



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fargo, North Dakota (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-11, and the pension information including, significant assumptions used to measure total pension liability, schedule of change in net pension liability, schedule of contributions, schedule of net pension liability- City of Fargo's proportionate share, and schedule of employer contributions- City of Fargo's proportionate share as presented on pages 88-93, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Sallee LLP

Bismarck, North Dakota
June 9, 2017

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, 2016. 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 \$998,586 (net position).

As of the close of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$193,407 a decrease of \$24,918 in comparison with the prior year. The decrease in fund balance is explained in subsequent sections of this analysis.

The City's unassigned General Fund balance of 32% of the total General Fund expenditures exceeds our management goal of 25%.

While our overall General Fund revenues met our budget expectations, State intergovernmental revenues lagged budget projections due to the overall slowdown in the State economy which has been adversely impacted by declining oil prices and agricultural commodity. The lagging State revenues were offset by better than expected revenue generation from our local economy, most specifically building permits and other development related revenue. We experienced a very good year with strong demand for residential and commercial construction.

Work began on constructing a new City Hall adjacent to our current City Hall. This new facility should be completed by mid 2018 and will provide much needed space to consolidate our governmental operations.

Work continued on several in-town flood control projects. The second street flood wall and related lift station was opened in November. This provides permanent flood control protection for the Downtown area.

A \$9.7 million upgrade to the video and technology infrastructure at the Fargodome was completed this year to include a state of the art video production facility, scoreboard and video screens in the arena and lobbies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Fargo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fargo include general government, public safety, public works, public health and welfare, recreation & culture, urban redevelopment, public transportation, and general support. The business-type activities of the City of Fargo include a Municipal Airport, Water, Wastewater, Storm Sewer, Solid Waste collection and landfill, Southeast Cass Sewer, Urban Forestry, Vector Control, Street Lighting and the FargoDome, a multi-use facility.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements

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

Governmental funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 16 - 19 of this report.

Proprietary funds

The City of Fargo maintains ten different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Fargo uses enterprise funds to account for its Municipal Airport, Water, Wastewater, Storm Sewer, Vector Control, Solid Waste, Southeast Cass Sewer, Forestry, Street Lighting and FargoDome activities.

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

The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 – 92 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Fargo's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 93 - 97 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 101 - 115 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fargo, assets exceeded liabilities by \$998,586 at the close of the most recent fiscal year.

By far the largest portion of the City of Fargo's net position (85%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Fargo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fargo's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2016 and 2015.

City of Fargo's Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 567,683	\$ 531,803	\$ 106,962	\$ 104,392	\$ 674,645	\$ 636,195
Capital assets	439,030	399,507	726,498	653,196	1,165,528	1,052,703
Total assets	1,006,713	931,310	833,460	757,588	1,840,173	1,688,898
Deferred outflows of resources	15,763	10,356	2,982	1,275	18,745	11,631
Long-term liabilities outstanding	777,447	634,568	39,711	29,748	817,158	664,316
Other liabilities	29,650	84,232	9,758	16,735	39,408	100,967
Total liabilities	807,097	718,800	49,469	46,483	856,566	765,283
Deferred inflows of resources	2,935	1,657	831	558	3,766	2,215
Net position:						
Net investment in capital assets	138,920	181,249	708,549	632,352	847,469	813,601
Restricted	71,486	36,576	38,133	42,919	109,619	79,495
Unrestricted	2,038	3,384	39,460	36,551	41,498	39,935
Total net position	\$ 212,444	\$ 221,209	\$ 786,142	\$ 711,822	\$ 998,586	\$ 933,031

A portion of the City of Fargo's net position (11%) represents resources that are subject to external restrictions on how they may be used.

City of Fargo's Changes in Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 32,595	\$ 30,568	\$ 65,340	\$ 61,457	\$ 97,935	\$ 92,025
Operating grants and contributions	11,035	9,662	-	-	11,035	9,662
Capital grants and contributions	138,364	86,152	13,367	4,230	151,731	90,382
General Revenues:						
Taxes	86,116	84,292	840	744	86,956	85,036
Unrestricted intergovernmental	6,112	8,778	-	-	6,112	8,778
Unrestricted investment earnings	3,786	2,722	3,843	408	7,629	3,130
Miscellaneous	245	699	2,093	1,271	2,338	1,970
Total revenues	<u>278,253</u>	<u>222,873</u>	<u>85,483</u>	<u>68,110</u>	<u>363,736</u>	<u>290,983</u>
Expenses:						
General government	17,776	16,819	-	-	17,776	16,819
Public safety	39,029	37,826	-	-	39,029	37,826
Public works	122,801	103,298	-	-	122,801	103,298
Public health and welfare	11,443	11,683	-	-	11,443	11,683
Recreation and culture	8,425	8,152	-	-	8,425	8,152
Urban redevelopment	1,849	2,117	-	-	1,849	2,117
Transportation	9,942	10,045	-	-	9,942	10,045
General support	1,057	1,200	-	-	1,057	1,200
Interest and fiscal charges	21,918	19,671	-	-	21,918	19,671
Municipal airport authority	-	-	8,824	8,484	8,824	8,484
Water	-	-	15,000	14,200	15,000	14,200
Wastewater	-	-	9,907	9,814	9,907	9,814
Storm sewer	-	-	5,283	5,083	5,283	5,083
Solid waste	-	-	11,111	10,799	11,111	10,799
Fargodome	-	-	8,400	7,894	8,400	7,894
Southeast cass	-	-	49	54	49	54
Vector control	-	-	380	335	380	335
Street lighting	-	-	3,217	3,024	3,217	3,024
Forestry	-	-	1,770	1,721	1,770	1,721
Total expenses	<u>234,240</u>	<u>210,811</u>	<u>63,941</u>	<u>61,408</u>	<u>298,181</u>	<u>272,219</u>
Excess before Transfers	44,013	12,062	21,542	6,702	65,555	18,764
Transfers	(52,778)	(48,660)	52,778	48,660	-	-
Change in net position	(8,765)	(36,598)	74,320	55,362	65,555	18,764
Net position - beginning	221,209	257,807	711,822	656,460	933,031	914,267
Net position - ending	<u>\$ 212,444</u>	<u>\$ 221,209</u>	<u>\$ 786,142</u>	<u>\$ 711,822</u>	<u>\$ 998,586</u>	<u>\$ 933,031</u>

The City's net position increased by \$65,555 during the current fiscal year.

Governmental activities

The governmental activities' net position decreased by \$8,765 during the current fiscal year.

There was a significant decline in State aid noted in 2016 due to the continued decline of State sales tax collections.

Business type activities

Business-type activities increased the City of Fargo's net position by \$74,320.

The City of Fargo began providing water services to the City of West Fargo in June of 2016. This project created a new revenue stream for the Water Fund and resulted in increased revenue of \$2.6 million for 2016.

Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City of Fargo's governmental funds reported combined ending fund balances of \$193,407, a decrease of \$24,917 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Fargo. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,855 while total fund balance reached \$39,397. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% percent of total general fund expenditures, while total fund balance represents 44% 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 \$220 during the year. The remainder of fund balance is assigned (\$1,640, 4 percent), committed (\$2,581, 7 percent), restricted (\$2,913, 7 percent) or nonspendable (\$3,408, 9 percent).

Overall General Fund revenues of this fund group remained constant, with minimal change from the prior year, while total expenditures increased by 4%

The increase in General Fund expenditures is attributed to expanding public safety personnel to handle increased needs and protection throughout the City. The most significant budget savings are related to the timing of capital outlay funding which lagged budget levels by \$2,476. Capital funds will be carried forward into the 2017 budget.

The debt service fund has a total fund balance of \$108,619, all of which is restricted for the payment of future debt service. The net increase in fund balance during the current year was \$17,949. This is due to an increase in special assessments revenue, which included an increase of \$4.5 million of prepayments.

The capital projects fund had a net decrease in fund balance of \$42,901. Capital project expenditures increased by 29% in 2016 due continued work on flood control projects, continued expansion of our City infrastructure, and the expansion of the water treatment plant.

Proprietary funds

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$39,154. All individual proprietary funds, with the exception of Solid Waste, reported increases in net position.

Operating revenues of this fund group increased by 6%. This increase is attributed to the City of Fargo starting to provide water services to the City of West Fargo. This project created a new revenue stream for the Water Fund.

Operating expenses increased by 4%. The increase in expense can also be attributed to providing water services to the City of West Fargo.

General Fund Budgetary Highlights

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

General Fund revenue projections fell short of the originally adopted budget by 0.5% and 0.1% of the revised budget. Changes were made to our revenue projections mid-year to increase charges for services due to a strong city project schedule and to decrease the state aid due to lagging budget projects as a result of the state wide economic conditions.

Noted variances between final budget and actual are as follows:

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

Capital outlay expenditures lagged budget by \$2,476 due to the project timelines for various capital projects. Unexpended funds will be carried forward into the 2017 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, 2016 amounts to \$1,165 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and flood control projects.

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

There were a number of municipal building projects in progress during 2016. \$5.4 million was expended on the new City Hall project, \$8.2 million was expended on the construction of a parking ramp, \$2.5 million was expended on the Fire Headquarters remodel project, and \$30 million was expended on the expansion of the water treatment plant.

Other notable events include, \$9.1 million expended on a wastewater treatment plant improvement project, \$6.7 million expended on the video board project at the FARGODOME, and \$13.9 million expended on taxiway projects at the Airport.

City of Fargo's Capital Assets (net of depreciation) (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 68,783	\$ 63,276	\$ 41,017	\$ 41,592	\$ 109,800	\$ 104,868
Construction in progress	19,068	11,364	107,287	42,456	126,355	53,820
Intangible	8,821	8,413	920	920	9,741	9,333
Buildings	50,095	43,389	126,064	130,041	176,159	173,430
Improvements other than buildings	654	675	19,699	16,541	20,353	17,216
Machinery and equipment	17,368	18,323	25,150	22,465	42,518	40,788
Infrastructure	234,254	214,961	406,361	399,181	640,615	614,142
Flood Control	39,987	39,106	-	-	39,987	39,106
Total	<u>\$ 439,030</u>	<u>\$ 399,507</u>	<u>\$ 726,498</u>	<u>\$ 653,196</u>	<u>\$ 1,165,528</u>	<u>\$ 1,052,703</u>

Additional information on the City of Fargo's capital assets can be found in Note 4. D. of this report.

Long Term Debt.

At the end of the current fiscal year, the City of Fargo had total bonded debt and notes outstanding of \$768,653. Of this amount, \$415,715 is special assessment debt (improvement bonds) for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Fargo's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Fargo's total outstanding debt increased by \$72,861 during the current fiscal year. This increase can be associated with the need to finance the new City Hall project, financing the Fargo-Moorhead Diversion flood control project, and expansion of the City's utility infrastructure.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Improvement bonds	\$ 415,715	\$ 386,760	\$ -	\$ -	\$ 415,715	\$ 386,760
Gross revenue bonds	-	-	7,112	10,965	7,112	10,965
General obligation bonds	37,910	12,390	-	-	37,910	12,390
Sales tax bonds	75,889	79,063	-	-	75,889	79,063
Notes payable	144,462	126,955	3,900	2,700	148,362	129,655
Capital leases	254	323	3,380	4,626	3,634	4,949
Net pension liability	68,709	62,432	11,322	9,578	80,031	72,010
Total	\$ 742,939	\$ 667,923	\$ 25,714	\$ 27,869	\$ 768,653	\$ 695,792

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

The City issued \$25,640 General Obligation Development Bonds, Series 2016A at a true interest cost of 2.43%. These bonds were issued to finance the new city hall building project.

The City issued \$27,485 Refunding Improvement Refunding Bonds, Series 2016B at a true interest cost of 2.46%. These bonds were issued as a crossover refunding of the Series 2009C Refunding Improvement Bonds.

The City issued \$41,745 Refunding Improvement Bonds, Series 2016C at a true interest cost of 2.92%. These bonds were issued to reimburse the capital project fund for project costs previously incurred for the expansion of the City's utility infrastructure.

The City issued two \$50,000 loans to finance the flood control project. One loan was used to repay the \$50,000 loan issued in 2015 and the second loan was issued to finance the project.

The City continues to use the North Dakota State Revolving Loan funds to finance some of its water and wastewater projects.

The City of Fargo maintained an "Aa1" rating from Moody's Investors Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

Budgeted revenues from State sources are in a state of decline, however, State officials believe that this decline will bottom out in 2017 with gradual increase in economic activity in the oil production sector. Management monitors our revenue base very closely and will introduce budget management strategies that help us to overcome changes in our revenues.

Forestry utility rates were increased slightly in the 2017 budget. No changes were made to our major utilities. Fargo became a regional water provider in June of 2016 by servicing the City of West Fargo (population 30,000). This will greatly improve their water quality and will provide additional revenue for

our water utility fund. Fargo is presently working with West Fargo and Horace to become a regional wastewater services provider for these communities.

The City constrained our 2017 General Fund budget due to decline state intergovernmental resource currently occurring. The budget increase overall was approved at a 1.7%, which is significantly lower than in past years.

The Board of Equalization's preliminary assessment of our tax base for 2017 projected an increase of 7.8%. This healthy growth in our tax base will provide produce additional resources

Requests for information

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