2011 Comprehensive Annual Financial Report

CITY OF Fargo

City of Fargo, North Dakota
For the Fiscal Year Ended
December 31, 2011

CITY OF FARGO
NORTH DAKOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

PREPARED BY:

FINANCE DEPARTMENT

CITY OF FARGO, NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011
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CITY OF Fargo

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June 18, 2012

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Fargo for the fiscal year ending December 31, 2011. This report satisfies audit and financial reporting requirements pursuant to North Dakota Century Code 54-10-14 and the Single Audit Act of 1996.

This report is prepared by the City's Finance Department in accordance with generally accepted accounting principles. The Finance Department is responsible for the accuracy, clarity, and presentation of the financial statements. We believe that this report fairly and accurately presents the financial position of the City and the results of operation of the various funds for the period covered, and that all disclosures necessary for such presentation have been included.

Eide Bailly LLP has issued an unqualified "clean" opinion on the City of Fargo's financial statements for the year ended December 31, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. Management's Discussion and Analysis is included in this report on page 3. This letter of transmittal has been designed to compliment the MD&A and should be read in conjunction with it. The MD&A contains a more detailed analysis of changes in financial condition.

CITY OF FARGO PROFILE

The City of Fargo was incorporated in 1875 and is located in the eastern border of North Dakota at the intersection of Interstate Highways I-29 and I-94. This regional economic center continues to expand with a trend of consistent growth over the past several years. The current population is estimated at 105,000. Health care, education and retail have a strong presence that expands the local economy into a broader regional economic center. The City is empowered to levy taxes on real property located within its boundaries and continues to expand its size with many annexations being completed in the past few years. This trend is predicted for the next several years as our population and economy expands.

The City of Fargo operates under a Home Rule Charter, established in 1986, with a Mayor-Commission form of government. Policy making and legislative authority is vested in a five member Commission. The City Commission is responsible for policy and ordinance adoption, approving budgets, committees, and serving needs of the community. All Department Heads serve on the Cabinet which is used as a forum to

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communicate City and Community issues. The City Administrator, Pat Zavoral is the liaison to the City Commission and is responsible for overseeing the day to day operations of the City and its eight Departments.

The Mayor and City Commissioners are elected at large and serve four year terms. Dennis Walaker is currently serving his second term as Mayor of the City of Fargo. The next municipal election will be held in June, 2012 at which time the citizen will elect two Commissioners.

The City of Fargo provides a full range of governmental services including public safety, construction and maintenance of infrastructure, public utilities including water, wastewater, solid waste and urban forestry, health and social services, public transportation, recreation and culture, and general support services necessary to serve the citizens of Fargo.

The City is required to adopt an annual operating budget by October 7 of each year. All Departments submit their requests to the Mayor during the budget development process which begins each June. Currently, the Mayor utilizes a budget team approach to discuss budget strategy with the City Administrator and the Director of Finance; however, the Mayor is responsible for the final decisions relating to the preliminary budget presentation. The City Commission is responsible for adoption of the final budget. Budget control is maintained at the fund, function (e.g. Public Safety) and Department (e.g., Police). Department Heads may make transfers of appropriations within a department. Supplemental budget appropriations require approval by the City Commission.

STABLE ECONOMIC CONDITIONS IN FARGO AND STATE OF NORTH DAKOTA

Favorable Statewide Financial Conditions

Statewide economic conditions have been very favorable in North Dakota resulting primarily from the impact of oil discovery and related extraction in the Bakken oil formation in the Western and West Central portions of the State. Expansion of oil exploration continued in 2011 and the State is experiencing a budget surplus. Increases are noted in State intergovernmental revenues and are described in more detail in the management discussion and analysis section of this report.

Property Values Stable & Growing

Local property values in Fargo continue to increase during this past year. Total growth in our overall property values total 2.9% for the 2010, payable 2011 year. Preliminary estimates of values for 2011, payable 2012 show a growth of 4%. The City anticipates a strong construction season since there is no flooding disruption this year as well as very favorable winter weather conditions that allowed construction to continue throughout much of the winter and early spring.

Sales Taxes Funding Key Infrastructure

Fargo is utilizing sales tax revenues as a primary funding source for key infrastructure projects. All of our sales tax resources are dedicated to various types of infrastructure. The most significant expenditures are being made in updating municipal utilities to accommodate present and future growth, flood levees to protect us from Red River flood events, and improving our highway systems in our community. Existing sales tax authorizations expire in 2012, 2028, and 2029 providing a solid stream of resources to plan well into the future.

A more comprehensive review of these statistics is contained in the statistical section of this report which begins on page 111.

MAJOR INITIATIVES FOR THE YEAR

Record of Decision Approved by Army Corp of Engineers for Flood Control Diversion in Fargo-Moorhead

The Army Corp of Engineers has been studying various alternative flood protection projects for the Fargo-Moorhead area for the past two years. They have recommended a large flood diversion channel that will redirect and lower record river flood levels significantly. A local preferred option has been approved by a flood planning task force.

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

The next step in the process is for the approval of Federal and State funding so that this project can move along its desired construction timeline as recommended by our project managers. The construction cycle will take about ten year to complete and is dependent upon the overall level of funding approved in the future.

City Accelerates Construction of Permanent Flood Control Projects

The City of Fargo has experienced record level flood events for the past three years. The need for permanent flood control has risen to the top of our community's project priority list.

There is a need to improve our flood control protection levels within the City to a level of 42.5 feet. During this past year the City Commission authorized several new levy construction projects to being the process of reaching this goal. Projects were approved in many neighborhoods and have greatly reduced the need for emergency protective measures during floods in the future. Funds expended for flood control projects in 2011 totaled $35.6 million with funds provided by the State of North Dakota and our local sales tax dedicated to flood control projects. Cumulative expenditures disbursed from our dedicated flood sales tax fund total $ 62.6 million from 2009-2011. The City is taking a very proactive stance on the construction of permanent levees. City Engineers estimate that there is about $247 million needed to complete this goal of City-wide protection. A listing of neighborhood levees constructed in 2011 is detailed in the statistical section of this report.

The City Commission has approved asking the voters for an extension of an existing ½ cent sales tax in the June 2012 election. These funds would be used for funding critical flood control projects as well as other needed infrastructure projects.

The City requesting continued funding from the State of North Dakota for their participation in the local share of the FM Diversion project so that this project can proceed as soon as Federal appropriations are approved in the future.

GASB # 54 Fund Balance Reporting Adopted

The Governmental Accounting Standard Board pronouncement #54 was implemented in the 2011 CAFR. The new statement requires the an assessment of certain criteria that impacts reporting of certain special revenue funds and provides several new classification components of fund balance with an overall emphasis on clear identification of "spendable" fund balance. This net result of converting to this new reporting standard is a more concise measurement and transparency. Fund balance is explained in more detail for the financial statement readers may find it easier to compare government issued financial reports.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fargo for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This will be the fourteenth consecutive award received since submission to this voluntary quality review program. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated services of our entire staff. We successfully completed the CAFR within the GFOA program requirements this year while continuing to deal with a significant flood cost recovery effort during the year.

The staff members who were responsible for the achievement of this goal include:

Jenica Flanagan, Accounting Manager
Jamie Bullock, Grant Accountant
Sheree Calkins, Accounting Supervisor
Veronica Dye, Accountant
Jason Galonski, Financial/Budget Analyst
Shawn Bullinger, Engineering Technician

Finally, I would like to express my appreciation to the members of the City Commission, the Mayor, City Administrator, Cabinet members and City staff for operating the City in a professional and progressive manner.

Respectfully submitted,

Kent A. Costin

Kent A. Costin
Director of Finance

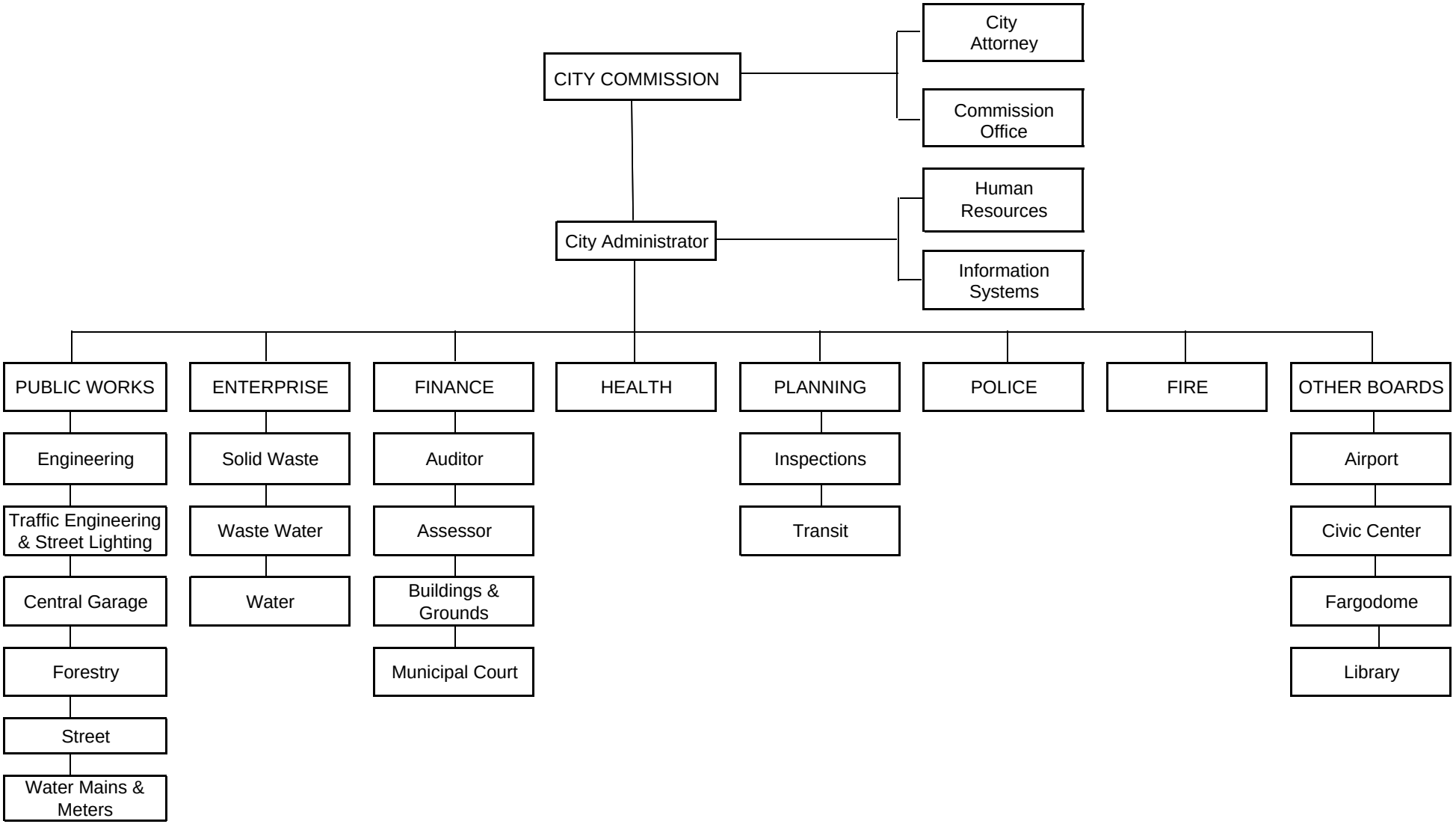
CITY OF FARGO, NORTH DAKOTA

LISTING OF CITY OFFICIALS

AS OF DECEMBER 31, 2011

NAME	OFFICE	TERM EXPIRES
Dennis Walaker	Mayor	June 2014
Tim Mahoney	Deputy Mayor	June 2014
Brad Wimmer	Commissioner	June 2014
Dave Piepkorn	Commissioner	June 2012
Michael Williams	Commissioner	June 2012
Pat Zavoral	City Administrator	
Kent Costin	Finance Director	
Steven Sprague	City Auditor	
Sharon Odegaard	City Commission Executive Assistant	

CITY OF FARGO, NORTH DAKOTA
ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fargo

North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson

President

Executive Director

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fargo, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fargo, North Dakota's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fargo, North Dakota, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1a to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in 2011. As discussed in Note 4k to the financial statements, the City presented a retrospective restatement of previously reported fund balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the City of Fargo, North Dakota's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension trusts funding progress and contributions, and budget comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fargo's financial statements as a whole. The introductory section, combining financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures in the audit of the basic financial statements and, accordingly, we express no opinion on or provide assurance on them.

Eide Bailly LLP

Fargo, North Dakota
June 18, 2012

City of Fargo, North Dakota

Management's Discussion and Analysis

As management of the City of Fargo, we offer readers of the City of Fargo's financial statements this narrative overview and analysis of the financial activities of the City of Fargo for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages III - VI of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets of the City of Fargo exceeded its liabilities at the close of the most recent fiscal year by $803,882 (net assets).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of $96,679 an increase of $50,042 in comparison with the prior year. The increase in fund balance is explained in subsequent sections of this analysis.

The City's unassigned General Fund balance of 34% of the total General Fund expenditures exceeds our management goal of maintaining a 25% fund balance. This was realized based upon better than projected revenue growth and very low expenditure growth in actual General Fund spending. The City experienced an abnormally warm winter season with historically low snow levels that contributed to our overall bottom line performance. There were significant weather related budget savings this year.

Numerous permanent flood levy projects were completed along the Red River corridor with a goal of a permanent protection level of 42.5 feet. Significant progress was achieved on the Fargo-Moorhead flood diversion project by obtaining a positive record of decision regarding the feasibility of this large scale flood control project. Work continues on seeking Federal authorization for this project.

Fargo's property tax valuations and new construction have slowed from past years, however, significant activity remains in spite of a weak national housing market. Valuation growth for the 2011, payable 2012 tax levy increased by 2.6%. Trends for 2012, payable 2013 have improved and are currently estimated at 4% growth.

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 assets presents information on all of the City of Fargo's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fargo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fargo include general government, public safety, public works, public health and welfare, recreation & culture, urban

redevelopment, public transportation, and general support. The business-type activities of the City of Fargo include a Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste collection and landfill, Southeast Cass Sewer, Urban Forestry, Vector Control, Street Lighting and the FargoDome, a multi-use facility.

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

Fund financial statements

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

Governmental funds

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

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

The City of Fargo maintains nineteen 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 nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Proprietary funds

The City of Fargo maintains ten different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Fargo uses enterprise funds to account for its Municipal Airport, Water, Wastewater, Storm Sewer, Vector Control, Solid Waste, Southeast Cass Sewer, Forestry, Street Lighting and FargoDome activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Fargo's various functions. The City of Fargo uses two internal service funds to account for its risk self insurance pools. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste, and FargoDome activities which are considered to be major funds of the City of Fargo. Data from the other four enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report. Both internal service funds are combined into a single aggregated presentation in the proprietary fund financial

statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20 - 25 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Fargo's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 – 73 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Fargo's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61 - 72 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75 - 102 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fargo, assets exceeded liabilities by $803,882 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net assets (84%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Fargo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fargo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net Assets and Changes in Net Assets for the fiscal year ending December 31, 2011 and 2010.

City of Fargo's Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 362,456	$ 301,898	$ 73,494	$ 73,806	$ 435,950	$ 375,704
Capital assets	307,646	268,946	547,917	533,597	855,563	802,543
Total assets	670,102	570,844	621,411	607,403	1,291,513	1,178,247
Long-term liabilities outstanding	409,235	353,734	52,317	59,160	461,552	412,894
Other liabilites	22,437	17,485	3,642	3,403	26,079	20,888
Total liabilites	431,672	371,219	55,959	62,563	487,631	433,782
Net assets:						
Invested in capital assets,net of related debt as restated	165,198	142,710	507,958	488,521	673,156	631,231
Restricted	64,115	83,724	31,565	34,129	95,680	117,853
Unrestricted	9,117	(26,809)	25,929	22,190	35,046	(4,619)
Total net assets	$ 238,430	$ 199,625	$ 565,452	$ 544,840	$ 803,882	$ 744,465

A portion of the City of Fargo's net assets (12%) represents resources that are subject to external restrictions on how they may be used.

The City's net assets increased by $59,417 during the current fiscal year.

Governmental activities

The governmental activities' net assets increased by $38,956 during the current fiscal year.

Unrestricted intergovernmental revenues increased by 47% due to increasing State revenue sources resulting from a robust State-wide economy.

Sales taxes increased by 5% during the year reflecting continued strength in our local economy.

Unrestricted investment earnings were stable due to a significant amount of construction financing for infrastructure projects in process during the year.

Business type activities.

Business-type activities increased the City of Fargo's net assets by $20,461 reflecting most of the growth in the government's net assets. Total user fee revenues generated by our utility funds increased by 1.6%. User fees for the Solid Waste landfill were raised in 2011 from $30 to $35 per ton.

The sale of byproducts generated from our utility operations produced $1.25 million this year. Projects that generate byproducts include a methane gas operation at the landfill, and conversion of methane gas into electricity from the same source as well as the sale of wastewater effluent to a nearby Ethanol plant. Methane gas is sold to Cargill, Inc and is used in their operations while the electricity is sold to Cass County Electric Cooperative. Wastewater effluent is sold to an Ethanol plant and used to produce ethanol fuel in a nearby community. Investments in conservation and reuse of our byproduct resources have helped us grow our overall business type revenue base without raising user fees as well as becoming good stewards of our environment.

Financial Analysis of the Government's Funds

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

Governmental funds.

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

As of the end of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of $96,679, an increase of $50,042 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Fargo. At the end of the current fiscal year, unassigned fund balance of the General Fund was $23,451 while total fund balance reached $33,626. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34% percent of total general fund expenditures, while total fund balance represents 48% percent of that same amount. Managements fund balance goal of 25% has been achieved for this fiscal year. This fund balance level represents an increase of $11,144 during the year. The remainder of fund balance is assigned ($1,126, 3 percent), committed ($3,095, 9 percent), restricted ($3,509, 10 percent) or nonspendable ($2,447, 7 percent).

Overall, General Fund revenues increased by 9%. Intergovernmental revenues increased by 19% due to sizeable increases in State revenues, largely State Aid and Municipal Highway Funds which is reflective of a very health State-wide economy as oil extraction in western North Dakota continues to grow.

Total General Fund expenditures increased by .4%. All functional categories of spending were below budget with the exception of Public Health. The most significant budget savings are related to the timing of capital project funding which lagged budget levels by $2,231.

The debt service fund has a total fund balance of $83,268, all of which is restricted for the payment of future debt service. The net increase in fund balance during the current year was $16,117. The infrastructure capital projects fund has a fund deficit of ($20,705). This will be recovered by future bonds sales and other revenues and transfers. Work in progress is bonded as completed and certified during the special assessment process.

Capital project expenditures increased by 15% in 2011. Construction of permanent flood levees continued to be a primary goal this year with significant progress of reaching a 42.5 foot protection goal. The City expended $36.3 million on flood related projects this year. City Engineers estimate that another $247 million will be needed to complete the desired protection level.

Proprietary funds

The City of Fargo's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to $25,618. All individual proprietary funds reported increases in net assets, except for Solid Waste, FargoDome, and Southeast Cass Sewer.

Operating revenues of this fund group increased by 1.4%, while the operating expenses increased by 2.3%.

General Fund Budgetary Highlights

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

Overall General Fund revenues exceeded final budget by $5.6 million, or 8%. Intergovernmental revenues exceeded original budget projections by $1.4 million reflecting strength in the State-wide economy. A strong uptrend in General State Aid is noted as this revenue source increased by $1.8 million in 2011. This aid is generated from State-wide sales tax collections and is redistributed to political subdivisions pursuant to aid sharing formula. The State Legislature also appropriated one-time funding in HB1012 that generated another $2 million in Municipal Highway Funds. Charge for services exceeded budget projections by $2.3 million due to an elevated level of spending on permanent flood control projects completed this year.

Significant variances between final budget and actual are as follows:

Overall General Fund expenditures were incurred at 94% of final budget, a variance that was more positive than our historical spending trends.

Capital outlay expenditures lagged budget by $2,231 resulting due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2012 budget.

Capital Asset and Debt Administration

Capital Assets. The City of Fargo's investment in capital assets for its governmental and business type activities as of December 31, 2011 amounts to $855,563 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and flood control projects.

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

During the year there were forty seven flood control projects in various neighborhoods. A total of $36.3 million was expended in 2011 for this purpose. Thirty five home buyouts or easement acquisitions were completed clearing the way for future levee construction. Over the past three fiscal year the City has acquired and eighty two homes to make way for flood levee projects. Significant progress has been made to mitigate our overall community flood risk, however, significant work in needed in the future on this goal.

Construction continued on a large water distribution ground storage project to enhance our water delivery infrastructure to growth areas of the City. A total of $11.7 million was expended on the project during the year. Completion of this project is estimated in 2012. This project was funded from the infrastructure sales tax fund.

A new water tower was completed in 2011 providing additional storage capacity and system pressure for our water delivery system. This project was funded by dedicated infrastructure sales tax.

City of Fargo's Capital Assets
(net of depreciaton)
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 36,331	$ 15,494	$ 37,439	$ 43,539	$ 73,770	$ 59,033
Construction in progress	4,333	5,554	19,178	18,545	23,511	24,099
Intangible	4,365	3,610	905	888	5,270	4,498
Buildings	47,185	46,994	126,904	129,654	174,089	176,648
Improvements other than buildings	389	420	9,643	9,376	10,032	9,796
Machinery and equipment	15,561	15,561	21,194	19,943	36,755	35,504
Infrastructure	186,183	181,313	332,654	311,652	518,837	492,965
Flood control	13,299	-	-	-	13,299	-
Total	$ 307,646	$ 268,946	$ 547,917	$ 533,597	$ 855,563	$ 802,543

Additional information on the City of Fargo's capital assets can be found in Note 4. C. on pages 42 - 43 of this report.

Long Term Debt.

At the end of the current fiscal year, the City of Fargo had total bonded debt and notes outstanding of $435,487. Of this amount, $292,670 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Fargo's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Fargo's total outstanding debt increased by $51.6 million during the current fiscal year. This increase can be associated with the need to finance ongoing capital project funding and expansion of the City's utility infrastructure.

City of Fargo's Outstanding Debt
General Obligation and Revenue Bonds
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Special assessment bonds	$ 292,670	$ 238,133	$ -	$ -	$ 292,670	$ 238,133
Gross revenue bonds	5,756	6,201	29,845	33,815	35,601	40,016
General obligation bonds	2,625	2,730	-	-	2,625	2,730
Sales tax bonds	22,045	32,575	-	-	22,045	32,575
Notes payable	71,933	58,201	10,613	12,203	82,546	70,404
Total	$ 395,029	$ 337,840	$ 40,458	$ 46,018	$ 435,487	$ 383,858

During the current fiscal year, the City sold bond issues as detailed below:

On May 2, 2012 the City issued $24.5 million Series A and B Bonds at a true interest cost of 4.2%. These bonds were issued to reimburse the capital project fund for project costs previously incurred.

On November 14, 2012 the City issued $20.96 million, Series C and $10.08 million Series D at a true interest cost of 3.528%. The proceeds of these two issues reimbursed the capital project fund for project costs previously incurred.

One November 14, 2012 the City issued $9.59 Refunding Improvement Refunding Bonds, Series E to refinance former Series 2003A Refunding Improvement Bonds. These bonds were sold with a true interest cost of 2.87% and produced a net present value benefit of $724,720.

The City of Fargo's bond rating was upgraded in 2010 year from an AA2 to an AA1 rating from Moody's for our general obligation debt.

Additional information on the City of Fargo's long-term debt can be found in Note 4. G. on pages 50 - 56 of this report.

Economic Factors and Next Year's Budgets and Rates

North Dakota's statewide economy has been very strong as compared to other states across the nation. Current statewide sales tax collections are growing at a double digit rate. This trend is expected to continue due to the oil extraction efforts across western and west central portions of the State.

Fargo's economy had done remarkably well in light of the national economic picture. Construction has continued during a weak national economy and property values have not declined as happened in other areas of the country. Unemployment rates decreased slightly from 3.9 to 3.3%. The State's overall unemployment level decreased this year from 3.9 to 3.5%. Personal income levels continue to rise over previous years. Fargo's unemployment levels have consistently been lower than national averages for many years due to the strength and diversity of the economy.

The City approved a General Fund budget for 2012 that increased by 7.5% and predicts a $628,000 budget surplus.

State Intergovernmental revenue growth is anticipated as legislative changes were recently enacted that increase our state aid revenue. The strength of the North Dakota economy continues at a robust pace.

Building permit activity for the first five months of 2012 have exceeded last year's levels by 22%. Both residential and commercial permit categories have increased significantly.

User fees for water and wastewater were increased by 2% and 1% respectively in the 2012 budget.

The City discontinued its Health Self Insurance plan and transitioned into the Statewide NDPERS Health Plan as of 1/1/2012. This helped to stabilize our employee benefit costs for health care and added new features and programs that will benefit us in the future. The residual balance remaining in the Health Self Insurance Fund will be used for funding pensions currently administered by the City.

Citizens will vote in June on a proposed 20 year extension of a ½ cent dedicated infrastructure sales tax which expires on June 30, 2012.

Requests for information

This financial report is designed to provide a general overview of the City of Fargo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 200 3rd Street North, City of Fargo, ND, 58102 or visit the City's web site at www.cityoffargo.com. The entire report is presented in the City information section.

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CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 295,684	$ 2,050,083	$ 2,345,767
Investments	21,988,266	578,333	22,566,599
Equity in pooled investments	63,734,864	32,426,383	96,161,247
Receivables (net of allowance for uncollectibles):			
Interest	153,534	-	153,534
Taxes	464,961	14,811	479,772
Accounts	4,995,578	4,641,935	9,637,513
Sales tax	8,517,424	-	8,517,424
Special assessments	230,237,894	18,749	230,256,643
Intergovernmental	21,416,684	85,631	21,502,315
Contract	78,627	-	78,627
Loans	3,468,996	-	3,468,996
Internal balances	(665,053)	665,053	-
Inventory	755,709	702,095	1,457,804
Prepaid expenses	420,573	477,538	898,111
Property held for resale	1,921,675	-	1,921,675
Restricted assets:			
Equity in pooled investments	-	1,261,137	1,261,137
Investments	-	30,179,171	30,179,171
Prepaid expenses	-	129,387	129,387
Unamortized debt costs	4,073,425	263,860	4,337,285
Net pension obligation asset	597,586	-	597,586
Capital assets (net of accumulated depreciation):			
Land	36,331,279	37,438,857	73,770,136
Construction in progress	4,332,787	19,178,017	23,510,804
Intangible - Right-of-way Easements	4,365,007	404,732	4,769,739
Intangible - Water Rights	-	500,000	500,000
Buildings	47,185,258	126,903,726	174,088,984
Improvements other than buildings	388,511	9,643,694	10,032,205
Machinery and equipment	15,561,255	21,194,221	36,755,476
Infrastructure	186,183,428	332,653,563	518,836,991
Flood Control	13,298,409	-	13,298,409
Total capital assets	307,645,934	547,916,810	855,562,744
Total assets	670,102,361	621,410,976	1,291,513,337
LIABILITIES			
Vouchers payable	11,492,706	1,413,844	12,906,550
Retainage payable	2,645,888	98,518	2,744,406
Accrued payroll	970,381	185,473	1,155,854
Accrued interest payable	2,855,057	290,866	3,145,923
Accrued interest payable from restricted assets	-	738,744	738,744
Special assessments payable	359,445	-	359,445
Unearned revenue	2,502,917	900,321	3,403,238
Deposits	474,760	13,850	488,610
Claim reserves	1,136,123	-	1,136,123
Noncurrent liabilities:			
Due within one year	30,649,469	2,013,648	32,663,117
Due within one year payable from restricted assets	-	5,780,000	5,780,000
Due in more than one year	378,585,681	44,523,236	423,108,917
Total liabilities	431,672,427	55,958,500	487,630,927
NET ASSETS			
Invested in capital assets, net of related debt	165,198,383	507,957,852	673,156,235
Restricted for:			
Debt service	48,741,231	1,289,437	50,030,668
Specific projects and programs	15,156,475	-	15,156,475
Capital improvements	216,550	30,275,815	30,492,365
Unrestricted	9,117,295	25,929,372	35,046,667
Total net assets	$ 238,429,934	$ 565,452,476	$ 803,882,410

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 10,287,469	$ 2,789,248	$ 1,018,146	$ -	$ (6,480,075)	$ -	$ (6,480,075)
Public safety	31,735,792	4,668,687	675,658	1,634,775	(24,756,672)	-	(24,756,672)
Public works	53,970,609	10,519,541	4,422,720	68,775,822	29,747,474	-	29,747,474
Public health & welfare	9,182,688	2,560,812	3,291,010	32,430	(3,298,436)	-	(3,298,436)
Recreation & culture	6,898,193	670,765	144,308	3,000	(6,080,120)	-	(6,080,120)
Urban redevelopment	4,294,454	170,033	1,700,240	-	(2,424,181)	-	(2,424,181)
Transportation	8,117,307	3,130,777	3,016,162	1,553,454	(416,914)	-	(416,914)
General support	982,211	-	-	-	(982,211)	-	(982,211)
Interest and fiscal charges	13,699,460	-	-	-	(13,699,460)	-	(13,699,460)
Total governmental activities	139,168,183	24,509,863	14,268,244	71,999,481	(28,390,595)	-	(28,390,595)
Business-type activities:							
Municipal airport authority	6,331,018	6,244,177	-	531,824	-	444,983	444,983
Water	13,634,186	17,284,658	-	-	-	3,650,472	3,650,472
Wastewater	8,802,312	10,401,385	-	31,837	-	1,630,910	1,630,910
Storm sewer	4,131,731	1,504,238	-	-	-	(2,627,493)	(2,627,493)
Solid waste	9,279,191	11,266,479	-	199	-	1,987,487	1,987,487
Fargodome	6,435,476	4,473,612	-	-	-	(1,961,864)	(1,961,864)
Southeast Cass	74,054	37,423	-	25,000	-	(11,631)	(11,631)
Vector control	477,494	631,185	-	-	-	153,691	153,691
Street lighting	2,374,751	1,629,769		-		(744,982)	(744,982)
Forestry	1,550,266	1,172,108	-	-	-	(378,158)	(378,158)
Total business-type activities	53,090,479	54,645,034	-	588,860	-	2,143,415	2,143,415
Total	$ 192,258,662	$ 79,154,897	$ 14,268,244	$ 72,588,341	(28,390,595)	2,143,415	(26,247,180)
General revenues:							
Taxes:							
Property taxes					20,144,787	619,474	20,764,261
Sales taxes					42,049,097	-	42,049,097
Gross business receipts taxes					4,474,974	-	4,474,974
Other taxes					5,254,297	-	5,254,297
Unrestricted intergovernmental					5,632,867	-	5,632,867
Unrestricted investment earnings					3,058,022	557,643	3,615,665
Miscellaneous revenue					2,497,946	1,374,819	3,872,765
Transfers					(15,765,314)	15,765,314	-
Total general revenues and transfers					67,346,676	18,317,250	85,663,926
Change in net assets					38,956,081	20,460,665	59,416,746
Net assets - beginning - as restated					199,473,853	544,991,811	744,465,664
Net assets - ending					$ 238,429,934	$ 565,452,476	$ 803,882,410

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

CITY OF FARGO, NORTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 244,045	$ -	$ 51,639	$ -	$ 295,684
Investments	-	21,988,266	-	-	21,988,266
Equity in pooled investments	29,722,079	28,397,552	-	1,614,670	59,734,301
Receivables (net of allowance for uncollectibles):					
Interest	71,520	82,014	-	-	153,534
Taxes	398,160	45,109	-	21,692	464,961
Accounts	3,536,349	64,822	436,306	597,750	4,635,227
Sales tax	-	8,517,424	-	-	8,517,424
Special assessments	-	229,795,755	248,419	193,720	230,237,894
Contracts	-	78,627	-	-	78,627
Intergovernmental	3,183,641	-	18,130,891	102,152	21,416,684
Due from other funds	-	16,976,255	-	213,639	17,189,894
Loans	-	-	-	3,468,996	3,468,996
Advances to other funds	1,280,677	-	-	-	1,280,677
Inventory	755,709	-	-	-	755,709
Prepaid items	410,120	-	450	10,003	420,573
Property held for resale	-	-	1,573,800	347,875	1,921,675
Total assets	$ 39,602,300	$ 305,945,824	$ 20,441,505	$ 6,570,497	$ 372,560,126
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers payable	$ 2,471,319	$ 30,282	$ 8,763,403	$ 227,702	$ 11,492,706
Contract retainage payable	-	-	2,645,888	-	2,645,888
Advances from other funds	-	-	-	1,633,907	1,633,907
Due to other funds	-	-	16,976,255	213,639	17,189,894
Accrued payroll	962,496	-	-	7,885	970,381
Special assessments payable	-	49,520	114,543	195,382	359,445
Deferred revenues	2,068,119	222,598,429	12,646,050	3,802,017	241,114,615
Deposits	474,760	-	-	-	474,760
Total liabilities	5,976,694	222,678,231	41,146,139	6,080,532	275,881,596
Fund balances					
Nonspendable	2,446,506	-	1,574,250	357,878	4,378,634
Restricted	3,508,782	83,267,593	-	1,659,873	88,436,248
Committed	3,094,517	-	-	-	3,094,517
Assigned	1,125,286	-	-	-	1,125,286
Unassigned	23,450,515	-	(22,278,884)	(1,527,786)	(356,155)
Total fund balance (deficit)	33,625,606	83,267,593	(20,704,634)	489,965	96,678,530
Total liabilities and fund balances	$ 39,602,300	$ 305,945,824	$ 20,441,505	$ 6,570,497	$ 372,560,126

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

CITY OF FARGO, NORTH DAKOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Amounts reported for governmental activities in the statement of net assets (page 12) are different because:

Total fund balance - governmental funds (page 14)	$	96,678,530
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements		307,645,934
Other assets are not available to pay for current period expenditures and , therefore, are either not recognized as a receivable or are deferred in the funds		238,787,596
Internal service funds are used by management to charge the costs of liability and health insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets		2,737,070
Liabilities that are not due and payable in the current period and therefore not reported in the governmental funds		(407,419,196)
Net assets of governmental activities (page 12)	$	238,429,934

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

CITY OF FARGO, NORTH DAKOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 22,424,104	$ 44,265,158	$ -	$ 4,470,285	$ 71,159,547
Special assessments	-	22,340,362	698,974	202,842	23,242,178
Licenses and permits	2,697,940	-	-	-	2,697,940
Intergovernmental revenues	23,501,406	529,701	37,936,550	1,811,766	63,779,423
Charges for services	17,182,396	-	-	1,245,997	18,428,393
Fines and forfeits	2,593,128	-	-	28,253	2,621,381
Investment income	2,393,473	674,283	27,466	6,489	3,101,711
Miscellaneous revenues	2,317,343	91,944	314,954	706,447	3,430,688
Total revenues	73,109,790	67,901,448	38,977,944	8,472,079	188,461,261
EXPENDITURES					
Current:					
General government	12,394,822	-	1,135,853	-	13,530,675
Public safety	26,256,010	-	249,455	1,824,123	28,329,588
Public works	8,682,297	620,579	36,635,501	257,721	46,196,098
Public health & welfare	8,971,084	-	36,636	11,453	9,019,173
Recreation and culture	3,965,324	-	3,487	2,121,610	6,090,421
Urban redevelopment	-	2,324,683	2,628	1,894,827	4,222,138
Public transportation	5,648,696	-	162,387	609,939	6,421,022
General support	982,211	-	-	-	982,211
Capital outlay	2,524,135	-	75,548,826	302,780	78,375,741
Debt service:					
Principal	59,508	22,615,937	-	-	22,675,445
Interest and fiscal charges	4,828	15,018,998	-	-	15,023,826
Total expenditures	69,488,915	40,580,197	113,774,773	7,022,453	230,866,338
Excess (deficiency) of revenues over (under) expenditures	3,620,875	27,321,251	(74,796,829)	1,449,626	(42,405,077)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,593,955	1,312,350	33,442,450	215,947	42,564,702
Transfers out	(4,089,919)	(25,611,685)	(254,135)	(1,091,929)	(31,047,668)
Loans issued	-	2,275,163	12,354,504	-	14,629,667
Bonds issued	-	10,318,807	54,856,193	-	65,175,000
Bond premium	-	500,671	555,693	-	1,056,364
Capital lease	219,752	-	-	-	219,752
Total other financing sources (uses)	3,723,788	(11,204,694)	100,954,705	(875,982)	92,597,817
Net change in fund balances	7,344,663	16,116,557	26,157,876	573,644	50,192,740
Fund balance (deficit) - beginning of year - as restated	26,280,943	67,151,036	(46,862,510)	(83,679)	46,485,790
Fund balance (deficit) - end of year	$ 33,625,606	$ 83,267,593	$ (20,704,634)	$ 489,965	$ 96,678,530

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

CITY OF FARGO, NORTH DAKOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances - total governmental funds (page 16)	$	50,192,740
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		65,540,604
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		(26,840,763)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,578,332
The issuance of long-term debt (I.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items 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.		(57,213,921)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		2,531,899
Internal service funds are used by management to charge the costs of health and liability insurance to individual funds. The net revenue of certain activities of internal service funds are reported with governmental activities.		(832,810)
Change in net assets of governmental activities (page 13)	$	38,956,081

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

CITY OF FARGO, NORTH DAKOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 21,793,000	$ 22,108,000	$ 22,424,104	$ 316,104
Licenses & permits	2,979,500	2,579,500	2,697,940	118,440
Intergovernmental revenues	16,462,520	22,107,743	23,501,406	1,393,663
Charges for services	14,903,838	14,909,299	17,182,396	2,273,097
Fines and forfeits	2,547,000	2,547,000	2,593,128	46,128
Investment income	1,110,000	1,110,000	2,393,473	1,283,473
Miscellaneous revenues	540,482	2,066,701	2,317,343	250,642
Total revenues	60,336,340	67,428,243	73,109,790	5,681,547
EXPENDITURES				
Current:				
General government	11,530,520	12,949,540	12,394,822	554,718
Public safety	26,044,959	26,988,465	26,256,010	732,455
Public works	7,844,813	8,801,245	8,682,297	118,948
Public health & welfare	8,471,539	8,942,442	8,971,084	(28,642)
Recreation & culture	3,505,348	4,044,466	3,965,324	79,142
Public Transportation	5,920,343	6,143,523	5,648,696	494,827
General support	1,767,430	1,057,580	982,211	75,369
Capital outlay	3,392,000	4,755,200	2,524,135	2,231,065
Debt service:				
Principal	-	59,508	59,508	-
Interest and fiscal charges	-	4,828	4,828	-
Total expenditures	68,476,952	73,746,797	69,488,915	4,257,882
Excess (deficiency) of revenues over (under) expenditures	(8,140,612)	(6,318,554)	3,620,875	9,939,429
OTHER FINANCING SOURCES (USES)				
Transfers in	9,594,660	9,765,147	7,593,955	(2,171,192)
Transfers out	(1,323,064)	(4,523,412)	(4,089,919)	(66,507)
Capital lease	-	219,752	219,752	-
Total other financing sources (uses)	8,271,596	5,461,487	3,723,788	(2,237,699)
Net change in fund balances	$ 130,984	$ (857,067)	7,344,663	$ 8,201,730
Fund balance - beginning of year - as restated			26,280,943	
Fund balance - end of year			$ 33,625,606	

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

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CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business Type Activities-Proprietary Funds								Governmental Activities - Internal Service Funds
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total	
ASSETS									
Current assets									
Cash	$ -	$ 100	$ 50	$ -	$ 300	$ 2,049,583	$ 50	$ 2,050,083	$ -
Equity in pooled investments	13,123,579	6,130,627	5,586,902	-	-	614,012	552,519	26,007,639	4,000,563
Receivables (net of allowance for uncollectibles):									
Interest	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	18,749	18,749	-
Taxes	14,811	-	-	-	-	-	-	14,811	-
Accounts	439,323	1,451,201	1,026,595	143,027	965,341	243,407	373,041	4,641,935	360,351
Intergovernmental	85,631	-	-	-	-	-	-	85,631	-
Due from other funds	-	2,916,426	-	-	-	-	-	2,916,426	-
Advances to other funds	-	-	-	-	353,230	-	-	353,230	-
Inventory	-	219,687	-	-	-	33,215	449,193	702,095	-
Prepaid expenses	15,025	110,139	25,070	6,077	81,202	229,108	10,917	477,538	-
Restricted equity in pooled investments	1,193,420	3,667,495	1,557,829	-	-	-	-	6,418,744	-
Total current assets	14,871,789	14,495,675	8,196,446	149,104	1,400,073	3,169,325	1,404,469	43,686,881	4,360,914
Noncurrent assets									
Investments	-	578,333	-	-	-	-	-	578,333	-
Restricted assets									
Equity in pooled investments	759,209	20,543	384,741	-	-	96,644	-	1,261,137	-
Investments	-	-	-	-	-	30,179,171	-	30,179,171	-
Prepaid expenses	16,083	113,304	-	-	-	-	-	129,387	-
Unamortized debt costs	125,999	98,531	-	-	39,330	-	-	263,860	-
Capital assets									
Land	7,639,714	4,541,796	333,448	21,695,933	3,227,966	-	-	37,438,857	-
Right of way	-	-	289,090	115,642	-	-	-	404,732	-
Construction in progress	174,554	17,205,667	433,838	1,334,357	17,956	11,645	-	19,178,017	-
Intangible	-	500,000	-	-	-	-	-	500,000	-
Buildings	25,737,601	66,758,802	30,586,361	-	5,699,856	58,150,519	-	186,933,139	-
Improvements other than buildings	737,701	1,059,702	1,910,581	1,433,734	8,128,112	2,125,831	-	15,395,661	-
Machinery and equipment	6,878,752	3,754,944	11,107,459	2,972,698	14,518,076	18,630,972	1,327,246	59,190,147	-
Infrastructure	73,847,081	102,779,413	113,923,154	145,094,492	6,158	-	26,333,779	461,984,077	-
Less accumulated depreciation	(41,313,925)	(40,732,441)	(42,913,053)	(44,435,867)	(12,089,598)	(39,670,424)	(11,952,512)	(233,107,820)	-
Total capital assets (net of accumulated depreciation)	73,701,479	155,867,883	115,670,878	128,210,989	19,508,526	39,248,543	15,708,513	547,916,810	-
Total noncurrent assets	74,602,769	156,678,594	116,055,619	128,210,989	19,547,856	69,524,358	15,708,513	580,328,698	-
Total assets	$ 89,474,558	$ 171,174,269	$ 124,252,065	$ 128,360,093	$ 20,947,929	$ 72,693,683	$ 17,112,982	$ 624,015,579	$ 4,360,914

Continued

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business Type Activities-Proprietary Funds								Governmental Activities - Internal Service Funds
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total	
LIABILITIES									
Current liabilities									
Vouchers payable	$ 205,613	$ 309,044	$ 207,818	$ 12,478	$ 230,467	$ 296,741	$ 151,683	$ 1,413,844	$ -
Retainage payable	-	-	-	-	21,982	76,536	-	98,518	-
Interest payable	-	2,463	51,556	71,212	133,911	31,724	-	290,866	-
Due to other funds	-	-	-	1,128,221	1,788,205	-	-	2,916,426	-
Accrued payroll	17,700	42,631	28,025	4,109	53,221	25,849	13,938	185,473	-
Current portion of special assessments	-	1,944	42,732	43,527	131,516	23,369	-	243,088	-
Current portion of capital lease	-	-	4,443	-	606,654	-	-	611,097	-
Current portion of contract payable	-	-	337,753	-	-	-	-	337,753	-
Accrued vacation payable	65,127	183,867	117,735	38,081	216,524	-	44,771	666,105	-
Deferred revenue	-	-	-	-	-	900,321	-	900,321	175,898
Deposits	-	-	-	-	-	13,850	-	13,850	-
IBNR claim reserve	-	-	-	-	-	-	-	-	1,136,123
Current liabilities payable from restricted assets:									
Current portion of long-term debt	1,080,000	3,125,000	1,475,000	-	100,000	-	-	5,780,000	-
Accrued interest and other	113,420	542,495	82,829	-	-	-	-	738,744	-
Total current liabilities	1,481,860	4,207,444	2,347,891	1,297,628	3,282,480	1,368,390	210,392	14,196,085	1,312,021
Noncurrent liabilities									
Landfill closure accruals	-	-	-	-	2,797,457	-	-	2,797,457	-
Long-term debt, net of current portion:									
Special assessments payable	-	38,824	908,259	1,227,294	1,706,403	471,764	-	4,352,544	-
Capital lease	-	-	51,015	-	1,102,360	-	-	1,153,375	-
Contract Payable	-	-	779,819	-	-	-	-	779,819	-
Revenue bonds, net of deferred amount of refunding	7,441,903	18,265,976	-	-	900,000	-	-	26,607,879	-
Notes payable	-	815,429	8,172,338	-	-	-	-	8,987,767	-
Total noncurrent liabilities	7,441,903	19,120,229	9,911,431	1,227,294	6,506,220	471,764	-	44,678,841	-
Total liabilities	8,923,763	23,327,673	12,259,322	2,524,922	9,788,700	1,840,154	210,392	58,874,926	1,312,021
NET ASSETS									
Invested in capital assets, net of related debt	67,311,190	138,401,559	105,842,089	126,940,168	15,000,923	38,753,410	15,708,513	507,957,852	-
Restricted for:									
Debt service	775,292	133,847	380,298	-	-	-	-	1,289,437	-
Capital improvements	-	-	-	-	-	30,275,815	-	30,275,815	-
Unrestricted	12,464,313	9,311,190	5,770,356	(1,104,997)	(3,841,694)	1,824,304	1,194,077	25,617,549	3,048,893
Total net assets	$ 80,550,795	$ 147,846,596	$ 111,992,743	$ 125,835,171	$ 11,159,229	$ 70,853,529	$ 16,902,590	$ 565,140,653	$ 3,048,893
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					311,823	
			Net assets of business-type activities					$ 565,452,476	

Concluded

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business Type Activities-Proprietary Funds								Governmental Activities - Internal Service Funds
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Proprietary Funds	Total	
OPERATING REVENUES									
Charges for services	$ 6,244,177	$ 17,284,658	$ 10,401,385	$ 1,504,238	$ 11,266,479	$ 4,473,612	$ 3,470,485	$ 54,645,034	$ 6,941,464
OPERATING EXPENSES									
Personnel services	1,070,313	2,593,130	1,523,620	389,509	3,500,401	1,953,390	1,021,908	12,052,271	-
Claims and benefits	-	-	-	-	-	-	-	-	7,395,903
Other services	1,655,636	3,089,715	1,782,223	129,424	1,787,817	2,142,563	790,698	11,378,076	545,395
Materials and supplies	229,509	3,560,720	1,615,077	310,852	1,827,906	22,622	1,470,654	9,037,340	-
Depreciation	2,936,194	3,190,442	3,415,345	3,146,853	1,866,853	2,284,271	1,183,306	18,023,264	-
Total operating expenses	5,891,652	12,434,007	8,336,265	3,976,638	8,982,977	6,402,846	4,466,566	50,490,951	7,941,298
Operating income (loss)	352,525	4,850,651	2,065,120	(2,472,400)	2,283,502	(1,929,234)	(996,081)	4,154,083	(999,834)
NONOPERATING REVENUES (EXPENSES)									
Gain (loss) on disposal of assets	1,000	5,654	(7,684)	(52,647)	425	-	10,000	(43,252)	-
Investment income (expense)	33,036	35,851	9,684	(638)	393	478,058	1,259	557,643	7,055
Interest expense and bond fees	(402,046)	(1,104,883)	(436,052)	(145,095)	(222,293)	(32,630)	-	(2,342,999)	-
Amortization expense	(27,321)	(35,306)	-	-	(3,933)	-	-	(66,560)	-
General property tax revenue	619,474	-	-	-	-	-	-	619,474	-
Miscellaneous revenue (expense)	-	162,007	3,481	-	-	-	10,712	176,200	-
Sale of byproducts	-	-	834,524	-	407,347	-	-	1,241,871	-
Total nonoperating revenues (expenses)	224,143	(936,677)	403,953	(198,380)	181,939	445,428	21,971	142,377	7,055
Income (loss) before contributions and transfers	576,668	3,913,974	2,469,073	(2,670,780)	2,465,441	(1,483,806)	(974,110)	4,296,460	(992,779)
Capital contributions	531,824	18,822,514	2,494,637	11,416,177	2,351	-	1,847,182	35,114,685	-
Transfers in:									
General	-	-	-	-	-	-	-	-	-
Enterprise	-	1,300,000	-	-	-	-	480,012	1,780,012	-
Transfers out:									
General	(50,000)	(3,012,000)	(1,442,000)	(300,000)	(2,213,802)	(50,000)	(454,360)	(7,522,162)	(30,000)
Special revenue	-	-	-	-	-	-	-	-	-
Capital projects	-	(3,149,658)	(286,593)	(7,792,696)	-	(9,402)	-	(11,238,349)	-
Enterprise	-	-	(1,400,000)	-	(380,012)	-	-	(1,780,012)	-
Change in net assets	1,058,492	17,874,830	1,835,117	652,701	(126,022)	(1,543,208)	898,724	20,650,634	(1,022,779)
Total net assets - beginning - as restated	79,492,303	129,971,766	110,157,626	125,182,470	11,285,251	72,396,737	16,003,866		4,071,672
Total net assets - ending	$ 80,550,795	$ 147,846,596	$ 111,992,743	$ 125,835,171	$ 11,159,229	$ 70,853,529	$ 16,902,590		$ 3,048,893
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds								(189,969)	
Change in net assets of business-type activities								$ 20,460,665	

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

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CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers and users	$ 6,238,883	$ 17,236,910	$ 10,408,223	$ 1,497,270	$ 11,163,458	$ 4,785,753	$ 3,435,610	$ 54,766,107	$ 6,806,012
Payments to suppliers	(2,027,343)	(6,606,679)	(3,312,863)	(441,340)	(3,474,362)	(2,268,865)	(2,353,661)	(20,485,113)	(545,395)
Payments to employees	(860,352)	(1,949,226)	(1,156,695)	(317,181)	(2,644,376)	(2,008,107)	(818,663)	(9,754,600)	-
Payments of benefits on behalf of employees	(220,374)	(628,521)	(351,094)	(67,146)	(845,204)	-	(200,344)	(2,312,683)	(6,705,726)
Net cash provided (used) by operating activities	3,130,814	8,052,484	5,587,571	671,603	4,199,516	508,781	62,942	22,213,711	(445,109)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers to other funds	(50,000)	(6,161,658)	(3,128,593)	(819,217)	(2,593,814)	(59,402)	(454,360)	(13,267,044)	(30,000)
Transfers from other funds	-	1,300,000	-	-	-	-	480,012	1,780,012	-
Property taxes	619,969	-	-	-	-	-	-	619,969	-
Payments received on advances to other funds	-	-	-	-	125,000	-	-	125,000	-
Payments received on interfund borrowing	-	4,090,886	-	1,128,221	1,788,205	-	-	7,007,312	-
Payments made for interfund borrowing	-	(2,916,426)	-	(673,997)	(1,634,322)	(169,395)	(2,691)	(5,396,831)	-
Net cash provided (used) by noncapital financing activities	569,969	(3,687,198)	(3,128,593)	(364,993)	(2,314,931)	(228,797)	22,961	(9,131,582)	(30,000)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Proceeds from sale of assets	1,000	7,494	3,554	-	10,662	-	-	22,710	-
Proceeds from byproduct sales	-	-	834,524	-	407,347	-	-	1,241,871	
Acquisition of capital assets	(1,411,793)	(277,307)	(96,694)	(106,522)	(1,271,788)	(2,342,425)	(25,606)	(5,532,135)	-
Debt service - principal	(1,045,000)	(2,971,521)	(1,802,920)	(44,774)	(789,423)	(9,718)	-	(6,663,356)	-
Debt service - interest & fees	(414,416)	(1,180,341)	(442,824)	(154,578)	(242,044)	(33,269)	-	(2,467,472)	-
Intergovernmental capital grants	474,332	-	31,837	-	554	-	25,000	531,723	-
Net cash provided (used) by capital and related financing activities	(2,395,877)	(4,421,675)	(1,472,523)	(305,874)	(1,884,692)	(2,385,412)	(606)	(12,866,659)	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Investment income (expense)	35,442	38,245	10,833	(736)	(2,260)	436	1,338	83,298	7,831
Investments redeemed	13,736,514	9,837,459	6,532,496	-	-	4,239,696	465,904	34,812,069	4,438,052
Investments (purchased)	(15,076,862)	(9,819,315)	(7,529,784)	-	2,367	(1,910,707)	(552,539)	(34,886,840)	(4,000,774)
Net cash provided (used) by investing activities	(1,304,906)	56,389	(986,455)	(736)	107	2,329,425	(85,297)	8,527	445,109
Net change in cash and cash equivalents	-	-	-	-	-	223,997	-	223,997	(30,000)
Cash and cash equivalents, January 1	-	100	50	-	300	1,825,586	50	1,826,086	30,000
Cash and cash equivalents, December 31	$ -	$ 100	$ 50	$ -	$ 300	$ 2,049,583	$ 50	$ 2,050,083	$ -

Continued

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Airport	Water	Wastewater	Storm Sewer	Solid Waste	FargoDome	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating income (loss)	$ 352,525	$ 4,850,651	$ 2,065,120	$ (2,472,400)	$ 2,283,502	$ (1,929,234)	$ (996,081)	$ 4,154,083	$ (999,834)
Adjustments to reconcile operating income to net cash provided by operating activities									
Depreciation	2,936,194	3,190,442	3,415,345	3,146,853	1,866,853	2,284,271	1,183,306	18,023,264	-
Claims reserve adjustment	-	-	-	-	-	-	-	-	690,177
Change in assets and liabilities								-	
Accounts receivable	(5,294)	(47,748)	6,838	(6,968)	(103,021)	(45,411)	(31,592)	(233,196)	(112,861)
Specials receivable	-	-	-	-	-	-	(3,283)	(3,283)	-
Inventories	-	334	-	-	-	2,908	(155,371)	(152,129)	-
Prepaid expenses	13,033	(9,968)	(714)	(337)	(32,512)	9,017	(3,674)	(25,155)	-
Accounts payable	(108,754)	53,390	91,779	(727)	292,339	(188,663)	66,736	206,100	-
Retainage payable	(46,477)	-	(6,628)	-	20,056	73,058	-	40,009	-
Landfill closure accruals	-	-	-	-	(138,522)	-	-	(138,522)	-
Payroll payable	(1,966)	2,796	8,824	(1,007)	9,934	(54,717)	(888)	(37,024)	-
Vacation payable	(8,447)	12,587	7,007	6,189	887	-	3,789	22,012	-
Deferred revenues	-	-	-	-	-	356,452	-	356,452	(22,591)
Deposits	-	-	-	-	-	1,100	-	1,100	-
Total adjustments	2,778,289	3,201,833	3,522,451	3,144,003	1,916,014	2,438,015	1,059,023	18,059,628	554,725
Net cash provided (used) by operating activities	$ 3,130,814	$ 8,052,484	$ 5,587,571	$ 671,603	$ 4,199,516	$ 508,781	$ 62,942	$ 22,213,711	$ (445,109)
	-	-	-	-	-	-	-	-	
Noncash transactions affecting financial position:									
Acquisition of / change in assets through capital contributions and donations	$ -	$ 18,822,514	$ 2,490,756	$ 4,021,070	$ (222,483)	$ -	$ 1,528,360	$ 26,640,218	$ -
Acquisition of assets through acquisition of debt	$ -	$ -	$ 61,731	$ -	$ 219,000	$ -	$ -	$ 280,731	$ -
Capital asset trade-ins	$ -	$ -	$ 26,600	$ -	$ 38,000	$ -	$ 10,000	$ 74,600	$ -
Acquisition of / change in inventory through capital contributions and donations	$ -	$ -	$ -	$ -	$ -	$ -	$ 293,822	$ 293,822	$ -
Change in fair value of investments	$ (654)	$ (650)	$ (312)	$ -	$ 2,367	$ (51)	$ (20)	$ 680	$ (211)

Concluded

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

CITY OF FARGO, NORTH DAKOTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2011

	Pension Trust	Agency
ASSETS		
Cash	$ 645,203	$ 78,699
Equity in pooled investments	945,737	669,243
Receivables:		
Accounts receivable	36,270	28,166
Special assessments	-	2,850,551
Intergovernmental	-	861,818
Interest	164,649	-
Total receivables	200,919	3,740,535
Investments, at fair value:		
Domestic equities	10,881,819	-
International equities	3,765,015	-
Domestic fixed income	5,096,688	-
International fixed income	1,346,976	-
Real estate	4,210,984	-
Alternative investments	4,329,663	-
Corporate stocks	4,034,946	-
Mutual funds	24,227,600	-
Total investments	57,893,691	-
Total assets	$ 59,685,550	$ 4,488,477
LIABILITIES		
Vouchers and benefits payable	$ 36,081	$ 958,793
Due to other governments	-	2,850,551
Deposits	-	679,133
Total liabilities	$ 36,081	$ 4,488,477
NET ASSETS		
Held in trust for pension benefits	$ 59,649,469	$ -

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

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2011

	Pension Trust
ADDITIONS	
Contributions	
Employer	$ 2,739,267
Employee	1,212,971
Total contributions	3,952,238
Investment income	
Net depreciation in fair value of investments	(470,477)
Less investment expense	(401,757)
Net investment income (loss)	(872,234)
Total additions (deductions)	3,080,004
DEDUCTIONS	
Pension benefit payments	4,774,579
Member contribution refunds	149,832
Administrative expenses	86,359
Total deductions	5,010,770
Change in net assets	(1,930,766)
Total net assets - beginning	61,580,235
Total net assets - ending	$ 59,649,469

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

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1. SUMMARY OF SIGNIFICANT ACCCOUNTING POLICIES

The City of Fargo operates under a "mayor-commission" form of government under the Home Rule Charter. The accounting policies of the City, as reflected in the accompanying financial statements, conform to generally accepted accounting principles for local government units.

The following is a summary of the City's significant accounting policies:

A. BASIS OF PRESENTATION

The financial statements of the City have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting board for governmental accounting and financial reporting.

The City has changed accounting policies due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds. Accordingly, the beginning fund balances of certain governmental and proprietary funds have been restated.

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statement issued but not implemented that will significantly affect the City is statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This statement will be implemented by the City for the year ending December 31, 2012.

B. REPORTING ENTITY

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

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

Blended Component Unit

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

C. GOVERNMENT-WIDE AND FUND FINANACIAL 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 assets and the statement of activities. These two statements report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been

removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

street lighting, paving, sanitary storm sewers, water mains, sewer lines, flood control and other projects.

The City reports the following major proprietary funds:

Airport – This fund accounts for the operations and construction activities of the Hector International Airport.

Water – This fund accounts for the activities (revenues, operating and capital expenses) of the City's water system. The City receives user fee revenues derived from sale of water and other related services to the general public.

Wastewater – This fund accounts for the activities (revenues, operating and capital expenses) of the City's wastewater (sewer) disposal system. The City receives user fee revenues derived from providing sanitary sewer services to the public.

Storm Sewer – This fund accounts for the activities (revenues, operating and capital expenses) of the City's storm sewer system. The City receives user fee revenues derived from providing storm sewer services to the public.

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 and is currently operated under a management contract with Global Spectrum, Inc.

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

Internal Service Funds – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units on a cost reimbursement basis. The City has two internal service funds, the Liability Self Insurance fund and the Health Self Insurance fund.

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

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

The City has prepared its government-wide and proprietary fund financial statements in accordance with all applicable GASB pronouncements, as well as private-standard pronouncements, issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply private-standard pronouncements after November 30, 1989.

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

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

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Equity in Pooled Investments, Cash and Investments

The City maintains investment pools used by the funds. Each fund's portion of the pool is displayed on the statements as "Equity in Pooled Investments." Interest income on such investments is allocated to certain funds on the basis of the participating funds balance in the cash and investments pool. In addition, investments are separately held by various funds. Two of the investment pools used by the City are managed by the PFM Financial Advisors Group.

Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. Cash and cash equivalents, for the purposes of GASB Statement No. 9 include cash, demand deposits, and certificates of deposit with a maturity of less than three months at the time of purchase.

2. Receivables and Payables

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

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

The City is permitted under provisions of the Home Rule Charter to levy taxes as needed for general governmental services and payment of principal and interest on long-term debt. The current Home Rule Charter maximum mill levy is sixty-four mills. Total mills levied for 2010 were fifty-eight and one-quarter.

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees vest in sick leave accumulated in excess of 960 hours, which is paid out at 44.4% of their normal pay in December of every year. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts (other than the vested amounts paid out annually) when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, a liability would be reported only if they have matured, for example, as a result of employee retirements or resignations. The entire portion of accumulated unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminate their service with the City or with the use of annual leave throughout the year.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums, discounts and issuance costs 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

8. Fund Equity

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

Beginning fund balances of certain governmental and proprietary funds have been restated to reflect the above classifications.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. 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 fixed assets, construction, debt service, or for other purposes).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government – wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $407,419,196 difference are as follows:

Bonds payable	$	323,096,022
Notes payable		71,932,749
Capital leases		280,115
December 31, 2011 long-term debt outstanding	$	395,308,886
Accrued interest payable		2,855,057
Bond premium		3,044,353
Accumulated unpaid vacation		2,966,202
Bond costs		(4,073,425)
Net pension obligation asset		(597,586)
Net pension obligation liability		7,915,709
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	$	407,419,196

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $65,540,604 difference are as follows:

Capital Outlay	$	78,375,741
Plus: assets transferred in from enterprise funds		7,678,767
Plus: prior year construction in progress added as asset in current year		3,382,213
Capital asset increases per footnote 4.C	$	89,436,721
Less: assets transferred in from enterprise funds		(7,678,767)
Less: prior year construction in progress added as asset in current year		(3,382,213)
Depreciation expense		(12,835,137)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$	65,540,604

Another element of that reconciliation states that "The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items 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 $57,213,921 difference are as follows:

Bonded debt issued	$ (65,175,000)
Premium on bonded debt issued	(1,056,364)
Bonded debt principal payments	21,718,032
Capital lease issued	(219,752)
Capital lease payment	59,508
Unamortized debt costs	1,191,417
Loan proceeds	(14,629,667)
Loan payments	897,905
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ (57,213,921)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $2,531,899 are as follows:

Compensated absences	$	(132,217)
Accrued interest		(64,490)
Amortization of bond costs and discounts		(257,148)
Amortization of bond premium		454,587
Net pension obligation adjustment		(1,694,699)
Other post employement benefits liability adjustment		4,225,866
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$	2,531,899

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

1. According to City charter, the Mayor submits a proposed budget each August to the City Commission. At that time, the City Commission makes any changes they deem necessary to this proposed budget.

2. The preliminary budget must be adopted by September 10.

3. Public hearings are conducted to obtain taxpayer comments.

4. The budget is legally enacted through the passage of a budget ordinance no later than October 7.

5. Budgets are adopted for the general, special revenue, and debt service.

6. The legal level of budgetary control is at the fund level. The Finance Director may approve transfers of budgeted amounts between departments within a given fund. Any transfers of budgeted amounts and any revisions that alter the total expenditures of any fund must be approved by the City Commission.

7. Formal budgetary integration is employed as a management control device during the period for the general fund, special revenue funds and the debt service fund at the fund level. Any expenditures in excess of current year's budget must be approved by the Finance Committee and the City Commission. Supplemental appropriations granted for the 2011 year include $393,037 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 years budget. General Fund Budget revisions approved for open encumbrances totaled $1,318,075 for the year ended December 31, 2011.

B. EXCESS OF EXPENDITURES OVER BUDGET

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

Special Revenue Funds		
Emergency 911	$	74,929
Convention & Visitors Bureau		173,737
NRI Loan Program		805
HUD Home Program		2,884

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

C. DEFICIT FUND EQUITY

Governmental Funds		
Special Revenue Funds		
Regional Training Center	$ 19,649	This deficit will be eliminated by future intergovernmental revenues.
Baseball Stadium	1,506,324	This deficit is due to a capital projects fund being closed out and set up as special revenue fund. The deficit will be recovered by future suite lease fees over the next several years.
Capital Projects Funds		
Capital Projects Fund	$ 20,704,634	This deficit will be eliminated by future bond financing and transfers from other funds.

D. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net assets reports $95,679,508 of restricted net assets, of which $47,531,660 is restricted by enabling legislation.

4. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits - In accordance with North Dakota Century Code, the City maintains deposits at those depository banks and brokerages authorized by the City Commission, all of which are covered by Federal Depository Insurance or Securities Investor Protection. Century Code requires that all City deposits be protected by insurance, collateral or surety bond. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. As of December 31, 2011, the carrying amount of the City's deposits was $63,242,686 and the bank balance was $67,450,072. As noted above, the bank balance is covered by Federal Depository Insurance or Securities Investor Protection.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Beyond what is stated in the Century Code, the City does not have a formal policy to further limit exposure to custodial credit risk. As of December 31, 2011, the City's deposits were either fully insured or properly collateralized, were held in the City's name, and have no custodial credit risk.

Investments – The City is authorized by North Dakota Century Code to invest in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of deposit fully insured by the federal deposit insurance corporation or the state, d) Obligations of the state.

Under the Home Rule Charter, City Ordinance also allows contracts for interest rate swaps or exchanges as investments for, and 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 and a portion of the City Employees Pension Fund, 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 market 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.

As of December 31, 2011, the City has the following investments and maturities:

		Investment Maturities (in years)				
Investment Type	Fair Value	Not Applicable	< 1	1 - 5	> 5 - 10	> 10
U.S. Treasuries	$ 22,444,521	-	-	22,444,521	-	-
U.S. Agencies	38,083,263			38,083,263		-
Local Government Bond	578,333	-	90,538	487,795		-
Corporate Stocks	4,034,946	4,034,946	-	-	-	-
Alternative Investments	3,112,807	3,112,807	-	-	-	-
Bond Mutal Funds	24,227,600	-	-	-	21,405,994	2,821,606
External Investment Pool *	57,022,337	57,022,337	-	-	-	-
	$ 149,503,808	$ 64,170,090	$ 90,538	$ 61,015,579	$ 21,405,994	$ 2,821,606

* - The weighted average maturity of the portion of the external investment pool subject to maturity is 6.96 years.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments in U.S. Agencies are mortgage-backed securities. Due to interest rate changes, how quickly homeowners pay off their mortgages can fluctuate, resulting in varying repayment streams and uncertain final maturities.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Although the City does not have a formal policy to limit exposure to credit risk, North Dakota Century Code limits the types of investments which are authorized (see Investments, above). As of December 31, 2011, the City had no investments in U.S. Instrumentalities. The City's investments in the local government bond, external investment pool, and bond mutual funds are not rated.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy to limit exposure to investment custodial credit risk.

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 places no limit on the amount which may be invested with a single issuer. There is no investment in any one issuer that is in excess of 5% of total investments at year-end. On a fund level the Water Enterprise Fund's investment in the City of Fargo Housing Revenue Bonds represents 100% of its non-pooled investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City has investments in foreign currency in the external investment pool with the State Investment Board. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. As of June 30, 2011, the City has the following foreign currency risk exposure on investments.

	All values in $000			
Currency	Short term	Debt	Equity	Total
Australian dollar	$ (77)	$ 88	$ 282	$ 293
Brazilian real	(31)	51	3	23
British pound sterling	76	69	1,050	1,195
Canadian dollar	(8)	58	108	158
Chinese yuan renminbi	32	-	-	32
Czech krouna	7	-	-	7
Israeli shekel	-	-	35	35
Danish krone	1	-	39	40
Euro	-	14	1,720	1,734
Hong Kong dollar	-	-	174	174
Hungarian forint	10	21	-	31
Indian rupee	-	5	-	5
Indonesian rupiah	-	63	-	63
Japanese yen	(11)	-	995	984
Malaysian ringgit	-	38	3	41
Mexican peso	4	61	-	65
New Zealand dollar	(20)	29	-	9
Norwegian krone	11	34	107	152
Philippine peso	-	14	-	14
Polish zloty	4	52	7	63
Singapore dollar	30	-	41	71
South African rand	5	26	-	31
South Korean won	-	55	46	101
Swedish krona	13	-	96	109
Swiss franc	9	-	384	393
Turkish lira	25	8	-	33
International comingled funds	-	-	1,374	1,374
	$ 80	$ 686	$ 6,464	$ 7,230

B. RECEIVABLES

Loans receivable as of December 31, 2011 were:

	Interest Rate	Maturity Date	Amount
Community Development	3%	01/02/16 to 08/02/21	$ 318,317
Neighborhood Revitalization Initiative (NRI)	2 - 4%	07/01/13 to 08/01/21	152,294
Neighborhood Revitalization Initiative (NRI)	0%	Due Upon Sale	25,500
HUD HOME	0 – 3%	03/01/13 to 08/01/16	2,972,885
Total loans receivable			$3,468,996

The NRI loans and HUD HOME (Home Investment Partnership Program) loans are made to encourage investment in housing as a way to stabilize and strengthen Fargo's neighborhoods. Loans are made for renovation of homes already owned, for assistance with buying and renovating a home, and for assistance with low-income housing and other housing-related issues. The HOME loans are funded by the Department of Housing and Urban Development, while the NRI loans are funded by the City.

Of the above loans, $2,316,787 is considered in non-repayment status. These loans are forgiven upon certain criteria being met, usually relating to maintaining ownership for a certain number of years. However, if the given criteria is not met, payment is required.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Capital assets, not being depreciated:				
Land	$ 15,494,273	$ 20,837,006	$ -	$ 36,331,279
Right of Way	3,610,323	754,684	-	4,365,007
Construction in progress	5,553,526	2,161,474	3,382,213	4,332,787
Total capital assets, not being depreciated	24,658,122	23,753,164	3,382,213	45,029,073
Capital assets, being depreciated:				
Buildings	71,050,049	2,009,509	-	73,059,557
Improvements other than buildings	646,535	-	-	646,535
Machinery and equipment	39,145,028	3,986,735	1,662,142	41,469,621
Flood Control	-	13,432,736	-	13,432,736
Infrastructure	283,203,836	12,022,573	530,163	294,696,246
Total capital assets being depreciated	394,045,448	31,451,553	2,192,305	423,304,695
Less accumulated depreciation for:				
Buildings	24,055,945	1,818,355	-	25,874,300
Improvements other than buildings	226,983	31,041	-	258,024
Machinery and equipment	23,584,070	3,840,081	1,515,785	25,908,366
Flood Control	-	134,327	-	134,327
Infrastructure	101,890,479	7,141,788	519,450	108,512,817
Total accumulated depreciation	149,757,477	12,965,592	2,035,235	160,687,834
Total capital assets, being depreciated, net	244,287,971	18,485,961	157,070	262,616,861
Governmental activites capital assets, net	$ 268,946,093	$ 42,239,125	$ 3,539,283	$ 307,645,934

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

Governmental activities:	
General government	$ 482,992
Public safety	1,561,843
Public works	8,221,495
Public health & welfare	74,216
Recreation & culture	755,009
Urban redevelopment	63,583
Transportation	1,675,999
Total depreciation expense - governmental activities	$ 12,835,137
Accumulated Depreciation recorded through asset transfers from Business-type Activites	130,455
Total Additions to Accumulated Depreciation - governmental activities	$ 12,965,592

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 43,538,847	$ 1,256,688	$ 7,356,677	$ 37,438,858
Intangible - Right-of -way Easements	388,260	16,472	-	404,732
Construction in progress	18,545,261	15,901,374	15,268,617	19,178,018
Intangible - Water rights	500,000	-	-	500,000
Total capital assets, not being depreciated	62,972,368	17,174,534	22,625,294	57,521,608
Capital assets, being depreciated				
Buildings	185,645,919	1,435,242	148,022	186,933,139
Improvements other than buildings	14,533,543	1,027,557	165,441	15,395,659
Machinery and equipment	54,884,161	5,160,148	854,162	59,190,147
Infrastructure	431,848,359	30,574,857	439,139	461,984,077
Total capital assets being depreciated	686,911,982	38,197,804	1,606,764	723,503,022
Less accumulated depreciation for:				
Buildings	55,992,244	4,183,336	146,167	60,029,413
Improvements other than buildings	5,157,278	630,276	35,587	5,751,967
Machinery and equipment	34,940,990	3,728,748	673,812	37,995,926
Infrastructure	120,197,113	9,519,894	386,493	129,330,514
Total accumulated depreciation	216,287,625	18,062,254	1,242,059	233,107,820
Total capital assets, being depreciated, net	470,624,357	20,135,550	364,706	490,395,202
Business-type activities capital assets, net	$ 533,596,725	$ 37,310,084	$22,990,000	$ 547,916,810

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

Business-type activities:	
Airport	$ 2,936,194
Water	3,190,442
Wastewater	3,415,345
Storm sewer	3,146,853
Vector control	19,973
Street lighting	1,110,492
Solid waste	1,866,853
Forestry	52,841
Fargodome	2,284,271
Total depreciation expense - business-type activities	$ 18,023,264
Accumulated depreciation recorded through asset transfers from governmental-type activities	38,990
	$ 18,062,254

D. COMMITMENTS

Construction

As of December 31, 2011, the City had commitments on various construction contracts totaling approximately $16,878,003.

Municipal Landfill Closure and Post-Closure Care Costs

The City of Fargo operates a municipal solid waste landfill to service the waste disposal needs of the community. The Environmental Protection Agency and the State of North Dakota regulations and guidelines (NDCC 23-29.04) impact the operation of the landfill.

The landfill site design has a total of 17 cells on approximately 116 acres of land. The City has constructed 14 cells to date, which vary in surface area from 4 to 6 acres. The cell depths range up to 30' below existing grade, varying based on their footprint location. Final elevations of cells range from 40' to 80' above existing grade. The cells have been designed with a leachate collection system and each cell is constructed with a composite liner system consisting of a compacted clay subgrade overlain by a 60-mil high-density polyethelene synthetic liner. Once cells have been filled to capacity, final closure can be performed, which involves placement of 4' un-compacted clay soils, in which 4" of yard waste compost is incorporated into the top 12", and 6" of topsoil.

Cells 1 through 12, 16, and 17 are presently constructed and partially filled. Based upon design capacity, the landfill is 57% full (acres), and based upon present utilization rates; the remaining capacity of the landfill is estimated at 10.76 years. The estimated liability for landfill closure and post closure care is $2,797,457 as of December 31, 2011. The City will recognize the remaining estimated cost of closure and post closure care of $2,022,557 as the remaining estimated capacity is filled. The estimated total current cost of landfill closure and post closure care is based upon the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2011. However, actual costs may be higher due to inflation, changes in technology, or landfill regulations. The City owns land held for future expansion adjacent to the existing landfill that can provide 50 years of future capacity.

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

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables are used when a fund has a cash deficit, as well as for other amounts owed between funds. The composition of interfund balances as of December 31, 2011, is as follows:

	Receivable	Payable
Debt service	$ 16,976,255	$ -
Capital projects	-	16,976,255
Nonmajor governmental	213,639	-
Nonmajor governmental	-	213,639
Water	2,916,426	-
Solid waste	-	1,788,205
Storm sewer	-	1,128,221
Interfund totals	$ 20,106,320	$ 20,106,320

At December 31, 2011, the inter-fund advance balances are:

	Funds Advanced	Amount Repaid To-Date	Advance Balance December 31, 2011
General fund	$ 2,298,802	$ 1,114,105	$ 1,184,697
Solid waste fund	1,200,000	846,770	353,230
Subtotal baseball advances	$ 3,498,802	$ 1,960,875	$ 1,537,927
General fund - shooting range advance	$ 225,000	$ 129,020	$ 95,980
Total advances	$ 3,723,802	$ 2,089,895	$ 1,633,907

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

Shooting range advance will be repaid by future intergovernmental grants over the next four years.

Interfund Transfers:

	Transfer In:						
	Major Funds				Nonmajor Funds		
	General	Debt Service	Capital Projects	Water	Governmental	Enterprise	Total
Transfer Out:							
Major Funds:							
General	$ -	$ 697,007	$ 3,319,607	$ -	$ 73,304	$ -	$ 4,089,919
Debt Service	-	-	25,579,356	-	32,329	-	25,611,685
Capital Projects	35,453	218,683	-	-	-	-	254,135
Airport	50,000	-	-	-	-	-	50,000
Water	3,012,000	-	3,149,658	-	-	-	6,161,658
Wastewater	1,442,000	-	286,593	1,300,000	-	100,000	3,128,593
Storm Sewer	300,000	-	7,792,696	-	-	-	8,092,696
Solid Waste	2,213,802	-	-	-	-	380,012	2,593,814
FargoDome	50,000	-	9,402	-	-	-	59,402
Nonmajor Funds:							
Governmental	6,340	396,659	578,616	-	110,314	-	1,091,929
Enterprise	454,360	-	-	-	-	-	454,360
Internal Service	30,000	-	-	-	-	-	30,000
Total	$ 7,593,955	$ 1,312,350	$ 40,715,927	$ 1,300,000	$ 215,947	$ 480,012	$ 51,618,190
Transfer of capital assets by proprietary fund to the general government			7,273,477				
			$ 33,442,450				

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.

During the current year land in the amount of $7,273,477 that was previously acquired in the Storm Sewer proprietary fund for flood control projects was transferred to the governmental funds. This was completed to reclassify land that will be used for a governmental purpose.

F. LEASES

Operating Leases

The City leases building and office facilities under noncancellable operating leases. Total costs for such leases were $274,445 for the year ended December 31, 2011. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2012	232,168
2013	121,700
2014	106,314
	$ 460,182

Capital Leases

The City is obligated to the following capital lease agreements:

	Remaining Balance
BUSINESS-TYPE	
SOLID WASTE ENTERPRISE FUND	
CAT Track Loader	$ 63,497
Intl 4300 Kann Recycle Body	26,330
Kann Trough Loader	61,269
CAT D7 Dozer	227,716
CAT D6 Dozer	187,631
Wheel Loaders (2)	114,870
Peterbilt 320 Chassis (2)	159,182
Peterbilt 320 Chassis (2)	157,628
Peterbilt 320 Chassis	122,870
Peterbilt 320 Chassis w/Heil Rapid Rail	120,033
Bomag Refuse Compactor	295,977
Cribus Screener	172,013
WASTEWATER ENTERPRISE FUND	
CAT Wheel Loader	$ 55,458
Total Business-Type	$ 1,764,472
GOVERNMENTAL	
John Deere Graders	$ 61,160
Volvo Grader	203,210
Canon Copier	15,745
Total Governmental	$ 280,115

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	$ 616,102	$ 4,063,179
Less: Accumulated depreciation	(260,442)	(1,403,834)
Total	$ 355,660	$ 2,659,345

Future Minimum Payments under the above capital lease agreements at December 31, 2011 are shown below:

	Governmental Activities	Business-type Activities
2012	$ 103,966	$ 691,307
2013	40,256	596,988
2014	40,256	445,153
2015	40,256	160,357
2016	78,172	38,000
Total minimum lease payments	302,906	1,931,805
Less: amount representing interest	(22,791)	(167,332)
Present value of minimum lease payments	$ 280,115	$ 1,764,472

Site and Facility Lease

Site Lease

The City of Fargo executed a long-term lease agreement with North Dakota State University (NDSU) for the FargoDome site. NDSU is leasing the FargoDome site to the City, and is in turn leasing 40 days use of the facility from the City. The site lease agreement, which runs from January 1990 to December 2089, requires payments of base rent of $1 per year.

Facility Lease

NDSU paid annual lease rental fees of $193,400 for 1999 – 2003. During 2002 this lease was renegotiated, and NDSU paid annual lease rental fees of $120,000 for 2003 – 2006. The lease payments terms changed on July 1, 2007 as the 2006 lease expired June 30, 2007 with the terms of NDSU having a maximum of forty days per lease year to rent the Fargodome. Annual rental fees under the new terms are $147,000. The terms of the 2007 lease are set to expire on June 30, 2012 with the terms of NDSU having a maximum of fifty days per lease year to rent the Fargodome. The lease payment terms changed July 2008 and again in July 2009 with the rate based off the prior year annual payment, adjusted for the Midwest Urban Consumer Price Index.

Locker Room Rental Agreement

During 2005, an additional lease agreement was entered into with the NDSU Development Foundation. The agreement is for use of approximately 23,461 square feet of its upstairs mezzanine level and lower level locker rooms. The agreement provides for annual rent of $57,500 due August 1 of each year. In addition to the rent, North Dakota State University will pay annual fixed expenses of $3,000 for the generator and building depreciation, as well as the variable costs associated with

electrical usage and generator operating costs. The lease expires in 2016, however it will automatically renew for up to two additional periods of 10 years each unless North Dakota State University gives the FargoDome six months in advance of the end of any 10-year term their intent to not renew the lease. The annual rent will be increased 5% every ten years during the term of the lease. They also share a percentage of the concession and novelty sales proceeds for NDSU events.

The asset leased to NDSU is as follows:

	Business-type Activity
Asset:	
Fargodome	$ 58,150,519
Less: Accumulated depreciation	(24,139,451)
Total	$ 34,011,068

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

2012	$ 204,500
2013	204,500
2014	204,500
2015	57,500
2016	57,500
	$ 728,500

Baseball Stadium Lease

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

The Fargo Baseball, LLC, as lessee, has leased the stadium for exclusive lease from May 29th of each year through the end of each baseball season. The lessee will pay the City funds raised from private suite and VIP seat licenses. A 15% commission from these revenue sources will be paid to the lessee by the City according to the lease agreement. The lessee retains the exclusive rights to the concession operations during the lease period. The lessee has responsibility for normal maintenance of the stadium and the lessor has responsibility for major structural improvements, maintenance and insurance.

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

The leased asset is as follows:

	Governmental Activity
Asset:	
Baseball stadium	$ 5,136,513
Less: Accumulated depreciation	(1,640,926)
Total	$ 3,495,587

Lease of Rights to Sewer System

The City of Fargo completed installation of a sewer line to a point of connection with the corporate city limits of the City of Oxbow, and as lessor, has leased the rights of the sewer system to the City of Oxbow.

The City of Oxbow, as lessee, has leased the sewer system until 2027 with the lease agreement expiring at this time.

The future minimum lease payments for this lease are as follows:

2012	$ 45,684
2013	45,684
2014	45,684
2015	45,684
2016	45,684
Thereafter	479,682
	$ 708,102

G. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2011

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011	Due within one year
GOVERNMENTAL ACTIVITIES					
Improvement bonds	$ 238,133,281	$ 65,175,000	$ 10,638,281	$ 292,670,000	$ 11,275,000
Gross revenue bonds	6,200,773	-	444,751	5,756,022	460,536
General obligation bonds	2,730,000	-	105,000	2,625,000	110,000
Sales tax revenue bonds	32,575,000	-	10,530,000	22,045,000	10,800,000
Total Bonds Payable	279,639,054	65,175,000	21,718,032	323,096,022	22,645,536
Notes payable	58,200,987	14,629,667	897,905	71,932,749	4,556,000
Capital leases	119,871	219,752	59,508	280,115	100,028
Total Debt	337,959,912	80,024,419	22,675,445	395,308,886	27,301,564
Accumulated unpaid vacation	2,833,985	2,966,202	2,833,985	2,966,202	2,966,202
Unamortized premium on refunding	2,442,576	1,056,364	454,587	3,044,353	381,703
Net pension obligations	6,271,458	4,383,518	2,739,267	7,915,709	-
Other postemployment benefits	4,225,866	-	4,225,866	-	-
TOTAL	$ 353,733,797	$ 88,430,503	$ 32,929,150	$ 409,235,150	$ 30,649,469

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011	Due within one year
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	$ 33,815,000	$ -	$ 3,970,000	$ 29,845,000	$ 4,155,000
Unamortized premium on refunding	1,073,484	-	155,605	917,879	155,605
Total Bonds Payable	34,888,484	-	4,125,605	30,762,879	4,310,605
Notes payable	12,202,767	-	1,590,000	10,612,767	1,625,000
Capital leases	2,053,885	280,731	570,144	1,764,472	611,097
Special assessments	4,992,673	600	397,642	4,595,632	243,088
Contract payable	1,442,103	-	324,531	1,117,572	337,753
Landfill closure/postclosure	2,935,979	-	138,522	2,797,457	-
Accumulated unpaid vacation	644,093	666,105	644,093	666,105	666,105
TOTAL	$ 59,159,984	$ 947,436	$ 7,790,537	$ 52,316,884	$ 7,793,648

The General Fund has typically been used in prior years to liquidate the bulk of the liability for accumulated unpaid vacation. Smaller amounts have typically been liquidated by Community Development, HUD HOME, HUD HOME Participating Jurisdiction, and Parking Authority Special Revenue Funds.

The General Fund has typically been used in prior years to liquidate the bulk of the liability for the net pension obligations.

The entire portion of accumulated unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminated their service with the City or with the use of annual leave throughout the year.

BONDS PAYABLE

A summary of bonds payable is shown below. A detailed listing of the individual bond issues is continued at the end of Note G.

	Original Interest Rates	Original Issue Amounts	Balance Remaining
GOVERNMENTAL ACTIVITIES			
Improvement bonds			
(Special assessment debt)	2.00 - 6.00 %	$ 338,435,000	$ 292,670,000
Gross revenue bonds	2.50 - 6.625%	8,920,000	5,756,022
General obligation bonds	2.00 - 4.00%	2,875,000	2,625,000
Sales tax revenue bonds	2.00 - 6.00%	63,055,000	22,045,000
TOTAL		$ 413,285,000	$ 323,096,022
BUSINESS-TYPE ACTIVITIES			
Water revenue bond	5.25%	$ 28,065,000	$ 20,360,000
Clean renewable energy bond	0.50%	1,500,000	1,000,000
Airport revenue bonds (2 issues)	2.00 - 4.25%	14,225,000	8,485,000
TOTAL		$ 43,790,000	$ 29,845,000

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, 2011, consist of three issues backed and serviced by sales tax, two issues backed and serviced by annual general fund revenue appropriations, one issue backed and serviced by NRI program revenues, one issue backed and serviced by Parking Authority revenues, and four issues backed and serviced by utility revenues, which include the Water Fund, Solid Waste Fund and Airport Authority.

Debt service requirements for these revenue bonds at December 31, 2011, are as follows:

Sales Tax			
Year	Principal	Interest	Total
2012	$ 10,800,000	$ 672,462	$ 11,472,462
2013	5,580,000	239,063	5,819,063
2014	5,665,000	127,462	5,792,462
Totals	$ 22,045,000	$ 1,038,987	$ 23,083,987

General Fund Appropriations			
Year	Principal	Interest	Total
2012	$ 309,998	$ 203,923	$ 513,921
2013	323,741	189,954	513,695
2014	337,661	175,130	512,791
2015	356,763	159,241	516,004
2016	371,058	142,254	513,312
2017-2021	2,157,078	414,020	2,571,098
2022-2026	496,389	15,350	511,739
Totals	$ 4,352,689	$ 1,299,872	$ 5,652,561

NRI Program			
Year	Principal	Interest	Total
2012	$ 90,538	$ 14,458	$ 104,996
2013	92,801	12,195	104,996
2014	95,121	9,875	104,996
2015	97,500	7,497	104,997
2016	99,937	5,059	104,996
2017-2021	102,436	2,561	104,997
Totals	$ 578,333	$ 51,645	$ 629,978

Parking Authority			
Year	Principal	Interest	Total
2012	$ 60,000	$ 52,531	$ 112,531
2013	65,000	49,081	114,081
2014	70,000	45,262	115,262
2015	75,000	41,062	116,062
2016	80,000	33,968	113,968
2017-2021	475,000	100,221	575,221
Totals	$ 825,000	$ 322,125	$ 1,147,125

Water			
Year	Principal	Interest	Total
2012	$ 2,975,000	$ 990,806	$ 3,965,806
2013	3,130,000	830,550	3,960,550
2014	3,295,000	661,894	3,956,894
2015	3,470,000	484,312	3,954,312
2016	3,650,000	297,413	3,947,413
2017-2021	3,840,000	100,800	3,940,800
Totals	$ 20,360,000	$ 3,365,775	$ 23,725,775

Solid Waste			
Year	Principal	Interest	Total
2012	$ 100,000	$ 8,500	$ 108,500
2013	100,000	7,650	107,650
2014	100,000	6,800	106,800
2015	100,000	5,950	105,950
2016	100,000	5,100	105,100
2017-2021	500,000	12,750	512,750
Totals	$ 1,000,000	$ 46,750	$ 1,046,750

Airport Authority			
Year	Principal	Interest	Total
2012	$ 1,080,000	$ 340,259	$ 1,420,259
2013	1,120,000	301,889	1,421,889
2014	1,160,000	261,379	1,421,379
2015	1,205,000	217,812	1,422,812
2016	1,255,000	166,600	1,421,600
2017-2021	2,665,000	171,062	2,836,062
Totals	$ 8,485,000	$ 1,459,001	$ 9,944,001

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

The City of Fargo is subject to the North Dakota Century Code, which limits the amount of general obligation indebtedness (exclusive of revenue-producing utility debt, special assessment debt, tax increment debt, and Housing Authority debt) that the City may have outstanding to 5% of assessed valuation. On December 31, 2011, the statutory limit for the City was $175,901,694 providing a debt margin of $167,430,338. This calculation can be found on page 143 of the statistical section.

PREVIOUS YEARS DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2011, $93,220,000 of bonds outstanding are considered to be defeased.

CONTRACT PAYABLE

The City has agreed to sell treated wastewater to Cass Rural Water Users District, and Cass Rural Water Users District has, in turn, agreed to sell treated wastewater to the Tharaldson Ethanol Plant, LLC for use at its ethanol plant. On July 9, 2007, the LLC, CRWU, and the City entered into a Memorandum of Understanding under which the parties each agreed to perform certain obligations, including the financing, construction, and maintenance of the infrastructure necessary for delivery of treated wastewater and for the return of plant wastewater to and from the ethanol plant. Cass Rural Water Users District financed the project through issuance of bonds, which are payable by both the LLC and the City for its corresponding obligations under the Memorandum of Understanding. Per the agreement, the City's obligation for this contract is $1,703,181 which will be repaid to the CRWU over a five year period. As of December 31, 2011, the balance of this contract payable is $1,117,572.

NOTES PAYABLE

The City has obtained financing from the State of North Dakota's State Revolving Loan Fund (SRLF) to finance expansion of the wastewater treatment facility, a portion of the new water treatment plant, sewer hook-up for Reile's Acres and Oxbow, storm sewer system, 45th street corridor interceptor project, north side sewer service facility project, transmission lines south side system project, a water tower project, clarifier improvements to the wastewater system and a wastewater stabilization pond project.

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

Details relative to the outstanding notes payable are shown below:

TYPE AND ISSUE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/11
GOVERNMENTAL ACTIVITIES				
SRLF Storm Sewer Project	9/1/2020	2.50%	$ 1,816,295	$ 930,000
SRLF Water Tower	9/1/2027	2.50%	2,270,000	2,165,000
SRLF North Side Sewer Service Facility Plan	9/1/2028	2.50%	1,630,000	1,560,000
SRLF 45th Street Corridor Interceptor System	9/1/2029	2.50%	63,725,000	46,774,636
SRLF Transmission Lines South Side System	9/1/2029	2.82%	29,240,000	13,428,052
SRLF Wastewater Clarifier Improvements	91/2029	0.05%	853,974	556,352
SFLF Wastewater Stabilization Ponds	9/1/2029	2.50%	3,149,575	3,024,575
TIF Revenue Notes	5/1/2034	6.00%	3,911,699	3,494,134
TOTAL GOVERNMENTAL ACTIVITIES			$ 106,596,543	$ 71,932,749
BUSINESS-TYPE ACTIVITIES				
SRLF Sewer Plan Expansion Phase I	10/1/2013	3.00%	$ 3,561,559	$ 455,000
SRLF Sewer Plan Expansion Phase II	10/1/2014	2.50%	6,270,000	1,370,000
SRLF Sewer Plan Expansion Phase III	9/1/2017	2.50%	2,720,429	965,429
SRLF Sewer Plan Expansion Phase IV	9/1/2018	2.50%	1,482,337	602,338
SRLF Sewer Plan Expansion Phase VI	9/1/2019	2.50%	10,266,793	5,125,000
SRLF Reile's Acres Sewer Project	9/1/2019	2.50%	210,000	90,000
SRLF Oxbow Sewer Extension	9/1/2025	2.50%	2,470,739	2,005,000
TOTAL BUSINESS-TYPE ACTIVITIES			$ 26,981,857	$ 10,612,767
TOTAL NOTES PAYABLE			$ 133,578,400	$ 82,545,516

The annual requirements to amortize long-term debt for the next five years (excluding accumulated unpaid vacation, capital leases, contract payable, landfill closure/postclosure, unamortized premium on refunding, and net pension obligations) as of December 31, 2011, are shown in the following table:

GOVERNMENTAL ACTIVITIES

	Special Assessment Bonds		Gross Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 11,275,000	$ 12,253,514	$ 460,535	$ 270,912	110,000	79,125
2013	13,115,000	11,552,816	481,543	251,230	115,000	76,875
2014	13,670,000	11,103,855	502,782	230,267	115,000	74,431
2015	13,565,000	10,638,006	529,263	207,800	125,000	71,731
2016	12,480,000	10,177,473	550,995	183,782	120,000	68,825
2017-2021	61,705,000	43,631,275	2,734,514	514,302	670,000	289,731
2022-2026	69,755,000	29,950,667	496,390	15,350	795,000	174,600
2027-2031	62,690,000	14,353,291	-	-	575,000	31,694
2032-2036	32,495,000	3,441,928	-	-	-	-
2037-2041	1,920,000	38,400	-	-	-	-
	$ 292,670,000	$ 147,141,225	$ 5,756,022	$ 1,673,643	$ 2,625,000	$ 867,012

	Sales Tax Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2012	$ 10,800,000	$ 538,187	$ 4,556,000	$ 1,320,424
2013	5,580,000	239,063	2,776,057	1,605,300
2014	5,665,000	127,462	2,848,651	1,535,705
2015	-	-	2,917,827	1,464,279
2016	-	-	2,990,010	1,394,721
2017-2021	-	-	16,026,390	5,793,391
2022-2026	-	-	17,684,812	3,706,093
2027-2031	-	-	18,638,868	1,407,706
2032-2036	-	-	-	-
	$ 22,045,000	$ 904,712	$ 68,438,615	$ 18,227,619

BUSINESS-TYPE ACTIVITIES

	Revenue Bonds		Notes Payable		Special Assessments	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 4,155,000	$ 1,339,565	$ 1,625,000	$ 267,594	$ 243,089	$ 257,647
2013	4,350,000	1,140,089	1,661,000	225,844	211,136	191,280
2014	4,555,000	930,073	1,476,000	183,169	216,693	196,843
2015	4,775,000	708,075	1,021,000	146,269	218,378	200,674
2016	5,005,000	469,112	1,051,000	120,744	215,430	205,554
2017-2021	7,005,000	284,612	3,163,767	247,928	1,015,027	968,930
2022-2026	-	-	615,000	38,625	1,057,320	1,057,320
2027-2031	-	-	-	-	1,117,062	1,117,062
2032-2036	-	-	-	-	301,497	301,497
	$ 29,845,000	$ 4,871,526	$ 10,612,767	$ 1,230,173	$ 4,595,632	$ 4,496,807

Individual Bond Issues by Fund – The following is a summary of the individual bond issues, as of the year ended December 31, 2011.

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/11
GOVERNMENTAL ACTIVITIES						
SPECIAL ASSESSMENT BONDS						
2002 Series A	Infrastructure system construction	6/1/2002	5/1/2027	3.00-5.125	$ 11,190,000	$ 8,450,000
2003 Series A	Infrastructure system construction	3/1/2003	5/1/2028	2.375-4.70	15,250,000	11,720,000
2003 Series D	Infrastructure system construction	9/1/2003	5/1/2028	3.00-5.00	12,525,000	9,800,000
2004 Series B Refunding	Crossover refunding of 1996 Series C and 1997 Series B	4/1/2004	6/1/2015	2.25-3.375	9,300,000	3,615,000
2004 Series C	Infrastructure system construction	5/1/2004	5/1/2029	3.00-4.75	22,280,000	18,140,000
2004 Series E	Infrastructure system construction	11/1/2004	5/1/2029	3.00-4.50	23,185,000	17,565,000
2005 Series A	Infrastructure system construction	12/15/2005	5/1/2030	4.00-4.70	21,310,000	17,450,000
2005 Series B Refunding	Crossover refunding of 1997 Series A	12/15/2005	5/1/2018	4.00-4.25	10,675,000	5,800,000
2006 Series B	Infrastructure system construction	12/15/2006	5/1/2031	3.75-4.375	19,810,000	16,795,000
2006 Series C Refunding	Crossover refunding of Series 1999A, 2000B, and 2001B	12/15/2006	5/1/2018	3.75	6,465,000	4,745,000
2007 Series B	Infrastructure system construction	12/15/2007	5/1/2032	4.00-4.70	13,045,000	11,515,000
2008 Series E	Infrastructure system construction	12/19/2008	5/1/2033	4.00-6.00	26,285,000	24,195,000
2009 Series A Refunding	Current refunding of 2001 Series A and B	4/30/2009	5/1/2019	2.50-4.00	13,190,000	10,375,000
2009 Series C	Infrastructure system construction	10/15/2009	5/1/2034	2.00-4.125	37,680,000	36,590,000
2010 Series B	Infrastructure system construction	5/25/2010	5/1/2035	0.80 - 5.70	22,820,000	22,490,000
2010 Series C Refunding	Crossover refunding of 2002 Series A	5/25/2010	5/1/2027	3.00-5.00	8,250,000	8,250,000
2011 Series A	Infrastructure system construction	5/15/2011	5/1/2036	2.00-5.00	19,180,000	19,180,000
2011 Series B	Infrastructure system construction	5/15/2011	5/1/2036	2.50-4.625	5,430,000	5,430,000
2011 Series C	Infrastructure system construction	12/15/2011	5/1/2037	2.00-4.00	20,965,000	20,965,000
2011 Series D	Infrastructure system construction	12/15/2011	5/1/2037	2.00-4.00	10,085,000	10,085,000
2011 Series E Refunding	Crossover refunding of 2003 Series A	12/15/2011	5/1/2028	2.00-3.25	9,515,000	9,515,000
					$ 338,435,000	$ 292,670,000
GENERAL OBLIGATION BONDS						
2009 Series B	Fire station and fire truck	10/15/2009	5/1/2029	2.00-4.00	$ 2,875,000	$ 2,625,000
GROSS REVENUE DEBT						
2001 Parking Revenue	Additions to parking facilities	5/15/2001	11/1/2021	4.00-6.625	$ 1,290,000	$ 825,000
2002 Lease Revenue	City Hall and Civic Auditorium improvements	5/1/2002	5/1/2022	3.50-5.10	4,930,000	3,235,000
2002 Housing Revenue	NRI housing program	4/15/2002	4/15/2017	2.50	1,300,000	578,333
2007 Lease Revenue	Transit maintenance building	6/1/2007	6/1/2022	4.67	1,400,000	1,117,689
					$ 8,920,000	$ 5,756,022
SALES TAX INFRASTRUCTURE BONDS						
1999	Street system improvements	11/15/1999	7/1/2012	5.00-6.00	$ 15,260,000	$ 1,650,000
2005	Street system improvements	7/18/2005	7/1/2012	5.00	20,260,000	3,655,000
2009 Series D	Flood mitigation projects	10/15/2009	11/1/2014	2.00-3.00	27,535,000	16,740,000
					$ 63,055,000	$ 22,045,000
TOTAL GOVERNMENTAL ACTIVITIES					$ 413,285,000	$ 323,096,022

TYPE AND ISSUE	PURPOSE	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATES	ORIGINAL ISSUE	PRINCIPAL OUTSTANDING 12/31/11
BUSINESS-TYPE ACTIVITIES						
WATER FUND						
Revenue Bonds of 2007	Refund water revenue bonds of 1997	10/11/2007	1/1/2017	5.25	$ 28,065,000	$ 20,360,000
AIRPORT FUND						
Revenue Bonds of 2004	Runway reconstruction	10/1/2004	9/1/2014	2.00-3.55	$ 6,470,000	$ 2,150,000
Revenue Bonds of 2007	Terminal improvements	2/15/2007	9/1/2018	2.25-4.00	7,755,000	6,335,000
					$ 14,225,000	$ 8,485,000
SOLID WASTE FUND						
Clean Renewable Energy Bond	Improvements to Landfill Gas Collection System	11/5/2007	12/15/2021	0.50	$ 1,500,000	$ 1,000,000
TOTAL BUSINESS-TYPE ACTIVITIES					$ 43,790,000	$ 29,845,000
TOTAL BONDED INDEBTEDNESS					$ 391,900,000	$ 352,941,022

H. DEFERRED REVENUE

Governmental funds report deferred 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 deferred relates to special assessments receivable which will be used to pay off refunding improvement and sidewalk bonds. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable	$ 303,146	$ -	$ 303,146
Special assessments receivable	222,864,992	-	222,864,992
Grant resources held and grant items receivable	10,978,770	137,754	11,116,524
Loans/contracts/accounts receivable	4,464,790	2,365,163	6,829,953
Total deferred/unearned revenue for governmental funds	238,611,698	$ 2,502,917	$ 241,114,615
Internal Service fund - deferred revenue	175,898		
Total per reconciliation of the governmental funds balance sheet to the statement of net assets	$ 238,787,596		

I. CONDUIT DEBT OBLIGATIONS

From time to time, the City has approved issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, the number of Industrial Revenue Bonds outstanding and the aggregate principal amount payable is unknown. Neither the State of North Dakota nor the City of Fargo have 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.

J. FUND BALANCES

The City classified fund balances within the governmental funds as follows at December 31, 2011:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Advances to other funds	$ 1,280,677	$ -	$ -	$ -	$ 1,280,677
Inventory	755,709	-	-	-	755,709
Prepaid Items	410,120	-	450	10,003	420,573
Property held for resale	-	-	1,573,800	347,875	1,921,675
Total Nonspendable	2,446,506	-	1,574,250	357,878	4,378,634
Restricted for:					
Broadway Mall Maintenance	-	-	-	60,912	60,912
City Share of Specials	-	-	-	82,149	82,149
Community Development	-	-	-	8,641	8,641
Convention & Visitors Bureau	-	-	-	15,479	15,479
Court Forfeits	-	-	-	106,075	106,075
Debt Service	-	83,267,593	-	-	83,267,593
Emergency 911	-	-	-	9,120	9,120
Emergency Shelter	38,000	-	-	-	38,000
Fire	685,102	-	-	-	685,102
FTA Transit Capital Escrow	-	-	-	11,188	11,188
Health	826,661	-	-	-	826,661
HUD Home Participating Jurisdiction	-	-	-	44,215	44,215
HUD Home Program	-	-	-	27,054	27,054
Noxious Weeds	-	-	-	103,182	103,182
NRI Loan Program	-	-	-	215,131	215,131
Parking Authority	-	-	-	554,747	554,747
Parking Repair and Replacement	-	-	-	239,573	239,573
Parking Surplus Fund	-	-	-	64,754	64,754
Planning and Development	227,010	-	-	-	227,010
Police	1,471,917	-	-	-	1,471,917
Skyway Maintenance	-	-	-	108,614	108,614
Transit	260,092	-	-	-	260,092
Winter Lights Maintenance	-	-	-	9,039	9,039
Total Restricted	3,508,782	83,267,593	-	1,659,873	88,436,248
Committed to:					
Revenue Stabilization	3,094,517	-	-	-	3,094,517
Assigned to:					
2012 Budget	1,125,286	-	-	-	1,125,286
Unassigned:	23,450,515	-	(22,278,884)	(1,527,786)	(356,155)
Total Fund Balances	$ 33,625,606	$ 83,267,593	$ (20,704,634)	$ 489,965	$ 96,678,530

K. RESTATEMENT OF FUND BALANCE

The beginning fund balance of the general fund, parking repair and replacement fund, storm sewer fund, and the southeast cass sewer fund have been restated in order to reflect the reclassification of the entire beginning fund balances of certain funds from the Special Revenue fund type in accordance with the revised definitions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The effect on beginning fund balance is as follows:

	Governmental Funds		Proprietary Funds	
	General fund	Parking Repair and Replacement fund	Storm Sewer fund	Southeast Cass fund
Beginning of year fund balance, as previously reported	$ 22,481,523	$ 113,491	$ 125,081,306	$ 7,834
Reclassification of funds:				
Outdoor Warning System fund	(11,272)	-	-	-
Revenue Stabilization fund	3,489,678	-	-	-
City Building Repair Escrow fund	144,164	-	-	-
City Vehicle Reserve fund	(25,643)	-	-	-
Computer Replacement fund	65,500	-	-	-
Civic Center Capital Reserve fund	122,188	-	-	-
Other Projects fund	14,805	-	-	-
Island Park Maintenance Escrow	-	89,725	-	-
Drain Maintenance Fund	-	-	101,164	-
Southeast Cass Capital Fund	-	-	-	50,071
Total reclassification	3,799,420	89,725	101,164	50,071
Beginning of year fund balance, as restated	$ 26,280,943	$ 203,216	$ 125,182,470	$ 57,905

5. OTHER NOTES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions, errors and omissions; job related illness or injuries to employees; acts of God, and losses resulting from providing accident, health, dental and medical benefits to employees and retirees and their dependents or beneficiaries.

The City maintains two self-insurance internal service funds that are used to administer the risks of losses associated with the various exposures.

HEALTH SELF INSURANCE

The City maintains a self-insured health plan which offers medical benefits to employees and retirees. Benefits associated with this plan are funded by employer, employee and retiree contributions. Retirees and COBRA employees pay their own premiums; the City does not fund a benefit for this group. An outside third party administrator is used for claims processing, employee education and assistance with plan design. Stop loss insurance is purchased to limit catastrophic losses. The stop loss deductible is currently $190,000 specific per participant with an aggregate specific deductible of $70,000 and a plan reimbursement maximum of $1,310,000. 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 stop loss insurance in the past three years.

An incurred but not reported (IBNR) liability accrual is estimated by the third party administrator and is recorded in the financial statements. The estimated IBNR amount is $1,136,123 as of December 31, 2011. A summary of the claim reserve liabilities and related claim payments is shown below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011	$ 445,946	$ 7,395,903	$ 6,705,726	$ 1,136,123
2010	511,154	6,406,673	6,471,881	445,946
2009	558,000	5,082,834	5,129,680	511,154

On September 6, 2011 the City Commission approved the transition to the North Dakota Public Employees Retirement System (NDPERS) Health Insurance Plan effective January 1, 2012. This transition to the NDPERS Health Insurance Plan applies to all active and retired employees of the City of Fargo, including City, Police and Fire employees. With the switch to NDPERS the City's health self insurance reserve fund will eventually be discontinued upon settlement of the outstanding claims.

LIABILITY SELF INSURANCE

The City is fully insured for automobile liability insurance through the North Dakota State Insurance Reserve Fund. The City maintains a self-insured liability plan to account for general liabilities incurred by the City. The City retains the risk for this category up to the statutory limits established by the North Dakota State Century Code Section 32.12.1-3. Under these provisions the City retains the first $250,000 claim per person and $500,000 maximum exposure. The City Attorney's Office and third party claims administrator is responsible for the settlement and final determination for the payment of claims. The City implemented an actuarial approach to projecting claims for budget purposes effective 1/1/2000. All operating units of the City are charged a standard self-insured risk amount based upon their own loss development factors. This will provide adequate resources to cover anticipated losses for general liabilities. 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 vehicle coverage in the past three years.

A claims reserve for general liability has been calculated by our legal counsel in the amount of $0. Effective, October 29, 2009 the City Commission approved the City's general liability coverage to be placed with the North Dakota Insurance Reserve Fund. Management believes the City's overall long term risk profile and related cost of risk will be mitigated by switching to this program. With the switch to NDIRF the City's general liability self insurance reserve fund was completely discontinued as of December 31, 2011. A summary of claim reserve liabilities and related claim payments is shown below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011	$ -	$ -	$ -	$ -
2010	50,000	(48,916)	1,084	-
2009	341,312	1,747,386	2,038,698	50,000

INSURED RISKS

The City purchases commercial insurance for the risk of damage to or destruction of buildings and equipment. Present coverage is provided by the State Fire and Tornado Fund as our primary property insurance carrier. Other commercial insurance is also purchased for boiler, specialty equipment floaters, aircraft liability coverage and flood coverage for certain locations required by FEMA. A schedule of insurance in force is included in the supplementary information portions of this report. There have been no significant reductions to insurance coverage in the past year. There have been no insurance settlements in excess of the City's coverage in the past three years.

B. PENSION PLANS

The City of Fargo contributes to four separate pension plans which cover substantially all full-time employees. They are the North Dakota Public Employee Retirement System, Employees' Pension Plan, Police Pension Plan, and the Fargo Firefighters' Relief Association Retirement Plan. All of these plans are defined benefit pension systems. The Fargo Firefighters' Relief Association Retirement Plan and the North Dakota Public Employee Retirement System are separate legal entities and are not administered by the City. The plans have not been included in the reporting entity and are not shown in the accompanying financial statements.

Summary of Significant Accounting Policies

Basis of Accounting - The City's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments - Investments are reported at fair value. Certificates of deposit are reported at cost, which approximates fair value. Securities traded on national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description, Contribution and Reserves Information

Employees' Pension Plan
Plan Description. The City of Fargo Employees' Pension plan is a multiple employer public employee retirement system. The plan is integrated with social security and therefore, is considered a supplemental plan. All full-time City employees not covered by another plan are eligible for participation in the Employees' Pension Plan. As of January 1, 2008 all newly hired employees become North Dakota Public Employee Retirement System (NDPERS) members. Voluntary enrollment in the NDPERS plan was offered to all members currently participating in the City Employee Pension Plan.

Membership in the plan on January 1, 2012 (date of most recent actuarial study) is as follows:

Retirees and beneficiaries	185
Terminated vested and deferred beneficiaries	23
Active plan members	429

Number of participating employers: 2

Employees under a discounted annuity formula may be eligible for early, normal or disability retirement. The plan permits early retirement at age 55. Normal retirement age for full benefits is age 62 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 55-62 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.

Contributions. Participating employees contribute to the plan at a rate of 4.5% of salary and the employers contribute at a rate of 6.0% of regular salary for all employees. The contribution rates are established by local ordinance, and the employers 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.

Reserves. The net assets at December 31, 2011 are $27,850,241 and the entire amount is reserved for employee pension benefits.

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

North Dakota Public Employee Retirement System Pension Plan

Plan Description. As of January 1, 2008, all newly hired full-time and certain part-time employees (with the exception of Police and Fire department employees) of the City of Fargo are covered by defined benefit plans administered by the North Dakota Public Employee Retirement System (NDPERS). Voluntary enrollment in the NDPERS plan was offered to all members currently participating in the City Employee Pension Plan. The System administers PERS, which is a cost-sharing multiple-employer retirement plan. The PERS was established July 1, 1966 as a defined contribution plan and was changed to a defined benefit plan by the 1977 North Dakota Legislature. The PERS is administered in accordance with Chapter 54-52 of the North Dakota Century Code.

NDPERS provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute. Plan participants 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). The annual pension benefit is equal to 2% of their average monthly salary, using the highest 36 months out of the last 120 months of service, for each year of service. The Plan permits early retirement at ages 55-64 with three or more years of service under a discounted annuity formula.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, level social security, 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.

Contributions. North Dakota Century Code Chapter 54-52 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. PERS members were required to contribute 4% of their regular compensation in 2011. The City of Fargo's required contribution is 5.26% of covered compensation.

The City's contribution to the Public Employees Retirement System for the years ending December 31, 2011, 2010 and 2009 was $923,048, $858,937, and $784,259 respectively. The City's contribution was equal to the contractually required contribution for the year as set by state statute, or 100% of the required contributions for each year.

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

Police Pension Plan

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

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

Membership on January 1, 2012, (date of most recent actuarial study) in the plan is as follows:

Retirees and beneficiaries currently receiving pension payments	105
Fully vested members contributing	81
Non vested members contributing	81
Terminated vested employees	5

Number of participating employers: 1

Plan participants are eligible for normal retirement benefits after age 50 with 10 years of service under 2.65% per year of service formula, plus $8.33 per year of service, maximum $250. This is applicable to all new members who participate on or after August 1, 1990. Members who first participated prior to August 1, 1990, can elect this retirement age formula or remain under the Rule of 88, 60% formula.

The Plan purchases life insurance for active employees, the proceeds of which are paid to a designated beneficiary in the amount of $65,000. The designated beneficiary will also receive the participant's employee contribution plus interest earned on contributions at 6% per annum. Interest is accrued on contributions starting January 1, 1970. Non-active participants 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 5% per annum, in lieu of a deferred vested benefit.

Benefit provisions are established under the authority of the City Commission.

Contributions. Employees contribute at a rate of 8.0% of salary. The City contributes at a rate of 13.65% of salary for members employed prior to April 1, 1986, and a rate of 12.20% 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.

Reserves. The net assets at December 31, 2011 are $31,799,229 and the entire amount is reserved for employee pension benefits.

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

Fargo Firefighters' Relief Association Retirement Plan

Plan Description. The Fargo Firefighters' Relief Association Retirement Plan is a single employer public employee retirement system governed by Section 18-11 of the North Dakota State Century Code. The Association is organized, operated, and maintained in accordance with its own articles of

incorporation and by-laws. The plan is not integrated with social security and has elected to make employee contributions on a pre-tax basis as of January 1, 1996.

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

Membership on January 1, 2012, (date of most recent actuarial study) in the plan is as follows:

Active plan members	111
Deferred vested	1
Retirees, disabled, and beneficiaries	87

Number of participating employers: 1

Plan participants are eligible for normal retirement at age 55 with 10 years of eligible service. Effective August 1, 2001, the benefit formula was improved to provide 2.50% of earnings times years of service. The result is taken times the salary of a first class firefighter to determine the monthly pension benefit amount. A monthly disability service pension benefit is also provided under an alternative formula along with family death benefits.

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

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

Contributions. Participating employees contribute to the plan at a rate of 8.4% of salary and the City contributes at a rate of 13.65% for pre-1986 employees and 12.20% 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.

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.

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.

SCHEDULES OF FUNDING PROGRESS (GASB's 25 & 27)

EMPLOYEES' PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/1/1997	$ 16,580,254	$ 19,809,285	$ 3,229,031	83.7%	$ 10,716,136	30.1%
1/1/1999	20,627,311	22,786,324	2,159,013	90.5%	12,173,649	17.7%
1/1/2001	22,431,456	27,817,109	5,385,653	80.6%	13,704,295	39.3%
1/1/2003	19,948,931	32,403,936	12,455,005	61.6%	15,508,120	80.3%
1/1/2005	25,817,436	35,828,009	10,010,573	72.1%	18,727,768	53.5%
1/1/2007	30,259,793	40,993,634	10,733,841	73.8%	20,329,420	52.8%
1/1/2009	22,218,940	43,169,721	20,950,781	51.5%	22,146,947	94.6%
1/1/2010	25,543,875	44,753,634	19,209,759	57.1%	23,560,008	81.5%
1/1/2011	27,993,517	45,628,332	17,634,815	61.4%	23,020,572	76.6%
1/1/2012	27,850,241	46,959,040	19,108,799	59.3%	23,904,652	79.9%

Prior to the actuarial valuation dated 04/01/97, the Employees' Pension Plan used the aggregate actuarial cost method which does not identify or separately amortize unfunded liabilities. Therefore, no prior years are presented in the above Schedule of Funding Progress.

For the Employees' Pension Plan, contributions for the years ended December 31, 2011, 2010 and 2009 were $1,621,139, $1,210,629, and $1,518,491, respectively, which were 70%, 39%, and 51%, respectively, of the required contributions for each year. The annual pension cost for the years ended December 31, 2011, 2010, and 2009 were $1,944,576, $2,942,307, and $2,879,527, respectively. The percentage funded was 83%, 41%, and 51% for the years 2011, 2010, and 2009, respectively. The Net Pension Obligation (NPO) at the end of 2011, 2010, and 2009 was positive (a liability).

Annual Pension Cost Components					
Year Ended December 31	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Change In NPO	NPO Balance
1999	$ 874,579	$ (85,606)	$ (130,366)	$ (95,167)	$ (1,236,583)
2000	874,579	(92,744)	(141,235)	(315,683)	(1,552,266)
2001	1,337,830	(116,420)	(177,866)	10,588	(1,541,678)
2002	1,337,830	(115,626)	(176,652)	(99,902)	(1,641,580)
2003	2,262,592	(123,119)	(193,229)	737,961	(903,619)
2004	2,262,592	(67,771)	(106,364)	416,768	(486,851)
2005	2,349,879	(36,514)	(57,165)	345,429	(141,422)
2006	2,349,879	(10,607)	(16,606)	237,575	96,153
2007	2,655,808	7,211	11,307	428,506	524,659
2008	2,655,808	39,349	61,696	1,315,603	1,840,261
2009	2,970,801	138,020	229,294	1,361,036	3,201,297
2010	3,133,463	240,097	431,253	1,731,678	4,932,975
2011	2,291,803	369,973	717,200	323,437	5,256,412

POLICE PENSION PLAN

The Police Pension Plan uses the aggregate actuarial cost method which does not identify or separately amortize unfunded liabilities. The Schedule of Funding Progress is shown below in accordance with Government Accounting Standards Board Statement No. 50 as noted below.

For the Police Pension Plan, employer contributions for the years ended December 31, 2011, 2010 and 2009 were $1,118,128, $1,088,640, and $1,427,831, respectively, which were 46%, 44%, and 60%, respectively, of the required contributions for each year. The annual pension cost for the years ended December 31, 2011, 2010 and 2009 was $2,438,942, $2,453,940, and $2,404,781, respectively. The percentage funded was 46%, 44%, and 59% for the years 2011, 2010, and 2009, respectively. The Net Pension Obligation (NPO) at the end of each year was positive (a liability).

Annual Pension Cost Components					
Year Ended December 31	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Change In NPO	NPO Balance
1999	$ 589,656	$ (6,012)	$ (6,893)	$ (9,388)	$ (89,549)
2000	347,853	(6,716)	(7,700)	(292,210)	(381,759)
2001	419,300	(28,632)	(32,825)	(251,327)	(633,086)
2002	415,746	(47,481)	(54,436)	(269,343)	(902,429)
2003	592,591	(67,682)	(77,595)	(78,300)	(980,729)
2004	612,665	(73,555)	(84,328)	(147,422)	(1,128,151)
2005	717,971	(84,611)	(97,004)	(109,167)	(1,237,318)
2006	715,001	(92,799)	(106,390)	(182,607)	(1,419,925)
2007	1,120,286	(106,494)	(122,092)	217,264	(1,202,661)
2008	1,159,155	(90,200)	(103,410)	198,894	(1,003,767)
2009	2,393,756	(75,283)	(86,308)	976,950	(26,817)
2010	2,453,645	(2,011)	(2,306)	1,365,300	1,338,483
2011	2,453,645	100,386	115,089	1,320,814	2,659,297

Government Accounting Standards Board Statement No. 50 (GASB 50 – Pension Disclosures) requires a supplemental disclosure for plans that use the Aggregate funding method as this method does not directly produce an accrued liability. The purpose of this disclosure under the Entry Age Normal (EAN) funding method is to provide information that serves as a surrogate for the funding progress of the plan. We have not shown any prior years EAN information in this Funded Status and Funding Progress footnote below, since disclosure using EAN as a surrogate was not required before this time.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2008	$ 35,941,865	$ 42,089,277	$ 6,147,412	85.4%	$ 7,750,892	79.3%
1/1/2010	31,341,953	48,435,926	17,093,973	64.7%	8,646,552	197.7%
1/1/2012	31,799,229	53,676,757	21,877,528	59.2%	9,407,268	232.6%

FARGO FIREFIGHTERS' RELIEF ASSOCIATION RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/1997 (1)	$ 9,628,455	$ 12,720,395	$ 3,091,940	75.7%	$ 2,799,480	110.4%
1/1/1998 (2)	11,188,822	13,977,102	2,788,280	80.1%	3,012,024	92.6%
1/1/1999 (3)	12,981,409	15,936,307	2,954,898	81.5%	3,093,696	95.5%
1/1/2000 (4)	13,981,204	16,705,751	2,724,547	83.7%	3,217,444	84.7%
5/1/2000 (4)	14,455,282	16,947,114	2,491,832	85.3%	3,209,112	77.6%
6/1/2002 (5)	15,468,405	20,753,134	5,284,729	74.5%	3,467,994	152.4%
6/1/2004 (5)	15,770,496	22,296,992	6,526,496	70.7%	4,103,457	159.0%
7/1/2006	16,372,163	23,556,227	7,184,064	69.5%	4,359,485	164.8%
7/1/2008	18,415,293	27,376,868	8,961,575	67.3%	5,244,943	170.9%
1/1/2010	19,639,494	28,865,604	9,226,110	68.0%	6,016,656	153.3%
1/1/2012	16,689,208	32,824,700	16,135,492	50.8%	6,182,954	261.0%

(1) Revised to reflect audited financial statements.
(2) Revised investment return assumption.
(3) Revised plan provisions.
(4) Changed asset method
(5) Revised plan provisions and changed actuarial assumptions.

For the Fargo Firefighters' Relief Association Retirement Plan, employer contributions for the years ended December 31, 2011, 2010 and 2009 were $750,067, $728,778, and $667,472, respectively, which were 87%, 85%, and 155%, respectively, of the required contributions for each year. The annual pension cost for the years ended December 31, 2011, 2010, and 2009 were $851,575, $848,565, and $425,951, respectively. The percentage funded was 88%, 86%, and 157%, for the years ended December 31, 2011, 2010, and 2009, respectively. The Net Pension Obligation (NPO) at the end of each year was negative (an asset).

Annual Pension Cost Components					
Year Ended	Annual Required Contribution (ARC)	Interest on NPO	ARC Adjustment	Change In NPO	NPO Balance
12/31/1997	$ 244,384	$ -	$ -	$ (124,248)	$ (124,248)
12/31/1998	224,361	(9,629)	(6,012)	(167,831)	(292,079)
12/31/1999	286,651	(22,636)	(14,305)	(121,610)	(413,689)
5/31/2000 (1)	115,478	(13,359)	(8,551)	(58,622)	(472,311)
5/31/2001	280,982	(36,604)	(22,810)	(147,700)	(620,011)
5/31/2002	312,340	(48,051)	(30,368)	(132,604)	(752,615)
5/31/2003	312,340	(58,328)	(37,412)	(103,950)	(856,565)
5/31/2004	609,144	(66,384)	(43,247)	(137,104)	(719,461)
5/31/2005	609,144	(55,758)	(36,925)	61,687	(657,774)
6/30/2006	607,443	(50,978)	(34,347)	20,222	(637,552)
6/30/2007	607,443	(49,410)	(33,903)	(8,875)	(646,427)
6/30/2008	742,754	(50,098)	(35,042)	97,810	(548,617)
6/30/2009	742,754	(42,518)	(29,740)	22,317	(526,300)
12/31/2009 (2)	430,761	(20,394)	(15,584)	(241,521)	(767,821)
12/31/2010	861,521	(59,506)	(46,550)	86,515	(648,034)
12/31/2011	861,521	(52,801)	(42,345)	83,720	(597,586)

(1) Prorated for short (five month) plan year
(2) Adjusted for 6 month period ending 12/31/2009

SCHEDULES OF EMPLOYER CONTRIBUTIONS (GASB 25)

	CITY EMPLOYEES' PENSION		POLICE PENSION		FIREFIGHTERS' RELIEF ASSOCIATION	
Year Ended	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2001	$ 1,337,830	104%	$ 419,300	161%	$ 280,982	148%
2002	1,337,830	112%	415,746	166%	312,340	136%
2003	2,262,592	70%	592,591	115%	312,340	126%
2004	2,262,592	83%	612,665	126%	609,144	74%
2005	2,349,879	86%	717,971	117%	609,144	87%
2006	2,349,879	90%	715,001	127%	607,443	94%
2007	2,655,808	84%	1,120,286	82%	607,443	99%
2008	2,655,808	50%	1,159,155	84%	742,754	85%
2009	2,970,801	51%	2,393,756	60%	742,754	96%
2010	3,133,463	39%	2,453,645	44%	861,521	85%
2011	2,291,803	71%	2,453,645	46%	861,521	87%

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	City Employees'	Police	Firefighters'
Valuation Date	1/1/2012	1/1/2012	1/1/2012
Actuarial Cost Method	Entry Age Normal Method Unit Credit Method **	Entry Age Normal Method	Entry Age Normal Method
Amortization Method	Level Percent	Level Percent	Level Percent
Amortization Period	Closed	Closed	Closed
Remaining Amortization Period	4,6,7,8,9,10,12,13,14,15,17,20	20	20
Asset Valuation Method	Market Value plus contributions receivable less benefits payable	Market Value	Market Value
Assumed rate of return on investments	7.5%	7.5%	7.5%
Inflation Rate	3.0%	3.0%	3.0%
Projected salary increases	4.0%	4.0%	4.0%
Mortality table	1983 GAM	RP 2000 Blue Collar	RP-2000 Combined

* The aggregate actuarial cost method does not identify or separately amortize unfunded liabilities.
** The Entry Age Normal Cost Method is used for City employees who are accruing benefits under the City's plan. The Unit Credit Method is used for all participants no longer accruing benefits under the City plan (including employees who have switched to NDPERS).

Separate, GAAP financial reports have not been issued for the individual City and Police Pension plans; therefore, the financial statements for those plans are presented here:

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2011

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ASSETS			
Cash	$ 324,828	$ 320,375	$ 645,203
Equity in pooled investments	867,608	78,129	945,737
Receivables:			
Accounts receivable	28,305	7,965	36,270
Interest	136,216	28,433	164,649
Total receivables	164,521	36,398	200,919
Investments, at fair value:			
Domestic equities	10,881,819	-	10,881,819
International equities	3,765,015	-	3,765,015
Domestic fixed income	5,096,688	-	5,096,688
International fixed income	1,346,976	-	1,346,976
Real estate	4,210,984	-	4,210,984
Alternative investments	1,216,856	3,112,807	4,329,663
Corporate stocks	9,418	4,025,528	4,034,946
Mutual funds	-	24,227,600	24,227,600
Total investements	26,527,756	31,365,935	57,893,691
Total assets	$ 27,884,713	$ 31,800,837	$ 59,685,550
LIABILITIES			
Vouchers and benefits payable	$ 34,472	$ 1,609	$ 36,081
NET ASSETS			
Held in trust for pension benefits	$ 27,850,241	$ 31,799,228	$ 59,649,469

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2011

	CITY EMPLOYEES' PENSION	POLICE PENSION	TOTAL
ADDITIONS			
Contributions			
Employer	$ 1,621,139	$ 1,118,128	$ 2,739,267
Employee	483,186	729,785	1,212,971
Total contributions	2,104,325	1,847,913	3,952,238
Investment income			
Net appreciation in fair value of investments, and interest and dividends	198,344	(668,821)	(470,477)
Less investment expense	(120,275)	(281,482)	(401,757)
Net investment income (loss)	78,069	(950,303)	(872,234)
Total additions (deductions)	2,182,394	897,610	3,080,004
DEDUCTIONS			
Pension benefit payments	2,131,481	2,643,098	4,774,579
Member contribution refunds	147,243	2,589	149,832
Administrative expenses	46,946	39,411	86,357
Total deductions	2,325,670	2,685,098	5,010,768
Change in net assets	(143,276)	(1,787,488)	(1,930,764)
Total net assets - beginning	27,993,517	33,586,716	61,580,233
Total net assets - ending	$ 27,850,241	$ 31,799,228	$ 59,649,469

Related Party Investments

During 2011 and as of December 31, 2011 the pension plans (City Employees', Police or Firefighters Relief Association) held no securities issued by the City of Fargo or other related parties.

C. OTHER POSTEMPLOYMENT BENEFITS LIABILITY

On September 6, 2011, the City of Fargo Board of City Commissioners adopted the following recommended motion:

Recommended Motion: To approve the transition of the North Dakota Public Employees Retirement System (NDPERS) Health Insurance Plan effective January 1, 2012, to adopt the premium structure as outlined, and direct staff to execute the application and enrollment process.

This transition to the NDPERS Health Insurance Plan applies to all active and retired employees of the City of Fargo, including City, Police and Fire employees.

The "triggering event" to transition to the NDPERS plan occurred as of December 31, 2011; therefore the impact of the transition to NDPERS was reflected in the OPEB valuation as of December 31, 2011.

All City of Fargo participants will be included in the June 30, 2012, GASB 45 actuarial valuation for the NDPERS plan and NDPERS will recognize the full GASB 45 liability on its balance sheet (i.e., NDPERS does not charge a proportionate amount back to participating political subdivisions).

Based on the above mentioned facts, the annual GASB 45 accounting expense (Annual OPEB Cost) for fiscal year 2011 was based on a roll-forward of the actuarial valuation of the City's Other Post-Employment Benefits (OPEB's) as of December 31, 2009, using standard actuarial methods. The year-end GASB 45 balance sheet liability (Net OPEB Obligation) for the City is $0 since all GASB 45 liability is effectively being transferred to NDPERS on 1/1/2012.

Plan Descriptions. The City of Fargo provides healthcare benefits to participating retirees, spouses, and survivors. There are three classes of participants for plan purposes – municipal employees, police, and fire. The City pays a portion of the coverage while the retirees and disabled participants pay a contribution for their coverage.

Funding Policy and Annual OPEB Cost. The city's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for 2011 and the related information for each plan are as follows:

	Municipal Retiree Medical Benefits	Police Retiree Medical Benefits	Fire Retiree Medical Benefits	Total
Contribution Rates:				
City	Actuarially determined 3.0%	Actuarially determined 3.0%	Actuarially determined 3.0%	
Net OPEB obligation - beginning of year	$ 1,870,630	$ 1,408,553	$ 946,683	$ 4,225,866
ARC	797,664	625,784	460,366	1,883,814
Interest on NOO	56,119	42,257	28,400	126,776
ARC Adjustment	(95,438)	(71,863)	(48,299)	(215,600)
Annual OPEB Cost	758,345	596,178	440,467	1,794,990
Contributions	257,170	122,596	97,894	477,660
One-time adjustment for transfer to NDPERS effective 1/1/2012	(2,371,805)	(1,882,135)	(1,289,256)	(5,543,196)
Net OPEB obligation - end of year	$ -	$ -	$ -	$ -

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the plans over the last three years were as follows:

Municipal Retiree Medical Benefits

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution *	One-time adjustment for transfer to NDPERS	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	725,449	210,913	-	29.07%	1,200,536
12/31/2010	885,664	215,570	-	24.34%	1,870,630
12/31/2011	758,345	257,170	(2,371,805)	33.91%	-

* Contribution is a reduction of the implicit subsidy

Police Retiree Medical Benefits

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution *	One-time adjustment for transfer to NDPERS	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	561,501	100,399	-	17.88%	994,102
12/31/2010	547,779	133,328	-	24.34%	1,408,553
12/31/2011	596,178	122,596	(1,882,135)	20.56%	-

* Contribution is a reduction of the implicit subsidy

Fire Retiree Medical Benefits

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution *	One-time adjustment for transfer to NDPERS	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	414,328	80,458	-	19.42%	654,870
12/31/2010	385,690	93,877	-	24.34%	946,683
12/31/2011	440,467	97,894	(1,289,256)	22.23%	-

* Contribution is a reduction of the implicit subsidy

Funded Status and Funding Progress. The funded status of the plans as of December 31, 2011, was as follows:

The year-end actuarial accrued liability for the City is $0 since all GASB 45 liability is effectively being transferred to NDPERS on 1/1/2012.

D. JOINT POWERS AGREEMENT

Regional Dispatch Center

In December of 2002, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN and Cass County of ND entered into a joint powers agreement to establish a framework that allows for the joint operation of dispatch functions by the named entities. Additionally, the City of West Fargo, ND entered into the joint powers agreement in 2008. By combining the communications and dispatch of these agencies, duplication of equipment and staff time is reduced or eliminated. The goal was to reduce the financial burden to the respective governments' taxpayers through the sharing of one communication center, as well as to improve communications services. For the past two years, budgeted contributions from the participating entities have been adequate to fund the operations of the center.

Each governmental entity will contribute to the joint operations in the following percentages:

City of Fargo – 50%
City of Moorhead – 20%
Cass County – 10%
Clay County – 11%
City of West Fargo – 9%

The joint powers agreement will be in effect until terminated by action of all of its members during the first five years. Thereafter, any governmental entity may elect to withdraw from participation upon giving a 6-month written notice. Additional financial information may be obtained by contacting: Attn: Director, Red River Regional Dispatch Center, 915 9th Ave. N., Moorhead, MN 56560.

Metro Flood Diversion Authority

In June of 2011, the City of Fargo, ND, City of Moorhead, MN, Clay County of MN, Cass County of ND, the Cass County Joint Water Resource District, and the Buffalo Red River Watershed District entered into a joint powers agreement for the purpose of building and operating a flood diversion channel along the Red River of the North to reduce the flood risk of the stakeholder communities and counties. The Diversion Authority and its members worked with the United States Army Corps of Engineers on the FM Metro Flood Risk Management Feasibility Study to develop the flood diversion channel project plan.

This joint powers agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members to this Agreement. Additional information regarding the authority may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108.

E. CONTINGENCIES

Grants

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.

F. SUBSEQUENT EVENTS

Refunding Improvement Bonds Refinanced

On March 19, 2012 the City of Fargo issued Refunding Improvement Refunding Bonds, Series 2012A to refinance outstanding bonds from Refunding Improvements Bond Series 2003B, 2003C and 2004A. The new bonds were marketed at a true interest cost of 2.79% which generated a net present value savings of $3.3 million.

Pension Plan Modifications Approved

The City Commission approved various changes to existing plans managed by the City of Fargo on June 25, 2012. Employee and employer contribution levels were increased, some normal retirement ages were increased, certain employee groups were realigned into NDPERS and an employer funding policy was adopted to formalize a long term plan to restore the financial stability of our plans.

These proactive measures will have a favorable impact upon the pension obligations and will minimize the future liabilities associated with these benefit programs. They are consistent with proactive measures taken by other defined benefit pension plans across the nation and closely follow the recommendations of our plan actuaries.

SPECIAL REVENUE FUNDS

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

The City of Fargo utilizes nineteen special revenue funds.

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

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

Emergency 911 - This fund is used to account for the revenues and expenditures associated with the Emergency 911 communications system. Resources are derived from a special user fee that is added on local phone and cellular service charges and the City's share of the Red River Regional Dispatch Center.

Convention & Visitors Bureau - This fund is used to account for the 3% hotel and motel excise tax that is assessed to promote tourism and conventions. The City has contracted with the Convention and Visitors Bureau to provide this service.

Neighborhood Stabilization - This fund is used to account for the programs which are currently participating in the Neighborhood Stabilization program. Resources are provided by annual entitlements from Federal Department of Housing and Urban Development. Funding for this grant ends March 31, 2013.

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.

FTA Transit Capital Escrow - This fund is used to account for the rental revenues that are derived from the Greyhound portion of the Ground Transportation Center (GTC). The Ground Transportation Center was financed by an Urban Mass Transportation Capital Assistance grant which required that all revenues generated from this facility be held separately, and used exclusively for transit purposes.

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.

Broadway Mall Maintenance - This fund is used to account for maintenance of the downtown Broadway Mall area. Resources are derived from special assessment revenue.

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

Winter Lights Maintenance - This fund is used to account for the acquisition and maintenance of the City's Downtown seasonal decoration program. Resources are derived from special assessment revenue.

Parking Authority - This fund is used to account for the operations and maintenance of the City owned parking facilities. The City owns and operates eleven parking facilities in the Downtown area. Resources are derived from parking fee service charges.

Parking Repair and Replacement - This fund is used to account for any major repair or replacement of parking facilities. This fund is required by bond covenants.

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

Community Development - This fund is used to account for the programs which are currently participating in the Community Development Block Grant program and the Rental Rehabilitation program. Resources are provided by annual entitlements from Federal Department of Housing and Urban Development.

Housing and Urban Development (HUD) Home Participating Jurisdiction – This fund is used to account for the HOME program which provides resources for housing rehabilitation in the Community. Resources are provided by annual entitlements received directly from the Federal Department of Housing and Urban Development.

Housing and Urban Development (HUD) Home Program - This fund is used to account for the HOME program which provides resources for housing rehabilitation in the Community. Resources are provided by annual entitlements from the Federal Department of Housing and Urban Development.

NRI Loan Program - This fund is used to account for revolving loan activity relating to the City's Neighborhood Revitalization Initiative. Resources are derived from both private and public financing.

Baseball Stadium - This fund is used to account for the operations of the baseball stadium. Resources are derived from private suite and VIP seat licenses.

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Special Revenue						
	City Share of Specials	Noxious Weeds	Emergency 911	FTA Transit Capital Escrow	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center
ASSETS							
Equity in pooled investments	$ 16,748	$ 102,916	$ -	$ 11,188	$ 1,279	$ 78,788	$ 75,657
Receivables (net of allowance for uncollectibles):							
Taxes	20,962	730	-	-	-	-	-
Accounts	-	-	302,384	-	156,456	-	4,600
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Due from other funds	213,639	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	50	168
Loans	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	275,240	-
Total assets	$ 251,349	$ 103,646	$ 302,384	$ 11,188	$ 157,735	$ 354,078	$ 80,425
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers payable	$ -	$ -	$ 35,121	$ -	$ 141,853	$ 299	$ 4,094
Advances from other funds	-	-	-	-	-	-	95,980
Due to other funds	-	-	181,143	-	-	-	-
Accrued payroll	-	-	-	-	-	2,101	-
Special assessments payable	155,766	-	-	-	403	2,308	-
Deferred revenue	13,434	464	77,000	-	-	74,129	-
Total liabilities	169,200	464	293,264	-	142,256	78,837	100,074
Fund balances							
Nonspendable	-	-	-	-	-	275,290	168
Restricted	82,149	103,182	9,120	11,188	15,479	-	-
Unassigned	-	-	-	-	-	(49)	(19,817)
Total fund balances	82,149	103,182	9,120	11,188	15,479	275,241	(19,649)
Total liabilities and fund balances	$ 251,349	$ 103,646	$ 302,384	$ 11,188	$ 157,735	$ 354,078	$ 80,425

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2011

	Special Revenue						
	Parking Authority	Parking Repair and Replacement	Parking Surplus Fund	Community Development	HUD Home Participating Jurisdiction	HUD Home Program	NRI Loan Program
ASSETS							
Equity in pooled investments	$ 479,789	$ 239,573	$ 64,754	$ -	$ 12,454	$ 27,095	$ 215,412
Receivables (net of allowance for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	126,148	-	-	-	-	-	-
Special assessments	22,088	-	-	-	-	-	-
Intergovernmental	-	-	-	50,542	51,610	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	5,061	-	-	1,997	-	-	-
Loans	-	-	-	318,318	1,853,641	1,119,244	177,793
Property held for resale	-	-	-	47,000	-	-	25,635
Total assets	$ 633,086	$ 239,573	$ 64,754	$ 417,857	$ 1,917,705	$ 1,146,339	$ 418,840
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers payable	$ 4,589	$ -	$ -	$ 5,667	$ 12,777	$ 41	$ -
Advances from other funds	-	-	-	-	-	-	-
Due to other funds	-	-	-	32,496	-	-	-
Accrued payroll	1,425	-	-	2,736	1,342	-	281
Special assessments payable	34,698	-	-	1,002	-	-	-
Deferred revenue	32,566	-	-	318,318	1,859,371	1,119,244	177,793
Total liabilities	73,278	-	-	360,219	1,873,490	1,119,285	178,074
Fund balances							
Nonspendable	5,061	-	-	48,997	-	-	25,635
Restricted	554,747	239,573	64,754	8,641	44,215	27,054	215,131
Unassigned	-	-	-	-	-	-	-
Total fund balances	559,808	239,573	64,754	57,638	44,215	27,054	240,766
Total liabilities and fund balances	$ 633,086	$ 239,573	$ 64,754	$ 417,857	$ 1,917,705	$ 1,146,339	$ 418,840

CITY OF FARGO, NORTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2011

	Special Revenue					
	Court Forfeits	Broadway Mall Maintenance	Skyway Maintenance	Winter Lights Maintenance	Baseball Stadium	Total
ASSETS						
Equity in pooled investments	$ 102,724	$ 50,691	$ 91,996	$ 14,171	$ 29,435	$ 1,614,670
Receivables (net of allowance for uncollectibles):						
Taxes	-	-	-	-	-	21,692
Accounts	5,535	-	-	-	2,627	597,750
Special assessments	-	43,585	82,864	45,183	-	193,720
Intergovernmental	-	-	-	-	-	102,152
Due from other funds	-	-	-	-	-	213,639
Prepaid expenditures	-	-	1,131	-	1,596	10,003
Loans	-	-	-	-	-	3,468,996
Property held for resale	-	-	-	-	-	347,875
Total assets	$ 108,259	$ 94,276	$ 175,991	$ 59,354	$ 33,658	$ 6,570,497
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers payable	$ 2,184	$ 2,664	$ 4,835	$ 12,728	$ 850	$ 227,702
Advances from other funds	-	-	-	-	1,537,927	1,633,907
Due to other funds	-	-	-	-	-	213,639
Accrued payroll	-	-	-	-	-	7,885
Special assessments payable	-	-	-	-	1,205	195,382
Deferred revenue	-	30,700	61,411	37,587	-	3,802,017
Total liabilities	2,184	33,364	66,246	50,315	1,539,982	6,080,532
Fund balances						
Nonspendable	-	-	1,131	-	1,596	357,878
Restricted	106,075	60,912	108,614	9,039	-	1,659,873
Unassigned	-	-	-	-	(1,507,920)	(1,527,786)
Total fund balances	106,075	60,912	109,745	9,039	(1,506,324)	489,965
Total liabilities and fund balances	$ 108,259	$ 94,276	$ 175,991	$ 59,354	$ 33,658	$ 6,570,497

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue						
	City Share of Specials	Noxious Weed	Emergency 911	FTA Transit Capital Escrow	Convention & Visitors Bureau	Neighborhood Stabilization	Regional Training Center
REVENUES							
Taxes	$ 881,252	$ 31,140	$ 1,615,836	$ -	$ 1,942,057	$ -	$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	523,414	77,149
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	-	-	27	-	-	-
Miscellaneous revenues	86,943	-	4,426	30,000	6,498	325,885	23,158
Total revenues	968,195	31,140	1,620,262	30,027	1,948,555	849,299	100,307
EXPENDITURES							
Current:							
Public safety	-	-	1,691,929	-	-	-	68,957
Public works	257,721	-	-	-	-	-	-
Public health & welfare	-	11,453	-	-	-	-	-
Recreation & culture	-	-	-	-	1,960,397	-	-
Urban redevelopment	-	-	-	-	-	827,771	-
Public transportation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	257,721	11,453	1,691,929	-	1,960,397	827,771	68,957
Excess (deficiency) of revenues over (under) expenditures	710,474	19,687	(71,667)	30,027	(11,842)	21,528	31,350
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	-	-	-	-	-	-	53,304
Special revenue funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Transfers out							
General fund	-	-	-	-	-	-	(6,340)
Special revenue funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	(539,616)	-	-	(39,000)	-	-	-
Total other financing sources (uses)	(539,616)	-	-	(39,000)	-	-	46,964
Net change in fund balances	170,858	19,687	(71,667)	(8,973)	(11,842)	21,528	78,314
Fund balance (deficit) - beginning of year - as restated	(88,709)	83,495	80,787	20,161	27,321	253,713	(97,963)
Fund balance (deficit) - end of year	$ 82,149	$ 103,182	$ 9,120	$ 11,188	$ 15,479	$ 275,241	$ (19,649)

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended December 31, 2011

	Special Revenue						
	Parking Authority	Parking Repair and Replacement	Parking Surplus Fund	Community Development	HUD Home Participating Jurisdicition	HUD Home Program	NRI Loan Program
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	22,088	-	-	-	-	-	-
Intergovernmental revenues	34,502	-	-	730,191	446,510	-	-
Charges for services	1,052,663	-	-	-	-	-	3,600
Fines and forfeits	-	-	-	-	-	-	-
Investment income	-	357	17	140	949	-	4,983
Miscellaneous revenues	56,603	-	-	7,607	75,074	26,764	58,012
Total revenues	1,165,856	357	17	737,938	522,533	26,764	66,595
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public health & welfare	-	-	-	-	-	-	-
Recreation & culture	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	494,423	520,467	32,884	19,282
Public transportation	609,939	-	-	-	-	-	-
Capital outlay	50,633	-	-	239,442	-	-	-
Total expenditures	660,572	-	-	733,865	520,467	32,884	19,282
Excess (deficiency) of revenues over (under) expenditures	505,284	357	17	4,073	2,066	(6,120)	47,313
OTHER FINANCING SOURCES (USES)							
Transfers in							
General fund	20,000	-	-	-	-	-	-
Special revenue funds	-	36,000	74,314	-	-	-	-
Debt service	-	-	-	-	-	-	32,329
Transfers out							
General fund	-	-	-	-	-	-	-
Special revenue funds	(110,314)	-	-	-	-	-	-
Debt service	(291,663)	-	-	-	-	-	(104,996)
Capital projects	-	-	-	-	-	-	-
Total other financing sources (uses)	(381,977)	36,000	74,314	-	-	-	(72,667)
Net change in fund balances	123,307	36,357	74,331	4,073	2,066	(6,120)	(25,354)
Fund balance (deficit) - beginning of year - as restated	436,501	203,216	(9,577)	53,565	42,149	33,174	266,120
Fund balance (deficit) - end of year	$ 559,808	$ 239,573	$ 64,754	$ 57,638	$ 44,215	$ 27,054	$ 240,766

CITY OF FARGO, NORTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended December 31, 2011

	Special Revenue					
	Court Forfeits	Broadway Mall Maintenance	Skyway Maintenance	Winter Lights Maintenance	Baseball Stadium	Total
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 4,470,285
Special assessments	-	50,006	108,005	22,743	-	202,842
Intergovernmental revenues	-	-	-	-	-	1,811,766
Charges for services	-	-	-	-	189,734	1,245,997
Fines and forfeits	28,253	-	-	-	-	28,253
Investment income	16	-	-	-	-	6,489
Miscellaneous revenues	5,477	-	-	-	-	706,447
Total revenues	33,746	50,006	108,005	22,743	189,734	8,472,079
EXPENDITURES						
Current:						
Public safety	63,237	-	-	-	-	1,824,123
Public works	-	-	-	-	-	257,721
Public health & welfare	-	-	-	-	-	11,453
Recreation & culture	-	42,079	66,249	15,768	37,117	2,121,610
Urban redevelopment	-	-	-	-	-	1,894,827
Public transportation	-	-	-	-	-	609,939
Capital outlay	-	-	-	-	12,705	302,780
Total expenditures	63,237	42,079	66,249	15,768	49,822	7,022,453
Excess (deficiency) of revenues over (under) expenditures	(29,491)	7,927	41,756	6,975	139,912	1,449,626
OTHER FINANCING SOURCES (USES)						
Transfers in						
General fund	-	-	-	-	-	73,304
Special revenue funds	-	-	-	-	-	110,314
Debt service	-	-	-	-	-	32,329
Transfers out						
General fund	-	-	-	-	-	(6,340)
Special revenue funds	-	-	-	-	-	(110,314)
Debt service	-	-	-	-	-	(396,659)
Capital projects	-	-	-	-	-	(578,616)
Total other financing sources (uses)	-	-	-	-	-	(875,982)
Net change in fund balances	(29,491)	7,927	41,756	6,975	139,912	573,644
Fund balance (deficit) - beginning of year - as restated	135,566	52,985	67,989	2,064	(1,646,236)	(83,679)
Fund balance (deficit) - end of year	$ 106,075	$ 60,912	$ 109,745	$ 9,039	$ (1,506,324)	$ 489,965

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	City Share of Specials				Noxious Weeds			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ 877,000	$ 877,000	$ 881,252	$ 4,252	$ 31,000	$ 31,000	$ 31,140	$ 140
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	85,000	86,943	1,943	-	-	-	-
Total revenues	877,000	962,000	968,195	6,195	31,000	31,000	31,140	140
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	310,000	310,000	257,721	52,279	-	-	-	-
Public health and welfare	-	-	-	-	50,000	50,000	11,453	38,547
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	310,000	310,000	257,721	52,279	50,000	50,000	11,453	38,547
Excess (deficiency) of revenues over (under) expenditures	567,000	652,000	710,474	58,474	(19,000)	(19,000)	19,687	38,687
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	(600,000)	(600,000)	(539,616)	60,384	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(600,000)	(600,000)	(539,616)	60,384	-	-	-	-
Net change in fund balances	(33,000)	52,000	170,858	118,858	(19,000)	(19,000)	19,687	38,687
Fund balance (deficit) - beginning of year - as restated	(88,709)	(88,709)	(88,709)	-	83,495	83,495	83,495	-
Fund balance (deficit) - end of year	$ (121,709)	$ (36,709)	$ 82,149	$ 118,858	$ 64,495	$ 64,495	$ 103,182	$ 38,687

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Emergency 911				FTA Transit Capital Escrow			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ 1,595,000	$ 1,555,000	$ 1,615,836	$ 60,836	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	27	27
Miscellaneous revenue	-	-	4,426	4,426	20,000	30,000	30,000	-
Total revenues	1,595,000	1,555,000	1,620,262	65,262	20,000	30,000	30,027	27
EXPENDITURES								
Current:								
Public safety	1,717,001	1,617,000	1,691,929	(74,929)	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,717,001	1,617,000	1,691,929	(74,929)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(122,001)	(62,000)	(71,667)	(9,667)	20,000	30,000	30,027	27
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	(30,161)	-	30,161
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	(10,000)	(10,000)	(39,000)	(29,000)
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(10,000)	(40,161)	(39,000)	1,161
Net change in fund balances	(122,001)	(62,000)	(71,667)	(9,667)	10,000	(10,161)	(8,973)	1,188
Fund balance (deficit) - beginning of year - as restated	80,787	80,787	80,787	-	20,161	20,161	20,161	-
Fund balance (deficit) - end of year	$ (41,214)	$ 18,787	$ 9,120	$ (9,667)	$ 30,161	$ 10,000	$ 11,188	$ 1,188

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Convention & Visitors Bureau				Neighborhood Stabilization			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ 1,704,000	$ 1,704,000	$ 1,942,057	$ 238,057	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	1,000,000	600,000	523,414	(76,586)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	6,000	6,000	6,498	498	-	300,000	325,885	25,885
Total revenues	1,710,000	1,710,000	1,948,555	238,555	1,000,000	900,000	849,299	(50,701)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	1,786,660	1,786,660	1,960,397	(173,737)	-	-	-	-
Urban redevelopment	-	-	-	-	1,074,433	836,663	827,771	8,892
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,786,660	1,786,660	1,960,397	(173,737)	1,074,433	836,663	827,771	8,892
Excess (deficiency) of revenues over (under) expenditures	(76,660)	(76,660)	(11,842)	64,818	(74,433)	63,337	21,528	(41,809)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(76,660)	(76,660)	(11,842)	64,818	(74,433)	63,337	21,528	(41,809)
Fund balance (deficit) - beginning of year - as restated	27,321	27,321	27,321	-	253,713	253,713	253,713	-
Fund balance (deficit) - end of year	$ (49,339)	$ (49,339)	$ 15,479	$ 64,818	$ 179,280	$ 317,050	$ 275,241	$ (41,809)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Regional Training Center				Court Forfeits			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	77,149	77,149	77,149	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	100,000	100,000	28,253	(71,747)
Investment income	-	-	-	-	-	-	16	16
Miscellaneous revenue	10,000	10,000	23,158	13,158	-	-	5,477	5,477
Total revenues	87,149	87,149	100,307	13,158	100,000	100,000	33,746	(66,254)
EXPENDITURES								
Current:								
Public safety	74,961	79,200	68,957	10,243	115,000	115,000	63,237	51,763
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	74,961	79,200	68,957	10,243	115,000	115,000	63,237	51,763
Excess (deficiency) of revenues over (under) expenditures	12,188	7,949	31,350	23,401	(15,000)	(15,000)	(29,491)	(14,491)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	53,304	53,304	53,304	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	(28,000)	(28,000)	(6,340)	21,660	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	25,304	25,304	46,964	21,660	-	-	-	-
Net change in fund balances	37,492	33,253	78,314	45,061	(15,000)	(15,000)	(29,491)	(14,491)
Fund balance (deficit) - beginning of year - as restated	(97,963)	(97,963)	(97,963)	-	135,566	135,566	135,566	-
Fund balance (deficit) - end of year	$ (60,471)	$ (64,710)	$ (19,649)	$ 45,061	$ 120,566	$ 120,566	$ 106,075	$ (14,491)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	NRI Loan Program				Broadway Mall Maintenance			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	50,000	50,000	50,006	6
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	3,000	3,000	3,600	600	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	12,000	12,000	4,983	(7,017)	-	-	-	-
Miscellaneous revenue	51,500	51,500	58,012	6,512	-	-	-	-
Total revenues	66,500	66,500	66,595	95	50,000	50,000	50,006	6
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	49,000	49,000	42,079	6,921
Urban redevelopment	18,377	18,477	19,282	(805)	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	18,377	18,477	19,282	(805)	49,000	49,000	42,079	6,921
Excess (deficiency) of revenues over (under) expenditures	48,123	48,023	47,313	(710)	1,000	1,000	7,927	6,927
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	33,000	33,000	32,329	(671)	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	(104,997)	(104,997)	(104,996)	1	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(71,997)	(71,997)	(72,667)	(670)	-	-	-	-
Net change in fund balances	(23,874)	(23,974)	(25,354)	(1,380)	1,000	1,000	7,927	6,927
Fund balance (deficit) - beginning of year - as restated	266,120	266,120	266,120	-	52,985	52,985	52,985	-
Fund balance (deficit) - end of year	$ 242,246	$ 242,146	$ 240,766	$ (1,380)	$ 53,985	$ 53,985	$ 60,912	$ 6,927

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Skyway Maintenance				Winter Lights Maintenance			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	120,000	120,000	108,005	(11,995)	22,000	22,000	22,743	743
Intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Total revenues	120,000	120,000	108,005	(11,995)	22,000	22,000	22,743	743
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	90,322	90,321	66,249	24,072	21,000	21,000	15,768	5,232
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	90,322	90,321	66,249	24,072	21,000	21,000	15,768	5,232
Excess (deficiency) of revenues over (under) expenditures	29,678	29,679	41,756	12,077	1,000	1,000	6,975	5,975
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	29,678	29,679	41,756	12,077	1,000	1,000	6,975	5,975
Fund balance (deficit) - beginning of year - as restated	$ 67,989	$ 67,989	$ 67,989	$ -	$ 2,064	$ 2,064	$ 2,064	$ -
Fund balance (deficit) - end of year	97,667	97,668	109,745	12,077	3,064	3,064	9,039	5,975

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Parking Authority				Parking Repair and Replacement			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	22,088	22,088	-	-	-	-
Intergovernmental revenues	-	32,000	34,502	2,502	-	-	-	-
Charges for services	923,448	923,448	1,052,663	129,215	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	724	-	357	357
Miscellaneous revenue	20,000	20,000	56,603	36,603	-	-	-	-
Total revenues	943,448	975,448	1,165,856	190,408	724	-	357	357
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Public transportation	894,577	877,101	609,939	267,162	75,000	75,000	-	75,000
Capital outlay	-	50,633	50,633	-	-	-	-	-
Total expenditures	894,577	927,734	660,572	267,162	75,000	75,000	-	75,000
Excess (deficiency) of revenues over (under) expenditures	48,871	47,714	505,284	457,570	(74,276)	(75,000)	357	75,357
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	20,000	20,000	20,000	-	-	-	-	-
Special revenue	44,367	44,367	-	(44,367)	36,000	36,000	36,000	-
Debt service	266,000	266,000	-	(266,000)	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	(36,000)	(36,000)	(110,314)	(74,314)	-	-	-	-
Debt service	(292,223)	(292,223)	(291,663)	560	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,144	2,144	(381,977)	(384,121)	36,000	36,000	36,000	-
Net change in fund balances	51,015	49,858	123,307	73,449	(38,276)	(39,000)	36,357	75,357
Fund balance (deficit) - beginning of year - as restated	436,501	436,501	436,501	-	203,216	203,216	203,216	-
Fund balance (deficit) - end of year	$ 487,516	$ 486,359	$ 559,808	$ 73,449	$ 164,940	$ 164,216	$ 239,573	$ 75,357

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Parking Surplus Fund				Community Development			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	770,000	770,000	730,191	(39,809)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	17	-	17	17	1,000	1,000	140	(860)
Miscellaneous revenue	-	-	-	-	13,500	13,500	7,607	(5,893)
Total revenues	17	-	17	17	784,500	784,500	737,938	(46,562)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	774,682	545,149	494,423	50,726
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	239,442	239,442	-
Total expenditures	-	-	-	-	774,682	784,591	733,865	50,726
Excess (deficiency) of revenues over (under) expenditures	17	-	17	17	9,818	(91)	4,073	4,164
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	74,314	74,314	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	74,314	74,314	-	-	-	-
Net change in fund balances	17	-	74,331	74,331	9,818	(91)	4,073	4,164
Fund balance (deficit) - beginning of year - as restated	(9,577)	(9,577)	(9,577)	-	53,565	53,565	53,565	-
Fund balance (deficit) - end of year	$ (9,560)	$ (9,577)	$ 64,754	$ 74,331	$ 63,383	$ 53,474	$ 57,638	$ 4,164

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	HUD Home Participating Jurisdiction				HUD Home Program			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	575,000	575,000	446,510	(128,490)	35,000	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	2,000	2,000	949	(1,051)	-	-	-	-
Miscellaneous revenue	26,000	26,000	75,074	49,074	78,000	113,000	26,764	(86,236)
Total revenues	603,000	603,000	522,533	(80,467)	113,000	113,000	26,764	(86,236)
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Urban redevelopment	594,769	602,040	520,467	81,573	30,000	30,000	32,884	(2,884)
Public transportation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	594,769	602,040	520,467	81,573	30,000	30,000	32,884	(2,884)
Excess (deficiency) of revenues over (under) expenditures	8,231	960	2,066	1,106	83,000	83,000	(6,120)	(89,120)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Transfers out:								
General fund	-	-	-	-	-	-	-	-
Special revenue	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	8,231	960	2,066	1,106	83,000	83,000	(6,120)	(89,120)
Fund balance (deficit) - beginning of year - as restated	42,149	42,149	42,149	-	33,174	33,174	33,174	-
Fund balance (deficit) - end of year	$ 50,380	$ 43,109	$ 44,215	$ 1,106	$ 116,174	$ 116,174	$ 27,054	$ (89,120)

CITY OF FARGO, NORTH DAKOTA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Baseball Stadium				Totals			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ 4,207,000	$ 4,167,000	$ 4,470,285	$ 303,285
Special assessments	-	-	-	-	192,000	192,000	202,842	10,842
Intergovernmental revenues	-	-	-	-	2,457,149	2,054,149	1,811,766	(242,383)
Charges for services	195,000	195,000	189,734	(5,266)	1,121,448	1,121,448	1,245,997	124,549
Fines and forfeits	-	-	-	-	100,000	100,000	28,253	(71,747)
Investment income	-	-	-	-	15,741	15,000	6,489	(8,511)
Miscellaneous revenue	-	-	-	-	225,000	655,000	706,447	51,447
Total revenues	195,000	195,000	189,734	(5,266)	8,318,338	8,304,597	8,472,079	167,482
EXPENDITURES								
Current:								
Public safety	-	-	-	-	1,906,962	1,811,200	1,824,123	(12,923)
Public works	-	-	-	-	310,000	310,000	257,721	52,279
Public health and welfare	-	-	-	-	50,000	50,000	11,453	38,547
Recreation and culture	52,502	39,795	37,117	2,678	1,999,484	1,986,776	2,121,610	(134,834)
Urban redevelopment	-	-	-	-	2,492,261	2,032,329	1,894,827	137,502
Public transportation	-	-	-	-	969,577	952,101	609,939	342,162
Capital outlay	-	12,705	12,705	-	-	302,780	302,780	-
Total expenditures	52,502	52,500	49,822	2,678	7,728,284	7,445,186	7,022,453	422,733
Excess (deficiency) of revenues over (under) expenditures	142,498	142,500	139,912	(2,588)	590,054	859,411	1,449,626	590,215
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	73,304	73,304	73,304	-
Special revenue	-	-	-	-	80,367	80,367	110,314	29,947
Debt service	-	-	-	-	299,000	299,000	32,329	(266,671)
Transfers out:								
General fund	(86,300)	(86,300)	-	86,300	(114,300)	(144,461)	(6,340)	138,121
Special revenue	-	-	-	-	(36,000)	(36,000)	(110,314)	(74,314)
Debt service	-	-	-	-	(397,220)	(397,220)	(396,659)	561
Capital projects	-	-	-	-	(610,000)	(610,000)	(578,616)	31,384
Enterprise	(46,200)	(46,200)	-	46,200	(46,200)	(46,200)	-	46,200
Total other financing sources (uses)	(132,500)	(132,500)	-	132,500	(751,049)	(781,210)	(875,982)	(94,772)
Net change in fund balances	9,998	10,000	139,912	129,912	(160,995)	78,201	573,644	495,443
Fund balance (deficit) - beginning of year - as restated	(1,646,236)	(1,646,236)	(1,646,236)	-	(83,679)	(83,679)	(83,679)	-
Fund balance (deficit) - end of year	$ (1,636,238)	$ (1,636,236)	$ (1,506,324)	$ 129,912	$ (244,674)	$ (5,478)	$ 489,965	$ 495,443

CITY OF FARGO, NORTH DAKOTA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 42,136,500	$ 42,050,000	$ 44,265,158	$ 2,215,158
Special assessments	19,270,500	19,041,500	22,340,362	3,298,862
Intergovernmental revenues	529,701	529,701	529,701	-
Investment income	125,000	125,000	674,283	549,283
Miscellaneous revenues	-	-	91,944	91,944
Total revenues	62,061,701	61,746,201	67,901,448	6,155,247
EXPENDITURES				
Current:				
Public works	500,003	500,000	620,578	(120,578)
Urban redevelopment	1,812,500	2,324,683	2,324,683	-
Debt Service	35,307,317	37,946,436	37,634,935	311,501
Total expenditures	37,619,820	40,771,119	40,580,196	190,923
Excess (deficiency) of revenues over (under) expenditures	24,441,881	20,975,082	27,321,252	6,346,170
OTHER FINANCING SOURCES (USES)				
Transfers in	1,096,980	1,096,980	1,312,350	215,370
Transfers out	(26,639,802)	(25,850,048)	(25,611,685)	238,363
Loans issued	-	2,275,163	2,275,163	-
Bonds issued	-	10,318,807	10,318,807	-
Bond premium	-	500,671	500,671	-
Total other financing sources (uses)	(25,542,822)	(11,658,427)	(11,204,694)	453,733
Net change in fund balances	(1,100,941)	9,316,655	16,116,558	6,799,903
Fund balance (deficit) - beginning of year	67,151,035	67,151,035	67,151,035	-
Fund balance (deficit) - end of year	$ 66,050,094	$ 76,467,690	$ 83,267,593	$ 6,799,903

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF NET ASSETS
NON MAJOR PROPRIETARY FUNDS
December 31, 2011

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
ASSETS					
Current assets					
Cash	$ -	$ -	$ -	$ 50	$ 50
Equity in pooled investments	35,591	215,696	108,964	192,268	552,519
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	18,749	18,749
Accounts	12,144	59,574	184,441	116,882	373,041
Inventory	-	-	449,193	-	449,193
Prepaid expenses	-	1,544	4,050	5,323	10,917
Total current assets	47,735	276,814	746,648	333,272	1,404,469
Noncurrent assets					
Capital assets					
Machinery and equipment	-	122,392	298,616	906,238	1,327,246
Infrastructure	-	-	26,333,779	-	26,333,779
Less accumulated depreciation	-	(84,334)	(11,087,988)	(780,190)	(11,952,512)
Total noncurrent assets	-	38,058	15,544,407	126,048	15,708,513
Total assets	47,735	314,872	16,291,055	459,320	17,112,982
LIABILITIES					
Current liabilities					
Vouchers payable	1,221	-	146,879	3,583	151,683
Accrued payroll	179	-	2,509	11,250	13,938
Accrued vacation payable	-	-	9,054	35,717	44,771
Total current liabilities	1,400	-	158,442	50,550	210,392
NET ASSETS					
Invested in capital assets	-	38,058	15,544,407	126,048	15,708,513
Unrestricted	46,335	276,814	588,206	282,722	1,194,077
Total net assets	$ 46,335	$ 314,872	$ 16,132,613	$ 408,770	$ 16,902,590

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON MAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
OPERATING REVENUES					
Charges for services	$ 37,423	$ 631,185	$ 1,629,769	$ 1,172,108	$ 3,470,485
OPERATING EXPENSES					
Personnel services	19,370	-	153,328	849,210	1,021,908
Other services	5,821	322,174	8,618	454,085	790,698
Materials and supplies	48,863	135,347	1,102,313	184,131	1,470,654
Depreciation	-	19,973	1,110,492	52,841	1,183,306
Total operating expenses	74,054	477,494	2,374,751	1,540,267	4,466,566
Operating income (loss)	(36,631)	153,691	(744,982)	(368,159)	(996,081)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of assets	-	10,000	-	-	10,000
Investment income (expense)	61	520	278	400	1,259
Miscellaneous revenue	-	-	10,397	315	10,712
Total nonoperating revenues	61	10,520	10,675	715	21,971
Income (loss) before contributions and transfers	(36,570)	164,211	(734,307)	(367,444)	(974,110)
Capital Contributions	25,000	-	1,822,182	-	1,847,182
Transfers in:					
Enterprise	-	-	-	480,012	480,012
Transfers out:					
General	-	(123,360)	(240,000)	(91,000)	(454,360)
Change in net assets	(11,570)	40,851	847,875	21,568	898,724
Total net assets - beginning - as restated	57,905	274,021	15,284,738	387,202	16,003,866
Total net assets - ending	$ 46,335	$ 314,872	$ 16,132,613	$ 408,770	$ 16,902,590

CITY OF FARGO, NORTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011

	Southeast Cass Sewer	Vector Control	Street Lighting	Forestry	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	$ 38,796	$ 627,233	$ 1,610,694	$ 1,158,887	$ 3,435,610
Payments to employees	(15,732)	-	(124,747)	(678,184)	(818,663)
Payments of benefits on behalf of employees	(3,760)	-	(27,958)	(168,626)	(200,344)
Payments to suppliers	(56,154)	(457,467)	(1,201,463)	(638,577)	(2,353,661)
Net cash provided (used) by operating activities	(36,850)	169,766	256,526	(326,500)	62,942
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(123,360)	(240,000)	(91,000)	(454,360)
Transfers from other funds	-	-	-	480,012	480,012
Payments made for interfund borrowing	(2,691)	-	-	-	(2,691)
Net cash provided (used) by noncapital financing activities	(2,691)	(123,360)	(240,000)	389,012	22,961
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(19,716)	-	(5,890)	(25,606)
Intergovernmental capital grants	25,000	-	-	-	25,000
Net cash provided (used) by capital and related financing activities	25,000	(19,716)	-	(5,890)	(606)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	67	553	294	424	1,338
Investments redeemed	50,065	188,462	92,148	135,229	465,904
Investments (purchased)	(35,591)	(215,705)	(108,968)	(192,275)	(552,539)
Net cash provided (used) by investing activities	14,541	(26,690)	(16,526)	(56,622)	(85,297)
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, January 1	-	-	-	50	50
Cash and cash equivalents, December 31	$ -	$ -	$ -	$ 50	$ 50
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	$ (36,631)	$ 153,691	$ (744,982)	$ (368,159)	$ (996,081)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	-	19,973	1,110,492	52,841	1,183,306
Change in assets and liabilities					
Accounts receivable	1,373	(3,952)	(19,075)	(9,938)	(31,592)
Special assessment receivable	-	-	-	(3,283)	(3,283)
Inventories	-	-	(155,371)	-	(155,371)
Prepaid expenses	-	54	(3,553)	(175)	(3,674)
Accounts payable	(1,470)	-	68,392	(186)	66,736
Vacation payable	-	-	165	3,624	3,789
Payroll payable	(122)	-	458	(1,224)	(888)
Total adjustments	(219)	16,075	1,001,508	41,659	1,059,023
Net cash provided (used) by operating activities	$ (36,850)	$ 169,766	$ 256,526	$ (326,500)	$ 62,942
Noncash transactions affecting financial position:					
Acquisition of / change in assets through capital contributions and donations	$ -	$ -	$ 1,528,360	$ -	$ 1,528,360
Acquisition of / change in inventory through capital contributions and donations	$ -	$ -	$ 293,822	$ -	$ 293,822
Change in fair value of investments	$ -	$ (9)	$ (4)	$ (7)	$ (20)
Capital asset trade-ins	$ -	$ 10,000	$ -	$ -	$ 10,000

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis.

Liability Self Insurance Fund - is used to account for all costs, reimbursements and funding for general liability and certain property damage claims.

Health Self Insurance Fund - is used to provide health insurance coverage to City Employees. Resources are provided by City and employee contributions and used to fund claims for allowable medical expenses, provide stop-loss insurance coverage, and administration.

CITY OF FARGO, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2011

	Liability Self Insurance	Health Self Insurance	Total
ASSETS			
Current assets			
Equity in pooled investments	-	4,000,563	4,000,563
Accounts receivable	-	360,351	360,351
Total assets	-	4,360,914	4,360,914
LIABILITIES			
Current liabilities			
Deferred revenues	-	175,898	175,898
IBNR claim reserve	-	1,136,123	1,136,123
Total liabilities	-	1,312,021	1,312,021
NET ASSETS			
Unrestricted	-	3,048,893	3,048,893
Total net assets	$ -	$ 3,048,893	$ 3,048,893

CITY OF FARGO, NORTH DAKOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

For the Year Ended December 31, 2011

	Liability Self Insurance	Health Self Insurance	Total
OPERATING REVENUES			
Charges for services	$ -	$ 6,941,464	$ 6,941,464
OPERATING EXPENSES			
Administration	-	212,176	212,176
Insurance premiums	-	333,219	333,219
Claim settlements	-	6,705,726	6,705,726
Claim reserve adjustment	-	690,177	690,177
Total operating expenses	-	7,941,298	7,941,298
Operating income (loss)	-	(999,834)	(999,834)
NONOPERATING REVENUES (EXPENSES)			
Investment income (expense)	-	7,055	7,055
Total nonoperating revenues (expenses)	-	7,055	7,055
Income (loss) before contributions and transfers	-	(992,779)	(992,779)
Transfers out:			
General	(30,000)	-	(30,000)
Change in net assets	(30,000)	(992,779)	(1,022,779)
Total net assets - beginning	30,000	4,041,672	4,071,672
Total net assets - ending	$ -	$ 3,048,893	$ 3,048,893

CITY OF FARGO, NORTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

	Liability Self Insurance	Health Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ -	$ 6,806,012	$ 6,806,012
Payments of benefits on behalf of employees	-	(6,705,726)	(6,705,726)
Payments to suppliers	-	(545,395)	(545,395)
Net cash provided (used) by operating activities	-	(445,109)	(445,109)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(30,000)	-	(30,000)
Net cash provided (used) by noncapital financing activites	(30,000)	-	(30,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	7,831	7,831
Investments redeemed	-	4,438,052	4,438,052
Investments (purchased)	-	(4,000,774)	(4,000,774)
Net cash provided (used) by investing activities	-	445,109	445,109
Net change in cash and cash equivalents	(30,000)	-	(30,000)
Cash and cash equivalents, January 1	30,000	-	30,000
Cash and cash equivalents, December 31	$ -	$ -	$ -
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ -	$ (999,834)	$ (999,834)
Adjustments to reconcile operating income to net cash provided by operating activities			
Claims reserve adjustment	-	690,177	690,177
Change in assets and liabilities			
Accounts receivable	-	(112,861)	(112,861)
Deferred revenues	-	(22,591)	(22,591)
Total adjustments	-	554,725	554,725
Net cash provided (used) by operating activities	$ -	$ (445,109)	$ (445,109)
Noncash transactions affecting financial position:			
Change in fair value of investments	$ -	$ (211)	$ (211)

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

City Employee's Pension Trust Fund is used to account for the activities of this defined benefit pension plan. All employees except those covered by other plans are members.

Police Pension Trust Fund is used to account for the activities of this defined benefit pension plan. All members of the Police Department are members of this plan.

The Pension Plan financial statements can be found in the notes to the financial statements, Note 5.

AGENCY FUNDS

The City has four agency funds used to account for assets held as an agent for others.

Performance Deposit Fund is used for deposits required by City ordinance for excavators, bid deposits, special assessment developer deposits, and other miscellaneous deposits.

Park District Specials Fund is used to account for special assessments collected and administered for the Fargo Park District.

Metro Flood Project Diversion Authority is used to account for the collection and disbursement of funds for the Metro Flood Project Diversion Authority.

Red River Regional Dispatch Center Fund is used to account for the collection and disbursement of funds for the Red River Regional Dispatch Center Fund.

CITY OF FARGO, NORTH DAKOTA
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2011

	Performance Deposits	Park District Special Assessments	Metro Flood Project Diversion Authority	Red River Regional Dispatch Center	Total
ASSETS					
Cash and investments	$ 78,699	$ -	$ -	$ -	$ 78,699
Equity in pooled investments	52,998	25,101	43,708	547,436	669,243
Receivables(net of allowance for uncollectibles)					
Accounts	-	-	28,166	-	28,166
Special assessments receivable	-	2,850,551	-	-	2,850,551
Intergovernmental	-	-	861,818	-	861,818
Total assets	$ 131,697	$ 2,875,652	$ 933,692	$ 547,436	$ 4,488,477
LIABILITIES					
Vouchers payable	$ -	$ 25,101	$ 933,692	$ -	$ 958,793
Due to other governments	-	2,850,551	-	-	2,850,551
Deposits	131,697	-	-	547,436	679,133
Total liabilities	$ 131,697	$ 2,875,652	$ 933,692	$ 547,436	$ 4,488,477

CITY OF FARGO, NORTH DAKOTA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDING DECEMBER 31, 2011

	Beginning of Year	Additions	Deductions	End of Year
PERFORMANCE DEPOSITS				
ASSETS				
Cash, including time deposits	$ 80,132	$ -	$ 1,433	$ 78,699
Equity in pooled investments	52,139	2,600	1,741	52,998
Total assets	$ 132,271	$ 2,600	$ 3,174	$ 131,697
LIABILITIES				
Deposits	$ 132,271	$ 2,600	$ 3,174	$ 131,697
Total liabilities	$ 132,271	$ 2,600	$ 3,174	$ 131,697
PARK DISTRICT SPECIAL ASSESSMENTS				
ASSETS				
Equity in pooled investments	$ -	$ 367,609	$ 342,508	$ 25,101
Special assessments receivable	643,612	2,522,491	315,552	2,850,551
Total assets	$ 643,612	$ 2,890,100	$ 658,060	$ 2,875,652
LIABILITIES				
Vouchers payable	$ -	$ 367,609	$ 342,508	$ 25,101
Due to other governments	643,612	2,522,491	315,552	2,850,551
Total liabilities	$ 643,612	$ 2,890,100	$ 658,060	$ 2,875,652
METRO FLOOD PROJECT DIVERSION AUTHORITY				
ASSETS				
Equity in pooled investments	$ -	$ 226,634	$ 182,926	$ 43,708
Accounts receivable	-	41,958	13,792	28,166
Intergovernmental receivable	-	935,083	73,265	861,818
Total assets	$ -	$ 1,203,675	$ 269,983	$ 933,692
LIABILITIES				
Vouchers Payable	$ -	$ 1,098,481	$ 164,789	$ 933,692
Total liabilities	$ -	$ 1,098,481	$ 164,789	$ 933,692
RED RIVER REGIONAL DISPATCH CENTER				
ASSETS				
Equity in pooled investments	$ 292,331	$ 3,026,316	$ 2,771,211	$ 547,436
Total assets	$ 292,331	$ 3,026,316	$ 2,771,211	$ 547,436
LIABILITIES				
Deposits	$ 292,331	$ 3,026,316	$ 2,771,211	$ 547,436
Total liabilities	$ 292,331	$ 3,026,316	$ 2,771,211	$ 547,436
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash, including time deposits	$ 80,132	$ -	$ 1,433	$ 78,699
Equity in pooled investments	344,470	3,623,159	3,298,386	669,243
Accounts receivable	-	41,958	13,792	28,166
Special assessments receivable	643,612	2,522,491	315,552	2,850,551
Intergovernmental receivable	-	935,083	73,265	861,818
Total assets	$ 1,068,214	$ 7,122,691	$ 3,702,428	$ 4,488,477
LIABILITIES				
Vouchers payable	$ -	$ 1,466,090	$ 507,297	$ 958,793
Due to other governments	643,612	2,522,491	315,552	2,850,551
Deposits	424,602	3,028,916	2,774,385	679,133
Total liabilities	$ 1,068,214	$ 7,017,497	$ 3,597,234	$ 4,488,477

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CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2011

GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$	36,331,279
Intangible - Right of way		4,365,007
Buildings		73,059,557
Improvements other than buildings		646,535
Machinery and equipment		41,469,621
Infrastructure		294,696,246
Flood Control		13,432,736
Construction in progress		4,332,786
Total governmental funds capital assets	$	468,333,768

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General fund	$	31,651,294
Special revenue funds		6,263,089
Capital projects		403,246,166
Enterprise funds		1,294,650
Federal and state grants		24,716,000
Donated		1,162,569
Total governmental funds capital assets	$	468,333,768

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011

FUNCTION AND ACTIVITY	Land	Right of Way	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Flood Control	Construction in Progress	Total
General Government:									
City Commission	$ -	$ -	$ -	$ -	$ 60,930	$ -	$ -	$ -	$ 60,930
City Administrator	-	-	-	-	35,380	-	-	-	35,380
City Auditor	-	-	-	-	82,987	-	-	-	82,987
Information Technology	-	-	-	-	2,710,867	-	-	2,436,972	5,147,839
Human Resources	-	-	-	-	32,755	-	-	10,219	42,974
City Assessor	-	-	-	-	88,080	-	-	-	88,080
Municipal Court	-	-	1,596,948	-	39,233	-	-	-	1,636,181
Planning & Development	-	-	-	-	29,229	-	-	-	29,229
Central Garage	-	-	3,285,354	127,813	741,111	-	-	-	4,154,279
City Buildings	-	-	1,117,387	17,865	307,753	-	-	-	1,443,005
Detox Center	-	-	451,732	-	49,404	-	-	-	501,136
Total	-	-	6,451,422	145,678	4,177,730	-	-	2,447,191	13,222,021
Public Safety:									
Traffic Engineering	-	-	21,422	-	217,559	-	-	-	238,981
Street Lighting	-	-	-	-		-	-	-	-
Fire Department	208,467	-	9,135,695	-	6,406,924	-	-	-	15,751,086
Police Department	43,000	-	2,143,439	31,654	4,831,522	-	-	-	7,049,616
Inspections	-	-	-	-	151,008	-	-	-	151,008
Total	251,467	-	11,300,556	31,654	11,607,014	-	-	-	23,190,690
Public Works:									
City Engineer	541,877	-	-	-	965,310	-	-	-	1,507,187
Street Department	145,588	4,032,170	473,023	43,104	8,556,701	294,696,246	-	-	307,946,832
Flood	33,929,401	332,837					13,432,736	1,885,595	49,580,568
Total	34,616,866	4,365,007	473,023	43,104	9,522,011	294,696,246	13,432,736	1,885,595	359,034,588
Public Health & Welfare:									
Health Department	-	-	2,004,733	-	409,674	-	-	-	2,414,407
Total	-	-	2,004,733	-	409,674	-	-	-	2,414,407
Recreation & Culture:									
Public Library	-	-	13,091,079	-	3,465,044	-	-	-	16,556,123
City Auditorium	-	-	9,649,266	-	402,701	-	-	-	10,051,968
Convention Bureau	199,505	-	749,851	-		-	-	-	949,356
Baseball Stadium	-	-	5,136,513	61,439	243,363	-	-	-	5,441,315
Total	199,505	-	28,626,709	61,439	4,111,109	-	-	-	32,998,762
Urban Redevelopment									
Home Grants	-	-	605,042	-	-	-	-	-	605,042
Community Development	157,442	-	3,741,974	28,446	49,798	-	-	-	3,977,660
Total	157,442	-	4,347,016	28,446	49,798	-	-	-	4,582,702
Transportation									
Transit	-	-	11,956,200	-	11,439,330	-	-	-	23,395,530
Parking Authority	1,106,000	-	7,899,898	336,214	152,955	-	-	-	9,495,067
Total	1,106,000	-	19,856,098	336,214	11,592,285	-	-	-	32,890,598
Grand Total	$ 36,331,279	$ 4,365,007	$ 73,059,557	$ 646,535	$ 41,469,621	$ 294,696,246	$ 13,432,736	$ 4,332,786	$ 468,333,768

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2011

FUNCTION AND ACTIVITY	Balance January 1, 2011	Additions & Transfers In	Deletions & Transfers Out	Balance December 31, 2011
GENERAL GOVERNMENT:				
City Commission	$ 60,930	$ -	$ -	$ 60,930
City Administrator	35,380	-		35,380
City Auditor	352,943	-	(269,956)	82,987
Information Technology	3,968,968	1,178,870	-	5,147,839
Human Resources	42,974	-	-	42,974
City Assessor	93,903	7,750	(13,573)	88,080
Municipal Court	1,602,844	33,337	-	1,636,181
Planning & Development	43,623	-	(14,394)	29,229
Central Garage	4,160,788	60,042	(66,551)	4,154,279
City Buildings	1,443,005	-	-	1,443,005
Detox Center	501,136	-	-	501,136
Total	12,306,495	1,279,999	(364,474)	13,222,020
PUBLIC SAFETY:				
Traffic Engineer	223,426	34,850	(19,295)	238,981
Street Lighting	-	-	-	-
Fire Department	15,495,585	255,501	-	15,751,086
Police Department	6,966,414	464,008	(380,806)	7,049,616
Inspections	133,293	23,715	(6,000)	151,008
Total	22,818,718	778,074	(406,101)	23,190,691
PUBLIC WORKS:				
City Engineer	1,624,829	138,822	(256,463)	1,507,188
Street Department	295,468,538	13,748,698	(1,270,404)	307,946,832
Flood	15,213,652	34,366,916	-	49,580,568
Total	312,307,019	48,254,435	(1,526,867)	359,034,588
PUBLIC HEALTH & WELFARE:				
Health Department	2,379,199	55,076	(19,867)	2,414,407
Total	2,379,199	55,076	(19,867)	2,414,407
RECREATION & CULTURE:				
Public Library	16,539,236	23,537	(6,650)	16,556,123
City Auditorium	10,005,109	46,859	-	10,051,968
Convention Bureau	949,356	-	-	949,356
Baseball Stadium	5,428,610	12,705	-	5,441,315
Total	32,922,312	83,101	(6,650)	32,998,762
URBAN REDEVELOPMENT				
Home Grants	605,042	-		605,042
Community Development	3,738,218	239,442	-	3,977,660
	4,343,260	239,442	-	4,582,702
TRANSPORTATION:				
Transit	22,182,132	1,730,370	(516,972)	23,395,530
Parking Authority	9,444,434	50,633	-	9,495,067
Total	31,626,566	1,781,003	(516,972)	32,890,597
Grand Total	$ 418,703,569	$ 52,471,129	$ (2,840,931)	$ 468,333,768

STATISTICAL SECTION

This part of the City of Fargo's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends **112**

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

Revenue Capacity **117**

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 **133**

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 **142**

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

146

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

CITY OF FARGO, NORTH DAKOTA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	$ 165,198,383	$ 142,709,681	$ 133,054,594	$ 136,829,790	$ 109,639,923	$ 100,497,504	$ 61,311,933	$ 79,683,681	$ 78,381,281
Restricted	64,114,256	83,724,522	88,187,372	99,854,244	101,928,282	106,449,181	180,030,481	153,319,865	122,229,665
Unrestricted	9,117,295	(26,809,117)	(13,592,579)	(24,461,521)	445,006	7,637,497	4,409,329	(13,355,138)	(33,695,934)
Total governmental activities	238,429,934	199,625,086	207,649,387	212,222,513	212,013,211	214,584,182	245,751,743	219,648,408	166,915,012
Business-type activities									
Invested in capital assets, net of related debt	507,957,852	488,520,828	447,423,939	405,649,311	384,874,278	365,275,829	341,630,870	330,535,797	306,670,260
Restricted	31,565,252	34,129,228	29,310,590	27,578,567	20,037,327	12,506,543	10,728,371	9,254,788	7,481,220
Unrestricted	25,929,372	22,190,520	20,655,890	18,795,131	19,752,324	22,993,008	30,520,724	31,267,494	32,438,098
Total business-type	565,452,476	544,840,576	497,390,419	452,023,009	424,663,929	400,775,380	382,879,965	371,058,079	346,589,578
Primary government									
Invested in capital assets, net of related debt	673,156,235	631,230,509	580,478,533	542,479,101	494,514,201	465,773,333	402,942,803	410,219,478	385,051,541
Restricted	95,679,508	117,853,750	117,497,962	127,432,811	121,965,609	118,955,724	190,758,852	162,574,653	129,710,885
Unrestricted	35,046,667	(4,618,597)	7,063,311	(5,666,390)	20,197,330	30,630,505	34,930,053	17,912,356	(1,257,836)
Total primary government	$ 803,882,410	$ 744,465,662	$ 705,039,806	$ 664,245,522	$ 636,677,140	$ 615,359,562	$ 628,631,708	$ 590,706,487	$ 513,504,590

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES									
Governmental activities:									
General government	$ 10,287,469	$ 16,172,223	$ 16,061,513	$ 12,628,766	$ 11,988,162	$ 9,636,548	$ 9,879,150	$ 9,065,280	$ 9,878,835
Public safety	31,735,792	31,292,462	31,299,101	27,258,895	24,518,517	23,310,046	22,823,346	20,418,950	19,478,160
Public works	53,970,609	56,086,729	61,560,495	66,435,406	53,116,809	35,070,333	28,942,829	30,419,839	26,666,970
Public health & welfare	9,182,688	9,184,914	8,619,558	7,802,377	7,381,740	6,671,796	6,695,429	6,216,803	6,078,364
Recreation & culture	6,898,193	6,176,197	7,290,768	5,877,783	5,564,318	5,257,930	4,433,031	4,119,697	4,095,873
Urban redevelopment	4,294,454	4,986,361	5,270,433	4,901,145	5,530,189	5,330,190	5,310,907	6,338,365	4,589,532
Transportation	8,117,307	7,637,009	8,240,985	6,712,613	5,839,730	5,297,182	4,210,866	4,261,253	4,509,006
General support	982,211	1,576,481	1,279,040	1,252,486	1,709,940	1,297,392	1,110,473	1,126,474	979,189
Intergovernmental	-	-	-	-	-	-	-	185,185	333,333
Interest and fiscal charges	13,699,460	13,203,253	10,970,999	10,078,666	10,383,847	10,562,600	8,943,842	7,739,764	7,333,221
Total governmental activities expenses	139,168,183	146,315,629	150,592,892	142,948,137	126,033,252	102,434,017	92,349,873	89,891,610	83,942,483
Business-type activities:									
Municipal airport authority	6,331,018	6,920,335	6,380,673	6,340,451	6,492,808	5,630,173	5,575,563	5,039,598	4,724,563
Water	13,634,186	13,378,237	13,172,848	12,739,834	11,186,131	13,690,417	12,011,121	11,337,470	11,248,525
Wastewater	8,802,312	8,114,318	7,282,660	6,810,660	6,759,994	6,280,502	6,088,183	5,781,810	6,112,218
Storm sewer	4,131,731	3,743,309	3,573,700	3,318,002	3,137,414	2,963,669	2,852,773	2,635,020	2,517,738
Solid waste	9,279,191	8,229,701	7,524,388	7,739,012	6,615,557	5,673,508	6,505,547	6,316,798	5,426,961
Fargodome	6,435,476	7,284,833	6,872,075	6,781,837	7,544,366	7,562,959	7,748,926	9,025,485	8,280,932
SE Cass	74,054	46,757	66,047	66,979	52,694	66,919	69,321	55,467	56,529
Vector control	477,494	592,516	389,667	589,113	479,179	367,989	550,956	410,804	111,130
Street lighting	2,374,751	2,237,468	-	-	-	-	-	-	-
Forestry	1,550,266	1,475,962	1,361,803	1,271,640	1,198,305	1,112,526	990,339	1,021,922	924,895
Total business-type activities expenses	53,090,479	52,023,436	46,623,861	45,657,528	43,466,448	43,348,662	42,392,729	41,624,374	39,403,491
Total primary government expenses	$ 192,258,662	$ 198,339,065	$ 197,216,753	$ 188,605,665	$ 169,499,700	$ 145,782,679	$ 134,742,602	$ 131,515,984	$ 123,345,974
PROGRAM REVENUES									
Governmental activities:									
Charges for services:									
General government	$ 2,789,248	$ 2,443,507	$ 2,406,704	$ 2,238,848	$ 2,371,413	$ 2,632,513	$ 2,527,843	$ 2,090,709	$ 2,007,996
Public safety	4,668,687	4,264,740	4,285,553	4,694,548	4,876,717	5,587,229	4,852,471	4,350,988	3,760,822
Public works	10,519,541	11,163,026	8,418,374	8,041,216	4,962,198	5,497,488	5,677,239	5,753,316	5,902,509
Public health & welfare	2,560,812	2,621,144	2,439,988	2,341,930	2,479,295	2,258,421	2,127,051	1,971,542	1,833,185
Recreation & culture	670,765	739,345	676,537	702,866	652,563	731,817	631,439	645,206	602,381
Urban redevelopment	170,033	1,659,901	2,409,435	2,974,370	3,512,005	4,483,915	3,343,959	3,107,679	1,401,233
Transportation	3,130,777	3,076,024	2,875,615	2,760,860	2,561,343	1,878,831	1,842,756	1,731,537	1,546,864
Operating grants and contributions	14,268,244	13,938,290	19,366,139	8,736,849	7,374,752	6,807,640	6,181,092	6,792,074	6,535,468
Capital grants and contributions	71,999,481	57,828,290	65,836,704	51,553,892	37,607,084	43,812,610	45,269,891	82,903,904	45,854,066
Total governmental activities program revenues	110,777,588	97,734,267	108,715,049	84,045,379	66,397,370	73,690,464	72,453,741	109,346,955	69,444,524

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:									
Charges for services:									
Airport	6,244,177	6,042,021	5,822,644	5,622,701	5,274,194	5,295,396	4,856,814	5,883,466	4,022,247
Water	17,284,658	17,307,253	17,695,424	17,422,765	16,894,612	16,434,832	14,331,669	13,194,829	13,418,217
Wastewater	10,401,385	10,321,247	10,340,200	9,949,467	9,226,721	8,479,324	7,467,026	6,783,272	6,364,407
Storm sewer	1,504,238	1,485,138	1,546,291	1,479,912	1,457,069	1,434,027	1,406,773	1,383,758	1,361,243
Solid waste	11,266,479	9,990,271	9,881,695	10,428,390	9,702,453	8,765,444	7,920,611	7,646,232	6,730,407
Fargodome	4,473,612	5,305,298	4,756,694	4,312,703	4,539,268	3,836,200	3,795,488	4,033,259	3,652,789
Other activities	3,470,485	3,423,829	1,735,879	1,659,185	1,556,522	1,516,823	1,475,820	1,447,868	1,044,602
Operating grants and contributions	-	-	-	-	20,000	8,818	4,432	14,959	1,786,605
Capital grants and contributions	588,860	4,157,791	9,095,212	26,965,424	19,540,506	1,849,235	2,116,326	13,384,393	4,080,870
Total business-type activities program revenues	55,233,894	58,032,848	60,874,039	77,840,547	68,211,345	47,620,099	43,374,959	53,772,036	42,461,387
Total primary government program revenues	$ 166,011,482	$ 155,767,115	$ 169,589,088	$ 161,885,926	$ 134,608,715	$ 121,310,563	$ 115,828,700	$ 163,118,991	$ 111,905,911
NET (EXPENSE) REVENUE									
Governmental activities	$ (28,390,595)	$ (48,581,362)	$ (41,877,843)	$ (58,902,758)	$ (59,635,882)	$ (28,743,553)	$ (19,896,132)	$ 19,455,345	$ (14,497,959)
Business-type activities	2,143,415	6,009,412	14,250,178	32,183,019	24,744,897	4,271,437	982,230	12,147,662	3,057,896
Total primary government net expense	$ (26,247,180)	$ (42,571,950)	$ (27,627,665)	$ (26,719,739)	$ (34,890,985)	$ (24,472,116)	$ (18,913,902)	$ 31,603,007	$ (11,440,063)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental activities:									
Taxes									
Property taxes	$ 20,144,787	$ 19,180,738	$ 18,312,912	$ 17,319,289	$ 16,200,629	$ 15,056,935	$ 13,745,240	$ 12,987,009	$ 12,159,300
Sales taxes	42,049,097	40,435,541	29,243,136	10,364,101	10,376,182	14,462,645	17,070,962	8,093,103	7,502,871
Gross business receipts taxes	4,474,974	4,146,643	4,134,001	4,487,665	4,171,392	3,977,283	3,818,097	3,613,503	3,508,103
Other taxes	5,254,297	5,031,204	4,727,168	4,639,532	4,458,276	4,118,851	5,357,520	4,514,068	3,495,352
Unrestricted intergovernmental	5,632,867	3,830,789	3,296,682	3,403,887	2,970,994	2,619,532	2,434,789	2,282,028	2,287,294
Unrestricted investment earnings	3,058,022	3,014,501	3,440,226	4,889,864	5,833,229	5,559,410	3,629,600	4,366,395	3,539,110
Miscellaneous	2,497,946	405,694	(85,941)	286,695	254,248	222,665	105,948	283,471	172,685
Transfers	(15,765,314)	(35,488,049)	(25,763,467)	13,721,027	12,799,961	(893,663)	(162,689)	(2,861,526)	(4,229,462)
Total governmental activities	67,346,676	40,557,061	37,304,717	59,112,060	57,064,911	45,123,658	45,999,467	33,278,051	28,435,253
Business-type activities:									
Property taxes	619,474	601,556	579,513	556,329	515,932	459,010	420,714	395,855	374,350
Sales taxes	-	-	-	10,364,101	10,271,895	9,696,521	8,825,107	8,092,719	7,502,871
Unrestricted investment earnings	557,643	3,942,511	3,601,388	(3,064,009)	2,067,151	2,543,953	1,423,862	931,823	1,165,179
Miscellaneous	1,374,819	1,408,629	1,172,864	1,040,667	426,700	30,831	7,284	38,916	117,522
Transfers	15,765,314	35,488,049	25,763,467	(13,721,027)	(12,799,961)	893,663	162,689	2,861,526	4,229,462
Total business-type activities	18,317,250	41,440,745	31,117,232	(4,823,939)	481,717	13,623,978	10,839,656	12,320,839	13,389,384
Total primary government	$ 85,663,926	$ 81,997,806	$ 68,421,949	$ 54,288,121	$ 57,546,628	$ 58,747,636	$ 56,839,123	$ 45,598,890	$ 41,824,637
CHANGE IN NET ASSETS									
Governmental activities	$ 38,956,081	$ (8,024,301)	$ (4,573,126)	$ 209,302	$ (2,570,971)	$ 16,380,105	$ 26,103,335	$ 52,733,396	$ 13,937,294
Business-type activities	20,460,665	47,450,157	45,367,410	27,359,080	25,226,614	17,895,415	11,821,886	24,468,501	16,447,280
Total primary government	$ 59,416,746	$ 39,425,856	$ 40,794,284	$ 27,568,382	$ 22,655,643	$ 34,275,520	$ 37,925,221	$ 77,201,897	$ 30,384,574

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund										
Nonspendable	$ 2,446,506	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	3,508,782	-	-	-	-	-	-	-	-	-
Committed	3,094,517	-	-	-	-	-	-	-	-	-
Assigned	1,125,286	-	-	-	-	-	-	-	-	-
Unassigned	23,450,515	-	-	-	-	-	-	-	-	-
Reserved	-	2,851,707	2,764,013	2,276,501	1,731,044	3,044,227	3,104,257	2,134,303	2,143,474	1,856,513
Unreserved	-	19,629,816	17,564,092	15,273,881	14,115,241	11,634,215	10,760,730	12,057,374	12,121,346	11,235,924
Total general fund	$ 33,625,606	$ 22,481,523	$ 20,328,105	$ 17,550,382	$ 15,846,285	$ 14,678,442	$ 13,864,987	$ 14,191,677	$ 14,264,820	$ 13,092,437
All other governmental funds										
Nonspendable	$ 1,932,128	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	84,927,466	-	-	-	-	-	-	-	-	-
Unassigned	(23,806,670)	-	-	-	-	-	-	-	-	-
Reserved	-	68,563,005	58,095,953	46,730,034	66,757,669	68,160,369	70,253,057	53,074,745	38,760,464	36,640,140
Unreserved, reported in:										
Special revenue funds	-	3,373,748	3,118,470	5,122,076	6,185,099	6,625,055	5,080,365	3,693,208	4,397,051	5,622,916
Capital projects funds	-	(47,781,251)	(37,522,477)	(51,656,261)	(32,643,415)	(20,367,422)	(13,808,618)	(33,423,577)	(54,279,243)	(46,835,176)
Total all other governmental funds	$ 63,052,924	$ 24,155,502	$ 23,691,946	$ 195,849	$ 40,299,353	$ 54,418,002	$ 61,524,804	$ 23,344,376	$ (11,121,728)	$ (4,572,120)

Note: Prior to 2011 the City did not account for fund balance in accordance with GASB 54.

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES										
Taxes	$ 71,159,547	$ 67,815,586	$ 56,327,777	$ 35,181,056	$ 33,706,700	$ 36,013,536	$ 36,952,573	$ 26,893,262	$ 25,317,570	$ 22,267,743
Special assessments	23,242,178	27,610,188	20,762,524	20,126,159	19,223,615	22,013,443	19,614,519	23,803,914	20,013,724	22,818,722
Licenses and permits	2,697,940	2,605,989	2,757,375	2,975,291	2,999,236	3,181,293	3,015,399	2,232,914	2,044,997	2,207,119
Intergovernmental revenues	63,779,423	32,971,141	42,922,740	24,313,438	22,063,937	21,390,890	25,181,910	43,375,117	22,513,535	25,987,566
Charges for services	18,428,393	18,567,755	15,419,727	14,336,047	11,837,766	11,701,799	10,934,941	10,172,365	10,713,713	11,326,759
Fines and forfeits	2,621,381	2,324,097	2,234,844	2,611,087	2,837,597	3,046,432	2,594,234	2,478,961	2,230,238	2,115,606
Investment income	3,101,711	3,075,599	3,623,716	4,691,496	5,194,334	5,186,857	3,431,234	4,231,499	3,487,552	3,644,707
Miscellaneous revenues	3,430,688	4,224,204	3,525,198	4,011,940	6,935,170	5,947,492	4,574,411	5,279,642	2,131,507	1,339,444
Total revenues	188,461,261	159,194,559	147,573,901	108,246,514	104,798,355	108,481,742	106,299,221	118,467,674	88,452,836	91,707,666
EXPENDITURES										
Current:										
General government	13,530,675	12,140,948	11,709,061	10,526,038	9,702,005	9,226,175	9,280,268	8,446,137	8,381,895	7,218,408
Public safety	28,329,588	28,244,521	28,942,982	25,994,545	23,742,908	23,103,579	22,206,681	19,928,108	18,813,838	17,346,320
Public works	46,196,098	48,548,373	53,311,460	58,698,000	43,450,218	28,212,265	21,431,342	23,856,095	20,398,450	17,761,150
Public health & welfare	9,019,173	9,021,360	8,557,497	7,711,261	7,348,459	6,770,330	6,602,690	6,177,911	5,970,671	5,131,529
Recreation & culture	6,090,421	5,484,437	6,679,735	5,252,313	5,004,157	4,762,248	3,871,160	3,577,861	3,559,333	3,448,221
Urban redevelopment	4,222,138	4,924,389	5,221,218	4,803,641	5,207,247	5,324,037	5,223,921	5,928,058	4,155,060	1,615,161
Public transportation	6,421,022	6,171,266	6,465,418	5,620,779	4,747,917	4,378,471	3,249,197	3,382,039	3,666,427	3,202,562
General support	982,211	1,580,065	1,278,791	1,251,485	1,328,686	1,301,094	1,110,807	1,125,937	976,323	1,291,849
Capital outlay	78,375,741	63,602,202	71,582,986	34,422,248	17,638,072	17,896,822	24,825,723	41,254,168	30,304,606	37,387,171
Intergovernmental	-	-	-	-	689,928	-	-	185,185	333,333	333,333
Debt service										
Principal	22,675,445	26,718,154	21,886,706	22,828,713	18,676,869	21,984,363	12,880,075	13,365,213	17,940,008	11,193,380
Interest and fiscal charges	15,023,826	13,425,675	11,724,171	10,311,530	10,438,935	10,240,691	9,394,614	7,950,174	7,627,464	7,099,393
Total expenditures	230,866,338	219,861,390	227,360,025	187,420,553	147,975,401	133,200,075	120,076,478	135,176,886	122,127,408	113,028,477
Excess of revenues over (under) expenditures	(42,405,077)	(60,666,831)	(79,786,124)	(79,174,039)	(43,177,046)	(24,718,333)	(13,777,257)	(16,709,212)	(33,674,572)	(21,320,811)
OTHER FINANCING SOURCES (USES)										
Transfers in	42,564,702	48,822,131	25,596,564	27,235,645	24,845,543	27,168,658	28,765,409	21,622,599	18,901,062	16,170,025
Transfers out	(31,047,668)	(38,375,335)	(17,720,667)	(13,514,618)	(12,045,582)	(28,062,321)	(28,928,098)	(24,484,125)	(23,260,524)	(28,665,367)
Lease proceeds		-	-	-	-	-	380,000	338,062	-	-
Loans issued	14,629,667	21,367,174	33,387,993	8,832,714	2,946,737	3,825,000	1,700,000	2,003,000	1,410,812	-
Bonds issued	65,175,000	31,070,000	68,090,000	26,285,000	14,445,000	26,275,000	52,245,000	56,225,402	34,220,763	17,420,000
Bond premium	1,056,364	439,282	1,616,054	5,891	34,542	36,028	1,553,908	-	-	-
Bond proceeds used for refunding		-	-	-	-	(10,785,000)	(4,010,000)	(4,550,000)	(2,880,000)	-
Bond discount		(39,447)	-	-	-	(32,379)	(75,224)	(52,765)	(94,766)	-
Capital lease	219,752	-	-	-	-	-	-	-	-	-
Other financing sources - proceeds of refunding bond		-	13,190,000	-	-	-	-	-	-	-
Other financing uses - payment to bond escrow agent		-	(4,910,000)	(8,070,000)	-	-	-	-	-	-
Other financing uses - debt service - principal		-	(13,190,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	92,597,817	63,283,805	106,059,944	40,774,632	30,226,240	18,424,986	51,630,995	51,102,173	28,297,347	4,924,658
Net change in fund balances	$ 50,192,740	$ 2,616,974	$ 26,273,820	$ (38,399,407)	$ (12,950,806)	$ (6,293,347)	$ 37,853,738	$ 34,392,961	$ (5,377,225)	$ (16,396,153)
Debt service as a percentage of noncapital expenditures	24.7%	25.7%	21.6%	21.7%	22.3%	27.9%	23.4%	22.7%	27.8%	24.2%

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

Function/Programs	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:									
General government	$ 3,807,394	$ 3,085,939	$ 2,628,121	$ 2,512,175	$ 2,641,964	$ 2,830,186	$ 2,651,435	$ 2,243,740	$ 2,164,496
Public safety	6,979,120	8,113,499	7,817,668	8,561,356	5,947,115	7,123,477	6,775,378	5,035,386	4,660,821
Public works	83,718,083	67,011,130	78,101,673	56,788,795	38,739,772	44,547,243	48,282,625	87,160,678	50,424,935
Public health & welfare	5,884,252	5,912,211	5,436,794	4,963,580	5,162,518	4,353,897	4,272,555	4,076,760	3,947,922
Recreation & culture	818,073	941,916	913,567	864,413	2,980,784	1,101,982	688,406	707,708	665,126
Urban redevelopment	1,870,273	4,529,526	5,425,772	4,732,935	5,089,096	5,923,382	5,228,816	5,747,870	3,542,117
Transportation	7,700,393	8,140,046	8,391,454	5,622,125	5,836,121	7,810,297	4,554,526	4,374,813	4,039,107
Total governmental activities	110,777,588	97,734,267	108,715,049	84,045,379	66,397,370	73,690,464	72,453,741	109,346,955	69,444,524
Business-type activities:									
Municipal airport authority	6,776,001	10,025,213	6,375,330	10,023,033	9,494,525	7,147,631	6,835,353	19,234,245	5,942,501
Water	17,284,658	17,307,253	17,867,299	27,051,914	20,469,187	16,434,832	14,331,669	13,206,698	13,420,888
Wastewater	10,433,222	10,328,132	18,708,251	13,730,007	12,746,076	8,479,324	7,467,026	6,783,272	6,364,407
Storm sewer	1,504,238	1,485,138	1,546,291	10,628,965	9,683,314	1,434,027	1,406,773	1,383,758	1,361,243
Solid waste	11,266,678	10,009,798	9,884,295	10,428,390	9,722,453	8,765,444	7,920,611	7,646,232	6,730,407
FargoDome	4,473,612	5,305,298	4,756,694	4,312,703	4,539,268	3,836,200	3,933,275	4,066,873	7,594,825
Southeast Cass	62,423	50,686	64,174	61,159	60,261	49,002	43,787	43,378	49,860
Vector control	631,185	621,293	630,597	602,787	591,349	579,482	570,960	561,377	167,385
Street lighting	1,629,769	1,744,395	-	-	-	-	-	-	-
Forestry	1,172,108	1,155,642	1,041,108	1,001,589	904,912	894,157	865,505	846,203	829,871
Total business-type activities	55,233,894	58,032,848	60,874,039	77,840,547	68,211,345	47,620,099	43,374,959	53,772,036	42,461,387
Total	$ 166,011,482	$ 155,767,115	$ 169,589,088	$ 161,885,926	$ 134,608,715	$ 121,310,563	$ 115,828,700	$ 163,118,991	$ 111,905,911

CITY OF FARGO, NORTH DAKOTA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

Year	Property Tax	Business Tax	Sales Tax (2%)	Lodging Tax	Other	Totals
2011	$ 20,203,287	$ 4,474,974	$ 42,049,097	$ 1,942,057	$ 2,490,132	$ 71,159,547
2010	19,202,277	4,146,643	40,435,541	1,775,404	2,255,721	67,815,586
2009	19,005,572	4,882,230	29,243,136	1,675,939	1,520,900	56,327,777
2008	17,269,481	4,487,665	10,364,101	1,625,484	1,434,325	35,181,056
2007	16,228,666	4,171,392	10,376,182	1,480,061	1,450,399	33,706,700
2006	15,083,904	3,977,283	14,462,645	1,325,969	1,163,735	36,013,536
2005	13,764,582	3,818,097	17,070,962	1,150,027	1,148,905	36,952,573
2004	12,966,760	3,613,502	8,092,719	1,147,669	1,072,612	26,893,262
2003	12,174,473	3,508,104	7,502,871	1,060,469	1,071,653	25,317,570
2002	11,345,467	3,254,194	5,647,132	1,095,459	925,491	22,267,743

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

Allocation of Receipts:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FargoDome Enterprise Fund	$ 7,109,996	$ 7,445,545	$ 8,208,798	$ 8,510,011	$ 9,408,632	$ 10,256,127	$ 10,414,568	$ -	$ -	$ -
To Street Construction (1)	-	-	-	-	-	-	-			
Subtotal FargoDome	7,109,996	7,445,545	8,208,798	8,510,011	9,408,632	10,256,127	10,414,568	-	-	-
Water Utility Debt Service	2,336,259	-	-	-	-	-	-	-	-	-
Library Expansion Fund (3)	-	-	-	6,574,035	6,436,250	104,288	-	-	-	-
Sales Tax Bond Debt Service (2)	4,773,738	7,445,545	8,208,798	8,510,011	9,408,632	10,256,127	10,414,568	14,094,046	13,348,107	15,515,131
Public Utility Infrastructure (4)	-	-	-	-	-	-	-	14,179,416	13,106,476	20,963,395
Flood Control (5)	-	-	-	-	-	-	-	-	8,148,383	13,365,237
Total Sales Tax Receipts	$ 14,219,993	$ 14,891,090	$ 16,417,596	$ 23,594,057	$ 25,253,514	$ 20,616,542	$ 20,829,136	$ 28,273,462	$ 34,602,966	$ 49,843,763

Receipts are shown net of state administrative fee.

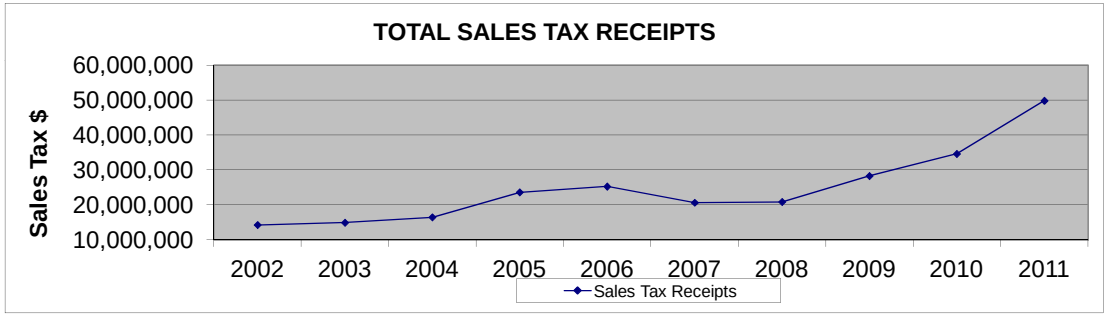
(1) Beginning in 1996, ordinances were revised to allow the FargoDome to share excess sales tax with the Street Construction Fund.

(2) Beginning in December 1999, a 1 cent sales tax is receipted into the Sales Tax Bond Debt Service Fund instead of the Street Construction Fund, surplus receipts used for infrastructure projects

(3) Beginning in 2005 a 1/2 cent sales tax was authorized until June 2006 for library expansion.

(4) Beginning in 2009 a 1/2 cent sales tax was authorized through December 2028 for infrastructure funding related primarily to an approved utility infrastructure master plan

(5) Beginning in 2010 a 1/2 cent sales tax was authorized through December 2029 for flood control projects



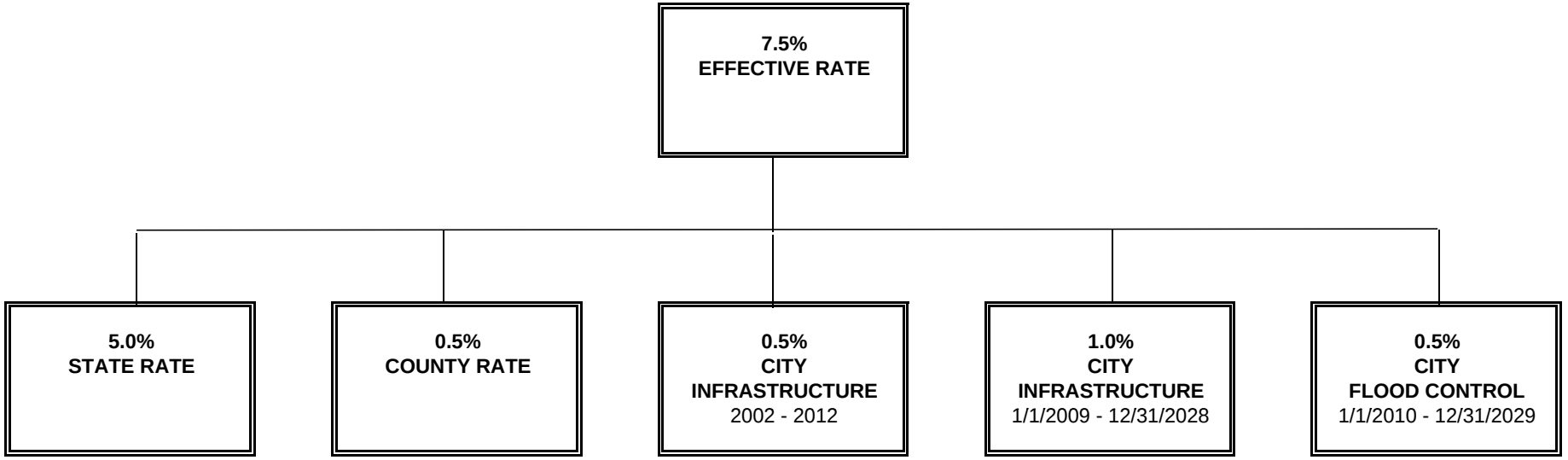
10 Largest Sales Tax Permit Holders

Any retailer in the State or North Dakota must obtain a State sales tax permit. The ten largest permit holders in the city for calendar year 2011, as prepared by the Office of the State Tax Commissioner, collected 20.14% of the Sales Tax collected in the City. In order to determine the ten largest permit holders, city businesses were sorted by annual taxable sales and purchases. For purposes of deriving this information, consolidated businesses and businesses not required to remit City sales tax have been excluded.

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

Required NRMSIR continuing disclosure for CUSIPs: 307490, 30747M

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



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

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Construction	n/a	n/a	n/a	n/a	$ 87,995	$ 82,499	$ 86,142	$ 97,143	$ 97,776	$ 72,164
Manufacturing	n/a	n/a	n/a	n/a	123,876	122,548	134,155	119,197	125,544	141,655
Wholesale Trade	n/a	n/a	n/a	n/a	320,110	339,441	391,944	355,798	381,220	419,715
Retail Trade	n/a	n/a	n/a	n/a	987,102	1,040,708	1,050,394	1,024,063	1,066,433	1,130,742
Transportation and Warehousing	n/a	n/a	n/a	n/a	5,631	4,719	2,794	2,634	4,160	4,034
Information Industries	n/a	n/a	n/a	n/a	14,207	14,202	14,790	17,107	14,644	14,551
Finc, Ins. Real Estate, Rental & Leasing	n/a	n/a	n/a	n/a	56,906	60,605	69,169	64,782	66,777	71,191
Professional, Scientific, Tech., & Mgmt Serv.	n/a	n/a	n/a	n/a	20,041	19,926	21,998	20,459	26,150	24,126
Educational, Health Care, and Social Serv.	n/a	n/a	n/a	n/a	26,222	31,321	33,747	35,501	37,917	34,165
Arts, Entertainment & Recreation	n/a	n/a	n/a	n/a	14,987	15,836	14,500	14,685	16,342	15,995
Accommodation & Food Services	n/a	n/a	n/a	n/a	282,932	305,202	322,805	326,475	331,913	343,325
Other Services	n/a	n/a	n/a	n/a	38,865	41,765	45,153	44,915	42,547	43,879
Miscellaneous	n/a	n/a	n/a	n/a	5,941	7,467	7,612	7,725	9,805	10,835
Total					$ 1,984,815	$ 2,086,239	$ 2,195,203	$ 2,130,484	$ 2,221,228	$ 2,326,377

Source: North Dakota Office of State Tax Commissioner

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

CITY OF FARGO, NORTH DAKOTA
MARKET, ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Residential	Agriculture	Commercial	Railroad	Other Utilities	Less: Incremental Value	Estimated (True & Full) Market Value	Assessed Value (1)	Taxable Value (2)	Total Direct Tax Rate
2011	$ 3,809,974,933	$ 2,902,650	$ 3,257,902,710	$ 4,508,820	$ 61,551,500	$ (100,772,847)	$ 7,036,067,766	$ 3,518,033,884	$ 332,779,107	58.25
2010	3,706,864,247	3,057,450	3,143,371,510	4,520,080	76,881,920	(95,175,987)	6,839,519,220	3,419,759,611	323,469,153	58.25
2009	3,639,440,534	3,676,200	3,018,701,210	4,000,320	72,118,460	(87,529,775)	6,650,406,949	3,325,203,475	314,345,150	58.25
2008	3,511,778,184	3,348,300	2,893,353,170	3,174,420	61,661,400	(70,319,600)	6,402,995,874	3,201,497,937	302,612,498	58.25
2007	3,374,957,014	3,528,300	2,770,278,500	2,714,400	67,148,160	(57,368,400)	6,161,257,974	3,080,628,987	291,211,070	58.25
2006	3,157,577,284	2,077,200	2,520,943,100	2,605,440	76,647,320	(73,583,100)	5,686,267,244	2,843,133,622	268,544,513	57.25
2005	2,883,661,866	2,265,400	2,281,314,500	2,446,720	60,906,740	(59,763,220)	5,170,832,006	2,585,416,003	244,141,153	59.25
2004	2,619,521,204	2,039,100	2,142,099,848	2,536,660	56,987,820	(50,845,720)	4,772,338,912	2,386,169,456	225,535,096	58.73
2003	2,339,918,260	2,644,800	2,041,405,900	2,667,120	53,459,480	(44,674,724)	4,395,420,836	2,197,710,418	208,083,503	60.24
2002	2,190,209,144	1,771,200	1,906,306,480	2,520,920	51,420,640	(37,968,880)	4,114,259,504	2,057,129,752	194,773,430	60.30

(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 NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 30748T, 307490E

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

		MILL LEVY RATES *															
		CITY OF FARGO					OTHER TAXING ENTITIES								TOTALS BY SCHOOL DISTRICT		
Levy Year	Collect Year	General Revenue	Airport	City Share of Special Assessments **	Special Levies	Total City of Fargo Mills	School District #1	School District #2	School District #6	Park District	Cass County	State	Soil Conservation District	Flood Control	School District #1	School District #2	School District #6
2011	2012	53.32	2.00	2.83	0.10	58.25	221.59	187.91	192.20	31.34	66.75	1.00	0.83	7.00	386.76	353.08	357.37
2010	2011	53.32	2.00	2.83	0.10	58.25	221.59	191.29	170.64	31.39	65.00	1.00	0.90	7.00	385.13	354.83	334.18
2009	2010	53.32	2.00	2.83	0.10	58.25	221.77	132.35	170.64	31.45	62.00	1.00	0.45	6.00	380.92	291.50	329.79
2008	2009	53.32	2.00	2.83	0.10	58.25	296.77	194.72	245.64	31.56	62.00	1.00	0.45	5.40	455.43	353.38	404.30
2007	2008	53.32	2.00	2.83	0.10	58.25	299.99	187.48	248.76	31.85	62.00	1.00	0.35	5.60	459.04	346.53	407.81
2006	2007	52.32	2.00	2.83	0.10	57.25	309.02	-	254.02	32.07	62.00	1.00	0.41	5.50	467.25	-	412.25
2005	2006	54.15	2.00	3.00	0.10	59.25	318.62	-	254.02	32.58	63.00	1.00	0.31	6.00	480.76	-	416.16
2004	2005	53.67	1.99	2.97	0.10	58.73	319.55	-	254.02	32.46	66.00	1.00	0.32	6.00	484.06	-	418.53
2003	2004	55.15	2.00	2.99	0.10	60.24	320.20	-	254.02	32.73	66.00	1.00	0.41	6.00	486.58	-	420.40
2002	2003	55.21	2.00	2.99	0.10	60.30	323.84	-	254.02	32.87	65.80	1.00	0.21	6.00	490.02	-	420.20

* 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 NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 30748T, 307490E

CITY OF FARGO, NORTH DAKOTA
PRINCIPAL PROPERTY TAXPAYERS
2011 AND NINE YEARS AGO
(UNAUDITED)

	2011			2002		
Taxpayer	Assessed Valuation	Rank	% of total assessed valuation	Assessed Valuation	Rank	% of total assessed valuation
INREIT Properties	$ 58,428,850	1	1.66	-	-	-
West Acres Development Company	43,260,550	2	1.23	$ 39,826,750	1	1.94
Sanford	29,003,500	3	0.82	-	-	-
Matrix Properties	25,460,800	4	0.72	16,826,150	4	0.82
Osgood Investments	20,997,450	5	0.60	-	-	-
R & B Development	19,882,650	6	0.57	-	-	-
Wal-Mart Real Estate	18,563,450	7	0.53	-	-	-
Innovis Health	16,232,350	8	0.46	27,876,500	2	1.36
RCV Ltd partnership/Van Raden	15,672,700	9	0.45	11,790,750	6	0.57
IRET Properties	15,558,850	10	0.44	-	-	-
Meritcare	-	-	-	21,230,900	3	1.03
Blue Cross/Blue Shield	-	-	-	12,949,350	5	0.63
Medical Properties	-	-	-	10,483,750	7	0.51
Anda Construction Co	-	-	-	9,087,800	8	0.44
Case Equipment	-	-	-	8,854,600	9	0.43
Eid-Co / Gerald Eid	-	-	-	8,495,700	10	0.41
Total attributable to top taxpayers	263,061,150		7.48	167,422,250		8.14
Total of all other properties	3,254,972,734		92.52	1,889,707,502		91.86
	$ 3,518,033,884		100.00	$ 2,057,129,752		100.00

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

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 307490E, 30748T

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

Fiscal Year	Taxes levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	$ 22,063,050	$ 6,438,438	29.18%	$ -	$ 6,438,438	29.18%
2010	21,183,386	5,497,427	25.95%	14,472,434	19,969,861	94.27%
2009	20,324,344	5,448,392	26.81%	13,921,242	19,369,634	95.30%
2008	19,234,312	5,462,763	28.40%	12,918,712	18,381,475	95.57%
2007	18,272,888	5,351,247	29.29%	12,066,027	17,417,274	95.32%
2006	17,053,222	4,417,046	25.90%	11,549,040	15,966,086	93.63%
2005	15,888,706	4,463,294	28.09%	10,690,840	15,154,134	95.38%
2004	14,483,164	3,967,652	27.39%	9,881,152	13,848,804	95.62%
2003	13,639,256	3,271,021	23.98%	9,723,736	12,994,757	95.27%
2002	12,696,788	2,589,541	20.40%	9,570,262	12,159,803	95.77%

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
Mar 2 - Apr 30	3%
May 2 - Jun 30	an additional 3%
Jul 2 - Sept 30	an additional 3%
Oct 16 - Dec 31	an additional 3%
Jan 1	12% annual rate

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

Source: County Auditors Office
Required NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 30748T, 307490E

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

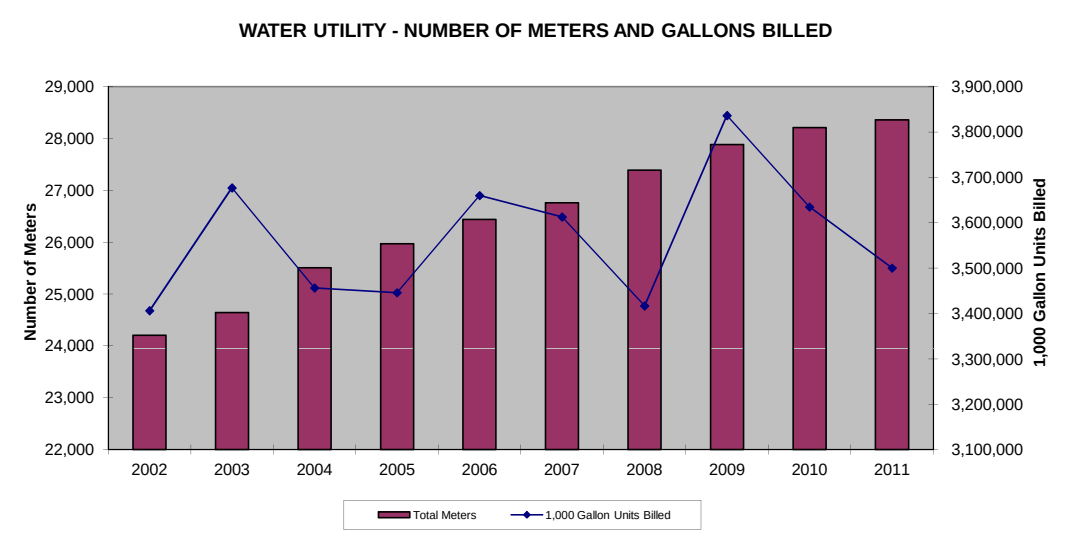
Fiscal	Residential		Commercial		Multiple Dwelling		Other		Total	
Year	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2011	231	$ 43,473,605	31	$ 30,081,468	16	$ 37,660,900	1,848	$ 122,459,205	2,126	$ 233,675,178
2010	213	37,978,700	29	35,164,896	12	30,992,090	2,016	116,745,415	2,270	220,881,101
2009	232	36,772,400	40	38,154,470	10	33,230,000	1,937	164,458,121	2,219	272,614,991
2008	221	37,800,540	60	102,503,465	10	30,274,056	2,181	130,461,240	2,472	301,039,301
2007	292	53,726,408	61	45,119,186	13	39,751,870	2,063	126,599,975	2,429	265,197,439
2006	282	54,576,510	75	79,205,067	12	34,376,000	2,143	171,302,755	2,512	339,460,332
2005	338	60,267,963	62	82,958,300	10	28,640,980	1,944	124,840,484	2,354	296,707,727
2004	270	42,494,393	62	39,291,330	27	29,870,000	2,000	126,726,026	2,359	238,381,749
2003	203	31,394,220	55	51,564,495	44	26,457,200	1,993	97,415,757	2,295	206,831,672
2002	220	31,714,963	38	24,091,700	38	36,381,700	1,789	106,816,544	2,085	199,004,907

Source: City of Fargo Building Inspector

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 307531, 307490

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential Customers (1,000 Gallon Units)	1,331,555	1,391,503	1,336,724	1,318,301	1,431,399	1,372,331	1,298,233	1,318,338	1,259,759	1,243,427
Commercial Customers (1,000 Gallon Units)	2,074,701	2,285,228	2,119,584	2,127,720	2,228,497	2,240,250	2,118,567	2,517,916	2,374,922	2,256,798
Total 1,000 Gallon Units	3,406,256	3,676,731	3,456,308	3,446,021	3,659,896	3,612,581	3,416,800	3,836,254	3,634,681	3,500,225
Total Number of Meters	24,208	24,641	25,509	25,971	26,440	26,760	27,388	27,882	28,209	28,355



Source: City Auditor's Office

Required NRMSIR continuing disclosure for CUSIPs: 307531, 30753

CITY OF FARGO, NORTH DAKOTA
WATER UTILITY - MAJOR CUSTOMERS
DECEMBER 31, 2011
(UNAUDITED)

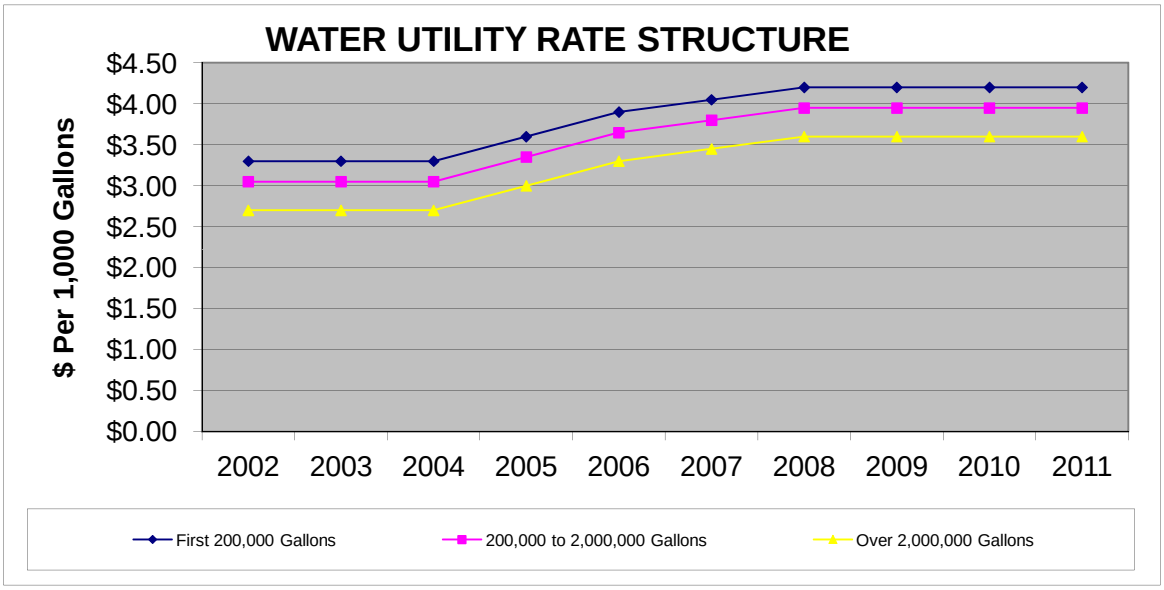
Customer	1,000 Gallon Units
North Dakota State University	201,544
Goldmark	148,596
Sanford Health	91,058
Cass Rural Water District	81,237
Valley Rental Service	47,315
Cass Clay Creamery	42,553
Fargo Public Schools	32,561
Holiday Inn	27,992
Fargo Park Board	27,058
William Block	22,736
Innovis Health	21,386
Ameripride	21,278
MHC Operating LP	21,158
Case New Holland	19,344
Pepsi Cola Bottling Co	17,929
Fargo Housing Authority	16,723
Total Attributable to Major Customers	840,468
Total Billed Consumption	3,500,225
Percentage Attributable to to Major Customers	24.0%

Source: City Auditor's Office

Required NRMSIR continuing disclosure for CUSIPs: 307531, 30753

CITY OF FARGO, NORTH DAKOTA
WATER UTILITY RATE STRUCTURE ($ PER 1,000 GALLONS)
LAST TEN FISCAL YEARS
(UNAUDITED)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
First 200,000 Gallons	$3.30	$3.30	$3.30	$3.60	$3.90	$4.05	$4.20	$4.20	$4.20	$4.20
200,000 Gallons to 2,000,000 Gallons	3.05	3.05	3.05	3.35	3.65	3.80	3.95	3.95	3.95	3.95
Over 2,000,000 Gallons	2.70	2.70	2.70	3.00	3.30	3.45	3.60	3.60	3.60	3.60

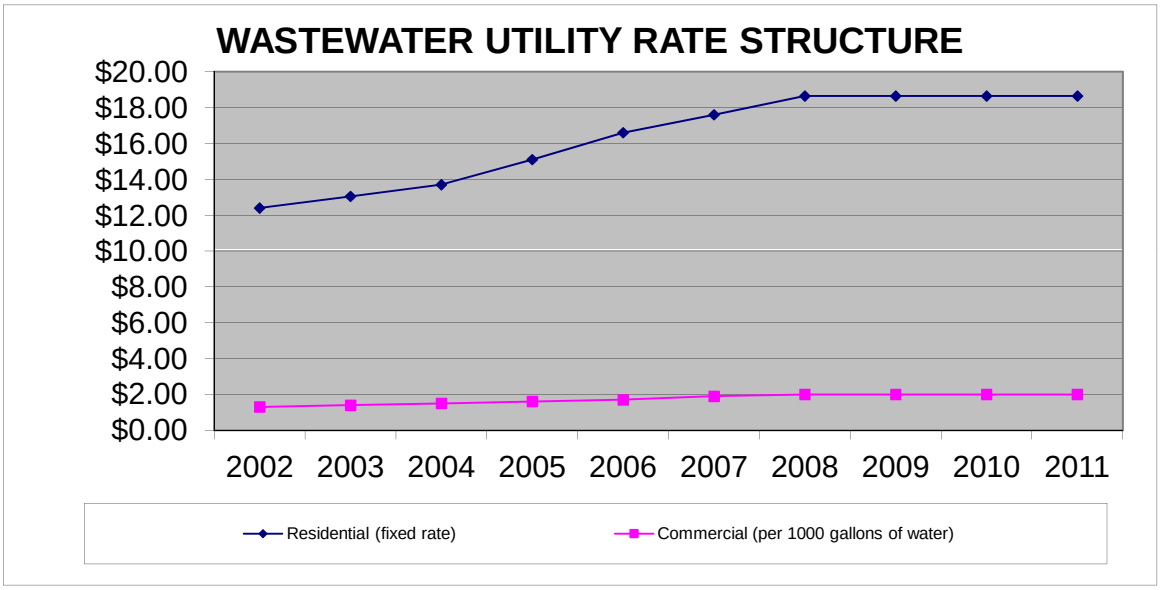


Source: City Auditor's Office

Required NRMSIR continuing disclosure for CUSIPs: 307531, 30753

CITY OF FARGO, NORTH DAKOTA
WASTEWATER UTILITY RATE STRUCTURE ($ PER 1,000 GALLONS)
LAST TEN FISCAL YEARS
(UNAUDITED)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential (fixed rate)	$12.40	$13.05	$13.70	$15.10	$16.60	$17.60	$18.65	$18.65	$18.65	$18.65
Commercial (per 1000 gallons)	1.30	1.40	1.50	1.60	1.70	1.90	2.00	2.00	2.00	2.00

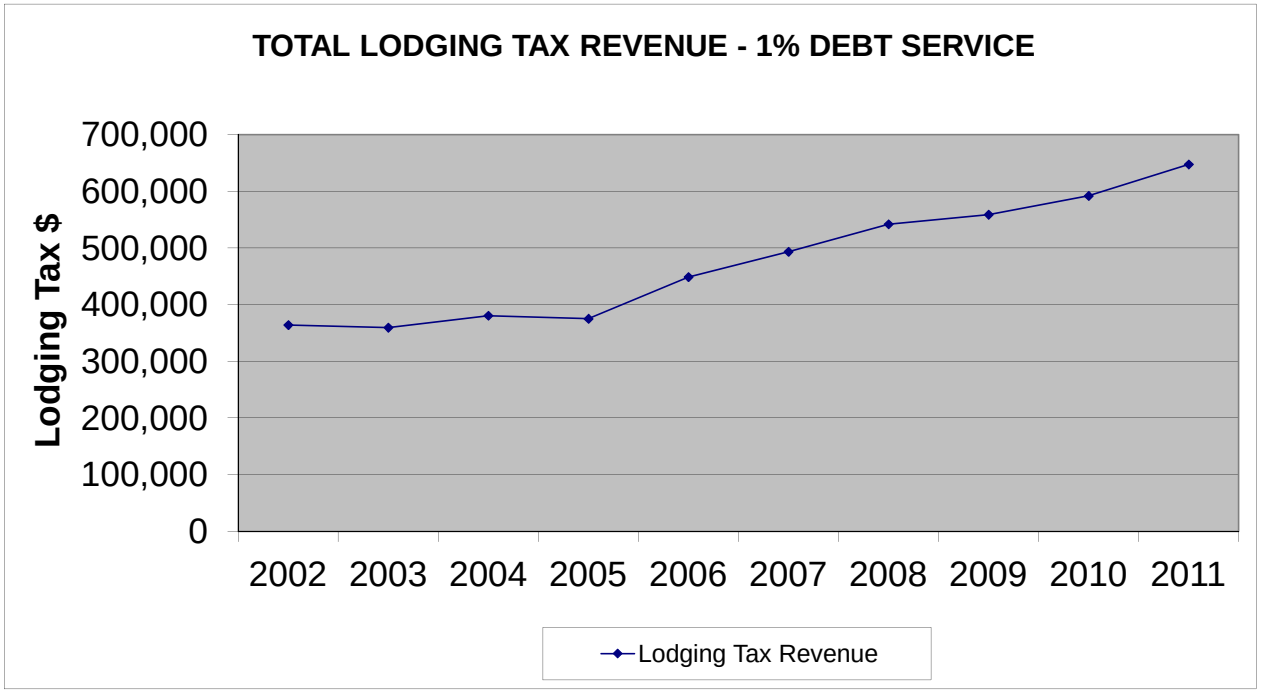


Source: City Auditor's Office

Required NRMSIR continuing disclosure for CUSIPs: 307531

CITY OF FARGO, NORTH DAKOTA
LODGING TAX REVENUE - 1% DEBT SERVICE
LAST TEN FISCAL YEARS
(UNAUDITED)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Lodging Tax Revenue - Debt Service	$ 363,983	$ 359,369	$ 380,470	$ 375,059	$ 448,677	$ 493,352	$ 541,826	$ 558,646	$ 591,797	$ 647,306



Source: City Auditors Office

CITY OF FARGO, NORTH DAKOTA
PARKING FACILITY INFORMATION
(UNAUDITED)

Designated Parking Facilities for Revenue Bond Repayment

The City currently owns and contracts for the management of a parking system consisting of both parking ramp structures and surface parking lots:

	# of Spaces	# of Monthly Contracts
Designated for Revenue Bond Repayment:		
Ramps:		
Island Park Ramp	377	255
Radisson Hotel	250	224
Ground Transportation Center	200	191
Surface Lots:		
2nd Avenue North	100	122
2nd Avenue South	65	20
Main Avenue	77	42
NP Avenue	141	65
4th Street	174	174
Civic Center	475	41
3rd Street	145	122
3rd Avenue & 5th Street	40	46

Operation of the Parking Facilities

The City contracts with Parking Service, Inc. a North Dakota corporation, located in Fargo (the "Operator") for all services involved in the operation and maintenance of the Parking Facilities. The Operator is compensated on a fixed fee basis for such services, with the City bearing an obligation to reimburse the Operator for its out of pocket costs. The Operator also operated the three surface parking lots being acquired with proceeds of the Parking Bonds prior to their acquisition by the City.

Existing Rate Structure

The City has in place monthly and hourly rates for the Parking Facilities as follows:

	2011	2012	Hourly	Daily Max
Designated for Revenue Bond Repayment:				
Ramps:				
Island Park Ramp	$52	$52	$1	N/A
Radisson Hotel	$65	$65	$1.50	$7.50
Ground Transportation Center	$58	$58	$1.50	$7.50
Surface Lots:				
Second Avenue North	$52	$52	N/A	N/A
2nd Avenue South	$65	$65	$1.50	$7.50
Main Avenue	$50	$50	N/A	N/A
NP Avenue	$52	$52	$1	$5
4th Street	$50	$50	N/A	N/A
Ground Transportation Center	$58	$58	N/A	N/A
Civic Center	$50	$50	$1	$5
3rd Street	$50	$50	N/A	N/A
3rd Avenue & 5th Street	$65	$65	N/A	N/A

Financial Performance

The table below is a compilation of financial results from the designated parking facilities.

	2011(2)
Revenues	$1,154,244
Expenditures	$ 646,825
Net Revenues	$ 507,419

(2) Revenues and Expenses do not include operating transfers made between funds.

Required NRMSIR continuing disclosure for CUSIP #30748L

CITY OF FARGO, NORTH DAKOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities						Business-Type Activities						
Fiscal Year	Special Assessment Bonds	Other General Obligation Debt	Gross Revenue Debt	Sales Tax Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Special Assessments	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
2011	$ 292,670,000	$ 2,625,000	$ 5,756,022	$ 22,045,000	$ 71,932,749	$ 280,115	$ 29,845,000	$ 10,612,767	$ 4,595,632	$ 1,764,472	$ 442,126,757	n/a	$ 4,130
2010	238,133,281	2,730,000	6,200,773	32,575,000	58,200,987	119,871	33,815,000	12,202,767	4,992,673	2,053,885	391,024,237	4.59%	3,703
2009	219,828,561	2,875,000	6,624,952	42,850,000	39,886,147	176,232	37,610,000	13,752,767	5,001,351	1,794,497	370,399,507	4.64%	3,581
2008	201,651,051	-	7,033,767	20,050,000	8,594,451	230,336	42,690,000	15,252,767	4,206,574	331,954	300,040,900	3.85%	2,930
2007	197,423,524	-	7,673,935	24,620,000	3,201,737	421,408	48,325,000	16,591,094	3,811,371	286,443	302,354,512	4.32%	3,009
2006	194,795,976	8,952	6,703,957	29,035,000	3,570,000	511,851	50,110,000	18,054,223	3,781,989	68,856	306,640,804	4.70%	3,091
2005	195,767,805	35,777	7,112,028	30,250,000	3,483,162	646,327	58,570,000	16,864,193	4,207,688	156,471	317,093,451	5.18%	3,249
2004	177,510,425	60,415	7,508,195	11,150,000	3,281,812	505,008	65,290,000	18,119,193	3,852,139	396,557	287,673,744	4.98%	2,977
2003	136,366,800	83,045	7,887,504	12,255,000	2,800,714	289,737	64,695,000	19,344,193	3,163,616	343,654	247,229,263	4.56%	2,603
2002	120,659,470	103,830	8,240,000	13,305,000	1,670,000	373,933	70,015,000	20,539,193	3,116,181	149,753	238,172,360	4.58%	2,547

(1) Source - Fargo, ND Metropolitan Statistical Area data from Bureau of Economic Analysis, US Department of Commerce
(2) Source - Population data from FM Metrocog, City of Fargo Planning Dept, NDSU Data Center, US Census Bureau

CITY OF FARGO, NORTH DAKOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Bonded Debt Outstanding: Other General Obligation Debt	Gross Revenue Debt	Fannie Mae Notes Payable	Total	Percentage of Actual Taxable Value of Property	Per Capita (1)
2011	$ 2,625,000	$ 5,756,022	$ -	$ 8,381,022	2.52%	$ 78
2010	2,730,000	6,200,773	-	8,930,773	2.76%	85
2009	2,875,000	6,624,952	1,271,000	10,770,952	3.43%	104
2008	-	7,033,767	1,400,000	8,433,767	2.79%	82
2007	-	7,673,935	1,400,000	9,073,935	3.12%	90
2006	8,952	6,703,957	2,210,000	8,922,909	3.32%	90
2005	35,777	7,112,028	2,043,162	9,190,967	3.76%	94
2004	60,415	7,508,195	1,761,812	9,330,422	4.14%	97
2003	83,045	7,887,504	1,205,714	9,176,263	4.41%	97
2002	103,830	8,240,000	-	8,343,830	4.28%	89

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

CITY OF FARGO, NORTH DAKOTA
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population (1)	Assessed Valuation (2)	Gross Bonded Debt	Debt Service Balance Available	Debt payable from Enterprise Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2011	107,054	$ 3,518,033,884	$ 352,941,022	$ 83,267,593	$ 29,845,000	$ 239,828,429	6.82%	$ 2,240
2010	105,600	3,419,759,611	313,454,054	67,151,036	33,815,000	212,488,018	6.21%	2,012
2009	103,428	3,325,203,475	309,788,513	57,548,208	37,610,000	214,630,305	6.45%	2,075
2008	102,404	3,201,497,937	271,424,819	44,286,451	42,690,000	184,448,368	5.76%	1,801
2007	100,477	3,080,628,987	278,042,459	57,619,829	48,325,000	172,097,630	5.59%	1,713
2006	99,208	2,843,133,622	280,653,885	56,440,708	50,110,000	174,103,177	6.12%	1,755
2005	97,610	2,585,416,003	291,735,610	61,756,417	58,570,000	171,409,193	6.63%	1,756
2004	96,647	2,386,169,456	261,519,035	51,921,655	65,290,000	144,307,380	6.05%	1,493
2003	94,986	2,197,710,418	221,287,349	37,822,726	64,695,000	118,769,623	5.40%	1,250
2002	93,524	2,057,129,752	212,323,300	36,640,140	70,015,000	105,668,160	5.14%	1,130

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

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 307531, 307490, 30747PA, 30748T

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

Legal Debt Margin Calculation for Fiscal Year 2011

Market Value of all property (1)	$	7,036,067,766
		50%
Assessed valuation	$	3,518,033,884
Debt limit (5% of assessed value)	$	175,901,694
Debt applicable to limit:		
General Obligation Bonds		2,625,000 (2)
Gross Revenue Debt		5,756,022 (2)
Governmental Lease Payable		280,115 (2)
Less:		
Debt available in related debt service funds		(189,781) (2)
Total net debt applicable to limit		8,471,356
Legal debt margin	$	167,430,338

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	$ 175,901,694	$ 170,987,981	$ 166,260,174	$ 160,074,897	$ 154,031,449	$ 142,156,681	$ 129,270,800	$ 119,308,838	$ 109,885,521	$ 102,856,488
Total net debt applicable to limit	8,471,356	6,941,107	8,672,284	6,218,384	7,119,965	8,379,256	8,704,197	8,625,497	8,181,679	7,331,328
Legal debt margin	$ 167,430,338	$ 164,046,874	$ 157,587,890	$ 153,856,513	$ 146,911,484	$ 133,777,425	$ 120,566,603	$ 110,683,341	$ 101,703,842	$ 95,525,160
Total net debt applicable to the limit as a percentage of debt limit	5.06%	4.23%	5.50%	4.04%	4.85%	6.26%	7.22%	7.79%	8.04%	7.67%

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

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 307490E, 30748T

CITY OF FARGO, NORTH DAKOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2011
(UNAUDITED)

Taxing Entity	2011 Taxable Value	Net Bonded Debt Outstanding	Percent Overlapping to City of Fargo	Total Direct and Overlapping Debt
City of Fargo	$ 332,779,107	$ 239,828,429	100.00%	$ 239,828,429
Fargo Park District	332,779,107	5,870,000	100.00%	5,870,000
Fargo Public Schools	260,244,248	97,295,000	96.57%	93,957,782
Kindred Public Schools	16,114,408	13,825,350	0.09%	12,443
West Fargo Public Schools	177,544,746	125,337,824	45.87%	57,492,460
Subtotal overlapping debt		242,328,174		157,332,685
Total Direct and Overlapping Debt		$ 482,156,603		$ 397,161,114

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 30748T, 307490E

Source: The individual entity specified.

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

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

CITY OF FARGO, NORTH DAKOTA
SUMMARY OF DIRECT DEBT AND DEBT RATIOS
AS OF DECEMBER 31, 2011
(UNAUDITED)

Summary of Direct Debt	Gross Debt	Less: Debt Service Funds	Net Direct Debt
Supported by Tax Increment (G.O.)	$ 2,625,000	$ -	$ 2,625,000
Supported by Special Assessments	293,600,000	(28,273,823)	265,326,177
Suppported by Revenues	127,282,404	(12,958,315)	114,324,089
Supported by Airport Revenue	8,485,000	(484,834)	8,000,166
Leases Payable	2,044,587	-	2,044,587
Notes Payable	3,494,134	-	3,494,134

Debt Ratios	Net Direct Debt*	Indirect & Net Direct Debt**
To 2011 Assessed Value ($3,518,033,884)	0.077739416	$ -
Per Capita (2011 - 107,054)	$ 2,555	$ 6,240

* Includes GO debt supported by taxes and tax increment, special assessment debt, lease and notes obligations. Excludes debt supported by revenues.
** Indirect (overlapping) debt information can be found on page 137.

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 30748T, 307490E

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

	Special Assessment Bonds				Lease Revenue Bonds				Housing Revenue Bonds			
Fiscal Year	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Lease Revenue	Debt Service Principal	Debt Service Interest	Coverage	NRI Loan Repayments	Debt Service Principal	Debt Service Interest	Coverage
2011	$ 23,242,178	$ 10,638,281	$ 10,626,319	1.09	$ 383,026	$ 296,421	$ 217,064	0.75	$ 104,996	$ 88,330	$ 16,667	1.00
2010	27,360,540	12,765,280	9,167,699	1.25	384,237	210,000	170,105	1.01	104,996	86,175	18,821	1.00
2009	20,503,315	14,592,491	8,457,758	0.89	383,510	205,000	178,510	1.00	104,997	84,074	20,923	1.00
2008	18,710,674	12,002,472	7,921,087	0.94	381,510	195,000	186,510	1.00	104,996	82,023	22,973	1.00
2007	19,049,962	10,417,452	7,563,252	1.06	384,210	190,000	194,210	1.00	104,996	80,022	24,974	1.00
2006	20,656,004	27,246,829	7,743,417	0.59	381,277	180,000	201,277	1.00	104,997	78,071	26,926	1.00
2005	19,458,723	9,797,620	7,596,235	1.12	382,790	175,000	207,790	1.00	104,997	76,167	28,830	1.00
2004	23,618,179	10,311,373	6,223,517	1.43	383,814	170,000	213,814	1.00	104,997	74,309	30,688	1.00
2003	19,858,624	15,677,670	6,638,073	0.89	369,430	150,000	219,430	1.00	104,997	72,497	32,500	1.00
2002	22,069,409	9,553,789	5,782,506	1.44	111,621	-	111,621	1.00	-	-	-	-

	Convention Bureau Revenue Bonds				Parking Revenue Bonds					
Fiscal Year	1% Lodging Tax	Debt Service Principal	Debt Service Interest	Coverage	Parking Revenue	Less: Operating Expenditures	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2011	-	-	-	-	$ 1,154,244	$ 646,825	$ 507,419	$ 60,000	$ 55,891	4.38
2010	-	-	-	-	1,074,258	$ 660,212	$ 414,046	55,000	58,889	3.64
2009	-	-	-	-	910,807	577,977	332,830	50,000	61,539	2.98
2008	541,826	120,000	16,250	3.98	769,484	496,709	272,775	50,000	64,114	2.39
2007	493,352	115,000	23,495	3.56	847,631	428,796	418,835	45,000	66,364	3.76
2006	448,677	105,000	30,110	3.32	867,811	402,395	465,416	45,000	68,569	4.10
2005	375,059	100,000	36,360	2.75	927,098	395,605	531,493	45,000	70,706	4.59
2004	380,470	95,000	42,155	2.77	904,512	402,248	502,264	40,000	72,546	4.46
2003	359,369	90,000	47,555	2.61	773,581	438,107	335,474	40,000	74,306	2.93
2002	363,983	85,000	52,570	2.65	740,377	360,317	380,060	35,000	72,343	3.54

	Sales Tax Revenue Bonds				SRLF Storm Sewer Project Note Payable				SRLF Notes Payable			
Fiscal Year	Sales Tax	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Sales Tax	Debt Service Principal	Debt Service Interest	Coverage
2011	$ 15,768,411	$ 10,530,000	$ 1,093,503	1.36	$ 60,872	$ 90,000	$ 25,500	0.53	2,117,679	$ 351,000	1,475,188	1.00
2010	15,163,328	4,910,000	773,680	2.67	127,594	90,000	27,750	1.08	1,696,252	175,974	973,833	1.48
2009	14,621,568	4,735,000	1,010,430	2.54	4,436	85,000	29,875	0.04	-	125,000	193,382	-
2008	10,364,101	4,570,000	1,238,930	1.78	43,125	85,000	32,000	0.37	n/a	n/a	n/a	n/a
2007	10,271,895	4,415,000	1,459,680	1.75	43,163	80,000	34,000	0.38	n/a	n/a	n/a	n/a
2006	9,697,069	1,215,000	1,456,605	3.63	38,122	80,000	36,000	0.33	n/a	n/a	n/a	n/a
2005	8,826,254	1,160,000	577,580	5.08	50,364	80,000	38,000	0.43	n/a	n/a	n/a	n/a
2004	8,092,719	1,105,000	632,830	4.66	36,706	75,000	39,875	0.32	n/a	n/a	n/a	n/a
2003	7,502,871	1,050,000	685,330	4.32	47,953	75,000	41,750	0.41	n/a	n/a	n/a	n/a
2002	5,647,132	1,000,000	735,330	3.25	110,041	75,000	43,625	0.93	n/a	n/a	n/a	n/a

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

	Water Revenue Bonds						Airport Revenue Bonds					
Fiscal Year	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Airport Revenue	Less: Expenditures	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2011	$ 17,284,658	$ 9,243,565	$ 8,041,093	$ 2,825,000	$ 1,143,056	2.03	$ 6,244,177	$ 2,955,458	$ 3,288,719	$ 1,045,000	$ 377,369	2.31
2010	17,533,098	8,957,643	8,575,455	2,685,000	1,287,694	2.16	6,722,597	3,488,605	3,233,992	1,010,000	413,254	2.27
2009	17,934,051	8,462,145	9,471,906	2,195,000	1,415,794	2.62	5,907,184	3,150,752	2,756,432	975,000	447,566	1.94
2008	17,798,504	7,940,224	9,858,280	-	1,105,059	8.92	6,444,752	3,323,596	3,121,156	940,000	239,533	2.65
2007	17,570,378	6,992,730	10,577,648	2,375,000	1,676,758	2.61	6,345,195	3,586,971	2,758,224	595,000	176,145	3.58
2006	17,011,665	8,637,725	8,373,940	2,245,000	1,742,070	2.10	6,110,962	2,963,611	3,147,351	585,000	180,970	4.11
2005	14,783,027	7,303,760	7,479,267	2,140,000	1,865,545	1.87	5,525,505	2,965,961	2,559,544	590,000	193,224	3.27
2004	13,377,984	6,595,861	6,782,123	2,050,000	1,969,870	1.69	6,331,323	2,569,153	3,762,170	-	42,170	89.21
2003	13,598,618	6,388,951	7,209,667	1,950,000	2,067,245	1.79	-	-	-	-	-	-
2002	13,610,068	5,900,554	7,709,514	1,905,000	2,164,745	1.89	-	-	-	-	-	-

	FargoDome Sales Tax Revenue Bonds				Clean Renewable Energy Bond			
Fiscal Year	FargoDome Sales Tax	Debt Service Principal	Debt Service Interest	Coverage	Sale of by products	Debt Service Principal	Debt Service Interest	Coverage
2011	-	-	-	-	$ 407,347	$ 100,000	$ 9,350	3.73
2010	-	-	-	-	426,793	100,000	10,200	3.87
2009	$ -	$ 1,810,000	$ 42,956	-	196,927	100,000	11,050	1.77
2008	10,364,101	4,595,000	238,698	2.14	855,932	100,000	5,950	8.08
2007	10,271,895	4,395,000	380,890	2.15	499,818	100,000	142	4.99
2006	9,696,521	5,630,000	598,863	1.56	-	-	-	-
2005	8,825,107	3,990,000	830,108	1.83	-	-	-	-
2004	8,092,719	3,825,000	1,011,518	1.67	-	-	-	-
2003	7,502,871	3,370,000	1,182,910	1.65	-	-	-	-
2002	7,425,429	2,180,000	1,190,484	2.20	-	-	-	-

	SRLF Notes Payable					
Fiscal Year	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2011	$ 10,401,385	$ 4,920,920	$ 5,480,465	$ 1,590,000	$ 308,444	2.89
2010	10,321,247	4,533,593	5,787,654	1,550,000	348,269	3.05
2009	10,340,200	4,000,183	6,340,017	1,500,000	386,794	3.36
2008	9,949,467	3,819,699	6,129,768	1,350,000	422,155	3.46
2007	9,226,721	3,847,702	5,379,019	1,325,000	420,748	3.08
2006	8,479,324	3,399,478	5,079,846	1,290,000	429,844	2.95
2005	7,467,026	3,162,829	4,304,197	1,255,000	462,144	2.51
2004	6,783,272	2,879,801	3,903,471	1,225,000	493,669	2.27
2003	6,364,407	3,203,084	3,161,323	1,195,000	524,419	1.84
2002	5,996,967	2,640,995	3,355,972	1,171,793	426,063	2.10

CITY OF FARGO, NORTH DAKOTA
AIRPORT REVENUE BONDS SERIES 2004D DEBT COVERAGE
(UNAUDITED)

Maturity Year	Principal	Interest	Total Principal and Interest	Coverage of 2011 Net Revenues Available for Debt Service
2012	690,000	73,528	763,528	20.60
2013	715,000	50,757	765,757	20.54
2014	745,000	26,448	771,448	20.38

2010 Net Revenues Available for Debt Service

2011 Operating Revenues	$	6,244,177
2011 Operating Expenses		5,891,652
Add: Depreciation		2,936,194
Gain on disposal of assets		1,000
Interest Income		33,036
General Property Tax Revenue		619,474
2010 Net Revenues Available for Debt Service	$	15,725,533

Required NRMSIR continuing disclosure for CUSIPs: 30748T, 30747M

CITY OF FARGO, NORTH DAKOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Estimated Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (1)	Level of Education (1) % High School Grad or Higher	Level of Education (1) % Bachelor's Degree or higher	K - 12 Public School Enrollment (1)	Fargo Unemployment Rate (3)	State Unemployment Rate (3)	National Unemployment Rate (3)	Fargo Labor Force (3)
2011	107,054	n/a	n/a	n/a	n/a	n/a	10,504	3.3%	3.5%	8.9%	60,842
2010	105,600	$ 8,511,095,000	$ 40,644	31.5	94.2%	35.6%	10,455	3.9%	3.9%	9.6%	58,817
2009	103,428	7,980,697,000	39,883	30.2	93.3%	33.7%	10,414	4.2%	4.3%	9.3%	59,265
2008	102,404	7,801,096,000	39,812	30.4	94.1%	38.0%	10,474	2.7%	3.2%	5.8%	60,909
2007	100,477	6,997,666,000	36,459	30.9	93.8%	35.9%	10,494	2.6%	3.2%	4.6%	60,159
2006	99,208	6,519,605,000	34,505	32.2	92.6%	33.6%	10,665	2.5%	3.2%	4.6%	58,867
2005	97,610	6,123,960,000	32,981	31.3	94.6%	33.3%	10,880	2.7%	3.4%	5.1%	57,779
2004	96,647	5,774,021,000	31,450	n/a	n/a	n/a	11,133	2.8%	3.5%	5.5%	59,682
2003	94,986	5,420,039,000	30,341	n/a	n/a	n/a	11,190	3.0%	3.6%	6.0%	58,196
2002	93,524	5,195,937,000	29,354	n/a	n/a	n/a	11,142	2.8%	3.5%	5.8%	57,405

(1) Source - FM Metrocog, City of Fargo Planning Dept, NDSU Data Center, US Census Bureau, Fargo Public Schools
(2) Source - Bureau of Economic Analysis, Fargo-Moorhead (MSA)
(3) Source - North Dakota Job Service

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 307531, 307490, 30747PA

CITY OF FARGO, NORTH DAKOTA
RETAIL SALES & ESTIMATED BUYING INCOME
CASS COUNTY
(UNAUDITED)

	Retail Sales ($000)	Effective Buying Income (EBI) ($000)	Median Household EBI MSA	Median Household EBI State
2011	n/a	n/a	n/a	n/a
2010	3,436,706	3,236,972	$ 37,404	$ 36,353
2009	3,136,582	3,056,126	37,839	37,390
2008	3,221,627	2,971,275	37,105	36,655
2007	3,402,489	3,034,803	39,855	37,348
2006	3,178,374	2,889,780	39,210	36,981
2005	3,034,372	2,734,823	38,637	36,235
2004	2,115,084	2,564,208	36,765	34,177
2003	2,504,149	2,439,834	35,516	33,089

Source: Demographics USA, Survey of Buying Power

Required NRMSIR continuing disclosure for CUSIPs: 307490E, 30747M

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

	2011			2002		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sanford Health	6,739	1	11.08%	-	-	-
North Dakota State University*	1,715	2	2.82%	3,839	2	6.69%
Fargo Public Schools*	1,678	3	2.76%	1,485	4	2.59%
Noridian/Blue Cross Blue Shield*	1,345	4	2.21%	1,600	3	2.79%
Case New Holland	1,055	5	1.73%	850	7	1.48%
US Bank	975	6	1.60%	1,200	5	2.09%
Essentia Health	967	7	1.59%	-	-	-
Fargo VA Medical Center	870	8	1.43%	689	9	1.20%
Microsoft	869	9	1.43%	1,100	6	1.92%
City of Fargo	773	10	1.27%	750	8	1.31%
Meritcare	-	-	-	4,300	1	7.49%
Dakota Heartland Health System	-	-	-	672	10	1.17%

Source: Greater Fargo Moorhead Economic Development Corporation
Fargo Moorhead Chamber of Commerce
City of Fargo, ND
* - Estimates, actual numbers for 2011 not availabe at time of publication

Required NRMSIR continuing disclosure for CUSIPs: 30747M, 30747PA, 307490E

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government										
City Administrator	1	2	2	2	3	3	3	2	2	2
Human Resources	11	11	10	10	10	9	9	10	7	9
Information Services	21	19	18	16	17	18	17	14	16	15
Public Information	2	2	2	2	-	-	-	-	-	-
Auditor	17	17	17	17	17	16	17	17	17	22
Municipal Court	8	8	8	8	8	8	8	8	8	8
City Assessor	12	12	12	11	11	11	14	10	13	11
Buildings & Grounds	7	7	8	8	6	9	10	9	9	11
Planning	13	11	10	11	10	11	9	10	9	9
Central Garage	21	23	27	23	20	25	24	24	22	23
City Commission	8	8	8	8	8	7	8	8	7	7
General Support			-	-	-	-	-	-	1	1
Public safety										
Inspections	19	21	20	21	19	22	19	18	18	21
Traffic Engineering	9	9	8	8	8	9	8	8	9	5
Fire Department	117	114	116	103	100	99	101	99	95	88
Police Department	165	162	155	150	149	149	144	140	135	128
Public works										
City Engineering	43	49	44	43	38	41	41	41	39	44
Streets & Sewers	52	49	52	48	48	46	49	48	43	43
Public health & welfare										
Health	115	118	120	117	108	119	115	114	108	104
Homeless shelter	14	13	14	12	-	-	-	-	-	-
Recreation & culture										
Public Library	54	50	53	63	41	42	40	40	44	37
Civic Memorial Auditorium	14	18	14	22	24	20	17	11	37	23
Urban redevelopment	3	3	3	3	3	4	4	6	4	5
Public transportation	21	21	21	19	15	7	5	6	6	6
Business-type funds										
Airport	20	19	18	17	16	16	16	16	16	15
Water	43	40	41	41	40	39	37	41	41	45
Wastewater	21	20	20	22	19	18	18	20	20	21
Solid waste	54	52	52	49	48	46	48	50	49	50
Storm sewer	4	5	4	3	3	3	3	2	2	1
Street Lighting	2	2	3	3	3	3	2	2	2	1
Forestry	13	12	10	14	11	12	13	9	14	11
Total	904	897	890	874	803	812	799	783	793	766

- Number includes full and part time employees.

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public safety										
Fire										
Number of calls answered	4,785	4,485	4,221	4,280	3,886	3,609	4,176	4,333	5,350	5,047
Number of fire inspections	8,372	7,754	6,949	7,216	7,174	7,111	7,204	7,505	8,610	6,469
Police										
Number of calls for service	51,215	47,534	48,062	46,183	44,751	43,478	42,483	39,365	38,189	37,835
Arrests	8,285	7,991	10,117	9,939	10,544	10,730	10,561	10,265	10,105	6,665
Public works										
Average daily water consumption (gallons)	9,589,658	9,958,030	10,510,285	9,361,096	9,897,482	10,027,112	9,441,153	9,469,337	10,073,235	9,332,208
Wastewater avg flow per day (MGD)	13.66	13.01	12.86	12.16	11.49	11.51	11.95	11.76	11.17	11.05
Public health & welfare										
WIC participation	2,720	2,606	2,699	2,801	2,261	2,144	2,194	1,856	1,855	1,761
Nursing visits	196,131	194,823	208,124	211,013	210,719	203,347	197,690	196,434	189,252	164,944
Recreation & culture										
Library circulation	960,092	919,845	815,998	830,287	659,139	748,382	852,541	812,174	691,637	691,637
Civic center attendance	78,327	91,115	88,828	112,032	101,382	112,050	117,875	142,890	136,065	125,002
Fargodome attendance	499,805	528,380	486,059	436,294	445,270	409,149	381,507	429,396	441,280	440,013
Public transportation										
Number of rides										
Fixed route	1,665,221	1,624,637	1,479,646	1,228,464	962,030	899,572	837,281	736,944	617,027	495,658
Paratransit	59,266	57,850	57,428	60,255	50,768	48,989	40,868	39,705	34,850	35,696
Public information										
Web site										
Visits	905,700	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unique Visitors	419,268	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Page views	2,789,176	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pages per visit	3.08	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Infrastructure										
New projects assessed	19	71	32	32	29	42	51	60	45	37
Value of new projects	$ 10,826,700	$ 25,706,180	$ 37,651,698	$ 27,452,278	$ 13,349,269	$ 20,442,045	$ 22,011,590	$ 44,662,953	$ 21,065,367	$ 26,167,352

CITY OF FARGO, NORTH DAKOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government											
Area in square miles	48.45	48.45	48.45	47.74	46.63	46.35	44.52	44.43	42.41	42.41	37.50
Public safety											
Fire											
Stations	7	7	6	6	6	6	6	6	5	5	5
Vehicles	28	28	30	27	25	29	29	21	21	21	20
Police											
Stations	3	3	3	3	3	3	2	2	2	2	2
Marked cars	39	38	37	26	33	28	28	32	32	32	27
Public works											
Number of street lights	9,430	9,077	8,959	8,514	8,119	7,839	7,926	7,598	7,139	6,815	6,733
Miles of paved streets	394.30	371.65	367.16	369.17	363.76	358.78	352.87	347.74	341.60	330.59	324.64
Miles of water mains	445.26	436.00	428.02	424.82	411.82	403.98	398.52	393.88	383.38	370.12	363.97
Miles of sanitary sewer	429.53	425.40	414.64	404.39	398.01	384.23	357.94	352.17	343.34	332.36	327.39
Miles of storm sewer	409.85	395.05	387.88	383.56	369.01	361.04	352.42	346.45	333.24	320.22	307.28
Recreation & culture											
Print materials - Library	224,547	218,355	202,790	179,120	167,998	175,076	193,067	162,056	141,180	141,180	136,572
Public transportation											
Buses	27	26	22	17	18	17	13	16	16	16	16

CITY OF FARGO, NORTH DAKOTA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2011
(UNAUDITED)

Policy No.	Insurance Broker	Insuring Company	Coverage type / $ Limits	Term
FBP8341772	Wells Fargo Insurance	Hartford	Boiler & equipment breakdown $ 100,000,000	1/1/11-1/1/12
1949	State Fire & Tornado	State Fire & Tornado	Buildings & Contents $ 291,315,118 Building $ 37,651,159 Contents $ 58,659,090 Outdoor property	7/1/11-6/30/12
1949	State Fire & Tornado	State Fire & Tornado	Buildings & Contents $ 719,530 Building	7/1/11-6/30/12
MZI93025378	Wells Fargo Insurance	AGCS Marine Insurance Company	Buildings & Contents Transit Maintenance Facility $ 7,000,000 Building $ 653,650 Contents	10/30/11-10/30/12
IM114700	Warner & Company	ND Insurance Reserve Fund	Mobile Equipment and Trailers $39,375,627 Fine Arts $6,000 Portable Radio Equipment $922,937	6/1/11 - 6/1/12
33 2510113446 07	Insure Forward	Fidelity National Insurance Co.	City Hall Flood - $500,000 Building/$500,000 Contents	4/15/11 - 04/15/12
87043898542011	Warner & Company	Harleysville Insurance Company	Main Library Flood - $500,000 Building/$500,000 Contents	3/26/11 - 3/26/12
33 2510113449 07	Insure Forward	Fidelity National Insurance Co.	Convention Visitors Bureau Flood - $500,000 Building/$185,000 Contents	4/15/11 - 04/15/12
G2382520A 005	S H Smith & Company	Westchester Surplus Lines Insurance Co.	Environmental General Liability for Methane Operations $2,000,000	8/14/11 - 8/14/12
BA 0002300 05	Warner & Company	ND Insurance Reserve Fund	Auto Liability - $500,000 Liability	1/1/11 - 1/1/12
GL 0003334 02	Warner & Company	ND Insurance Reserve Fund	General Liability - $2,000,000	10/29/11 - 10/29/12
AP 003387932-12	Northstar Aviation Ins. Inc	Commerce & Industry Insurance Co.	Primary Aircraft Liability $ 100,000,000	1/1/11-1/1/12
33 2510115112 07	Insure Forward	Fidelity National Insurance Co.	Hector Airport Admin Building Flood - $500,000 Building/$78,000 Contents	4/15/11 - 04/15/12
BA 0002302 04	Warner & Company	ND Insurance Reserve Fund	Airport Auto Liability - $500,000 Liability	3/5/11 - 3/5/12
1-17334	No Broker - Direct Writer	FM Global	Fargodome $145 MM property, $100MM flood	11/2/11-11/02/12
33-2510089903-05	Insure Forward	Fidelity National Insurance Program	Fargodome Flood - $500M contents & $500M building	3/5/11-3/5/12
AIP544731501 and AIX9771239200	Insure Forward	K&K	Fargodome General Liability - $1MM per event aggregate Excess Liability - $10MM umbrella	11/1/11-10/31/12
AIA9771239100	Insure Forward	K&K	Fargodome Auto Insurance	11/1/11 - 10/31/12
EOC967493501	AON Risk Services	Employment Practices Liability	Employment Practices	8/11-7/12
VPPL004404	Willis	Crime Coverage, Prof Liability	Crime Coverage, Prof Liability	4/11-3/12

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