

## **Agenda**

1. Call Meeting to Order – Mayor Mahoney
2. Approve Agenda – Mayor Mahoney
3. Approve Minutes – Mayor Mahoney p1-9
4. Standing Items – Director of Finance Susan Thompson
  - Sales Tax Update p10-14
  - General Fund Financials – YTD June 2025 & YTD July 2025 p15-16
  - General Fund Projections as of 2Q25 p17
5. Discussion Topic(s):
  - 2024 City of Fargo Audit Presentation p18-34  
Brian Stavenger, Eide Bailly
  - Fall 2025 Refunding Improvement Bond (RIB) p35-36
  - Auditor’s Office Restructure
  - Budget 2026 p37
6. Other Business
7. Adjourn

FINANCE COMMITTEE  
Fargo, North Dakota

Regular Meeting:

Monday:

June 23, 2025:

The Regular Meeting of the Finance Committee of the City of Fargo, North Dakota, was held in the Commission Chambers at City Hall at 10:00 a.m., Monday, June 23, 2025.

Commissioners present or absent were as follows:

Present: Kolpack, Piepkorn, Strand, Turnberg, Mahoney.

Absent: None.

Staff attending: Director of Strategic Planning and Research Jim Gilmour, city Administrator Michael Redlinger, City Assessor Mike Splonskowski, Finance Director Susan Thompson, Assistant Finance Director Jamie Bullock, Solid Waste Director Scott Olson.

Mayor Mahoney presiding.

Order of the Agenda:

Commissioner Kolpack moved the Order of the Agenda be approved. Second by Strand. There was unanimous approval.

Minutes:

Commissioner Strand moved the Minutes from the April 28, 2025 meeting be approved. Second by Piepkorn. There was unanimous approval.

Standing Items:

Finance Director Susan Thompson said the sales tax report has been simplified:

- Assistant Finance Director Jamie Bullock consolidated the years, which allows for a focus on overall trends rather than detailed breakdowns. The new Public Safety Sales Tax went into effect in April and the first receipts have been received and that tax is in a separate column on the report to ensure accurate trend tracking and apples-to-apples comparisons with previous sales tax figures. The overall percentage calculation for sales tax year-to-date showed a decrease of 6% and it was explained that receipts appear lower when the end of the month falls on a weekend and it is anticipated this negative trend will reverse in the July returns.

PILOT and TIF Incentives:

Strategic Planning and Research Director Jim Gilmour provided an overview:

- Low-Income Housing Incentives:

These are crucial for projects that would otherwise be financially unfeasible due to rent restrictions, which complicate market value determinations. Currently, 738 low-income units benefit from these property tax exemptions. It is anticipated that 3 to 4 new applications will be received this fall, with hopes for

greater success than last year due to increased State funding and extended project development time.

- NDSU Neighborhood Housing Incentives:  
Largely expired, and demand has decreased in recent years, attributed to a potentially saturated housing market in the NDSU area and high property acquisition costs that incentives could not fully offset.
- Downtown Housing Program:  
Successful, with 888 units utilizing its benefits. Many of these incentives have expired or partially expired, but an additional \$100 million in property values are pending, set to expire over the next 12 years.
- Tax Increment Financing (TIF) Districts:  
Highly effective tool for expanding the property tax base without requiring new infrastructure. Historically, TIF districts that began with a combined value of \$10 million have now expired at \$400 million, demonstrating significant growth. Current TIF districts are thriving, showing a \$100 million increase from a \$13 million base value, primarily through infill projects. New developments such as Block 9 and Skyline will substantially increase in value upon completion next year.
- Public-Private Partnerships (Parking Ramps):  
Four City-involved parking ramps (Roberts, Mercantile, Northern Pacific, Block 9) developed over the past decade have added more than \$200 million in value to the City's core. Most of these agreements have another 20 years before expiration.
- Riverfront TIF District:  
A Renewal Plan approved in 2021 has already funded vital initiatives such as the Minnkota Steel site clean-up and the Lashkowitz project. While projected TIF revenues are available for future budget considerations, there might be more potential projects than available funds, necessitating careful prioritization.
- Discussion on Incentive Impact and County Non-Participation:  
Most incentives do not decrease property value. Projects that are not financially feasible without an incentive would not proceed, meaning no property taxes would be collected. A 10-year incentive delays tax collection but ultimately leads to a larger tax base. Regarding the impact of caps on the City, it was noted that a lack of full participation (e.g., the County declining) has led to project failures, preventing benefits for the City, County and School District. The City employs the "but-for" test to ensure incentives are only granted to projects that would not otherwise occur. The County's strategy appears to be immediate tax collection without contributing to incentives, thereby deferring revenue for the City and School District.
- Committee Member Comments:  
City incentives, such as growing the tax base from \$10 million to \$400 million, eventually yield significant revenue. The County's focus appears to be on immediate revenue due to its reliance on property taxes. Incentives have

enabled substantial growth outside the 3% cap, and the County's non-participation hinders its own long-term growth. They emphasized the necessity of evaluating the County's stance, citing that without incentive programs, current low-income housing and many other "but-for" test-dependent projects would not exist. They stated that without Downtown's significant growth over the past two decades, property taxes would be 4% higher. It was noted that the work done by Mr. Splonskowski and Mr. Gilmour validates the City's disciplined approach to incentives. The phenomenal return on investment from the City's tax incentives demonstrates they are a powerful and vital tool to be utilized with continued discipline.

#### Parking Update:

Ms. Thompson reported that a comprehensive parking study is currently in progress, with more detailed discussions expected later this year:

- NP Garage Revenue:  
Revenue for the Northern Pacific (NP) garage is tracking as expected. While year-to-date figures are slightly below projections, additional revenue is anticipated.
- Deferred Fee Increases:  
The slight deviation from projections is partly due to the deferral of planned parking fee increases. These increases are on hold pending the results of the ongoing study, which will evaluate all available options.
- Operational Changes:  
The study is comprehensive and is expected to lead to changes in parking operations. A Request for Proposal (RFP) is being prepared for a management company, and the study will thoroughly examine different rate structures.
- Discussion and Recommendations:  
Mayor Mahoney observed that the Roberts Parking Garage often appears full, especially during dinner hours. He suggested a \$5.00 parking fee seems reasonable from a user's perspective, indicating potential untapped revenue that the study should investigate for the City's financial benefit.
- Centralized Oversight:  
Commissioner Piepkorn noted the absence of a dedicated Parking Commission, with parking, a significant part of the City's budget, now falling under Finance. He emphasized that this centralized oversight is crucial for effective tracking, despite efforts to reduce the number of boards and commissions.
- Re-examining Parking Revenue:  
Commissioner Strand highlighted the ongoing study and upcoming RFP as an opportunity to re-examine parking revenue. He suggested investigating modern digital parking solutions used in other cities, noting that while North Dakota once outlawed parking meters, current solutions might be legally permissible. He recommended the City explore what other cities are doing and what is legally allowed under State law.



### 2026 Solid Waste Rate Increase Proposal:

Solid Waste Director Scott Olson gave a presentation on proposed Solid Waste rate increases:

- Overview of Current Waste Services and Rates:

The standard 64-gallon garbage service costs \$9.00/month. Over 80% of residents also opt for recycling for \$4.00/month, making the typical total bill \$13.00/month. Included in these fees are access to the Household Hazardous Waste facility, Residential Transfer Station, 20 recycling/yard waste drop sites and annual Clean-up Weeks.

- Rate History:

Garbage rates last increased by 40 cents in 2007 and optional recycling was introduced in 2017, with the last increase from \$3.00 to \$4.00 in 2020. Long periods between increases are attributed to adoption of improved automated technology (e.g., single-operator trucks); optimized staff deployment across seven divisions, allowing for personnel flexibility despite City growth; efforts to reduce maintenance costs by faster cycling of older equipment and introducing newer units, despite rising equipment costs.

- Rate Comparison:

Fargo's rates are competitive with other communities in the state and region. Fargo charges separately for recycling as it's optional, unlike many communities that combine these fees.

- Regional Landfill Operations and Environmental Measures:

West Fargo, which handles curbside collection, disposes of its waste at Fargo's facility, factoring these costs into their operations. Regionalizing landfill services helps keep disposal costs lower for Fargo residents and businesses. West Fargo pays \$51.00/ton to use Fargo's landfill and Fargo also serves cities outside Cass County, subject to a surcharge fee since 2023. West Fargo uses its own trucks for garbage collection but contracts out recycling services.

- Environmental Measures:

The Fargo landfill operates North Dakota's only active gas collection system. Gas from decomposing waste is captured via vacuum and collected gas is sold to a local partner for use in boiler systems. Gas is also used on-site to generate electricity, which is fed back into the grid.

- Glass Recycling:

Glass is recycled when market conditions are favorable and a partner is available. Due to a recent market downturn and removal from all-in-one recycling, collected glass is crushed and repurposed as a filter medium in landfill construction on the west side of the landfill. This is a State-approved alternative to purchasing sand.

- Operational Landscape and Future Planning:

Waste service rates have been consistent since 2007 (garbage) and 2020 (recycling), with commercial/landfill rates evaluated every three years. This evaluation cycle aims to provide stability.

- Rising Equipment Costs:  
Since 2007, operational costs have changed significantly. Collection trucks have seen a 40% cost increase and heavy landfill equipment has seen an average 25% cost increase. Equipment endures significant wear, requiring frequent replacement to limit downtime and prevent issues like uncollected garbage or fire risks at the landfill.
- Personnel Costs:  
The shift to single-operator automatic trucks since 2007 has created significant efficiencies, likely contributing to stable personnel costs.
- Recycling Contract:  
A new contract effective May 2026 will increase expenses by an estimated \$6,000.00 per month, dependent on market conditions and revenue from materials.
- Fleet Mileage:  
Residential trucks average 10,000 miles/year; commercial/roll-off trucks average 20,000 miles/year. A shift to front-load commercial trucks aims for improved safety and efficiency, averaging 15,000 miles/year.
- Landfill Operations:  
Operations rely on high-cost equipment (bulldozers, compactors). An extra foot of compaction on a 10-acre cell generates an estimated \$1.2 million in airspace. A tree shredder and wood chipper manage organic waste.
- New Landfill Urgency:  
The current landfill has approximately 17 years of remaining life. Long-term planning for a new site is immediate, as siting and permitting can take up to 10 years. The goal is to secure a site for another 40 to 50 years. State funding and low-interest loans have been used for major construction to avoid increasing tipping fees or curbside rates. Evaluation of alternative waste management technologies (incineration, gasification) is ongoing, but current technologies cannot handle the daily 700 tons of waste.
- Post-Closure Landfill Use:  
Closed landfills can be repurposed into public amenities (parks, ski slopes), though they are not typically revenue-generating. Waste settling continues post-closure, and a 30-year environmental management obligation remains, limiting some potential uses.
- New Landfill Budgeting:  
A reserve fund approach and incorporating future costs into regular rate structures is a common municipal strategy. Land acquisition and infrastructure costs would be factored into the existing three-year cost evaluation, amortized over the new facility's lifespan, and reflected in adjusted per-ton rates. The financial strategy choice is to accumulate cash or borrow closer to expenditure.
- Landfill use:  
Primarily driven by commercial (80%) and outside users; residential waste accounts for only about 20% of total tonnage.

- Proposed Rate Adjustments and Public Sentiment:  
Proposed increases include a \$1.00 increase for recycling services and a \$1.00 increase for garbage services. These cover all existing services (weekly garbage, bi-weekly recycling). This proposed adjustment will keep Fargo's rates among the lowest in the State and region. This is due to the landfill's regionalization and user fee model, where increased volume lowers per-ton handling costs.
- Future Landfill Rates:  
Proposed landfill rates would increase from the current \$51.00/ton to \$57.00/ton to cover new expenses such as debt service and user fees. High tonnages are crucial to keeping this rate lower.
- Commercial Rates:  
Determined by volume and cost-per-stop. A 4-yard container service would increase from \$86.00/week to \$100.00/week. The proposed commercial rate changes are anticipated to generate about \$600,000.00 in increased revenue.
- Comparison to Private Haulers:  
The proposed rates are competitive. Fargo allows private haulers for commercial waste; rates aim to cover costs without undercutting private industry or forcing residents to seek alternatives. These rates are well within the typical range.
- Non-Residential/Non-Commercial Buildings:  
Waste from buildings with dumpsters is considered commercial waste.
- Public Satisfaction:  
A 2024 community survey showed high satisfaction: 65% positive, 21% neutral (over 80% not negative). Fargo's performance in waste and recycling service quality is satisfactory compared to the national average.
- Mayor Mahoney's Summary:  
Proposed changes to landfill and commercial waste rates balance cost coverage with affordability for residents and the burden is strategically placed on commercial entities, which account for 80% of revenue. Landfill rates increase to \$57.00/ton, factoring in new expenses while remaining regionally competitive. Commercial rates will rise from \$86.00 to \$100.00 and this approach prioritizes keeping residential rates low, supported by strong public satisfaction from a recent survey.

#### 2026 General Fund Revenue Trends and Budgeting Challenges:

- Revenue Shifts:  
The general fund revenue trends for 2025 and 2026 show shifts. Property tax is budgeted gross, with state payments for credits (e.g., the new \$1,600 per person credit) reported as State revenue.
- Public Safety Sales Tax:  
Allocations for Public Safety Sales Tax for personnel and technology will inflate the budget's appearance despite being a net cost.

- Moving Targets:  
A significant example is the dramatic half-million-dollar shift in State shared revenues, which recently went from a projected 10.5% decrease to a slight increase, based on updated information from the League of Cities. Charges for services are tied to the Engineering Capital Improvement Program (CIP) and are thus project-dependent. While high interest earnings from investments have boosted returns, future interest rates are uncertain, prompting a call for more conservative budgeting. Transfers from utility funds into the general fund are also in flux, linked to finalized capital plans. Despite these moving targets, revenues are now projected to decrease less dramatically than initially feared.
- Revenue vs. Budget:  
Revenue generated from Engineering and administrative fees surpasses the Engineering budget. The budget is primarily based on planned projects, and greenfield requests (new, unplanned projects) are not factored into current figures.
- Project Complexity and FTEs:  
It was noted that the complexity of each project varies, making a direct correlation between project numbers and personnel time unfeasible. Fewer, highly complex projects could require more personnel. The City's CIP allocates \$80 million annually for Engineering, and current personnel are sufficient. Staff reductions would only be considered if new permits dropped significantly from \$700 to \$800 million per year to \$200 to \$250 million. Large projects such as the \$500 million hospital also demand substantial personnel. Much of the Engineering Department's staffing is dedicated to ongoing responsibilities beyond construction, including utility locating, right-of-way management and streetlight utility maintenance. These functions continue regardless of CIP project volume. When the CIP grows, Engineering relies on consultants and overtime. A slightly lower CIP would likely lead to a reduction in the use of consulting engineers and less overtime, rather than a reduction in force.
- Prairie Dog Funds:  
A reduction in Prairie Dog Funds is a reason why the CIP is likely to be smaller next year.
- Shift to Levied Tax Revenue:  
The primary focus for City property tax revenue is now on actual levied tax revenue instead of mills. Mill value is dynamic due to ongoing appeal processes.
- Loss of Flexibility:  
Local governments no longer have the flexibility to assess mills based on operational needs.
- Fund Allocation:  
Funds are allocated to the general fund, City special assessments (now excluded from the cap) and the Airport. For budgeting, only 95% of the general fund allocation is factored in to account for early payment discounts,

with additional revenue from mobile home taxes, prior year levies and delinquent levies.

- New Revenue Cap Calculation:  
The new property tax calculation operates under a revenue cap, set as the greater of the base year or adjusted year levy, requiring three specific calculations: **Base Year Levy:** Adds 3% to the highest total tax levied from the past three years, after subtracting exemptions. **Adjusted Year Levy:** Incorporates the previous year's levy and taxable value, along with net changes to the overall base value from new growth (e.g., annexations, changes in tax-exempt status), expired TIFs and expired exemptions. This new growth figure, derived from the assessor's office, is also increased by 3%. **Unused Levy:** A third calculation exists but is not expected to be relevant.
- Allocation Discretion:  
Currently, there is no specific guidance on how levies within the City are to be allocated, allowing for discretion in applying the cap, including Airport allocations.
- Impact of State Credit:  
It will be investigated as to whether the State covering up to \$1,600.00 in property taxes per residence could lead to a significantly lower delinquency or delayed payment rate.
- Airport Funding and Hypothetical Reallocation:  
It was asked if reallocating \$1 million from the airport would provide the City with \$1 million, despite its estimated value being \$1.7 million and it was explained that the scenario would likely mirror past practices for handling such situations, and the request would be for the equivalent of two mills. The calculation would involve taking last year's two mills and multiplying it by the 3% cap. If the Commission set a specific number, it would fall under scenario two.
- Proactive Discussion with Airport Leadership:  
Given the Airport's success in securing significant Federal and State grants, a meeting with Airport and City leadership was suggested to avoid surprises, understand the Airport's cash flows and determine the timeline for receiving funds related to the new parking ramp (opening in August) and its budget impact. The aim of this smaller gathering would be to proactively discuss the Airport's budget, assess the Airport's financial health and gather reactions before involving the full Commission or a Finance meeting.
- Addressing Expense Side:  
Staff is actively addressing the budget's expense side, as current expenses exceed revenues.
- Budget Workshop Meetings:  
A series of budget workshop meetings are proposed for the week of July 14, 2025. Department heads will present their proposals, justifying their importance and outline potential service implications. These sessions aim to provide Commissioners with comprehensive information, including

departmental trends, FTEs and mission statements before the final budget is presented.

- Revenue Constraint Challenges:

The 3% revenue constraint poses a significant challenge for nearly all cities, likely leading to service cutbacks and public dissatisfaction. With milling no longer an option, efforts focus on scrutinizing the budget, potentially raising the franchise fee from 4% to 5% and exploring other revenue enhancements. Every department head is examining service costs and potential charges, with a strong emphasis on maintaining core community services.

- Federal Funding Impact:

Discontinuation of Federal funding would lead to the elimination of the specific programs it supports, resulting in a net neutral financial impact. Other departments such as Planning and Engineering also receive Federal grants for initiatives such as highway projects.

- Primary Budgetary Objective:

The primary budgetary objective is to align services and expenses with existing and projected revenue, aiming for a sustainable financial model rather than starting each year with a multi-million-dollar deficit.

- Meeting Invitations:

Invitations for upcoming budget meetings will be distributed.

The meeting adjourned at 11:20 o'clock a.m.

City of Fargo

Comparative Sales Tax Analysis of All Sales Tax Revenue - ACCRUAL BASIS

PB: SS/KAC (prior to 2022)

7/22/2025

Payment Date	month collected	County Amount	Annual County Collections	County Growth %	PSST Amount	Infra & FC Amount	Total City Amount	Annual City Collections	City Growth %
2025 Collections			10,810,049.09	-1.36%				34,369,205.69	-3.08%
						-			
						-			
						-			
8/21/2025	June-25	2,270,466.69			803,789.60	6,430,316.85	7,234,106.45		
7/22/2025	May-25	2,053,576.19			749,363.21	5,994,905.70	6,744,268.91		
6/20/2025	Apr-25	1,616,213.54			600,695.48	4,805,564.00	5,406,259.48		
5/21/2025	Mar-25	1,698,986.33			-	5,424,656.49	5,424,656.49		
4/22/2025	Feb-25	1,477,568.31			-	4,523,059.25	4,523,059.25		
3/21/2025	Jan-25	1,693,238.03			-	5,036,855.11	5,036,855.11		
2024 Collections			23,304,345.12	0.86%				69,824,744.71	0.83%
2/22/2025	Dec-24	2,207,030.88			-	6,626,714.99	6,626,714.99		
1/21/2025	Nov-24	2,281,112.22			-	6,540,733.39	6,540,733.39		
12/20/2024	24-Oct	1,764,529.62			-	5,342,358.63	5,342,358.63		
11/22/2024	Sept-24	2,257,740.11			-	6,622,406.84	6,622,406.84		
10/21/2024	Aug-24	2,088,361.27			-	6,284,633.45	6,284,633.45		
9/21/2024	July-24	1,746,626.42			-	5,168,111.30	5,168,111.30		
8/21/2024	June-24	2,659,707.17			-	7,859,913.01	7,859,913.01		
7/22/2024	May-24	1,348,902.41			-	4,252,926.43	4,252,926.43		
6/24/2025	Apr-24	1,759,660.73			-	5,404,517.72	5,404,517.72		
5/21/2024	Mar-24	2,276,388.27			-	6,980,911.25	6,980,911.25		
4/22/2024	Feb-24	1,023,591.77			-	3,163,097.74	3,163,097.74		
3/21/2024	Jan-24	1,890,694.25			-	5,578,419.96	5,578,419.96		
2023 Collections			23,106,462.71	8.18%				69,250,461.96	4.02%
2022 Collections			21,358,922.89	-2.56%				66,571,120.26	4.28%
2021 Collections			21,920,710.74	31.11%				63,840,810.53	29.90%
2020 Collections			16,719,327.13	0.30%				49,146,842.57	-5.00%
2019 Collections			16,670,136.34	6.04%				51,732,824.69	7.36%
2018 Collections			15,720,221.20					48,185,965.90	
Totals Since 2018			\$ 149,610,175		\$ 2,153,848	\$ 450,768,128	\$ 452,921,976		



# Fargo Taxable Sales and Purchases by Industry

## 2021 - 2024

NAICS	City Code	2021			2022			2023			2024		
		INDUSTRY % TOTAL	TOTAL	ANNUAL GROWTH	INDUSTRY % TOTAL	TOTAL	ANNUAL GROWTH	INDUSTRY % TOTAL	TOTAL	ANNUAL GROWTH	INDUSTRY % TOTAL		
Retail Trade	Fargo	\$ 1,375,333,512	\$ 1,295,877,108	-5.78%	43.88%	\$ 1,310,979,487	1.17%	43.57%	\$ 1,264,770,494	-3.82%	43.58%		
Accommodation and Food Services	Fargo	\$ 442,957,434	\$ 480,864,932	8.56%	18.21%	\$ 508,333,780	5.71%	16.90%	\$ 522,544,770	2.80%	18.01%		
Wholesale Trade	Fargo	\$ 414,585,357	\$ 488,383,823	17.80%	18.46%	\$ 483,608,483	-0.98%	16.07%	\$ 479,255,055	-0.90%	16.52%		
Manufacturing	Fargo	\$ 172,671,158	\$ 192,438,571	11.45%	6.49%	\$ 220,717,486	14.70%	7.34%	\$ 199,550,331	-8.89%	6.88%		
Construction	Fargo	\$ 88,654,991	\$ 105,874,738	19.42%	3.57%	\$ 108,755,885	2.72%	3.61%	\$ 114,339,422	5.13%	3.94%		
Real Estate and Rental and Leasing	Fargo	\$ 53,830,962	\$ 64,992,921	20.74%	2.19%	\$ 85,648,917	31.78%	2.85%	\$ 81,048,936	-5.37%	2.79%		
Health Care and Social Assistance	Fargo	\$ 124,150,700	\$ 159,523,600	4.40%	5.38%	\$ 101,498,980	-36.37%	3.37%	\$ 57,812,840	-43.04%	1.99%		
Other Services (except Public Admin)	Fargo	\$ 44,849,529	\$ 51,211,219	14.18%	1.73%	\$ 55,881,394	9.12%	1.86%	\$ 55,153,032	-1.30%	1.90%		
Arts, Entertainment and Recreation	Fargo	\$ 22,015,590	\$ 37,759,055	71.51%	1.27%	\$ 43,792,650	15.98%	1.46%	\$ 44,494,412	1.60%	1.53%		
Information and Cultural Industries	Fargo	\$ 17,593,974	\$ 20,006,477	13.71%	0.87%	\$ 22,520,271	12.56%	0.75%	\$ 23,455,887	4.15%	0.81%		
Professional, Scientific and Technical Services	Fargo	\$ 18,929,168	\$ 20,587,065	8.76%	0.89%	\$ 21,450,356	4.19%	0.71%	\$ 20,666,429	-3.65%	0.71%		
Admin and Support, Waste Mgt and Remed	Fargo	\$ 13,480,220	\$ 16,271,366	20.71%	0.55%	\$ 21,032,604	29.28%	0.70%	\$ 19,530,109	-7.14%	0.87%		
Finance and Insurance	Fargo	\$ 20,302,711	\$ 17,375,471	-14.42%	0.59%	\$ 9,238,504	-46.83%	0.31%	\$ 8,480,420	-8.21%	0.29%		
Transportation and Warehousing	Fargo	\$ 4,964,318	\$ 8,094,470	63.05%	0.27%	\$ 7,691,470	-4.98%	0.26%	\$ 5,756,477	-25.16%	0.20%		
Management of Companies and Enterprises	Fargo	\$ 2,211,834	\$ 2,327,450	5.23%	0.08%	\$ 2,264,068	-1.86%	0.08%	\$ 2,064,451	-9.62%	0.07%		
Other/Not Reportable	Fargo	\$ 1,765,220	\$ 3,291,097	86.44%	0.11%	\$ 3,329,108	1.15%	0.11%	\$ 1,740,425	-47.72%	0.06%		
Agriculture, Forestry, Fishing and Hunting	Fargo	\$ 185,906	\$ 257,529	38.53%	0.01%	\$ 1,293,073	402.11%	0.04%	\$ 801,664	-38.00%	0.03%		
Educational Services	Fargo	\$ 2,016,767	\$ 1,822,584	-9.63%	0.06%	\$ 703,077	-61.42%	0.02%	\$ 446,967	-36.43%	0.02%		
Totals	Fargo	\$ 2,820,499,351	\$ 2,966,957,274		100.00%	\$ 3,008,757,573		100.00%	\$ 2,901,911,921		100.00%		

2% applied to sales/purchases as reported here

Actual tax remittances to COF @ 2%

Remittance in excess of report (at 2%)

Estimated Remote Taxable Sales

Source: ND Tax Dept - News Center-Data: ND Sales and Use Tax Statistical Reports

Per Tax Dept email:

1. Quarter refers to the filing period under which the taxable sales and purchases were reported. Something keep in mind with this is that permit holders may have a filing frequency that deviates from a quarterly filing schedule. For example, if a taxpayer is on an annual filing schedule, all reportable activity conducted in calendar year 2024 would be reported on the December 2024 sales tax return.

2. Also, because of the way the sales tax returns are set up, these totals do not include the activity reported by remote sellers with taxable activity sourced to Fargo/Cass County.





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/ Tax Commissioner Releases Second Quarter 2025 Taxable Sales Data

# Tax Commissioner Releases Second Quarter 2025 Taxable Sales Data

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*Tuesday, August 19, 2025 - 02:00 pm*

Tax Commissioner Brian Kroshus has announced that North Dakota's taxable sales and purchases for the 2nd quarter of 2025 increased by 3.4 percent compared to the same period in 2024. For April, May, and June of 2025, taxable sales and purchases totaled \$7.08 billion versus \$6.85 billion in the prior year.

"While purchasing activity in the second quarter, particularly in the industrial sector, indicates a relatively stable economic environment, tariff-induced buying activity or front-loading by companies in advance of trade agreement deadlines imposed on key U.S. trading partners, likely contributed to the year-over-year gain," said Kroshus. "The extent to which that occurred, however, won't be fully known until the latter part of this year and into 2026."

Notably, utilities and construction rose by 87.1% and 10.5% respectively. Retail trade, the state's largest revenue category, also posted a positive result, growing by 2.5% compared to the same timeframe in 2024. Arts, entertainment and recreation in tandem with accommodation and food services declined by 2.7% and 2.1% each.

"Overall, the state still experienced moderate growth during a period of significant and arguably, unprecedented economic uncertainty due to tariffs, which is encouraging," noted Kroshus. "However, given the unique set of circumstances, the effect tariff-related influencers had on

buying behavior won't be completely understood until we see a return to more normalized conditions."

Performance of the top growth categories in the 2nd quarter:

- Mining and Oil and Gas Extraction – Increase of 7.4%
- Utilities – Increase of 87.1%
- Construction – Increase of 10.5%
- Retail Trade – Increase of 2.5%
- Real Estate and Rental and Leasing – Increase of 7.7%

Categories posting declines versus prior year during the 2nd quarter:

- Arts, Entertainment, and Recreation – Decrease of 2.7%
- Accommodation and Food Services – Decrease of 2.1%
- Transportation and Warehousing – Decrease of 9.7%
- Other Services (except Public Admin) – Decrease of 8.0%

"Regional performance for North Dakota's largest cities mirrored activity in the industrial space, with western communities including Williston and Dickinson, posting significant gains over the prior year in contrast to their eastern counterparts, Fargo and Grand Forks, which experienced noticeable declines compared to the same period last year," said Kroshus.

Percent changes for the second quarter of 2025 (compared to the 2nd quarter of 2024) for the largest cities in North Dakota were as follows:

- Bismarck – Increase of 5.2%
- Dickinson – Increase of 7.8%
- Fargo – Decrease of 1.5%
- Grand Forks – Decrease of 5.7%
- Jamestown – Increase of 4.1%
- Minot – Increase of 2.4%
- Williston – Increase of 7.9%

Of the 50 largest communities in North Dakota, the highest percentage of increases for the second quarter of 2025 (compared to the second quarter of 2024) were as follows:

- Belfield – Increase 12.3%
- Burlington – Increase 75.1%
- Ellendale – Increase 17.5%
- Mayville – Increase 10.5%
- Tioga – Increase 12.4%



Counties with the highest percentage of increases for the second quarter of 2025 (compared to the second quarter of 2024) were as follows:

- Bottineau County – Increase 23.3%
- Bowman County – Increase 17.0%
- Burke County – Increase 23.8%
- Nelson County – Increase 13.1%
- Sioux County – Increase 23.2%

For more information on North Dakota tax-related matters, please visit the Office of the State Tax Commissioner's website at [tax.nd.gov](https://tax.nd.gov) or connect with us on social media.

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Feedback (+)

City of Fargo, North Dakota  
**General Fund - Budget to Actual**  
 Unaudited Monthly Financial Statements - June 30, 2025  
 Amounts shown in thousands

		YTD Budget		YTD Actual		YTD Variance
<b>REVENUES:</b>						
<b>1</b>	Taxes	\$ 44,182	\$	44,070	\$	(111)
<b>2</b>	Licenses & Permits	3,274		2,696		(579)
<b>3</b>	Intergovernmental Revenue	11,806		11,251		(555)
<b>4</b>	Charges for Services	5,988		5,613		(375)
<b>5</b>	Fines & Traffic Tickets	822		818		(4)
<b>6</b>	Interest	3,750		3,600		(150)
<b>7</b>	Miscellaneous Revenue	336		483		147
<b>8</b>	Transfers In	9,083		9,140		57
<b>Total Revenues</b>		<b>\$ 79,241</b>	<b>\$</b>	<b>77,671</b>	<b>\$</b>	<b>(1,570)</b>
<b>EXPENDITURES:</b>						
<b>9</b>	General Government	\$ 15,412	\$	14,942	\$	470
<b>10</b>	Public Safety	28,945		27,177		1,768
<b>11</b>	Public Works	7,588		7,460		129
<b>12</b>	Health & Welfare	7,722		7,548		174
<b>13</b>	Culture & Recreation	2,858		2,715		143
<b>14</b>	Economic Development	104		391		(288)
<b>15</b>	General Support	902		656		245
<b>16</b>	Capital Outlay	59		104		(44)
<b>17</b>	Operating Transfers	6,920		7,092		(172)
<b>18</b>	Contingency (Salary Savings)	(938)		10		(948)
<b>Total Expenditures</b>		<b>\$ 69,572</b>	<b>\$</b>	<b>68,095</b>	<b>\$</b>	<b>1,477</b>
<b>Revenue Over (Under) Expenditures</b>		<b>\$ 9,669</b>	<b>\$</b>	<b>9,576</b>	<b>\$</b>	<b>(93)</b>

- 2** Building Permit revenue below budget; Timing with Health License renewals.
- 3** State Aid and Highway Funds below budget.
- 4** Timing with CIP Fee revenue.
- 10** Lower FT labor for Police & Fire.
- 14** Budget error: budget excluded final payment of NDSCS pledge.
- 18** Est salary savings budgeted here; actual salary savings reflected within specific departments.

City of Fargo, North Dakota  
**General Fund - Budget to Actual**  
 Unaudited Monthly Financial Statements - July 31, 2025  
 Amounts shown in thousands

		YTD Budget	YTD Actual	YTD Variance
<b>REVENUES:</b>				
<b>1</b>	Taxes	\$ 45,302	\$ 44,942	\$ (360)
<b>2</b>	Licenses & Permits	4,060	3,239	(821)
<b>3</b>	Intergovernmental Revenue	14,109	13,326	(783)
<b>4</b>	Charges for Services	8,415	7,722	(693)
<b>5</b>	Fines & Traffic Tickets	959	1,052	93
<b>6</b>	Interest	4,375	5,248	873
<b>7</b>	Miscellaneous Revenue	392	636	244
<b>8</b>	Transfers In	10,814	10,879	64
<b>Total Revenues</b>		<b>\$ 88,426</b>	<b>\$ 87,044</b>	<b>\$ (1,383)</b>
<b>EXPENDITURES:</b>				
<b>9</b>	General Government	\$ 17,708	\$ 17,046	\$ 662
<b>10</b>	Public Safety	33,314	31,681	1,633
<b>11</b>	Public Works	8,957	8,496	461
<b>12</b>	Health & Welfare	8,992	8,659	333
<b>13</b>	Culture & Recreation	3,325	3,186	138
<b>14</b>	Economic Development	104	391	(288)
<b>15</b>	General Support	1,001	711	290
<b>16</b>	Capital Outlay	74	106	(32)
<b>17</b>	Operating Transfers	7,284	7,404	(120)
<b>18</b>	Contingency (Salary Savings)	(1,094)	13	(1,107)
<b>Total Expenditures</b>		<b>\$ 79,665</b>	<b>\$ 77,693</b>	<b>\$ 1,972</b>
<b>Revenue Over (Under) Expenditures</b>		<b>\$ 8,761</b>	<b>\$ 9,351</b>	<b>\$ 590</b>

- 1** Franchise Fees running below budget.
- 2** Building Permit revenue below budget; Timing with Health License renewals.
- 3** Highway Funds below budget.
- 4** Timing with CIP Fee revenue.
- 10** Lower FT labor for Police & Fire.
- 14** Budget error: budget excluded final payment of NDSCS pledge.
- 18** Est salary savings budgeted here; actual salary savings reflected within specific departments.



City of Fargo, North Dakota  
**General Fund - 2025 Year End Projections**  
As of June 30, 2025  
Amounts shown in thousands

	YTD 2025 Actual	Remaining 2025 Estimates	YE 2025 Projections
<b>REVENUES:</b>			
<b>1</b> Taxes	\$ 44,070	\$ 8,970	\$ 53,040
<b>2</b> Licenses & Permits	2,696	3,678	6,374
<b>3</b> Intergovernmental Revenue	11,251	17,227	28,478
<b>4</b> Charges for Services	5,613	10,941	16,554
<b>5</b> Fines & Traffic Tickets	818	940	1,758
<b>6</b> Interest	3,600	4,137	7,737
<b>7</b> Miscellaneous Revenue	483	220	703
<b>7A</b> 2025: Land Sale Proceeds		5,500	5,500
<b>8</b> Transfers In	9,140	8,450	17,590
<b>8A</b> New: Transfers In PSST		1,500	1,500
<b>Total Revenues</b>	<b>\$ 77,671</b>	<b>\$ 61,562</b>	<b>\$ 139,233</b>
<b>EXPENDITURES:</b>			
<b>9</b> General Government	\$ 14,942	\$ 14,290	\$ 29,232
<b>10</b> Public Safety	27,177	30,443	57,620
<b>11</b> Public Works	7,460	7,689	15,149
<b>12</b> Health & Welfare	7,548	7,496	15,044
<b>13</b> Culture & Recreation	2,715	2,977	5,692
<b>14</b> Economic Development	391	(187)	204
<b>15</b> General Support	656	855	1,511
<b>16</b> Capital Outlay	104	44	148
<b>17</b> Operating Transfers	7,092	2,014	9,106
<b>18</b> Contingency (Salary Savings)	10	-	10
<b>Total Expenditures</b>	<b>\$ 68,095</b>	<b>\$ 65,620</b>	<b>\$ 133,715</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 9,576</b>	<b>\$ (4,058)</b>	<b>\$ 5,518</b>

- 1** Franchise Fees - trending below budget.
- 2** Building Permits - trending below budget.
- 3** Reduction in Highway Funds as per legislation.
- 4** Additional CIP Admin/Eng Fees due to timing and additional projects.
- 7A** Anticipated proceeds of Solid Waste Land (net of 1.2M to Solid Waste for replacement land).
- 8A** Transfer In of Public Safety Sales Tax to cover approved 2025 related Expenses. (Net \$0)
- 9-13** Anticipated salary savings reflected within department group, not contingency.
- 10** Includes approved 2025 Public Safety Sales Tax expenses - offset with Transfer In. (Net \$0)
- 18** Anticipated salary savings reflected within department group, not contingency.



CPAs & BUSINESS ADVISORS

**CITY OF FARGO, NORTH DAKOTA**

**2024 AUDIT PRESENTATION**

August XX, 2025

## FIRM BACKGROUND

---

- Eide Bailly
  - Top 20 CPA and advisory firm founded in 1917
  - With over 300 dedicated professionals to the government industry, we perform audit, advisory, and consulting services for more than 1,200 governments located all over the country



## SERVICE TEAM

---

- Brian Stavenger, Partner
  - CPA with over 24 years of audit and advisory experience
- Braden Axtman, Senior Associate
  - CPA with over 4 years of audit experience
- Courtney Mosloski, Senior Associate
  - Over 4 years of audit experience
- Multiple other CPA's and professionals complete the audit team

## AUDIT RECAP

- Performed in accordance with:
  - Generally accepted auditing standards (GAAS)
  - *Government Auditing Standards*
  - *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*
- Designed to obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatement



## OBJECTIVES



## AUDIT RECAP

- Planning – **December – March**
  - Mixture of an onsite visit and remote work
- Year-End Testing – **April/May**
  - Mixture of onsite visits and remote work
- Reporting – **June**
  - Issued audit opinion on June 24, 2025



## TIMELINE

## AUDIT RESULTS

- Management's Responsibilities
  - Preparation and fair presentation of the financial statements in accordance with GAAP
  - Design, implementation, and maintenance of internal control relevant to preparation and fair presentation that are free from material misstatement, whether due to fraud or error



## Financial Statement Audit



## AUDIT RESULTS

- Auditor's Responsibilities
  - 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



## Financial Statement Audit

## AUDIT RESULTS

- Unmodified opinions
- Adoption of GASB No. 101, *Compensated Absences*
- One finding



## Financial Statement Audit



## AUDIT RESULTS

- Unmodified opinions on the three programs tested
  - Coronavirus State and Local Fiscal Recovery Funds
  - Capitalization Grants for Clean Water State Revolving Funds
  - BRIC: Building Resilient Infrastructure and Communities
- No findings



# Federal Audit

## AUDIT RESULTS

- Significant accounting estimates
- Significant risks
- Emphasis of matter
- MAA audited separately



**Letter to  
Governance**



# FUND BALANCE CATEGORIES

## Nonspendable

Represents amounts that cannot be spent

Not in spendable form

Inventory, prepaid expenses

## Restricted

Legally restricted by outside parties

Cannot be appropriated for other spending

## Committed

Intended for a specific activity

Imposed by formal action of the board but is not legally restricted

## Assigned

Intended for a specific activity by board or designated individuals

Not legally restricted

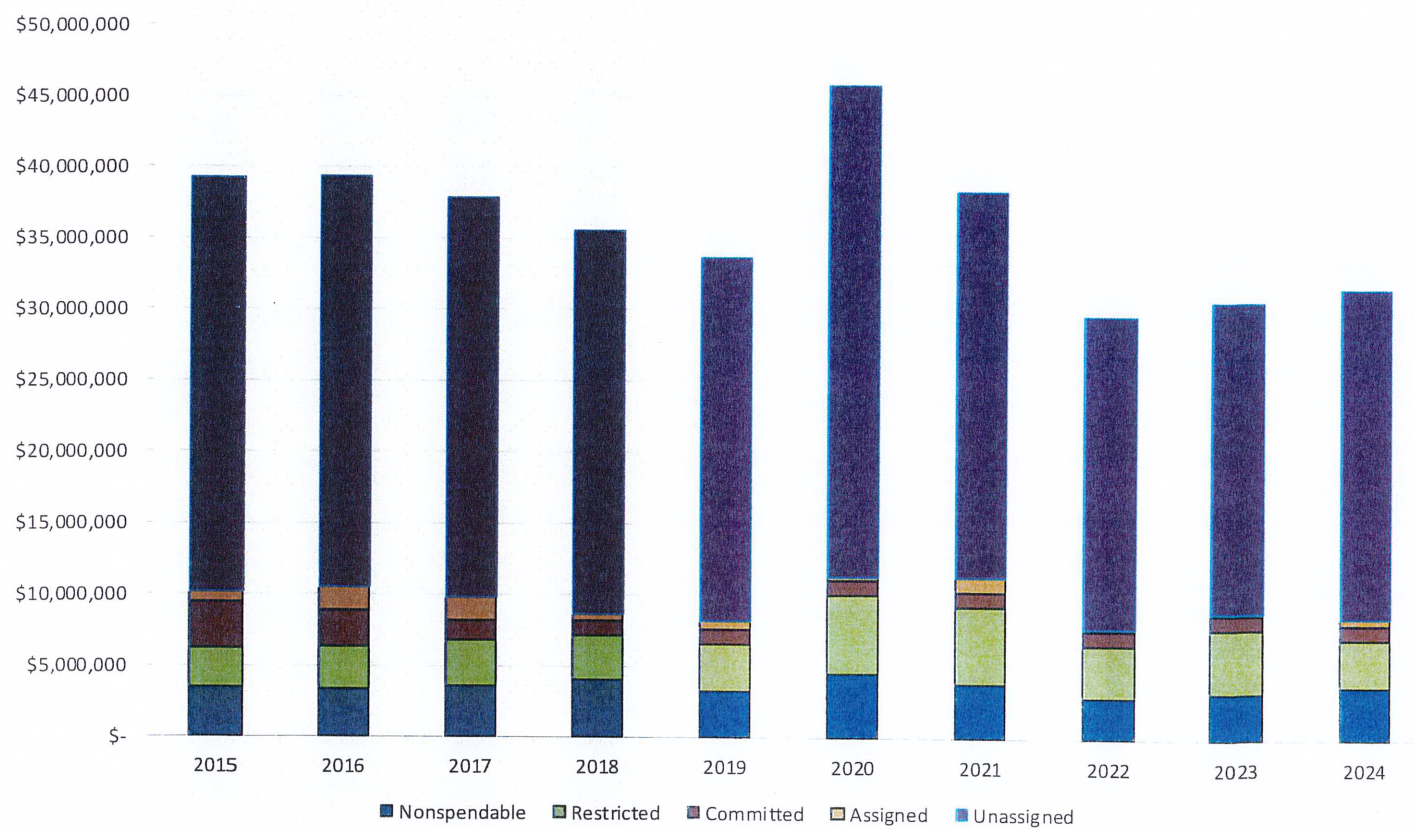
## Unassigned

Reserves

"Rainy day" fund

# TOTAL FUND BALANCE – GENERAL FUND

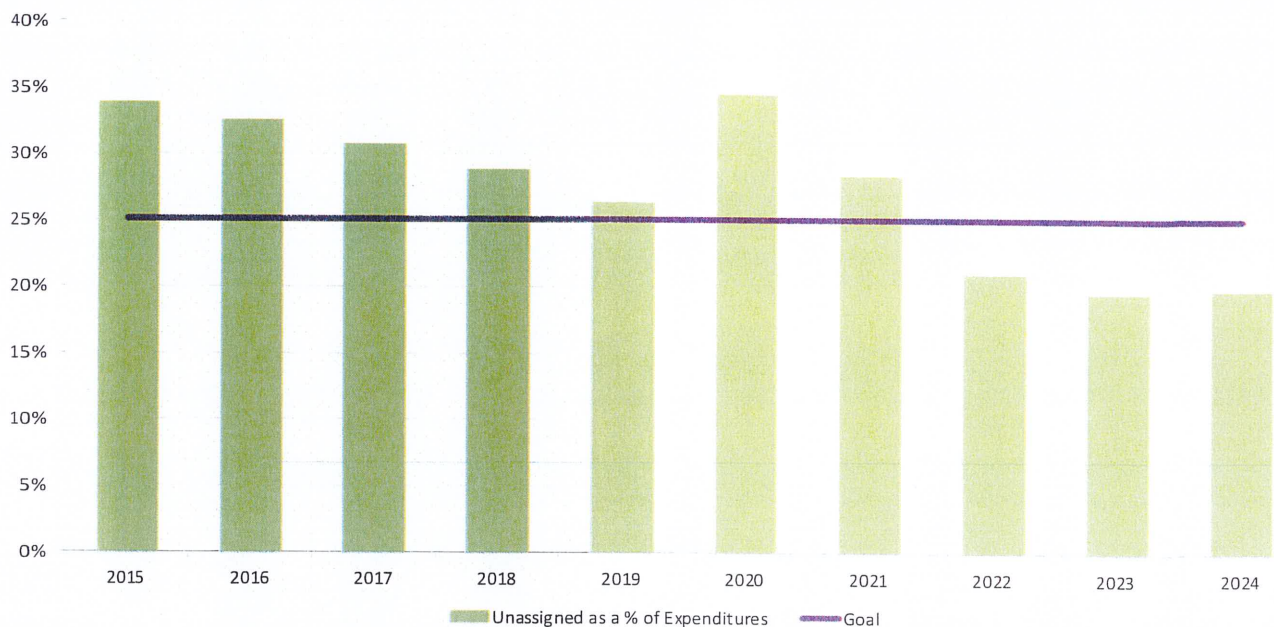
The total fund balances of the General Fund for the past 10 years:





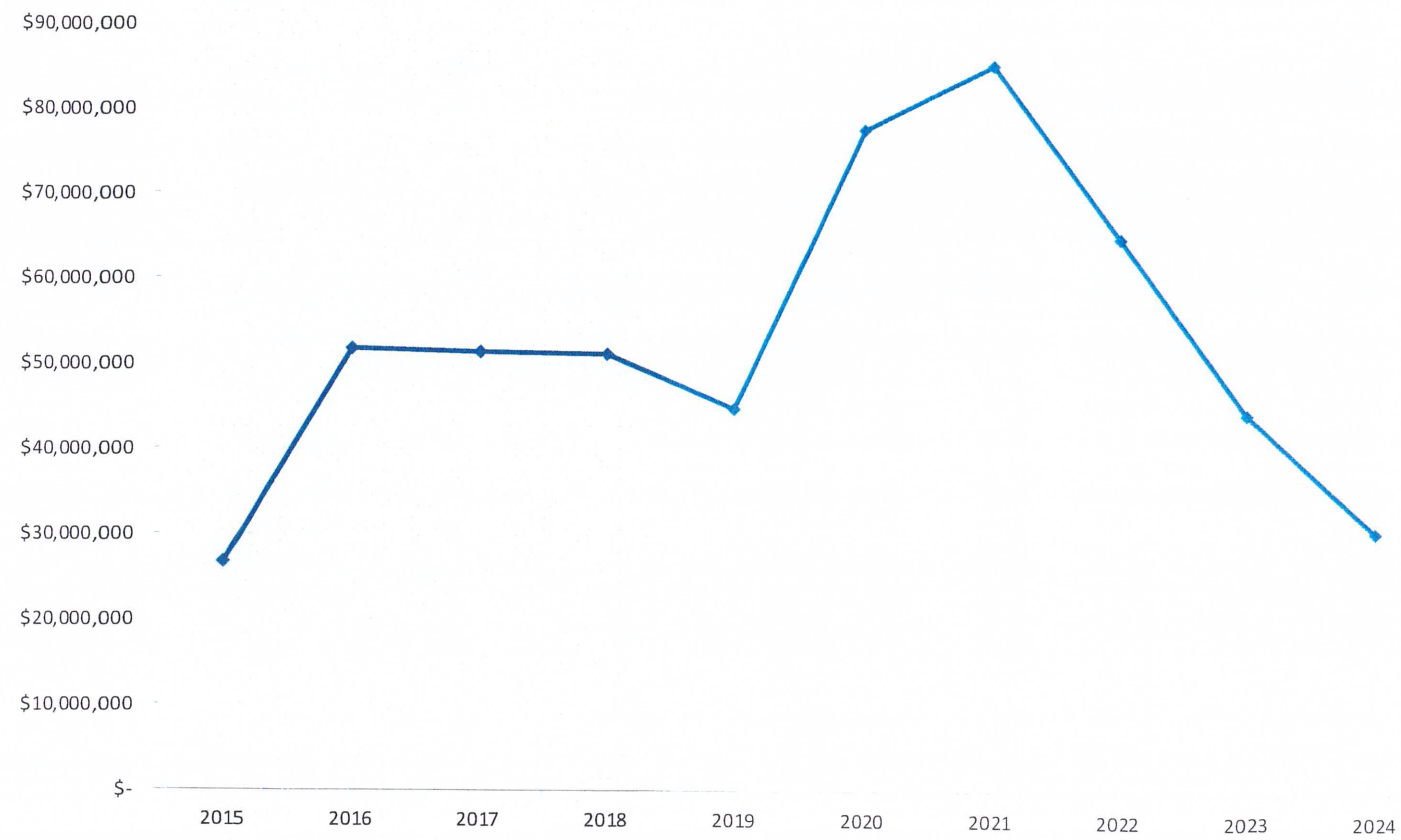
## FUND BALANCE – GENERAL FUND

The City's unassigned fund balance as a percentage of expenditures in the General Fund for the last 10 years:



# FEDERAL DOLLARS EXPENDED

The total federal dollars expended by the City the previous ten years are as follows:



## WHAT'S NEXT

---

- GASB No. 102, *Certain Risk Disclosures* (2025)
- GASB No. 103, *Financial Reporting Model Improvements* (2026)
- GASB No. 104, *Disclosure of Certain Capital Assets* (2026)
- Ongoing Communication – throughout the year
  - Online publications
  - Webinars
  - Access to specialists

# QUESTIONS?

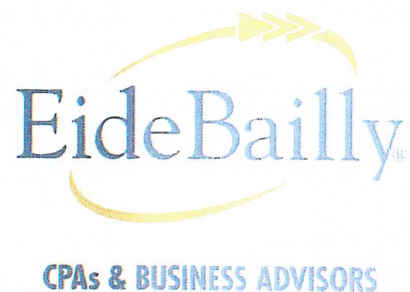
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# THANK YOU

Brian Stavenger, CPA  
Partner  
[bstavenger@eidebailly.com](mailto:bstavenger@eidebailly.com)  
701.239.8518



Schedule of Events																											
(As of: August 15, 2025)																											
August 2025							September 2025							October 2025													
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6				1	2	3	4							
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	12	13	14	15	16	17	18
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	19	20	21	22	23	24	25
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	26	27	28	29	30	31	
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31								
31																											
November 2025							December 2025							January 2026													
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6					1	2	3							
2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10	11	12	13	14	15	16	17
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24	25	26	27	28	29	30	31
23	24	25	26	27	28	29	28	29	30	31																	
30																											
<div>00 Holiday 00 Significant Action</div>																											
Date		Event																		Responsible Party							
Mon., Aug. 18		Official Statement information request distributed.																		BTMA							
Thu., Sep. 18		Official Statement information due back to Baker Tilly.																		City Staff							
Fri., Sep. 26		Finalize Bond structure and prepare Official Terms of Offering.																		BTMA							
Thu., Oct. 2		First Draft of Preliminary Official Statement distributed for review.																		BTMA							
Mon., Oct. 6		Pre-Issuance Report and [Authorizing/Parameters] Resolution delivered to City.																		BTMA D&W							
Thu., Oct. 9		Comments to Baker Tilly on first draft of Preliminary Official Statement.																		City Staff D&W							
Week of Oct. 13		Due diligence form distributed for review.																		BTMA							
Mon., Oct. 13		City Commission considers [Authorizing/Parameters] Resolution i) authorizing the sale of the Bonds (5:00 pm CT); [ii] delegating awarding authority to certain members of the City (Pricing Committee); and iii) establishing parameters in which awarding can occur].																		City Commission							



Date	Event	Responsible Party
Tue., Oct. 14	Second draft Preliminary Official Statement and supporting documents sent to rating agency and working group.	BTMA
Week of Oct. 20	Rating Conference conducted.	City Staff BTMA MIS
Week of Oct. 20 (following Rating Conference)	Due diligence call conducted.	City Staff BTMA
Tue., Oct. 21	Comments due on second draft of Preliminary Official Statement.	City Staff D&W
Fri., Oct. 24	Substantially final form of Preliminary Official Statement circulated to working group for final review and sign off.	BTMA
Wed., Nov. 5	Receipt of rating and rating report.	MIS
Fri., Nov. 7	Distribution of Preliminary Official Statement (with rating on cover).	BTMA
Mon., Nov. 10	Form of Award Resolution delivered to City (if a special meeting is held).	D&W
Mon., Nov. 17	Sale of the Bonds (morning).	City Staff BTMA
Mon., Nov. 17	Consideration for Award of the Bonds via [Special Meeting / Pricing Committee].	City Commission [Pricing Committee]
Mon., Nov. 24	Distribution of Final Official Statement.	BTMA
Mon., Dec. 1	Draft closing memorandum circulated for review.	BTMA
Fri., Dec. 5	Final closing memorandum distributed.	BTMA
Thu., Dec. 11	Settlement of the Bonds; receipt of Bond proceeds.	All Parties

Legend:

**City Staff** - City of Fargo, North Dakota (Issuer)

**BTMA** - Baker Tilly Municipal Advisors, LLC (Municipal Advisor)

**D&W** - Dorsey & Whitney LLP (Bond Counsel)

**MIS** - Moody's Investors Service (Rating Agency)

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## 2025 Budget

## APPROVED PRELIMINARY 2026 BUDGET

<b>GENERAL FUND -</b>		
<b>REVENUE:</b>		
Property Taxes	\$ 43,825,380	\$ 46,005,858
Franchise Fees	\$ 12,162,224	\$ 12,022,424
Licenses & Permits	\$ 6,214,000	\$ 7,339,000
Federal Grants	\$ 3,025,131	\$ 2,744,309
State Share Revenues	\$ 21,769,740	\$ 23,017,946
Local Grant Revenues	\$ 1,784,022	\$ 1,878,707
Charges for Services	\$ 16,173,035	\$ 15,428,910
Miscellaneous	\$ 9,816,653	\$ 9,119,153
Transfer In - PSST (new)		\$ 5,878,917
Transfers In - all other	\$ 17,574,768	\$ 16,851,987
<b>TOTALS</b>	<b>\$ 132,344,953</b>	<b>\$ 140,287,211</b>
<b>EXPENSE:</b>		
Salaries	\$ 70,961,137	\$ 76,600,341
Benefits	\$ 26,970,673	\$ 28,840,515
<b>PERSONNEL EXPENSE</b>	<b>\$ 97,931,810</b>	<b>\$ 105,440,856</b>
		\$ -
Other Services	\$ 10,623,318	\$ 9,805,496
Energy	\$ 2,243,658	\$ 2,228,618
Repairs & Maintenance	\$ 4,476,903	\$ 4,717,939
Supplies	\$ 3,659,627	\$ 3,543,492
Travel/Education	\$ 958,952	\$ 948,222
Professional / Admin	\$ 1,640,299	\$ 1,687,855
Other / Miscellaneous	\$ 1,742,752	\$ 1,737,102
Transfer Debt Serv & Other	\$ 8,857,329	\$ 9,011,631
<b>OPERATING EXPENSE</b>	<b>\$ 34,202,838</b>	<b>\$ 33,680,355</b>
<b>CAPITAL EXPENSE</b>	<b>\$ 210,304</b>	<b>\$ 1,166,000</b>
<b>TOTALS</b>	<b>\$ 132,344,952</b>	<b>\$ 140,287,211</b>

2026 Preliminary Budget Book and the 2026 budget presentation are available on the City of Fargo website.