10,717,972	9,648,740	13,226,220	2,005,758	2,346,105	2,747,609	2,737,833	2,412,209
Total governmental activities program revenues	181,993,272	128,827,688	134,022,069	190,662,772	160,829,966	173,196,493	117,236,313	195,153,577	163,539,898	162,608,135
Business-Type Activities										
Municipal airport authority*	21,662,496	14,787,035	11,465,172	11,444,202	21,961,182	22,779,169	-	-	-	-
Water	21,779,615	23,706,110	24,051,031	23,964,846	24,036,459	26,133,589	25,790,320	32,118,639	29,063,729	34,253,940
Water Reclamation	10,526,541	10,714,193	10,961,261	15,316,392	12,266,270	14,492,331	15,530,744	22,583,019	17,625,205	20,590,890
Storm sewer	1,634,581	1,663,088	1,690,018	37,148,343	3,032,860	3,801,017	4,475,090	4,881,407	4,715,743	7,640,919
Solid waste	12,505,301	14,920,074	14,975,672	15,213,314	17,156,780	17,043,834	17,114,161	18,741,413	20,747,560	19,761,394
FargoDome	6,578,942	5,792,841	5,773,223	6,481,080	1,909,271	11,068,002	10,673,943	12,806,595	10,639,633	9,194,968
Southeast Cass	28,554	32,224	38,588	43,652	58,998	185,600	176,173	184,460	188,249	233,923
Vector control	697,221	716,353	727,430	739,646	748,016	756,459	772,218	785,498	812,374	824,974
Street lighting	1,812,382	1,877,197	1,986,450	3,869,189	3,514,060	3,590,139	3,717,387	3,727,682	7,550,912	7,708,595
Forestry	1,481,288	1,724,327	1,773,389	2,077,843	2,065,013	2,357,032	2,462,210	2,502,544	3,405,559	3,361,446
Transit	-	-	-	-	-	25,131,990	9,111,588	8,863,125	13,032,627	14,868,484
Civic	-	-	-	-	-	3,965,564	62,599	109,192	32,925	49,043
Total business-type activities program revenues	78,706,921	75,933,442	73,442,234	116,298,507	86,748,909	131,304,726	89,886,433	107,303,574	107,814,516	118,488,576
Total Primary Government Program Revenues	$ 260,700,193	$ 204,761,130	$ 207,464,303	$ 306,961,279	$ 247,578,875	$ 304,501,219	$ 207,122,746	$ 302,457,151	$ 271,354,414	$ 281,096,711

* Effective January 1, 2022, the Municipal Airport Authority is reported as a discretely presented component unit rather than a blended component unit in the business-type activities of the primary government. Amounts prior to this date have not been restated.

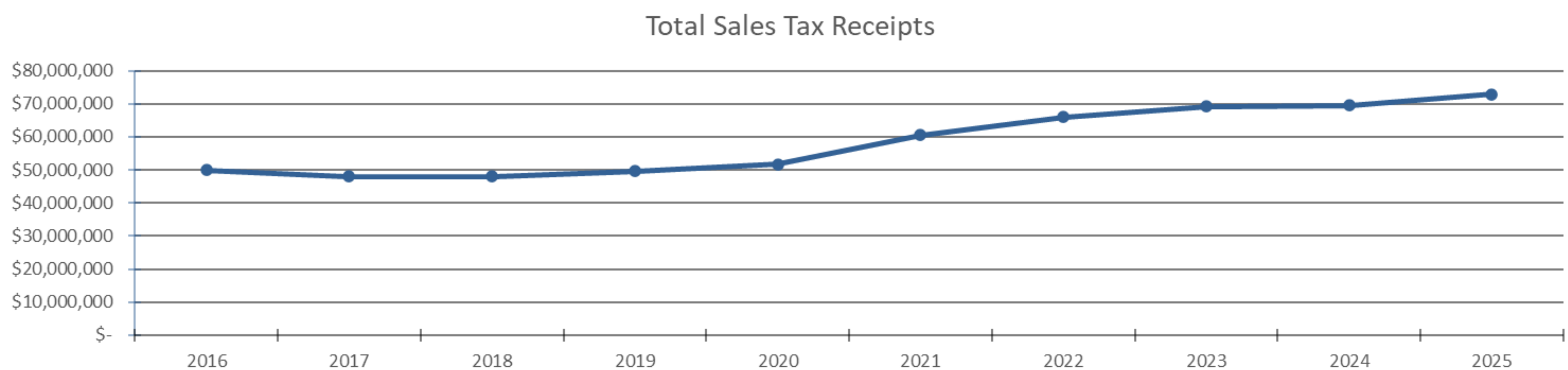
General Government Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Business Tax	Sales Tax	Lodging Tax	Other Taxes	Total
2025	$ 44,064,232	$ 10,337,053	$ 74,935,830	$ 3,327,299	$ 3,805,838	$ 136,470,252
2024	43,154,935	9,667,362	69,824,744	3,543,353	3,209,148	129,399,542
2023	37,302,406	6,355,562	69,250,463	3,329,493	2,635,192	118,873,116
2022	33,080,935	6,262,395	66,571,120	2,858,716	2,176,255	110,949,421
2021	34,340,421	5,401,665	63,840,808	2,295,974	1,676,062	107,554,930
2020	31,799,316	4,920,360	49,146,842	1,268,373	1,563,737	88,698,628
2019	31,345,749	5,074,870	51,732,825	2,353,102	1,772,002	92,278,548
2018	29,284,104	5,264,571	48,185,965	2,300,096	1,713,618	86,748,354
2017	28,236,693	5,108,969	47,653,443	2,286,413	1,737,382	85,022,900
2016	26,073,828	4,839,170	51,109,289	2,339,795	1,762,599	86,124,681

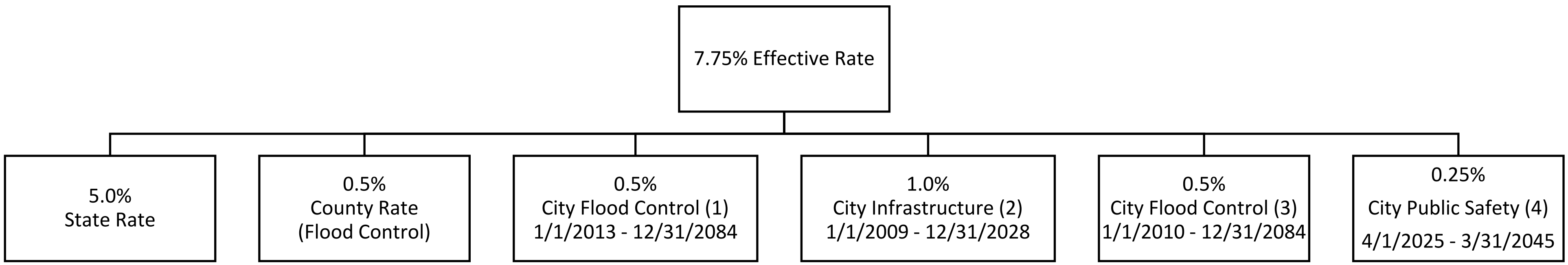
Note: The Other category includes the following revenues: Telephone tax, homestead credit, veteran's tax, cigarette tax, fire premium tax, gaming tax, and PILOT revenue.

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Allocation of Receipts:										
Infrastructure (1)	$ 12,481,805	$ 6,008,839	$ 6,004,775	$ 6,202,932	$ 6,465,123	$ 7,557,091	$ 8,239,793	$ 8,643,108	$ 8,690,599	$ 8,496,146
Public Utility (1)	12,481,804	12,017,677	12,009,551	12,405,863	12,930,246	15,114,183	16,479,587	17,286,217	17,381,198	16,992,291
Flood Control (1)(2)(3)	24,963,610	30,044,193	30,023,876	31,014,659	32,325,614	37,785,457	41,198,967	43,215,541	43,452,995	42,480,729
Public Safety (4)	-	-	-	-	-	-	-	-	-	4,977,143
Total Sales Tax Receipts	$ 49,927,219	$ 48,070,709	$ 48,038,202	$ 49,623,454	$ 51,720,983	$ 60,456,731	$ 65,918,347	$ 69,144,866	$ 69,524,792	$ 72,946,309

Receipts are shown net of state administrative fee.
(1) Beginning in 2009 a 1 cent sales tax was authorized through December 2028 for infrastructure capital improvement funding related primarily to an approved utility infrastructure master plan.
(2) Beginning in 2010 a 1/2 cent sales tax was authorized through December 2084 for flood risk protection, mitigation, and reduction.
(3) Beginning in 2013 a 1/2 cent sales tax was authorized through December 2032 for infrastructure improvements including flood protection, after January 1, 2017, all proceeds were redirected to flood protection, mitigation and reduction. In November 2016, the citizens of Fargo voted to extend the sales tax to expire December 2084 or earlier if all debt and obligations related to the flood control projects have been retired.
(4) Beginning in 2025 a 1/4 cent sales tax was authorized through March 2045 for fire and police operations, equipment, and buildings.



Source: City Auditors Office and Office of the ND State Tax Commissioner
Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F



(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 uses 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.
(4) This sales tax is utilized by the City of Fargo for fire and police operations, equipment, and buildings.

Taxable Sales and Purchases by State NAICS Category (in thousands)
Last Ten Fiscal Years

	Fiscal Year										Percent Change from 2016 to 2025
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Construction	$ 105,475	$ 85,077	$ 80,788	$ 87,293	$ 89,940	$ 88,529	$ 105,909	$ 107,898	$ 114,339	$111,094	5.33%
Manufacturing	160,397	138,143	156,593	156,024	157,105	170,655	192,007	220,679	199,551	202,164	26.04%
Wholesale Trade	408,786	382,305	352,940	353,018	349,572	415,081	489,422	483,646	479,255	466,485	14.11%
Retail Trade	1,237,373	1,196,038	1,207,261	1,187,251	1,180,813	1,336,816	1,300,097	1,309,730	1,264,772	1,250,931	1.10%
Transportation and Warehousing	3,703	4,810	5,274	6,272	4,954	4,964	8,090	7,691	5,756	6,502	75.59%
Information Industries	20,235	20,406	21,883	20,194	13,852	17,594	19,931	22,477	23,456	24,118	19.19%
Financial, Insurance, Real Estate, Rental, and Leasing	72,262	65,304	62,741	64,465	50,776	74,442	88,720	94,885	89,529	94,642	30.97%
Professional, Scientific, Technology, and Management Services	19,953	19,323	20,868	20,652	18,597	21,141	23,604	23,655	20,666	24,443	22.50%
Educational, Health Care, and Social Services	37,380	32,342	33,584	81,241	80,434	125,646	159,838	102,198	58,260	48,852	30.69%
Arts, Entertainment, and Recreation	32,026	27,299	30,644	33,995	14,199	22,006	36,940	43,726	44,494	42,238	31.89%
Accommodation and Food Services	416,835	410,254	417,610	426,718	328,611	440,764	478,419	507,987	522,893	511,324	22.67%
Other Services	46,427	41,304	42,896	38,572	37,341	44,241	51,841	55,653	55,480	58,466	25.93%
Miscellaneous	17,753	16,750	16,060	16,284	17,844	17,140	20,838	25,534	23,810	16,634	-6.30%
Total	$ 2,578,605	$ 2,439,355	$ 2,449,142	$ 2,491,979	$ 2,344,038	$ 2,779,019	$ 2,975,656	$ 3,005,759	$ 2,902,261	$ 2,857,893	10.83%

Source: North Dakota Office of State Tax Commissioner

Fiscal Year	Residential	Agricultural	Commercial	Railroad	Other Utilities	Less: Incremental Value	Estimated (True & Full) Market Value	Assessed Value (1)	Taxable Value (2)	Total Direct Tax Rate
2025	$ 9,039,583,826	$ 2,942,100	$ 9,239,092,467	$ 11,254,100	$ 171,775,680	$ (239,020,121)	$ 18,225,628,052	$ 9,112,814,026	$ 866,360,305	57.36
2024	8,555,559,466	2,942,600	8,879,821,882	10,760,460	172,136,580	(194,907,747)	17,426,313,241	8,713,156,621	828,691,958	57.00
2023	8,115,818,441	2,340,500	8,476,845,533	11,955,540	163,967,160	(177,518,687)	16,593,408,487	8,296,704,244	789,170,170	57.00
2022	7,354,155,936	2,913,600	7,523,141,800	10,693,680	140,058,160	(103,722,991)	14,927,240,185	7,463,620,093	709,660,276	55.00
2021	6,700,335,418	2,139,900	7,036,933,000	9,740,540	126,535,000	(101,186,790)	13,774,497,068	6,887,248,534	655,291,882	53.00
2020	6,453,459,098	2,158,400	6,630,600,800	8,861,000	128,510,260	(176,797,589)	13,046,791,969	6,523,395,985	620,144,629	53.00
2019	6,168,675,008	2,183,600	6,342,575,459	8,119,840	130,586,580	(146,967,279)	12,505,173,208	6,252,586,604	594,470,390	53.00
2018	5,974,373,574	2,330,700	5,984,366,500	7,126,140	107,394,840	(360,641,830)	11,714,949,924	5,857,474,962	556,125,077	51.00
2017	5,636,656,118	2,407,400	5,709,368,000	7,204,400	99,946,260	(338,195,157)	11,117,387,021	5,558,693,511	527,912,051	51.00
2016	5,130,713,752	2,891,600	5,342,197,200	6,455,800	110,797,860	(294,755,529)	10,298,300,683	5,149,150,342	489,481,255	53.00

(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

		Mill Levy Rates*															
		City of Fargo					Other Taxing Entities								Totals by School District		
Levy Year	Collection Year	General Revenue	Airport	City Share of Special Assessments**	Special Levies	Total City Tax Capacity Rate	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
2025	2026	54.99	1.97	0.40	0.00	57.36	153.13	142.40	144.68	35.53	47.48	1.00	0.43	3.50	298.43	287.70	289.98
2024	2025	53.90	2.00	1.10	0.00	57.00	154.13	148.35	129.42	35.58	45.85	1.00	1.12	3.50	298.18	292.40	273.47
2023	2024	53.90	2.00	1.10	0.00	57.00	154.13	141.40	129.53	34.08	45.85	1.00	0.64	3.90	296.60	283.87	272.00
2022	2023	51.90	2.00	1.10	0.00	55.00	154.38	152.42	136.10	38.09	47.85	1.00	0.49	4.69	301.50	299.54	283.22
2021	2022	49.90	2.00	1.10	0.00	53.00	154.38	95.21	143.16	33.85	48.60	1.00	0.49	4.69	296.01	236.84	284.79
2020	2021	49.90	2.00	1.10	0.00	53.00	154.38	101.53	139.45	29.60	48.77	1.00	0.44	4.93	292.12	239.27	277.19
2019	2020	49.90	2.00	1.10	0.00	53.00	154.38	99.46	137.26	28.67	49.90	1.00	0.38	5.11	292.44	237.52	275.32
2018	2019	47.90	2.00	1.10	0.00	51.00	154.13	105.93	133.31	27.83	48.90	1.00	0.48	5.26	288.60	240.40	267.78
2017	2018	47.90	2.00	1.10	0.00	51.00	154.13	113.73	129.27	27.80	45.61	1.00	0.45	5.50	285.49	245.09	260.63
2016	2017	49.90	2.00	1.10	0.00	53.00	154.35	124.08	133.29	28.61	53.76	1.00	0.39	6.40	297.51	267.24	276.45

* 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

Taxpayer	2025 Assessed Valuation	2025 Rank	2025 Percent of Total Assessed Valuation	2016 Assessed Valuation	2016 Rank	2016 Percent of Total Assessed Valuation
Sterling Properties (formerly INREIT)	$ 337,896,000	1	3.71%	$ 79,589,400	2	1.55%
Sanford	201,857,000	2	2.22%	117,102,850	1	2.27%
Dakota UPREIT	139,355,200	3	1.53%	24,999,500	7	0.49%
West Acres Development Company	131,254,000	4	1.44%	58,750,550	3	1.14%
Preylock Fargo (Amazon)	107,284,500	5	1.18%	-	N/A	N/A
Adams Investment Ltd. Partnership	94,845,700	6	1.04%	-	N/A	N/A
Comstock Land Company	83,936,400	7	0.92%	-	N/A	N/A
Enclave/Retreat & Encore @ Urban Plains	68,350,300	8	0.75%	-	N/A	N/A
Bullinger Enterprises LTD	62,342,500	9	0.68%	-	N/A	N/A
Great Plains Software	61,455,800	10	0.67%	-	N/A	N/A
Matrix Properties	-	N/A	N/A	29,387,250	4	0.57%
Innovis Health	-	N/A	N/A	27,892,350	5	0.54%
R & B Development	-	N/A	N/A	25,189,900	6	0.49%
Wal-Mart Real Estate	-	N/A	N/A	23,267,950	8	0.45%
Van Raden/RCV Ltd Partnership	-	N/A	N/A	20,856,850	9	0.41%
Osgood Investments	-	N/A	N/A	20,615,800	10	0.40%
Total attributable to top taxpayers	1,288,577,400		14.14%	427,652,400		8.31%
Total of all other properties	7,824,236,626		85.86%	4,721,497,942		91.69%
	$ 9,112,814,026		100.00%	$ 5,149,150,342		100.00%

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2025	$ 47,359,070	$ 5,266,384	11.12%	$ -	$ 5,266,384	11.12%
2024	48,487,305	8,115,244	16.74%	37,505,385	45,620,629	94.09%
2023	47,722,879	5,665,631	11.87%	39,307,831	44,973,462	94.24%
2022	40,696,619	4,434,117	10.90%	34,490,366	38,924,483	95.65%
2021	36,320,566	5,092,586	14.02%	29,423,686	34,516,272	95.03%
2020	35,482,579	7,950,141	22.41%	25,633,575	33,583,716	94.65%
2019	33,765,795	3,903,997	11.56%	28,329,212	32,233,209	95.46%
2018	33,447,420	7,630,249	22.81%	25,373,388	33,003,637	98.67%
2017	31,586,925	9,132,902	28.91%	21,009,037	30,141,939	95.43%
2016	30,267,785	7,104,488	23.47%	21,877,178	28,981,666	95.75%

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:

Delinquent Time Period	Penalty
March 2 - April 30	3.00%
May 1 - June 30	an additional 3%
July 1 - October 15	an additional 3%
October 16 - December 31	an additional 3%
January 1	12% annual rate

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

Fiscal Year	Delinquent Taxes Collected	Total Collections	Collections as a Percentage of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percentage of Levy
2025	$ 347,069	$ 5,266,384	11.12%	$ 872,686	1.84%
2024	235,323	45,620,629	94.09%	594,617	1.23%
2023	299,051	44,973,462	94.24%	396,128	0.83%
2022	196,825	38,924,483	95.65%	294,985	0.72%
2021	1,271,884	34,516,272	95.03%	335,921	0.92%
2020	353,639	33,583,716	94.65%	402,336	1.13%
2019	323,756	32,233,209	95.46%	507,466	1.50%
2018	199,534	33,003,637	98.67%	461,929	1.38%
2017	133,236	30,141,939	95.43%	282,259	0.89%
2016	178,552	28,981,666	95.75%	245,133	0.81%

Source: Cass County Auditors Office

Fiscal Year	Special Assessments Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Special Assessments
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2025	$ 48,148,094	$ 4,319,132	8.97%	$ -	$ 4,319,132	8.97%	$ -
2024	45,618,947	7,964,981	17.46%	36,987,387	44,952,368	98.54%	639,734
2023	42,562,481	4,253,773	9.99%	37,766,269	42,020,042	98.73%	173,059
2022	39,463,391	3,607,808	9.14%	35,716,416	39,324,224	99.65%	24,652
2021	38,099,705	3,884,783	10.20%	34,124,972	38,009,755	99.76%	-
2020	37,809,484	7,299,483	19.31%	30,336,919	37,636,402	99.54%	-
2019	35,934,663	2,862,551	7.97%	32,740,570	35,603,121	99.08%	-
2018	34,362,056	6,575,340	19.14%	27,688,279	34,263,619	99.71%	-
2017	32,166,352	8,072,103	25.09%	24,009,553	32,081,656	99.74%	-
2016	29,347,696	6,583,191	22.43%	22,752,771	29,335,962	99.96%	-

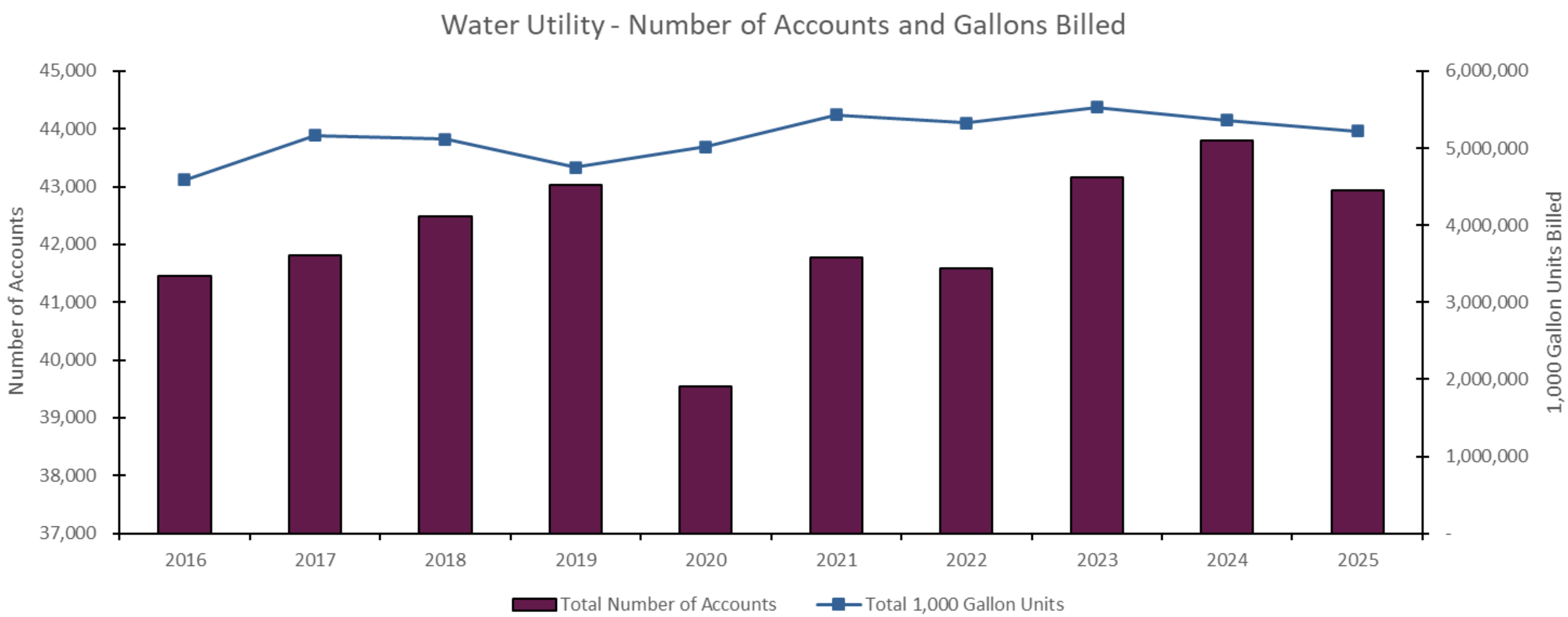
Source: Cass County Auditors Office

	Residential		Commercial		Multiple Dwelling		Other		Total	
Fiscal Year	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
2025	213	$ 79,117,587	75	$ 205,141,651	6	$ 14,842,985	1,394	$ 218,188,968	1,688	$ 517,291,191
2024	206	79,748,615	101	336,211,064	3	4,755,978	1,490	264,682,842	1,800	685,398,499
2023	226	94,444,987	92	261,146,106	3	32,225,624	1,636	395,792,990	1,957	783,609,707
2022	376	115,654,764	145	324,186,462	7	39,799,200	1,414	374,325,463	1,942	853,965,889
2021	379	115,677,974	78	250,440,874	6	63,930,000	1,684	333,294,978	2,147	763,343,826
2020	386	108,333,733	64	136,734,323	15	110,395,603	1,682	364,787,533	2,147	720,251,192
2019	268	68,393,961	53	86,207,856	2	1,940,000	1,704	224,673,878	2,027	381,215,695
2018	278	73,167,154	63	119,031,408	26	92,097,292	1,764	230,802,890	2,131	515,098,744
2017	318	79,983,547	61	106,436,485	14	68,378,598	2,121	220,015,776	2,514	474,814,406
2016	369	103,364,854	61	82,030,623	29	77,798,646	2,084	230,596,081	2,543	493,790,204

Source: City of Fargo Building Inspector

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential Customers (1,000 Gallon Units)	1,292,389	1,343,577	1,352,441	1,144,070	1,255,648	1,408,963	1,253,291	1,294,367	1,203,671	1,192,913
Commercial Customers (1,000 Gallon Units)	2,678,618	2,860,390	2,754,660	2,675,536	2,701,537	2,751,088	2,815,120	2,916,664	2,972,676	2,874,483
Other Communities (1,000 Gallon Units)	619,527	963,249	1,005,826	931,971	1,061,659	1,268,986	1,261,544	1,318,890	1,184,622	1,153,126
Total 1,000 Gallon Units	4,590,534	5,167,216	5,112,927	4,751,577	5,018,844	5,429,037	5,329,955	5,529,921	5,360,969	5,220,522
Total Number of Accounts	41,449	41,804	42,478	43,030	39,538	41,772	41,583	43,169	43,796	42,932



Source: City Auditor's Office
Note: In 2016 the City of Fargo became a wholesale water supplier to the City of West Fargo, effective June 2016.

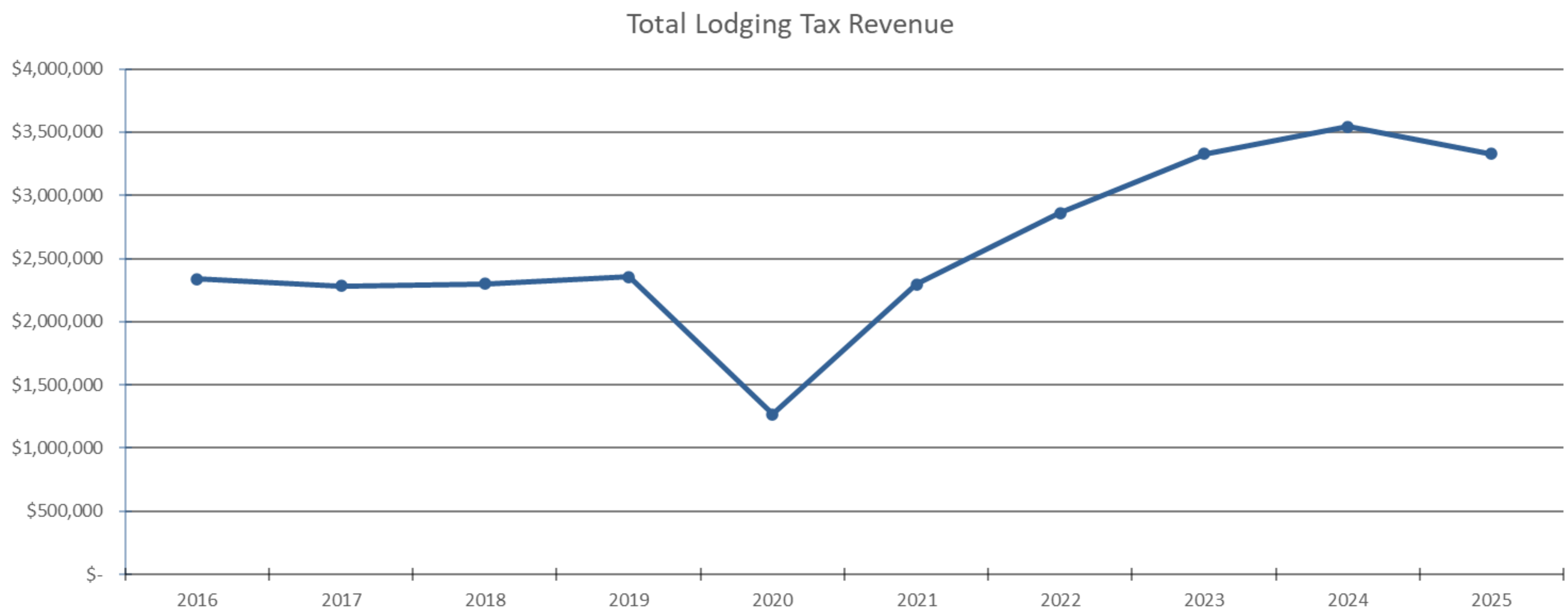
Customer	1,000 Gallon Units
City of West Fargo (1)	1,153,126
Cass Rural Water	405,236
Goldmark	221,590
North Dakota State University	141,085
Sanford Health	112,114
Valley Rental	55,047
BMI	47,790
Cass Clay Creamery	43,153
Campbell Property Management	28,535
Hegenes Management	28,225
Fargo Park District	27,940
Fargo Public Schools	27,938
Essentia Health	22,591
Edge of Osgood LLP	21,665
JM Rentals	21,360
Total Attributable to Major Customers	2,357,395
Total Billed Consumption	5,220,522
Percentage Attributable to Major Customers	45.2%

(1) The City of Fargo started providing water to all of West Fargo in June 2016.
Source: City Auditor's Office

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water (per 1,000 gallons)										
First 200,000 Gallons	$ 4.25	$ 4.25	$ 4.40	$ 4.40	$ 4.40	$ 4.40	$ 4.40	$ 4.90	$ 4.90	$ 5.70
200,000 to 2,000,000 gallons	4.00	4.00	4.15	4.15	4.15	4.15	4.15	4.65	4.65	5.45
Over 2,000,000 Gallons	3.65	3.65	3.75	3.75	3.75	3.75	3.75	4.25	4.25	5.05
Waste Water										
Residential (fixed rate)	16.00	16.00	16.50	16.50	16.50	19.00	19.00	21.50	25.00	25.00
Commercial (per 1,000 gallons)	2.05	2.05	2.10	2.10	2.10	2.20	2.20	2.40	2.55	2.55
Garbage										
Small (48 gallon)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Medium (65 gallon)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Large (96 gallon)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Recycling	N/A	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Storm Sewer										
Residential	3.00	3.00	3.00	4.00	4.00	4.00	5.00	5.00	8.00	8.00
Commercial	15.00	15.00	15.00	8.00	8.00	8.00	12.00	12.00	17.00	19.20
Forestry	4.00	4.00	4.00	4.00	4.00	4.48	4.48	4.48	5.98	5.98
Mosquito	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Street Lights										
Residential	2.50	2.50	2.50	3.50	3.50	3.50	3.50	3.50	7.00	7.00
Commercial	8.00	8.00	8.00	16.00	16.00	16.00	16.00	16.00	32.00	32.00

Source: City Auditor's Office

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lodging Tax Revenue										
2% Operating	$ 1,559,922	$ 1,522,443	$ 1,533,398	$ 1,568,735	$ 845,582	$ 1,530,649	$ 1,905,811	$ 2,219,663	$ 2,362,340	$ 2,225,033
1% Capital	779,872	761,222	766,699	784,367	422,791	765,325	952,905	1,109,830	1,181,013	1,102,266
Total Lodging Tax Revenue	$ 2,339,794	$ 2,283,665	$ 2,300,097	$ 2,353,102	$ 1,268,373	$ 2,295,974	$ 2,858,716	$ 3,329,493	$ 3,543,353	$ 3,327,299



Source: City Auditors Office

	Governmental Activities									
Year	Special Assessment Bonds	Other General Obligation Debt	Sales Tax Bonds	Taxable Annual Appropriation Bonds	Annual Appropriation Bonds	Notes Payable	Financed Purchases Payable	Leases Payable	SBITAs Payable	Unamortized Premium
2025	$ 568,170,000	$ 23,455,000	$ 41,186,000	$ 35,515,000	$ 29,716,000	$ 77,927,559	$ 216,702	$ 8,375,154	$ 1,809,355	$ 37,350,941
2024	537,805,000	25,395,000	45,733,000	36,160,000	30,177,000	64,289,134	262,635	8,897,508	1,912,526	37,560,236
2023	506,650,000	27,255,000	50,083,000	27,235,000	7,670,000	60,623,822	695,144	9,160,803	886,993	40,389,491
2022	458,990,000	29,035,000	54,244,000	27,835,000	8,103,000	66,131,505	573,405	10,933,906	-	35,486,003
2021	526,910,000	30,750,000	58,226,000	28,395,000	-	71,544,920	456,740	-	-	35,600,959
2020	549,200,000	32,405,000	62,039,000	28,840,000	-	123,321,973	383,120	-	-	34,292,608
2019	450,485,000	33,995,000	65,696,000	17,315,000	-	130,127,690	226,051	-	-	31,255,233
2018	418,055,000	35,515,000	69,215,000	17,315,000	-	118,260,400	174,518	-	-	30,589,507
2017	409,335,000	36,980,000	72,609,000	-	-	179,727,693	221,267	-	-	31,341,672
2016	415,715,000	37,910,000	75,889,000	-	-	144,462,044	254,398	-	-	30,814,050

	Business-type Activities								
Year	Revenue Bonds	Notes Payable	Special Assessments	Financed Purchases Payable	Leases Payable	SBITAs Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
2025	$ 2,801,973	$ 295,048,288	$ 11,165,882	$ 2,249,949	$ 106,550	$ -	$ 1,135,094,353	n/a	$ 8,069
2024	3,834,343	265,456,422	9,260,381	2,334,815	180,052	534,190	1,069,792,242	10.56%	7,961
2023	4,833,495	251,163,977	9,629,498	3,613,584	346,392	314,086	1,000,550,285	5.58%	7,291
2022	5,804,480	223,399,801	9,968,588	2,903,370	42,576	-	933,450,634	5.60%	6,972
2021	6,752,348	180,494,385	10,358,902	2,512,254	-	-	952,001,508	6.09%	7,444
2020	7,777,149	146,454,330	10,794,379	2,046,863	-	-	997,554,422	6.90%	7,918
2019	8,778,931	127,700,446	10,849,169	2,017,877	-	-	878,446,397	6.50%	7,047
2018	9,762,743	100,101,771	14,215,945	1,638,398	-	-	814,843,282	6.30%	6,527
2017	10,728,632	3,309,253	12,689,133	1,550,898	-	-	758,492,548	6.20%	6,199
2016	7,258,473	3,900,000	8,269,708	3,379,814	-	-	727,852,487	6.07%	6,027

(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

Year	Other General Obligation Debt	Percentage of Market Value of Property	Per Capita (1)
2025	$ 23,455,000	0.13%	$ 167
2024	25,395,000	0.15%	189
2023	27,255,000	0.16%	199
2022	29,035,000	0.19%	217
2021	30,750,000	0.22%	240
2020	32,405,000	0.25%	257
2019	33,995,000	0.27%	273
2018	35,515,000	0.30%	284
2017	36,980,000	0.33%	302
2016	37,910,000	0.37%	314

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

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
2025	140,682	$ 9,112,814,026	$ 738,194,914	$ 282,518,744	$ 2,801,973	$ 452,874,197	4.97%	$ 3,219
2024	134,386	8,713,156,621	716,664,579	268,056,701	3,834,343	444,773,535	5.10%	$ 3,310
2023	137,226	8,296,704,244	664,115,986	239,958,092	4,833,495	419,324,399	5.05%	$ 3,056
2022	133,879	7,463,620,093	619,497,483	242,509,227	5,804,480	371,183,776	4.97%	$ 2,773
2021	127,880	6,887,248,534	686,634,307	79,776,298	6,752,348	600,105,661	8.71%	$ 4,693
2020	125,990	6,523,395,985	714,553,757	138,499,891	7,777,149	568,276,717	8.71%	$ 4,510
2019	124,662	6,252,586,604	607,525,164	95,473,525	8,778,931	503,272,708	8.05%	$ 4,037
2018	124,844	5,857,474,962	580,452,250	30,936,317	9,762,743	539,753,190	9.21%	$ 4,323
2017	122,359	5,558,693,511	560,994,304	10,617,978	10,728,632	539,647,694	9.71%	$ 4,410
2016	120,762	5,149,150,343	567,586,523	49,091,269	7,258,473	511,236,781	9.93%	$ 4,233

(1) Source – Population data from 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

Legal Debt Margin Calculation for 2025

Market Value of All Property (1)		$ 18,225,628,052
		50%
Assessed Valuation		$ 9,112,814,026
Debt Limit (5% of Assessed Value)		$ 455,640,701
Debt applicable to limit		
City's share of special assessments (2)	$ 17,193,086	
Debt supported solely by taxes (2)	23,455,000	
Governmental lease and financed purchase obligations (2)	8,591,856	
Less: Cash available in related debt service funds(2)	601,785	
Total net debt applicable to limit		49,841,727
Legal debt margin		$ 405,798,974

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 257,457,517	$ 277,934,676	$ 292,873,748	$ 312,629,330	$ 326,169,799	$ 344,362,427	$ 373,181,005	$ 414,835,212	$ 435,657,831	$ 455,640,701
Total net debt applicable to limit	49,759,291	53,840,734	55,309,257	54,440,883	50,219,709	48,911,077	57,475,865	53,689,306	49,211,352	49,841,727
Legal debt margin	$ 207,698,226	$ 224,093,942	$ 237,564,491	$ 258,188,447	$ 275,950,090	$ 295,451,350	$ 315,705,140	$ 361,145,906	$ 386,446,479	$ 405,798,974
Total net debt applicable to the limit as a percentage of debt limit	19.33%	19.37%	18.89%	17.41%	15.40%	14.20%	15.40%	12.94%	11.30%	10.94%

(1) Source – Cass County Auditor
(2) Source – City Auditors Office

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

Taxing Entity	2025 Taxable Value	Debt Outstanding	Percent Overlapping to City of Fargo	Total Direct and Overlapping Debt
City of Fargo	$ 866,360,305	$ 823,721,711	100.00%	$ 823,721,711
Cass County	1,409,833,994	-	100.00%	-
Fargo Park District	866,360,305	68,600,455	100.00%	68,600,455
Fargo Public Schools	609,934,940	88,064,132	92.73%	81,661,870
Kindred Public Schools	40,702,318	24,480,911	0.02%	4,896
West Fargo Public Schools	653,436,389	225,656,233	42.67%	96,287,515
Subtotal overlapping debt		406,801,731		246,554,736
Total Direct and Overlapping Debt		$ 1,230,523,442		$ 1,070,276,447

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.

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

Direct Debt as of December 31, 2025	Amount	Per Capita (140,682)	Percent of Market Value ($18,225,628,052)
General Obligation Bonds Supported by Property Tax	$ 23,476,711	$ 167	0.13%
Improvement (Special Assessment) Bonds	523,249,367	3,719	2.87%
Revenue Bonds	54,599,718	388	0.30%
Financed Purchases Payable	2,466,651	18	0.01%
Notes Payable	11,639,041	83	0.06%
City Share of Special Assessments	11,165,882	79	0.06%
Overlapping Debt	406,801,731	2,892	2.23%
Total	$ 1,033,399,101	$ 7,346	5.67%

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

	Special Assessment Bonds				
	Special Assessment	Debt Service			
Year	Collections	Principal	Interest	Total	Coverage
2025	$ 53,723,211	$ 24,400,000	$ 16,863,416	$ 41,263,416	1.30
2024	49,053,611	20,590,000	16,515,190	37,105,190	1.32
2023	43,466,340	16,080,000	15,478,094	31,558,094	1.38
2022	41,209,736	20,340,000	14,537,131	34,877,131	1.18
2021	54,980,777	20,635,000	17,390,796	38,025,796	1.45
2020	48,726,546	19,455,000	17,770,522	37,225,522	1.31
2019	43,926,433	17,435,000	15,804,696	33,239,696	1.32
2018	38,646,930	15,335,000	15,394,480	30,729,480	1.26
2017	38,133,231	14,250,000	15,703,700	29,953,700	1.27
2016	37,005,479	13,985,000	14,561,616	28,546,616	1.30

Note:
At the end of 2025, there was $69,005,924 in prepaid special assessments that can be used to make debt service payments.
At the end of 2024, there was $59,485,536 in prepaid special assessments that can be used to make debt service payments.
At the end of 2023, there was $33,034,274 in prepaid special assessments that can be used to make debt service payments.
At the end of 2022, there was $37,622,230 in prepaid special assessments that can be used to make debt service payments.
At the end of 2021, there was $51,024,851 in prepaid special assessments that can be used to make debt service payments.
At the end of 2020, there was $39,553,617 in prepaid special assessments that can be used to make debt service payments.
At the end of 2019, there was $34,534,157 in prepaid special assessments that can be used to make debt service payments.
At the end of 2018, there was $30,278,380 in prepaid special assessments that can be used to make debt service payments.
At the end of 2017, there was $22,850,773 in prepaid special assessments that can be used to make debt service payments.
At the end of 2016, there was $16,848,334 in prepaid special assessments that can be used to make debt service payments.

	SRLF Storm Sewer Project Notes Payable				
	Special Assessment	Debt Service			
Year	Collections	Principal	Interest	Total	Coverage
2025	$ -	$ -	$ -	$ -	N/A
2024	-	-	-	-	N/A
2023	-	-	-	-	N/A
2022	-	-	-	-	N/A
2021	-	-	-	-	N/A
2020	65,790	110,000	2,750	112,750	0.58
2019	69,674	110,000	5,500	115,500	0.60
2018	114,402	110,000	8,250	118,250	0.97
2017	117,211	105,000	10,875	115,875	1.01
2016	131,218	105,000	13,500	118,500	1.11

Note: Final payment on this note was made in 2020

Year	Sales Tax Revenue Bonds				
	Sales Tax Collections	Debt Service			Coverage
		Principal	Interest	Total	
2025	$ 7,553,868	$ 4,547,000	$ 1,747,890	$ 6,294,890	1.20
2024	7,553,268	4,350,000	1,944,390	6,294,390	1.20
2023	7,551,918	4,161,000	2,132,265	6,293,265	1.20
2022	7,552,698	3,982,000	2,311,915	6,293,915	1.20
2021	7,556,148	3,813,000	2,483,790	6,296,790	1.20
2020	7,553,418	3,657,000	2,637,515	6,294,515	1.20
2019	7,551,678	3,519,000	2,774,065	6,293,065	1.20
2018	7,555,260	3,394,000	2,902,050	6,296,050	1.20
2017	7,554,672	3,280,000	3,015,560	6,295,560	1.20
2016	10,412,492	3,174,000	3,118,500	6,292,500	1.65

	Sales Tax Note Payable - Direct Bank Loan - FM Diversion Financing*				
		Debt Service			
Year	Sales Tax Collections	Principal	Interest	Total	Coverage
2025	$ -	$ -	$ -	$ -	N/A
2024	-	-	-	-	N/A
2023	-	-	-	-	N/A
2022	-	-	-	-	N/A
2021	32,344,357	50,250,000	203,930	50,453,930	0.64
2020	23,163,359	-	585,424	585,424	39.57
2019	24,781,337	-	1,393,067	1,393,067	17.79
2018	22,560,969	-	1,095,209	1,095,209	20.60
2017	22,228,730	-	606,737	606,737	36.64
2016	16,324,568	-	100,573	100,573	162.32

*Includes notes payable and temporary sales tax revenue
Note: Final payment was made on this note in 2021

	SRLF Notes Payable				
	Sales Tax	Debt Service			
Year	Collections	Principal	Interest	Total	Coverage
2025	$ 17,068,645	$ 5,098,000	$ 808,445	$ 5,906,445	2.89
2024	17,456,186	5,213,000	828,843	6,041,843	2.89
2023	17,312,616	5,073,000	862,800	5,935,800	2.92
2022	16,642,780	4,920,000	1,037,230	5,957,230	2.79
2021	15,956,556	4,780,000	1,150,876	5,930,876	2.69
2020	12,299,310	4,375,000	1,261,083	5,636,083	2.18
2019	12,957,605	4,250,000	1,368,117	5,618,117	2.31
2018	12,046,492	4,132,409	2,054,132	6,186,541	1.95
2017	13,303,870	4,120,422	2,124,443	6,244,865	2.13
2016	12,775,522	4,980,000	1,726,812	6,706,812	1.90

	Water Revenue Bonds						
	Water	Less:	Net Available	Debt Service			
Year	Revenue	Expenditures	Revenue	Principal	Interest	Total	Coverage
2025	$ -	$ -	$ -	$ -	$ -	$ -	N/A
2024	-	-	-	-	-	-	N/A
2023	-	-	-	-	-	-	N/A
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	N/A
2019	-	-	-	-	-	-	N/A
2018	-	-	-	-	-	-	N/A
2017	23,706,110	13,030,159	10,675,951	3,840,000	100,800	3,940,800	2.71
2016	21,779,615	10,558,497	11,221,118	3,650,000	201,600	3,851,600	2.91

Note: Final payment on these bonds made in 2017

	SRLF Notes Payable						
	Net Water	Sales Tax	Net Available	Debt Service			
Year	Revenue	Revenue	Revenue	Principal	Interest	Total	Coverage
2025	$ 12,120,891	$ 8,534,322	$ 20,655,213	$ 3,420,000	$ 1,731,763	$ 5,151,763	4.01
2024	7,662,989	8,728,093	16,391,082	3,955,000	2,060,535	6,015,535	2.72
2023	9,795,556	8,656,308	18,451,864	3,855,000	2,040,952	5,895,952	3.13
2022	7,969,096	8,321,390	16,290,486	2,435,000	2,005,959	4,440,959	3.67
2021	10,740,524	7,980,100	18,720,624	2,375,000	1,929,530	4,304,530	4.35
2020	8,184,146	6,143,355	14,327,501	2,315,000	1,963,007	4,278,007	3.35
2019	7,868,483	6,466,603	14,335,086	1,000,000	1,911,785	2,911,785	4.92
2018	9,619,494	6,023,246	15,642,740	-	737,169	737,169	21.22
2017	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	N/A

	SRLF Notes Payable						
				Debt Service			
Year	Net Water Reclamation Revenue	Sales Tax Revenue	Net Available Revenue	Principal	Interest	Total	Coverage
2025	$ 12,420,881	$ 8,534,323	$ 20,955,204	$ 4,320,000	$ 2,848,682	$ 7,168,682	2.92
2024	11,638,967	8,728,093	20,367,060	4,764,000	2,831,359	7,595,359	2.68
2023	8,986,357	8,656,308	17,642,665	4,075,000	2,659,355	6,734,355	2.62
2022	5,292,336	8,321,390	13,613,726	-	1,273,962	1,273,962	10.69
2021	5,586,336	7,980,101	13,566,437	-	765,690	765,690	17.72
2020	4,521,879	6,143,355	10,665,234	-	452,033	452,033	23.59
2019	2,056,220	-	2,056,220	-	95,660	95,660	21.50
2018	-	-	-	-	-	-	N/A
2017	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	N/A

	SRLF Notes Payable						
				Debt Service			
Year	Solid Waste Revenue	Less: Expenditures	Net Available Revenue	Principal	Interest	Total	Coverage
2025	$ 19,714,255	$ 10,581,485	$ 9,132,770	$ 517,000	$ 102,689	$ 619,689	14.74
2024	19,170,402	9,884,997	9,285,405	-	55,546	55,546	167.17
2023	18,527,610	10,275,735	8,251,875	430,000	41,966	471,966	17.48
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	-	-	-	-	-	-	N/A
2019	-	-	-	-	-	-	N/A
2018	-	-	-	-	-	-	N/A
2017	-	-	-	-	-	-	N/A
2016	-	-	-	-	-	-	N/A

	Clean Renewable Energy Bond				
	Sale of	Debt Service			
Year	Byproducts	Principal	Interest	Total	Coverage
2025	$ -	$ -	$ -	$ -	N/A
2024	-	-	-	-	N/A
2023	-	-	-	-	N/A
2022	-	-	-	-	N/A
2021	145,980	100,000	850	100,850	1.45
2020	175,783	100,000	1,700	101,700	1.73
2019	27,474	100,000	2,550	102,550	0.27
2018	177,869	100,000	3,400	103,400	1.72
2017	341,470	100,000	4,250	104,250	3.28
2016	337,527	100,000	5,100	105,100	3.21

Note: Final payment on these bonds made in 2021

	Qualified Energy Conservation Bonds				
	Tipping Fee	Debt Service			
Year	Revenue	Principal	Interest	Total	Coverage
2025	$ 12,018,929	$ 202,370	$ 56,413	$ 258,783	46.44
2024	11,669,167	199,152	66,150	265,302	43.98
2023	10,949,956	195,985	75,732	271,717	40.30
2022	9,852,673	192,868	85,162	278,030	35.44
2021	9,990,370	189,801	94,442	284,243	35.15
2020	10,350,021	186,782	103,574	290,356	35.65
2019	8,903,000	183,812	112,561	296,373	30.04
2018	8,781,299	180,889	121,405	302,294	29.05
2017	9,218,332	178,012	130,108	308,120	29.92
2016	7,517,651	103,356	148,938	252,294	29.80

Year	Estimated Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Level of Education (1) % High School Grad or Higher	Level of Education (1) % Bachelor's Degree or Higher	Median Age (1)	K-12 Public School Enrollment (1)	Unemployment Rate (3) City of Fargo	Unemployment Rate (3) State of North Dakota	Unemployment Rate (3) United States	Fargo Labor Force (3)
2025	140,682	n/a (4)	n/a (4)	n/a (4)	n/a (4)	n/a (4)	11,208	2.6%	2.5%	4.1%	78,677
2024	136,285	10,127,655,480	66,021	94.7%	41.8%	33.3	11,366	2.5%	2.5%	3.8%	76,672
2023	134,200	17,943,699,000	68,326	96.2%	43.9%	31.5	11,284	1.6%	1.8%	3.5%	73,301
2022	133,879	16,675,390,000	64,468	95.8%	42.9%	31.8	11,364	1.8%	2.1%	3.6%	74,948
2021	127,880	15,637,671,000	62,021	94.1%	43.5%	31.8	11,296	2.2%	3.0%	3.7%	72,514
2020	125,990	14,457,643,000	58,158	94.6%	40.9%	31.4	11,204	3.2%	4.8%	6.5%	73,397
2019	124,662	13,521,155,000	54,932	94.3%	40.0%	31.0	11,368	1.8%	2.2%	3.4%	69,702
2018	124,844	12,939,269,000	52,712	93.9%	39.5%	31.2	11,242	2.2%	2.4%	3.7%	68,195
2017	122,359	12,242,900,000	50,725	93.8%	38.8%	30.7	11,317	2.2%	2.6%	3.9%	70,726
2016	120,762	11,992,967,000	50,364	93.9%	38.2%	31.0	11,175	2.2%	3.2%	4.9%	69,230

(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
(4) 2025 information was not available as of the date our financial statements were issued.

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

Year	Retail Sales	Effective Buying Income (EBI)	Median Household EBI	
			Fargo MSA	North Dakota
2025	$ 6,839,287,000	$ 8,526,658,000	$ 71,631	$ 73,136
2024	13,847,034,000	7,671,553,000	66,545	69,728
2023	11,553,590,000	7,440,265,000	65,844	66,637
2022	11,509,730,000	7,024,266,000	63,346	63,773
2021	10,158,772,000	7,092,440,000	61,543	62,792
2020	9,189,477,000	6,307,429,000	57,120	56,424
2019	5,679,415,000	6,274,069,000	57,602	56,623
2018	5,433,331,000	5,529,837,000	54,109	55,194
2017	4,368,865,000	5,363,344,000	50,722	53,172
2016	4,788,922,000	5,172,302,000	49,082	52,472

Source: Demographics USA, Survey of Buying Power
Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

	2025			2016		
Employer	Full Time Equivalent Employees (1)	Rank	Percentage of Total County Employment	Full Time Equivalent Employees (2)	Rank	Percentage of Total County Employment
Sanford Health	6,278	1	7.98%	6,664	1	9.63%
Innovis Health/Essentia Health	2,848	2	3.62%	1,663	4	2.40%
West Fargo Public Schools	2,541	3	3.23%	1,432	5	2.07%
North Dakota State University	2,167	4	2.75%	4,238	2	6.12%
Fargo Public Schools	2,064	5	2.62%	1,816	3	2.62%
Fargo VA Health Care System	1,380	6	1.75%	1,114	6	1.61%
City of Fargo	1,125	7	1.43%	948	10	1.37%
Coborns Inc.	1,070	8	1.36%	N/A	-	N/A
Scheels All Sports	723	9	0.92%	N/A	-	N/A
Noridian	509	10	0.65%	958	8	1.38%
Microsoft Business Solutions	N/A	-	N/A	1,000	7	1.44%
US Bank - Service Center	N/A	-	N/A	955	9	1.38%
Total	20,705		26.32%	20,788		30.03%

Sources: North Dakota Labor Market Information
(1) Survey of Individual employers
(2) Fargo Moorhead Chamber of Commerce
Required MSRB continuing disclosure for CUSIPs: 30747M, 30747N, 30748F

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
City Administrator	2	2	3	3	3	3	3	3	3	3
Diversity, Equity & Inclusion	-	-	-	-	-	-	-	2	2	-
Human Resources	7	8	8	8	8	9	9	10	10	11
Information Services	24	24	24	24	24	24	24	24	25	26
Public Information	2	2	3	4	4	7	10	12	12	12
Auditor	15	15	15	15	15	15	19	22	22	24
Municipal Court	8	8	8	8	8	8	7	7	7	7
City Assessor	11	11	11	11	11	11	12	12	12	12
Buildings & Grounds	13	13	14	14	15	15	18	18	19	17
Planning	14	15	13	14	14	14	14	14	14	16
Central Garage	23	23	24	24	24	24	24	24	24	24
City Commission	8	8	8	8	9	10	9	8	8	6
Public safety										
Inspections	22	23	23	24	25	25	26	26	26	26
Traffic Engineering	11	11	11	6	6	6	6	6	6	5
Fire Department	122	122	122	123	124	124	128	128	141	141
Police Department	187	197	204	205	209	209	213	213	225	220
Public works										
City Engineering	42	42	43	42	42	42	42	45	45	45
Streets & Sewers	55	55	55	55	57	58	60	61	64	64
Public health & welfare										
Health	116	116	112	112	111	110	110	111	109	91
Homeless Shelter	19	20	20	21	21	21	23	25	25	22
Recreation & culture										
Public Library	50	51	52	54	54	54	55	59	59	47
Urban redevelopment	2	2	2	2	3	3	3	3	2	-
Business-type funds										
Airport	27	27	27	28	28	28	*	*	*	*
Water	47	48	52	52	54	54	55	56	58	58
Water Reclamation	20	20	20	20	20	21	21	20	22	24
Storm Sewer	5	5	5	5	5	5	5	5	5	5
Solid Waste	50	50	50	50	49	49	49	49	49	49
Fargodome	21	23	23	23	25	25	25	25	26	26
Street Lighting	2	2	2	7	7	7	7	8	8	9
Forestry	11	11	11	11	12	12	12	12	13	13
Transit	23	25	25	25	25	30	31	32	32	122
Civic Memorial Auditorium	4	4	4	4	3	1	1	1	-	-
Total	963	983	994	1,002	1,015	1,024	1,021	1,041	1,073	1,125

Number includes budgeted full-time equivalent (FTE) positions
*Effective January 1, 2022, the Airport is no longer reported as a business-type fund

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Fire										
Number of calls answered	10,483	10,711	11,014	11,563	12,930	13,490	14,559	14,518	14,222	14,592
Number of fire inspections	6,005	6,007	6,956	6,245	6,375	6,522	6,611	7,803	8,918	8,299
Police										
Number of calls for service	78,784	89,162	89,565	93,590	77,477	82,317	83,174	83,795	95,405	99,829
Arrests	7,412	7,076	6,592	6,492	5,039	5,086	5,465	5,094	3,780	4,259
Public works										
Average daily water consumption (gallons)	12,576,805	14,156,756	14,008,019	13,018,019	13,750,258	14,874,074	14,602,616	15,150,468	14,687,585	14,302,800
Water Reclamation average flow per day (MGD)	12.72	11.81	11.78	13.00	14.64	15.32	15.68	13.42	17.46	17.13
Public health & welfare										
WIC encounters	17,143	17,949	17,181	16,665	16,121	15,603	16,602	17,815	18,065	18,988
Nurse and clinic visits	12,547*	11,855*	9,458*	8,865*	7,419*	9,056*	11,135*	11,887*	14,225*	16,421*
Recreation & culture										
Library circulation	987,851	992,711	1,026,953	1,047,165	692,372	849,325	912,525	994,211	1,059,690	1,139,919
Civic center attendance	46,001	37,240	33,963	32,740	9,979	23,025	30,700	26,750	22,900	30,177
Fargodome attendance	593,489	539,428	522,883	535,224	100,208	462,950	431,534	464,813	481,690	379,982
Public transportation										
Number of rides										
Fixed route	1,483,667	1,419,067	1,440,766	1,336,401	855,848	1,098,670	1,180,821	1,237,042	1,267,038	1,303,425
Paratransit	52,394	52,509	52,665	53,350	37,137	52,802	55,422	57,707	60,436	63,705
Public information										
Web site										
Total Sessions	1,239,551	1,078,806	993,435	1,234,414	1,499,449	1,491,319	1,345,690	1,332,904	1,132,982	1,382,307
Users	653,841	565,904	448,066	640,287	838,552	791,757	736,431	956,501	1,106,634	1,164,007
Page views	2,751,964	2,635,927	2,424,353	2,646,277	2,991,319	3,048,779	2,626,443	2,644,421	2,701,171	2,723,297
Pages per visit	2.22	2.44	2.44	2.14	1.99	2.04	1.95	1.98	1.53	1.97
Infrastructure										
New projects assessed	53	55	45	44	45	48	40	49	52	51
Value of new projects	$ 77,220,449	$ 58,787,981	$ 46,058,863	$ 40,214,225	$ 46,058,863	$ 25,187,472	$ 26,651,696	$ 50,404,212	$ 50,980,861	$44,752,275

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Area in square miles	49.22	49.22	49.22	49.22	49.22	49.22	49.22	49.22	49.22	49.22
Public Safety										
Fire										
Stations	7	7	7	7	7	7	7	7	8	8
Vehicles	23	20	17	17	15	16	20	18	17	25
Police										
Stations	2	2	2	2	2	3	3	3	2	3
Marked cars	44	48	47	47	47	53	53	53	54	57
Public Works										
Number of street lights	11,622	12,086	12,759	13,255	13,622	14,047	14,229	14,331	14,397	14,483
Miles of paved streets	590.04	615.35	651.04	669.47	687.67	706.11	736.34	765.28	796.71	824.72
Miles of water mains	490.01	495.22	504.72	509.31	515.84	523.35	526.50	532.05	534.84	480.40
Miles of sanitary sewer	466.28	473.46	468.06	471.13	454.98	459.05	464.57	466.81	479.21	471.10
Miles of storm sewer	464.51	470.96	494.18	501.71	508.48	515.51	525.43	524.72	527.74	531.45
Recreation & Culture										
Library Collection	274,536	275,981	271,187	313,604	321,390	319,151	318,992	264,801	261,059	249,772
Public Transportation										
Buses	29	31	46	43	44	45	46	44	49	48